Investing in **Southland**

Whakangao ki Murihiku

Tahua ā-tau Annual Plan

2026-27

environment SOUTHLAND

REGIONAL COUNCIL

Te Taiao Tonga

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

Source: Te Tangi a Tauira, 2008

Cover: Waihōpai River

Your Councillors

Jeremy McPhail Chair
Eastern-Dome Constituency

Phil Morrison Deputy Chair
Invercargill-Rakiura Constituency

Roger Hodson
Invercargill-Rakiura Constituency

Lyndal Ludlow
Invercargill-Rakiura Constituency

Maurice Rodway
Invercargill-Rakiura Constituency

Eric Roy
Invercargill-Rakiura Constituency

Geoffrey Young
Invercargill-Rakiura Constituency

Alastair Gibson
Eastern-Dome Constituency

Paul Evans
Fiordland Constituency

Ewen Mathieson
Western Constituency

Jon Pemberton
Southern Constituency

David Rose
Hokonui Constituency

Message from the Chairman & Chief Executive

Kia ora and welcome to Tahua ā-tau Annual Plan 2026-27.

This Annual Plan was prepared against a backdrop of unprecedented change for local government.

The Resource Management Act 1991 is being replaced with two new laws: the Natural Environment Bill (environmental protection) and the Planning Bill (land use and development). The aim is to speed up infrastructure development, reduce compliance costs, and replace over 100 regional plans with 17 combined regional plans.

The Civil Defence Emergency Management Act 2002 is also being replaced with the Emergency Management Bill. The Bill aims to give effect to the Government's inquiry into the response to the North Island severe weather event and improve New Zealand's capacity and capability to deal with significant emergencies.

In May 2026, the Government introduced the Head Start Pathway to encourage councils to combine into unitary councils, as part of its Simplifying Local Government proposal, something that will affect both regional councils and territorial authorities.

The importance of regional-scale service delivery has been emphasised in the Government's reform announcements and the catchment- and regional-scale functions we undertake for the Southland community will remain – flood risk management, natural hazard and changing climate planning, catchment management, biosecurity and biodiversity.

Whatever shape reorganisation takes, we are committed to ensuring our functions are well set up for the future. This Annual Plan is part of that and the precursor to our long-term plan, currently in development.

At present, we are in a challenging operating environment: inflationary pressures, higher insurance premiums reflecting the increasing frequency and severity of weather-related events, geopolitical uncertainty affecting fuel/freight and supply chains, climate risk and associated increasing maintenance and renewal pressure on flood resilience infrastructure are all influencing our work.

At the same time, we recognise Southlanders are influenced by many of these factors too, with households and businesses continuing to face affordability pressures.

Affordability has been front of mind for Councillors in the development of the Annual Plan. The rates increase forecasted in the Long-term Plan 2024-34, for 2026-27 was 12.6%. Taking a prudent financial approach, the Council has reduced this to 3.25%.

The reduction in the rates increase was achieved through careful prioritisation of work programmes and matching their timing with Government policy settings, continued efficiency and productivity improvements, and prudent use of financial tools (including avoiding unnecessary debt drawdown and managing interest costs), while maintaining our levels of service and progress on priority work programmes.

Flood resilience remains a core priority and our relationship with central government has been pivotal to that. Recently the Government agreed to contribute $18 million (60% of the costs) towards improvements in the Ōreti, Aparima, Mataura and Te Anau catchments.

Environment Southland has a track record of getting this work done and our co-funding partnership with the central Government means we can progress flood resilient improvements far more quickly than we otherwise would, and reduce the overall cost to the community. Since 2020 the co-investment in Murihiku Southland's flood resilience totals $50 million.

On top of the physical works already underway, we'll be improving our flood intelligence — monitoring and modelling to better understand how our rivers behave and where the issues are, so we can plan smarter and improve the durability of Southland flood infrastructure. We will also be developing a plan for the whole Mataura catchment with partner and community input, combining engineered and nature-based solutions to reduce flood risks to communities, well into the future.

Other priorities for the Council are building our integrated land and water management approach to deliver long-term gains for improved water quality; biodiversity and biosecurity; and climate resilience.

We remain committed to ensuring the important functions we provide for the benefit of Southland and Southlanders will continue, for now and the future.

The Annual Plan 2026-27 was adopted by Council on 24 June 2026.

Jeremy McPhail
Chair
Environment Southland

Rob Phillips
Acting Chief Executive
Environment Southland

Your guide to

Tahua ā-tau Annual Plan 2026-27

The financial year beginning 1 July 2026 is the third year of Environment Southland's Long-term Plan 2024-34. The Long-term Plan sets out the Council's 10-year budget and work programme and is updated, in consultation with the community, every three years.

In each of the two years between Long-term Plans, the Council produces an Annual Plan. The purpose of the Annual Plan is to identify any changes to the coming year's budgets or work programmes from those forecasts in the Long-term Plan.

The 2026-27 financial year is characterised by imminent change to local government, inflationary and cost pressures, work programme prioritisation and spending restraint. There are no significant changes to the budget or work programmes which were outlined in the Long-term Plan; therefore, the Council has not formally consulted on this Annual Plan. However, Councillors are always open to the communities views and you are welcome to put them forward via service@es.govt.nz or by contacting your Councillor, directly.

This document is the formal and public statement of the Council's intentions in relation to matters covered by Tahua ā-tau the Annual Plan 2026-27, in accordance with Section 96 of the Local Government Act (2002).

The document sets out the following:

- a summary of how Tahua ā-tau the Annual Plan 2026-27 varies from the Long-term Plan 2024-34. The summary reflects our rates for 2026-27, noting that the average rate increase is 3.25% compared to the 12.6% forecast for this year in the Long-term Plan 2024-2034;
- a summary of how the Council plans to prudently manage its revenues, expenses, assets and liabilities; and
- the budget for 2026-27 and rates details for the year.

If you would like more information about the Council's community outcomes, groups of activities and levels of service, including the Council's policies for carrying out its work, please refer to the Long-term Plan 2024 2034. Copies are available on our website **es.govt.nz** (search Long-term Plan).

Copies are also available at libraries throughout the region and from Environment Southland's offices, corner of Price Street and North Road, Invercargill or call us on **0800 76 88 45** to have a copy sent to you.

Tahua ā-tau Annual Plan 2026-27:

How it differs from the Long-term Plan 2024-34

The 2026-27 financial year is Year three of the Long-term Plan 2024-34 (LTP). The LTP sets out a 10-year plan, with a focus on the first three years.

The LTP recognised there was a need to improve our flood resilience and, at the same time, to take into account increases in inflation and the cost of living for Southlanders. We budgeted, accordingly, with the best information we had at the time. Since then, the Council and our communities have been subjected to sustained inflationary and cost pressures, uncertain geopolitical circumstances, and the likelihood of local government reform.

Whatever shape local government takes, our functions will continue and we are planning with that in mind.

In the LTP the forecast was for a 12.6% rates increase for 2026-27, which was driven by a range of factors including a reduction in the use of reserves to offset rates, a planned increase in our flood protection work programme and the end of Government funding for our biodiversity work programme, alongside usual operating cost increases such as inflation, interest and asset funding (debt and depreciation). These continue to be the organisation's priorities, and the Annual Plan is consistent, to a significant and material extent, with the content of Year three of the LTP.

What's changed?

The table below depicts the key differences in income and expenses between what was contained in the LTP for the 2026-27 year and what is contained in this Annual Plan. The accompanying notes provide a brief explanation of the changes with further detail on key changes outlined in the following paragraphs.

	Notes	Long-term Plan 2026-27 $000	Annual Plan 2026-27 $000	Change $000
Income				
Rates	1	36,767	32,473	(4,294)
Other income	2	13,977	13,929	(48)
Interest & dividends		6,161	6,414	253
Capital grants	3	-	6,107	6,107
Total income		**56,906**	**58,923**	**2,018**
Expenses				
Employee expenses	4	25,904	25,516	(388)
Other expenses	5	30,238	29,582	(656)
Total expenses		**56,142**	**55,098**	**(1,044)**
Surplus/(deficit)		**763**	**3,825**	**3,062**
Capital investment	6	5,290	11,532	6,242
Net debt	7	24,614	11,663	(12,951)

Notes:

1 The LTP had adopted rates at 12.6%, however, Council elected to reduce this to 3.25% for the current year reflective of the current economic climate.

2 Minor change in budgeted other income.

3 Climate Resilience grants of $6.1 million budgeted for ongoing and new Flood Resilience work.

4 Minor change in employee expenses reflecting the ongoing vacancies across the organisation.

5 In order to reduce the rates, Council reviewed expenditure and the proposed programmes of work. These were prioritised and some were put on hold.

6 Includes capital expenditure of $10.2 million for Flood Resilience Government funded projects.

7 Forecast net debt decreases resulting from the capital grants received that were not forecast until year four of the LTP, and a tight view on cashflow to cover the forecast increase in Capital investment.

Projected reduction in marine fee

There has been a steady return of cruise ship visits and marine fees since the Covid-19 pandemic, with cruise ship visits estimated to bring in $2.2 million for the 2026-27 year, in comparison to the $2.76 million forecast for the 2026-27 year in the LTP. This income can only be spent on coastal activities.

Since the adoption of the LTP, several factors have changed. Notably, confirmation of the level of Government co-funding for flood resilience projects, the budgeted reduction in marine fee income of $560k and increasing insurance and other cost pressures.

These costs were offset to a degree with lower than budgeted interest rates, a reduction in depreciation costs due to timing changes in the capital works programme and an overall review and prioritisation of work programmes for the coming year.

Some funding has been set aside to support community requests for coastal activities aligning with the *Environment Southland Marine Fee Reserve Allocation Policy*.

The allocation schedule for the 2026-27 year is as follows:

Marine Fee Allocations	2026-27 year
Contribution to core coastal programmes (notably Harbour Management, Regional Coastal Plan, marine pests programme)	$1.6 million
Coastal science programme	$0.7 million
Community activity allocations	$0.04 million

Climate resilience work programme

The $6.1 million of funding included as capital grants is the Government contribution for flood resilience projects to improve the region's flood defences. This means that although the flood resilience funding from Government may appear on our income statements as additional funds, it is specifically targeted to flood resilience projects and cannot be used for any other Council activity.

While the LTP forecast debt for the flood resilience projects for the 2026-27 year was $24.6 million, the change in these projects' costs and expenditure over the previous financial years brings the forecast net debt for the 2026-27 year to $11.7 million.

Expenses

Expenses for the 2026-27 year are forecast to be $1 million lower than the LTP budget. This is due to the prioritisation of work programmes, ongoing vacancies across the organisation as well as delayed recruitment. The economic climate has substantially changed since the LTP budgets were created. This has formed the main underlying assumptions going into this annual plan. The budget reflects the adjustments needed to maintain Council's strategy of balancing the achievement of outcomes with ratepayer needs and prudent financial management.

Disclosure Statement

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

The Council is required to include this statement in the Annual Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations) Section 101. Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark			Planned	Met
1.	Rates affordability benchmark:			
	1a As % income	<60% total revenue	55% total revenue	Yes
	1b Rates increases	13%	3.25%	Yes
2.	Debt affordability benchmark:	<87.5% total revenue	20% total revenue	Yes
3.	Balanced budget benchmark:	100%	107%	Yes
4.	Essential services benchmark:	Nil	Nil	N/A
5.	Debt servicing benchmark:	10% Revenue	0.8%	Yes

1. Rates affordability benchmark

For this benchmark:

(a) the Council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's Long-term Plan; and

(b) the Council's planned rates increase for the year is compared with a quantified limit on rates increases for the year contained in the financial strategy included in the Council's Long-term Plan.

The Council meets the rates affordability benchmark if:

(a) the planned rates income for the year equals or is less than each quantified limit on rates; and

(b) the planned rates increase for the year equals or is less than each quantified limit on rates increases.

2. Debt affordability benchmark

For this benchmark, the Council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the Council's Long-term Plan.

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

3. Balanced budget benchmark

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

The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

4. Essential services benchmark

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

The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

The essential service is for flood protection and control works. The assets for flood protection and control works are land assets, therefore have no depreciation. The requirement is to show the depreciation expense relative to capital expenditure. As there is no depreciation, the requirement of Schedule 6 of the regulations cannot be produced.

5. Debt servicing benchmark

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

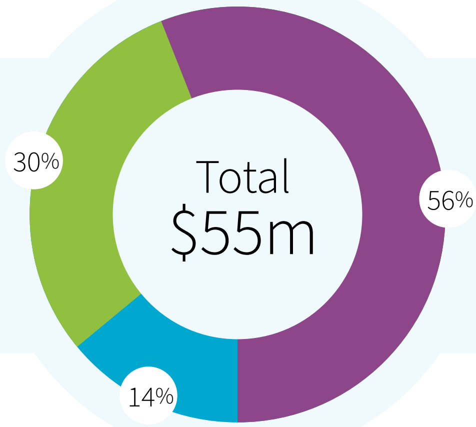
Because Statistics New Zealand projects that the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equals or is less than 10% of its planned revenue.

Financial Overview

The Annual Plan 2026-27 projects that the overall rate increase will be 3.25%. Individual rate amounts will vary as the overall rate is made up of a mix of land and capital value rates.

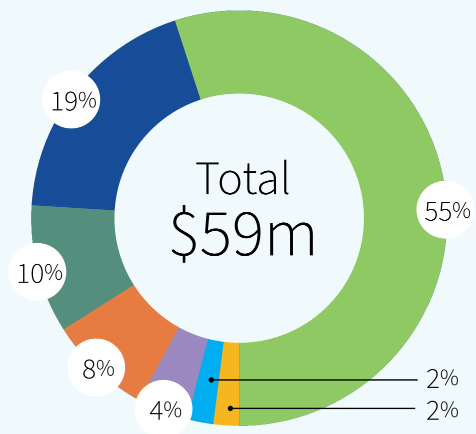
Operational expenditure by activity

- **Healthy Environment** $31m
- **Resilient Communities** $16m
- **Thriving Region** $8m



How we fund our activities

- **Rates** $32m
- **Fees & charges** $11m
- **Capital grants** $6m
- **South Port dividends** $5m
- **Investment income** $3m
- **Rental income** $1m
- **Levies & contributions** $1m



Benchmark	**Healthy Environment** $000	**Resilient Communities** $000	**Thriving Region** $000	**Total** $000
General Rates, UAGC & rates penalties	20,013	6,296	319	26,628
Targeted Rates	295	6,050		6,345
South Port Dividend			4,709	4,709
Capital Grants		6,107		6,107
Investment Income		148	2,406	2,554
Rental Income		1,259		1,259
Fees & Charges	7,130	3,295	9	10,434
Levies & Contributions	23	632	231	886
Total	**27,461**	**23,787**	**7,674**	**58,922**

Please refer to the Long-term Plan 2024-34 for further breakdown of each group of activity listed above.

Prospective Financial Statements

Prospective Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2027

Annual Plan 2025-26 $000		Notes	Annual Plan 2026-27 $000	Long-term Plan 2026-27 $000
	Revenue			
31,450	Rates revenue	1	32,473	36,767
6,248	Interest & dividends		6,414	6,161
4,182	Capital grants		6,107	-
653	Other gains / (losses)		850	584
12,743	Other revenue		13,079	13,393
55,276	Total revenue	2	58,923	56,906
	Expenses			
24,958	Employee benefit expense		25,516	25,904
1,217	Depreciation expense		986	1,504
389	Finance costs		409	1,495
24,785	Other expenses	3	28,188	27,239
51,349	Total operating expenditure		55,098	56,142
3,927	Operating surplus / (deficit)		3,825	763
	Other comprehensive revenue & expenditure			
-	Property, plant & equipment revaluation gain / (loss)		-	-
3,927	**Total Comprehensive Revenue & Expenses**		**3,825**	**763**

The Annual Plan surplus of $3.8 million includes Government grants revenue of $6.1 million for flood protection projects. The grants are received specifically for our flood protection work and can only be spent on those projects.

Prospective Statement of Changes in Net Assets/Equity

for the year ended 30 June 2027

Annual Plan 2025-26 $000		Annual Plan 2026-27 $000	Long-term Plan 2026-27 $000
103,651	Opening equity	115,107	92,395
3,927		3,825	763
107,578	**Closing equity**	**118,932**	**93,159**

The opening Equity balance for the 2027 year has been adjusted to more accurately reflect the current financial position of the Southland Regional Council

Prospective Statement of Financial Position

as at 30 June 2027

Annual Plan 2025-26 $000		Notes	Annual Plan 2026-27 $000	Long-term Plan 2026-27 $000
	Current Assets			
792	Cash and cash equivalents		337	3,699
4,971	Trade and other receivables	2	4,522	4,607
81	Inventories		81	93
33,581	Managed funds		40,568	29,642
454	Prepayments		335	460
39,879	Total Current Assets		45,843	38,501
	Non-Current Assets			
8,721	Shares in subsidiary		8,721	8,721
22	Other financial assets		9	9
77,712	Property, plant and equipment		83,913	82,960
-	Borrower notes		580	-
90	Investment in related party	3	-	-
86,545	Total Non-Current Assets		93,222	91,690
126,424	**Total Assets**		**139,065**	**130,190**
	Current liabilities			
5,445	Trade and other payables		5,840	6,825
2,016	Employee entitlements		2,294	1,894
7,461	Total current liabilities		8,133	8,718
	Non-current liabilities			
11,385	Term debt		12,000	28,313
11,385	Total non-current liabilities		12,000	28,313
18,846	**Total Liabilities**		**20,133**	**37,031**
107,578	**Net Assets**		**118,932**	**93,159**
	Equity			
30,016	Retained earnings		35,756	16,449
30,389	Special reserves		30,502	28,793
47,173	Capital		52,674	47,917
107,578	**Total Equity**	4	**118,932**	**93,159**

The opening balances for the 2027 year have been adjusted to more accurately reflect the current financial position of the Southland Regional Council.

Prospective Statement of Cash Flows
for the year ended 30 June 2027

Annual Plan 2025-26 $000		Notes	Annual Plan 2026-27 $000	Long-term Plan 2026-27 $000
	Cash flows from operating activities			
	Cash was provided by (applied to):			
44,192	Receipts from customers		44,021	50,160
364	Interest received		314	400
4,709	Dividends received		4,709	4,709
(49,471)	Payments to suppliers and employees		(53,349)	(52,935)
(389)	Finance costs		(409)	(1,495)
-	Income tax paid		-	-
(594)	Net cash flow from operating activities		(4,714)	840
	Cash flows from investing activities			
	Cash was provided by (applied to):			
-	Proceeds from sale of other financial assets		-	-
623	Reduction of term investment		-	1,000
72	Proceeds from sale of property, plant and equipment		116	117
-	Foreign exchange gains / (losses)		-	-
90	Acquisition of shares / investments		92	90
-	Purchase of intangible assets		-	-
(9,817)	Purchase of property, plant and equipment		(11,532)	(5,290)
4,182	Grants for capital expenditure		6,107	-
(4,849)	Net cash flow from investing activities		(5,216)	(4,083)
	Cash flows from financing activities			
	Cash was provided by (applied to):			
-	Dividends paid to non-controlling interest		-	-
4,252	Drawdown / (Repayment) of borrowings		4,770	3,008
4,252	Net cash flow from financing activities		4,770	3,008
(1,192)	Net increase/(decrease) in cash and cash equivalents		(5,160)	(235)
1,984	Cash and cash equivalents at the beginning of the financial year		5,497	3,934
-	Net foreign exchange differences		-	-
792	**Cash and cash equivalents at the end of the financial year**		**337**	**3,699**

The opening cash balance for the 2027 year has been adjusted to more accurately reflect the current financial position of the Southland Regional Council.

Notes to the Prospective Financial Statements

1. Rating forecast comparative to LTP 2026-27

Annual Plan 2025-26 $000		Annual Plan 2026-27 $000	Long-term Plan 2026-27 $000	Compared to Long-term Plan Change $000	Change %
18,860	General rate	19,341	20,504	(1,164)	(5.68%)
6,514	Uniform annual general charge (UAGC)	6,787	7,524	(738)	(9.80%)
25,374		26,127	28,029	(1,901)	(6.78%)
1,136	Flood infrastructure investment rate	1,199	3,724	(2,526)	(67.82%)
-	Land sustainability rate				
4,651	Catchment rates	4,85	4,717	135	2.86%
289	Rabbit control rate	295	298	(2)	(0.77%)
6,076		6,346	8,739	(2,393)	(27.39%)
31,450	**Total rates**	**32,473**	**36,767**	**(4,295)**	**(11.68%)**

2. Disclosure of exchange and non-exchange transactions

The cash position was favourable to budget by $5.3m.
This is due to the timing of the debt drawdown.

Annual Plan 2025-26 $000		Annual Plan 2026-27 $000	Long-term Plan 2026-27 $000
	Revenue from non-exchange transactions		
31,450	Rates revenue	32,473	36,767
4,995	Levies and contributions	6,993	838
450	Rates penalties	500	350
-	Other revenue	-	-
36,895	Total revenue from non-exchange transactions	39,966	37,955
	Revenue from exchange transactions		
809	Local contributions	816	791
6,901	Interest and dividends	7,265	6,745
1,230	Rental Income	1,259	1,193
9,441	External recoveries	9,617	10,220
18,381	Total revenue from exchange transactions	18,957	18,949
55,276	**Total revenue**	**58,923**	**56,904**
	Current assets		
1,353	Receivables from non-exchange transactions (rates)	1,238	1,589
3,618	Receivables from exchange transactions	3,284	3,018
4,971	**Total trade and other receivables**	**4,522**	**4,607**

3. Breakdown of other expenses

Annual Plan 2025-26 $000		Annual Plan 2026-27 $000	Long-term Plan 2026-27 $000
	Other expenses		
10,146	Contractors & Consultants	11,532	10,733
5,164	River & Drainage works	5,288	5,359
2,483	Technology & Licencing	2,770	2,673
1,539	Grants & Contributions	2,341	1,385
561	Insurance	915	428
530	Civil Defence	530	552
377	Laboratory Services	667	681
200	Rates	205	206
170	Audit Costs	276	330
3,615	Other operating expenditure	3,664	4,892
24,785	**Total other expenses**	**28,188**	**27,239**

4. Prospective Schedule of Reserve Fund Movement

for the year ended 30 June 2027

	Opening balance $000	Transfers in $000	Transfers from $000	Closing balance $000
Special reserves				
Lease Area Reserves	7,101	351	782	6,670
Rating District Balances	5,079	-	12	5,067
Biosecurity / Biodiversity Accum Surplus	1,016	-	500	516
Catchment Integration Accum Surplus	1,404	-	834	570
Gravel Account Accum Surplus	136	-	-	136
Disaster Damage Reserve	2,000	-	-	2,000
Emergency Management Southland Reserve	446	6	-	452
AF8 Reserve	93	79	-	172
Orauea Disaster Damage Reserve	11	-	-	11
Waiau Disaster Damage Reserve	1,555	56	-	1,611
Makarewa Disaster Reserve	211	8	-	219
Ōreti Disaster Reserve	1,857	67	-	1,924
Mataura Disaster Reserve	1,589	57	-	1,646
Aparima Disaster Reserve	736	26	-	762
Waimatuku Stream Disaster Reserve	70	3	-	73
Invercargill Disaster Reserve	1,400	50	-	1,450
Te Anau Basin Damage Reserve	434	16	-	450
Vehicle Renewal Reserve	603	309	331	581
IT Transformation Reserve	296	-	300	(4)
Building Reserve	431	86	113	404
Lease Building Reserve	586	1	-	587
Plant Replacement Reserve	397	304	554	147
Infrastructural Assets Reserve	860	284	240	904
Pest Property Reserve	912	14	-	926
Pest Plant Reserve	96	-	-	96
Pest Disposals Reserve	299	-	-	299
General Funds	350	-	283	67
Coastal Rentals Reserve	748	117	95	770
Marine Fee Reserve	2,128	1,291	1,403	2,016
Total Special Reserves	32,841	3,125	5,464	30,502
Accumulated Comprehensive Revenue & Expense	**35,699**	**3,825**	**3,768**	**35,756**
Capital Reserves				
Capital Reserve	46,567	6,107		52,674
Total Capital Reserves	46,567	6,107		52,674
Total Reserves	**115,107**	**13,057**	**9,232**	**118,932**

Statement of Accounting Policies

Summary of Accounting Policies

Reporting Entity

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

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

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

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

The prospective financial statements of Council are to be adopted by Council on 24 June 2026.

Statement of Compliance

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

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

Basis of Preparation

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

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

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

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

Significant Accounting Policies

Revenue recognition

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

Adoption of new and revised standards and interpretations

There are no new or revised accounting standards or interpretations adopted during the current year.

Revenue from non-exchange transactions

Rates Revenue

Rates are recognised as income when levied.

Grant Revenue and Subsidies

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

The Council receives central Government contributions:

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

Revenue from exchange transactions

Interest Revenue

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

Dividend Revenue

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

Rental Income

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

Other Revenue – Full Cost Recovery

Rendering of Services

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

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

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

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

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

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

Other Gains and Losses

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

Taxation

The Council itself is not subject to income tax.

Goods and Services Tax

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

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

Statement of Cash Flows

For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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

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

Financial assets

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

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

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

A financial asset is classified and subsequently measured at Fair Value through Other Comprehensive Revenue and Expenses (FVTOCRE) if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and Group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Initial recognition of concessionary loans

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include Investments (cash and fixed revenue), and Receivables and Accruals.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and Group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue. Other than for derivatives, the Council and Group has no instruments in this category.

Expected credit loss allowance (ECL)

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

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

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

The Council considers a financial asset to be in default when internal or external information indicates the entity is unlikely to pay its credit obligations in full.

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

Although receivables at 30 June 2025 were subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because any additional estimated allowance is trivial.

Financial liabilities

(a) Trade and other payables

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

(b) Borrowings

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

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

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

(c) Borrowings LGFA

Borrowings are recognised initially at fair value. Subsequent to initial recognition, borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in the Statement of Comprehensive Revenue and Expense over the period of the borrowings, using the effective interest method. The carrying amount of borrowings reflects fair value as the borrowing finance rates approximate market rates.

Derivative financial instruments

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

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

Inventories

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

Property, plant and equipment

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

(a) Operational assets

Operational assets include:

- Council owned land, buildings, rental land, rental buildings, motor vehicles and other plant and equipment; and
- South Port New Zealand Limited land, buildings and improvements, wharves and berths dredging, and plant, equipment and vehicles.

(b) Infrastructural assets

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

Cost

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

Depreciation

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

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

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

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

Asset	Life
Operational Assets	
Land – Council	*Unlimited*
Buildings – Council	*2% - 10% DV*
Rental land - Council	*Unlimited*
Rental buildings - Council	*2% - 10% DV*
Other plant and equipment – Council	*2.5% - 15% DV/SL*
Motor vehicles - Council	*15% SL*
Land – South Port	*Unlimited*
Buildings – South Port	*2% - 7 % SL*
Plant and machinery – South Port	*2% - 33% SL*
Infrastructural Assets	
Stopbanks and earthworks	*Unlimited*
Bridges	*1% SL*
Large culverts	*1% - 2.5% SL*
Tide gate structures	*1% - 2.5% SL*
Pump Stations	*1% -10% SL*

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

Disposal

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

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

Impairment of property, plant and equipment

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

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

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

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

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

Employee Entitlements

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

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

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

Superannuation schemes

Defined Contribution Schemes

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

Provisions

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

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

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

Equity

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

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

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

Restricted and Council Created Reserves

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

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

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Foreign currency

Foreign Currency Transactions

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

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

Budget amounts

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

Allocation of overheads

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

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

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

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

Critical accounting estimates and assumptions

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

Critical judgements

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

Classification of Property

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

Prospective financial information

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

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

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

PBE IFRS issued but not yet effective

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

- NZ IFRS 18 – Presentation and Disclosure in Financial Statements; effective for periods commencing 1 January 2027.

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

Funding Impact Statement

for 2026-27

The Funding Impact Statement is in three separate parts:

- Whole of Council funding impact statement
- Rates funding impact statement for 2026-27
- Rates samples

Whole of Council Funding Impact Statement

for the year ended 30 June 2027

Annual Plan 2025-26 $000		Annual Plan 2026-27 $000	Long-term Plan 2026-27 $000
	Sources of operating funding		
25,824	General rates, uniform annual general charge and rates penalties	26,627	28,379
6,076	Targeted rates	6,346	8,739
-	Subsidies and grants for operating purposes	-	-
11,041	Fees and charges	10,848	11,828
6,248	Interest and dividends from investments	6,414	6,161
1,252	Local authorities fuel tax, fines, infringement fees and other receipts	1,731	1,215
50,441	Total operating funding (A)	51,966	56,322
	Applications of operating funding		
38,340	Payments to staff and suppliers	41,741	40,010
389	Finance costs	409	1,495
11,402	Other operating funding applications	11,963	13,133
50,131	Total applications of operating funding (B)	54,112	54,638
309	**Surplus / (deficit) of operating funding (A-B)**	**(2,146)**	**1,684**
	Sources of capital funding		
4,182	Subsidies and grants for capital expenditure	6,107	-
-	Development and financial contributions	-	-
4,252	Increase / (decrease) in debt	5,000	3,008
72	Gross proceeds from sale of assets	116	117
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
8,506	Total sources of capital funding (C)	11,224	3,125
	Applications of capital funding		
	Capital expenditure		
-	- to meet additional demand	-	-
8,379	- to improve the level of service	10,419	4,115
1,438	- to replace existing assets	1,114	1,175
(1,167)	Increase / (decrease) in reserves	(3,728)	(481)
165	Increase / (decrease) of investments	1,272	-
8,815	Total applications of capital funding (D)	9,077	4,809
(309)	**Surplus / (deficit) of capital funding (C-D)**	**2,146**	**(1,684)**
-	**Funding balance ((A-B)+(C-D))**	**-**	**-**

Reconciliation of Funding Impact Statement to Prospective Statement of Comprehensive Revenue and Expenses

for the year ended 30 June 2027

Annual Plan 2025-26 $000		Annual Plan 2026-27 $000	Long-term Plan 2026-27 $000
309	**Surplus / (deficit) of operating funding (A-B)**	(2,146)	1,684
	Add / (deduct)		
653	Increase / (decrease) in fair value of investment portfolio	850	584
-	Profit / (loss) disposal of assets	-	-
(1,217)	Depreciation expense	(986)	(1,504)
-	(increase) / decrease in provision for doubtful debts	-	-
4,182	Increase / (decrease) in subsidies and grants for capital expenditure	6,107	-
3,927	**Surplus / (deficit) Statement of comprehensive revenue**	**3,825**	**763**

Rates Funding Impact Statement

for 2026-27

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

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

Rates equalisation

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

General Rates

Categories of Rateable Land	Rates $ GST Incl	Calculation Basis	2026-27 Revenue $ GST incl
General Rates			
The General Rate is set differentially on the capital value of all rateable land in the Region. The differential categories are defined by the boundaries of each Territorial Authority and are set differentially for the purpose of equalising the rates.			
Southland District	46.24	per $100,000 capital value	$12,205,703
Gore District	45.96	per $100,000 capital value	$2,473,966
Invercargill City	49.73	per $100,000 capital value	$7,562,289
			$22,241,959
Uniform Annual General Charge			
The Uniform Annual General Charge is a fixed amount per rating unit. It is part of the total general rate and set at a level that Council considers appropriate. For the 2024/25 year the rate as a percentage of total rate revenue is 21%, and is less than the 30% maximum percentage for fixed rates.			
	161.00	Fixed amount per rating unit	**$7,804,556**

Targeted Rates

Categories of Rateable Land	Matters to define Categories	Rates $ GST Incl	Calculation Basis	2026-27 Revenue $ GST incl
Flood Infrastructure Investment Rate				
The Flood Infrastructure Investment targeted rate is set differentially on the capital value of all rateable land in the Region. The differential categories are defined by the boundaries of each Territorial Authority and are set differentially for the purpose of equalising the rates. The rate contributes funding to the Flood Protection and Control activity.				
Southland District		2.87	per $100,000 capital value	$756,538
Gore District		2.85	per $100,000 capital value	$153,355
Invercargill City		3.08	per $100,000 capital value	$468,708
				$1,378,600
River Management Rate (excluding Waiau catchment)				
The River Management targeted rate is set differentially on the capital value of rateable land. The differential categories are defined by the boundaries of each Territorial Authority and are set differentially for the purpose of equalising the rates. The rate contributes funding to the River Management activity.				
Southland District		9.30	per $100,000 capital value	$2,305,651
Gore District		9.24	per $100,000 capital value	$497,474
Invercargill City		10.00	per $100,000 capital value	$1,520,640
				$4,323,765
Rabbit Control Rate				
The Rabbit Control targeted rate is set differentially by location and assessed by rateable area, on all rating units greater than or equal to 4 hectares contained in the Southland region south of the Mimihau Stream and east of the Mataura River. The rate contributes funding to the Biosecurity activity.				
Southland District	where the land is situated	3.53	per hectare	$338,518
Gore District	where the land is situated	3.53	per hectare	$1,183
				$339,701

Categories of Rateable Land	Matters to define Categories	Ratio	Rates $ GST Incl	Calculation Basis	2026-27 Revenue $ GST incl
The Waiau Rating District targeted rate is set differently on the capital value of rateable land. The differential categories are determined according to classifications of the area of land within the rating district.					
Scheme 434 – Waiau Rating District					
C4	where the land is situated	1	218.74	per $100,000 land value	$5,778
D1	where the land is situated	600	979.54	per $100,000 land value	$34,925
D2	where the land is situated	125	204.07	per $100,000 land value	$24,062
E1	where the land is situated	10	4.10	per $100,000 land value	$805
E2	where the land is situated	60	24.61	per $100,000 land value	$6,582
E3	where the land is situated	700	287.16	per $100,000 land value	$13,029
F1	where the land is situated	1	0.10	per $100,000 land value	$693
F2	where the land is situated	4	0.41	per $100,000 land value	$165
F3	where the land is situated	35	3.63	per $100,000 land value	$14,178
					$100,218

Drainage Rates

Categories of Rateable Land	Matters to define Categories	Ratio	Rates $ GST Incl	Calculation Basis	2026-27 Revenue $ GST incl
Land Drainage Rates					

Council has 17 catchment rating schemes. Each scheme has its own differential rating categories and calculation basis for determining rates. The differential categories are determined according to agreed benefit having considered soil type, land contour, location, type of work undertaken and other appropriate matters.

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

Categories of Rateable Land	Matters to define Categories	Ratio	Rates $ GST Incl	Calculation Basis	2026-27 Revenue $ GST incl
Scheme 424 - Duck Creek					
A	where the land is situated	24	37.92	per hectare	$17,586
B	where the land is situated	20	31.60	per hectare	$24,499
C	where the land is situated	8	12.64	per hectare	$9,408
D	where the land is situated	4	6.32	per hectare	$3,610
E	where the land is situated	2	3.16	per hectare	$5,036
F	where the land is situated	1	1.58	per hectare	$3,901
					$64,041
Scheme 436 - Otepuni Creek					
A	where the land is situated	6	11.91	per hectare	$4,407
B	where the land is situated	5	9.93	per hectare	$5,194
C	where the land is situated	4	7.94	per hectare	$3,792
D	where the land is situated	3	5.96	per hectare	$2,744
E	where the land is situated	2	3.97	per hectare	$2,467
F	where the land is situated	1	1.99	per hectare	$811
					$19,417
Scheme 441 - Upper Waihōpai River					
A	where the land is situated	6	3.80	per hectare	$314
B	where the land is situated	5	3.17	per hectare	$444
C	where the land is situated	4	2.54	per hectare	$2,101
D	where the land is situated	3	1.90	per hectare	$3,564
E	where the land is situated	2	1.27	per hectare	$605
F	where the land is situated	1	0.63	per hectare	$164
					$7,192
Scheme 422 - Upper Waikawa River					
A	where the land is situated	15	10.47	per hectare	$3,119
B	where the land is situated	10	6.98	per hectare	$349
C	where the land is situated	9	6.28	per hectare	$2,586
D	where the land is situated	6	4.19	per hectare	$1,474
E	where the land is situated	3	2.09	per hectare	$1,584
					$9,113
Scheme 443 - Upper Waikiwi River					
A	where the land is situated	22	18.75	per hectare	$1,518

Categories of Rateable Land	Matters to define Categories	Ratio	Rates $ GST Incl	Calculation Basis	2026-27 Revenue $ GST incl
B	where the land is situated	12	10.23	per hectare	$4,929
C	where the land is situated	8	6.82	per hectare	$3,219
D	where the land is situated	6	5.11	per hectare	$2,225
E	where the land is situated	2	1.70	per hectare	$408
F	where the land is situated	1	0.85	per hectare	$109
U1	where the land is situated	20	17.05	per hectare	$2,466
U2	where the land is situated	10	8.52	per hectare	$442
					$15,317
Scheme 448 - Waituna Creek					
A	where the land is situated	8	7.64	per hectare	$3,686
B	where the land is situated	7	6.69	per hectare	$3,590
C	where the land is situated	6	5.73	per hectare	$20,471
D	where the land is situated	5	4.78	per hectare	$10,202
E	where the land is situated	3	2.87	per hectare	$2,608
F	where the land is situated	1	0.96	per hectare	$1,956
BCL	where the land is situated	1	0.00	per hectare	$-
BCM	where the land is situated	1	5.75	per hectare	$55,688
					$98,200
Scheme 978 - Clifton Drainage					
A	where the land is situated	20	17.02	per hectare	$3,515
B	where the land is situated	15	12.77	per hectare	$772
					$4,287
Scheme 435 - Lake Hawkins					
A	where the land is situated	5	322.90	per $100,000 land value	$110,803
B	where the land is situated	4	258.32	per $100,000 land value	$9,699
C	where the land is situated	1	64.58	per $100,000 land value	$10,835
					$131,337
Scheme 440 - Ōreti Rating District					
Land within Southland District Council					
A1	where the land is situated	3	87.76	per $100,000 land value	$42,319
A2	where the land is situated	2	58.51	per $100,000 land value	$42,442
A3	where the land is situated	2	58.51	per $100,000 land value	$5,363
A4	where the land is situated	2	43.88	per $100,000 land value	$71,120
A6	where the land is situated	1	29.25	per $100,000 land value	$2,732
C1	where the land is situated	3	111.40	per $100,000 land value	$31,747
C2	where the land is situated	2	74.27	per $100,000 land value	$8,876
C3	where the land is situated	1	37.13	per $100,000 land value	$10,829
C4	where the land is situated	1	29.71	per $100,000 land value	$19,530
C5	where the land is situated	1	27.85	per $100,000 land value	$1,637

Categories of Rateable Land	Matters to define Categories	Ratio	Rates $ GST Incl	Calculation Basis	2026-27 Revenue $ GST incl
Land within Invercargill City Council					
A2	where the land is situated	2	62.33	per $100,000 land value	$1,575
A7	where the land is situated	2	62.33	per $100,000 land value	$1,636
C1	where the land is situated	3	118.68	per $100,000 land value	$2,940
C2	where the land is situated	2	79.12	per $100,000 land value	$10,629
					$253,373
Scheme 445 - Waihōpai River					
Land within Southland District Council					
A	where the land is situated	9	62.54	per $100,000 land value	$2,984
B	where the land is situated	6	41.69	per $100,000 land value	$1,407
C	where the land is situated	4	27.80	per $100,000 land value	$4,593
D	where the land is situated	3	20.85	per $100,000 land value	$4,290
E	where the land is situated	2	13.90	per $100,000 land value	$3,557
F	where the land is situated	1	6.95	per $100,000 land value	$1,150
Land within Invercargill City Council					
A	where the land is situated	9	66.62	per $100,000 land value	$2,600
B	where the land is situated	6	44.42	per $100,000 land value	$4,779
C	where the land is situated	4	29.61	per $100,000 land value	$3,289
D	where the land is situated	3	22.21	per $100,000 land value	$1,414
E	where the land is situated	2	14.81	per $100,000 land value	$1,122
F	where the land is situated	1	7.40	per $100,000 land value	$138
					$31,321
Scheme 1080 - Makarewa Rating District					
Land within Southland District Council					
A2	where the land is situated	3	94.37	per $100,000 land value	$65,340
A3	where the land is situated	2	62.91	per $100,000 land value	$6,947
A4	where the land is situated	1	31.46	per $100,000 land value	$1,130
C2	where the land is situated	3	208.14	per $100,000 land value	$553
C3	where the land is situated	2	138.76	per $100,000 land value	$944
C4	where the land is situated	1	69.38	per $100,000 land value	$2,613
Land within Gore District Council					
A4	where the land is situated	1	31.43	per $100,000 land value	$152
					$77,678
Scheme 1101 - Mataura Rating District					
Land within Southland District Council					
A1	where the land is situated	1	43.33	per $100,000 land value	$1,519
A2	where the land is situated	1	43.33	per $100,000 land value	$3,002
C1	where the land is situated	5	145.32	per $100,000 land value	$61,152

Categories of Rateable Land	Matters to define Categories	Ratio	Rates $ GST Incl	Calculation Basis	2026-27 Revenue $ GST incl
C2	where the land is situated	3	87.19	per $100,000 land value	$38,903
C3	where the land is situated	2	58.13	per $100,000 land value	$75,174
C4	where the land is situated	1	29.06	per $100,000 land value	$24,008
C5	where the land is situated	5	145.32	per $100,000 land value	$28,920
Land within Gore District Council					
A3	where the land is situated	2	86.59	per $100,000 land value	$20,900
C1	where the land is situated	5	145.20	per $100,000 land value	$16,455
C2	where the land is situated	3	87.12	per $100,000 land value	$10,231
C3	where the land is situated	2	58.08	per $100,000 land value	$5,418
C4	where the land is situated	1	29.04	per $100,000 land value	$1,364
					$287,046
Scheme 1140 - Aparima Rating District					
A1	where the land is situated	4	16.10	per $100,000 land value	$1,470
A2	where the land is situated	3	12.07	per $100,000 land value	$4,325
A3	where the land is situated	20	80.47	per $100,000 land value	$28,395
C2	where the land is situated	2	55.50	per $100,000 land value	$20,916
C3	where the land is situated	1	27.75	per $100,000 land value	$9,080
					$64,186
Scheme 584 - Waimatuku Rating District					
C1	where the land is situated	3	38.23	per $100,000 land value	$6,405
C2	where the land is situated	2	25.48	per $100,000 land value	$2,034
C4	where the land is situated	1	15.93	per $100,000 land value	$30,892
F1	where the land is situated	1	4.16	per $100,000 land value	$6,255
F2	where the land is situated	1	4.99	per $100,000 land value	$4,289
F3	where the land is situated	1	4.58	per $100,000 land value	$9,120
					$58,995
Scheme 450 – Te Anau Basin Rating District					
C4	where the land is situated	10	2.72	per hectare	**$20,485**
Scheme 653 - Lower Waikawa River					
District Rated by Annual Maintenance targeted rate					
Where the land is situated and the provision of a service to the land			2.80	per hectare	**$3,110**

Rating dates

It is proposed that all rates be payable in one instalment by Friday, 27 November 2026, unless the ratepayer has entered into an approved payment arrangement with the Council and that no discount be provided for early payment.

It is further proposed that a 10% penalty will be imposed:

(i) on any current rates due but not paid by 5.00 pm on the due date;

(ii) on all rates in arrears unpaid at 1 January 2027 (this penalty excludes current rates);

(iii) on all rates in arrears as at 1 July 2027.

Rates Samples

The rate samples show indicative rating effects on sample properties for the 2026-27 year.

These figures are GST inclusive.

Location and Details	Rate	2025/26	2026-27	Change $
Lumsden sheep farm - 141.8543 ha	Capital Value	3,495,000	3,495,000	0
	General	1,614	1,616	2
	UAGC	156	161	5
	Biosecurity	0	0	0
	Land Sustainability	0	0	0
	Catchment	860	975	115
	Flood Infrastructure	97	100	3
	Total rates	**2,727**	**2,852**	**125**
Gore Dairy - 178.5852 ha	Capital Value	5,200,000	5,330,000	130,000
	General	2,368	2,450	81
	UAGC	156	161	5
	Biosecurity	0	0	0
	Land Sustainability	0	0	0
	Catchment	478	493	15
	Flood Infrastructure	143	152	9
	Total rates	**3,145**	**3,255**	**111**
Gore Rural - 180.246 ha	Capital Value	3,680,000	3,550,000	(130,000)
	General	1,676	1,632	(44)
	UAGC	156	161	5
	Biosecurity	0	0	0
	Land Sustainability	0	0	0
	Catchment	338	328	(10)
	Flood Infrastructure	101	101	0
	Total rates	**2,271**	**2,222**	**(49)**
Edendale Dairy - 117.258 ha	Capital Value	4,900,000	4,900,000	0
	General	2,262	2,266	3
	UAGC	156	161	5
	Biosecurity	0	0	0
	Land Sustainability	0	0	0
	Catchment	937	1,040	103
	Flood Infrastructure	136	140	4
	Total rates	**3,492**	**3,607**	**115**

Location and Details	Rate	2025/26	2026-27	Change $
Invercargill Lifestyle - 4.0006 ha	Capital Value	880,000	880,000	0
	General	420	438	18
	UAGC	156	161	5
	Biosecurity	0	0	0
	Land Sustainability	0	0	0
	Catchment	85	88	3
	Flood Infrastructure	25	27	2
	Total rates	**686**	**714**	**28**
Tussock Creek Dairy - 282.6786 ha	Capital Value	9,490,000	9,490,000	0
	General	4,382	4,388	6
	UAGC	156	161	5
	Biosecurity	0	0	0
	Land Sustainability	0	0	0
	Catchment	1,065	1,112	47
	Flood Infrastructure	264	272	8
	Total rates	**5,867**	**5,933**	**66**
Winton Housing - 0.0508 ha	Capital Value	500,000	500,000	0
	General	231	231	0
	UAGC	156	161	5
	Biosecurity	0	0	0
	Land Sustainability	0	0	0
	Catchment	47	46	(0)
	Flood Infrastructure	14	14	0
	Total rates	**447**	**453**	**6**
Gore Commercial - 0.0939 ha	Capital Value	1,290,000	1,530,000	240,000
	General	588	703	116
	UAGC	156	161	5
	Biosecurity	0	0	0
	Land Sustainability	0	0	0
	Catchment	118	141	23
	Flood Infrastructure	35	44	8
	Total rates	**897**	**1,049**	**152**
Gore Housing - 0.0852 ha	Capital Value	550,000	600,000	50,000
	General	251	276	25
	UAGC	156	161	5
	Biosecurity	0	0	0
	Land Sustainability	0	0	0
	Catchment	51	55	5
	Flood Infrastructure	15	17	2
	Total rates	**472**	**509**	**37**

Location and Details	Rate	2025/26	2026-27	Change $
Invercargill Housing - 0.0923 ha	Capital Value	650,000	650,000	0
	General	310	323	13
	UAGC	156	161	5
	Biosecurity	0	0	0
	Land Sustainability	0	0	0
	Catchment	63	65	2
	Flood Infrastructure	19	20	1
	Total rates	**547**	**569**	**22**
Invercargill Commercial - 0.1011 ha	Capital Value	3,600,000	3,600,000	0
	General	1,718	1,790	72
	UAGC	156	161	5
	Biosecurity	0	0	0
	Land Sustainability	0	0	0
	Catchment	346	360	14
	Flood Infrastructure	104	111	7
	Total rates	**2,324**	**2,422**	**98**
Invercargill Housing - 0.1064 ha	Capital Value	440,000	440,000	0
	General	210	219	9
	UAGC	156	161	5
	Biosecurity	0	0	0
	Land Sustainability	0	0	0
	Catchment	42	44	2
	Flood Infrastructure	13	14	1
	Total rates	**421**	**437**	**16**
Te Anau Housing - 0.083 ha	Capital Value	630,000	630,000	0
	General	291	291	0
	UAGC	156	161	5
	Biosecurity	0	0	0
	Land Sustainability	0	0	0
	Catchment	59	59	(0)
	Flood Infrastructure	18	18	1
	Total rates	**523**	**529**	**6**
Nightcaps Housing - 0.1012 ha	Capital Value	210,000	210,000	0
	General	97	97	0
	UAGC	156	161	5
	Biosecurity	0	0	0
	Land Sustainability	0	0	0
	Catchment	20	20	(0)
	Flood Infrastructure	6	6	0
	Total rates	**278**	**284**	**5**

Why isn't my rates increase in line with the overall increase in rates of 3.25%?

The individual rate amounts will vary as the overall rate is made up of a mix of land and capital value rates. The impact of these changes is lessened to a degree by the UAGC but changes in valuation relativities are likely to affect many properties.

Additional Disclosure Information

Rating base information	30 June 2025	Projected 30 June 2026
Land Value	$25,862,405,250	$25,998,129,300
Capital Value	$46,738,133,500	$46,993,539,750
Rating Units	51,843	51,998

What are my rates likely to be?

The following table displays indicative rates for the general rate, the flood infrastructure investment rate and the river management rate. With these, you can calculate these rates for your property for the coming year. Use your latest rating valuation and select the levy for your Council. The rates are GST inclusive.

To calculate the 2026-27 drainage rates, apply the drainage rate details (class) of your property and determine the calculation basis (e.g. land value or land area) and levy amounts applicable from the drainage rating tables provided.

For General Rate

Select your Council	Rates levy estimate	multiplied by	The capital value of your property	equals	Indicative 2026-27 General rate
Southland District	0.00046239	X		=	
Gore District	0.00045961	X		=	
Invercargill City	0.00049726	X		=	
Add UAGC					$161.00
Total General Rate					**$**

For Flood Infrastructure Investment Rate

Select your Council	Rates levy estimate	multiplied by	The capital value of your property	equals	Indicative 2026-27 Flood Infrastructure Investment rate
Southland District	0.00002866	X		=	
Gore District	0.00002849	X		=	
Invercargill City	0.00003082	X		=	
Total Flood Infrastructure Investment Rate					**$**

For River Management Rate (excluding Waiau catchment)

Select your Council	Rates levy estimate	multiplied by	The capital value of your property	equals	Indicative 2026-27 River Management rate
Southland District	0.00009298	X		=	
Gore District	0.00009242	X		=	
Invercargill City	0.00009999	X		=	
Total River Management Rate					**$**

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

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environment SOUTHLAND
REGIONAL COUNCIL
Te Taiao Tonga

For **now** & **our future**

0800 76 88 45 | service@es.govt.nz | es.govt.nz