

20/21

ANNUAL REPORT
SOUTHLAND DISTRICT COUNCIL





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Moving forward together

Message from the mayor Gary Tong and chief executive Cameron McIntosh

In the new world of dealing with a mutating global pandemic, finding new and improved ways to work is an ongoing priority. This is never a bad thing.

Our Annual Report for 2019/2020 talked about weathering the storm created by the double whammy of major flooding in Southland and the Covid-19 pandemic. Just over 12 months later the lessons we learned were being put to good effect when we found ourselves working through another storm, of the Covid Delta variety.

While this annual reporting period does not extend to the lockdown of August and September 2021, the preparations and changes we made as a result throughout the 1 July 2020 to 30 June 2021 financial year are entirely relevant to this Annual Report.

As an organisation we're very proud of the way we responded. In the face of adversity Southland, to a large extent, was able to keep working productively. Adaptability and the ability to keep traversing obstacles became the new normal for many of us in the community.

Not everyone escaped the awful reach of Covid 2020, and we feel deeply for those communities that have suffered more than others from its lingering effects.

We worked through the year to support them, along with all the communities in Southland district. The aim is to help communities to help themselves to become more resilient in the face of these and any future challenges, with our nine community boards playing a leading role in local governance.

Staff worked hard to try to deliver the capital works programme in a testing economic environment in which there was a shortage of contractors and materials. Despite this, we were able to complete more than \$42 million of capital works during the year, the highest spend to date for Southland District Council. The number of projects that were able to be completed is a credit to their commitment to the district's communities.

Some major works were ongoing at the time of writing but nearing the finish line – for instance, the Te Anau wastewater system upgrade, and a raft of three waters projects paid for through the government's stimulus funding package.

The addition of the stimulus funding in the second quarter caused a significant flurry of activity and the demanding programme of work our team was able to deliver in the timeframe was impressive.

Welcome assistance for our vulnerable communities came in July 2021 following Council's application to the Ministry of Business, Innovation and Employment's Tourism Infrastructure Fund. Council was granted \$3.7 million, which will contribute to seven projects in Fiordland and Stewart Island/Rakiura.

Some projects were hindered by international supply chain interruptions, one of the downstream effects of the pandemic, but for the most part we have been able to roll with the punches and stay within sight of our predicted timelines.

We further refined our business as usual during the year. Council and committee meetings were played out online in real time, and livestreamed for you to watch. When necessary these meetings, as well as community board meetings, were held using videoconference platforms that enabled the wheels of democracy to keep turning, albeit from a safe distance.

During the year we established more online services, notably for customers applying for building consents. The new software platforms enable applications to be lodged and processed online, with customers able to track the progress of their applications. Software installed by Council during the year created efficiencies for other Council staff working in the field, such as food inspectors and animal control officers.

Our building control team achieved IANZ reaccreditation as a Building Control Authority, during a particularly challenging time for the industry.

Combined with the difficulties posed by Covid-19 level changes was a shortage of experienced staff in the labour market, and an 11% increase in volume of building consent applications. There was a huge body of work carried out by the team to create the efficiencies and improvements we needed, and this was acknowledged nationally with two major honours at the Building Officials Institute of New Zealand (BOINZ) awards announced in September 2021. We are very proud of the gains made.

Right across the organisation our people worked hard to prepare the current 10-year plan, or long term plan (LTP), which was adopted by Council just before the end of the financial year. These large statutorily required documents set out the work programmes and budgets for the next 10 years and hold us publicly accountable. They demand a huge amount of staff time and effort when they are renewed every three years.

This LTP process threw us a curveball just a few weeks out from the adoption date when we were advised by Waka Kotahi NZ Transport Agency that we had been allocated \$14.3 million less than we had applied for to fund the first three years of a massive 10-year road maintenance and renewals programme. This meant some long hours spent reprioritising projects and adjusting budgets, as well as rates.

Our team did a wonderful job to get this work completed in time for LTP adoption. However, in September 2021 we were advised that Waka Kotahi had allocated an extra \$6.9 million to SDC for continuous programmes (maintenance and renewals), bringing our final allocation for this work over the next three years up to \$92.3 million.

While it is less than the \$99.7 million originally sought, it will enable more road rehabilitations, bridge replacements and footpath renewals to be carried out than we allowed for in the LTP.

As an organisation we were forced to overcome another substantial hurdle after one of the three connected buildings that make up Council's head office in Forth Street, Invercargill, was identified as being earthquake prone. This necessitated a long process of finding alternative suitable office spaces for those staff displaced, fitting out the two new sites and then relocating staff.

Our people have responded well to the challenge. Like much that has happened in the past 12 months, this became the new normal.

Good news is on the horizon for our Winton office and library team, who will be able to move back into their

refurbished building in Wemyss Street in early 2022, all going well. The site has been closed since airborne mould spores and fungal contamination were discovered in May 2019, and our Winton team have done a sterling job continuing to provide welcome services to their community through two temporary relocations and two Covid lockdowns.

Throughout the year we worked alongside our community boards as they developed their visions, individual plans and projects for the LTP. The boards are a vital link between Council and their communities, and it is very pleasing to see the relationship growing and real progress being made as we work together for a better Southland.

Council was heavily involved in the formation of the Milford Opportunities Project masterplan.

This ambitious, ground-breaking body of work across multiple agencies, national and local, is designed to manage tourist numbers and conserve this jewel in our crown for future generations.

The collaborative approach used to bring together many interested parties, stakeholders, organisations and agencies for the greater good of Milford Sound/ Piopiotahi, the Milford corridor and surrounding area has been closely watched by central government, and it would come as no surprise if the model is employed elsewhere in the country to achieve similar outcomes for New Zealand's most vulnerable special visitor destinations.

Central government's three waters reform proposals are a significant issue for the district. Along with other councils throughout the country, Southland District Council wrote to the Three Waters Team of the Department of Internal Affairs in late September 2021, expressing its concerns.

At that stage Council was still considering whether to opt into the proposed reforms. However, in late October 2021 the government announced that it would be mandatory for councils to take part in the reforms, with all entities to be operational by 1 July 2024.



Council acknowledges and supports the need for reform of the three waters sector. However, SDC will continue to take the opportunity to express its views on the reform process.

It is imperative that the local rural community voice is accounted for in any future three waters delivery entity and we remain committed to making information freely available to the public.

This issue, along with other legislative changes being driven by the government including a review of local government, and replacement of the Resource Management Act with three new acts, occupied many headlines and social media opinion forums, as well as much staff time.

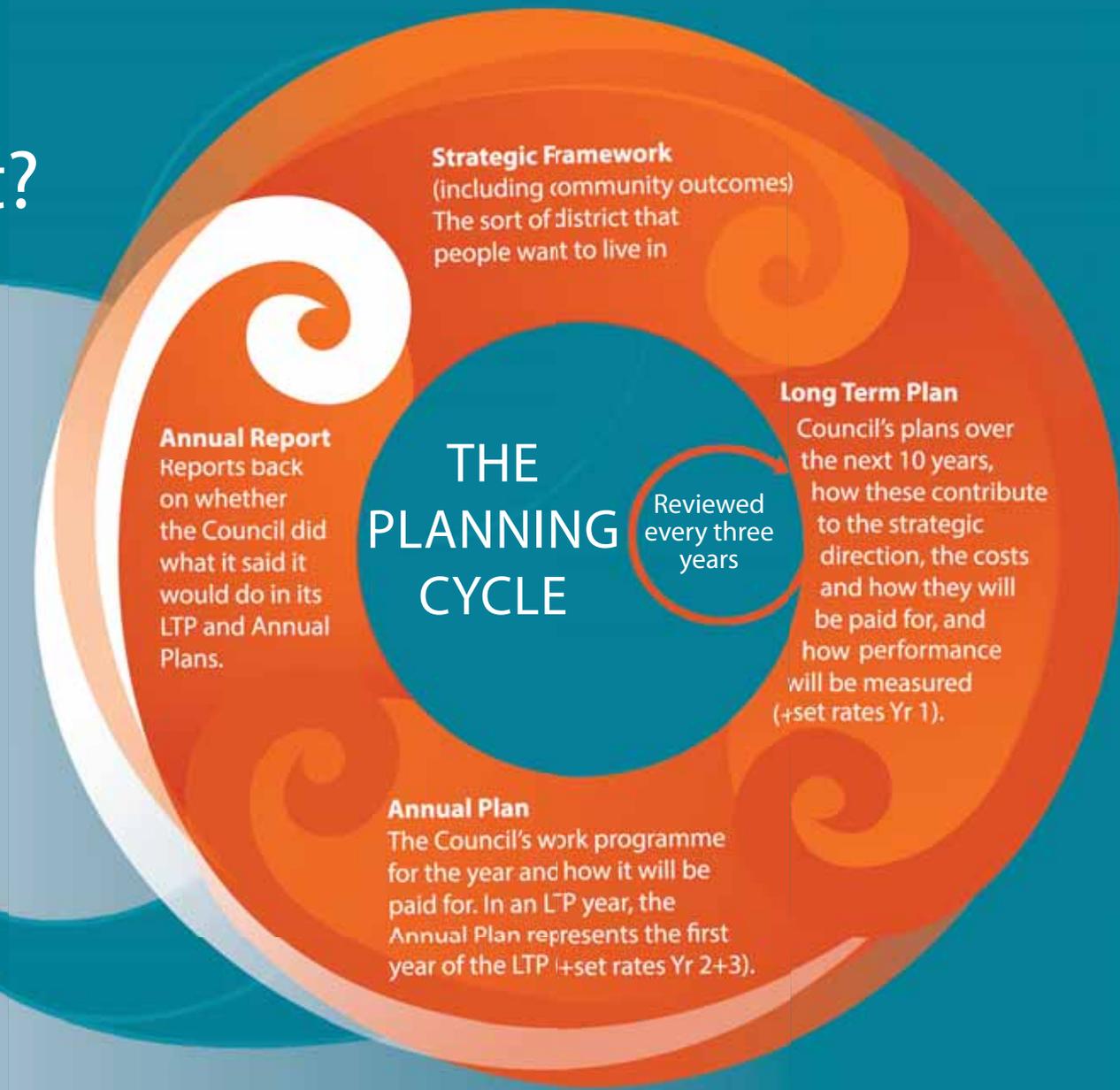
All, if they come to pass, will have a profound impact on local authorities throughout the nation and we, like many of you, await further developments with much interest.

What's an Annual Report?

This Annual Report tells you and us how well we did against what we said we were going to do in the Long Term Plan (LTP) 2018-2028, how much it cost to do this and how we paid for it.

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

Additionally, the opinion is given on how accurately we have monitored and reported on our activities and whether what we have reported on is a good reflection of our performance.





This document reports on
Council's activities during the year
1 July 2020 to 30 June 2021.

TE ROHE PŌTAE
O MURIHIKU



SOUTHLAND
DISTRICT COUNCIL



VISION

Southland – one
community offering
endless opportunities



MISSION

Working together for a
better Southland

Council's strategic direction

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

What we want to be	Vision	Southland – one community offering endless opportunities		
	<p>Community outcomes</p> <p>What the end result looks like for our communities</p>	<p>Proud, connected communities that have an attractive and affordable lifestyle</p> <p>This means Southland district is a place where people have everything they need to live, work, play and visit; where they are connected to each other, the environment and the world outside Southland; and where they can enjoy a safe and fulfilling life in our unique natural environment.</p>	<p>Resilient communities that leave a legacy for tomorrow</p> <p>This means Southland district is made up of strong communities that take a sustainable approach by considering the impact on the environment and the social, cultural and economic wellbeing of our communities now and in the future.</p>	
How we will work	Mission	Working together for a better Southland		
	<p>Our approach</p> <p>The way we approach our work</p>	<p>We will work in partnership with communities</p> <ul style="list-style-type: none"> - Consider the community in everything we do - Small council, big community - Acknowledge that Council doesn't always have the answer or the best ideas and that some of the best ideas come from others - Support our communities to make good decisions - Work to better understand our community's changing needs and priorities - Recognise Council is part of the solution, not the solution - Involve the community in our decisions and explain the reasons behind our decisions - Have conversations with our communities - Build better communication channels into our communities - Debate issues openly and honestly - Work together to maximise regional opportunities - Be accountable for our actions 	<p>We will constantly look for better ways</p> <ul style="list-style-type: none"> - Find ways to make it easy to do business with Council and in Southland - Be open to and look for new ways of doing things - Find efficiencies and don't waste money or resources - Regularly review activities, services, assets and contracts to ensure efficient and effective management and delivery - Focus resources on doing things that are needed and that will make a real difference - Anticipate and adapt to change - Develop other revenue streams to supplement rates - Maximise returns from existing investments - Look at initiatives to bring more people and business to Southland - Collaborate with others to deliver efficiencies and work smarter - Minimise the impact our activities have on the environment 	<p>We will work as one team</p> <ul style="list-style-type: none"> - Focus on what is best for Southland's communities - Understand district and local responsibilities - Clearly define roles at the political and operational levels so everyone knows what is expected of them - Trust each other - Ensure we act as "we" not "me" - Do the things we say we will and be accountable - Deal with any problems honestly and up-front and admit and learn from our mistakes - Fix problems rather than assign blame - Make the best use of the skills and expertise our people have and seek external help when we need to - Build our team capabilities - Look out for each other and our health and safety

The challenge

Fundamental shifts are occurring in our communities affecting where and how people live that raise questions about how we can best achieve our shared vision.

Strategic priorities

We need to provide strong community leadership and work with our communities on how to adapt to these changes so that the infrastructure, local services and regulatory functions we provide are appropriate and support the achievement of our shared vision.

What we need to focus on to ensure that we and our communities are making informed decisions to move from where we are now towards our shared vision.

1. Improve how we work

Ensuring that the business of Council is running efficiently and effectively and finding ways to do more with less.

Key aspects include:

- Operate in a financially responsible manner
- Continue to adapt
- Doing what we say we will
- Business improvement work
- Ease of doing business
- Significant projects managed effectively
- Community partnerships
- Culture
- Focus on customer support

2. Provide appropriate infrastructure/services

Ensuring that we are providing infrastructure and services that are fit for purpose for current and future community needs. Key aspects include:

- Ensuring infrastructure and services are cost-effectively and efficiently managed over the long-term
- Ensuring legislative / regulatory compliance
- Considering environmental sustainability and best use of natural resources
- Considering alternative asset / service delivery options
- Getting good asset data / service information (e.g. useful lives)
- Considering appropriate levels of service
- Mitigating risks – e.g. business continuity planning (natural hazards / critical lifelines) and climate change (sea level rise, rainfall)
- Better understanding of the future and what this means for communities

3. Make informed decisions

Ensuring that we have what is needed to make good decisions. Key aspects include:

- Building resilient communities
- Undertaking community engagement and partnership activities
- Open communication
- Working regionally and collaborating
- Community governance and representation review
- Developing community leadership plans

4. More people

Ensuring that we build great local places where people want to live and supporting new development opportunities that will help attract more people to Southland. Key aspects include:

- Working with the community to create great local places
- Helping to build strong communities

Supporting Southland Regional Development Strategy initiatives:

- Tourism (destination creation, management, marketing)
- Aquaculture
- Primary sector extension
- Digital connectivity

Consider what is appropriate, affordable, acceptable and achievable for communities long term

2020/2021 BY THE NUMBERS



141
capital projects

60 KPIs achieved
21 KPIs not achieved

\$416,000
grants and donations to community

1,010
building consents lodged

93%
roading requests for service
resolved within timeframe



7.8%
sealed road network resurfaced

1,043
building consents issued

90%
requests for service
resolved within timeframe

322
resource consents lodged

42,691
phone calls received

303
resource consents issued

\$42.9M
capital projects
delivered

Māori contribution to decision-making

Southland District Council was officially gifted its Māori name 'Te Rohe Pōtae o Murihiku' at a naming ceremony at Takutai o te Titi marae at Colac Bay/Ōraka in November 2005, strengthening links between Council and the tangata whenua and emphasising the importance of Council's partnership with Ngāi Tahu.

Te Rohe Pōtae o Murihiku acknowledges Council's role as an all-embracing shelter ("umbrella/lid") for its district.



Approximately 10% of Southland District's population is Māori.

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

Charter of understanding

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

The charter of understanding provides:

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

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

Te Roopū Taiao includes ngā matawaka (other Māori who are not Ngāi Tahu) representatives and meetings are usually held quarterly, with minutes reported back to participant councils.

A number of councils throughout New Zealand have resolved to make representation provisions which provide for specific seats for Māori on councils and associated committees.

Southland District Council engaged in 2018 with Te Ao Mārama on this matter as part of its representation review process.

Te Ao Mārama representatives expressed no desire at that stage to alter the existing participation/representation arrangements to create specific seats/representation for Māori.



However, it is important that Council remains receptive to further dialogue on such matters in the future if it will enhance Māori participation in Council's decision-making processes.



Fostering Māori capacity

At the time of reporting the Resource Management Act 1991 is undergoing major reform. This reform will define mana whenua as partners in Council environmental management decision making processes. It will require significant investment in the initial upskilling of staff and councillors in respect of tikanga Māori principles and protocols.

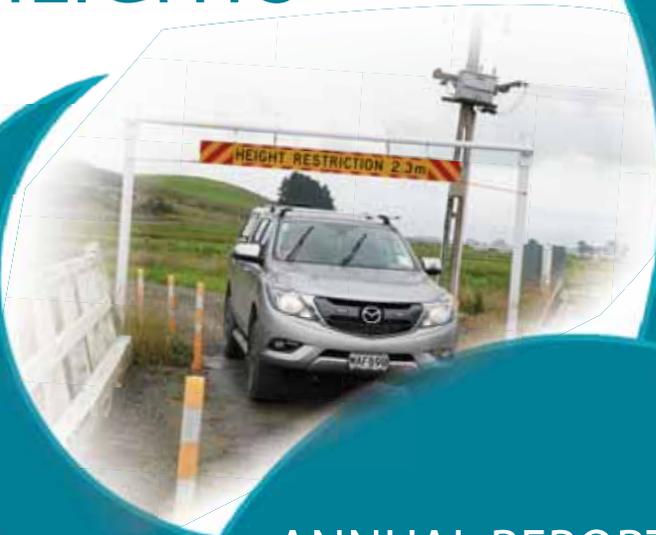
The Te Rohe Potāe o Murihiku Tikanga Māori Group has subsequently been established to meet the cultural development needs of staff and councillors, by offering opportunities to learn and participate in Tikanga Māori practices.

INITIATIVES	STATUS	PROGRESS
Continue to engage Te Ao Mārama as a partner during its decision-making and consultation processes	ONGOING	Te Ao Mārama representatives were invited to be part of the 2021-2031 LTP process. Te Ao Mārama representatives were part of relevant resource consent applications that were identified to adversely affect mana whenua. The RMA is now under reform, with significant change anticipated for Māori participation in all resource management processes. Te Ao Mārama representatives were the lead organisation on a regional-wide cultural landscapes assessment undertaken as part of the plan change to address natural features and landscapes in the Southland District Plan.
Continue to hold regular liaison meetings between Te Ao Mārama and Council executive and senior managers	ONGOING	Regular meetings held and Council senior managers also attend Te Roopū Taiao. This level of communication and engagement will continue as a minimum. A Te Ao Mārama representative provided a Matariki presentation at a Council meeting. SDC will seek and allow for more regular presentations in this format for the learnings of both elected members and our wider communities.
Provide an interpreter on request should Māori wish to present submissions to Council in Te Reo Māori	ONGOING	Interpretation service available on request. Council will ensure this service is clearly communicated at the beginning of any Council process as standard practice.
Provide a standing invitation to all Māori to attend Council meetings and hearings to become familiar with Council protocol	ONGOING	Standing invitation in place. Council will begin seeking advice and looking into ways where we can align Te Ao Māori into these protocols to ensure this invitation is more likely to be taken up.
Give consideration to appointment of iwi representatives to act as hearing commissioners on key issues such as major resource consent applications and District Plan changes that have issues of iwi significance	ONGOING	This is considered on a case-by-case basis. Where Te Ao Mārama is a submitter, then the choice of iwi representative needs to recognise the need to avoid any real or perceived conflicts of interest. Te Ao Mārama representatives were the lead organisation on a regional-wide cultural landscapes assessment undertaken as part of the plan change to address natural features and landscapes in the Southland District Plan.
Maintain existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties and integrate protocols into the organisation	ONGOING	The charter of understanding/He Huarahi mō Ngā Uri Whakatapu, which is the foundation document for the relationship was comprehensively reviewed in 2016. The charter has now been in existence for 25 years and this was recognised at the recent New Zealand Planning Institute Awards with a Best Practice Commendation in 2019. Council is committed to increasing awareness and, in time, providing training to our wider organisation in regards to the charter. Council is committed to reviewing, updating and educating in regards to the Charter of Understanding/He Haurahi mō Ngā Uri Whakatapu.

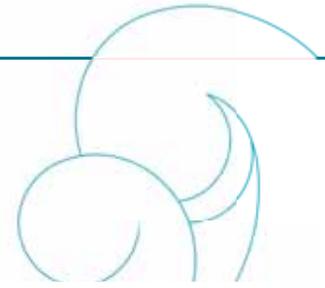


INITIATIVES	STATUS	PROGRESS
Regularly refer to and report against Te Tangi a Taurira, the new Ngāi Tahu Murihiku Resource Management Plan, when assessing resource consent applications	ONGOING	Resource management staff consistently refer to relevant Te Tangi a Taurira content when processing and reporting on relevant resource consent applications and development of District Plan policy. This will continue to be a fundamental step in Council's resource consenting process.
Maintain its commitment to ongoing funding of Te Ao Mārama Incorporated, the Ngāi Tahu (Murihiku) resource management agency	ONGOING	Ongoing funding for Te Ao Mārama has been included in the 2021-2031 Long Term Plan.
Continue to train new staff and councillors on marae protocol, local history and related legislation	ONGOING	<p>The Te Rohe Pōtae o Murihiku Tikanga Māori Group was established internally with the purpose to integrate Te Tiriti o Waitangi and the Māori world view; Māori and marae protocol, into staff and councillor working practices. The philosophy of the group is to learn through doing as a means to embed tikanga Māori world view. The group has actively participated in events to include Waitangi Day celebrations, Matariki, and mihi whakatau.</p> <p>Council is committed to supporting the Tikanga Māori Group as a pathway for staff and councillors to develop confidence, knowledge, and practice in all things Te Reo Māori.</p>
Continue to provide regular contact sessions for SDC staff to interact with Te Ao Mārama staff on topical matters of mutual interest, to maintain and enhance the relationship between the agencies	ONGOING	Contact sessions held regularly in 2020/2021. These have been very well attended by staff with high interest and the sessions are now usually fully booked.
Display Ngāi Tahu taonga items, following agreement with Murihiku Ngāi Tahu Papatipu Rūnanga at its Invercargill office and all area offices, to acknowledge the strength and importance of its relationship with Ngāi Tahu.	ONGOING	A carving is in place inside Council Chambers and a blessing ceremony was held on its move to Don Street. Opportunities for display will be considered for any new sites.

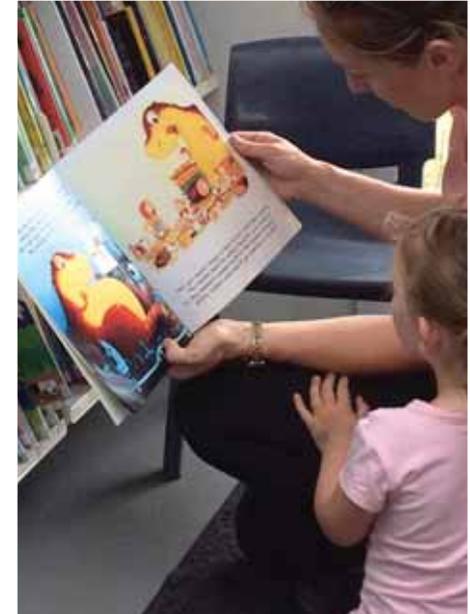
KEY HIGHLIGHTS



ANNUAL REPORT
2020/2021

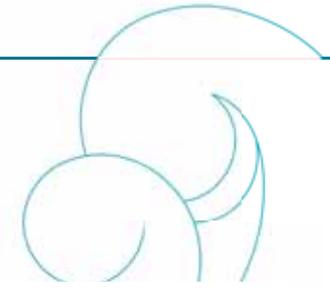


- Capital works delivery
- Bridge replacement programme
- Lower Hollyford Road repairs
- Milford Opportunities Project
- Office relocations
- Winton Library
- Our response to Covid-19
- Three waters reforms
- Long Term Plan/Waka Kotahi funding



CAPITAL WORKS DELIVERY





During the year we delivered \$42.9 million of capital work projects, a massive increase on the 2019/2020 year, when \$28.4 million of projects were carried out.

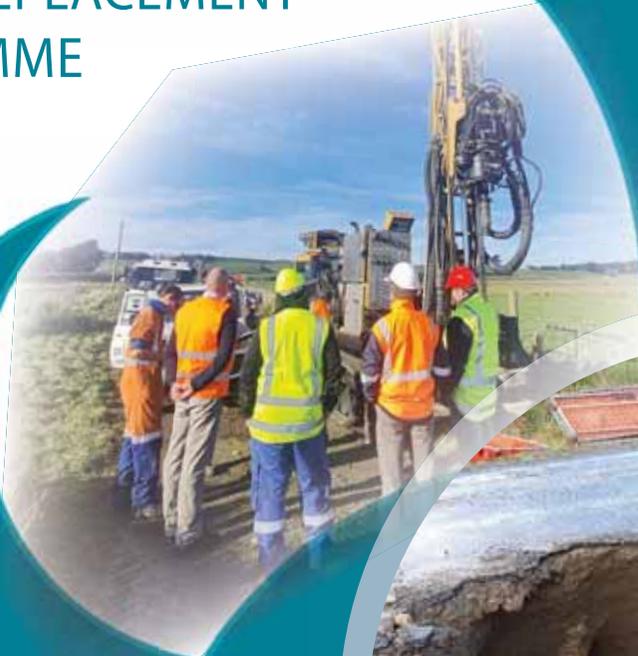
The ability to deliver an increased volume of projects is the result of a number of internal improvements made in the past two years, the most significant being the establishment of a dedicated project delivery team in 2019. There has been increased engagement with local contracting and supplier markets to ensure they are aware of upcoming work programmes and projects.

An innovation to deliver central government's \$13 million three waters stimulus-funded projects was the establishment of a panel of four main contractors. Where practical, projects are being packaged into single, sometimes multi-year, contracts to ensure efficiencies in procurement and certainty for contractors who are then able to plan and resource for larger or longer-term projects.

The project delivery structure has created greater flexibility to manage additional work, such as the stimulus-funded three waters projects, and provides confidence that Council can continue to deliver a large number of projects year on year.



BRIDGE REPLACEMENT PROGRAMME



A \$3 million bridge replacement project was completed, with 22 old wooden bridges being rebuilt in the 18 months since work started in May 2020.



This was three more bridges than originally planned.

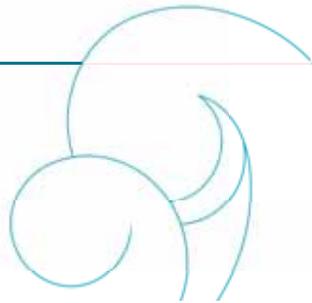
The programme was split into two contracts, northern and southern, with SouthRoads having the northern contract and Downer the southern contract.

The contracts were let as design and build packages, meaning contractors used a similar design for each bridge they built, creating efficiencies.

The \$3 million cost was shared between Council, which provided \$1.47 million (49%), and the government funding agency Waka Kotahi NZ Transport Agency, which provided the other 1.53 million (51%).

On 1 July 2021, Waka Kotahi revised the allocation split for the next three years to Waka Kotahi 52%, Southland District Council 48%. This ratio is reviewed every three years.





LOWER HOLLYFORD ROAD REPAIRS



About 14km of Lower Hollyford Road in Fiordland, which was badly damaged during the February 2020 floods, was repaired during the summer of 2020/2021.

The road is owned by Southland District Council but is designated as a special purpose road, which means it attracts full funding from Waka Kotahi NZ Transport Agency.

The road leads to the start of the Department of Conservation's Hollyford Track, and Ngāi Tahu's pounamu trail. Following meetings of the key stakeholders Waka Kotahi agreed to fund and carry out the restoration work, at an estimated cost of \$2.3 million.

Following a Geotech review, Waka Kotahi had confidence that the restoration work would last and protect the road in further flood events.



MILFORD OPPORTUNITIES PROJECT



The Milford Opportunities Project masterplan was launched in July 2021.

Southland District Council has been represented on the project's multi-agency governance group since it was established in late 2017 to look at ways of managing congestion from rapidly increasing visitor numbers to Milford Sound/Piopiotahi and bus movements along the Milford Road corridor.



Among the masterplan recommendations are a more even distribution of visitors going into Milford Sound through a park and ride and permit system, with international visitors paying a fee for their permit which will help to fund improved infrastructure for the visitor experience.



OFFICE RELOCATIONS

A major internal project during the year was relocating 96 of our Invercargill staff, roughly half of our Invercargill-based workforce, after one of the three buildings that make up our head offices at 15 Forth Street was found to be earthquake prone and had to be vacated.



Suitable leased office spaces were found at 20 and 42 Don Street. Both had to be fitted out before staff could move in, while further engineering work was carried out on the two remaining useable connected buildings at 15 Forth Street.

Staff moved into the space at 42 Don Street in September 2020 and into 20 Don Street in October 2020.

A new Council chamber was set up in the office at 20 Don Street, as the previous meeting room was in the vacated building at Forth Street. Councillors held their first meeting in the new chamber on 28 January 2021, and meetings have continued to be livestreamed on SDC's social media channels.

The relocation project was a success and there was no disruption to customer service, in part because of systems, including working remotely, put in place during the 2020 Covid-19 lockdown.





OUR RESPONSE TO COVID-19

Subsequent to the 2020 World Health Organisation pandemic declaration and nationwide Covid-19 lockdown in March-April 2020, New Zealand was exposed to a further transmission of the more contagious Delta strain of the Covid-19 virus on 17 August 2021.

The country was in lockdown at alert level 4 from 18 to 31 August 2021. With the majority of the community transmission occurring in the Auckland area, the remainder of the country dropped to alert level 3 on 1 September and progressed to alert level 2 one week later on 8 September.

The country's border has been closed to the majority of the world since March 2020 and continues to date. During alert levels 4 and 3, Council closed all its offices and public facilities. With staff working from home, essential Council services (such as roading, water and wastewater) continued to be delivered.

During alert level 2, Council returned to providing all services to the community with heightened health and safety measures around use of masks, scanning, social distancing, personal protective equipment and cleaning regimes.

At 11.59pm on 2 December 2021 New Zealand moved to the Covid-19 Protection Framework (traffic lights), with vaccination as the key strategy to minimise the spread of Covid-19. Individuals' vaccination status is recorded in a My Vaccination Pass. The entire South Island was in orange traffic light status, in which many of the restrictions of the previous alert levels system were lifted if My Vaccine Pass requirements were followed.

Southland District Council opted not to mandate vaccination for staff or to enforce the use of My Vaccine Passes to access Council libraries and offices, but continued with the previously mentioned health and safety measures.



WINTON LIBRARY

Work began on refurbishing the Winton office/library building in Wemyss Street on 22 June 2021.

The building was closed in May 2019 when airborne mould spores and fungal contamination were discovered. After a brief initial move to the Winton Memorial Hall, services have continued to be provided from a temporary base at the Winton RSA hall.

It is expected that the Wemyss Street office/library will be ready to reopen in early 2022.

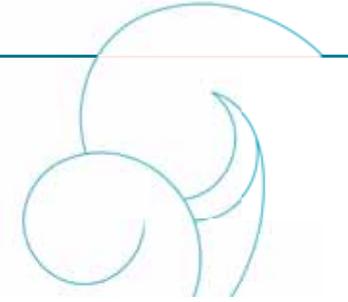


THREE WATERS REFORMS



In July 2020 the government announced a proposal to change the way the three waters – drinking water, wastewater and stormwater – are delivered, to improve public health, and provide better environmental and economic outcomes.





The proposal is for four large regional service delivery entities to provide these services, rather than the 67 individual councils that currently do.

At the same time as the proposal was released, a multi-million-dollar stimulus funding package was announced to maintain and improve three waters infrastructure and support the introduction of the reform programme. Funding was given to councils, including Southland District Council, that agreed to participate in the programme's first stage. Council received \$13.5 million, which has enabled us to carry out critical improvements to infrastructure throughout the district. Twenty projects were identified, ranging from replacement of asbestos cement (AC) water main pipes to upgrades of stormwater and sewer systems, to carrying out condition assessments of sewerage and stormwater assets.

Working with Invercargill City Council, we were able to streamline the delivery of a large volume of projects. After seeking submissions, the two councils set up a panel of four contractors to carry out the stimulus work, creating efficiencies in procurement and delivery.

In late October 2021 the government announced that it would be mandatory for councils to take part in the reforms, with all entities to be operational by 1 July 2024.

LONG TERM PLAN/ WAKA KOTAHI FUNDING

Southland District Council adopted its Long Term Plan (LTP) for 2021-2031 on 29 June 2021.

The 10-year plan sets out key projects and work programmes and how they will be paid for, and holds us accountable to the public.

While developing this LTP we consulted with and sought feedback from our communities on whether they supported our proposal to invest more to maintain our 5,000km roading network at a sustainable level; to accelerate the replacement of 161 ageing wooden bridges; and to increase rates to pay for this.

As of 1 July 2021, road maintenance and renewals are 52% funded by the government through Waka Kotahi NZ Transport Agency, and 48% funded by Council through rates.

It is not financially viable for Council to carry out unfunded roading programmes because of the large size of our road network and our relatively small number of around 20,500 rateable properties.





To carry out the proposed work programme we applied to Waka Kotahi in December 2020 for approval for a \$99.7 million work programme over the next three years.

Following discussions with Waka Kotahi there was an expectation we would receive that level of funding.

After considering public feedback Council decided to proceed with this programme, opting for an average 10.15% rates increase, which was the preferred option of three.

However, three weeks before LTP adoption, we received notification that Waka Kotahi's funds had been over-subscribed nationally and we would instead be allocated a lesser programme value than sought of \$85.4 million.

The three-year roading programme was revised accordingly, and the average rates increase reduced to 9.38%, in time for the LTP adoption. In September 2021, Waka Kotahi advised us that an extra \$6.9 million had been allocated to Southland District Council, bringing the value of our total roading programme for the three years to \$92.3 million, still a \$7.4 million shortfall on the amount initially sought, but enabling more maintenance and renewals to be carried out.



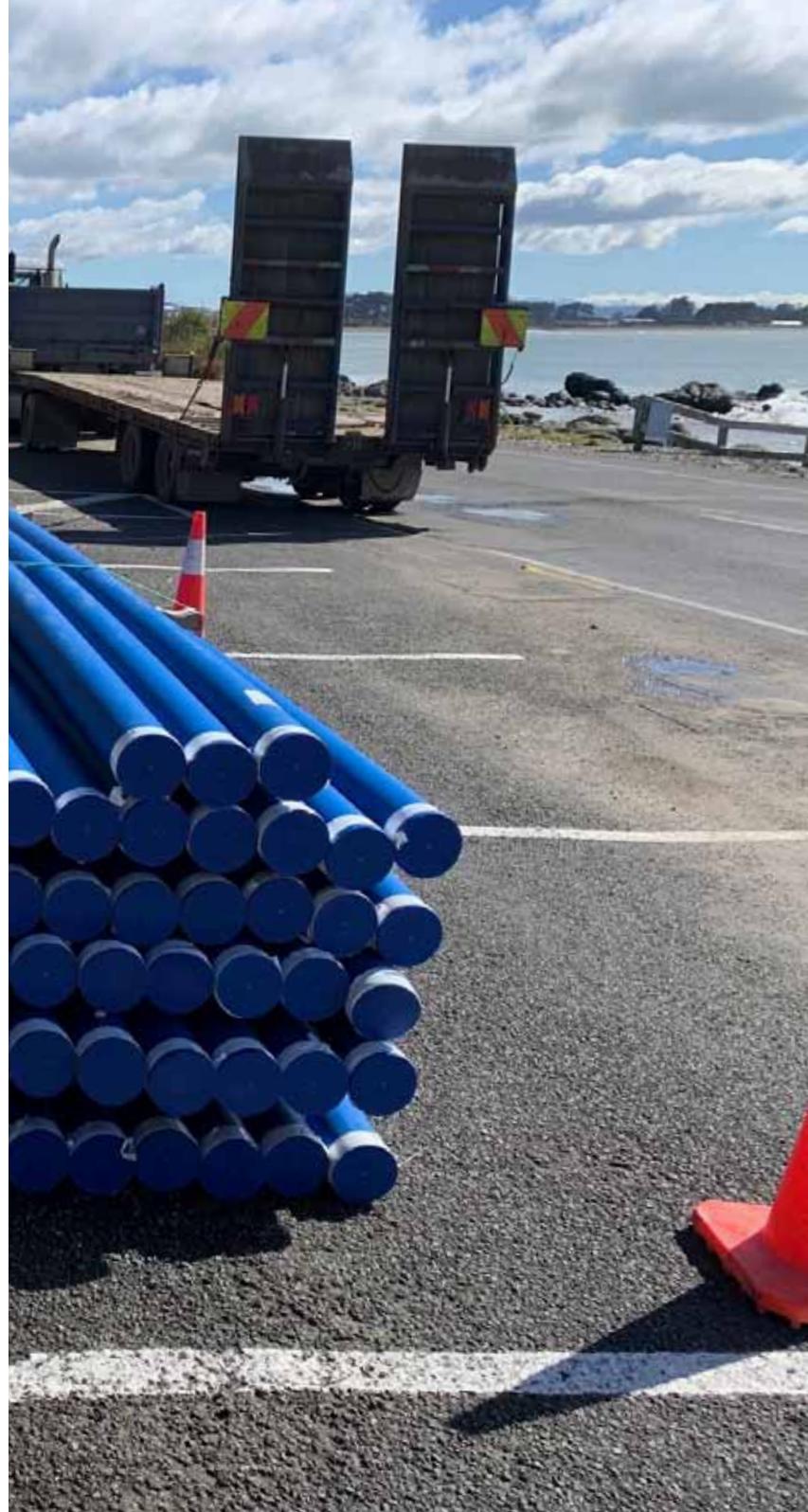
SUMMARY ACTIVITY REPORT

The tables provide a snapshot of the status of the projects and achievements of performance targets as at 30 June 2021 for the 2020/2021 financial year.

Council's 26 activities are broken down into nine activity groups. There were 61 (75%) achieved and 20 (25%) not achieved.

Achievement category	Progress to 30 June 2021
Achieved	61 (75%)
Not achieved	20 (25%)
Not measured	-
Total KPIs	81 (100%)





PERFORMANCE RESULTS

Activity group	Achieved	Not measured	Not achieved	Total
Community services	7	-	4	11
District leadership	16	-	3	19
Emergency management	2	-	-	2
Regulatory services	7	-	4	11
Roads and footpaths	6	-	-	6
Solid waste	2	-	4	6
Stormwater	9	-	1	10
Wastewater	6	-	-	6
Water supply	6	-	4	10
Total	61	-	20	81

PROJECTS STATUS

Activity group	Completed	In progress	Not started	Deferred	Deleted	Total
Community services	21	13	7	3	5	49
District leadership	3	1	-	-	1	5
Regulatory services	-	-	-	-	-	-
Emergency management	-	-	-	-	-	-
Roads and footpaths	7	17	1	-	3	28
Solid waste	-	2	1	-	-	3
Stormwater	3	4	-	-	1	8
Wastewater	2	10	-	-	3	15
Water supply	11	14	-	-	8	33
Total	47	61	9	3	21	141

The project list is extracted from an internal system as at 30 June 2021. Please note the information provided does not include the roading programme of projects.

FINANCIAL OVERVIEW

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



The information contained in this overview has been extracted from the full financial statements, which contain detailed information about Council's finances and service performance.

The financial results include information about Council and the Stewart Island Electrical Supply Authority, Milford Community Trust, as well as Council's share of its associated entities.

The table shows the financial year-end results, as at 30 June 2021, and includes comparisons from the previous financial year and the budget as outlined in the 2020/2021 Annual Plan.

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

There have been no changes in accounting policies for the year ended 30 June 2021. Full details of Council's accounting policies can be found on pages 194-207.

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

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

Definitions

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

EQUITY Net assets owned by ratepayers.

NET ASSETS What the Council group has less what it owes at the end of the year.

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

* The 2020/2021 budget is for Council only (ie excludes Milford Community Trust).

FINANCIAL SUMMARY			
GROUP 2019/2020 Actual (\$000)		GROUP 2020/2021 Actual (\$000)	COUNCIL* 2020/2021 Budget AP (\$000)
COMPREHENSIVE REVENUE AND EXPENSE			
80,614	Revenue earned (incl asset development)	87,889	78,499
(80,737)	Less total expenditure	(87,017)	(82,948)
(23)	Less finance costs	(27)	(422)
55	Share of associate's surplus/deficit	474	-
(91)	Net surplus/(deficit) after tax	1,319	(4,871)
910	Movement in fair value reserve	1,195	-
15,528	Movement in asset revaluation reserve	18,665	31,324
16,347	Comprehensive revenue and expense	21,178	26,453
CHANGES IN EQUITY			
1,586,919	Equity at start of year	1,603,266	1,613,181
16,347	Total comprehensive income	21,178	26,453
1,603,266	Equity at the end of the Year	1,624,444	1,639,634
FINANCIAL POSITION			
1,603,266	Total equity	1,624,444	1,639,634
25,499	Current assets	15,317	7,522
1,594,240	Non-current assets	1,633,499	1,663,128
1,619,739	Total assets	1,648,816	1,670,651
16,452	Current liabilities	24,339	11,549
21	Non-current liabilities	33	19,467
16,473	Total liabilities	24,372	31,016
1,603,266	Net assets (assets less liabilities)	1,624,444	1,639,634
CASH FLOWS			
23,695	Operating cashflow	30,745	19,177
(28,447)	Investing cashflow	(43,044)	(39,643)
800	Financing cashflow	2,500	19,829
(3,952)	Net cashflow increase/(decrease)	(9,799)	(637)
15,768	Opening cash Balance	11,816	(2,105)
11,816	Closing cash balance	2,017	(2,742)

FINANCIAL SUMMARY

The Council group's revenue was \$9.4 million higher than budgeted as a result of government grants for three water stimulus, tourism infrastructure and Around the Mountains Cycle Trail projects, Council's unbudgeted share of WasteNet income as well as higher Waka Kotahi NZ Transport Agency subsidies, primarily in relation to the emergency works required at lower Hollyford Road as a result of flooding. Forestry harvesting proceeds and the increase in the forestry revaluation were also above budget.

Group operating expenditure was \$4.1 million over budget for the year, primarily due to costs associated with lower Hollyford Road emergency works, , Council's unbudgeted share of WasteNet expenditure, depreciation and employee related costs for additional staff to manage legislative compliance.

As a result, the group's net surplus after tax was \$6.2 million more than budgeted.



Group net assets are \$15.2 million less than budgeted due to the overall asset revaluation being less than budgeted. However, Council continues to maintain a strong financial position with \$1.6 billion in assets and minimal liabilities.

The group's closing cash balance was \$4.8 million above budget as a result of a stronger opening cash balance and higher operating cashflows.

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

Where the revenue came from

The group's revenue this year was \$87.9 million. The breakdown of this is shown in the following table.

SOURCES OF REVENUE	Actual (\$000)	% of total revenue	Budget (AP) (\$000)	% of total budgeted revenue
Rates revenue	49,256	56%	49,531	62%
Waka Kotahi NZ Transport Agency	17,924	20%	15,507	20%
Other revenue	11,239	13%	8,317	11%
Other gains/(losses)	1,252	1%	(258)	0%
Grants and subsidies	7,966	9%	5,306	7%
Interest and dividends	87	0%	73	0%
Vested assets	-	0%	-	0%
Development and financial contributions	164	0%	24	0%
TOTAL	87,889	100%	78,499	100%

Total revenue was \$9.4 million higher than budget primarily due to:

- increased Waka Kotahi NZ Transport Agency subsidies (\$2.4 million) predominantly in relation to the lower Hollyford Road emergency works, in addition to;
- forestry harvesting income (\$0.6 million),
- grants for three waters stimulus (\$2.7 million),
- tourism infrastructure (\$0.3 million) and Around the Mountains Cycle Trail projects (\$0.5 million),
- forestry revaluation (\$1.3 million),
- three waters collaboration administration income (\$0.3 million) and
- Council's share of income from WasteNet not budgeted for (\$1.5 million).

Where your rates were spent

The following table shows the breakdown of where the rates collected by Council were spent in 2020/2021.

RATES EXPENDITURE	Actual (\$000)	% of total rates expenditure
Roading and transport	13,560	28%
Stormwater, wastewater and water	8,216	17%
Other district services*	8,195	17%
Governance, strategy and communication	6,202	13%
Other local services**	5,729	12%
Solid waste management	4,820	10%
Regulatory services	2,118	4%
Grants and donations	416	1%
TOTAL	49,256	100%

* Other district services include the emergency management, customer support and library activities.

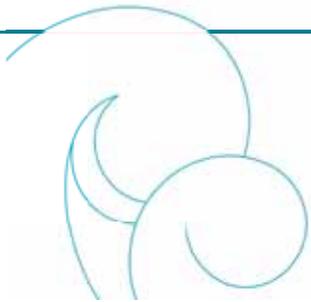
** Other local services include community buildings, cemeteries, pools, public conveniences and jetties etc.

Operational expenditure

Group operating expenditure totalled \$87.0 million, with nearly half of this relating to roading and transport services (41%).

Overall operating expenditure was over budget by \$3.7 million. This was primarily due to increased costs associated with emergency roading works as a result of the Lower Hollyford Road flooding (\$1.6 million); employee-related costs (\$0.6 million), primarily due to additional positions required in building control to enable Council to manage its legislative requirements.

As a result of the higher-than-anticipated infrastructure values, Council's depreciation also exceeded budget (\$1.1 million). Council's share of WasteNet expenditure, was not budgeted for (\$1.5 million). This was offset by less finance costs than budgeted (\$0.4 million), due to external borrowing not being required, an underspend in general projects (\$0.6 million) and lower training and operating lease costs (\$0.2 million each).



Capital expenditure

Council spent \$42.9 million on capital projects in 2020/2021.

The table below outlines the activities where the capital expenditure occurred. The capital project spending was \$3.5 million more than the \$39.4 million budgeted due to three waters stimulus and tourism infrastructure projects which were government-funded.

More detail on project status is included in the summary activity report on page 34.

Activity capital expenditure (including vested assets)	Actual (\$000)	% of total capital expenditure
Roading and transport	19,285	45%
Stormwater, wastewater and water	20,530	48%
Other local services	2,122	5%
Other District services	736	2%
Regulatory services	171	0%
Solid waste management	93	0%
Governance, strategy and communication	-	0%
Total	42,938	100%

Net assets and equity

Overall, Council's total net assets are \$15.2 million less than budget. This is primarily due to the increase in the valuation of Council's infrastructure assets being significantly less than budgeted.

Cashflow

The group's net operating cashflows were higher than budgeted.

Receipts from Waka Kotahi NZ Transport Agency were \$1.7 million above budget primarily due to subsidies towards the emergency works as a result of the February flooding.

Receipts from other revenue was \$7.8 million higher than budgeted as a result of additional government grants received for various projects.

Net cash outflows from investing activities were \$3.4 million higher than budgeted due to three waters stimulus projects, progress on Te Anau wastewater project as well as other capital works.

Net cash inflow from financing activities was \$17.3 million less than budget due to the level of external borrowings required being less than budgeted.

Overall, Council has ended the year with a cash balance of \$2.0 million, which was \$4.8 million more than budget.



ANNUAL REPORT DISCLOSURE STATEMENT

Financial prudence benchmarks



Purpose

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

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

Actual results for the 2016/2017 and 2017/2018 financial years have been compared against the benchmarks set in the 2015-2025 Long Term Plan.

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

KEY

-  Benchmark Met
-  Benchmark Not Met
-  Benchmark

Rates (income) affordability benchmark

Council meets the rates affordability benchmark if:

- planned rates income equals or is less than each quantified limit on rate; and
- planned rates increases equal or are less than each quantified limit on rates increases.

Figure 1 compares Council's actual rates income with the limits imposed in the 2015-2025 and 2018-2028 Long Term Plans.

The limits are indicated by the black columns in Figure 1.

This limit is set by Council.

Council has remained within the limit on rates income over the last five years. In 2020/2021 rates revenue as a percentage of total revenue has decreased from the previous two years due to increased government and Waka Kotahi NZ Transport Agency funding received.

Figure 2 compares Council's actual rates increases with the limit imposed in the 2015-2025 and 2018-2028 Long Term Plans.

The limits are indicated by the black columns in Figure 2.

This limit is set by Council.

Council has remained within the rates increase limit over the last five years.

Figure 1 Rate affordability – Limit on rates

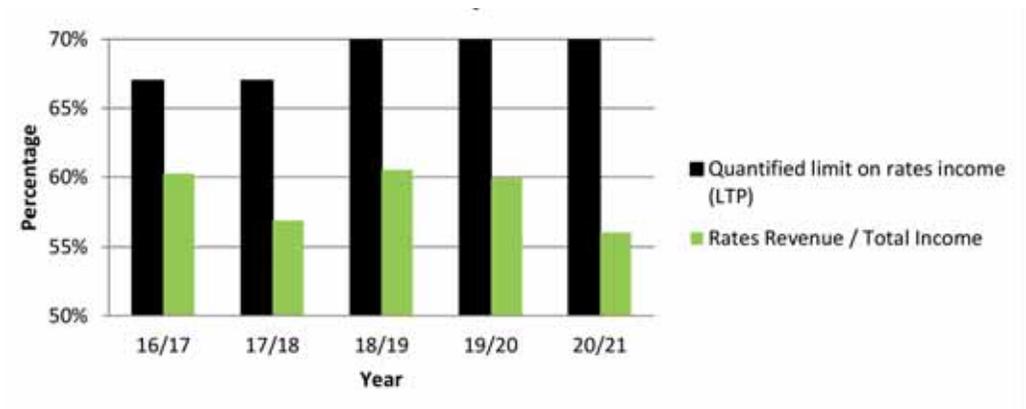
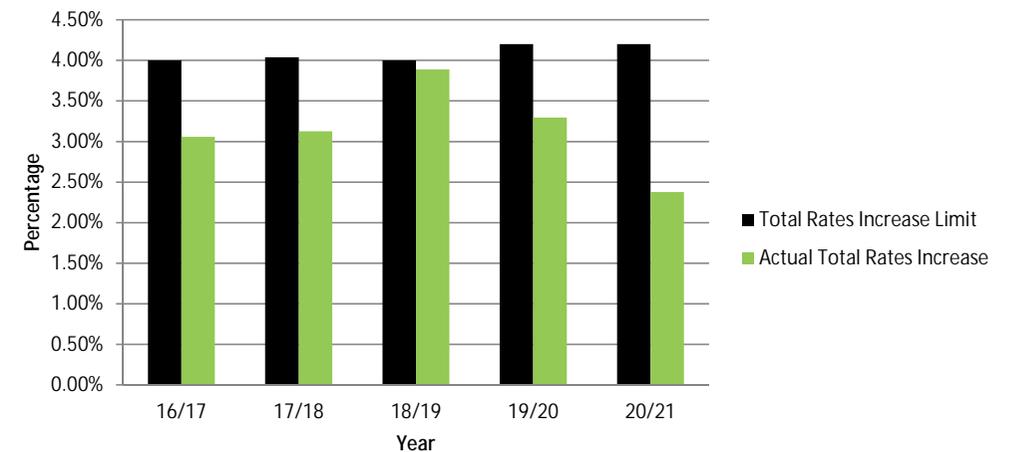
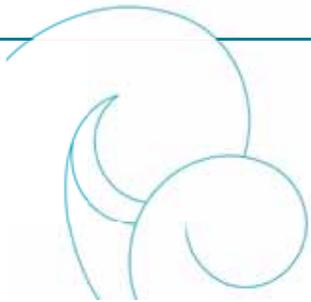


Figure 2 Total rates increase





Debt affordability

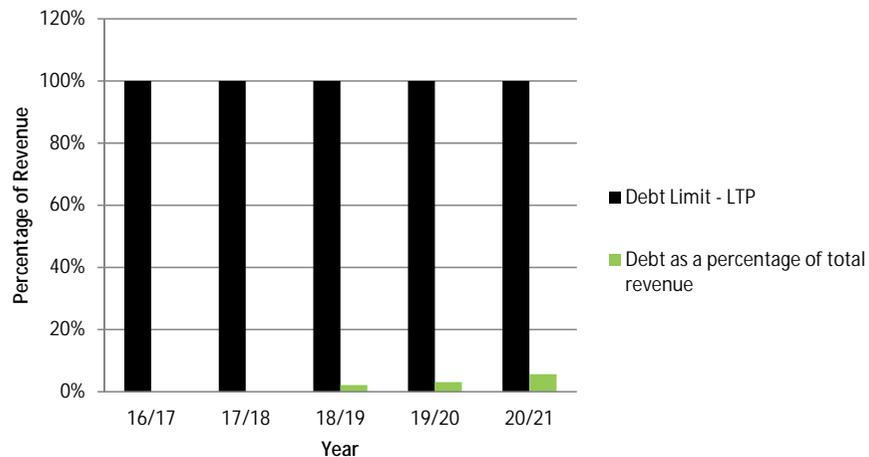
Council meets the debt affordability benchmark if its actual borrowings are within each quantified limit on borrowing.

Figure 3 compares Council's actual debt with a quantified limit on its borrowing contained in the financial strategy included in the Long Term Plan. Council meets the debt affordability benchmark if its actual borrowings are within each quantified limit on borrowing.

Council's current limit per the 2018-2028 Long Term Plan is that borrowing of external funds is limited to 100% of total revenue. This limit is set by Council.

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

Figure 3 Debt affordability



Debt servicing benchmark

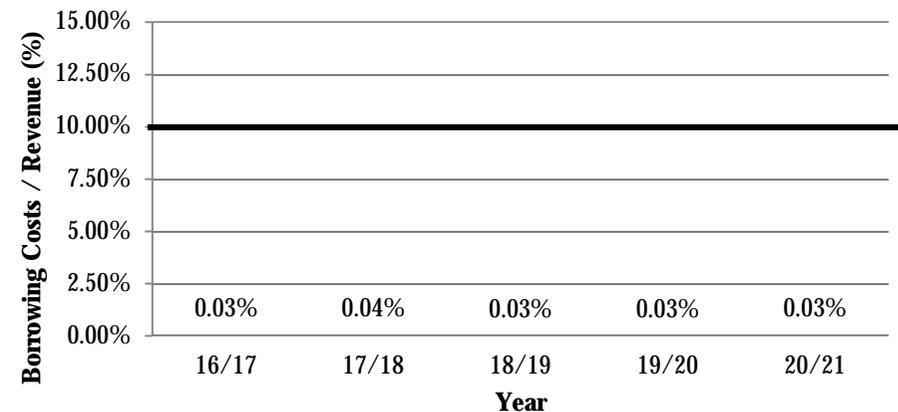
Council meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

Figure 4 displays Council's 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).

The limit of this benchmark is set by legislation.

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

Figure 4 Debt servicing





Essential services benchmark

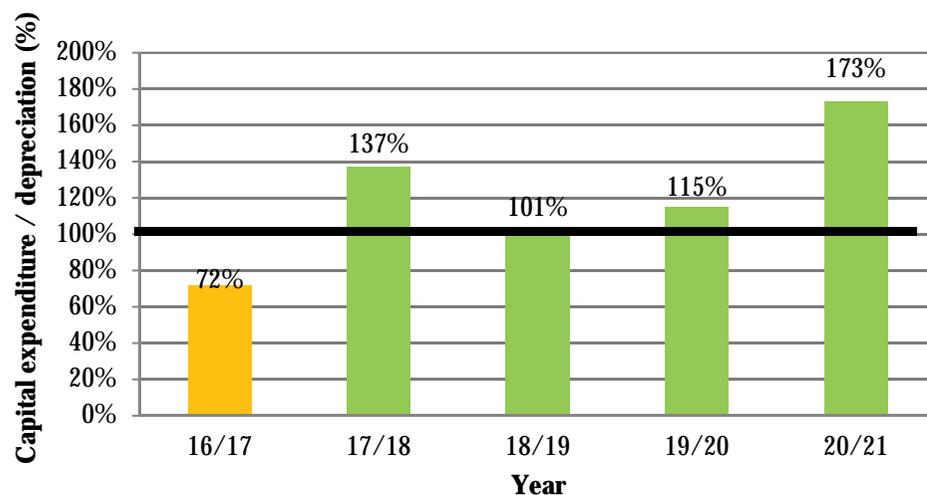
Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

Figure 5 displays Council's capital expenditure on network services as a proportion of depreciation on the network services.

This limit is set by legislation.

Council continues to meet this benchmark. However, as asset lives are up to 100 years there will be years that Council's capital renewal programme is less than depreciation.

Figure 5 Essential services



Balanced budget benchmark

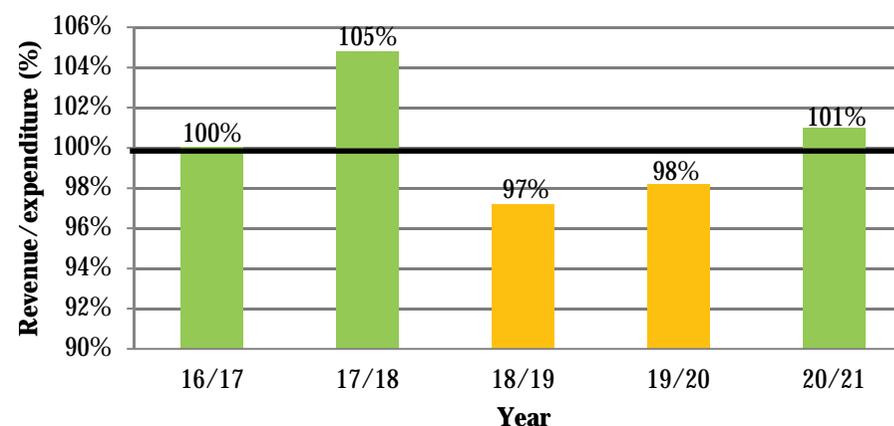
Council meets this benchmark if its revenue equals or is greater than its operating expenses.

Figure 6 displays Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

This limit is set by legislation.

Council meet the balanced budget in 2020/2021 as a result of government and Waka Kotahi NZ Transport Agency funding received for capital works (rather than operating expenditure).

Figure 6 Balanced budget





Operations control benchmark

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.

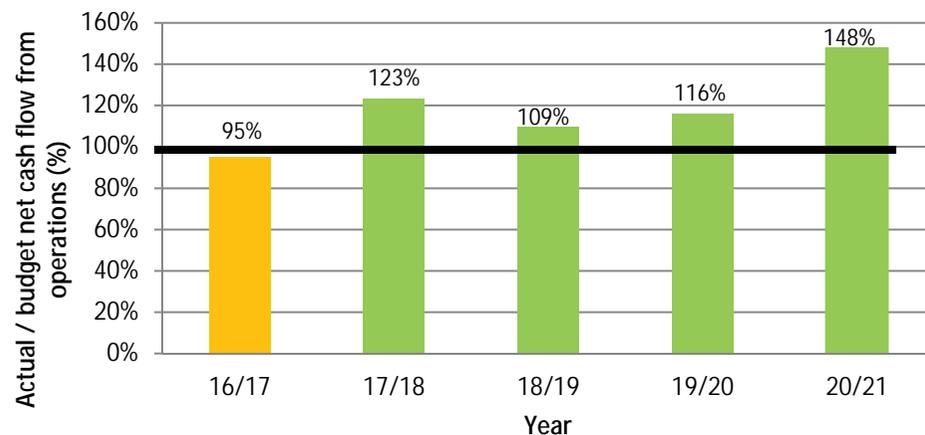
Figure 7 displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The limit is set by legislation.

Council continues to meet this benchmark.

The year that Council did not meet the benchmark, cash from revenue other than rates was lower than anticipated. However, overall cash reserves were sufficient to cover the shortfall.

Figure 7 Operations control



Debt control benchmark

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

Figure 8 displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

This limit is set by legislation.

Council does not meet this benchmark in 2020/2021 due to the actual level of debt at balance date being more than what was planned in the 2018-2028 Long Term Plan (\$20.1 million and \$15.1 million respectively).

The increase in debt was due to actual trade and other payables being significantly higher at balance date due to the unbudgeted expenditure associated with three waters stimulus and tourism infrastructure funded projects.

Figure 8 Debt control





SHARED SERVICES

Council fully participates in relevant shared service arrangements via the Southland Triennial Agreement and a memorandum of understanding with other local authorities, locally and nationally.

There is better value obtained through those services than trying to undertake the work on our own.

The following are examples of some of those collaborations.





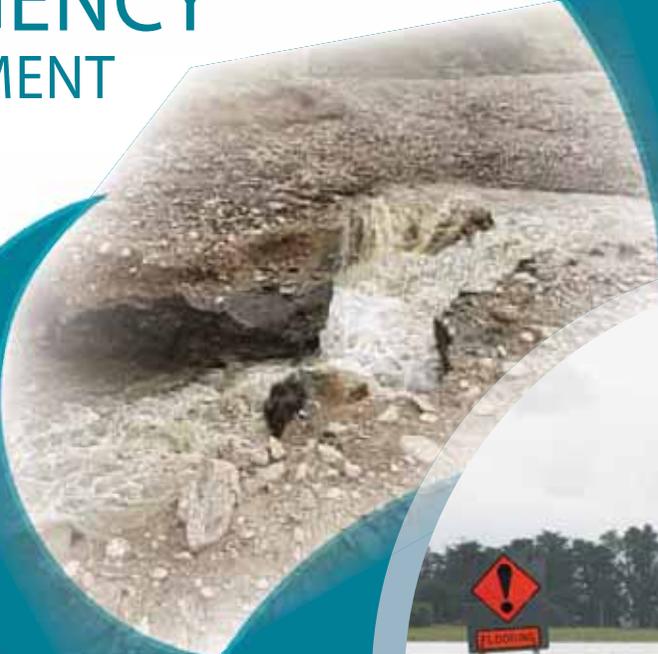
Building control

Four southern territorial authorities – Southland District Council (SDC), Invercargill City Council (ICC), Gore District Council (GDC) and Clutha District Council (CDC) 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 (SDC), Invercargill City Council (ICC), Gore District Council (GDC), Clutha District Council (CDC), 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 Southland District Council, Invercargill City 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 2020/2021 EMS continued to support the Covid-19 response.





INFORMATION TECHNOLOGY

The IT Shared Services Operations sub-committee has undertaken some activities over the past 12 months that will align the operations of member councils and provide a more collaborative platform moving forward.

Shared Services initiatives that were completed during the past year included:

- A complete infrastructure resilience programme of work was implemented. 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.

- The Geographic Information System (GIS) portal programme of work was commenced. Guiding principles, opportunities and outcome statements were developed and a timeline completed. Workshops have been held to advance the foundation work for a GIS shared service portal.
- Member councils supported each other during the Covid-19 lockdown period 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.

SOUTHLIB LIBRARY CONSORTIUM

In 2009, all eight councils in Otago and Southland (Southland District Council, Central Otago District Council, Clutha District Council, Dunedin City Council, Gore District Council, Invercargill City 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 Otago and Southland to residents living permanently anywhere in the regions. This means that the more than 300,000 people living in Otago/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. This 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 amicable 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. 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 for travel and accommodation.

IWI LIAISON

All four Southland councils have continued to fund and support Te Ao Mārama Inc, the agency approved by Te Rūnanga o Ngāi Tahu to act on iwi liaison matters in Murihiku/Southland under the Resource Management Act 1991 and the Local Government Act 2002.



Since its inception, Queenstown Lakes District Council, Otago Regional Council and Clutha District Council have also joined supporting Te Ao Mārama Inc.

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



The key focus is to give these meetings more of a strategic focus and less focus on day to day operational/retrospective reporting back.

A change to the membership of Te Ao Mārama is being considered, with one of the rūnanga stepping out of the structure in order to manage its own resource management involvements directly with the local authority it is situated in.

REGIONAL DEVELOPMENT



In October 2015, the Southland Mayoral Forum published the Southland Regional Development Strategy.

The major goal of the strategy and its subsequent action plan is to increase the Southland population by 10,000 more people by 2025, through creating more jobs and taking up more development opportunities.

The Southland Regional Development Agency (branded as “Great South”) which integrates the former Venture Southland, was formed and directors appointed taking effect as of 1 July 2019.

Great South is a council-controlled organisation with a broad range of shareholders helping to drive regional growth, including Southland District Council, Invercargill City Council, Gore District Council, Environment Southland, Invercargill Licensing Trust, Maitara Licensing Trust, Southland Chamber of Commerce and the Southern Institute of Technology.





REGIONAL PLANNING

The Regional Planning Working Group (comprising staff from Environment Southland, Invercargill City Council, Southland District Council and Gore District Council) co-ordinated a joint elected representative workshop in February 2021.

Present were officials from the four councils along with Te Ao Mārama Inc board members. The workshop covered Three Waters reforms, regional climate change work, environmental reform (repealing the RMA and introducing three new acts) and the national policy statements for water and biodiversity and explored opportunities to work together.

Workshop participants were keen to progress the establishment of a joint Council approach to climate

change action in the region with regional partners and the development of regional strategy has been incorporated into Environment Southland's 2021-31 Long-term Plan.

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

WASTENET

Southland District Council (SDC) collaborated with Invercargill City Council and Gore District Council in the shared solid waste management service WasteNet Southland.

Solid waste services managed by WasteNet include collection of kerbside recyclables, collection of kerbside landfill rubbish, operation of solid water transfer stations (resource recovery), disposal at the Southland landfill operation at Kings Bend, near Winton, public place and event waste management and minimisation, education, behaviour change and advocacy.





STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Compliance

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

Responsibility

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

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

In the opinion of Council and management of Southland District Council, the annual financial statements for the year ended 30 June 2021 fairly reflect the financial position and operations of Southland District Council.



Gary Tong
MAYOR



Cameron McIntosh
CHIEF EXECUTIVE

Date: 17 December 2021



Independent Auditor's Report

To the readers of Southland District Council and Group's annual report for the year ended 30 June 2021

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

We are also required to report on:

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

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

We completed our work on 17 December 2021. This is the date on which we give our report.

Opinion

Unmodified opinion on the audited information, excluding the Council Activities statement

In our opinion:

- the financial statements on pages 194 to 267:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2021;
 - 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; and
- the funding impact statement on page 213, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statement about capital expenditure for each group of activities on pages 94, 112, 119, 131, 139, 146, 155, 161, 169 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's long-term plan; and
- the funding impact statement for each group of activities on pages 94, 112, 119, 131, 139, 146, 155, 161, 169 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.

Qualified opinion on the Council Activities statement

In our opinion, except for the possible effects of the matter described in the “Basis for our opinion” section of our report, the Council Activities statement on pages 78 to 169:

- present fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2021, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - 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

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 42 to 46, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

Basis for our opinion

Our work was limited with respect to the verification of the number of complaints for some services

The District Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These mandatory performance measures include the total number of complaints (per 1,000 properties connected) received about the following:

- drinking water clarity, taste, odour, pressure or flow, continuity of supply, and the District Council’s response to any of these issues;
- sewage odour, sewerage system faults and blockages, and the District Council’s response to issues with the sewerage system; and
- the performance of the stormwater system.

These measures are important because the number of complaints are indicative of the quality of services received by ratepayers.

The Department of Internal Affairs has issued guidance to assist local authorities in applying the Rules, including on how to count complaints. Our audit testing found that the District Council has not been counting complaints in accordance with this guidance and that the District Council’s method of counting was likely to have understated the actual number of complaints received both in the current year and in the comparative year to 30 June 2020.

Complete records for all complaints made to the District Council were not available and we were unable to determine whether the District Council’s reported results for these performance measures were materially correct. As a result, our work was limited and there were no practical audit procedures we could apply to obtain assurance over the number of complaints reported against these performance measures.

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.

Emphasis of matter – The Government’s three waters reform programme announcement

Without further modifying our opinion, we draw attention to note 30 on pages 249 and 250, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

Responsibilities of the Council for the audited information

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

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

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

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and 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 District 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 District 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 Council Activities statement, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and 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 4 to 40, 48 to 60, 68 to 77, and 170 to 193, but does not include the audited information, the disclosure requirements, and our auditor's report thereon.

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

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

Independence

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

In addition to our audit and our report on the disclosure requirements, we have audited the District Council's 2021-2031 long-term plan and consultation document and performed a limited assurance engagement related to the District Council's debenture trust deed. These engagements are compatible with those independence requirements.

Other than these engagements, we have no relationship with or interests in the District Council or its controlled entity.



Dereck Ollsson
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
17 December 2021

Southland district...



one community
offering endless
opportunities...

Southland District Council

tae O Maribiki

"Working for a better Southland"



About the Council

Council works towards its vision in its plans, strategies and policies and also through the activities outlined in its Long Term Plan.

Council consists of a mayor and 12 councillors elected by Southland district residents/ ratepayers every three years.

Council believes its democratic election ensures it is able to operate in the best interests of the district.

Council is responsible for:

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





The purpose of Council is:

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

To accomplish this, Council has overall responsibility and accountability in a variety of roles, including:

- planning the district's strategic direction alongside local communities as part of developing the Long Term Plan
- facilitating solutions to local issues and needs
- advocating on behalf of the local community with central government, other local authorities and agencies
- providing prudent stewardship and the efficient and effective use of resources within the district in a sustainable way
- risk management
- management of local infrastructure including network infrastructure (eg roads, wastewater disposal, water, stormwater) and community infrastructure (eg libraries, reserves and recreational facilities)
- administering various legal and regulatory requirements
- ensuring the integrity of management control systems
- informing and reporting to communities, ratepayers and residents.

Governance systems



Southland District Council



Council committees

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

Community boards

The 2019 local elections were held using Council’s new community governance structure.

Following Council’s six-yearly Representation Review, which was completed in 2019, the number of community boards increased to nine (formerly eight), allowing District-wide access to local decision-making.

The boards prepare local budgets, recommend local rates and make decisions on issues specifically delegated by Council.

Council has a policy of decentralising responsibilities, where practical, to ensure local input into decision-making and the setting of priorities for issues of local concern.

Water supply subcommittees

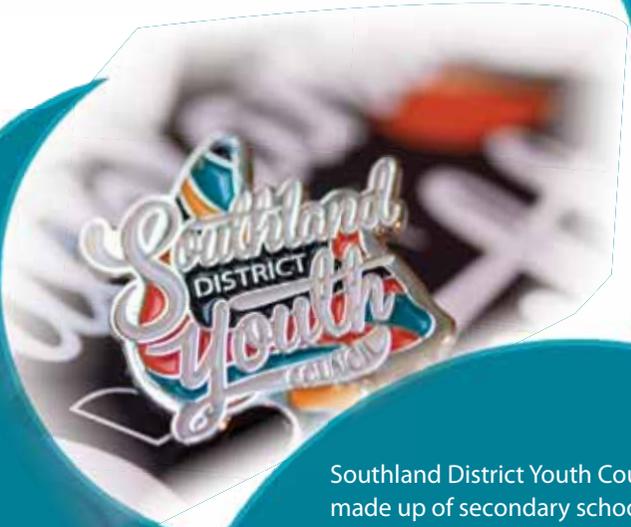
Council has constituted three water supply subcommittees, which are each responsible for the overall governance of the respective water supply scheme and set priorities for the operations of the schemes in accordance with the policies of Council.

COUNCIL COMMITTEES

COUNCIL - MAYOR AND 12 COUNCILLORS

Community boards	Council committees	Joint committees
Ardlussa	Community and Strategy Committee	Combined Local Alcohol Policy Joint Committee
Fiordland	Chair: Cr Keast	Combined Local Approved Products Joint Committee
Northern	Executive Committee	Southland Civil Defence Emergency Management Group
Oraka Aparima	Chair: Mayor Tong	Southland Regional Heritage Committee
Oreti	Finance and Assurance Committee	Southland Regional Land Transport Committee
Stewart Island/Rakiura	Chair: Mr B Robertson	WasteNet (WasteNet Management Advisory Group)
Tuatapere Te Waewae	Regulatory and Consents Committee	
Waihopai Toetoe	Chair: Cr Duffy	
Wallace Takitimu	Services and Assets Committee	
	Chair: Cr Kremer	

Youth Council



Southland District Youth Council is made up of secondary school-aged representatives from three secondary schools, who live across the district and meet every three months.





Council membership on external organisations	Council-controlled organisations	Council subcommittees
<p>Age Concern Southland Creative Communities Destination Fiordland Gore and Districts Community Counselling Centre Inc Milford Opportunities Project Pioneer Women’s Memorial Trust (Gore) Rakiura Heritage Centre Trust Regional Community Road Safety Network Southland Regional Indoor Leisure Centre Charitable Trust Southland Medical Foundation Southland Regional Heritage Building and Preservation Trust Te Roopu Taiao Waiiau Working Party Whakamana Te Waituna</p>	<p>Great South Milford Community Trust Southland Museum and Art Gallery Trust</p>	<p>Ohai Railway Fund Riverton Harbour Stewart Island/Rakiura Visitor Levy Subcommittee</p>
	<p>Youth representation</p>	<p>Water supply subcommittees</p>
	<p>Southland District Youth Council</p>	<p>Five Rivers Matuku Te Anau Basin</p>

COUNCIL OPERATIONS

Council has appointed a chief executive to be in charge of its operations and has delegated certain powers of management to that position.

The chief executive implements and manages Council's policies and objectives within the budgetary constraints established by Council.



The chief executive is responsible for:

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

CAMERON McINTOSH - CHIEF EXECUTIVE

The leadership team (comprising the chief executive, three group managers the chief financial officer and, the people and capability manager) reviews all general organisation issues, providing a link between Council and staff.

The management of Council is structured under five groups. Each group is led by a group manager or chief officer.

JOANNE DAVIDSON	NICK HAMLIN	FRAN MIKULICIC	MATT RUSSELL	ANNE ROBSON
People and capability manager	Group manager programme delivery	Group manager democracy and community	Group manager infrastructure and environmental services	Chief Financial Officer
People and capability Payroll Employee wellbeing	Project delivery Community facilities Health, safety and wellbeing Property services	Communications and engagement Community leadership Governance and democracy Grants and donations Strategy and policy District libraries Customer delivery Iwi liaison Museums	Commercial infrastructure and procurement (airports, Around the Mountains Cycle Trail, forestry and SIESA) Building control Dog and animal control Emergency management Environmental health Liquor licensing Resource management Information technology Strategic water and waste services Rakiura recycling Strategic transport Knowledge management	Finance

COUNCIL ACTIVITIES

This section provides an overview of Council's activities, organised within Council's nine groups of activities.



In the Local Government Act 2002, an activity is defined as a good or service provided by, or on behalf of, a local authority or a council-controlled organisation.

Four of these groups are mandatory under the Local Government Act – roads and footpaths, wastewater, stormwater and water supply.



GROUP OF ACTIVITIES	ACTIVITIES	
Community services	Community assistance (includes grants, work schemes) Cemeteries Community facilities (includes community centres, Council offices/ buildings and water structures) Community housing	Library services Parks and reserves Public toilets Stewart Island Electricity Supply Authority Te Anau Airport
District leadership	Community futures (includes community planning and economic development) Customer support Corporate support (includes people and capability, communications, strategy and policy, finance, information management)	Forestry Representation and advocacy
Emergency management	Emergency management	
Regulatory services	Animal control Environmental health	Building control Resource management (includes District planning)
Roads and footpaths	Roads and footpaths (includes parking) Bridges	Around the Mountains Cycle Trail
Solid waste	Refuse, recycling and greenwaste	
Stormwater	Stormwater	
Wastewater	Wastewater (also known as sewerage)	
Water supply	Drinking water supplies	Rural (stock) water supplies



COMMUNITY SERVICES

Community outcomes

The primary outcome of this activity group is proud, connected communities that have an attractive and affordable lifestyle.

Its secondary outcome is resilient communities that leave a legacy for tomorrow.



What we deliver

Council provides a range of community services for residents.

These include libraries, cemeteries, public toilets, parks and reserves, community housing, community facilities, and community assistance. Community facilities include community centres, water structures and Council offices and buildings.

The wide range of services reflects the diverse needs of Southland district's communities. Community assistance covers the grants, donations and community-based work schemes that are available for residents to apply for.

Specific community services, such as the Stewart Island Electrical Supply Authority (SIESA) and the Te Anau Airport Manapouri, meet the needs of these communities.

Why we do it

Council's community services provide funding or facilities that enable communities and visitors to participate in a range of recreational, educational, sporting, commercial and social/cultural activities.

This enables communities to be more socially connected and active and makes Southland a desirable place to live. Some of these activities, including electricity supply, water structures, open spaces and airports, are also important economically to support the operation of local businesses and industries, which in turn contributes to sustaining our local communities.

There are also benefits to the environment by controlling access to sensitive water and coastal environments, reducing the likelihood of human waste impacting on the environment and raising community appreciation (and use) of our unique natural areas.

Identified effects on community wellbeing



The community assistance activity has identified effects on the economic wellbeing of the community.

The economic grants allocated and the work schemes department help communities to complete community projects in a cost-effective manner and to enhance their spaces. Other activities within this group, including electricity supply, water structures, open spaces and airports, are also important economically to support the operation of local businesses and industries, which in turn contributes to sustaining our local communities now and in the future.

The activity group has identified effects on social wellbeing as they enable communities and visitors to participate in a range of recreational, educational, sporting, commercial and social/cultural activities which makes communities more socially connected and active. Providing low-cost community housing benefits the elderly within the community. Libraries provide spaces for education and social connection for all ages. Community centres also provide local spaces for learning and gathering for different meetings and activities. The parks and reserves activity provides the community with reserves and open spaces to enjoy and encourages a healthy lifestyle along with learning, social and leisure benefits. Cemeteries are an important part of each local community's history from a cultural wellbeing perspective.

The activity group has identified effects on cultural wellbeing by enabling communities and visitors to participate in a range of cultural activities that make communities more connected and active, and keep local customs and traditions alive.

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

Providing community service facilities may result in environmental impacts such as solid waste, energy use or spray drift, or pests in parks and reserves. Council seeks to minimise these negative effects by ensuring operations are managed effectively; and that any waste is minimised and energy and water are conserved. Other possible negative effects from these activities could include traffic and noise affecting neighbours of community facilities and the cost of facility upgrades being beyond the ability of the community to pay.

KEY HIGHLIGHTS AND PROJECTS



How we did...





LIBRARY SERVICES

- Two new team members are developing a range of frequent library programmes throughout the district. Mailbox drops and local advertising have proved to be popular methods of encouraging people to register for these events.
- The Winton Library and Southland District Council office building in Wemyss Street was closed because of mould issues in 2018. Since then the library/office has had temporary locations in the Memorial Hall and RSA Hall. A major project was removing all the books from the closed library and putting them into storage in readiness for refurbishment. The contract for the refurbishment work has been awarded and stock has been ordered. We expect to reopen the library/office in Wemyss Street in early 2022. Until then the library and office will remain at the RSA Hall.
- We are planning to roll out new self-checkouts across all seven SDC library sites and automatic return shelves in December, though this may now be pushed out to January due to the recent Covid-19 lockdown. This is part of the radio frequency identification (RFID) project, which will enable customers to scan multiple books instantly and staff to stocktake electronically.
- Covid-19 had an impact on availability of overseas books. Publishers are delaying releases and there have been shipping delays.
- Increased uptake of e-audio and audio books continues to be a key trend.
- We are continuing home deliveries, which is a popular service.

COMMUNITY FACILITIES

(includes community centres, Council offices/buildings and water structures)



- Our staff have worked hard to try to deliver the capital works programme in a challenging economic environment in which there is a shortage of contractors and materials as a result of the Covid-19 environment. The number of projects that have been completed is a credit to their commitment to our communities.
- A key project is the completion of the upgrade to the Monkey Island freedom camping area. The camping site has been well received. The second stage of this project will start in the 2021/2022 financial year.
- Fire and Emergency New Zealand (FENZ) regulations have required staff to review the fire evacuation procedures at community halls. Staff are working with councillors, community boards, community groups and hall custodians to make sure that all of our halls are compliant with the new regulations.
- Staff have added a module to Council's asset management system that has been populated with all of the assets managed by the community facilities team. This is a giant milestone for the team as it progresses towards advanced asset management.



PARKS AND RESERVES

- Playgrounds have been an issue of public discussion since we have had to remove some equipment that no longer meets New Zealand Standards.

We are working closely with the nine community boards to review playgrounds based on two completed assessment reports. This is a big piece of work and funding has been allowed for it throughout the 10 years of our Long Term Plan 2021-2031.

- A key project is a district-wide assessment of trees. So far we have identified 5,600 ornamental trees that have been planted on Council land throughout the district, with the western Southland townships still to be surveyed at the time of writing.

The information collected will support the development of programmed maintenance.

- Mowing and gardening contracts for the community boards have been reviewed.

This follows recommendations from a legislative review of our community facilities activity. We are required to do this every six years under section 17A of the Local Government Act, which deals with delivery of services. This has been a big piece of work and there are still three contracts to be finalised.



PUBLIC TOILETS

- The Mossburn toilet was upgraded to ensure that water pipes would not freeze over the winter.
- Two new toilets were installed at Monkey Island as part of the first stage of the upgrade of the freedom camping area.
- The toilet at the Trail Park Pavilion had a new water tank installed.
- The Wyndham and Taramea Bay toilets projects are still in progress and have been carried through to the new financial year.

COMMUNITY HOUSING

- We own 69 community housing units, generally built in the 1970s, which fill a niche market for the elderly in our communities.

The units are designed as single-person accommodation for residents who are still able to take care of themselves. The units generally have long-term tenants with no family support. Improvement or renovation work is usually carried out when a unit is vacated and before a new tenant moves in.

- Occupancy of community housing units has fluctuated throughout the year but on average occupancy sits at 90%.

- We are working through the government's Heathy Home Standard requirements, which will improve the quality of the rental units.





STEWART ISLAND ELECTRICAL SUPPLY AUTHORITY (SIESA)

- In January 2020 a funding agreement with the Ministry of Business, Innovation and Employment was established for a \$3.16 million wind power project on Stewart Island/Rakiura.

A consultant, Roaring 40s Wind Power, was engaged for the predevelopment phase, which included preliminary design, land access, wind monitoring, consenting activities, system optimisation, pre-tender design and business case.

However, agreement for access was not able to be reached with landowners at the three identified suitable sites, so the project was stopped and the remaining money returned to the government.

- The contract for management and service of SIESA was renewed with PowerNet for five years. It includes operation and asset management of SIESA.
- PowerNet will consider incorporating renewables such as solar panels, solar energy storage, smart meters and demand management in the future.
- A redeveloped work programme for the next 10 years work was completed for the LTP.



CEMETERIES

- We are investigating moving to an electronic online burial records management system, which would provide efficiencies and improved access to data.

We will continue to install memorial walls throughout the district.

- Projects included refurbishing the Calcium Cemetery war memorial at Isla Bank and removing trees at Otautau Cemetery to resolve a shading problem.
- The government review of the Burial and Cremations Act is ongoing.





TE ANAU AIRPORT MANAPOURI

- Repairs have been completed following flooding events in the previous financial year. Improvements were made and good feedback received.
- Demand from larger aircraft has dropped off, which has been attributed to the impact of Covid-19, but hangar leases have increased.
- A film crew hired the terminal and other facilities during the year.
- The airport gained Part 139 certification in 2019 to allow for scheduled landings of larger flights. Work has gone into preparing for Part 139 recertification, which expires late in 2021.

Long-term reporting and the airport's maintenance plan informs the certification and resealing process. Crack sealing was carried out to maintain the surface in the meantime, as well as weed and lichen spraying.

COMMUNITY ASSISTANCE (GRANTS AND WORK SCHEMES)

- Council's Community Initiatives Fund was split into two new community funds, which were established in 2019/2020 and became operational on 1 July 2020.

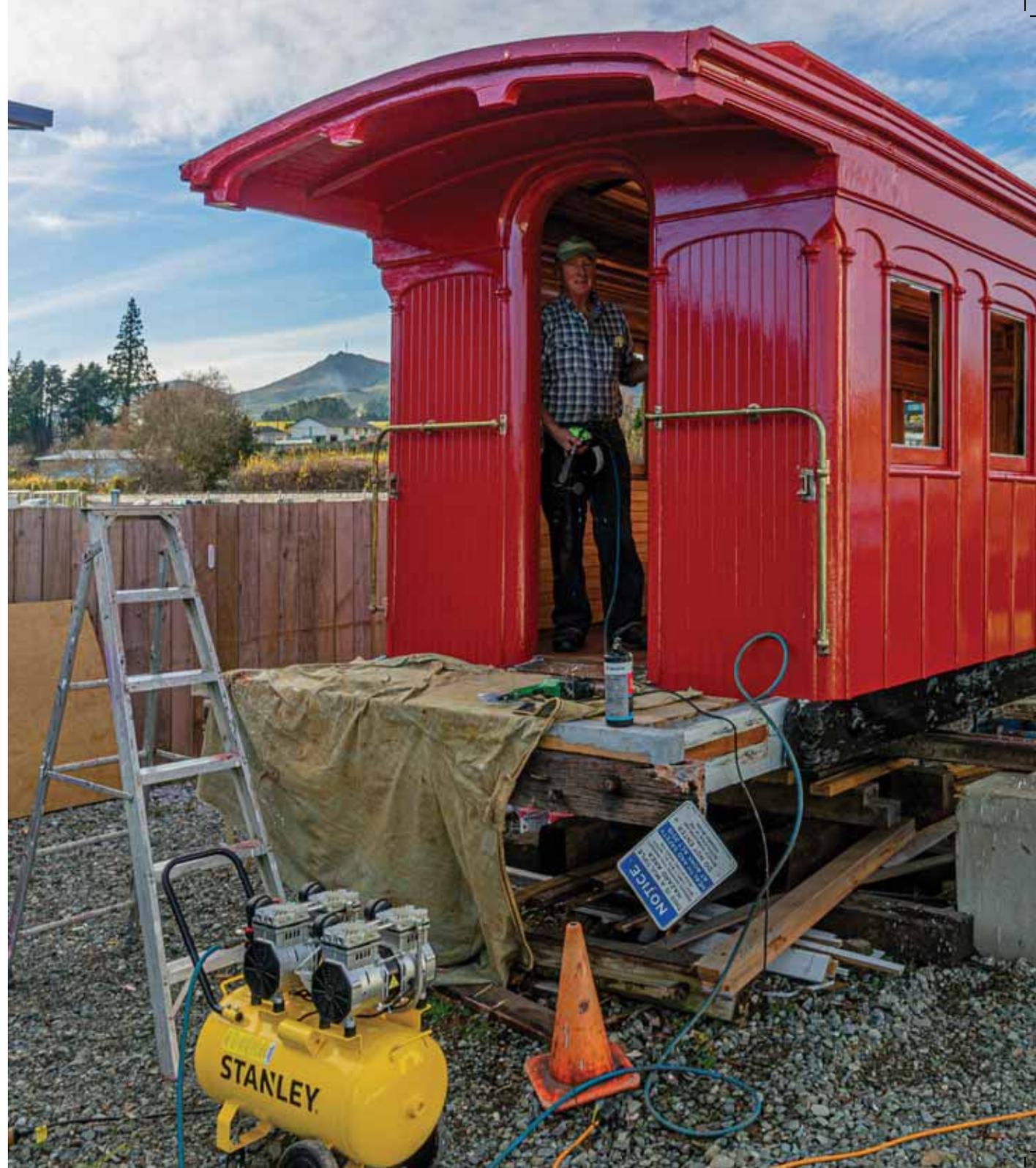
The funds are now called the Community Partnership Fund and District Initiatives Fund. The Community Partnership Fund is for local initiatives and projects within the relevant community board area and the District Initiatives Fund is for projects and initiatives with district-wide benefits.

The first year of the Community Partnership Fund has been successful with many applications across the nine community boards. Through the LTP budgets some community boards have added more funding to help with community projects. The District Initiatives Fund was also a success. Both funds were over-subscribed.

- The Work Scheme team carry out a variety of work both internally within council and externally in the community.

They undertake a lot of the smaller jobs and minor projects that aren't contracted out and are often reactive. This ranges from minor office maintenance, weed and pest control to track maintenance.

The team has a relationship with the Corrections Department and supervise people who have been assigned community work through the judicial system.



	2020/2021 Actual \$(000)	2020/2021 Budget (LTP) \$(000)
GRANTS		
Citizens Advice Bureau	2	2
Cycling Southland Incorporated	3	3
Gore Counselling Service	1	1
High Values Area	15	15
Hollyford Conservation Trust	10	10
IWI Funding	42	43
Life Education Trust	5	5
Loss and Grief Centre	15	15
Miscellaneous Grants	-	9
Safe Swim Programme	23	23
Southern REAP	10	10
Southland Indoor Leisure Centre (Stadium maintenance)	75	75
Southland Regional Heritage Committee	613	597
Southland Safer Communities	10	10
St John Ambulance	-	1
Toimata Foundation (formally EnviroSchools Programme)	10	10
Waituna Partnership	25	25
Warm Homes Trust	30	35

In January and February 2020 the Lumsden Heritage Trust recovered two 19th century V Class locomotives from the Mararoa junction near Lumsden.

Around 20 men, four contracting companies, multiple pieces of heavy machinery and equipment and a host of local service organisations and businesses were involved in the successful effort to salvage the two historic steam engine sets. Southland District Council supported the project by helping to source money through a variety of funds.

	2020/2021 Actual \$(000)	2020/2021 Budget (LTP) \$(000)
SCHOLARSHIPS		
Bursaries	5	7
Community service award	-	1
Debating competition	-	1
Outward Bound	-	8
FUNDING ASSISTANCE FOR COUNCIL ACTIVITIES		
Dog and animal control	40	40
Contribution parks and reserves	15	15
Holiday programmes	31	31
Museum services	46	36
Santa Parade	-	5
ALLOCATION GRANTS		
Community Initiative	109	109
Creative Communities	38	21
District Heritage	67	65
John Beange	3	1
Northern Southland Development Fund	5	10
Ohai Railway Fund	54	55
Sport NZ	17	13

Performance results

The community services activity group has nine KPIs and 11 targets.

Seven targets were achieved and four targets were not achieved.

Of the four not achieved, reasons included an access issue preventing repairs, delays to timeframes and additional work being required and a high number of complaints due to vandalism and theft.

There were 49 capital expenditure projects in total for this activity group.

There were 21 completed, 13 are still in progress, 7 are not started, 3 are deferred and 5 are deleted.



PERFORMANCE MEASURES

Activity objective: Provide facilities communities need and support the community to participate in a range of recreational, educational, sporting, commercial and social/cultural activities

LEVEL OF SERVICE (LOS) 22: Facilities are fit for purpose, in appropriate locations and managed cost-effectively (community facilities)

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
<p>KPI 22.1: Percentage of facilities that meet desired standards¹:</p> <p>(a) community centres</p> <p>(b) wharves/jetties</p>	<p>a) 100%</p> <p>b) 100%</p>	<p>a) 100%</p> <p>b) 83%</p>	<p>a) Achieved All community centres met the desired standards. (2019/2020: Achieved – 100%)</p> <p>b) Not achieved The wharves and jetties are located at Riverton and Stewart Island/Rakiura. At Riverton, five out of the six are compliant. One of the Council structures is non-compliant due to an ongoing access issue, which has meant we are unable to repair the structure. We have yet to resolve an issue with a wharf licence holder that is stopping us from undertaking the work required to bring the structure in Riverton up to standard. An additional assessment has been undertaken on the Wharf to determine the weight loading. This was at the request of the Riverton Harbour Subcommittee. Additional work will need to be carried out if the wharf is to be brought up to class one standard. Discussions are ongoing. Until such time there is a resolution the wharf remains closed and unused.</p> <p>At Stewart Island five out of the six are compliant. Ulva Island wharf is going to be replaced with construction work in the new financial year. A report was tabled at the Council meeting on 27 August 2020 seeking approval to renew the Ulva Island wharf. Council approved the report. Staff have satisfied the three conditions in the report. Work has started on getting the relevant consent approvals, an EOI process has been undertaken and now staff are working towards the tendering process. Construction work will happen in the new financial year. (2019/2020: Not Achieved – 91%)</p>
KPI 22.2: Community housing occupancy rate	90%	90%	<p>Achieved Community housing occupancy was in high demand during the year. At the end of the year, six flats were vacant and at varying stages of refurbishment for re-tenanting. The fickle nature of local demand for priority persons and the increased due diligence requirement for non-priority persons has slowed the re-tenanting process. The timely availability of contractors to refurbish flats has further impacted on timeliness. (2019/2020: Achieved – 94%)</p>
KPI 22.3: Community housing net cost (rates)	\$0	\$0	<p>Achieved The overall budget was in credit so there was no funding required from rates for this activity for this year. The purpose of the KPI is to not have an impact on rates. (2019/2020: Achieved – 0)</p>
KPI 22.4: Cemetery interment net cost (rates)	\$0	\$0	<p>Achieved The overall budget was in credit so there was no funding required from rates for this activity during the year. The purpose of the KPI is to not have an impact on rates. (2019/2020: Achieved – 0)</p>
KPI: 22.6: Number of unplanned interruptions to Stewart Island electricity supply	≤6	4	<p>Achieved There were four unplanned interruptions to the supply of electricity to Stewart Island/Rakiura consumers during the year. Three were due to voltage mismatch, vegetation and engine drive belt failure and one was due to inconsistent electrical loading pattern. Control programming has been amended to avoid this situation. (2019/2020: Achieved – 0)</p>

1 – Meeting required standards for community centres and wharves/jetties are those achieving a condition rating of 2 - Minor Defects Only (IIMM manual).

PERFORMANCE MEASURES

Activity objective: A network of open spaces and facilities that celebrate and enhance our natural environment that can be appreciated and enjoyed by current and future generations

LEVEL OF SERVICE (LOS) 23: Facilities are fit for purpose, in appropriate locations and managed cost effectively (Parks, Reserves and Public Toilets)

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
<p>KPI 23.1: Percentage of facilities that meet desired standards¹:</p> <p>(a) parks/reserves</p> <p>(b) playgrounds</p> <p>(c) sportsfields</p> <p>(d) public toilets</p>	95%	<p>a) 95%</p> <p>b) 95%</p> <p>c) 95%</p> <p>d) 98%</p>	<p>Achieved</p> <p>Desired standards relate to those set under the contract and include a range of factors such as lawnmowing, weed removal and equipment inspection and maintenance.</p> <p>a) The parks and reserves are inspected by Council's contractors and no issues were reported. There were 55 requests for service (RFS) for issues related to reserves that were responded to within the assigned timeframes. However, two requests were not closed off within the timeframe.</p> <p>b) Staff have completed some equipment upgrades throughout the year. They have also had to remove some more non-compliant equipment. A new auditing tool has been deployed to contractors for playgrounds which is easier to use and this is providing valuable information to staff. Throughout the Long Term Plan process staff have been working with community boards to make sure that their playgrounds will continue to meet the appropriate standards. This has meant that some projects have been carried forward and amalgamated with projects in the next financial year to achieve a higher level of service.</p> <p>c) Council sportsfields are inspected by our contractors and contract managers. There has been one issue identified through Council's request for service (RFS) application relating to sportsfields. This was related to turf management, which is normally the responsibility of the clubs that use the fields. These are locally funded assets and the community boards define the levels of service. It has, however, highlighted an area that needs to be reviewed in terms of the agreements that Council has with sports clubs in relation to turf/field management.</p> <p>d) There is currently one toilet at Athol that is out of service. This is due to the plumbing connection and the septic tank not being able to meet the demand placed on it. Council staff now have an arrangement with a member of the community to provide public toilets while they investigate options for the provision of service in Athol. The Activity Management Plan maturity assessment that has been undertaken has identified the need for a toilet strategy to be completed. This will be a priority in the new financial year along with some other strategies that were identified through the assessment.</p> <p>(2019/2020: a) 100% Achieved, b) 95% Achieved, c) 100% Achieved, d) 98.5% Achieved)</p>
<p>KPI 23.2: Complete open space strategy implementation plan within budget for:</p> <p>(a) open space projects</p> <p>(b) public toilet projects</p>	<p>a) 1 project (budget approx. \$150,000)²</p> <p>b) 6 projects (budget approx \$270,000)²</p>	<p>a) 0</p> <p>b) 2</p>	<p>Not achieved</p> <p>a) Council staff have engaged a consultant to review strategy documents to develop a set of criteria to rank potential projects. This is being developed to provide a robust set of guidelines to support the open spaces budgets identified in the LTP with the aim of identifying how open spaces funding will be used over the next 10 years. The funding has been restructured throughout the LTP to allow additional time to undertake this work. Council has filled the open spaces graduate position and the successful applicant has created a works programme identifying the plan to review the open spaces policy and strategy and then reserve management. The green asset assessment is 75% complete. Contractors have surveyed 5,600 trees across 20 towns throughout the district. The western Southland towns will be completed in the new financial year. Once this work is completed a tree works programme will be developed with the intention that this work would potentially form a district-wide contract.</p> <p>Not achieved</p> <p>b) Staff have allocated funding in the LTP to address the issues that were identified through the toilet condition assessment. Priority has been given to older concrete block structures with structural issues. Staff have received a proposal to undertake a review of Council's public conveniences and produce a strategy. This piece of work has been scheduled for the first quarter of the new financial year. The project to install two new toilets at Monkey Island and Clifden was completed. Two other toilet replacements at Edendale and Wyndham were deferred until the new financial year.</p> <p>(2019/2020: a & b: 0, Not achieved)</p>
<p>KPI 23.3: Number of complaints about public toilets</p>	≤ 25	31	<p>Not Achieved</p> <p>For the year there were 31 complaints. There were some issues with vandalism and theft. (2019/2020: Achieved - 21)</p>

¹ – Desired standards relates to those set under the contract and includes a range of factors such as lawn mowing, weed removal and equipment inspection and maintenance.

² – The target number of projects and costs included in the table above for years 2-10 have been estimated and will be confirmed/updated once the open spaces implementation plan has been prepared and the project scoping is complete.

PERFORMANCE MEASURES

Activity objective: Connect residents to local, national and global communities, information and ideas

LEVEL OF SERVICE (LOS) 24: Provide easy access to information, resources and tools (Library Service)

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 24.1: Active ¹ library membership per capita	Increase on prior year 14.4%	14.6%	<p>Achieved</p> <p>An active member is considered any user that has used their library card within the previous 12 months. The active library membership only reports users who check out collection items and does not record those who visit and use our other library services. This KPI for libraries is to look at the number of active members rather than measuring only books issued to borrowers. Throughout the year our membership remained stable at 14.6% (4,495) of district population. With the Winton Library reopening and the appointment of two new staff members focusing on building new connections between the library and our community we expect to eventually see a gradual increase in membership in the long term.</p> <p>(2019/2020: Not Achieved – 14.4% against a target of 17.5%)</p>

1 – Definition of an “active” member is customer using their library card to issue books, access online databases or register for a library programme.



Budget variations

Subsidies and grants for operating purposes were lower than budgeted due to the SIESA wind power project grant being returned to MBIE as the project is no longer going ahead.

Accordingly, the discontinuation of this project explains the majority of the underspend in payments to staff and suppliers.

The remaining underspend was due to lower maintenance and general project costs across the community services activity as well as less operational costs for the Te Anau Airport Manapouri.

A reduction in the level of funding received as subsidies and grants for capital expenditure as well as capital expenditure to replace existing assets was less than budget due to Council's Tourism Industry Fund (TIF) application for the upgrade of the Ulva Island and Golden Bay wharves being put on hold and consequently the project has been deferred to 2021/2022.

Other factors contributing to capital expenditure to replace existing assets being lower than budget were the fit out of the additional Invercargill office buildings being classified as level of service expenditure rather than renewal, and the Te Anau library, Winton office and the Princess Street (Riverton) toilet renewal projects being deferred to 2021/2022.

Accordingly, increase in debt was less than budgeted. Gross proceeds on the sale of assets are over budget due to the disposal of land at the Rakiura museum, the Hokonui Hall and land in Winton.

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

² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2020/2021 was \$197,000 (2020: \$164,000).

COMMUNITY SERVICES FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

2019/2020 Budget (AP) (\$000)	2019/2020 Budget (LTP) (\$000)	2020/2021 Budget (LTP) (\$000)		2019/2020 Actual (\$000)	2020/2021 Actual (\$000)	2020/2021 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING						
2,600	2,708	2,687	General rates, uniform annual general charges, rates penalties	2,604	2,333	2,438
2,658	2,640	2,714	Targeted rates	2,674	2,663	2,655
45	45	77	Subsidies and grants for operating purposes	75	176	607
1,314	1,305	1,325	Fees and charges	1,355	1,473	1,382
3,701	3,493	3,742	Internal charges and overheads recovered	3,664	4,366	4,441
764	784	780	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	848	669	765
11,081	10,975	11,325	Total operating funding	11,221	11,680	12,288
APPLICATIONS OF OPERATING FUNDING						
7,409	6,928	6,677	Payments to staff and suppliers	7,333	7,717	8,750
-	-	-	Finance costs ²	-	-	-
2,150	2,302	2,418	Internal charges and overheads applied ²	2,199	2,320	2,488
1,294	1,287	1,318	Other operating funding applications	1,368	1,315	1,267
10,853	10,517	10,414	Total applications of operating funding	10,900	11,352	12,505
227	458	911	Surplus (deficit) of operating funding	321	328	(217)
SOURCES OF CAPITAL FUNDING						
570	600	-	Subsidies and grants for capital expenditure	-	261	400
-	-	46	Development and financial contributions	236	93	24
1,040	928	743	Increase (decrease) in debt	560	1,473	2,367
10	10	21	Gross proceeds from sale of assets	82	286	10
-	-	-	Lump sum contributions	-	-	-
1,620	1,538	811	Total sources of capital funding	877	2,113	2,802
APPLICATIONS OF CAPITAL FUNDING						
			Capital expenditure			
-	-	79	to meet additional demand	-	-	79
262	148	509	to improve the level of service	329	1,213	620
2,134	1,774	877	to replace existing assets	998	1,166	2,560
(249)	374	556	Increase (decrease) in reserves	501	294	(174)
(300)	(300)	(300)	Increase (decrease) in investments	(630)	(232)	(500)
1,847	1,996	1,722	Total applications of capital funding	1,198	2,442	2,585
(227)	(458)	(911)	Surplus (deficit) of capital funding	(321)	(328)	217
-	-	-	Funding balance	-	-	-



DISTRICT LEADERSHIP

What we deliver

District leadership describes Council's role as a leader in its communities where it provides information, support, and development opportunities to residents. This empowers them to make a difference in their communities by becoming involved in decision-making.

The group of activities includes community development, representation and advocacy, district support (area offices and customer support), corporate support (people and capability, finance, strategy and policy, communications, information management), and forestry.



Community development

Council supports collaborative partnerships with local community organisations and key national and regional agencies/stakeholders that support the district's communities and that add value to residents' quality of life and visitor experiences. This includes Council's investment in regional economic and tourism development and local community development opportunities. At a regional level, Council is involved in regional development initiatives encompassing economic development, attracting business and providing and promoting quality visitor experiences.

Forestry

Council operates a sustainable forestry business, undertaking forestry establishment, silviculture and harvesting. Council aims to successfully grow, harvest and market plantations of forests to provide the best possible return. The provision of a return relates to the maintenance of an alternative income stream to offset rates. The estate is spread across four forests with a total legal area of 1,839 hectares.

Corporate support

The corporate support activity includes communication and engagement as well as the more internal functions such as strategy and policy, people and capability, finance and information management, which provide support to the overall operation of Council.

Representation and advocacy

Council encourages decision-making at a range of levels – centrally by Council, and at local levels through community boards and other subcommittees. Council also seeks input from young people in the district through the Youth Council and supports other representative groups such as the Milford Community Trust and the South Catlins Charitable Trust, Predator Free Rakiura and the Northern Southland Community Resource Centre Charitable Trust. Council plays a strong advocacy role in representing local interests by way of submissions, deputations and lobbying to regional and central government and other relevant agencies.

Council is proactive in ensuring there is appropriate representation on national working parties and organisations so that a southern and/or rural voice is heard. Key aspects of the activity include three-yearly elections for the mayor, councillors, community boards and community development area subcommittees and six-yearly representation reviews to determine the representation structure.

District support (area offices and customer support)

Customer support provides the community with frontline support and assistance to get answers to their inquiries, register their dogs, apply for building and resource consents or alcohol and food licences, action LIM (Land Information Memorandum) and PIM (Project Information Memorandum) requests and access many other Council-related services.

The activity is provided through various channels including phone, email and post, as well as face-to-face through our offices and libraries in Invercargill, Lumsden, Oban, Otautau, Riverton, Te Anau, Winton and Wyndham.

Community outcomes

The primary outcome of this activity group is “proud, connected communities that have an attractive and affordable lifestyle”.

Its secondary outcome is “resilient communities that leave a legacy for tomorrow”.



Why we do it

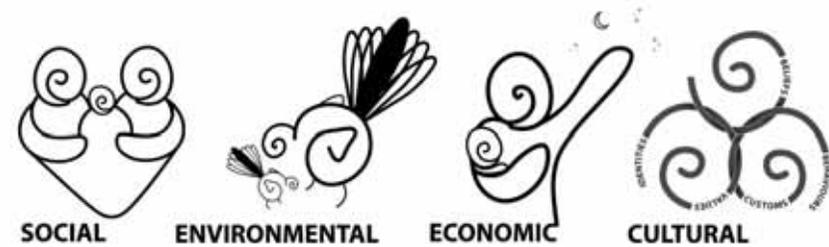
These activities help make it easier for people to access Council’s services, understand the issues surrounding Council’s activities and provide opportunities to participate meaningfully in shaping the district’s services, facilities, policies, spaces and places, and ultimately improve the quality of life in the district.

They encourage collaboration and partnerships, not only so communities can achieve more, but also to strengthen community connections, understanding and self-reliance.

Forestry operates as a commercial-type investment, with the income helping to reduce the level of rates required.



Identified effects on community wellbeing



The district leadership group of activities has a positive effect on the economic, social, environmental and cultural wellbeing of our communities.

From an economic wellbeing perspective, the forestry activity provides an economic return that helps to offset the cost of rates. From an environmental wellbeing perspective, the forestry activity has an effect on the community's natural environment.

From a social wellbeing perspective, the representation and advocacy activity allows for local decision-making and participation at a local level within our communities. Community futures supports collaborative partnerships and connection with the local community and key national and regional agencies.

Communities are able to set goals and achieve them such as developing community board plans. Customer support has area offices where locals can connect and access many Council services.

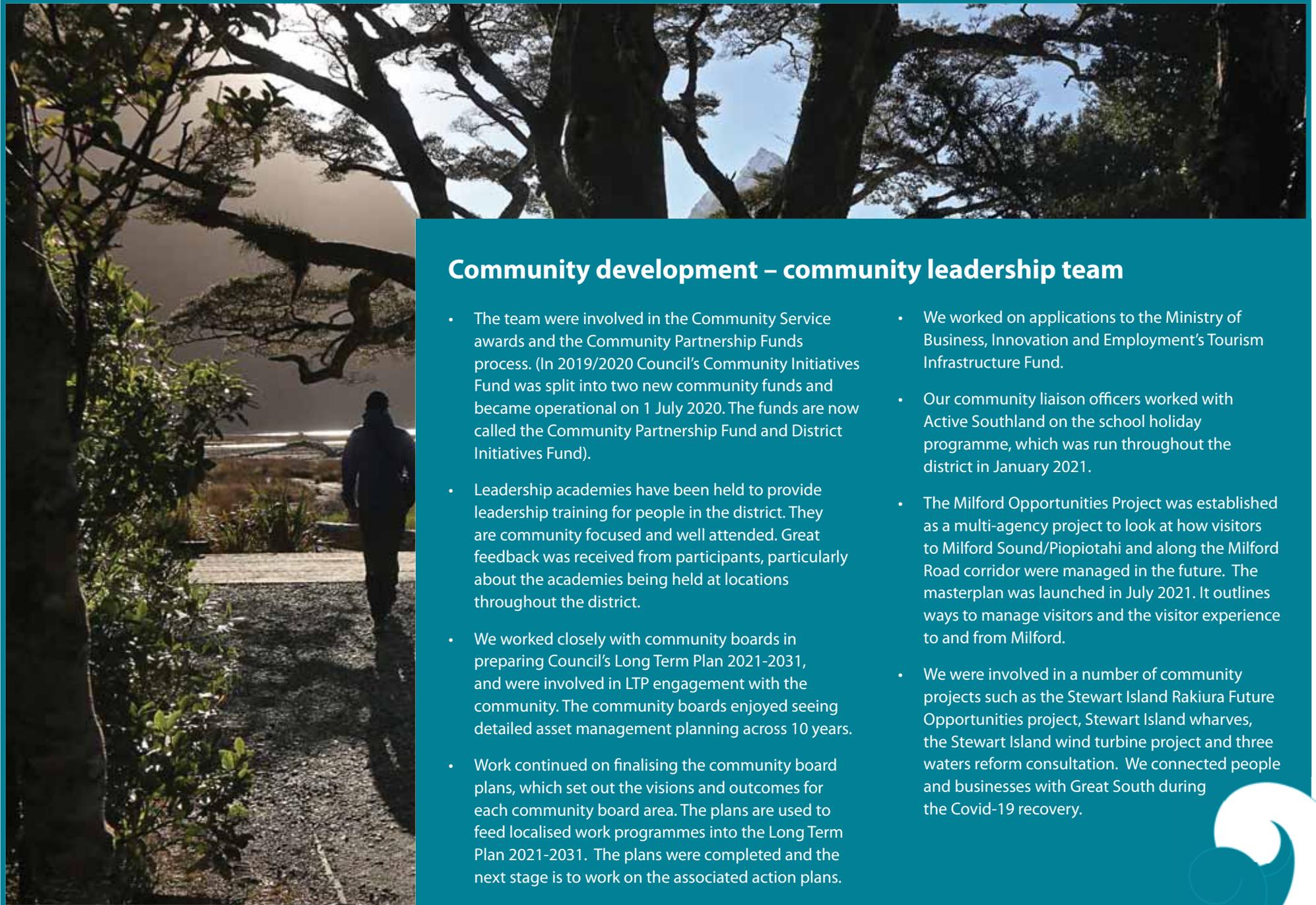
There are no significant negative effects from Council's district leadership activities.

KEY HIGHLIGHTS AND PROJECTS



How we did...





Community development – community leadership team

- The team were involved in the Community Service awards and the Community Partnership Funds process. (In 2019/2020 Council's Community Initiatives Fund was split into two new community funds and became operational on 1 July 2020. The funds are now called the Community Partnership Fund and District Initiatives Fund).
- Leadership academies have been held to provide leadership training for people in the district. They are community focused and well attended. Great feedback was received from participants, particularly about the academies being held at locations throughout the district.
- We worked closely with community boards in preparing Council's Long Term Plan 2021-2031, and were involved in LTP engagement with the community. The community boards enjoyed seeing detailed asset management planning across 10 years.
- Work continued on finalising the community board plans, which set out the visions and outcomes for each community board area. The plans are used to feed localised work programmes into the Long Term Plan 2021-2031. The plans were completed and the next stage is to work on the associated action plans.
- We worked on applications to the Ministry of Business, Innovation and Employment's Tourism Infrastructure Fund.
- Our community liaison officers worked with Active Southland on the school holiday programme, which was run throughout the district in January 2021.
- The Milford Opportunities Project was established as a multi-agency project to look at how visitors to Milford Sound/Piopiotahi and along the Milford Road corridor were managed in the future. The masterplan was launched in July 2021. It outlines ways to manage visitors and the visitor experience to and from Milford.
- We were involved in a number of community projects such as the Stewart Island Rakiura Future Opportunities project, Stewart Island wharves, the Stewart Island wind turbine project and three waters reform consultation. We connected people and businesses with Great South during the Covid-19 recovery.

Representation and advocacy

- Changes were made to the Local Government Act to allow meetings to be held via video conferencing in the Covid-19 environment.
- Livestreaming of Council and committee meetings started this year which contributes to greater transparency.
- Systems are being developed for the triennial local government elections in 2022 including improved reporting processes.
- An 18-month “health check” was carried out to look at the effectiveness of changes made to the community governance structure following Council’s representation review leading up to the 2019 local body elections.

District support - customer service

- The request for service system was reviewed with some real gains in measuring and managing the amount of work we do. The review is 75% complete, with roading, environmental health, three waters activities to go.
- We reviewed and changed our process for dog registration becoming more efficient and reducing stress for staff. It has reduced the inefficiencies associated with previous dog registration processes and allowed staff to focus on completing the work in a timely manner.
- We reviewed our online services and made some improvements. We are introducing a process that generates an automated request for service from online requests. An online registration portal system has been introduced for users to be able to pay rates, apply for consents and lodge requests for service.
 - A callback system has been set up and will be introduced in the 2021/2022 financial year. It allows customers to request a callback rather than sitting on hold and waiting for someone to answer.

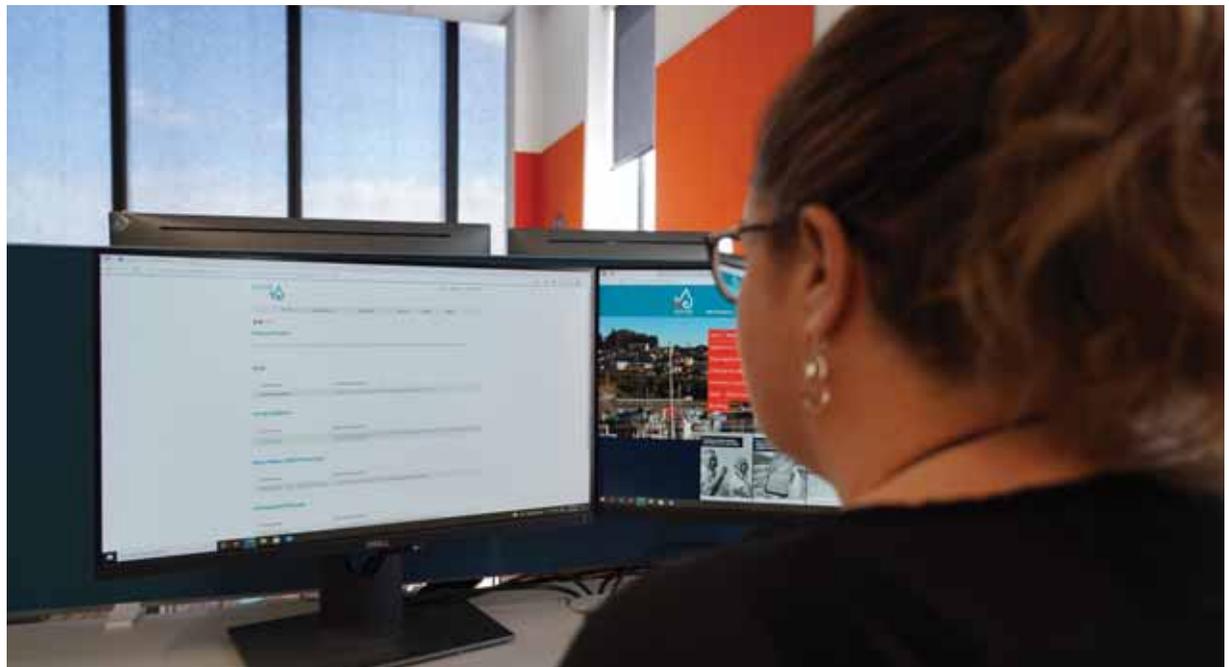




Photo: Julie Walls/Focus Media

People and capability

- Council continued with its wellbeing initiatives including encouraging staff to use the KYND app, which monitors and assesses employee health and wellbeing, and running staff workshops with Dr Tom Mulholland.
- A gap analysis was undertaken of the organisation's health and safety process, and a plan has been developed to remedy outcomes from that report.
- A new chief executive was recruited and changes were made to the organisation's leadership structure.
- Ongoing support was offered to impacted staff and their whanau following the 2020 Covid-19 pandemic.
- There was a high staff turnover in the 12 months following the 2020 Covid-19 outbreak. This resulted in a huge amount of recruitment and restructuring in some areas which was impacted by a significant tightening in the labour market.
- A number of internal strategies were implemented to increase staff skills and performance.
- A review of Human Resources Information Systems (HRIS) was undertaken and decisions from this will be implemented in the 2021/2022 financial year.
- Our Bullying and Harassment Policy was updated and training was implemented.



Communications

- Developing the Long Term Plan 2021-2031 was a big project for the communications team during the year.
- There was an increased focus on engagement and, as a result of this, a people's panel was established. The panel will be sent surveys to complete to give feedback on a range of engagements.
- Pre-engagement plans were developed for upcoming wastewater scheme projects.
- Our graphics team designed a large number of graphics for public facilities, including wraps for new toilets at Monkey Island, new welcome signs for Te Anau and information panels, including Moturau Moana reserve on Stewart Island/Rakiura. As well, a striking new Anzac Day memorial seat was designed for Athol.
- The team worked with the Oraka Aparima Community Board on the Taramea Bay development.
- We worked with the community partnership leadership team and community boards on designing new Community Board Plans.





Information management

- The team was heavily involved in the relocation of staff across the three Invercargill sites during the year. The majority of staff are now using laptops, which has enabled the capability to work remotely.
- Upgraded fibre was installed between the two Don Street office sites and the data centre to improve useability and create cost savings.
- The scope of online services increased, including resource management applications, dog registration processing, the addition of registered users, request for service process improvements and the implementation of new business intelligence dashboards.
- We completed integration between internal systems for more efficient document management.
- Cybersecurity was elevated as a top 10 strategic risk, requiring additional resource from within the team. In the last six months, cyber threats increased significantly. We are working closely with other Southland councils to look at cyber solutions, purchasing and knowledge sharing.
- Full backup and recovery systems are providing improved resilience for the organisation.
- Fibre is now available at the Riverton, Te Anau and Winton Council offices, with Lumsden still in progress.
- Other projects included installing systems in the new Council chambers in Don Street, working on the review of Council's financial system as well as the Human Resource Information System (HRIS) project, providing improved tools for users.

Strategy and policy

- The Long Term Plan 2021–2031 was developed and adopted, setting out Council’s work programme and budgets along with associated policies for the next 10 years.

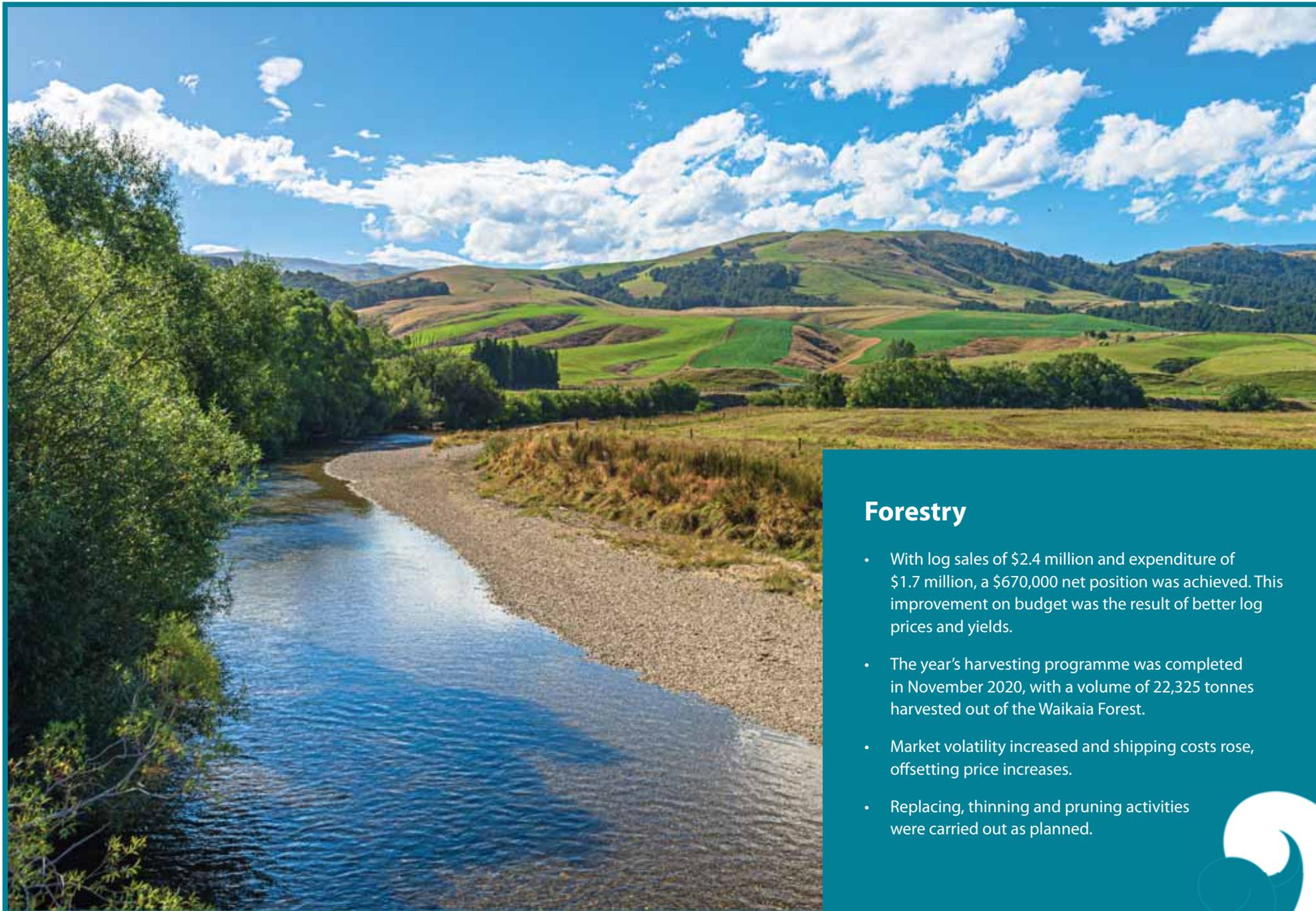
This was a huge project for the team.

- A new risk management process was adopted to reduce risk to Council.
- The Alcohol Fee-setting Bylaw was completed, as well as a procurement policy and manual.
- The Discrimination, Bullying and Harassment, Child Protection and Fraud policies were adopted.

Finance

- Council worked with individual ratepayers who experienced financial hardship during the Covid-19 lockdown, to develop solutions to enable them to pay their rates.





Forestry

- With log sales of \$2.4 million and expenditure of \$1.7 million, a \$670,000 net position was achieved. This improvement on budget was the result of better log prices and yields.
- The year's harvesting programme was completed in November 2020, with a volume of 22,325 tonnes harvested out of the Waikaia Forest.
- Market volatility increased and shipping costs rose, offsetting price increases.
- Replacing, thinning and pruning activities were carried out as planned.



Performance results

This activity group has a total of 19 KPIs and 19 targets.

Of these, 16 targets were achieved and three targets not achieved.

Of the three targets that were not achieved, reasons included a lack of confidence in decision-making and a lack of satisfaction that Council decision-making meets local and district needs and a change in focus from leadership to community board plans.

There were five capital expenditure projects in total for this activity group. There were three completed, one is still in progress and one was deleted.



PERFORMANCE MEASURES

Activity objective: Enable democratic local decision making and by, and on behalf of, communities (Representation and Advocacy)

LEVEL OF SERVICE (LOS) 25: Make decisions in an open, transparent manner

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 25.1: Percentage of residents that: (a) have confidence in Council decision-making (b) feel that Council decision-making reflects local and District needs	a) 85% b) 85%	a) 80% b) 37%	a) Not achieved The result is from the annual resident survey which is conducted in June. The result is 80%, which is an improvement from the previous year when the result was 73%. Comments included that the rates and fees are too high with nothing in return, a lack of consultation, dissatisfied with all the regulations, hard to deal with Council, lack of funding and no local community initiatives. (2019/2020: a) Not Achieved – 73%) b) Not achieved The result is from the annual resident survey which is conducted in June. The result is 37%, which is a drop from the previous year when the result was 44%. Comments included that the rates and fees are too high with nothing in return, a lack of consultation, dissatisfied with all the regulations, hard to deal with Council, lack of funding and no local community initiatives. (2019/2020: b) Not Achieved – 44%)
KPI 25.2: Proportion of main items held in open meetings ¹	85%	91%	Achieved This is based on the number of public-excluded items on an agenda compared with the number of open items. There were 599 items for the year, of which 547 were held in open meetings. (2019/2020: Not Achieved – 81%)

¹ - This refers to the main business topics on the full Council agenda and existing four Standing Committees

PERFORMANCE MEASURES

Activity objective: Support collaborative partnerships with the community and key agencies/stakeholders in the district and region that add to the quality of life in Southland (Community Futures)

LEVEL OF SERVICE (LOS) 19: Proactively engage/plan with the community

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 19.1: Number of community conversations held	≥ 10	24	Achieved Council held 24 engagement meetings and events throughout the year. This does not include one-on-one engagement that all our staff do on a daily basis. Thirteen drop-in meetings were held during the Long Term Plan (LTP) consultation in April, adding to the 11 meetings held over the previous report period. These also included meetings about Monkey Island, Winton wastewater, community and grant meetings. (2019/2020: Achieved - 56)
KPI 19.2: Number of community leadership plan processes held/completed	3	0	Not achieved This work has been replaced by the development of nine community board plans that are reflective of Council's new governance structure. This year, the community leadership team did some more work with the boards around the chairs' introductions and finalising of the action plans. The plans are being designed by the communications team. The community leadership team will work with the boards around prioritising of their actions and delivery of the plans going forward. (2019/2020: Not Achieved – 0)

Activity objective: Support collaborative partnerships with the community and key agencies/stakeholders in the district and region that add to the quality of life in Southland

LEVEL OF SERVICE (LOS) 20: Support communities to obtain the resources they need

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 20.1: Percentage of funds distributed through contestable community grants and funding schemes that comply with grant criteria	Target to be set following fund review	100%	Achieved All grants which have been approved have met the set criteria. (2019/2020: Achieved – 100%)

Activity objective: Support collaborative partnerships with the community and key agencies/stakeholders in the district and region that add to the quality of life in Southland

LEVEL OF SERVICE (LOS) 21: Facilitate economic growth

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 21.1: Southland regional unemployment rate	Below national average	3.5%	Achieved In March 2021 the Southland unemployment rate was 3.5% compared with the national rate of 4.2%. The methodology calculates the result based on a march to march year. This is based off the Labour market statistics snapshot MBIE figures. 2019/2020: Achieved – 2.5%)
KPI 21.2: Southland regional GDP	Increase on prior year	\$6.56B	Achieved The year ended March 2021 regional GDP figure for Southland is \$6.56B. This was a 3.2% increase on the previous year. (March 2020 - \$6.56B compared with \$6.36B March 2019). This is based off Statistics New Zealand figures. (2019/2020: Achieved – \$6.36B which was an increase of 8.75% on the previous year)

PERFORMANCE MEASURES

Activity objective: Positive, consistent customer experience so our customers only have to ask us once (customer support)

LEVEL OF SERVICE (LOS) 3: Provide a positive and consistent experience

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 3.1: Percentage of requests for service resolved within service levels	90%	90%	<p>Achieved</p> <p>This measure is important to provide Council with the confidence staff are able to resolve requests for service within our service level the majority of the time. A review of the request for service process along with ongoing training of staff has seen an improvement in the management of this.</p> <p>(2019/2020: Not Achieved - 84% against a target of 85%)</p>

Activity objective: Pro-active communication and engagement that ensures information provided by Council is easily accessible, relevant and timely (Communications and Engagement)

LEVEL OF SERVICE (LOS) 27: Engage and communicate with the community

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 27.1: Level of public attendance at engagement activities/opportunities	≥ 200 people in total attending council community conversations per annum	429	<p>Achieved</p> <p>This does not measure all the one-on-one engagement with the public and with stakeholders that staff members do. An engagement activity or opportunity is defined for this purpose as an advertised meeting or drop-in where staff and/or councillors are talking with the public about specific issues.</p> <p>It does not include general conversations one-on-one or at events. In the first reporting period engagement activities include a meeting about Monkey Island, the Winton wastewater project advisory group, general community meetings and grants meetings. There were no formal engagement activities in the second reporting period. In the final reporting period, Council held 13 drop-in sessions throughout the district during the Long Term Plan engagement. Numbers were generally small but there were good turnouts in Tuatapere and Otautau.</p> <p>(2019/2020: Achieved - 333)</p>
KPI 27.2: Percentage of residents who are satisfied with Council communications	50%	51%	<p>Achieved</p> <p>The result is from the annual resident survey, which is conducted in June, and the result increased from 50% to 51%. Respondents were asked if they had any comments about the questions in the survey.</p> <p>Comments include lack of communication, not getting a reply when called with a request for service, better consultation needed, feel not listened to and some misunderstanding about what Council does.</p> <p>(2019/2020: Achieved – 50%)</p>

PERFORMANCE MEASURES

Activity objective: Customer and business aligned, service orientated and leaders in providing the best services available (Corporate Support)

LEVEL OF SERVICE (LOS) 30: Operate in a financially prudent manner (Financial Management)

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 30.1: Rates income complies with the limits set in the financial strategy (Affordability benchmark/rates benchmark ¹) as follows: (a) rates increase over prior year (b) rates as a proportion of total revenue	a) ≤ LGCI ¹ + 2% b) ≤ 70%	a) 2.3% b) 56%	Achieved The actual percentage needs to be lower than the target to be achieved. The 2018-2028 LTP set the forecast for the rates increase. For 2020/2021 in the Annual Plan, Council have set a 2.3% rates increase so we have therefore achieved this target. (2019/2020: a) Achieved – 3.49%) Achieved The actual result needs to be lower than the target to be achieved. We do not want our rates income to exceed 70% of our total revenue. Council rates income is lower at this time due to grant revenue received for the Milford Opportunity project and the 3 waters stimulus funding. (2019/2020: b) Achieved – 61%)
KPI 30.2: Debt complies with the limits set in the council's financial strategy (Affordability benchmark/ debt benchmark ¹) as follows: (a) external debt as a proportion of total revenue	a) ≤ 100%	a) 5.7%	Achieved Council has \$5 million of borrowings at 30 June 2021. This was repaid in full on 16 July 2021. Council has the ability to loan up to 100% of its revenue as set out in Council's financial strategy. Council planned to have \$19.8M of borrowings in the 2020/2021 Annual Plan as a result of the Te Anau wastewater project. (2019/2020: Achieved – 3.16%)
KPI 30.3: Revenue (excluding income from development and financial contributions, revaluations and vested assets) exceeds operating expenditure (Sustainability benchmark/balanced budget benchmark ¹)	≥100%	101%	Achieved We have met this target because our operating revenue is higher than our operating expenditure for the year to date. This figure fluctuates throughout the year depending on timing of work programs. (2019/2020: Achieved – 101%)
KPI 30.4: Capital expenditure on the five network infrastructure services equals or exceeds depreciation on those five services (Sustainability benchmark/ balanced budget benchmark ¹)	≥100%	173%	Achieved Currently capital expenditure is higher than depreciation due to the continuing work on the Te Anau wastewater project, 3 waters stimulus funded projects and bridge renewals (some of which were carried forward from last financial year). (2019/2020: Achieved – 122%)
KPI 30.5: Borrowing costs are less than 10% of operating revenue (Sustainability benchmark/debt servicing benchmark ¹)	<10%	0.03%	Achieved 0.03% relates to the fee Council is currently incurring in relation to borrowings it can access if required. (2019/2020: Achieved – 0.03%)
KPI 30.6: Net cash flow from operations equals or exceeds budget (Predictability benchmark/operations control benchmark ¹)	Actual compared to budget (budget: \$20.83M)	\$30.8M	Achieved Cashflow as at 30 June 2021. (2019/2020: Achieved – \$24.7M with a target of \$20.32M)
KPI 30.7: Net debt is less than or equal to forecast net debt in the local authority's long term plan (Predictability benchmark/debt control benchmark ¹)	Actual compared to budget (budget: \$7.7M)	\$5M	Achieved At 30 June 2021 Council had \$5 million of external borrowings. This was repaid in full on 26 July 2021. The 2020/2021 Annual Plan is forecasted Council would have \$19.8M of external debt at 30 June 2021. (2019/2020: Achieved - \$2.5M with a target of \$7.8M)

1 - These measures relate to the Local Government (Financial Reporting and Prudence) Regulations 2014

2 - LGCI is the Local Government Cost Index

Budget variations

Subsidies and grants for operating purposes were above budget due to government grants received to fund the three waters stimulus project costs.

Fees and charges income was higher than budgeted as a result of more Land Information Memorandums (LIMs) being processed. Internal charges and overheads recovered/applied were under budget due to lower corporate overheads and interest on loans and reserves. Other receipts exceeded budget due to increased forestry income and the recovery of costs associated with the three waters collaboration project.

Payments to staff and suppliers were under budget due to lower employee costs (including training) and general projects for community leadership. Finance costs are less than budgeted due to Council not requiring external debt until June 2021, and therefore incurring minimal external interest.

Other operating funding applications are under budget primarily due to a number of Stewart Island Visitor Levy grants being awarded to Council (and treated as internal grants), rather than external applicants.

Capital expenditure to improve the level of service was over budget due to the addition of three vehicles for the community liaison officers and information technology improvements.

Capital expenditure to replace existing assets was lower than budget due to limited progress on the core system review in the current year, offset by computer hardware replacements.

Accordingly funding sources (loans and reserves) were lower than budgeted.

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

² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2020/2021 was \$136,000 (2020: \$141,000).

DISTRICT LEADERSHIP FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

2019/2020 Budget (AP) (\$000)	2019/2020 Budget (LTP) (\$000)	2020/2021 Budget (LTP) (\$000)		2019/2020 Actual (\$000)	2020/2021 Actual (\$000)	2020/2021 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING						
12,541	12,319	12,853	General rates, uniform annual general charges, rates penalties	12,544	14,316	14,325
832	837	804	Targeted rates	831	750	748
84	84	84	Subsidies and grants for operating purposes	1,369	2,011	1,884
12	30	31	Fees and charges	101	171	112
16,516	16,082	17,114	Internal charges and overheads recovered	15,858	17,750	18,816
3,437	3,432	2,717	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	4,063	3,540	2,376
33,422	32,785	33,602	Total operating funding	34,767	38,537	38,260
APPLICATIONS OF OPERATING FUNDING						
17,037	16,361	16,393	Payments to staff and suppliers	17,957	19,163	20,030
22	154	304	Finance costs ²	23	27	422
13,950	12,801	13,221	Internal charges and overheads applied ²	13,295	15,122	15,464
1,814	2,468	2,517	Other operating funding applications	2,043	1,784	1,974
32,823	31,784	32,434	Total applications of operating funding	33,318	36,095	37,890
599	1,000	1,168	Surplus (deficit) of operating funding	1,449	2,442	370
SOURCES OF CAPITAL FUNDING						
-	-	-	Subsidies and grants for capital expenditure	240	-	-
-	-	-	Development and financial contributions	9	2	-
617	(30)	(181)	Increase (decrease) in debt	(93)	(262)	185
61	61	42	Gross proceeds from sale of assets	35	62	31
-	-	-	Lump sum contributions	-	-	-
678	32	(140)	Total sources of capital funding	191	(198)	217
APPLICATIONS OF CAPITAL FUNDING						
			Capital expenditure			
-	-	-	to meet additional demand	-	-	-
126	26	26	to improve the level of service	185	235	65
1,494	751	654	to replace existing assets	768	251	990
(642)	(45)	48	Increase (decrease) in reserves	308	1,215	(968)
300	300	300	Increase (decrease) in investments	378	544	500
1,277	1,032	1,028	Total applications of capital funding	1,639	2,245	587
(599)	(1,000)	(1,168)	Surplus (deficit) of capital funding	(1,449)	(2,442)	(370)
-	-	-	Funding balance	-	-	-



EMERGENCY MANAGEMENT

Community outcomes

The primary outcome is “proud connected communities that have an attractive and affordable lifestyle”.

The secondary outcome is “resilient communities that leave a legacy for tomorrow”.



What we deliver

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

Emergency Management Southland (EMS), working for a joint committee of the four Southland councils, co-ordinates Council's civil defence emergency management work across the 4Rs (reduction, readiness, response and recovery).

It involves creating community and agency response plans, developing communication networks, carrying out planning, and education so people can better understand the risks and training to increase the community's readiness to respond.

Southland District Council supports EMS by making staff available to participate in training exercises so that they are ready to contribute to the response during emergencies.

Why we do it

EMS puts plans in place to ensure people are safe and connected in an emergency and helps build community resilience by preparing, responding and recovering effectively from emergency events.

Co-ordinated planning and increasing community awareness also reduce the potential for damage in emergencies, and a speedy response mitigates the effects of damage where possible.

Identified effects on community wellbeing



The activity group has identified effects on economic wellbeing by providing for a coordinated response to civil defence emergencies and planning to reduce economic impacts on the communities affected by emergencies.

The effect on social wellbeing includes having communication networks in place and education to assist in the response and readiness which has an effect on the social wellbeing of communities.

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

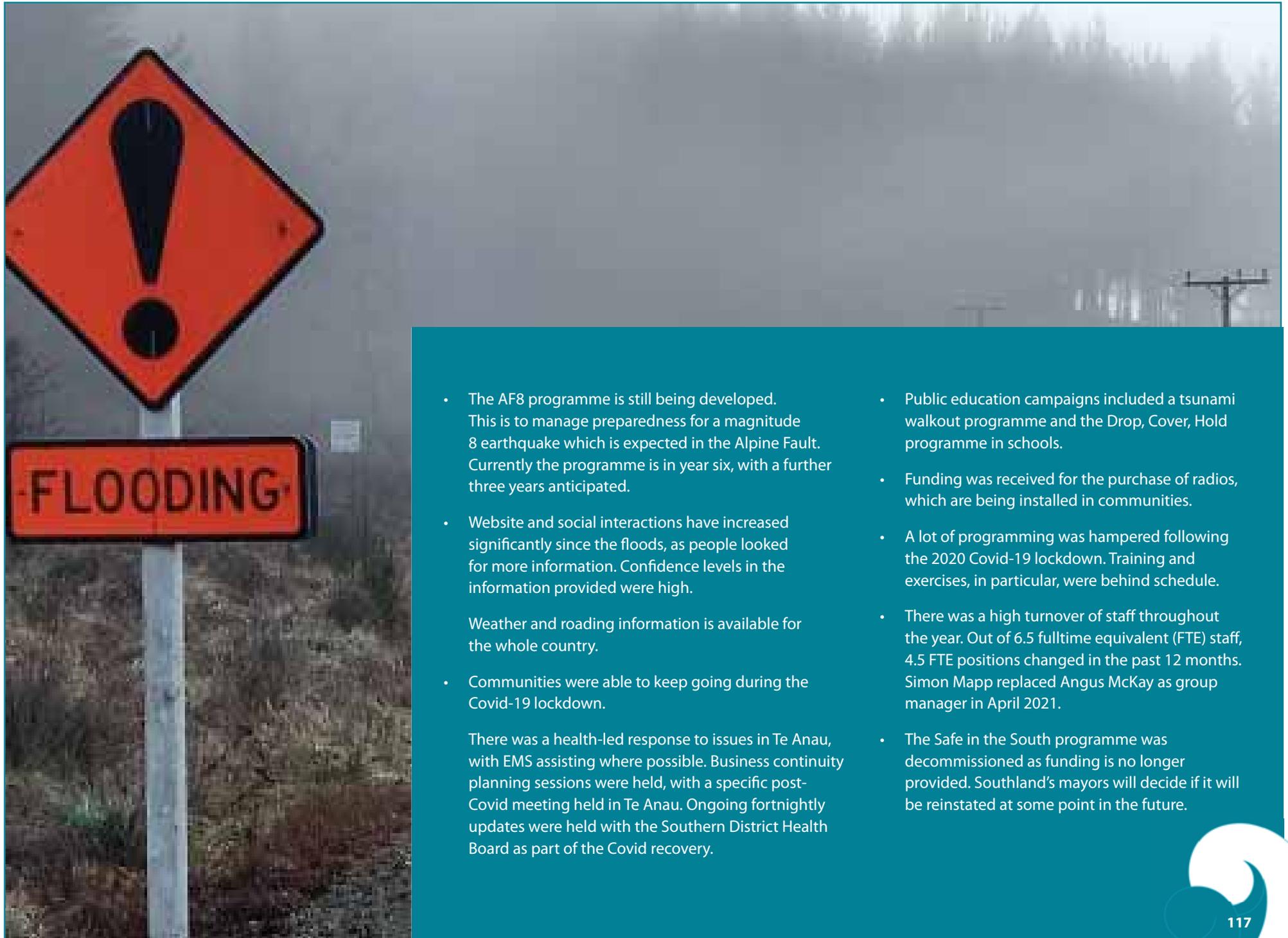
Potential negative effects include a lack of co-ordination, adequate resourcing or communication could compromise an effective emergency response.

KEY HIGHLIGHTS AND PROJECTS



How we did...





- The AF8 programme is still being developed. This is to manage preparedness for a magnitude 8 earthquake which is expected in the Alpine Fault. Currently the programme is in year six, with a further three years anticipated.
- Website and social interactions have increased significantly since the floods, as people looked for more information. Confidence levels in the information provided were high.

Weather and roading information is available for the whole country.

- Communities were able to keep going during the Covid-19 lockdown.

There was a health-led response to issues in Te Anau, with EMS assisting where possible. Business continuity planning sessions were held, with a specific post-Covid meeting held in Te Anau. Ongoing fortnightly updates were held with the Southern District Health Board as part of the Covid recovery.

- Public education campaigns included a tsunami walkout programme and the Drop, Cover, Hold programme in schools.
- Funding was received for the purchase of radios, which are being installed in communities.
- A lot of programming was hampered following the 2020 Covid-19 lockdown. Training and exercises, in particular, were behind schedule.
- There was a high turnover of staff throughout the year. Out of 6.5 fulltime equivalent (FTE) staff, 4.5 FTE positions changed in the past 12 months. Simon Mapp replaced Angus McKay as group manager in April 2021.
- The Safe in the South programme was decommissioned as funding is no longer provided. Southland's mayors will decide if it will be reinstated at some point in the future.

Performance results

This activity has two KPIs and two targets. Both targets were achieved.

There were no capital expenditure projects for this activity group.



PERFORMANCE MEASURES

Activity objective: Safer, strong communities understanding and managing their hazards

LEVEL OF SERVICE (LOS) 26: Build community resilience to emergency events

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 26.1: Number of Southland communities covered by a Community Response Plan	Increase on prior year	27 plans in total	Achieved There are now more plans than the previous year with a total of 27. The LTP 2018-2028 target was 25 plans by 2021. There are 27 response plans now complete (including 17 with the Southland area). Emergency Management Southland are now starting a review process following the three year cycle to ensure all the plans are up to date. The target was to produce eight community plans per year over the first three years of the LTPA programme of community response planning being undertaken throughout Southland. This planning will increase the capacity and capability of each community during an emergency response and empower communities to support themselves, their family/whanau and their wider community. While this planning is community led and owned based on the needs and wants identified by each community, the delivery of the programme is planned and co-ordinated by Emergency Management Southland. (2019/2020: Achieved - 23)
KPI 26.2: Percentage of surveyed households that have an emergency plan (written or verbal)	59%	88%	Achieved The result was 88% which is a significant increase from the previous year result. The survey conducted by Emergency Management Southland. For the question "have you made a plan or had a family discussion about what to do in an emergency", 88% of the survey participants had undertaken one or both planning options. (2019/2020: Achieved – 67% against a target of 58%)

EMERGENCY MANAGEMENT FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

Budget variations

There were no significant variances between the budget and actual results.

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

² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2020/2021 was \$NIL (2020: \$NIL).

2019/2020 Budget (AP) (\$000)	2019/2020 Budget (LTP) (\$000)	2020/2021 Budget (LTP) (\$000)		2019/2020 Actual (\$000)	2020/2021 Actual (\$000)	2020/2021 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING						
463	450	472	General rates, uniform annual general charges, rates penalties	463	496	496
-	-	-	Targeted rates	-	-	-
-	-	-	Subsidies and grants for operating purposes	-	-	-
-	-	-	Fees and charges	-	-	-
3	3	3	Internal charges and overheads recovered	4	4	3
16	15	16	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	-	-	-
482	468	492	Total operating funding	467	500	499
APPLICATIONS OF OPERATING FUNDING						
-	-	-	Payments to staff and suppliers	-	-	-
-	-	-	Finance costs ²	-	-	-
164	150	157	Internal charges and overheads applied ²	145	155	165
318	318	335	Other operating funding applications	315	335	335
482	468	492	Total applications of operating funding	461	490	499
-	-	-	Surplus (deficit) of operating funding	7	10	-
SOURCES OF CAPITAL FUNDING						
-	-	-	Subsidies and grants for capital expenditure	-	-	-
-	-	-	Development and financial contributions	-	-	-
-	-	-	Increase (decrease) in debt	-	-	-
-	-	-	Gross proceeds from sale of assets	-	-	-
-	-	-	Lump sum contributions	-	-	-
-	-	-	Total sources of capital funding	-	-	-
APPLICATIONS OF CAPITAL FUNDING						
			Capital expenditure			
-	-	-	to meet additional demand	-	-	-
-	-	-	to improve the level of service	-	-	-
-	-	-	to replace existing assets	-	-	-
-	-	-	Increase (decrease) in reserves	7	10	-
-	-	-	Increase (decrease) in investments	-	-	-
-	-	-	Total applications of capital funding	7	10	-
-	-	-	Surplus (deficit) of capital funding	(7)	(10)	-
-	-	-	Funding balance	-	-	-

REGULATORY SERVICES

What we deliver

Regulatory services is a group of teams who ensure that various Council activities meet their regulatory (government-legislated) requirements.

Council activities include:

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



Regulatory services oversees consenting, monitoring, and enforcement functions across a wide range of regulations, focusing on protecting public health, maintaining safe environments and amenities, and processing consents.



The background of the entire page is a scenic landscape. In the foreground, there are green bushes and trees. A river flows through the middle ground, with a rocky bar in the center. The background shows rolling hills under a clear blue sky.

Animal control

Animal control involves registering dogs, investigating complaints about dogs and wandering stock, formulating and enforcing animal control policy, dealing with nuisance dogs, and promoting responsible dog ownership.

Building control

Building control exists to ensure that all buildings in the district are safe and healthy.

The activity involves processing and granting building consents, inspecting and monitoring building work, issuing Code Compliance Certificates (CCCs), issuing Certificates of Public Use (CPUs), processing Land and Project Information Memoranda, providing advice on building-related matters and enforcing numerous other provisions under the Building Act 2004.

The activity is also responsible for amusement device inspections under the Machinery Act. Council operates a shared services agreement with Gore, Clutha and Central Otago district councils, which enables staff to fill in where specialist staff are not available in-house or are absent on leave.

Environmental health

Environmental health is concerned with all aspects of the natural and built environment that may affect human health.

Key activities include alcohol and food licensing, as well as public health services including the regulation of noise, nuisances, freedom camping and hazardous substances.

Resource management

Resource management involves the development and review of the District Plan (which sets out the objectives, policies and rules and methods for land use and development in the district), monitoring compliance with the District Plan and processing resource consent applications.

REGULATORY SERVICES

Community outcomes

The primary outcome is “proud connected communities that have an attractive and affordable lifestyle”.

The secondary outcome is “resilient communities that leave a legacy for tomorrow”.



Why we do it

Regulatory services plays an important part in ensuring that Southland's built and natural environment is safe for residents and for visitors. Regulatory services is focused on ensuring that:

- building or land developments are managed in a safe and sustainable way and land is used appropriately through enforcing building and planning rules and legislation
- the natural and built environment is protected and enhanced to promote sustainable development
- negative effects of activities that may occur in the district are minimised or managed (eg noise, animals, overhanging trees)
- commercial food premises practise a high standard of hygiene
- communities and individuals are kept safe from nuisances.

Identified effects on community wellbeing



The activity group protects the environment and contributes to the cultural, social and economic wellbeing of our communities.

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

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

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

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

KEY HIGHLIGHTS AND PROJECTS



How we did...



Animal control and environmental health

- We achieved our key performance indicators (KPIs), with the exception of dog attacks. This related to an attack on a courier driver at Otautau resulting in serious injury.
- A backlog of alcohol licensing was cleared.
- TIF funding was received for the provision of freedom camping ambassadors.

Two fulltime fixed-term ambassadors were employed by Council, both of whom were employed as a shared service with DOC for the 2020/2021 summer season.
- We improved efficiency of the dog registration process through measures such as e-texts to remind dog owners of registration, which proved very effective.
- A dog safety workshop for Environment Southland field staff was well received. A review of working dogs identified some pets were being wrongly classified as working dogs. This is being rectified.
- We standardised our report writing processes for food verification. A mobile app, Datacon food licensing software, was implemented to improve efficiency during inspections.
- We submitted to the freedom camping review initiated by the tourism minister and were awaiting the outcome of the consultation process. Legislative changes could be in place by January 2022.
- There was increased use of online services by the public.

Building control

- Heading into the year, we faced huge challenges in meeting our performance targets. Increased funding was required to sufficiently resource and structure the team to deliver outputs. A business case was prepared and accepted, allowing new workflow structures to be put in place. There were some statutory clock challenges while the new structures were embedded. At the same time, there was an 11% increase in the number of consents and delivery reached a low point at 44% on time.
 - The building industry has been under significant pressure from a resourcing perspective, making it hard to recruit staff. There was pressure on our recruitment process, with experienced staff not available. An in-house training programme was initiated for inexperienced staff to get them to a level where they can meet the requirements of the roles. This training, along with restructuring of the team, yielded excellent results.
 - The team worked hard to achieve its biennial IANZ (International Accreditation New Zealand) accreditation, which Council needs to continue its role as a Building Control Authority carrying our building inspections. A requested extension to IANZ was declined, and staff rallied to deliver the audit and achieve accreditation. This included an additional IANZ audit six months after the original audit was completed.
 - Consultation was held on proposed changes to government legislation regarding the impact of climate change on the building industry. A three-phase change to the Building Act will occur, with phase one likely to occur in the current financial year. The government is moving towards reducing net emissions of all greenhouse gases (except biogenic methane) to zero by 2050.
 - As a result of earthquake-prone building consultation, support funding was secured for three building owners to assist with engineers' reports to assess their structures.
 - In September 2021 the team received two prestigious honours from the Building Officials Institute of New Zealand (BOINZ). SDC was named winner of the Organisational Commitment to Customer Service and Excellence Award, while building control team leader Angus McIntyre was judged to be the Young Building Control Professional of the Year.
- We are proud of what has been achieved in this financial year including the new online systems that were introduced and embedded. The focus now is on engaging with the industry to continually improve processes and improve relationships and trust with our local communities.





Resource management

- Reforms to the Resource Management Act announced in February 2021 will have significant impacts on resource management and how it will be implemented going forward.

The reform will bring about a significant lift above the current regulation under the District Plan. It is a hugely challenging environment for our team to be operating in given the extreme uncertainty around the reforms. The reforms have also created a “goldrush” on development that was not anticipated to the degree being seen.

- A change to the structure of the resource management team was made in the Long Term Plan to increase resourcing to cope with legislative changes and an increase in complexity of resource consent applications and decisions.
- The Dark Skies plan change was led by the community, with only two submissions in opposition. The Southland landscapes project approved by Council during 2020/2021 was ongoing.
- An online application system was due for implementation early in the 2021/2022 year.



Performance results

This activity has nine KPIs and 11 targets. Seven of the targets were achieved, and four were not achieved.

Of the four targets that were not achieved, reasons included a higher volume of consents, more technical consents that took longer to process and a lack of resource.

There were no capital expenditure projects in total for this activity group.



PERFORMANCE MEASURES

Activity objective: A safe built environment (Building Control)

LEVEL OF SERVICE (LOS) 13: A safe built environment for the community to use

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
<p>KPI 13.1: Average time¹ to process applications for:</p> <p>(a) Building consents</p> <p>(b) LIM</p> <p>(c) PIM</p>	<p>a) ≤ 18 working days</p> <p>b) ≤ 9 working days</p> <p>c) ≤ 9 working days</p>	<p>a) 16.7</p> <p>b) 6.9</p> <p>c) 20</p>	<p>a) Achieved While the team met the 'average' processing timeframe KPI across the year, compliance to legislative requirements were not regularly met. Average time consistently decreased throughout the year as the team expanded and became equipped to work through the high volume of consents being received. The building solutions team ended the year fully compliant with this KPI as a cumulative average.</p> <p>(b) Achieved LIM applications have consistently been processed within legislated timeframe (10 days) and well within this KPI throughout the year. LIMs are a priority document for Council as they enable customers to purchase property with confidence.</p> <p>c) Not achieved PIM applications have exceeded the KPI average of nine days consistently through the year. This is due to the legislated requirement to process being 20 days and the team having insufficient capacity to meet the nine-day KPI target. The cumulative average time to process PIM applications for 2020/2021 is 20 days. This is the statutory requirement. These timeframes have reduced during the year from 24 days to 20. Due to insufficient staff in the team at the start of the year and very few PIM applications being received, it has taken a long time to bring the cumulative average back into alignment. (2019/2020: a) Achieved - 15.6, b) Achieved – 7.65, c) Not Achieved – 13.91)</p>
KPI 13.2: Maintain accreditation ² as a Building Consent Authority	Retain accreditation	Accreditation retained	<p>Achieved Council received email confirmation in May 2021 from IANZ that the criteria for re-accreditation had been met on time (all general non-compliances and serious non-compliances have been cleared). Council has maintained IANZ accreditation this year. (2019/2020: Achieved – Accreditation received)</p>

1 - The Building Act/Code interpretation of "working days" is expected to change during the period which will affect performance reporting

2 - BCA accreditation auditors have determined substantive compliance for meeting legislative timeframes to be in the 95% to 100% range

Activity objective: Ensure the development of the District and use of its resources is carried out in a sustainable manner, compatible with community values while not compromising environmental bottom lines (Resource Management)

LEVEL OF SERVICE (LOS) 9: Efficient and cost effective processing of resource consent applications

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 9.1: Median time to process non-notified consent applications	≤ 18 working days	20 working days	<p>Not achieved We have been working through vacancies and some delays receiving internal comments from departments which has contributed to consents going over time. There has been an increase in the complexity of decisions, which also contributed to delays. (2019/2020: Not Achieved – 19.25 working days)</p>
KPI 9.2: Median charge per non-notified resource consent application	≤ \$1,000	\$1,200	<p>Not achieved This KPI seeks to maintain an affordable resource consent service. This is the total median cost of processing resource consents for the financial year which is not achieving the KPI of being under \$1,000. The annual median for the year is \$1200, which exceeds the KPI. While the KPI has been exceeded the actual cost associated with processing these resource consents has been captured and on-charged to the user. There has been an increase in the complexity of decisions which has also contributed to delays. There has also been a need to use external resource to continue processing consents. (2019/2020: Not Achieved - \$1,026)</p>

LEVEL OF SERVICE (LOS) 10: Maintain an up-to-date and responsive regulatory policy environment			
KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 10.1: Report ¹ two-yearly on the District Plan effectiveness	Adopt effectiveness report	Report adopted	Achieved The District Plan effectiveness report was completed before the end of June 2021. The report was presented to Council on 4 August 2021. (2019/2020: Not measured – two yearly)
1. Reports on the effectiveness of the District Plan are prepared every 2 years with information gathered in the intervening year			

Activity objective: Encourage responsible animal ownership and protect the public from harm (animal control)

LEVEL OF SERVICE (LOS) 11: Effective and appropriate control of animals that minimises potential for public harm			
KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 11.1: Number of serious injuries to the public from dog attacks	0	1	Not achieved There was one serious dog attack on a member of the public. A courier driver was delivering a parcel to a property in Otautau, and was attacked by two dogs as he entered the property. He was bitten multiple times. Infringements were issued and the dogs were euthanised. Staff propose to run a training course for couriers and posties in the future. (2019/2020: Achieved - 0)
KPI 11.2: Percentage of non-working dogs subject to the responsible owner category	87%	90%	Achieved Microchipping of non-working dogs is an important factor with the responsible owner discount. Chipping is encouraged by Council's free chipping, incentivising chipping via this discount and education/follow-up. There are two criteria for receiving this discount: - the dog is microchipped as required by the Dog Control Act 1996 - there has been no written warning, barking abatement notice, seizure or infringement under the Dog Control Act 1996 within the last two years relating to any dog owned by the person applying for the registration. Chipping is encouraged by Council's free chipping, and by this discount and education/follow-up. The actual numbers are about 5,700 dogs out of 6,300 (applies to non-working dogs only). (2019/2020: Achieved - 90% against a target of 86%)

Activity objective: Enhance the health, safety and well-being of the community, through the effective implementation of a range of public health related legislation (Environmental Health)

LEVEL OF SERVICE (LOS) 12: Effective and appropriate control of activities that minimise the potential for public harm			
KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 12.1: Number of incidents ¹ of foodborne illness believed ² to be caused by food sold at a Council- verified business	0	0	Achieved There were no incidents of foodborne illness caused by food sold at a Council verified business. (2019/2020: Achieved – 0)
KPI 12.2: Number of alcohol licensees that fail a controlled purchase operation (CPO) ³	≤10%	0%	Achieved CPOs are conducted in partnership between the police, Council, and Public Health South. The only controlled purchase operation by police for the year was on 27 November 2020. Fourteen off-licensed premises were visited, mainly in western Southland and also Winton. The result was that there were no sales. (2019/2020: Not Achieved - 22)
<p>1 - "Incident" means illness arising from a common food source that has made one or more people ill, and includes an outbreak (more than 2 people ill).</p> <p>2 - "Believed" means that there is strong evidence suggesting the cause is the business concerned. The term 'suspected' would be used when there is weak evidence linking a food business to the incident.</p> <p>3 - Police is the lead agency in conducting CPOs. The police confirmed the intention to continue CPOs over the three-year period 2018 to 2021, being an effective way to test compliance.</p>			

REGULATORY SERVICES FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

Budget variations

Fees and charges income was less than budgeted across all regulatory services other than resource consent processing, as well as outstanding building consent fees at 30 June 2021 being recognised as a liability on the balance sheet rather than income.

Payments to staff and suppliers were above budget due to increased consultancy costs to assist with processing consents costs. Building control employee costs also exceeded budget due to the additional resources employed to manage increased volume of consents, legislative requirements and ensure accreditation as a Building Consent Authority was retained. As a result, additional funding from debt and reserves was required.

Capital expenditure to improve levels of service exceeded budget due to the addition of three vehicles to ensure efficient and effective delivery of Council's regulatory services, these were funded via loan, thus contributing to the increase in debt.

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

² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2020/2021 was \$2,000 (2020: \$3,000).

2019/2020 Budget (AP) (\$000)	2019/2020 Budget (LTP) (\$000)	2020/2021 Budget (LTP) (\$000)		2019/2020 Actual (\$000)	2020/2021 Actual (\$000)	2020/2021 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING						
1,692	1,650	1,705	General rates, uniform annual general charges, rates penalties	1,696	2,118	2,008
-	-	-	Targeted rates	-	-	-
15	15	16	Subsidies and grants for operating purposes	6	92	16
2,192	2,226	2,278	Fees and charges	1,323	2,633	2,915
275	358	362	Internal charges and overheads recovered	317	340	354
48	69	70	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	73	59	46
4,222	4,319	4,431	Total operating funding	3,416	5,242	5,339
APPLICATIONS OF OPERATING FUNDING						
2,836	3,011	3,055	Payments to staff and suppliers	3,383	4,604	3,888
-	-	-	Finance costs ²	-	-	-
1,479	1,285	1,338	Internal charges and overheads applied ²	1,448	1,685	1,860
2	2	2	Other operating funding applications	10	11	2
4,317	4,298	4,395	Total applications of operating funding	4,841	6,300	5,751
(95)	21	37	Surplus (deficit) of operating funding	(1,425)	(1,058)	(411)
SOURCES OF CAPITAL FUNDING						
-	-	-	Subsidies and grants for capital expenditure	-	-	-
-	-	-	Development and financial contributions	-	-	-
(14)	(14)	(14)	Increase (decrease) in debt	(13)	285	(14)
31	31	21	Gross proceeds from sale of assets	13	8	21
-	-	-	Lump sum contributions	-	-	-
17	17	7	Total sources of capital funding	-	293	7
APPLICATIONS OF CAPITAL FUNDING						
			Capital expenditure			
-	-	-	to meet additional demand	-	-	-
-	-	-	to improve the level of service	19	121	-
133	133	73	to replace existing assets	37	50	73
(211)	(95)	(30)	Increase (decrease) in reserves	(636)	(712)	(478)
-	-	-	Increase (decrease) in investments	(846)	(224)	-
(78)	38	43	Total applications of capital funding	(1,425)	(765)	(405)
95	(21)	(37)	Surplus (deficit) of capital funding	1,425	1,058	411
-	-	-	Funding balance	-	-	-

ROADING AND FOOTPATHS

Community outcomes

The primary outcome of this activity group is “proud, connected communities that have an attractive and affordable lifestyle”.

The secondary outcome is “resilient communities that leave a legacy for tomorrow”.



What we deliver

The Southland roading network is the second largest of any territorial authority in the country. The network consists of a total of 4,969km of roads, 852 bridges, 210km of footpaths, 239 stock underpasses and 2,739 streetlights. There are also eight state highways in the district (1, 6, 94, 95, 96, 97, 98 and 99), which are managed by Waka Kotahi NZ Transport Agency and are not part of Council's network.

Roading and footpaths manages both assets (such as roads, signs, bridges and lighting) and non-asset functions (such as road safety promotion). Overall management of the assets is provided by Council, with operational work carried out by contractors.

Funding for the management and maintenance of the roading and footpaths network is provided from rates, loans and user charges, together with financial assistance received from central government through Waka Kotahi NZ Transport Agency.

The roading network maintenance is operated under an "alliance" model, a form of collaborative partnership contract between Council and contractors. Council also utilises engineering professional services to help develop and deliver its renewal and capital programmes.

The footpath network is operated by Council with input from local community boards. Contractors are used for specific maintenance and renewal projects.

Council also operates the Around the Mountains Cycle Trail that runs from Kingston to Walter Peak Station on the shores of Lake Wakatipu. The majority of other off-road walkways and cycleways are managed under Council's parks and reserves activity.

Why we do it

The roading network is crucial infrastructure for the district. It aims to provide a safe and integrated corridor, enabling goods and services to move throughout the district, supporting people's ability to live, work, visit and travel safely throughout Southland.

Identified effects on community wellbeing



Southland has the second largest roading network in the country. The key identified effects of this network on community wellbeing are providing the means to connect people, goods and services throughout the district, and supporting people's ability to live, work, visit and travel safely. It helps business and industry to transport their goods and services, which has an effect on the economic wellbeing of the community.

The effect of the activity on social wellbeing includes providing the crucial infrastructure so users can connect with others and move safely around the district. It provides a cycleway and footpaths to encourage walking and biking as part of a healthy lifestyle. The provision of streetlighting aids the safety of the community by discouraging crime in urban areas. Road safety education is carried out to minimise the negative effects of the activity.

While roading and footpaths plays an integral part in Southland district, there are inherently some significant negative effects on the community's wellbeing associated with it. Council has processes in place to reduce the likeliness of their occurrence.

An example of a significant negative effect is fatalities. The possibility of these occurring is reduced through maintenance, renewals and road safety strategies. Other negative effects that could arise from the roading activity are economic effects such as travel delays as a result of road construction or upgrade works. Negative environmental effects could also occur, such as excessive noise, dust, contamination of waterways by stormwater discharge from road surfaces and environmental degradation from road construction or upgrade works.

Council tries to mitigate these negative effects as much as possible.

KEY HIGHLIGHTS AND PROJECTS



How we did...





- A \$3 million bridge replacement project was completed, with more bridges rebuilt than originally proposed. A total of 22 bridges were replaced over the 18 months since work began in May 2020. This was achieved by awarding the contracts as design and build packages, meaning that, generally, one design works for all of the bridges being replaced in the contract as they are all very similar small structures. It's a much simpler, and therefore faster, process than having to create a unique design for each bridge.

The programme was split into two contracts, northern and southern, with SouthRoads having the northern contract and Downer the southern contract. The \$3 million cost was shared between Council, which provided \$1.47 million (49%), and the government funding agency Waka Kotahi NZ Transport Agency, which provided the other 1.53 million (51%).

- A smaller number of old wooden bridges had to be closed during the year than previously, due to the proactive replacement programme. A total of 18 bridges were replaced during 2020/2021, compared with six in 2019/2020.

This highlighted the importance of effective maintenance programming and prioritisation of bridge replacements to ensure residents have appropriate access.

- A \$14.3 million shortfall in funding from Waka Kotahi meant we had to alter our projected work programmes for the Long Term Plan 2021-2031. However, in September 2021 we were advised that Waka Kotahi had allocated an extra \$6.9 million to SDC for continuous programmes (maintenance and renewals), bringing our final allocation for this work over the next three years up to \$92.3 million. This is less than the \$99.7 million originally sought, but it will enable more road rehabilitations, bridge replacements and footpath renewals to be carried out than we allowed for in the LTP.

- A total of 1,050,675m² of reseal was completed during the season, which exceeded our target. This included some catchup from work not completed during 2019/2020 due to delays caused by the Covid-19 lockdown.
- We achieved our road rehabilitation programme by completing around 4km of rehabs. As well, 11km of seal widening was carried out on Tokanui Haldane Road.
- Repairs were made to 14km of the Lower Hollyford Road following damage caused by the February 2020 floods. The road is owned by Southland District Council but is designated as a special purpose road, which means it attracts full funding by Waka Kotahi. The road leads to the start of the Department of Conservation's Hollyford Track, and Ngāi Tahu's pounamu trail.
- We exceeded our targets for footpath renewals in townships throughout the district.

Around the Mountains Cycle Trail

- There was a steady increase in usage of the trail by cyclists.
- It was decided to set up a trust to manage the trail experience aspect of the activity, while Council will continue to manage the physical asset of the trail.

Performance results

This activity has six KPI s and six targets.
The activity achieved all six of the targets.

There were 31 local capital expenditure projects in total for this activity group.

There were seven completed, 17 are still in progress, one was not started, none were deferred and three were deleted. (Please note the information provided does not include the whole roading programme of projects).





PERFORMANCE MEASURES

Activity objective: A safe and integrated corridor that enables people, goods and services to move throughout Southland and makes it easy to live, work, play and visit here

LEVEL OF SERVICE (LOS) 16: Roads are fit for purpose and provide for comfortable and efficient travel

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 16.1: Average quality of ride on sealed local roads (MM 2: road condition)	Smooth Travel Exposure ¹ ≥ 97%	99%	Achieved High-speed data collected by WDM for Council sealed roads has been uploaded into the Road Assessment Maintenance and Management (RAMM) database. This information is used to calculate the result. Stewart Island/Rakiura roads were not included due to the logistical challenges and for cost-effectiveness reasons. (2019/2020: Not measured)
KPI 16.2: Percentage of sealed local road network resurfaced (MM 3: renewal programme)	7.3% (equates to ≥970,000 m ² per annum)	7.8%	Achieved A total of 1,050,675m ² of reseal was completed this season. This includes some Covid-19 carry over sites from 2019/2020. This equates to 7.8% of the sealed network being resurfaced which exceeds the target of 7.3%. (2019/2020: Not Achieved – 6.9%)
KPI 16.3: Percentage of customer service requests responded to within required timeframes ² (MM 5: response to service requests)	≥90%	93%	Achieved A total of 93% of roading requests responded to within timeframes. This has been a focus area for improvement which is shown compared to last year's result of 83%. (2019/2020: Not Achieved - 83%)
KPI 16.4: Percentage of gravel road tests where road roughness ³ meets acceptable standards	≥85%	88.3%	Achieved The annual Roadroid district-wide survey was undertaken during November 2020. The overall score was 88.3% good or satisfactory, which is consistent with previous year scores and meets the target of greater than 85%. Note that Stewart Island/Rakiura roads were not included due to the logistical challenges and for cost effectiveness reasons. (2019/2020: Achieved – 88%)

LEVEL OF SERVICE (LOS) 17: A safe roading network

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 17.1: Annual change in the number of fatalities and serious injury crashes MM 1: road safety)	≤12	11	Achieved There were 10 serious injury and one fatal crash recorded in the crash analysis system database. This has met the maximum target of 12 fatal or serious injury crashes for the year. 64% of the 11 crashes had alcohol as a suspected factor of the crash. One of the ongoing target areas for our road safety advertising and education is around alcohol and drugs. We have achieved a reduction in the number of serious and fatal injury crashes (the annual change in number has decreased by a difference of nine crashes compared with last year). More crashes may get uploaded into the CAS database for the year at a later date by police due to data time lags. (2019/2020: Not Achieved – 20 against a target of ≤13)

LEVEL OF SERVICE (LOS) 18: Footpaths are safe, well designed and well maintained

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 18.1: Percentage of footpaths in reasonable or better condition ⁴ (MM 4: footpath condition)	≥70%	90.7%	Achieved The footpath condition rating survey had a result of 90.7% footpaths in reasonable or better condition. This is slightly down on last year's result but still well above the minimum target of 70%. This shows that the renewal programme is important to keep on top of deterioration. (2019/2020: Achieved – 96.3%)

1 - Smooth travel exposure is an Index that determines the proportion of travel on sealed roads which are smoother than a defined threshold.

2 - Timeframes for responding to requests related to roads and footpaths vary from 24 hours to up 60 days depending on the urgency and risk associated with the request. Overall around 80% of the Council's requests for service have a target timeframe of 10 days or less. The Roads and Footpaths AMP includes more detail about the individual request types and timeframes.

3 - Road roughness is measured by Roadroid testing.

4 - Footpaths are assessed and given a condition rating that uses a visual rating scale of 1-5 where 1 is the highest (3 is reasonable). The percentage is calculated according to the length of the network that meets or exceeds the average of all condition ratings.

ROADING AND FOOTPATHS FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

Budget variations

Subsidies and grants for operating purposes and payments to staff and suppliers were higher than budgeted due to the emergency work undertaken on the lower Hollyford Road relating to flooding in February 2020. The costs incurred for this work were fully funded by Waka Kotahi NZ Transport Agency (NZTA).

Other operating funding applications were less than budget due to Council's share of Pyramid bridge replacement cost being significantly less than expected, as a result of a higher subsidy rate received from NZTA than originally expected and the replacement costs being lower.

Subsidies and grants for capital expenditure and replacement of existing assets were both above budget due to additional bridge replacements throughout the district occurring, including those that were unable to be completed in 2019/2020; all were partially funded from NZTA subsidies.

Also contributing to the increase in replacement of existing assets were works that were not completed during years one and two of the NZTA funding term, and thus were completed during the current year to ensure maximum NZTA funding was received, as well as drainage level of service budgets being spent on drainage renewals. Accordingly, this additional capital expenditure resulted in an increase in debt required and reserve funding.

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

² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2020/2021 was \$377,000 (2020: \$358,000).

2019/2020 Budget (AP) (\$000)	2019/2020 Budget (LTP) (\$000)	2020/2021 Budget (LTP) (\$000)		2019/2020 Actual (\$000)	2020/2021 Actual (\$000)	2020/2021 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING						
277	293	293	General rates, uniform annual general charges, rates penalties	275	291	293
14,250	14,373	14,846	Targeted rates	14,206	13,268	13,251
5,870	5,870	5,870	Subsidies and grants for operating purposes	6,656	8,895	6,509
20	12	13	Fees and charges	20	21	21
519	482	333	Internal charges and overheads recovered	500	355	632
945	924	930	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	935	1,118	956
21,881	21,955	22,284	Total operating funding	22,591	23,948	21,661
APPLICATIONS OF OPERATING FUNDING						
12,876	12,595	12,600	Payments to staff and suppliers	13,918	15,972	13,909
-	-	-	Finance costs ²	-	-	-
1,149	1,552	1,564	Internal charges and overheads applied ²	1,124	1,264	1,693
1,825	305	57	Other operating funding applications	526	105	337
15,850	14,452	14,221	Total applications of operating funding	15,568	17,341	15,939
6,031	7,503	8,063	Surplus (deficit) of operating funding	7,023	6,607	5,722
SOURCES OF CAPITAL FUNDING						
7,237	7,163	7,827	Subsidies and grants for capital expenditure	7,420	9,292	8,911
26	26	-	Development and financial contributions	-	7	-
1,459	(136)	(188)	Increase (decrease) in debt	426	1,537	1,157
20	20	-	Gross proceeds from sale of assets	-	-	-
-	-	-	Lump sum contributions	-	-	-
8,742	7,073	7,640	Total sources of capital funding	7,846	10,836	10,068
APPLICATIONS OF CAPITAL FUNDING						
			Capital expenditure			
51	51	-	to meet additional demand	19	80	-
2,595	2,399	2,120	to improve the level of service	1,024	1,720	2,179
12,299	12,042	13,272	to replace existing assets	14,076	17,485	15,310
(172)	84	311	Increase (decrease) in reserves	(256)	(1,842)	(1,700)
-	-	-	Increase (decrease) in investments	8	-	-
14,774	14,576	15,703	Total applications of capital funding	14,869	17,443	15,789
(6,031)	(7,503)	(8,063)	Surplus (deficit) of capital funding	(7,023)	(6,607)	(5,722)
-	-	-	Funding balance	-	-	-

SOLID WASTE

Community outcomes

The primary outcome is “proud connected communities that have an attractive and affordable lifestyle”.

The secondary outcome is “resilient communities that leave a legacy for tomorrow”.



What we deliver

Council provides a kerbside collection service on alternate weeks for rubbish and recyclables to be picked up from townships in the district, as well as voluntary collection to properties on collection routes in rural areas.

Stewart Island/Rakiura is serviced by a weekly kerbside refuse bag, recycling and food scrap collection.

There are seven waste transfer stations for disposal of rubbish, greenwaste, hazardous waste and collection of recyclables; 11 recycling centres and two greenwaste-only sites throughout the district. Regional waste is transported for disposal at the regional landfill operated by AB Lime at Kings Bend, near Winton.

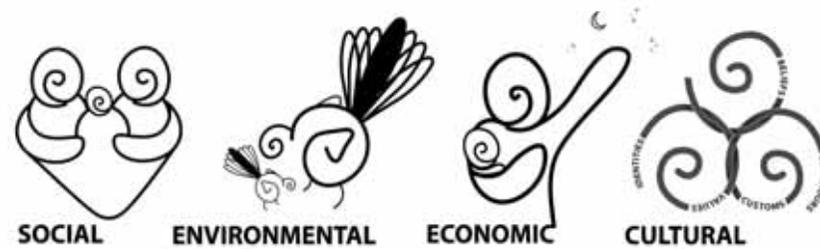
The solid waste activity also provides for ongoing waste minimisation education throughout the region through WasteNet Southland, a joint committee of Southland District Council, Invercargill City Council and Gore District Council.

Why we do it

The activity provides controlled, convenient and reliable waste disposal options, which help to make it easy for people to dispose of their waste and contribute to making the district a clean and desirable place to live.

The activity also helps to reduce the impact waste disposal has on the environment by diverting waste from landfill and ensuring that any waste sent to landfill is disposed of and managed appropriately so that people living here now and in the future can grow and prosper without compromising the district's natural environment.

Identified effects on community wellbeing



The activity has an impact on protecting people's health and provides controlled, convenient and reliable waste disposal options that help to make it easy for people to dispose of their waste and contributes to making the district a clean and desirable place to live.

The activity also helps to reduce the impact waste disposal has on the environment by diverting waste from landfill and ensuring that any waste sent to landfill is disposed of and managed appropriately.

The waste the district produces is in itself a negative effect on the environment. The activity is aimed at dealing with these negative effects in ways that cause the least possible long-term harm. Negative effects from landfills can include leachate and production of gases.

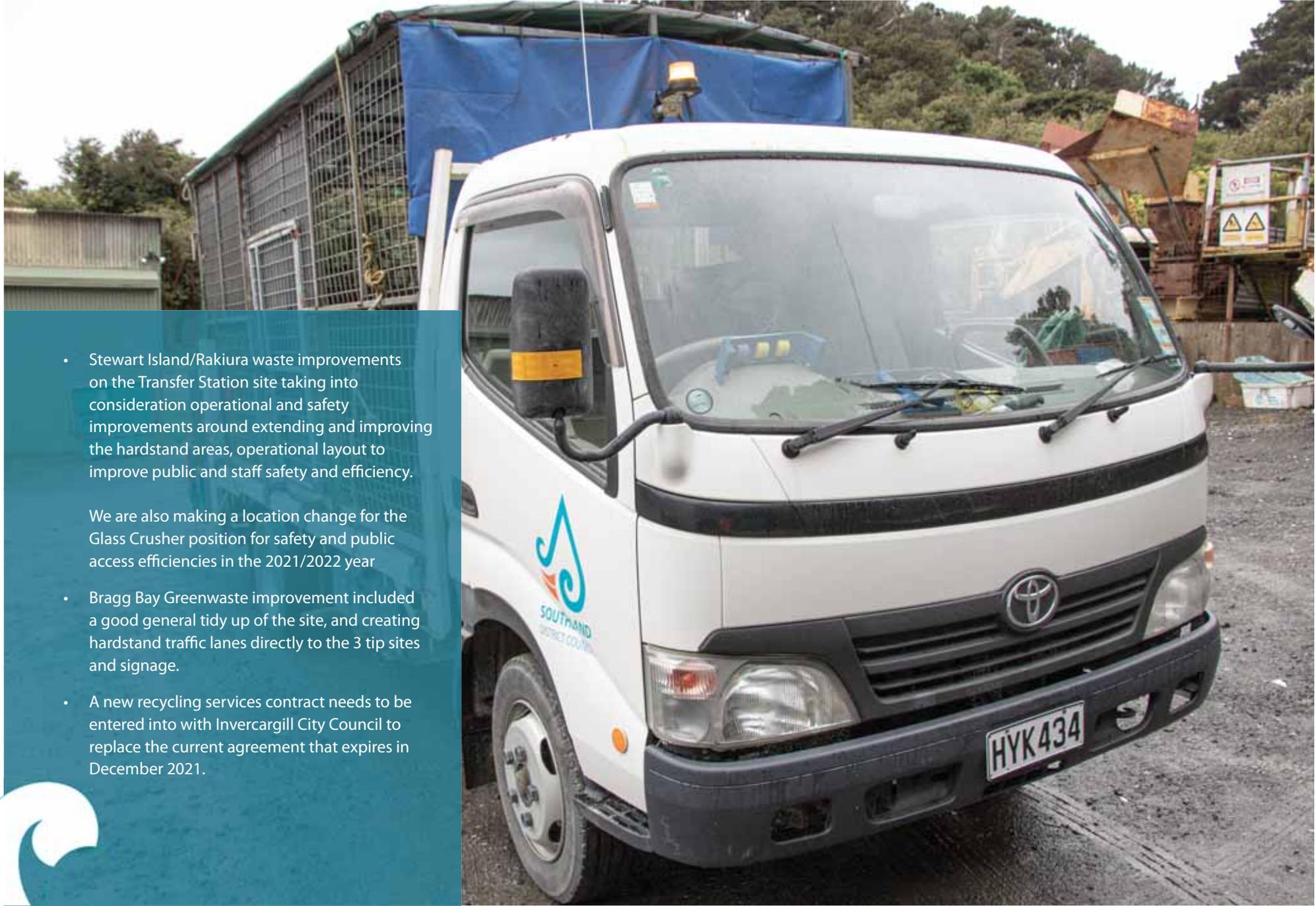
Council manages closed landfills with the aim of reducing or mitigating these effects where possible. Council is taking steps to reduce the amount of waste disposed of at landfills in accordance with the Regional Waste Management and Minimisation Plan. Pests and rodents could potentially become a problem but there are pest control methods in place to manage this.

The potential impacts of this activity are mitigated through efficient management and cleaning of transfer sites.

KEY HIGHLIGHTS AND PROJECTS



How we did...



- Stewart Island/Rakiura waste improvements on the Transfer Station site taking into consideration operational and safety improvements around extending and improving the hardstand areas, operational layout to improve public and staff safety and efficiency.

We are also making a location change for the Glass Crusher position for safety and public access efficiencies in the 2021/2022 year

- Bragg Bay Greenwaste improvement included a good general tidy up of the site, and creating hardstand traffic lanes directly to the 3 tip sites and signage.
- A new recycling services contract needs to be entered into with Invercargill City Council to replace the current agreement that expires in December 2021.

Performance results

This activity has two KPIs and six targets. Two targets were achieved and four were not achieved.

Of the four targets that were not achieved, three were due to survey respondents' dissatisfaction with solid waste services and one was related to recyclables that had to be sent to landfill due to the 2020 Covid-19 lockdown.

There were three capital expenditure projects for this activity group.





PERFORMANCE MEASURES

Activity objective: Protect public health and reduce environmental impacts through waste collection, disposal, reduction, reuse and recycling

LEVEL OF SERVICE (LOS) 14: Provide convenient and reliable rubbish and recycling services

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 14.1: Percentage of resident satisfaction with the services provided (refuse and recycling):			
(a) wheelie bins (rubbish and recycling)	a) 90%	a) 88%	Not achieved - This is measured annually through the residents' survey. (2019/2020: Achieved – 91%)
(b) transfer station locations	b) 80%	b) 83%	Achieved - This is measured annually through the residents' survey. (2019/2020: Achieved – 89%)
(c) transfer station hours	c) 80%	c) 67%	Not achieved - This is measured annually through the Residents' Survey. (2019/2020: Achieved – 81%)
(d) recycle locations	d) 80%	d) 72%	Not achieved - This is measured annually through the Residents' Survey. (2019/2020: Achieved – 87%)

LEVEL OF SERVICE (LOS) 15: Minimise the amount of waste going to landfill

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 15.1: Amount of waste:			
(a) diverted from landfill (tonnes) as a percentage of total waste ¹	a) 40%	a) 30.5%	Not achieved Materials diverted from landfill disposal includes greenwaste, recycling, metals, glass etc. Material cannot be diverted from landfill and recycled. Council and WasteNet will continue to carry out further educational initiatives to encourage people to recycle allowable diverted materials appropriately. (2019/2020: Not Achieved – 29%)
(b) maximum per property disposed of to landfill	b) 650 kg per property	b) 610kg	Achieved The annual result was .061 (610 kg) per property. (2019/2020: Not Achieved – 651 kg)

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

SOLID WASTE FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

Budget variations

Subsidies and grants were above budget due to an increase in the waste minimisation levy received. Local authorities' fuel tax, fines, infringement fees, and other receipts were higher than budget as a result of additional charges for replacement wheelie bins.

Capital expenditure in this activity related to replacement/additional wheelie bins acquired during the year, along with renewal works at Stewart Island/Rakiura transfer station which were underbudget, and therefore also reduced the level of debt funding required.

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

² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2020/2021 was \$155,000 (2020: \$162,000).

2019/2020 Budget (AP) (\$000)	2019/2020 Budget (LTP) (\$000)	2020/2021 Budget (LTP) (\$000)		2019/2020 Actual (\$000)	2020/2021 Actual (\$000)	2020/2021 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING						
-	-	-	General rates, uniform annual general charges, rates penalties	-	-	-
4,683	4,522	4,536	Targeted rates	4,690	4,820	4,808
88	88	88	Subsidies and grants for operating purposes	79	113	88
196	196	200	Fees and charges	320	283	303
263	261	266	Internal charges and overheads recovered	259	265	270
13	13	13	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	40	43	13
5,243	5,079	5,103	Total operating funding	5,387	5,523	5,481
APPLICATIONS OF OPERATING FUNDING						
3,478	3,476	3,571	Payments to staff and suppliers	3,932	3,857	3,845
-	-	-	Finance costs ²	-	-	-
1,255	1,211	1,230	Internal charges and overheads applied ²	1,233	1,266	1,297
-	-	-	Other operating funding applications	1	3	-
4,733	4,687	4,801	Total applications of operating funding	5,166	5,125	5,142
510	393	301	Surplus (deficit) of operating funding	222	397	339
SOURCES OF CAPITAL FUNDING						
-	-	-	Subsidies and grants for capital expenditure	-	-	-
-	-	-	Development and financial contributions	-	-	-
(346)	(347)	(100)	Increase (decrease) in debt	(174)	(250)	(138)
-	-	-	Gross proceeds from sale of assets	-	-	-
-	-	-	Lump sum contributions	-	-	-
(346)	(347)	(100)	Total sources of capital funding	(174)	(250)	(138)
APPLICATIONS OF CAPITAL FUNDING						
			Capital expenditure			
-	-	-	to meet additional demand	-	-	-
-	-	-	to improve the level of service	52	49	-
-	-	144	to replace existing assets	-	44	144
164	46	58	Increase (decrease) in reserves	(4)	54	58
-	-	-	Increase (decrease) in investments	-	-	-
164	46	202	Total applications of capital funding	48	147	202
(510)	(393)	(301)	Surplus (deficit) of capital funding	(222)	(397)	(339)
-	-	-	Funding balance	-	-	-



THREE WATERS REFORMS



The government's three waters reform proposal has had a significant impact on activities.





The proposal, released in July 2020, is for a programme to change the way drinking water, wastewater and stormwater are delivered to improve public health, environmental and economic outcomes.

The government is proposing a small number of larger regional service delivery entities would provide these services, rather than the 67 individual councils that currently do, and is expected to make decisions late in 2021.

Working with councils, the government proposes to establish four new publicly owned multi-regional entities that benefit from scale and operational efficiencies and reflect neighbouring catchments and communities of interest. The government's ongoing partnership with the local government sector and mana whenua is central to this plan.

At the same time as the proposal was released, a multi-million-dollar stimulus funding package was announced to maintain and improve three waters infrastructure and support the introduction of the reform programme.

Funding was given to councils, including Southland District Council, that agreed to participate in the programme's first stage. We received a total of \$13.53 million, which was being used to carry out pipe replacements and improve water treatment facilities across the district, as well as condition assessments of sewerage and stormwater assets.

Collaboration through a contracting panel set up with Invercargill City Council created efficiencies in the procurement of stimulus work by determining value for money, a competitive process, and streamlined delivery.

A new national regulatory agency, Taumata Arowai, has been set up. It would become fully operational following the commencement of the Water Services Act, expected to be late in 2021, taking over as the drinking water regulator from the Ministry of Health.

In late October 2021 the government announced that it would be mandatory for councils to take part in the reforms, with all entities to be operational by 1 July 2024.

STORMWATER

Community outcomes

The primary outcome is “proud connected communities that have an attractive and affordable lifestyle”.

The secondary outcome is “resilient communities that leave a legacy for tomorrow”.



What we deliver

Council provides stormwater infrastructure in 25 townships that deal with rainfall and dispose of surface water through a mix of piped reticulation, open ditches, drains and soakholes.

The infrastructure is designed to cater for an average 10-year flood event (ie, the scale of a flood that is predicted to occur once in a decade).

Why we do it

Stormwater systems safeguard people and properties from flooding via the collection and redirection of rainwater.

These systems ensure rainfall is quickly and efficiently removed, and reduce risks to public health and safety.

The collection, treatment and disposal of stormwater also helps to control the level of pollutants being discharged to waterways and groundwater.

Identified effects on community wellbeing



The activity systems safeguard people, properties and businesses from flooding. This protects their economic and social wellbeing and reduces risks to public health and safety.

The collection, treatment and disposal of stormwater also helps to control the level of pollutants being discharged to waterways and groundwater which protects the environment and meets cultural wellbeing needs.

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

KEY HIGHLIGHTS AND PROJECTS



How we did...

- Improvements were made to the stormwater reticulation in Mokonui Street, Te Anau, as a result of receiving stimulus funding from the government.
- Waianiwa's stormwater reticulation was upgraded as part of stimulus funding.
- General maintenance improvements and investigations were carried out in urban areas.
- Major investigation work has begun but was not completed. This is targeted for significant budget increase in the LTP for this activity and has moved from local to district funded. The LTP included an increase in condition assessment both funded by stimulus and normal programme.
- The maintenance contract with Downer across stormwater, wastewater and water supply was rolled over for a one-year extension, providing continuity of service in a market that is stretched for resourcing both internally and externally. As a result, there is an increased likelihood of achieving work programmes outlined for the first year of the Long Term Plan 2021-2031.
- Resourcing levels on labour, contractors and materials were a challenge.
- There was pressure on staff due to the cumulative demands of Covid-19, consenting, stimulus funding and LIMs. The government's stimulus funding package alone doubled the team's work output. However, the work is resulting in significant asset improvement, benefiting the community.

Performance results

This activity has five KPIs with 10 targets. Nine targets were achieved, and one was not achieved.

The target that was not achieved was due to an increase in the cost per connection calculation which had a higher than expected depreciation charge due to an increase in the valuation.

There were 8 capital expenditure projects in total for this activity group.

There were 3 completed, 4 are still in progress and 1 was deleted.



PERFORMANCE MEASURES

Activity objective: Reliable stormwater collection, treatment and disposal that protects people and property from flooding and minimises the impact of any discharges on the environment

LEVEL OF SERVICE (LOS) 7: Provide a reliable stormwater system

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 7.1: Overflows resulting from the stormwater system that result in flooding of a habitable floor: (a) total number per year (b) number per 1000 properties connected (MM1: system and adequacy)	a) ≤ 5 b) ≤ 1	a) 0 b) 0	Achieved There were no internal flooding events that affected habitable floors and as such the result is reported as achieved. The total number of flooding events over the period was 40. (2019/2020: Achieved – a) 0) Achieved There mandatory measure methodology defines flooding events as those that affect “habitable floors”. There was no flooding of habitable floors for the year and as such the result is reported as achieved. (2019/2020: Achieved – 0)
KPI 7.2: Median response time between the time of notification and the time when service personnel reach the site when habitable floors are affected by flooding resulting from faults in the stormwater system (MM3: response to stormwater issues)	≤ 2 hours	0	Achieved The mandatory measure methodology defines flooding events as those that affect “habitable floors”. There was no flooding of habitable floors for the year and as such the result is reported as achieved. The median response time to the total number of flooding events was 24.16 hours (2019/2020: Achieved – 0)
KPI 7.3: Complaints about the stormwater system (a) number per 1000 properties connected (MM4: Customer satisfaction) (b) total number per year	a) ≤ 15 per 1000 properties b) ≤ 60	a) 4 per 1000 properties b) 40	Achieved This is 4.16 per 1000 properties for the year. (2019/2020: Achieved – 15) Achieved There were 40 complaints for the year. (2019/2020: Not Achieved – 102)

LEVEL OF SERVICE (LOS) 8: Deliver to the required environmental standard

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 8.1: Compliance with the resource consents for stormwater system discharges, measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions received in relation to those resource consents. (MM2: Management of environmental impacts)	a) 0 b) 0 c) 0 d) 0	a) 0 b) 0 c) 0 d) 0	Achieved No abatement notices issued. (2019/2020: Achieved - 0) Achieved No infringements issued. (2019/2020: Achieved - 0) Achieved No enforcement orders issued. (2019/2020: Achieved - 0) Achieved No convictions. (2019/2020: Achieved - 0)
KPI 8.2: Average annual cost per property connected ¹ (incl GST)	\$103	\$117	Not achieved The target that was not achieved was due to an increase in the cost per connection calculation which had a higher than expected depreciation charge due to an increase in the valuation. (2019/2020: Not Achieved - \$124 against a target of \$98)

1 – Cost per stormwater connection is the total budgeted expenditure divided by total number of rating units. For years 2-10 the number of rating units have been estimated using the annual change forecasted the LTP rating unit assumption.

STORMWATER FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

Budget variations

Subsidies and grants for operating and capital purposes were higher than budget due to government funding received to fund the three waters stimulus project costs for condition assessments and Waianiwa and Te Anau capital projects to improve the level of service.

Payments to staff and suppliers were underspent as a result of less monitoring being undertaken during the year.

The decrease in reserves was greater than budget as a result of reserves being used to repay debt associated with Winton stormwater projects.

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

² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2020/2021 was \$46,000 (2020: \$30,000).

2019/2020 Budget (AP) (\$000)	2019/2020 Budget (LTP) (\$000)	2020/2021 Budget (LTP) (\$000)		2019/2020 Actual (\$000)	2020/2021 Actual (\$000)	2020/2021 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING						
-	-	-	General rates, uniform annual general charges, rates penalties	-	-	-
448	469	539	Targeted rates	446	485	485
-	-	-	Subsidies and grants for operating purposes	-	43	-
-	-	-	Fees and charges	1	2	-
60	60	62	Internal charges and overheads recovered	46	52	62
-	-	-	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	8	-	-
508	529	601	Total operating funding	502	581	547
APPLICATIONS OF OPERATING FUNDING						
250	246	274	Payments to staff and suppliers	163	246	274
-	-	-	Finance costs ²	-	-	-
138	147	194	Internal charges and overheads applied ²	130	148	154
-	-	-	Other operating funding applications	-	-	-
388	394	468	Total applications of operating funding	293	394	428
120	136	133	Surplus (deficit) of operating funding	209	188	119
SOURCES OF CAPITAL FUNDING						
-	-	-	Subsidies and grants for capital expenditure	20	603	-
-	-	-	Development and financial contributions	-	-	-
433	963	(47)	Increase (decrease) in debt	647	(336)	(33)
-	-	-	Gross proceeds from sale of assets	-	-	-
-	-	-	Lump sum contributions	-	-	-
433	963	(47)	Total sources of capital funding	667	266	(33)
APPLICATIONS OF CAPITAL FUNDING						
			Capital expenditure			
-	-	-	to meet additional demand	-	-	-
23	428	-	to improve the level of service	35	494	20
810	877	-	to replace existing assets	677	108	-
(280)	(206)	85	Increase (decrease) in reserves	164	(149)	65
-	-	-	Increase (decrease) in investments	-	-	-
552	1,099	85	Total applications of capital funding	876	454	85
(120)	(136)	(133)	Surplus (deficit) of capital funding	(209)	(188)	(119)
-	-	-	Funding balance	-	-	-

WASTEWATER

Community outcomes

The primary outcome is “proud connected communities that have an attractive and affordable lifestyle”.

The secondary outcome is “resilient communities that leave a legacy for tomorrow”.



What we deliver

Council's wastewater activity provides and manages wastewater collection, treatment and disposal facilities for properties connected to one of Council's 19 wastewater schemes.

Why we do it

The activity allows for the convenient treatment and disposal of wastewater, which helps to protect public health from the spread of disease, protects residents' quality of life by keeping communities clean, and reduces the effects of wastewater discharges into the environment. It also helps to enable economic growth by providing core infrastructure for industry and businesses.

Identified effects on community wellbeing



The activity provides critical long-term infrastructure to communities to protect public health and reduces the effects of wastewater discharges into the environment including waterways.

It considers cultural practices including the importance of clean water. It also helps to enable economic growth by providing core infrastructure for industry and businesses.

If not dealt with appropriately, wastewater can have significant negative effects on public health and the environment. Council's work is aimed at dealing with these negative effects in ways that cause the least possible harm.

Wastewater is treated to make it safe for disposal. With these major infrastructure assets, the negative effects from service failure are far more serious than the effects from service provision.

Council manages its assets to avoid service failures by carrying out a programme of regular monitoring and maintenance, and by prioritising critical work.

KEY HIGHLIGHTS AND PROJECTS



How we did...

- The Te Anau wastewater and Kepler discharge project reached the commissioning phase. The aim is to commission the scheme during the 2021/2022 financial year.
- Working parties were established for resource consents renewals at Winton and Manapouri. Riversdale, Balfour, Stewart Island/Rakiura, Edendale and Wyndham will follow in the coming year. Work was well under way to renew consents which are due to expire before 2025. Discussions about Riversdale discharge to land were well developed, with land being acquired.
- Significant work was carried out for inflow and infiltration in Winton catchments and similar works will also be in place for the other townships when consents are renewed.
- Enhancements were made to the Edendale/ Wyndham worm farm ahead of consent renewal in 2023.
- Safety and monitoring improvements were made, including chlorine sniffers, fencing oxidation ponds at wastewater treatment plants, and embankment protection work at Tokanui to prevent erosion.
- The maintenance contract with Downer across stormwater, wastewater and water supply was rolled over for a one-year extension, providing continuity of service in a market that is stretched for resourcing both internally and externally. As a result, there is an increased likelihood of achieving work programmes outlined for the first year of the Long Term Plan 2021-2031.
- Resourcing levels on labour, contractors and materials were a challenge.
- There was pressure on staff due to the cumulative demands of Covid-19, consenting, stimulus funding and LIMs. The government's stimulus funding package alone doubled the team's work output. However, the work is resulting in significant asset improvement, benefiting the community.

Performance results

This activity has five KPIs with six targets.
The activity achieved all six targets.

There were 15 capital expenditure projects in total for this activity group. There were two completed, 10 are still in progress and three were deleted.



PERFORMANCE MEASURES

We want to provide reliable wastewater collection and treatment that protects public health and the environment			
LEVEL OF SERVICE (LOS) 1: Provide reliable wastewater collection and treatment that protects public health			
KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 1.1: Number of dry weather overflows per 1000 wastewater connections ¹ (MM1: system and adequacy)	≤1	Less than 1	Achieved The result was 0.42 which is 0 when expressed as a whole number per 1000 connections. (2019/2020: Achieved – 0.21)
KPI 1.2: Median response and resolution times ² for sewage overflows resulting from blockages or other faults with the sewerage system: (a) between the time of notification and the time when service personnel reach the site; and (b) between the time of notification and resolution of the blockage or other fault (MM3: fault response times)	a) ≤ 1 hour b) ≤ 6 hours	a) 17 minutes b) 2 hours and 58 minutes	a) Achieved The result is .28 of an hour or 17 minutes from the date the incident is logged to the time of attendance. (2019/2020: a) Achieved – 18 mins b) Achieved The median resolution time is 2.97 or 2 hrs and 58 minutes from date of incident logged to resolution. (2019/2020: Achieved – 5 hours 20 mins)
KPI 1.3: Total number of sewerage system complaints about: (a) odour (b) faults (c) blockages (d) the way Council responds to any of these issues (MM4: customer satisfaction)	≤8 per 1,000 connections	6	Achieved There were 54 complaints across 9,676 connections which equates to 5.58 per 1000 properties which is 6 when expressed as a whole number. (2019/2020: Achieved –7 per 1000 connections)
LEVEL OF SERVICE (LOS) 2: Deliver to the required environmental standard			
KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 2.1: Compliance with resource consents for wastewater discharges, measured by the total number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions received in relation to the resource consents (MM 2: discharge compliance)	0	0	Achieved a-d) No compliance breaches (2019/2020: Achieved a-d – 0)
KPI 2.2: Annual cost per wastewater connection (incl GST) ³	\$663	\$655	Achieved The costs for the year are higher than planned due to increased maintenance costs to meet regulatory requirements. (2019/2020: Achieved - \$577 against a target of \$592)
<p>1 - "Dry Weather" is defined as a period of 72 hours prior to an event of no catchment rainfall.</p> <p>2 - In accordance with operations and maintenance contract timeframes.</p> <p>3 - Cost per wastewater connection is the total budgeted expenditure divided by total number of rating units. For years 2-10 the number of rating units have been estimated using the annual change forecasted the LTP rating unit assumption.</p>			

WASTEWATER FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

Budget variations

Subsidies and grants for operating and capital purposes exceed budget due to government funding received to fund the three waters stimulus project costs for condition assessments and Riverton and Tokanui capital projects.

Accordingly, payments to staff and suppliers were higher than budget due to stimulus condition assessment costs, increased consultants, electricity and unplanned maintenance. Internal charges and overheads were lower than budget due to less internal interest expense.

In addition to stimulus projects, capital expenditure was higher than budget due to the Te Anau wastewater project completing works from 2019/2020 in addition to work planned for the current year.

Accordingly, this additional capital expenditure resulted in an increase in debt required and additional funding from reserves.

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

² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2020/2021 was \$297,000 (2020: \$220,000).

2019/2020 Budget (AP) (\$000)	2019/2020 Budget (LTP) (\$000)	2020/2021 Budget (LTP) (\$000)		2019/2020 Actual (\$000)	2020/2021 Actual (\$000)	2020/2021 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING						
-	-	-	General rates, uniform annual general charges, rates penalties	-	-	-
4,133	4,151	4,420	Targeted rates	4,153	3,940	3,905
-	-	-	Subsidies and grants for operating purposes	-	140	-
-	-	-	Fees and charges	16	3	-
135	135	140	Internal charges and overheads recovered	127	116	139
32	32	33	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	39	48	33
4,300	4,318	4,593	Total operating funding	4,335	4,246	4,077
APPLICATIONS OF OPERATING FUNDING						
1,856	1,819	1,911	Payments to staff and suppliers	2,248	2,611	1,954
-	-	-	Finance costs ²	-	-	-
569	751	1,139	Internal charges and overheads applied ²	579	674	840
-	-	-	Other operating funding applications	-	80	-
2,425	2,570	3,050	Total applications of operating funding	2,827	3,365	2,794
1,875	1,748	1,543	Surplus (deficit) of operating funding	1,507	881	1,283
SOURCES OF CAPITAL FUNDING						
3,000	-	-	Subsidies and grants for capital expenditure	4,000	2,295	2,000
343	343	-	Development and financial contributions	343	-	-
9,676	8,206	(396)	Increase (decrease) in debt	1,584	12,601	10,174
-	-	-	Gross proceeds from sale of assets	-	-	-
-	-	-	Lump sum contributions	-	-	-
13,018	8,548	(396)	Total sources of capital funding	5,926	14,896	12,174
APPLICATIONS OF CAPITAL FUNDING						
			Capital expenditure			
4,937	3,753	-	to meet additional demand	2,827	5,727	4,340
8,592	6,347	131	to improve the level of service	4,890	9,829	8,157
1,031	62	-	to replace existing assets	291	232	94
333	134	1,017	Increase (decrease) in reserves	(575)	(10)	867
-	-	-	Increase (decrease) in investments	-	-	-
14,893	10,296	1,148	Total applications of capital funding	7,434	15,777	13,457
(1,875)	(1,748)	(1,543)	Surplus (deficit) of capital funding	(1,507)	(881)	(1,283)
-	-	-	Funding balance	-	-	-

WATER SUPPLY

Community outcomes

This primary outcome of this activity is “proud, connected communities that have an attractive and affordable lifestyle”.

The secondary outcome is “resilient communities that leave a legacy for tomorrow”.



What we deliver

The water supply activity provides drinkable water to 12 supplies, including 10 townships and two rural water supplies, as well as water for stock use for nine rural water supplies.

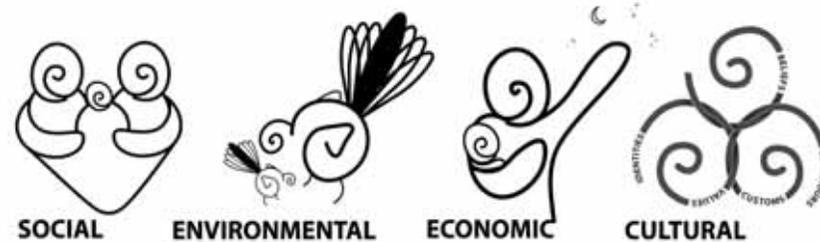
The activity involves managing water sources, treatment, storage and distribution. The township supplies are generally on-demand at the tap. The rural drinking and stock water schemes are trickle-feed supplies to private storage tanks.

Why we do it

The provision of drinkable water is a fundamental requirement of life and supports healthy living. Water is also necessary to provide critical public services and enable economic growth.

Industries, businesses, hospitals and schools all require water to operate. It also provides for firefighting capacity in most urban reticulated areas to improve public safety.

Identified effects on community wellbeing



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

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

Managing water use in a sustainable way helps to minimise adverse impacts on the environment, discourages water wastage and ensures water is directed to the best purposes. The activity ensures compliance with consent conditions so that the water is safe to use and managed sustainably.

Water management practices can sometimes vary from Māori cultural practices and beliefs such as the mixing of water from different catchments. These beliefs are considered when undertaking the activity.

KEY HIGHLIGHTS AND PROJECTS



How we did...



- The government's Water Services Bill due to come into effect in July 2021 was delayed due to a high number of submissions and is now expected in September 2021, including the new drinking water standards. There is still a lot to be worked through regarding this legislation.
- Legislation has driven plant improvements over the year, with more to follow as consents are renewed.
- Resourcing levels on labour, contractors and materials were a challenge.
- There was pressure on staff due to the cumulative demands of Covid-19, consenting, stimulus funding and LIMs. The government's stimulus funding package alone doubled the team's work output. However, the work is resulting in significant asset improvement, benefiting the community.



Key projects

There were 33 capital expenditure projects in total for this activity group. There were 11 completed (see below)

- District - chlorine monitoring to eight plants
- Manapouri - lateral to Possum Lodge replace with 50mm to assist pressure
- Manapouri - metering - district metered areas
- Lumsden/Balfour - metering - district metered areas
- Lumsden - Lumsden falling main replacement
- Riverton - metering - district metered areas
- Te Anau – Te Anau water main renewal
- Te Anau rural water - plant and equipment (Mt York)
- Te Anau rural water – consent renewal preparation (Kakapo)
- Te Anau rural water - flow meter replacements - rural schemes
- Te Anau rural water - Mt York - replacement of non-compliant pressure vessels in treatment plant and booster station

Some of the projects still in progress include:

- Stage two of Otautau water main renewals
- Eastern Bush Otahu Flat rising main renewals
- Curio Bay water treatment plant upgrades
- Electrical control upgrades across water treatment plants
- Lakefront Drive water main upgrade and renewal
- Borehead upgrades to meet drinking water standards.

Performance results

This activity has six KPIs and 10 targets. The activity achieved six targets and four targets were not achieved.

Of the four targets not achieved reasons included that the drinking water standards were not met, the cost per connection measured incurred additional costs during the year for maintenance across the district and the average consumption of water per person per day while still having some water loss, the stimulus AC water main work that is currently getting undertaken will improve this.

There were 33 capital expenditure projects in total for this activity group.

There were 11 completed, 14 are still in progress and 8 were deleted.





PERFORMANCE MEASURES

Activity objective: We want to provide reliable water supplies that are safe to drink and have adequate supply for use

LEVEL OF SERVICE (LOS) 4: Provide a reliable and adequate supply of water

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
<p>KPI 4.1: Median response and resolution times for drinking water supply faults or unplanned interruptions:</p> <p>(a) to attend urgent call-outs¹</p> <p>(b) to resolve urgent call-outs¹</p> <p>(c) to attend non-urgent call outs¹</p> <p>(d) to resolve non-urgent call-outs¹</p> <p>(MM3: fault response times)</p>	<p>a) ≤ 1 hour</p> <p>b) ≤ 6 hours</p> <p>c) ≤ 4 hours</p> <p>d) ≤ 24 hours</p>	<p>a) 15 minutes</p> <p>b) 4 hours, 51 minutes</p> <p>c) 1 hour, 6 minutes</p> <p>d) 20 hours, 20 minutes</p>	<p>Achieved The result is 0.25 hrs or 15 minutes from date and time the incident is logged to the date and time attended. (2019/2020: Achieved – 15 mins)</p> <p>Achieved The result is 4.85 hrs (4 hrs and 51 minutes) from date the incident is logged to resolution. (2019/2020: Achieved –4 hours, 52 mins)</p> <p>Achieved The result is 1.10 hrs (1 hr and 6 minutes) from date and time logged to date and time attended. (2019/2020: Achieved –1 hour 1 min)</p> <p>Achieved The result is 20.33 hrs (20 hrs and 20 minutes) from date and time logged to date and time resolved. (2019/2020: Not Achieved –20 hours, 29 mins)</p>
<p>KPI 4.2: Total number of drinking water complaints regarding:</p> <p>(a) clarity</p> <p>(b) taste</p> <p>(c) odour</p> <p>(d) pressure or flow</p> <p>(e) continuity of supply, and</p> <p>(f) the way Council responds to any of these issues</p> <p>(MM4: customer satisfaction)</p>	<p>≤10 per 1,000 connections</p>	<p>6</p>	<p>Achieved The result is 5.89 per 1,000 connections. (2019/2020: Not Achieved –16)</p>

1 - Attendance means from the time that the Council receives notification to the time that service personnel reach the site. Resolution means from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption. "Urgent" is considered complete loss of drinking-water to an urban drinking water supply. "Non-urgent" includes all other fault/interruptions to an urban drinking water supply

2 - The water loss calculation is the weighted averaged percentage loss reduction per urban drinking water supply

3 - Cost per water connection is the total budgeted expenditure divided by total number of rating units. For years 2-10 the number of rating units have been estimated using the annual change forecasted the LTP rating unit assumption. Please note that this includes both expenditure and connections for urban water schemes and rural water.

LEVEL OF SERVICE (LOS) 5: Provide safe drinking water																																							
KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED																																				
KPI 5.1: Extent of compliance with drinking water standards: (a) bacteria (b) protozoal (MM1: safety of drinking water)	a) 100%	a) 91%	<p>Not Achieved. Council's testing indicates 91% compliance with standards. See the table below for details reported on a plant by plant basis. Ten out of the 11 plants were compliant. (2019/2020: a) Not achieved – 82%)</p> <table border="1"> <thead> <tr> <th>Plant</th> <th>Met</th> <th>Reason</th> </tr> </thead> <tbody> <tr> <td>Edendale</td> <td>Y</td> <td></td> </tr> <tr> <td>Eastern Bush/Otahu Flat</td> <td>N</td> <td>Turbidity levels were exceeded</td> </tr> <tr> <td>Lumsden/Balfour</td> <td>Y</td> <td></td> </tr> <tr> <td>Manapouri</td> <td>Y</td> <td></td> </tr> <tr> <td>Mossburn</td> <td>Y</td> <td></td> </tr> <tr> <td>Ohai/Nightcaps</td> <td>Y</td> <td></td> </tr> <tr> <td>Otautau</td> <td>Y</td> <td></td> </tr> <tr> <td>Riverton</td> <td>Y</td> <td></td> </tr> <tr> <td>Te Anau</td> <td>Y</td> <td></td> </tr> <tr> <td>Tuatapere</td> <td>Y</td> <td></td> </tr> <tr> <td>Winton</td> <td>Y</td> <td></td> </tr> </tbody> </table>	Plant	Met	Reason	Edendale	Y		Eastern Bush/Otahu Flat	N	Turbidity levels were exceeded	Lumsden/Balfour	Y		Manapouri	Y		Mossburn	Y		Ohai/Nightcaps	Y		Otautau	Y		Riverton	Y		Te Anau	Y		Tuatapere	Y		Winton	Y	
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b) 100%	b) 73%	<p>b) Not achieved Council's testing indicates 73% compliance with standards. See the table below for details reported on a plant by plant basis. Eight out of the 11 plants were compliant. (2019/2020: b) Not achieved – 82%)</p> <table border="1"> <thead> <tr> <th>Plant</th> <th>Met</th> <th>Reason</th> </tr> </thead> <tbody> <tr> <td>Edendale</td> <td>N</td> <td>98.87% compliant. Plant did not shut down when UV faulted</td> </tr> <tr> <td>Eastern Bush/Otahu Flat</td> <td>N</td> <td>No protozoal treatment</td> </tr> <tr> <td>Lumsden/Balfour</td> <td>Y</td> <td></td> </tr> <tr> <td>Manapouri</td> <td>Y</td> <td></td> </tr> <tr> <td>Mossburn</td> <td>Y</td> <td></td> </tr> <tr> <td>Ohai/Nightcaps</td> <td>Y</td> <td></td> </tr> <tr> <td>Otautau</td> <td>Y</td> <td></td> </tr> <tr> <td>Riverton</td> <td>Y</td> <td></td> </tr> <tr> <td>Te Anau</td> <td>N</td> <td>98.87% compliant. Plant did not shut down when UV faulted</td> </tr> <tr> <td>Tuatapere</td> <td>Y</td> <td></td> </tr> <tr> <td>Winton</td> <td>Y</td> <td></td> </tr> </tbody> </table>	Plant	Met	Reason	Edendale	N	98.87% compliant. Plant did not shut down when UV faulted	Eastern Bush/Otahu Flat	N	No protozoal treatment	Lumsden/Balfour	Y		Manapouri	Y		Mossburn	Y		Ohai/Nightcaps	Y		Otautau	Y		Riverton	Y		Te Anau	N	98.87% compliant. Plant did not shut down when UV faulted	Tuatapere	Y		Winton	Y		
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LEVEL OF SERVICE (LOS) 6: a well maintained and managed reticulation network			
KPI 6.1: Percentage of water lost ² from the reticulation network. (MM2: reticulated network maintenance)	≤25%	24%	Achieved. Actual leakage measured via surveys and water balance studies. (2019/2020: Achieved –19.3%)
KPI 6.2: Average consumption of water per resident per day (MM5: demand management)	≤ 850 litres per person per day	891 litres per person per day	Not achieved. The target as assessed using the Department of Internal Affairs methodology as 850 litres per person but does not consider losses across the network. The work on continued leak detection and repairs is ongoing. (2019/2020: Not Achieved – 889 litres)
KPI 6.3: Annual cost per connection (incl GST) ³	\$661	\$760.58	Not achieved. The costs for the year are higher than planned due to increased maintenance costs to meet regulatory requirements. (2019/2020: Not Achieved - \$717 against a target of \$645)
<p>1 - Attendance means from the time that the Council receives notification to the time that service personnel reach the site. Resolution means from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption. "Urgent" is considered complete loss of drinking-water to an urban drinking water supply. "Non-urgent" includes all other fault/interruptions to an urban drinking water supply</p> <p>2 - The water loss calculation is the weighted averaged percentage loss reduction per urban drinking water supply</p> <p>3 - Cost per water connection is the total budgeted expenditure divided by total number of rating units. For years 2-10 the number of rating units have been estimated using the annual change forecasted the LTP rating unit assumption. Please note that this includes both expenditure and connections for urban water schemes and rural water.</p>			

WATER SUPPLY FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

Budget variations

Subsidies and grants for operating and capital purposes were higher than budget due to government funding received for the three waters stimulus project costs for water safety plans and capital projects (pipe renewals) in Otautau and Eastern Bush/Otahu Flat.

Accordingly, payments to staff and suppliers exceeded budget due to water safety plan costs, and additional monitoring and maintenance costs. Internal charges and overheads were lower than budget due to less internal interest expense.

Capital expenditure is under budget for the year with the Te Anau water main renewal, Eastern Bush water supply upgrade and Manapouri water treatment plant upgrade projects all behind schedule.

As a result, the loans required to fund these projects were also lower than budgeted.

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

² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2020/2021 was \$402,000 (2020: \$352,000).

2019/2020 Budget (AP) (\$000)	2019/2020 Budget (LTP) (\$000)	2020/2021 Budget (LTP) (\$000)		2019/2020 Actual (\$000)	2020/2021 Actual (\$000)	2020/2021 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING						
-	-	-	General rates, uniform annual general charges, rates penalties	2	2	-
3,836	3,931	4,056	Targeted rates	3,786	4,128	4,120
-	-	-	Subsidies and grants for operating purposes	-	189	-
-	-	-	Fees and charges	13	21	-
47	47	48	Internal charges and overheads recovered	37	47	47
1	1	1	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	1	1	1
3,883	3,978	4,104	Total operating funding	3,839	4,388	4,168
APPLICATIONS OF OPERATING FUNDING						
2,390	2,297	2,421	Payments to staff and suppliers	2,745	2,884	2,705
-	-	-	Finance costs ²	-	-	-
664	722	809	Internal charges and overheads applied ²	666	729	804
-	-	-	Other operating funding applications	-	10	-
3,054	3,019	3,229	Total applications of operating funding	3,410	3,624	3,509
829	960	875	Surplus (deficit) of operating funding	428	764	659
SOURCES OF CAPITAL FUNDING						
-	-	-	Subsidies and grants for capital expenditure	-	1,298	-
-	-	-	Development and financial contributions	-	62	-
2,515	1,741	191	Increase (decrease) in debt	1,086	2,070	4,442
-	-	-	Gross proceeds from sale of assets	-	-	-
-	-	-	Lump sum contributions	-	-	-
2,515	1,741	191	Total sources of capital funding	1,086	3,430	4,442
APPLICATIONS OF CAPITAL FUNDING						
			Capital expenditure			
-	-	-	to meet additional demand	-	369	-
1,369	2,145	933	to improve the level of service	423	1,233	3,428
1,836	408	47	to replace existing assets	1,101	2,530	1,647
140	148	86	Increase (decrease) in reserves	(11)	62	26
-	-	-	Increase (decrease) in investments	-	-	-
3,344	2,701	1,066	Total applications of capital funding	1,514	4,194	5,101
(829)	(960)	(875)	Surplus (deficit) of capital funding	(428)	(764)	(659)
-	-	-	Funding balance	-	-	-

Council-controlled organisations

MILFORD COMMUNITY TRUST

Southland District Council, Environment Southland and the Department of Conservation jointly established the trust in 2007 to provide leadership and governance for the Milford community.

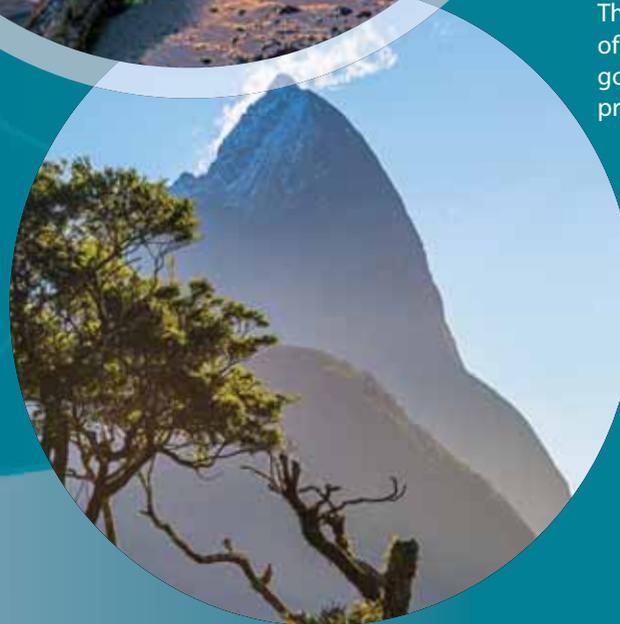
It allows the Milford community to determine its priorities and provides an avenue for local consultation and engagement, as well as public meetings.

Milford covers the developed area of land and adjacent coastal marine area at the end of State Highway 94 at the head of Milford Sound. The Milford community covers residents of Milford, the holders of concessions from the Crown operating at Milford and iwi.



The activities of the trust contribute towards the achievement of the community outcome, proud, connected communities.

The trust has adopted a statement of intent that outlines the strategic goals, specific focus areas and activities proposed for 2021-2023.



Ownership and control of the organisation

The trust was formed as a council-controlled organisation (CCO).

It contributes to the Southland District Council community outcome of “proud, connected communities that have an attractive and affordable lifestyle”. The Milford Community Trust is an incorporated charitable trust. This structure was chosen because it creates an obligation for trustees towards the trust beneficiaries, who in this case are the Milford community. In addition, an incorporated charitable trust can continue in perpetuity for the benefit of the future Milford community.

Significant policies

The trust reviewed and approved its Suspected Fraud Policy and also updated its Financial Delegations Policy in 2019/2020.

Council itself does not have any significant policies in relation to the ownership and control of the organisation except for the trust deed, which sets out the way the business of the trust is to be conducted. Southland District Council has not developed policies specific to the operation and governance of the Milford Community Trust.

Nature and scope of activities

This extract is from the statement of intent and is subject to change after consultation with stakeholders.

Milford Community Trust’s vision is the long-term sustainability of Milford Sound/Piopiotaahi with a community focus. Outputs from the Milford Community Trust activity primarily contribute to the achievement of supporting our communities. We want Southland’s communities to be desirable places to grow up, work, run a business, live, raise a family, retire and enjoy a safe and satisfying life.

Vision: Long-term sustainability of Milford Sound /Piopiotaahi, with a community focus

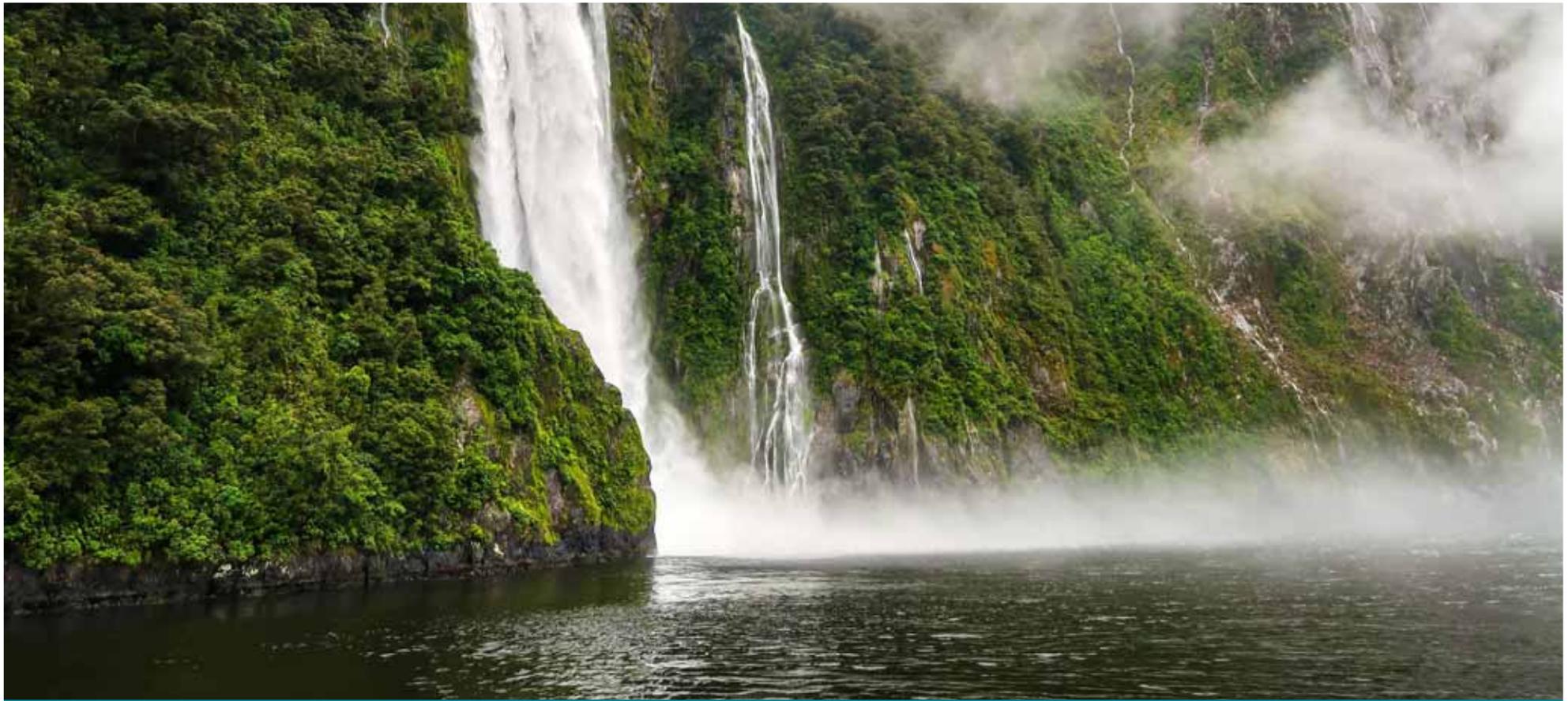
Provide leadership and governance for the Milford community in Milford Sound/Piopiotaahi	Advocate for the general benefit of the Milford community	Co-ordinate and communicate with all parties having interests in Milford Sound/Piopiotaahi.
Advocating for better planning to address specific issues: highway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

PLANNED ACTIVITIES/SERVICES 2020/2021

ACTIVITY DESCRIPTION	DATE	STATUS
Advocate and assist with other organisations for strategic improvements in community planning in Milford Sound.	June 2021	There have been ongoing discussions with the Department of Conservation primarily through their representatives who attend the Trust meetings. The Chair has also participated in discussions with the Milford Opportunities Project consultants who were working on a long-term master plan for Milford that has now been publicly released.
Provide funding for medical support, services and facilities for the Milford Emergency Response Team station.	June 2021	Last year it was stated that: The Trust decided to allocate \$80,000 p.a. in conjunction with Milford Sound Tourism Limited to ensure there was full time medical coverage for Milford. No appointments were made prior to the flooding and Covid-19 events of 2020 and it is unlikely that they will occur in the next 12 months. This has proven to be correct given the significantly reduced level of visitors.
Review of the Trust and charging mechanism with stakeholders including concessionaires	June 2021	A review of the Trust Deed was undertaken and the Trustees agreed to change the rules of the Deed to better reflect the operations and capacity of the Trust. That decision was made at its meeting on the 28th June 2021 and the amendments were electronically lodged on the 28th July 2021.
Facilitate the construction of the Milford recreation centre if it gets approval.	June 2021	Construction was intended to occur however, the financial impact from Covid-19 on Milford Operators who would fund the ongoing operational costs plus any additional capital costs means that the Trust continue to put this project on hold.
Advocate for the continuation of maintaining beautification and roading within the village and Deepwater basin.	June 2021	Lobbying of the Department of Conservation and Council has continued primarily through the Trust meetings where representatives are present.
Assist Milford Community Association with the ongoing development of Cleddau Village recreation area to accommodate the community centre.	June 2021	Construction was intended to occur however, the financial impact from Covid-19 on Milford Operators who would fund the ongoing operational costs plus any additional capital costs means that the Trust continue to put this project on hold.
Unplanned Activities		
None		
Information Requirements		
Draft Statement of Intent approved by the Trust.	30 March 2021	Achieved. The Trust received the report on 2nd March.
Final Statement of Intent prepared and circulated to key partners.	30 June 2021	Achieved. The Council approved the Statement of Intent on 23rd June.
Half yearly report prepared and circulated to key partners.	30 March 2021	Achieved. The Trust received the report on 2nd March.

PERFORMANCE MEASURES

LEVEL OF SERVICE	KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW MCT PERFORMED
Develop a diverse and resilient economy				
Maintain a structure that facilitates local decision-making.	Number of Milford Community Trust meetings held annually.	4	3	Not Achieved The trustees did not want to meet a fourth time during the reporting period as given the ongoing impact of Covid-19 on tourism, and particularly Milford Sound Piopiotahi, there was insufficient business to warrant holding all meetings. Three meetings were held in 2020/21 in November, March, and June. (2019/2020: Achieved - 4)
Keep the Milford community informed about trust plans and outcomes	Number of public forums held in Milford each year:	1	0	Not achieved Due to the lack of Trust activity planned for the year, particularly the deferment of the proposed recreation centre, the Trustee's considered it wasn't necessary to hold a meeting in at Milford Sound Piopiotahi. (2019/2020 : Not Achieved - 0)



Financial Summary (excl GST)

	Actual 2020/2021 (\$000)	Actual 2019/2020 (\$000)
Income		
Concessionaires income	-	113
Interest	6	10
Trustee Fees Forgiven	3	3
Total Income	9	126
Operational Costs:		
Management/administration ¹	23	26
Operations and maintenance	-	-
Projects and Grants:		
Medical support	-	-
Total Expenses	23	26
Operational Surplus/(Deficit)	(14)	100
Capital projects		
Recreation centre	-	-
Net assets	449	464

¹ Management/administration costs include chairperson's fees, Trustees' fees, mileage allowances, insurance, accommodation costs and general meeting costs.

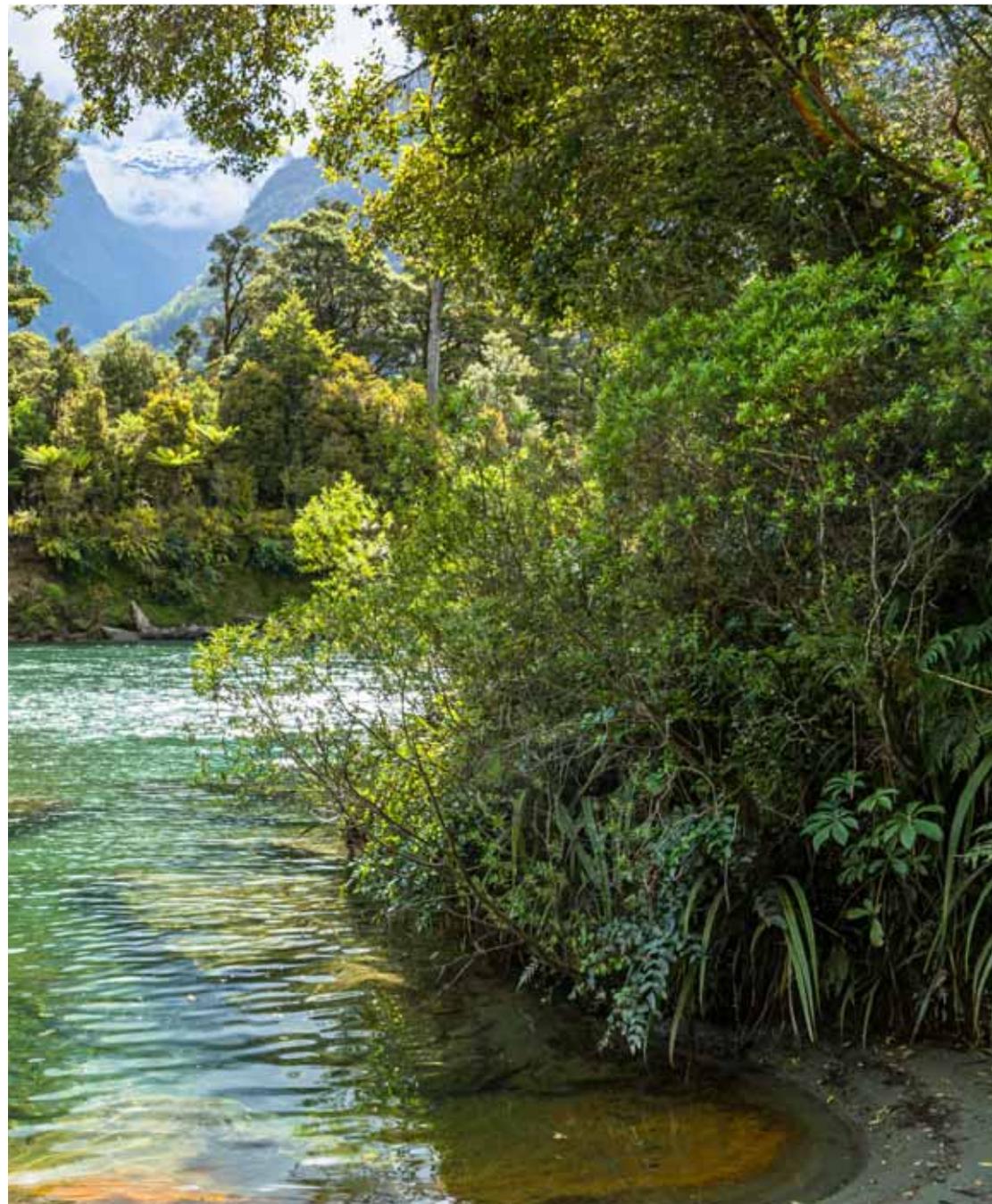
Concessionaires invoicing was not undertaken as the trust resolved on the 19 June 2020 and 2 March 2021 to forgo this revenue, to provide relief for the concessionaires due to the impact on tourism from the February floods and Covid-19.

Operations and maintenance expenditure includes consent fees. There was no actual spend in 2020/2021 as Department of Conservation and Environment Southland are still finalising their approach.

Medical clinic support discussions/contracts were not finalised by 30 June 2021, hence no costs incurred.

The trust had included a capital project to construct the recreation centre in 2020/2021. The trust has budgeted \$500,000 to go towards the project (using reserves held and a term loan), this project has been put on hold for 12 months.





Sources of funding

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

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

The value of the annual concession to be charged will continue to be reviewed each year. For 2020/2021 the total amount sought from concessionaires was \$Nil as the Trustees decided to recognise the difficult financial environment concessionaires are in due to the effects of Covid-19 on the tourism sector. Any surplus funds will be held by the trust in its bank account for future project funding.

Milford Community Trust representatives

Designation	Name	Term expires
Independent chair	Vacant	
Mararoa/Waimea ward councillor, ex-officio appointment	Ebel Kremer	October 2022
Interim chair	Ebel Kremer	December 2021
Milford Community Association elected representative	Brad Johnston	30 June 2024
Milford community appointee	Tim Holland	30 June 2025
Milford community appointee	Jason Steele	30 June 2025
Milford community appointee	Tony Woodham	30 June 2025
Milford community appointee	Roscoe Gaudin	30 June 2023

These terms were correct as at the end of the 2020/21 financial year but have subsequently been amended by the changes to the Trust Deed as at 28 July 2021.

Further details about the trust's activities and budgets can be found in its Statement of Intent 2019-2022

Council-controlled organisations SOUTHLAND MUSEUM AND ART GALLERY TRUST (SMAG)

The Southland Museum and Art Gallery Trust's mission is to **preserve and tell the story of Southland** – the experience of people and places over time – and inspire Southlanders to explore and understand the world around them.



The Southland Museum and Art Gallery Trust contributes towards the achievement of the community outcome of "supporting our communities". The current museum facility was closed indefinitely on 13 April 2018 for health and safety reasons.

Through Invercargill City Council, the Trust is delivering a number of exhibitions featuring art and artefacts from the Trust's Collection at He Waka Tuia, which is a new cultural facility exhibition space located in Invercargill City.

During this period, ownership of the current and previous Southland Museum & Art Gallery building(s) – now referred to as the "Pyramid" – was confirmed as owned by Invercargill City Council.

The trust board has 10 members and four ex officio members who represent the contributing authorities. The board also has the authority to appoint additional members whose skills and experiences benefit the trust and its functions.

ORGANISATION	INVERCARGILL CITY COUNCIL	GORE DISTRICT COUNCIL	SOUTHLAND DISTRICT COUNCIL	TANGATA WHENUA	TRUSTEE APPOINTMENTS	FRIENDS OF THE MUSEUM	EX OFFICIO
Representatives	Cr Toni Biddle (chair resigned Oct 2020) Cr Darren Ludlow (chair) Cr Rebecca Amundsen Cr Lesley Soper (appointed March 2021)	Cr Bret Highsted	Mayor Gary Tong Cr Christine Menzies	Evelyn Cook	Gwen Neave Roger Eagles	Christine Henderson	Manager – Wayne P Marriott (from January 2021) Acting Managers – David Dudfield and Kimberley Stephenson (June 2020 – January 2021) Secretary – Thilini Amarasingha Financial controller – Jaimee Botting

Significant policies and objectives

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

Nature and scope of activities

The Southland Museum and Art Gallery is in Queens Park. The original museum on the site was built in 1942. Various single-storey extensions were added between 1960 and 1980.

The pyramid was constructed in 1990 over all existing buildings to give an approximate floor area of 4,500 square metres, including the observatory.

There are more than 71,000 items held in the collections, some of which are important in terms of regional, national and international significance. A project identifying the top 100 objects (or collections) of National Importance is being undertaken, which is due for delivery in 2022.

The scope and nature of the activities that the Southland Museum and Art Gallery Trust intended to provide was to focus the museum as a regional facility in the community and to provide a variety of experiences to the people of Southland that they would not otherwise have access to.

The trust is focused on ensuring appropriate guardianship of these post closure of the current facility and while future options are worked through.

Key highlights

- Cataloguing and rehousing of the collection continues. Total number of records processed at 30 June 2021: 9,169 records at stage 1 full documentation; 14,337 records pertaining to items that are ready for relocation; 878 records at stage 3: photography
- This represents around 20,400 individual items/components.
- Work continues on processing the archive collection and large 3D objects.
- Work continues on preparing the collection material required for He Waka Tuia.
- Ten exhibitions presented against a target of four exhibitions from September 2020 until June 2021
- You, Me and the Sea outreach in schools worked with in excess of 1700 school children in Southland, Gore and Invercargill between May and June 2020
- Other public services continue as usual via email and telephone – research, photography, art exhibitions and genealogy.



OUTPUTS PLANNED

STRATEGIES TO ACHIEVE OUTPUTS	2020/2021 TARGET	2020/2021 RESULT
The collections: Caring for, developing, and researching collections		
The collection is developed to enable the Museum to document, illustrate and explore Southland's unique natural and cultural heritage		
Collection management policies are reviewed as required. Number reviewed annually	One review annually	Policies continually reviewed and updated. Governance policies drafted in relation to Policies continually reviewed and updated. Governance policies drafted in relation to digitisation of taonga Māori and care of native wildlife. Policies and procedures for care of firearms completed.
New acquisitions are considered according to the Collection Management Policy. Compliance achieved annually.	100% of objects acquired are considered	100% of objects acquired are considered
New acquisitions are entered into Vernon CMS (collection management system). Achieved annually.	1,000 records	Not achieved. A significant donation to the collection has increased the current backlog. All acquisitions meet the current collections policy.
Existing CMS records are to be reviewed and updated as funds are available. Achieved annually.	2,400 records	Stage One: 881 records completed in 2020/21 (37% of target) (9,169 total records completed to date, representing around 20,400 items).
Collections items to have digital images made as funds are available. Achieved annually.	0 items (Photography will only be undertaken as required for the purposes of condition reporting, online presence and the temporary gallery space.)	Stage Three: 75 records updated in 2020/2021 (exceeded target), (878 total records updated since start of project).
The collection is prepared for removal from the building by 2021/2022 (4 years)		
Pack items for storage and transportation.	2000 items across Stage 2a and Stage 2b.	Stage Two - 1,052 records updated to Stage 2 or Stage 2b in 2020/21 (53% of target) (7,269 total records updated to date)
Collections are maintained in optimal conditions for their long term preservation		
Storage space is kept at temperature of 19C±1C, percentage of time in range.	Minimise variance	97% of the time
Storage space is kept at humidity of 50%±5%, percentage of time in range	Minimise variance	3% of the time
Storage space is monitored for infestation by pests and moulds.	Minimum pests, moulds and pollutants found	Rodent procedures reviewed and updated following sighting. Monitoring ongoing.
A procedure to minimise deterioration by light is followed.	Followed	Achieved (followed)
A procedure to avoid loss or damage to objects in the collection or on loan is followed.	Followed	Achieved (followed)
The community: Be the facilitator, connector, activator, conductor and co-creator working with community		
Maintain strong relationships with iwi over issues relating to the collections, exhibitions and tuatara management		
Iwi Liaison Komiti meet regularly. (representing the four Southland runanga; Waihopai, Oraka-Aparima, Hokonui, Awarua) meets regularly	Four meetings	Four meetings
Promotion of a museum presence		
Develop and implement a marketing strategy for a museum presence.	Develop by December 2019 and implement by June 2020	ICC Communications have a dedicated team member to work with He Waka Tuia and Museum to ensure consistency of all messaging.
Provide outreach to other museums and related organisations in the region and community.	No target	Ongoing partnership and engagement with Bluff Maritime Museum, Rakiura, Te Hikoi, volunteer museums, and with Marae (233 hrs)

The experience: Interactive and social connections. A whole brain learning – sparking memories of lifetime connections with the past and the future, connecting with the mauri of our taonga, celebrating our land, people and culture.		
Establish a temporary museum presence within the city		
Open a temporary museum presence within the city.	Complete by December 2020	Achieved. He Waka Tuia opened in September 2020. Ongoing exhibition planning underway.
Deliver short-term exhibitions within the museum presence.	Regular short-term exhibitions.	Eight short term exhibitions were delivered.
The development: Planning, consulting and establishing a future direction.		
Establish a clear strategic direction for the SMAGTB and the future of the museum (including collection and building on the current site)		
Establish concept design plans for a future museum on the current site.	Complete by June 2021	N/A*
Establish funding plans for a future museum on the current site.	Complete by June 2021	N/A*
Promote plans for a future museum on the current site.	Complete by June 2021	N/A*
Begin developing plans for the museum collection, including storage and public accessibility.	Complete by June 2021	N/A*
Initiate a review of the current Southland Museum & Art Gallery Trust Board trust deed with reference to the future focus on the collection.	No target	Initiate a review of the current Southland Museum & Art Gallery Trust Board trust deed with reference to the future focus on the collection.
*With the museum building ownership now clarified to belong to Invercargill City Council and the boards future governance structure to be finalised, the boards focus has turned to packaging the collection for relocation when the time comes.		

FINANCIAL SUMMARY (EXCL GST)	Actual 2020/2021 \$000	Actual 2019/2020 \$000
REVENUE		
Grants and donations revenue – Invercargill City Council	20	20
Grant – Southland Regional Heritage Committee	1,182	1,162
Revenue from providing services	997	977
Bequests	1	-
Interest revenue	3	6
TOTAL REVENUE	2,202	2,166
EXPENSES		
Cost of providing services	2,197	2,147
Depreciation of property, plant and equipment	2	3
Loss on disposal	-	84
Audit fees	8	8
TOTAL EXPENSES	2,207	2,241
Total Surplus / (Deficit)	(5)	(76)
Net assets	1,241	1,245

Sources of funding

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

Council-controlled organisations

SOUTHLAND REGIONAL DEVELOPMENT AGENCY LIMITED

(trading as Great South)

Great South's vision is **better lives through sustainable development**. Its long-term goals are to diversify the Southland economy, create exciting jobs, grow innovative businesses, and grow the population.





In response to the evolving situation presented by Covid-19, Great South set short-term goals to retain jobs and a skilled workforce, to facilitate economic restart and rebuild, to champion significant projects and to identify opportunities for diversification and build economic resilience.

Great South's objective is to drive economic, social and cultural growth and to provide a unified voice for the Southland region.

Great South is a council-controlled organisation as defined in Section 6 of the Local Government Act 2002.

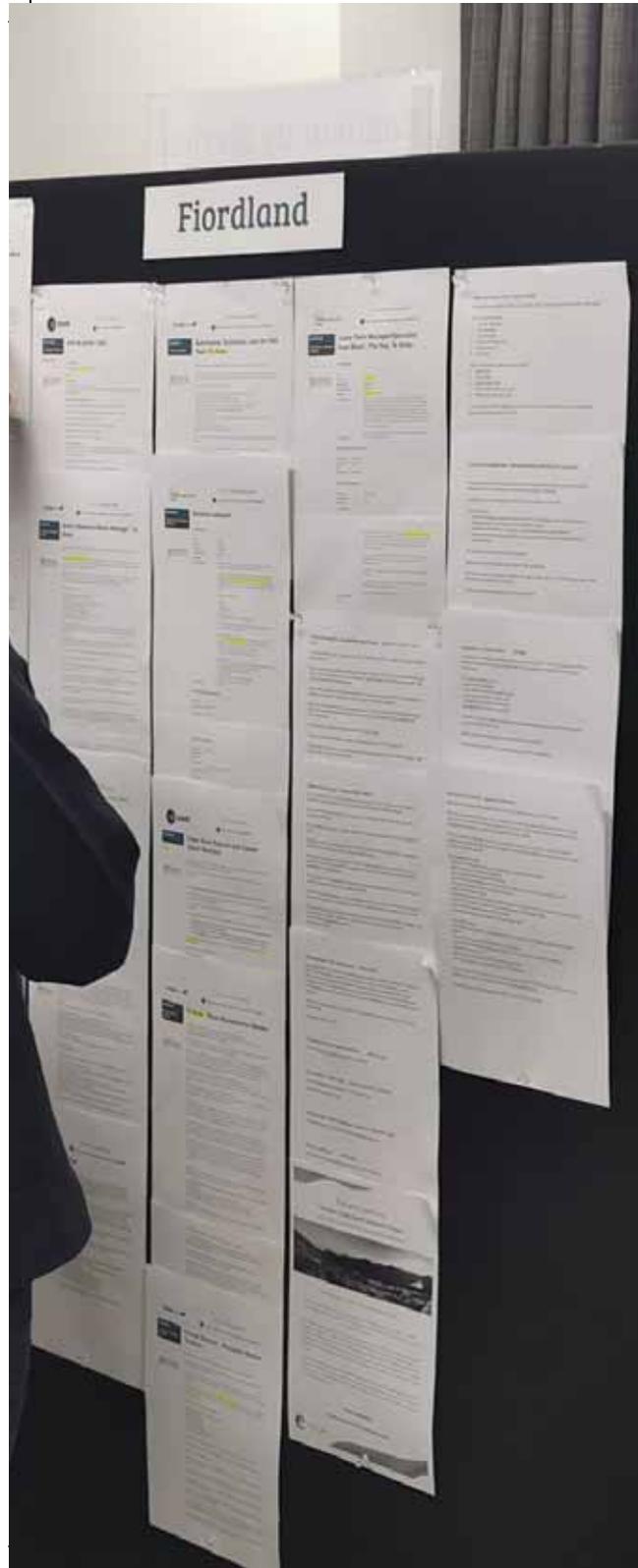
The board has six independent directors, who are responsible for the strategic direction of Great South and a chief executive who is responsible for the day-to-day operations.

Great South's class A shareholders are Southland District Council, Invercargill City Council, Gore District Council and Environment Southland; its class B shareholders are Invercargill Licensing Trust, Maitara Licensing Trust, Southland Chamber of Commerce and Southern Institute of Technology; and Community Trust South is a non-shareholder member.

Great South is in the process of establishing a memorandum of understanding with the four papatipu Runanga in Murihiku; Awarua Rūnanga, Ōraka Aparima Rūnaka, Waihōpai Rūnaka, and Te Rūnanga o Hokonui.

KEY ACTIVITIES





Support for Fiordland

The impact of Covid-19 and resulting lack of international tourists had a particular impact on Fiordland.

Great South partnered with MBIE and MSD to establish a Fiordland Employment and Resource Planner role to help link Fiordland workers to local jobs. On 1 April 2021, Great South assumed management of the Fiordland Regional Tourism Organisation (RTO). It now has an office in Te Anau and has since created an events coordinator role dedicated to Fiordland events.

There is additional support from Great South's Invercargill-based staff across all its work streams. Great South advocated for funding support for tourism businesses impacted by a lack of international tourists which began in August 2021.

It also administered the Regional Events Fund, of which \$580,000 was for events in Fiordland (\$180,000 for the Southland RTO).

In addition, Great South is administering the \$700,000 in funding to the Fiordland RTO as part of the Government's Tourism Support, Recovery and Re-Set Plan (the Southland RTO received \$1 million).

Great South also worked with Southland District Council on five applications worth \$3.74m to the Tourism Infrastructure Fund in April for projects in Fiordland and Stewart Island.



Potential Tiwai closure – new industries

Great South developed a policy framework to enable the potential Tiwai smelter closure to be delayed until the end of 2024, allowing the transition of employees to new potential industries.

Great South has worked extensively with new industries interested in being located in Southland. Assistance has been provided to Datagrid, who are planning to build New Zealand's first hyperscale data centre in Southland, as well as to parties interested in hydrogen fuel production.

New Zealand Functional Foods

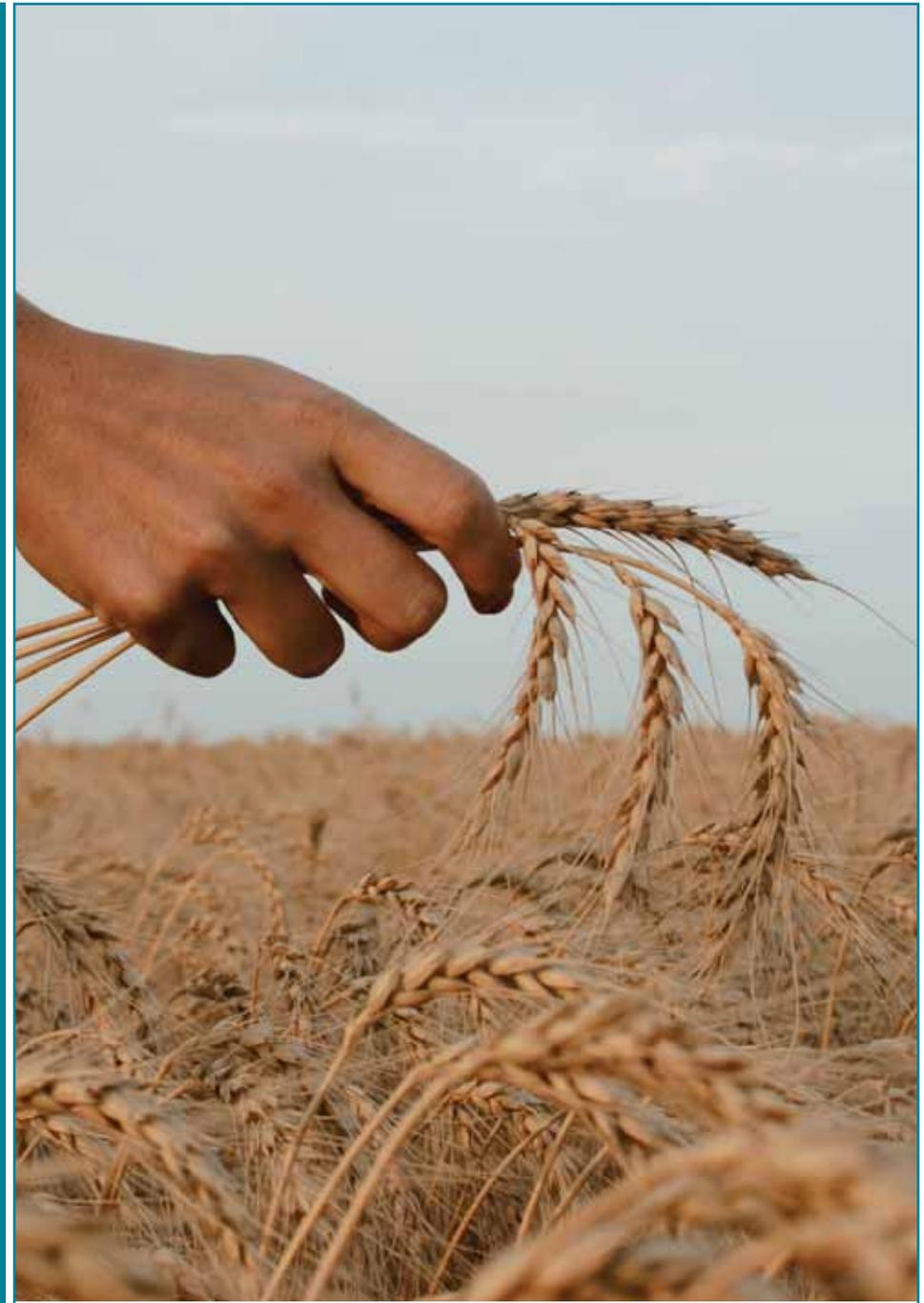
What has been known as 'the oats project' has progressed significantly.

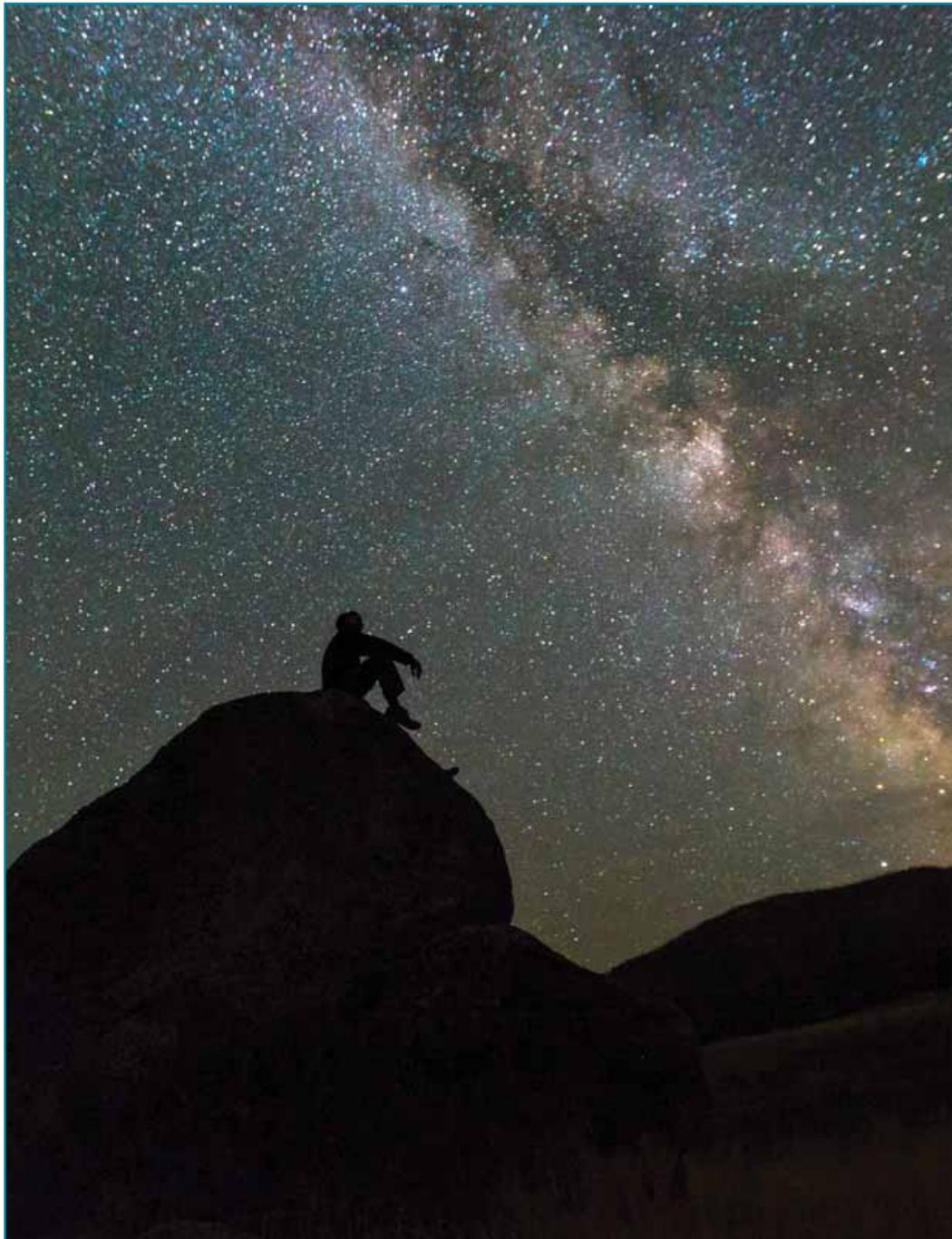
NZ Functional Foods Ltd (NZFF) is the entity that is taking the project forward. Great South has transferred its IP to the company and now owns 49% of NZFF. The other 51% is owned by Sir Stephen Tindall's investment company K1W1, who provided seed capital to progress the project. It has been announced that New Zealand's first carbon neutral plant-based beverage facility will be built at Makarewa, with oat milk as the first product. Anticipated opening date is Q4 2022.

Covid recovery

Great South commissioned a Southland Region post-Covid Scenario Analysis report from Infometrics. It predicted a population increase and full economic recovery was likely for Southland by 2025, bolstered by strong commodity prices and construction. However, the impacts of border closures was likely to impact on skills attraction and the tourism sector for some time.

Among the challenges were attracting a skilled workforce (with many migrants having returned home) and sufficient housing for the existing and increased population.





12-month update on Destination Strategy

A review of the Southland Murihiku Destination Strategy showed it was fit for purpose despite the significant impacts on tourism post COVID-19. Great South hosted leading astronomers to upskill Stewart Island/Rakiura and Fiordland tourism operators on dark sky opportunities, worked with Eat NZ to develop a Food Tourism Strategy and investigated opportunities to position Southland as the agritourism capital of New Zealand.

The pre-existence of the Southland Murihiku Destination Strategy and identified priority projects, meant the region was in an excellent position to apply for funding available as part of the government's Tourism Support, Recovery and Re-Set Plan. The two Southland RTOS received a total of \$1.7 million for this purpose.

Growth of Great South space operations

International demand for Great South's Space Operations has grown significantly during the past year. New Zealand's first commercial satellite antenna for communicating with low earth orbit satellites was opened katene in September.

Awarua Satellite Ground Station also supported the launch of New Zealand's first satellite sent into orbit by a University.

Preparing for environmental challenges

Through its Carbon Neutral Advantage programme, Great South connects businesses with the information and tools needed to help reduce their carbon footprint and insulate against the rising cost of carbon.

Great South commissioned Ernst & Young to model the cost of reducing emissions across all sectors and to identify pathways to achieve this by 2050. The resulting Net Zero Southland Report was released in July 2021 and is being shared with stakeholders.



PERFORMANCE MEASURES

OBJECTIVE	WHAT GREAT SOUTH IS DOING	PERFORMANCE MEASURE 2020/2021	RESULT 2020/2021
Develop a diverse and resilient economy			
Identify and support opportunities that encourage economic development, sector extension, resilience and support new investment in the region	Investigate opportunities that diversify the economy	Deliver and increase investment for ground station services	International demand for Great South's ground station services continues to grow. The ground station is an important source of revenue for Great South.
		Support the development of the aquaculture industry	Great South is providing ongoing support to the Southland Aquaculture Working Group and is investigating potential for commercial return on pest weed found in the natural environment.
		Investigate the potential of land-use initiatives and associated products	An industry for oats will be created with the establishment of NZ Functional Foods and proposed oat milk plant at Makarewa. Great South has provided advice and support to NZ Functional Food relating to investment, food and formulation trials and carbon neutral processing. Three new vegetable protein-based industries have been investigated for commercialisation at scale. Great South continues to work with Thriving Southland. Ongoing advice has been provided on alternative crops and associated farm systems. A Digital Elevation and Slop Model has been developed for farm environment planning, available for Council use.
		Support the re-establishment and foundations for development of the tourism industry	Please see the Tourism Development section for detailed response.
		Identify stimulus projects for funding	Great South is progressing the Advanced Data Analytics Centre (ADAC) and priority areas of the Southland Murihiku Destination Strategy.
		Support funding applications, including the Provincial Growth Fund (PGF)	Great South worked with Southland District Council to attract \$3.74 million in funding from the Tourism Infrastructure Fund for projects in Fiordland and Stewart Island. The two RTOs (Visit Southland and Visit Fiordland) received a total of \$1.7 million from the government's Tourism Support, Recovery and Re-Set fund to progress projects identified in the Southland Murihiku Destination Strategy.
	Support recovery and resilience through providing valuable data that supports informed decision making	Facilitate opportunities for industry and community collaboration as part of the Thriving Southland initiative	Great South continues to work on data-driven tools for on-farm land use decision making. Digital Elevation and Slope models have been developed, as have tools to support climate change response. Emissions abatement pathways have been identified in the Net Zero Southland Report commissioned by Great South. Workshops and education programmes have been designed and delivery begun.
		Empower a farmer-led response to environmental challenges by supporting the development of an application that supports environmental and financial planning	Work continues on ADAC, which will provide powerful data for farmers to make informed decisions about land use. Workshops were held with potential end users. Crop growing trials have been developed in conjunction with Thriving Southland.
	Provide data and insights on the region's performance to inform decision making	Investigate the establishment of a data centre	Report to identify an option for computing power commissioned. Ongoing discussions with stakeholders. Great South is developing case studies and products for external clients.
		Provide economic updates and host events on topics of relevance	Southland Post Covid-19 Scenario Analysis completed. It includes impacts of the potential closure of the Tiwai Smelter.
Advocate for improved connectivity, infrastructure and services across the region	Attract investment to the region for improved housing	Support the Southland Housing Forum to increase housing stock across the region	Great South introduced potential investors to the Southland Housing Action Forum co-ordinator. Demand for social and emergency housing continues to be monitored.
	Encourage improved connectivity and digital services across the region	Lobby for, and monitor the deployment of the rural broadband programme	Great South continues to monitor the rollout of the government's Rural Broadband progress and mobile blackspots across the region. Ubiquitous satellite broadband service is now available to all residents and businesses throughout Southland.

OBJECTIVE	WHAT GREAT SOUTH IS DOING	PERFORMANCE MEASURE 2020/2021	RESULT 2020/2021
Strengthen local business			
Support businesses at all stages of their recovery by providing the resources and training needed to position them to achieve growth.	Manage business development programmes as part of the Regional Business Partner Network	Increase the number of businesses actively engaged with across the range of services offered	Great South engaged with more than 500 businesses, connecting them with useful resources and networks, determining their eligibility for Covid-19 Advisory funding, or to sign them up for business mentoring. This was fewer than the previous year when Great South had repurposed itself as a Covid-19 business response call centre.
		Host workshops on relevant topics	Seventeen workshops were held around the region, on topics including marketing, digital enablement, health and wellness, intellectual property and business planning.
		Connect businesses with training opportunities	Great South helped 120 businesses with funding for capability building and training opportunities.
Identify initiatives that support the region's transition to a low-emission future and mitigate the impact of climate change	Provide support to businesses and members of the community to insulate themselves against environmental challenges	Increase number of businesses planning carbon reduction strategies	More than 50 businesses attended workshops for carbon reduction strategies. The Net Zero Southland Report completed by Ernst & Young identifies emissions abatement pathways for all sectors and presentations have since been made to councils and community groups.
		Create a local carbon measurement tool	A local carbon measurement tool was created to assist businesses in understanding the region's carbon measurements, based on the C40 Cities emission tool (adapted for a New Zealand setting). A guide for using the tool was also prepared.
		Deliver workshops to increase awareness of environmental initiatives	Six workshops were held to increase awareness of environmental initiatives; five carbon in business workshops plus a workshop with Southland youth on what they want to see considered for Southland's future from an environmental perspective.
Retain a skilled workforce			
Co-ordinate initiatives that support the retention of talent in Southland	Strengthen pathways between education and employment through the Southland Youth Futures programme	Increase number of students engaged with (annual target of 2300 students)	Great South continues to deliver the Southland Youth Futures career exploration programme to assist Southland youth in gaining the skills and training needed to secure meaningful employment in Southland. More than 4000 students were engaged with via 109 events and activities including school workplace tours.
		Increase number of Employer Excellence Partners	As of 30 June there were 39 Employer Excellence Partners. An event was held to recognise and thank partners in November.
		Increase number of at-risk youth worked with	Events and activities carried out by the Southland Youth Futures programme reached more than 260 at-risk students. Great South relies on education providers to identify students at risk of becoming NEETS (not in education, employment or training).
		Host events that highlight training and employment opportunities available	Southland Youth Futures delivered 109 events and activities including 24 employability skills presentations, 47 workplace tours, 32 employer talks in schools, five speciality speaker presentations, and events including a Girls in Trades, a Teachers Tech Tour, Eastern Southland Speed Networking, Job Search 2020 and Be the Future of Forestry.
Co-ordinate initiatives that retain skilled migrants in Southland	Connect skilled migrants with employment opportunities in Southland and support local businesses with their recruitment practices	Increase number of skilled migrants engaged with	The Skills Placement Programme engaged directly with more than 220 newcomers looking for employment opportunities and advice, via one-on-one meetings or workshops. This resulted in 73 skilled migrants finding employment in Southland. With events included, a total of 459 newcomers were engaged with.
		Host events that support skilled migrants with their job-seeking journey	The Southland Skills Placement Programme was involved in 15 events that supported newcomers to find meaningful employment in Southland – including the Pacific Employment Expo, Job Search 2020, the Southland Multicultural Employment Readiness Workshop, SIT Kiwi Work Culture, a Migrant Employment Expo and the Pacific Talanoa.
		Increase the number of businesses supported with the recruitment of skilled migrants	52 businesses were supported with recruitment of skilled migrants - three more than the previous year. Of these, 32 were businesses Great South had not previously worked with.

OBJECTIVE	WHAT GREAT SOUTH IS DOING	PERFORMANCE MEASURE 2020/2021	RESULT 2020/2021
Restart Regional Tourism			
Engage and work alongside industry representatives and key stakeholders to restart the Southland tourism sector	Lead tourism sector coordination and leadership	Increase support for local tourism operators	Significant effort was made to connect local tourism operators with information about Covid-19 business advisory funding. Almost \$380,000 of the fund was awarded to tourism businesses. Workshops held focussed on building marketing and digital capability. Great South assumed responsibility for the Fiordland Regional Tourism Organisation (RTO). Its alignment with the Southland RTO means increased support for tourism businesses and profile of the region, particularly Fiordland. Campaign activity focused on domestic and Trans-Tasman visitation (Trans-Tasman on pause while bubble inactive). With international tourism on hold due to Covid-19, a focus has been on events to drive domestic visitation to Southland.
		Participate in interregional collaboration	With the focus on domestic tourism and destination management, significant inter-regional collaboration continues. Great South continues to work alongside seven neighbouring RTOs to progress the 45 SOUTH initiative and will soon bring wider stakeholders into the project e.g. airports.
		Act as local, regional and national tourism stakeholder liaison	Great South worked with SDC to complete five applications worth \$3.74m to the Tourism Infrastructure Fund for projects in Fiordland and Stewart Island. All were successful. Great South submitted to support SDC's position on Supporting Sustainable Freedom Camping. Great South worked with MBIE to define criteria for funding available to support Fiordland businesses (\$200m tourism support package announced in May, allocated to the five hardest hit areas within NZ, including Fiordland). Great South's two RTOs successfully applied for a total of \$1.7 million additional funding from MBIE's \$26 million Strategic Tourism Assets Protection Programme fund.
Embrace a holistic approach to planning for and sustainably growing the visitor economy	Champion the Southland Murihiku Destination Strategy	Increase overnight visitation (dependent on the government determining new source of measurement for this)	*Due to changes in MBIE reporting, a comparison with the same period last year is not possible. Southland RTO: Total guest nights for Southland RTO since 1 July – 410,100. This data represents 55% of all commercial operators in Southland.* Fiordland RTO: Total guest nights for Fiordland RTO since 1 July – 286,700. This data represents 90% of all commercial operators in Fiordland.* Southland Region: AirBnB data shows a 24.2% reduction in booked listing nights. The exception to this is Rakiura which was up 49.2%.
		Increase tourism expenditure per visitor	Data presented by MBIE on tourism expenditure shows that total visitor spend in the Fiordland RTO was \$40.28m, a 35% reduction on the previous year, while visitor spend was \$231.16m in Southland RTO, a 16% increase in spend.
		Activate selected projects in the Southland Murihiku Destination Strategy	Great South continues to progress key activity in the following focus areas of the Strategy: dark sky tourism, food tourism, low emission tourism, Milford Opportunities and Bluff Masterplan.
Promote and inspire travel to Southland both domestically and internationally	Manage regional tourism organisation services and work with local tourism operators, media and industry representatives to position Southland as a preferred place to visit	Increase media presence and features of the region	Year to date, the two Southland RTOs Visit Southland & Visit Fiordland have facilitated: <ul style="list-style-type: none"> • 20 media famils • 167 media results • 37 publications • 17 campaigns Great South delivered two major campaigns in April and May - 'Speechless in Southland' resulting in nearly seven million digital impressions. "You're Due South", resulting in almost 1.5 million paid digital impressions.

OBJECTIVE	WHAT GREAT SOUTH IS DOING	PERFORMANCE MEASURE 2020/2021	RESULT 2020/2021
Restart Regional Tourism			
		Support Product Development	A dark skies tourism training course was held in Te Anau and a workshop held on Stewart Island/ Rakiura for prospective tourism operators wanting to get involved with dark sky tourism. Great South continues to provide visitor insights, to support the investigation of product development and business opportunities and its regional promotion website southlandnz.com provides significant support for product development across the region.
		Increase digital presence via website traffic and social media channels	SouthlandNZ continues impressive digital reach and engagement across its social media and digital channels. Website traffic for Southlandnz.com for the year was 973,088 page views. Its social media following is 144,876.
Profile Southland's range of events to give people further motivation to stay in Southland.	Support development of Southland's event sector	Facilitate the development of the Southland Regional Events Strategy	The Southland Murihiku Events Strategy launched in March 2021. Key priorities are now being implemented with support from MBIE's Regional Events Fund (REF), administered by Great South. Fiordland REF distributed \$207,500 and Southland REF distributed \$80,000. Great South is supporting 36 events that attract out of region visitors.
	Support delivery and encourage the attraction of destination events	Deliver the ILT Kidzone Festival in 2021	Unfortunately the ILT Kidzone Festival was cancelled in 2020 due to Covid-19 lockdown however ticket sales for the 2021 festival were excellent., with four out of six days sold out.
Retain the population			
Support event delivery to enhance regional wellbeing and encourage vibrancy and diversity across the region	Support the delivery of community events	Provide support to events across Southland	Great South worked closely with representatives of 36 key regional and premier events as identified in the Southland Murihiku Regional Events Strategy. Cluster marketing campaigns were used to promote events big and small Southland-wide and an events calendar was created to help event organisers plan around busy times. Various tools, including sanitiser stations were created to help event organisers run events under Covid levels. Great South provided a high level of support for the Burt Munro Challenge in February, focusing on encouraging visitors to extend their stay and visit locations outside of Invercargill.
	Profile Southland as a preferred conference destination	Increase number of conferences prospected	Improved air connectivity has proved a game changer in Southland as a prospect for business events and Great South is working with Southland venues and accommodation providers to help attract future events. Particular focus is being placed on business events and incentives travel in Fiordland. An 'industry calendar' was created to help with planning around busy times.

SOURCES OF FUNDING

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



FINANCIAL SUMMARY (EXCL GST)

	Actual 2020/2021 \$000	Actual 2019/2020 \$000
REVENUE		
Shareholder funding	3,118	2,660
Other revenue	4,267	1,746
TOTAL REVENUE	7,385	4,406
EXPENSES		
Employee-related costs	905	772
Directors fees	91	102
Other costs	6,036	3,524
Audit fees	51	45
TOTAL EXPENSES	7,083	4,443
Tax expense	(55)	30
Total Surplus / (Deficit)	356	(67)
Net Assets	1,761	1,405



FINANCIAL INFORMATION

This section presents the financial statements for the 2020/2021 year, comparing actuals to budget. These include statements of comprehensive income, changes in equity, financial position and cashflows. Following the statements are notes explaining these in more detail.

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



2021

32,700
PEOPLE

\$1.6B
ASSETS

\$87.9M
INCOME

\$1.3M
PROFIT



20,621
RATING UNITS

\$49.3M
RATES COLLECTED

\$42.9M
CAPITAL EXPENDITURE

Accounting policies

Reporting entity

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

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

The financial statements of SDC are for the year ended 30 June 2021. The financial statements were authorised for issue by Council on 17 December 2021.

Basis of preparation

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

Covid-19 had no material impact on the financial statements for the year ended 30 June 2021 and therefore, consistent with the prior year, the going concern basis for the preparation for the financial statements remains appropriate. Refer to note 35 for further details of the impact of Covid-19 on Council.

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LGFRP): Part 6,

Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

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

Measurement base

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

Functional and presentation currency

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

Basis of consolidation

Council financial statements represent the results of Council’s nine significant activity groups (detailed on pages 78-169), including the Stewart Island Electrical Supply Authority (SIESA), as well as Council’s share of its joint ventures and associates (including Venture Southland, WasteNet, Southland Regional Heritage committee, Emergency Management Southland, and Great South). SIESA is a business unit of Council, which generates and reticulates electricity to most of Stewart Island residents and industry.

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

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

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

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

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

Surplus or deficit and each component of other comprehensive revenue and expense are attributed to the owners of the controlling entity and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of controlled entities to bring their accounting policies into line with Council's accounting policies. All intra-economic entity assets and liabilities, net assets/equity, revenue, expenses and cash flows relating to transactions between entities of the economic entity are eliminated in full on consolidation.

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

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

Specific accounting policies

a) Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are:

Rates:

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

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

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

Interest is recognised using the effective interest method.

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

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

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

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

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

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

For long-lived assets that must be used for a specific use (eg land used as a recreation reserve), Council immediately recognises the fair value of the

asset as revenue. A liability is recognised only if Council expects that it will need to return or pass the asset to another party.

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

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

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

b) Borrowing costs

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

c) Grant expenditure

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

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

d) Foreign currency transactions

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

e) Leases

Operating leases

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

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

f) Equity

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

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

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

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

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

g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

h) Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis, are measured at the lower of cost or current replacement cost.

The write down from cost to current replacement cost is recognised in the Statement of Comprehensive Revenue and Expense.

i) Financial assets

SDC classifies its financial assets into the following four categories: financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables, and financial assets at fair value through other comprehensive revenue and expense. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. Purchases and sales of investments are recognised on trade-date, the date on which Council commits to purchase or sell the asset. Financial

assets are derecognised when the rights to receive cashflows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses 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 debt instruments held. Other techniques, such as estimated discounted cashflows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

- *financial assets at fair value through surplus or deficit*

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit-taking. Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

- *loans and receivables*

These 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. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans and receivables are classified as “trade and other receivables” in the statement of financial position.

- *held to maturity investments*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that SDC has the positive intention and ability to hold to maturity. 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. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

- *financial assets at fair value through other comprehensive revenue and expense*

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date.

This category encompasses:

- investments that Council intends to hold long term but which may be realised before maturity; and
- shareholdings that Council holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

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

j) Impairment of financial assets

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

k) Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

l) Property, Plant and Equipment

Property, plant and equipment consist of:

- *infrastructure assets*

Infrastructure assets are the fixed utility systems owned by SDC. Each asset class includes all items that are required for the network to

function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

- *operational assets*

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

- *restricted assets*

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

- *recognition*

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

- *additions*

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

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

- *disposals*

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets

are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

- *subsequent costs*

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

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

- *depreciation*

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

Estimated economic life		Depreciation	
Asset category	(years)	Percent	Method
<i>Operational assets</i>			
Improvements	4-25	4.00% - 21.00%	SL or DV
Buildings	10-100	1.00% - 10.00%	SL or DV
Light vehicles	4-8	12.00% - 21.60%	SL or DV
Heavy vehicles	4-8	12.00% - 21.60%	DV
Other plant	2-25	4.00% - 60.00%	SL or DV
Furniture and fittings	3-13	8.00% - 30.00%	SL
Asset category	(years)	Percent	Method
Office equipment	7-8	13.50% - 14.00%	SL
Computer equipment	2-7	13.50% - 40.00%	SL
Other equipment	3-14	7.00% - 30.00%	SL or DV
Library books	10	10.00%	SL

Estimated economic life		Depreciation	
Asset category	(years)	Percent	Method
<i>Infrastructural Assets</i>			
Electrical generation plant	1-100	1.00% - 100.00%	SL or DV

Estimated economic life		Depreciation	
Sealed roads	5-80	1.25% - 20.00%	SL
Unsealed roads	4-5	20.00% - 25.00%	SL
Bridges	70-100	1.00% - 1.43%	SL
Footpaths	30-60	1.67% - 3.33%	SL
Streetlighting	20-40	2.50% - 5.00%	SL
Cycle trail	10-99	1.01% - 10.00%	SL
Sewerage schemes	5-100	1.00% - 20.00%	SL
Stormwater schemes	80-100	1.00% - 1.25%	SL
Water supply schemes	5-100	1.00% - 20.00%	SL
Marine assets	5-50	2.00% - 20.00%	SL
Transfer stations	10	10.00%	SL
Landfill sites	10-40	2.50% - 10.00%	SL

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

Revaluations

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

All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed each balance date to ensure that those values are not materially different to fair value. The valuation basis for the different asset categories are described in more detail below.

Land and buildings

The deemed cost of land and buildings were established by registered valuers from Quotable Value in accordance with the requirements of the Institute of Chartered Accountants of New Zealand Standards, as at 30 June 1993. Purchases made since 30 June 1993 are recorded at cost.

Endowment lands are vested in Council for specific purposes for the benefit of various communities. These vestings have been made under various pieces of legislation which restrict both the use of any revenue and any possible dispositions.

Other infrastructural assets

All other infrastructural assets (electrical generation plant and marine assets) are valued at their deemed cost, based on a revaluation of assets undertaken by appropriately qualified personnel from Royds Garden Limited in 1993.

Library books

Books have been valued by SDC staff on a depreciated replacement cost basis, using New Zealand Library Association guidelines, as at 30 June 1993 representing deemed cost. Additions to library book stocks since 30 June 1993 are recorded at cost.

Heritage assets

The only assets to be included under this category are art works owned by the Council, which have been recorded at fair value in accordance with NZ IAS 16. Due to the nature of the item, art works are revalued on a three to five-yearly cycle and not depreciated.

Other assets, which would normally be classified under heritage assets, for example war memorials, have been included under “other assets”.

Other assets

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

Accounting for revaluations

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

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

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

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

m) Work in progress

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

n) Intangible assets

- *software acquisition and development*

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

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs directly associated with the development of software for internal use by Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

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

- *amortisation*

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

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

Estimated economic life		Depreciation	
Asset category	(years)	Percent	Method
Computer software	2-10	10.00% - 50.00%	SL

- *Emissions Trading Scheme*

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

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

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

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

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

Compensation units received are recognised based on the market value at balance date (30 June). They are recognised as income in the financial

statements. They are not amortised, but are tested for impairment annually.

Emissions Trading Units are revalued annually at 30 June.

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

o) Forestry assets

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

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

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

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

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

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

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

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

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

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

- *value in use for non-cash generating assets*

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

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

- *value in use for cash generating assets*

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

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

q) **Investments in joint arrangements**

Under PBE IPSAS 37 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Council has both joint operations and joint ventures.

Council determined that the investment in the following entity meets the definition of "joint operation" and should be accounted for using the proportionate consolidation method (refer note 25):

- WasteNet (31% share)

Joint operations

Council recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 25.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (r) below), after initially being recognised at cost in the consolidated balance sheet.

r) **Investments in associates and joint ventures**

Council determined that the investments in the following entities meets the definition of "associate" and should be accounted for using the equity method (refer note 26):

- Venture Southland
- Southland Regional Heritage Committee
- Emergency Management Southland
- Southland Regional Development Agency (trading as Great South)

An associate is an entity over which SDC has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when

decisions about the relevant activities require the unanimous consent of the parties sharing control.

SDC's investment in its associates and joint ventures is accounted for using the equity method of accounting in the consolidated financial statements.

Under the equity method, an investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise post-acquisition changes in Council's share of net assets of the associates or joint ventures since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

SDC's share of an associate's or joint venture's surplus or deficit is recognised in the statement of financial performance. Any change in the associate or joint venture's other comprehensive revenue and expense is presented as part of Council's other comprehensive revenue and expense. The cumulative movements are adjusted against the carrying amount of the investment. In addition, when there has been a change recognised directly in the net assets/equity of the associate or joint venture, Council recognises its share of any changes, when applicable, in the statement of changes in net assets/equity. Unrealised gains and losses resulting from transactions between Council and the associate or joint venture are eliminated to the extent of Council's interest in the associate or joint venture.

The aggregate of the SDC's share of surplus or deficit of associates or joint ventures is shown on the face of the statement of financial performance. This is the surplus attributable to equity holders of the associate or joint venture and therefore is surplus after tax and non-controlling interests in the controlled entities of the associates and joint ventures.

The financial statements of the associate or joint venture are prepared for the same reporting period as Council. When necessary, adjustments

are made to bring the accounting policies in line with those of Council. After application of the equity method, Council determines whether it is necessary to recognise an impairment loss on Council's investment in its associate or joint venture.

Council determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case Council calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of surplus of an associate and joint venture" in the statement of financial performance.

Goodwill included in the carrying amount of the investment in associate is not tested for impairment separately; rather the entire carrying amount of the investment is tested as a single asset. When Council's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured long-term receivables and loans, Council does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Upon loss of significant influence over the associate or joint control over the joint venture, Council measures and recognises any remaining investment at its fair value, and accounts for the remaining investments in accordance with PBE IPSAS 29. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in surplus or deficit.

s) Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

t) Employee benefits*Short term benefits*

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

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

Long term benefits

- *long service leave and retirement leave*

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated by Council staff. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cashflows.

- *superannuation schemes*

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

- *presentation of employee entitlements*

Annual leave and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

u) Provisions

SDC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Financial guarantee contracts

A financial guarantee contract is a contract that requires SDC to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received.

When no consideration is received a provision is recognised based on the probability Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however, if SDC assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Landfill post-closure costs

SDC, as an operator, has a legal obligation under its resource consent to provide ongoing maintenance and monitoring services at their landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cashflows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council.

v) Internal borrowings

Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

w) External borrowings

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

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

x) Critical accounting estimates and assumptions

In preparing these financial statements SDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset. For example, Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground.
- estimating any obsolescence or surplus capacity of an asset;
- estimating the replacement cost of the asset. The replace cost is derived from recent construction contracts; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then SDC could be over or under estimating the

annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense.

To minimise this risk SDC’s infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.

Asset inspections, deterioration and condition modelling are also carried out regularly as part of SDC’s asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform Council’s infrastructural asset revaluations.

y) Critical judgements in applying SDC’s accounting policies

Management has exercised the following critical judgements in applying SDC’s accounting policies for the period ended 30 June 2021:

Classification of property

SDC owns a number of properties that are maintained primarily to provide housing to pensioners. The receipt of rental income from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of SDC’s social housing policy and are accounted for as property, plant and equipment rather than as investment property.

z) Statement of cashflows

Operating activities include cash and cash equivalents (as defined in (g)) received from all SDC’s income sources and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of SDC.

aa) Rounding

Some rounding variances may occur in the financial statements due to the use of decimal places in the underlying financial data.

bb) Budget figures

The budget figures are those approved by SDC in its 2020/2021 Annual Plan. The budget figures have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and are consistent with the accounting policies adopted by SDC for the preparation of financial statements.

cc) Standards issued and not yet effective that have not been early adopted

Standards and amendments, issued but not yet effective that have not been early adopted are:

- *PBE IFRS 9 Financial Instruments*
- *PBE FRS 48 Service Performance Reporting*
- *PBE IFRS 17 Insurance Contracts*
- *PBE IPSAS 40 PBE Combinations*
- *PBE IPSAS 41 Financial Instruments*

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Southland District Council: Statement of comprehensive revenue and expense for the year ended 30 June 2021

	Note	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	COUNCIL 2020/2021 Budget (AP) (\$000)	GROUP 2020/2021 Actual (\$000)
Income						
Rates revenue	1	48,112	48,112	49,256	49,531	49,256
Other revenue	2	10,131	10,244	11,236	8,317	11,239
Interest and dividends		313	326	83	73	89
Waka Kotahi NZ Transport Agency		14,028	14,028	17,924	15,507	17,924
Grants and subsidies		6,139	6,139	7,966	5,306	7,966
Other gains/(losses)	3	494	494	1,252	(258)	1,252
Vested assets		684	684	-	-	-
Development and financial contributions		587	587	164	24	164
	4	80,488	80,614	87,881	78,499	87,889
Expenditure						
Employee benefit expenses	5	14,426	14,426	15,940	15,279	15,940
Depreciation and amortisation	9	23,888	23,890	24,979	23,815	24,980
Finance costs		23	23	27	422	27
Other council expenditure	6	42,397	42,421	46,076	43,854	46,097
		80,734	80,760	87,021	83,370	87,044
Share of associate's surplus/(deficit)		55	55	474	-	474
SURPLUS/(DEFICIT) BEFORE TAX		(191)	(91)	1,334	(4,871)	1,319
Income tax benefit	8	-	-	-	-	-
SURPLUS/(DEFICIT) AFTER TAX		(191)	(91)	1,334	(4,871)	1,319
Financial assets at fair value through other revenue and expense	10	910	910	1,195	-	1,195
Gain/(Loss) on property, plant and equipment revaluations	10	15,528	15,528	18,665	31,324	18,665
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		16,247	16,347	21,193	26,453	21,178

Explanations of major variances against budget can be found in Note 36.

The accompanying notes form part of these financial statements

Southland District Council: Statement of changes in equity for the year ended 30 June 2021

	Note	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	COUNCIL 2020/2021 Budget (AP) (\$000)	GROUP 2020/2021 Actual (\$000)
Balance at 1 July		1,586,556	1,586,919	1,602,802	1,613,181	1,603,266
Total comprehensive revenue and expense for the year		16,247	16,347	21,193	26,453	21,178
Balance at 30 June		1,602,802	1,603,266	1,623,995	1,639,634	1,624,444

Explanations of major variances against budget can be found in Note 36.

The accompanying notes form part of these financial statements.

Southland District Council: Statement of financial position as at 30 June 2021

	Note	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	COUNCIL 2020/2021 Budget (AP) (\$000)	GROUP 2020/2021 Actual (\$000)
Equity						
Retained earnings	10	719,766	719,766	721,948	717,183	721,948
Asset revaluation reserves	10	837,648	837,648	856,313	883,988	856,313
Fair value reserves	10	3,577	3,577	4,771	2,666	4,771
Other equity	10	-	464	-	-	449
Other reserves	11	41,812	41,812	40,963	35,797	40,963
TOTAL EQUITY		1,602,802	1,603,266	1,623,995	1,639,634	1,624,444
Current assets						
Cash and cash equivalents	12	11,798	11,815	1,997	(2,742)	2,016
Trade and other receivables	13	11,126	11,129	10,261	9,840	10,262
Inventories	14	127	127	126	111	126
Other financial assets	15	2,018	2,428	2,523	314	2,913
Property, plant and equipment (held for sale)	16	-	-	-	-	-
		25,068	25,499	14,907	7,522	15,317
Non-current assets						
Property, plant and equipment	16	1,577,366	1,577,415	1,613,927	1,649,670	1,613,974
Intangible assets	17	3,618	3,618	4,835	3,449	4,835
Forestry assets	18	12,260	12,260	13,270	10,009	13,270
Investment in associates	26	945	945	1,418	-	1,418
Other financial assets	15	2	2	2	-	2
		1,594,191	1,594,240	1,633,452	1,663,128	1,633,499
TOTAL ASSETS		1,619,260	1,619,739	1,648,359	1,670,651	1,648,816
Current liabilities						
Trade and other payables	19	7,079	7,095	11,512	7,064	11,521
Deferred revenue	20	2,664	2,664	3,558	-	3,558
Contract retentions and deposits		450	450	538	325	538
Employee benefit liabilities	21	1,984	1,984	2,099	1,652	2,099
Development and financial contributions	22	1,746	1,746	1,621	2,115	1,621
Provisions	24	14	14	3	13	3
Borrowings	23	2,500	2,500	5,000	380	5,000
		16,437	16,452	24,330	11,549	24,339
Non-current liabilities						
Employee benefit liabilities	21	19	19	23	18	23

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Provisions	24	2	2	10	-	10
Borrowings	23	-	-	-	19,449	-
		21	21	33	19,467	33
TOTAL LIABILITIES		16,457	16,473	24,364	31,016	24,372
NET ASSETS		1,602,802	1,603,266	1,623,995	1,639,634	1,624,444

Explanations of major variances against budget can be found in Note 36.

The accompanying notes form part of these financial statements

Southland District Council: Statement of cashflows for the year ended 30 June 2021

	Note	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	COUNCIL 2020/2021 Budget (AP) (\$000)	GROUP 2020/2021 Actual (\$000)
Cash flows from operating activities						
Receipts from rates revenue		47,967	47,967	49,521	49,531	49,521
Receipts from Waka Kotahi NZ Transport Agency		15,002	15,002	17,161	15,507	17,161
Interest and dividends		334	343	106	73	114
Contribution from developers		220	220	39	-	39
Receipts from other revenue		15,833	15,946	21,254	13,499	21,254
Payment to suppliers and employees		(56,182)	(56,201)	(58,057)	(59,010)	(58,077)
Interest paid		(23)	(23)	(27)	(422)	(27)
GST (net)		433	440	765	-	760
Net cash inflow/(outflow) from operating activities		23,585	23,695	30,763	19,177	30,745
Cash flows from investing activities						
Receipts from sale of property, plant and equipment		(645)	(645)	124	63	124
Receipts from investments [^]		38,540	38,815	3,540	-	3,950
Purchase of property, plant and equipment		(26,726)	(26,726)	(42,592)	(38,799)	(42,592)
Acquisition of investments [^]		(39,327)	(39,737)	(4,054)	-	(4,444)
Purchase of intangible assets		(154)	(154)	(82)	(907)	(82)
Net cash inflow/(outflow) from investing activities		(28,312)	(28,447)	(43,064)	(39,643)	(43,044)
Cash flows from financing activities						
Proceeds from borrowings		2,500	2,500	5,000	20,000	5,000
Repayment of borrowings		(1,700)	(1,700)	(2,500)	(171)	(2,500)
Net cash inflow/(outflow) from financing activities		800	800	2,500	19,829	2,500
Net increase/(decrease) in cash and cash equivalents		(3,927)	(3,952)	(9,801)	(637)	(9,799)
Cash and cash equivalents at the beginning of the year		15,725	15,768	11,798	(2,105)	11,816
Cash and cash equivalents at the end of the year		11,798	11,816	1,997	(2,742)	2,017

[^] Prior year comparatives have been restated for comparability.

The accompanying notes form part of these financial statements

Southland District Council: Funding impact statement for the year ended 30 June 2021 (whole of Council)

COUNCIL 2019/2020 Budget (AP) (\$000)		COUNCIL 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	COUNCIL 2020/2021 Budget (AP) (\$000)
	Sources of operating funding			
17,571	General rates, uniform annual general charges, rates penalties	17,585	19,557	19,559
30,840	Targeted rates	30,786	30,053	29,972
6,103	Subsidies and grants for operating purposes	8,186	11,658	9,103
3,734	Fees and charges	3,149	4,607	4,733
68	Interest and dividends from investments	328	101	73
5,187	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	5,679	5,376	4,117
63,503	Total operating funding	65,712	71,352	67,556
	Applications of operating funding			
48,132	Payments to staff and suppliers	51,680	57,081	55,355
22	Finance costs ²	23	27	422
5,252	Other operating funding applications	4,252	3,642	3,914
53,407	Total applications of operating funding	55,954	60,750	59,692
10,096	Surplus (deficit) of operating funding	9,758	10,603	7,865
	Sources of capital funding			
10,806	Subsidies and grants for capital purposes	11,680	13,748	11,311
368	Development and financial contributions	587	164	24
-	Increase (decrease) in debt	-	-	19,829
123	Gross proceeds from sale of assets	130	356	63
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
11,297	Total sources of capital funding	12,397	14,268	31,227
	Applications of capital funding			
	Capital expenditure			
4,988	· to meet additional demand	2,845	6,176	4,419
12,967	· to improve the level of service	6,957	14,895	14,468
19,736	· to replace existing assets	17,949	21,866	20,819
(1,130)	Increase (decrease) in reserves	(734)	(849)	(2,534)
(15,168)	Increase (decrease) in investments	(4,862)	(17,217)	1,920
21,393	Total applications of capital funding	22,155	24,871	39,091
(10,096)	Surplus (deficit) of capital funding	(9,758)	(10,603)	(7,865)
-	Funding balance	-	-	-
	¹ includes all other operating funding from sources not identified above. ² interest on internal loans are included in internal charges and overheads applied/ recovered, which offset to nil and therefore are excluded from this statement. Actual total interest on internal loans for 2020/2021 was \$1,612,000 (2020: \$1,429,000).			

Southland District Council: Reconciliation of surplus/(deficit) of operating funding to net surplus/(deficit) before tax

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)	COUNCIL/GROUP 2020/2021 Budget (AP) (\$000)
Surplus/(deficit) of operating funding from funding impact statement	9,758	10,603	7,865
Depreciation	(23,888)	(24,979)	(23,815)
Subsidies and grants for capital purposes	11,680	13,748	11,311
Development and financial contributions	587	164	24
Gain on sale	64	238	63
Vested assets	684	-	-
Forestry revaluation	360	1,010	(321)
Emission trading units	119	87	-
Landfill contingency	6	3	3
Internal capital costs	4	1	-
Share of associates	55	474	-
Share of WasteNet (31%)	379	(18)	-
Share of Venture Southland (42%)	-	-	-
Net surplus/(deficit) before tax in Statement of Revenue and Expense	(192)	1,334	(4,871)

Southland District Council: Notes to the financial statements for the year ended 30 June 2021

1. Rates revenue

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
General rates	37,272	38,109
Targeted rates attributable to activities		
Water	3,544	3,809
Wastewater	4,135	3,903
Refuse	2,788	3,040
Septic tank cleaning	3	3
Rates penalties	370	391
Total revenue from rates	48,112	49,256

Rates revenue is shown net of rates remissions. SDC's rates remission policy, as set out in the 10 Year Plan, allows Council to consider the remission of rates in a number of circumstances. These include land voluntarily protected for natural, historical or cultural conservation purposes, properties that can be, but are not connected to, water and wastewater schemes, Sports Associations who have liquor licences, and licensed halls owned by general clubs, societies or associations. Remissions will also be considered where extreme financial hardship can be shown or natural calamities occur. Rates remissions during the year totalled \$483,032 (2020: \$402,033), rates on non-rateable land are included in these figures.

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates: schools, places of worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of wastewater, water or refuse.

Rating base information

In accordance with the Local Government Act 2002 Amendment Act 2014, Clause 30A of Schedule 10, the following rating base information is disclosed based on the rating base information at the end of the **preceding** financial year:

	COUNCIL/GROUP 1 July 2019 Actual (\$000)	COUNCIL/GROUP 1 July 2020 Actual (\$000)
Number of rating units within Southland District	20,524	20,621
Total rateable capital value within Southland District	21,116,687	21,200,175
Total rateable land value within Southland District	14,582,256	14,592,251

2. Other revenue

	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	GROUP 2020/2021 Actual (\$000)
Regulatory income	991	991	2,270	2,270
Other income (including Council's share of Venture Southland/WasteNet)	2,762	2,762	2,925	2,928
Provision of services	476	476	459	459
Rental and hire income	669	669	683	683
User charges	1,946	2,059	2,120	2,123
Sales revenue	3,015	3,015	2,431	2,431
Fines and infringements	29	29	34	34
Targeted water rates	243	243	314	314
Total other revenue	10,131	10,244	11,236	11,239

Operating leases as a lessor

Council owns land including recreation reserves, roadline reserves etc and these are leased under operating leases. The lease terms range from one to 60 years. Community housing leases are excluded from this note as they are periodic leases and cancellable. The future aggregate minimum lease payments to be collected under operating leases are as follows:

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Operating leases (as a lessor)		
Revenue on operating leases as lessor	135	138
Not later than one year	325	516
Later than one year and not later than five years	389	491
Later than five years	217	810
	931	1,817

3. Other gains/(losses)

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Gain/(loss) on changes in fair value of forestry assets	360	1,010
Gain/(loss) on disposal of property, plant and equipment	134	242
Total gains/(losses)	494	1,252

4. Exchange/non-exchange revenue

	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	GROUP 2020/2021 Actual (\$000)
Exchange revenue	7,352	7,352	6,694	6,700
Non-exchange revenue	73,136	73,262	81,186	81,189
Total revenue	80,488	80,614	87,881	87,889

5. Employee benefit expense

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Salaries and wages	13,897	15,287
Defined contribution plan employer contributions	528	648
Increase/(decrease) in employee entitlements	1	5
Total employee benefit expense	14,426	15,940

Employer contributions to defined contribution plans include contributions to KiwiSaver.

6. Other Council expenditure

	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	GROUP 2020/2021 Actual (\$000)
Audit fee - Southland District Council Annual Report	120	120	131	131
Audit fee - Southland District Council prior year Annual Report additional charges	6	6	-	-
Audit fee - Southland District Council Long Term Plan	-	-	92	92
Other assurance services from Audit NZ	32	36	27	31
Grants	3,470	3,470	3,318	3,318
Contractors	24,420	24,420	27,148	27,148
Insurance	572	575	601	604
Consultants and legal fees	3,447	3,448	4,288	4,289
Operating lease costs	260	260	480	480
Donations	20	20	32	32
Impairment of receivables	17	17	25	25
Other	10,030	10,046	9,935	9,948
Total other expenses	42,397	42,421	46,076	46,097

7. Remuneration – Mayor, councillors and chief executive

Chief executive

The previous Chief Executive ceased employment with Council on 2 October 2020, and the current Chief Executive commenced employment on 9 November 2020. Additionally, an interim Chief Executive was employed from 5 October 2020 to 6 November 2020.

The SDC chief executives appointed under Section 42 of the Local Government Act 2002 received a salary of \$389,754 (2020: \$356,269). Included in the salary for 2020/2021 year is accrued and outstanding annual leave of \$69,441 which was paid out upon the previous Chief Executive's departure.

For the year ended 30 June 2021, the total annual cost, including fringe benefit tax, to SDC of the remuneration package being received by the chief executives is calculated at \$393,760 (2020: \$360,267).

Elected representatives	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Mayor: Tong, Gary*^ (including FBT, carpark and private use of motor vehicle)	137	138
Baird, Stuart (including FBT) (did not seek re-election in October 2019)	11	-
Byars, Donald (including FBT and carpark) (elected October 2019)	20	31
Dillon, Brian* (including FBT) (not returned in October 2019)	14	-
Douglas, John^ (including FBT and carpark)	30	31
Duffy, Paul*^ (including FBT and carpark)	38	38
Ford, Bruce (including FBT)	30	31
Frazer, Darren*	30	31
Harpur, George^ (including FBT and carpark)	30	31
Keast, Julie* (including FBT and carpark)	36	38
Kremer, Ebel (including FBT and carpark)	40	44
Macpherson, Gavin *^ (including FBT) (did not seek re-election in October 2019)	14	-
Menzies, Christine* (including FBT and carpark) (elected October 2019)	20	31
Owen, Karyn (elected October 2019)	20	31
Paterson, Neil (including FBT) (not returned in October 2019)	10	-
Perham, Nicholas (including FBT) (not returned in October 2019)	10	-
Ruddenklau, Margaret* (including FBT and carpark) (elected October 2019)	20	31
Scott, Rob (including FBT and carpark) (elected October 2019)	20	31
Annual cost	530	538

Remuneration for councillors who are members of Council's Regulatory and Consents Committee* may be shown as higher than for other councillors. This additional remuneration is related to the number of hours these councillors spend in hearings and meetings for resource consent applications. These

additional costs are recovered from resource consent applicants via a separate resource consent hearing charge. The per hour fee is set by the Remuneration Authority at \$100 per hour for chairpersons (2020: \$100) and \$80 per hour for members (2020: \$80).

Remuneration for councillors who are members of the District Licensing Committee^ may be shown as higher than for other councillors. This additional remuneration is related to the number of hours these councillors spend in hearings and meetings for licensing applications. These additional costs are recovered from licensing applications. The per hour fee is set in accordance with section 195 of the Sale and Supply of Alcohol Act 2012 at \$78 per hour for chairpersons (2020: \$78) and \$51 per hour for members (2020: \$51).

Travel and other reimbursements are excluded from the above totals.

Please note, in relation to 2019/2020 year, the Local Government Members (Temporary Reduction – Covid-19) Determination 2020 reduced local government elected members whose remuneration was over \$100,000 per annum. This determination applied from 9 July 2020 to 6 January 2021. For Council, the mayor was the only elected member impacted by this reduction.

Total annual remuneration band for employees as at 30 June:	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
< \$60,000	71	80
\$60,000 - \$79,999	46	45
\$80,000 - \$99,999	30	33
\$100,000 - \$119,999	17	17
\$120,000 - \$139,999	13	13
\$140,000 - \$199,999	6	7
\$200,000 - \$359,999	4	2
Total employees	187	197

Total remuneration includes non-financial benefits provided to employees.

At balance date Council employed 124 (2020: 135) full-time employees, with the remaining 73 (2020: 52) staff representing 44 (2020: 33) full-time equivalent employees. As at 30 June 2021 there were eight vacant positions (2020: 11). A full-time employee is determined on the basis of a 40-hour working week.

8. Taxation

SDC and Milford Community Trust are exempt from income tax.

9. Depreciation and amortisation expense by group of activity

	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	GROUP 2020/2021 Actual (\$000)
Community services	1,064	1,064	1,157	1,157
District leadership	548	548	701	701
Regulatory services	81	81	85	85
Roads and footpaths	18,089	18,089	18,357	18,357
Solid waste management	119	119	124	124
Stormwater	448	448	692	692
Wastewater	1,976	1,976	2,148	2,148
Water supply	1,562	1,562	1,716	1,716
Total directly attributable depreciation and amortisation by group of activity	23,888	23,888	24,979	24,979
Depreciation and amortisation not directly related to group activities	-	2	-	1
Total depreciation and amortisation expense	23,888	23,890	24,979	24,980

10. Changes in equity and reserves

Retained earnings	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	GROUP 2020/2021 Actual (\$000)
As at 1 July	719,223	719,223	719,766	719,766
Transfer from other reserves (note 11)	734	734	849	849
Transfer from reserves	-	-	-	-
Transfer to fair value through statement of comprehensive revenue and expense reserve	-	-	-	-
Operating surplus for the year	(191)	(91)	1,334	1,319
Operating surplus for the year transferred to other equity (Milford Community Trust)		(100)		15
As at 30 June	719,766	719,766	721,948	721,948

Asset revaluation reserves	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
As at 1 July	822,120	837,648
Revaluation surplus/(deficit)	15,528	18,665
As at 30 June	837,648	856,313
Asset revaluation reserves consist of:		
<i>Infrastructural assets</i>		
Wastewater system	47,450	53,028
Water system	30,117	38,115
Stormwater system	15,912	25,241
Roading network	744,163	739,922
Artwork	6	6
Total	837,648	856,313

Fair value through statement of comprehensive revenue and expense reserve	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
As at 1 July	2,666	3,577
Net revaluation gains/(losses)	910	1,195
Transfer to retained earnings	-	-
Reclassification to surplus/(deficit) on disposal	-	-
As at 30 June	3,577	4,771

Fair value through statement of comprehensive revenue and expense reserve consist of:	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Share revaluation reserve	382	372
Emission trading unit revaluation reserve	3,195	4,399
Total	3,577	4,771

Other equity consists of:	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Milford Community Trust	464	449
Total	464	449

11. Other reserves

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
As at 1 July	42,546	41,812
Transfers from/(to) retained earnings	(734)	(849)
As at 30 June	41,812	40,963

Reserves consist of:	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
General reserves	38,391	37,816
Allocation committees	3,421	3,147
Total	41,812	40,963

See note 37 for detailed schedule of Council's reserves.

12. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	GROUP 2020/2021 Actual (\$000)
Cash at bank and in hand	3,798	3,815	1,997	2,017
Short term deposits and other investments maturing within three months	8,000	8,000	-	-
Total cash and cash equivalents	11,798	11,815	1,997	2,017

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

Financial assets recognised in a non-exchange transaction that are subject to restrictions

Council holds unspent funds, included in cash at bank and investments, of \$3.5 million (2020: \$3.5 million) that are subject to restrictions. These unspent funds relate to trusts and bequests received, waste minimisation reserve and other funds received with restrictions where the spending of the funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

13. Trade and other receivables

	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	GROUP 2020/2021 Actual (\$000)
Rates receivables	2,351	2,351	2,045	2,045
General receivables	4,688	4,688	2,236	2,236
Other receivables	3,586	3,589	5,465	5,466
Prepayments	533	533	558	558
	11,158	11,161	10,304	10,305
Less provision for doubtful debts	(32)	(32)	(43)	(43)
Net trade and other receivables	11,126	11,129	10,261	10,262
Total receivables comprise:				
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	9,987	9,990	9,303	9,304
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,139	1,139	958	958
	11,126	11,129	10,261	10,262

Rates Write-offs

The chief executive approved the write-off of rates receivables during the year under the Local Government (Rating) Act 2002 as follows: section 90A: \$57,270 (2020: \$197,165) and section 90B: \$Nil (2020: \$Nil).

Fair value

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

Impairment

Council does not provide for any impairment on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council can apply to the registrar of the High Court to have the judgement enforced by sale or lease of the rating unit. Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material. The ageing profile of receivables at year end is detailed below:

Aged trade and other receivables	COUNCIL 2020 Gross (\$000)	COUNCIL 2020 Impairment (\$000)	COUNCIL 2020 Net (\$000)	GROUP 2020 Gross (\$000)	GROUP 2020 Impairment (\$000)	GROUP 2020 Net (\$000)	COUNCIL 2021 Gross (\$000)	COUNCIL 2021 Impairment (\$000)	COUNCIL 2021 Net (\$000)	GROUP 2021 Gross (\$000)	GROUP 2021 Impairment (\$000)	GROUP 2021 Net (\$000)
Not past due	8,894	-	8,894	8,897	-	8,897	8,831	-	8,831	8,832	-	8,832
Past due 1-60 days	631	-	631	631	-	631	233	-	233	233	-	233
Past due 60-120 days	43	-	43	43	-	43	33	-	33	33	-	33
Past due > 120 days	1,590	(32)	1,558	1,590	(32)	1,558	1,207	(43)	1,164	1,207	(43)	1,164
Total	11,158	(32)	11,126	11,161	(32)	11,129	10,304	(43)	10,261	10,305	(43)	10,262

All receivables greater than 30 days in age are considered to be past due.

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Individual impairment	32	43
Collective impairment	-	-
Total Provision for impairment	32	43

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

An analysis of these individually impaired debtors is as follows:

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Past due 1-60 days	-	-
Past due 60-120 days	-	-
Past due > 120 days	32	43
Total individual impairment	32	43

Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

14. Inventories

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Roading	85	85
Other	42	41
	127	126

The carrying amount of inventories held for consumption that are measured at current replacement cost as at 30 June 2021 amounted to \$126,353 (2020: \$126,512). The write-down of inventory during the year was \$159 (2020: \$2,890). There have been no reversals of write-downs \$Nil (2020: \$Nil). The carrying amount of inventories pledged as security for liabilities is \$Nil (2020: \$Nil).

15. Other financial assets

Current portion	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	GROUP 2020/2021 Actual (\$000)
Short term deposits with maturities 1 - 3 months from 30 June	1,020	1,270	700	750
Short term deposits with maturities 4 - 12 months from 30 June	550	710	1,370	1,710
Short term loans	37	37	32	32
Unlisted shares in Civic Assurance	13	13	13	13
Unlisted shares in Milford Sound Tourism	398	398	388	388
Other financial assets	-	-	20	20
Total current portion	2,018	2,428	2,523	2,913

Non-current portion	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual	COUNCIL 2020/2021 Actual (\$000)	GROUP 2020/2021 Actual (\$000)
External loans with maturities greater than one year	2	2	2	2
Investments with maturities greater than one year	-	-	-	-
Total non-current portion	2	2	2	2
Total other financial assets	2,020	2,430	2,525	2,915

Security

Council holds a Security Stock Certificate dated 22 December 2009 for \$25,000,000 in favour of Westpac NZ Limited and Westpac Banking Corporation under a Debenture Trust Deed between SDC and Corporate Trust Limited (trading as Foundation Corporate Trust).

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Short-term loans

The carrying amount of short-term loans approximates their fair value.

Unlisted shares

Unlisted shares are recognised at fair value. Due to the immaterial size and nature of Council's investment in Civic Assurance and the Milford Sound Tourism, Council has estimated the fair value of this investment based on the net assets of each entity as at 31 December and 31 March respectively.

Impairment

There were no impairment expenses or provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

Maturity analysis and effective interest rates

This analysis is for short term deposits and other investments held with banking institutions, government stock or company bonds and incorporates the following:

	COUNCIL 2020 Short term deposits (\$000)	COUNCIL 2020 Other term deposits (\$000)	COUNCIL 2020 Stocks and bonds (\$000)	COUNCIL 2020 Total (\$000)	COUNCIL 2021 Short term deposits (\$000)	COUNCIL 2021 Other term deposits (\$000)	COUNCIL 2021 Stocks and bonds (\$000)	COUNCIL 2021 Total (\$000)
Short term deposits with maturities three months or less from 30 June weighted average effective interest rate	9,020 1.16%	-	-	9,020 1.16%	700 0.89%	-	-	700 0.89%
Short term deposits with maturities of four - 12 months from 30 June weighted average effective interest rate	550 2.30%	-	-	550 2.30%	1,370 0.97%	-	-	1,370 0.97%
	9,570			9,570	2,070	-	-	2,070

	GROUP 2020 Short term deposits (\$000)	GROUP 2020 Other term deposits (\$000)	GROUP 2020 Stocks and bonds (\$000)	GROUP 2020 Total (\$000)	GROUP 2021 Short term deposits (\$000)	GROUP 2021 Other term deposits (\$000)	GROUP 2021 Stocks and bonds (\$000)	GROUP 2021 Total (\$000)
Short term deposits with maturities three months or less from 30 June weighted average effective interest rate	9,270 1.20%	-	-	9,270 1.20%	750 0.87%	-	-	750 0.87%
Short term deposits with maturities of four - 12 months from 30 June weighted average effective interest rate	710 2.23%	-	-	710 2.23%	1,710 0.99%	-	-	1,710 0.99%
	9,980			9,980	2,460	-	-	2,460

16. Property, plant and equipment

2020/2021 Actual	Cost Revaluation 1 Jul 2020 (\$000)	Current Year Additions (\$000)	Transfers (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2021 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2020 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/ Write-Off* (\$000)	Accumulated Depreciation and Impairment Charges 30 Jun 2021 (\$000)	Carrying Amount 30 Jun 2021 (\$000)	Carrying Amount 1 Jul 2020 (\$000)
Operational Assets														
Art	76	-	-	-	-	-	76	-	-	-	-	-	76	76
Buildings	16,421	49	256	-	(138)	-	16,588	(7,856)	(419)	93	-	(8,182)	8,405	8,564
EDP hardware	1,989	198	-	-	(164)	-	2,024	(1,398)	(361)	160	-	(1,600)	424	591
Furniture and fittings	835	309	-	-	(331)	-	813	(602)	(88)	331	-	(359)	455	234
Improvements	7,822	1,461	71	-	(2,814)	-	6,539	(5,531)	(429)	2,803	-	(3,157)	3,382	2,291
Land	10,939	-	-	-	(11)	-	10,927	-	-	-	-	-	10,927	10,938
Library	1,869	176	-	-	(212)	-	1,833	(950)	(179)	212	-	(917)	916	919
Motor vehicles	2,101	355	-	-	(141)	-	2,315	(921)	(310)	97	-	(1,134)	1,181	1,180
Office equipment	199	-	-	-	(165)	-	34	(182)	(4)	165	-	(21)	13	17
Other equipment	307	11	-	-	(53)	-	265	(271)	(11)	53	-	(229)	36	36
Other plant	5,009	92	77	-	(190)	-	4,988	(3,869)	(161)	189	-	(3,842)	1,146	1,140
Landfill sites	115	-	-	-	-	-	155	(115)	-	-	-	(115)	-	-
Transfer stations	457	34	-	-	-	-	491	(457)	(1)	-	-	(458)	32	-
Work in progress*	467	428	(442)	-	--	-	453	-	-	-	-	-	453	467
Work in progress – Intangibles (note 17)	-	-	38	-	-	-	-	-	-	-	-	-	-	-
	48,599	3,113	-	-	(4,220)	-	47,459	(22,153)	(1,962)	4,102	-	(20,013)	27,446	26,451
Infrastructural assets at valuation														
Bridges	146,012	3,776	247	-	-	(14,392)	135,642	(2,712)	(2,949)		2,712	(2,949)	132,694	143,301
Footpaths	18,660	998	-	-	-	(940)	18,718	(619)	(627)		619	(627)	18,092	18,041
Wastewater other	64,153	-	-	-	-	1,411	65,563	(1,155)	(1,207)		1,155	(1,207)	64,356	62,998
Wastewater plant	14,422	-	-	-	-	2,172	16,594	(841)	(961)		841	(961)	15,633	13,581
Water other assets	43,333	-	1,195	-	-	6,888	51,415	(997)	(1,160)		997	(1,160)	50,255	42,336
Water plant	12,350	-	207	-	-	(451)	12,105	(564)	(555)		564	(555)	11,551	11,785

2020/2021 Actual	Cost Revaluation 1 Jul 2020 (\$000)	Current Year Additions (\$000)	Transfers (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2021 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2020 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/ Write-Off* (\$000)	Accumulated Depreciation and Impairment Charges 30 Jun 2021 (\$000)	Carrying Amount 30 Jun 2021 (\$000)	Carrying Amount 1 Jul 2020 (\$000)
Stormwater system	18,416	-	1,420	-	-	8,881	28,717	(448)	(692)		448	(692)	28,026	17,968
Unsealed roads	436,266	2,715	-	-	-	3,151	442,133	(3,257)	(3,395)		3,257	(3,395)	438,737	433,008
Cycle trail	6,662	15	-	-	-	(53)	6,624	(118)	(120)		118	(120)	6,504	6,545
Sealed roads	794,009	11,658	-	-	-	(9,843)	795,850	(11,083)	(10,958)		11,083	(10,958)	784,862	782,926
Street lighting	3,045	-	-	-	-	(144)	2,901	(196)	(198)		196	(198)	2,703	2,849
Work in progress*	15,098	20,600	(3,069)	-	-	-	32,628	-	-		-	-	32,628	15,098
	1,572,425	39,761	-	-	-	(3,325)	1,608,861	(21,990)	(22,820)		21,990	(22,820)	1,586,041	1,550,435
Other assets at cost														
Marine	951	-	-	-	(114)	-	837	(491)	(21)	114	-	(398)	439	460
Runways	5,059	-	-	-	-	-	5,059	(5,040)	(19)	-	-	(5,059)	-	19
Work in progress*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	6,010	-	-	-	(114)	-	5,896	(5,531)	(40)	114	-	(5,457)	439	479
Total SDC	1,627,034	42,874	-	-	(4,334)	(3,325)	1,662,217	(49,674)	(24,822)	4,216	21,990	(48,291)	1,613,926	1,577,365

2020/2021 Actual	Cost Revaluation 1 Jul 2020 (\$000)	Current Year Additions (\$000)	Transfers (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2021 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2020 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/ Write-Off* (\$000)	Accumulated Depreciation and Impairment Charges 30 Jun 2021 (\$000)	Carrying Amount 30 Jun 2021 (\$000)	Carrying Amount 1 Jul 2020 (\$000)
Milford Community Trust														
Building	54	-	-	-	-	-	54	5	(1)	-	-	(7)	47	49
Total Milford Community Trust	54	-	-	-	-	-	54	5	(1)	-	-	(7)	47	49
TOTAL GROUP	1,627,093	42,874	-	-	(4,334)	(3,325)	1,662,271	(49,679)	(24,824)	4,216	21,990	(48,296)	1,613,973	1,577,413

* Refer to table below for detail of work in progress.

2019/2020 Actual	Cost Revaluation 1 Jul 2019 (\$000)	Current Year Additions (\$000)	Transfers (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2020 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2019 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/ Write-Off* (\$000)	Accumulated Depreciation and Impairment Charges 30 Jun 2020 (\$000)	Carrying Amount 30 Jun 2020 (\$000)	Carrying Amount 1 Jul 2019 (\$000)
Operational assets														
Art	76	-	-	-	-	-	76	-	-	-	-	-	76	76
Buildings	15,897	10	513	-	-	-	16,421	(7,449)	(407)	-	-	(7,856)	8,564	8,448
EDP hardware	1,284	705	-	-	-	-	1,989	(1,150)	(249)	-	-	(1,398)	591	134
Furniture and fittings	778	58	-	-	-	-	835	(543)	(59)	-	-	(602)	234	235
Improvements	7,284	426	112	-	-	-	7,822	(5,189)	(342)	-	-	(5,531)	2,291	2,094
Land	10,529	357	-	187	(134)	-	10,939	-	-	-	-	-	10,938	10,529
Library	1,839	149	-	-	(119)	-	1,869	(895)	(174)	119	-	(950)	919	944
Motor vehicles	2,081	196	-	-	(176)	-	2,101	(768)	(301)	147	-	(921)	1,180	1,314
Office equipment	195	3	-	-	-	-	199	(178)	(4)	-	-	(182)	17	17
Other equipment	304	7	-	-	(4)	-	307	(260)	(11)	-	-	(271)	36	44
Other plant	4,991	75	8	-	(65)	-	5,009	(3,747)	(158)	37	-	(3,869)	1,140	1,243
Landfill sites	115	-	-	-	-	-	115	(115)	-	-	-	(115)	-	-
Transfer stations	457	-	-	-	-	-	457	(457)	-	-	-	(457)	-	-
Work in progress*	766	365	(671)	-	-	-	461	-	-	-	-	-	461	766
Work in progress – Intangibles (note 17)	-	-	37	-	-	-	-	-	-	-	-	-	-	-
	46,597	2,351	-	187	(499)	-	48,599	(20,752)	(1,705)	303	-	(22,153)	26,446	25,845
Infrastructural assets at valuation														
Bridges	146,343	2,611	-	-	-	(2,942)	146,012	(2,708)	(2,712)	-	2,708	(2,712)	143,301	143,635
Footpaths	18,478	317	8	102	-	(244)	18,660	(608)	(619)	-	608	(619)	18,041	17,869
Wastewater other	63,513	374	51	-	-	214	64,153	(1,125)	(1,155)	-	1,125	(1,155)	62,998	62,388
Wastewater plant	14,922	-	401	-	-	(901)	14,422	(844)	(841)	-	844	(841)	13,581	14,078
Water other assets	41,963	(28)	102	-	-	1,295	43,333	(962)	(997)	-	962	(997)	42,336	41,001
Water plant	12,512	5	68	-	-	(235)	12,350	(562)	(564)	-	562	(564)	11,785	11,950
Stormwater system	18,506	26	6	-	-	(121)	18,416	(440)	(448)	-	440	(448)	17,968	18,066
Unsealed roads	433,149	2,259	-	-	-	858	436,266	(3,254)	(3,257)	-	3,254	(3,257)	433,008	429,895

2019/2020 Actual	Cost Revaluation 1 Jul 2019 (\$000)	Current Year Additions (\$000)	Transfers (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2020 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2019 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/ Write-Off* (\$000)	Accumulated Depreciation and Impairment Charges 30 Jun 2020 (\$000)	Carrying Amount 30 Jun 2020 (\$000)	Carrying Amount 1 Jul 2019 (\$000)
Cycle trail	6,609	60	-	-	-	(7)	6,662	(116)	(118)	-	116	(118)	6,545	6,493
Sealed roads	788,123	9,567	-	395	-	(4,077)	794,009	(10,624)	(11,083)	-	10,624	(11,083)	782,926	777,499
Street lighting	2,749	32	-	-	-	264	3,045	(180)	(196)	-	180	(196)	2,849	2,569
Work in progress *	5,647	10,085	(635)	-	-	-	15,098	-	-	-	-	-	15,098	5,647
	1,552,515	25,308	-	497	-	(5,895)	1,572,425	(21,423)	(21,990)	-	21,423	(21,990)	1,550,435	1,531,092
Other assets at cost														
Marine	951	-	-	-	-	-	951	(470)	(21)	-	-	(491)	460	481
Runways	5,059	-	-	-	-	-	5,059	(5,001)	(40)	-	-	(5,040)	19	59
Work in progress *	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	6,010	-	-	-	-	-	6,010	(5,471)	(61)	-	-	(5,531)	479	540
Total SDC	1,605,122	27,659	-	684	(499)	(5,895)	1,627,034	(47,645)	(23,756)	303	21,423	(49,674)	1,577,360	1,557,477

2019/2020 Actual	Cost Revaluation 1 Jul 2019 (\$000)	Current Year Additions (\$000)	Transfers (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2020 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2019 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/ Write-Off* (\$000)	Accumulated Depreciation and Impairment Charges 30 Jun 2020 (\$000)	Carrying Amount 30 Jun 2020 (\$000)	Carrying Amount 1 Jul 2019 (\$000)
Venture Southland														
Furniture and fittings	95	-	-	-	(95)	-	-	(71)	-	71	-	-	-	25
Office equipment	30	-	-	-	(30)	-	-	(27)	-	27	-	-	-	2
Other equipment	68	-	-	-	(68)	-	-	(26)	-	26	-	-	-	42
Set up cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Venture Southland Trust vehicles	71	-	-	-	(71)	-	-	(11)	-	1	-	-	-	60
Building	82	-	-	-	(82)	-	-	(20)	-	20	-	-	-	63
Charitable trust	11	-	-	-	(11)	-	-	(7)	-	7	-	-	-	4
Total Venture Southland	358	-	-	-	(358)	-	-	(162)	-	162	-	-	-	196
Milford Community Trust														
Building	54	-	-	-	-	-	54	(4)	(2)	-	-	(5)	49	50
Total Milford Community Trust	54	-	-	-	-	-	54	(4)	(2)	-	-	(5)	49	50
TOTAL GROUP	1,605,534	27,659	-	684	(857)	(5,895)	1,627,088	(47,811)	(23,758)	465	21,423	(49,679)	1,577,408	1,557,723

* Refer to table below for detail of work in progress.

Core infrastructure assets

Included within the Council assets above are the following core Council assets:

Most recent replacement cost estimate for revalued assets	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Roading	1,802,206	1,820,929
Water		
Water plant	21,989	22,383
Water other assets	75,901	91,324
Stormwater		
Stormwater system	38,834	60,009

<i>Wastewater</i>		
Wastewater plant	32,515	37,127
Wastewater other	100,554	104,585

Work in progress

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Buildings	256	213
Improvements	80	101
Information Systems	51	20
Transfer stations	3	6
Other	-	99
SIESA	77	13
Roading and Footpaths	247	-
Wastewater	10,608	26,387
Water	2,811	5,627
Stormwater	1,432	614
Total Work in Progress	15,564	33,081

Urban portions of the State Highway network

The ownership of urban portions of the State Highway network is unclear although there is legal opinion that the ownership rests with local authorities. Waka Kotahi NZ Transport Agency maintains these highways in their entirety without any costs accruing to local authorities. As a consequence, even if ownership resides with local authorities, Waka Kotahi NZ Transport Agency controls the economic resources. Pending clarification of ownership and further consideration of the accounting issues that may arise, SDC has not recognised the urban portion of the State Highway network as an asset in these financial statements.

Leased assets

The net value of plant and equipment held under finance lease is \$Nil (2020: \$Nil).

Insurance of assets

The following disclosures are made in accordance with the Local Government Act 2002 Amendment Act 2014, Clause 31A of Schedule 10:

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Total value of all assets that are covered by insurance contracts (carrying amount at 30 June)	52,130	55,069
Maximum amount to which these assets are insured	205,425	231,099
Total value of all assets that are covered by financial risk sharing arrangements	140,525	175,265
Maximum amount available to Council under those arrangements	140,000	128,000
Total value of all assets that are self-insured (roads, footpaths, bridges, streetlighting)	1,384,092	1,383,592
Value of any fund maintained by Council for that purpose	1,443	1,443

In the event of natural disaster, central government may contribute up to 60 percent towards the restoration of water, drainage and sewerage assets, and provide a subsidy towards the restoration of roads.

Infrastructural assets

Appropriately qualified personnel from WSP Opus have completed a revaluation of District roading, footpaths and bridge asset networks as at 30 June 2021. Land values associated with Council's roading network are the values from the 2005/2006 road network valuation, which is deemed cost and have not been revalued.

Additionally, Waugh Infrastructure Management Limited have completed a revaluation of the water supply, sewerage scheme and stormwater assets as at 30 June 2021.

Revaluations of roading, water, sewerage and stormwater assets are carried out annually.

Sewerage, water, stormwater, and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- The replacement cost reflects existing assets and network capacity. There is possibly some obsolescence in the network due to declining populations in remote locations. However, with increasing water quality requirements, moving service populations to un-serviced populations would not support New Zealand's wider ambitions for quality of water for all. Additionally, the spread of the existing population is likely to remain and therefore the extent of existing network is also assumed to be required in the future.
- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (based on the March 2021 quarter index and then extrapolated to June 2021) for civil constructions to convert them to current dollar value at the valuation date.

• Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over-or underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and the International Infrastructure Management Manual, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provide further assurance over useful life estimates.

Heritage assets

Council-owned heritage assets include artworks, war memorials, viaducts and railway memorabilia.

Artworks are revalued every three - five years. These have been valued by an independent valuer of International Art Centre, Auckland, as at 30 June 2018 and recorded at fair value.

War memorials, viaducts and railway memorabilia are typically vested to Council and thus are recorded at no consideration in the fixed asset schedule. Given the nature of these assets, Council is unable to determine their fair value as there is no active market for such assets.

17. Intangible assets

Computer software	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Cost		
Opening cost at 1 July	2,016	2,150
Additions	146	82
Disposals	(12)	(370)
Closing cost at 30 June	2,150	1,862
Accumulated amortisation and impairment		
Balance at 1 July	(1,810)	(1,931)
Amortisation charge	(133)	(156)
Impairment	12	370
Closing at 30 June	(1,931)	(1,717)
Net book value at 30 June	219	145

Trademarks/patents	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Opening cost at 1 July	-	8
Additions	8	-
Disposals	-	-
Closing cost at 30 June	-	-
Accumulated amortisation and impairment		
Balance at 1 July	-	-
Amortisation charge	-	-
Impairment	-	-
Closing at 30 June	-	-
Net book value at 30 June	8	8

Emission trading units	COUNCIL/GROUP 2019/2020 Units	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Units	COUNCIL/GROUP 2020/2021 Actual (\$000)
Opening balance at 1 July	101,940	2,360	105,632	3,391
Additions	3,692	119	1,997	87
Disposals / Surrendered	-	-	-	-
Change in market value 30 June	-	912	-	1,204
Closing balance at 30 June	105,632	3,391	107,629	4,682
Total intangible assets		3,618		4,836

Council is part of the Emissions Trading Scheme (ETS) for both its pre-1990 forests (mandatory participation) and its post-1989 forests (voluntary participation).

Under the ETS Council is allocated New Zealand Units (NZUs). An initial free allocation of NZUs is provided in relation to pre-1990 forests. An annual allocation of NZUs is provided in relation to post 1989 forests as carbon is sequestered (from 1 January, 2008).

Council accounts for NZUs allocated at a market value of \$43.50 per unit (2020: \$32.10).

Emission Trading Units 2021	COUNCIL/GROUP Pre-1990 Forest	COUNCIL/GROUP Post-1989 Forest	COUNCIL/GROUP Total
Productive area (hectares)	1,384	116.8	1,500.8
NZUs opening balance 1 July	82,914	22,718	105,632

NZUs allocated/transferred during the year	-	1,997	1,997
NZUs sold during the year	-	-	-
NZUs on hand at 30 June	82,914	24,715	107,629

Emission Trading Units 2020	COUNCIL/GROUP Pre-1990 Forest	COUNCIL/GROUP Post-1989 Forest	COUNCIL/GROUP Total
Productive area (hectares)	1,384	116.8	1,500.8
NZUs opening balance 1 July	82,914	19,026	101,940
NZUs allocated/transferred during the year	-	3,692	3,692
NZUs sold during the year	-	-	-
NZUs on hand at 30 June	82,914	22,718	105,632

Post-1990 Forests

1,997 units (2020: 3,692) were received during the year on 116.8 hectares of post-1989 land. Future allocation of NZUs relating to post-1989 forests will depend on the amount of carbon sequestered by those forests. The units have been valued at the balance sheet date based on the estimated market value of \$43.50 per unit (2020: \$32.10). Tax is payable on the receipt or sale of the post-1989 units. Liabilities for emissions relating to post-1990 forest land are capped at the amount of NZUs previously allocated. Accordingly, NZUs are gained as forests grow and are surrendered as forests are harvested or removed in any other way. At balance date no liability for surrender of post-1989 NZUs has been accrued, because the forests are intact.

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Impairment

Emission Trading Units

Council considers there is no impairment of ETUs held as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations. ETUs have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit as long as the Emissions Trading Scheme is in place.

18. Forestry assets

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Balance at 1 July	11,900	12,260
Increase due to purchases	-	-
Gains/(losses) arising from changes attributed to physical changes	1,250	1,260

Gains/(losses) arising from changes attributed to price changes	800	1,070
Decreases due to harvest	(1,690)	(1,320)
Balance at 30 June	12,260	13,270

SDC owns 1,839 hectares of forest in five areas: Dipton, Gowan Hill, Ohai (2 sites), and Waikaia, which are managed as one forest. The tree crop covers 1,421.2 hectares (2020: 1,391 hectares). The predominant species grown in these four blocks is Radiata pine followed by Douglas fir. The age of the tree crop ranges from one year to 38 years. In the year ending 30 June 2021, Council sold 35.5 hectares of timber for \$2.4 million (2020: 52 hectares of timber for \$3.0 million).

There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

Council instructed Woodlands Pacific Consulting Limited (Woodlands Pacific), to independently value its forestry assets as at 30 June 2021. Woodlands Pacific is a firm of forestry consultants and valuation experts with extensive experience valuing forests nationally and internationally. The valuation was undertaken in a manner consistent with Public Benefit Entity International Public Sector Accounting Standard 27. The objective of the PBE IPSAS 27 Standard is estimating “fair value” for financial reporting purposes.

Valuation conventions

A pre-tax discount rate of 7.5% (2020: 7.5%) has been used in discounting the present value of expected future cash flows;

Only the current tree crop is valued, in accordance with the valuation standard;

Land use cost are recognised by applying notional land rental based on the prevailing market rentals of forestry land in the Otago/Southland region;

Woodlands Pacific assumes inflation will affect costs and prices equally;

Current log prices are used reverting to long-term prices.

Financial risk management strategies

Council is exposed to financial risks arising from changes in timber prices. Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

The normal risks to forests in New Zealand are assumed to be incorporated into the discount rates chosen for the valuation. Forest fire is covered by way of insurance and the annual premiums are included in the overhead costs.

19. Trade and other payables

	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	GROUP 2020/2021 Actual (\$000)
<i>Payables and deferred revenue under exchange transactions</i>				
Trade payables and accrued expenses	5,593	5,604	8,782	8,791
Total	5,593	5,604	8,782	8,791
<i>Payables and deferred revenue under non-exchange transactions</i>				
Income taxes payable	180	180	204	204
Other taxes payable (ie GST and FBT)	31	36	36	36
Grants payable	277	277	688	688
Other	997	997	1,802	1,802
Total	1,486	1,490	2,730	2,730
Total trade and other payables	7,079	7,095	11,512	11,521

Payables are generally non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of payables approximates their fair value. All trade and other payables are current. There is nothing past due.

20. Deferred revenue

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Grants (subject to conditions not yet met)	1,586	2,288
Dog registrations in advance	232	201
Outstanding building consents	846	1,070
Total deferred revenue	2,664	3,558

Grants

2021 grants include:

- \$1.84 million from Department of Internal Affairs for three waters stimulus projects.
- \$328,000 from Ministry of Business, Innovation and Employment (“MBIE”) towards the Milford opportunities project.
- \$90,000 from various NZ councils for the three waters collaboration project.
- \$14,000 from NZ Walking Access Commission for Around the Mountains Cycle Trail.

- \$8,000 from MBIE for Around the Mountains Cycle Trail cattle stop improvements.

2020 grants include:

- \$174,000 from Ministry of Business, Innovation and Employment (“MBIE”) towards maintaining Around the Mountains Cycle Trail.
- \$919,000 from MBIE towards the Milford opportunities project.
- \$485,000 from MBIE towards Stewart Island/Rakiura wind power investigation project.
- \$5,000 from Great South for the Isla Bank war memorial restoration.
- \$3,000 from Great South for the Menzies memorial archway restoration project.

Outstanding building consents

Council receives income from ratepayers to undertake inspections in relation to issuing of building consents. Each building consent typically requires multiple inspections which occur over an extended period, sometimes longer than 12 months. Historically, Council has recognised this income as revenue upon receipt as Council systems have not been able to be relied upon to estimate deferred revenue.

During 2020/2021, Council has undertaken a significant amount of work on outstanding building consents and have estimated the value of outstanding building consents that should be recognised as deferred revenue at 30 June 2021 of \$1.07 million (2020: \$846,000). This change in accounting estimate has been reflected in the 2020/2021 financial results.

21. Employee benefit liabilities

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Current		
Holiday pay accrual	1,536	1,579
Long service leave	5	5
Wages accrual	443	514
	1,984	2,099
Non-current		
Retirement gratuity	19	23
Long service leave (potential)	-	-
	19	23
Total employment entitlements	2,003	2,122

Key assumptions in measuring retirement and long service leave obligations

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability. A discount rate of 7% (2020: 7.0%) and an inflation rate of 3% (2020: 3.0%) were used.

22. Development and financial contributions

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Roading contributions	414	408
Wastewater contributions	565	565
Water contributions	432	370
Reserves contributions	335	279
Total development and financial contributions	1,746	1,621

23. Borrowings

Current portion	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Short term loan – Westpac	2,500	5,000
Total current portion	2,500	5,000

Council's external borrowings is a Multi Option Credit Line which is secured by a security stock certificate in favour of Westpac NZ Limited and Westpac Banking Corporation under a Debenture Trust Deed between Southland District Council and Corporate Trust Limited (trading as Foundation Corporate Trust). Interest is incurred at 1.70% per annum at 30 June 2021 (2020: 1.45%). At 30 June 2021, the \$5.0 million loan facility was fully drawn down (2020: \$2.5 million), however it was repaid on 16 July 2021.

Internal loans

Internal loans total \$52.5 million (2020: \$35.4 million). These loans are not represented in the statement of financial position.

Council's internal loans are designed to help local communities within Southland District to develop or improve new or existing facilities and undertake other major projects. Loans are for a maximum period of 30 years depending on the nature of the project being funded. The interest rate applied to these loans was 4.65 percent (2020: 4.65 percent). A summary of these internal loans by group activity follows:

Internal loans

	COUNCIL/GROUP Balance 2020 (\$000)	COUNCIL/GROUP New Advances (\$000)	COUNCIL/GROUP Total Repayments (\$000)	COUNCIL/GROUP Interest Paid (\$000)	COUNCIL/GROUP Balance 2021 (\$000)
Community services	3,990	1,728	(470)	197	5,248
District leadership	2,631	203	(232)	136	2,583
Regulatory services	55	299	(14)	2	340
Roads and footpaths	8,171	1,746	(209)	377	9,726
Solid waste	301	57	(73)	155	285
Stormwater	1,296	(305)	(32)	46	960
Wastewater	9,479	12,852	(473)	297	21,859
Water supply	9,415	2,325	(285)	402	11,454
	35,338	18,906	(1,789)	1,612	52,455

24. Provisions

Provisions are represented by:	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Opening balance - landfill aftercare provision	22	16
Unused amounts reversed during the year	(6)	(3)
Closing balance - landfill aftercare provision	16	13
Other provisions	-	-
	16	13
Current	14	3
Non-current	2	10
Closing balance	16	13

All SDC landfill sites have been closed. Council has a responsibility, under the various consents, to provide ongoing maintenance and monitoring of the sites after they are closed. There are closure and post-closure responsibilities such as the following:

Closure responsibilities:

- final cover application and vegetation

- incremental drainage control features
- completing facilities for leachate collection and monitoring
- completing facilities for water quality monitoring.

Post closure responsibilities:

- treatment and monitoring of leachate
- ground water and surface monitoring
- implementation of remedial measures such as cover and control systems
- ongoing site drainage and final cover and vegetation.

The cash outflows for post-closure costs are not expected to occur until 2025. The long-term nature of the liability means there are inherent uncertainties in estimating costs that will be incurred. For instance, some sites may not be required to be continually monitored for the full 20 years, if the results are found to be within appropriate levels. The provision has been estimated taking this into account and is discounted using a discount rate of 5 percent.

25. Investment in joint operations

WasteNet

Council has a 31 percent interest in WasteNet, a jointly controlled operation of Council. The principal activity of WasteNet is managing the disposal of rubbish and recycling in Southland.

Council’s interest in the joint venture is disclosed in the financial statements under the classifications shown below.

Council’s interest in WasteNet is represented by:	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
<i>Share of:</i>		
Income	1,263	1,465
Expenses	(1,072)	(1,481)
Share of surplus/(deficit)	191	(16)
<i>Share of:</i>		
Current assets	742	636
Current liabilities	(363)	(273)
Equity	379	363

26. Investment in associates

Council has investments in the following associated entities:

- Venture Southland (VS) – 42% (2020: 42%)
- Southland Regional Heritage Committee (SRHC) – 33% (2020: 33%)
- Emergency Management Southland (EMS) – 28.27% (2020: 28.27%)
- Southland Regional Development Agency Limited Trading as Great South (GS) – 48.73% (2020: 48.73%)

					COUNCIL/GROUP 2020/2021 Actual (\$000)
<i>Council's interest in associates is represented by:</i>	VS	SRHC	EMS	GS	Total
Share of income	-	613	390	3,915	4,918
Share of expenses	19	(648)	(363)	(3,452)	(4,444)
Share of surplus/(deficit)	19	(35)	27	463	474
Share of assets	76	271	55	2,833	3,235
Share of liabilities	(1)	(131)	-	(1,685)	(1,817)
Share of equity	75	140	55	1,148	1,418
Share of associates' contingent liabilities incurred jointly with other investors	-	-	-	-	-
Share of associates' joint commitments with other investors	-	47	-	-	47

					COUNCIL/GROUP 2019/2020 Actual (\$000)
<i>Council's interest in associates is represented by:</i>	VS	SRHC	EMS	GS	Total
Share of income	214	565	595	2,110	3,485
Share of expenses	(94)	(586)	(711)	(2,145)	(3,537)
Share of surplus/(deficit)	119	(21)	(116)	35	(52)
Share of assets	74	222	32	1,493	1,821
Share of liabilities	(18)	(47)	-	(812)	(877)
Share of equity	56	175	32	681	945
Share of associates' contingent liabilities incurred jointly with other investors	-	-	-	-	-
Share of associates' joint commitments with other investors	-	-	-	-	-

27. Reconciliation between the operating surplus (from the statement of revenue and expense) and net cash from operating activities (from the statement of cash flows)

	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	GROUP 2020/2021 Actual (\$000)
Operating surplus	(191)	(91)	1,334	1,319
Add/(less) non-cash Items				
Share of associate's surplus	(55)	(55)	(474)	(474)
Depreciation and amortization	23,888	23,889	24,979	24,980
Vested assets	(684)	(684)	-	-
Forestry revaluation	(360)	(360)	(1,010)	(1,010)
Loss on emission trading units	-	-	-	-
Reclassification of work in progress (Intangibles)	-	-	-	-
Add/(less) movements in working capital items				
Trade and other receivables	(1,717)	(1,718)	647	647
Interest receivable	22	22	23	25
Inventories and work in progress	8	8	-	-
Trade and other payables	2,198	2,200	4,837	4,836
Provision	-	-	(11)	(11)
Net GST	433	440	765	760
Development and financial contributions	(367)	(367)	(125)	(125)
Other				
Movement in employee benefit liabilities	402	402	119	119
(Gains)/losses on disposal of investments	15	15	(329)	(329)
Movement in provision for decommissioning	(6)	(6)	8	8
Net cash inflow/(outflow) from operating activities	23,585	23,695	30,763	30,745

28. Financial instruments

Council has policies providing risk management for interest rates and the concentration of credit risk. Council is risk averse and seeks to minimise exposure from its treasury activities and has established a treasury policy specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature to be entered into.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return from an investment. Council's exposure to fair value rate risk is limited to its short-term bank deposits at floating interest rates and a bank advance facility.

The interest rates on Council's investments are disclosed in note 15. There are no interest rate options or interest rate swap agreements in place at 30 June 2021 (2020: Nil).

Sensitivity analysis

The table below illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Council's financial exposures at the balance date.

Interest rate risk	COUNCIL/GROUP 2019/2020 Actual (\$000)		COUNCIL/GROUP 2020/2021 Actual (\$000)	
	+100bps	-100bps	+100bps	-100bps
Cash and cash equivalents	80	(80)	-	-
Borrowings	-	-	-	-

Explanation of sensitivity analysis

Cash and cash equivalents include short-term deposits at call totalling \$Nil (2020: \$8.0 million) which are at fixed rates. A movement in interest rates of plus or minus 1.0 percent has an effect on interest income of \$Nil (2020: \$80,000).

Council has a bank advance facility of \$5.0 million. This can be drawn down on when required. At 30 June 2021, the \$5.0 million loan facility was fully drawn down (2020: \$2.5 million), however it was repaid on 16 July 2021. Therefore, there is no interest rate risk (2020: Nil).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council has minimal transaction in the overseas market so the exposure to this risk is very low.

Credit risk

Credit risk is the risk that a third party will default on its obligations to Council causing Council to incur a loss.

SDC has minimal credit risk in its holdings of various financial instruments. These financial instruments include bank balances and company bonds.

Council limits the amount of credit exposure to any one institution by using a risk weighting methodology based on Standard and Poor's credit ratings.

In the normal course of business Council incurs credit risk with both general and rates debtors. Council has approved a credit control policy to monitor and manage its exposure to this credit risk and has special legislative powers to collect rates.

Council's maximum exposure to each class of financial instruments is as follows:

	Note	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	GROUP 2020/2021 Actual (\$000)
Cash and cash equivalents	12	11,798	11,815	1,997	2,017
Trade and other receivables (excluding prepayments)	13	10,593	10,596	9,703	9,704
Other financial assets (excluding shares in companies)	15	1,609	2,019	2,124	2,514
Total credit risk		24,000	24,430	13,824	14,235

	Note	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)	COUNCIL 2020/2021 Actual (\$000)	GROUP 2020/2021 Actual (\$000)
Cash at bank and term deposits					
AA-	12, 15	13,368	13,795	4,067	4,477
Total cash at bank and term deposits		13,368	13795	4,067	4,477
Other financial assets					
AA-	15	450	450	455	455
Total financial assets		450	450	455	455

Liquidity risk

Liquidity risk is the risk that Council will encounter difficulty in raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, and the ability to access investment funds whenever necessary.

Contractual maturity analysis of financial assets and liabilities

The table below analyses Council's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Note	Less than 1 Year	1 Year	2 - 5 Years	COUNCIL Total 2021
Financial assets					
Cash and cash equivalents	12	1,997	-	-	1,997
Trade and other receivables (excluding prepayments)	13	9,703	-	-	9,703
Other financial assets (excluding shares in companies)	15	2,124	-	-	2,124
Financial liabilities					
Trade and other payables	19	11,272	-	-	11,272
Borrowings	23	5,000	-	-	5,000

	Note	Less than 1 Year	1 Year	2 - 5 Years	GROUP Total 2021
Financial assets					
Cash and cash equivalents	12	2,017	-	-	2,017
Trade and other receivables (excluding prepayments)	13	9,704	-	-	9,704
Other financial assets (excluding shares in companies)	15	2,514	-	-	2,514
Financial liabilities					
Trade and other payables	19	11,281	-	-	11,281
Borrowings	23	5,000	-	-	5,000

	Note	Less than 1 Year	1 Year	2 - 5 Years	COUNCIL Total 2020
Financial assets					
Cash and cash equivalents	12	11,798	-	-	11,798
Trade and other receivables (excluding prepayments)	13	10,593	-	-	10,593
Other financial assets (excluding shares in companies)	15	1,609	-	-	1,609
Financial liabilities					
Trade and other payables (excluding taxes payable)	19	6,868	-	-	6,868
Borrowings	23	2,500	-	-	2,500

	Note	Less than 1 Year	1 Year	2 - 5 Years	GROUP Total 2020
Financial assets					
Cash and cash equivalents	12	11,815	-	-	11,815
Trade and other receivables (excluding prepayments)	13	10,596	-	-	10,596
Other financial assets (excluding shares in companies)	15	2,019	-	-	2,019

Financial liabilities					
Trade and other payables	19	6,879	-	-	6,879
Borrowings	23	2,500	-	-	2,500

29. Related parties

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Council would have adopted in dealing with the party at arm's length in the same circumstances.

Key Management Personnel	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
<i>Councillors</i>		
Remuneration	530	538
Full-time equivalent members	13 FTE	13 FTE
<i>Executive leadership team, including the chief executive</i>		
Remuneration	1,553	1,671
Full-time equivalent members	6.9 FTE	6.7
Total key management personnel compensation	2,083	2,209
Total full-time equivalent personnel	19.9 FTE	19.7 FTE

Key management personnel include the mayor, councillors, chief executive, group manager environmental services, group manager services and assets, group manager community and futures (until February 2021), group manager customer delivery, group manager programme delivery (from April 2021), chief financial officer, and people and capability manager.

Due to the difficulty in determining the full-time equivalent for councillors, the full-time equivalent figure is taken as the number of councillors.

30. Events after balance date

Trudie Hurst (group manager customer delivery) and Janet Ellis (people and capability manager) ceased employment with Council in July 2021.

On 13 July 2021, Council joined the Local Government Funding Agency (LGFA). LGFA specialises in financing the New Zealand local government sector, with the primary purpose being to provide more efficient financing costs and diversified financing sources for local authorities. The LGFA was established to raise debt on behalf of local authorities on terms that are more favourable than if they raised debt directly themselves. Council is a guaranteeing local authority, thereby agreeing to guarantee the financial obligations of the LGFA by way of security over SDC rates, in exchange for lower interest rates.

In July 2021, Council received funding from the Ministry of Business, Innovation and Employment's Tourism Infrastructure Fund. This was for the following tourism-related infrastructure projects:

- Te Anau Wastewater project (\$1.5 million),
- upgrade the boat ramp, toilets and carpark at Pearl Harbour, Manapouri, and upgrade the access road and toilets at Fraser's Beach, Manapouri (\$1.1 million),
- replacement of two boat ramps in Te Anau, and installation of a new toilet at Bluegum Point (\$440,000),
- build a viewing platform at Observation Rock, Stewart Island (\$99,125), and
- replacement of Ulva Island Wharf, Stewart Island (\$600,000).

In July 2021, judicial review proceedings were brought against Council by the Royal Forest and Bird Society of New Zealand Inc. The proceedings concern Council's decision to enter into an access arrangement with Bathurst Resources Limited for exploration over Council-owned land at Ohai, as well as negotiation of an access agreement for mining the land. A hearing date is set for July 2022.

On 17 August 2021, community transmission of the Delta variant of the Covid-19 virus occurred in New Zealand, which resulted in the country returning to level 4 lockdown, subsequent level changes, and the introduction of the Covid-19 Protection Framework from 3 December 2021. The impact of Covid-19 on Council is discussed further in Note 35.

On 7 September 2021, Waka Kotahi NZ Transport Agency announced an additional \$5.0 million of funding for roading assets for the three-year period to 30 June 2024.

On 15 September 2021 Council approved the transfer of the Hedgehope golf clubrooms building to the Hedgehope Golf Club.

The three waters reform programme was initiated in July 2020 in response to challenges facing delivery of drinking water, wastewater and stormwater services nationwide. On 27 October 2021 the government announced that four publicly owned entities will be established to be responsible for the management and delivery of these three services across the country, accordingly removing these responsibilities from local authorities. This change is planned to take effect from 1 July 2024.

On 26 November 2021, Council entered into an agreement to acquire a block of land in Riversdale.

Other than the matters noted above, there were no significant events subsequent to balance date.

31. Statement of contingencies

A contingency represents future expenditure that either:

May or may not be expended, in part or in full, at some future date; or

Future expenditure that will be incurred at a future date, but which is unable to be quantified at this time.

Contingent liabilities

Contingent liabilities as at 30 June 2021 total \$1,349,300 (2020: \$1,219,300). Specific details are as follows:

(a) Guarantees

There are no guarantees at 30 June 2021 (2020: Nil)

(b) Building Act claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect to the issue of building consents and inspection of work done. At the date of this report there were several matters under this Act indicating liabilities to Council of \$1,349,300 (2020: \$1,119,300). These potential claims have been brought to the SDC insurer's attention.

(c) Weather-tight homes claims

The Weather-tight Homes Resolution Services (WHRS) receives claim applications and provides mediation services to resolve leaky home disputes as an alternative to the courts. Included in the Building Act potential liability noted in (b) above are potentially for weather-tight home claims. However, as of 30 June 2021 (2020: Nil), no claims have been lodged with the WHRS against Council. If, in future, there are claims against Council, it is expected the successful claims will be substantially covered under the SDC's insurance policies.

(d) Council Mutual Insurance Fund - Riskpool

Council withdrew as a member of a mutual liability fund, Riskpool, as at 30 June 2015. This organisation was established in 1997 to provide councils with commercial insurance options for risk issues facing them. Over the past few years, as a result of the number of claims facing local authorities on the weather-tightness of homes, the fund has been required to be topped up by members by way of a number of calls. As Council was a member from 1 July 2000 to 30 June 2015 Council is liable for any calls for funds relating to these years. The fund currently has reinsurance from 1 July 2013. However, it is expected that there will not be any further calls in the future.

(e) Emission Trading Scheme

Council owns approximately 1,500.8 hectares of forest, of which 1,384 hectares are pre-1990 land under the Emissions Trading Scheme. As at 30 June 2021 zero hectares (2020: zero) of forest were harvested and unplanted.

(f) Closed landfill sites

Council has a number of closed landfill sites. Council recognises that some of these may require a resource consent, and additional work may be required to meet the requirements of any consent. At balance date, the requirements have not been established by Environment Southland.

Council currently has a provision in relation to landfill post-closure costs that were identified in 2005, and details are included in note 24 to these financial statements.

(g) Resource Management Act 1991 (RMA) prosecutions

As part of day to day operations, Council pursue a range of enforcement actions for breaches of the RMA. Currently Council is pursuing an enforcement order in relation to removal of indigenous vegetation in Te Anau. A court date has been set for April 2022. If unsuccessful, the Court may order Council to pay the respondent's costs.

(h) Contingent assets

Council has no contingent assets as at 30 June 2021 (2020: Nil).

32. Capital and operating lease commitments

A commitment exists where Council has entered into contracts but the goods and/or services have not been provided by balance date.

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Capital commitments		
<i>Commitments for capital expenditure contracted, but not provided for:</i>		
Water system	768	3,394
Stormwater system	-	-
Sewerage system	15,627	214
Roading	13,295	22,213
Other	1,017	2,999
	30,707	28,821

	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Operating leases (as a lessee)		
<i>Commitments for non-cancellable operating leases:</i>		
Not later than one year	383	385
Later than one year and not later than five years	1,373	1,018
Later than five years	-	-
	1,756	1,403

Venture Southland	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2020/2021 Actual (\$000)
Operating leases		
<i>Commitments for non-cancellable operating leases:</i>		
Not later than one year	83	-
Later than one year and not later than five years	56	-
Later than five years	-	-
	139	-

33. Severance payments

For the year ended 30 June 2021, Council made three severance payments of \$193,375 (2020: one employee totalling \$25,000). The value of each of the severance payments was \$127,875, \$40,000 and \$25,500.

34. Capital management

Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The LGA requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

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

The LGA requires Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's LTP.

Council has the following Council-created reserves:

- reserves for different areas of benefit;
- general reserves; and
- trust and bequest reserves.

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

General reserves are built up typically from specific events (ie an asset sale) and are made available for specific unforeseen events or major projects. The release of these funds can generally only be approved by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable, and deductions are made where funds have been used for the purpose they were donated.

35. The impact of Covid-19 on Council

Subsequent to the 2020 World Health Organisation pandemic declaration and nationwide Covid-19 lockdown in March-April 2020, New Zealand was exposed to a further transmission of the more contagious delta strain of the Covid-19 virus on 17 August 2021. The country was in lockdown at alert level four from 18 -31 August 2021. With the majority of the community transmission occurring in the Auckland area, the remainder of the country dropped to alert level 3 on 1 September and progressed to alert level 2 one week later on 8 September. The country's border has been closed to the majority of the world since March 2020 and continues to date.

During alert levels 4 and 3, Council closed all its offices and public facilities. With staff working from home, essential Council services (such as roading, water and wastewater) continued to be delivered.

During alert level 2, Council returned to providing all services to the community with heightened health and safety measures around use of masks, scanning, social distancing, personal protective equipment and cleaning regimes.

At 11.59pm on 2 December 2021 New Zealand moved to the Covid-19 Protection Framework (traffic lights), with vaccination as the key strategy to minimise the spread of Covid-19. Individuals' vaccination status is recorded in a My Vaccination Pass. The entire South Island was in orange traffic light status, in which many of the restrictions of the previous alert levels system were lifted if My Vaccine Pass requirements were followed. Southland District Council opted not to mandate vaccination for staff or to enforce the use of My Vaccine Passes to access Council libraries and offices, but continued with the previously mentioned health and safety measures.

The effect on Council's operations is reflected in these financial statements, based on the information available to the date these statements are signed. The impact is considered to be relatively minimal as Council does not operate significant public facilities (such as transport systems, pools, stadiums, galleries, museums, event venues etc) and minimal income is driven from tourism other than the Stewart Island visitor levy and Te Anau Airport Manapouri charges. Additionally, as a result of changes in the economic environment in response to Covid-19, Council's return on investments has deteriorated. Council predominantly invests in cash-based deposits, therefore the risk is limited to movements in the official cash rate. Other than the revenue streams noted, the main Council function impacted was the delay in delivery of capital programmed works, and accordingly progress, subsidies and expenditure on these items have been deferred. However, Council did not incur significant contract variations as a result of Covid-19.

As at the date of this report, Council had not received significant inquiries from customers or ratepayers raising concerns about their ability to pay. Additionally, our key infrastructure assets (being roading, water, wastewater and stormwater) have been independently revalued at 30 June 2021 and the valuers have considered the impact of Covid-19 on the valuations, which was not deemed significant.

Council are continuing to monitor the impact of the Covid-19 pandemic and have an ongoing commitment to ensure the safety of our people and our communities.

On this basis it is anticipated that the ongoing effect of Covid-19 on Council will be minimal. However, some uncertainties remain. There could also be other matters that affect Council in the future, of which we are not yet aware.

36. Explanation of major variances against budget

	Note	COUNCIL 2020/2021 Actual (\$000)
Revenue (excluding asset development revenue)	(a)	9,716
Asset development revenue		
- Development and financial contributions		140
Expenditure	(b)	(3,651)
Net impact of variance on surplus/(deficit)		6,205
Revaluation surplus	(c)	(11,464)
Total variance in Statement of comprehensive revenue and expense		(5,259)

Explanatory notes:

Statement of comprehensive revenue and expense

(a) Revenue

Overall revenue was \$9.7 million more than budgeted mainly due to:

\$2.9 million additional other revenue primarily due to increased forestry sales (\$0.6 million) and unbudgeted income from Council's oversight of the three waters collaboration project (\$0.5 million) and Council's unbudgeted share of Wastenet revenues (\$1.5 million).

\$2.4 million additional Waka Kotahi NZ Transport Agency revenue primarily due to the lower Hollyford Road emergency works as a result of the February 2020 flooding (\$1.6 million) and a larger programme of works.

\$2.7 million additional grants received for three waters stimulus projects, Tourism infrastructure projects including various public conveniences (\$0.3 million) and Around the Mountains Cycle trail (\$0.5 million), offset by reductions in grants for SIESA, Stewart Island jetties, and Milford Opportunities projects.

\$1.5 million increase in other gains, primarily due to a higher than budgeted forestry revaluation (\$1.3 million).

\$0.5 million unbudgeted surplus from associate entities.

(b) Expenditure

Overall operating expenditure was \$3.7 million more than budgeted primarily due to:

\$0.6 million increase in employee benefit expenditure primarily as a result of new positions in regulatory services to enable Council to manage legislative changes, predominantly relating to building control.

\$1.2 million more depreciation and amortisation (predominantly in bridges and sealed roads) as a result of the increased infrastructure valuations.

\$0.4 million less finance costs than budgeted due to the level of external borrowing anticipated not being required.

\$2.2 million increase in other council expenditure predominantly due to lower Hollyford Road emergency works as a result of the February flooding (\$1.6 million) and AMCT maintenance (\$0.4 million), both fully funded by Waka Kotahi NZ Transport Agency and government grants (respectively), as noted above. Offset by less general projects undertaken (\$0.6 million), less training costs (\$0.2 million), less operating leases due to the delay with refurbishment of Don Street offices (\$0.2 million), a lower than budgeted final contribution to Pyramid Bridge project (\$0.2 million) and Council's unbudgeted share of Wastenet expenditure (\$1.5 million).

(c) Revaluation surplus

Overall revaluation surplus was \$11.5 million less than budgeted due to:

The assumptions made during the budgeting process for programmed capital works and expected market conditions, differing to the actual results. Current market conditions and cost changes have been built into the infrastructure revaluations which has resulted in actual increases significantly less than those budgeted.

Statement of changes in equity

Changes in equity are reflected in the variance analysis of the statement of comprehensive revenue and expense above.

Statement of financial position

Cash and cash equivalents are \$4.7 million more than budgeted primarily due to increased revenue, conversion of term investments to working cashflow and less than budgeted external debt.

Trade and other receivables are \$0.4 million above budget due to increased revenues across Council activities and Council's share of Wastenet receivables.

Other financial assets \$2.2 million above budget predominantly due to investment of funds in longer term deposits.

Property, plant and equipment is \$35.7 million less than budgeted, predominantly as a result of the lower-than-budgeted revaluation of infrastructural assets.

Intangible assets are \$1.3 million higher than budget predominantly due to increased value of emission trading units.

Forestry assets are \$3.3 million more than budgeted due to the higher-than-budgeted revaluation of these assets.

Investment in associates is \$1.4 million higher than budgeted due to the financial performance of Council's various joint ventures and associates.

Trade and other payables are \$4.4 million higher than budgeted due to increased payables as a result of the lower Hollyford Road emergency works project (\$2.0 million), Council's share of Wastenet payables and increased operational activity at year end.

Deferred revenue is \$3.6 million higher than budgeted due to various grants received for projects that are still in progress at balance date as well as outstanding building consents.

Borrowings are \$14.8 million less than budgeted due to the anticipated level of external debt not being required by balance date.

37. Schedule of financial reserves

Restricted reserves

Reserves	Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2020 (\$000)	Deposits in (\$000)	Withdraws out (\$000)	Closing balance 30/6/2021 (\$000)
District reserves								
	Holding	SDC - officers association	Customer support	Held on behalf of SDC Officers Association	1	-	-	1
	Assets and services	Waste minimisation	Solid waste management	Waste minimisation reserve	1	129	(114)	17
	Environmental services	Dog and animal control	Animal control	Residual funds from dog and animal control activity	(64)	64	-	-
	John Beange	John Beange	Community assistance	Funding available in Edendale and Wyndham area	29	-	(3)	26
	Sthld joint mayoral fund	Sthld joint mayoral fund	Community assistance	Residual funds from Southland flood relief	238	-	(20)	217
	Allocation committee	Community development fund	Community assistance	Development of community facilities, recreational opportunities and events	226	4	(228)	3
	Allocation committee	Contributions and levies	Community assistance	Raised through the District plan to be used to remedy, mitigate or offset adverse effects arising from, and in consequence of, or in association with any development	106	294	-	400
	Allocation committee	Contributions and levies -Waihopai Toetoe	Community assistance	Support community initiatives by way of grants	-	249	-	249
	Allocation committee	Creative NZ	Community assistance	Support local communities to create diverse opportunities for accessing and participating in arts activities with their specific geographical area, as well as defined communities of interest	15	4	-	19
	Allocation committee	Sparc	Community assistance	To subsidise travel costs for people 5-19 years of age participating in regular sporting competition	5	-	(3)	2
	Allocation committee	Meridian contribution	Community assistance	Support northern Southland community initiatives by way of grants	321	8	(5)	324
	Allocation committee	Ohai Railway Board	Community assistance	Support Ohai community initiatives by way of grants	1,892	48	(55)	1,885
	Allocation committee	Ohai/Nightcaps doc	Community assistance	Medical services within Ohai and Nightcaps, including local ambulance	40	-	(40)	-
	Allocation committee	District heritage grant	Community assistance	Support the heritage in the District area	21	1	(1)	21

	Allocation committee	Fonterra reserve contribution	Community assistance	Support community initiatives by way of grants	526	14	(540)	-
	Allocation committee	Stewart Island visitor levy	Community assistance	Stewart Island visitor levy funds	97	112	-	209
	Specific	ECNZ - projects	Customer support	Funds available for future projects in accordance with ECNZ requirements	22	-	-	22
Total restricted District reserves					3,477	927	(1,009)	3,395

Reserves	Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2020 (\$000)	Deposits in (\$000)	Withdraws out (\$000)	Closing balance 30/6/2021 (\$000)
Local reserves								
	Wallacetown	Cemetery bequest	Cemetery	Wallacetown Cemetery	73	2	(5)	70
Total restricted local reserves Wallacetown					73	2	(5)	70
Total restricted local reserves					73	2	(5)	70
Total restricted District reserves					3,550	929	(1,014)	3,465

Council created – general

Reserves	Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2020 (\$000)	Deposits in (\$000)	Withdraws out (\$000)	Closing balance 30/6/2021 (\$000)
District reserves								
	Council	Global	Customer support	General reserve	1,004	25	-	1,029
	Council	District operations	Customer support	General reserve	1,879	1,671	(1,309)	2,240
	Council	Strategic assets reserve	Customer support	Offset rates	8,508	-	-	(8,508)
Total Council created general District reserves					11,391	1,696	(1,309)	11,777
Total Council created - general reserves					11,391	1,696	(1,309)	11,777

Council created – special

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening balance 1/7/2020 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Closing balance 30/6/2021 (\$000)
District reserves								
	Assets and services	Community housing	Community housing	Operational reserve for community housing	190	153	(101)	242
	Assets and services	District reserves	Parks and reserves	Operation reserve for District reserves	50	2	(50)	2
	Assets and services	Community task force	Community assistance	Operational reserve for community task force	-	-	-	-
	Assets and services	Forestry Council reserve	Forestry	Residual funds from forestry activities	7,356	-	(348)	7,008
	Assets and services	Forestry reserve	Forestry	Residual funds from forestry activities	1,024	1,059	(1,083)	1,000
	Assets and services	Gravel reserves	Roads and footpath	Ensure Council has sufficient funds available for reinstatement of Council's pits	585	15	(15)	585
	Assets and services	Depreciation motor vehicle	Various	Fund motor vehicle fleet replacements	791	381	(117)	1,055
	Assets and services	Depreciation buildings	Various	Fund building replacements	288	99	(12)	375
	Assets and services	Depreciation IT	Various	Fund IT replacements	199	356	(208)	346
	Assets and services	Depreciation Matuku	Water supply	Fund Matuku water scheme replacements	3	5	(8)	-
	Assets and services	Depreciation public conveniences	Various	Fund public conveniences replacements	-	63	(63)	-
	Assets and services	Depreciation Te Anau rural water	Water supply	Fund Te Anau rural water scheme replacements	-	83	(83)	-
	Assets and services	Depreciation waste management	Waste management	Fund waste management replacements	32	24	(12)	44
	Assets and services	Depreciation water	Water supply	Fund water replacements	-	792	(792)	-
	Assets and services	Depreciation wheelie bin	Waste management	Fund wheelie bin replacements	89	45	(13)	122
	Assets and services	Depreciation sewerage	Sewerage	Fund sewerage replacements	8	1,049	(1,056)	-
	Assets and services	Depreciation roading	Roading	Fund roading replacements	-	4,848	(4,848)	-
	Assets and services	Public toilets capital pro reserve	Various	Fund public toilets capital	-	303	(303)	-
	Assets and services	Property development	Various	Balancing fund for sales and operational building expenditure	420	189	(258)	351
	Assets and services	Proposed water	Water supply	Operational account for proposed water	553	-	-	553
	Assets and services	Roading	Roads and footpath	Rate smoothing reserve	1,786	492	(2,099)	179

	Assets and services	Road safety community	Roads and footpath	Funding accrued from programmes not completed by year end	-	-	-	-
	Assets and services	Waste management	Solid waste management	General waste reserve	167	98	(104)	161
	Assets and services	Water schemes	Water supply	Development for water schemes	101	179	-	280
	Assets and services	District wastewater	Wastewater	Development for wastewater schemes	5	-	(5)	-
	Assets and services	District stormwater	Stormwater	Stormwater investigations	61	3	-	64
	Assets and services	District water	Water	Development for water schemes	-	72	-	72
	Assets and services	Wastewater contribution	Wastewater	Development for building wastewater	-	-	-	-
Total Council created - Special reserves assets and services					13,707	10,309	(11,578)	12,439
	Chief exec	SDC/DOC joint project	District support	Residual funds from past joint projects for future projects	61	-	-	61
	Chief exec	Around the Mountains	Roading and transport	Around the Mountains Cycle Trail	16	140	-	156
Total Council created - special reserves chief exec					77	140	-	217
	Policy and community	Waimumu Field Days	Corporate support	Fund Council's Field Days every three years	-	18	-	18
	Policy and community	Community outcomes	Strategy and communication	Contribute Southland Regional Development Strategy	44	1	-	45
	Policy and community	Elections	Representation and advocacy	Fund Council's election costs every three years	53	62	-	115
	Policy and community	War memorial grant	Community assistance	Funding received for memorial archway	2	-	-	2
Total Council created - special reserves policy and community					100	81	-	181
	Development and financial	Parks contribution	Parks and reserves	Contribution to capital activity - parks and reserves	141	4	-	144
	Development and financial	Roading contribution	Roading and transport	Contribution to capital activity - roading and transport	309	8	-	317
	Development and financial	Wastewater contribution	Wastewater	Contribution to capital activity - wastewater	329	8	-	338
	Development and financial	Water contribution	Water supply	Contribution to capital activity - water	108	3	(3)	108
Total Council created - special reserves development and financial contributions					887	23	(3)	907
	Environment and community	Alcohol licensing	Environmental health	Residual funds from alcohol licensing	(84)	84	-	-
	Environment and community	Health licensing	Environmental health	Residual funds from health licensing	30	15	(26)	19
Total Council created - special reserves environment services					(54)	99	(26)	19

	Holding	Milford flood protect	Corporate support	Residual funds from Milford Flood protection	46	-	-	46
	Holding	International relationship	Community assistance	Residual funds from International activities	58	1	(2)	58
	Holding	Shared services	District support	Shared services balance	5	-	(5)	-
Council created - special reserves holding					109	2	(7)	104
	Specific	Biodiversity initiative	Community assistance	Funds set aside for future biodiversity initiatives	21	-	-	21
	Specific	Disaster recovery	Community assistance	Funds set aside in case of disaster in accordance with insurance requirements	1,443	-	-	1,443
	Specific	Predator Free Rakiura	District leadership	Contribution to the Predator Free Rakiura programme	12	1	(3)	10
	Specific	Rates civil defence/ rural fire	Emergency management	Fund emergency management	11	-	-	11
	Specific	Tuatapere (Clifden bridge)	Various	Residual funds from Tuatapere project in 2000, to be used for community projects at Council's discretion	19	-	-	19
	Specific	North Makarewa rec reserve	Parks and reserves	North Makarewa rec reserve	1	1	-	2
Council created - special reserves specific reserves					1,507	3	(3)	1,507
Total Council created -special District reserves					16,335	10,655	(11,616)	15,373

Reserves	Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2020 (\$000)	Deposits in (\$000)	Withdraws out (\$000)	Closing balance 30/6/2021 (\$000)
Local reserves								
	Athol	General	Various	Athol general purpose	22	3	(17)	8
	Athol	Community centres	Community facilities	Athol hall	8	-	-	8
Council created - special reserves Athol					30	3	(18)	16
	Balfour	General	Various	Balfour general purpose	120	7	(15)	112
Council created - special reserves Balfour					120	7	(15)	112
	Browns	Community centres	Community centres	Browns hall	-	1	-	1
	Browns	General	Various	Browns general purpose	49	3	(4)	47
Council created - special reserves Browns					49	3	(4)	48
	Brydone	Community centres	Community facilities	Brydone hall	-	-	-	-
Council created - special reserves Brydone					-	-	-	-
	Clifden	Community centres	Community facilities	Clifden hall	7	4	-	11
	Clifden	Rec reserve Committee	Parks and reserves	Clifden reserves	35	8	-	42
Council created - special reserves Clifden					42	12	-	53
	Colac Bay	Community centres	Community facilities	Colac Bay hall	9	9	(18)	-

	Colac Bay	General	Various	Colac Bay general purpose	50	4	(1)	52
Council created - special reserves Colac Bay					59	12	(19)	52
	Dipton	Cemetery	Cemetery	Dipton cemetery	16	1	-	17
	Dipton	General	Various	Dipton general purpose	57	6	(1)	62
	Dipton	Stormwater	Stormwater	Dipton stormwater	15	4	-	19
	Dipton	Community centres	Community facilities	Dipton hall	-	3	-	4
Council created - special reserves Dipton					88	14	(1)	101
	Drummond	General	Various	Drummond general purpose	11	1	-	12
	Drummond	Rec reserve committee	Parks and reserves	Drummond reserves	16	-	-	16
Council created - special reserves Drummond					26	1	-	28
	Edendale	Cemetery	Various	Edendale cemetery	9	-	(2)	7
	Edendale -Wyndham	Community centre	Community facilities	Edendale Wyndham hall	105	7	-	112
	Edendale-Wyndham	Footpaths	Various	Footpaths	15	21	-	36
	Edendale-Wyndham	General	Various	General purpose	41	37	(1)	78
	Edendale-Wyndham	Stormwater	Stormwater	Stormwater	427	17	-	444
Council created - special reserves Edendale-Wyndham					597	82	(2)	677
	Five Rivers	Community centre	Community facilities	Five Rivers hall	-	-	-	-
Council created - special reserves Five Rivers					-	-	-	-
	Fortrose	Community centre	Community facilities	Fortrose hall	3	-	-	3
Council created - special reserves Fortrose					3	-	-	3
	Garston	Special projects	Various	Garston general purpose	37	2	-	39
Council created - special reserves Garston					37	2	-	39
	Gorge Road	Gorge Road general	Various	Gorge Road general purpose	42	3	(7)	37
Council created - special reserves Gorge Road					42	3	(7)	37
	Hokonui	Community centre	Community facilities	Hokonui Hall	-	92	-	92
Council created - special reserves Hokonui					-	92	-	92
	Limehills	Community centre	Community facilities	Limehills hall	-	13	(13)	-
	Limehills	General	Various	Limehills general purpose	11	3	-	14
	Limehills	Stormwater	Stormwater	Limehills stormwater	57	1	(14)	44
Council created - special reserves Limehills					68	18	(27)	58
	Lumsden	Cemetery	Cemetery	Lumsden cemetery	1	-	-	1
	Lumsden	Footpaths	Roading and footpaths	Lumsden footpaths	5	6	-	11
	Lumsden	General	Various	Lumsden general purpose	74	13	4	91
	Lumsden	Stormwater	Stormwater	Lumsden Stormwater	68	1	(24)	46
	Lumsden	Community Centre	Community facilities	Lumsden community centre	5	8	-	13
Council created - special reserves Lumsden					152	29	(20)	161
161	Manapouri	Fraser's Beach	Parks and reserves	Fraser's Beach reserve	43	1	(5)	39
	Manapouri	General	Various	Manapouri general purpose	70	13	(22)	61
	Manapouri	Community centre	Community facilities	Manapouri community centre	20	1	-	21
	Manapouri	Swimming pool area	Parks and reserves	Manapouri pool	24	-	(22)	2
Council created - special reserves Manapouri					158	15	(49)	124
	Mararoa/Waimea Ward	Mararoa/Waimea Ward	Various	Mararoa/Waimea Ward	128	43	(100)	71
Council created - special reserves Mararoa/Waimea Ward					128	43	(100)	71

	Mataura Island	Community centre	Community facilities	Mataura Island community centre	4	1	-	6
Council created - special reserves Mataura Island					4	1	-	6
	Matuku	Rural WS general	Water supply	Matuku water	1	-	(1)	1
Council created - special reserves Matuku					1	-	(1)	1
	Menzies Ferry	Community centre	Community facilities	Menzies Ferry community centre	8	-	-	8
Council created - special reserves Menzies Ferry					8	-	-	8
	Mokoreta/Redan	Community centre	Community facilities	Mokoreta/Redan community centre	19	2	-	21
Council created - special reserves Mokoreta/Redan					19	2	-	21
	Mossburn	General	Various	Mossburn general purpose	103	9	(16)	96
Council created - special reserves Mossburn					103	9	(16)	96
	Nightcaps	McGregor Park	Parks and reserves	Nightcaps McGregor Park	80	12	-	92
	Nightcaps	Community centre	Community facilities	Nightcaps community centre	12	5	-	18
	Nightcaps	General	Various	Nightcaps general purpose	23	1	(10)	14
	Nightcaps	Stormwater - OPR	Various	Nightcaps general purpose	10	7	-	17
Council created - special reserves Nightcaps					126	25	(11)	141
	Ohai	Community centre	Community facilities	Ohai community centre	-	4	(4)	-
	Ohai	General	Various	Ohai general purpose	115	15	(9)	121
	Ohai	Stormwater	Stormwater	Ohai stormwater	156	17	-	173
Council created - special reserves Ohai					271	36	(13)	294
	Orawia	Community centre	Community facilities	Orawia community centre	29	4	(33)	-
	Orawia	Community centre	Community facilities	Orawia hall group	-	25	-	24
Council created - special reserves Orawia					29	29	(34)	24
	Orepuki	General	Various	Orepuki general purpose	32	2	(7)	27
	Orepuki	Community centre	Community facilities	Orepuki community centre	19	8	-	26
Council created - special reserves Orepuki					51	10	(7)	54
	Oreti	Community centre	Community facilities	Oreti community centre	15	4	-	19
Council created - special reserves Oreti					15	4	-	19
	Otapiri/Lora	Community centre	Community facilities	Otapiri/Lora community centre	55	12	-	67
Council created - special reserves Otapiri/Lora					55	12	-	67
	Otautau	Baths	Community facilities	Otautau pool	23	-	(6)	18
	Otautau	Brightwood Develop Co	Community facilities	Otautau financial contribution	16	-	-	17
	Otautau	CB conference	Community facilities	Community board conference	7	-	(7)	-
	Otautau	Forestry	Forestry	Holt Park forestry	166	4	(2)	168
	Otautau	General	Community facilities	Otautau general purpose	76	29	(36)	69
	Otautau	Bowling club	Community facilities	Bowling club	-	-	-	-
	Otautau	Stormwater	Stormwater	Otautau stormwater	243	24	-	267
	Otautau	Community centre	Community facilities	Otautau community centre	28	1	-	29
Council created - special reserves Otautau					559	59	(50)	568

	Riversdale	General	Various	Riversdale general purpose	29	4	(6)	27
Council created - special reserves Riversdale					29	4	(6)	27
	Riverton	Cemetery maintenance	Cemetery	Riverton cemeteries	62	16	-	78
	Riverton	Doc profits lib sale	Various	Riverton projects	68	2	-	70
	Riverton	General	Various	Riverton general purpose	373	16	(156)	233
	Riverton	Riverton Harbour general	Community facilities	Riverton Harbour	25	1	(7)	19
	Riverton	Parks and res develop	Parks and reserves	Riverton parks and reserves	29	1	-	29
	Riverton	Property sales	Various	Riverton general purpose	246	5	(100)	151
	Riverton	War memorial	Parks and reserves	Riverton war memorial	14	1	-	14
	Riverton	Stormwater headworks	Stormwater	Riverton stormwater	160	28	-	188
	Riverton	Taramea Bay/Rocks development	Community facilities	Taramea Bay foreshore	36	2	-	38
	Riverton	Taramea Howells Point	Community facilities	Taramea Howells Point	29	1	-	30
Council created - special reserves Riverton					1,041	70	(263)	849
	Ryal Bush	Community centre	Community facilities	Ryal Bush community centre	8	-	(5)	4
Council created - special reserves Ryal Bush					8	-	(5)	4
	SIESA	Operations	SIESA	SIESA operations	494	-	-	494
Council created - special reserves SIESA					494	-	-	494
	Stewart Island	General	Various	Stewart Island general purpose	251	17	(121)	148
	Stewart Island	Waste management	Various	Stewart Island general purpose	34	6	-	40
	Stewart Island	Jetties	Various	Stewart Island jetties	53	1	(26)	28
	Stewart Island	Wharf Golden Bay	Various	Replacement of Golden Bay wharf	-	-	-	-
	Stewart Island	Wharf Ulva Island	Various	Replacement of Ulva Island Bay wharf	214	133	(40)	306
Council created - special reserves Stewart Island					552	157	(186)	522
	Te Anau	Te Anau carpark res	Various	Te Anau general purpose	25	1	-	26
	Te Anau	General	Various	Te Anau general purpose	786	109	(90)	805
	Te Anau	Luxmore	Various	Luxmore subdivision	1,064	28	-	1,092
	Te Anau	Manapouri airport	Te Anau Manapouri airports	Te Anau Manapouri airports	176	78	-	254
	Te Anau	Rural WS general	Water supply	Te Anau water	-	12	(12)	-
	Te Anau	Stormwater	Various	Te Anau general purpose	520	36	-	556
	Te Anau	Sandy Brown loan	Loan	Loan to ratepayers	-	-	-	-
Council created - special reserves Te Anau					2,572	263	(102)	2,732
	Thornbury	Community centre	Community facilities	Thornbury community centre	-	-	-	-
	Thornbury	General	Various	Thornbury general purpose	14	2	(1)	15
Council created - special reserves Thornbury					14	2	(1)	15
	Tokanui	General	Various	Tokanui general purpose	61	8	(14)	56
	Tokanui	Community centre	Community facilities	Tokanui community centre	7	-	(6)	2

Council created - special reserves Tokanui					69	8	(20)	57
	Tuatapere	Water Meridian Contract	Various	Tuatapere general purpose	7	-	-	8
	Tuatapere	Community Centre	Community facilities	Tuatapere community centre	27	10	-	37
	Tuatapere	General - OPR	Various	Tuatapere general purpose	24	1	-	25
	Tuatapere	General	Various	Tuatapere general purpose	260	26	(44)	242
	Tuatapere	Property	Various	Tuatapere general purpose	3	-	-	3
	Tuatapere	Waiau River collection	Various	Tuatapere Waiau River	1	-	-	1
Council created - special reserves Tuatapere					322	37	(44)	315
	Tussock Creek	Community centre	Community facilities	Tussock Creek hall	-	5	-	5
Council created - special reserves Tussock Creek					-	5	-	5
	Waianiwa	Community centre	Community facilities	Waianiwa community centres	23	3	-	26
Council created - special reserves Waianiwa					23	3	-	26
	Waiau/Aparima Ward	Arboretum reserve	Various	Arboretum reserve	13	4	-	17
	Waiau/Aparima Ward	Wairio cemetery	Cemeteries	Wairio cemetery	56	1	(2)	56
	Waiau/Aparima Ward	Wairio Town general	Various	Wairio general purpose	5	-	-	5
	Waiau/Aparima Ward	Wairio reserve	Various	Wairio reserve	7	-	(2)	6
	Waiau/Aparima Ward	Takitimu pool reserve	Various	Takitimu pool	14	-	(5)	9
	Waiau/Aparima Ward	Tuatapere ward pool	Various	Tuatapere ward pools	41	1	(5)	37
	Waiau/Aparima Ward	Cosy Nook	Various	Cosy Nook general purpose	25	4	-	29
	Waiau/Aparima Ward	Hirstfield reserve	Various	Hirstfield reserve general purpose	24	3	-	26
	Waiau/Aparima Ward	Waiau/Aparima Ward	Various	Waiau/Aparima Ward	271	74	(103)	242
	Waiau/Aparima Ward	Calcium cemetery	Cemeteries	Calcium cemetery	22	2	(12)	12
Council created - special reserves Waiau/Aparima Ward					478	89	(128)	438
	Waihopai/Toetoes Ward	Waihopai/Toetoes Ward	Various	Waihopai/Toetoes Ward	117	23	(39)	100
Council created - special reserves Waihopai Toetoes Ward					117	23	(39)	100
	Waikaia	Dickson Park	Parks and reserves	Waikaia general purpose	18	2	-	20
	Waikaia	Drain filing	Various	Waikaia drains	6	-	-	6
	Waikaia	General	Various	Waikaia general purpose	103	6	-	109
	Waikaia	Museum donations	Community facilities	Waikaia Museum	7	2	-	9
	Waikaia	Refuse removal	Solid waste management	Waikaia general purpose	10	-	-	10
	Waikaia	Stormwater	Stormwater	Waikaia Stormwater	110	8	-	118
Council created - special reserves Waikaia					254	18	-	272
	Waikawa/Niagara	Community centre	Community facilities	Waikawa/Niagara community centres	8	4	(12)	-
Council created - special reserves Waikawa/Niagara					8	4	(12)	-
	Waitane Glencoe	Res Reserve Committee	Parks and reserves	Waitane Glencoe reserves	2	-	-	2
Council created - special reserves Waitane Glencoe					2	-	-	2
	Wallacetown	General	Various	Wallacetown general purpose	185	9	(3)	191
	Wallacetown	Stormwater	Stormwater	Wallacetown general purpose	41	7	-	49

Council created - special reserves Wallacetown Ward					227	16	(3)	240
	Winton	Community centre	Community facilities	Winton community centres	22	17	(2)	37
	Winton	General	Various	Winton general purpose	349	45	(187)	208
	Winton	Medical centre general	Community facilities	Winton Medical Centre	157	17	(31)	144
	Winton	Multi sports	Parks and reserves	Winton sports complex	6	-	(6)	-
	Winton	Property sales	Various	Winton general purpose	257	101	(157)	202
	Winton	Res capital development	Various	Winton general purpose	103	3	-	105
	Winton	Stormwater	Stormwater	Winton stormwater	81	19	-	99
Council created - special reserves Winton					975	202	(383)	795
	Winton/Wallacetown Ward	Winton/Wallacetown Ward	Various	Winton/Wallacetown Ward	440	33	(52)	421
Council created - Special reserves Winton/Wallacetown Ward					440	33	(52)	421
	Woodlands	General	Various	Woodlands general purpose	62	6	(13)	56
	Woodlands	Septic tank rates	Wastewater	Woodlands septic tank cleaning	8	-	(4)	4
Council Created - special reserves Woodlands					70	6	(17)	60
Total Council created - special local reserves					10,538	1,374	(1,657)	10,347
Total Council created - special reserves					26,871	12,030	(13,272)	25,720
TOTAL RESERVE FUNDS					41,812	14,747	(15,596)	40,963

Reserves summary				Opening balance 1/7/2020 (\$000)	Deposits in (\$000)	Withdraws out (\$000)	Closing balance 30/6/2021 (\$000)
Total Council created - special reserves				26,871	12,030	(13,272)	25,720
Total Council created - general reserves				11,391	1,696	(1,309)	11,777
Total restricted reserves				3,550	929	(1,014)	3,465
TOTAL RESERVE FUNDS				41,812	14,655	(15,596)	40,963



SOUTHLAND
DISTRICT COUNCIL
Te Rohe Pōtae o Murihiku



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