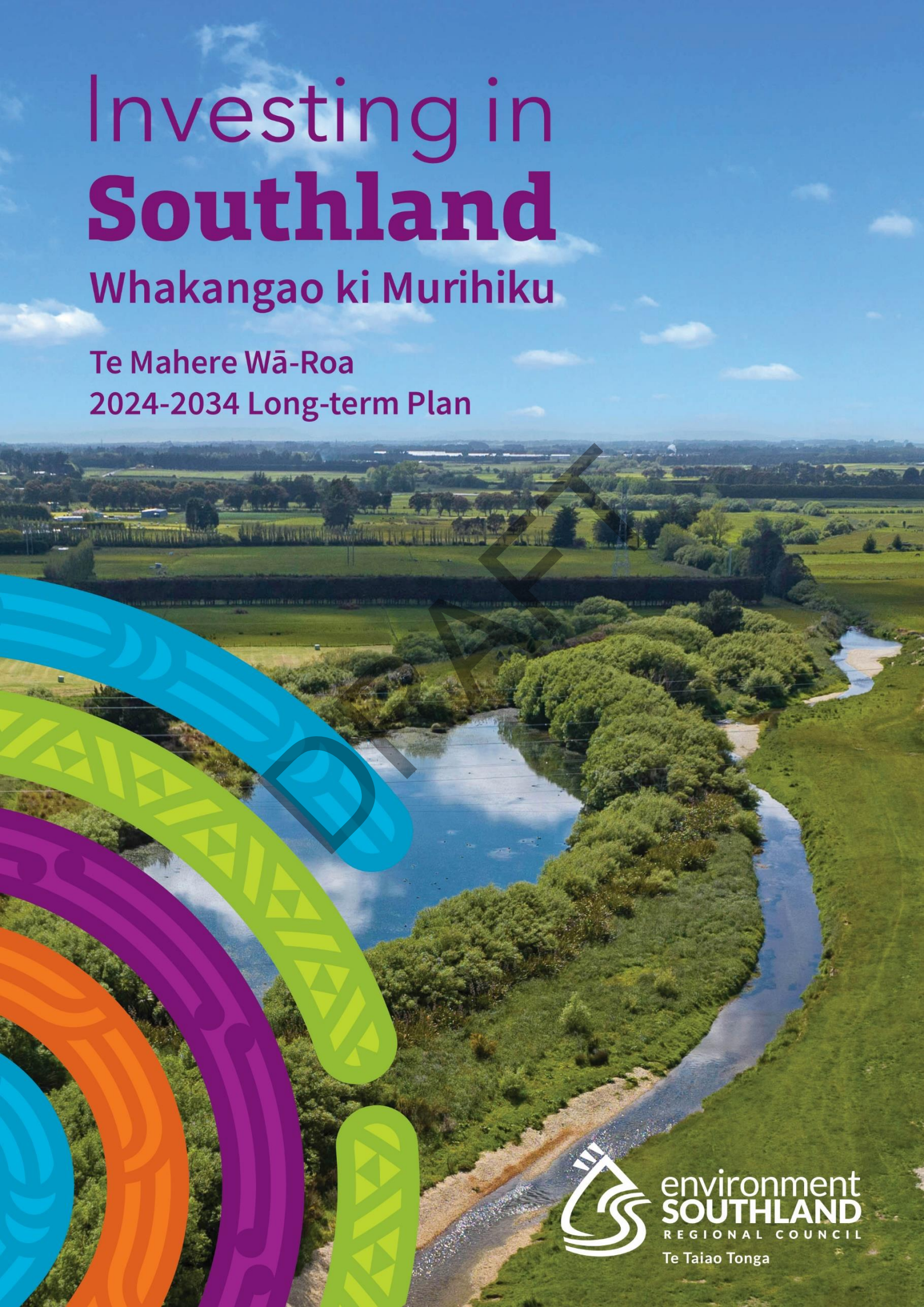
Investing in **Southland**

Whakangao ki Murihiku

Te Mahere Wā-Roa
2024-2034 Long-term Plan



environment SOUTHLAND
REGIONAL COUNCIL
Te Taiao Tonga

Ka haea te ata
Ka hāpara te ata
Ka korokī te manu
Ka wairori te ngutu Ko te ata nui
Ka horahia
Ka tangi te umere a ngā tamariki
He awatea

The daybreak comes forth
The birds sing
Welcoming the great day
Spread before us
Joy unfolds
Behold a new day

Source: Te Tangi a Tauira, 2008

The makaurangi graphic – fingerprint (a universal symbol of identity) acknowledges tangata whenua and weaves together designs representing the four pou (pillars) of the Council's Long-term Plan consultation – cultural, environmental, economic and social.

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Cover image: Waihōpai River

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Rārangi Take

Foreword

Ngā mihi nui
Nicol Horrell
Chairman

Wilma Falconer
Chief Executive

Our Role, Our People

What is a Long-term Plan?

The Long-term Plan (LTP) sets out Environment Southland's strategic vision and the outcomes we are working to achieve for the next 10 years. This provides direction for Council and its decision-making and describes our work programme priorities and planned activities, how much they cost and how they will be funded. The LTP provides an opportunity for the public to participate in council decision-making processes and a basis for accountability to the community.

Councils are required to develop long term plans every three years under the Local Government Act 2002. In years between LTPs, we produce an Annual Plan, with a budget for the next financial year. Annual reports are completed annually to track the progress of what we've committed to through the LTP and annual plans.

When we update our LTP every three years, we start by taking a past, present, and future look at a broad range of things. We think about what has changed, and may change, in our region, our country, and even the world. We consider iwi and our community's priorities, look at how legislation and the economic outlook might affect our work, and how we can do it differently. Following this, we make changes to the previous plan – for example, how we group activities, or frame the work that we are doing, or, if we need to, adjust our aims and the best ways to measure our success.

The decisions made during the LTP process are influenced by community consultation and feedback – this is your plan for our region.

About your council and region

Environment Southland (Southland Regional Council)

Environment Southland is the brand name of the Southland Regional Council.

Our purpose, as defined in the Local Government Act 2002, is to:

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

This purpose is further clarified, refined, and focused by various other Acts affecting our functional responsibilities such as the Resource Management Act 1991 and the Biosecurity Act 1993.

We are working together for a Southland region that has a healthy environment, safe and resilient communities, and that is thriving. We are responsible for a wide range of activities that make a significant contribution to the wellbeing of our region and Aotearoa overall including sustainably managing Southland's natural resources of land, air, fresh water, and coastal marine on behalf of our community.

Our role includes:

- governance and management of natural resources - land, air, freshwater, and coastal marine;
- setting policies and rules to protect Southland's fresh water, land, coastal marine, and air resources;
- provision of regional-scale infrastructure such as flood protection assets that protect billions of dollars of urban and commercial areas, roading infrastructure, and productive land;
- taking an active role in minimising risks from natural hazards including floods, earthquakes and tsunami, to protect people, communities, and assets;
- Civil Defence Emergency Management providing a regional-scale response to, and supporting assessment of, natural hazards;
- biosecurity and biodiversity activities - taking a lead role in pest management and supporting indigenous biodiversity for its natural features and value to our communities;
- keeping you safe along our coast and on our lakes and rivers through our Harbourmaster function;
- monitoring the environment – collecting data and knowledge to inform decision making;
- obtaining, storing and evaluating information - so we know how well the region is doing socially, culturally, environmentally, and economically;
- managing catchments – working towards a holistic place-based approach;
- taking a lead role in responding to issues that affect Southland, such as climate change, biodiversity loss, and land use and development;
- responding to environmental incidents;
- transport planning to keep our region moving economically and socially;
- providing support to community groups for environmental enhancement.

We love where we live – Southland, the most southern and western part of Aotearoa New Zealand.

It's a place of powerful possibilities. Making the most of these opportunities relies on us keeping our environment and people healthy. A healthy environment enables communities to thrive. Get that right and the economy will be strong. That is what we're here to do – create a sustainable future for people today and generations to come. It is ambitious. The issues and solutions are complex and interconnected.

We're in it for the long haul: improving water quality, planning for climate change and the transition to a low emissions economy, enhancing the health of our coastal and marine ecosystems, protecting and restoring our unique native plants and animals and the ecosystems they live in, keeping people safe on our roads and waterways as well as from floods and other hazards, and planning for passenger transport services. We do all this, and more. People working together is key. For us, that's partnering with iwi and working with many others in our communities. Our collective kaitiakitanga – our care – will make the Southland region even better.

Your region in more detail

Our region is one of Aotearoa New Zealand's more sparsely populated regions. This translates into Environment Southland having the second smallest rating base of all regional councils for the second largest geographical area and longest coastline. Within the region, Southlanders live in one of three territorial authorities: Southland District Council, Gore District Council and Invercargill City Council.

Murihiku Southland has:

- a population of 100,143;
- a slower population growth rate than national average increase;
- a higher median age (40.4), compared to nationally (38.1);
- a lower percentage of younger adults in the region than nationally;
- a slightly lower percentage of Maori (16.8%) compared to nationally (17.8%).

Murihiku Southland is the second largest region in Aotearoa New Zealand, covering an area of 34,000 km_2 (12% of Aotearoa New Zealand). Rakiura Stewart Island, which lies 20 kilometres off the southern coast, accounts for 1,735 square kilometres. The largest coastal boundary of any region in Aotearoa New Zealand extends 3,400 kilometres from Awarua Point on the West Coast to Waiparau Head on the fringe of the east coast and includes Rakiura Stewart Island. In all, over half of Murihiku Southland's land area is public conservation land, while farms occupy 85% of the remaining land. Southland has two distinct landscapes - expansive plains of fertile farmland crossed by rivers, and Fiordland's rugged, isolated coastline, inlets, lakes and mountains.

Over half (53%) of the land area of Murihiku Southland is part of Aotearoa New Zealand's Conservation Estate and is managed by the Department of Conservation. This area includes the Rakiura and Fiordland National Parks. Fiordland is the largest national park in Aotearoa New Zealand and covers 1,257,000 hectares. Five of Aotearoa New Zealand's 11 Great Walks are in Southland Kepler Track, Milford Track, Rakiura Track, Routeburn Track, and upcoming Hump Ridge Track. Farmland occupies 85% of the non-conservation land.

3% of Southland's land cover is surface water (e.g. lakes, rivers and streams). The region has six of Aotearoa New Zealand's 25 largest lakes (as measured by surface area) and tens of thousands of kilometres of rivers and streams. There are also tens of thousands of kilometres of rivers and streams, including the Waiau, Aparima, Ōreti, and the Matāura Rivers. Together the catchments of these four rivers drain 1.85 million hectares or 62 percent of the Southland mainland. Numerous other water bodies drain the remaining land to the coast, including Waituna Creek, Waimatuku Stream, and Waikawa, Waihpai, and Pourakino Rivers. These four rivers are formally recognised for their cultural significance to Ngāi Tahu by way of a statutory acknowledgement under the Ngāi Tahu Claims Settlement Act 1998. The Waituna Lagoon is a large shallow water body on the southern coast. The lagoon, together with the associated Awarua Wetland, has been designated as a wetland of international importance under the 1976 Ramsar Convention along with Farewell Spit it was the first of six such sites in Aotearoa New Zealand.

Southland's water and land is highly connected. From wetlands to forests, lakes and alpine meadows, there are over 60 different native ecosystems in Southland. The environment has influenced the development of agriculture and forestry and, in turn, it has been altered by the expansion of these sectors. Modification of Southland's environment, combined with its naturally short lag times, means that water (and the substances that are carried in it) now flows more quickly through the landscape, with fewer opportunities for attenuation.

Murihiku Southland contributes significantly to Aotearoa New Zealand's exports. The key industries are Agriculture (Dairy, Meat) and Aluminium production. From 2022 figures, this represents 11.7% of Aotearoa New Zealand's Pastoral exports, 8% of Primary exports, and 8.1% of Merchandise exports.

The region ranks fourth highest for GDP per person, highlighting the importance of our economy for the country.

Each Southland territorial authority's median household income sits below the national average. In Southland District it is $89,710, while it is $77,000 in both Invercargill and Gore. Household income under $50k – Murihiku Southland 42% nationally 34%. Household income over $100,000 – Murihiku Southland 28% nationally 37%.

The region has a slightly lower benefit dependency, 9.4% compared with nationally 9.6%. The main benefit in the region, Jobseeker Support is 47% compared to nationally 52%, reflecting low unemployment in the region 3.2% compared with nationally 3.4%.

Businesses - 14,000 or so, mostly small and medium sized businesses. Businesses have less average numbers of employees (3.9 compared with nationally 4.4) primarily due to the number of farms within the region. Agriculture, Forestry and Fishing contribute 17.3% of employment to the region FTEs – over 9,000 people are employed in Agriculture and Forestry and a further 4000 are employed in meat and dairy product manufacturing in Murihiku Southland.

Your Council

The people of the Southland region are represented by 12 elected council members. These representatives work in committees and make decisions and/or recommendations on a variety of matters, which are then reported to or decided on by the full council once every six weeks. All 12 seats of council are general seats with mana whenua representatives appointed on two council standing committees (Strategy & Policy Rautaki me Mahere, and Regional Services Rōpū Ratonga-a-Rohe). The council has a chair and deputy chair who are appointed by the council when they take office every three years. The three-year term for our current council started in October 2022.

Our Councillors and Mana Whenua Representatives

Our Councillors and Mana Whenua representatives

Environment Southland Councillors

NICOL HORRELL
Chairman
Western

JEREMY McPHAIL
Deputy chair
Eastern-Dome

NEVILLE COOK
Invercargill - Rakiura

LYNDAL LUDLOW
Invercargill - Rakiura

PETER McDONALD
Hokonui

ROBERT GUYTON
Invercargill - Rakiura

ERIC ROY
Invercargill - Rakiura

PHIL MORRISON
Invercargill - Rakiura

MAURICE RODWAY
Invercargill - Rakiura

PAUL EVANS
Fiordland

JON PEMBERTON
Southern

ALASTAIR GIBSON
Eastern - Dome

Mana Whenua

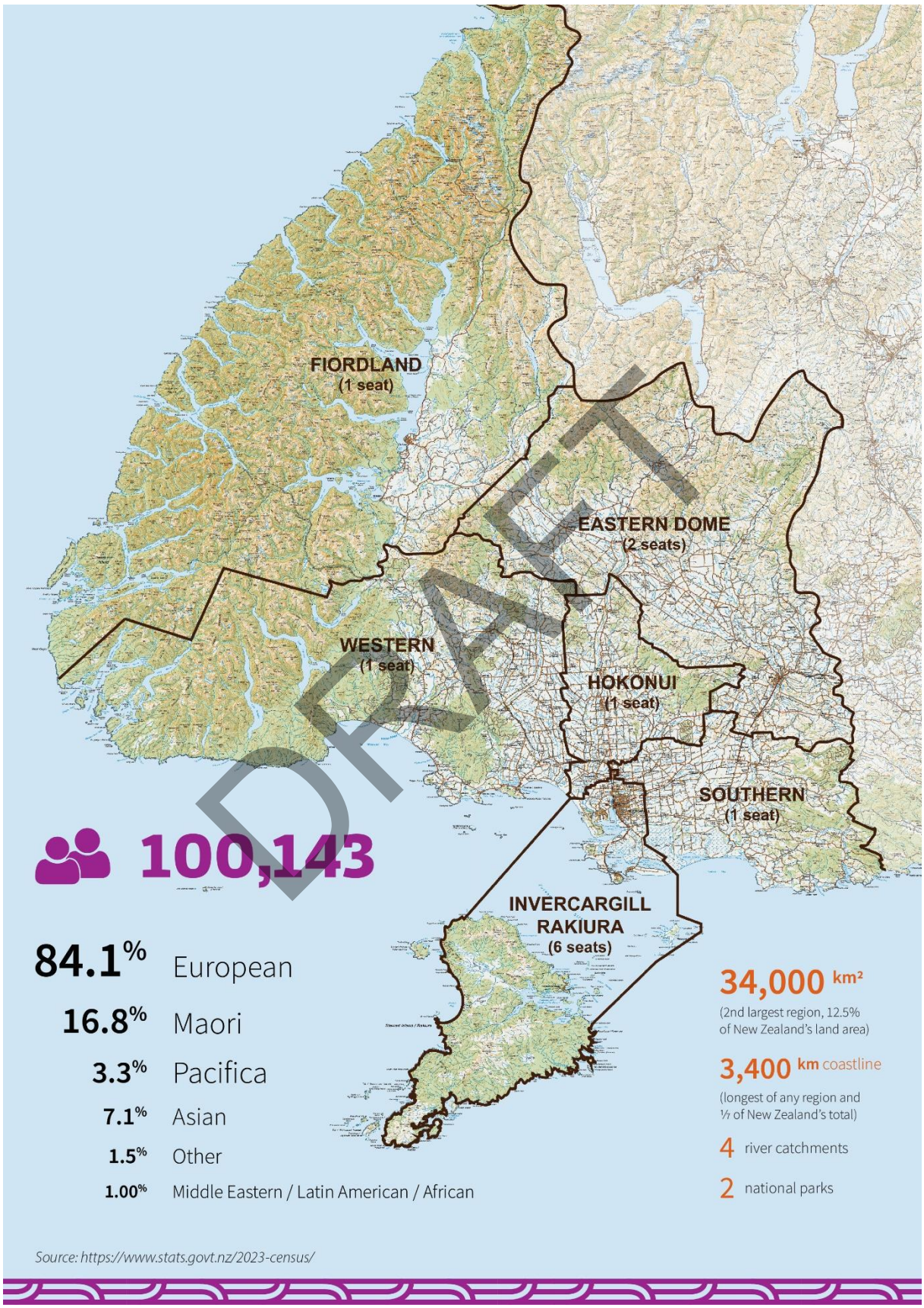
STEWART BULL

ESTELLE PERA-LEASK

GAIL THOMPSON

ANN WAKEFIELD

Constituency Map



Environment Southland's Strategic Direction

The strategic direction outlines the vision of the Council for the community over the long-term and provides a basis for the development of the Long-term Plan.

Our Vision

Thriving Southland *te taurikura o Murihiku*

Our Mission

Working with the community to enhance Murihiku Southland's environment.

Our Community Outcomes

- Managed access to quality natural resources.
- Diverse opportunities to make a living.
- Communities empowered and resilient.
- Communities expressing their diversity.

Community Wellbeing

Our changing climate and impacts on community wellbeing and the environment, along with the Council's role in responding to this, is a key strategic driver for this Long-term Plan. This is integrated throughout the Long-term Plan. Similarly, working in partnership with Ngāi Tahu ki Murihiku, is a key element woven throughout Council's work.

The work of Environment Southland links to all four aspects of community wellbeings – environmental, economic, social and cultural. The table below shows the connections between the community outcomes and the four aspects of community wellbeing:

Community Outcomes	Community Wellbeings			
	Environmental	*Economic*	*Social*	*Cultural*
Managed access to quality natural resources	The natural environment is protected and enhanced.	The intrinsic value of the natural environment is recognised.	Equitable access to the natural environment.	People can enjoy the natural environment.
Diverse opportunities to make a living		There are opportunities for all to contribute to and benefit from a diverse and thriving economy.		
Communities empowered and resilient	People understand changes in the natural environment and how they can take action to protect and enhance the natural environment.	People, property and assets are protected.	Communities are prepared and can recover from changes in the natural environment.	People are informed and know how they can act to contribute to building resilient communities.
Communities expressing their diversity				Different cultures and values are recognised and provided for.

Outcome measures have been developed for each of Environment Southland's groups of activities to track progress towards the intended impact that the Council is seeking to make.

2024-2034 Long-term Plan Process and Decisions Overview

The following are the details of Council's processes used for consulting with the community and considering submissions to the document, "*Investing in Southland - Whakangao Ki Murihiku*" Consultation Document and the Long-term Plan supporting information, and of the resulting decisions and changes to the final 2024-2034 Long-term Plan.

The decision-making process

Action	Date
Notify "*Investing in Southland - Whakangao Ki Murihiku"* Consultation Document	March 2024
Public submissions	Opened 28 March 2024 and closed 13 May 2024
Council heard and considered submissions	Hearing – 20, 21 and 24 May 2024 Deliberations – 5, 10, 19 June 2024
Adoption of the 2024-2034 Long-term Plan	20 July 2024

The Long-term Plan consultation process and results

All councils are required to have a Long-term Plan (LTP) and must use the special consultative procedure set out in the Local Government Act 2002 (LGA) when developing and adopting an LTP.

The LGA requires a consultation document to be prepared and adopted in accordance with Section 93A(1)(a) for the purpose of consulting with the community, as well as make publicly available the information that underpins the consultation document and provides the basis for the preparation of the LTP (the supporting information).

The consultation document sets out a number of issues and options around proposals for Council's 2024-2034 LTP.

Following the series of workshops and meetings held over the last year to develop the 2024-2034 LTP, supporting information and required documentation have been prepared that have informed the consultation document.

Key supporting information has been audited by Deloitte Limited, alongside the consultation document. The Risk and Assurance Committee reviewed and discussed key supporting documents on 20 March 2024 and recommended that they be adopted by the Council at an Extraordinary Meeting of Council on 27 March 2024. After adoption by Council, the consultation document, *Investing in Southland Whakangao ki Murihiku*, was released for public consultation.

The pre-engagement process commenced last year with staff and councillors attending a variety of events across Southland asking whether people were willing to pay to improve the current level of flood protection. These events included A&P shows, the Southern Field Days, On the Fly Mataura River Festival, Rotary Water Day, and a talk with businesses at the Southland Chamber of Commerce. In addition, ratepayers with the most significant impacts in terms of dollar increases were identified and briefed.

Extensive consultation was undertaken with the EnviroSouth newsletter delivered to letterboxes, media releases and columns, promotion at Catchment Liaison Committee meetings, emails to databases, documents and brochures circulated to libraries, newspaper and radio advertisements, stakeholder engagement, and an extensive social media campaign. There were also approximately 15 public events/drop-in sessions/meetings in total to promote the Long-term Plan consultation process.

Murihiku Marae Family Day

During consultation, Council received 329 submissions, the highest number Environment Southland has ever received on a Long-term Plan consultation. Fifty-nine submitters spoke to the Council on their submissions across three hearing days in May. As a result of consideration of these submissions, Council made changes to the final Long-term Plan.

Addressing the Significant Issues

Council heard and decided on the submissions that related to the significant issues that were raised through the Consultation Document and retained them in the final Long-term Plan as follows:

Notify "*Investing in Southland - Whakangao Ki Murihiku*" **Issues**	**Comment**
Issue 01 -	Council decided to
Issue 02 –	Council decided

Additions agreed to be funded by the Council

Council received submissions on other matters that had not been taken into account in the Consultation Document or Long-term Plan supporting information.

After considering those submissions, Council made the following decisions on those specific requests and included them in the Long-term Plan:

- funding of $

Supporting Documents

2024/25 Fees and Charges Schedule
XX changes made to the fees and charges schedule.

Audit Opinion

ACTIVITIES WE ARE INVOLVED IN


DRAFT

Groups of Activities
Ngā Rōpū Tūmahi

For this Long-term Plan, Environment Southland has consolidated its activities into three key groups as follows:

For each group of activity, the following sections set out:

- the community outcomes from Environment Southland's strategic direction that are most relevant;
- outcome statements distilled from the Regional Policy Statement and Regional Plans that indicate what we are seeking to achieve;
- what we will do towards achieving these outcomes;
- how we will measure progress towards the outcomes;
- the levels of service that the Council intends to provide and associated performance measures and targets to measure the Council's performance for each year of the Long-term Plan.

Healthy Environment

Protect, enhance and restore Southland's natural environment, indigenous biodiversity and its capacity to provide for current and future generations.

Outcomes

The following community outcomes are from Environment Southland's strategic direction. We highlight those most relevant to this group of activities.

Community outcomes	Managed access to quality natural resources.	Diverse opportunities to make a living.	Communities empowered and resilient.	Communities expressing their diversity.

The following outcome statements have been distilled from the Regional Policy Statement and Regional Plans and indicate what we are seeking to achieve through this group of activities.

Outcome statements	Safeguard the health of freshwater in the region and its life supporting capacity. Sustainably manage region's water resources.	Safeguard the health of soils in rural areas and its life supporting capacity. Sustainable use of rural land resource. Identify, investigate and manage contaminated land and its adverse effects.	Sustainable use of coastal marine area. Protect, enhance and restore the natural character of the coastal environment.	Protect, restore and enhance air quality.	Protect, restore and enhance indigenous biodiversity and health of ecosystems including areas of significant native vegetation and habitats.	Control or eradicate harmful species.

What we will do

Environment Southland undertakes the following activities within this group of activities:

- Policy and Planning
- Regulatory
- Science and Matāuranga Māori
- Engagement, Partnerships and Empowerment
- Biosecurity

How we will track progress

The outcomes identified on the previous page set out what we are seeking to achieve on behalf of the community. While Environment Southland can contribute to or influence these, real progress needs contribution from everyone.

To track progress, we will focus on improvements in the health of our natural environment by developing a suite of key measures, based on national legislation and policy, to monitor progress towards achieving the outcome statements. For some of the measures, it will take time before we can see the results of our contribution whereas other measures will hopefully respond more quickly.

Environment Southland already measures and reports on many environmental attributes and makes that information publicly available. See our website and the Land Air Water Aotearoa LAWA website for more information.

Task	Reporting	Target
Develop a suite of outcome measures, based on national legislation and policy, to monitor progress towards achieving a healthy environment.	Suite of outcome measures and baselines established and reported on by the end of 2024/25 and then progress reported on annually.	Outcome measures improving.

Levels of service and targets

The following table sets out the levels of service that the Council intends to provide for this group of activities and associated performance measures and targets to measure the Council's performance for each year of the Long-term Plan.

Healthy Environment

Protect, enhance and restore Southland's natural environment, indigenous biodiversity and its capacity to provide for current and future generations.

Level of Service	Measure	Baseline (2023/24)	Target 2024/25	Target 2025/26	Target 2026/27	Target 2027-2034	Work Programmes
Provide a robust Regional Policy Statement and Regional Plans that enable sustainable management of Southland's natural and physical resources and protection of indigenous biodiversity.	1. Notify and then make operative targeted amendments to the Regional Policy Statement and Southland Water and Land Plan	Modified measure	Notify by 30 June 2025	N/A	Make operative by 31 December 2027	N/A	Regional Policy Statement, Plan Change Tuatahi
Deliver efficient and effective consenting and compliance monitoring and enforcement services to enable sustainable use of Southland's natural and physical resources.	2. Percentage of resource consent applications processed in accordance with statutory timeframes.	99%	≥99%	≥99%	≥99%	≥99%	Consents Programme
	3. Percentage of priority consents (as identified in the Environment Southland Compliance Plan) monitored to ensure compliance with consent conditions.	80%	≥80%	≥80%	≥80%	≥80%	Compliance Programme
	4. Percentage of RMA significant non-compliance activity reviewed and actioned in accordance with Environment Southland Monitoring and Enforcement Policy.	New Measure	≥80%	≥80%	≥80%	≥80%	
	5. Number of cruise ship monitored annually to assess whether cruise operators meet their environmental obligations as per the deed of agreement.	New Measure	≥5	≥5	≥5	≥5	Coast and marine operations

Level of Service	Measure	Baseline (2023/24)	Target 2024/25	Target 2025/26	Target 2026/27	Target 2027-2034	Work Programmes
Deliver efficient and effective environmental response services to pollution and environmental incidents or notifications of non-compliant activities in Murihiku Southland to minimise risks and effects.	6. Percentage of high risk reported pollution and environmental incidents responded within 24 hours.	New Measure	≥80%	≥80%	≥80%	≥80%	Compliance Programme
	7. Maintain a regional oil spill response plan including a minimum of 20 up-to-date trained responders.	New Measure	Achieved	Achieved	Achieved	Achieved	Coast and Marine Operations
Monitor and investigate the state of Southland's natural environment and resources to provide high quality and timely data and information to decision makers and community to improve their understanding of where the greatest areas of risks are and where further action is needed.	8. Report the results of Environment Southland's science and monitoring programmes.	New measure	Annual Report submitted to Council by 30 September 2024	Annual Report submitted to Council by 30 September 2025	Annual Report submitted to Council by 30 September 2026	Annual Report submitted to Council by 30 September each year	Water and Land Science Programme, Coast and Marine Science Programme, Air Quality Programme, Wetland Programme, Biodiversity Programme
Council works in partnership with iwi, communities, other councils and organisations to enable action that delivers better environmental outcomes.	9. Work in partnership with iwi and the community to develop catchment plans.	Modified Measure	One catchment plan to be presented to Council by 30 June 2025	One catchment plan to be presented to Council by 30 June 2026	One catchment plan to be presented to Council by 30 June 2027	One catchment plan to be presented to Council by 30 June each year until plans for all catchments are completed	Catchment Integration
Provide reliable information, advice and an ongoing education programme that leads to effective environmental stewardship and kaitiakitanga.	10. Percentage of land management (Land Sustainability, Contaminated Land, Pollution, Hazardous Substance, Education) requests for service resolved.	New Measure	≥90%	≥90%	≥90%	≥90%	

Level of Service	Measure	Baseline (2023/24)	Target 2024/25	Target 2025/26	Target 2026/27	Target 2027-2034	Work Programmes
	11. Percentage of Biosecurity and Biodiversity requests for service resolved.	100%	≥90%	≥90%	≥90%	≥90%	Biosecurity Programme
Provide timely and high-quality data and information about state of the environment to our communities.	12. State of the environment data updated and published on Environment Southland and Land Air and Water Aotearoa websites at least once a year.	Achieved	Achieved	Achieved	Achieved	Achieved	Water and Land Science Programme, Coast and Marine Science Programme, Air Quality Programme
Deliver practices and programmes that give effect to the Regional Pest Management Plan (RPMP) and Fiordland Marine Regional Pathways Management Plan (FMRPMP) to reduce the spread of harmful species in Southland.	13. Review and implement RPMP and FMRPMP operational plans annually in accordance with the Biosecurity Act.	Modified Measure	Review and provide the annual operational plan to Council and complete required reporting.	Review and provide the annual operational plan to Council and complete required reporting.	Review and provide the annual operational plan to Council and complete required reporting.	Review and provide the annual operational plan to Council and complete required reporting.	Biosecurity Programme, Marine Biosecurity and Biodiversity

Prospective Funding Impact Statement for the 10 Years ended 30 June 2034

Healthy Environment

Annual Plan 2024 $000		Long Term Plan 2025 $000	2026 $000	2027 $000	2028 $000	2029 $000	2030 $000	2031 $000	2032 $000	2033 $000	2034 $000
	Sources of Operating Funding										
12,291	General rates, uniform annual general charges, rates penalties	16,502	20,814	21,871	23,175	24,194	24,952	25,784	26,569	27,300	28,101
5,255	Targeted rates	2,682	289	298	307	316	325	334	343	353	362
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
4,607	Fees and charges	8,794	6,974	7,190	7,406	7,622	7,844	8,060	8,289	8,518	8,747
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
3,668	Local authorities fuel tax, fines, infringement fees, and other receipt	21	21	22	23	23	24	25	25	26	27
25,821	**Total Sources of Operating Funding**	**27,999**	**28,098**	**29,381**	**30,911**	**32,155**	**33,145**	**34,203**	**35,227**	**36,197**	**37,237**
	Applications of Operating Funding										
19,123	Payments to staff and suppliers	19,835	19,670	20,487	21,177	21,878	22,597	23,309	24,047	24,806	25,566
-	Finance costs	-	16	21	26	23	21	18	15	12	9
7,092	Internal charges and overheads applied	7,920	8,231	8,680	9,003	9,318	9,620	9,909	10,213	10,524	10,834
2,074	Other operating funding applications	2,408	1,459	1,504	1,550	1,595	1,641	1,686	1,734	1,782	1,830
28,289	**Total Applications of Operating Funding**	**30,163**	**29,376**	**30,691**	**31,755**	**32,814**	**33,879**	**34,923**	**36,009**	**37,125**	**38,239**
(2,468)	**Surplus / (Deficit) of Operating Funding**	**(2,164)**	**(1,277)**	**(1,310)**	**(845)**	**(659)**	**(734)**	**(720)**	**(782)**	**(927)**	**(1,001)**
	Sources of Capital Funding										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase / (decrease) in debt	269	86	80	(40)	(42)	(45)	(47)	(50)	(53)	(56)
50	Gross proceeds from sale of assets	95	44	59	240	123	337	140	115	276	192
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
50	**Total Sources of Capital Funding**	**364**	**130**	**139**	**200**	**81**	**292**	**93**	**65**	**222**	**135**
	Application Capital Funding										
	Capital expenditure										
-	to meet additional demand	-	-	-	-	-	-	-	-	-	-
-	to improve the level of Service	-	-	-	-	-	-	-	-	-	-
300	to replace existing assets	1,250	688	841	884	641	1,094	558	543	801	768
-	Increase / (decrease) in reserves	(3,050)	(1,835)	(2,012)	(1,530)	(1,219)	(1,537)	(1,185)	(1,260)	(1,506)	(1,634)
(2,718)	Increase / (decrease) of investments	-	-	-	-	-	-	-	-	-	-
(2,418)	**Total Application Capital Funding**	**(1,801)**	**(1,147)**	**(1,171)**	**(645)**	**(578)**	**(442)**	**(627)**	**(717)**	**(705)**	**(866)**
2,468	**Surplus / (Deficit) of Capital Funding**	**2,164**	**1,277**	**1,310**	**845**	**659**	**734**	**720**	**782**	**927**	**1,001**
-	**FUNDING BALANCE**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Safe and Resilient Communities

Enable communities to provide for their health, safety and social, cultural and economic wellbeing.

Outcomes

The following community outcomes are from Environment Southland's strategic direction. We highlight those most relevant to this group of activities.

Community outcomes	Managed access to quality natural resources.	Diverse opportunities to make a living.	Communities empowered and resilient.	Communities expressing their diversity.

The following outcome statements have been distilled from the Regional Policy Statement and Regional Plans and indicate what we are seeking to achieve through this group of activities.

Outcome statements	Murihiku Southland's regionally significant, nationally significant and critical flood protection infrastructure is secure, operates efficiently, and is appropriately integrated with land use activities and the environment.	The risks to people, communities, their businesses, property and infrastructure from the effects of natural hazards and climate change are understood and avoided, remedied or mitigated, resulting in communities becoming more resilient.	Support Emergency Management Southland to prepare communities for civil defence emergencies and enable an effective and efficient regional emergency management response when disaster strikes.	Maintain safe use and navigation of our region's ports, harbours, coastal areas and inland waterways.	Monitor community wellbeing and understand where the greatest risks and opportunities are to support Southlanders into the future.

What we will do

Environment Southland undertakes the following activities within this group of activities:

- Flood Protection & Control
- Natural Hazards and Climate Change
- Emergency Management and Response
- Maintaining Safe and Navigable Waterways
- Community Wellbeing

How we will track progress

The outcomes identified on the previous page set out what we are seeking to achieve on behalf of the community. While Environment Southland can contribute to or influence these, real progress needs contribution from everyone.

To track progress, we will focus on improvements in community resilience and safety by developing a suite of key measures, based on national legislation and policy, to monitor progress towards achieving the outcome statements. For some of the measures, it will take time before we can see the results of our contribution whereas other measures will hopefully respond more quickly.

Task	Reporting	Target
Develop a suite of outcome measures, based on national legislation and policy, to monitor progress towards achieving a safe and resilient community.	Suite of outcome measures and baselines established and reported on by the end of 2024-25 and then progress reported on annually.	Outcome measures improving.

Levels of service and targets

The following table sets out the levels of service that the Council intends to provide for this group of activities and associated performance measures and targets to measure the Council's performance for each year of the Long-term Plan.

Safe and Resilient Communities

Enable communities to provide for their health, safety and social, cultural and economic wellbeing.

Level of Service	Measure	Baseline (2023/24)	Target 2024/25	Target 2025/26	Target 2026/27	Target 2027-2034	Work Programmes
Council owned infrastructure is maintained and enhanced to a level that reduces the negative impacts of natural hazards, flooding and climate change.	14. Percentage of major flood protection and control works maintenance, repair and renewal schedule completed to the key standards defined in relevant planning documents.	Modified Measure	≥90%	≥90%	≥90%	≥90%	Catchment Operations Programme, River Management Programme
Monitor and investigate natural hazards and changing climate to provide high quality and timely data and information to decision makers and community to improve their understanding of where the greatest areas of risks are and where further action is needed.	15. Report on Environment Southland's natural hazards and climate adaptation science and modelling programme.	New Measure	Annual Report submitted to Council by 30 September 2024	Annual Report submitted to Council by 30 September 2025	Annual Report submitted to Council by 30 September 2026	Annual Report submitted to Council by 30 September each year	Climate Adaptation Science and Modelling
	16. Percentage of the time real-time river flow, water level and rainfall information is available to the community.	Modified Measure	>95%	>95%	>95%	>95%	Flood Warning and Hydrology Programme
	17. Percentage of Natural Hazards requests for service resolved.	New measure	90%	90%	90%	90%	Hazard Advice and Planning
	18. Percentage of the time that the Duty Flood Controller is available during the year.	New measure	100%	100%	100%	100%	Flood Warning and Hydrology Programme
Council works in partnership with iwi, communities, other councils and organisations to implement regional natural hazards and climate change	19. Work with partner agencies to implement and review the Murihiku	An agreed Regional Climate Change	Commence the development of a plan to operationalise	A plan to operationalise the Regional Climate	N/A	N/A	Inter-Agency Climate

Level of Service	Measure	Baseline (2023/24)	Target 2024/25	Target 2025/26	Target 2026/27	Target 2027-2034	Work Programmes
adaptation projects, build community resilience and to promote climate change action.	Southland Regional Climate Change Strategy.	Strategy is in place by 30 June 2024	Regional Climate Change Strategy	Change strategy is in place by June 2026			Change Strategy
	20. Take action to reduce our organisational GHG emissions in line with the 2050 net zero target.	New Measure	Develop an emissions reductions plan	Target to be developed in 2024/25	Target to be developed in 2024/25	Target to be developed in 2024/25	ES Carbon Net Zero Project
	21. Report on the regional floodplain management approach.	New Measure	Annual Report submitted to Council by 30 September 2024	Annual Report submitted to Council by 30 September 2025	Annual Report submitted to Council by 30 September 2026	Annual Report submitted to Council by 30 September each year	River Management Programme
Council works in partnership with Emergency Management Southland to prepare Southland communities to effectively avoid, mitigate and/or respond to an emergency.	22. Support Emergency Management Southland in accordance with the Southland Civil Defence Emergency Management Group/Environment Southland Service Level Agreement, including the provision of adequate number of suitably trained staff to respond to an event within an hour after a state of emergency is declared.	Modified Measure	Achieved	Achieved	Achieved	Achieved	Financial and staff contribution to Emergency Management Southland
Maintain safe and navigable waterways in the region to enable safe use and navigation of our region's ports, harbours, coastal areas and inland waterways.	23. Undertake an annual joint self-assessment between South Port and Environment Southland to ensure consistency with the New Zealand Port and Marine Safety Code.	Modified Measure	Achieved	Achieved	Achieved	Achieved	Coast and Marine Operations

Level of Service	Measure	Baseline (2023/24)	Target 2024/25	Target 2025/26	Target 2026/27	Target 2027-2034	Work Programmes
	24. Percentage of time that a Harbourmaster is available during the year.	Modified Measure	100%	100%	100%	100%	
Monitor recreational bathing sites and provide high quality and timely data and information to decision makers and community to understand where the greatest areas of risks are.	25. Undertake regular monitoring of all recreational bathing sites and update data on Environment Southland and Land Air and Water Aotearoa websites monthly during summer months (December to March.)	Modified Measure	Achieved	Achieved	Achieved	Achieved	Water and Land Science Programme

Prospective Funding Impact Statement for the 10 Years ended 30 June 2034

Safe and Resilient Communities

Annual Plan 2024 $000		Long Term Plan 2025 $000	2026 $000	2027 $000	2028 $000	2029 $000	2030 $000	2031 $000	2032 $000	2033 $000	2034 $000
	Sources of Operating Funding										
3,224	General rates, uniform annual general charges, rates penalties	3,174	1,485	1,534	1,580	1,626	1,672	1,718	1,765	1,814	1,863
4,343	Targeted rates	6,673	9,641	12,442	13,638	15,160	15,970	16,804	17,667	18,561	19,457
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
4,475	Fees and charges	3,706	4,263	4,395	4,527	4,659	4,795	4,926	5,066	5,206	5,346
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
1,299	Local authorities fuel tax, fines, infringement fees, and other receip	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330
13,341	**Total Sources of Operating Funding**	**14,884**	**16,718**	**19,701**	**21,074**	**22,775**	**23,766**	**24,778**	**25,829**	**26,911**	**27,997**
	Applications of Operating Funding										
2,748	Payments to staff and suppliers	4,361	4,898	5,075	5,251	5,432	5,616	5,800	5,990	6,186	6,382
-	Finance costs	884	1,016	1,474	1,639	2,006	2,288	2,570	2,851	3,130	3,407
2,532	Internal charges and overheads applied	2,031	2,152	2,246	2,317	2,391	2,458	2,531	2,599	2,667	2,740
5,457	Other operating funding applications	6,201	6,732	8,258	8,506	8,754	9,010	9,258	9,521	9,784	10,047
10,737	**Total Applications of Operating Funding**	**13,477**	**14,798**	**17,053**	**17,713**	**18,583**	**19,372**	**20,158**	**20,959**	**21,767**	**22,576**
2,604	**Surplus / (Deficit) of Operating Funding**	**1,406**	**1,920**	**2,648**	**3,361**	**4,192**	**4,394**	**4,620**	**4,870**	**5,144**	**5,421**
	Sources of Capital Funding										
10,600	Subsidies and grants for capital expenditure	-	-	-	16,980	17,475	17,985	18,480	19,005	19,530	20,055
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
15,084	Increase / (decrease) in debt	1,241	7,763	2,789	6,225	4,777	4,777	4,759	4,738	4,701	4,649
50	Gross proceeds from sale of assets	43	28	58	68	54	109	66	135	39	62
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
25,734	**Total Sources of Capital Funding**	**1,283**	**7,791**	**2,847**	**23,273**	**22,305**	**22,871**	**23,305**	**23,878**	**24,271**	**24,766**
	Application Capital Funding										
	Capital expenditure										
-	to meet additional demand	-	-	-	-	-	-	-	-	-	-
19,246	to improve the level of Service	1,499	8,009	3,682	24,281	23,591	24,280	24,948	25,657	26,366	27,074
300	to replace existing assets	227	178	334	125	150	198	120	246	72	112
-	Increase / (decrease) in reserves	963	1,524	1,479	2,229	2,756	2,788	2,857	2,845	2,978	3,000
8,792	Increase / (decrease) of investments	-	-	-	-	-	-	-	-	-	-
28,338	**Total Application Capital Funding**	**2,690**	**9,711**	**5,495**	**26,635**	**26,498**	**27,265**	**27,925**	**28,747**	**29,415**	**30,187**
(2,604)	**Surplus / (Deficit) of Capital Funding**	**(1,406)**	**(1,920)**	**(2,648)**	**(3,361)**	**(4,192)**	**(4,394)**	**(4,620)**	**(4,869)**	**(5,144)**	**(5,421)**
-	**FUNDING BALANCE**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Thriving Region

Enable democratic decision-making and promote practices that allow communities and our natural environment to flourish

Outcomes

The following community outcomes are from Environment Southland's strategic direction. We highlight those most relevant to this group of activities.

Community outcomes	Managed access to quality natural resources	Diverse opportunities to make a living	Communities empowered and resilient	Communities expressing their diversity

The following outcome statements have been distilled from the Regional Policy Statement and Regional Plans and indicate what we are seeking to achieve through this group of activities.

Outcome statements	Southlanders are engaged and enabled to play an active part in shaping our region's future.	Effective partnerships with Ngāi Tahu ki Murihiku are in place that uphold Te Tiriti o Waitangi.

What we will do

Environment Southland undertakes the following activities within this group of activities:

- Regional Strategic Planning
- Transport
- Governance and Democracy
- Te Tiriti Relationships

How we will track progress

The outcomes identified on the previous page set out what we are seeking to achieve on behalf of the community. While Environment Southland can contribute to or influence these, real progress needs contribution from everyone.

To track progress towards a thriving region, we will develop a suite of key measures, based on national legislation and policy, to monitor progress towards achieving the outcome statements. For some of the measures, it will take time before we can see the results of our contribution whereas other measures will hopefully respond more quickly.

Task	Reporting	Target
Develop a suite of outcome measures, based on national legislation and policy, to monitor progress towards achieving a thriving region.	Suite of outcome measures and baselines established and reported on by the end of 2024-25 and then progress reported on annually.	Outcome measures improving.

Levels of service and targets

The following table sets out the levels of service that the Council intends to provide for this group of activities and associated performance measures and targets to measure the Council's performance for each year of the Long-term Plan.

Thriving Region

Enable democratic decision-making and promote practices that allow communities and our natural environment to flourish.

Level of Service	Measure	Baseline (2023/24)	Target 2024/25	Target 2025/26	Target 2026/27	Target 2027-2034	Work Programmes
Council works with iwi, communities, other councils and organisations to develop and implement long-term strategic plans and strategies for the region.	26. Percentage of Mayoral Forum, Te Roopu Taiao and Second Tier Environment Group Hui attended during the year.	100%	100%	100%	100%	100%	Stakeholder and Partnerships Strategy
Advocate on behalf of the Southland community on matters, which are of regional significance and are of interest or concern to local communities.	27. Analyse and respond to the direction from central government and proposed new legislation that affect the Council's statutory responsibilities and work programmes.	Prepare advice on proposed new legislation and statutory tools that are relevant to ES's activities.	Achieved	Achieved	Achieved	Achieved	Government Reform
Provide a robust Regional Land Transport Plan that sets the long-term vision and strategic direction for Otago Southland's land transport system.	28. Maintain a Regional Land Transport Plan that is compliant with the Land Transport Management Act and is fit for the region's needs.	New Measure	No target this year	Regional Transport Committee set up following local elections	Regional Land Transport Plan review completed	Commence Development of a Regional Transport Plan in July 2027	Regional Land Transport Planning
Council's planning and reporting functions meet statutory requirements and demonstrate sound business planning.	29 Council's LTP, Annual Plan and Annual Reports meet audit requirements.	Unqualified audit opinion achieved for Annual Report and Annual Plan.	Achieved.	Achieved	Achieved	Achieved	Strategic Planning and Reporting

Level of Service	Measure	Baseline (2023/24)	Target 2024/25	Target 2025/26	Target 2026/27	Target 2027-2034	Work Programmes
Provide and promote governance processes that are robust and transparent for the community.	30. Percentage of Council and Committee meeting agendas (for all scheduled meetings) that are available at least five working days before the meetings.	100%	100%	100%	100%	100%	Democracy Programme
	31. Percentage of draft Council and Committee meeting recordings available on the Council website within 24 hours.	100%	100%	100%	100%	100%	
	32. Percentage of official information requests responded to within legislative timeframes (twenty working days of being logged).	New Measure	100%	100%	100%	100%	
Murihiku Southland residents and ratepayers are engaged and enabled to play an active part in shaping our region's future.	33. Develop and implement a customer and stakeholder strategy.	Modified Measure	Develop a customer and stakeholder strategy.	Target to be developed in 2024/25	Target to be developed in 2024/25	Target to be developed in 2024/25	Stakeholder and Partnerships Strategy, Customer Strategy
	34. Develop and implement a mechanism for youth engagement.	New Measure	Develop a proposal for a new youth engagement mechanism	Implementation milestones achieved	Implementation milestones achieved	Implementation milestones achieved	
Council continues to uphold its commitment to Te Tiriti o Waitangi and builds, maintains and monitors partnerships with Ngāi Tahu ki Murihiku.	35. Give effect to the Charter of Understanding *He Huarahi mō Ngā Uri Whakatapu - A Pathway for the Generations Coming Through and any associated partnership agreements.*	New Measure	Annual Report submitted to Council by 30 September 2024	Annual Report submitted to Council by 30 September 2025	Annual Report submitted to Council by 30 September 2026	Annual Report submitted to Council by 30 September each year	Stakeholder and Partnerships Strategy

Prospective Funding Impact Statement for the 10 Years ended 30 June 2034

Thriving Region

Annual Plan 2024 $000		Long Term Plan 2025 $000	2026 $000	2027 $000	2028 $000	2029 $000	2030 $000	2031 $000	2032 $000	2033 $000	2034 $000
	Sources of Operating Funding										
899	General rates, uniform annual general charges, rates penalties	225	763	972	1,089	1,386	1,422	1,573	1,856	1,888	2,068
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
221	Fees and charges	229	236	243	251	258	265	273	280	288	296
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
4,709	Local authorities fuel tax, fines, infringement fees, and other receip	6,074	6,128	6,024	6,040	6,092	6,183	6,278	6,378	6,482	6,556
5,829	**Total Sources of Operating Funding**	**6,528**	**7,126**	**7,239**	**7,380**	**7,736**	**7,870**	**8,124**	**8,514**	**8,659**	**8,920**
	Applications of Operating Funding										
3,457	Payments to staff and suppliers	3,809	3,948	4,086	4,224	4,364	4,508	4,650	4,798	4,950	5,102
-	Finance costs	-	-	-	-	-	-	-	-	-	-
1,644	Internal charges and overheads applied	1,619	1,683	1,765	1,829	1,892	1,953	2,013	2,075	2,139	2,202
1,117	Other operating funding applications	1,244	1,391	1,283	1,222	1,378	1,313	1,364	1,545	1,474	1,520
6,218	**Total Applications of Operating Funding**	**6,673**	**7,021**	**7,134**	**7,275**	**7,634**	**7,774**	**8,027**	**8,418**	**8,562**	**8,824**
(389)	**Surplus / (Deficit) of Operating Funding**	**(145)**	**105**	**105**	**105**	**102**	**96**	**96**	**96**	**96**	**96**
	Sources of Capital Funding										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase / (decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
44	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
44	**Total Sources of Capital Funding**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Application Capital Funding										
	Capital expenditure										
-	to meet additional demand	-	-	-	-	-	-	-	-	-	-
-	to improve the level of Service	-	-	-	-	-	-	-	-	-	-
300	to replace existing assets	-	-	-	-	-	-	-	-	-	-
(1,315)	Increase / (decrease) in reserves	(145)	105	105	105	102	96	96	96	96	96
670	Increase / (decrease) of investments	-	-	-	-	-	-	-	-	-	-
(345)	**Total Application Capital Funding**	**(145)**	**105**	**105**	**105**	**102**	**96**	**96**	**96**	**96**	**96**
389	**Surplus / (Deficit) of Capital Funding**	**145**	**(105)**	**(105)**	**(105)**	**(102)**	**(96)**	**(96)**	**(96)**	**(96)**	**(96)**
-	**FUNDING BALANCE**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Involving Māori in our decision-making

Environment Southland acknowledges the importance of tikanga Māori and highly values its relationship with both Ngāi Tahu (through the four Murihiku Southland papatipu rūnanga, Te Ao Mārama Inc[1] and Te Rūnanga o Ngāi Tahu[2]) and ngā mātāwaka (those of differing tribal descent to mana whenua living within Murihiku Southland.

Māori and Te Taiao Tonga (Environment Southland)

The Local Government Act 2002 provides principles and requirements for local authorities that are intended to facilitate participation by Māori in local authority decision-making processes. This is to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

These principles and requirements are outlined as follows:

- local authority decision-making – where, in the course of the decision-making process, a significant decision relates to land or a body of water, Te Taiao Tonga will take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga within the overarching concept of Te Mana o Te Wai;
- contributions to and involvement in decision-making processes – Te Taiao Tonga will provide opportunities for Māori to contribute to and be involved in the decision-making processes of the Council and will also consider ways to foster the development of Māori capacity. This includes mana whenua appointments to hearing panels, and appointments on to Standing Committees.
- consultation with Māori – Te Taiao Tonga has in place processes for consulting with Māori which are in accordance with the principles of consultation as set out in section 82 of the Local Government Act;
- supporting implementation, use and understanding of *Te Tangi a Tauira – The Cry of the People* Ngāi Tahu ki Murihiku Resource and Environmental Management Plan 2008 and any subsequent review.
- supporting projects initiated by Māori that involve direct management of the region's natural resources;
- development of Māori capacity to contribute to the decision-making processes of the local authority. These opportunities include:
    - provision of information to all Māori to underpin processes that assist effective contribution to the decision-making processes of Te Taiao Tonga;
    - Te Taiao Tonga, where practicable, will continue to make available resources such as maps and GIS services;
    - building capacity to enable contribution of all Māori to the decision-making processes of Te Taiao Tonga. Related to this process is the need for Te Taiao Tonga to gain a clear understanding of expectations through hui and ongoing relationships with all Māori to agree and commit to practicable steps to building capacity;
    - Support for the development of Independent Hearing Commissioners within tangata whenua;
    - ongoing consideration on a case-by-case basis for the provision of support to assist all Māori with resourcing, opportunities for training and engagement and promotion of matters that are of mutual benefit;
    - ongoing promotion and education of staff and governors to develop skills in Māoritanga, Tikanga Māori, Te Reo Māori, Māutauranga Māori, and gain an appreciation of the needs and

[1] The entity representing Murihiku Southland rūnanga for resource management and local government matters.
[2] The iwi authority.

expectations of all Māori in relation to the Local Government Act and the Resource Management Act;

- effective and efficient consultation to improve existing relationships, processes and protocols related to local government and resource management issues.

Tangata Whenua & Te Taiao Tonga (Environment Southland) Relationship

While the Local Government Act sets out provisions relating to all Māori, it is recognised that within the Murihiku takiwā, Ngāi Tahu are the tangata whenua. They have a special status in terms of Te Taiao Tonga resource management activities and are not just another interest group. The evolution of the relationship between Te Taiao Tonga and tangata whenua has reached the point where that relationship is now recognised as a productive partnership.

Charter of Understanding

To help promote and develop its relationship with Māori, Environment Southland, together with the six other local authorities in Southland/Otago, signed with Te Ao Mārama Inc the Charter of Understanding *He Huarahi mō Ngā Uri Whakatapu - A Pathway for the Generations Coming Through* in 1997.

The latest version of the Charter was re-signed by all the parties at Hokonui rūnanga marae on 7 March 2016 and is currently undergoing another review process.

The Charter of Understanding sets out the basis and conduct of the councils and rūnanga in the context of the Local Government Act 2002 and Resource Management Act 1991 and provides:

- the basis for an ongoing relationship between the seven councils and the tangata whenua of Murihiku Southland to assist in developing the capacity of Māori to contribute to decision-making processes;
- a foundation for consultation on a wide range of local government issues;
- for the recognition and willingness of Te Ao Mārama Inc to assist all councils in consultation with all ngā mātāwaka living in Murihiku Southland. This is important in terms of Māori contribution to decision-making in the Murihiku Southland region, particularly as the responsibilities of the Council under the Local Government Act in relation to Māori are with all Māori, not solely the local iwi.

Te Rōpū Taiao is the collaborative structure put in place for the purposes of giving effect to the Charter of Understanding and the obligations of the parties to the charter. Senior Councillors and Council staff involved in resource management regularly attend Te Rōpū Taiao meetings.

In addition to the Local Government Act obligations set out above under Maori relationships, the Resource Management Act 1991 gives regional councils specific obligations regarding kaitiakitanga, the principles of the Treaty of Waitangi and the relationship between Māori and their culture and their traditions with their ancestral lands, water, sites, wāhi tapu and other taonga. To give effect to the obligations under the Local Government Act and the related obligations under the Resource Management Act, Te Taiao Tonga will continue to develop its relationships with all rūnanga in Murihiku through Te Ao Mārama Inc and with Te Rūnanga o Ngāi Tahu, the iwi authority. This is essential for achieving the sustainable management of the natural resources within the Murihiku takiwā.

Te Taiao Tonga undertakes to incorporate the concept of Te Mana o Te Wai into its water management activities.

Mana whenua representation

Mana whenua representatives are appointed by Council to provide advice and input in key committee meetings, ensuring the voice of mana whenua and iwi is heard.

There are currently four mana whenua representatives on two standing committees of Council. Gail Thompson and Estelle Leask are members the Regional Services Committee (Rōpū Ratonga-a-Rohe), and Stewart Bull and Ann Wakefield are members of the Strategy and Policy Committee (Rautaki me Mahere).

Mana whenua representatives and Te Ao Mārama Inc Board representatives also attend relevant Council workshops.

STRATEGIES


DRAFT

Financial Strategy|Te Rautaki Pūtea

Managing Financial Resilience in an Uncertain and Changing Financial Landscape

Summary

Council has heard from the community that businesses and households are challenged by the current economic climate. At the same time Council has those same inflationary cost increase challenges.

We consulted on a Financial Strategy that would balance the books and build financial resilience. This approach is no longer the right approach. The current economic situation has deteriorated since work on the Long-term Plan commenced. As a council it is our job to look after the wellbeing of the region, not just environmental, but also economic, social and cultural wellbeing.

We have changed our financial strategy. We have financial resilience in our balance sheet. We have carried reserves for a rainy day and economically now is that time.

We have reconsidered our assumptions and made some budget adjustments and will use more of our financial reserves to reduce your rates impacts over the next three years, while still maintaining services.

We still maintain reserves in the case of other unplanned events and have insurance and debt capacity as well, but we will need to rebuild these reserves in the medium term for the next rainy day. Shortly we will be undertaking more work on the financial reserve policy, including developing rationale for the appropriate level of funds.

Our debt capacity allows the investment in building the resilience of flood infrastructure over the next 10 years.

Using reserves to fund some operating costs means we do not balance the books in year one.

We consider this Financial Strategy to be prudent. The period of time we do not balance the books is short, we are using reserves for the purpose they were established, we are maintaining service levels and making provision for maintaining new assets in the medium to long term.

Background

We are planning for our financial future post a global pandemic and subsequently a period of low economic growth, high inflation and high interest rates that has had a significant effect on both Aotearoa New Zealand and the Murihiku Southland region. Businesses and households have told us how challenging these economic times are.

The Government has an agenda in terms of economic recovery, regulation review and regional infrastructure support. Over the past three years we have invested in infrastructure, in part funded by the Government and the balance funded from borrowings. There is more investment required as we look to improve the resilience of our flood infrastructure for the region as a whole. There remains uncertainty as to the economic bounce back particularly in areas where we rely on external funding such as marine fees. Plus, interest rates and inflation are having a significant impact on our budgets both now and in what we are forecasting.

In the near term a key focus for Council will be building the capability of our flood infrastructure team, addressing some long overdue river maintenance issues, and planning and designing the flood protection infrastructure investment to build greater community resilience to existing and foreseeable threats.

As we adopt the Long-term Plan the Government is implementing a phased approach reform of resource management legislation. Resource management is core to what Council does, how this legislation lands and its impact on our programmes is uncertain. This Financial Strategy is therefore prepared in an environment of economic and legislative uncertainty.

Material Assumptions

We have made assumptions in order to build our Long-term Plan, including the financial and infrastructure strategies. Assumptions have changed as we have developed the Long-term Plan.

The full list and detail of our assumptions is in the "*Significant Forecasting Assumptions"* section of this Plan. The following summarised material assumptions have a large impact on our financial strategy, particularly in the more financially sensitive first three years:

Table 1: Summary of significant financial strategy assumptions

Assumption	Description	Financial Strategy Impact
Marine Fees	Marine fees income comes primarily from large cruise ships. In 2023/24 we budgeted $2.8m. We are budgeting lower cruise ship income for the next three years.	Cruise ship bookings have been less than anticipated for a variety of reasons including the Red Sea situation and challenges around the management of biofouling. The marine reserve will be used to offset any reduction in fees for Year 1 of the Long-term Plan.
Fees and Charges	We are taking a closer look at what we do and who benefits. New regulation requires new charges. Some existing charges are insufficient to cover the cost of the benefit and some existing business is not being charged. Rates are forecasted to go up and it is just and equitable that fees and charges do too. We are increasing the budget accordingly.	All income makes a big difference to our balancing of the books, debt levels and financial resilience. Failing to increase fees in line with costs would reduce our income and we would not cover our everyday expenses.
South Port Dividends	We are forecasting the same return as directors declared in 2024 ($4.7M).	The South Port dividend is our single largest source of investment income. If dividends received are less than budgeted, this will create a deficit, increase debt and reduce our resilience.
Realisable Investment Income	We have budgeted a realised return of 3.5%.	We consider we have budgeted conservatively. If we achieve better than expected returns, we will rebuild resilience, lower than expected returns would increase debt. Adjustment can be made in Annual Plans.
Cost Increases	We use a risk lens to best estimate what things will cost in the future. This includes inflation estimates. We have used the Business and Economic Research Limited (BERL) and Local Government Cost Index (LGCI Table 3) as a basis for inflation on the council's basket of goods. Inflation is forecast to reduce; however, the same commentary suggests there is significant uncertainty due to global conflicts.	In this strategy inflation higher than our forecasts means greater everyday costs and less financial resilience.

Assumption	Description	Financial Strategy Impact
Flood infrastructure	For the duration of the LTP we have budgeted to receive 75% of funds from Government with the remaining 25% funded by debt.	Significant investment is required which is not possible without government co-funding.

As actual results crystalise, where these assumptions differ, they will be considered and applied to the Annual Plan where appropriate.

Guiding Financial Principles

We have developed some principles to assist in making informed and consistent choices under the legal framework. The following principles have been developed and applied:

1. we ensure the everyday costs for services to the region are met from everyday income;
2. we ensure that where future ratepayers will use assets created today, they will pay their share through our prudent use of debt;
3. we maintain financial resilience by having funds, debt capacity and insurance sufficient to fund unplanned or unforeseen events;
4. we clearly define service levels and deliver them in an efficient and effective, customer focused manner, providing value for money;
5. we charge on a cost recovery basis where we identify there is a private benefit, and it is efficient to collect;
6. we aim for rates to be affordable and equitable, with increases set to provide certainty to ratepayers;
7. we manage our investment funds and other investments by taking a prudent approach to risk and return.

Complying with these principles can be challenging and compromise between principles is often required.

Balancing the Books

Everyday costs should be paid from everyday income. If we cannot achieve this, we would need to fund our everyday income to cost deficit from debt or by reducing financial reserves. This means existing ratepayers are not paying for some of the services they are receiving. Using debt or reducing financial reserves to fund everyday costs means that future ratepayers will pay for this with added interest cost (for debt) or with less interest income (on investments). In both cases, our financial resilience will be reduced and there would be an increased financial risk for future communities.

Council does not balance the books in every year, as shown in Graph 1. This is largely due the use of financial reserves to fund some operating costs. We consider this approach to be prudent. The period of time we do not balance the books is short and our rationale for doing so is that now is the rainy day to use those reserves for the purposes they were established.

Graph 1: Balancing everyday costs with everyday income

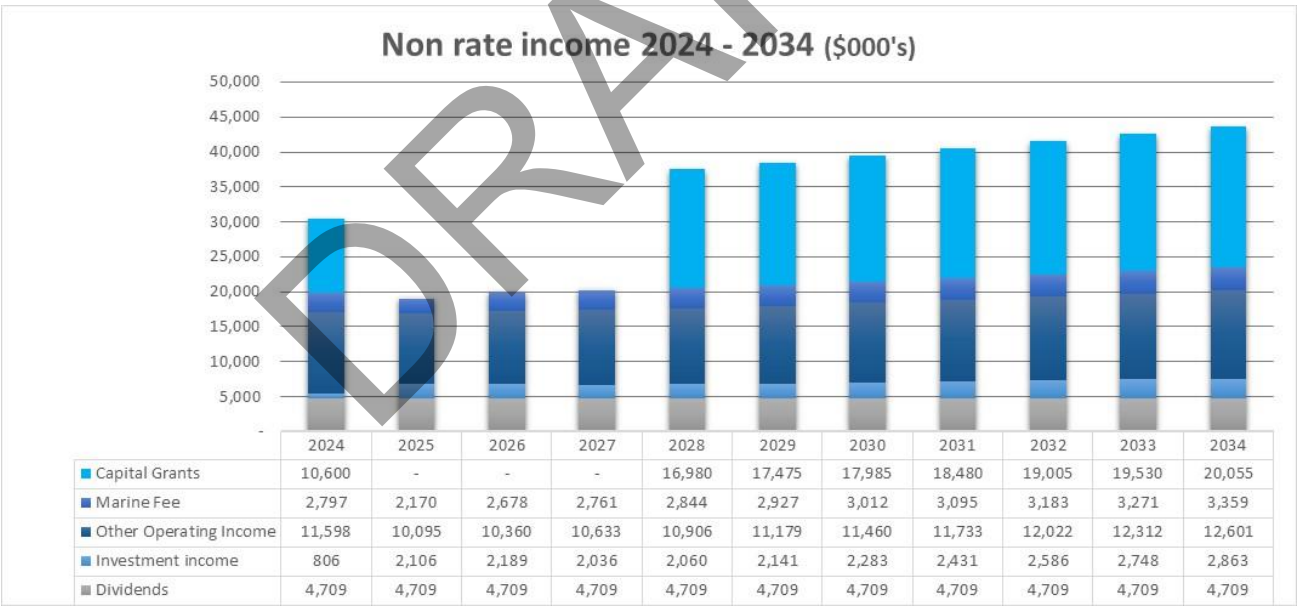
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Surplus (Deficit)	(215)	(1,286)	272	763	1,726	2,576	2,753	2,956	3,159	3,373	3,586

*Excludes one-off Government Funded projects.

Non-rates Income *(including policy on holding investments and budgeted returns)*

Our main non-rates income sources are shown in the following table. Council is taking a more active role in the management of its investments both in the managed fund portfolio and the investment it has in South Port NZ Limited. Fees and charges have also been reviewed and are budgeted to meet all costs associated with managing the activities they cover.

Graph 2: Material non-rates income



	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Grants	10,600	-	-	-	16,980	17,475	17,985	18,480	19,005	19,530	20,055
Marine Fee	2,797	2,170	2,678	2,761	2,844	2,927	3,012	3,095	3,183	3,271	3,359
Other Operating Income	11,598	10,095	10,360	10,633	10,906	11,179	11,460	11,733	12,022	12,312	12,601
Investment income	806	2,106	2,189	2,036	2,060	2,141	2,283	2,431	2,586	2,748	2,863
Dividends	4,709	4,709	4,709	4,709	4,709	4,709	4,709	4,709	4,709	4,709	4,709

Policy on holding investments and budgeted returns

We hold two large investments - our shareholding in South Port NZ Limited and our investment managed fund:

- **Investment in South Port**
  South Port NZ Limited is a public company listed on the NZ Stock Exchange. We are the majority shareholder with 17,441,573 of 26,234,898 shares (66.48%). Our port is a strategic asset and our principal reasons for owning these shares are the economic wellbeing of the region and to provide a financial benefit by using the dividends to reduce the general rate.

  There is a risk that there is a change in operating circumstances and South Port NZ Limited cannot maintain the forecast dividend, reducing the offset against the general rate which would result in higher rates or more debt. With this in mind, Council will be reviewing its shareholding in South Port NZ Limited in order to reduce this risk exposure. Ownership will not drop below holding a controlling interest and any proceeds from divested shares will be reinvested in similar, if not greater, returning assets. Forecast dividends over the 10-year period of the LTP are based on receiving 27 cents per share. We have not forecast any growth in this return given the uncertainty in what lies ahead. The budget for dividends income is shown in Graph 2 above.

- **Investment in managed funds**
  The principal reason for the investment in the managed fund is to maintain the buying power of funds held for future spending.

  Income is generated from the managed fund and is based on movements in each of a number of portfolios. The portfolios include cash, bonds and equities. The realised income is first used to maintain the value of certain reserves by adding an amount to their end of year balance and then used to reduce the general rate. Unrealised income stays in the managed fund to build our capital investment and resilience. The managed fund is a long-term investment that may have losses for certain periods. Generally, we would not realise these losses and use previously unrealised income to buffer the impact.

  There are two challenges to this approach that need to be considered:

  1. investment market uncertainty means that the actual income earned may vary from the income forecast. This could mean that the proposed surplus/deficit would be higher or lower. A higher return could be capitalised to build resilience or realised to keep rates within our limits;

  2. capital drawdowns from the managed fund have previously been used to reduce rates, by paying for operating costs, responding to disasters or for major projects. We no longer have financial capacity to continue this. Our resilience level is lower than it has been, and our interest returns are also much smaller.

Council's financial reserves are largely held in the managed funds. Due to the economic downturn and Council's response to minimise its impact on ratepayers, as shown Graph 2 the fund returns are low in the early years of the plan before we start rebuilding financial resilience in the managed fund.

Based on information supplied by our fund managers, and taking into account current performance, realised returns are forecast to be 3.5% for bonds and equities. The budget for investment income is shown in Graph 2 above.

We also own leasehold land and some other investments.

- **Investment in leasehold land**
  We own leasehold land for flood management purposes. This land represents a significant resource for the benefit of the Murihiku Southland community. This is operated in a professional manner in a way that supports environmental sustainability. Opportunities to diversify land use to enhance biodiversity, reduce net greenhouse gas emissions, and improve income streams will be investigated.

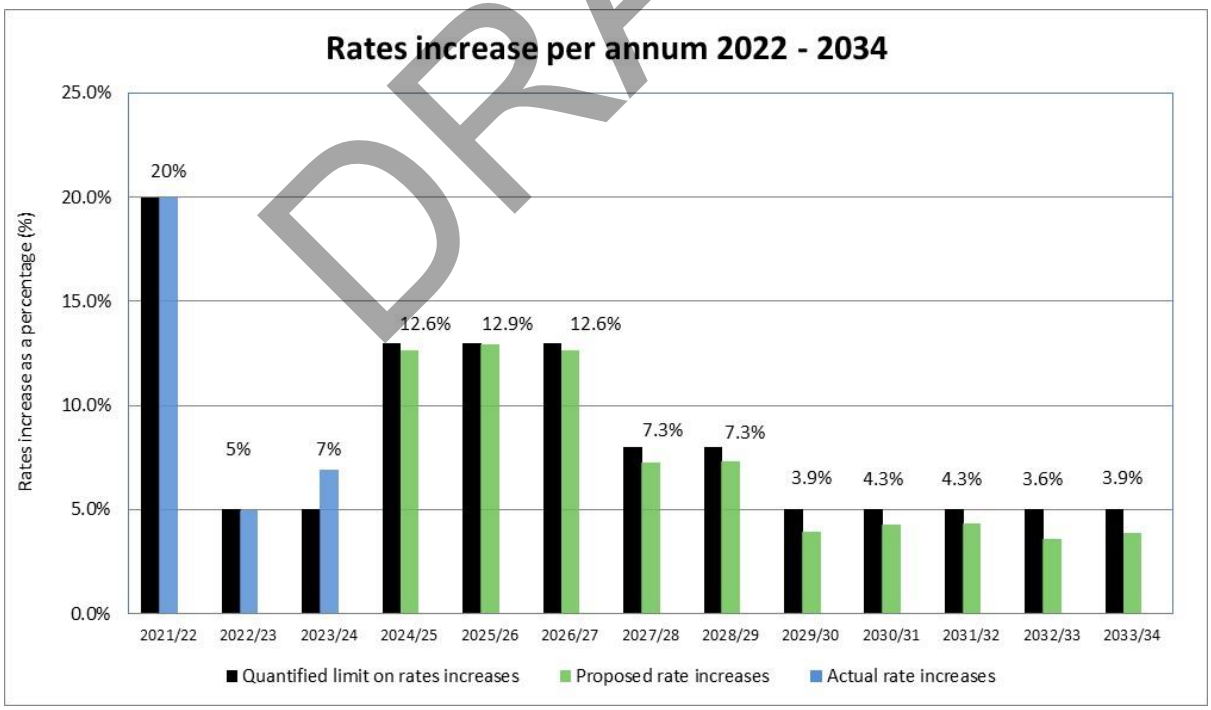
- **Other investments**
  We have a small investment in Regional Software Holdings Limited, a Council Controlled Organisation with partner shareholders Northland, Taranaki, West Coast, Waikato and Horizons Regional Councils. The company allows for a shared service collaboration to deliver shared software products and services for more efficiently and effectively and with value for money outcomes. We receive no investment return from this shareholding.

  We have a small holding in Southland Regional Development Agency Limited, a Council Controlled Organisation with seven partner shareholders. This investment supports economic and business development, tourism and events. We receive no investment return from this shareholding.

Rates

Limit on rates
Planned increases in total rates income will not exceed 13% in 2025/27 and then does not exceed 8% from 2028/29 and then does not exceed 5% from the 2030/34.

Graph 3: Rates affordability



Note: Proposed average rates increases are within the quantified limit (maximum) outlined above

We are setting rates in a period of low growth, with high inflation and interest rates. We also expect a legislative change that may impact on our core activities. In this period of challenges and uncertainties we have been fortunate to have built financial reserves that are available to reduce rates.

The rating increase for the next three years reflects a smoothing of rates though the use of financial reserves. In that time there will be two Annual Plan reviews of rates.

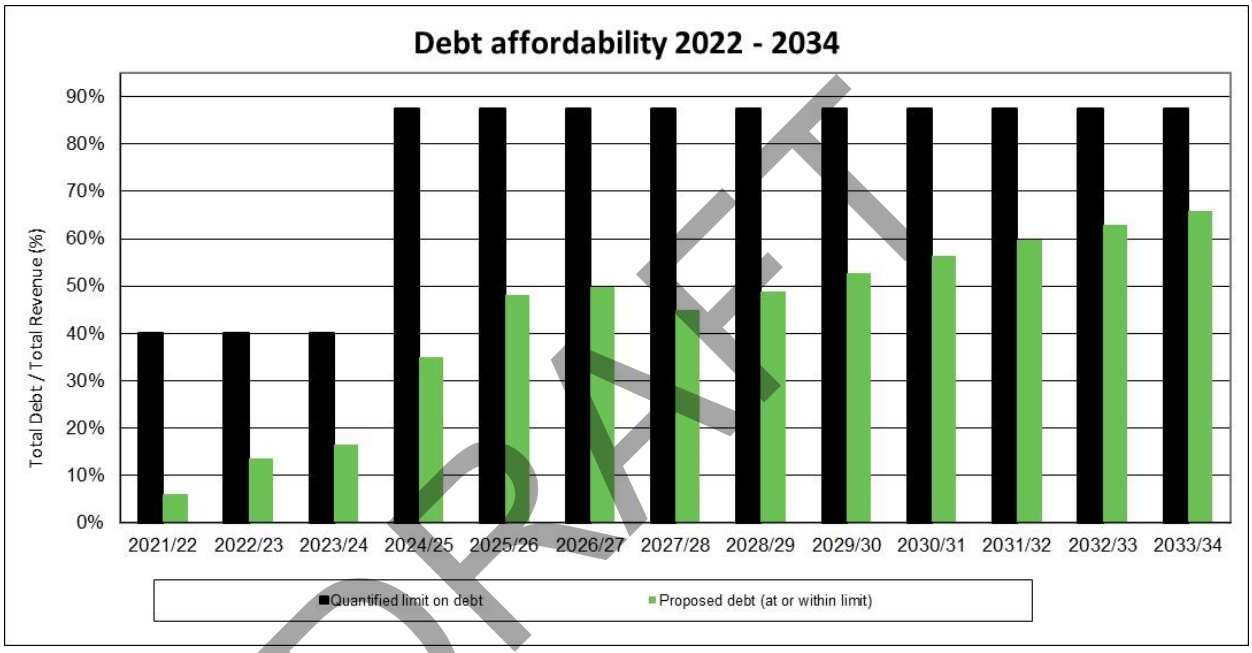
We are also making change to some rates that will see a more regional approach with a greater rating base on which to share rates.

The rating decisions have further reduced our financial resilience on the early years of the plan.

Debt

Limit on debt
Our external debt will not exceed 87.5% of total income, which is 50% of the LGFA maximum of 175%.

Graph 4: Debt affordability



We are budgeting for new debt to fund additional flood infrastructure. Our Treasury Policy takes a holistic approach to our debt management meaning we will manage debt in one basket and allocate to cost centres where necessary. Debt management will be guided by market conditions and the principle of intergenerational equity considering the life of the asset borrowed for.

The amount of planned external debt (what we have borrowed from the Local Government Funding Agency or bank) is a historical high for this council but nationally it is modest, given our size and income. The level of debt is largely the local share of Flood Protection Infrastructure Investment that protects people and our economy for current and future Southlanders.

We are budgeting external debt to be approximately 75% of total income as shown in Graph 4. Our total debt will peak at $63 million in 2034 as shown in Graph 5.

The Local Government Funding Agency (LGFA), local government's primary lender, will lend us funds dependent on our existing net debt (external debt less liquid investments) and income. They will lend an amount equal to 175% of total income, or up to $131 million in 2034.

Graph 5: Budgeted debt levels

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt	17,456	25,305	28,313	34,632	39,344	44,053	48,740	53,401	58,021	62,584
Self Imposed maximum	43,763	46,004	49,792	67,320	70,667	73,009	75,522	78,187	80,619	83,203
LGFA Debt maximum	87,526	92,009	99,585	104,926	110,753	114,544	118,703	123,115	127,061	131,310

Resilience *(including significant factors affecting our ability to maintain service levels)*

Building and maintaining financial resilience is prudent. In addition to economic challenges, we could be dealing with flooding or other climate events, pest incursions or geographic displacement e.g. an alpine fault. Disruption to our normal day to day activities can therefore occur at any time. We need to provide financial resilience while at the same time taking care to manage today's financial requirements.

We are responsible for ensuring the organisation can respond to unplanned events from small to very large events. As the regional centre of Civil Defence Emergency Management, we must be physically and financially operational from the start of an event.

Our financial resilience is strong based on consideration of the following three matters:

Resilience fund	Explanation	Estimated value
Liquid financial assets	We hold financial reserves for responding to disaster events like flooding. Additionally, we have financial reserve funds (such as catchment reserves and biosecurity) that provide financial resilience in those activities. In a major event, all liquid funds could be repurposed to rebuild the region as long-term priorities change.	$10M
Debt capacity	The LGFA will lend up to 175% of our net debt to income. Our peak forecast debt is $63M in 2034 below the LGFA maximum of $131M.	$131M
Insurance	Council has insurance for business recovery and for losses to assets. The National Emergency Management Agency will fund costs of Council's operational response to an emergency and will contribute to asset reinstatement.	Not quantifiable

The combination of these three items builds a level of resilience that will allow us to continue to operate in the event of a large emergency. We have shown that in smaller emergencies, responding and recovering from events, and maintaining business as usual is able to be successfully achieved.

Capital Expenditure

On the back of the previous Government's Climate Resilience funding, Council proposes further investment into its core infrastructure being flood control assets. The Long-term Plan provides for initial investment in building capability which will be used to develop the long-term capital investment required to improve existing and to build new flood infrastructure.

Other assets, (plant, vehicles, property and equipment) will be renewed at end of life or in response to potential Government climate change initiatives. These investments will be funded from depreciation held in reserves for this purpose and are not material to this strategy.

Changes on Population and Land Use *(the capital and operating costs for providing for those changes)*

We are not forecasting significant population change over the next 10 years. The most noticeable changes in population are an ageing population and increasing diversity. Land use in the region continues to evolve and change with the potential for resulting environmental impacts. Impacts of land use include effects on biodiversity and water availability and quality. Our Significant Forecasting Assumptions provide more detail for each of these assumptions.

Policy on Securities

To borrow from either the LGFA or the bank we must offer security, just like residents do with their mortgage. Like most councils, debt is secured against rates income.

Lenders like this as security and it helps keep our interest rates low. Giving rates income as security means that our lenders can make us charge ratepayers more to repay debt. That is why it is important to keep our debt at a sustainable level.

We may also offer other security, including physical assets, in certain circumstances. The full policy on giving securities can be found in the Treasury Policy on our website.

Infrastructure Strategy | Rautaki Hanganga

INTRODUCTION

Our region, like many others around Aotearoa New Zealand, is experiencing an increase in climate related events which expose us to risks that are predicted to become more severe and more frequent. This strategy sets out how Environment Southland proposes to respond to the various issues that our environment and our communities are likely to face over the next 30 years.

Murihiku Southland whenua:

- covers an area of approximately 3.1 million hectares;
- is home to approximately 102,600 people; and
- provides us with a diverse and highly valued natural environment.

Our region:

- contributes approximately $7.3 billion to the national gross domestic product (GDP) annually, and
- has critical assets with a capital value of approximately $100 million (things like roads and railway lines, power supply and telecommunications infrastructure, etc).

Scientific and technological advances predict that we should expect climate related events and impacts to continue to challenge the resilience of Murihiku Southland with at least the same degree of frequency, intensity and duration, as experienced during and since the 2020 flooding.

What protects all this from the hugely damaging impacts of flooding? Another $100 million of assets managed by Environment Southland that provides flood protection and land drainage (things like stopbanks, pumps, dams, etc.).

Environment Southland is facing significant challenges, predominantly around climate change, maintenance, community expectations and funding. The Infrastructure Strategy will ensure that Council can still give surety and confidence to the community.

The functions of Environment Southland have shifted over time in response to changing governments, community expectations and the environment. Environment Southland and the River Catchments Boards, that had a long history in the area, made decisions using the best information that they had available at the time. However, not enough money was put aside for maintaining assets, which has resulted in some of the challenges that will be dealt with in this strategy. This strategy has been prepared using information and data contained in a National Institute of Water and Atmospheric Research (NIWA) report, "Climate Change Impacts in Southland: A Report for the Southland Regional Council" (Wellington: NIWA, 2018), which offers the most currently available data for Murihiku Southland. It is important to note that this report is expected to be either updated or replaced during the period of the 2024-2034 Long-term Plan (LTP), and as Environment Southland places a high priority on working with the most current data, any work resulting from this Infrastructure Strategy will use any new information and/or data that is available at the time.

It is important to note that in the short-term our focus is on immediate flood protection and river management needs, including gravel management, while we plan and position ourselves for the transition to alternative ways of managing floodplains over the medium and longer-term. It is not viable to keep building higher and higher stopbanks. One alternative is nature-based initiatives such as wetlands for water retention, native plantings and restoring old channels. This is something we have already started to explore.

Environment Southland recognises the importance of tikanga Māori and values its relationship with both Ngāi Tahu (through the four Southland papatipu rūnanga) and ngā matawaka (other Māori who are not Ngāi Tahu) living within Murihiku Southland. Environment Southland continues to develop its relationships

with rūnanga in Murihiku Southland through Te Ao Mārama Inc (the Iwi liaison entity representing Southland three rūnanga for resource management and local government issues) and with Te Rūnanga o Ngāi Tahu, the iwi authority.

Moving forward, the challenges of climate change are the primary driver for ensuring that our assets are suitably maintained, so that they can manage risks associated with natural hazards, enable economic productivity, and provide for community wellbeing. It is important that these assets are considered not only for the next 10 years or 30 years, but 100 years plus. They must be managed in a way that ensures the required outcomes and levels of service are delivered in the most cost-effective manner to present and future generations.

WHAT IS THE PURPOSE OF THIS STRATEGY?

The central and most important purpose of the Infrastructure Strategy is to give confidence to the community who rely on the effective performance of the Councils' assets, have a level of confidence for their safety, wellbeing and economic outcomes. This means that the community has a clear understanding and level of preparedness for what the Council is committing to delivering, for healthy rivers and resilient communities.

In summary, the purpose of the Infrastructure Strategy is to:

- identify significant infrastructure challenges and issues for Council over the next 30-years;
- consider and assess potential management options;
- identify a preferred way to manage these issues;
- outline the associated service and financial implications of managing these issues;
- to develop a risk assessment framework to inform council's decision-making;
- provide the regional community with visibility and understanding of the issues and the long-term planning and investment needs associated with the provision of the flood protection and river control assets over that timeframe.

LEGISLATIVE FRAMEWORK

Any Infrastructure Strategy is balanced on top of national policy and legislation. The most important to this strategy is the Local Government Act (2002) (LGA), which sets out the requirements for infrastructure strategies and asset management planning. The figure below summarises the key legislation currently enacted, with the darker boxes signalling coming changes.

Local Government Act 2002 Section 101B	•Covers the purpose, intent and detail of what is to be included within an Infrastructure Strategy. This includes: identification of issues, how the Council intends to manage assets, budgeting, costs and assumptions on which it is based.
National Policy Statement for Freshwater Management 2020	•Te mana o te wai - refers to the fundamental importance of water and recognises that protecting the health of freshwater protects the health and wellbeing of the wider environment. •Directs integrated management approach to freshwater in accordance with the principle of ki uta ki tai (from the mountains to the sea). •Local authorities must actively involve tangata whenua in freshwater management.
National Adaptation Policy & Legislation	•Adapt and thrive: Building a climate-resilient New Zealand. •New Zealand's first national adaptation plan. •A national direction on how to respond and adapt to climate change, covering communities, economies, homes, and infrastructure assets. •Specific actions required of councils are currently unknown but will play out in the life of this 30-year strategy.

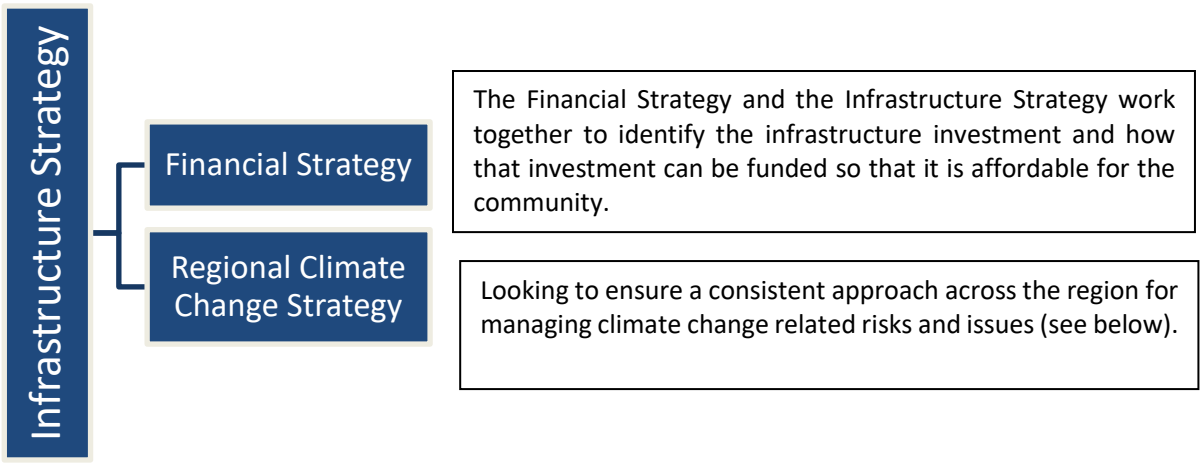
[3], [4]

STRATEGIC ALIGNMENT

This strategy does not sit in isolation, it is interconnected and dependent upon many other parts of the Council's plans and strategies, as well as the national policy and legislation described in the previous paragraph.

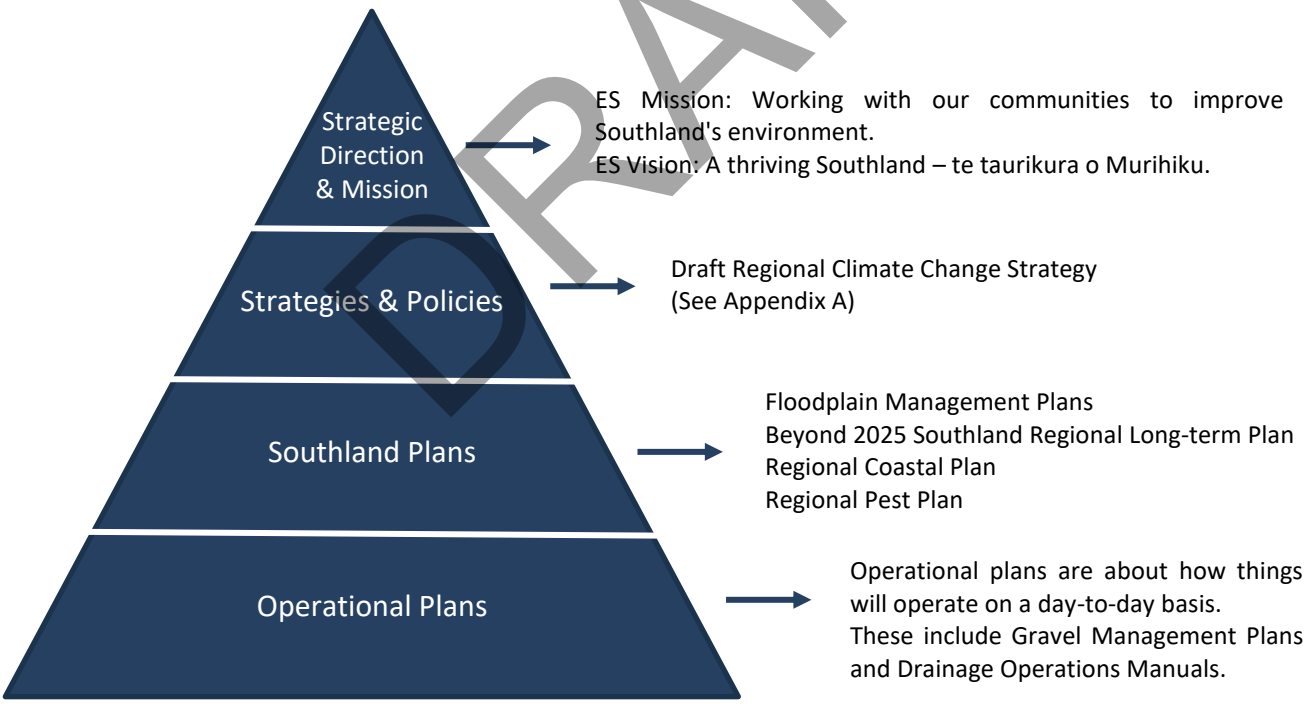
There are also three other important policies or strategies that are being reviewed alongside the development of the Infrastructure Strategy. These are depicted below.

[3] Three Waters Reform Programme - dia.govt.nz
[4] National adaptation plan | Ministry for the Environment



The Murihiku Southland Regional Climate Change (RCC) Strategy is a collaborative piece of work that is underway with Southland councils alongside Te Ao Mārama Inc. This work is about building an inclusive partnership to define a regional strategic response to a changing climate. This means that there is an agreed approach and aligned values in how the councils collectively respond. The core principles and aspirations of the RCC Strategy are incorporated into the Infrastructure Strategy. More detail around this can be found in Appendix A.

Other than these strategies currently under review, there are other Environment Southland documents that interlink with the work of the Infrastructure Strategy:



Strategy Scope

This strategy has been prepared for flood protection and river management infrastructure. This infrastructure is part of delivering Safe and Resilient Communities outcomes for the region. The activity is Flood Protection and Control which has four parts:

- Catchment Planning
- River management
- Flood Protection Investment
- Land Drainage

Catchment Planning develops and implements approaches to the use of land and water resources and incudes planning for the future and asset management planning and project management.

River Management delivers a range of river operations services designed to maintain rivers to protect people, property and livelihoods. This includes routine maintenance to ensure adequate fairway width, enhancement work to improve access, monitor stability and alignment of rivers, through river cross-section surveys and gravel surveys.

Flood Protection Investment delivers new construction, the improvement and renewal of existing assets and the maintenance of flood protection assets.

Land Drainage delivers maintenance of drains to maintain the productivity of land.

Other items that are considered outside of the scope of this strategy include:

- Powerlines
- Bridges
- Monitoring sites
- Resource consents
- Depots, offices and buildings
- Fleet
- Software

Assumptions

As per the LGA 2002, it is essential to include the assumptions on which the Infrastructure Strategy is based. This table represents a summary of the assumptions identified, however, full analysis of these assumptions can be found in Appendix B.

Assumption	Description – what does this mean?	Why make this assumption?	Risk	Likelihood of occurrence
Population growth is linear.	That the population of the region will continue to grow in the same way it has been.	To forecast the number of rates, levels of service, and protection required.	Low	Medium
That insurance will continue to provide cover for Environment Southland assets.	That assets will continue to be insured and covered for significant events.	To budget appropriately for insurance premiums, otherwise, a significant budget would need to be put aside to self-insure assets.	Low	Medium
Lifecycles of assets will remain stable, despite climate change variables.	That the fixed assets will last as long as they were intended, even if the weather or	To be able to plan and budget for maintenance, upgrades and replacements with a high level of certainty.	Medium	High

Assumption	Description – what does this mean?	Why make this assumption?	Risk	Likelihood of occurrence
	frequency of floods increase.			
Policy and planning will limit growth in flood prone areas.	If new developments are in places where they cannot be protected by existing or planned infrastructure, they will not be protected in the future.	Planning and budgeting can only be made on existing developments, it cannot provide for an unknown amount of development in areas that may require new or further flood protection.	Medium	Medium
New legislation will likely impact infrastructure requirements.	New national policy and legislation will change the responsibilities, or requirements, of the council regarding its assets.	To ensure that the strategy builds in a contingency to allow for new requirements, for example the national contingency plan or managed retreat of particular areas.	High	High
That national climate modelling is achievable, and that national data will be available in the next 12 months, with regional data available by 2025.	That modelling will have a level of certainty that will be useful for regional planning.	To ensure that the current flood protection assets can withstand modelled scenarios to an agreed level of protection.	High	High

REGIONAL OVERVIEW

Māori

The four main Papatipu Rūnaka in the region are Waihōpai, Awarua, Hokonui, and Ōraka Aparima. Together, they have been actively engaged in delivering essential support services for Māori in Murihiku Southland, encompassing social welfare, healthcare, education, and overall wellbeing.

Between 2013 and 2018, the Māori population experienced a notable increase of 2,900 individuals, reflecting a remarkable growth of 25%. Concurrently, the Pacific ethnic group also saw substantial growth, with an increase of 606 people, constituting a significant 32% rise[5]. In contrast, the European population registered only a modest 6% growth, resulting in a decrease of 2.4 percentage points in the European share of the population. These statistics serve as a clear indication that the region's demographic landscape is undergoing a transformation, prompting the need to identify and implement strategies to accommodate and support this evolving diversity effectively.

The region recognises the pivotal role of marae in fostering cultural preservation and community cohesion. Maraes serve as vibrant centres for the celebration of traditions, the cultivation of connections and the cultivation of a profound sense of belonging. Furthermore, maraes provide a platform for the integration of a wide array of social services and the development of papakāinga housing. This holistic approach is exemplified by the notable advancements at Murihiku and Mataura Maraes, as well as Te Rau Aroha Marae in Motupōhue Bluff, where the collective vision of a close-knit, thriving community is steadily taking shape. These initiatives underscore the region's steadfast commitment to inclusivity, equity and the wellbeing of all residents as they navigate a path towards a more promising future.

[5] https://beyond2025southland.nz/nov/wp-content/uploads/2023/06/B2025-Plan-FINAL-Compressed.pdf

To help promote and develop its relationship with Māori, Environment Southland, together with six other local authorities in Southland/Otago, signed with Te Ao Mārama Inc the Charter of Understanding He Huarahi mō Ngā Uri Whakatapu - A Pathway for the Generations Coming Through.

The revised Charter was re-signed by all the parties at Hokonui Rūnanga marae on 7 March 2016. The Charter of Understanding provides:

- the basis for an ongoing relationship between the seven councils and the tangata whenua of Murihiku Southland to assist in developing the capacity of Māori to contribute to decision-making processes;
- a foundation for consultation on a wide range of local government issues;
- for the recognition and willingness of Te Ao Mārama Inc to assist all councils in consultation with all ngā matawaka (other Māori who are not Ngāi Tahu) living in Murihiku Southland. This is important in terms of Māori contribution to decision making in the Murihiku Southland region, particularly as the responsibilities of the Council under the Local Government Act in relation to Māori are with all Māori, not solely the local iwi.

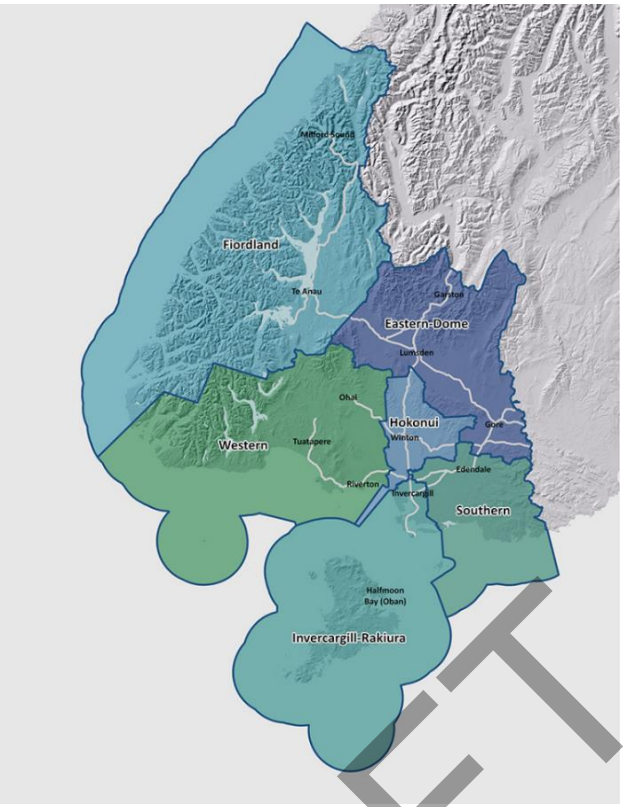
The Charter is based on a co-management model and is unique in the South Island. It sets out the basis and conduct of the councils and rūnanga in the context of the Local Government Act 2002 and Resource Management Act 1991 and provides the basis for Māori to contribute to the decision-making process via Te Roopu Taiao.[6]

ENVIRONMENTAL CONTEXT – GEOGRAPHY, POPULATION, ECONOMY AND CLIMATE TODAY

Geographic

Environment Southland's activities cover a geographical area of 3.1 million hectares, ranging from the beautiful, rugged coastline of the Catlins in the south-east, lush rolling farmland of central Southland, stunning fiords and mountains of Fiordland in the south-west and to Stewart Island to the south, rich in native fauna and flora. Southland has the longest of any coastline in New Zealand with a total of 3,400 km, one-seventh of Aotearoa New Zealand's total.

[6] https://www.es.govt.nz/about-us/partnership-with-iwi



Picture 1 – Constituencies across Environment Southland region

The area is serviced by three other local authorities: Invercargill City Council, Gore District Council and Southland District Council. Major centres in this region include Gore, Invercargill, Bluff, Lumsden, Riverton/Aparima, Tuatapere, Winton and Oban.

The region is broken up into six different constituency areas, meaning that a councillor from each of these areas is elected and sits on the Environment Southland Council. These constituencies are Fiordland, Western, Invercargill-Rakiura, Southern, Hokonui and Eastern-Dome.

Population

The Murihiku Southland region's population has increased from 97,750 in 2015 to 102,400 in 2022, which is a 5.7% increase, compared with a national increase of 11.2%. This slow increase, which is less than the national average, is also paired with a higher proportion of people over the age of 65 (18.3%), compared to 16.4% nationally. With a slower than national average increase and slightly higher proportion of people aged over 65 (18.3%).

	2022	2054	Change
EMPLOYMENT	55,610	64,260	+8,650
POPULATION	102,400	120,930	+18,530
HOUSEHOLDS	41,690	50,110	+8,420
ANNUAL GDP	$7,290M	$11,270M	+$3,980M

Picture 2 -Projected growth across the region[7]

[7]Beyond Southland 2025 Regional Long Term Plan. Available: B2025-Plan-FINAL-Compressed.pdf (beyond2025southland.nz) Page 18

Regarding ethnicity, there is a proportionately higher percentage of Europeans in the Murihiku Southland population, when compared to the national average of 70%. The population of Murihiku Southland at the 2018 Census was 97,467, with Māori making up 14,484 of this population. For non-Māori the region has experienced very steady growth, rising from 90,876 in 2006 to 93,342 in 2013. For Māori, the region experienced an increase from 10,422 in 2006, 11,607 in 2013 to 14,484 in 2018. This steady growth rate is expected to continue at a rate of 2.0% according to the Ministry of Business, Innovation & Employment (MBIE)[8].

It is also important to note the impact of the ageing population on industry in the region. Research shows that one in five farmers are over 65 and that the industry is struggling to retain young people.[9]

Economic context

As of the 2018 census, 52.5% of people were in full time employment with 3.1% being unemployed. This has remained fairly steady since the 2006 census[10]. On a broader level, the region's GDP has grown slower than the rest of New Zealand, growing 1% compared to the national average of 2.3%.[11]

The main industries are Agriculture, Forestry & Fishing (22.3%), Manufacturing (14.4%), Electricity, Gas & Wastewater Services (6%), Construction (5.3%), and Health Care and Social Assistance (5%).[12]

STATE OF THE ENVIRONMENT AND CLIMATE CHANGE – WHAT IS HAPPENING IN THE REGION?

Anyone, and everyone who lives in the Murihiku Southland region has been confronted by the combination of significant flooding events and extended dry periods, shedding light on the intricacies of the current state of the region's environmental dynamics. In February 2020, the region witnessed a major flood in the Mataura catchment, resulting in the evacuation of more than 4,500 residents, along with an extraordinary air evacuation of tourists from Milford Sound. This event left a lasting impact across environmental, social, cultural, and economic dimensions.

In addition, over the past two summers (2021/22 and 2022/23), Southland experienced periods of dry weather and drought in certain areas, leading to challenges such as reduced pasture, stock water shortages, animal health concerns, and implications for urban water supplies. These contrasting environmental conditions have prompted the need for a comprehensive understanding and adaptable responses to ensure resilience and community cohesion in the face of varying challenges.

The climate in Southland is undergoing significant changes, marked by several key trends. A report by NIWA specifically for the Southland region has provided a wealth of information to help understand, model and prepare for the changing climate[13]. Firstly, there have been increases in both annual mean and minimum temperatures, with the most prominent warming seen during the autumn season. This warming is accompanied by a decrease in annual frost days and a rise in annual hot days, defined as temperatures of 25°C or higher, along with more frequent high-temperature extremes. Additionally, heatwave days have become more common, especially in the northern regions of the Ōreti and Mataura catchments.

[8] http://webrear.mbie.govt.nz/
[9] https://www.mbie.govt.nz/business-and-employment/employment-and-skills/regional-skills-leadership-groups/southland-murihiku/local-insights-report/previous-local-insights-reports/local-insights-report-june-2023/
[10] http://webrear.mbie.govt.nz/summary/new-zealand?accessedvia=southland
[11] Beyond Southland 2025 Regional Long Term Plan. Available: B2025-Plan-FINAL-Compressed.pdf (beyond2025southland.nz)
[12] Beyond Southland 2025 Regional Long Term Plan. Available: B2025-Plan-FINAL-Compressed.pdf (beyond2025southland.nz)
[13] National Institute of Water and Atmospheric Research (NIWA), "Climate Change Impacts in Southland: A Report for the Southland Regional Council" (Wellington: NIWA, 2018), 10-15

Precipitation patterns are also shifting. There's been an increase in annual rainfall, particularly during the winter season. However, some areas, such as Fiordland, Waiau, and the southern extents of the Ōreti and Mataura catchments, have experienced a decrease in the number of annual wet days. Conversely, central parts of the region have seen an increase in annual wet days, and heavy rainfall events are expected to occur three to four times as frequently compared to the current climate. For example, in Mataura with these heavy rainfall events it is expected that there will be 10% more rainfall and an increase of 15% greater river flow.

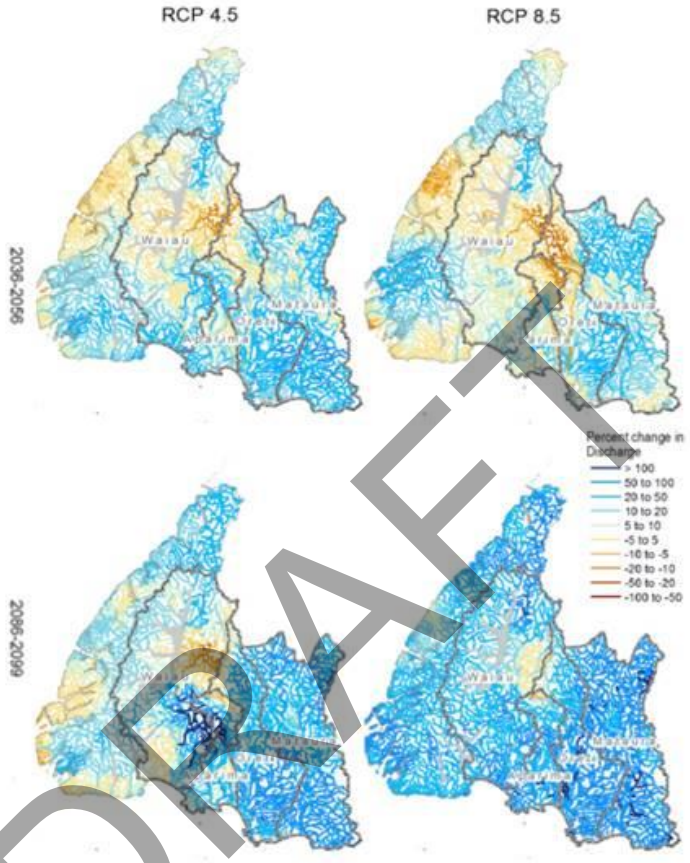


Figure 8-7: Percent changes in multi-model median of MAF across Southland for mid (top) and end of century (bottom).

Picture 3 – Increased precipitation across Southland over the next century[14].

River flow rates have shown seasonal variations, with spring and autumn seeing increases, while summer experiences stability or slight decreases. Winters have become more stable or increasing in flow, especially in the Waiau and northern parts of the Ōreti and Mataura catchments. Furthermore, River Mean Annual Flood (MAF) levels are anticipated to rise.

These climate changes have various impacts, with the most notable being:

- water supply reliability is becoming more variable across Murihiku Southland, with some areas experiencing increased reliability while others face decreased reliability;
- drought conditions are projected to increase significantly, especially in central and northern Murihiku Southland, with a 20% to 30% rise;

[14] *Southland climate change impact assessment.* Prepared for Environment Southland, Invercargill City Council, Southland District Council and Gore District Council. August 2018

- high intensity river flow events are likely to increase, with an estimated 15% river flow during flood events;
- the risk of wildfires is also expected to grow, along with longer fire seasons;
- sea level rise continues to affect the region, intensifying storm tides, floods, coastal erosion, and groundwater levels in coastal and estuarine areas.

The 2018 NIWA report also emphasised the continuing influence and additional "climate noise" of natural variations in climate patterns, including the following three large-scale oscillations that influence climate in Aotearoa New Zealand:

1. the El Niño-Southern Oscillation (ENSO), which occurs every two to seven years, with impacts lasting around a year;
2. the Interdecadal Pacific Oscillation (IPO), which can last from 20 to 30 years; and
3. the Southern Annular Mode (SAM), which can last for several weeks, but changes phases quickly and unpredictably.

The report also emphasises the influence of natural climate variations such as ENSO, IPO, and SAM, which add complexity to climate projections.

In summary, Murihiku Southland is witnessing a transformation towards a more dynamic and less predictable climate characterized by increased warmth, precipitation, extreme weather events, hot days, heatwaves, droughts, wildfires, and intense rainfall. These changes pose challenges to both natural ecosystems and human activities. Climate-sensitive planning and action are necessary to address the combined effects of anthropogenic change and natural variability, with the recognition that early investment in mitigation measures can yield greater benefits for regional freshwater resource management.

With this understanding of changes in climate, there are implications for how infrastructure is managed by the Council.

Geophysical Hazards for the region

The Murihiku Southland region, situated adjacent to the active boundary between the Pacific and Australian tectonic plates, faces significant seismic activity risks in common with the broader Aotearoa New Zealand area. Within Murihiku Southland, there are several active faults that potentially pose hazards to the region's infrastructure. Notably, there is a 75% probability of a major rupture occurring in the south-west segment of the Alpine Fault within the next 50 years, with a four out of five chance that it will be a magnitude 8+ event[15]. Additionally, earthquake risks are prevalent, originating from the Puysegur Subduction Zone in the south-west of the South Island[16].

According to available information, the region anticipates a Modified Mercalli VIII earthquake event with a return period of 475 years, accounting for amplified ground shaking due to underlying soil characteristics. Notably, the lower-lying areas in the Invercargill region exhibit a high to very high susceptibility to liquefaction.

Furthermore, the Murihiku Southland region's lower-lying areas demonstrate varying levels of susceptibility to tsunami risks, with potential triggers ranging from seismic events originating across the Pacific Basin to those from the Puysegur Subduction Zone. This heightened tsunami risk is also associated with an increased potential for landslides following seismic activity. For instance, the 2003 earthquake resulted in over 400 landslides on steep slopes in Fiordland. These landslides are generally linked to specific rock types distributed across the region, including schist and semi-schist in the northeast, serpentine in a band from

[15] AF8 Project - AF8 https://af8.org.nz/ [Alpine Fault magnitude 8]
[16] Invercargill City District Plan 2019 - https://icc.govt.nz/public-documents/invercargill-city-district-plan-2019/

Mossburn north to the Hollyford, soft Tertiary mudstone, and hard, strong Fiordland plutonic rocks. Ground subsidence is most likely to occur above underground coal mines or over areas of unconsolidated fill [17].

Vigilance, preparedness and good maintenance of existing assets are all crucial to mitigating the impacts of these geophysical hazards in the Murihiku Southland region.

Current asset stack – how are they currently performing?

The many assets across the region are each given a condition grade or score to provide an indication of the condition following onsite inspections. The detailed listings of assets and their individual condition scores are held in a database by the Catchment Operations team and are updated on an ongoing basis. The scores use the following assessment that is a standard approach for regional councils:

Condition Grade	Rating	Description
1	Very Good	Structurally sound with some cosmetic defects that have no effect on performance.
2	Good	Structurally sound but with some evident minor defects.
3	Moderate	Adequate structure with some minor defects visible that may develop into significant defects in the long-term. Assets anticipated to be at a condition grade 3 for the majority of their useful life.
4	Poor	Structurally significant defects identified likely leading to loss of stability in the medium-term. Majority of assets anticipated to be near end of useful life.
5	Very Poor	Structural integrity at early stages of failure and/or complete failure anticipated in the short-term.

The current asset stack can be represented by looking at a breakdown of the stopbanks, culverts and dams, as shown in the three tables below.

Table 1 showing current condition of stopbanks compared to last Long-term Plan.

Stopbanks Condition		
Grade	2021 LTP	Proposed LTP
1	0%	0.02%
2	20%	11.32%
3	52%	74.28%
4	23%	12.14%
5	4%	2.06%

Table 2 showing current condition of Culverts compared to last Long-term Plan.

Culverts/Structures Condition		
Grade	2021 LTP	Proposed LTP
1	3%	3.89%
2	18%	12.37%
3	53%	59.36%
4	10%	16.25%
5	16%	8.13%

[17] Amplified ground shaking and liquefaction susceptibility, Invercargill City. Glassey & Heron 2012 - https://icc.govt.nz/wp-content/uploads/2014/11/Liquefaction-Report-2012.pdf

Table 3 showing current condition of Dams compared to last Long-term Plan.

Dams Condition FY22-23		
Grade	2021 LTP	Proposed LTP
1		
2		
3	100%	100%
4		
5		

Progress since 2021-2031 Long-term Plan

There has been good progress since the 2021-2031 Long-term Plan. Progress has particularly been made in the following areas:

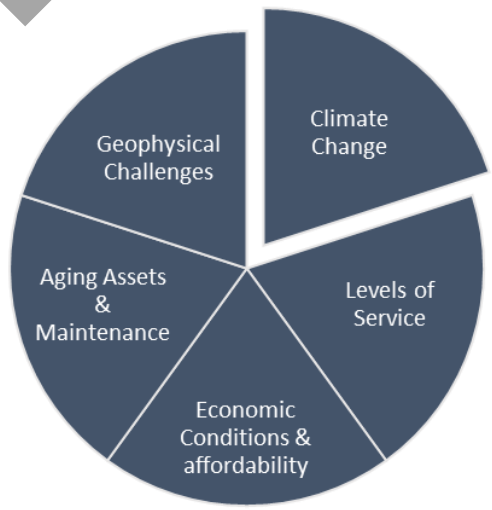
- shovel ready projects[18] are now largely completed, with the final close out of Stead Street pump station expected in July 2024;
- a focus on ensuring all assets have been assessed and have a grading score;
- conditions of stopbanks have changed due to the increase in number of assets that now have a condition grading score;
- projects such as 'Slow the Flow' have gained significant traction.

Areas that have remained challenging in this period, include lack of complete data across the asset base and lack of resources to manage defects.

SIGNIFICANT CHALLENGES AND DECISIONS REQUIRED

In developing this draft Infrastructure Strategy, Council has taken a 'ground up' approach. We have looked at our current infrastructure and the way we fund it and asked the question "is the current state fit for the future?" The work done leading into developing this Strategy would indicate that it is not. Council is of the view that a more region-wide approach should be taken and that we focus on community resilience and building and maintaining appropriate climate resilient infrastructure.

Five key challenges that require significant decisions have emerged. These are depicted below:



[18] Shovel ready projects refers to projects that were developed under government funding of $13.9 million as part of an economic revival initiative post Covid-19. These included the Waimumu stopbank upgrade, Gore town stopbank upgrade, Wyndham town stopbank upgrade, Mataura stopbank protection works and the Stead Street pump station replacement.

Climate Change

Background

As discussed in the previous section, Murihiku Southland's climate is undergoing significant changes, marked by rising temperatures, reduced frost days, and increased rainfall, particularly in winter[19]. River flow rates vary seasonally, with spring and autumn increases. These changes have various impacts, including variable water supply reliability, more frequent droughts, increased river flow intensity, growing wildfire risks, and the ongoing influence of natural climate variations.

Modelling, data and science regarding the climate changes specific to the Murihiku Southland region are predominantly based on a NIWA report from 2018. This data provides a strong indication of what is required of the infrastructure based on this information. However, the challenge is that climate change is not linear. The data and modelling are changing as rapidly as the climate itself, therefore building a Long-term Plan based on 'snapshot' data is problematic for Environment Southland. Therefore, the challenge is how do we give surety to our community over levels of service and costs when the demands on the infrastructure may be changing rapidly and as our understanding of these demands change.

Options

Option 1: Assume that the forecasts are accurate and plan for what has been modelled based on the 2018 data.

Option 2: Budget for new data and science to ensure that the council has the latest information.

Option 3: Plan for the next three years using the 2018 data, budget for new data and science, meaning the strategy may need to change if the modelling or data changes significantly.

Council's approach to managing the issue

Environment Southland recognises the need to give certainty to its ratepayers and community as a priority in these challenging times. Therefore, it is proposing option 3 as the preferred option to manage this challenge. That way, focus and priority can be given to projects that require attention based on the 2018 data, while allowing for new modelling and data to be developed and made available.

Summary

Issue or Challenge	The climate change data for Southland relies heavily on the 2018 NIWA report, but the non-linear nature of climate change presents a challenge for building long-term plans and ensuring service levels and costs for the community remain stable as infrastructure demands evolve rapidly.
Why is it an issue	If new data is made available it may change the focus or priority of plans, making it difficult to commit to levels of service and stable costs.
Options	1. Assume that the forecasts are accurate and plan for what has been modelled based on the 2018 data. 2. Budget for new data and science to ensure that the council has the latest information. 3. Plan for the next three years using the 2018 data, budget for new data and science, meaning the strategy made need to change if the modelling or data changes significantly.
Council's preferred approach	Option 3 – Budget for new data, while focussing on the next three years.

[19] National Institute of Water and Atmospheric Research (NIWA), "Climate Change Impacts in Southland: A Report for the Southland Regional Council" (Wellington: NIWA, 2018)

Levels of Service

Background

Levels of Service refer to the standards and expectations that a council sets for the delivery of various services to the community.

Previously for flood protection assets, in general, Environment Southland has made a commitment to the community to provide assets that protect against a one in 100-year flood event in urban areas and a one in 20-year flood event in rural areas.

However, with climate change in mind, Environment Southland, and a number of other regional councils, consider that the traditional method of providing a level of service through this way may be undeliverable and misconstrued. For example, with climate change modelling, there may be what is considered a one in 20-year flood event two years in a row, which can cause confusion, and does not seem fair to provide the community with this level of service.

Options

There are three main options for developing levels of service:

Option 1: Continue with traditional levels of service.
Option 2: Develop community performance measures.
Option 3: Utilise design standards.

Councils approach to managing this issue

In response to the shifting environmental landscape, Environment Southland has adopted a forward-thinking approach to manage flood protection assets and services. Historically, the organisation had committed to safeguarding against a one in 100-year flood event in urban areas and a one in 20-year flood event in rural areas. However, recognising the influence of climate change, it acknowledges that this conventional approach may no longer be practical or transparent. Climate change modelling has raised the possibility of consecutive one in 20-year flood events, leading to confusion and inequity in the level of service provided. In light of this, Environment Southland is considering embracing design standards as a more adaptive and resilient approach to ensure flood protection assets are equipped to withstand the challenges posed by climate change. This option reflects the organisation's commitment to safeguarding communities effectively in an era of changing environmental dynamics.

Summary

Issue or Challenge	Traditional levels of service may be deceptive and unrealistic.
Why is it an issue	A changing climate is increasing the occurrence of flood events
Options	1. Stay with current levels of service approach – for example one in 20-year flood event protection. 2. Develop community performance measures – for example commitment to maintenance, responding promptly in flood events. 3. Commitment to design standards – for example that a flood bank can hold 1,000 cubic metres of water flowing per second (cumecs) in a flood event.
Council's preferred approach	Option 3 – Commitment to design standards.

Economic Conditions & Affordability

Background

The region's economic conditions have an impact on the ability of communities to pay for the services provided, particularly in the period of the post COVID-19 pandemic. There are increasing pressures on the current level of funding to deliver more. In the future, there may be less funding available to fund flood protection. The affordability of the levels of service may be impacted by changes to the levels of natural risk, increased input costs, reduced returns from land use and changes to the cost of compliance. There is a strong link between social and economic trends. Trends such as an ageing population, urban drift and social inequality all have an impact upon the ability to fund infrastructure. The construction sector within the Murihiku Southland region is currently under some pressure. This is expected to continue for the short to medium term, and possibly beyond. This has an impact upon the availability of suitable contractors and consultants, costs and ability to deliver within expected timeframes.

Options

Option 1: *Current practice of prioritised work programmes using community consultation* - The approach involves implementing prioritised work programmes in consultation with the community to ensure affordability, maintaining existing funding policies, and regularly evaluating market conditions to account for construction cost increases in programme estimates and contingencies.

Option 2: *Enhanced market evaluation and forecasting* - To address the evolving challenges, the approach includes enhancing the evaluation and forecasting of market trends, costs, and resource availability. There will also be a comprehensive review of funding strategies to determine their suitability, along with targeted consultations with communities to ensure affordability. Advanced decision-making tools will be developed, and procurement practices will be improved, including the exploration of longer-term, large-scale contracts to offer increased certainty in the execution of projects.

Council's approach to managing the issue

The Council's preferred approach to managing the challenges posed by the region's economic conditions and changing funding dynamics is Option 1 - Current practice of prioritised work programmes using community consultation. This approach involves implementing prioritised work programmes in consultation with the community. It aims to ensure affordability while maintaining existing funding policies. Additionally, regular evaluations of market conditions are conducted to account for construction cost increases in programme estimates and contingencies.

Under this approach, the Council places a strong emphasis on community engagement and consultation to align projects with the community's needs and financial capabilities. By regularly reviewing market conditions, the Council seeks to adapt to changing economic circumstances and cost factors. This approach reflects the Council's commitment to maintaining a practical and community-focused strategy, especially in light of the economic challenges posed by the post-COVID-19 pandemic period and other socioeconomic trends affecting infrastructure funding.

Summary

Issue or Challenge	Economic challenges post-COVID-19 are straining funding for flood protection.
Why is it an issue	It is impacting affordability, while demographic shifts and construction sector pressures complicate infrastructure funding and project delivery.
Options	1. Current practice of prioritised work programmes using community consultation. 2. Enhanced market evaluation and forecasting.
Council's preferred approach	Council recognises the need to balance both the demand for current and additional services with the community's ability to pay. The balance is achieved through the prioritisation of work requirements, sustainable revenue and financing policies and an awareness of community needs. Given increasing pressures upon affordability, it is appropriate to keep under review the full range of scheme beneficiaries to assess if current funding policies continue to be appropriate. Council will continue to improve its monitoring of economic indicators and trends to anticipate the responses needed. The development of improved criteria and methodology around this will better inform decision-making. Opportunities will be identified for cost efficiencies in the way work delivery programmes are procured. Council's approach is to continue with current practice but to increasingly apply improved methods of evaluating market conditions and forecasting costs and resource requirements.

Ageing Assets

Background

Many of Council's assets were constructed and/or upgraded over the 1960s to 1990s period and will continue to provide a predicted useful life provided the maintenance programme is continued. These assets are critical in providing community resilience and ensuring people and property are safe from hazards associated with flooding. They also contribute to regional economic productivity and social wellbeing.

In addition, community, tangata whenua, and central government expectations in relation to environmental outcomes continue to increase over time. There is a strong community focus on water quality and Te Mana o Te Wai. Flood protection infrastructure is often located in areas of high environmental, recreational or conservation values and these values may be impacted by that infrastructure. Council's strategy is to achieve multiple outcomes wherever possible. This will be progressed by actively managing scheme effects, full regulatory compliance, and achievement of a range of outcomes including biodiversity and recreational opportunities.

Options

Option 1: Reduced maintenance: Assets could be allowed to decline.
Option 2: Continue to maintain to current standard: Assets maintained as at present.
Option 3: Renew assets to a higher standard: Forecast future growth and demand may drive a higher level of service.

Council's approach to managing the issue

Council expects to continue to undertake renewal programmes that ensure assets provide the level of service agreed with communities. This may lead to increased financial requirements due to expected impacts of climate change, higher environmental performance requirements and regulatory compliance. The practice of replacing 'like with like' is to be continually evaluated and technological improvements incorporated where this may extend asset life or reduce lifecycle costs.

These matters will be incorporated into decision-making processes conducted with communities and based on the best information available. It is forecast that approximately $152 million operational work maintenance programmes will be undertaken in the next 10 years and approximately $630 million over the next 30 years. $190 million of capital renewals will take place over the next 30 years. Council's approach is to renew assets to a higher standard, while noting that in some instances, this will require intervention and increased costs if the same level of service is to be provided.

Summary

Issue or Challenge	Many assets are reaching the end of their lifespan, and a decision is required around what to do with these assets.
Why is it an issue	Cost of many assets expiring or needing extensive maintenance around the same change will mean a significant increase in budget and resources.
Options	1. Reduced maintenance. 2. Continue to maintain to current standards. 3. Renew assets to a higher standard.
Council's preferred approach	Option 3: Council expects to continue to undertake renewal programmes that ensure assets provide the level of service agreed with communities. This may lead to increased financial requirements due to expected impacts of climate change, higher environmental performance requirements and regulatory compliance. The practice of replacing 'like with like' is to be continually evaluated and technological improvements incorporated where this may extend asset life or reduce lifecycle costs. These matters will be incorporated into decision-making processes conducted with communities and based on the best information available. Council's approach is to renew assets to a higher standard, while noting that in some instances, this will require intervention and increased costs if the same level of service is to be provided. Environment Southland can resource the asset improvement/maintenance programme regionally but could not carry out significant capital upgrades without central government investment. This approach must also be considered in the context of the other issues identified that follow.

Geophysical Challenges

Background

Murihiku Southland is prone to severe storms, potential tsunamis, and seismicity risks. Extreme events such as tsunamis, coastal storm surge, land instability and earthquakes pose significant threat to infrastructural assets and the services they provide.

There will always be risks associated with flood management infrastructure. Residual risks are those that exist despite protection being in place. Such risks may be associated with power supply outages, poor maintenance, vandalism, failure or overtopping. A significant portion of Council's assets are sited on 'liquifiable' soils making them prone to damage in a major earthquake.

Options

Option 1: Management of infrastructure based on risk and assets criticality.
Option 2: Focused strategies to raise awareness of hazards and risks.

Council's approach to managing the issue

To minimise damage to flood protection assets and to respond effectively, Council will develop plans and processes that will:

- take a risk management approach;
- identify critical assets;
- incorporate climate change impacts into asset management processes;
- seek to reduce the damage potential of natural hazards on assets;
- Develop strategies to enable timely response following a natural hazard event;
- ensure funding policies are robust and appropriate.

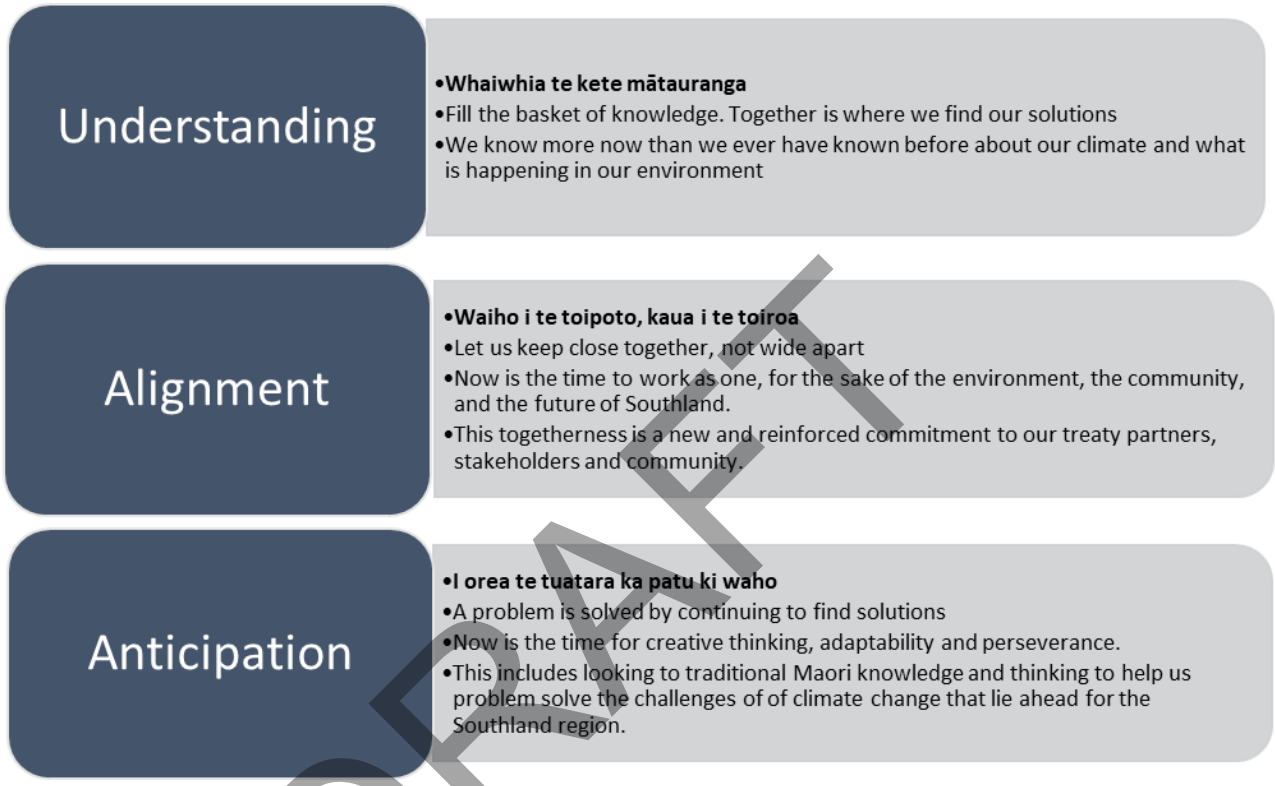
Council will regularly review its disaster funding provisions to ensure that it can respond following adverse natural hazard events. Residual risk areas are to be identified and incorporated into the regional asset management plan and communicated to council, the territorial councils and the wider community.

Summary

Issue or Challenge	Infrastructure assets are at risk of damage from geophysical hazards.
Why is it an issue	It is an issue because it will likely impact on levels of service, budgets and resourcing if and when geophysical hazards eventuate.
Options	1. Management of infrastructure based on risk and assets criticality. 2. Focused strategies to raise awareness of hazards and risks.
Council's preferred approach	The preferred approach is to continue with current practice but to actively raise community awareness of natural hazards and risks. This is consistent with Council's strategy to increase community understanding of risks and resilience.

Principles of how we will manage these challenges

Moving forward, the principles of how the council manages these challenges has been aligned with the principles identified through the Regional Climate Change (RCC) Working Group. Of the seven principles identified by the RCC (see Appendix A for full details), the three identified as the most important to this infrastructure strategy are Understanding, Alignment and Anticipation.



These principles will be applied to our approach along with these other key principles.

Decisions are aligned with Council's strategic direction and priorities

Council seeks to meet the needs of the community and support the delivery of those services set out in the Council's Long-term Plan. The Council has reviewed its strategic direction and priorities for the 2024–2034 period. We will ensure that infrastructural services are managed in alignment with Council's strategic direction. A key strategic priority is to increase community understanding of risks and resilience. In this regard, Council will continue to maximise opportunities to inform the community as to areas of natural risk and the measures in place to manage these risks.

Collecting and maintaining best possible data and information

Sound decisions are dependent upon the ongoing collection and management of appropriate information. Council places high importance on regular river surveys, condition and performance surveys and structural inspections and auditing to inform work programmes and associated activities. This also enables us to identify and ensure appropriate management of our most critical assets. Improving the quality and accuracy of our data that informs these decisions is an ongoing activity that Council is committed to.

Responding to demands for new capital

Council will consult with communities in relation to requests for any new capital work initiatives. Funding will be agreed based on Council's revenue and financing policy – a requirement of the Local Government Act 2002. In general terms, this means that costs will be met by those that benefit or contribute to the need for the capital work. Environment Southland can resource the asset improvement/maintenance programme regionally but could not carry out significant capital upgrades without central government investment. In addition, without the most up to-date data and modelling it is unachievable to accurately determine what the future communities' needs will be.

Service sustainability

We intend to carry out regular reviews of the long-term sustainability of our river and flood protection assets and the service they provide. This is recognised as being necessary considering potential challenges associated with climate change impacts, tangata whenua and environmental expectations, and affordability.

Appropriate replacement of existing infrastructure (renewals)

Different infrastructure assets will deteriorate at different rates over time. This may lead to underperformance of the asset, increased risk of failure and increased maintenance requirements. Undertaking asset renewals is an appropriate way to extend an asset's working life and these are planned to deliver the most efficient use of expenditure and to help with the application of current costs to proposed renewals or planned renewals programming.

Moving forward, priority will be given to addressing the serviceability of current stopbanks, with renewal priority being given in the first five years to stopbanks that are grade three or above. It is also important to note that any future renewals beyond those that are already identified or known, it is likely that construction methodologies and materials may be different, therefore accounting for this in a Long-term Plan is problematic.

INFRASTRUCTURE INVESTMENT PROGRAMME

To provide clarity on the foundation of our Infrastructure Strategy investment programme, several key assumptions have been established:

- Council's renewals are based on historic asset data and the current knowledge held within the Catchment Operations Division. The assumptions developed through this process have been adopted into the Infrastructure Strategy. All capital renewal expenditure is based on the continued provision of current levels of service.
- Policy and planning frameworks will limit growth and development in flood prone areas. Therefore, there will be only limited associated impact on additional growth-related investment.
- Responding to major natural hazard events is assumed to be funded through insurance and disaster reserves.
- Inflation adjustments have been made using BERL inflation indices as the basis for calculating our basket of goods.
- Considering the significant investment required, co-funding from government will need to be a necessity and therefore it is assumed that this will be a viable option.

These assumptions collectively form the basis of our Infrastructure Strategy investment programme, ensuring that our approach is grounded in historical data, responsive to policy frameworks, and adequately prepared for contingencies related to natural hazards and inflationary pressures.

Prioritisation and Climate Change

Current climate modelling has informed how we should prioritise projects within this current LTP. The climate change impacts and how they relate to the infrastructure is depicted in the table below.

Modelled climate change issue	Infrastructure impacted	How this will be managed in the strategy
Increased flow in the rivers	Stopbanks	Prioritise stopbank maintenance. Exploration and evaluation of nature-based and other innovative solutions.
Increased rainfall intensity events	Stopbanks and detention dams	Prioritise critical stopbank or detention dam upgrades. Exploration and evaluation of nature-based and other innovative solutions.
Predicted sea level rise increasing	Increased need for new sea walls, or in some areas plan for managed retreat,	Evaluate new regional data as it becomes available.
Increased risk of wildfire, drought, increased sediment.	Stopbanks integrity through excessive heating can cause increased failing risk.	Development of floodplain management plans. Exploration and evaluation of nature-based and other innovative solutions.
Increased sedimentation through the catchments	Carrying capacity of flood banks could be reduced if beds are raised.	Prioritise gravel management strategy.

Key Projects & Programmes – A focus on the first three years

The first three years of the Infrastructure Strategy are critical to ongoing success. This is focused on three areas:

1. **Staff** – ensuring that the Council is equipped and resourced appropriately to manage the required planning, development, and maintenance of assets, and respond to events.

2. **Immediate renewals programme** – the immediate focus of our infrastructure investment programme centres around critical renewal projects in Lumsden, Winton and Waihōpai where modelling and data is available to inform solutions. More details on these three projects can be found in Appendix D.

3. **Maintenance Programme** – Council is proposing to elevate the maintenance standards of its flood protection infrastructure, aiming for level two in urban areas and level three in rural regions, as assessed on a scale of one to five (see table on page XX). Currently, only 0.08% of Murihiku Southland's GDP is allocated to flood control and protection efforts. Given the pressing challenges posed by climate change, as discussed in the climate change section above, it has become imperative to ensure that our flood protection measures and stopbanks are not only adequately maintained but also resilient to the evolving climate conditions.

By committing to these key projects in areas most vulnerable to climate-related risks, Council aims to safeguard the region's resilience and protect communities from the potential consequences of a changing environment.

Floodplain Management Plans – How we will collectively manage areas and the risks

A Floodplain Management Plan leverages the data and modelling we have to translate it into practical tools for shaping our future climate adaptation efforts. Its primary purpose is to pinpoint the regions with the highest vulnerabilities and risks associated with various scales of flooding events. By doing so, it lays the foundation for devising tailored mitigation strategies in distinct locations to address the diverse challenges posed by different event magnitudes. This strategic approach not only equips us with a comprehensive flood risk management strategy but also opens doors for meaningful engagement with Murihiku Southland communities. It provides an avenue to foster dialogue on climate adaptation science, flood risk reduction, and community resilience, ensuring that the community is informed and actively involved in the process.

Furthermore, the Floodplain Management Plan serves as a catalyst for proactive responses within the community. It acts as a blueprint to ensure that the right scientific research, modelling, and planning efforts are underway to safeguard the region from flood-related hazards. By identifying risks within each catchment area and promoting integrated catchment management, the plan ensures that mitigation measures are strategically implemented in the most appropriate locations. Ultimately, it aligns with our commitment to meeting all responsibilities under the four wellbeings — social, economic, environmental, and cultural — through a well-coordinated and community-driven approach to floodplain management.

The Murihiku Slow the Flow project will provide Murihiku Southland with the opportunity to pilot a floodplain approach to identifying nature-based flood solutions. Nature-based solutions are 'soft infrastructure', such as wetlands, increasing soil retention, increased vegetation, and are often located in the upper to mid reaches of the catchment. The project has been funded by Ministry for the Environment and will be completed by June 2025.

With this in mind, the following areas will be prioritised for developing floodplain management plans:

- co-design with mana whenua that enables the use of all knowledge to define the problem;
- identify high risk areas and collaborate on developing mitigation options;
- data gathering from across the region;
- floodplain management plans have been used nationally and internationally for some time. Exploring and evaluating what is already utilised across the country will benefit the development of Murihiku Southland plans.

A Range of Solutions

There are a number of possible future solutions that have not been specifically budgeted for within this Infrastructure Strategy in addition to more traditional infrastructure approaches including:

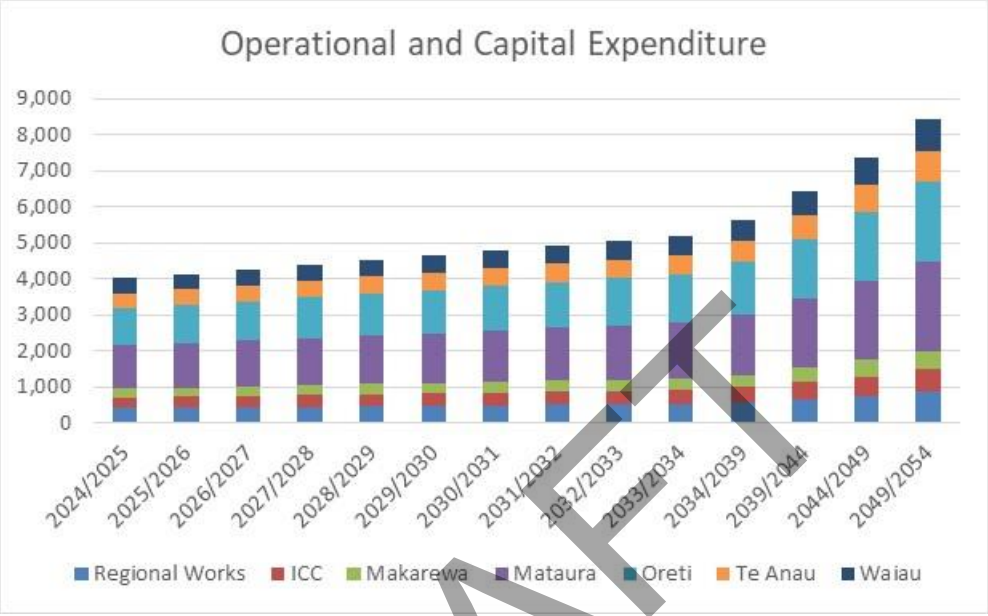
- land purchases or changes to land use;
- new innovative solutions.

The first step in exploring and evaluating the range of options and solutions is to develop capacity and capability within Environment Southland to complete this work and is the focus of the first three years of the strategy.

THE BUDGET

Total Expenditure

In Council's commitment to address the challenges outlined in the Significant Challenges section of this strategy, Council anticipates allocating a total of $342 million from 2024 to 2034 and an estimated $478 million over the remaining years of the strategy.



Infrastructure Strategy

Financial Forecasts of Annual Operating and Capital Expenditure 2024-2054

Combined Summary	Year 1 2024/2025	Year 2 2025/2026	Year 3 2026/2027	Year 4 2027/2028	Year 5 2028/2029	Year 6 2029/2030	Year 7 2030/2031	Year 8 2031/2032	Year 9 2032/2033	Year 10 2033/2034	Years 11-15 2034/2039	Years 16-20 2039/2044	Years 21-25 2044/2049	Years 26-30 2049/2054
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Funding Sources														
Separate Rates	5,712	8,648	11,417	12,581	14,071	14,847	15,649	16,478	17,337	18,200	98,640	112,695	128,752	147,098
General Rates	1,734	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease Area Allocations	970	1,125	1,200	850	450	450	450	450	450	450	2,250	2,250	2,250	2,250
Interest on Rating District Funds	48	48	48	48	48	48	48	48	48	48	238	238	238	238
Gravel Income	181	186	192	198	204	210	215	222	228	234	1,267	1,448	1,654	1,890
Surplus (Te Anau and Oreti)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External Recoveries	495	511	526	542	558	574	590	607	624	640	3,471	3,966	4,531	5,176
Proceeds from Asset Sales	43	15	43	34	-	109	37	97	39	-	-	-	-	-
Transfer from Asset Reserves	386	310	385	311	291	389	338	396	358	334	-	-	-	-
Capital Grants	-	-	-	16,980	17,475	17,985	18,480	19,005	19,530	20,055	-	-	-	-
Local Share	1,241	7,742	3,407	7,018	5,825	5,995	6,160	6,335	6,510	6,685	-	-	-	-
	10,809	18,585	17,218	38,562	38,922	40,607	41,968	43,637	45,123	46,646	105,866	120,597	137,426	156,653
Operating and Capital Expenditure														
Personnel and Direct Costs	2,110	2,632	2,730	2,829	2,929	3,032	3,135	3,240	3,351	3,461	19,094	22,459	26,417	31,074
Consultants	259	267	276	284	292	301	309	318	327	335	1,818	2,077	2,373	2,711
Cost of Works	4,505	5,021	6,494	6,689	6,884	7,085	7,280	7,487	7,694	7,900	42,819	48,920	55,891	63,855
Transfer to Reserves	(77)	(77)	(78)	(79)	(81)	(82)	(84)	(86)	(87)	(89)	(465)	(502)	(545)	(593)
Depreciation	405	548	686	841	990	988	1,006	1,023	1,051	1,069	5,346	5,346	5,346	5,346
Finance Costs	884	996	2,092	2,432	3,055	3,506	3,970	4,448	4,939	5,443	27,215	27,215	27,215	27,215
Overheads	1,053	1,131	1,183	1,223	1,262	1,299	1,336	1,374	1,413	1,452	7,347	7,510	7,696	7,909
Capital Expenditure	1,670	8,067	3,834	24,344	23,591	24,478	25,016	25,833	26,437	27,074	-	-	-	-
	10,809	18,585	17,218	38,562	38,922	40,607	41,968	43,637	45,123	46,646	103,174	113,026	124,394	137,517

Notes

1. Costs included here are the direct costs of the River Management function relating to the cathment districts. Costs of the land drainage function are not included.
2. Years 11-30 have had inflation applied by individual years, with the figures shown being the sum of the 5 year group.

Assumptions

Inflation rates are based on the 20 year average of October 2023 BERL "Planning and regulation" and "Water and environmental" (Table 7) adjustment percentages as applied in the Long-term Plan apart from Personnel and Direct costs which apply the BERL "All salary and wage rates-local government sector" adjustor (Table 3). These rates were adjusted to reflect the professional judgement of Council.

Interest on Rating District funds is at 3% and will apply from the 2024/2025 year.

Any major damage events will be covered by insurance and rating district funds.

Costs are based on the 2024/2025 budget, and are funded in accordance with the Revenue and Financing Policy.

Policy adopted of increasing and/or maintaining individual rating district's reservces and working capital balances determined by Council's "Reserves Expenditure Policy".

Infrastructure Strategy

Financial Forecasts of Annual Operating and Capital Expenditure 2024-2054

(See Notes and Assumptions on Combined Summary sheet)

	Year 1 2024/2025	Year 2 2025/2026	Year 3 2026/2027	Year 4 2027/2028	Year 5 2028/2029	Year 6 2029/2030	Year 7 2030/2031	Year 8 2031/2032	Year 9 2032/2033	Year 10 2033/2034	Years 11-15 2034/2039	Years 16-20 2039/2044	Years 21-25 2044/2049	Years 26-30 2049/2054
Regional Works	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Operating and Capital Expenditure														
Personnel and Direct Costs	2,047	2,566	2,662	2,758	2,856	2,956	3,057	3,159	3,267	3,374	18,616	21,897	25,756	30,296
Consultants	259	267	276	284	292	301	309	318	327	335	1,818	2,077	2,373	2,711
Cost of Works	643	1,041	2,392	2,464	2,535	2,609	2,681	2,757	2,833	2,910	15,770	18,017	20,584	23,517
Depreciation	405	548	686	841	990	988	1,006	1,023	1,051	1,069	5,346	5,346	5,346	5,346
Finance Costs	884	996	2,092	2,432	3,055	3,506	3,970	4,448	4,939	5,443	27,215	27,215	27,215	27,215
Overheads	890	963	1,010	1,044	1,078	1,110	1,141	1,174	1,208	1,241	6,205	6,205	6,205	6,205
Capital Expenditure	1,670	8,067	3,834	24,344	23,591	24,478	25,016	25,833	26,437	27,074	0	0	0	0
	6,798	14,448	12,952	34,167	34,397	35,948	37,180	38,712	40,061	41,447	74,970	80,757	87,480	95,291
Catchments														
Aparima Rating District	408	421	434	447	461	474	488	502	516	530	2,877	3,294	3,770	4,313
ICC Rating District	294	303	313	322	331	341	350	360	370	380	2,061	2,355	2,691	3,074
Makarewa Rating District	249	257	265	272	280	289	297	305	313	322	1,744	1,993	2,277	2,601
Mataura Rating District	1,195	1,232	1,270	1,308	1,346	1,385	1,423	1,464	1,504	1,545	8,373	9,566	10,929	12,486
Oreti Rating District	1,035	1,068	1,102	1,136	1,170	1,205	1,239	1,275	1,311	1,347	7,314	8,379	9,596	10,986
Te Anau Basin Rating District	417	430	444	457	470	484	497	511	525	540	2,924	3,341	3,817	4,361
Waiau Rating District	414	427	440	453	467	480	493	507	521	535	2,910	3,341	3,836	4,405
	4,012	4,137	4,266	4,396	4,525	4,658	4,788	4,925	5,062	5,199	28,204	32,268	36,915	42,226

Infrastructure Strategy Appendices

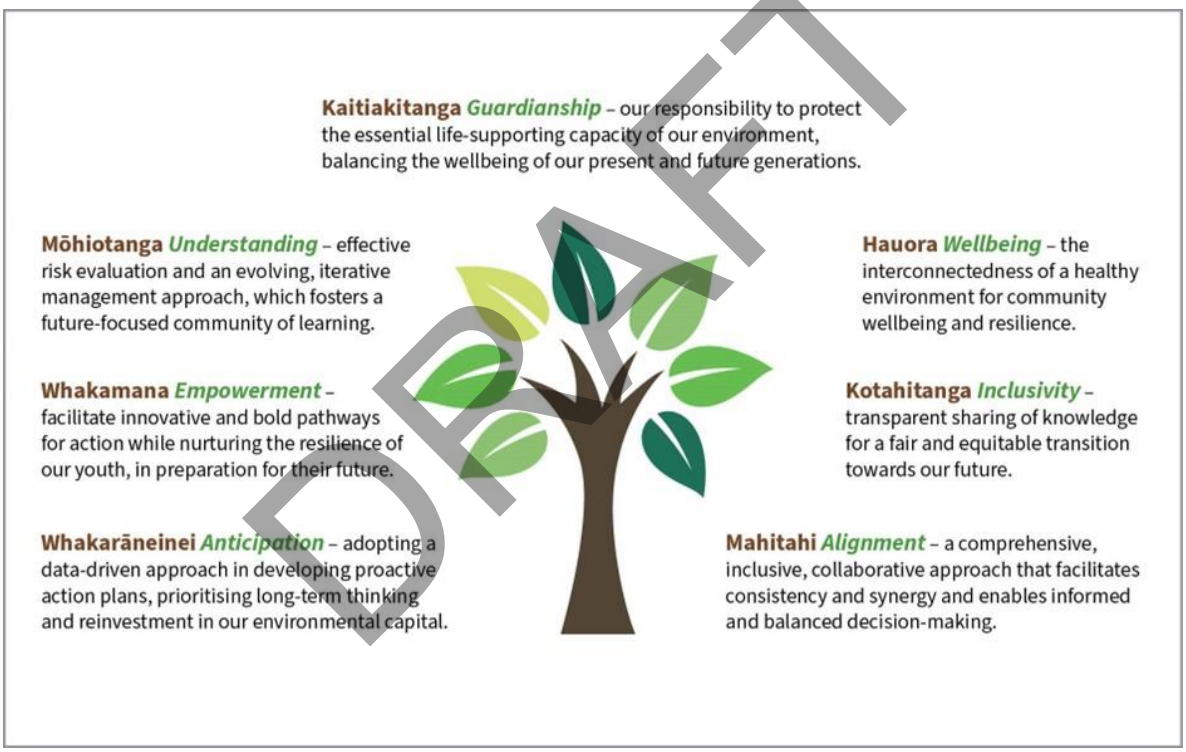
Appendix A – Regional Climate Change Working Group

At a regional hui held in July 2022, clear direction was received that local government agencies need to be working together to establish a regional approach to responding to our changing climate in Murihiku Southland.

Environment Southland and Te Ao Mārama inc initiated discussions to create an inter-agency working group as a starting point for bringing councils together – with Gore District Council, Invercargill City Council and Southland District Council being key partners in developing a regional approach.

A working group with governance representatives from each of these agencies was established in early 2023; called the Regional Climate Change Working Group (RCCWG). While this is an informal working group, and not a formal joint committee, it has been instrumental in enabling cross-agency discussions to take place.

The diagram below depicts the drafted principles and aspirations for the group.



Infrastructure Strategy Appendices
Appendix B - Assumptions Analysis

Assumption	Description – what does this mean?	Why make this assumption?	Risk Description	Potential Outcome of this risk	Likelihood of occurrence
Primary Assumptions					
Population growth is linear.	That the population of the region will continue to grow in the same way it has been.	To forecast the number of rates, levels of service, and protection required.	That the population of the region increases or changes dramatically.	Decrease in population – that the population will not be able to sustain the rate base required for the asset programme. Increase – that there are more people that are needing to be protected using existing assets.	Medium
That insurance will continue to provide cover for council assets.	That assets will continue to be insured and covered for significant events.	To budget appropriately for insurance premiums, otherwise, a significant budget would need to be put aside to self-insure assets.	That insurance is no longer an option for council assets.	That the council will be required to budget for replacement value of its own assets.	Medium
That private insurance will continue to provide cover for private assets despite changing levels of service.	That property owners will continue to be able to access insurance, even though the wording of the levels of service may change.	To ensure the Council can make the most appropriate decisions on levels of service.	That the change in levels of service detrimentally impact homeowners.	That property owners do not have insurance protection due to the Council's change in level of service wording.	Medium
That climate modelling is achievable, but accuracy will be variable.	That modelling will have a level of certainty that will be useful for regional planning.	To ensure the current flood protection assets can withstand modelled scenarios to an agreed level of protection.	That the modelling is vastly different from the actual climate change impacts.	That the assets will not be fit for purpose against vast climate changes in the region and cannot protect the community to agreed levels of service.	High
Lifecycles of assets will remain stable, despite climate change variables.	That the fixed assets will last as long as they were intended, even if the weather or frequency of floods increase.	To be able to plan and budget for maintenance, upgrades and replacements with a high level of certainty.	That assets deteriorate much quicker than planned.	That the asset renewal cycle will need to be shorter with much greater investment.	High

Assumption	Description – what does this mean?	Why make this assumption?	Risk Description	Potential Outcome of this risk	Likelihood of occurrence
Policy and planning will limit growth in flood prone areas.	If new developments are in places where they cannot be protected by existing or planned infrastructure, they will not be protected in the future.	Planning and budgeting can only be made on existing developments, it cannot provide for an unknown amount of development in areas that may require new or further flood protection.	That areas are developed on with increased flood risks.	That more budget will be required to develop new assets in areas that were not planned for.	Medium
New legislation will likely impact infrastructure requirements.	New national policy and legislation will change the responsibilities, or requirements, of the council regarding its assets.	To ensure that the strategy builds in a contingency to allow for new requirements, for example the national contingency plan or managed retreat of particular areas.	That there may be increased expectations put on the Council.	That more budget will be required to managed increased expectations of the Council.	High
Secondary Assumptions					
Projected price changes.	That cost of maintenance and equipment will increase.	To ensure that the budget is fit for purpose.	That cost of equipment becomes untenable.	That proposed budgets will not cover the increased costs of equipment.	Medium
Enforcement Approach will favour proactive education where appropriate.	That when enforcement is required and relates to infrastructure the approach taken will favour proactive education over punitive enforcement, where appropriate.	To ensure that a rational approach is taken when there are non-compliance issues that need to be addressed.	That punitive enforcement will be long and drawn out and impact on the ability to deliver projects and protect the community.	That planned projects will not be able to proceed due to extended enforcement issues.	Low

Infrastructure Strategy Appendices
Appendix C – Levels of Service

The table below depicts the previously agreed levels of service:

Flood Protection Standards	
Urban Level of Service	Maintain urban areas banks to achieve a 1% Annual Exceedance Probability (AEP) Standard of Protection (SoP) until 2050 (2020/21 baseline required) - caters for a one in 100-year annual return period flood.
Rural Level of Service	Maintain rural banks at the current levels to achieve a 5% AEP SoP by 2050 (2020/21 baseline required) caters for a one in 20-year annual return period flood.

The existing levels of service can be confusing (given that a one in 100-year flood event, may be happening more than once in a 100-year period). To alleviate this confusion and to give the community more surety over what they can expect from their flood protection assets, levels of service will be established using design frameworks and capacity. This will need to take a transitionary approach, which is considerate of any information gaps that may exist due to the age of some of the assets. The current level of service will remain until certainty around design framework and capacity is established.

Infrastructure Strategy Appendices
Appendix D – Priority Projects

The first projects that need to be addressed are Winton, Lumsden and Waihōpai.

Winton – Year 2

1:50 yr with 3m crest 2.5:1 batter = $1.9m
1:100 yr with 3m crest 2.5:1 batter = $3.5m

Lumsden – Year 3

1:50 yr with 3m crest 2.5:1 batter = $2.1m
1:100 yr with 3m crest 2.5:1 batter = $2.3m

Waihōpai – Detention Dam

The purpose of this project is to build a secondary detention area to assist with providing increased flooding capacity. There is currently no mechanism to have water in this area enter back into the Waihōpai channel which is a significant risk. Part of a larger project to delivered across several years, the first stages within the LTP will involve a feasibility study and design options.

FINANCIAL INFORMATION


Torpedo
DRAFT

Prospective Financial Statements

Prospective Statement of Comprehensive Revenue and Expenditure for the 10 Years ended 30 June 2034

Annual Plan 2024 $000		Long Term Plan 2025 $000	2026 $000	2027 $000	2028 $000	2029 $000	2030 $000	2031 $000	2032 $000	2033 $000	2034 $000
	Revenue										
25,661	Rates Revenue	28,906	32,641	36,767	39,439	42,332	43,990	45,863	47,851	49,566	51,503
-	Government Grants	1,306	813	838	864	889	915	940	966	993	1,020
-	Other (Gains) / Losses	604	634	584	593	622	672	725	781	839	880
14,395	Other Revenue	12,988	12,224	12,555	12,886	13,216	13,557	13,888	14,238	14,589	14,940
5,515	Interest & Dividends	6,211	6,264	6,161	6,176	6,229	6,319	6,415	6,514	6,619	6,692
45,571	**Total Revenue**	50,015	52,577	56,906	59,957	63,287	65,453	67,830	70,351	72,606	75,034
	Capital Revenue										
10,600	Government Grants	-	-	-	16,980	17,475	17,985	18,480	19,005	19,530	20,055
10,600	**Total Capital Revenue**	-	-	-	16,980	17,475	17,985	18,480	19,005	19,530	20,055
56,171	**Total Revenue**	**50,015**	**52,577**	**56,906**	**76,937**	**80,762**	**83,438**	**86,310**	**89,356**	**92,136**	**95,089**
	Expenditure										
21,341	Employee Benefit Expense	24,040	24,973	25,903	26,830	27,783	28,755	29,733	30,727	31,764	32,804
801	Depreciation Expense	950	1,297	1,504	1,775	1,998	2,004	2,096	2,141	2,119	2,153
-	Finance Costs	884	1,032	1,495	1,673	2,045	2,324	2,601	2,878	3,153	3,425
23,644	Other Expenses	25,307	25,001	27,239	27,953	28,884	29,617	30,444	31,447	32,198	33,066
45,786	**Total Expenditure**	51,181	52,304	56,142	58,231	60,711	62,700	64,875	67,192	69,233	71,449
10,385	**Total Comprehensive Revenue and Expenditure**	**(1,166)**	**272**	**763**	**18,706**	**20,051**	**20,738**	**21,436**	**22,164**	**22,903**	**23,641**

Prospective Statement of Change in Equity for the 10 Years ended 30 June 2034

93,636	Equity at the start of the year	93,289	92,123	92,395	93,159	111,865	131,916	152,655	174,090	196,254	219,158
10,385	Total Comprehensive Revenue and Expenditure for the year	(1,166)	272	763	18,706	20,051	20,738	21,436	22,164	22,903	23,641
104,021	**Equity at the end of the year**	**92,123**	**92,395**	**93,159**	**111,865**	**131,916**	**152,655**	**174,090**	**196,254**	**219,158**	**242,798**

The opening balances of the prospective financial statements at 1 July 2024 used in the Long-term Plan differ to the 30 June 2024 Annual Plan due to the updated known position of council.

Prospective Statement of Change in Equity for the 10 Years ended 30 June 2034

Annual Plan 2024 $000		Long Term Plan 2025 $000	2026 $000	2027 $000	2028 $000	2029 $000	2030 $000	2031 $000	2032 $000	2033 $000	2034 $000
93,636	Equity at the start of the year	93,289	92,123	92,395	93,159	111,865	131,916	152,655	174,090	196,254	219,158
10,385	Total Comprehensive Revenue and Expenditure for the year	(1,166)	272	763	18,706	20,051	20,738	21,436	22,164	22,903	23,641
104,021	**Equity at the end of the year**	**92,123**	**92,395**	**93,159**	**111,865**	**131,916**	**152,655**	**174,090**	**196,254**	**219,158**	**242,798**
	Components of Equity										
	Retained Earnings										
22,322	At the start of the Year	12,584	14,452	15,339	16,449	17,002	17,600	18,614	19,362	20,383	21,787
10,385	Net Surplus Deficit for the Year	(1,166)	272	763	18,706	20,051	20,738	21,436	22,164	22,903	23,641
(10,542)	Transfers (to) / from reserves	3,034	615	346	(18,153)	(19,454)	(19,724)	(20,688)	(21,142)	(21,500)	(21,966)
22,165	**Retained Earnings at the end of the year**	14,452	15,339	16,449	17,002	17,600	18,614	19,362	20,383	21,787	23,461
	Special Reserves										
30,154	At the start of the year	32,788	29,754	29,139	28,793	29,966	31,945	33,684	35,892	38,029	39,999
(58)	Transfers (to) / from reserves	(3,034)	(615)	(346)	1,173	1,979	1,739	2,208	2,137	1,970	1,911
30,096	**Special Reserves at the end of the year**	29,754	29,139	28,793	29,966	31,945	33,684	35,892	38,029	39,999	41,910
	Capital Reserves										
41,160	At the start of the year	47,917	47,917	47,917	47,917	64,897	82,372	100,357	118,837	137,842	157,372
10,600	Transfers (to) / from reserves	-	-	-	16,980	17,475	17,985	18,480	19,005	19,530	20,055
51,760	**Capital Reserves at the end of the year**	47,917	47,917	47,917	64,897	82,372	100,357	118,837	137,842	157,372	177,427
104,021	**Total Components of Equity**	**92,123**	**92,395**	**93,159**	**111,865**	**131,916**	**152,655**	**174,090**	**196,254**	**219,158**	**242,798**

The opening balances of the prospective financial statements at 1 July 2024 used in the Long-term Plan differ to the 30 June 2024 Annual Plan due to the updated known position of council.

Prospective Statement of Financial Position for the 10 Years ended 30 June 2034

Annual Plan 2024 $000		Long Term Plan 2025 $000	2026 $000	2027 $000	2028 $000	2029 $000	2030 $000	2031 $000	2032 $000	2033 $000	2034 $000
	Current Assets										
3,115	Cash And Deposits	1,241	3,934	3,699	3,870	3,798	3,408	3,406	3,249	3,835	3,297
5,651	Trade And Other Receivables	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607
114	Inventories	93	93	93	93	93	93	93	93	93	93
30,028	Managed Funds	31,679	29,214	29,642	31,095	33,619	36,263	39,034	41,937	43,978	47,119
482	Prepayments	460	460	460	460	460	460	460	460	460	460
39,390	**Total Current Assets**	38,079	38,308	38,501	40,124	42,576	44,830	47,599	50,344	52,973	55,575
	Non-Current Assets										
8,721	Shares In Subsidiary	8,721	8,721	8,721	8,721	8,721	8,721	8,721	8,721	8,721	8,721
208	Other Financial Assets	257	9	9	9	9	9	9	9	9	9
83,222	Property Plant & Equipment	71,061	79,291	82,960	106,361	128,673	151,866	175,220	199,299	224,195	249,796
459	Investment In Related Party	180	90	-	-	-	-	-	-	-	-
92,610	**Total Non-Current Assets**	80,218	88,111	91,690	115,091	137,403	160,595	183,950	208,029	232,924	258,526
132,000	**Total Assets**	118,297	126,418	130,190	155,215	179,979	205,426	231,548	258,373	285,897	314,101
	Current Liabilities										
8,352	Trade And Other Payable	6,825	6,825	6,825	6,825	6,825	6,825	6,825	6,825	6,825	6,825
1,493	Employee Entitlements	1,894	1,894	1,894	1,894	1,894	1,894	1,894	1,894	1,894	1,894
9,845	**Total Current Liabilities**	8,718	8,718	8,718	8,718	8,718	8,718	8,718	8,718	8,718	8,718
	Non-Current Liabilities										
18,134	Borrowing	17,456	25,305	28,313	34,632	39,344	44,053	48,740	53,401	58,021	62,584
18,134	**Total Non-Current Liabilities**	17,456	25,305	28,313	34,632	39,344	44,053	48,740	53,401	58,021	62,584
27,979	**Total Liabilities**	26,174	34,023	37,031	43,350	48,062	52,771	57,458	62,119	66,739	71,303
104,021	**NET Assets**	**92,123**	**92,395**	**93,159**	**111,865**	**131,916**	**152,655**	**174,090**	**196,254**	**219,158**	**242,798**
	Equity										
22,165	Retained Earnings	14,452	15,339	16,449	17,002	17,600	18,614	19,362	20,383	21,787	23,461
30,096	Special Reserves	29,754	29,139	28,793	29,966	31,945	33,684	35,892	38,029	39,999	41,910
51,760	Capital	47,917	47,917	47,917	64,897	82,372	100,357	118,837	137,842	157,372	177,427
104,021	**Total Equity**	**92,123**	**92,395**	**93,159**	**111,865**	**131,916**	**152,655**	**174,090**	**196,254**	**219,158**	**242,798**
	Special Reserve Summary										
7,441	Lease Area Reserves	7,196	6,683	6,080	5,811	5,925	6,018	6,094	6,154	6,196	6,221
4,459	Drainage District Reserves	4,589	4,588	4,587	4,584	4,579	4,573	4,565	4,555	4,544	4,531
2,673	Targeted accumulated surplus	2,492	2,092	1,692	1,492	1,492	1,492	1,492	1,492	1,492	1,492
9,442	Disaster Reserves	9,745	9,954	10,165	10,374	10,586	10,797	11,013	11,227	11,438	11,650
4,270	Asset Reserves	3,987	3,621	3,623	4,380	5,382	6,184	7,484	8,758	9,915	11,066
-	General Reserves	-	350	600	1,100	1,600	2,100	2,600	3,100	3,600	4,100
1,811	Coastal Reserves	1,744	1,851	2,046	2,225	2,380	2,519	2,643	2,743	2,813	2,849
30,096	**Total Special Reserve Summary**	**29,754**	**29,139**	**28,793**	**29,966**	**31,945**	**33,684**	**35,892**	**38,029**	**39,999**	**41,910**

The opening balances of the prospective financial statements at 1 July 2024 used in the Long-term Plan differ to the 30 June 2024 Annual Plan due to the updated known position of council.

Prospective Statement of Cashflows for the 10 Years ended 30 June 2034

Annual Plan 2024 $000		Long Term Plan 2025 $000	2026 $000	2027 $000	2028 $000	2029 $000	2030 $000	2031 $000	2032 $000	2033 $000	2034 $000
	Cash flows from operating activities										
	Cash was provided by (applied to):										
40,056	Receipts from ratepayers and customers	43,200	45,679	50,160	53,188	56,437	58,462	60,690	63,056	65,148	67,462
-	Interest received	414	415	400	400	400	400	400	400	400	400
4,709	Dividends received	4,709	4,709	4,709	4,709	4,709	4,709	4,709	4,709	4,709	4,709
(51,321)	Payments to suppliers and employees	(49,119)	(49,736)	(52,935)	(54,576)	(56,450)	(58,134)	(59,917)	(61,891)	(63,654)	(65,548)
-	Finance costs	(884)	(1,032)	(1,495)	(1,673)	(2,045)	(2,324)	(2,601)	(2,878)	(3,153)	(3,425)
(6,556)	**Net cash flow from operating activities**	**(1,680)**	**34**	**840**	**2,049**	**3,050**	**3,113**	**3,281**	**3,397**	**3,451**	**3,598**
	Cash flows from investing activities										
	Cash was provided by (applied to):										
(449)	Reduction of Term Investment	(0)	4,000	1,000	(0)	(1,000)	(1,000)	(1,000)	(1,000)	(0)	(1,000)
144	Proceeds from sale of property, plant and equipment	152	72	117	334	177	510	206	250	315	253
10,600	Grants for capital expenditure	-	-	-	16,980	17,475	17,985	18,480	19,005	19,530	20,055
-	Acquisition/Disposal of shares / investments	76	338	90	-	-	-	-	-	-	-
(20,334)	Purchase of property, plant and equipment	(4,246)	(9,600)	(5,290)	(25,511)	(24,487)	(25,706)	(25,656)	(26,470)	(27,329)	(28,008)
(10,039)	**Net cash flow from investing activities**	**(4,018)**	**(5,190)**	**(4,083)**	**(8,197)**	**(7,835)**	**(8,212)**	**(7,970)**	**(8,215)**	**(7,484)**	**(8,700)**
	Cash flows from financing activities										
	Cash was provided by (applied to):										
15,084	Proceeds from borrowing	1,510	7,849	3,656	7,163	5,825	5,995	6,160	6,335	6,510	6,685
-	Repayment of borrowings	-	-	(648)	(844)	(1,113)	(1,286)	(1,473)	(1,674)	(1,890)	(2,122)
15,084	**Net cash flow from financing activities**	**1,510**	**7,849**	**3,008**	**6,319**	**4,712**	**4,709**	**4,687**	**4,661**	**4,620**	**4,563**
(1,510)	Net increase/(decrease) in Cash and cash equivalents	(4,188)	2,693	(235)	171	(73)	(390)	(2)	(157)	587	(539)
4,625	Cash and cash equivalents at the beginning of the financial year	5,430	1,241	3,934	3,699	3,870	3,798	3,408	3,406	3,249	3,835
3,115	**Cash and cash equivalents at the end of the financial year**	**1,241**	**3,934**	**3,699**	**3,870**	**3,798**	**3,408**	**3,406**	**3,249**	**3,835**	**3,297**

The opening balances of the prospective financial statements at 1 July 2024 used in the Long-term Plan differ to the 30 June 2024 Annual Plan due to the updated known position of council.

Disclosure Statement

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

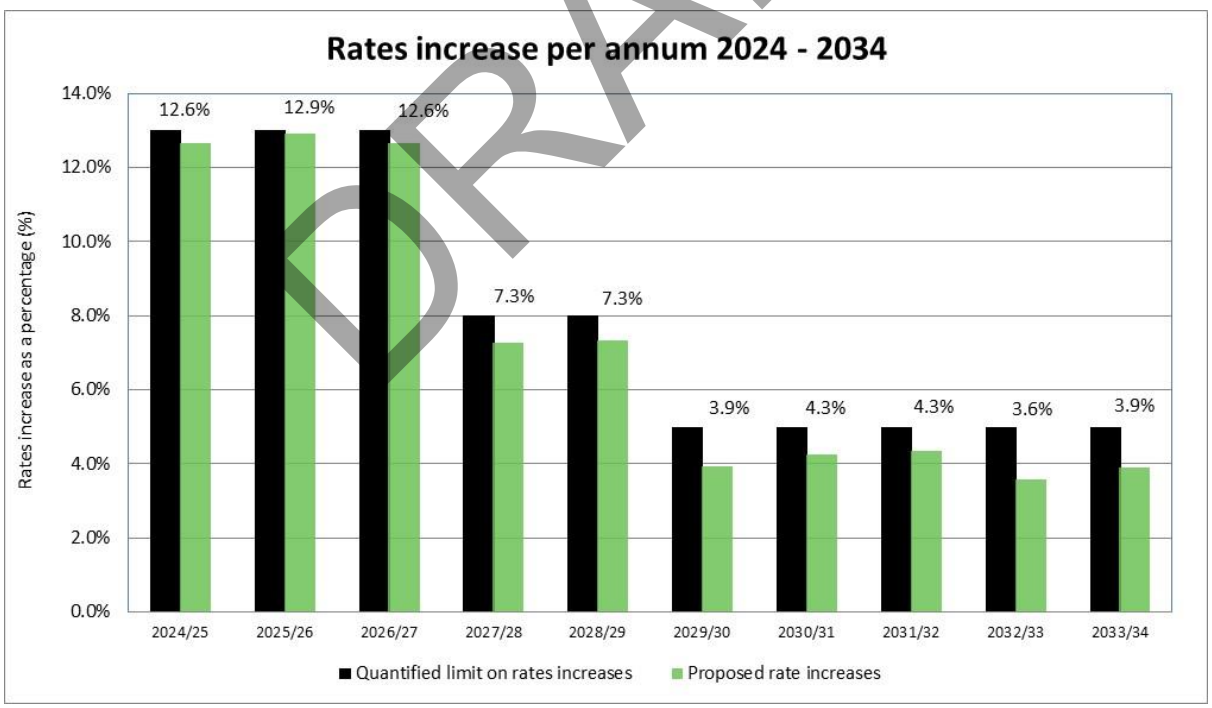
The Council is required to include this statement in its LTP in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

The statement includes quantified limits on rates, rates increases, or borrowing for a year as defined in the LTP.

1. Rates affordability benchmark

The Council meets the rates affordability benchmark if its planned rates increase for each year equal or are less than each quantified limit on rates increases.

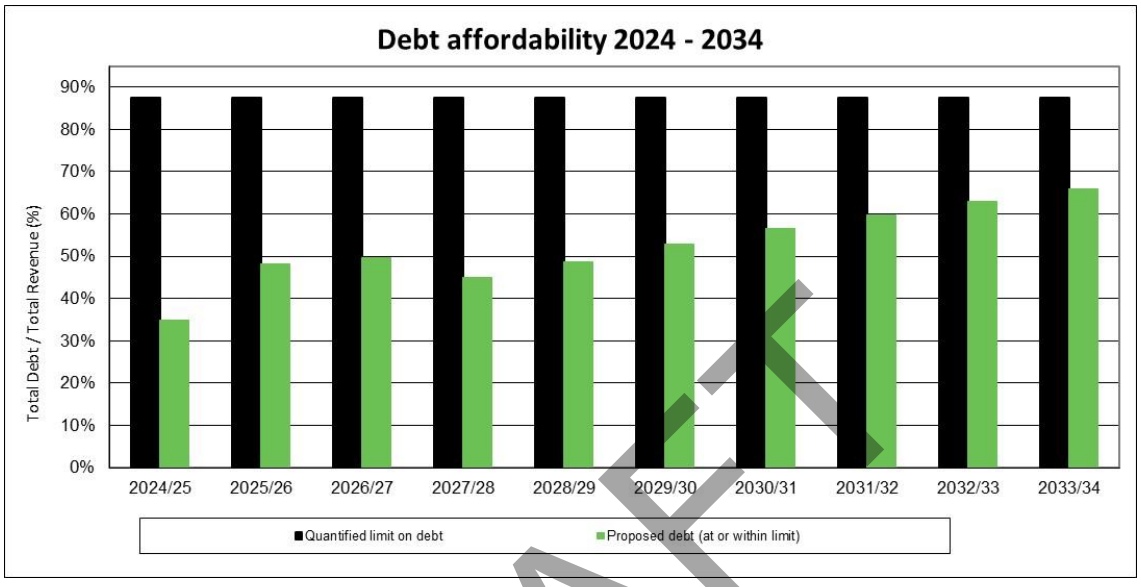
Rates (increases) affordability
The following graph compares the Council's planned rates increases with a quantified limit on rates increases contained in the Financial Strategy included in this LTP. The quantified limit is that total rates increases will not exceed 13% in the first year three years of the LTP and not exceed 8% for the following two years and then not exceed 5% for the following five years.



2. Debt affordability benchmark

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

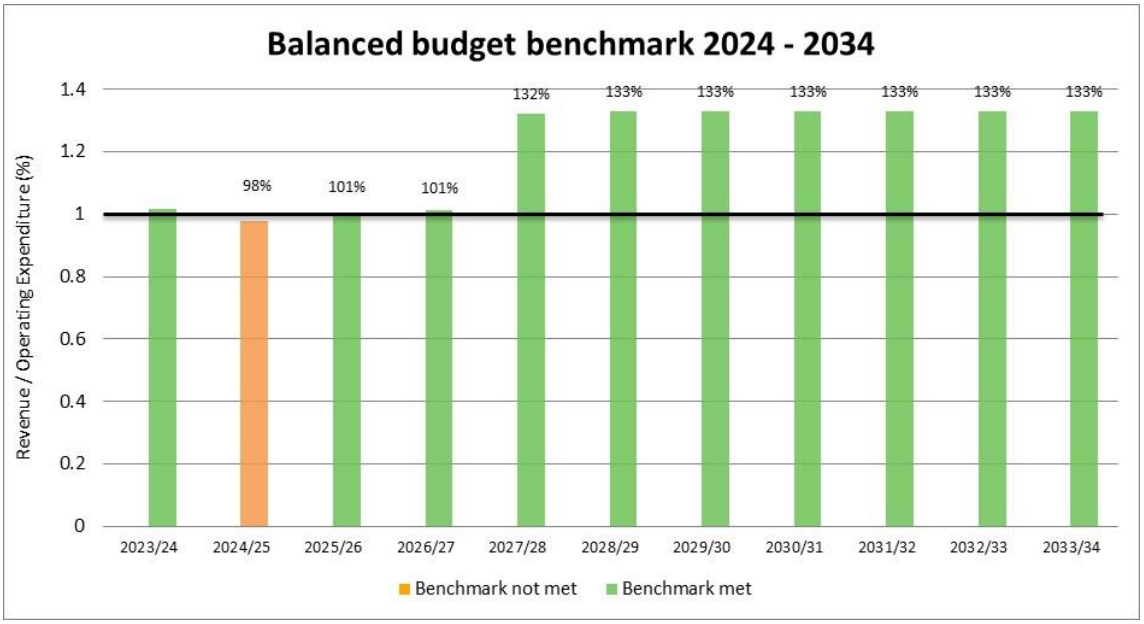
For this benchmark, the Council's planned borrowing is compared with a 87.5% quantified limit on borrowing as per the Financial Strategy. This means our borrowing will not exceed 87.5% of total revenue over the duration of the LTP.



3. Balanced budget benchmark

The following graph displays the Council's planned 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).

The Council meets this benchmark if its planned revenue equals or is greater than its planned operating expenses. The Council has resolved under Section 100(2) of the Local Government Act 2002, that it is financially prudent to not balance its operating budget in year three of the LTP.



4. Essential services benchmark

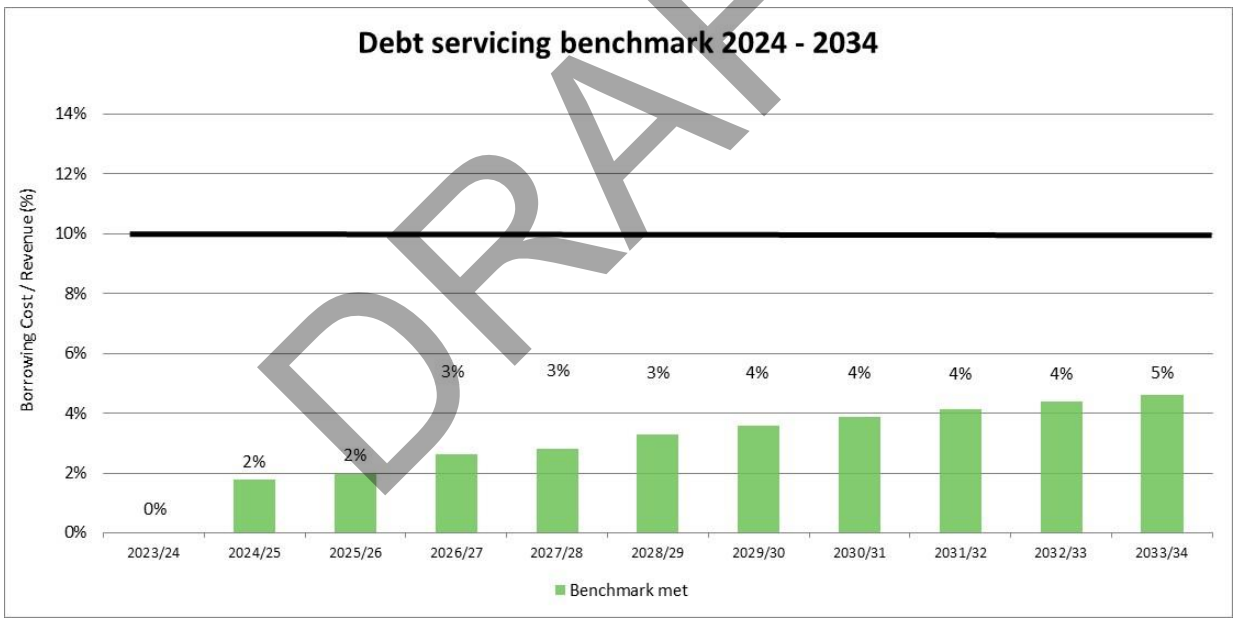
For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services. The Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

The essential service is for flood protection and control works. The assets for flood protection and control works are land assets, and so have no depreciation. The requirement is to show the depreciation expense relative to capital expenditure. As there is no depreciation, the graph required by Schedule 6 of the Local Government (Financial Reporting and Prudence) Regulations 2014 cannot be produced.

5. Debt servicing benchmark

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

Because Statistics New Zealand projects that the Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs are equal or are less than 10% of its planned revenue.



Funding Impact Statement

The Funding Impact Statement is in three separate parts:

- Whole of Council funding impact statement
- Rates funding impact statement for 2024-2034
- Rates samples

Consolidated Funding Impact Statement for the 10 Years ended 30 June 2034

Annual Plan 2024 $000		Long Term Plan 2025 $000	2026 $000	2027 $000	2028 $000	2029 $000	2030 $000	2031 $000	2032 $000	2033 $000	2034 $000
	Sources of operating funding										
16,413	General rates, uniform annual general charges, rates penalties	19,901	23,062	24,377	25,845	27,206	28,045	29,075	30,191	31,003	32,033
9,598	Targeted Rates	9,355	9,930	12,740	13,944	15,476	16,295	17,138	18,010	18,913	19,820
12,951	Fees and charges	12,730	11,473	11,828	12,183	12,538	12,904	13,259	13,636	14,013	14,390
4,709	Interest and dividends from investments	6,211	6,264	6,161	6,176	6,229	6,319	6,415	6,514	6,619	6,692
1,140	Local authorities fuel tax, fines, infringement fees, and other receipts	1,214	1,215	1,215	1,216	1,217	1,217	1,218	1,219	1,219	1,220
44,811	**Total - Sources of operating funding (A)**	**49,411**	**51,943**	**56,321**	**59,365**	**62,665**	**64,781**	**67,105**	**69,571**	**71,767**	**74,155**
	Applications of operating funding										
33,995	Payments to staff and suppliers	37,683	38,527	40,010	41,357	42,730	44,135	45,533	46,972	48,455	49,941
-	Finance Costs	884	1,032	1,495	1,673	2,045	2,324	2,601	2,878	3,153	3,425
10,990	Other operating funding applications	11,664	11,448	13,133	13,427	13,937	14,238	14,644	15,202	15,507	15,929
44,985	**Total - Applications of operating funding (B)**	**50,231**	**51,007**	**54,638**	**56,456**	**58,713**	**60,696**	**62,778**	**65,051**	**67,114**	**69,295**
(174)	**Surplus / (deficit) of operating funding (A-B)**	**(820)**	**936**	**1,684**	**2,909**	**3,952**	**4,085**	**4,327**	**4,519**	**4,653**	**4,859**
	Sources of capital funding										
10,600	Subsidies and grants for capital expenditure	-	-	-	16,980	17,475	17,985	18,480	19,005	19,530	20,055
15,084	Increase / (decrease) of debt	1,510	7,849	3,008	6,319	4,712	4,709	4,687	4,661	4,620	4,563
144	Gross proceeds from sale of assets	152	72	117	334	177	510	206	250	315	253
25,828	**Total - Sources of capital funding (C)**	**1,661**	**7,921**	**3,125**	**23,634**	**22,364**	**23,203**	**23,373**	**23,916**	**24,465**	**24,872**
	Applications of capital funding										
	Capital expenditure										
-	to meet additional demand	-	-	-	-	-	-	-	-	-	-
19,246	to improve the level of Service	1,862	8,363	4,115	24,438	23,591	24,280	24,960	25,657	26,366	27,088
1,088	to replace existing assets	2,384	1,237	1,175	1,074	896	1,427	696	814	964	920
4,650	Increase / (decrease) in reserves	(3,405)	(743)	(481)	1,031	1,829	1,582	2,043	1,965	1,789	1,723
670	Increase / (decrease) of investments	-	-	-	-	-	-	-	-	-	-
25,654	**Total - Applications of capital funding (D)**	**841**	**8,857**	**4,809**	**26,542**	**26,316**	**27,288**	**27,700**	**28,435**	**29,119**	**29,731**
174	**Surplus / (deficit) of capital funding (C-D)**	**820**	**(936)**	**(1,684)**	**(2,908)**	**(3,952)**	**(4,085)**	**(4,327)**	**(4,519)**	**(4,653)**	**(4,859)**
-	**Funding balance ((A-B) + (C-D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Reconciliation of Funding Impact Statement to Statement of Comprehensive Revenue & Expense for the 10 Years ended 30 June 2034

(175)	Surplus / Deficit of Operating Funding	(820)	936	1,684	2,909	3,952	4,085	4,327	4,519	4,653	4,859
(801)	Depreciation	(950)	(1,297)	(1,504)	(1,775)	(1,998)	(2,004)	(2,096)	(2,141)	(2,119)	(2,153)
10,600	Subsidies and grants for Capital	-	-	-	16,980	17,475	17,985	18,480	19,005	19,530	20,055
806	Increase in fair value of investment portfolio	604	634	584	593	622	672	725	781	839	880
(45)	Other gains / (loss)	-	-	-	-	-	-	-	-	-	-
10,385	**Surplus / (Deficit) in Statement of Comprehensive Revenue and Expense**	**(1,166)**	**272**	**763**	**18,706**	**20,051**	**20,738**	**21,436**	**22,164**	**22,903**	**23,641**

Rates funding impact statement for 2024/25

This statement provides details of the rates Council will set including the categories of land that will be rated and the revenue collected for the rate.

This statement is based on the Revenue and Financing Policy and the budgets determined in this LTP. Rates will be set by separate resolution of Council.

Rates equalisation

Land and capital value rates are calculated on equalised values. The three councils within Southland revalue their properties at different times, one per year on a rotating basis. Each year QV provides information to allow Council to determine what the values would be if there were a common valuation date across all the Councils. Council uses this information to adjust the rate so that each rating unit would be paying a similar amount of rates, as if all properties were valued on the same date.

General rates

Type of Rate Categories of Rateable Land	Rates $ GST Incl	Calculation Basis	2024/25 Revenue $ GST incl
General Rates			
The General Rate is set differentially on the capital value of all rateable land in the Region. The differential categories are defined by the boundaries of each Territorial Authority and are set differentially for the purpose of equalising the rates.			
Southland District	45.78	per $100,000 capital value	$ 10,933,021
Gore District	42.73	per $100,000 capital value	$ 2,197,682
Invercargill City	41.65	per $100,000 capital value	$ 6,213,959
			$ 19,344,662
Uniform Annual General Charge			
The Uniform Annual General Charge is a fixed amount per rating unit. It is part of the total general rate and set at a level that Council considers appropriate. For the 2024/25 year the rate as a percentage of total rate revenue is 20%, and is less than the 30% maximum percentage for fixed rates			
	143.00	Fixed amount per rating unit	**$ 6,806,514**

Targeted rates

Categories of rateable land	Matters to define Categories	Rates $ GST Incl	Calculation Basis	2024/25 Revenue $ GST incl
Targeted Rates				
Flood Infrastructure Investment rate				
The Flood Infrastructure Investment targeted rate is set differentially on the capital value of all rateable land in the Region. The differential categories are defined by the boundaries of each Territorial Authority and are set differentially for the purpose of equalising the rates. The rate contributes funding to Flood Protection and Control activity				
Southland District		2.15	per $100,000 capital value	$ 512,455
Gore District		2.00	per $100,000 capital value	$ 102,964
Invercargill City		1.95	per $100,000 capital value	$ 291,214
				$ 906,634
Biosecurity rate				
The Biosecurity targeted rate is set differentially on the land value of all rateable land in the Region. The differential categories are defined by the boundaries of each Territorial Authority and are set differentially for the purpose of equalising the rates. The rate contributes funding to the Biosecurity activity.				
Southland District		5.76	per $100,000 land value	$ 926,414
Gore District		5.45	per $100,000 land value	$ 153,152
Invercargill City		5.29	per $100,000 land value	$ 311,997
				$ 1,391,563
Land Sustainability rate				
The Land Sustainability targeted rate is set differentially on the land value of all rateable land in the Region. The differential categories are defined by the boundaries of each Territorial Authority and are set differentially for the purpose of equalising the rates. The rate contributes funding to the Land Sustainability activity.				
Southland District		5.67	per $100,000 land value	$ 912,090
Gore District		5.37	per $100,000 land value	$ 150,765
Invercargill City		5.21	per $100,000 land value	$ 307,158
				$ 1,370,014
Rabbit Control Rate				
The Rabbit Control targeted rate is set differentially by location and assessed by rateable area, on all rating units greater than or equal to 4 hectares contained in the Southland region south of the Mimihau Stream and east of the Mataura River. The rate contributes funding to the Biosecurity activity.				
Southland District	where the land is situated	3.33	per hectare	$ 320,963
Gore District	where the land is situated	3.33	per hectare	$ 1,115
				$ 322,078

Catchment rates

Categories of rateable land (Class)	Matters to define Categories	Ratio	Rates $ GST Incl	Calculation Basis	2024/25 Revenue $ GST incl

River Management and Drainage rates

Council has 17 catchment rating schemes. Each scheme has its own differential rating categories and calculation basis for determining rates. The differential categories are determined according to agreed benefit having considered soil type, land contour, location, type of work undertaken and other appropriate matters. Rating schemes can include rates for River Management, Drainage or in the cast of Rating Districts, both activities and therefore both rates.

For schemes that are in more than one territorial authority, land values are equalised.

Scheme 424 - Duck Creek

A	where the land is situated	1	35.80	per hectare	$	17,600
B	where the land is situated	1	29.83	per hectare	$	22,711
C	where the land is situated	1	11.93	per hectare	$	8,456
D	where the land is situated	1	5.97	per hectare	$	3,441
E	where the land is situated	1	2.98	per hectare	$	4,817
F	where the land is situated	1	1.49	per hectare	$	3,589
					$	**60,613**

Scheme 436 - Otepuni Creek

A	where the land is situated	1	11.48	per hectare	$	4,249
B	where the land is situated	1	9.57	per hectare	$	5,000
C	where the land is situated	1	7.66	per hectare	$	3,650
D	where the land is situated	1	5.74	per hectare	$	2,552
E	where the land is situated	1	3.83	per hectare	$	2,186
F	where the land is situated	1	1.91	per hectare	$	783
					$	**18,420**

Scheme 441 - Upper Waihopai River

A	where the land is situated	1	3.61	per hectare	$	310
B	where the land is situated	1	3.01	per hectare	$	422
C	where the land is situated	1	2.41	per hectare	$	1,845
D	where the land is situated	1	1.81	per hectare	$	3,412
E	where the land is situated	1	1.20	per hectare	$	576
F	where the land is situated	1	0.60	per hectare	$	150
					$	**6,715**

Scheme 422 - Upper Waikawa River

A	where the land is situated	1	9.89	per hectare	$	2,945
B	where the land is situated	1	6.59	per hectare	$	330
C	where the land is situated	1	5.93	per hectare	$	2,441
D	where the land is situated	1	3.95	per hectare	$	1,392
F	where the land is situated	1	1.98	per hectare	$	1,496
					$	**8,603**

Scheme 443 - Upper Waikiwi River

A	where the land is situated	1	17.59	per hectare	$	1,424
B	where the land is situated	1	9.60	per hectare	$	4,625
C	where the land is situated	1	6.40	per hectare	$	3,020
D	where the land is situated	1	4.80	per hectare	$	2,087
E	where the land is situated	1	1.60	per hectare	$	383
F	where the land is situated	1	0.80	per hectare	$	103
U1	where the land is situated	1	15.99	per hectare	$	2,316
U2	where the land is situated	1	8.00	per hectare	$	414
					$	**14,373**

Scheme 448 - Waituna Creek

A	where the land is situated	1	7.38	per hectare	$	3,560
B	where the land is situated	1	6.46	per hectare	$	3,468
C	where the land is situated	1	5.54	per hectare	$	19,790
D	where the land is situated	1	4.61	per hectare	$	9,840
E	where the land is situated	1	2.77	per hectare	$	2,508
F	where the land is situated	1	0.92	per hectare	$	1,889
BCL	where the land is situated	1	0.00	per hectare	$	-
BCM	where the land is situated	1	5.37	per hectare	$	51,972
					$	**93,026**

Categories of rateable land (Class)	Matters to define Categories	Ratio	Rates $ GST Incl	Calculation Basis	2024/25 Revenue $ GST incl
Scheme 978 - Clifton Drainage					
A	where the land is situated	1	16.03	per hectare	$ 3,311
B	where the land is situated	1	12.02	per hectare	$ 727
					$ 4,038
Scheme 428 - Invercargill Flood Control					
M1	where the land is situated	100%	7.45	per $100,000 land value	$ 26,261
M2	where the land is situated	100%	12.24	per $100,000 land value	$ 13,130
M3	where the land is situated	100%	12.90	per $100,000 land value	$ 1,641
M4	where the land is situated	100%	3.11	per $100,000 land value	$ 123,101
					$ 164,134
Scheme 434 – Waiau Rating District					
C4	where the land is situated	1	206.32	per $100,000 land value	$ 5,428
D1	where the land is situated	1	981.09	per $100,000 land value	$ 31,526
D2	where the land is situated	1	204.39	per $100,000 land value	$ 24,276
E1	where the land is situated	1	4.23	per $100,000 land value	$ 789
E2	where the land is situated	1	25.38	per $100,000 land value	$ 6,310
E3	where the land is situated	1	296.09	per $100,000 land value	$ 12,993
F1	where the land is situated	1	0.10	per $100,000 land value	$ 635
F2	where the land is situated	1	0.41	per $100,000 land value	$ 144
F3	where the land is situated	1	3.55	per $100,000 land value	$ 13,568
					$ 95,669
Scheme 435 - Lake Hawkins					
A	where the land is situated	1	337.47	per $100,000 land value	$ 119,210
B	where the land is situated	1	269.98	per $100,000 land value	$ 8,104
C	where the land is situated	1	67.49	per $100,000 land value	$ 11,609
					$ 138,924
Scheme 440 - Oreti Rating District					
Land within Southland District Council					
A1	where the land is situated	1	85.30	per $100,000 land value	$ 38,569
A2	where the land is situated	1	56.87	per $100,000 land value	$ 40,857
A3	where the land is situated	1	56.87	per $100,000 land value	$ 4,654
A4	where the land is situated	1	42.65	per $100,000 land value	$ 63,668
A6	where the land is situated	1	28.43	per $100,000 land value	$ 2,772
B1	where the land is situated	1	57.74	per $100,000 land value	$ 8,305
B2	where the land is situated	1	57.74	per $100,000 land value	$ 199,238
B3	where the land is situated	1	57.74	per $100,000 land value	$ 40,726
B4	where the land is situated	1	24.75	per $100,000 land value	$ 1,436
B6	where the land is situated	1	8.25	per $100,000 land value	$ 44
C1	where the land is situated	1	65.23	per $100,000 land value	$ 17,593
C2	where the land is situated	1	43.49	per $100,000 land value	$ 4,920
C3	where the land is situated	1	21.74	per $100,000 land value	$ 6,141
C4	where the land is situated	1	17.40	per $100,000 land value	$ 11,191
C5	where the land is situated	1	16.31	per $100,000 land value	$ 890
E2	where the land is situated	1	48.47	per $100,000 land value	$ 21,050
F1	where the land is situated	1	37.79	per $100,000 land value	$ 8,920
F2	where the land is situated	1	9.45	per $100,000 land value	$ 190,287
F3	where the land is situated	1	9.92	per $100,000 land value	$ 21,011
Land within Invercargill City Council					
A2	where the land is situated	1	52.24	per $100,000 land value	$ 1,320
A7	where the land is situated	1	52.24	per $100,000 land value	$ 1,372
B2	where the land is situated	1	53.05	per $100,000 land value	$ 1,178
B5	where the land is situated	1	22.73	per $100,000 land value	$ 442
B7	where the land is situated	1	5.68	per $100,000 land value	$ 3,032
C1	where the land is situated	1	59.93	per $100,000 land value	$ 1,484
C2	where the land is situated	1	39.95	per $100,000 land value	$ 5,283
E2	where the land is situated	1	44.53	per $100,000 land value	$ 967
F2	where the land is situated	1	8.68	per $100,000 land value	$ 44,765
F4	where the land is situated	1	1.22	per $100,000 land value	$ 53,098
					$ 795,213

Categories of rateable land (Class)	Matters to define Categories	Ratio	Rates $ GST Incl	Calculation Basis	2024/25 Revenue $ GST incl
Scheme 445 - Waihopai River					
Land within Southland District Council					
A	where the land is situated	1	64.97	per $100,000 land value	$ 3,037
B	where the land is situated	1	43.32	per $100,000 land value	$ 1,359
C	where the land is situated	1	28.88	per $100,000 land value	$ 4,388
D	where the land is situated	1	21.66	per $100,000 land value	$ 4,030
E	where the land is situated	1	14.44	per $100,000 land value	$ 3,856
F	where the land is situated	1	7.22	per $100,000 land value	$ 1,083
Land within Invercargill City Council					
A	where the land is situated	1	59.69	per $100,000 land value	$ 2,329
B	where the land is situated	1	39.79	per $100,000 land value	$ 4,203
C	where the land is situated	1	26.53	per $100,000 land value	$ 2,946
D	where the land is situated	1	19.90	per $100,000 land value	$ 1,271
E	where the land is situated	1	13.26	per $100,000 land value	$ 995
F	where the land is situated	1	6.63	per $100,000 land value	$ 123
					$ 29,621
Scheme 1080 - Makarewa Rating District					
Land within Southland District Council					
A2	where the land is situated	1	79.36	per $100,000 land value	$ 48,764
A3	where the land is situated	1	52.91	per $100,000 land value	$ 5,821
A4	where the land is situated	1	26.45	per $100,000 land value	$ 1,765
B1	where the land is situated	1	35.91	per $100,000 land value	$ 28,535
B2	where the land is situated	1	29.92	per $100,000 land value	$ 3,307
B3	where the land is situated	1	29.92	per $100,000 land value	$ 8,903
B4	where the land is situated	1	35.91	per $100,000 land value	$ 565
B5	where the land is situated	1	29.92	per $100,000 land value	$ 7,703
B6	where the land is situated	1	29.92	per $100,000 land value	$ 8,304
B7	where the land is situated	1	35.91	per $100,000 land value	$ 826
B8	where the land is situated	1	209.46	per $100,000 land value	$ 1,885
C2	where the land is situated	1	109.38	per $100,000 land value	$ 285
C3	where the land is situated	1	72.92	per $100,000 land value	$ 487
C4	where the land is situated	1	36.46	per $100,000 land value	$ 1,313
F1	where the land is situated	1	5.44	per $100,000 land value	$ 74,837
Land within Gore District Council					
A4	where the land is situated	1	25.06	per $100,000 land value	$ 142
B3	where the land is situated	1	28.35	per $100,000 land value	$ 1,871
F1	where the land is situated	1	5.16	per $100,000 land value	$ 5,408
Land within Invercargill City Council					
F1	where the land is situated	1	5.00	per $100,000 land value	$ 75
					$ 200,794
Scheme 1101 - Mataura Rating District					
Land within Southland District Council					
A1	where the land is situated	1	56.64	per $100,000 land value	$ 2,278
A2	where the land is situated	1	56.64	per $100,000 land value	$ 3,839
B1	where the land is situated	1	54.86	per $100,000 land value	$ 14,172
B5	where the land is situated	1	32.91	per $100,000 land value	$ 5,146
B6	where the land is situated	1	10.97	per $100,000 land value	$ 2,402
B7	where the land is situated	1	10.97	per $100,000 land value	$ 3,789
B8	where the land is situated	1	10.97	per $100,000 land value	$ 1,113
C1	where the land is situated	1	88.13	per $100,000 land value	$ 34,139
C2	where the land is situated	1	52.88	per $100,000 land value	$ 23,993
C3	where the land is situated	1	35.25	per $100,000 land value	$ 41,190
C4	where the land is situated	1	17.63	per $100,000 land value	$ 14,172
C5	where the land is situated	1	88.13	per $100,000 land value	$ 17,070
D1	where the land is situated	1	130.82	per $100,000 land value	$ 5,403
D2	where the land is situated	1	130.82	per $100,000 land value	$ 8,506
E1	where the land is situated	1	39.73	per $100,000 land value	$ 153,033
E2	where the land is situated	1	26.49	per $100,000 land value	$ 33,379
E5	where the land is situated	1	13.24	per $100,000 land value	$ 456
E6	where the land is situated	1	13.24	per $100,000 land value	$ 100
E7	where the land is situated	1	13.24	per $100,000 land value	$ 125

Categories of rateable land (Class)	Matters to define Categories	Ratio	Rates $ GST Incl	Calculation Basis	2024/25 Revenue $ GST incl
F1	where the land is situated	1	6.17	per $100,000 land value	$ 153,897
F5	where the land is situated	1	1.54	per $100,000 land value	$ 3,791
Land within Gore District Council					
A3	where the land is situated	1	107.32	per $100,000 land value	$ 25,496
B2	where the land is situated	1	51.97	per $100,000 land value	$ 20,250
B3	where the land is situated	1	20.79	per $100,000 land value	$ 49,788
C1	where the land is situated	1	83.49	per $100,000 land value	$ 10,204
C2	where the land is situated	1	50.10	per $100,000 land value	$ 6,053
C3	where the land is situated	1	33.40	per $100,000 land value	$ 2,967
C4	where the land is situated	1	16.70	per $100,000 land value	$ 858
E1	where the land is situated	1	37.64	per $100,000 land value	$ 53,051
E2	where the land is situated	1	25.10	per $100,000 land value	$ 30,407
E4	where the land is situated	1	37.64	per $100,000 land value	$ 17,788
F1	where the land is situated	1	5.85	per $100,000 land value	$ 88,799
F2	where the land is situated	1	17.54	per $100,000 land value	$ 2,298
F3	where the land is situated	1	17.54	per $100,000 land value	$ 38,472
F4	where the land is situated	1	17.54	per $100,000 land value	$ 25,674
					$ 894,096
Scheme 1140 - Aparima Rating District					
A1	where the land is situated	1	23.01	per $100,000 land value	$ 1,962
A2	where the land is situated	1	17.26	per $100,000 land value	$ 6,122
A3	where the land is situated	1	115.03	per $100,000 land value	$ 31,371
B2	where the land is situated	1	78.12	per $100,000 land value	$ 26,156
B3	where the land is situated	1	62.50	per $100,000 land value	$ 71,454
B4	where the land is situated	1	31.25	per $100,000 land value	$ 289
C2	where the land is situated	1	47.83	per $100,000 land value	$ 15,529
C3	where the land is situated	1	23.92	per $100,000 land value	$ 7,859
E2	where the land is situated	1	30.95	per $100,000 land value	$ 29,152
F1	where the land is situated	1	21.10	per $100,000 land value	$ 1,975
F2	where the land is situated	1	4.22	per $100,000 land value	$ 55,211
F3	where the land is situated	1	3.17	per $100,000 land value	$ 7,403
F4	where the land is situated	1	8.44	per $100,000 land value	$ 30,340
					$ 284,822
Scheme 584 - Waimatuku Rating District					
C1	where the land is situated	1	35.99	per $100,000 land value	$ 5,573
C2	where the land is situated	1	23.99	per $100,000 land value	$ 1,899
C4	where the land is situated	1	15.00	per $100,000 land value	$ 30,114
F1	where the land is situated	1	4.03	per $100,000 land value	$ 6,168
F2	where the land is situated	1	4.84	per $100,000 land value	$ 4,268
F3	where the land is situated	1	4.43	per $100,000 land value	$ 8,354
					$ 56,375
Scheme 450 – Te Anau Basin Rating District					
B1	where the land is situated	1	51.29	per $100,000 land value	$ 11,045
C4	where the land is situated	1	1.34	per hectare	$ 11,044
D1	where the land is situated	1	19.86	per $100,000 land value	$ 51,523
D3	where the land is situated	1	21.18	per $100,000 land value	$ 14,744
E1	where the land is situated	1	187.62	per $100,000 land value	$ 12,116
E3	where the land is situated	1	938.09	per $100,000 land value	$ 20,076
E4	where the land is situated	1	375.24	per $100,000 land value	$ 10,101
E5	where the land is situated	1	938.09	per $100,000 land value	$ 1,885
F1	where the land is situated	1	4.43	per $100,000 land value	$ 39,504
F2	where the land is situated	1	8.87	per $100,000 land value	$ 41,326
F3	where the land is situated	1	8.87	per $100,000 land value	$ 7,529
					$ 220,894
Scheme 653 - Lower Waikawa River District Rated by Annual Maintenance targeted rate					
Where the land is situated and the provision of a service to the land			2.60	per hectare	**$ 2,950**

Rates samples

Location and Details	Rate	2023/24	2024/25	Change $
Lumsden sheep farm - 141.8543 ha	**Capital Value**	**3,330,000**	**3,330,000**	**0**
	General	945	1,525	580
	UAGC	143	143	(0)
	Biosecurity	382	171	(211)
	Land Sustainability	356	168	(188)
	Catchment	620	430	(190)
	Flood Infrastructure	0	71	71
	Total rates	**2,446**	**2,509**	**62**
Gore Dairy - 178.5852 ha	**Capital Value**	**5,200,000**	**5,200,000**	**0**
	General	1,280	2,222	942
	UAGC	143	143	(0)
	Biosecurity	420	205	(215)
	Land Sustainability	391	202	(190)
	Catchment	362	220	(143)
	Flood Infrastructure	0	104	104
	Total rates	**2,598**	**3,096**	**498**
Gore Rural - 180.246 ha	**Capital Value**	**3,680,000**	**3,680,000**	**0**
	General	906	1,573	666
	UAGC	143	143	(0)
	Biosecurity	340	166	(174)
	Land Sustainability	316	163	(153)
	Catchment	220	157	(63)
	Flood Infrastructure	0	74	74
	Total rates	**1,926**	**2,275**	**349**
Edendale Dairy - 117.258 ha	**Capital Value**	**4,570,000**	**4,570,000**	**0**
	General	1,297	2,092	795
	UAGC	143	143	(0)
	Biosecurity	405	181	(224)
	Land Sustainability	377	179	(199)
	Catchment	714	473	(241)
	Flood Infrastructure	0	98	98
	Total rates	**2,937**	**3,166**	**229**
Invercargill Lifestyle - 4 ha	**Capital Value**	**720,000**	**880,000**	**160,000**
	General	222	367	145
	UAGC	143	143	(0)
	Biosecurity	52	26	(26)
	Land Sustainability	49	26	(23)
	Catchment	59	38	(21)
	Flood Infrastructure	0	17	17
	Total rates	**526**	**618**	**92**

Location and Details	Rate	2023/24	2024/25	Change $
Winton Dairy - 141.5607 ha	**Capital Value**	**5,750,000**	**5,750,000**	**0**
	General	1,632	2,633	1,001
	UAGC	143	143	(0)
	Biosecurity	537	240	(297)
	Land Sustainability	500	236	(263)
	Catchment	626	394	(232)
	Flood Infrastructure	0	123	123
	Total rates	**3,437**	**3,769**	**332**
Tussock Creek Dairy - 282.6786 ha	**Capital Value**	**8,950,000**	**8,950,000**	**0**
	General	2,540	4,098	1,558
	UAGC	143	143	(0)
	Biosecurity	914	409	(505)
	Land Sustainability	851	402	(448)
	Catchment	2,447	1,470	(977)
	Flood Infrastructure	0	192	192
	Total rates	**6,895**	**6,714**	**(181)**
Winton Housing - 0.0508 ha	**Capital Value**	**465,000**	**465,000**	**0**
	General	132	213	81
	UAGC	143	143	(0)
	Biosecurity	18	8	(10)
	Land Sustainability	17	8	(9)
	Catchment	22	14	(8)
	Flood Infrastructure	0	10	10
	Total rates	**332**	**396**	**63**
Gore Commercial - 0.0939 ha	**Capital Value**	**1,290,000**	**1,290,000**	**0**
	General	318	551	234
	UAGC	143	143	(0)
	Biosecurity	82	40	(42)
	Land Sustainability	76	39	(37)
	Catchment	275	152	(123)
	Flood Infrastructure	0	26	26
	Total rates	**894**	**951**	**57**
Gore Housing - 0.0852 ha	**Capital Value**	**550,000**	**550,000**	**0**
	General	135	235	100
	UAGC	143	143	(0)
	Biosecurity	13	7	(7)
	Land Sustainability	12	6	(6)
	Catchment	35	21	(14)
	Flood Infrastructure	0	11	11
	Total rates	**339**	**423**	**84**

Location and Details	Rate	2023/24	2024/25	Change $
Invercargill Housing - 0.0923 ha	**Capital Value**	**540,000**	**650,000**	**110,000**
	General	166	271	104
	UAGC	143	143	(0)
	Biosecurity	39	19	(20)
	Land Sustainability	37	19	(18)
	Catchment	54	16	(38)
	Flood Infrastructure	0	13	13
	Total rates	**439**	**481**	**41**
Invercargill Commercial - 0.1011 ha	**Capital Value**	**2,910,000**	**3,600,000**	**690,000**
	General	896	1,499	603
	UAGC	143	143	(0)
	Biosecurity	76	38	(38)
	Land Sustainability	71	37	(34)
	Catchment	103	31	(73)
	Flood Infrastructure	0	70	70
	Total rates	**1,290**	**1,818**	**528**
Invercargill Housing - 0.1064 ha	**Capital Value**	**345,000**	**440,000**	**95,000**
	General	106	183	77
	UAGC	143	143	(0)
	Biosecurity	14	9	(5)
	Land Sustainability	13	9	(5)
	Catchment	19	7	(12)
	Flood Infrastructure	0	9	9
	Total rates	**297**	**359**	**63**
Te Anau Housing - 0.083 ha	**Capital Value**	**510,000**	**510,000**	**0**
	General	145	233	89
	UAGC	143	143	(0)
	Biosecurity	28	12	(15)
	Land Sustainability	26	12	(14)
	Catchment	22	19	(3)
	Flood Infrastructure	0	11	11
	Total rates	**364**	**431**	**67**
Nightcaps Housing - 0.1012 ha	**Capital Value**	**170,000**	**170,000**	**0**
	General	48	78	30
	UAGC	143	143	(0)
	Biosecurity	7	3	(4)
	Land Sustainability	7	3	(3)
	Catchment	4	2	(1)
	Flood Infrastructure	0	4	4
	Total rates	**209**	**233**	**24**

Additional Disclosure Information

Rating base information as at 30 June 2024

The following table shows the anticipated number of rating units within the Southland region, as broken down by territorial authority area for each year of this Long-term Plan:

Year	Gore District	Southland District	Invercargill City	Environment Southland
30/06/2025	6,659	18,449	25,340	50,448
30/06/2026	6,664	18,462	25,358	50,484
30/06/2027	6,669	18,475	25,376	50,520
30/06/2028	6,674	18,488	25,394	50,556
30/06/2029	6,679	18,501	25,412	50,592
30/06/2030	6,684	18,514	25,430	50,628
30/06/2031	6,689	18,527	25,448	50,664
30/06/2032	6,694	18,540	25,466	50,700
30/06/2033	6,699	18,553	25,484	50,736
30/06/2034	6,704	18,565	25,502	50,771

What are my rates likely to be?

The following table sets out the indicative rates levy amounts for the general rate on Capital Value, including the dairy differential, if applicable, the UAGC, the Biosecurity and Land Sustainability rates. From that, you may wish to calculate an indication of these rates for your property for the coming year. Here is the method. You need to know your latest rating valuation and to select the levy for the territorial authority area containing your property. This will give a GST inclusive amount.

For General Rate					
Select your Council	Rates levy estimate	multiplied by	The capital value of your property	equals	Indicative 2024/25 General rate
Southland District	0.00045784	X		=	
Gore District	0.00042731	X		=	
Invercargill City	0.00041652	X		=	
Add UAGC					$143.00
Total General Rate					
For Biosecurity Rate					
Select your Council	Rates levy estimate	multiplied by	The land value of your property	equals	Indicative 2024/25 Biosecurity rate
Southland District	0.00005756	X		=	
Gore District	0.00005454	X		=	
Invercargill City	0.00005288	X		=	
For Land Sustainability Rate					
Select your Council	Rates levy estimate	multiplied by	The land value of your property	equals	Indicative 2024/25 Land Sustainability rate
Southland District	0.00005667	X		=	
Gore District	0.00005369	X		=	
Invercargill City	0.00005206	X		=	
For Flood Infrastructure Investment Rate					
Select your Council	Rates levy estimate	multiplied by	The land value of your property	equals	Indicative 2024/25 Flood Infrastructure Investment rate
Southland District	0.00002146	X		=	
Gore District	0.00002002	X		=	
Invercargill City	0.00001952	X		=	

To calculate an indication of the 2024/25 catchment rates you can apply the catchment rate details (class) of your property and determine the calculation basis (e.g. land value or land area) and levy amounts applicable from the catchment rating tables provided.

Why isn't my rates increase in line with the overall increase in rates of 12.6%?
The individual rate amounts will vary as the overall rate is made up of a mix of land and capital value rates. The impact of these changes is lessened to a degree by the UAGC but changes in valuation relativities are likely to affect many properties.

Rating dates
It is proposed that all rates be payable in one instalment by Friday, 29 November 2024 and that no discount be provided for early payment. It is further proposed that a 10% penalty will be imposed:

(i) on any current rates due but not paid by 5.00 pm on the due date;
(ii) on all rates in arrears unpaid at 1 January the following year (this penalty excludes current rates); and
(iii) on all rates in arrears as at 1 July each year.

For the 2024/25 rates, the following dates will apply:

- rates due 29 November 2024;
- penalties to be applied:
  - 10% on any current rates unpaid at 5.00 pm, 29 November 2024;
  - 10% on all rates in arrears unpaid at 1 January 2025 (this penalty excludes current 2024/25 rates);
  - 10% on all rates in arrears as at 1 July 2025.

We recognise that the ratepayers of Gore District Council, Southland District Council and Invercargill City Council are also ratepayers of Environment Southland. We are careful to avoid duplication of effort or funding and to work together with those councils where efficiencies are possible. The aim is that ratepayers are not asked to pay for the same thing twice. We are aware that this practice is not well understood in the community and as a result there is some frustration of community initiatives because the proponents of these initiatives, other funders and councils perceive that Environment Southland somehow accesses ratepayers different from their own.

Schedule of Reserve Fund Movement

Schedule of Reserve Fund Movement

Name of Reserve	Purpose	Opening Balance 2024/25	Additions	Withdrawals	Closing Balance 2033/34
		$000	$000	$000	$000
Lease Area Balances		**7,635**	**1,484**	**2,898**	**6,221**
Special Reserves					
Disaster Damage Reserve	To fund disaster damage	2,000	-	-	2,000
Emergency Management Southland Reserve	ES' share of EMS Joint Venture past surpluses	300	24	-	323
AF8 Reserve	ES' share of EMS Joint Venture past surpluses	45	-	27	18
Orauea Disaster Damage Reserve	To fund disaster damage in this catchment	10	4	-	14
Waiau Disaster Damage Reserve	To fund disaster damage in this catchment	1,446	468	778	1,136
Makarewa Disaster Reserve	To fund disaster damage in this catchment	193	82	-	274
Oreti Disaster Reserve	To fund disaster damage in this catchment	1,690	717	-	2,407
Mataura Disaster Reserve	To fund disaster damage in this catchment	1,445	613	-	2,059
Aparima Disaster Reserve	To fund disaster damage in this catchment	669	284	-	953
Waimatuku Stream Disaster Reserve	To fund disaster damage in this catchment	64	27	-	91
Invercargill Disaster Reserve	To fund disaster damage in this catchment	1,273	540	-	1,813
Te Anau Basin Damage Reserve	To fund disaster damage in this catchment	395	168	-	562
Vehicle Renewal Reserve	To fund asset replacement	1,067	2,935	2,596	1,406
IT Transformation Reserve	To fund asset replacement	1,000	-	1,000	-
Building Reserve	To fund asset replacement	816	1,131	1,206	740
Lease Building Reserve	To fund asset replacement	590	7	-	596
Plant Replacement Reserve	To fund asset replacement	391	7,005	5,960	1,437
Infrastructural Assets Reserve	To fund asset replacement	482	7,961	2,958	5,485
Pest Property Reserve	Biosecurity asset replacement	876	142	-	1,018
Pest Plant Reserve	Biosecurity asset replacement	85	-	-	85
Pest Disposals Reserve	Biosecurity asset replacement	299	-	-	299
General Funds	Funds available for general distribution	-	4,100	-	4,100
Capital Reserve	Capital grants received	48,023	129,510	-	177,533
Internal Loan		(106)	-	-	(106)
Total Special Reserves		**63,052**	**155,718**	**14,526**	**204,244**
Rating District Balances	Operating funds for expenditure peaks eg flooding	**4,590**	**353**	**412**	**4,531**
Coastal Reserves					
Coastal Rentals Reserve	To fund projects in the coastal marine area	594	1,266	160	1,700
Marine Fee Reserve	To fund activities in the coastal marine area	1,826	20,240	20,917	1,149
Total Coastal Reserves		**2,420**	**21,506**	**21,077**	**2,849**
Accumulated Comprehenive Revenue and Expense		**15,591**	**(28,508)**	**(37,870)**	**24,953**
Total Reserves		**93,289**	**150,552**	**1,043**	**242,798**

Significant forecasting assumptions

Ngā Whakapae Matapae Nui

Purpose

To outline the significant forecasting assumptions that inform the draft 2024-2034 Long-term Plan Consultation Document.

Introduction

We are required by legislation to disclose all significant forecasting assumptions that inform the Long-term Plan in both the Consultation Document and the final 10-Year Plan. These assumptions must reflect the best knowledge we have at the time these documents are prepared and will be subject to audit.

We have summarised the high-level assumptions made to develop this Long-term Plan below. Other assumptions sit within the Financial Strategy and Infrastructure Strategy. All assumptions are initial assumptions and will continue to evolve as the Plan develops and is finalised.

Assumptions

Forecasting assumption	Risk	Level of uncertainty
Legislative Changes There were a number of new pieces of legislation introduced under the previous Government that have been since been repealed. There will be ongoing changes to the legislative landscape that the Council operates in which is likely to continue and will have resulting impacts for the Council. We do not know what those impacts might be. For this reason, there is a need to be adaptive and able to pivot in response to change. The review into the Future for Local Government was completed last year with various possible structural changes to local government put forward. It is currently uncertain what, if any, changes Government may make as a result of these recommendations. Environment Southland will continue to work closely with Central Government Ministries and our territorial partners in the region.	That changes to council structure and functions will significantly change costs and resourcing requirements.	High
Government Co-funding for Flood Infrastructure From Year 4 of the LTP we have budgeted to receive 75% of funds from Government with the remaining 25% funded by debt.	Significant investment in flood infrastructure is required which would not be possible without government co-funding.	Medium
Population[20] ***Growth*** As at 29 May 2024, the population of Southland was approximately 100,143[21]. The population is projected to increase over the next 10 years, but growth will depend significantly on whether the Tiwai Point smelter closes or remains open, and whether or not various industries are developed as envisaged in the Beyond 2025 Regional Long-term Plan.	Population growth assumptions could be incorrect.	Medium

[20] Infometrics report "Southland forecasting scenarios for Beyond 2025 Southland"
[21] Source: https//www.stats.govt.nz/2023-census/

Forecasting assumption	Risk	Level of uncertainty
Population growth or decline can impact Council finances. However, any change is likely to have a significant lead in time, which can be planned for. ***Ageing*** The number of people aged 65 and older to increase from 19,471 (19% of total) in 2023, to 32,690 (27%) in 2054. While future migration patterns may offset aging to some extent, this is not expected to be of a high enough level to counter the known level of ageing. Ageing will increasingly affect demand for services, including public transport and housing patterns. In the near future we will have many older people compared to younger and working age people to support them. There will be a 'tighter' labour market over the next 10 years as a result of an ageing population. ***Diversity*** The population will continue to become increasingly diverse, meaning that the way we engage with our communities may need to change.		
A changing climate Key environmental issues for the region associated with a changing climate include: • Flood frequency and intensity is increasing. • Water shortages and droughts are projected to increase in frequency and intensity. • Predicted sea level rise and storm surges adversely impacting on coastal infrastructure. • Predicted sea level rise resulting in loss of coastal ecosystems and species e.g. coastal turfs. • Predicted sea level rise, storm surges and changing flood frequency poses an erosion and contamination risk to coastal and riparian landfills. There is a significant focus within the Long-term Plan on responding to these challenges, including building a greater understanding of the likely impacts of a changing climate and improving the region's flood protection network. Adaptation is also crucially important to help minimise the social, cultural, environmental, and economic impacts of climate change. We will continue to advocate for steps to be taken to reduce risks where possible, minimise uncertainty, while building more resilient communities. At the regional level, ongoing collaboration with the territorial authorities and mana whenua will continue in order to ensure a coordinated approach.	That impacts of climate change are felt sooner than expected and may be greater than assumed or predicted.	High
Natural hazards The region has a range of natural hazards, which can be exacerbated by a changing climate as outlined in the previous section. While flooding has always been Southland's most likely natural hazard, there is also a 75% probability of the Alpine Fault rupturing in the next 50 years[22].	Council's ability to operate significantly impacted	Medium

[22] https://af8.org.nz/

Forecasting assumption	Risk	Level of uncertainty
Environment Southland undertakes business continuity planning to prepare for how it will continue to operate in such an event, as well as supporting Emergency Management Southland.		
Land use Land use in the region continues to evolve and change with the potential for resulting environmental impacts. Impacts of land use include effects on biodiversity and water availability and quality. Activities that have these effects have been and will continue to be regulated by both national legislation and regional rules. The proposed Southland Water and Land Plan will be made operative in 2024 following the resolution of Environment Court appeals. A further plan change is in process to give effect to the National Policy Statement for Freshwater Management. The implications for the region are potentially significant.	That assumptions around land use change are incorrect and environmental impacts not well managed.	Medium
Relationship with tangata whenua We will continue to develop the long enduring relationship between the council and the four papatipu rūnanga in Murihiku specifically and with Māori more generally. The increasing partnership opportunities between local government in Murihiku and Ngāi Tahu will increase expectations of the council, for example over freshwater management, land and coastal matters.	That council cannot meet tangata whenua expectations and an increased level of service is required.	Low
Financial		
Inflation Inflation is expected to stay above 3.1% until 2026/27. Significant increases in inflation, including compound inflation, will impact not only Council's planned expenditure but the community's ability to pay. Inflation will continue to squeeze household budgets and impact on people's ability to pay rates. Higher than expected inflation may require review of services, capital investment and/or financial strategy. Lower inflation will improve Council's position and ability to deliver.	Impacts of inflation are more significant than anticipated.	High
Marine fee Marine fee income comes primarily from large cruise ships. In 2023/24 we budgeted $2.8m. Cruise ship numbers have increased this year but there is some uncertainty around likely numbers for future years. We are budgeting lower cruise ship income for the next three years.	Income assumptions could be incorrect.	Medium
Future of NZAS Rio Tinto announced in early 2021 that they intended to shut down the Tiwai aluminium smelter by 31 December 2024. The loss of up to 2,500 direct and indirect jobs associated with that closure would have a significant impact on the region. We have assumed there would be no change in the number of rating units, little impact on other revenue (separate port dividend assumption) and a potential drop in property valuations. As a result, this is considered to be a low financial risk.	The closure of Tiwai Aluminium Smelter could impact Council finances.	Low
Forecast return on South Port New Zealand Limited The Council's rate requirement is reduced by the level of dividend returned by South Port New Zealand Limited. We have assumed investment returns have been calculated at 27 cents per share. This is based on projected dividends.	That investment does not return sufficient funds and general rates have to increase.	Medium

Forecasting assumption	Risk	Level of uncertainty
A change in circumstances of any of South Port's major suppliers could impact on its financial performance and ability to declare the level of dividend that Council expects to receive over the length of the Long-term Plan.		
Forecast return on investments (excluding South Port New Zealand Limited) Investments are planned to return an average realisable income of 3.0% pa from Managed Funds. The general rate requirement is reduced by realised returns from the investments so any shortfall in these returns would likely increase general rates, while any excess returns could be utilised to offset future general rates or other decisions of Council. Managed funds investments are assumed to be allocated between New Zealand bonds, equities and cash, with equities held in both New Zealand and offshore markets to spread risk.	That investments do not return sufficient funds and general rates have to increase.	Medium
Cost factors We use a risk lens to best estimate what things will cost in the future. This includes inflation estimates. We have used the Business and Economic Research Limited (BERL) Local Government Cost Index (LGCI Table 3) as a basis for inflation on the council's basket of goods. Inflation is forecast to reduce, however the same commentary suggests there is significant uncertainty due to global conflicts. 2024/25 3.7% 2025/26 2.8% 2026/27 2.7% 2027/28 2.6% 2028/29 2.5% 2029/30 2.5% 2030/31 2.4% 2031/32 2.4% 2032/33 2.4% 2033/34 2.3%	That our assumptions of cost estimates are exceeded.	Medium
Interest rates on borrowings Council will fund infrastructure investments through debt, which will be subject to interest rates that we expect to be in the order of no more than 6% per annum. The Council will use LGFA indicators to annually calculate the actual interest rate cost factors.	Interest rates are higher or lower than forecast.	Medium

Significant negative effects

Ngā Pānga Kino Nui

The following table lists the possible significant negative effects[23] that have been identified.

Group of Activities	Significant negative effects
Healthy Environment	Increasing costs and/or changes to current practice to meet changing freshwater environmental standards as set by national and regional policy. Making the change to more sustainable land management practices may have economic, cultural and social impacts for individual landowners. Biosecurity rules may impose land use restrictions or financial impacts on individuals within our communities.
Safe and Resilient Communities	The Flood Protection and Drainage Management Bylaw 2020 may impose restrictions or financial impacts on individuals within our communities.
Thriving Region	There are no significant negative effects of providing these services.

[23] As required by Schedule 10, Clause 2, Local Government Act 2002.

Council-controlled Organisations
Ngā Pakihi a Te Kaunihera

A council-controlled organisation (CCO) can be a company, partnership, trust, arrangement for the sharing of profits, union of interest, co-operation, joint venture or other similar arrangement (excluding port companies) in which one or more local authorities, directly or indirectly, controls the organisation.

Regional Software Holdings Limited

The Council is a shareholder in a council-controlled organisation with nine other regional councils for the purposes of collaboratively developing and maintaining a software application suite for use by regional councils in the delivery of their activities under a long-term plan. The application suite being developed is called IRIS NextGen – Integrated Regional Information Software Next Generation. This council-controlled organisation is a limited liability company.

A statement of intent prepared by the organisation forms the basis of key performance targets and other measures by which the performance of the council-controlled organisation may be judged. The vision and principles from the 2024 statement of intent are:

***'Vision** - To provide high-quality shared services for Te Uru Kahika (and associated agencies) that delivers value to customers, shareholders and the sector.*

***Principles -** The Principles of the Company that should be considered when making any decisions relating to the Company are as follows:*

- *Work for the good of Te Uru Kahika.*
- *Act in accordance with the principles of Te Tiriti o Waitangi.*
- *Be transparent and accountable.*
- *Create value.*
- *Work smarter, not harder.*
- *Gain consistency.*
- *Reduce duplication.*
- *Be customer centric.*
- *Recognise and manage shareholder risk.*
- *Support our people.'*

By committing its share of the costs of development, the Council is contributing to the financing of the council-controlled organisation. The operating costs are recovered from the participating councils using an agreed recovery formula taking into account each council's size and use of the system. The Council will maintain its ownership interest in the council-controlled organisation as long as it continues to operate and the Council continues to utilise the products developed by the council-controlled organisation.

Bluff Maritime Museum

Under the Museum Charitable Trust Deed, Invercargill City Council and Environment Southland appoint more than 50% of the Trustees of the Board so the museum is a Council-controlled organisation. Council make an annual grant to the museum of $20,000. This will increase to $30,000 for the 2024-2025 financial year, and increase by the rate of inflation each year thereafter.

The Deed sees the Chairman, or nominee, and the Chief Executive appointed as Trustees who are responsible for setting the strategic direction for the Trust, approving the statement of intent and monitoring organisational performance.

Council's participation in the museum is to encourage appreciation of the history of interaction by Murihiku Southland people with the coastal environment. The nature and scope of the museum are the provision of a facility that enables the collections, which focus on the Bluff and Foveaux Strait areas, to be stored, maintained and exhibited that ensure their long-term preservation, while providing a quality visitor experience.

Great South – Southland's Regional Development Agency

Great South was established as Murihiku Southland's regional development agency in March 2019 and began full operations in July 2019. This council-controlled organisation is a New Zealand limited company.

Great South is a council-controlled organisation, jointly owned by Invercargill City Council, Southland District Council, Gore District Council, Environment Southland, together with community shareholders Invercargill Licensing Trust, Mataura Licensing Trust, Southland Chamber of Commerce, Southern Institute of Technology and its member Community Trust South.

Great South's vision from their 2023-2026 Statement of Intent is:

'Even better lives through sustainable regional development.

Our vision frames all the work we do, ensuring Murihiku Southland is the best place to live, work and visit. We want our region to be the best place to start and sustain a business, the best place to travel in, to host an event or conference, to study, migrate to, or invest in. By creating a region that is the best place in New Zealand to live, visit and work, we create a platform for the region to prosper – economically and in terms of vibrancy and liveability. In this time of unprecedented change for Murihiku Southland, with major industry changes and climate effects forcing shift in activity, taking a sustainable approach in its widest sense (environmental, economic and social), is critically important.'

Great South has a memorandum of understanding with all four Papatipu Rūnaka in Murihiku Southland – Awarua, Hokonui, Ōraka-Aparima, and Waihōpai.

Environment Southland contributed an annual financial share of $177,037 (excluding GST) for the 2023/24 financial year to the CCO alongside the other funding partners.

Marine Fee Allocation Schedule

The Environment Southland Marine Fee Reserve Allocation Policy (included with supporting information to this Plan) refers to an ESMF Allocation Schedule. The schedule sets out the allocated contributions from the Marine Fee Reserve to the various internal and external programmes and projects over the first three years of the 2024-2034 Long-term Plan.

ES Marine Fee Allocation Schedule - Long-term Plan 2024-2027

Internal Nominated Allocations	**24/25**	**25/26**	**26/27**
Coastal Science Programme (including estuaries, recreational bathing, monitoring and other coastal science)	$ 771,941	$ 701,842	$ 733,075
Biosecurity Marine Pests	$ 946,240	$ 883,898	$ 923,231
Harbourmaster & Nav Safety*	$ 807,887	$ 824,902	$ 831,557
Coastal Management Plan Review	$ 310,043	$ 155,000	$ 155,000
External Grants & Contributions	$ 40,000	$ 40,000	$ 40,000

***External Nominated Allocations** (these allocations are included in Harbours budget above)

Milford Harbour Controller contribution	$ 65,655	$ 65,655	$ 65,655
Southern Coast Charitable Trust		$ 10,000	
Fiordland Marine Search and Rescue	$ 5,000	$ 5,000	$ 5,000
Bluff coastguard Grant	$ 5,000	$ 5,000	$ 5,000
Riverton coastguard Grant	$ 5,000	$ 5,000	$ 5,000
Copper Point weather station	$ 11,000	$ 11,000	$ 11,000
St Anne Point weather station	$ 11,000	$ 11,000	$ 11,000

Total Expenditure from the Marine Fee Reserve	$ 2,876,111	$ 2,605,642	$ 2,682,863
Predicted Income into the Marine Fee Reserve	$ 2,169,581	$ 2,677,810	$ 2,760,707
Predicted surplus returned to ESMF Reserve	$ (706,530)	$ 72,168	$ 77,844

KEY POLICIES


DRAFT

Policy - Revenue and Financing

Kaupapahere Moni whiwhi me te Pūtea

This policy outlines the choices we have made in deciding the appropriate sources of funding for operating This policy outlines the choices we have made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (LGA). The requirements for a Revenue and Financing Policy are in the sections 102 and 103 of the LGA. Section 103 requires that the Revenue and Financing Policy must state its policies for:

- sources of funding for operating expenditure, and
- sources of funding for capital expenditure.

A local authority must manage its revenue, expenses, assets, liabilities, investments, and general financial dealings prudently and in a way that promotes the current and future interests of the community using the following criteria from the Acts:

Section 101(3) Local Government Act
"The funding needs of the local authority must be met from those sources that the local authority considers to be appropriate, following consideration of:

(a) in relation to each activity to be funded-
- *i. the community outcomes to which the activity primarily contributes; and*
- *ii. the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and*
- *iii. the period in or over which those benefits are expected to occur; and*
- *iv. the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and*
- *v. the costs and benefits, including consequences for transparency and accountability of the activity distinctly from other activities; and*

(b) the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

Section 100T(2) Biosecurity Act 1993
Regional pest management plan or regional pathway management plan.
A regional council must decide the extent to which it should fund the implementation of its regional pest management plan or its regional pathway management plan from a general rate, a targeted rate, or a combination of both, set and assessed under the Local Government (Rating) Act 2002.

(a) The extent to which the plan relates to the interests of the occupiers of the properties on which the rate would be levied:
(b) The extent to which the occupiers of the properties on which the rate would be levied will obtain direct or indirect benefits from the implementation of the plan:
(c) The collective benefits of the implementation of the plan to the occupiers of the properties on which the rate would be levied compared with the collective costs to them of the rate:
(d) For the regional pest management plan, the extent to which the characteristics of the properties on which the rate would be levied and the uses to which they are put contribute to the presence or prevalence of the pest or pests covered by it:
(e) For the regional pathway management plan, the extent to which the characteristics of the properties on which the rate would be levied and the uses to which they are put contribute to the actual or potential risks associated with the pathway.

We have considered the above before establishing this policy. Table 1 sets out a summary of our funding sources for operating and capital expenditure by activity. Our comprehensive Section 101(3) analysis is separately documented in the Funding Needs Analysis (link to document).

Policy No.	Policy Sponsor	Approval Date and Date of Next Scheduled Review	Approved By	MORF Reference	Related Standards
B15.0	Executive	**Approved** – 23-24 July 2003 **Reviewed** –22 March 2006 **Reviewed** – 4 February 2015 **Reviewed** – 28 March 2018 **Reviewed** – 3 May 2021 **Reviewed** - March 2024	Council	A363045	-

1. Contents

2. Guiding Financial Principles

We have developed some principles to assist in making informed and consistent choices under the legal framework. The following principles have been developed and applied:

- We ensure the everyday costs for services to the region are met from everyday income.
- We ensure that where future ratepayers use assets created today, they will pay their share through our prudent use of debt.
- We maintain financial resilience by having funds, debt capacity and insurance, sufficient to fund unplanned or unforeseen events.
- We clearly define service levels and deliver them in an efficient and effective, customer focussed manner, providing value for money.
- We charge on a cost recovery basis where we identify there is a private benefit and it is efficient to collect.
- We aim for rates to be affordable and equitable, with increases set to provide certainty to ratepayers.
- We manage our investment funds and other investments by taking a prudent approach to risk and return.
- We support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993.

Complying with these principles can be challenging and compromise between principles is often required.

3. Operating expenditure funding sources

We have a number of funding source options[24] when considering the day-to-day funding of activities, programmes or projects. We use these funding sources, or a mix of them, to match each individual activity, programme or project on a discretionary basis. Table 1 sets out the general order of consideration starting with fees and user charges, with general funds being the last funding source to be considered.

Table 1

Funding Sources	Application by Environment Southland
Fees and user charges	User charges are applied to services where it is identified there is a benefit to an individual or group, or directly attributable cost. User charges are a broad group of fees charged directly to an individual or entity including, but not limited to: ▪ service charges ▪ hire ▪ permits ▪ regulatory charges ▪ fines and penalties ▪ private works. ▪ rent, lease, licenses for land and buildings ▪ planning and consent fees ▪ statutory charges ▪ retail sales ▪ landing fees The price of the service is based on many factors, including but not limited to: (a) the cost of providing the service; (b) the estimate of the users' private benefit from using the service; (c) the impact of cost to encourage/discourage behaviours; (d) the impact of cost on demand for the service; (e) market pricing, including comparability with other councils; (f) the impact of rates subsidies if competing with local businesses; (g) cost and efficiency of collection mechanisms; (h) the impact of affordability on users; (i) statutory limits; (j) other matters as determined by the Council. The ability to charge user charges is limited by various statutes and regulations. As a general rule, fees for statutory functions should be set at no more than the cost of providing the service. In some cases, legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (such as the Waste Minimisation Act 2008) fees may be set at greater than the cost of providing the service. It is appropriate to incorporate overhead costs when determining the cost of providing a service. Where goods or services are sold commercially, and taking into consideration legislative limitations, our preference is to charge a market price. This includes retail sales, leases, rents and licenses for land and buildings. Fees and charges may be set at any time and are reviewed annually. A list of current fees and charges is maintained on our website. Revenue from user charges is allocated to the activity which generates the revenue. Mechanisms selected to fund a particular activity are based on a regular assessment of the efficiency of imposing multiple small charges compared to funding from a larger funding source such as general funds. However, there is a preference for individuals benefiting and

[24] Funding options are set out in section 103(2), LGA

	causing costs to pay for the costs they impose. This means that individuals can become more aware of the impact their resource use choices have on the sustainability of Council's activities.
General rates: Valuation base **Uniform Annual General Charge**	Applied to activities delivering wider community benefits using capital value. Council considered the merits of both land value and capital value for the general rate. Having considered the overall impacts on all ratepayers it was concluded capital value is a better tool based on the taxation principles of equity/affordability and benefit/impact and is therefore the preferred method. Higher capital value properties are generally better able to bear the cost of a proportionally higher general rate. Further, Council considers that recovering the general rate on capital value creates a more resilient rates base better able to respond to rate changes. Council also considered that capital value better reflects the principles set out in the Preamble to Te Ture Whenua Māori Act 1993 than land value because land that is undeveloped will generally pay less than a developed property under capital value. Differential rates may be used. Full descriptions of categories for differential rating and the relationships between categories are contained in the Funding Impact Statement. A Uniform Annual General Charge (UAGC) is a fixed rate per property. It is part of the total general rates and set at a level that we consider appropriate. The Local Government (Rating) Act 2002[25] limits rates set on a uniform basis, including the UAGC and targeted rates, to a maximum of 30% of total revenue sought from all rates.
Targeted rates	These may be used for discrete activities benefit, or for transparency purposes to fund a specific service or activity. Targeted rates are not a substitute for a user charge but allow us to assist communities to fund services that can only be delivered with collective funding. Any reserve funded by a targeted rate is available to be used as general reserves if the targeted rate ceases and the activity becomes general rate funded. Differential rates may be used. Full descriptions of categories for differential rating and the relationships between categories are contained in the Funding Impact Statement.
Grants and subsidies **Investment income (interest and dividends)**	Council receives grants and contributions from other organisations, including government agencies and local authorities, to help fund some of the activities that may have national or local benefit. Where grants and subsidies are available, we will apply when it is considered beneficial to do so. Where funding applications are successful or where long- term contracts have grants and subsidies, the funds are used for that purpose. Our investments are managed and funds allocated as per our Treasury Policy and Statement of Investment Policy Objectives. The annual cash dividend received from South Port NZ Limited is generally used in part or full to reduce the general rate as planned in the Long-term Plan (LTP) or Annual Plans.
Borrowing	Council borrow to fund operating costs when we consider it is prudent to do so, for: • working capital requirements and short-term funding gaps; • certain operating expenses or overall operating cash deficits as planned in the LTP and Annual Plans; • unplanned expenditure e.g. opportunities, weather events and emergencies.
Proceeds from asset sales	Proceeds from asset sales are applied to the replacement of assets. Where assets are used for a particular purpose and will not be replaced in the year of sale, the proceeds are put into the reserve for that activity. Proceeds are accounted for as sale proceeds and as a transfer to reserves.

[25] Section 21, Local Government (Rating) Act 2002

Lump sum and development contributions	Council do not use lump sum or development contributions as sources of revenue.
Financial contributions	Section 108(2)(a) of the Resource Management Act 1991 authorises us to include as a resource consent condition, a financial contribution for purposes as stated in a regional plan. These are provided for in the Regional Coastal Plan, the Regional Water Plan, and the partially operative proposed Southland Water and Land Plan and may be applied on a case-by-case basis.

4. Capital expenditure funding sources

Capital expenditure is money spent on building assets, which have a long life and long-term benefits. The level of capital expenditure over the period of a LTP is relatively minor compared to operating expenses. We take a long-term view to funding services and assets on a sustainable basis.

New assets may be funded from external sources (e.g. government), borrowing, reserve funds or rates (general and targeted). The costs of finance and debt repayments would be funded in this same way as the operating costs of the activity. This choice may be modified should it be appropriate having considered the requirements of s101(3)(a) and (b).

We plan to fund replacement and renewed assets such as plant and vehicles from rates (depreciation), asset sales and reserve funds.

We plan to fund new assets including flood protection infrastructure investment primarily from external sources and borrowing.

5. Consideration of overall effect of funding allocations

We are required by section 101(3)(b) of the LGA to consider "the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community". After undertaking this assessment, as a final measure, we may modify the overall mix of funding that would otherwise apply after the initial s101(3)(a) analysis for both operating and capital expenditure.

The following adjustments may be made:

(a) as the region covers three territorial councils rating valuations are equalised;
(b) the allocation of the rates liability between sectors of the rating base may be altered by the use of the UAGC. We may modify the amount of the UAGC during the term of the LTP to reflect a change in benefit or to achieve better community outcomes or wellbeing;
(c) the allocation of the rates liability between sectors of the rating base may be altered by the transfer of the rate revenue requirement between capital value and land value rates. This modification would generally be considered after the calculation of the rate revenue requirement for activities and in itself is not a reallocation of activity costs but an adjustment to achieve better community outcomes or wellbeing which include that ratepayers receive changes in rates consistent with others;

(d) we may waive or discount fees and charges where it is considered appropriate to do so. Some matters we may consider in deciding whether it is appropriate to waive fees are for social reasons, the promotion of events and facilities, commercial reasons, poor service or to minimise risk;

(e) we may remit rates where it is required or considered appropriate to do so and as allowed for in the Rates Remissions and Postponements Policy (including Māori Freehold Land). These policies address social, economic, environmental or cultural matters;
(f) we may use accounting provisions and reserve funds to spread the costs of activities over multiple years to smooth the cost to users and ratepayers;
(g) marine fee revenue has been a large source of external revenue. The funding from this supports part of Biosecurity, Science, Mataurangi Māori and Marine Safety activities. We may make an adjustment to our preferred funding of operational costs for these activities and fund any shortfall from debt and/or general surpluses at any time it is considered appropriate;
(h) investment income is not directly allocated to activities and is held in general funds. We decide annually any portion that is allocated to activity reserves and whether a portion will be used to reduce the general rate.

Changes to Rates after Consultation and Transition Plans

In developing the 2024-2034 Long-term Plan we proposed and consulted on changes to the allocation of rates for Flood Protection Infrastructure, River Management, Biosecurity and Land Sustainability. Following consultation and in response to submissions, changes have been made to the proposal.

The changes are:

- the removal of the proposed Flood Protection Infrastructure rate;
- moving the existing budgeted Catchment Planning activity to the general rate;
- developing a new River Management targeted rate;
- developing a new Flood Infrastructure Investment rate;
- moving the existing Biosecurity and Land Sustainability budgets to 100% general rate.

More information on these activities is in the Funding Needs Analysis.

There is also a need to retain separate rates and charges for the Waiau Catchment and Drainage District to protect and maintain external revenue sources. To achieve this, the Waiau Catchment Planning charges and River Management rates will be separated from other catchments and will remain unchanged.

We have also decided to make a Section 101(3)(b) adjustment for the overall wellbeing of the community by transitioning these changes over two years. This allows for the impacts of change to be spread and gives more time for the community to consider the elements of the transition.

The transition of rates (and charges) is planned to be implemented as follows:

1. Catchment Planning charges (excluding Waiau)
   (a) Year 1 – 100% general rate
   (b) Year 2 – no change

2. River Management (excluding Waiau)
   (a) Year 1 – 50% general rate, 50% remaining in existing catchments
   (b) Year 2 – 100% targeted rate (capital value)

3. Flood Infrastructure Investment
   (a) Year 1 - 100% targeted rate (capital value)
   (b) Year 2 – no change

4. Biosecurity and Land Sustainability
   (a) Year 1 – 50% targeted rate (land value), 50% general rate
   (b) Year 2 – 100% general rate

6. Summary of funding mechanisms used in Groups of Activities

The above funding sources as described were considered when determining the funding required from general rates or targeted rates for each activity in the Funding Needs Analysis, as required by Section 101(3)(a).

Table 2 shows the degree (expressed as a range) to which each funding source is used to fund operating costs following the s101(3)(a) assessment. This s101(3)(a) assessment has been modified by the s101(3)(b) assessment.

The ranges in Table 2 are expressed as a percentage of the revenue budgeted to fund each activity and are indicative only. They may change over time because of changes in expenditure requirements. Actual funding sources may differ from the budgeted funding sources.

Table 2 - Summary of funding sources for operating expenditure

Group of Activities	Activity	General rate	Targeted rate	Fees and charges	Contributions and grants
Healthy Environment	Policy and Planning	100%			
	Regulatory	40 - 60%		40 - 60%	
	Science and Matauranga Maori	40 - 60%		20 - 40%	0 - 20%
	Engagement and Partnerships	80 -100%			0 - 20%
	Biosecurity	80 -100%	0 - 20%	0 - 20%	0 - 20%
	Land Sustainability	80 -100%			0 - 20%
Safe and Resilient Communities	Flood protection and Control		80 -100%		0 - 20%
	Catchment Planning	100%			
	River Management		80 -100%		0 - 20%
	Flood Infrastructure Investment		80 -100%		0 - 20%
	Land Drainage	0 - 20%	80 -100%		
	Natural Hazards and Climate Change	100%			
	Emergency Management and Response	0 - 100%		0 - 100%	
	Maintaining Safe and Navigable Waterways	0 -20%		80 -100%	
	Community Wellbeing	100%			
Thriving Region	Regional Strategic Planning	100%			
	Transport	0 - 50%			50 -100%
	Governance and Democracy	100%			
	Te Tiriti Relationships	40 - 60%			40 - 60%

The Revenue and Financing Policy and Funding Needs Analysis uses bands to show the range in which we are budgeting revenue. The final setting of rates is based on the Funding Impact Statements for the relevant year.

References

- The Funding Needs Analysis, required by Section 101(3), provides the background and analysis to explain the funding decisions we have made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.

- The Financial Contributions Policy explains why we have chosen to use financial contributions to fund activities.

- the Treasury Policy places restrictions on the use of debt and the proceeds from asset sales, investment income and capital.

- The Funding Impact Statement is included in each LTP and Annual Plan as required by LGA clauses 15 or 20 of schedule 10. This statement shows the results of the detailed rates calculation for each year.

Together the above documents form the necessary components to lawfully charge under the LGA for our revenue requirements. We must also comply with other legislation regarding the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.

Statement of Accounting Policies

Summary of accounting policies

Reporting entity

Southland Regional Council is a Regional Council governed by the Local Government Act 2002.

The entity being reported on is the Southland Regional Council. Environment Southland ("the Council") is the brand name of the Southland Regional Council.

The prospective financial statements do not include the consolidated prospective financial statements of South Port New Zealand Limited (Council's Subsidiary) because the Council believes that the parent prospective financial statements are more relevant to users. The level of rate funding required is not affected by subsidiaries except to the extent that the Council obtains distributions from those subsidiaries. Distributions received from Council's subsidiary South Port New Zealand Limited are included in the prospective financial statements of the Council.

The primary objective of the Council is to provide goods or services for the community for social benefit rather than making a financial return. The Council has designated itself as a public benefit entity for financial reporting purposes.

The prospective financial statements of Council are to be adopted by Council on 10 July 2024.

Basis of preparation

The preparation of prospective financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods if the revision affects both current and future periods.

The prospective financial statements have been prepared on the basis of historical cost except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

The prospective financial statements are presented in thousands of New Zealand dollars. New Zealand dollars are the Council's functional currency. All values are rounded to the nearest thousand dollars ($000). As the numbers are presented in thousands small rounding differences may occur. These rounding differences are considered immaterial to the prospective financial statements as a whole. Comparative figures may be reclassified to reconcile with additional disclosures made in the current financial year.

Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 95 and Part 2 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The prospective financial statements comply with Public Benefit Entity (PBE) standards. The prospective financial statements have been prepared in accordance with Tier 1 PBE standards.

Significant accounting policies

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Council and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable and represents receivables for goods and services provided in the normal course of business, net of discounts and GST.

Adoption of New and Revised Standard and Interpretations

PBE FRS 48 Service Performance Reporting was issued in November 2017 and is effective for the annual period beginning on or after 1 January 2022. The new standard does not have a significant impact on the prospective financial statements.

PBE IPSAS 47 Revenue was issued in May 2023 and is effective for the annual period beginning on or after 1 January 2026. The new standard does not have a significant impact on the prospective financial statements and will be adopted early for the annual period beginning on 1 July 2024.

Revenue from non-exchange transactions

(a) Rates revenue

Rates are recognised as income when levied.

(b) Grant revenue and subsidies

Grants and subsidies are recognised upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. Government grants are recognised as income when eligibility has been established with the grantor agency. The Council receives Central Government contributions:

For	From
Regional Civil Defence	National Emergency Management Agency
Land Transport	Waka Kotahi New Zealand Transport Agency
Marine Oil Spills	Maritime New Zealand

(c) Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Revenue from transactions without binding arrangements

(a) Interest revenue

Interest revenue is recognised on a time proportionate basis using the effective interest method.

(b) Dividend revenue

Dividend revenue is recognised when the right to receive payments is established on a receivable basis.

Other revenue – full cost recovery

The revenue from 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.

Fees and charges are recognised as income when supplies and services have been rendered.

Revenue relating to contracts and consent applications that are in progress at balance date is recognised by reference to the stage of completion at balance date.

Fees received from the following activities are recognised as revenue from exchange transactions:

- resource consent processing;
- pest animal contract work;
- grazing leases;
- consent monitoring;
- dividends, interest, and rental income.

Other gains and losses

Net gains or losses on the sale of investment property, property plant and equipment, property intended for sale and financial assets are recognised when an unconditional contract is in place and it is probable that the Council will receive the consideration due.

Taxation

The Council itself is not subject to income tax.

Goods and services tax

All Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Statement of cash flows

For the purpose of the Statement of Cash Flows, 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.

The following terms are used in the Statement of Cash Flows:

- operating activities are the principal revenue producing activities and other activities that are not investing or financing activities;
- investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents; and
- financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

Financial assets

PBE Standards classify financial assets into three categories: financial assets mandatorily measured at fair value through surplus or deficit, amortised cost and financial assets at fair value through other comprehensive revenue and expense.

Transaction costs are included in the value of the financial asset at initial recognition unless it has been designated at Fair Value through Surplus or Deficit (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 Fair Value through Other Comprehensive Revenue and Expenditure (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 flow, discounted at the current market rate of return for a similar financial instrument.

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 (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include Investments (cash and fixed revenue), Receivables and Accruals.

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 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.

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 designates into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

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. Other than for derivatives, the Council has no instruments in this category.

Expected credit loss allowance (ECL)

The Council recognises 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 internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Although receivables at 30 June 2023 were subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because any additional estimated allowance is trivial.

Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

- loans and receivables at amortised cost (included term deposits, related party loans, and community loans);
- held-to-maturity investments at amortised cost (included listed bonds); and
- fair value through other comprehensive revenue and expense (included shares and listed bonds).

The main differences for the previous policies are:

- impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired;

- impairment losses on shares were recognised in the surplus or deficit;

- for shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment.

Financial liabilities

(a) Trade and other payables

Short-term creditors and other payables are measured at the amount payable.

(b) Borrowings

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

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

Derivative financial instruments

Derivative financial instruments are used to manage exposure to interest rate risks arising from the Council's financing activities. In accordance with its Treasury Policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. As the derivatives are not hedge accounted, the resulting gain or loss is recognised in the surplus or deficit. The portion of the fair value of the derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

The Council has elected to not adopt the new hedge accounting requirements of PBE IPSAS 41 as permitted under the transitional provisions of PBE IPSAS 41 rates.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis with an appropriate allowance for obsolescence and deterioration.

Property, plant, and equipment

The Council has the following classes of property, plant, and equipment:

(a) Operational assets

Operational assets include council owned land, buildings, rental land, rental buildings, motor vehicles and other plant and equipment.

(b) Infrastructural assets

Infrastructural assets deliver benefits direct to the community and are associated with major flood protection and land drainage schemes. Infrastructural assets include flood banks, protection works, structures, drains, bridges and culverts.

Cost

Property, plant, and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Where an asset is acquired for no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Depreciation

Operational and infrastructural assets, with the exception of land, are depreciated on either a straight-line or diminishing value basis depending on the class of asset. Rates are calculated to allocate the cost depending on the class less estimated residual value over their estimated useful life.

The nature of infrastructural stopbanks and earthworks assets is considered equivalent to land improvements and as such they do not incur a loss of service potential over time. Accordingly, stopbanks and earthworks assets are not depreciated. Other infrastructural assets are depreciated on a straight-line basis to write off the cost of the asset to its estimated residual values over its estimated useful life.

Expenditure incurred to maintain these assets at full operating capability is charged to the surplus/(deficit) in the year incurred.

The following estimated useful lives are used in the calculation of depreciation:

Asset	Life
Operational assets	
Land	Unlimited
Buildings	2% - 10% DV
Rental land	Unlimited
Rental buildings	2% - 10% DV
Other plant and equipment	2.5% - 15% DV/SL
Motor vehicles	10.1% SL
Infrastructural assets	
Stopbanks and earthworks	Unlimited
Bridges	1% SL
Large culverts	1% - 2.5% SL
Tide gate structures	1% - 2.5% SL

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Disposal

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus for the period the asset is derecognised.

Impairment of property, plant, and equipment

At each reporting date, the Council reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

In assessing value in use for cash-generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in surplus for the year immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in surplus for the year immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Employee entitlements

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave, long service leave and sick leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Council in respect of services provided by employees up to reporting date.

Superannuation schemes

Defined Contribution Schemes

Obligations for contributions to Kiwisaver schemes are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Provisions

Provisions are recognised when the Council has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received, and the amount of the receivable can be measured reliably.

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity consists of a number of reserves to enable clearer identification of the specified uses that the Council makes of its accumulated surpluses.

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

The components of equity are lease area balances, special reserves, rating district balances, and retained earnings.

Restricted and council created reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves are those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Foreign currency

Foreign Currency Transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in surplus for the year in which they arise.

Allocation of overheads

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Where possible costs are charged or allocated directly to the beneficiary of the service. The remaining indirect costs have been allocated on the following basis:

Corporate Management	-	per staff member
Information Technology	-	per computer
Council Servicing/Secretarial	-	allocated according to estimated use of services
Administration	-	per staff member
Finance	-	per staff member

Critical accounting estimates and assumptions

In preparing these prospective financial statements the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Critical judgements

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities are discussed below.

Classification of property

The Council owns a number of properties that are held for service delivery objectives as part of the Council's various flood protection schemes. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are accounted for as property, plant, and equipment.

Prospective financial information

The financial information contained within this document is prospective financial information in terms of accounting standard PBE FRS 42 and complies with the standard. The purpose for which it has been prepared is to enable ratepayers, residents, and any other interested parties to obtain information about the expected future financial performance, position and cash flow of the Council. The actual results achieved for any given financial year are likely to vary from the information presented and may vary materially depending on the circumstances that arise during the period. The prospective financial information is prepared in accordance with Section 93 of the Local Government Act 2002. The information may not be suitable for use in any other capacity.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance.

Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

PBE IPSAS issued but not yet effective

PBE Standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted by Council for the Long-term Plan are outlined below:

- PBE IPSAS 1 – Disclosure of Fee for Audit Firms' Services; effective for periods commencing 30 June 2024;
- PBE IPSAS 46 – Measurement; effective for periods commencing 1 January 2025;
- PBE IPSAS 48 – Transfer Expenses; effective for periods commencing 1 January 2026.

Council expects to adopt the above standards in the period in which they become mandatory. Council anticipates that the above standards are not expected to have a material impact on the prospective financial statements in the period of initial application; however, a detailed assessment has yet to be performed.

Significance and Engagement Policy Summary

Kaupapahere Hiranga me te Whakawhitiwhiti

Under the Local Government Act 2002, we are required to adopt a Significance and Engagement Policy[26]. The policy contains a list of our strategic assets and guidance for engaging with the community and tangata whenua in Murihiku.

Purpose and Scope

1. To enable us and our communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities.
2. To provide clarity about how and when communities can expect to be engaged in decisions made by us.
3. To inform us from the beginning of a decision-making process about the extent, form and type of engagement required.

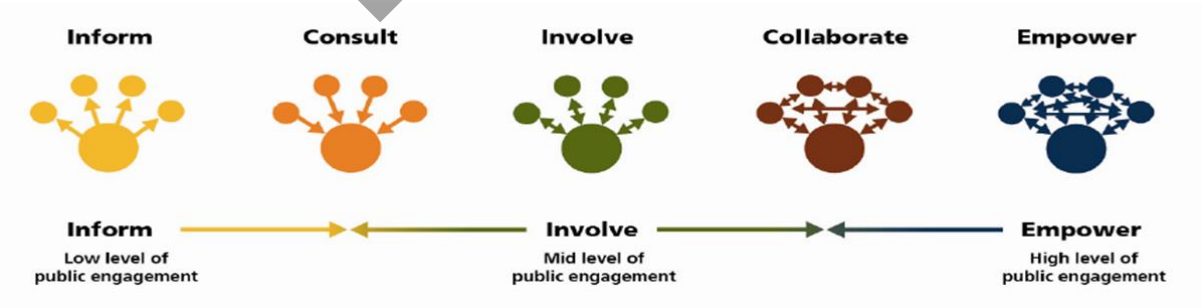
Policy

1. Engaging with the community is needed to understand the views and preferences of people likely to be affected by, or interested in, a proposal or decision.
2. An assessment of the degree of significance of proposals and decisions, and the appropriate level of engagement, will therefore be considered in the early stages of a proposal before decision-making occurs and, if necessary, reconsidered as a proposal develops.

Engagement Options

The Policy uses the International Association for Public Participation (IAP2) Public Participation Spectrum as the basis to provide engagement tools and techniques for our interaction with the community and with tangata whenua in Murihiku. The engagement spectrum for engaging with tangata whenua reflects the relationship and arrangements set out in the Charter of Understanding, which was developed to help provide the basis for Māori to contribute to the decision-making process.

The engagement model (below) is adapted from the IAP2 Spectrum to show the possible types of engagement that could be used by the Council.



A full copy of the Policy is available on the Council's website – www.es.govt.nz.

[26] Section 76AA, Local Government Act 2002.

environment SOUTHLAND
REGIONAL COUNCIL
Te Taiao Tonga

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