

# Pūrongo-ā-Tau Annual Report

2021-22



environment  
**SOUTHLAND**  
REGIONAL COUNCIL  
Te Taiao Tonga



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# Message from the Chairman and Chief Executive

## *Environment Southland's achievements from July 2021 to June 2022*

This report reviews our achievements in 2021/22, and compares them with our aims set out in the 2021-2031 Long-term Plan.

The challenges from the previous two years continued in 2021/22 with Southlanders, like the rest of the country, facing many increases in the cost of living. The Council has worked extremely hard to reprioritise work and find efficiencies in order to honour our commitments regarding rates increases while still delivering the outcomes sought by our community and providing for social, cultural, economic and environmental wellbeing.

In the Long-term Plan, we assured ratepayers that rates increases would not be more than 5% for 2022/23. We worked hard through the year to keep to and fulfil that assurance, banking savings in some areas, while facing significant cost increases in others.

We have also continued our journey towards treaty partnership and bringing a Te Ao Māori lens to the way we work. In 2022, Environment Southland gained mana whenua representatives on our Regional Services Committee (Rōpū Ratonga-a-Rohe) and Strategy and Policy Committee (Rautaki me Mahere).

Our partnership work with Te Ao Mārama Inc (the environmental arm of Ngāi Tahu Ki Murihiku) to improve the hauora, or healthy resilience, of our waterways, reached a major milestone this year as the Regional Forum completed three years of work. The Regional Forum was a community-based group convened to provide advice on how to achieve the communities' aspirations for freshwater. Its final advice was delivered to Environment Southland's Council and Te Ao Mārama Board in July 2022, just after the period covered by this Annual Report.

Southlanders have told us they want cleaner waterways for things like swimming, fishing and mahinga kai (food gathering) and we are required by national policy to have a plan in place by 2025 to protect and restore freshwater in our region within a generation (25 years). To achieve this, significant change will be needed that will require a transformation in how we think, act and work together. Communities working collaboratively and supporting organisations such as Thriving Southland will be key to making the changes required.

This year also saw establishment of our Climate Change Sub-Committee, which will support our action on addressing climate change and its effects on our region. The committee consists of six councillors and a mana whenua representative, who are already advancing our commitment to developing a regional climate change strategy by 2024 and driving our internal response. We are in the process of establishing a working group with our partner councils and mana whenua to drive regional collaboration and a joint approach to a regional climate change response.

In Murihiku Southland we have particularly strong biodiversity and biosecurity programmes, and it has been a record year for delivery. Our achievements in this focus include gathering better data, pest control, and active biodiversity management – each across tens of thousands of hectares, as well as removing 30 tonnes of the invasive marine weed *Undaria* from 25 km of coastline. The increased activity including the *Undaria* removal was possible because of funding from central government's Jobs for Nature Mahi mō te Taiao funding and carried out in partnership with the Department of Conservation, Ministry for the Environment and Ministry for Primary Industries.

In the Gore and Invercargill airsheds, we aim to improve air pollution. The monitoring shows our community's success in this area – only one case of PM<sub>10</sub> air pollution exceeded the National Environmental Standards for Air Quality – this was in Invercargill. To help support our community in keeping up this good work, we conducted a survey to establish a baseline to work from.

Legislative changes are expected across a number of areas, including resource management reform and national policy for biodiversity, as well as the future for local government review. The impacts of these changes are going to be large-scale and significant, but they present an opportunity for us to achieve our vision for a Thriving Southland in new and different ways: better adapted to the ways the world has changed since existing legislation was enacted, and in stronger partnership with iwi.

We have faced challenges too, as the world – and our region – adjusts to a new normal. The 2021-2031 Long-term Plan was developed in early-mid 2021, mindful of what we knew from our experience of previous COVID-19 impacts.

For example, we had planned to rely less on our investment portfolio with its associated uncertainty, and this proved prudent as the markets suffered through the end of the last financial year. Because we took, and continue to take, a long-term approach to our investment, our cash flow has not been immediately impacted.

The impact of COVID brought new waves of disruption to our work. We had to adapt to new ways of working split between home and office. This reduced opportunities to get out into the field, and increased supply chain and contractor availability issues.

One effect was not being able to undertake all work we wanted to, exactly when we wanted to. The construction market has changed greatly, and costs have risen since we scoped our climate resilience projects, encompassing key infrastructure like our region's stopbanks. Contractors are less available now and prices have increased due to the high demand experienced by the sector. Although our plans have faced delays, we have continued to work where we can and are committed to getting back on schedule and making strides through the next year.

Delays to planned work resulted in an underspend of \$2.8 million compared to what was budgeted. All capital projects across New Zealand are similarly affected, and in our case we are expecting this to become evident as an increase in debt beyond that projected in the Long-term Plan.

All in all, we've done a great deal of good work, but things are not back to normal yet. We will be keeping up our efforts to ensure we can continue to rise to the challenges – both new and those already understood – which will surely face us as a community and a council over the coming year. This Annual Report shows the result of our effort and adaptability over the past year, and our dedication to drive forward, remains undiminished.

This report has been prepared in accordance with Part 3 of Schedule 10, Clause 34 of the Local Government Act 2002. The Council and management of Environment Southland confirm that all the statutory requirements in relation to the Annual Report have been complied with.

This report was approved and adopted by a meeting of the Council on 5 October 2022.

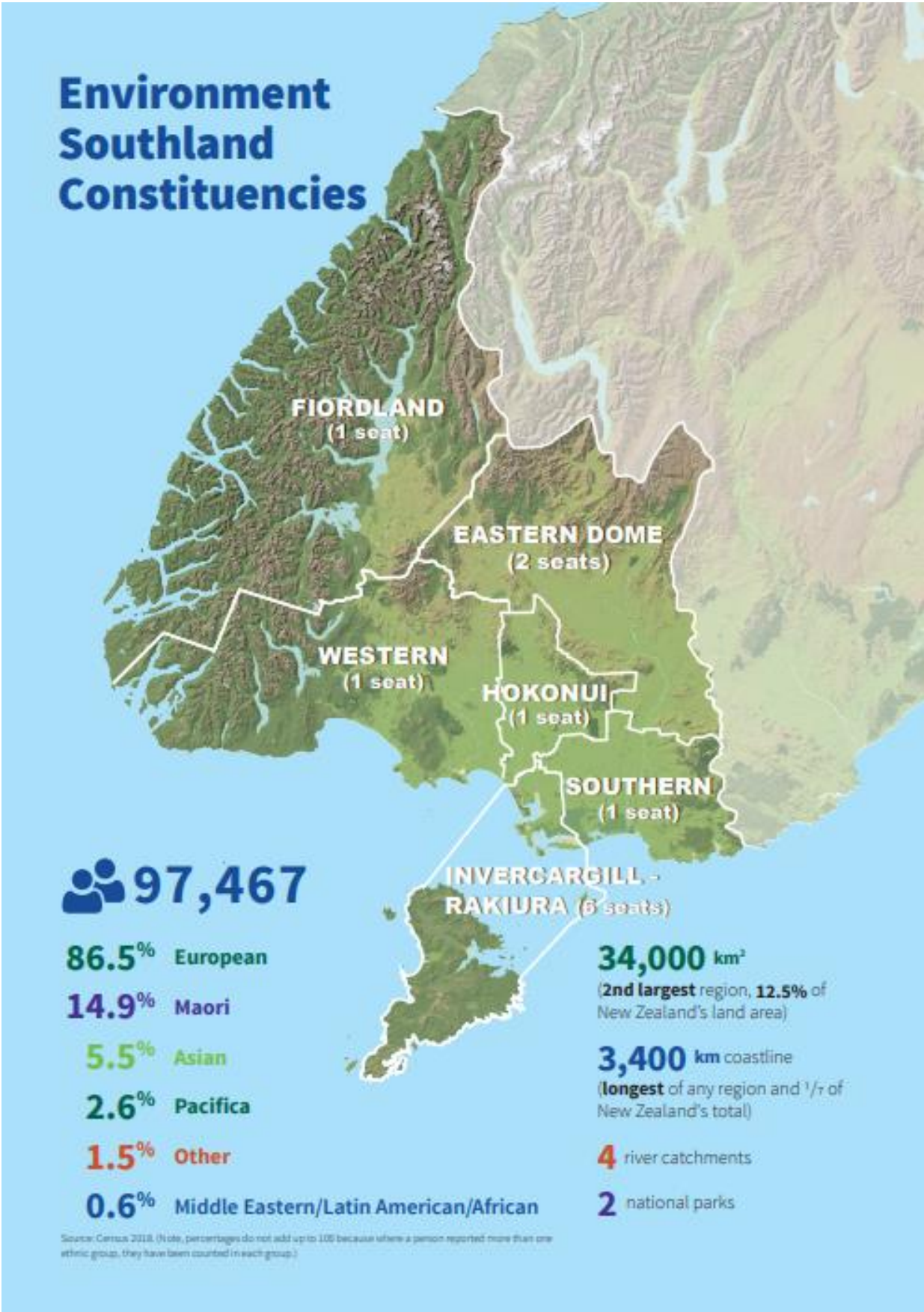


Nicol Horrell  
**Chairman**



Wilma Falconer  
**Chief Executive**

# Our region and people



# Opportunities for Māori to contribute to 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<sup>1</sup> and Te Rūnanga o Ngāi Tahu<sup>2</sup>) and ngā mātāwaka (those of differing tribal descent to mana whenua living within Murihiku Southland).

## 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. The Charter will be reviewed during the 2022/23 year.

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 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.

## Mana whenua representation

The appointment of four mana whenua representatives on two standing committees of Council in March 2022 was another step forward in strengthening the relationship between Environment Southland and Ngāi Tahu ki Murihiku.

Gail Thompson and Estelle Leask were appointed to the Regional Services Committee (Rōpū Ratonga-a-Rohe), and Stewart Bull and Ann Wakefield were appointed to the Strategy and Policy Committee (Rautaki me Mahere). This followed a Council resolution to approve the creation and appointment of two mana whenua members to the committees in February 2019.

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<sup>1</sup> The entity representing Murihiku Southland rūnanga for resource management and local government matters.

<sup>2</sup> The iwi authority.



## 2021/22 Activities

The points below highlight specific activities undertaken during the 2021/22 year to establish and maintain process to provide opportunities for Māori to contribute to the decision-making processes of Environment Southland and build capacity:

- Environment Southland continued to engage a Principal Advisor Māori to help build understanding and capacity within Environment Southland to support Māori involvement in decision making;
- Te Ao Mārama Inc staff were involved in a variety of Environment Southland staff steering and working groups;
- the partnership with Te Ao Mārama Inc was continued in the People, Water and Land Programme and the Whakamana te Waituna project to progress Te Mana o Te Wai;
- existing protocols with Māori were maintained in relation to the ways in which Council undertakes its statutory duties;
- Te Tangi a Tauira, the Ngāi Tahu Murihiku Resource Management Plan, was referred to and reported against when assessing resource consent applications and policy and plan development;
- as part of the 2021-2031 Long-term Plan development process, Te Ao Mārama Inc carried out a comprehensive assessment of capacity needs going forward and the outcomes of this assessment were built into Environment Southland's Long-term Plan and implemented during the 2021/22 year;
- the commitment to ongoing funding of Te Ao Mārama Inc was maintained, with Environment Southland acting as the central financial manager for all the Councils' contributions and distribution of funds to Te Ao Mārama Inc;
- Council continued to contribute to funding for a kaitohutohu position within Te Ao Mārama Inc to assist with the People, Water and Land Programme;
- Council continued to tiamana (chair) Te Rōpū Taiao hui (meetings).

# Reporting on our activities

## Who we are and what we do

Environment Southland is the brand name of Southland Regional Council.

Regional councils manage environmental, resource and transport planning, which can include the sustainable use of land, air and water; rivers, flood control and soil erosion; animal and plant pest control; and harbour navigation.

To help steer us on these responsibilities as an organisation, Environment Southland has a clear mission and vision.

### **Our Vision**

A thriving Southland - te taurikura o Murihiku

### **Our Mission**

Working with our communities to improve Southland's environment.

Our vision highlights the overall big-picture of what we are trying to achieve – what we exist to do as an organisation. Our mission is a statement of how we will work towards that – what we understand we must do to bring our vision into reality.

## Staying relevant to community needs

Every three years, all councils have to develop a Long-term Plan, which looks towards the next 10 years. Environment Southland is no exception, and our latest plan for 2021-2031 was made and adopted last year.

The plan sets out our priorities and how we will organise our work, as well as how we will measure our success in meeting those goals.

When we update our Long-term Plan every three years, we start by looking back at the previous one. We think about what has changed in our region, our country, and even the world. We consider how our community's priorities may have changed – or strengthened. We look at how legislation and 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.

## Community outcomes and well-beings

Our community outcomes inform the work we do. They represent our overarching goals, in line with and more detailed than our vision and mission. Our community outcomes are:

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

As you can see, these community outcomes are closely linked to the environmental, economic, social and cultural well-being of our Murihiku Southland community.

## Community outcomes, activities and activity groups

We further our community outcomes through the work we do as an organisation.

Environment Southland's most recent Long-term Plan organised our work into six areas called "activity groups", each focusing on a different part of our responsibilities and the services we provide to meet them.

These are:

1. Air Quality
2. Water and Land
3. Biosecurity and Biodiversity
4. Climate Change and Community Resilience
5. Coast and Marine
6. Regional Leadership

Each activity group is, as the name suggests, a group of our activities. We have mainly considered five different "activities" that describe the type of work we do.

Our five main activities are:

1. Regulation and Planning
2. Science, Research and Monitoring
3. Community Engagement and Education
4. Partnerships
5. Council Operations

These represent the ways in which we can take our responsibilities to the community in each of our activity groups, and meet our commitments through the work that we do. In other words, activities are how we achieve our community outcomes.

The activities we have defined are generally consistent across the activity groups, which highlights how our work often contributes to multiple community outcomes at the same time. The activities in each activity group do differ where that better reflects what we do as an organisation. In this way, we are able to bring together different approaches to and considerations in how Environment Southland can contribute to community outcomes.

We have included "Council Operations" as an activity in most activity groups; and in the Regional Leadership activity group also a sixth activity of "Governance" to target and measure. This is to reflect that we hold ourselves accountable and always seek to develop the way we work internally as an organisation, as well as the work we do externally in the community. In this way, our community can be assured that we are working by, with, and for them with professionalism and integrity.

The table shows this in more detail:

Activity Groups ↓	Activities within the groups:					
	Regulation and Planning	Science, Research and Monitoring	Community Engagement and Education	Partnerships	Council Operations	Governance
Air Quality	✓	✓	✓	✓		
Water and Land	✓	✓	✓	✓		
Biosecurity and Biodiversity	✓	✓	✓	✓	✓	
Climate Change & Community	✓	✓	✓	✓	✓ <sup>1</sup>	
Coast and Marine	✓	✓	✓	✓	✓	
Regional Leadership	✓		✓	✓	✓ <sup>2</sup>	✓

<sup>1</sup> including flood protection and control works

<sup>2</sup> includes data

### Bringing it together

Overall, our activity groups contribute almost equally to each community outcome.

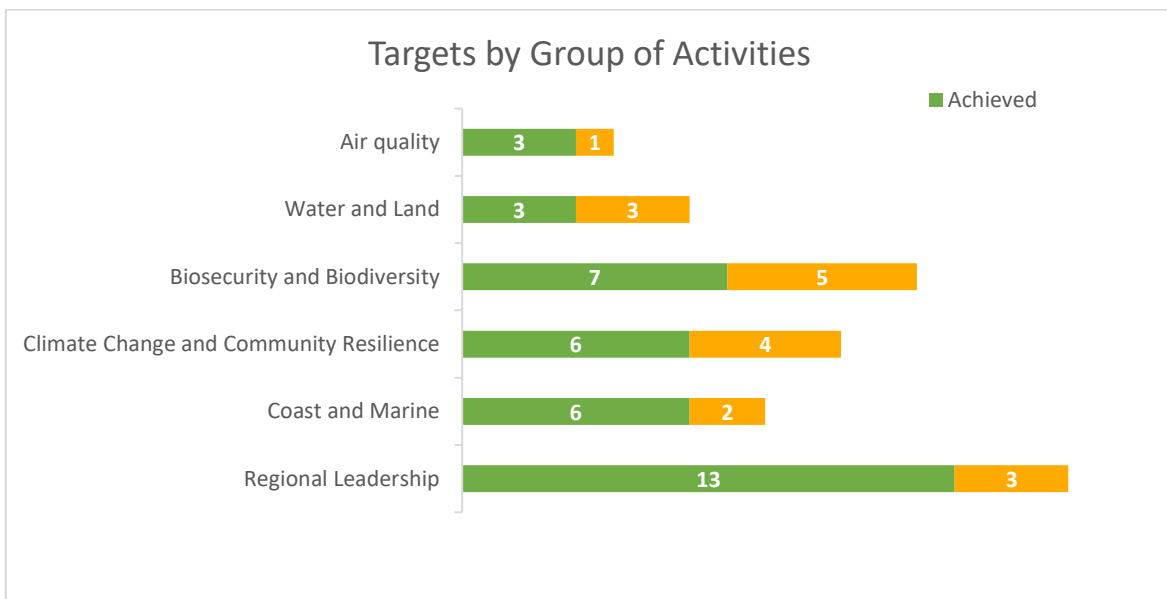
You can find out more about the specific work we are doing in the section “Our activities in depth | Ko Te Hohonutanga Ō Ā Tātou Mahi”. There, you will see performance measures listed for each activity within each activity group.

You will also find a description of the effects of any activity has had on community well-being within each activity group, under the heading “Community Connection”.

# Our activities in summary

## Results for 2021/22

In 2021/22, Environment Southland achieved 68% of its activity group performance targets, meeting 38 of 56 performance measures. In each of our six activity groups, we always achieved upwards of half to a majority of targets, and we are aiming to strengthen these results over the next year. Where targets were not met, it was often the case that a majority of the criteria were met or the target was only narrowly missed. We have provided contextual commentary alongside every performance measure giving further detail.



## Comparison with previous results

Compared with our targets and achievements since the previous Long-term Plan (2018-2028), in 2021/22 we met 68% of targets, compared to 50% in 2020/21 and 44% in 2019/20. This shows a trend of consistent improvement since 2019, which we hope to continue as an organisation as we strive to improve the services we provide to our community.

Because different groupings of activities and performance measurement criteria have been used over the years to stay relevant to community needs, information is represented as a percentage of overall targets set and achieved to ensure consistency and identify a trend. You can find out more about changes to our performance measures in the section "Reporting on our Activities".

# Our activities in depth (Ko Te Hohonutanga Ō Ā Tātou Mahi)

## Consolidated Funding Impact Statement for the year ended 30 June 2022

Annual Plan 2020/21	Actual 2020/21		Actual 2021/22	Annual Plan 2021/22	LTP 2021/22
\$000	\$000		\$000	\$000	\$000
		<b>Sources of operating funding</b>			
10,764	10,814	General rates, uniform annual charges, rates penalties	14,549	14,212	14,212
8,362	8,353	Targeted rates	8,724	8,725	8,725
0	0	Subsidies and grants for operating purposes	0	0	0
7,007	11,507	Fees and charges	13,303	12,047	12,047
4,535	4,571	Interest and Dividends from investments	4,805	4,535	4,535
1,007	1,245	Local authorities fuel tax, fines, infringement fees and other receipts	1,096	1,032	1,032
<b>31,674</b>	<b>36,491</b>	<b>Total Operating Funding</b>	<b>42,478</b>	<b>40,551</b>	<b>40,551</b>
		<b>Applications of Operating Funding</b>			
26,232	29,795	Payments to staff and suppliers	30,179	32,591	32,591
75	38	Financing Costs	2	87	87
7,878	7,628	Other operating funding applications	9,055	9,603	9,603
<b>34,185</b>	<b>37,460</b>	<b>Total Applications of Operating Funding</b>	<b>39,235</b>	<b>42,281</b>	<b>42,281</b>
<b>(2,510)</b>	<b>(970)</b>	<b>Surplus/(deficit) of operating funding</b>	<b>3,243</b>	<b>(1,730)</b>	<b>(1,730)</b>
		<b>Sources of capital funding</b>			
0	1,261	Subsidies and grants for capital expenditure	2,220	8,758	8,758
0	0	Development and financial contributions	0	0	0
0	0	Increase / (decrease) in debt	0	0	0
0	0	Other dedicated capital funding	0	0	0
97	101	Gross proceeds from the sale of assets	217	127	127
0	0	Lump sum contributions	0	0	0
<b>97</b>	<b>1,361</b>	<b>Total sources of capital funding</b>	<b>2,436</b>	<b>8,885</b>	<b>8,885</b>
		<b>Applications of capital funding</b>			
		Capital expenditure			
0	17	- to meet additional demand	5	0	0
500	10	- to improve the level of service	798	9,035	9,035
495	256	- to replace existing assets	722	3,616	3,616
(409)	3,356	Increase/(decrease) in Reserves	4,233	(5,496)	(5,496)
(3,000)	(3,247)	Increase/(decrease) in Investments	(78)	(0)	0
<b>(2,413)</b>	<b>391</b>	<b>Total applications of capital funding</b>	<b>5,679</b>	<b>7,155</b>	<b>7,155</b>
<b>2,510</b>	<b>970</b>	<b>Surplus/(deficit) of capital funding</b>	<b>(3,243)</b>	<b>1,730</b>	<b>1,730</b>
<b>0</b>	<b>(0)</b>	<b>Funding Balance</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>

## Reconciliation of Funding Impact Statement to Statement of Comprehensive Revenue & Expense for the year ended 30 June 2022

<b>(2,510)</b>	<b>(970)</b>	<b>Surplus / (deficit) of Operating Funding in Funding Impact Statement</b>	<b>3,243</b>	<b>(1,730)</b>	<b>(1,730)</b>
		<b>Add / (deduct)</b>			
590	3,810	Increase / (decrease) in fair value of investment portfolio	(2,047)	580	580
0	37	Profit / (loss) on disposal of assets	164	0	0
(808)	(703)	Depreciation	(715)	(722)	(722)
0	95	(Increase) / decrease in provision for doubtful debts	(67)	0	0
0	(258)	Amortisation	(90)	0	0
0	1,261	Increase / (decrease) in subsidies and grants for capital expenditure	2,220	8,758	8,758
<b>(2,728)</b>	<b>3,272</b>	<b>Surplus / (deficit) in Statement of Comprehensive Revenue &amp; Expense</b>	<b>2,707</b>	<b>6,886</b>	<b>6,886</b>

# 1. Air Quality

## Our aspirations for air quality

Over the next 10 years, the Council will work with iwi, communities, other councils and organisations to improve the region's air quality by improving heating, insulation and burning practices across the region.

### At a glance...



## Community Connection

The quality of our air directly impacts the quality of our lives, our health and wellbeing, and the environment. Our air quality is degraded when pollutants from human activities are released into the air. These pollutants may be from domestic fires, industrial activities, motor vehicles, farming activities and outdoor burning. In our urban areas during the winter, domestic fires are the main cause of poor air quality. Poor air quality is associated with numerous health problems - particularly for our most vulnerable, including older people, children and those with existing respiratory conditions such as asthma.

## Our performance and delivery against targets

### Regulation and Planning Activity

This activity focuses on the Council's regional planning, regulatory and compliance activities under the RMA. For example, ensuring the region has an Air Plan that is easy to understand, complies with National Environmental Standards for Air Quality (NESAQ) and is practical to implement and enforce. A key focus for this activity in the next few years is to review and update the Regional Air Plan once the new NESAQ are released, ensuring that we can maintain the plan's current total compliance.

<b>LEVEL OF SERVICE 1</b> Fully operative Regional Air Plan covering all emissions sources and compliant with the National Environmental Standards for Air Quality (NESAQ).	
<b>Measure and 2021/22 Target 1</b> <b>Measure:</b> Proportion of the Regional Air Plan that is compliant with the NESAQ.  <b>Target:</b> 100% compliant with current NESAQ requirements.	<b>Results for 2021/22</b>  <b>Achieved</b>  The Regional Air Plan is completely compliant with the current NESAQ.  We are preparing ourselves for upcoming amendments to the NESAQ, which will mean the Regional Air Plan will then need to be amended too.

### Science, Research and Monitoring Activity

This activity focuses on the Council's monitoring of air quality in the Invercargill and Gore airsheds where it is currently required to monitor PM<sub>10</sub> emissions. This activity includes research undertaken by the Council to understand which interventions are most effective in helping the adoption of clean heating practices.

<b>LEVEL OF SERVICE 2</b> Our air quality work programme is based on data and research.	
<b>Measure and 2021/22 Target 2</b> <b>Measure:</b> Compliance with NESAQ requirements for airshed monitoring and reporting.  <b>Target:</b> 100% compliance with NESAQ requirements for airshed monitoring and reporting.	<b>Results for 2021/22</b>  <b>Achieved</b>  Airshed monitoring and reporting has been undertaken in accordance with NESAQ requirements. One exceedance of PM <sub>10</sub> in Invercargill airshed recorded.

### Community Engagement and Education Activity

Council produces educational material to help inform the community about air quality issues in the region and what they can do to improve it. This includes producing the state of the environment reports, sharing research findings on the Council's website and sharing information produced by other organisations.

<b>LEVEL OF SERVICE 3</b> Highly visible and engaging education programme about the region's air quality and how it can be improved.	
<b>Measure and 2021/22 Target 3</b> <b>Measure:</b> Percentage of surveyed residents who have adopted practices that improve air quality in the region.  <b>Target:</b> Baseline established by 30 June 2022.	<b>Results for 2021/22</b>  <b>Achieved</b>  The survey was completed, with initial results provided to staff by 30 June 2022. These results were reported to Council at a workshop on 13 July 2022, with the final report received in August 2022.  The survey found that 36% of surveyed households had adopted practices to improve air quality in the last five years and this will be the baseline moving forwards.



### Partnerships Activity

Council works collaboratively with iwi, territorial authorities, community groups, agencies, homeowners and businesses to develop and implement solutions for improving air quality in the region. This includes the Clean Air Loan Scheme and ongoing work with the Southland Warm Homes Trust.

<b>LEVEL OF SERVICE 4</b> A home heating scheme that is effective in supporting Murihiku Southland households to adopt clean heating.	
<b>Measure and 2021/22 Target 4</b> <b>Measure:</b> Effective home heating scheme is reviewed and implemented.  <b>Target:</b> Review of existing scheme is completed by 30 June 2022.	<b>Results for 2021/22</b> <div style="border: 2px solid orange; padding: 5px; text-align: center;"><b>Not achieved</b></div> The review of the Clean Air Loans Scheme was underway as at 30 June 2022 but not completed. The review has been expanded to assess the implications of recent changes to the Credit Contracts and Consumer Finance Act. The review was workshopped with Council on 13 July 2022 and an options paper will be developed, which will look at potential options for improvements or changes to the Clean Air Loans Scheme. The implementation of any changes will form a longer piece of work under the air portfolio.

Funding Impact Statement - Air  
for the year ended 30 June 2022

LTP 2020/21 \$000	Actual 2020/21 \$000		Actual 2021/22 \$000	LTP 2021/22 \$000
		<b>Sources of operating funding</b>		
0	0	General rates, uniform annual charges, rates penalties	0	240
0	0	Targeted rates	0	0
0	0	Subsidies and grants for operating purposes	0	0
6	7	Fees and charges	9	8
0	0	Internal Charges and overheads recovered	0	0
0	0	Local authorities fuel tax, fines, infringement fees and other receipts	0	75
<b>6</b>	<b>7</b>	<b>Total Operating Funding</b>	<b>9</b>	<b>322</b>
		<b>Applications of Operating Funding</b>		
94	83	Payments to staff and suppliers	121	97
1	0	Financing Costs	0	1
0	0	Internal Charges and overheads applied	0	0
287	117	Other operating funding applications	82	231
<b>382</b>	<b>200</b>	<b>Total Applications of Operating Funding</b>	<b>203</b>	<b>329</b>
<b>(375)</b>	<b>(193)</b>	<b>Surplus/(deficit) of operating funding</b>	<b>(194)</b>	<b>(7)</b>
		<b>Sources of capital funding</b>		
0	0	Subsidies and grants for capital expenditure	0	0
0	0	Development and financial contributions	0	0
0	0	Increase / (decrease) in debt	0	0
0	0	Other dedicated capital funding	0	0
0	0	Gross proceeds from the sale of assets	0	0
0	0	Lump sum contributions	0	0
<b>0</b>	<b>0</b>	<b>Total sources of capital funding</b>	<b>0</b>	<b>0</b>
		<b>Applications of capital funding</b>		
		Capital expenditure		
0	0	- to meet additional demand	0	0
0	0	- to improve the level of service	0	0
0	0	- to replace existing assets	0	0
(349)	(196)	Increase/(decrease) in Reserves	(182)	(3)
(26)	3	Increase/(decrease) in Investments	(11)	(4)
<b>(375)</b>	<b>(193)</b>	<b>Total applications of capital funding</b>	<b>(194)</b>	<b>(7)</b>
<b>375</b>	<b>193</b>	<b>Surplus/(deficit) of capital funding</b>	<b>194</b>	<b>7</b>
<b>0</b>	<b>0</b>	<b>Funding Balance</b>	<b>(0)</b>	<b>0</b>
3	1	Depreciation expense (not included in the above FIS)	1	2
0	1	Amortisation expense (not included in the above FIS)	0	0

## 2. Water and Land

### Our aspirations for water and land

Over the next 10 years, in partnership with iwi, the Council will work with communities, other councils and organisations towards achieving Murihiku Southland's goals for freshwater and estuaries through integrated water and land management across catchments.

#### At a glance...

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6

Level of  
Service Targets:

3  
ACHIEVED

3  
NOT  
ACHIEVED

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### Community Connection

Managing our water and land resources in a sustainable way is crucial for ongoing social, economic, environmental and cultural wellbeing of Murihiku Southland communities. Fundamental to this is giving effect to the National Policy Statement for Freshwater Management 2020 (NPSFM) requirement to manage freshwater in a way that gives effect to Te Mana o te Wai (the mana of the water). This recognises that protecting the health of freshwater protects the health and wellbeing of the wider environment.

### Our performance and delivery against targets

#### Regulation and Planning Activity

This activity focuses on the Council's regional planning, regulatory and compliance activities under the RMA, NPSFM, National Environmental Standard for Freshwater (NES-FW) and Local Government Act (LGA).

A key focus for this activity in the next few years is to work with the community to implement the NPSFM requirements. This will include the notification of a plan change to the proposed Southland Water and Land Plan (SWLP). The Regional Forum of community representatives that has been established will provide advice to governance on potential methods and limits to include within the plan change.

## LEVEL OF SERVICE 5

Methods and limits in place across water takes and discharges to achieve the communities' environmental outcomes.

### Measure and 2021/22 Target 5

**Measure:** Implementation of the National Policy Statement for Freshwater Management 2020 via the notification of a plan change to the proposed Southland Water and Land Plan.

**Targets:** The Regional Forum meets at least four times annually to progress advice on methods and limits to achieve draft environmental outcomes.

Development of a plan change.

### Results for 2021/22

**Achieved**

The Regional Forum met on the following dates to progress its advice to Council and the Te Ao Mārama Inc Board:

- 28-29 July 2021
- 21 September 2021
- 19-20 October 2021
- 8-9 December 2021
- 15-16 February 2022
- 15-16 March 2022
- 12-13 April 2022
- 12-13 May 2022
- 8-9 June 2022

The Regional Forum's final advice was accepted by Council and the Te Ao Mārama Inc Board on 13 July 2022.

In terms of plan change development, a number of Governance workshops have been held over the year with Councillors and Te Ao Mārama Inc Board members to discuss draft components of the Forum's advice and the wider plan-making process that is underway. This will continue over the next 18 months.

## Science, Research and Monitoring Activity

This activity provides access to water and land information. It includes advice on environmental state and trends from long-term environmental monitoring programmes. In addition, science and research is undertaken on the water and land resources of the region and how best to manage these.

Key projects for this activity for this Long-term Plan include:

- establishing methods to monitor progress towards environmental outcomes including mātauranga Māori and health of indigenous flora and fauna;
- developing, operating and maintaining a freshwater accounting system for water quality and quantity to provide baseline information for setting target attribute states, flows and limits, assessing over-allocation and tracking cumulative effects of activities.

## LEVEL OF SERVICE 6

A clear picture of the state of our environment and where further action is needed.

### Measure and 2021/22 Target 6.1

**Measure:** Establishing a comprehensive freshwater accounting system.

**Target:** Project plan for establishing a freshwater accounting system completed.

### Results for 2021/22

**Not achieved**

Staff vacancies meant that this project was not advanced until the final quarter of the year. A workshop was held with staff in June 2022 to feed into final project plan, which will be completed in the first quarter of the 2022/23 year.

### Measure and 2021/22 Target 6.2

**Measure:** State of the Environment data updated and published on Environment Southland and Land Air Water Aotearoa websites at least once a year.

**Target:** SoE data updated and published on ES and LAWA websites annually.

### Results for 2021/22

**Achieved**

The air quality, lake quality, river quality, can I swim here, groundwater quality and water quantity components of LAWA were updated in September 2021 based on data collected in the 2020 year. This is the same as for all regional councils.

### Measure and 2021/22 Target 6.3

**Measure:** Develop and monitor Mātauranga Māori monitoring programme.

**Target:** Monitoring framework and targets developed in partnership with Te Ao Mārama Inc and papatipu rūnanga.

### Results for 2021/22

**Not achieved**

Conversations have been had between Hokonui rūnanga and Te Ao Mārama Inc and a "Principles of Operation" document is in preparation by an independent planner specialising in iwi engagement in regulatory processes involving Council and iwi.

In addition, we have supported Hokonui rūnanga with fish eDNA sampling and their 2021/22 freshwater work programme.

Work on the "Principles of Operation" document and monitoring framework and targets will continue into the 2022/23 year.

### Community Engagement and Education Activity

Working with the individuals, community groups, schools and other agencies to raise awareness and understanding of environmental issues and empower action. The Council intends to move to an integrated catchment management approach for this activity during the period covered by this Long-term Plan (LTP).

Key projects for this activity for this LTP include:

- People, Water and Land **Te Mana o te Tangata, te Wai, te Whenua** – a partnership programme with Te Ao Mārama Inc (the Ngāi Tahu ki Murihiku natural resource agency) to improve Murihiku Southland’s water and land;
- Enviroschools – a programme that takes a whole of school approach to environmental education.

<b>LEVEL OF SERVICE 7</b> Highly visible and engaging programme that empowers the community to be innovative and contribute to achieving healthy water and ecosystems.	
<b>Measure and 2021/22 Target 7</b> <b>Measures:</b> Effective engagement with community groups and individuals.  <b>Target:</b> Establish methodology for measuring the effectiveness of Council’s engagement with community groups and individuals.	<b>Results for 2021/22</b>  <div style="text-align: center;"><b>Achieved</b></div> A methodology for the insights programme was developed during the year, which was reviewed by the Strategy, Planning & Engagement Group on 15 June 2022.

### Partnerships Activity

This activity works with others to support on the ground action and new ways of working to improve water and land. To achieve the environmental outcomes for freshwater and estuaries sought by the community and iwi over a generation (a state of hauora *wellbeing* over a 25-30 year period), an integrated catchment management approach with five-yearly steps is proposed to be co-developed in partnership with other organisations such as Te Ao Mārama Inc and Thriving Southland<sup>3</sup>.

Environment Southland and Te Ao Mārama Inc’s overarching programme to improve water and land in the region is the **People Water and Land programme Te Mana o te Tangata, te Wai, te Whenua**. Other partnership projects include:

- Whakamana te Waituna – a project to restore the mana of the Waituna catchment and wetlands;
- Aparima Community Environment (ACE) – farmer leaders supported by agencies with a vision to build and support the resilience of the Aparima area.

<sup>3</sup> A community-led group that is working with the community to drive positive change in the primary sector in Murihiku Southland, by working with farmers and supporting catchment groups.

**LEVEL OF SERVICE 8**

Council works in partnership with iwi, community groups, businesses, government agencies and councils to deliver projects that improve Murihiku Southland’s water and land ecosystems.

**Measure and 2021/22 Target 8**

**Measure:** Co-design and implement a hauora approach to integrated catchment management that provides a stepped approach to achieving an iwi and community vision when giving effect to Te Mana o te Wai in the region.

**Target:** Completion of project plan.

**Results for 2021/22**

**Not achieved**

Scoping occurred during the 2021/22 year. This is a key step in the wider implementation of the NPSFM 2020 and move to an integrated catchment management approach within the organisation.

This project will be advanced as part of the water policy development workstream following the receipt of the Regional Forum’s advice.

**Funding Impact Statement - Water and Land  
for the year ended 30 June 2022**

LTP 2020/21	Actual 2020/21		Actual 2021/22	LTP 2021/22
\$000	\$000		\$000	\$000
<b>Sources of operating funding</b>				
3,160	3,128	General rates, uniform annual charges, rates penalties	4,261	4,956
2,059	2,059	Targeted rates	2,317	2,314
0	0	Subsidies and grants for operating purposes	0	0
1,159	1,289	Fees and charges	1,508	1,464
0	0	Internal Charges and overheads recovered	0	0
1,281	1,309	Local authorities fuel tax, fines, infringement fees and other receipts	1,394	1,541
<b>7,659</b>	<b>7,784</b>	<b>Total Operating Funding</b>	<b>9,479</b>	<b>10,275</b>
<b>Applications of Operating Funding</b>				
6,172	7,213	Payments to staff and suppliers	6,679	8,061
23	10	Financing Costs	0	30
0	0	Internal Charges and overheads applied	0	0
4,147	2,660	Other operating funding applications	2,884	3,219
<b>10,342</b>	<b>9,882</b>	<b>Total Applications of Operating Funding</b>	<b>9,563</b>	<b>11,311</b>
<b>(2,683)</b>	<b>(2,098)</b>	<b>Surplus/(deficit) of operating funding</b>	<b>(84)</b>	<b>(1,036)</b>
<b>Sources of capital funding</b>				
0	0	Subsidies and grants for capital expenditure	0	0
0	0	Development and financial contributions	0	0
0	0	Increase / (decrease) in debt	0	0
0	0	Other dedicated capital funding	0	0
30	0	Gross proceeds from the sale of assets	0	60
0	0	Lump sum contributions	0	0
<b>30</b>	<b>0</b>	<b>Total sources of capital funding</b>	<b>0</b>	<b>60</b>
<b>Applications of capital funding</b>				
Capital expenditure				
0	12	- to meet additional demand	5	0
0	0	- to improve the level of service	0	0
184	211	- to replace existing assets	455	502
(1,925)	(1,369)	Increase/(decrease) in Reserves	(621)	(1,445)
(912)	(952)	Increase/(decrease) in Investments	78	(32)
<b>(2,653)</b>	<b>(2,098)</b>	<b>Total applications of capital funding</b>	<b>(84)</b>	<b>(976)</b>
<b>2,683</b>	<b>2,098</b>	<b>Surplus/(deficit) of capital funding</b>	<b>84</b>	<b>1,036</b>
<b>0</b>	<b>0</b>	<b>Funding Balance</b>	<b>0</b>	<b>(0)</b>
383	313	Depreciation expense (not included in the above FIS)	357	326
0	68	Amortisation expense (not included in the above FIS)	22	0



### 3. Biosecurity and Biodiversity

#### Our aspirations for biosecurity and biodiversity

Over the next 10 years, the Council will work with iwi, communities, other councils and organisations to improve and protect the region’s biodiversity and actively manage the number of pests in the region.

#### At a glance...



#### Community Connection

This group of activities is about protecting and enhancing the region’s biodiversity and natural environment. This includes protecting the environment, economy and community from the adverse impacts of harmful organisms.

#### Our performance and delivery against targets

##### Regulation and Planning Activity

**Biodiversity:** This activity focuses on Environment Southland’s function of maintaining indigenous biological diversity (Section 30 of the RMA). This will be achieved through the development of appropriate objectives, policies and methods. In addition, central government has been working towards a new National Biodiversity Strategy and National Policy Statement on Indigenous Biodiversity. The implications of these requirements are yet to be fully understood. As the new requirements become clear, we will work to understand and adopt them. The Regional Sector has a strong focus on active management being a key to maintaining biodiversity.

**Biosecurity:** This activity focuses on the implementation of the Regional Pest Management Plan (RPMP) and the Fiordland Marine Regional Pathways Management Plan (FMRPMP) under the Biosecurity Act. This designates a range of species as pests, which are managed under work programmes including assisting landowners to deal with them and, where necessary, to apply and enforce rules.

<p><b>LEVEL OF SERVICE 9</b> Appropriate regulatory tools are in place for the species type and there is a consistent policy framework for managing harmful species.</p>	
<p><b>Measure and 2021/22 Target 9</b> <b>Measures:</b> Council maintains a current RPMP and FMRPMP, develops management plans for new pest incursions and prepares annual reports in accordance with the Biosecurity Act.</p>	<p><b>Results for 2021/22</b></p> <div style="border: 2px solid orange; padding: 5px; text-align: center; margin: 10px 0;"> <p><b>Not achieved</b></p> </div> <p>The RPMP and FMRPMP continue to be operational.</p> <p>Incursion plans were completed for Rooks and Wallabies. Work on the pest plant and marine incursion plans was</p>

<p><b>Targets:</b> The RPMP and FMRPMP remain operational. Incursion management plans are completed for all exclusion species. The Annual Report is submitted to Council.</p>	<p>underway, but not completed by 30 June 2022. Finalising these plans will be a priority for the first quarter of the 2022/23 year.</p> <p>The 2021/22 Annual Report was submitted to Council, via the Regional Services Committee on 4 August 2022.</p>
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### Science, Research and Monitoring Activity

This activity focuses on collecting data to establish a baseline and providing ongoing monitoring of the region's biodiversity. It also focuses on monitoring the number of pests in the region and early identification of areas where there is heightened risk of incursions.

<p><b>LEVEL OF SERVICE 10</b> Biodiversity and biosecurity work programmes are based on data and research.</p>	
<p><b>Measure and 2021/22 Target 10.1</b> <b>Measure:</b> Proportion of the annual biodiversity monitoring programme completed.*</p> <p><b>Targets:</b> 5 or more avian monitored sites monitored by 30 June 2022. 7 or more rodent monitoring sites monitored by 30 June 2022.</p> <p><i>*This programme may change depending on the requirements of the new National Policy Statement on Indigenous Biodiversity.</i></p>	<p><b>Results for 2021/22</b></p> <p style="text-align: center;"><b>Achieved</b></p> <p>Avian monitoring was completed at seven sites across the region during the year – Motupohue/Bluff Hill, Omaui, Bushy Point, Otatara, Mores Reserve, Rakiura/Stewart Island and the lower Maitara. A highlight has been the increase of Kakariki and Tui observed at sites across the region.</p> <p>Additional audio bird recording techniques were trialled in an attempt to confirm the presence of Bittern and Crake in the lower Maitara.</p> <p>Rodent monitoring was completed at seven sites on a quarterly basis during the year.</p>
<p><b>Measure and 2021/22 Target 10.2</b> <b>Measure:</b> Proportion of the annual monitoring outlined in the RPMP and FMRPMP Operational Plans completed.</p> <p><b>Target:</b> All annual monitoring completed by 30 June 2022.</p>	<p><b>Results for 2021/22</b></p> <p style="text-align: center;"><b>Not achieved</b></p> <p>RPMP monitoring was completed, including the monitoring of more than 25% of PCA and 10 rabbit sites.</p> <p>The design work for an updated pest plant and marine pest monitoring programme was undertaken.</p> <p>In terms of RPMP and FMRPMP compliance monitoring, two Fiordland compliance trips were scheduled during the year. The January trip was cancelled by DOC due to COVID-19. The April trip was successfully undertaken, with no marine pests found on any vessels and structures. There was generally a high level of compliance, however, some recreational and commercial vessels did not have current clean vessel passes.</p>

	The missed Fiordland trip means that this target was not achieved for the 2021/22 year but was only a small component of the overall annual monitoring.
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<p><b>Measure and 2021/22 Target 10.3</b></p> <p><b>Measure:</b> Surveillance is carried out at high risk incursion points (as identified by species specific incursion response plans).</p> <p><b>Target:</b> Surveillance at all identified high risk incursion points is carried out.</p>	<p><b>Results for 2021/22</b></p> <div style="border: 2px solid orange; padding: 5px; text-align: center; margin: 10px 0;"><b>Not achieved</b></div> <p>High Risk Rook site monitoring was completed in Quarter 2.</p> <p>Fiordland marine pest surveillance monitoring was completed in Quarter 4.</p> <p>Pest plant surveillance was unable to be completed due to lack of an incursion response plan (Level of Service 9).</p>
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### Community Engagement and Education Activity

This activity focuses on Council’s advisory and complaints service, which includes the provision of information and support for landowners, agencies and industries on effective pest control. It also includes the events and activities run by the Council to raise awareness about biodiversity and biosecurity in the region.

<p><b>LEVEL OF SERVICE 11</b></p> <p>Appropriate regulatory tools are in place for the species type and there is a consistent policy framework for managing harmful species.</p>	
<p><b>Measure and 2021/22 Target 11</b></p> <p><b>Measure:</b> Effective engagement with community groups and individuals.</p> <p><b>Target:</b> Establish methodology for measuring the effectiveness of our engagement with community groups and individuals.</p>	<p><b>Results for 2021/22</b></p> <div style="border: 2px solid green; padding: 5px; text-align: center; margin: 10px 0;"><b>Achieved</b></div> <p>The biannual customer phone survey to measure effectiveness of engaging with individuals was completed.</p> <p>A methodology for the insights programme was developed during the year, which was reviewed by the Strategy, Planning &amp; Engagement Group on 15 June 2022.</p>

## LEVEL OF SERVICE 12

Biosecurity advice and assistance is accessible to those who need it.

### Measure and 2021/22 Target 12.1

**Measure:** Proportion of biosecurity service requests that were resolved.

**Targets:** 100% of biosecurity service requests resolved.

### Results for 2021/22

**Not achieved**

Over the full financial year the team responded to 237 enquiries, 93% of which have been resolved. Work on the remaining 16 is underway.

### Measure and 2021/22 Target 12.2

**Measure:** Number of landowners receiving a high value area report.

**Target:** 39 or more landowners to receive a high value area report.

### Results for 2021/22

**Achieved**

The project has completed a total of approx 22,500 ha of ecological surveys. 96 private properties totalling approx 8,250 ha have been surveyed and approx 14,250 ha of public conservation land. Out of the 96 private sites surveyed during the year, 39 landowners received written reports by the end of June 2022.

## Partnerships Activity

Partnership projects give the ability to achieve more and at a larger scale than can be done alone. This activity is about the projects that will be delivered with others and the investment made in developing strong relationships across the region.

The Council will focus on a partnership approach to biodiversity and biosecurity management to help ensure an efficient allocation of resources. Working with and empowering the community, other agencies, and our neighbours will ultimately provide the best outcomes for Murihiku Southland. Co-ordinating programmes will help prevent fragmented responses by connecting available resources. Environment Southland will continue to establish the mechanisms to allow for information exchange, co-ordination, and co-operation between all levels of government, the community and the private sector to facilitate a coordinated biosecurity response.

Key partnerships include:

- Biodiversity Southland;
- Fiordland Marine Guardians;
- Mid Dome Wilding Conifer Control Trust;
- National Wilding Conifer Control Programme;
- Predator Free Rakiura;
- Predator Free Southland.

### LEVEL OF SERVICE 13

Council will work with landowners to protect or enhance biodiversity and initiatives that help landowners to manage harmful species on privately owned-land.

#### Measure and 2021/22 Target 13.1

**Measures:** The number of biodiversity project grants approved and completed.

**Target:** 10 or more biodiversity project grants to be approved and completed.

#### Results for 2021/22

**Achieved**

A total of 36 Environmental Enhancement Fund (EEF) applications were received this year. Of these 27 were approved and nine were declined, as they did not meet the criteria. The 27 projects total \$794,544, with the EEF fund contributing \$294,798. Only two projects were not completed this year, due to the drought over the summer months. These projects have been carried forward to next financial year for completion.

#### Measure and 2021/22 Target 13.2

**Measures:** The number of partnership activities is maintained.

**Target:** Six or more key partnership activities are maintained.

#### Results for 2021/22

**Achieved**

Partnerships with Biodiversity Southland, Fiordland Marine Guardians, Mid Dome Wilding Conifer Control Trust, National Wilding Conifer Control Programme, Predator Free Rakiura and Predator Free Southland continued to be maintained during the year through regular meetings and various forms of support.

### Council Operations Activity

The Council's operational activities will be targeted towards achieving outcomes in the biodiversity and biosecurity strategies.

Work will include active management of priority species and work at priority sites. This will include activities such as:

- Environmental Enhancement Grants\*;
- Fish Passage Remediation\*;
- High Value Area Programme\*;
- Possum Control Areas;
- Pest Control Programmes as outlined in the RPMP Operations Plan\*;
- Undaria Control Programme\*.

*\*These programmes have received additional funding from Jobs for Nature.*

**LEVEL OF SERVICE 14**

Council will deliver management programmes designed to improve regional biodiversity, human health and economic prosperity.

**Measure and Target 2021/22 14.1**

**Measure:** Numbers of biodiversity sites and ecosystem types in active management.

**Target:** Establish number of biodiversity sites and ecosystem types in active management.

**Results for 2021/22**

**Achieved**

45 biodiversity management plans were completed during the year.

**Measure and 2021/22 Target 14.2**

**Measures:** Proportion of the biosecurity programmes achieved as per the Operational Plans.

**Target:** 50% of biosecurity programmes as per the Operational Plans were achieved, and 50% were partially achieved.

**Results for 2021/22**

**Achieved**

During the year, 159 targets (86%) were completed, 19 (11%) partially completed and 6 (3%) were not achieved.

**Measure and 2021/22 Target 14.3**

**Measure:** The Possum Control Area programme continues to expand and the maintenance schedule is co-ordinated and completed.

**Targets:** An increase from 355,064 ha (PCA programme –July 2020) and 100% of the maintenance schedule is completed.

**Results for 2021/22**

**Not achieved**

As at 30 June 2022, the Possum Control Area (PCA) programme covered 387,524 ha.

Scheduled maintenance was behind schedule during the year due to COVID-19 and contractor capacity issues. Maintenance was not completed on 13 PCAs.

**Funding Impact Statement - Biosecurity & Biodiversity  
for the year ended 30 June 2022**

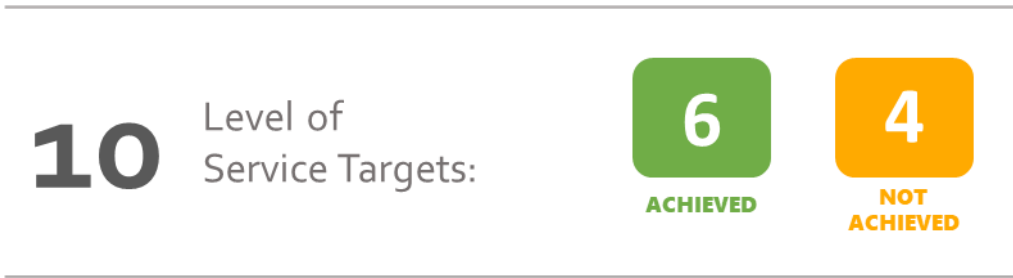
LTP 2020/21 \$000	Actual 2020/21 \$000		Actual 2021/22 \$000	LTP 2021/22 \$000
		<b>Sources of operating funding</b>		
1	0	General rates, uniform annual charges, rates penalties	347	344
2,535	2,535	Targeted rates	2,535	2,532
0	0	Subsidies and grants for operating purposes	0	0
62	3,749	Fees and charges	4,934	4,790
0	0	Internal Charges and overheads recovered	0	0
9	0	Local authorities fuel tax, fines, infringement fees and other receipts	113	115
<b>2,608</b>	<b>6,285</b>	<b>Total Operating Funding</b>	<b>7,929</b>	<b>7,780</b>
		<b>Applications of Operating Funding</b>		
2,326	5,949	Payments to staff and suppliers	7,334	7,226
6	6	Financing Costs	0	2
0	0	Internal Charges and overheads applied	0	0
620	408	Other operating funding applications	172	602
<b>2,953</b>	<b>6,363</b>	<b>Total Applications of Operating Funding</b>	<b>7,506</b>	<b>7,831</b>
<b>(345)</b>	<b>(79)</b>	<b>Surplus/(deficit) of operating funding</b>	<b>423</b>	<b>(51)</b>
		<b>Sources of capital funding</b>		
0	0	Subsidies and grants for capital expenditure	0	0
0	0	Development and financial contributions	0	0
0	0	Increase / (decrease) in debt	0	0
0	0	Other dedicated capital funding	0	0
26	0	Gross proceeds from the sale of assets	6	26
0	0	Lump sum contributions	0	0
<b>26</b>	<b>0</b>	<b>Total sources of capital funding</b>	<b>6</b>	<b>26</b>
		<b>Applications of capital funding</b>		
		Capital expenditure		
0	1	- to meet additional demand	0	0
0	(0)	- to improve the level of service	0	0
75	6	- to replace existing assets	21	75
(187)	(181)	Increase/(decrease) in Reserves	782	(166)
(207)	95	Increase/(decrease) in Investments	(373)	66
<b>(319)</b>	<b>(79)</b>	<b>Total applications of capital funding</b>	<b>430</b>	<b>(25)</b>
<b>345</b>	<b>79</b>	<b>Surplus/(deficit) of capital funding</b>	<b>(423)</b>	<b>51</b>
<b>0</b>	<b>0</b>	<b>Funding Balance</b>	<b>0</b>	<b>0</b>
53	53	Depreciation expense (not included in the above FIS)	48	68
0	44	Amortisation expense (not included in the above FIS)	17	0

# 4. Climate Change and Community Resilience

## Our aspirations for climate change and community resilience

Over the next 10 years, the Council will work with iwi, communities, other councils and organisations to understand, prepare and respond to the challenges and opportunities resulting from climate change. It will build on the community’s experience and knowledge in responding to natural hazards, events and emergencies.

### At a glance...



## Community Connection

The short and long-term impacts natural hazards and climate change have on people’s homes, businesses and well-being can be devastating. The more we can learn, understand and plan for these events, the better positioned we will be to build community resilience and cope with them.

This group of activities is about working with Murihiku Southland communities to be prepared for (and recover faster from) events and emergencies such as floods, droughts and wildfires.

## Our performance and delivery against targets

### Regulation and Planning Activity

The Council is responsible for controlling (through our plans and policies) the use of land to avoid or mitigate the effects of natural hazards, identify natural hazards and reduce risk. This includes ensuring the community is prepared for the impacts of climate change such as sea level rise and increased storm surges on coastal communities. It is vital going forward that all Council decision-making processes include consideration of climate change implications. The review of the Southland Regional Policy Statement will be a key vehicle for putting in place the framework to do this.

<p><b>LEVEL OF SERVICE 15</b> Our plans and projects are designed to minimise the negative effects of climate change on the region’s communities.</p>	
<p><b>Measure and 2021/22 Target 15</b> <b>Measure:</b> Review the Southland Regional Policy Statement to ensure consideration of climate implications.</p>	<p><b>Results for 2021/22</b></p> <div style="border: 2px solid orange; padding: 5px; text-align: center; margin: 10px 0;"> <p><b>Not achieved</b></p> </div> <p>Given two delays to relevant pieces of legislation including the Climate Change Adaptation Bill and the implementation deadline for the National Planning Standards being extended</p>



<p><b>Target:</b> Regional Policy Statement review to take account of hazard and climate change legislation.</p>	<p>to 2024, the review of the Regional Policy Statement (RPS) has been narrowed to focus only on freshwater at this time.</p> <p>The climate change and natural hazard changes will need to be done in advance or alongside the development of a Regional Spatial Strategy under the new legislation that will replace the RMA.</p>
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### Science, Research and Monitoring Activity

This activity focuses on monitoring and researching the region’s natural hazards, flood risk modelling and the effect of climate change on community wellbeing. The information gathered in this activity is used to inform Council policies, plans and operations.

A key focus for this activity in the next few years is to investigate the impacts of a changing climate on the region’s social, economic, environmental and cultural well-being so that our plans and policies can be updated accordingly.

<p><b>LEVEL OF SERVICE 16</b> Provide timely and high quality information about natural hazards to inform planning and emergency management activities.</p>	
<p><b>Measure and 2021/22 Target 16.1</b> <b>Measure:</b> Real-time river level and rainfall information is made available to the community.</p> <p><b>Target:</b> Flood warning network operational 100% of the time during flood events.*</p> <p><i>*Excluding scheduled maintenance, external system outages and as a result of damage caused by flooding or earthquake.</i></p>	<p><b>Results for 2021/22</b></p> <div data-bbox="742 1010 1003 1088" style="border: 1px solid green; background-color: #d4edda; padding: 5px; text-align: center; margin: 10px 0;"> <p><b>Achieved</b></p> </div> <p>There were three flood events during the year. The flood warning network was 100% operational during these events. One site out of 52 was temporarily down, due to an external system outage, but fixed within 12 hours with no loss of data.</p>
<p><b>Measure and 2021/22 Target 16.2</b> <b>Measure:</b> Provide information to support the development and implementation of the Murihiku Southland Regional Climate Change Strategy.</p> <p><b>Target:</b> An information gap assessment and forward work programme is completed by 30 June 2022.</p>	<p><b>Results for 2021/22</b></p> <div data-bbox="742 1503 1050 1585" style="border: 1px solid orange; background-color: #fff3cd; padding: 5px; text-align: center; margin: 10px 0;"> <p><b>Not achieved</b></p> </div> <p>This performance target is linked to performance target 18.2 (development of a Murihiku Southland Regional Climate Change Strategy).</p> <p>During the year, Environment Southland formed a Climate Change Sub-committee to progress this work. A regional hui on climate change was deferred until 4 July 2022 due to COVID-19. It was agreed to bring a group of governance and staff across all councils and Te Ao Mārama Inc to develop a joint work programme and draft terms of reference. An information gap assessment will occur as part of this work.</p>

**Community Engagement and Education Activity**

This activity focuses on improving community resilience by increasing the knowledge and understanding of hazards to enable people to make better and more informed choices for now and in the future. This includes making hazard and climate information more readily available, improving the quality and type of information that is provided and ensuring communities are prepared for natural events.

A key focus for this activity will be to help the community to understand and respond to climate change over the next 10 years.

<p><b>LEVEL OF SERVICE 17</b> Assist communities to understand and adapt to the effects of climate change and natural hazards.</p>	
<p><b>Measure and 2021/22 Target 17.1</b> <b>Measure:</b> Increased awareness of climate change and impacts by community and business.  <b>Target:</b> Establish methodology for measuring community and business awareness of climate change and its impacts.</p>	<p><b>Results for 2021/22</b></p> <p style="text-align: center;"><b>Achieved</b></p> <p>A methodology for the insights programme was developed during the year, which was reviewed by the Strategy, Planning &amp; Engagement Group on 15 June 2022.</p> <p>Following on from the above, a climate change awareness survey will be conducted in the 2022/23 financial year.</p>
<p><b>Measure and 2021/22 Target 17.2</b> <b>Measures</b> Progressively make hazard information more readily available.  <b>Targets:</b> Publish two town natural hazard summaries. Introduce push hazard alerting system. Develop dedicated natural hazard pages on ES website.</p>	<p><b>Results for 2021/22</b></p> <p style="text-align: center;"><b>Not achieved</b></p> <p>Town natural hazard summaries were produced for Wyndham and Winton.</p> <p>The push hazard alerting system “Antenno” was secured and is currently being implemented.</p> <p>A dedicated natural hazard page on Environment Southland’s website is in development, which will feature town natural hazard summaries.</p>

**Partnerships Activity**

Council works collaboratively with iwi, communities, other councils and organisations to develop and implement solutions for improving the region’s response to climate change and ensure its resilience to natural hazards, events and emergencies. A core part of this activity is emergency management as a shared service with Southland District Council, Gore District Council and Invercargill City Council. The emergency management service focuses on ensuring communities are prepared for emergencies and that they are able to respond to and recover from these when they do happen. Specific actions include public education and ensuring a pool of trained personnel.

Taking a partnership approach to tackling climate change and its effect on lifestyles, property, infrastructure and businesses will be critical to ensure the wellbeing of Murihiku Southland communities.

## LEVEL OF SERVICE 18

Work with partners to strengthen the region's resilience to climate change and ability to cope with any civil defence emergency.

### Measure and 2021/22 Target 18.1

**Measure:** Support Emergency Management Southland in accordance with the Southland Civil Defence Emergency Management Group/Environment Southland Service Level Agreement, including the provision of suitably trained staff.

**Target:** No issues raised about the level of support provided by Environment Southland.

### Results for 2021/22

**Achieved**

Environment Southland provides staff for foundation course training, Co-ordinated Incident Management System (CIMS) training and have two Alternate Controllers.

During the year, COVID-19 meant that some rostered training courses had to be delayed. This coupled with staff vacancies has resulted in a decrease of trained Environment Southland staff. Emergency Management Southland will work closely with People and Capability to build numbers back up again. While numbers are lower than historically, Environment Southland still meets the minimum required number of suitably trained staff set out in the Service Level Agreement.

### Measure and 2021/22 Target 18.2

**Measure:** Jointly develop and implement a Murihiku Southland Regional Climate Change Strategy with regional partners.

**Target:** A joint Council and Iwi Environment Forum is operational.

### Results for 2021/22

**Achieved**

During the year, Environment Southland formed a Climate Change Sub-committee comprised of Councillors and mana whenua representatives as a forum to progress this work. A regional hui on climate change was deferred until 4 July 2022 due to COVID-19. It was agreed to bring a group of governance and staff across all councils and Te Ao Mārama Inc to develop a joint work programme and terms of reference.

## Council Operations Activity (including flood protection and control works)

The majority of the Murihiku Southland community resides and works within an environment at risk from flooding, alongside the rivers of the region. That risk is managed in many instances (and by varying degrees) by the Council's key infrastructure responsibility of stopbank flood protection schemes. There are 458 kilometres of stopbanks in the region designed to protect property, lives and livelihoods in urban and rural areas.

Annual programmes are undertaken so that communities can be assured of the standard of protection received from flood protection schemes and informed decisions on floodplain developments are made. These programmes also support timely action to minimise the effects of flooding and reduce the threat to life, property and the environment.

Forecast changes in the region's climate is expected to lead to greater seasonal variability and intensity of rainfall which could lead to more frequent flooding than historic levels.

Significant funding has been received from the government to advance climate resilience projects in the region as part of the COVID-19 recovery. The projects include the upgrading and raising of the stopbanks around Gore, Maitai and Wyndham and a joint project with Invercargill City Council to upgrade the stopbank

infrastructure in Invercargill. This will see the height of the Stead Street, Waihopai and Otepunu stopbanks raised, and the Stead Street pump station, which helps to drain water from the Invercargill Airport and surrounding areas, including farmland, replaced.

<p><b>LEVEL OF SERVICE 19</b> Council owned infrastructure is maintained and enhanced to a level that works to reduce the negative impacts of natural hazards, flooding and climate change.</p>	
<p><b>Measure and 2021/22 Target 19.1</b> <b>Measure:</b> Increase the level of flood protection for the towns of Gore, Mataura and Wyndham and the Invercargill City and Airport. <b>Target:</b> Agreed flood protection work with central government achieved.</p>	<p><b>Results for 2021/22</b></p> <p style="text-align: center;"><b>Not achieved</b></p> <p>Good progress was made with the investigation, design and overall project planning for the climate resilience projects but not all of the construction commencement dates identified in the funding agreement with central government have/will be met.</p> <p>An evaluation of the Mataura River stopbanks by specialist engineers, as part of the climate resilience projects, identified concerns. The investigations highlighted that further work was required to better understand the capacity and integrity of the stopbanks.</p> <p>The Project Team and Working Group have been Working with Kānoa (a division of Ministry of Business, Innovation &amp; Employment) to agree on a revised scope of the programme of work.</p> <p>The Stead Street pump station is progressing through a tender process.</p>
<p><b>Measure and 2021/22 Target 19.2</b> <b>Measures:</b> The major flood protection and control works are maintained, repaired and renewed to the key standards defined in the Council’s Asset Management Plans maintenance.* <b>Target:</b> Establish the maintenance, repair and renewal schedule.</p> <p><i>*Alternatively, this may be based on approved changes to the work programme. It should also be noted that it is intended to merge the current Asset Management Plans into one document no later than the end of 2023.</i></p>	<p><b>Results for 2021/22</b></p> <p style="text-align: center;"><b>Achieved</b></p> <p>The schedule of works has been developed as required in the LTP. All schemes were inspected during the 2021/22 year.</p>

**Measure and Target 2021/22 19.3**

**Measures:** The number of schemes reviewed.

**Target:** One scheme per year.

**Results for 2021/22**

**Achieved**

An external contractor was engaged to undertake a scheme review for the Lake Hawkins Rating District. This is one of eight rating districts: Te Anau, Waiau, Aparima, Matura, Oreti, Makarewa, Lake Hawkins and Invercargill.

**Funding Impact Statement - Climate Change and Community Resilience  
for the year ended 30 June 2022**

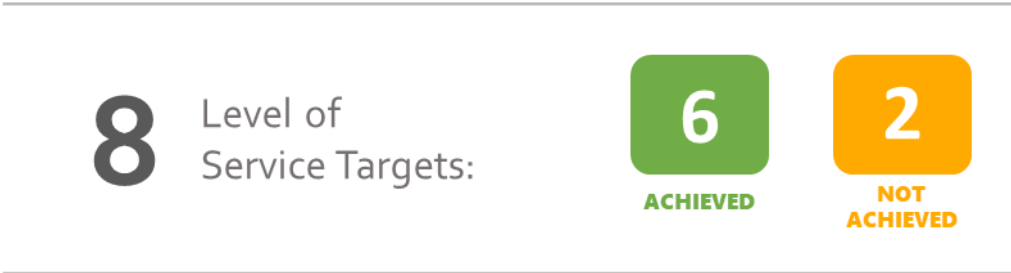
LTP 2020/21 \$000	Actual 2020/21 \$000		Actual 2021/22 \$000	LTP 2021/22 \$000
<b>Sources of operating funding</b>				
1,872	2,022	General rates, uniform annual charges, rates penalties	2,285	2,224
3,768	3,759	Targeted rates	3,872	3,879
0	0	Subsidies and grants for operating purposes	0	0
1,481	2,445	Fees and charges	2,174	1,118
0	0	Internal Charges and overheads recovered	0	0
931	1,890	Local authorities fuel tax, fines, infringement fees and other receipts	1,834	1,811
<b>8,052</b>	<b>10,116</b>	<b>Total Operating Funding</b>	<b>10,166</b>	<b>9,032</b>
<b>Applications of Operating Funding</b>				
6,648	8,212	Payments to staff and suppliers	7,170	7,009
18	10	Financing Costs	0	14
0	0	Internal Charges and overheads applied	0	0
1,545	1,366	Other operating funding applications	2,114	1,778
<b>8,211</b>	<b>9,587</b>	<b>Total Applications of Operating Funding</b>	<b>9,284</b>	<b>8,800</b>
<b>(159)</b>	<b>529</b>	<b>Surplus/(deficit) of operating funding</b>	<b>882</b>	<b>232</b>
<b>Sources of capital funding</b>				
0	1,261	Subsidies and grants for capital expenditure	2,220	8,758
0	0	Development and financial contributions	0	0
0	0	Increase / (decrease) in debt	0	0
0	0	Other dedicated capital funding	0	0
0	0	Gross proceeds from the sale of assets	0	0
0	0	Lump sum contributions	0	0
<b>0</b>	<b>1,261</b>	<b>Total sources of capital funding</b>	<b>2,220</b>	<b>8,758</b>
<b>Applications of capital funding</b>				
Capital expenditure				
0	3	- to meet additional demand	0	0
0	5	- to improve the level of service	798	9,035
0	34	- to replace existing assets	86	2,653
523	2,315	Increase/(decrease) in Reserves	2,408	(2,720)
(682)	(568)	Increase/(decrease) in Investments	(190)	22
<b>(159)</b>	<b>1,789</b>	<b>Total applications of capital funding</b>	<b>3,102</b>	<b>8,990</b>
<b>159</b>	<b>(529)</b>	<b>Surplus/(deficit) of capital funding</b>	<b>(882)</b>	<b>(232)</b>
<b>(0)</b>	<b>(0)</b>	<b>Funding Balance</b>	<b>0</b>	<b>(0)</b>
222	190	Depreciation expense (not included in the above FIS)	156	174
0	66	Amortisation expense (not included in the above FIS)	21	0

# 5. Coast and Marine

## Our aspirations for coast and marine

Over the next 10 years, the Council will work with iwi, communities, other councils and organisations to ensure our Regional Coastal Plan gives effect to national direction. Outstanding landscapes and significant indigenous biodiversity are protected and it is safe to access and use our coastal areas.

### At a glance...



## Community Connection

Environment Southland is responsible for the integrated management of the coastal marine area, as well as ensuring that users of coastal waters do so in a safe way. Murihiku Southland’s coast is the longest of any region in New Zealand and extends from Fiordland in the west round to the Catlins in the east and also includes Rakiura Stewart Island.

## Our performance and delivery against targets

### Regulation and Planning Activity

This activity focuses on the Council’s regional planning, regulatory and compliance activities under the RMA. A key project under this activity is the review of the Regional Coastal Plan.

The Regional Coastal Plan review has been underway for three years and involves multiple stakeholders and agencies with roles and responsibilities in the coastal marine area. These include iwi, territorial authorities, the Department of Conservation, Fiordland Marine Guardians and the community.

The implementation of the New Zealand Coastal Policy Statement through the review of the Regional Coastal Plan will provide an opportunity to reassess the way we manage a number of activities including cruise ships and commercial surface water activities in our unique and outstanding areas of the coastal marine area, including Milford Sound.

**LEVEL OF SERVICE 20**

Regulatory processes, plans and resources are in place to identify and protect significant or at-risk elements of the coastal marine area, including enforcement when necessary.

**Measure and 2021/22 Target 20.1**

**Measure:** The Southland Regional Coastal Plan is operative and complies with the NZ Coastal Policy Statement.

**Target:** Review of Regional Coastal Plan continues.

**Results for 2021/22**

**Achieved**

The review of the Regional Coastal Plan has progressed throughout the year in partnership with Te Ao Mārama Inc.

**Science, Research and Monitoring Activity**

This activity focuses on understanding the state of the coastal marine area monitoring ends and undertaking research to understand and respond to emerging issues. This information is used to inform Council policies, plans and engagement with the community.

There is limited information on the current state of the environment and the potential impacts of climate change and sea level rise. Open ocean aquaculture is new to Murihiku Southland and has been identified as an area that would benefit from further investigation and research. New and adaptive management approaches to ensure risks to the environment are minimised have also been identified as a priority research area for this LTP.

**LEVEL OF SERVICE 21**

Regular monitoring to track progress and identify risks to coastal marine area.

**Measure and 2021/22 Target 21.1**

**Measure:** Undertake regular monitoring of recreational bathing sites at beaches in the coastal marine area.

**Target:** 13 sites monitored regularly between 1 December and 31 March.

**Results for 2021/22**

**Achieved**

The recreational bathing and summer monitoring programmes were undertaken between 1 December 2021 and 31 March 2022 with analysis and reporting occurring in the fourth quarter of the year.

**Measure and 2021/22 Target 21.2**

**Measure:** Strategic assessment of coastal information needs.

**Target:** Completion of project plan setting out the work programme.

**Results for 2021/22**

**Not achieved**

A contract with an external provider was put in place with the work to be completed in September 2022.



<p><b>Measure and 2021/22 Target 21.3</b>  <b>Measure:</b> Increased knowledge of significant or at-risk marine ecological areas.</p> <p><b>Target:</b> Identification of marine significant ecological areas and threats (baseline information).</p>	<p><b>Results for 2021/22</b></p> <div style="text-align: center; border: 1px solid black; background-color: #c6e0b4; padding: 5px; width: fit-content; margin: 0 auto;"><b>Achieved</b></div> <p>This project was advanced under the guidance of the joint Environment Southland - Te Ao Mārama Inc Coastal Steering Group. Meetings occur monthly, where matters such as marine ecological areas are discussed. The identification of these areas will be done to inform the review of the Regional Coastal Plan.</p>
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### Community Engagement and Education Activity

Council provides boating education and works with community to ensure the safe use of the coastal marine area. It also provides information to increase community understanding of the marine environment.

<p><b>LEVEL OF SERVICE 22</b>  Highly visible and engaging education programme about how to safely enjoy the coastal marine area and Inland Lakes and to increase community understanding of the marine environment.</p>	
<p><b>Measure and 2021/22 Target 22</b>  <b>Measure:</b> Effective engagement with community groups and individuals.</p> <p><b>Target:</b> Establish methodology for measuring the effectiveness of our engagement with community groups and individuals.</p>	<p><b>Results for 2021/22</b></p> <div style="text-align: center; border: 1px solid black; background-color: #c6e0b4; padding: 5px; width: fit-content; margin: 0 auto;"><b>Achieved</b></div> <p>A methodology for the insights programme was developed during the year, which was reviewed by the Strategy, Planning &amp; Engagement Group on 15 June 2022.</p>

### Partnerships Activity

Council works collaboratively with iwi, councils, research entities, groups, agencies, homeowners and businesses to increase knowledge and improve the integrated management of the coastal marine area. Examples include partnering with Land Information New Zealand to increase the coverage of benthic mapping in Murihiku Southland and active engagement in the operationalisation of the Milford Opportunities Project's Master Plan.

<p><b>LEVEL OF SERVICE 23</b>  Council works with iwi, councils, research entities, the community, businesses and community organisations to sustainably manage the coastal marine area.</p>	
<p><b>Measure and 2021/22 Target 23</b>  <b>Measure:</b> Develop a structured partnership plan for the coastal marine area.</p> <p><b>Target:</b> Develop a structured partnership plan for the coastal marine area.</p>	<p><b>Results for 2021/22</b></p> <div style="text-align: center; border: 1px solid black; background-color: #f4cccc; padding: 5px; width: fit-content; margin: 0 auto;"><b>Not achieved</b></div> <p>Staffing vacancies meant that this work has been deferred until the 2022/23 year.</p>

### Council Operations Activity

The Council has delegated responsibility from Maritime New Zealand for navigation safety and harbour management responsibilities for the region. It is also responsible for providing effective response capability for oil spills that occur in the region's coastal waters.

<b>LEVEL OF SERVICE 24</b> Maintain safe and navigable waterways in the region to protect the people using them.	
<b>Measure and 2021/22 Target 24.1</b> <b>Measure:</b> The risk assessment regime and Safety Management System is consistent with the NZ Port and Harbour Marine Safety Code and compliant with International Standards Organisation (ISO) 9001:2015 certification for customer focus, quality management and continual improvement. <b>Target:</b> Undertake a review to confirm consistency with the Code and compliance with ISO 9001:2015.	<b>Results for 2021/22</b> <b>Achieved</b>  The Environment Southland and South Port Bluff Safety Management Systems (SMS) were combined and reviewed during the year to ensure consistency with the Port & Harbour Marine Safety Code.  All remaining SMS have been reviewed and deemed consistent with the Code.
<b>Measure and 2021/22 Target 24.2</b> <b>Measure:</b> Ensure availability of an operational and emergency response function, and a qualified, experienced and independent regional harbourmaster to provide guidance on the safe navigation of vessels within the region. <b>Target:</b> Ensure advice and information from appropriate staff is available during working hours on weekdays and that a 24 hour 7 day environmental incidents response service is provided.	<b>Results for 2021/22</b> <b>Achieved</b>  A 24 hour a day, 7 day a week response service continued to be provided by the Harbourmaster with contractor support.  Recruitment for a Deputy Harbourmaster role occurred throughout the year but the position is not yet filled due to a tight job market. The casual contract with the previous Deputy Harbourmaster remains in place until a permanent replacement can be found and suitable training of that individual has been undertaken.  Funding for a Navigation Safety Officer FTE has been sourced and a job description for the position has been developed.

**Funding Impact Statement - Coast & Marine  
for the year ended 30 June 2022**

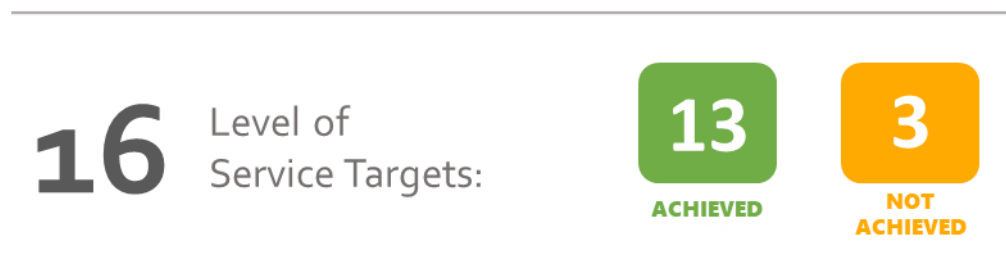
LTP 2020/21 \$000	Actual 2020/21 \$000		Actual 2021/22 \$000	LTP 2021/22 \$000
		<b>Sources of operating funding</b>		
0	0	General rates, uniform annual charges, rates penalties	0	60
0	0	Targeted rates	0	0
0	0	Subsidies and grants for operating purposes	0	0
268	305	Fees and charges	327	332
0	0	Internal Charges and overheads recovered	0	0
0	0	Local authorities fuel tax, fines, infringement fees and other receipts	0	19
<b>268</b>	<b>305</b>	<b>Total Operating Funding</b>	<b>327</b>	<b>411</b>
		<b>Applications of Operating Funding</b>		
834	542	Payments to staff and suppliers	758	747
3	1	Financing Costs	0	0
0	0	Internal Charges and overheads applied	0	0
739	632	Other operating funding applications	328	408
<b>1,577</b>	<b>1,175</b>	<b>Total Applications of Operating Funding</b>	<b>1,086</b>	<b>1,156</b>
<b>(1,309)</b>	<b>(870)</b>	<b>Surplus/(deficit) of operating funding</b>	<b>(759)</b>	<b>(744)</b>
		<b>Sources of capital funding</b>		
0	0	Subsidies and grants for capital expenditure	0	0
0	0	Development and financial contributions	0	0
0	0	Increase / (decrease) in debt	0	0
0	0	Other dedicated capital funding	0	0
15	0	Gross proceeds from the sale of assets	0	0
0	0	Lump sum contributions	0	0
<b>15</b>	<b>0</b>	<b>Total sources of capital funding</b>	<b>0</b>	<b>0</b>
		<b>Applications of capital funding</b>		
		Capital expenditure		
0	0	- to meet additional demand	0	0
0	0	- to improve the level of service	0	0
41	0	- to replace existing assets	0	0
(1,224)	(888)	Increase/(decrease) in Reserves	(695)	(754)
(110)	18	Increase/(decrease) in Investments	(64)	10
<b>(1,294)</b>	<b>(870)</b>	<b>Total applications of capital funding</b>	<b>(759)</b>	<b>(744)</b>
<b>1,309</b>	<b>870</b>	<b>Surplus/(deficit) of capital funding</b>	<b>759</b>	<b>744</b>
<b>(0)</b>	<b>0</b>	<b>Funding Balance</b>	<b>0</b>	<b>(0)</b>
25	59	Depreciation expense (not included in the above FIS)	53	46
0	8	Amortisation expense (not included in the above FIS)	2	0

## 6. Regional Leadership

### Our aspirations for regional leadership

Over the next 10 years, the Council will work with iwi, communities, other councils and organisations to ensure an integrated approach to achieving strategic outcomes for the region.

#### At a glance...



### Community Connection

The Regional Leadership group of activities reflect the ways in which Environment Southland acts on its obligations to provide responsible leadership for regionally significant activities. This group of activities focuses on the opportunities in leading and partnering with all stakeholders to protect, enhance and achieve value from the region's natural resources.

### Our performance and delivery against targets

#### Regulation and Planning Activity

These activities are wide ranging but include regional transport, long-term planning and joint approaches on regional planning matters such as RMA reform and planning standards, as well as corporate strategic planning.

**Regional Transport:** Regional transport management is a responsibility of Council set by legislation. Council is responsible for setting the strategic direction and long-term goals for the region's transport infrastructure and provides guidance to Road Controlling Authorities (territorial authorities and Waka Kotahi NZ Transport Agency) on the preparation of their roading programmes to obtain funding from the National Land Transport Fund.

Otago and Southland Regional Councils work collaboratively via the Regional Transport Committees to develop the Otago Southland Regional Land Transport Plans (RLTP). The RLTP sets the strategic direction for land transport in Murihiku Southland and lists the recommended activities for funding from the National Land Transport Fund administered by Waka Kotahi NZ Transport Agency.

**Regional Planning:** Regional Policy Statements prepared by regional councils are intended to play a key role in achieving an integrated approach to the management of the natural and physical resources of the region. The Southland Regional Policy Statement will be reviewed during the period covered by this LTP.

Similarly, the work of the Regional Planning Working Group (made up of senior planning staff from the four local authorities and Te Ao Mārama Inc) is designed to enable a joined up approach to regional matters, predominately in the RMA space.

These items include a co-ordinated collaborative approach to RMA reform and National Planning Standard implementation, as well as a number of joint projects such as Light Detection and Ranging (LiDAR) acquisition.

The Government has indicated it plans to repeal the RMA and replace it with three new pieces of legislation by the end of 2022, which will have significant implications for regional planning.

**Long-term Planning:** Under the Local Government Act 2002, Council must meet planning and reporting requirements aimed at ensuring that communities are involved in setting the direction and focus for Council activities. The Long-term Plan, Annual Plans and Annual Reports are the main mechanisms for achieving this.

Ensuring value for money for the community relies on Council making sound financial decisions and the community having input into what activities should be undertaken and how they should be funded. This programme of work enables this to happen.

<p><b>LEVEL OF SERVICE 25</b> Provide and implement a Regional Policy Statement to achieve integrated management of natural and physical resources in Murihiku Southland.</p>	
<p><b>Measure and 2021/22 Target 25.1</b> <b>Measures:</b> Progress a review of the Southland Regional Policy Statement.  <b>Target:</b> Undertake a review of the Regional Policy Statement (including seeking input from iwi and the community).</p>	<p><b>Results for 2021/22</b></p> <p style="text-align: center;"><b>Not achieved</b></p> <p>Given delays to national legislation, including the deadline for the National Planning Standards being delayed to 2024, the review of the Regional Policy Statement (RPS) has been narrowed to focus only on freshwater at this time.</p> <p>Draft freshwater visions which have been developed in partnership with iwi and as required by the NSPFM 2020, are currently out for consultation. The results of this consultation will inform further changes to the RPS as well as the Plan Change Tuatahi to come.</p>
<p><b>Measure and 2021/22 Target 25.2</b> <b>Measures:</b> Work collaboratively with the region’s territorial authorities to implement and give effect to the Regional Policy Statement and RMA reforms.  <b>Target:</b> Provide planning support for Southland territorial authorities completing District Plan reviews and changes on issues of regional significance.</p>	<p><b>Results for 2021/22</b></p> <p style="text-align: center;"><b>Achieved</b></p> <p>The Planning and Strategy Managers from ES and the territorial authorities continued to work together on these matters. The 2<sup>nd</sup> Tier Environmental Group (2TEG) also met to support and steer these workstreams.</p>

## LEVEL OF SERVICE 26

Council's planning and reporting functions meet statutory requirements and demonstrate sound business planning

### Measure and 2021/22 Target 26.1

**Measures:** Council's LTP, Annual Plan and Annual Reports meet audit requirements.

**Target:** Unqualified audit opinion achieved for LTP and Annual Report.

### Results for 2021/22

**Achieved**

An unqualified audit opinion for the 2021-2031 LTP was achieved. The audit report for the 2020/21 Annual Report was also unqualified.

### Measure and 2021/22 Target 26.2

**Measures:** Analyse and respond to direction from central government and proposed new legislation and statutory tools that affect the Council's statutory responsibilities and work programmes.

**Target:** Prepare advice on proposed new legislation and statutory tools that are relevant to Environment Southland's activities.

### Results for 2021/22

**Achieved**

This is an ongoing task. During the year, staff assessed, sought Council feedback and provided consultation responses on a number of pieces of central government direction.

## LEVEL OF SERVICE 27

Deliver efficient and effective consenting and compliance monitoring and enforcement services.

### Measure and 2021/22 Target 27.1

**Measures:** Ensure consenting processes are effective.

**Target:** Establish methodology for measuring the effectiveness of our consenting processes.

### Results for 2021/22

**Achieved**

A methodology for measuring the effectiveness of Environment Southland's engagement with the community (an insights programme) was developed during the year and included consideration of how to measure the effectiveness of consenting processes. This methodology will be implemented in the 2022/23 year.

Work on an overall performance management framework will also continue in the 2022/23 year.

Timeframe compliance is an important measure of the effectiveness of the consent process. Resource consent processing timeframes were measured during the year and were 99% compliant (one application went over time in the year). This included situations where the applicant had agreed to a processing timeframe extension.

<p><b>Measure and 2021/22 Target 27.2</b></p> <p><b>Measures:</b> Monitor priority consents, as identified in the Environment Southland Compliance Plan, to ensure compliance with consent conditions.</p> <p><b>Target:</b> Monitor at least 80% of high risk consents.</p>	<p><b>Results for 2021/22</b></p> <div style="text-align: center; border: 1px solid black; padding: 5px; margin: 10px 0;"><b>Achieved</b></div> <p>The target of 80% of priority consents was reached by 30 June 2022 despite resourcing challenges earlier in the year. Priority consents for monitoring are farm dairy effluent discharge permits, water permits for takes over 20 litres per second and air discharge permits.</p>
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### Community Engagement and Education Activity

Communication and engagement are strategic functions for Council that work across the organisation. It plays a part in the statutory business of Council, but also has a much wider role in building relationships with stakeholders and Murihiku Southland communities.

The outcomes sought by the organisation require a community effort. Interaction through the sharing of relevant information and ideas via appropriate channels is essential for helping to build the momentum and participation needed to develop and implement solutions to meet those outcomes.

One such project for this activity is Enviroschools, which is a programme that takes a whole school approach to environmental education.

<p><b>LEVEL OF SERVICE 28</b></p> <p>Murihiku Southland residents are engaged and enabled to play an active part in shaping our region's future.</p>	
<p><b>Measure and 2021/22 Target 28.1</b></p> <p><b>Measures:</b> Monitor and review effectiveness of engagement with the community.</p> <p><b>Target:</b> Establish methodology for measuring the effectiveness of our engagement with the community.</p>	<p><b>Results for 2021/22</b></p> <div style="text-align: center; border: 1px solid black; padding: 5px; margin: 10px 0;"><b>Achieved</b></div> <p>A methodology for the insights programme was developed during the year, which was reviewed by the Strategy, Planning &amp; Engagement Group on 15 June 2022.</p>
<p><b>Measure and 2021/22 Target 28.2</b></p> <p><b>Measures:</b> Raise community awareness of Council's role and actively promote and enable opportunities for participation.</p> <p><b>Target:</b> Investigate new mechanisms for community engagement.</p>	<p><b>Results for 2021/22</b></p> <div style="text-align: center; border: 1px solid black; padding: 5px; margin: 10px 0;"><b>Achieved</b></div> <p>Work continued in this area over the year. A new keystone online portal was established that accommodates both statutory and non-statutory consultations. Antenna, a digital app for two-way communication with the public, is also being finalised for push notifications and receiving reports such as pollution incidents.</p>

## Partnerships Activity

Council works with iwi, local authorities and other organisations to deliver for Murihiku Southland communities. This enables Council to deliver better outcomes and do it more efficiently and effectively than it could achieve by itself.

**Relationship with Māori:** Environment Southland’s relationship with tangata whenua in Murihiku Southland is unique. Environment Southland together with six other local authorities from around Southland and Otago are signatories in a Charter of Understanding with the four papatipu rūnanga in Murihiku Southland. This is a shared relationship between the parties that assists tangata whenua and local government to undertake day-to-day business and also satisfy the legal requirements for local government to assist Māori in building capacity and participating in decision-making. The councils jointly assist tangata whenua with a range of resourcing and assistance to enable Māori to be engaged.

**Regional Initiatives and Collaboration:** Various situations and projects arise where local government, iwi and other organisations jointly need to be involved. Mechanisms to allow this to occur include the Mayoral Forum, Te Rōpū Taiao and Regional Planning Working Group. An example of a collaboration is the Southland Regional Development Strategy (SoRDS) work where the councils, together with the community and businesses, have set out an action plan to work on a variety of projects that will assist Murihiku Southland to gain more from its natural advantages in people, innovation and education. That work will be ongoing.

<b>LEVEL OF SERVICE 29</b> Council works in partnership with iwi, local authorities and other organisations to deliver better outcomes.	
<p><b>Measure and 2021/22 Target 29.1</b> <b>Measures:</b> Monitor and review effectiveness of partnerships with other organisations.</p> <p><b>Target:</b> Establish methodology for measuring the effectiveness of our partnerships with other organisations.</p>	<p><b>Results for 2021/22</b></p> <p><b>Achieved</b></p> <p>A methodology for the insights programme was developed during the year, which was reviewed by the Strategy, Planning &amp; Engagement Group on 15 June 2022.</p>
<p><b>Measure and 2021/22 Target 29.2</b> <b>Measures:</b> Participate in governance and management forums (Mayoral Forum, Te Rōpū Taiao and Regional Planning Working Group).</p> <p><b>Target:</b> Participate in all Mayoral Forum, Te Rōpū Taiao and Regional Planning Working Group hui during the year.</p>	<p><b>Results for 2021/22</b></p> <p><b>Achieved</b></p> <p>Achieved.</p>



<p><b>Measure and 2021/22 Target 29.3</b></p> <p><b>Measures:</b> Demonstrate commitment to investigating new co-governance/co-management arrangements.</p> <p><b>Target:</b> Progress discussions with Te Ao Mārama Inc and papatipu rūnanga regarding the co-governance and co-management arrangements proposed in the 2020 report <a href="#">Ngāi Tahu ki Murihiku Freshwater Objectives</a>.</p>	<p><b>Results for 2021/22</b></p> <p style="text-align: center;"><b>Achieved</b></p> <p>Co-governance was discussed at joint Council and Te Ao Mārama Inc workshops during the year as part of the discussions on the Regional Forum advice and development of Plan Change Tuatahi.</p>
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### Governance Activity

This activity consists of elected members and the support provided to them to meet their decision-making responsibilities in an open and transparent manner.

The Governance Activity is responsible for the representation structure, the administration of the triennial elections, elected members' remuneration and expenses, ensuring Council, committee and co-governance meetings comply with legislative requirements and elected members receive appropriate information in a timely way to support the decision-making process.

<p><b>LEVEL OF SERVICE 30</b> Enable good governance and democratic decision-making.</p>	
<p><b>Measure and 2021/22 Target 30.1</b></p> <p><b>Measures:</b> Percentage of Council and Committee meeting agendas (for all scheduled meetings) that are available at least two working days before the meetings.</p> <p><b>Target:</b> 100%</p>	<p><b>Results for 2021/22</b></p> <p style="text-align: center;"><b>Achieved</b></p> <p>Achieved.</p>
<p><b>Measure and 2021/22 Target 30.2</b></p> <p><b>Measures:</b> Percentage of draft Council and Committee meeting minutes available on the Council website within six weeks of the meeting.</p> <p><b>Target:</b> 100%</p>	<p><b>Results for 2021/22</b></p> <p style="text-align: center;"><b>Achieved</b></p> <p>Achieved.</p>

## Operations Activity

Data is one of the Council's most significant assets. This activity comprises the work being done to build its value to the community and improve access to support decision-making in the region by both individuals and organisations.

<b>LEVEL OF SERVICE 31</b> Collect, maintain and share quality-assured data.	
<p><b>Measure and 2021/22 Target 31.1</b> <b>Measures:</b> Implement data governance procedures to curate and share our data.</p> <p><b>Target:</b> Develop a data governance framework.</p>	<p><b>Results for 2021/22</b></p> <p><b>Not achieved</b></p> <p>A revised Information Management Strategy is being developed and will include a data governance framework. The Strategy will inform work programmes to improve our Information Management Maturity. The revised draft has been through a second review and will be completed by end of September 2022.</p>
<p><b>Measure and 2021/22 Target 31.2</b> <b>Measures:</b> Explore and develop innovative data services.</p> <p><b>Target:</b> Completion of a project plan for the investigation of new tools and methods to 'bring data to life' and improve access to data for the community. This will set out the work programme and performance targets for subsequent years.</p>	<p><b>Results for 2021/22</b></p> <p><b>Not achieved</b></p> <p>A number of initiatives to improve community access to data were undertaken during the year. For example, the Intensive Winter Grazing app, upgrades to our current online services and the development of our Insights Programme to inform community data needs.</p> <p>An internal project team was brought together and reviewed opportunities to bring data to life. Three key projects were identified:</p> <ol style="list-style-type: none"><li>1. a groundwater data portal will be available to the public and will bring together bore information, bore logs, groundwater quality and discrete groundwater level data. A pilot will commence in October 2022;</li><li>2. webcams will be set up at key river sites across the region to give visual updates of the site flow and other environmental conditions. This will be available to the public online alongside Envdata. The pilot will be completed by the end of December 2022;</li><li>3. a Natural Hazards Viewer is under development – this will be a self-service portal for the community to access natural hazard data. It is expected to be delivered in December 2022.</li></ol>

**Measure and 2021/22 Target 31.3**

**Measures:** Maintain and enhance access to Environment Southland data and facilitate sharing and use of data.

**Target:** Baseline established.

**Results for 2021/22**

**Achieved**

A revised Information Management Strategy is being written and a cross-organisational group has come together to analyse the data and customer touchpoints to inform both the strategy and customer data measure. An Information Management Maturity Assessment has been completed. This gives us a baseline measurement and the results of this assessment show that we are at the beginning or progressing levels of data maturity. The assessment will be run annually to measure progress and effectiveness.

**Funding Impact Statement - Regional Leadership  
for the year ended 30 June 2022**

LTP 2020/21 \$000	Actual 2020/21 \$000		Actual 2021/22 \$000	LTP 2021/22 \$000
<b>Sources of operating funding</b>				
5,730	5,664	General rates, uniform annual charges, rates penalties	7,657	6,388
0	0	Targeted rates	0	0
0	0	Subsidies and grants for operating purposes	0	0
4,030	3,730	Fees and charges	4,351	4,336
0	0	Internal Charges and overheads recovered	0	0
3,321	2,617	Local authorities fuel tax, fines, infringement fees and other receipts	2,559	2,007
<b>13,081</b>	<b>12,011</b>	<b>Total Operating Funding</b>	<b>14,567</b>	<b>12,730</b>
<b>Applications of Operating Funding</b>				
6,898	7,997	Payments to staff and suppliers	8,118	9,450
24	10	Financing Costs	1	39
0	0	Internal Charges and overheads applied	0	0
3,799	2,261	Other operating funding applications	3,475	3,364
<b>10,721</b>	<b>10,269</b>	<b>Total Applications of Operating Funding</b>	<b>11,593</b>	<b>12,854</b>
<b>2,361</b>	<b>1,742</b>	<b>Surplus/(deficit) of operating funding</b>	<b>2,974</b>	<b>(123)</b>
<b>Sources of capital funding</b>				
0	0	Subsidies and grants for capital expenditure	0	0
0	0	Development and financial contributions	0	0
0	0	Increase / (decrease) in debt	0	0
0	0	Other dedicated capital funding	0	0
26	101	Gross proceeds from the sale of assets	210	41
0	0	Lump sum contributions	0	0
<b>26</b>	<b>101</b>	<b>Total sources of capital funding</b>	<b>210</b>	<b>41</b>
<b>Applications of capital funding</b>				
Capital expenditure				
0	1	- to meet additional demand	0	0
500	5	- to improve the level of service	0	0
195	5	- to replace existing assets	161	386
2,754	3,675	Increase/(decrease) in Reserves	2,540	(407)
(1,062)	(1,843)	Increase/(decrease) in Investments	483	(61)
<b>2,387</b>	<b>1,843</b>	<b>Total applications of capital funding</b>	<b>3,184</b>	<b>(82)</b>
<b>(2,361)</b>	<b>(1,742)</b>	<b>Surplus/(deficit) of capital funding</b>	<b>(2,974)</b>	<b>123</b>
<b>0</b>	<b>(0)</b>	<b>Funding Balance</b>	<b>0</b>	<b>0</b>
121	87	Depreciation expense (not included in the above FIS)	100	107
0	70	Amortisation expense (not included in the above FIS)	27	0

# Finances (*Pūtea*)

## Financial Statements

### A guide to the financial pages which follow

- Statement of Comprehensive Revenue and Expenses page 52
- Statement of Changes in Net Assets/Equity page 52
- Statement of Financial Position page 52
- Statement of Cash Flows page 54
- Notes to the Financial Statements page 55

**Statement of Comprehensive Revenue and Expenses  
for the Year Ended 30 June 2022**

	Note	Council			Group	
		Actual	Annual Plan	Actual	Actual	Actual
		2022	2022	2021	2022	2021
		\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>						
Rates revenue	2(a)	22,862	22,862	19,038	22,862	19,038
Government Grants	2(b)	8,484	13,103	6,103	8,484	6,103
Other Revenue	2(c)	14,331	13,925	13,758	58,211	56,520
<b>Total Revenue</b>		<b>45,677</b>	<b>49,889</b>	<b>38,899</b>	<b>89,557</b>	<b>81,661</b>
<b>Expenditure</b>						
Employee benefits expense	3(a)	16,858	17,964	15,986	29,724	27,701
Depreciation expense		715	722	703	4,859	4,733
Finance costs	3(b)	2	87	38	982	387
Other expenses	3(c)	22,670	24,230	22,095	37,502	38,989
<b>Total Expenditure</b>		<b>40,245</b>	<b>43,003</b>	<b>38,822</b>	<b>73,067</b>	<b>71,810</b>
<b>Other Revenue and Expense</b>						
Other gains/ (losses)	2(d)	(2,725)	-	3,195	(1,346)	3,565
<b>Total Other Revenue and Expense</b>		<b>(2,725)</b>	<b>-</b>	<b>3,195</b>	<b>(1,346)</b>	<b>3,565</b>
<b>Surplus/(Deficit) before income tax</b>		<b>2,707</b>	<b>6,886</b>	<b>3,272</b>	<b>15,144</b>	<b>13,416</b>
Income tax expense	4	-	-	-	(4,329)	(3,965)
<b>Surplus/(Deficit) for the period</b>		<b>2,707</b>	<b>6,886</b>	<b>3,272</b>	<b>10,815</b>	<b>9,451</b>
<b>Total Comprehensive Revenue and Expenses for the period</b>		<b>2,707</b>	<b>6,886</b>	<b>3,272</b>	<b>10,815</b>	<b>9,451</b>
<b>Total Comprehensive Revenue and Expenses attributable to:</b>						
Council		2,707	6,886	3,272	6,515	5,860
Minority interest	15(e)	-	-	-	4,300	3,591
	24	<b>2,707</b>	<b>6,886</b>	<b>3,272</b>	<b>10,815</b>	<b>9,451</b>

**Statement of Changes in Net Assets / Equity  
for the Year Ended 30 June 2022**

	Note	Council			Group	
		Actual	Annual Plan	Actual	Actual	Actual
		2022	2022	2021	2022	2021
		\$000	\$000	\$000	\$000	\$000
<b>Opening Equity</b>		<b>80,787</b>	<b>81,484</b>	<b>77,515</b>	<b>121,605</b>	<b>114,440</b>
<b>Total Comprehensive Revenue and Expenses attributable to:</b>						
Council		2,707	6,886	3,272	6,515	5,860
Minority interest	15(e)	-	-	-	4,300	3,591
Dividend distribution - Minority interest	15(e)	-	-	-	(2,374)	(2,286)
<b>Closing Equity</b>		<b>83,494</b>	<b>88,370</b>	<b>80,787</b>	<b>130,046</b>	<b>121,605</b>

*The accompanying accounting policies and notes form part of these financial statements*

**Statement of Financial Position  
As at 30 June 2022**

	Note	Actual 2022 \$000	Council Annual Plan 2022 \$000	Actual 2021 \$000	Group Actual 2022 \$000	Actual 2021 \$000
<b>Current Assets</b>						
Cash and cash equivalents	5	6,333	-	5,316	7,636	6,943
Trade and other receivables	6	5,598	3,005	4,356	12,509	10,503
Inventories	7	114	109	109	114	109
Other current assets	8	482	185	395	575	3,289
Other financial assets	11	26,668	29,414	28,918	26,832	28,918
<b>Total Current Assets</b>		<b>39,195</b>	<b>32,713</b>	<b>39,094</b>	<b>47,666</b>	<b>49,762</b>
<b>Non-Current Assets</b>						
Shares in subsidiary	18	8,721	8,721	8,721	-	-
Other financial assets	11	217	195	206	1,006	206
Property, plant and equipment	10	44,642	53,238	41,282	121,957	98,499
Investment in Related Party	9	450	798	540	450	540
Deferred tax asset	4	-	-	-	1,107	466
<b>Total Non-Current Assets</b>		<b>54,030</b>	<b>62,951</b>	<b>50,749</b>	<b>124,520</b>	<b>99,711</b>
<b>TOTAL ASSETS</b>		<b>93,225</b>	<b>95,664</b>	<b>89,843</b>	<b>172,186</b>	<b>149,473</b>
<b>Current Liabilities</b>						
Trade and other payables	12	4,968	3,002	5,294	8,293	11,847
Income received in advance	12	3,244	-	2,437	3,244	2,437
Employee Entitlements	13	1,462	1,461	1,280	3,010	2,698
Current tax payable	4	-	-	-	1,986	1,393
Derivative financial instruments	11	-	-	-	-	182
<b>Total Current Liabilities</b>		<b>9,674</b>	<b>4,463</b>	<b>9,011</b>	<b>16,533</b>	<b>18,557</b>
<b>Non-Current Liabilities</b>						
Other Financial Liabilities	11	-	-	-	-	234
Employee entitlements	13	57	34	45	107	77
Borrowings	14	-	2,796	-	25,500	9,000
<b>Total Non-Current Liabilities</b>		<b>57</b>	<b>2,830</b>	<b>45</b>	<b>25,607</b>	<b>9,311</b>
<b>TOTAL LIABILITIES</b>		<b>9,731</b>	<b>7,294</b>	<b>9,056</b>	<b>42,140</b>	<b>27,868</b>
<b>NET ASSETS</b>		<b>83,494</b>	<b>88,370</b>	<b>80,787</b>	<b>130,046</b>	<b>121,605</b>
<b>Equity</b>						
Equity	15	83,494	88,370	80,787	130,046	121,605
<b>TOTAL EQUITY</b>		<b>83,494</b>	<b>88,370</b>	<b>80,787</b>	<b>130,046</b>	<b>121,605</b>
<b>Attributable to:</b>						
Council		83,494	88,370	80,787	111,921	105,406
Minority interest	15	-	-	-	18,125	16,199
<b>TOTAL EQUITY</b>		<b>83,494</b>	<b>88,370</b>	<b>80,787</b>	<b>130,046</b>	<b>121,605</b>

*The accompanying accounting policies and notes form part of these financial statements*

**Statement of Cash Flows  
for the Year Ended 30 June 2022**

	Note	Council			Group	
		Actual	Annual Plan	Actual	Actual	Actual
		2022	2022	2021	2022	2021
		\$000	\$000	\$000	\$000	\$000
<b>Cash flows from operating activities</b>						
<i>Cash was provided by (applied to):</i>						
Receipts from ratepayers and customers		36,259	34,516	33,206	83,824	80,763
Interest received		194	-	76	199	82
Dividends received		4,709	4,535	4,535	-	-
Payments to suppliers and employees		(39,782)	(42,194)	(34,691)	(68,367)	(62,136)
Finance costs		(2)	(87)	(38)	(915)	(396)
Income tax paid		-	-	-	(4,377)	(3,934)
<b>Net cash flow from operating activities</b>	22	<b>1,378</b>	<b>(3,230)</b>	<b>3,088</b>	<b>10,364</b>	<b>14,379</b>
<b>Cash flows from investing activities</b>						
<i>Cash was provided by (applied to):</i>						
Proceeds from sale of other financial assets		-	-	-	-	-
Drawdown of Managed Funds		105	166	3,161	105	3,161
Proceeds from sale of property, plant and equipment		217	127	100	247	162
Loan advance		(11)	-	(11)	(11)	(11)
Purchase of property, plant and equipment		(3,194)	(12,651)	(984)	(26,561)	(12,103)
Grants for capital expenditure		2,522	8,758	1,576	2,522	1,576
<b>Net cash flow from investing activities</b>		<b>(361)</b>	<b>(3,600)</b>	<b>3,842</b>	<b>(23,698)</b>	<b>(7,215)</b>
<b>Cash flows from financing activities</b>						
<i>Cash was provided by (applied to):</i>						
Dividends paid to Non controlling interest Term Debt		-	-	-	(2,374)	(2,286)
Drawdown / (Repayment) of borrowings		-	3,000	-	-	-
		-	(204)	-	16,401	2,449
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>2,796</b>	<b>-</b>	<b>14,027</b>	<b>163</b>
Net increase/(decrease) in Cash and cash equivalents		1,017	(4,033)	6,929	693	7,327
Cash and cash equivalents at the beginning of the financial year		5,316	4,033	(1,612)	6,943	(383)
<b>Cash and cash equivalents at the end of the financial year</b>	5	<b>6,333</b>	<b>-</b>	<b>5,316</b>	<b>7,636</b>	<b>6,943</b>



# Notes to the Financial Statements

## 1. 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 parent entity is the Council and the consolidated entity (“the Group”) includes South Port New Zealand Limited (“South Port”) and its Group. The Council owns 66.48% of the issued shares of South Port New Zealand Limited.

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

The financial statements of the Council and Group are for the year ended 30 June 2022. The financial statements were authorised for issue by Council on 5 October 2022.

### *Statement of Compliance*

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

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

### *Basis of Preparation*

The 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 financial statements.

The financial statements are presented in thousands of New Zealand dollars. New Zealand dollars are the Council’s and Group’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 financial statements as a whole.

### *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 Group 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

No new or amended accounting standards and interpretations adopted in the current year.

## Revenue from Non-exchange Transactions

### *Rates Revenue*

Rates are recognised as income when levied.

### *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:

<b>For</b>	<b>From</b>
Regional Civil Defence	National Emergency Management Agency
Land Transport	New Zealand Transport Agency
Marine Oil Spills	Maritime New Zealand

## Revenue from Exchange Transactions

### *Interest Revenue*

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

### *Dividend Revenue*

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

### *Rental Income*

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

## Other Revenue – full cost recovery

### *Rendering of Services*

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

Revenue from port services is recognised in the accounting period in which the actual service is provided to the customer.

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 and/or Group will receive the consideration due.

## Taxation

The tax expense represents the sum of the tax currently payable and deferred tax, except to the extent that it relates to items recognised directly in equity, in which case the tax expense is also recognised in equity.

Tax currently payable is based on taxable profit for the period. Taxable profit differs from net surplus/(deficit) before tax as reported in the Statement of Comprehensive Revenue and Expense because it excludes items of income or expense that are taxable in other years and it further excludes items that are never taxable or deductible. The Council's and Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Council and Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised as an expense or income in the surplus/(deficit), except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

The Council itself is not subject to income tax. All income tax relates to South Port NZ Limited and its subsidiaries.

## 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 of the Group 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 Instruments

Financial assets and financial liabilities are recognised on the Council's or Group's Statement of Financial Position when the Council and/or Group becomes a party to contractual provisions of the instrument.

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss which are initially valued at fair value.

## Financial Assets

Financial Assets are classified into the following specified categories: financial assets "at fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### (a) **Effective Interest Method**

The effective interest method referred to below, is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

### (b) **Financial Assets at Fair Value through Surplus or Deficit**

Financial assets are classified as financial assets at fair value through surplus or deficit where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments the Council and Group manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through surplus or deficit are stated at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Revenue and Expense. The net gain or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described later in this note.

The Council and Group have classified their managed funds as financial assets at fair value through surplus or deficit. This fund includes cash, bonds and equities. Financial assets held for trading

purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the surplus/(deficit).

(c) **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment is established when there is objective evidence that the Council or Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is expensed in surplus for the year.

(d) **Impairment of Financial Assets**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus for the year.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus for the year to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

## **Financial Liabilities**

(a) **Trade & Other Payables**

Trade payables and other accounts payable are recognised when the Council and Group becomes obliged to make future payments resulting from the purchase of goods and services.

Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest method.

(b) **Borrowings**

Borrowings are recorded initially at fair value, net of transaction costs. Borrowing costs attributable to qualifying assets are capitalised as part of the cost of those assets.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the surplus/(deficit) over the period of the borrowing using the effective interest method.

### **Derivative Financial Instruments**

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange risk using interest rate swaps and forward exchange contracts.

The Council and Group do not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date.

Derivative instruments entered into by the Council and Group do not qualify for hedge accounting. The resulting gain or loss is recognised in surplus for the period immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(a) **Fair Value Estimation**

The fair value of financial instruments traded in active markets (such as held for trading assets and available-for-sale equities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Council and Group is the current bid price; the appropriate quoted market price for financial liabilities is the current offer price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council and Group use a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term investment and debt instruments held. The fair value of interest rate swaps, or foreign exchange contracts, is the estimated amount that the Council and Group would receive or pay to terminate the swap/contract at the reporting date, taking into account current interest rates and/or exchange 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 and Group have 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; and
  - South Port New Zealand Limited land, buildings and improvements, wharves and berths dredging, and plant, equipment and vehicles.
  
- (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 stop banks and earthworks assets is considered equivalent to land improvements and as such they do not incur a loss of service potential over time. Accordingly, stop banks 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:

<b>Asset</b>	<b>Life</b>
<b>Operational Assets</b>	
Land – Council	Unlimited
Buildings – Council	2%-10% DV
Rental land - Council	Unlimited
Rental buildings - Council	2% - 10% DV
Other plant and equipment – Council	2.5% - 15% DV/SL
Motor vehicles - Council	15% SL
Land – South Port	Unlimited
Buildings – South Port	2% - 7 % SL
Plant and machinery – South Port	2% - 33% SL
<b>Infrastructural Assets</b>	
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 and Group 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 and Group 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 wages and salaries, annual leave and long service 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 and Group 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 and Group have 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.

### **Basis of Consolidation**

The Group financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Council and its subsidiaries as defined by PBE *IPSAS 35: Consolidated Financial Statements*. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements.

The consolidated financial statement incorporate the financial statements of the Council and its subsidiaries. Control is achieved when the Council:

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

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the excess is credited to profit and loss in the period of acquisition.

The interest of non-controlling shareholders is stated at the non-controlling interests' proportion of the fair values of the assets and liabilities recognised.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Council obtains control and until such time as the Council ceases to control the subsidiary.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the Group are eliminated in full.

The Council's investment in South Port New Zealand Limited is carried at cost less any impairment losses in the Council's own parent entity financial statements.

### **Joint Arrangements**

The Council is a member of the joint arrangement known as Emergency Management Southland, which delivers the civil defence and emergency management responsibilities of the four councils in the Southland region, namely Environment Southland, Invercargill City Council, Gore District Council and Southland District Council.

Governance of the operation is provided by the Southland Civil Defence and Emergency Management Group, a joint standing committee of the four councils.

In accordance with IPSAS 37 *Joint Arrangements*, the consolidated financial statements include the Council's share of the joint arrangement entity's assets, liabilities revenue and expenses. Refer to Note 20 for further disclosure.

### **Investment in Related Parties**

The Council has established a Council Controlled Organisation (CCO) known as Regional Software Holdings Ltd, with five other regional councils for the purposes of collaboratively developing and maintaining a software application suite for use by the regional councils in the delivery of their activities under a Long-term Plan. This investment is held as an investment at cost under PBE IPSAS 29.

The Council is a shareholder in another Council Controlled Organisation (CCO) known as the Southland Regional Development Agency Ltd, along with three other local councils and four external shareholders. The purpose of this organisation is to contribute to the wellbeing of the Southland Region, other commercial and non-commercial. This investment is held as an investment at cost under PBE IPSAS 29.

### **Equity**

Equity is the community's interest in the Council and Group 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: capital 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.

**Budget Amounts**

The budget amounts are those approved by the Council at the beginning of the year in the Long-term Plan/Annual Plan. The budget amounts have been prepared using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements. The budget figures are for Council only and do not include budget information relating to subsidiaries.

**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 financial statements the Council and Group have 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.

There were no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## Critical Judgements

Management has exercised the following critical judgements in applying the Council's and Group's accounting policies for the period ended 30 June 2022:

### *Classification of Property*

#### (a) **Council and Group**

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.

### **Fair value of shares in subsidiary**

The Council considers that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values with the exception of the Council's investment in its subsidiary, South Port New Zealand Limited (South Port) which is carried at cost, less any impairment.

### **PBE IFRS issued but not yet effective**

PBE IPSAS 41 was issued in August 2018 and is based on PBE IFRS 9 Financial Instruments. PBE IPSAS 41 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 is effective for the annual period beginning on or after 1 January 2022, with early application permitted. The main changes under PBE IPSAS 41 are:

- new financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost;
- a new impairment model for financial assets based on expected losses which may result in the earlier recognition of impairment losses;
- revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing the 30 June 2023 financial statements. The new standard will not have a significant impact on the financial statements.

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 will not have a significant impact on the financial statements.

## Notes to the Financial Statements

### 2 Revenue

Revenue includes the following items:

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>2(a) Rates revenue</b>				
General rates	14,138	10,685	14,138	10,685
Separate rates	8,493	8,122	8,493	8,122
Southern Pest Eradication Society rates	231	231	231	231
	<b>22,862</b>	<b>19,038</b>	<b>22,862</b>	<b>19,038</b>
	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>2(b) Government grants</b>				
Operating	1,187	840	1,187	840
Government funded projects *	7,159	4,788	7,159	4,788
Ministry for the Environment - Waituna project	138	475	138	475
	<b>8,484</b>	<b>6,103</b>	<b>8,484</b>	<b>6,103</b>

\* Government funded projects include Jobs for Nature projects and capital grants for Climate Resilience. These projects are part of the Shovel Ready scheme initiated by the Government for economic recovery following Covid.

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>2(c) Other revenue</b>				
Revenue from rendering of services:				
Port Revenue	-	-	43,383	42,188
Rental Income Southport	-	-	5,201	5,103
Local Contributions	949	1,285	949	1,285
Consent recoveries	2,432	2,239	2,432	2,239
Compliance Monitoring and Recoveries	1,709	1,344	1,709	1,344
Prosecutions, Fines and Infringements	49	248	49	248
Marine Fee revenue	8	7	8	7
Operating lease rental revenue	1,042	997	1,042	997
Interest on bank deposits	945	695	950	701
Dividends received	4,709	4,535	-	-
Other operating revenue	2,488	2,408	2,488	2,408
	<b>14,331</b>	<b>13,758</b>	<b>58,211</b>	<b>56,520</b>
	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>2(d) Other gains / (losses)</b>				
Gain on disposal of property, plant and equipment	171	43	181	79
Net change in fair value of other financial assets and liabilities carried at fair value through profit or loss	(2,896)	3,152	(2,896)	3,152
Change in fair value of interest rate swaps	-	-	1,369	334
	<b>(2,725)</b>	<b>3,195</b>	<b>(1,346)</b>	<b>3,565</b>

**2(e) Disclosure of exchange and non-exchange transactions**

In accordance with PBE IPSAS 9: Exchange transactions and PBE IPSAS 23: Non-exchange transactions, income and current assets are disclosed below according to whether they are Exchange or Non-exchange transactions.

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Revenue from Non-exchange transactions</b>				
General Rates	14,138	10,685	14,138	10,685
Separate Rates	8,493	8,122	8,493	8,122
Southern Pest Eradication Society Rate	231	231	231	231
Levies and Contributions *	8,484	6,103	8,484	6,103
Rates Penalties	381	183	381	183
Prosecutions and Infringements	49	248	49	248
Insurance Recoveries	-	213	-	213
Donations Received	5	-	5	-
<b>Revenue from Exchange transactions</b>				
Local Contributions	949	1,285	949	1,285
Rental Income	1,042	997	1,042	997
Investment Income	945	695	950	701
Gain on Sale of Assets	171	43	181	79
Dividends Received	4,709	4,535	-	-
External Recoveries	6,080	5,559	6,070	5,523
Rental Income Southport			5,201	5,103
Port Revenue			43,383	42,188
	<u>45,677</u>	<u>38,899</u>	<u>89,557</u>	<u>81,661</u>
<b>Current Assets</b>				
Receivables from Non-exchange transactions	1,472	824	1,389	824
Receivables from Exchange transactions	4,126	3,532	11,120	9,679
Total Receivables	<u>5,598</u>	<u>4,356</u>	<u>12,509</u>	<u>10,503</u>

\* Note: Levies and contributions include government grants disclosed in Note 2(b)

### 3 Expenses

Expenses include the following items:

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>3(a) Employee benefits expense</b>				
Salaries and wages	15,701	14,907	27,974	26,052
Defined contribution plans	574	572	962	951
Other employee benefits	583	507	788	698
	<b>16,858</b>	<b>15,986</b>	<b>29,724</b>	<b>27,701</b>

#### Chief Executive remuneration

	Council	
	2022	2021
<b>Salary</b>		
Rob Phillips	341,567	332,936
Wilma Falconer	38,792	
Total salary paid	<b>380,359</b>	<b>332,936</b>
<b>Fringe benefit</b>		
Rob Phillips	2,599	6,428
Wilma Falconer	74	
Total fringe benefit	<b>2,673</b>	<b>6,428</b>
Total	<b>383,032</b>	<b>339,364</b>

On 6 May 2022 Mr Rob Phillips resigned from his position as Chief Executive. The salary he received is inclusive of holiday pay. Ms Wilma Falconer was appointed Acting Chief Executive on 7 May 2022 and Chief Executive on 20 June 2022.

#### Key Management Personnel Compensation

The key management personnel for council are the Councillors, Chief Executive and four General Managers. The key personnel for the Group includes South Port Directors, Chief Executive and other senior management. The compensation for these are set out below:

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Short-term employee benefits	2,024	2,149	4,292	4,186
Other long-term employee benefits	-	-	60	52
	<b>2,024</b>	<b>2,149</b>	<b>4,352</b>	<b>4,238</b>

	Council	
	2022	2021
	\$000	\$000
<b>Council employee remuneration by Band</b>		
<b>Total annual remuneration by band for employees at 30th June</b>		
below \$60,000	29	20
\$60,000 and \$79,999	52	55
\$80,000 and \$99,999	40	44
\$100,000 and \$119,999	32	24
\$120,000 and \$139,999	12	8
\$140,000 and \$159,999	10	8
\$160,000 and \$219,999	3	5
\$220,000 and \$339,999	2	3

#### Total council employees at 30th June

Number of full-time employees	173	159
Full-time equivalent of all other employees	7	8

Council defines a full-time equivalent employee as working 37.5 hours per week.

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Elected Member Remuneration</b>				
<u>Chair</u>				
Nicol Horrell	118,219	115,736	118,219	115,736
<u>Elected members</u>				
Allan Baird	45,560	45,560	45,560	45,560
Neville Cook	54,672	54,672	54,672	54,672
Lloyd Esler	45,560	45,560	45,560	45,560
Robert Guyton	45,560	45,560	45,560	45,560
Lyndall Ludlow	54,672	54,672	54,672	54,672
Bonnie Mager	45,560	45,560	45,560	45,560
Lloyd McCallum	63,784	63,784	63,784	63,784
Peter McDonald	45,560	45,560	45,560	45,560
Jeremy McPhail	54,672	54,672	54,672	54,672
Eric Roy	54,672	54,672	54,672	54,672
David Stevens	45,560	45,560	45,560	45,560
	<b>674,051</b>	<b>671,568</b>	<b>674,051</b>	<b>671,568</b>

**Severance Payments (Council only)**

For the year ended 30 June 2022 Council had no severance payments (2021: \$79,500)

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>3(b) Finance costs</b>				
Interest on loans carried at amortised cost	-	-	980	349
Change in fair value of interest rate swaps	-	-	-	-
Other interest expense	2	38	2	38
	<b>2</b>	<b>38</b>	<b>982</b>	<b>387</b>

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>3(c) Other expenses</b>				
Audit Fees				
Audit fees for financial statement audit	105	103	169	175
Audit fees for Long-term Plan	-	107	-	107
Net bad and doubtful debts (recovered)	67	(96)	69	(85)
Loss on disposal of property, plant and equipment	7	6	24	13
Donations	-	-	4	4
Grants and contributions	1,648	2,182	1,648	2,182
Operating lease rental - minimum lease payments	252	257	434	389
Directors remuneration	-	-	337	290
Amortised asset	90	258	90	258
Emergency expenses	-	213	-	213
Other operating expenses	20,501	19,065	34,727	35,443
	<b>22,670</b>	<b>22,095</b>	<b>37,502</b>	<b>38,989</b>

Grants and contributions paid include expenditure of \$138,350 (2021 : \$475,000) to the Whakamana Te Waituna project for the Ministry for the Environment grant received.

Emergency expenses relate to the Southland Floods February 2020 Civil Defence Emergency. This is for repairs and recovery work that continued into the 2021 financial year for associated flood damage costs.

The auditor of Environment Southland, for and on behalf of the Office of the Auditor-General is Deloitte Limited. The auditor of South Port New Zealand Limited is Deloitte Limited.



#### 4 Income taxes

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>(a) Income Tax Recognised in Profit or Loss</b>				
<b>Tax expense / (income) comprises:</b>				
<b>Current tax expense / (credit)</b>				
Current year	-	-	4,962	4,334
Adjustments for prior years	-	-	8	(62)
	-	-	4,970	4,272
<b>Deferred tax expense / (credit)</b>				
Origination and reversal of temporary differences	-	-	(641)	(307)
Adjustments for prior years	-	-	-	-
	-	-	(641)	(307)
<b>Tax expense / (income)</b>	<b>-</b>	<b>-</b>	<b>4,329</b>	<b>3,965</b>

The prima facie income tax expense on pre-tax accounting surplus reconciles to the income tax expense in the financial statements as follows:

Surplus / (deficit) before income tax	2,707	3,272	15,144	13,416
Income tax expense calculated at 28%	758	916	4,240	3,756
Temporary differences	-	-	188	(87)
Non deductible expenses	11,269	10,751	11,285	10,756
Non assessable income	(10,708)	(10,398)	(10,706)	(10,399)
	1,319	1,270	5,007	4,027
Taxation effect of imputation credits	-	-	-	-
Imputation credits utilised (28% of net dividend)	(1,319)	(1,270)	-	-
Adjustments for prior years	-	-	9	(62)
Adjustment relating to prior period deferred tax on buildings	-	-	(687)	-
Temporary differences	-	-	-	-
	-	-	4,329	3,965

The tax rate used in the above reconciliation is the corporate tax rate of 28% payable on taxable profits under New Zealand tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

#### (b) Income Tax Recognised in Other Comprehensive Income

There was no current or deferred tax charged/(credited) directly to equity during the period.

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>(c) Current Tax Assets and Liabilities</b>				
<b>Current Tax Payable:</b>				
Current Tax Payable	-	-	1,986	1,393
	-	-	1,986	1,393

#### 4 Income Taxes (continued)

##### (d) Deferred Tax Balances Comprise:

Taxable and deductible temporary differences arising from the following:

2022	Opening	Charged to	Group	Charged to	Closing
	balance	income		other	balance
			comprehensive	comprehensive	
			revenue	revenue	
	\$000	\$000	\$000	\$000	\$000
<b>Gross deferred tax assets:</b>					
Property, plant and equipment	49	649	-	-	698
Provisions	417	(8)	-	-	409
	<u>466</u>	<u>641</u>	-	-	<u>1,107</u>

2021	Opening	Charged to	Group	Charged to	Closing
	balance	income		other	balance
			comprehensive	comprehensive	
			revenue	revenue	
	\$000	\$000	\$000	\$000	\$000
<b>Gross deferred tax assets:</b>					
Property, plant and equipment	(234)	283	-	-	49
Provisions	393	24	-	-	417
	<u>159</u>	<u>307</u>	-	-	<u>466</u>

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities has not been recognised is \$Nil (2021: \$Nil).

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>(e) Imputation Credit Account Balances</b>				
Balance at 30 June 2022	-	-	17,247	15,032
	<u>-</u>	<u>-</u>	<u>17,247</u>	<u>15,032</u>
Imputation credits available directly and indirectly to Council through:				
Council			-	-
Subsidiaries			17,247	15,032
			<u>17,247</u>	<u>15,032</u>

## 5 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in bank and deposits in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year are shown as follows:

Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position

	<b>Council</b>		<b>Group</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Cash	6,333	5,316	7,636	6,943
Cash and cash equivalents	<b>6,333</b>	<b>5,316</b>	<b>7,636</b>	<b>6,943</b>

The Council did not have an overdraft facility in place with ANZ Bank New Zealand Limited at 30 June 2022.

Restricted cash held on behalf of Whakamana Te Waituna project amounts to \$838,050 (2021: \$1,553,000).

South Port New Zealand Ltd has an overdraft facility of \$200,000 (2021: \$200,000), of which \$Nil (2021: \$Nil) had been drawn down.

## 6 Trade and other receivables

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Trade Receivables	5,168	3,774	12,129	9,975
Insurance Receivable	83	83	83	83
Allowance for doubtful debts	(188)	(124)	(238)	(174)
	<u>5,063</u>	<u>3,733</u>	<u>11,974</u>	<u>9,884</u>
Goods and services tax (GST) receivable	254	284	254	284
Other sundry receivables	281	339	281	335
	<u><b>5,598</b></u>	<u><b>4,356</b></u>	<u><b>12,509</b></u>	<u><b>10,503</b></u>
Current	5,598	4,356	12,509	10,503
Non-current	-	-	-	-
	<u><b>5,598</b></u>	<u><b>4,356</b></u>	<u><b>12,509</b></u>	<u><b>10,503</b></u>

Trade receivables are non-interest bearing and generally on monthly terms.

The Council does not provide for impairment on rates receivables less than six years past due, as it has various powers under Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances.

Included within the Group's trade and other receivable balance are debtors with a carrying amount of \$2,159,911 (2021: \$2,757,958), Council \$1,573,911 (2021: \$2,361,958), which are past due at the reporting date. Of these \$1,853,082 (2021: \$1,162,971) relates to rates arrears (recoverable via the means outlined above) and there has not been a significant change in credit quality for other amounts owing, so the Group believes that the amounts are still considered recoverable.

Rates arrears exclude rates paid in advance of \$463,797 (2021: \$339,443).

An allowance has been made for estimated irrecoverable amounts and has been calculated based past default experience and review of specific debtors.

The Group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. The average collection period of these receivables is Council: 41 days (2021: 49 days) and Group: 48 days (2021: 52 days).

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Group is exposed to credit risk arising from a small number of shipping line and warehouse clients. Regular monitoring of trade receivables is undertaken to ensure that the credit exposure remains within the Group's normal terms of trade.

For Council, the concentration of credit risk is limited due to the customer base being large and unrelated. The Council and Group believes no further credit provision is required in excess of the allowance for doubtful debts.

## 7 Inventories

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Raw materials (at cost)	114	109	114	109
	<b>114</b>	<b>109</b>	<b>114</b>	<b>109</b>

## 8 Other current assets

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Prepayments	482	395	575	3,289
	<b>482</b>	<b>395</b>	<b>575</b>	<b>3,289</b>

## 9 Investment in related party

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Investment in Related Parties	450	540	450	540
	<b>450</b>	<b>540</b>	<b>450</b>	<b>540</b>

As at 30 June 2022, the council has a 15.50% (2021: 15.50%) shareholding in Regional Software Holdings Limited (RSHL), incorporated 17 October 2012 with the shareholders being the six regional councils. This company is a Council Controlled Organisation established 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.

RSHL management considers it likely that on or about 30 June 2028 the current IRIS software platform and attendant e-learning software will be discontinued, with no residual value. The Council has included an amortisation expense of \$90,052. This is Environment Southland's 15.50% share of the reduced value for the current financial year.

As at 30 June 2022, the council has a 0.17% (2021: 0.17%) shareholding in Southland Regional Development Agency Limited (Great South), incorporated 29 March 2019 with the shareholders being four local councils together with four external shareholders. Great South is a Council Controlled Organisation established for the purpose of contributing to the wellbeing of the Southland region, both commercial and non-commercial. The objective will be met with a strong sense of environmental and social responsibility.

## 10 Property, plant and equipment

	2022										
	Cost 1 July 2021	Additions	Disposals	Transfers	Cost 30 June 2022	Accumulated depreciation and impairment charges 1 July 2021	Impairment losses charged in Statement of Comprehensive Revenue	Depreciation expense *	Accumulated depreciation reversed on disposal	Accumulated depreciation and impairment charges 30 June 2022	Carrying amount 30 June 2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Council Operational Assets</b>											
Land	151	-	-	-	151	-	-	-	-	-	151
Buildings	4,946	-	-	-	4,946	(1,884)	-	(112)	-	(1,996)	2,950
Rental Land	7,148	-	-	-	7,148	-	-	-	-	-	7,148
Rental Buildings	1,055	33	-	-	1,088	(786)	-	(14)	-	(800)	288
Motor Vehicles	1,978	486	(415)	-	2,049	(1,482)	-	(226)	372	(1,336)	713
Other Plant and Equipment	5,380	210	(114)	-	5,476	(3,929)	-	(326)	104	(4,151)	1,325
<b>Total Operational Assets</b>	<b>20,658</b>	<b>729</b>	<b>(529)</b>	<b>-</b>	<b>20,858</b>	<b>(8,081)</b>	<b>-</b>	<b>(678)</b>	<b>476</b>	<b>(8,283)</b>	<b>12,575</b>
<b>Council Infrastructural Assets</b>											
Stopbanks and Earthworks	24,668	796	-	-	25,464	(2)	-	-	-	(2)	25,462
Bridges	106	-	-	-	106	(20)	-	(2)	-	(22)	84
Large Culverts	2,275	-	-	-	2,275	(560)	-	(40)	-	(600)	1,675
Tidegate Structures	719	-	-	-	719	(167)	-	(10)	-	(177)	542
<b>Total Infrastructural Assets</b>	<b>27,768</b>	<b>796</b>	<b>-</b>	<b>-</b>	<b>28,564</b>	<b>(749)</b>	<b>-</b>	<b>(52)</b>	<b>-</b>	<b>(801)</b>	<b>27,763</b>
<b>Council Work in Progress</b>											
Buildings	5	9	-	-	14	-	-	-	-	-	14
Infrastructure	1,681	2,609	-	-	4,290	-	-	-	-	-	4,290
<b>Total WIP</b>	<b>1,686</b>	<b>2,618</b>	<b>-</b>	<b>-</b>	<b>4,304</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,304</b>
<b>Total Council Property, Plant and Equipment</b>	<b>50,112</b>	<b>4,143</b>	<b>(529)</b>	<b>-</b>	<b>53,726</b>	<b>(8,830)</b>	<b>-</b>	<b>(730)</b>	<b>476</b>	<b>(9,084)</b>	<b>44,642</b>

\* Depreciation differs from the Statement of Comprehensive Revenue and Expenses by \$15k which is the Joint Venture share of Emergency Management Southland total depreciation.

2021

**COUNCIL ONLY**

	COUNCIL ONLY										
	Cost 1 July 2020	Additions	Disposals	Transfers	Cost 30 June 2021	Accumulated depreciation and impairment charges 1 July 2020	Impairment losses charged in Statement of Comprehensive Revenue	Depreciation expense *	Accumulated depreciation reversed on disposal	Accumulated depreciation and impairment charges 30 June 2021	Carrying amount 30 June 2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Council Operational Assets</b>											
Land	151	-	-	-	151	-	-	-	-	-	151
Buildings	4,946	-	-	-	4,946	(1,769)	-	(115)	-	(1,884)	3,062
Rental Land	7,148	-	-	-	7,148	-	-	-	-	-	7,148
Rental Buildings	1,055	-	-	-	1,055	(767)	-	(19)	-	(786)	269
Motor Vehicles	2,241	-	(263)	-	1,978	(1,465)	-	(222)	205	(1,482)	496
Other Plant and Equipment	5,286	283	(189)	-	5,380	(3,803)	-	(309)	184	(3,929)	1,452
<b>Total Operational Assets</b>	<b>20,827</b>	<b>283</b>	<b>(452)</b>	<b>-</b>	<b>20,658</b>	<b>(7,805)</b>	<b>-</b>	<b>(665)</b>	<b>389</b>	<b>(8,081)</b>	<b>12,577</b>
<b>Council Infrastructural Assets</b>											
Stopbanks and Earthworks	24,668	-	-	-	24,668	(2)	-	-	-	(2)	24,666
Bridges	106	-	-	-	106	(19)	-	(1)	-	(20)	86
Large Culverts	2,275	-	-	-	2,275	(520)	-	(40)	-	(560)	1,715
Tidegate Structures	719	-	-	-	719	(157)	-	(10)	-	(167)	552
<b>Total Infrastructural Assets</b>	<b>27,768</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,768</b>	<b>(698)</b>	<b>-</b>	<b>(51)</b>	<b>-</b>	<b>(749)</b>	<b>27,019</b>
<b>Council Work in Progress</b>											
Buildings	5	-	-	-	5	-	-	-	-	-	5
Infrastructure		1,681	-	-	1,681	-	-	-	-	-	1,681
<b>Total WIP</b>	<b>5</b>	<b>1,681</b>	<b>-</b>	<b>-</b>	<b>1,686</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,686</b>
<b>Total Council Property, Plant and Equipment</b>	<b>48,600</b>	<b>1,964</b>	<b>(452)</b>	<b>-</b>	<b>50,112</b>	<b>(8,503)</b>	<b>-</b>	<b>(716)</b>	<b>389</b>	<b>(8,830)</b>	<b>41,282</b>

\* Depreciation differs from the Statement of Comprehensive Revenue and Expenses by \$13k which is the Joint Venture share of Emergency Management Southland total depreciation.

## 2022

GROUP

	Cost 1 July 2021	Additions	Disposals	Transfers	Cost 30 June 2022	Accumulated depreciation and impairment charges 1 July 2021	Impairment losses charged in Statement of Comprehensive Revenue	Depreciation expense *	Accumulated depreciation reversed on disposal	Accumulated depreciation and impairment charges 30 June 2022	Carrying amount 30 June 2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Group Operational Assets</b>											
Land - Council	151	-	-	-	151	-	-	-	-	-	151
Buildings - Council	4,946	-	-	-	4,946	(1,884)	-	(112)	-	(1,996)	2,950
Rental Land - Council	7,148	-	-	-	7,148	-	-	-	-	-	7,148
Rental Buildings - Council	1,055	33	-	-	1,088	(786)	-	(14)	-	(800)	288
Motor Vehicles - Council	1,978	486	(415)	-	2,049	(1,482)	-	(226)	372	(1,336)	713
Other Plant and equipment - Council	5,380	210	(114)	-	5,476	(3,929)	-	(326)	104	(4,151)	1,326
Land - Subsidiary	3,736	-	-	-	3,736	-	-	-	-	-	3,736
Buildings - Subsidiary	22,550	-	(17)	173	22,706	(7,906)	-	(479)	17	(8,368)	14,337
Plant and Machinery - Subsidiary	77,800	47	(708)	14,705	91,844	(45,887)	-	(3,800)	647	(49,040)	42,804
<b>Total Operational Assets</b>	<b>124,743</b>	<b>776</b>	<b>(1,254)</b>	<b>14,878</b>	<b>139,143</b>	<b>(61,874)</b>	<b>-</b>	<b>(4,957)</b>	<b>1,140</b>	<b>(65,691)</b>	<b>73,453</b>
<b>Council Infrastructural Assets</b>											
Stopbanks and Earthworks	24,668	796	-	-	25,464	(2)	-	-	-	(2)	25,462
Bridges	106	-	-	-	106	(20)	-	(2)	-	(22)	84
Large Culverts	2,275	-	-	-	2,275	(560)	-	(40)	-	(600)	1,675
Tidegate Structures	719	-	-	-	719	(167)	-	(10)	-	(177)	542
<b>Total Infrastructural Assets</b>	<b>27,768</b>	<b>796</b>	<b>-</b>	<b>-</b>	<b>28,564</b>	<b>(749)</b>	<b>-</b>	<b>(52)</b>	<b>-</b>	<b>(801)</b>	<b>27,763</b>
<b>Work in Progress</b>											
Buildings	5	9	-	-	14	-	-	-	-	-	14
Infrastructure	1,681	2,609	-	-	4,290	-	-	-	-	-	4,290
Buildings - Subsidiary	178	418	-	(55)	541	-	-	-	-	-	541
Plant and Machinery - Subsidiary	6,747	23,941	-	(14,792)	15,896	-	-	-	-	-	15,896
<b>Total Work in Progress</b>	<b>8,611</b>	<b>26,977</b>	<b>-</b>	<b>(14,847)</b>	<b>20,741</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,741</b>
<b>Total Group Property, Plant and Equipment</b>	<b>161,122</b>	<b>28,549</b>	<b>(1,254)</b>	<b>31</b>	<b>188,448</b>	<b>(62,624)</b>	<b>-</b>	<b>(5,009)</b>	<b>1,140</b>	<b>(66,493)</b>	<b>121,957</b>

\* Depreciation differs from the Statement of Comprehensive Revenue and Expenses by \$150k which is the Joint Venture share of Emergency Management Southland total depreciation and South Port right-of-use asset.



2021

**GROUP**

	Cost 1 July 2020	Additions	Disposals	Transfers	Cost 30 June 2021	Accumulated depreciation and impairment charges 1 July 2020	Impairment losses charged in Statement of Comprehensive Revenue	Depreciation expense *	Accumulated depreciation reversed on disposal	Accumulated depreciation and impairment charges 30 June 2021	Carrying amount 30 June 2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Group Operational Assets</b>											
Land - Council	151	-	-	-	151	-	-	-	-	-	151
Buildings - Council	4,946	-	-	-	4,946	(1,769)	-	(115)	-	(1,884)	3,062
Rental Land - Council	7,148	-	-	-	7,148	-	-	-	-	-	7,148
Rental Buildings - Council	1,055	-	-	-	1,055	(767)	-	(19)	-	(786)	269
Motor Vehicles - Council	2,241	-	(263)	-	1,978	(1,465)	-	(222)	205	(1,482)	496
Other Plant and equipment - Council	5,286	283	(189)	-	5,380	(3,803)	-	(309)	184	(3,928)	1,452
Land - Subsidiary	3,078	658	-	-	3,736	-	-	-	-	-	3,736
Buildings - Subsidiary	22,397	153	-	-	22,550	(7,428)	-	(478)	-	(7,906)	14,644
Plant and Machinery - Subsidiary	75,096	3,647	(943)	-	77,800	(43,153)	(6)	(3,609)	881	(45,887)	31,913
<b>Total Operational Assets</b>	<b>121,397</b>	<b>4,741</b>	<b>(1,395)</b>	<b>-</b>	<b>124,743</b>	<b>(58,386)</b>	<b>(6)</b>	<b>(4,752)</b>	<b>1,270</b>	<b>(61,874)</b>	<b>62,869</b>
<b>Council Infrastructural Assets</b>											
Stopbanks and Earthworks	24,668	-	-	-	24,668	(2)	-	-	-	(2)	24,666
Bridges	106	-	-	-	106	(19)	-	(1)	-	(20)	86
Large Culverts	2,275	-	-	-	2,275	(520)	-	(40)	-	(560)	1,715
Tidegate Structures	719	-	-	-	719	(157)	-	(10)	-	(167)	552
<b>Total Infrastructural Assets</b>	<b>27,768</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,768</b>	<b>(698)</b>	<b>-</b>	<b>(51)</b>	<b>-</b>	<b>(749)</b>	<b>27,019</b>
<b>Work in Progress</b>											
Buildings	5	-	-	-	5	-	-	-	-	-	5
Infrastructure	-	1,681	-	-	1,681	-	-	-	-	-	1,681
Buildings - Subsidiary	36	142	-	-	178	-	-	-	-	-	178
Plant and Machinery - Subsidiary	1,164	5,583	-	-	6,747	-	-	-	-	-	6,747
<b>Total Work in Progress</b>	<b>1,205</b>	<b>7,406</b>	<b>-</b>	<b>-</b>	<b>8,611</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,611</b>
<b>Total Group Property, Plant and Equipment</b>	<b>150,370</b>	<b>12,147</b>	<b>(1,395)</b>	<b>-</b>	<b>161,122</b>	<b>(59,084)</b>	<b>(6)</b>	<b>(4,803)</b>	<b>1,270</b>	<b>(62,623)</b>	<b>98,499</b>

\* Depreciation differs from the Statement of Comprehensive Revenue and Expenses by \$70k which is the Joint Venture share of Emergency Management Southland total depreciation and South Port right-of-use asset.

## 11 Other financial assets and liabilities

		<b>Council</b>		<b>Group</b>	
		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b><i>Fair value through Profit or Loss:</i></b>					
<b><i>Classified as held for trading</i></b>					
<u>Managed Funds</u>					
JBWere - NZ Government and Local Authority	(i)	327	461	327	461
JBWere - Other Bonds	(i)	12,048	12,656	12,048	12,656
JBWere - Cash	(i)	1,230	985	1,230	985
JBWere - Equities	(i)	13,063	14,816	13,063	14,816
		<u>26,668</u>	<u>28,918</u>	<u>26,668</u>	<u>28,918</u>
<b><i>Classified as loans and receivables</i></b>					
Loan to Invercargill City Council	(ii)	159	150	159	150
Loan to Gore District Council	(ii)	49	47	49	47
		<u>208</u>	<u>197</u>	<u>208</u>	<u>197</u>
<b><i>Classified as other financial assets and liabilities</i></b>					
Interest rate derivatives Current Asset	(iii)	-	-	164	-
Interest rate derivatives Non Current Asset	(iii)	-	-	789	-
Interest rate derivatives Current Liability	(iii)	-	-	-	(182)
Interest rate derivatives Non Current Liability	(iii)	-	-	-	(234)
Shares - Civic Assurance Limited		9	9	9	9
		<u>9</u>	<u>9</u>	<u>962</u>	<u>(407)</u>
		<b><u>26,885</u></b>	<b><u>29,124</u></b>	<b><u>27,838</u></b>	<b><u>28,708</u></b>
<b><i>Disclosed in the financial statements as:</i></b>					
Current Assets		26,668	28,918	26,832	28,918
Non-current Assets		217	206	1,006	206
Current Liabilities		-	-	-	(182)
Non-current Liabilities		-	-	-	(234)
		<u>26,885</u>	<u>29,124</u>	<u>27,838</u>	<u>28,708</u>

## 11 Notes to Other financial assets and liabilities

There are no impairment provisions for other financial assets.

- (i) Classified as held for trading. The Group holds a portfolio of floating and fixed interest deposits, bonds and equity securities that is managed externally by JB Were. This classification has been determined as all assets within this category are held for trading at any point should the Fund managers determine it is in the Council's best investment interests to do so.
- (ii) The net present value of the Gore District Council loan is \$49,395 (2021:46,643) and Invercargill City Council loan is \$159,019 (2021: \$150,160). The Group advanced no additional funds to support the low interest loans offered on the Clean Air scheme during the year (2021: \$Nil)

The loans are interest free and repayable in five years time. The total amount able to be drawn down under this scheme is \$1,500,000 (2021: \$1,500,000). These loans are recorded at present value applying a discounted rate of 5.9% over the life of the loan.

- (iii) The Group has entered into a fixed for floating interest rate swap to hedge its floating debt. The Group has not adopted hedge accounting.

Interest rate swap (i) - South Port New Zealand Limited has an interest rate swap in place which commenced in November 2019 and matures in November 2024. The interest rate swap has a fixed swap rate of 3.64% with a notional contract amount of \$5 million at 30 June 2022 (2021: contract in place for \$5 million @ 3.64%, commencing November 2019 and maturing November 2024).

Interest rate swap (ii) - South Port New Zealand Limited has an interest rate swap in place which commenced in July 2021 and matures in July 2026. The interest rate swap has a fixed swap rate of 1.27% with a notional contract amount of \$8 million at 30 June 2022 (2021: no contract in place).

Interest rate swap (iii) - South Port New Zealand Limited has an interest rate swap in place which commenced in November 2021 and matures in October 2024. The interest rate swap has a fixed swap rate of 2.59% with a notional contract amount of \$3 million at 30 June 2022 (2021: no contract in place).

## 12 Payables and income in advance

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>(a) Trade and Other Payables</b>				
Trade payables	4,307	4,768	7,632	11,321
Other accrued charges	661	526	661	526
	<b>4,968</b>	<b>5,294</b>	<b>8,293</b>	<b>11,847</b>
The average credit period on purchases is 30 days				
<b>(b) Income Received in Advance</b>				
Income in Advance	1,897	1,014	1,897	1,014
Government Funded Income in Advance	1,347	1,423	1,347	1,423
	<b>3,244</b>	<b>2,437</b>	<b>3,244</b>	<b>2,437</b>

This is the carry forward of project specific income to the next financial year. This includes funding of \$300,000 from the National Emergency Management Agency for the AF8 project and \$300,000 from the Ministry for the Environment for the Freshwater Farm Plan System. The Government funded projects include Climate Resilience project income of \$949,000 and Jobs for Nature project income of \$398,000.

## 13 Employee entitlements

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Accrued salary and wages	346	260	678	628
Annual leave	1,163	1,062	2,320	2,107
Long service leave	9	3	117	40
	<b>1,519</b>	<b>1,325</b>	<b>3,117</b>	<b>2,775</b>
<b>Disclosed in the financial statements as:</b>				
Current Employee Entitlements	1,462	1,280	3,010	2,698
Non-Current Employee Entitlements	57	45	107	77
	<b>1,519</b>	<b>1,325</b>	<b>3,117</b>	<b>2,775</b>

## 14 Borrowings

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b><i>Secured - at amortised cost</i></b>				
Current borrowings	-	-	-	-
Non-current borrowings	-	-	25,500	9,000
	<u>-</u>	<u>-</u>	<u>25,500</u>	<u>9,000</u>

South Port New Zealand Limited's credit facility of \$32 million from ANZ (2021: \$17 million) is split between four lines of credit as follows:

Facility 1 - \$5 million expiring 1 February 2024

Facility 2 - \$8 million expiring 1 July 2024

Facility 3 - \$3 million expiring 31 October 2024

Facility 4 - \$16 million expiring 1 November 2024

Interest on the first \$16 million drawn at any one time is payable according to the interest rate swap agreements the Company has with ANZ. Interest on the balance of funds drawn at any time is calculated using a variable rate based on the BKBM (3 month bank bill rate).

The total facility is secured by way of a general security registered over all assets both present and future of South Port New Zealand Limited. The same security was in place the previous year.

## 15 Equity

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Lease area balances (a)	6,591	5,994	6,591	5,994
Special reserves (b)	14,444	15,880	14,444	15,880
Rating district balances (c)	4,375	4,351	4,375	4,351
Retained earnings (d)	58,084	54,562	86,511	79,181
Non controlling interest (e)	-	-	18,125	16,199
	<u>83,494</u>	<u>80,787</u>	<u>130,046</u>	<u>121,605</u>

### (a) Lease Areas (Council) - Restricted Reserves

	2022			
	Balance	Plus	Less	Balance
	1/07/2021	Income	Costs	30/06/2022
	\$000	\$000	\$000	\$000
Aparima	38	3	(2)	39
Ferry Road	2,072	320	(124)	2,268
Kingswell	31	10	(5)	36
Mataura	2,556	524	(297)	2,783
Oreti	662	228	(128)	762
Otepunu	250	34	(10)	274
Winton	193	13	(5)	201
Waihopai	165	25	(10)	180
Waituna	27	26	(5)	48
	<u>5,994</u>	<u>1,183</u>	<u>(586)</u>	<u>6,591</u>

	2021			
	Balance	Plus	Less	Balance
	1/07/2020	Income	Costs	30/06/2021
	\$000	\$000	\$000	\$000
Aparima	37	3	(2)	38
Ferry Road	1,855	310	(93)	2,072
Kingswell	33	10	(12)	31
Mataura	2,414	526	(384)	2,556
Oreti	593	214	(145)	662
Otepunu	229	33	(12)	250
Winton	184	13	(4)	193
Waihopai	157	26	(18)	165
Waituna	5	25	(3)	27
	<u>5,507</u>	<u>1,161</u>	<u>(674)</u>	<u>5,994</u>

**(b) Special Reserves (Council)**

	2022			Balance 30/06/2022 \$000
	Balance 1/07/2021 \$000	Transfers to \$000	Transfers from \$000	
Building Reserve	462	127	(3)	586
Lease Building Reserve	548	14	-	562
Furniture and Equipment Reserve	138	18	-	156
Plant Renewal Reserve	101	326	(239)	188
Vehicle reserve	1,044	404	(486)	962
Infrastructure Assets Reserve	535	1,823	(1,739)	619
Disaster Damage General Reserve	2,000	-	-	2,000
Makarewa Disaster Damage Reserve-Restricted	178	1	-	179
Oreti Disaster Damage Reserve-Restricted	1,557	16	-	1,573
Mataura Disaster Damage Reserve-Restricted	1,332	13	-	1,345
Aparima Disaster Damage Reserve-Restricted	616	7	-	623
Orauea Disaster Damage Reserve-Restricted	9	-	-	9
Invercargill Disaster Damage Reserve-Restricted	1,093	52	-	1,145
Waiau Disaster Damage Reserve-Restricted	1,500	34	(67)	1,467
Regional Assistance to Projects	6	-	(6)	-
Coastal Rental Reserve	258	128	-	386
Marine Fee Reserve-Restricted	1,155	-	(807)	348
South Port Special Dividend Reserve	669	-	(669)	-
South Port Share Buy Back Reserve	594	-	(239)	355
Election Funding Reserve	30	-	-	30
Pest Property Reserve Fund	879	3	-	882
Pest Plant Reserve	77	4	-	81
Pest Disposals Reserve	299	-	-	299
Te Anau Basin Reserve	364	4	-	368
Waimatuku Stream Disaster Reserve - Restricted	59	1	-	60
Aerial Photography Reserve	49	-	(49)	-
Emergency Management Southland Reserve	92	118	-	210
AF8 Reserve	-	-	8	8
Lake Hawkins Pumphouse-Restricted	236	1	(234)	3
	15,880	3,094	(4,530)	14,444

(b) Special Reserves (Council) continued

	2021			
	Balance	Transfers	Transfers	Balance
	1/07/2020	to	from	30/06/2021
	\$000	\$000	\$000	\$000
Building Reserve	332	130	-	462
Lease Building Reserve	529	19	-	548
Furniture and Equipment Reserve	119	19	-	138
Plant Renewal Reserve	112	271	(282)	101
Vehicle reserve	721	323	-	1,044
Infrastructure Assets Reserve	516	52	(33)	535
Disaster Damage General Reserve	2,000	-	-	2,000
Makarewa Disaster Damage Reserve-Restricted	176	2	-	178
Oreti Disaster Damage Reserve-Restricted	1,542	15	-	1,557
Mataura Disaster Damage Reserve-Restricted	1,319	13	-	1,332
Aparima Disaster Damage Reserve-Restricted	598	18	-	616
Orauea Disaster Damage Reserve-Restricted	9	-	-	9
Invercargill Disaster Damage Reserve-Restricted	1,023	70	-	1,093
Waiau Disaster Damage Reserve-Restricted	1,686	40	(226)	1,500
Regional Assistance to Projects	6	-	-	6
Coastal Rental Reserve	169	89	-	258
Marine Fee Reserve-Restricted	3,150	-	(1,995)	1,155
South Port Special Dividend Reserve	669	-	-	669
South Port Share Buy Back Reserve	1,378	-	(784)	594
Election Funding Reserve	-	30	-	30
Pest Property Reserve Fund	872	7	-	879
Pest Plant Reserve	73	4	-	77
Pest Disposals Reserve	299	-	-	299
Te Anau Basin Reserve	342	22	-	364
Waimatuku Stream Disaster Reserve - Restricted	59	-	-	59
Aerial Photography Reserve	49	-	-	49
Emergency Management Southland Reserve	65	72	(45)	92
Lake Hawkins Pumphouse-Restricted	337	8	(109)	236
	<u>18,150</u>	<u>1,204</u>	<u>(3,474)</u>	<u>15,880</u>



(c) Rating Districts Balances (Council) - Restricted Reserves

		2022		
	Balance 1/07/2021 \$000	Plus Income \$000	Less Costs \$000	Balance 30/06/2022 \$000
Aparima	664	583	(575)	672
Clifton Drainage	19	6	(3)	22
Duck Creek	28	68	(44)	52
Invercargill	281	690	(638)	333
Lake Hawkins	(73)	140	(135)	(68)
Makarewa	213	342	(418)	137
Makarewa Special	111	1	-	112
Mataura	444	1,682	(1,562)	564
Otepunui Creek	1	18	(1)	18
Oreti	308	1,339	(1,324)	323
Te Anau Basin	634	474	(647)	461
Waituna Creek	15	90	(65)	40
Waihopai	78	36	(7)	107
Waiau	18	354	(356)	16
Waiau - Sharpridge	64	10	(24)	50
Waiau - Orauea	3	48	(71)	(20)
Waiau - Upper Lillburn	362	60	(106)	316
Waiau - Wairaki	14	55	(49)	20
Waiau - Fenham	123	11	(44)	90
Waiau - Boundary Creek	(2)	6	-	4
Waiau Special Projects	818	8	40	866
Waimatuku	44	60	(38)	66
Upper Waihopai	67	24	(3)	88
Upper Waikiwi	84	24	(25)	83
Lower Waikawa	15	4	(15)	4
Upper Waikawa	18	9	(8)	19
	<u>4,351</u>	<u>6,142</u>	<u>(6,118)</u>	<u>4,375</u>

(c) Rating Districts Balances (Council) - Restricted Reserves continued

	2021			Balance 30/06/2021 \$000
	Balance 1/07/2020 \$000	Plus Income \$000	Less Costs \$000	
Aparima	662	629	(627)	664
Clifton Drainage	15	5	(1)	19
Duck Creek	36	72	(80)	28
Invercargill	239	677	(635)	281
Lake Hawkins	(81)	141	(133)	(73)
Makarewa	195	297	(279)	213
Makarewa Special	115	1	(5)	111
Mataura	580	1,884	(2,020)	444
Otepunui Creek	18	22	(39)	1
Oreti	618	1,584	(1,894)	308
Te Anau Basin	692	638	(696)	634
Waituna Creek	48	57	(90)	15
Waihopai	67	39	(28)	78
Waiau	25	400	(407)	18
Waiau - Sharpridge	54	10	-	64
Waiau - Orauea	(3)	49	(43)	3
Waiau - Upper Lillburn	377	43	(58)	362
Waiau - Wairaki	30	48	(64)	14
Waiau - Fenham	135	7	(19)	123
Waiau - Boundary Creek	4	1	(7)	(2)
Waiau Special Projects	782	10	26	818
Waimatuku	31	61	(48)	44
Upper Waihopai	47	24	(4)	67
Upper Waikiwi	98	24	(38)	84
Lower Waikawa	14	3	(2)	15
Upper Waikawa	26	10	(18)	18
	<u>4,824</u>	<u>6,736</u>	<u>(7,209)</u>	<u>4,351</u>

**(d) Retained Earnings**

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Balance at beginning of year	54,562	49,034	79,181	71,065
Net surplus / (deficit) attributable to Council	2,707	3,272	6,515	5,860
Net movement in lease areas	(597)	(487)	(597)	(487)
Net movement in special reserves	1,436	2,270	1,436	2,270
Net movement in rating districts	(24)	473	(24)	473
<b>Balance at end of year</b>	<b>58,084</b>	<b>54,562</b>	<b>86,511</b>	<b>79,181</b>

**(e) Non Controlling Interests**

	2022	2021
	\$000	\$000
Balance at beginning of year	16,199	14,894
Share of comprehensive revenue for the year	4,300	3,591
Dividend distribution for the year	(2,374)	(2,286)
Balance at end of year	<u>18,125</u>	<u>16,199</u>

## 16 Commitments for expenditure

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>(a) Capital Expenditure Commitments</b>				
Buildings	-	-	492	-
Infrastructure	1,866	4,800	1,866	4,800
Plant and equipment	-	-	4,199	13,712
Motor Vehicles	-	436	-	436
	<u>1,866</u>	<u>5,236</u>	<u>6,557</u>	<u>18,948</u>

As at 30 June 2022, the Council has the following capital expenditure commitments:

- (i) Funds committed \$1.9m. The Council entered into commitments on various stopbank upgrades as part of the Government Funded Shovel Ready Climate Resilience projects (2021: \$4.8m).

As at 30 June 2022, in addition to the Council the Group has the following capital expenditure commitments:

- (i) Funds committed \$4.7m. South Port New Zealand Limited entered into commitments on paving and services in the South Rail log yard and Shed 6 areas as well as other minor capital projects. (2021: tug replacement and the upgrade to the town wharf access corridor at an estimated total cost of \$13.7m).

### (b) Operating Lease Commitments

#### *Finance lease commitments*

Finance lease liabilities at 30 June 2022 were \$Nil (2021: \$Nil)

#### *Operating lease commitments*

Gross commitments under non-cancellable operating leases for the Group:

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Within one year	162	243	255	296
One to five years	68	265	427	507
More than five years	-	-	1	38
	<u>230</u>	<u>508</u>	<u>683</u>	<u>841</u>

South Port New Zealand Limited has a ten year operating lease commitment with KiwiRail Limited for the lease of a parcel of land situated on the Island Harbour, Bluff, due to expire in December 2026 with a 5 year renewal option. There is a further lease commitment with KiwiRail for the lease of a parcel of land situated at Invercargill which expires in September 2027.

Future minimum lease payments under non-cancellable operating leases (as Lessor)

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Within one year	873	803	4,873	4,614
One to five years	324	711	11,349	10,375
More than five years	-	-	36,458	36,442
	<u>1,197</u>	<u>1,514</u>	<u>52,680</u>	<u>51,431</u>

Operating lease commitments (as Lessor) relate to various port land, wharves and buildings in Bluff that are leased (both short term and long term) to a number of tenants for port related activities.

This includes Floodway land owned by Environment Southland, for the purposes of flood control, which are leased for farming purposes under a Deed of Lease.

## 17 Contingent liabilities and contingent assets

### Council and Group

At the date of this report, Council is involved in two legal proceedings under the Resource Management Act. There is no reliable estimate of what the liability will be. At this stage no claims have been made. At 30 June 2022 there was a claim against South Port New Zealand Limited for \$2.1m in damages (2021: \$2.1m), however South Port New Zealand Limited has a counter-claim against the claimant for \$5.6m (2021: \$5.2m). South Port New Zealand Limited is going to arbitration in 2022/23 to defend the claim and does not believe that it is exposed to the liability.

The Council has no contingent assets as at 30 June 2022 (2021: \$Nil) . South Port New Zealand Limited \$Nil (2021: \$Nil)

## 18 Subsidiaries

Parent Entity	Country of Incorporation	Ownership Interest	
		2022 %	2021 %
Southland Regional Council (i)	New Zealand		
<b>Subsidiaries</b>			
South Port New Zealand Limited (iii)	New Zealand	66.48%	66.48%

- (i) Environment Southland (Southland Regional Council) is the ultimate parent entity within the consolidated group.
- (ii) South Port New Zealand Limited holds the Group's interests in subsidiaries as follows:
- South Port New Zealand Limited - Port facilities, cargo handling and warehousing (100% owned);
  - Awarua Holdings Limited - Management and administration services (100% owned).
- (iii) Shares in South Port New Zealand Limited are carried at cost price.  
All companies in the Group have 30 June balance dates.

## 19 Related party disclosures

### (a) Equity Interests in Related Parties

Environment Southland is the ultimate parent of the Group and controls one entity, being South Port New Zealand Limited (66.48% ownership) including its subsidiaries.

#### Equity Interests in Subsidiaries

Details of the percentage of shares held in subsidiaries are disclosed in Note 18 to the financial statements.

### (b) Transactions with Related Parties

#### Transactions involving the Council

During the year the following receipts / (payments) were received from / (paid to) related parties:

	Council	
	2022 \$000	2021 \$000
<b>South Port New Zealand Limited</b>		
Dividend payment made to Council	4,709	4,535
Expenses paid to Council as per normal terms of business	116	27
	Council	
	2022 \$000	2021 \$000
<b>Regional Software Holdings Limited</b>		
Administration fees and support paid by Council	(391)	(332)

**Southland Regional Development Agency Limited (Great South)**

Environment Southland provided funding of \$169,170 (2021: \$163,940) to Southland Regional Development Agency for the year ended 30 June 2022.

**Other Transactions Involving Related Parties**

During the year South Port New Zealand Ltd provided cold storage facilities and leased warehousing, land and wharf facilities to Sanford Bluff for \$509,000 (2021: \$665,000). Sanford Limited debtors balance at 30 June 2022 \$26,100 (2021: \$29,100). Mr T M Foggo, a former Director of South Port New Zealand Limited acted in the capacity of consultant for Sanford Limited. All of these transactions were conducted on an arms length basis at market rates.

All balances owing by Sanford are due by the 20th of the month following invoice and all overdue invoices are subject to interest on arrears. During the year ended 30 June 2022 no amounts invoiced to Sanford were written off as bad debts or included in the doubtful debts provision at balance date (2021: \$Nil).

In Environment Southland's role as agent for the Whakamana Te Waituna project, as at 30 June 2022 funds held on behalf of the project amounted to \$838,050 (2021: \$1,553,000). These amounts are recorded in the cash and deposits balance and are considered restricted cash on the basis that the funds are held in trust as a payable for the Whakamana Te Waituna project.

**Transactions Eliminated on Consolidation**

Related party transactions and outstanding balances with other entities in a group are disclosed in an entity's financial statements. Intra-group related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the Group.

**20 Joint arrangement - Emergency Management Southland**

The Council is a member of the joint arrangement known as Emergency Management Southland, which delivers the civil defence and emergency management responsibilities of the four councils in the Southland region. Governance of the operation is provided by the Southland Civil Defence and Emergency Management Group, a joint standing committee of the four Councils.

Contributions of revenue and expenditure to the arrangement by the Councils are as follows:

	%
Environment Southland	34.04
Gore District Council	9.42
Invercargill City Council	28.27
Southland District Council	28.27

Environment Southland's interests in the arrangement are as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Current Assets	193	67
Revenue	582	469
Expenses	456	438

## **21 Subsequent events**

### **(a) Council**

Subsequent to balance date Council completed the documentation necessary to join the Local Government Funding Agency (LGFA). During the 2021 Long Term Plan Council consulted on joining the LGFA as a guaranteeing member. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. Councils borrowing funds through LGFA can access funds at a cheaper rate than other lending. The LGFA has Standard and Poors AA+ credit rating. Being a guarantor of LGFA means that council will have a potential liability in the future.

On 23rd September 2022, Council signed a contract with Fulton Hogan to initiate the replacement of the Stead St Pump Station. The contract price for the pump station is \$8.3 million and brings the projected total cost of construction, including design and provision of fish-friendly archimedes screw pumps, to a total of \$11 million. This is an increase in cost of \$4.5 million above the projected cost of \$6.5 million in the 2022/23 Annual Plan. The increase to be funded by debt, is within the prudential debt limits. The annual cost of the revised expenditure is an increase of 1.7% on the 2022/23 operating budget. Council is committed to reviewing the funding of all climate resilience expenditure prior June 2024.

### **(b) Group (South Port New Zealand Limited)**

On 25 Aug 2022 the Board declared a final dividend for the year to 30 June 2022 of 19.50 cents per share amounting to \$5,116,000 (before supplementary dividends). (2021 Final dividend declared for 19.50 cents per share amounting to \$5,116,000).

## 22 Notes to the Cash Flow Statement

### Reconciliation of Surplus for the period to Net Cash Flows From Operating Activities

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Surplus/(Deficit)	2,707	3,272	10,815	9,451
<b><i>Add/(less) non-cash items</i></b>				
Depreciation	730	716	5,090	4,860
(Gain) / loss on disposal of property, plant and equipment	(164)	(37)	(157)	(66)
Impairment of fixed assets	90	258	90	258
Net change in fair value of forward exchange contracts and interest rate	-	-	(1,369)	(334)
Interest realised not received	(751)	(619)	(751)	(619)
Fair value gain/loss on other financial assets	2,896	(3,152)	2,896	(3,152)
Deferred Tax Expense	-	-	(641)	(307)
Other Non Cash	-	-	12	-
	2,801	(2,834)	5,170	640
<b><i>Add/(less) movement in working capital:</i></b>				
Trade and other receivables	(1,242)	1,535	799	1,801
Inventories	(5)	-	(5)	-
Prepayments	(87)	30	(87)	30
Trade and other payables	481	4,211	(2,600)	7,117
Employee Entitlements	194	(570)	194	(570)
Taxation payable	-	-	593	339
	(659)	5,206	(1,106)	8,717
<b><i>Add/(less) items classified as Investing Activities:</i></b>				
Property, plant and equipment included in trade and other payables	(949)	(980)	(949)	(980)
Grants for capital expenditure	(2,522)	(1,576)	(2,522)	(1,576)
Movement in other working capital items classified as investing activities	-	-	(1,044)	(1,873)
	(3,471)	(2,556)	(4,515)	(4,429)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,378</b>	<b>3,088</b>	<b>10,364</b>	<b>14,379</b>



## 23 Financial instruments

### (a) Capital Risk Management

The Council's capital is its equity (or ratepayer's funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Retained Earnings is largely managed as a by product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted by the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally the Council has in place asset management plans for major asset classes detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Council has the following Council created reserves:

- Lease area balances
- Special reserves
- Rating district balances

These reserves are for different areas of benefit and are used where there is a discrete set of rate or levy payers as distinct from a general rate. Any surplus/(deficit) relating to these separate areas of benefit is applied to the specific reserves.

The Group's overall strategy remains unchanged from 2021.

### (b) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1.

### (c) Categories of Financial Instruments

	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Financial Assets</b>				
Cash and cash equivalents	6,333	5,316	7,636	6,943
Trade and other receivables - Amortised Cost	5,598	4,356	12,509	10,503
Other financial assets				
- Fair Value through profit or loss - held for trading	26,668	28,918	26,832	28,918
- Loans to Invercargill City Council	159	150	159	150
- Loans to Gore District Council	49	47	49	47
- Investments held at Cost	9	9	9	9
- Interest Rate Derivatives	-	-	953	-
<b>Financial Liabilities</b>				
Bank overdraft	-	-	-	-
Trade and other payables - Amortised Cost	4,968	5,294	8,293	11,847
Borrowings - Amortised Cost	-	-	25,500	9,000
Other financial liabilities				
- Interest Rate Derivatives	-	-	-	416

**(d) Financial Risk Management Objectives**

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council has established Council approved Liability Management and Investment Policies. These provide a framework for prudent debt management and the management of financial resources in an efficient and effective way.

The Council and Group does not enter into financial instruments, including derivative financial instruments, for speculative purposes.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

**(e) Currency Risk**

The Group undertakes certain sale and purchase transactions and makes investments through its managed funds denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within the Statement of Investment Policy and Objectives.

The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2022	2021	2022	2021
	NZ \$000	NZ \$000	NZ \$000	NZ \$000
<b>Council</b>				
US Dollars	7,294	7,660	-	-
British Pounds	400	419	-	-
Euro	819	615	-	-
Australian Dollars	2,681	2,790	-	-
<b>Group</b>				
US Dollars	7,294	7,660	-	-
British Pounds	400	419	-	-
Euro	819	615	-	-
Australian Dollars	2,681	2,790	-	-

**(f) Interest Rate Risk**

The Council and Group is exposed to interest rate risk as it has tradable bonds, notes and cash investments as part of its managed funds held with JB Were. The risk is managed by the diversification of the Council's investment portfolio in accordance with the limits set out in the Council's investment policy. The Group is also occasionally subject to interest rate risk in relation to borrowings at floating interest rates.

Interest payable by South Port New Zealand Limited Ltd to ANZ is charged on the following basis:

- (i) 5 year interest rate swap; and
- (ii) Variable rates based on the BKBM.

During the period the range of variable interest rates applying to the credit facility were between 1.32% and 3.43% (2021: 1.16% and 2.34%). The Company is exposed to normal fluctuations in market interest rates.

Interest rate swap (i) - South Port New Zealand Limited has an interest rate swap in place which commenced in November 2019 and matures in November 2024. The interest rate swap has a fixed swap rate of 3.64% with a notional contract amount of \$5 million at 30 June 2022 (2021: contract in place for \$5 million @ 3.64%, commencing November 2019 and maturing November 2024).

Interest rate swap (ii) - South Port New Zealand Limited has an interest rate swap in place which commenced in July 2021 and matures in July 2026. The interest rate swap has a fixed swap rate of 1.27% with a notional contract amount of \$8 million at 30 June 2022 (2021: no contract in place).

Interest rate swap (iii) - South Port New Zealand Limited has an interest rate swap in place which commenced in November 2021 and matures in October 2024. The interest rate swap has a fixed swap rate of 2.59% with a notional contract amount of \$3 million at 30 June 2022 (2021: no contract in place).

The Council and Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section of this note.

**(g) Other Price Risks**

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Group is exposed to equity price risks arising from equity investments. Council has equity investments held for trading as part of its managed funds held with JB Were (refer to note 11).

The price risk is managed by diversification of the Council's investment portfolio in accordance with the limits set out in the Council's investment policy.

**(h) Credit Risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Council has no significant concentrations of credit risk arising from trade receivables, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Financial instruments which potentially subject the Group to credit risk principally consist of cash and cash equivalents and trade and other receivables and term investments.

With respect to managed funds, credit risk is reduced by the number of securities held with different counterparties.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with credit-ratings assigned by international credit-rating agencies.

**(i) Liquidity Risk Management**

Liquidity risk is the risk that the Group will encounter difficulty in raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through adequate committed credit facilities, and the ability to close out market positions.

The Group manages liquidity risk by maintaining adequate funds on deposit, reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Notes 14 and 22(a) is information on additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

The following tables detail the Council's remaining contractual maturity for its non derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the liabilities except where the Council is entitled and intends to repay a liability before its maturity.

### Maturity Profile of Financial Instruments

The following table details the Council's exposure to interest rate risk on financial instruments:

COUNCIL 2022	Weighted Average	Fixed Maturity Dates						Contractual	Total Carrying Amount
		Less than 12	1-2 years	2-3 Years	3-4 Years	4 -5 Years	> 5 Years		
		%	\$000	\$000	\$000	\$000	\$000		
<b>Financial Assets</b>									
Cash and Cash equivalents		6,333						6,333	6,333
Trade Receivables		5,598	-	-	-	-	-	5,598	5,598
Loans to Invercargill City Council		-	-	-	-	-	200	200	159
Loans to Gore District Council		-	-	-	-	-	62	62	49
Managed Funds		26,668						26,668	26,668
<b>Financial Liabilities</b>									
Bank overdraft		-	-	-	-	-	-	-	-
Trade and other payables		4,968	-	-	-	-	-	4,968	4,968
Borrowings		-	-	-	-	-	-	-	-

COUNCIL 2021	Weighted Average	Fixed Maturity Dates						Contractual	Total Carrying Amount
		Less than 12	1-2 years	2-3 Years	3-4 Years	4 -5 Years	> 5 Years		
		%	\$000	\$000	\$000	\$000	\$000		
<b>Financial Assets</b>									
Cash and Cash equivalents		5,316						5,316	5,316
Trade Receivables		4,356	-	-	-	-	-	4,356	4,356
Loans to Invercargill City Council		-	-	-	-	-	200	200	150
Loans to Gore District Council		-	-	-	-	-	62	62	47
Managed Funds		28,918						28,918	28,918
<b>Financial Liabilities</b>									
Bank overdraft	1.93%	-	-	-	-	-	-	-	-
Trade and other payables		5,294	-	-	-	-	-	5,294	5,294
Borrowings		-	-	-	-	-	-	-	-

GROUP 2022	Weighted Average	Fixed Maturity Dates						Contractual	Total Carrying Amount
		Less than 12	1-2 years	2-3 Years	3-4 Years	4 -5 Years	> 5 Years		
		%	\$000	\$000	\$000	\$000	\$000		
<b>Financial Assets</b>									
Cash and Cash equivalents	0.70%	7,636	-	-	-	-	-	7,636	7,636
Trade Receivables		12,509	-	-	-	-	-	12,509	12,509
Loans to Invercargill City Council		-	-	-	-	-	200	200	150
Loans to Gore District Council		-	-	-	-	-	62	62	47
Managed Funds		26,832						26,832	26,832
Interest rate derivatives (non-current)	2.26%	-	64	22	31	8	-	47	789
Interest rate derivatives (current)	2.26%	-	64	-	-	-	-	64	164
<b>Financial Liabilities</b>									
Bank overdraft		-	-	-	-	-	-	-	-
Trade and other payables		8,293	-	-	-	-	-	8,293	8,293
Borrowings (non-current)	4.23%	1,022	5,935	20,674	-	-	-	27,631	25,500
Borrowings (current)		-	-	-	-	-	-	-	-

GROUP 2021	Weighted Average	Fixed Maturity Dates						Contractual	Total Carrying Amount
		Less than 12	1-2 years	2-3 Years	3-4 Years	4 -5 Years	> 5 Years		
		%	\$000	\$000	\$000	\$000	\$000		
<b>Financial Assets</b>									
Cash and Cash equivalents	0.25%	6,943	-	-	-	-	-	6,943	6,943
Trade Receivables		10,503	-	-	-	-	-	10,503	10,503
Loans to Invercargill City Council		-	-	-	-	-	200	200	150
Loans to Gore District Council		-	-	-	-	-	62	62	47
Managed Funds		28,918						28,918	28,918
<b>Financial Liabilities</b>									
Bank overdraft	1.93%	-	-	-	-	-	-	-	-
Trade and other payables		11,847	-	-	-	-	-	11,847	11,847
Borrowings (non-current)	2.86%	170	4,135	5,068	-	-	-	9,373	9,000
Borrowings (current)		-	-	-	-	-	-	-	-
Interest rate derivatives (non-current)	3.64%	-	182	182	92	-	-	457	234
Interest rate derivatives (current)	3.64%	182	-	-	-	-	-	182	182

### (j) Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions;
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

The Council considers that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values with the exception of the Council's investment in its subsidiary, South Port New Zealand Limited (South Port). The Council records its investment in South Port at cost \$8,720,786 and at 30 June 2022 the fair value of this investment based on the NZX quoted bid price was \$147,904,539 (2021: \$147,904,539).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### Group 2022

##### Financial Assets

Other financial assets

##### Financial Liabilities

Derivatives - interest rate swaps

Total NZ \$000	Valuation Technique		
	Level 1 NZ \$000	Level 2 NZ \$000	Level 3 NZ \$000
26,668	14,292	12,376	-
-	-	-	-

#### Group 2021

##### Financial Assets

Other financial assets

##### Financial Liabilities

Derivatives - interest rate swaps

Total NZ \$000	Valuation Technique		
	Level 1 NZ \$000	Level 2 NZ \$000	Level 3 NZ \$000
28,918	15,801	13,117	-
(416)	-	(416)	-

**(k) Sensitivity Analysis**

Foreign Currency Sensitivity Analysis

The Group is mainly exposed to the currency of Australia (AUD), the United States (USD) and Europe (Euro).

At reporting date, if foreign currency rates had been 10% higher or lower and all other variables were held constant, the Group's:

- Surplus would decrease or increase by \$1,119,375 (2021: \$1,148,468). This is mainly attributable to the Group's exposure to foreign currency on its investments within its managed funds held with JB Were.
- Equity reserves would be similarly affected.

Interest Rate Sensitivity Analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the report.

At reporting date, if interest rates had been 10% higher or lower and all other variables were held constant, the Group's:

- Surplus would decrease or increase by \$26,668 (2021: \$28,811). This is mainly attributable to the Group's exposure to interest rates on its investments within its managed funds held with JB Were.
- Equity reserves would be similarly affected.

The Group's sensitivity to interest rates has not changed significantly from the prior year.

Price Sensitivity Analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

At reporting date, if equity prices had been 10% higher or lower and all other variables were held constant, the Group's:

- Surplus would decrease or increase by \$1,306,270 (2021: \$1,481,645) in relation to the equity investments fair value through profit and loss.

The Group's sensitivity to equity prices has not changed significantly from the prior year.

## 24 Explanation of Major Variances against Annual Plan

### Council Statement of Comprehensive Revenue and Expenses for the Year Ended 30 June 2022 Actual compared to Annual Plan

	Council Actual 2022 \$000	Council Annual Plan 2022 \$000	Variance \$000	Note
<b>Revenue</b>				
Rates revenue	22,862	22,862	-	
Government Grants	8,484	13,103	(4,619)	a.
Other revenue	14,331	13,925	406	b.
<b>Total Revenue</b>	<b>45,677</b>	<b>49,889</b>	<b>(4,212)</b>	
<b>Expenditure</b>				
Employee benefits expense	16,858	17,964	(1,106)	d.
Depreciation expense	715	722	(7)	
Finance costs	2	87	(85)	e.
Other expenses	22,670	24,230	(1,560)	f.
<b>Total Expenditure</b>	<b>40,245</b>	<b>43,003</b>	<b>(2,758)</b>	
<b>Other Revenue and Expense</b>				
Other gains /(losses)	(2,725)	-	(2,725)	c.
<b>Total Other Revenue and Expense</b>	<b>(2,725)</b>	<b>-</b>	<b>(2,725)</b>	
Surplus (Deficit) before tax	2,707	6,886	(4,179)	
Income tax expense	-	-	-	
Tax legislation changes	-	-	-	
<b>Surplus (deficit) for the period</b>	<b>2,707</b>	<b>6,886</b>	<b>(4,179)</b>	
Available for sale financial assets valuation gain/(loss)	-	-	-	
<b>Total Comprehensive Revenue / Deficit</b>	<b>2,707</b>	<b>6,886</b>	<b>(4,179)</b>	

#### **Explanations for Council Statement of Comprehensive Revenue and Expenses Variances:**

The actual surplus of \$2.7m was less than the planned budgeted surplus by \$4.2m. The major components of this unfavourable result are explained below.

**Total comprehensive revenue received for the year was \$6.9m under budget. The major items contributing to this variance were:**

- Government grants were \$4.6m below budget due to delays with the Climate Resilience projects.
- Other revenue was \$406k above budget mainly due to increased income from local contributions, and realised interest and dividends being more than budgeted.
- Other gains/(losses) were under budget by \$2.7m due to lower than expected unrealised investment returns.

**Actual expenditure was \$2.8m under budget primarily due to:**

- Employee expenses were below budget by \$1.1m mainly due to vacancies and unfilled positions.
- Finance costs were \$85k under budget due to the decreased use of bank overdraft facilities during the year.
- Other expenses were under budget by \$1.6m. This is mainly due to spending on transformation projects being slower than anticipated.



**Statement of Financial Position**  
**As at 30 June 2022**  
**Actual compared to Annual Plan**

	Council Actual 2022 \$000	Council Annual Plan 2022 \$000	Variance \$000	Note
<b>Equity</b>	<b>83,494</b>	<b>88,370</b>	<b>(4,876)</b>	a.
Current Assets	39,195	32,713	6,482	b.
Non-Current Assets	54,030	62,951	(8,921)	c.
Current Liabilities	9,674	4,463	5,211	d.
Non Current Liabilities	57	2,830	(2,773)	e.
<b>Net Assets</b>	<b>83,494</b>	<b>88,370</b>	<b>(4,876)</b>	

**Explanations for Council Statement of Financial Position Variances:**

- a. Equity of \$83.5m is \$4.9m under budget. This is due to the surplus being under budget combined with the following:
- b. Current assets are \$39.2m against a budget of \$32.7m due to movement in cash and deposits and increased debtors.
- c. Non current assets of \$54m are \$8.9m under budget. This is due to Property, plant and equipment being under budget as a result of the delay in Climate Resilience projects.
- d. Current liabilities of \$9.7m are higher than budget by \$5.4m. This is mainly due to the carry forward of \$3.8m project specific income to the next financial year, and trade payables being higher than budgeted.
- e. Non Current liabilities of \$57k are under budget by \$2.8m. This is due to not requiring external debt resulting from the delay in Climate Resilience projects.

**Statement of Cash Flows**  
**for the Year Ended 30 June 2022**  
**Actual compared to Annual Plan**

	Council Actual 2022 \$000	Council Annual Plan 2022 \$000	Variance \$000	Note
Net cash flow from operating activities	1,378	(3,230)	4,608	
Net cash flow from investing activities	(361)	(3,600)	3,239	
Net cash flow from financing activities	-	2,796	(2,796)	
<b>Increase/(Decrease) in cash held</b>	<b>1,017</b>	<b>(4,033)</b>	<b>5,050</b>	
Add opening cash brought forward	5,316	4,033	1,283	
Ending cash carried forward	<b>6,333</b>	-	<b>6,333</b>	a.

**Explanations for Council Statement of Cash Flows Variances:**

- a. The cash position was better than budget by \$6.3m This is due to the delay in Climate Resilience projects.

## **25 Covid-19 Pandemic Impact**

Covid-19 represents an ongoing concern for peoples health and livelihood. The changing landscape means that the council had to be agile and make the necessary changes to continue to operate the necessary council services. In line with Government advice, all non-essential front facing roles are closed during lockdown and operate under restricted capacity.

While Covid-19 affects the way that the Council operates, council staff have been able to assess the long-term impact and believe it to be reasonably minimal. In coming to this conclusion, the following factors have been considered:

### ***Collectability of rates***

Council has considered our ability to collect rates, but there is little feedback thus far that our ratepayers are unable to pay rates as they fall due. Council considered how they could support Southland ratepayers who were financially affected by Covid-19. The initiative was implemented in 2020 to enable people to pay rates in three instalments which continues to be offered.

The impact on rates is less than expected and we have decided not to make any changes to impairment, although we will continue to monitor the situation. We have not had any evidence that debtors require further impairment.

### ***Valuations***

We have assessed our judgements and estimates regarding the valuation of our assets. There has been no material impact on asset valuations.

### ***Service performance measure***

We have reviewed our core service performance measures. The measures that are vital to the performance of the Council have been largely unaffected.

The Council currently holds no debt and is in a good position to borrow and fund any revenue shortfalls if needed.

## Additional Disclosure Information

### Rating base information as at the end of the preceding financial year

	<b>2021</b>
The number of rating units within the region	50,101
The total capital value of rating units within the region	\$36,935,536,950
The total land value of rating units within the region	\$21,027,463,450

### Insurance on Assets

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Total value of all assets of Council covered by insurance contracts.	53,726	50,112
Maximum amount to which insured.	112,440	119,147
Total value of all assets of Council covered by financial risk sharing arrangements.	Nil	Nil
Maximum amount available to Council under the arrangements.	Nil	Nil
Total value of all assets of the Council which are partly self-insured.	N/A	N/A
Value of funds maintained by the local authority for that purpose.	N/A	N/A

#### Notes:

Council holds funded reserves to cover shortfalls in risk sharing arrangements e.g. deductible, non-insured damage. Individual amounts are detailed in the Note 15(b).

# Local Government (Financial Reporting and Prudence) Regulations 2014

## Annual report disclosure statement for year ended 30 June 2022

### What is the purpose of this statement?

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

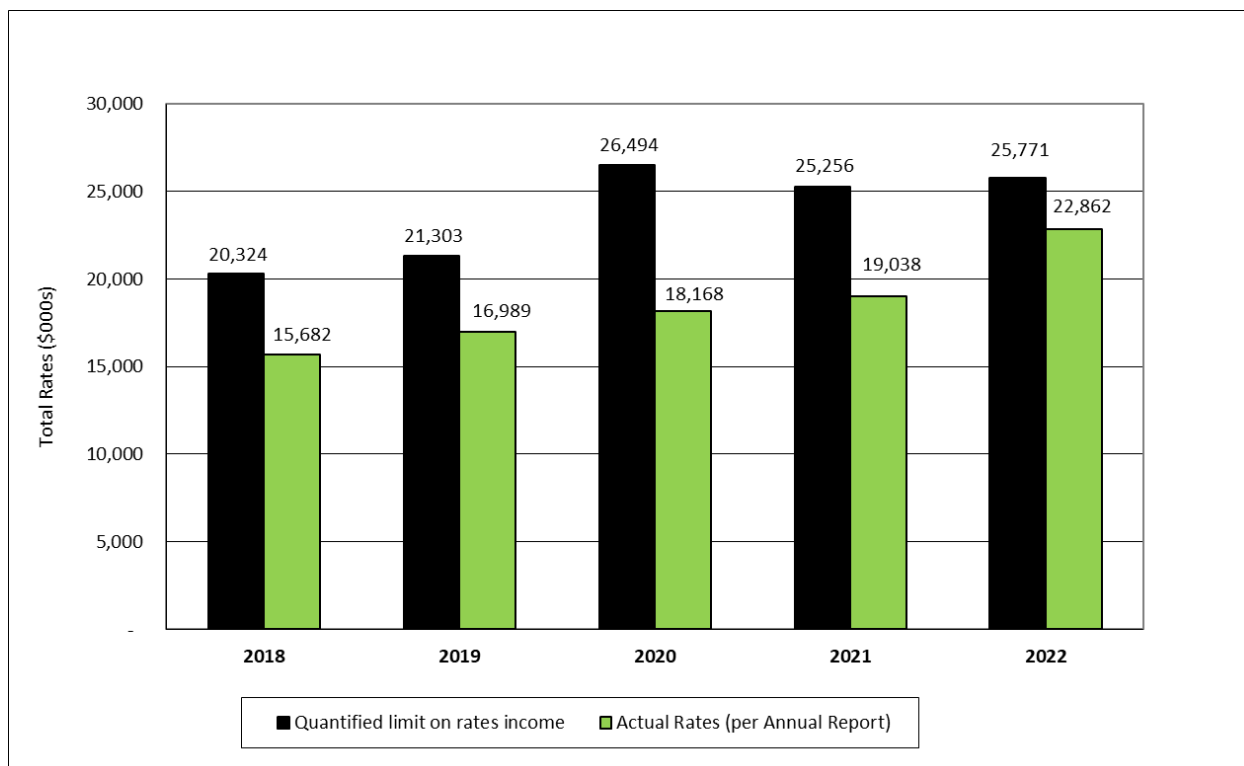
The Council is required to include this statement in its Annual Report in accordance with the *Local Government (Financial Reporting and Prudence) Regulations 2014* (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

### 1. Rates affordability benchmarks

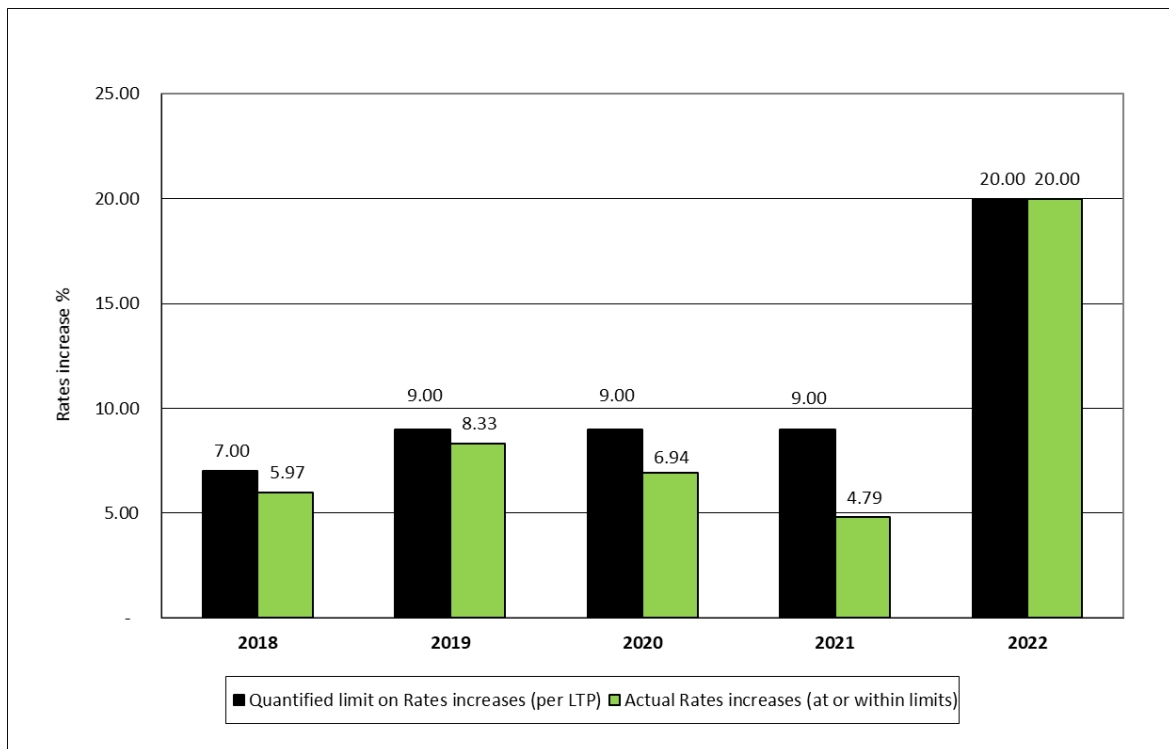
The Council meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

**Rates (income) affordability** - the following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long-term Plan. The quantified limit from 2018 is that total rates will not exceed 60% of total revenue.



**Rates (increases) affordability** - the following graph compares the Council’s actual rates increases with a quantified limit on rates increases included in the Financial Strategy included in the Council’s Long-term Plan. The quantified limit is that total rates increases will not exceed planned increases.



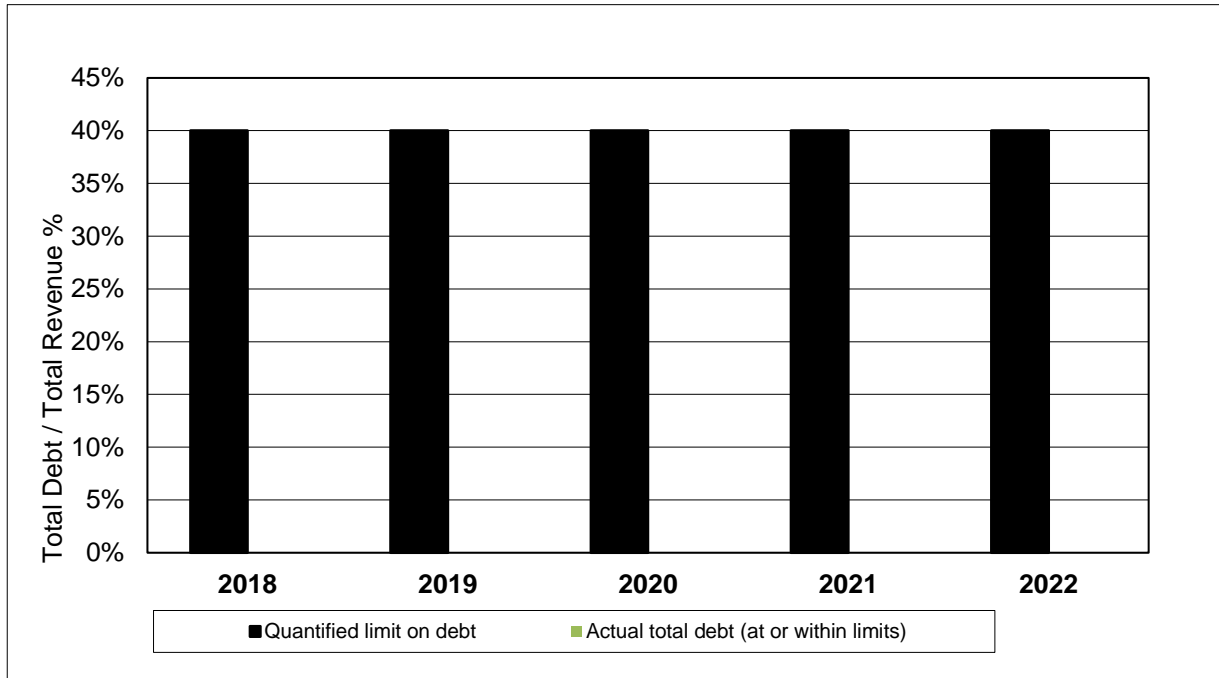
The Rates (increases) affordability benchmark requires a comparison of actual performance against quantified limits set in the Council’s Financial Strategy.

For the first three years of the Council’s 2018-2028 Long-term Plan the quantified limit was that total rates increase will not exceed 9%. In the 2021–2031 Long-term Plan budget adjustments were made to maintain service levels, be more efficient and implement new regulations. We assessed our options for rates increases versus balancing the books. We concluded that balancing the books after three years by 2025 was desirable. To achieve this most effectively, we considered the best outcome for ratepayers with the least financial risk was to set the rates increase in Year 1 (2021-2022) at 20% and then thereafter reverting to moderate increases of 5% that support maintaining service levels, repaying debt and building resilience.

## 2. Debt affordability benchmark

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

The quantified limit is that, other than overdrafts arranged to fund operating cash shortfalls immediately prior to the annual rate collection, the proportion of total borrowing subject to repayment or refinancing should be no greater than 40% of total income.



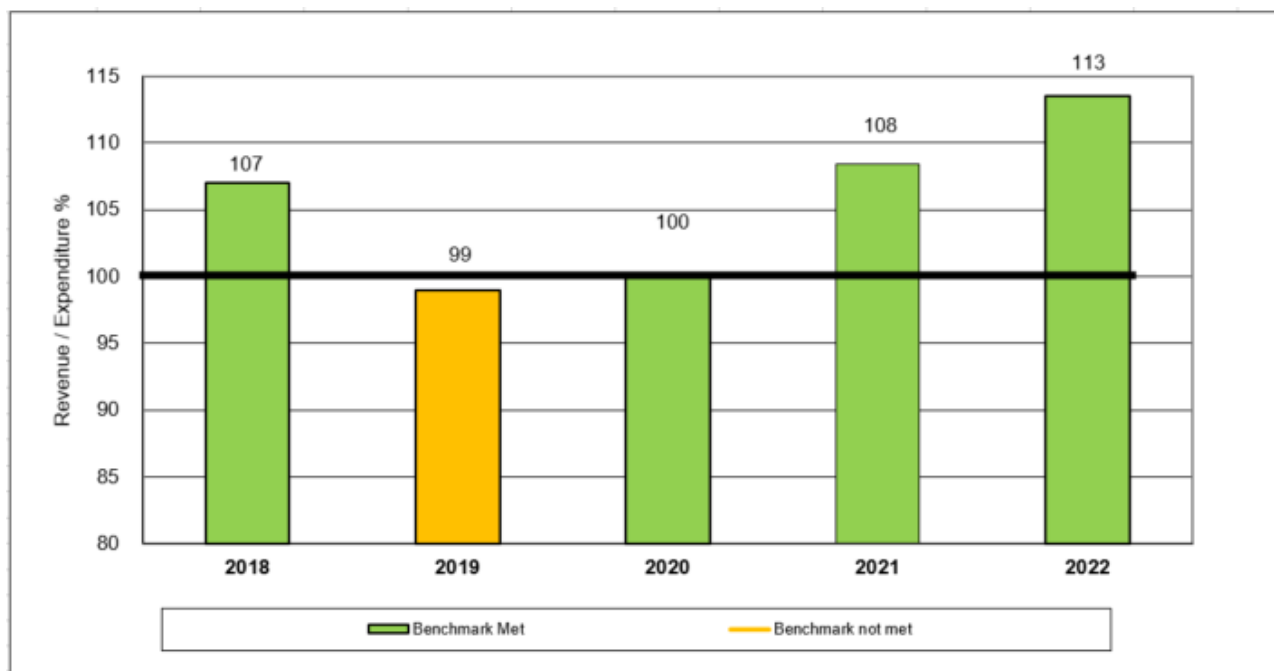
During the period 2018 to 2022, the Council had no external public debt therefore no actual total debt is shown in the above graph.

The Debt Affordability benchmark requires a comparison of actual performance against quantified limits set in the Council's Financial Strategy.

### 3. Balanced budget benchmark

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

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



In each of the years 2018 to 2022, Council planned not to meet its balanced budget requirement. Council planned to incur more operating expenditure than revenue received as it had resolved that it was financially prudent to do so by making use of prior years' surpluses and reserves.

### 4. Essential services benchmark

The essential services benchmark is the capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Network services means infrastructure related to:

- (a) water supply;
- (b) sewerage and the treatment and disposal of sewage;
- (c) stormwater drainage;
- (d) flood protection and control works;
- (e) the provision of roads and footpaths.

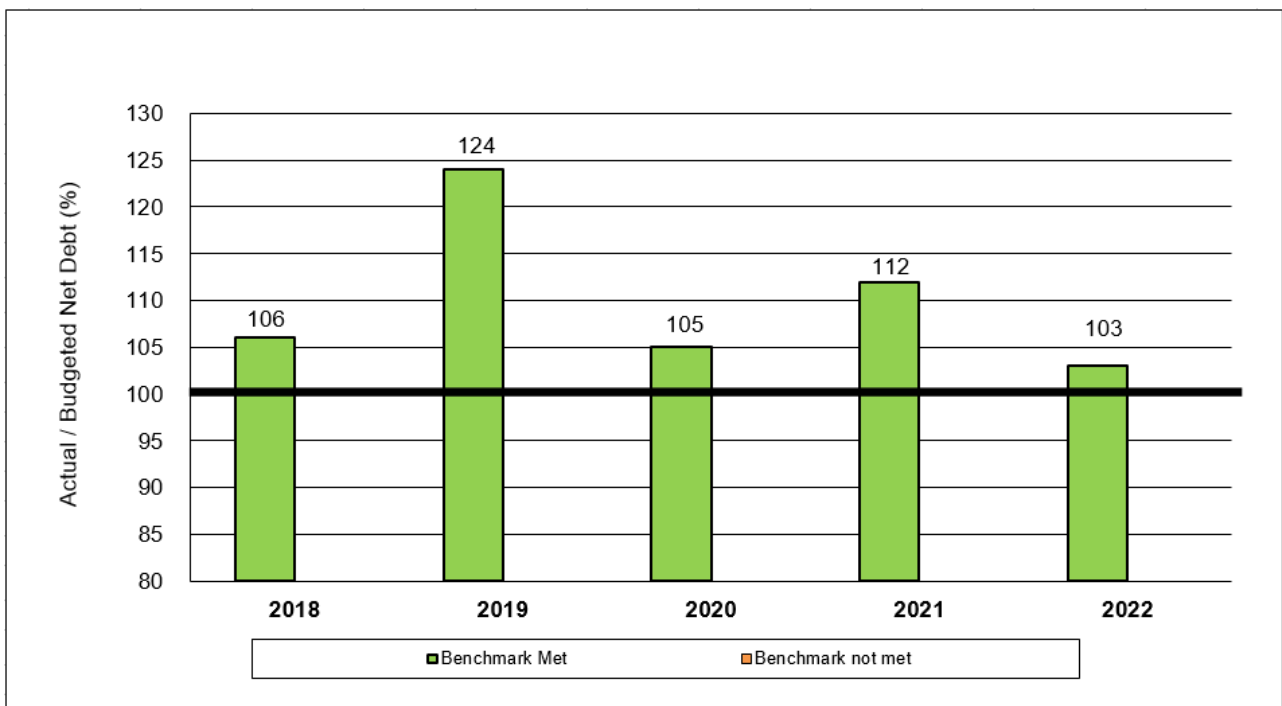
The Council's only network services are in relation to flood protection and control works. The Council does not provide any of the other network services. These network services are in the form of land assets. Accordingly, there is no depreciation on these assets. The Council's capital expenditure will always be equal to or greater than the depreciation expense.

## 5. Debt servicing benchmark

The debt servicing benchmark is the borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, therefore it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. During the period 2018 to 2022, the Council had no external public debt and no debt servicing.

## 6. Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

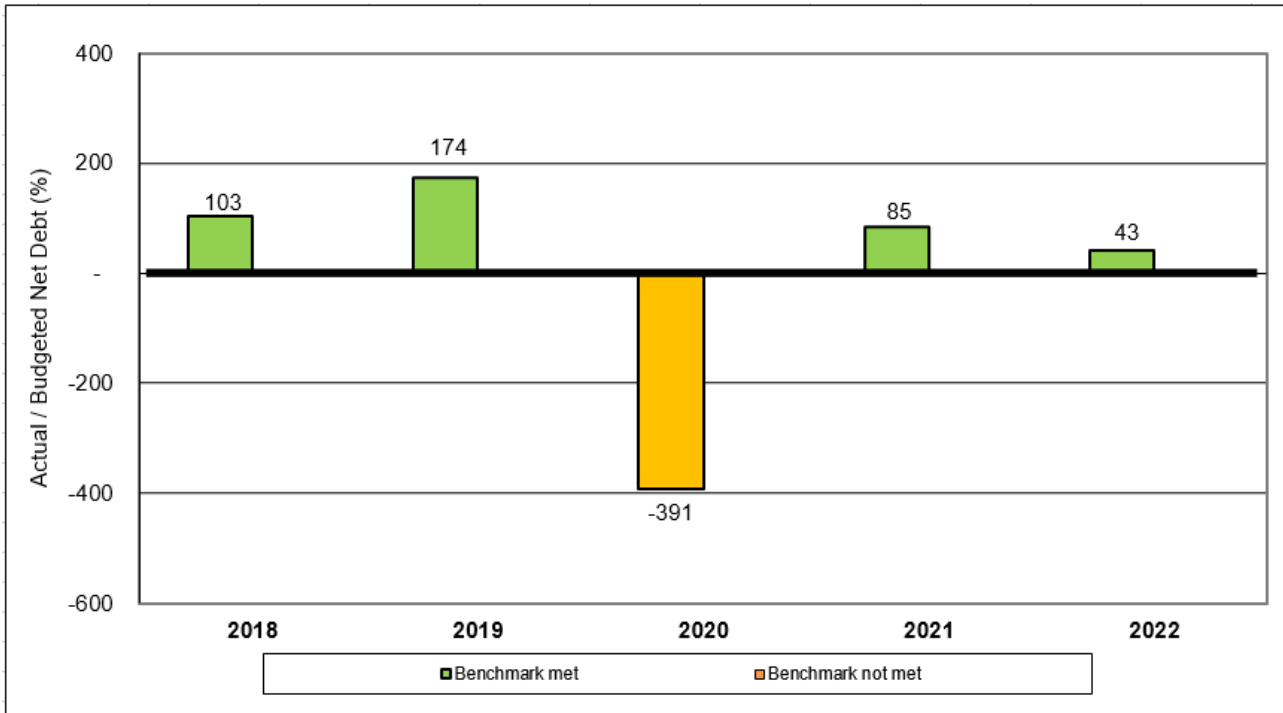


During the period 2018 to 2022, the Council had no external public debt. This benchmark is recording actual net financial assets as a proportion of planned net financial assets. For the Council, the debt control benchmark is met if it is actual net assets, financial assets (excluding trade and other receivables) less financial liabilities, equals or is more than its planned net assets.



## 7. Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



For the period 2018 to 2022 Council planned to have negative cash flow from its operating activities as it considered it was prudent to do so as it drew down on prior year's surpluses and reserves.

In 2018 and 2019 actual cash flow from operating activities met the benchmark due to higher receipts from customers and lower than expected payments to suppliers and employees.

In 2020 the actual cash flow from operating activities did not meet the benchmark. This was due to greater than expected payments to suppliers.

In 2021 actual cash flow from operating activities met the benchmark due to higher receipts from customers and lower than expected payments to suppliers and employees.

In 2022 actual cash flow from operating activities met the benchmark due to higher receipts from customers.



**INDEPENDENT AUDITOR'S REPORT**

**TO THE READERS OF ENVIRONMENT SOUTHLAND'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE  
2022**

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

We are also required to report on:

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

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

We completed our work on 5 October 2022. This is the date on which we give our report.

**Opinion on the audited information**

In our opinion:

- the financial statements on pages 52 to 105:
  - present fairly, in all material respects:
    - the Regional Council and Group's **financial position as at** 30 June 2022;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 12, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan;
- the statement of service performance on pages 8 to 50:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;



- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 8 to 50, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's annual plan; and
- the funding impact statement for each group of activities on pages 8 to 50, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's Long-term plan.

#### **Report on the disclosure requirements**

We report that the Regional Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 106 to 111, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council and Group's audited information and, where applicable, the Regional Council's long-term plan and annual plans.

#### **Basis for our opinion on the audited information**

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

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

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

#### **Responsibilities of the Council for the audited information**

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

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

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

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



### Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Regional Council's annual plan.

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

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

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



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

#### **Other Information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 7, 51 and 116 to 119, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

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

#### **Independence**

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

A handwritten signature in blue ink, appearing to read "MHL".

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

## Collaboration across Councils and mana whenua

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

The following are examples of some of those collaborations.

### ***Building Control***

Four southern territorial authorities including Southland District Council, Invercargill City Council, Gore District Council and Clutha District Council continue to work closely together on building control matters under the Southern Shared Services Group in terms of both information sharing and staff exchanges to support each other at busy times.

Eleven building control authorities (BCAs), Southland District Council, Invercargill City Council, Gore District Council, Clutha District Council, Dunedin City Council, Central Otago District Council, Mackenzie District Council, Queenstown Lakes District Council, Timaru District Council, Waimate District Council and Waitaki District Council, meet regularly both as a BCA managers' group and a quality assurance leaders group under the Southern Building Controls Group. They have developed a collaborative environment for consistency in processes as well as shared regulation forms and continuous improvement ideas.

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

### ***Emergency Management***

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

During the 2021/22 year, the EMS team was deployed on two separate occasions to assist Westport during two weather related declarations, providing Westport with much needed staff and EMS staff with invaluable experience. EMS was also involved in coordinating the response to water shortage situation in autumn 2022 at the request of the Mayoral Forum.

### ***Information Technology***

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

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

Shared Services initiatives during the past year included:

- Datto technology was chosen as the backup and recovery solution with a cloud-first approach being utilised that is scalable in the event of a disaster, and this project was a finalist in the Association of Local Government Information Management (ALGIM) Information, Communication and Technology Project of the Year Award;

- significant progress was made on the Provincial Growth Fund Regional LiDAR Project. As at 30 June 2022, the total area captured by the contractor, Aerial Services Limited, for Murihiku Southland was 74%. Once captured the data is sent offshore for processing and then comes back to Environment Southland for quality assurance checking. The first set of high-resolution 3D mapping data for the Oban area of Rakiura Stewart Island was released publicly and can be accessed via the LINZ Data Service [www.data.linz.govt.nz](http://www.data.linz.govt.nz). The rest of Southland will be released as it becomes available;
- member councils supported each other during periods of remote working due to Covid to ensure high availability of networks and services to enable staff members to work effectively from remote locations;
- work on a cybersecurity programme was advanced, including security awareness training, penetration testing and incident response plans to ensure the right technologies, education, and resources are in place.

### ***Te Rōpū Taiao***

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

The Councils continued to fund and support Te Ao Mārama Inc during the 2021/22 year. The four papatipu rūnanga and the participant councils also continued to meet through Te Rōpū Taiao hui, which allow for exchange of information and identification of opportunities to work together.

### ***SouthLib Library Consortium***

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

The SouthLib Consortium provides free reciprocal membership of any public library in the Otago and Southland regions to permanent residents living anywhere in the regions. This means that the more than 300,000 people living in Otago and Southland have free access to 35 public library branches, three book buses and a collection of more than 1.5 million items.

The consortium came together to share a range of services which originally included the Symphony Library Management system, which allowed access to the complete catalogues of Dunedin, Invercargill, Queenstown Lakes, Central Otago and Southland District Libraries for all residents. Differing demands by various councils saw a very amiable split from this in 2016/2017 although most consortium members still use the Symphony management system. Dunedin City, Central Otago, Queenstown Lakes Districts and Southland District have joined the national consortium, Kōtui, which provides enhanced support, searching and ongoing enhancements.

A range of other opportunities are also being explored between the districts and these include integrated holiday and reading programmes, requests and holds able to be placed across boundaries and the possibility of staff exchanges.

Purchase of large print, audio, e-book and e-audio collections have long been shared by the consortium and these collections are exchanged, or made available, to all members. Authors visits are co-ordinated to minimise costs/travel and accommodation.

### **Regional Development**

The Southland Regional Development Strategy (SoRDS) was published by the Mayoral Forum in 2015. The main goal of the Strategy was to increase the Southland population by 10,000 more people by 2025, through creating more jobs and taking up more development opportunities. Modelling shows Southland is on track to achieve this population target. In addition, many of the actions identified within the strategy are either already complete or underway.

During the 2021/22 year, Great South<sup>4</sup> (the Southland Regional Development Agency), was successful in gaining Just Transition funding to undertake long-term planning including a review of the Southland Regional Development Strategy. This work, known as “Beyond 2025 Southland”, has 16 workstreams within five areas of focus that build on the previous work of the Southland Regional Development Strategy (SoRDs).

The process to develop the Beyond 2025 Southland Plan will take 18 months and requires a multi-stakeholder partnership with councils, mana whenua, the business sector, local communities, other key stakeholders and central government. Further information can be sourced from [www.beyond2025southland.nz](http://www.beyond2025southland.nz).

### **Regional Planning**

The membership and terms of reference for the Regional Planning Managers Group (comprising staff from Environment Southland, Invercargill City Council, Southland District Council and Gore District Council) were reviewed and expanded during the year to enable an improved response to impending legislative changes. The membership of the group now includes the Regional Strategy Managers, Te Ao Mārama Inc and Great South.

Regional hui with elected members during the year included a session in November 2021 on the consultation document on New Zealand’s first Emissions Reduction Plan, Resource Management Reform and the Review of Local Government. A Climate Change hui was to have also been held during the 2021/22 year but was moved to 4 July 2022 due to COVID-19.

Joint submissions included responses to the consultation documents on the Emissions Reduction Plan and National Adaption Plan, along with the exposure draft of the National Policy Statement for Indigenous Biodiversity and discussion document on proposals to prevent exotic forests from registering in the permanent forest category of Emissions Trading Scheme (ETS).

A coordinated approach to regional spatial planning in the region was also scoped.

### **Future challenges**

- Resource Management, Three Waters and Local Government Reform
- Adapting to impacts of climate change
- The proposed closure of Tiwai Aluminium Smelter
- Freshwater and estuary health and implementation of Te Mana o te Wai

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<sup>4</sup> Great South is a Council-Controlled Organisation, with a broad range of shareholders helping to drive regional growth.



*We collect personal information from you, including:*

- *your name;*
- *contact information;*
- *location;*
- *computer or network;*
- *interactions with us;*
- *billing or purchase information.*

*We collect your personal information in order to fulfil the legislative requirements of our business. Providing some information is optional. We keep your information safe by using secure systems and processes including policy and ensure secure access to your information by authorised staff only. You have the right to ask for a copy of any personal information we hold about you, and to ask for it to be corrected if you think it is wrong. If you would like to ask for a copy of your information, or have it corrected, please contact us at [service@es.govt.nz](mailto:service@es.govt.nz), or (03) 211 5115, or Private Bag 90116, Invercargill 9840.*