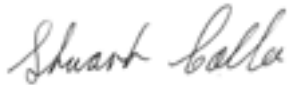


The Council and its officers are responsible for the preparation of this report.

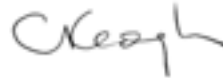
This report has been prepared in accordance with the provisions of the Local Government Act 2002 and the Reporting Standards of the New Zealand Institute of Chartered Accountants.

This report was approved and adopted by a meeting of the Council on 6 October 2010.

It correctly reflects the Council's financial position and operating results for the year ended 30 June 2010 and complies with all statutory requirements in relation to the Annual Report.



Stuart Collie
Chairman



Ciaran Keogh
Chief Executive

SRC Publication Number 2010-08

Annual Report

***Environment
Southland's
achievements
for July 2009
to
June 2010***



Annual Report to 30 June 2010

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Council Directory



Chairman

Stuart Collie

Councillors

Derek Angus QSM, JP
Ross Cockburn
Neville Cook
Jim Fenton, QSO
Nicol Horrell
Brian Mason
Neil McPhail
Marion Miller
Maurice Rodway
Ali Timms
Diane Wilson (Deputy Chairman)

Executive Staff

Chief Executive
Director of Environmental Management
Director of Corporate Services

Ciaran Keogh
Warren Tuckey
Graham Alsweiler

Divisional Managers

Policy and Planning Manager
Environmental Information Manager
Catchment Manager
Biosecurity Manager
Compliance Manager
Consents Manager
Finance Manager
Information Technology Manager
Information Systems Manager

Ken Swinney
John Prince
Noel Hinton
Richard Bowman
Mark Hunter
John Engel
Elizabeth Marshall
Stephen Aldridge *(until 26 February 2010)*
Tim Brown *(from 21 January 2010)*

Bankers

ANZ Banking
Kelvin Street, Invercargill

Auditor

Deloitte on behalf of the Controller and Auditor General
Wellington

Solicitors

AWS Legal
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Invercargill

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(03) 211 5252

Location

Corner of Price Street & North Road,
Invercargill

Environment Southland is the brand name of Southland Regional Council





Annual Report Overview

This Annual Report marks more than just the end of another year for our organisation. Its adoption also brings to an end the term of the 2007-2010 cohort of Councillors. It has been a triennium of progress and consolidation for our organisation, which has seen improvements in many aspects of Southland's environment, which we manage.

When we adopted the Long-term Council Community Plan in July 2009, Southland was feeling the economic and social impact of the global recession while at the same time we were dealing with the environmental consequences of rapid expansion in the dairy industry. Having received and considered over 200 submissions on the Draft LTCCP, we modified the plan to take account of public concerns. We introduced a new dairy differential rate on the general rate to target some of the costs that relate specifically to our response to dairying, and scaled back or deferred other programmes to match the community's ability to pay.

This past decade has seen a considerable intensification of land use in Southland and that has placed great pressure on the environment – particularly surface and groundwater. Our recent survey of community perceptions shows that most Southlanders are concerned that dairying is having a significant impact on water and land and that this is the main environmental issue facing our region. While the risk of harm to the environment is real, the dairy industry is not the only factor in the region that places pressures on the environment. Urban areas and industrial development place similar demands on the environment, and generally the dairy industry is being more proactive in minimising its harmful effects than perhaps could be said of the urban areas of the region.

Unfortunately, public perception, as determined by the Council-initiated survey, does not reflect the positive position as stated in the initial SOE Water Report. Much of this perception could be attributed to the hangover from historic initiatives taken by environmental groups such as the “dirty dairying” campaign, which did little to differentiate between councils that were not performing and this Council. Through our collaborative work with the dairy industry, substantial changes to on-farm practices have been achieved in Southland, for which the industry needs recognition.

During the year we began work on a comprehensive State of the Environment Report for fresh water and we expect that when all four portions of the report are complete, the results will reassure those who fear that water quality has deteriorated because of the intensification of land use. Monitoring results show that in most areas water quality indicators have improved over 10 years, while in others they are steady or still in decline. Our annual Compliance Monitoring Report shows a similar picture. Given that the regional dairy herd has grown several-fold in this period, the result is a tribute to the both the effectiveness of our regulatory processes and also to the improvements in dairy farm practice than have been introduced along with the industry expansion.

Clearly, there is much still to be done – both to address the causes and effects of environmental pollution and to match our organisation's resources and capability to the job. This job is fundamental to the economic wellbeing of Southland as our entire economy and society depends on wise use of our limited water resources and on protection of the productive value of land. The expansion of the dairy industry has had a profoundly positive economic effect on the region over the past decade. This



growth is expected to continue but will only be able to do so by continued innovation by the industry in the managing wastes and minimising environmental harm.

The most basic message we need to communicate is that across all of Southland one person's drain is the next person's drinking water supply, and that is as true for neighbouring farms as it is for all farms and for Invercargill City and Gore and the other towns across the region. Each of us takes water from the same place that our upstream neighbour dumps their waste whether that be a well or a river, it is all interconnected.



This report summarises what the Council has achieved in the past year. You will see that in most areas we carried out the programmes that we had proposed. Some activities were not completed, or were modified to take account of changing circumstances and priorities. Others were added for the same reason. You will find full details on pages 10-105 with a summary of each icon area – water, land, coast and air – at the start of each section. Financial performance is reported on pages 126-171 with a summary on page 123.

Over the past three years we have built up our operational functions through increased resources in the areas of compliance, policy development and science. Our corporate and administrative functions need a similar injection of resources, particularly in information technology. Over the next three years we will be focusing on improving our systems, processes and policies to ensure that the organisation improves both effectiveness and efficiency in all areas.

We will also continue to look at areas where we can work more closely with other councils. Emergency Management Southland took over the civil defence functions of all four Southland councils at the beginning of May, based in a new building with a state-of-the-art emergency operations centre and offices at our site in Invercargill. Our staff are leading an inter-agency response to the discovery of *Undaria*, an invasive marine pest plant found in Fiordland in April 2010. The inter-regional council information services project IRIS will start to come on-stream during the next year, and the joint regional and district planning project we are undertaking with the Southland District Council will continue to progress. There are other resources and services which could benefit from an integrated approach among Southland's local authorities, and we will remain open to researching and implementing these opportunities as they arise.

Our main focus into the future will be to ensure that the Southland community and the regional economy can continue to prosper in a sustainable manner. There is much opportunity ahead, but realising these opportunities puts increasing pressure on finite resources.

Finances

The Council reports an operating surplus of \$2,399,000 compared to a budgeted deficit of \$166,000. Revenue exceeded budget by \$746,000 (3.8%) and expenditure was below budget by \$1,819,000 (9.3%).

The primary contributor to the additional income was the Council's share of the South Port New Zealand Limited dividend, which exceeded our budget by \$698,000. The Port Company noted in its 2009 Annual Report that the increased dividend arose largely from one-off gains.

Expenditure was below budget for a number of reasons.





Some projects were unable to be completed within the financial year and authority has been given by the Council to complete these in the new year funded from the surplus (\$128,000).

When setting the budget items such as investigation and possible rental provision of additional office space was made as operating expenditure. During the year the capital purchase and refurbishment of the emergency operations centre was concluded using the unexpended costs as part funding source (\$300,000). Similarly, the contributions to the regional council group developing the IRIS software were budgeted for as operating expenses, but recognised as capital expenditure (\$173,000). A number of activities were underspent as anticipated activity did not occur or was not required. Significant exceptions are noted on the Icon programme costing pages.

It is the practice of the Council to identify the permanent savings from additional revenue or unspent costs and to use those as a funding source in the ensuing financial years. For example, the 2010/11 Annual Plan reflects that in part with a planned \$668,000 deficit majority funded by anticipation of \$478,000 of the 2009/10 surplus arising from the South Port dividend.

Stuart Collie
Chairman

Ciaran Keogh
Chief Executive

The following table gives historical perspective to the finances of our organisation:

KEY FINANCIAL INDICATORS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue										
General Rates	2,309	2,454	2,745	2,634	2,765	2,949	3,313	3,399	4,547	5,472
Separate Rates	2,971	3,216	3,361	3,569	3,721	4,178	4,323	4,567	4,800	4,710
Levies and Contributions	4,098	4,518	7,231	5,375	5,823	4,723	3,427	2,921	735	296
Other Revenue	2,492	2,723	3,223	2,979	3,049	4,110	3,778	4,613	5,483	5,414
Dividends	1,046	3,139	1,177	1,134	1,134	1,221	1,352	1,352	1,962	2,355
Interest	1,144	1,269	2,058	1,423	1,875	3,116	1,293	800	595	1,862
Profit on Share Sell-down	2,990	-	-	-	-	-	-	-	-	-
	17,050	17,319	19,795	17,114	18,367	20,297	17,486	17,652	18,122	20,109
Expenditure	(13,715)	(14,404)	(18,166)	(16,695)	(18,012)	(17,519)	(17,497)	(18,728)	(17,453)	(17,710)
Surplus (Deficit)	3,335	2,915	1,629	419	355	2,778	(11)	(1,076)	669	2,399
Capital expenditure	340	369	420	442	360	578	656	671	658	1,407
Financial Position										
Property, Plant and Equipment	35,367	35,286	35,328	35,378	35,260	35,366	35,492	35,654	35,830	36,449
Total Assets	63,862	65,926	68,288	68,279	69,109	71,050	70,625	70,084	70,562	73,035
Net external public debt	112	86	59	30	-	-	-	-	-	-
Total Public Equity	61,389	64,304	65,933	66,352	66,707	68,689	68,678	67,602	68,271	70,670
Ratio Current Assets to current liabilities	1.84:1	2.18:1	1.62:1	1.22:1	0.94:1	11.64:1	13.80:1	10.49:1	11.46:1	11.81:1

Note Figures from 2006 onwards have been restated to comply with NZ IFRS.



Statement of Service Performance for the year ending 30 June 2010

Our activities - what we do for the community

Programme presentation

Set out on the following pages are the programmes we undertook and associated financial forecasts and actuals for the year ending 30 June 2010.

Groups of Activities, Levels of Service and Performance Measures

Within this document we report on our outputs under **groups of activities** being Water, Land, Coast, Air and Community Representation. We believe that the first four areas, which we refer to as our environmental icons, provide a framework within which environmental issues can be laid out in an accessible fashion. Within those **icons**, we detail the outputs for each of our **programmes** detailed under:

- ▲ policy development and planning
- ▲ investigations and research
- ▲ monitoring
- ▲ works and services
- ▲ extension and education
- ▲ regulatory

The outputs under each of these programmes detail the level of service delivered and provide a direct link to the relevant Environment Southland **community outcome**.

We manage our work in **activities** (detailed below) and these activities aggregate up to our **divisional management** structure. Each programme area contains a statement showing which of our activities delivers the programmes, the cost thereof, and the combined funding sources involved. Expenditure in our statement of financial performance is presented in both icon and divisional form. The funding arrangements are in accordance with the Revenue and Financing Policy set out in the Long-term Council Community Plan.





The following table details the activities and their home:

Activity	Division
Environmental Monitoring	Environmental Information
Environmental Education	
Civil Defence	Southland Emergency Management Policy & Planning
Regional Planning	
Council Policy & Planning	
Hazard Mitigation	
Oil Spills	
Catchment Planning	
River Works	Catchment Management
Land Drainage	
Land Sustainability	
Pest Animal Strategy	
Pest Plant Strategy	Biosecurity
Consent Administration	
Environmental Compliance	Consents
Community Representation	Environmental Compliance
Property	Community Representation
	Property

Support costs of corporate, finance, administration, information technology, council servicing and secretarial are allocated to each of the activities and therefore to each of our outputs.

Effects of activities

No significant negative effects on the social, economic, cultural and environmental wellbeing of the regional community have been identified for any of the activities undertaken by Environment Southland. On the contrary, most of the activities are undertaken to counteract negative effects produced by factors outside Environment Southland's control.

Some may argue that the community agreed resource management plan regime that the Council operates under may restrict the ability to maximise the immediate economic potential of the natural resources of the region and that represents a significant effect on the economic and social well-being of the local community.

The Council is of the view that the regime that allows for natural resource use and development must balance the economic interests of the present with the need for sustainable use into the future, alongside any significant negative, social, environmental or cultural effects that unsustainable use may deliver. In addition, activity proposed to be undertaken by the Council in the LTCCP has the objective of improving the existing regime where negative environmental effects are evident, may arise, or need to be managed.

Performance measures

Performance measures are included in the programmes and each programme is a summary of project briefs which are combined into the organisation's work plan. Management control over each programme is based on the project briefs, which record outputs to be delivered and detail of budgeted costs and performance targets to be met. If you wish to know more about our projects or programmes, please contact us. Our contact details are on page 3.





We intend that performance will be measured in terms of:

- ▲ **Timeliness** completion of programmes by 30 June 2010, unless otherwise stated.
- ▲ **Cost** completion of programmes within the planned costs.
- ▲ **Quantity** completion of outputs to the quantity standards specified.
- ▲ **Quality** completion of all programmes to meet quality expectations of elected Councillors and quality control procedures in place.
- ▲ **Location** in all cases where a location is specified, the target is to deliver the service in that location.





Ensuring that Southland has plentiful clean water resources to meet current and future needs for aquatic life, human consumption, recreation and commerce.

Our Strategic Challenges relating to water management

- ▲ Managing point and non-point discharge effects on surface and groundwater quality.
- ▲ Managing the effect of intensive land use on adjacent water bodies.
- ▲ Managing the use of surface and groundwater, while ensuring instream flow needs are met.
- ▲ Managing the demand for water irrigation and concerns about lowered groundwater levels.
- ▲ Controlling activities in, and uses of, riverbeds.
- ▲ Retaining the benefits of the region's wetlands.

Outcomes and Objectives

Community Outcome

A treasured environment which we care for and which supports us now and into the future.

Intermediate Outcome

- ▲ We have an environment protected from the negative effects of human activities.
- ▲ We have a healthy, safe, and accessible built environment.
- ▲ We have an informed community caring for the environment.

ES Intermediate Outcome

- ▲ Southland's water resources are available for use in a way which protects cultural, aesthetic, recreational and natural values.
- ▲ Instream values and fish and wildlife habitats are protected at levels which should be expected, given the underlying natural physical conditions of the catchment.
- ▲ The short and long-term effects of resource use on the region's waters and associated ecosystems are understood and adverse effects are addressed in a timely manner.
- ▲ The farming community, industry and other floodplain users:
 - are assured of the standard of protection received from flood protection schemes;
 - make informed decisions on floodplain development;

- take timely action to minimise the effects of flooding of their activities and reduce the threat to life and property, and the environment.
- ▲ The community can be sure that uses of water, including discharges into water, land, coastal water and discharges to air do not contravene agreed standards that seek to minimise adverse effects.
- ▲ The community takes an active role in and responsibility for water resources.
- ▲ The community's requirement for gravel is met in the short and long-term with minimal environmental effects and by enhancing, whenever possible, the recreational opportunities of the community.

Objectives

- ▲ To develop and maintain policy direction within the provisions of the Resource Management Act (1991) for the protection and minimisation of environmental effects on Southland's water resources.
- ▲ To meet National Guidelines for monitoring the health of Southland's ground and surface water.
- ▲ To gather information and raise public awareness and understanding of the region's water resources.
- ▲ To prepare and implement whole of catchment and river management plans and programmes in consultation with communities to ensure adverse effects of floods, erosion and resource use on land and people are minimised and, where practical, natural values protected.
- ▲ To provide advance warning and expert advice to those that would be affected by an impending flood event to ensure timely action is taken to minimise flood effects.
- ▲ To provide a level of certainty to the community and other resource users that community agreed environmental standards are complied with, pollution events and unauthorised discharges to water are minimised and repeat occurrences avoided.
- ▲ To raise awareness and empower communities through facilitation of positive behavioural change by making individuals actively aware of the cumulative environmental effect of their activities with respect to water resources within the region.
- ▲ To provide for the community's access to gravel resources in a sustainable manner.

What did we do during the year to manage issues and challenges related to water?

We continued to develop policy...

Two major projects were underway during the year. The first was the completion of the Water Plan, which was split into several different workstreams. Policy development around community water supply schemes was given priority, with work on reliability of water supply and most of the groundwater work being put on hold until the strategic water study of the Mataura catchment is completed in 2010/11.

Work is also continuing on the Discharge Plan. The first phase, relating to discharges of agricultural effluent and sludges and the cumulative effects of intensive land use, progressed steadily with a series of discussion papers and draft plan changes developed for consultation. In the second phase, our Councillors held a series of workshops to consider discussion papers and draft plan changes on discharges to land from wastewater systems, industry and trade premises.

Early in 2010 we also carried out a comprehensive consultation process on developing policy around discharges to land from a range of activities including landfills, offal pits and organic waste.

We expanded the Living Streams Programme:

Living Streams is a proactive, community-based approach to improving water quality in waterways. Activity stepped up with the appointment of a Project Manager and Community Engagement Co-ordinator for Living Streams, while our Land Sustainability staff continued to provide expert advice and assistance. We also added Moffat Creek in the Waituna catchment to the programme. We view Living Streams as a model of community-based action that, when fully developed, will be progressively implemented in other catchments around the region.

Our Environmental Education programmes continued to engage schools...

Environmental Information continues to be a core activity.

Interest in water quality and land use is growing among schools, with an upsurge of interest in the Stream Connections programme. This year about 316 students from 10 schools took part in field trips, facilitated by our environmental education staff.

We mitigated the effects of floods...

Catchment management remains a significant responsibility for the organisation. We maintain a comprehensive network of stopbanks and other flood mitigation assets, and carry out annual maintenance programmes to ensure that river systems are capable of carrying their designed flows without breaking out into the surrounding land. In late April, widespread and intense rain caused rivers to rise in the western and northern catchments. The Oreti River experienced the largest flood in 10 years, which tested the flood protection scheme to its limits. However, the damage to property was minimised because the stopbanks contained the floodwaters, while our floodwarning service provided accurate and timely information to landowners within the catchment. Storage of baleage and other materials within and close to watercourses resulted in some downstream damage. This issue is being addressed by the new Flood Control Bylaw. We have begun a comprehensive review of the standard of protection provided by all the flood protection assets across the region.

What the community thinks about water

As our recent research into community perceptions confirmed, water quality and the management of fresh water are the main environmental issues concerning the Southland public. When asked what they knew of Environment Southland's activities, 65 percent spontaneously named water quality management (this rose to 93% with prompting), with 16 percent understanding that we also develop policy (73 percent prompted awareness). More than half – 55 percent – named the impact of dairy farming on waterways and land as a significant environmental concern (up from 25 percent the last time we surveyed, in 2006) with 19 percent identifying water quality and water pollution (34 percent in 2006). The survey also measured public perceptions of how well we are managing environmental issues – 67 either strongly agreed or agreed that the Council was effective in this regard. Almost all respondents said they personally either cared “a lot” (77 percent) or “a little” (17%) about water quality – virtually unchanged from the 2006 survey – and 82 percent were aware that Environment Southland aims to improve water quality in the region. However, only 33 percent thought we were doing either “very well” or “well” when asked to rate our performance in protecting and managing regional water quality. Another 43% were neutral with 18 percent viewing our performance as “poor” or “very poor”. Some of these questions were asked for the first time in this survey and the perceptions recorded this year will provide a benchmark against which our future performance can be measured.

In the Te Anau Basin, the capital works associated with the Lower Mararoa River Restoration Project were virtually completed when the catchment experienced extensive flooding in April. As a consequence, the works will now be completed in the current financial year.

We developed new community assets...

Within Invercargill, the stopbank schemes which protect the community from the Waihopai River, Otepunu Stream and the Kingswell Creek also provide a valued recreational amenity through the network of walking and cycling tracks along these waterways. This year saw the completion of a comprehensive walkway, which began in 2002/03 and takes in the urban reaches of all three catchments.

We monitored surface water and quality, and investigated issues...

We have a comprehensive programme of scientific investigations and research. The data informs other programmes and activities across the organisation, including policy development. This year we completed a numerical model of the mid-Mataura basin to look at the interaction between surface water and groundwater and the relationship between abstraction and stream depletion.

What did we do that was not included in our Long-term Council Community Plan?

We began work on the production of a comprehensive State of the Environment Report on water..

This is a major activity in the current financial year, but once the Regional Water Plan became operative and the need for an SOE report on water became apparent, the preliminary work became a significant, but unplanned, workstream for the Environmental Information Division in the latter part of 2009/10. For example, groundwater investigations and monitoring comprise an important part of the first part of the SOE, *Our Health*, reporting on the quality, state and character of the region's aquifers, and identifying trends over the past 10 years. Groundwater will also be a major component of *Our Ecosystems*.

Other unplanned activities during the year also involved groundwater projects. Two of these were funded (either in part or totally) by Envirolink - one was a denitrification experiment at Edendale and the other involved modelling naturalised groundwater levels and the discharge and recharge properties of the Riversdale groundwater zone. The third project was a snapshot survey of groundwater quality at Balfour.

We also carried out unforeseen work on surface water quality...

When our monitoring programme identified an ongoing pattern of high levels of faecal coliforms in the Waikaia River at popular bathing sites, we began an investigation to try and identify the source of the contamination. The findings were due to be reported to the Environmental Management Committee early in the new financial year.

We helped a school learn more about groundwater..

Some of our scientists and environmental education staff took part in a groundwater training session for Te Tipua Primary School. The activity was filmed for a television programme on mining in Southland, produced by the Southern Institute of Technology.

Works and Services

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ provide for the protection of the community from floods through provision of stopbanks and community agreed catchment river management programmes for the Invercargill City, Makarewa, Oreti, Aparima, Mataura and Waiiau rating districts.

Measure

Maintenance of Environment Southland's stopbanks and community agreed catchment river management programmes.

Baseline measure

2007/08 provisions of each catchment's asset management plan.

Actual performance

We maintained stopbanks in "as new" condition and completed our catchment river management programmes.

With funding assistance from LINZ, and credits from previous years' funding, we were able to add value to our floodway vegetation control programme on the Upper Oreti and Lower Mararoa Rivers with the addition of some 150 ha of aerial control over our budgeted programme.

Of note was the experiencing of a flood event (the largest experienced in 10 years on the Oreti River) in April 2010. Whereas river edge damage from this event will impact on the 2010/11 budgets of the Oreti and Te Anau Rating Districts, the damage to property was minimised by the flood event being contained within river scheme floodbanks.

This year saw the completion of the construction of a comprehensive walkway within Invercargill City associated with the flood protection scheme floodbanks. The programme, which commenced in 2002/03, has resulted in a extensively used walkway amenity being provided throughout the urban sections of the Waihopai River, Otepun Stream and Kingswell Creek.

The significant milestone of the completion of the Lower Mararoa River Restoration Project in this financial year was impacted by the flood event that occurred in April of 2010. This will result in the completion now occurring in the 2010/11 year. There are no funding implications as a result of this delay.

Flood Control - Targets:	Proposed	Actual
▪ <i>Stopbanks are maintained in "as new" condition.</i>		
▪ <i>Annual completion of catchment river management programmes.</i>		
Area of floodway vegetation control by aerial means (ha).	690	847
Area of floodway vegetation control by ground means (km).	130	68.6

Number of trees planted.	20,000	21,824
Consultation with ratepayers via a minimum of one annual meeting with ratepayer representative groups and the Regional Services Committee.	✓	Consultation completed with meeting of Regional Services Committee and all ratepayer representative groups on 23 February 2010
Provision for river maintenance/works (\$).	Est. \$2.17 mil	\$2.08 mil
Ongoing maintenance of 446 km of stopbanks and associated detention dams to design standard.	✓	✓
Construction of Brown Street to Chesney Street (Stage III) Kingswell walkway.	0.5 km	Construction completed February 2010
Maintenance of Invercargill City walkway.	✓	✓
Completion of the Lower Mararoa River Restoration Project Capital Works.	\$120,000	\$160,000

- ▲ provide for the protection of the community from floods through integrated river management programmes in the Te Anau basin

Measure

Community agreed integrated river management programmes.

Baseline measure

Provide an integrated catchment asset management plan building on existing plans for Mararoa, Upukerora and Whitestone Rivers.

Actual performance

We were unable to complete the implementation of the Te Anau Basin Catchment Rating District. Whereas the separate rate was struck (2009/10) over the basin following the consultation that occurred in 2008/09, a group of ratepayers within the basin have made further objection. We will continue to work with those ratepayers in 2010/11 to find solution to their concerns, as we continue to work for a solution to Crown funding input toward the management programme.

Progress on the development of Catchment Management Plans has been slower than anticipated. River management is undertaken by Environment Southland, but a number of other agencies have statutory and/or landowner interests in the programmes. Whereas all stakeholders remain committed to this integrated river management process going forward, there is still considerable work to be done and agreement reached on the way in which river management activities will be carried out. The work will be ongoing into the 2010/11 financial year.

<i>Flood Control - Targets:</i>	Proposed	Actual
▪ <i>Annual completion of integrated river management programme.</i>		
Complete implementation of a comprehensive Te Anau Basin Catchment Rating District.	\$60,000	\$11,500
Development and Implementation of Catchment Management Plans.	\$100,000	\$10,390

- ▲ provide maintenance of community outfall channels.

Measure

Community agreed annual land drainage maintenance work programmes.

Baseline measure

2007/08 annual report performance targets under Works and Services.

Actual performance

As part of the agreed cyclic programme of maintaining some 90 community outfalls, 676 km of drain were inspected as to the need for cleaning by either mechanical means or ground spraying. This resulted in 421 km of mechanical cleaning and 95 km of ground spraying being undertaken. This lesser amount than budgeted was a result of unsuitable weather conditions affecting some access through late summer and autumn, the need to change the timing of some of the activity to comply with the permitted activity status of the Regional Water Plan (implemented January 2010), and not all inspections indicating that cleaning was needed. The interruption resulting from weather and timing results in a rescheduling rather than an abandonment of work.

<i>Land drainage - Targets:</i>	Proposed	Actual
▪ <i>Completed inspection and clearance of drainage channels scheduled annually for maintenance.</i>		
Inspections undertaken (km).	684	676
Cleaning undertaken.	564	421
Ground spraying undertaken (km).	120	95
Annual notification and consultation.	✓	Public notification 18 November 2009

- ▲ undertake a comprehensive review of the standard of protection (level of service) of all flood protection assets provided by Environment Southland to rural and urban areas of Southland within the Mataura, Oreti, Makarewa, Aparima, Invercargill City, Waiau, Whitestone, Upukerora and Ellis Creek, Lagoon Creek and Reids Dale (ELR) catchments to allow for those communities to make informed decisions on their use and development of their floodplain areas.

Measure

Community agreed level of service.

Baseline measure

Protection level recorded in current catchment asset management plans.

Actual performance

This project is Year 1 of a 10 year project to review and reach agreement on the standard of protection from flooding from river events that is being provided to the community within Southland. Working through the summer of 2009/10, the contractor successfully completed the first data collection contract.

Council strongly advocates for the participation of the Southland community in its regional planning. To assist this, funding is provided to assist Catchment Rating District representatives (liaison and/or consultative groups) with professional advice in the activity. The assistance was taken up again by those representatives in this year in the finalisation of the Regional Water Plan.

Flood protection - Targets:	Proposed	Actual
▪ <i>Levels of service agreed with community by June 2018.</i>		
Data capture crest levels and dams.	\$31,790	\$28,400
Ensure Catchment Rating District representative input into regional planning.	✓	✓

- ▲ ensure continued maintenance of warning services and immediate response to flood emergencies to enable timely action and minimisation of flood effects.

Measure

Publication of warning information prior to and during potential or actual floods.

Baseline measure

In 2007/08, four minor event bulletins were issued. Response is dependent on prevailing weather.

Actual performance

There were five flood events during the 2009/10 period for which a total of 28 broadcast warnings were issued to radio and the civil defence network.

Flood forecast modelling has been improved by the addition of rainfall run-off models for the Upper Oreti at Three Kings, Irthing and Oreti at Lumsden.

Flood warning information booklets were completed for the Maitara, Oreti/Makarewa, Aparima/Pourakino, Waiiau and Invercargill catchments, which are available on our website.

The EDI phone was available 100% of the time and the system received a total of 38,274 calls for 2009/10, mainly relating to recreational use of rivers (77% compared to the previous years 49,620 calls).

Flood warning- Targets:	Proposed	Actual
▪ <i>Provide direct public access to river level and rainfall information 100% of the time.</i>		
▪ <i>Publication of flood warning bulletins via 'real time' web information and media outlets as stated in Flood Warning and Emergency Services Manual*</i>		
Provision of 24 hr flood warning and forecast service.	✓	✓
Provision of 24 hr emergency response service.	✓	✓
Maintain flood warning water level and rainfall network to operational standard.	✓	✓
Alert appropriate authorities (e.g. Civil Defence, territorial	✓	✓

authorities, media) of events and provide media broadcasts for the duration of the event.		
Provide direct public access to river level and rainfall information via the Environmental Data Information (EDI) phone-in system and maintain a call log.	✓	✓
Make flood warning data and information available to the web provider.	✓	✓
Review and update flood warning information booklets for each catchment annually.	Aparima, Invercargill, Mataura, Makarewa, Oreti, Pourakino, Waiau	✓
Review and update Flood warning and Emergency Services Manual annually.	✓	✓
Develop rainfall runoff models for key catchments to give additional warning time.	Upper Oreti and Five Rivers	✓

** Environment Southland issues flood warnings and river level bulletins regularly during floods for the Mataura River and its main tributaries, the Makarewa River, Oreti River and Winton Detention Dam, Aparima River and Otatau Stream, Waiau River and three Invercargill Flood Schemes. These bulletins are issued normally at two hourly intervals during daylight hours, but on a 24 hour basis during the crucial stages of major floods. These bulletins are sent to radio stations for broadcast, and to the local councils, Civil Defence, Emergency Services and a number of other agencies involved in managing floods.*



Southland's extensive rural stopbanking systems are designed to protect from medium size floods and give farmers time to reduce the effects of large floods
[Dave Connor]

Regulatory

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ respond to land-based activities that have a negative effect on water and monitor water related activity consent conditions.

Measures

- Response to pollution incidents.
- Compliance with resource consent conditions for water-related activities.

Baseline measures

- In 2007/08, 75% of land based incidents and complaints that had a negative effect on water were responded to within specified timeframes
- In 2007/08, 71% of water related consents monitored complied with resource consent conditions.

Actual performance

- In 2009/10, 45% of land-related incidents and complaints that had a negative effect on water were responded to within specified timeframes. Staff resources are limiting the Division's ability to respond within timeframes. Accordingly the Compliance Manager gave a higher priority to responding to incident reports with direct discharges that could have an environmental effect.
- In 2009/10, 71% of water-related consents inspected complied with resource consent conditions. The reasons for non-compliance are varied and are detailed in the Environmental Compliance Monitoring Report 2009/10, available on request.

Pollution Response - Targets:	Proposed	Actual
<ul style="list-style-type: none"> ▪ 100% of incidents and complaints responded to within specified timeframes as outlined in the 24 hour Pollution Response SOP (Aug 2003) or as set by Compliance Manager. ▪ 100% compliance with resource consent conditions. 	100%	45%
Effective and immediate (within the hour) 24 hour, 7 days pollution and incident response.	Every six months	Every six months as required or more regularly if used.
Continued maintenance of pollution control and sampling equipment to maintain an effective response to all incidents.	Monthly	✓
Maintain an up-to-date incident database reporting to the community to ensure incident reports are reliable and the response to incidents appropriate.		

- ▲ action and report regulatory activities to ensure pollution incidents and unauthorised discharges to water are minimised, repeat occurrences avoided and do not increase from 2007/08 baseline measures.

Measure

Water-related activities and/or resource use that have negative effects.

Baseline measure

In 2007/08, 346 reported pollution incidents were responded to.

Actual performance

In 2009/10, there were 375 water-related pollution incidents reported and responded to. This is an increase of 29 incidents from the previous year and corresponds with an overall increase in community awareness and interest. Detailed information on these incidents is provided in the Compliance Monitoring Report 2009/10, available on request.

Pollution Response - Targets: <ul style="list-style-type: none"> ▪ Fewer than 346 reported pollution incidents responded to annually* 	Proposed	Actual
Monitor and report consent conditions to detect non-compliance and remedy any effects. Where necessary enforcement procedures will be undertaken.	As required by consent conditions	85% of consents complied. Action was taken to obtain compliance from the 15% that had not complied.
Monitor and report compliance with regional plan rules and current legislation.	✓	Aerial flights have been adopted as a cost-effective way to identify non-compliance and the investigation of reports from the public about possible non-compliance
Maintain a database that contains inspection and monitoring data that enables investigation of the appropriateness of plan provisions, aids community reporting, assists building of geographic information systems to enable effective compliance programmes.	✓	✓

* Not all calls received by ES are for matters for which ES is responsible. In these cases, callers are advised of the contact details of the appropriate agency.

- ▲ deliver a consent processing system that permits access to resources and provides certainty to the community that resource use is undertaken in a sustainable manner.

Measure

The percentage of resource consent applications processed in compliance with statutory timeframes required by the Resource Management Act 1991.

Baseline measure

In 2007/08, 170 water-related resource consents were issued of which 54% were processed within statutory timeframes.

Actual performance

Achieving the best resource management outcome, in co-operation with the applicant and those affected by the activity, is still a priority. As an indication of the effectiveness of this approach, only three water-related applications were appealed and two of these were resolved by mediation. However, one water-related application appealed in the 2008/09 year is still awaiting resolution.

The number of applications and their nature made strict compliance with the statutory timeframes difficult. This was exacerbated by carry-over of older applications from previous reporting periods, and changes to the Resource Management Act which restricted the use of timeframe extensions.

Consent Processing - Targets: ▪ 100%, unless applicant has requested that timeframes be waived.	Proposed	Actual
Ensure processing of consents in accordance with the RMA and the relevant regional policy and planning documents.	100%	370 water-related consents were issued. Compliance with statutory timeframes was 62%. See comment above.
Ensure appropriate records are kept to track consent applications and the time taken to process them.	✓	✓
Respond to requests for information about the resource consent process.	80% within 2 working days All within 5 working days	Of the 497 water related queries received, 98% were responded to within 2 days, and 99% were within 5 days ¹ .
Resolve conflict associated with notified activities authorised by the RMA for which the Council has responsibility.	>80%	59% of applications that were notified (29 of 49) were resolved without a hearing. See comment above.

¹ The data for the year is incomplete. Data was not recorded for the first quarter.

Issue decisions for all delegated, non-notified consent applications.	Within 10 working days of receipt of information	34% of the water related applications that were not notified and were granted under delegated authority were processed within 10 working days. ²
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- ▲ manage gravel extraction from Southland’s watercourses to ensure minimal environmental effects, best practice and enhanced recreational opportunities through a robust regulatory process.

Measure

Minimal effects from gravel extraction activities within Southland.

Baseline measure

In 2007/08, 100% of gravel extraction consents >200,000 m³ were processed within three days of complete application received and a monitoring programme to confirm compliance with operational consent conditions was undertaken on 79% of active gravel extraction sites.

Actual performance

33 consent applications for the removal of 769,600 m³ of gravel from watercourses within Southland were received and evaluated within three working days of receipt. Consented gravel extractions, entered into the database, returned and extraction of 320,194 m³ for this 2009/10 year. To ensure compliance with consent conditions, 93% of the inspections allowed by consent conditions were undertaken and no breaches were identified at the work site requiring compliance action.

Our ability to assess resource use and availability for extraction was added to through the commissioning of a resurvey of the Oreti, Whitestone and Upukerora River beds following the channel forming flood event of April 2010.

Gravel extraction - Targets: <ul style="list-style-type: none"> ▪ 100% of gravel extraction consents (200,000 m³ or greater) processed within three days of complete application. ▪ Monitor compliance with operational consent conditions*. 	Proposed	Actual
Evaluate gravel extraction consents (for an estimated volume of 200,000 m ³) within 3 days of receipt of complete applications.	100%	100%
Maintain a record of gravel extraction volumes.	✓	✓
Monitor compliance with operational gravel extraction consent conditions on active consents.	>75%	93%

² The data for the year is incomplete. Data was not recorded for the first quarter.

Undertake an ongoing ground survey programme by annually assessing resource use and availability for extraction to ensure the volumes are taken in a sustainable manner.	Annually	✓
Record and report:		
<ul style="list-style-type: none"> ▪ the number of wetlands, backwaters and bar gravel bar habitats established in rivers. 	Annually	6.35 ha wetlands, 2.55 ha gravel bar habitats and 0.25 ha backwaters
<ul style="list-style-type: none"> ▪ compliance with operational consent conditions 	Annually	✓

** Inspection regime of consents in any one year as determined by criteria in annual work plan*

Extension and Education

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ raise public awareness of Southland's water resources and environments and the issues surrounding them.

Measure

Activities and/or resource use that have negative effects on Southland's water resources.

Baseline measure

In 2007/08, 346 reported pollution incidents were responded to.

Actual performance

In 2009/10, 375 reported pollution incidents were responded to. Detailed information on these incidents is provided in the Compliance Monitoring Report 2009/10, available on request. The following comments and the activities described in the table below are intended to reduce the number of incidents by educating the public and resource users about how to live and work in an environmentally friendly manner to reduce the impact of their activities on the region's resources.

10 schools (approximately 316 Southland students) undertook a Stream Connections field trip during 2009/10 facilitated by Environmental Education staff. The Stream Connections educational review brief has been completed and programmed for delivery. The October 2009 "Squawk" was themed on waterways and Stream Connections.

Staff gave presentations on water resource issues (surface and groundwater) to various groups including community groups, farm interest groups, public meetings and professional organisations and participated in field days and catchment based programmes/presentations.

Our groundwater and surface water website applications continue to be maintained and technical reports added following reporting to Council.

Staff participated in three Irrigation Southland (Water User Group) meetings and gave a presentation at one.

Staff worked with Public Health South to produce an information sheet and a co-ordinated response on the health risks associated with elevated nitrates in water; and produced reports on the condition of the Edendale and Riversdale groundwater zones.

In 2009, the Living Streams programme expanded to include the Waituna–Moffat Creek catchment.

Community meetings were held in all living stream catchments on an annual basis.

Report cards for the Sandstone, Waihopai and Waituna catchments were produced. The Living Streams programme aims to improve water quality in targeted streams and rivers by integrating water science with community engagement. It is cross-divisional initiative.

Public Awareness - Targets:	Proposed	Actual
<ul style="list-style-type: none"> ▪ Fewer than 346 reported pollution incidents responded to annually*. 		
Continued maintenance, support, provision of field work material and staff to schools participating in the Stream Connections water based education programme.	3-5 schools participating in Stream Connections	10 schools participated
Investigate the review process required to review the Stream Connections water based education kit. Initiate review and implement the revised edition.	Investigate the review process	✓
Resource and make continued provision for staff to provide education and raise awareness at various events throughout Southland with respect to understanding the region's freshwater resources.	✓	✓
Provide response to requests for, and distribute education material throughout the year.	1 Squawk promoting waterways and Stream Connections	✓
Maintain a database of public enquiries and information requests.	✓	✓
Develop and maintain the groundwater and surface water web application.	✓	✓
Facilitate and support the establishment of Water User Groups.	✓	✓
Facilitate, support and promote best management practices with landowners in groundwater and surface water quality "hotspot" areas.	✓	✓
Living Streams Project -		
Design, co-ordinate and begin implementing community engagement projects.	Drain 5, Upper Waihopai and Moffat Creek catchments	✓
Co-ordinate and implement engagement of communities in specific catchments to improve water quality.	Morton Mains, Spurhead and Drain 3 catchments	✓
Co-ordinate and support land sustainability officers providing expert farm advice and help to farms in catchments.	Upper Waihopai, Moffat Creek, Morton Mains, Spurhead	✓
Assist with community engagement in Waituna, Bogburn and Sandstone catchments as required	✓	✓

** Not all calls received by ES are for matters for which ES is responsible. In these cases, callers are advised of the contact details of the appropriate agency.*

- ▲ advise the Southland community of their obligations to meet provisions and requirements contained in regional plans and under National Environmental Standards relating to use and discharges to water.

Measure

Meeting provisions in the Regional Water Plan, Regional Policy Statement and National Environmental Standards.

Baseline measures

- In 2007/08 there were 297 incidents of non-compliance that were non-consent related.
- Aspects of this project are with respect to assistance and industrial best practice are scheduled to begin in 2009/10.

Actual performance

- In 2009/10, 219 incidents of non-compliance were non-consent related. Although this is an aspirational target, the decreasing number of incidents in this category is a measure of the effectiveness of the council's public awareness programmes.
- Those aspects of this project that involve assistance and industrial best practice began in 2009/10.

The activities described in the table below are intended to reduce the number of incidents by making the public and resource users more aware of the effects of their activities to reduce non-compliance with regional plans and National Environmental Standards.

Public Awareness - Targets: ▪ 100% compliance with regional plans and National Environmental Standards.	Proposed	Actual
Attend public meetings/forums (and collaborate with other council divisions).	When invited and as required Waimumu Field Days	Waimumu Field Day Dairy Farmer Farm Day Dairy Farmer Workshops on proposed Discharge Plan and consents.
Attend consultation meetings with key stakeholders annually.	Alliance x 1 Fonterra x2 Dongwha x2 NZAS x1 ICC x2	Alliance Matura Wastewater – 24 September 2009 Dongwha – 24 November 2009, 17 May 2010 ICC – 9 November 2009 NZAS – 12 May 2010
Prepare, update and distribute educational fact sheets to assist industrial organisations. These are:		
▪ Guides to BMP and Pollution Prevention	✓	Pollution Prevention Guide being utilised by 20+

		businesses under the Pollution Prevention assistance scheme. Activity specific information sheets have been written and are progressively being launched.
<ul style="list-style-type: none"> ▪ Risk Identification and Prevention 	✓	Activity specific information sheets have been written and are progressively being launched. Copies of the NZWWA Stormwater Guide have also been disseminated on a regular basis.
<ul style="list-style-type: none"> ▪ Council Regulatory Expectations. 	✓	As above.
Distribute news and information for dairy farmers.	All dairy consent holders receive quarterly EnviromooS publication	Four EnviromooS publications were distributed to consent holders on an “as required” basis.
Undertake a pilot study within an Invercargill suburb to assist industrial businesses to promote best practice and develop this further across the region in subsequent years following the pilot.	3 month targeted pilot study – location to be confirmed	Study has had some progress but is to be rescoped due to resourcing issues.
Provide region-wide assistance to stakeholders and business organisations (local and national) to promote best practice and develop tools to remedy any effects from business activity on land that may affect water resources.	24 businesses given assistance	23 businesses given assistance. Other individuals and businesses have been given advice on an informal and ad hoc basis from time to time.

Policy Development/Planning

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ ensure policies in proposed and operative planning documents and guidelines are developed and/or updated to ensure the sustainable use of Southland's water resources to respond to legislative change including National Policy Statements and National Environmental Standards, current pressures, future threats and opportunities.

Measures

- An updated Regional Policy Statement.
- An operative Regional Water Plan.

Baseline measure

Regional Policy Statement 1997 and Proposed Regional Water Plan for Southland 2009.

Actual performance

Regional Water Plan –

The majority of the Regional Water Plan was made operative on 18 January 2010. The plan provisions on agricultural effluent ponds were made operative on 13 April 2010.

A December 2009 Council resolution split this project into a number of different work streams including groundwater, reliability of supply and community water supplies. It was subsequently decided (February 2010) to progress the community water supplies work stream ahead of the other work streams, with the reliability of supply work stream and the majority of the groundwater work stream put on hold until a strategic water study for the Maitua catchment was completed in the 2010/11 year. The confined aquifer aspect of the groundwater work stream was also put on hold (June 2010) pending a further scientific report (due early 2010/11).

Consultation on proposed Plan Change 3 (Community Water Supplies) to the Regional Water Plan for Southland commenced in February 2010 with a number of versions of the draft plan change consulted on during the period from February to July 2010.

Regional Policy Statement Review -

Reports in respect of this project were provided to Council on 16 December 2009, 10 March 2010 and 26 May 2010.

Environment Southland and the Southland District Council have continued to undertake a collaborative approach in the review of the Regional Policy Statement and the Southland District Plan during 2009/10. The collaborative consultation phase of the project finished on 23 October 2009, with the release of the Community Debrief Summary to the public. Following that, at its meeting on 10 March 2010, Council approved updates to the output/target and timelines for the project.

Staff completed the draft issues, objectives and policies for 22 topic areas on 28 July 2010, and these are being considered by elected representatives from both councils and Iwi at four combined policy workshops during the period July to September 2010.

<i>Regional Water Plan - Targets:</i>	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>Completion of Groundwater Variation to the Regional Water Plan by February 2011.</i> ▪ <i>A fully operative Regional Water Plan by June 2012.</i> 		
Undertake development, consultation and implementation of the groundwater variation to the Proposed Regional Water Plan:		
<ul style="list-style-type: none"> ▪ public consultation. 	July 2009-February 2010	Commenced February 2010 for Plan Change 3 (Community Water Supplies)*
<ul style="list-style-type: none"> ▪ draft discussion paper circulated. 	March 2010	Targets altered by Council December 2009*
<ul style="list-style-type: none"> ▪ public notification of plan change. 	June 2010	Targets altered by Council December 2009*
<i>Review of Regional Policy Statement – Targets:</i>		
<ul style="list-style-type: none"> ▪ <i>Adoption of proposed second generation Regional Policy Statement by June 2013.</i> 		
<ul style="list-style-type: none"> ▪ development of draft policies and methods completed. 	March 2010	28 July 2010*
<ul style="list-style-type: none"> ▪ draft policies and methods circulated for comment. 	April 2010	N/A*

* See changes made to timeline under “Actual Performance” above.



Good planning, our Regional Water Plan for example, ensures that progress (to improved water quality) is not blocked
[Belltopper Falls, Port Pegasus, Stewart Island - Nathan Cruickshank]

- ▲ review the Regional Effluent Land Application and Solid Waste Management Plans to ensure the effectiveness of current provisions, to address current and pending issues and have one overall plan dealing with all discharges. *Note: This project will be known as the Discharge Plan project.*

Measure

One overall regional plan dealing with all discharges.

Baseline measure

Regional Effluent Land Application Plan 1998 and Regional Solid Waste Management Plan 1996.

Actual performance

Phase 1, Variation 6 (Agricultural Effluent Ponds) plan provisions were made operative on 13 April 2010. .

The timelines for the remainder of Phase 1 (and for Phases 2 and 3) were extended (by Council resolution December 2009) due to the collaborative approach being taken, which involves more time “up front” but should result in less issues arising during the statutory part of the process, and the use of science to underpin policy development *Note: Some of the timeframes for the completion of scientific work are longer than originally anticipated but again will result in a more robust final product.*

Discussion papers and draft plan changes on a number of Phase 1 and 3 topics were consulted on during the period from February to July 2010. Targets for public notification and subsequent steps of Phases 1 and 3 were moved into the 2010/11 year (except Variation 6).

In terms of Phase 2, the targets for the discussion papers and draft plan changes were moved to June/July 2010, and the targets for public notification and subsequent steps were moved into the 2010/11 year.

<i>Discharge Plan – Phase 1: Agricultural Effluents</i>		
Target:	Proposed	Actual
<ul style="list-style-type: none"> Completion of Phase One- Agricultural Effluents of the Discharge Plan project by 30 April 2011. 		
<ul style="list-style-type: none"> hearing report to be circulated. 	October 2009	20 October 2009
<ul style="list-style-type: none"> hearing to be held. 	November 2009	20 October 2009
<ul style="list-style-type: none"> public notification of Council decisions. 	February 2010	19 December 2009
<ul style="list-style-type: none"> resolution of Environment Court appeals if any. 	From April 2010	Nil appeals
<i>Discharge Plan – Phase 2: On-site treatment systems, industrial and trade processes, and community sewerage systems</i>		
Target:	Proposed	Actual
<ul style="list-style-type: none"> Completion of Phase Two – Industrial and Trade Processes of the Discharge Plan project by 30 June 2011. 		
summary of submissions to be publicly notified.	July 2009	Timeline extended to 2010/11
hearing report to be circulated.	October 2009	Timeline extended to 2010/11

hearing to be held.	February 2010	Timeline extended to 2010/11
public notification of Council decisions.	May 2010	Timeline extended to 2010/11
<i>Discharge Plan – Phase 3: Discharges of waste, clean fills, land fills, solid waste, contaminated land</i> <i>Targets:</i>		
<ul style="list-style-type: none"> ▪ <i>Completion of Phase Three – Discharges of waste of the Discharge Plan project by 30 June 2011.</i> ▪ <i>Completion of overall plan dealing with all discharges by 30 June 2011.</i> 	Proposed	Actual
<ul style="list-style-type: none"> ▪ plan change for Phase 3 to be publicly notified. 	May/June/July 2009	Timeline extended to 2010/11
<ul style="list-style-type: none"> ▪ summary of submission to be publicly notified. 	September 2009	Timeline extended to 2010/11
<ul style="list-style-type: none"> ▪ hearing report to be developed. 	October 2009	Timeline extended to 2010/11
<ul style="list-style-type: none"> ▪ hearing report to be circulated. 	December 2009	Timeline extended to 2010/11
<ul style="list-style-type: none"> ▪ hearing to be held. 	February 2010	Timeline extended to 2010/11
<ul style="list-style-type: none"> ▪ public notification of Council decisions. 	May 2010	Timeline extended to 2010/11

- ▲ prepare and circulate an annual implementation strategy (once adopted by Council) to ensure the policy framework that protects and minimises environmental effects from activities on water resources is widely publicised, understood and complied with.

Measure

Publication of new or changed provisions or requirements in the policy frameworks.

Baseline measure

New project scheduled to begin 2009/10.

Actual performance

A number of plan implementation activities have been undertaken with the Regional Water Plan becoming operative in January 2010.

<i>Implementation and Monitoring Strategy – Target</i>	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>Annual publication to resource user community of new or changed provisions or requirements.</i> 		
Prepare and publish an annual implementation and monitoring strategy	As required, but annually at a minimum	✘
Develop a plan effectiveness report card	✓	✘

What targets had no supporting measures or actions:

- ⇒ The target timeframe for the completion of the implementation/monitoring strategy stated in the Regional Water Plan is one year following the plan becoming operative, i.e. one year after 18 January 2010. Therefore the first strategy and report are not due until the 2010/11 year.

Monitoring

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ meet National Guidelines when monitoring the state of Southland naturally occurring surface and ground water quality and quantity.

Measures

- Meeting the Drinking Water Standards for New Zealand (Ministry of Health 2005)
- Meeting water quality standards contained within the Proposed Regional Fresh Water Plan for surface water quality.

Baseline measures

- In 2007/08, seven of 119 groundwater bores sampled had an average annual nitrate value that exceeded drinking water standards.
- In 2007/08, many terrace and lowland aquifers showed an increase in chloride levels compared to samples taken in 2006/07.
- In 2007/08, eight of 15 river catchment zones had an average annual nitrate value that exceeded ANZECC Guidelines
- In 2007/08, seven of 15 river catchment zones had an average annual total phosphorus value that exceeded ANZECC Guidelines
- In 2007/08, three of 15 river catchment zones had an average annual faecal coliform value that exceeded ANZECC Guidelines
- In 2007/08, two of 15 river catchment zones had an average annual visual clarity value that exceeded ANZECC Guidelines

Actual performance

Due to the reporting process, 2009/10 water quality data is interpreted during the production of the Annual Monitoring Report Cards, which are released in October. Therefore, 2008/09 data from the current report cards is referred to as follows:

- 12% of bores sampled (21 of 182) had a nitrate-nitrogen concentration that exceeded the drinking water standards, due to intensive land use and discharges from point source discharges;
- 20% of bores sampled (28 out of 138) had bacteria levels which exceeded the drinking water standards, arising from poor well-head protection, poor siting or being too close to a point source discharge;
- eight of 15 river catchment zones had an average annual nitrate value that exceeded ANZECC Guidelines, due to intensive land use;
- eight of 15 river catchment zones had an average annual total phosphorus value that exceeded ANZECC Guidelines due to intensive land use and/or poor land management practices;
- three of 15 river catchment zones had an average annual faecal coliform value that exceeded the MfE and MoH “Action” Guideline arising from a variety of land use practices;
- three of 15 river catchment zones had an average annual visual clarity value that did not meet ANZECC Guidelines, due to a combination of natural and human-induced factors.

<i>National Guidelines – Targets:</i>		
<ul style="list-style-type: none"> ▪ <i>National Drinking Water Standards for New Zealand are not breached*.</i> ▪ <i>ANZECC Water Quality Guidelines (1992 and 2000) for the following: Nitrite Nitrate Nitrogen, Total Phosphorus, Faecal bacteria and Visual clarity are not breached**.</i> 	Proposed	Actual
<i>Groundwater Resources –</i>		
Monitor management and manual zones using automatic level sites.	95 sites	102 sites
<i>Groundwater Quality –</i>		
Monitor groundwater quality.	40 sites	42 sites
<i>Surface Water Quality –</i>		
Monitor surface water quality in lakes.	2 coastal lakes – TBC 2 deep lakes – Te Anau and Manapouri	✗ ✓
Monitor aquatic ecosystem health.	85 sites	71 sites
Monitor cyanobacteria distribution and toxicity.	10 sites	5 sites
Monitor water quality and trends in Waituna Lagoon.	4 sites	✓
Monitor stormwater quality.	3 sites	✓
<i>River flow –</i>		
Monitor river levels and flows.	21 flow sites and 46 level sites	22 flow sites and 47 level sites
Maintain up to date monitoring results on the website and Environmental Data Information telephone service at all times.	✓	✓
Install a river flow and level site on the Waimeamea River to expand hydrological data for consents use.	✓	✓
<i>Rainfall –</i>		
Monitor river flow and levels.	26 automatic and 16 daily readers	✓
Install an automatic rain gauge in the Coastal Catlins zone.	✓	✗
<i>Didymosphenia geminata (didymo) -</i>		
Monitor the spread of didymo in the Southland region.	✓	✓
<i>Fish Monitoring -</i>		
Monitor fish species assemblage and overall population at selected sites.	20 sites	17 sites
<i>Data Interpretation -</i>		
Collect, analyse and interpret water quality data from Living Streams catchments.	Waihopai, Sandstone, Waituna, Bog Burn	✓

- * *Drinking Water Standards for New Zealand =*
No exceedances above the maximum acceptable value
No occurrence of nitrate-nitrogen levels in groundwater quality above 11.3 milligrams/litre
No occurrence of Escherichia coli levels in groundwater quality of 1 or more MPN/100 ml
- ** *ANZECC (Australia and New Zealand Environment and Conservation Council) =*
No exceedences of ANZECC Guidelines

What targets had no supporting measures or actions:

- ⇒ Water quality monitoring of coastal lakes was deferred and cyanobacteria monitoring reduced from 10 to five sites, due to State of the Environment (SoE) reporting priorities involved in initiating the “Water 2010” report.
- ⇒ An automatic rain gauge associated with the soil moisture sites was installed at Ferndale near Maitava, instead of the coastal Catlins zone due to communications problems.

Investigations/Research

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ gather information to support sustainable management of Southland's water resources and use that information to enable the community to be informed of the effects of activities on water quality and quantity.

Measure

Activities and/or resource use that have negative effects on Southland's water resources.

Baseline measure

In 2007/08, 346 reported pollution incidents were responded to.

Actual performance

In 2009/10, 375 reported pollution incidents were responded to. Detailed information on these incidents is provided in the Compliance Monitoring Report 2009/10, available on request. The following comments and the activities described in the table below are intended to reduce the number of incidents by educating the public and agricultural sectors about how they can live and work in an environmentally friendly manner to reduce the impact of their activities on the region's resources.

Supporting science to inform and complement the Regional Water Plan 2010 has involved work on the management of confined aquifers, management of stream depletion effects, allocation thresholds, proprietary of use, allocative efficiency and reliability of supply.

Pesticide samples were collected at six sites across the Edendale aquifer. Levels are well below maximum acceptable levels, and are continuing to decrease.

A conceptual model of the Edendale aquifer was completed, but the numerical modelling was postponed to 2010/11 due to SoE reporting priorities.

Groundwater quality nitrate sampling was undertaken for the Athol and Knapdale areas to better define the extent and severity of the elevated levels in these areas.

A network of concurrent gauging runs and gauging has been implemented to develop knowledge of water balance and groundwater/surface water interactions in major catchments. There are currently eight temporary sites recording water level information from catchments with no prior hydrological information, these being four sites in the coastal Longwoods and four sites in the Waikaia catchments.

Minimum flow setting and instream habitat survey was undertaken for the Mataura River at Riversdale. Minimum flow setting and generalised habitat survey was completed for the Irthing Stream at Ellis Road.

Fish investigation survey were undertaken on the Meadow Burn, Sunnyside Spring (O'Brien's), Waikaia tributaries and Titiroa Stream to fill in knowledge gaps on these watercourses.

For the Living Streams programme water quality has been investigated at three sites for the Waihopai catchment, at eight sites for the Sandstone catchment and at one site in the Waituna (Moffat Creek) catchment.

New methods for measuring water quality contamination – faecal source tracking have been carried out at five sites in “hotspot” catchments.

Annual Report Monitoring Cards were produced during the year giving an overview of ground and surface water quality and water resource information.

<i>Sustainable Management – Targets:</i>		
▪ <i>Fewer than 346 reported pollution incidents responded to annually*.</i>	Proposed	Actual
<i>Groundwater -</i>		
Develop, peer review and maintain a numerical groundwater model for the mid Mataura.	✓	✓
Piezometric surveying - region wide.	✓	✓
Review management of stream depletion effects.		✓
Nested piezometer monitoring at Heddon Bush.	✓	✓
Pesticide sampling- national and regional programmes.	Edendale aquifer	✓
Contribute to the Integrated Research for Aquifer Protection project.	✓	✓
Characterisation of Southland’s water resources.	✓	✓
Quantify and report on groundwater and surface water interactions.	✓	✓
Develop and maintain a groundwater model of the Edendale aquifer.	✓	✓
Investigate and monitor groundwater quality hotspots as they arise	Protocol developed	✓
<i>Surface Water -</i>		
Characterisation of surface water resources (e.g. yield, low flows, recharge, etc) through catchment based reporting.	Aparima catchment	Data complete, report to follow
Quantifying the interactions of surface water and groundwater in selected streams through concurrent gauging programme.	✓	✓
Undertake environmental flow assessments in selected catchments and deliver associated flow limits/cut-offs based on technical reports.	✓	✓
Continued low flow gauging and minimum flow estimation programmes to quantify water resources and determine default environmental flow limits	✓	✓
Fish investigation surveys in selected catchments when and where required.	✓	✓
<i>Water Quality Management -</i>		
Identifying the causes and sources of water quality degradation through Living Streams programme in selected catchments including, Waihopai, Sandstone, Waituna, Bog Burn.	✓	✓
Using new methods for measuring water quality contamination and the health of aquatic ecosystems in rivers and lakes.	✓	✓
Investigate effects of intensive winter grazing on water quality.	✓	✗
Increase knowledge of coastal lake water quality and effects of hydro power on deep lakes.	✓	✗
Cyanobacteria distribution and toxicity in selected Southland rivers.	✓	✓

Investigate stormwater quality and the effectiveness of policy.	✓	Samples taken not interpreted yet
Investigate the ability of wetlands to improve water quality.	✓	✗

** Not all calls received by ES are for matters for which ES is responsible. In these cases, callers are advised of the contact details of the appropriate agency.*

What targets had no supporting measures or actions:

- ⇒ The “Effects of Winter Grazing” project has been delayed due to an AgResearch study outcome. It will take place in winter 2011 as part of a multi-agency project.
- ⇒ The coastal lake monitoring/investigation did not occur due to SoE reporting priorities. It should occur during 2010/11.
- ⇒ The investigation of the ability of wetlands to improve water quality has been delayed due to a change in approach, which is now to be multi-agency with additional funding sourced.

Programme Costings

Water	Actual	Budget
Costs by Programme and Activity with Funding Sources	2009/10	2009/10
	\$000	\$000
Programme Outputs		
Policy Development & Planning	750	694
Investigations & Research	307	445
Monitoring	1,734	1,863
Works & Services	3,737	4,051
Extension & Education	339	389
Regulatory	913	969
Total Programme Costs	7,780	8,411
Resourced by the following Activities		
Environmental Monitoring	2,081	2,308
Environmental Education	105	161
Regional Planning	598	529
Council Policy & Planning	1 97	195
Civil Defence	0	6
Harbour Management	84	73
Hazard Management	10	15
Catchment Planning	390	346
Land Sustainability	47	41
River Works	2,831	2,956
Land Drainage	2 735	892
Pest Plants	32	20
Consents Admin	261	231
Environmental Compliance	3 509	638
Total Activities	7,780	8,411
Funded (per the Revenue and Financing Policy) by		
External Recoveries	1,079	1,125
Levies and Contributions	20	0
General Rate	1,999	2,669
Investment Income	1,395	1,455
Prior Year Surplus	146	196
Interest on Rating Districts	173	166
Local Contribution	597	449
Separate Rates	2,473	2,487
Reserves / Capital / Surpluses	-102	-136
Total Funding	7,780	8,411

1 Building provision consultancy costs provided for not used as CDEM building purchased instead

2 Under expenditure due to weather, Water Plan rule change and inspections indicating that cleaning not required

3 Under expenditure in salaries, flying costs and vehicle expenses



*Ensuring that the land continues to be productive,
safe and supportive of life and encouraging
sustainable land use practices to reduce
environmental damage*

Our Strategic Challenges relating to land management

- ▲ Maintaining the integrity of Southland's land resource.
- ▲ Achieving a balanced, sustainable approach to land management.
- ▲ Ensuring that land uses do not cause further degradation of the natural quality, or a reduction in the natural quantity of water in the region's lakes, rivers, wetlands and streams.
- ▲ Achieving good land and riparian management practices.
- ▲ Protecting the land and its productivity from the effects of natural hazards.
- ▲ Identifying and responding to threats to indigenous flora and fauna and the economic costs from pest plants and animals.

Outcomes and Objectives

Community Outcome

A treasured environment which we care for and which supports us now and into the future.

Intermediate Outcome

- ▲ We have an environment protected from the negative effects of human activities.
- ▲ We have a healthy, safe and accessible built environment.
- ▲ We have an informed community caring for the environment.

ES Intermediate Outcome

- ▲ Pest animals and plants that threaten the environment and economy in the region are identified and an appropriate management framework to minimise threats is in place.
- ▲ The community is empowered and encouraged to make decisions about land use that protects their economic viability and minimise on-site and downstream effects on land and water resources.
- ▲ Landowners are protected from the spread, environmental and economic effects of specific pest animals and plants and new pest animals and plants do not become established.
- ▲ The community can be sure that uses of water, including discharges into water, land, coastal water and discharges to air do not contravene agreed standards that seek to minimise adverse effects.

- ▲ The short and long term effects of resource use on the region's soils and associated ecosystems are understood and adverse effects are addressed in a timely manner.
- ▲ Risks to the built environment by natural hazards are minimised.
- ▲ The community better understands the region's soil resources and land users make management decisions taking into account risk to soil properties.
- ▲ The land transport system meets community needs, is safe and efficient and minimises adverse effects on the environment.
- ▲ A Passenger Transport Transfer Agreement is in place to enable availability of a public transport system to assist everyone to fully partake in the community's activities.

Objectives

- ▲ To meet the Council's responsibility under the Biosecurity Act 1993 through provisions with the Regional Pest Management Strategy to minimise the actual and potential adverse effects of pests on the environment and the community.
- ▲ To ensure the adverse effects of pest animals and plants that threaten the environment and economy of the region are minimised and the threat from new incursions of pest animals and plants is reduced.
- ▲ To gather and access information about pest risks and assist the community to respond proactively to pest threats and impacts.
- ▲ To establish the level of community support for activity to retain and enhance regional biological diversity (biodiversity).
- ▲ To provide a level of certainty to the community and other resource users that community agreed environmental standards are complied with, pollution events and unauthorised discharges to water from land are minimised and repeat occurrences avoided.
- ▲ To assist stakeholders with reduction of waste material to minimise risks to land and water resources.
- ▲ To record contaminated site information.
- ▲ To support provision of a regional emergency management framework.
- ▲ To develop a soil and land investigation programme that assesses soil capabilities and identifies appropriate land management techniques.
- ▲ To assist identification, establishment and maintenance of stock effluent dump stations through provision of support and funding throughout the region.
- ▲ To meet government requirements for transport related plans and strategies that meets the needs of the community.
- ▲ To ensure receipt of half yearly and yearly reports from Invercargill City Council as outlined in the Passenger Transport Transfer Agreement (all responsibility for passenger transport lies with Invercargill City Council).

What did we do during the year to manage issues and challenges related to land?

We helped reduce the amount of effluent spilling from stock trucks on Southland roads...

As the size of the Southland dairy herd has increased, so has the incidence of effluent spilling from stock trucks while herds are being moved between farms. We continued to work closely with farming representatives, the dairy industry, transport companies and the police to address the problem. We supported a joint education campaign to encourage farmers to stand their stock off green feed before transport. We also negotiated the use of transport companies' own facilities for trucks to empty their effluent tanks.

What the community thinks about land

Our recent community awareness and perceptions survey showed that land management issues are not top-of-mind for most of the Southland public. While 55 percent of respondents rated the impact of dairy farming as the main environmental issue in the region, just 1 percent mentioned waste management, compared to 12 percent who said this the last time we surveyed, in 2006, and another 1 percent cited pest plants and pest animals – down from 5 percent in 2006. We also asked whether people had seen anything in the environment that concerned them in the last year – of the 40 percent who said they had, 8 percent were upset about dairy effluent on roads while 6 percent mentioned pest plants and pest animals.

We worked with other local authorities and the emergency services to improve emergency management in Southland...

Together with the Invercargill City Council, Southland District Council and Gore District Council, we implemented an agreement to develop and resource a single civil

Our survey showed that only a third of Southlanders say they have a plan to deal with an emergency such as a flood, earthquake, tsunami or storm.

defence and emergency management agency for the region. Emergency Management Southland was established in May as a shared service based at our site in Invercargill. New offices and a specially fitted out incident management centre have been established to accommodate this inter-council agency.

We gave advice to farmers...

Promoting sustainable land management practices continues to be one of our core activities. During the year our Land Sustainability Officers helped farmers on 332 properties around the region, providing advice on practices relating to soil use. An addition, our dairy liaison service worked with 510 dairy properties – either new conversions or existing operations – principally to provide advice on effluent systems.

We supported community initiatives to manage pest plants and animals...

We used the biennial Southern Field Days at Waimumu to showcase pest management issues to the rural community. Five community-based pest management groups are making excellent progress with their site-based projects, with ongoing support from our Biosecurity staff. Some of these, such as the Aparima Pestbusters at Mores Reserve in Riverton and the Stewart Island/Rakiura Community Environment Trust, have been underway for several years and are showing tangible progress. Others, such as the Bluff Hill/Motapohue Environment Trust, are relatively new.

We reported on the state of Southland's environment...

For the first time, we included soils as a separate topic in our set of Annual Environmental Monitoring Report Cards. The card explains why we monitor soils and provides information on our soil moisture network.

We helped children and young people appreciate the environment...

Our mascot, Bruce C Gull, continues to carry messages about environmental sustainability to children across Southland. There are around 2,000 members in the Brucie's Buddies Club, aged between 4 and 14 years, with 200 children and family members turning out to enjoy activities at Forest Hill for the annual Brucie's Birthday Bash in February. Active interest in environmental programmes is increasing among Southland schools, with 16 schools now participating in the Enviroschools programme. Four schools joined during the year – Te Anau Primary School, Fiordland College, Mararoa School and St Teresa's School in Bluff. When representatives from 10 schools attended the annual Enviroschools Expo this year, we took steps to mitigate the environmental effects of their bus travel for the first time. Schools, helpers and the Hokonui Runanga who hosted the expo were all gifted native trees, which in 10 years time will have offset the carbon generated by the students' bus travel to the event.

What did we do that was not included in our Long-term Council Community Plan?

We supported Southland schools in the national Enviroschools "Eco Hut" challenge...

Our Environmental Education team carried out unbudgeted work to support the national Enviroschools "Eco Hut" initiative. This was a sustainable building challenge to plan, design and build a 3 m² hut. Feedback from the schools which participated suggested that it provided their students with a valued experience.

Works and Services

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ provide programmes to deliver pest management benefits to the community and meet the goals and objectives of the Regional Pest Management Strategy.

Measure

The number of pest incursions into the region.

Baseline measure

In 2007/08, two new pest species were indentified at three sites.

Actual performance

No new pest species were identified in the region. All planned works and services substantially completed. Planned Gunnera and German Ivy eradication work on Stewart Island was not conducted due to staff shortage resulting from a resignation. However, the Department of Conservation undertook some German Ivy control on Stewart Island. This work will be done in 2010/11. The Biocontrol Programme has made excellent progress with monitoring, harvest, release and public awareness, particularly for broom, ragwort and thistles. Eradication of Old man's beard sites was progressed by surveying 148 sites, of which 81 required control.

Regional Pest Management – Target	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>No new pest incursions into the region.</i> 		
Undertake ongoing risk assessment to identify risk areas and ongoing surveillance of known populations of Exotic Ants and Cattle Tick during summer through inspection and advertising campaigns and for populations of deer species, Thar, Wallaby species pest fish and marine pest animals when reports are received from the community.	✓	Investigated 2 suspected marine pests – negative. No other reports received.
Undertake research and ongoing surveillance of exclusion pest plants to prevent establishment and identify boundary pathways within Southland in collaboration with other agencies and eradicate any exclusion pests detected.	✓	Exotic ant surveys of high risk sites identified no invasive ants.
Conduct eradication programmes focussing on Old man's beard, Purple loosestrife and Similax in all of Southland and Gunnera and German Ivy on Stewart Island.	✓	Purple loosestrife and Stewart Island work not undertaken. See comment above
Supply an annual funding contribution of \$50,000 from pest rates and administrative services to the Mid Dome Trust.	✓	✓
Deliver an annual work programme to release, monitor, and redistribute biocontrol agents for long term, targeted pest plant control across the region using contracted services.	✓	✓

- ▲ assist stakeholders through provision of resources and funding to identify, establish and maintain stock effluent dump stations throughout the region to reduce effects on watercourses, roads, and other road users.

Measure

Identify, establish and maintain regional stock truck effluent dump sites in Southland.

Baseline measure

In 2007/08, there were no permanent regional stock truck effluent sites.

Actual performance

New Zealand Transport Agency funding approved through the National Land Transport Programme of \$180,000 was for investigation and planning of effluent dump sites. Funding for construction was not included in then 2009-2012 National Land Transport Programme. To date, there are no permanent sites in Southland.

Temporary agreements are in place with transport companies to use 10 privately owned facilities during the main stock cartage period. Permanent agreements to use these sites in place of new facilities are being negotiated. Because of this latter arrangement, there is no call on funding for maintenance of any permanent sites but assistance has been provided to the owners of the privately owned facilities.

<p>Stock Truck Effluent Sites – Targets:</p> <ul style="list-style-type: none"> ▪ Construction of two new permanent regional stock truck effluent sites per annum in years 2009/10 and 2010/11. ▪ Provide funding for maintenance of sites in years 2009/10 and 2010/11. 	<p>Proposed</p>	<p>Actual</p>
<p>Co-ordinate the timing, funding, and location in conjunction with territorial authorities and the NZ Transport Agency through the Regional Advisory Group (RAG) and Regional Transport Committee (RTC) for the development and maintenance of regional stock truck effluent dump sites.</p>	<p>RAG to meet 2 times per year.</p> <p>RTC to meet at least 4 times per year</p>	<p>RAG met on September 2009, February and June 2010.</p> <p>RTC met September 2009, and February and June 2010</p>
<p>Contribute a local funding share for the construction of new regional stock truck effluent dump sites.</p>	<p>2 new sites \$50,000 (local share per site)</p>	<p>Funding of these sites not approved in 2009-12 National Land Transport Programme.</p>

Regulatory

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ contribute toward the achievement of the adopted Regional Pest Management Strategy (RPMS) by requiring compliance with Regional Pest Management Strategy rules.

Measures

- Response to notification of any non-compliance within the provisions of the RPMS.
- Control of gorse and broom, nodding thistle and ragwort.
- Landowner compliance with requirement to rabbit numbers below McLean Scale* on the 30 high risk sites

* *The McLean Scale is a relative measure of rabbit population based on the observed amount of rabbit signs (pellet, scratching) at a site.*

Baseline measures

- In 2007/08, compliance with response time targets were generally met.
- In 2007/08, 30 specified urban areas were inspected for gorse and broom, 54 Notices of Direction were issued and 307 warning letters. 23 Notices of Direction were issued for ragwort non-compliance and five for nodding thistle non-compliance. No pest animal compliance actions were required.

Actual performance

In 2009/10, 38 notices of direction were issued for pest plants and no notices for pest animals. Subsequently, four default enforcement actions were required if the landowner did not respond within 30 days.

The rural and urban inspection programmes resulted in full compliance with the Regional Pest Management Strategy provisions for gorse, broom, nodding thistle and ragwort.

Only 28 high risk rabbit sites required monitoring, but nine of these were surveyed on 1 July 2010. All of the sites were compliant.

Regional Pest Management – Targets:	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>All notifications responded to within 1 to 30 days and compliance achieved.</i> ▪ <i>100% landowner compliance with RPMS provisions for gorse, broom, nodding thistle and ragwort.</i> ▪ <i>100% landowner compliance on 30 high risk rabbit sites.</i> 		
Inspect all designated urban areas in the region and enforce compliance for gorse and broom with the Regional Pest Management Strategy if required.	✓	15 urban areas inspected. 35 Notices of Direction issued. 3 default actions completed.
Survey all known nodding thistle sites and enforce compliance through issuing notices of direction and, where necessary, undertaking work and recovering costs from landowners.	✓	118 properties inspected. No Notices of Direction issued.
Survey high profile ragwort infestations and enforce boundary compliance through issuing notice of direction and, where necessary, undertaking work and recovering	✓	106 properties inspected. 3 Notices of

costs from landowners.		Direction issued. 1 default action.
Survey a minimum of 30 high risk sites in the region annually for rabbit compliance purposes and enforce compliance if required by issuing notice and where needed undertaking work and recovering costs from landowners.	✓	28 sites surveyed. See above
Undertake annual/biannual monitoring of possum control areas to determine landowner compliance.	✓	Winton Hill PCA monitored
Respond to complaints and staff reports of any suspected non-compliance with Regional Pest Management Strategy rules.	✓	46 complaints dealt with.
Liaise and co-operate with DOC with respect to any suspected breaches under the Wild Animal Control Act and with other regulatory agencies if required.	✓	One feral pig enquiry dealt with.
Promote ear tagging of domestic goats within the designated containment areas of Southland.	✓	✗
Inspect all Southland pet shops for compliance with the RPMS.	✓	✗
Inspect all Southland plant retail outlets to achieve compliance with the National Pest Plant Accord.	✓	✗
Co-ordinate the Interagency Group involving ES, DOC and LINZ to obtain funding to promote pest compliance and related benefits on Crown land with a strong focus on riverbed pest plants and possum control on private land boundaries.	✓	✓

What targets had no supporting measures or actions:

- ⇒ Staff shortages due to resignation impacted on Plant Retail Outlet survey – to be done in 2010/11.
- ⇒ Undaria discovery in Fiordland prevented Pet Shop survey – to be done in 2010/11.
- ⇒ Rather than promote the costly exercise of ear tagging domestic goats, it was found to be more effective to use education, working with landowners found to be contravening the rule.



“Making hay while the sun shines” - Our future relies on production from our agricultural land not to be compromised by plant and animal pests

- ▲ respond to land based activities that have a negative effect on water and monitor land related activity consent conditions.

Measures

- Response to pollution incidents.
- Compliance with resource consent conditions for land related activities that may affect water.

Baseline measures

- In 2007/08, 75% of land based incidents and complaints that had a negative effect on water were responded to within specified timeframes.
- In 2007/08 82% of land related consents monitored complied with resource consent conditions.

Actual performance

- In 2009/10, 43% of land-related incidents and complaints that had a negative effect on water were responded to within specified timeframes. Staff resources are limiting the Division’s ability to respond within timeframes. Accordingly, the Compliance Manager gave a higher priority to responding to incident reports with direct discharges that could have an environmental effect being given the highest priority.
- In 2009/10, 76% of land-related consents monitored complied with resource consent conditions. The reasons for non-compliance are varied and are detailed in the Environmental Compliance Monitoring Report 2009/10, available on request. Those that did not were dealt with in various ways so that compliance would be achieved, this work is ongoing.

<i>Pollution Response – Targets:</i>	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>100% of incidents and complaints responded to within specified timeframes as outlined in the 24 hour Pollution response SOP (August 2003) or as set by Compliance Manager.</i> ▪ <i>100% compliance with resource consent conditions.</i> 		
Effective and immediate (within the hour) 24 hour, 7 days pollution and incident response.	100%	43%
Maintain pollution control and sampling equipment to enable an effective response to all incidents.	Every six months	Every six months as required or more regularly if used.
Maintain an up-to-date incident database reporting to the community to ensure incident reports are reliable and the response to incidents appropriate.	Monthly	✓
Inspect consent holders’ activities to confirm compliance with consent conditions and to detect non-compliance and remedy any effects.	As required by consent conditions	✓

- ▲ action and report regulatory activities to ensure pollution incidents and unauthorised discharges to water from land are minimised, repeat occurrences avoided and do not increase from 2007/08 baseline measures.

Measure

Land related activities and/or resource use that have negative effects on the surrounding land, water, air and coastal environments.

Baseline measure

In 2007/08, 183 reported pollution incidents were responded to.

Actual performance

In 2009/10, 284 land-related pollution incidents were reported and responded to. Many of these related to over-application of farm dairy effluent, storage of sludges and leachate from silage pits. An increased community awareness and interest has seen a significant increase in the number of incidents reported by the public. Detailed information on these incidents is provided in the Compliance Monitoring Report 2009/10, available on request.

Consent Compliance - Target ▪ Fewer than 183 reported pollution incidents responded to annually*.	Proposed	Actual
Undertake enforcement procedures where necessary including abatement notices, infringement notices and Environment Court proceedings.	✓	✓
Monitor and report compliance with regional plan rules and current legislation.	✓	Aerial flights have been adopted as a cost-effective way to identify non-compliance and the investigation of reports from the public about possible non-compliance.
Maintain a current database that contains inspection and monitoring data that enables investigation of the appropriateness of plan provisions, aids community reporting, assists building of geographic information systems to enable effective compliance programmes.	Ongoing	✓

* Not all calls received by ES are for matters for which ES is responsible. In these cases, callers are advised of the contact details of the appropriate agency.

- ▲ process all applications for land-related resource consents at levels no less than 2007/08 baseline figures.

Measure

The percentage of resource consent applications processed in compliance with statutory timeframes required by the Resource Management Act 1991.

Baseline measure

In 2007/08, 643 land-related resource consents were issued of which 87% were processed within statutory timeframes.

Actual performance

Achieving the best resource management outcome, in co-operation with the applicant and those affected by the activity, is a priority. The fact that no land-related consents were appealed is an indication of the effectiveness of this approach.

The number of applications and their nature made strict compliance with the statutory timeframes difficult. This was exacerbated by carry-over of older applications from previous reporting periods, and changes to the Resource Management Act which restricted the use of timeframe extensions. The simplified consent process specified in the Water Plan for bore construction, and the large number of these applications (145), enabled better timeframe compliance for land-related consents than for other categories.

Consent Processing – Target ▪ 100%, unless applicant has requested that timeframes be waived.	Proposed	Actual
Ensure processing of consents in accordance with the RMA and the relevant regional policy and planning documents.	100%	263 land related consents were issued. Compliance with statutory timeframes was 94%. See comment above.
Ensure appropriate records are kept to track consent applications and the time taken to process them.	✓	✓
Respond to requests for information about the resource consent process including when a consent is necessary, how to apply and how to avoid effects.	80% within 2 working days All within 5 working days	Of the 1,132 land related queries received, 98% were responded to within 2 days and 99% were within 5 working days. ³
Resolve conflict associated with notified activities authorised by the RMA for which the Council has responsibility.	>80%	50 % of applications that were notified (1 of 2) were resolved without a hearing.

³ The data for the year is incomplete. Data was not recorded for the first quarter.

Issue decisions for all delegated, non-notified consent applications.	Within 10 working days of receipt of information	81% of the land related applications that were not notified and were granted under delegated authority were processed within 10 working days. ⁴
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Low rate effluent irrigation systems apply farm dairy effluent to pasture at a rate which the pasture can utilise this valuable resource without environmental effects
[Kineret Yardena]

⁴ The data for the year is incomplete. Data was not recorded for the first quarter.

Extension and Education

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ provide information and assistance to the community to achieve compliance with Regional Pest Management Strategy (RPMS) rules and to help them effectively manage pests and pest risks, especially priority pests.

Measure

Number of compliance notices and enforcement action taken.

Baseline measure

In 2007/08, 82 notices of direction were issued for pest plants and no notices for pest animals. Two default enforcement actions were required.

Actual performance

In 2009/10, 38 notices of direction were issued for pest plants and no notices for pest animals. Subsequently, four default enforcement actions were required.

Despite staff changes during the year all planned education and extension activities were conducted. Pest management issues were showcased at the Waimumu Field Days. Five community-based pest management groups across the region are all making excellent progress with their site-based projects. The activities described in the table below are intended to reduce the number of notices required by educating and working with the community to reduce non-compliance.

Regional Pest Management – Target	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>No notices of direction or enforcement actions taken for breach of RPMS rules.</i> 		
Deliver targeted information through direct person to person contact, media advertising, ES website and pamphlets to focus public awareness on specific compliance requirements with a focus on rabbit, possums, gorse, broom, ragwort and nodding thistle.	✓	✓
Deliver information and assistance to groups of landowners to develop co-ordinated pest animal control within defined areas throughout the region	✓	5 community groups assisted
Respond to requests and information and assistance with pests received through ES front line services.	Within 2 working days	✓
Loan traps to ratepayers for magpies and other pests.	✓	✓
Delivery of information about pest management through public events/field days when required.	✓	✓
Support with the provision of personnel to participate in the National Weed Busters Campaigns.	✓	✓
Support the national Didymo Long-term Management Programme and Check Clean Dry Advisory Groups and other agencies with respect to freshwater pests.	✓	✓
Provision of personnel to advise and support Aparima Pestbusters at More's Reserve.	✓	✓
Provision of personnel to advise and support Otatara Landcare Group at Bushy Point.	✓	✓

Provision of personnel to advise and support Bluff Hill/Motapohue Environment Trust, Bluff.	✓	✓
Provision of personnel to advise and support Stewart Island Rakiura Community Environment Trust.	✓	✓
Provision of personnel to advise and support Biodiversity Southland.	✓	✓
Provision of personnel to advise and support Iwi.	✓	✓

- ▲ advise the Southland community of the obligations to meet provisions and requirements contained in regional plans and under National Environmental Standards relating to use and discharges to water from land.

Measure

Meeting provisions in the regional plans and National Environmental Standards.

Baseline measure

In 2007/08 there were 114 incidents of non-compliance relating to land that were non-consent related.

Actual performance

In 2009/10, there were 219 incidents of non-compliance relating to land that were non-consent related. Many of these related to over application of farm dairy effluent, storage of sludges and leachate from silage pits. An increased community awareness and interest has seen a significant increase in the number of incidents reported by the public. Detailed information on these incidents is provided in the Compliance Monitoring Report 2009/10, available on request.

National Environmental Standards – Target	Proposed	Actual
<ul style="list-style-type: none"> ▪ 100% compliance with regional plans and National Environmental Standards. 		
Attend public meetings/forums (and collaborate with other council divisions)	When invited and as required Waimumu Field Days	Waimumu Field Day, Dairy Farmer Farm Day, Dairy Farmer Workshops on proposed Discharge Plan and consents.
Attend consultation meetings with key stakeholders annually	Alliance x1 Fonterra x2 Dongwha x2 NZAS x1 ICC x2	Alliance Mataura Wastewater – 24 September 2009 Dongwha – 24 November 2009, 17 May 2010 ICC – 9 November 2009 NZAS – 12 May 2010

Prepare, update and distribute educational fact sheets to assist industrial organisations. These are:		
<ul style="list-style-type: none"> ▪ Guides to BMP and Pollution Prevention; 	✓	Pollution Prevention Guide being utilised by 20+ businesses under the Pollution Prevention assistance scheme. Activity specific information sheets have been written and are progressively being launched.
<ul style="list-style-type: none"> ▪ Risk Identification and Prevention; 	✓	As above.
<ul style="list-style-type: none"> ▪ Council Regulatory Expectations 	✓	As above
Distribute news and information for dairy farmers.	All dairy consent holders receive quarterly EnviromooS publication	Four EnviromooS publications were distributed to consent holders on an “as required” basis.
Undertake a pilot study within an Invercargill suburb to assist industrial businesses to promote best practice and develop this further across the region in subsequent years following the pilot.	3 month targeted pilot study – location to be confirmed	Study has had some progress but is to be rescoped due to resourcing issues.
Provide region-wide assistance to stakeholders and business organisations (local and national) to promote best practice and develop tools to remedy any effects from business activity on land that may affect water resources.	24 businesses given assistance	23 businesses given assistance. Other individuals and businesses have been given advice on an informal and ad hoc basis from time to time.

- ▲ provide leadership, provision of personnel and co-ordination of waste minimisation, promoting the 5 “Rs” (recycle, reuse, reduce, rethink and redesign) in an integrated manner across Southland.

Measures

- Amount of waste to the regional landfill.
- Responsible monitoring of known contaminated sites throughout the region.

Baseline measures

- In 2007/08, 62,153.19 tonnes of waste was sent to the regional landfill.
- Contaminated Land Management Guidelines No.4 – Classification and Information Management protocols (MfE 2006).

Actual performance

Figures supplied by WasteNet indicate that the volumes of waste going to the Kings Bend landfill site have decreased from the volumes in 2007/08 of 62,000 tonnes to approximately 49,500 tonnes in 2009/10, a decrease of approximately 10% per year. The facility has received on average 55,000 tonnes per year since it opened in 2004. (Source: WasteNet Annual Report June 2010)

Information regarding contaminated land is now being gathered via the Pollution Prevention Officer (Compliance Division) and held in a database that conforms with the MFE Guidelines for Contaminated Land information.

Waste Minimisation – Targets: <ul style="list-style-type: none"> ▪ <i>Reduced amounts of waste to the regional landfill by 10% by June 2012.</i> ▪ <i>Record information about contaminated land following national guidelines.</i> 	Proposed	Actual
Continued implementation of sustainable practices at Environment Southland through the internal GOES Group.	✓	Council endorsed the development of a Sustainable Procurement Strategy in December 2009. A draft was developed and will be considered by Council in late 2010.
Continued promotion of sustainable practice to businesses in the region.	10 local business through Quicksteps programme Administer Southland Sustainable Business Network	✓ ✓
Continued involvement in community waste minimisation projects, including Southland Wastebusters and Create your own Eden Programme through the provision of personnel.	✓	✓
Record information following national guidelines recording contaminated site information throughout the region to assist community awareness.	✓	✓
Participation through the provision of personnel to support Southland’s territorial authorities with waste minimisation activities when required.	✓	✓
Staff assistance with the preparation, dissemination and updating of waste minimisation and disposal guides, including the Southland Resource Directory for waste and business guides for Steps Towards Sustainability.	✓	✓

- ▲ promote public awareness and understanding of the concept of sustainability, foster an environmentally literate and aware community capable of making informed decisions and empower individuals and groups by providing the most appropriate and up-to-date information, advice and assistance available.

Measure

Land use activities and/or resource consents that have a negative effective on the land, water and coastal environment.

Baseline measure

In 2007/08, 183 reported pollution incidents were responded to.

Actual performance

In 2009/10, 284 reported pollution incidents were responded to. Many of these related to over application of farm dairy effluent, storage of sludges and leachate from silage pits. An increased community awareness and interest has seen a significant increase in the number of incidents reported by the public. The comments and activities described in the table below are intended to reduce the number of incidents by educating the public and resource users about how they can contribute to protecting the environment and to reduce the impact of their activities on the region’s resources. Detailed information on these incidents is provided in the Compliance Monitoring Report 2009/10, available on request.

Brucie’s Buddies Club has some 2,000 members (Brucie, aka Bruce C Gull, is the organisation’s mascot and appears at numerous events/schools to promote environmental sustainability amongst children). Brucie’s Birthday Bash was held at Forest Hill and attracted over 200 Brucie’s buddies supporters (children and adults).

The regional Enviroschools expo/hui was held in partnership with the Hokonui Rūnanga in Gore. Participants from 10 schools (approximately 90 people in total) attended.

Public Awareness – Target	Proposed	Actual
▪ <i>Less than 183 reported pollution incidents responded to annually*.</i>		
On-farm advice (number of properties assisted).	350	332
Targeted financial assistance (\$) to qualifying landowners.	\$100,000	\$76,000 to 17 qualifying landowners
Extension services to dairy farm conversions.	100%	510 contacts
Field days demonstrating sustainable land management practice.	5	4
Assisting forestry operators as harvesting is planned.	✓	6 forestry operators
Support and development of community partnership with “care” and community groups (meetings attended).	>30%	✓
Input into Regional Plans and policy.	✓	✓
Maintain a database of public enquiries and information requests.	Ongoing	✓
Introduce Southland schools into the Enviroschools Programme.	Up to 4 schools annually	✓
Provide expertise to schools via school visits and meetings and disseminate education material upon request.	✓	✓
Provide Brucie’s Buddies members with educational material and the opportunity to attend Brucie’s Birthday.	Quarterly newsletter	✓
Participate, in and provide support and develop resources for environmental education events held by other	✓	✓

stakeholder groups as required.		
Provision of personnel to support regional coordination between all agencies involved in the Enviroschools programme.	✓	✓
Co-ordinate and organise professional development opportunities and events for Southland's Enviroschools.	1 Enviroschools expo 1 Enviroschools teachers' workshop 1 Enviroschools teachers' hui	✓ 2 workshops ✗

** Not all calls received by ES are for matters for which ES is responsible. In these cases, callers are advised of the contact details of the appropriate agency.*

What targets had no supporting measures or actions:

⇒ Enviroschools Teachers' hui was cancelled by the Enviroschools Foundation.

Policy Development/Planning

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ deliver a Regional Land Transport Strategy at all times and review the strategy as required by legislation.

Measure

Presence of a Regional Land Transport Strategy at all times.

Baseline measure

Integrated Transport Study 2005 and Regional Transport Strategy 2007.

Actual performance

The Regional Land Transport Strategy is due for review in the 2010/11 year. Ahead of that review, we needed to update the Integrated Transport Study. However, the New Zealand Transport Agency was to approve a significant level of funding to support the updating project, but its consideration and approval came too late in the year. The project was split into two parts with a scoping report completed in the 2009/10 year with stage 2 (the review of the Study) to be completed in the 2010/11 year subject to NZTA approval.

- ▲ complete a Regional Land Transport Programme which is adopted by the Southland Regional Transport Committee and approved by Environment Southland to ensure national legislative requirements; the needs of the community are addressed and government funding sought.

Measure

Presence of a Regional Land Transport Programme at all times that identifies the needs of the community.

Baseline measure

Integrated Transport Study 2005 and Regional Transport Strategy 2007.

Actual performance

The Regional Land Transport Programme is now a multi-agency programme as a result of changes to the Land Transport legislation. The four Southland councils and the NZ Transport Agency have direct input to a single regional programme (rather than five programmes as previously). The regional programme was negotiated and completed by the due date as specified by the NZ Transport Agency.

- ▲ receive reports from the Invercargill City Council on passenger transport to ensure compliance with the Passenger Transport Transfer Agreement.

Measure

Passenger Transport reports from Invercargill City Council.

Baseline measure

Receipt of reports from Invercargill City Council on Passenger Transport in August 2008.

Actual performance

Annual passenger transport reports were supplied by the Invercargill City Council. No adverse matters were noted and there were no non-compliance issues.

<i>Regional Land Transport – Targets:</i>	Proposed	Actual
<ul style="list-style-type: none"> ▪ Update the Integrated Transport Study by June 2010 to assist review of the Regional Transport Strategy. ▪ Review of the Regional Transport Study by June 2011. ▪ Development and implementation of the Regional Land Transport Programme by June 2012. 	✓	✓
Update the Integrated Transport Study to assist review of the Regional Land Transport Strategy and development of the Regional Land Transport Programme.		
<i>Target:</i>	Proposed	Actual
<ul style="list-style-type: none"> ▪ Receipt of half yearly and yearly reports on Passenger Transport from Invercargill City Council in compliance with the Passenger Transport Transfer Agreement. 		
Receive reports from the Invercargill City Council on its delivery of passenger transport services.	Annual report received	✓

- ▲ maintain an operative Regional Pest Management Strategy (RPMS) to meet the requirements of the regional community and the Biosecurity Act 1993.

Measure

An operative Regional Pest Management Strategy (RPMS).

Baseline measure

Regional Pest Management Strategy 2007.

Actual performance

All targets met.

<i>Regional Pest Management – Targets:</i>	Proposed	Actual
<ul style="list-style-type: none"> ▪ Presence of operative RPMS at all times. ▪ Review of RPMS completed by 30 June 2012. 	✓	✓
Collect information relevant to the strategy review process on an ongoing basis.	✓	✓
Commence and complete the statutory review process of the Regional Pest Management Strategy by June 2012.	✓	✓
Provide annual biosecurity plans and reports to MAF Biosecurity New Zealand to meet Biosecurity Act requirements.	✓	✗
Provide input into:		
<ul style="list-style-type: none"> ▪ the Regional Policy Statement review; ▪ regional plan reviews; ▪ district plan reviews. 	✓	✓
Maintain contact with other councils by attending quarterly Biosecurity Managers Group meetings.	✓	Attended 3 meetings
Maintain contact with other councils by attending quarterly Biosecurity Co-ordination Group meetings.	✓	Attended 3 meetings

What targets had no supporting measures or actions:

⇒ This requirement had previously been overlooked. The 2009/10 report will be provided early in 2010/11.

- ▲ support the provision of a regional emergency management framework to ensure minimisation wherever possible of the effects from hazards and enable appropriate response mechanisms.

Measures

- Natural hazard and flood enquiry information available to the community.
- Response to civil defence emergencies.

Baseline measures

- In 2007/08, at least 80% of all flood enquiries responded to within 4-10 working days and often less.
- Advice provided on as ‘as required’ basis, generally to local authorities, consulting surveyors and planners, real estate agents, prospective purchasers and solicitors.
- National warning system tested at least 3 times per year. Emergency generator tested yearly. Emergency Radio communication systems tested weekly. Emergency Operations Centre activated and procedures tested yearly. These tests are ongoing each on a similar frequency.
- Co-ordinated attendance of Environment Southland staff and staff from other local authorities and emergency services to attend relevant training courses at a national and regional level.

Actual performance

The civil defence and emergency management activity underwent major change during the year when the four local authorities in the Southland region opted to provide a single emergency response capability based at a building situated at Environment Southland. The budgeted activity was continued throughout the year and the transition from the multi-agency provision of service to a single point of service was undertaken seamlessly with no disruption to service, to ensure that the service was available 100% of the time.

19 flood enquiry requests were responded to, 74% within 10 working days and 84% within 11 working days.

The responses to requests for information, advice and data on natural hazards continues to be an important part of the emergency management business.

Emergency Management – Targets:	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>Civil Defence and Emergency operations available 100% of the time.</i> ▪ <i>Response to 80% of all flood enquiry requests within 4-10 working days.</i> ▪ <i>Provision of advice when requested on natural hazard avoidance to the community and territorial authorities.</i> 		
Maintain a database and record of historic natural hazard information.	Ongoing	Data collected on variety of hazard events during the year
Provide natural hazard avoidance advice to territorial authorities and landowners on an “as required” basis.	✓	✓
Respond to all flood enquiry requests within 4-10 working days	>80%	✓

Co-ordinate development of the Southland Civil Defence Emergency Management Group Plan.	✓	✓
Co-ordinate public education activities between local authorities to increase community preparedness for large scale emergencies.	✓	✓
Maintain liaison with territorial authorities on plan development, reviews, and potential plan changes.	Ongoing	✓ ICC and GDC Plan Changes and RPS/SDP review
Ensure provision of an emergency operations centre at Environment Southland.	✓	✓
Make submissions when necessary and be represented at hearings and potentially before the Environment Court.	✓	✓
Undertake provision of research and reports to the Civil Defence Emergency Management Group that improve the joint planning for emergencies and liaise with the Ministry of Civil Defence.	Quarterly	✓

Monitoring

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ monitor pest population and impacts to measure the effectiveness of the Regional Pest Management Strategy (RPMS).

Measure

Impact of pest plants and animals.

Baseline measures

- In 2007/08 none of the 100 rabbit habitat sites exceeded Level 3 of the Modified McLean Scale.
- In 2007/08 there was no significant or consistent change in rabbit populations to warrant investigation.
- In 2007/08 there was no significant concerns raised by the community about the delivery of RPMS objectives.
- In 2007/08 one meeting was held with each of the pest control/biodiversity enhancement community groups supported by Environment Southland to present monitoring results of pest control work.

Actual performance

The rabbit monitoring programme identified that there are currently no compliance issues in the region.

Not all planned possum, rodent and mustelid monitoring undertaken due to unplanned demands on staff e.g. Fiordland Undaria response. Positive response from the annual telephone survey of 300 landowners indicated an increased awareness of RPMS objectives. Four community groups were advised of the results of regional site-based monitoring of biodiversity values, including bird counts.

Regional Pest Management – Targets:	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>Landowners maintain rabbit numbers below indicator levels* on 100 rabbit habitat sites in Southland.</i> ▪ <i>Night count surveys demonstrate no significant seasonal fluctuation in rabbit populations in surveyed areas - Te Anau, Lumsden and Hokonui Hills.</i> ▪ <i>Increasing trend in understanding of RPMS objectives.</i> ▪ <i>Annual report to the community on their success in reduction in pest animal numbers and improvement in bird counts and vegetation condition.</i> 	✓	Monitoring undertaken, with full compliance at all sites.
Undertake and report annual regional rabbit monitoring of 100 sites based on the Modified McLean Scale index in winter each year .	Summer and winter	Surveys undertaken, with no significant seasonal fluctuations at all three sites.
Undertake rabbit night counting to measure short term/seasonal changes in rabbit population at three sites i.e. Te Anau, Lumsden, Hokonui Hills.		

Undertake a regional possum monitoring survey/compilation with emphasis on landowner self help programme.	✓	Five RTCI monitors completed.
Undertake possum monitoring for biodiversity condition purposes at key sites i.e. More's Reserve, Omaui, Otatara – Bushy Point, Bluff Hill, Lower Mataura Covenants.	✓	See comment above
Undertake rodent and mustelid monitoring using tracking tunnels for biodiversity condition purposes at key sites, i.e. Mores Reserve, Omaui, Otatara – Bushy Point, Bluff Hill, Lower Mataura Covenants.	✓	See comment above
Undertake biodiversity conditions surveys using 5 minute bird counts, vegetation condition surveys and other methods where applicable at key sites, i.e. More's Reserve, Omaui, Bluff Hill, Otatara – Bushy Point.	✓	✓
Undertake and report an annual phone survey to canvas urban and rural ratepayers in alternate years.	300 rural ratepayers	✓

** Occupiers within the Southland region shall control rabbits on land they occupy, at their own expense, at or below Level 3 of the Modified McLean Scale. The McLean Scale is a relative measure of rabbit population based on the observed amount of rabbit sign (e.g pellets, scratching) at a site.*

- ▲ develop a soil and land investigation programme to gain an improved understanding of the processes and impacts associated with agricultural non-point source pollution of water, and identify appropriate land management techniques.

Measure

Accreditation of data for soil moisture monitoring.

Baseline measure

New project to begin in 2009/10.

Actual performance

The Soil Moisture Monitoring network was expanded to 15 sites (new sites introduced at Waituna, Garston and Ferndale), with monitoring information being provided on our website aimed at assisting dairy farmers managing the application of dairy effluent. Soil moisture monitoring is developed in accordance with ISO 9001:2000.

An Annual Monitoring Report Card was produced for “Soils”, which explains why we monitor soils and gives information on the soil moisture network.

Sampling for soil quality/condition from compaction was undertaken at five instead of 10 sites because reduced budget being available (not amended in time for the LTCCP).

Regional Pest Management – Target	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>Develop soil moisture monitoring in accordance with ISO 9001:2000 standards* by June 2011.</i> 		
Inspect, calibrate, and maintain soil moisture meter sites to ensure information is collected in accordance with International Standards and develop the programme where appropriate through additional sites.	Maintain 12 sites	Expanded to 15 sites – all sites maintained
Ensure up-to-date information is provided to the community about soil moisture levels on the Environment Southland website - www.es.govt.nz .	✓	✓

Complete a soil infiltration study of the major soil types of Southland.	✓	✗
Undertake sampling of soil quality and monitor soil condition from compaction.	Annually at 10 sites	5 sites sampled. See comment above.

** ISO 9001:2000 is an International Standard. The quality of our soil moisture monitoring programme will be compliant with this International Standard.*

What targets had no supporting measures or actions:

- ⇒ The soil infiltration study was not completed as changes to the farm dairy effluent management framework meant that the study was no longer required.

Investigations/Research

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ promote, support and contribute to regional and national research and funding initiatives into pest impacts and pest control methods to enable the review of the Regional Pest Management Strategy (RPMS) and other related policies and plans for effective management of pest animals and plants within Southland.

Measure

Improve knowledge of pest impacts and pest control methods.

Baseline measure

New project scheduled to begin in 2009/10.

Actual performance

Although a research project into Sycamore spread in northern Southland was completed, a planned second project failed to receive Envirolink funding. Because the actual costs of individual HVA surveys by contractors were higher than anticipated only 70 surveys were undertaken within the budget.

Regional Pest Management – Targets:	Proposed	Actual
<ul style="list-style-type: none"> ▪ Undertake two local research projects annually. ▪ Record 100 new High Value Areas (HVA) sites per annum. ▪ Availability of GIS linked pest database at all times. 		
Participate in the Envirolink Governance Committee and Regional Council Science Advisory Group by attending quarterly meetings.	✓	Attended four meetings.
Undertake at least two targeted Envirolink funded local research projects per annum to assist with the achievement of Regional Pest Management Strategy objectives.	✓	See above
Define and record 100 new HVA sites per annum using specialist contractors.	✓	See above
Collaborate in a regional, jointly funded biodiversity site inventory programme with Southland District Council and Landcare Trust.	✓	✓
Survey pest plants at 100 new and existing sites per annum based on unbiased sampling methods using external methods.	✓	✓
Maintain and add information about pest distribution and impact to GIS linked databases on an ongoing basis.	✓	✓

Programme Costings

Land	Actual	Budget
Costs by Programme and Activity with Funding Sources	2009/10	2009/10
	\$000	\$000
Programme Outputs		
Policy Development & Planning	803	1,044
Investigations & Research	284	270
Monitoring	139	146
Works & Services	1,274	1,068
Extension & Education	1,265	1,571
Regulatory	1,844	1,926
Total Programme Costs	5,609	6,025
Resourced by the following Activities		
Environmental Monitoring	67	112
Environmental Education	55	58
Regional Planning	443	556
Council Policy & Planning	1 84	195
Civil Defence	216	266
Hazard Management	90	99
SEMO - ES share	19	0
Land Drainage	0	6
Catchment Planning	36	51
Land Sustainability	2 686	805
Pest Animals	1,080	950
Pest Property Reserve	25	39
Pest Plants	3 631	815
Consents Admin	261	231
Environmental Compliance	891	905
Property Management	827	739
Southland Pest Eradication Soc	198	198
Total Activities	5,609	6,025
Funded (per the Revenue and Financing Policy) by		
External Recoveries	944	1,026
Levies and Contributions	150	240
General Rate	692	741
Investment Income	483	404
Prior Year Surplus	51	54
Rental Income	666	630
Interest on Lease Districts	147	138
Local Contribution	213	167
Separate Rates	2,237	2,361
Reserves / Capital / Surpluses	26	264
Total Funding	5,609	6,025

1 Building provision consulting costs provided for not used as CDEM building purchased instead

2 Under expenditure in riparian management financial assistance and salaries

3 Under expenditure in salaries, reallocation of staff and costs savings

Providing a healthy, clean and attractive coastal environment that sustains life, commercial activities and a lifestyle consistent with our unique natural heritage



Our Strategic Challenges relating to coast management

- ▲ Managing the interface between the coast and the land in an integrated manner.
- ▲ Improving water quality, especially in estuarine areas.
- ▲ Allocating space, particularly for marine farming.
- ▲ Protecting natural character and ecologically and culturally sensitive areas within the coastal environment;
- ▲ Identifying and resolving heritage issues.
- ▲ Protecting biodiversity, especially from incursions of pest plants and animals.

Outcomes and Objectives

Community Outcome

A treasured environment which we care for and which supports us now and into the future.

Intermediate Outcome

- ▲ We have an environment protected from the negative effects of human activities.
- ▲ We have a healthy, safe and accessible built environment.
- ▲ We have an informed community caring for the environment.

ES Intermediate Outcome

- ▲ The community's expectation of being able to use the coastal environment for its livelihood and recreation, while protecting significant areas and/or minimising the environmental effects of activity, is met.
- ▲ The short and long-term effects of resource use on the region's coast and associated ecosystems are understood and adverse effects are addressed in a timely manner.
- ▲ The community is aware of and understands the long-term implications of coastal resources use and takes an active role and responsibility for protecting the coastal environment.

ES Intermediate Outcome

- ▲ To develop and maintain policy direction within the provisions of the Resource Management Act (1991) and direction from Maritime NZ for the protection and minimisation of environmental effects from activities within the coastal environment and to provide for harbour safety.
- ▲ To enhance the network of walkways within the Southland region by working with other organisations to determine future coastal walkway construction.
- ▲ To maintain compliance with navigational safety requirements.
- ▲ To prevent the incursion and establishment of new pest plants and pest animals in the coastal marine area.
- ▲ To meet national guidelines for monitoring of the health of Southland's estuaries, coastal recreational water quality and safe harvesting of shellfish.
- ▲ To gather information and raise public awareness and understanding of the region's coastal environment.
- ▲ To minimise environmental effects of pollution events and identify polluters and hold them responsible for their actions.
- ▲ To provide a level of certainty to the community and other resource users that community agreed environmental standards for the coastal environment are complied with.
- ▲ To minimise environmental effects by understanding the relationship between ecosystem health, resilience and the effects of poor water and sediment quality where freshwater meets coastal waters.

What did we do during the year to manage issues and challenges related to the coast?

We continued to develop policy...

As the Regional Coastal Plan is a living document, we have identified several developing or current activities that may need to be addressed in the plan. The top five were prioritised for further investigation and the possible initiation of plan changes. These included managing the introduction of oil rigs off the Southland coast, the use of Oreti Beach for motorcycle races and similar events, and technical fixes within the operative plan.

We prepared to deal with threats from marine pests...

We continued to support the excellent work of the Fiordland Marine Guardians, in particular the development of a multi-agency strategy to deal with pest incursions in the fiords. The recent discovery of *Undaria* in Sunday Cove has highlighted the importance of this work and our staff are leading the multi-agency response aimed at eradicating this invasive marine pest plant.

What our community thinks about the coast

Our public perceptions and awareness study showed that 67 percent of Southlanders are aware of our role in coastal management.

While most respondents talked about fresh water quality, some raised concerns about pollution around the coast, including the discharge of effluent into the New River Estuary.

In terms of hazards, 21 percent of the community recognise that they are at risk from tsunamis.

We introduced tougher rules for navigation safety...

Navigational safety is another important aspect of our harbour management activities. The number of cruise ships visiting the Southland and Fiordland coasts continues to increase. We continue to work closely with the cruise ship industry both nationally and internationally to ensure safe passage and operations while these large vessels are in our coastal waters. New Navigation Safety Bylaws came into effect at the beginning of the year. The new rules make it compulsory to wear a life jacket on any vessel in the region's waters. Our staff undertook an education and advisory campaign through boating clubs and by being present at boat ramps around the region.

We dealt with oil spills...

Our staff and support agencies dealt with 12 oil spills during the year. There were no adverse environmental effects from any of these events.

We planned for a new walking and cycling track...

Work began during the year on the first stage of a new coastal cycle and walkway of 41 km between Invercargill and Bluff. This is part of a larger 132 km project stretching from Lumsden to Bluff, with our focus being on the southernmost stretch. Ultimately it will become part of the proposed regional trail network. We contributed \$29,065 towards the cost of construction from the Marine Reserve Fee, with the first stage underway from the existing Waihopai walkway to the Kingswell Creek.

We monitored water quality...

We monitor water quality at several sites along the coast where Southlanders regularly go for recreation during the summer, and to gather shellfish. The results of the monitoring programme are published from December to March. In summer 2009/10 all the samples collected at the marine bathing sites complied with the national bathing water quality guidelines. However, water quality at seven of the eight shellfish sites breached the national guidelines for gathering shellfish. This is worse than the previous year, when only three of the sites breached the guidelines. This sampling is carried out at fixed times, which coincided with high river flows this year. On the positive side, the results of monitoring estuarine health showed that all the estuaries we monitored were in a fair to good condition except for the Waiau Estuary, which was classified as being in a fair to poor state due to excessive mudiness and elevated nutrients. This is the first fine scale sediment assessment carried out on this estuary. Overall, this is an improvement on 2007/08, when the overall ranged from low to fair.

What did we do that was not included in our Long-term Council Community Plan?

We investigated and controlled *Undaria*...

After the discovery of the marine pest plant *Undaria pinnatifida* at Sunday Cove in Fiordland, our Biosecurity staff led an effective response to this significant incursion, jointly with the Department of Conservation and Ministry of Agriculture and Forestry/Biosecurity NZ.

We measured the sea level...

We installed a sea level recorder in the Waikawa Harbour to establish mean sea level to enhance our hazard management capability.

We began studying a source of contamination...

Our coastal scientist began a study into high levels of contaminants in Bluff Harbour and Awarua Bay. The field work for this study began in May 2009 and is continuing.

Works and Services

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ undertake a design and feasibility study for an Invercargill to Bluff coastal cycle and walkway, and if other funding partners are found facilitate the establishment of a Trust to oversee the project and contribute towards the construction cost so that the community is encouraged to take an active role and responsibility for coastal environments.

Measures

- A proceed/not proceed decision on cycle and walkway development.
- Establishment of a Trust to oversee the project.

Baseline measure

New project.

Actual performance

A feasibility study was completed by MWH in August 2009 for an enlarged project from Lumsden to Bluff. The feasibility study concluded a combined cycle/walkway was feasible. A full business case study has been commissioned for the enlarged project and in detail for each of the Lumsden to Invercargill and Invercargill to Bluff projects. While the Invercargill to Bluff project is the focus of Environment Southland in the medium term, the project is likely to become part of a regional trail network.

A report to Council in April 2010 proposed construction of the cycleway (Invercargill–Bluff) in discrete lengths within currently available funding. Establishment of a Trust was not considered necessary until such time as significant funding from external partners was available.

Staff were asked to continue planning for the cycleway to the Southwood Export Plant and investigate alternative funding methods. Detail planning and investigation is currently underway.

A start was made on construction of the next section of cycleway to Kingswell Creek along with plans, consents and permits applied for a new bridge to cross the Kingswell Creek.

Coastal cycle/walkway - Targets:	Proposed	Actual
<ul style="list-style-type: none"> ▪ Undertake and complete a feasibility study, work with funding partners and if warranted facilitate establishment of a Trust by June 2010. ▪ Contribute \$50,000 (until completion) should the cycle and walkway proceed toward annual construction costs. 	✓	✓
Undertake a feasibility study and facilitate establishment of a Trust.	✓	✓
Contribute toward annual construction costs from the Marine Fee.	\$50,000	\$29,065

Regulatory

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ maintain compliance and show no increase from 2007/08 baseline measures with navigational safety requirements to enable safe commercial and recreational use of the coastal environment.

Measure

Number of infringement notices issued.

Baseline measure

In 2007/08, no infringement notices were issued under the provisions of the Navigation Safety Bylaws and 100% of incidents and complaints were responded to within seven days.

Actual performance

The reviewed Bylaws are working well with the new requirements for wearing of lifejackets and the individualising of boats as being the main issues of interest to the general public.

There were 19 offences/incidents/complaints dealt with and recorded. None of them complied with the seven days timeframe, generally because the Maritime Manager did not receive the information until after that period. The Maritime Manager's response was within the seven days timeframe, after he was advised, but that is not recorded. Ten incidents or complaints were dealt with directly by a Compliance Officer following a patrol in Fiordland - the offences occurred 5-9 April 2010, but the letters were not sent out until 26 April 2010.

Navigation Safety - Targets:	Proposed	Actual
<ul style="list-style-type: none"> ▪ Fewer than 20 incidents and complaints in breach of Navigation Safety Bylaws requiring an infringement notice. ▪ 100% of incidents and complaints responded to within seven days. 		
Compliance with Port and Harbour Safety Codes.	✓	✓
Investigate all complaints that are in breach of Navigational Safety Bylaws.	100% within 7 days	See comment above

- ▲ respond to coastal pollution incidents and monitor coastal resource consents conditions.

Measures

- Response to pollution incidents.
- Compliance with resource consent conditions for discharges within the coastal environment.

Baseline measures

- In 2007/08, 64% of complaints and incidents were responded to within specified timeframes.
- In 2007/08 92% of coast related consents monitored complied with resource consent conditions.

Actual performance

- In 2009/10, 45% of complaints and incidents were responded to within specified timeframes. Staff resources are limiting the division’s ability to respond within timeframes. Accordingly the Compliance Manager gave a higher priority to responding to incident reports with direct discharges that could have an environmental effect being given the highest priority.
- In 2009/10, 72% of coast-related consents monitored complied with resource consent conditions, principally due to a programme to ensure that coastal structures and whitebait stands in particular, are constructed in accordance with the approved plan.
- Those that did not comply were assisted to achieve compliance and some of this work is ongoing.

Pollution Response - Targets:	Proposed	Actual
<ul style="list-style-type: none"> ▪ 100% of incidents and complaints responded to within specified timeframes as outlined in the 24 hour Pollution Response SOP (Aug 2003) or as set by compliance manager. ▪ 100% compliance with resource consent conditions. 		
Effective and immediate (within the hour) 24 hour, 7 days pollution and incident response.	100%	45%
Continued maintenance of pollution control and sampling equipment to maintain an effective response to all incidents.	Every six months	Every six months as required or more regularly if used.
Maintain an up-to-date incident database reporting to the community to ensure incident reports are reliable and the response to incidents appropriate.	Monthly	✓

- ▲ action and report regulatory activities to ensure pollution incidents and unauthorised discharges to the coastal environment are minimised, repeat occurrences avoided and do not increase from 2007/08 baseline measures.

Measure

Activities and/or resource use that have negative effects on the coastal environment.

Baseline measure

In 2007/08, 36 reported pollution incidents were responded to.

Actual performance

In 2009/10, 65 coast-related pollution incidents were reported and responded to. An increased community awareness and interest has seen a significant increase in the number of incidents reported by the public. Detailed information on these incidents is provided in the Compliance Monitoring Report 2009/10, available on request.

Consent Compliance - Targets: ▪ <i>Fewer than 36 reported pollution incidents responded to annually*.</i>	Proposed	Actual
Monitor and report consent conditions to detect non-compliance and remedy any effects. Where necessary enforcement procedures will be undertaken.	As required by consent conditions	✓
Monitor and report compliance with regional plan rules and current legislation.	✓	Aerial flights to identify non-compliance and the investigation of reports from the public about possible non-compliance
Maintain a database that contains inspection and monitoring data that enables investigation of the appropriateness of plan provisions, aids community reporting, assists building of geographic information systems to enable effective compliance programmes.	✓	This occurred and reports were generated for Committee meetings as and when required.

** Not all calls received by ES are for matters for which ES is responsible. In these cases callers are advised of the contact details of the appropriate agency.*

- ▲ process all applications for coast-related resource consent at levels no less than 2007/08 baseline figures.

Measure

The percentage of resource consent applications processed in compliance with statutory timeframes required by the Resource Management Act 1991.

Baseline measure

In 2007/08, 43 coast-related resource consents were issued of which 70% were processed within statutory timeframes.

Actual performance

Achieving the best resource management outcome, in co-operation with the applicant and those affected by the activity, is a priority. The fact that only one coast-related consent was appealed is an indication of the effectiveness of this approach.

The overall number of applications and their nature made strict compliance with the statutory timeframes difficult. This was exacerbated by carry-over of older applications from previous reporting periods, and changes to the Resource Management Act which restricted the use of timeframe extensions.

Consent Processing - Target: ▪ <i>100%, unless applicant has requested that timeframes be waived.</i>	Proposed	Actual
Ensure processing of consents in accordance with the RMA and the relevant regional policy and planning documents.	100%	38 coast related consents were issued.. Compliance with statutory

		timeframes was 93%. See comment above.
Ensure appropriate records are kept to track consent applications and the time taken to process them.	✓	✓
Respond to requests for information about the resource consent process including when a consent is necessary, how to apply and how to avoid effects.	80% within 2 working days All within 5 working days	Of the 249 coast related queries received, 98% were responded to within 2 days and 99% were within 5 working days. ⁵
Resolve conflict associated with notified activities authorised by the RMA for which the Council has responsibility.	>80%	44 % of applications that were notified (4 of 9) were resolved without a hearing.
Issue decisions for all delegated, non-notified consent applications.	Within 10 working days of receipt of information	53% of the coast related applications that were not notified and were granted under delegated authority were processed within 10 working days. ⁶

⁵ The data for the year is incomplete. Data was not recorded for the first quarter.

⁶ The data for the year is incomplete. Data was not recorded for the first quarter.

Extension and Education

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ raise public awareness and understanding of the region's coastal environment.

Measure

Activities and/or resource use that have negative effects on the coastal environment.

Baseline measure

In 2007/08, 36 reported pollution incidents were responded to.

Actual performance

In 2009/10, 65 reported pollution incidents were responded to, reflecting an increased community awareness and interest in the coast. The activities described in the table below are intended to reduce the number of incidents by educating the public and resource users about how they can contribute to protecting the environment and to work with minor non-compliance to reduce the impact of their activities on the region's resources.

The Biosecurity Division has provided information and advice to the Fiordland Marine Guardians through its meetings and in conjunction with the joint agency Undaria incursion response programme.

Pollution Response - Target:	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>Fewer than 36 reported pollution incidents responded to annually*.</i> 		
Provide and respond to information requests, public and media enquiries within 10 days.	✓	✓
Provide written education material to promote awareness and understanding of issues facing coastal water quality.	✓	✓
Support community partnership and organised events by other organisations (e.g. Department of Conservation and Invercargill City Council) to promote participation and awareness of coastal environmental issues.	✓	✓
Provision of personnel to advise and support Fiordland Marine Guardians and other agencies with regard to marine pests.	✓	✓
Maintain and develop the bathing water profiles on the Environment Southland and the external State of the Environment websites.	✓	✓

** Not all calls received by ES are for matters for which ES is responsible. In these cases, callers are advised of the contact details of the appropriate agency.*

- ▲ advise the Southland community of their obligations to meet provisions and requirements contained in regional plans and under National Environmental Standards relating to use and discharges to the coastal environment.

Measure

Meeting provisions in the Regional Coastal Plan and National Environmental Standards.

Baseline measure

In 2007/08, there were 22 incidents of non-compliance relating to the coast that were non-consent related.

Actual performance

In 2009/10, there were 37 incidents of non-compliance relating to the coast that were non-consent related, many of these unauthorised structures, particularly whitebait stands.

National Environmental Standards - Target: <ul style="list-style-type: none"> 100% compliance with regional plans and National Environmental Standards. 	Proposed	Actual
Attend public meetings/forums (and collaborate with other council divisions).	When invited and as required	Waimumu Field Day, Dairy Farmer Farm Day, Dairy Farmer Workshops on proposed Discharge Plan and consents.
Prepare and distribute educational material.	✓	Pollution Prevention Guide being utilised by 20+ businesses under the Pollution Prevention assistance scheme. Activity specific information sheets have been written and are progressively being launched.
Provide assistance to stakeholders and business organisations to promote best practice and develop tools to remedy any effects from business activity on the coastal environment.	✓	Ongoing relationship with Motor Trade Association, NZAS and Southport (ship unloading operations) to provide advice on the reduction of impacts and risks.

Openly discuss and consult tangata whenua with respect to compliance issues affecting the coastal environment to ensure their values are recognised and assist environmental protection.	✓	No issues arose that required input during the reporting period.
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**Managing our coastal resources can sometimes require the right balance
between the various uses**

[Balancing Rock - Sherman Smith]

Policy Development/Planning

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ review the Regional Coastal Plan provisions to provide policy guidance for the community on the protection and sustainable management of environmental effects in the coastal environment.

Measures

- An updated Regional Policy Statement.
- An updated Regional Coastal Plan.

Baseline measure

Regional Policy Statement 1997 and Regional Coastal Plan 2006.

Actual performance

Regional Policy Statement Review -

Reports in respect of this project were provided to Council on 16 December 2009, 10 March 2010 and 26 May 2010. Although some of the timelines have been amended, this project is still on track for adoption by June 2013.

Staff completed the draft issues, objectives and policies for 22 topic areas of the proposed changes to the Regional Coastal Plan on 28 July 2010, and these are being considered by elected representatives from both councils and Iwi at four combined policy workshops during the period July to September 2010.

Regional Coastal Plan - Target:	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>Adoption of proposed second generation Regional Policy Statement by June 2013.</i> ▪ <i>Begin development of proposed Plan Changes to the Regional Coastal Plan by June 2010.</i> 		
Carry out an assessment of commercial surface water activities in Fiordland and Stewart Island	✓	Focus was on oil rigs and Fiordland Integrated Management Project
Ensure the sustainable management of the coastal environment by incorporating, (through plan changes), legislative and provision amendments, including hearing and appeal decisions.	✓	✓
Ensure management of aquaculture activity in Bluff Harbour and Big Glory Bay, Stewart Island on an ongoing basis.	✓	✓



Some parts of our coast are busy places that need careful planning to minimise the effects of activities

[Bluff Harbour – Steven Henry]

- ▲ report outages of navigation safety equipment notified to the Harbourmaster are passed onto government agencies and provision of on-site ready response to oil spills meet Maritime NZ requirements.

Measures

- Outages are reported to LINZ and Maritime NZ.
- Oil spill response training and exercise requirements meet Maritime NZ requirements.

Baseline measure

In 2007/08, six outages were reported to LINZ and Maritime NZ within one day of initial notice and provision for training and oil spill response capability maintained 100% of the time.

Actual performance

During the year no outages were reported to LINZ and Maritime New Zealand. The Regional Marine Oil Spill Contingency Plan was updated, the training programme was implemented in conjunction with Maritime New Zealand, and 12 oil spills of varying size were responded to.

<i>Navigation Safety - Targets:</i>	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>Report of outages to LINZ and Maritime NZ within one day of initial notice 100% of the time.</i> ▪ <i>Ongoing provision for oil spills response capability in the coastal marine area.</i> 		
Report navigation safety outages to government agencies.	✓	✓
Maintenance for oil spill response capability in the coastal marine area.	✓	✓

- ▲ complete a safety plan and operating procedures to enable safe commercial and recreational use of Southland's harbours and to protect the coastal environment from undue environmental effects.

Measure

A safety management system is implemented in all compulsory pilotage areas in Southland.

Actual performance

The Bluff Safety Plan has been completed during 2009 but is awaiting final approval from Maritime New Zealand. Safety Plans for the other harbours are being progressed to meet the timeline. Accordingly, no annual review of compliance was necessary.

The Navigation Safety Bylaws were reviewed and put in place effective from 1 July 2009.

<i>Navigation Safety - Targets:</i>	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>Adoption of safety plan and operating procedures for Bluff Harbour by June 2010.</i> ▪ <i>Adoption of safety plans and operating procedures for Stewart Island and Fiordland Harbours by June 2013.</i> ▪ <i>Completion of review of compliance annually.</i> 		
Completion of safety plan and operating procedures for each harbour.	Bluff	✓
Review of Navigation Safety Bylaws.		✓

Monitoring

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ meet National Guidelines when monitoring the state of Southland's estuaries, coastal recreational water quality and safe harvesting of shellfish.

Measures

- Meeting National Microbial Bathing Guidelines (Marine and Freshwater) during summer months (MfE and MoH, 2003).
- Meeting National Shellfish Gathering Guidelines in monitored locations.
- Broad and fine scale habitat monitoring in line with the National Estuary Monitoring Protocol and ANZECC (2000) sediment quality guidelines.

Baseline measures

- In the summer of 2007/08 there were no occasions when marine (microbial) water quality exceeded the National Marine Bathing Guidelines.
- In 2008/09, three of the eight monitored recreational shellfish gathering sites complied with National Guidelines.
- In 2007/08, estuary and lagoon monitoring ranged from "low" to "fair" in monitored estuaries and the ANZECC (2000) sediment quality guidelines were not breached.

Actual performance

In summer 2009/10, all the marine bathing sites complied with the national bathing guideline.

In the sampling year of 2009/10, seven of the eight shellfish sites breached the national shellfish gathering guidelines. This sampling is carried out at fixed times which coincided with high river flows this year.

In 2009/10, all estuaries were in a fair to good condition except the Waiau Lagoon, which was in a fair to poor state due to excessive mudiness and elevated nutrients. This is the first fine sediment assessment carried out on this estuary.. No breaches of the ANZECC (2000) sediment quality guidelines occurred in 2009/10.

Marine Bathing - Targets:		
▪ <i>National Microbial Bathing Guidelines (Marine and Freshwater) during summer months are not breached*.</i>	Proposed	Actual
Continued monitoring at marine bathing sites (13 sites).	October-March	✓
Shellfish Gathering - Targets:		
▪ <i>National Shellfish Gathering Guidelines in monitored locations are not breached*.</i>	Proposed	Actual
Continued monitoring at shellfish gathering sites (8 sites).	Monthly	✓

Estuary Monitoring - Targets: <ul style="list-style-type: none"> ▪ <i>Broad and fine scale habitat monitoring are in line with the National Estuary Monitoring Protocol and ANZECC (2000) sediment quality guidelines*.</i> 	Proposed	Actual
Undertake the Estuary Monitoring Programme (EMP) at targeted locations annually.	Jacobs River Estuary, Waiau Lagoon, Waituna Lagoon, Freshwater Estuary, Haldane Estuary, Waikawa Estuary, Bluff Harbour/ Awarua Bay	✓
Review and reporting of the Estuary Monitoring Programme.	✓	✓
Review and reporting of Bathing Beach Programme.	✓	✓

* *National Marine Bathing Guidelines (Microbial and Freshwater) =
 Not more than two consecutive microbial samples are >280 enterococci/100 ml.
 Not more than one consecutive freshwater sample is >550 E.coli/100 ml.
 National Shellfish Gathering Guidelines =
 Not more than 10% of samples taken from shellfish gathering sites to exceed a faecal coliform level of 43 MPN/100 ml and a median of below 14 MPN. (MPN is a measurement unit).
 National Estuary Monitoring Protocol and ANZECC (2000) sediment quality guidelines =
 No activation of 'early warning' trigger alerting immediate action under National Estuary Monitoring Protocol.
 No breach of ANZECC (2000) sediment quality guidelines.*

Investigations/Research

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ undertake scientific research and investigation to ensure sustainable management of ecosystem health within coastal estuaries and lagoons and use that information to enable the community to be informed of the cumulative effects of activities occurring upstream of the coastal environment.

Measure

Ecosystem health in coastal estuaries and lagoons.

Baseline measure

New project to begin 2009/10.

Actual performance

During 2009/10, investigations of ecosystem health in estuaries and coastal lagoons have shown the Waimatuku Estuary to be in a fair condition with good sediment oxygenation, moderate levels of macroalgae and moderately high concentrations of sediment nutrients. However, investigations in the Waiau Lagoon showed the lagoon to be in a poor state, due to the lack of flushing, excessive nutrients and high content of muddy sediments.

The research and investigations priorities aim to cover the 10 large estuary systems, but also look at the smaller systems with one off risk assessments or in-depth surveys, such as those undertaken for the Waimatuku Estuary, Doubtful Sound and the Waiau Lagoon. The review of the priorities is undertaken annually in conjunction with the estuary monitoring review and uses a risk based criteria to determine which coastal area needs investigation.

- ▲ action, facilitation or the provision of information in collaboration with other agencies to any identified pest plant or pest animal threats within Southland's coastal environment.

Measure

New pest plants and pest animals in the coastal marine environment.

Baseline measure

In 2007/08, no new marine pest incursions were detected.

Actual performance

Although there is no comprehensive programme to search for new pest incursions, any reports are followed-up immediately and the Biosecurity Division has developed some basic capability and capacity to investigate and control any identified pest incursions. This has been tested in Bluff Harbour with the investigation of a suspected find of *Didemnum vexillum*. This was subsequently found to be a native sea squirt species. It has also been used to good effect in the joint agency delimiting survey and control related to the discovery of *Undaria pinnatifida* at Sunday Cove in Fiordland where Environment Southland led a multi-agency (Department of Conservation and MAF Biosecurity New Zealand) delimiting survey into an *Undaria* incursion.

An investigation into high contaminant levels in Bluff Harbour/Awarua Bay was also commenced.

<i>Ecosystem Health- Target:</i>	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>Year round and synoptic surveys showing no further deterioration in coastal estuary and ecosystem health.</i> ▪ <i>No new marine pest incursions identified.</i> 		
Conduct targeted coastal surveys of coastal ecosystem health in specific locations of the coastal marine area.	Year round survey – New River Estuary	✓
Continue to provide research and investigation priorities to the coastal monitoring programme.	✓	✓

What targets had no supporting measures or actions:

- ⇒ The coastal ecosystem survey of the New River Estuary was largely put on hold over 2009/10. The New River Estuary state of the environment estuary review is still planned for 2010/11, but water quality measurements in the estuary are now only been undertaken quarterly. This investigation was put on hold due to time and resources been allocated to the Water: 2010 project.

Programme Costings

Coast	Actual	Budget
Costs by Programme and Activity with Funding Sources	2009/10	2009/10
	\$000	\$000
Programme Outputs		
Policy Development & Planning	233	370
Investigations & Research	50	80
Monitoring	294	371
Works & Services	70	272
Extension & Education	169	261
Regulatory	771	730
Total Programme Costs	1,587	2,084
Resourced by the following Activities		
Environmental Monitoring	291	345
Environmental Education	54	58
Regional Planning	170	247
Council Policy & Planning	88	97
Harbour Management	172	218
Hazard Management	10	9
Oil Spills	70	72
River Works	0	201
Land Sustainability	12	10
Consents Admin	261	231
Environmental Compliance	459	596
Total Activities	1,587	2,084
Funded (per the Revenue and Financing Policy) by		
External Recoveries	1,388	1,419
Levies and Contributions	24	36
Local Contribution	0	150
General Rate	328	398
Investment Income	229	218
Prior Year Surplus	24	29
Reserves / Capital / Surpluses	-406	-166
Total Funding	1,587	2,084

1 Under expenditure in salaries due to Water Plan amendments receiving higher priority

2 Invercargill to Bluff Coastal Walkway delayed and \$29,065 expenditure funded from the Marine Fee reserve

3 Under expenditure in salaries and travel costs

4 External contributions to Bluff Coastal Walkway not required - see Note 2



Ensuring that Southland's air quality is of a high standard and does not compromise people's health or pose a danger to other physical and natural resources of the region

Our Strategic Challenges relating to air management

- ▲ Maintaining the high overall standard of air quality within the region.
- ▲ Identifying the causes of reduced air quality in urban airsheds.
- ▲ Managing discharges to the air, particularly localised odour problems.
- ▲ Improving the community's understanding of air quality and managing any associated health risks.

Outcomes and Objectives

Community Outcome

A treasured environment which we care for and which supports us now and into the future.

Intermediate Outcome

- ▲ We have an environment protected from the negative effects of human activities.
- ▲ We have a healthy, safe and accessible built environment.
- ▲ We have an informed community caring for the environment.

ES Intermediate Outcome

- ▲ The short and long-term effects of resource use on the region's air quality and ecosystems are understood and adverse effects are addressed in a timely manner.
- ▲ The community takes an active role and responsibility for protecting local air quality.
- ▲ Nuisance and offensive odours are minimised and repeat occurrences are avoided.

Objectives

- ▲ To develop and maintain policy direction within the provisions of the Resource Management Act (1991) that protects the region's ambient air quality, complies with National Environmental Standards (air quality) and recognises the effects of backyard burning, the New Zealand Emissions Trading Scheme and climate change.
- ▲ To maintain compliance with National Environmental Standards (air quality).
- ▲ To minimise environmental effects of pollution events and identify polluters and hold them responsible for their actions.
- ▲ To gather information by identifying short and long-term air quality risks, ambient air quality, and meeting National Environmental Standards (NES).
- ▲ To provide a level of certainty to the community by identifying short and long term air quality risks, meeting ambient air quality National Environmental Standards and contributing toward community efforts to reduce air quality problems.

What did we do during the year to manage issues and challenges related to air?

We continued to develop policy...

In 2009 the Government announced a review of the National Environmental Standards for Air Quality. The Council received a discussion paper from the Ministry for the Environment early in 2010 which set out options for a new air quality management regime. The Council prepared two submissions on this review and is awaiting the outcome of the review. In the meantime, as any changes to the National Environmental Standards for Air will have a significant impact on the way air quality is regulated and managed in Southland, the Council deferred proposed work on the Regional Air Quality Plan.

Instead, current air quality issues were identified as part of the Council's own review of the Regional Policy Statement, and staff also gathered information and attended workshops and seminars relating to air quality planning. The information and advice gathered through these activities will inform the future review of the Air Plan.

We monitored air quality...

We monitor air quality continuously in Invercargill and Gore, measuring PM₁₀ levels in both airsheds. We also continued reconnaissance monitoring of air quality in Winton and began monitoring in Wallacetown. The Invercargill, Gore and Wallacetown results were published in community newspapers each week over winter. They showed that air quality in Invercargill frequently breached the current national standards – the particulate levels were above the permitted level (50 micrograms per cubic metre of air

What our community thinks about air

Of all the resources that we manage, air tends to be most taken for granted by the community. The Council's survey of community awareness and perceptions found that 8% of respondents across the region consider air pollution to be one of the main environmental issues facing Southland – down from 15% in 2006. People living in Gore are more concerned about air quality as those in other communities. Six percent of people who said they had seen something that concerned them about the environment in the last year cited air pollution. Despite this relatively low level of concern, we continue to receive an increasing number of complaints about air quality including smoke and odour – 255 in 2009/10 compared to 213 the previous year – and the management of air quality remains an important activity for Environment Southland.

over a 24 hour period) on 19 days. The previous winter there were only six recorded exceedances in Invercargill. The increase was partly attributable to extended periods of calm weather over the winter, which allowed pollution levels to build up. The installation of more sensitive measuring equipment also provided more accurate measurements in Invercargill. In Gore, there were two exceedances recorded, the same as in winter 2009. The air quality in Winton did not breach the standards.

What did we do that was not included in our Long-term Council Community Plan?

There were no unplanned activities in relation to our management of air. However, we did not carry out the proposed survey of excessively smoky chimneys in Invercargill and Gore. This was because resources were instead used for the reconnaissance monitoring programme and to install more sensitive monitoring equipment in Invercargill.

Regulatory

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ respond to air pollution events and monitor air-related resource consents.

Measures

- Response to pollution events.
- Compliance with resource consent conditions for discharges to air.

Baseline measures

- In 2007/08, 89% of complaints were responded to within specified timeframes.
- In 2007/08, 67% of air related consents monitored complied with resource consent conditions.

Actual performance

- In 2009/10, 58% of complaints were responded to within specified timeframes. Staff resources are limiting the Division’s ability to respond within timeframes. Accordingly, the Compliance Manager gave a higher priority to responding to incident reports with direct discharges that could have an environmental effect being given the highest priority.
- In 2009/10, 90% of air-related consents monitored complied with resource consent conditions reflecting the emphasis that this has been placed on resource user and key stakeholder relationships/education. Those that did not comply were assisted to achieve compliance in various ways and some of this work is ongoing.

- ▲ action and report regulatory activities to ensure pollution events and unauthorised discharges to air are minimised and repeat occurrences avoided and do not increase from 2007/08 baseline measures.

Measure

Activities and/or resource use that have negative effects on the region’s air quality.

Baseline measure

In 2007/08, 395 reported pollution incidents were responded to.

Actual performance

In 2009/10, 255 air-related pollution incidents were reported and responded to, which reflects the emphasis that has been placed on community and resource user education/awareness.

Pollution Response - Target:	Proposed	Actual
<ul style="list-style-type: none"> ▪ 100% of incidents and complaints responded to within specified timeframe as outlined in the 24 Hour Pollution Response SOP, or as set by the Compliance Manager. ▪ 100% compliance with resource consent conditions. ▪ Fewer than 395 pollution incidents responded to annually*. 		
Effective and immediate (within the hour) 24 hour, 7 days pollution and incident response.	100%	58%
Continued maintenance of pollution control and sampling equipment to maintain an effective response to all incidents.	Every six months	Every six months as required or more

		regularly if used.
Maintain an up-to-date incident database reporting to the community to ensure incident reports are reliable and the response to incidents appropriate.	Monthly	✓
Monitor and report consent conditions to detect non-compliance and remedy any effects. Where necessary enforcement procedures will be undertaken.	As required by consent conditions	✓
Monitor and report compliance with regional plan rules and current legislation.	✓	Aerial flights have been adopted as a cost-effective way to identify non-compliance and the investigation of reports from the public about possible non-compliance
Maintain a database that contains inspection and monitoring data that enables investigation of the appropriateness of Plan provisions, aids community reporting, and assists building of geographic information systems to enable effective compliance programmes.	✓	✓

** Not all calls received by ES are for matters for which ES is responsible. In these cases callers are advised of the contact details of the appropriate agency.*

- ▲ process all applications for air-related resource consent at levels no less than 2007/08 baseline figures.

Measure

The percentage of resource consent applications processed in compliance with statutory timeframes outlined in the Resource Management Act 1991.

Baseline measure

In 2007/08, 12 air-related resource consents were issued of which 50% were issued within statutory timeframes.

Actual performance

Achieving the best resource management outcome, in co-operation with the applicant and those affected by the activity, is a priority. The fact that only one air-related consent was appealed is an indication of the effectiveness of this approach. The appeal was resolved without an Environment Court hearing.

The overall number of applications and the often technical nature of air-related application made strict compliance with the statutory timeframes difficult. This was exacerbated by carry-over of older applications from previous reporting periods, and changes to the Resource Management Act which restricted the use of timeframe extensions.

Consent Processing - Target: ■ 100%, unless applicant has requested that timeframes be waived.	Proposed	Actual
Ensure processing of consents in accordance with the Resource Management Act and the relevant regional policy and planning documents.	100%	15 air related consents were issued. Compliance with statutory timeframes was 77%. See comment above.
Ensure appropriate records are kept to track consent applications and the time taken to process them.	✓	✓
Respond to requests for information about the resource consent process including when consent is necessary, how to apply and how to avoid effects.	80% within 2 working days All within 5 working days	Of the 112 air related queries received, 97% were responded to within 2 days and 100% were within 5 working days. ⁷
Resolve conflict associated with notified activities authorised by the Resource Management Act for which the Council has responsibility.	>80%	50 % of applications that were notified (1 of 2) were resolved without a hearing.
Issue decisions for all delegated, non-notified consent applications.	Within 10 working days of receipt of information	52% of the air related applications that were not notified and were granted under delegated authority were processed within 10 working days. ⁸

⁷ The data for the year is incomplete. Data was not recorded for the first quarter.

⁸ The data for the year is incomplete. Data was not recorded for the first quarter.

Extension and Education

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ raise public awareness and understanding of provisions contained in regional plans and under National Environmental Standards relating to use and discharges to air.

Measure

Activities and/or resource use that have negative effects on the region's air quality.

Baseline measure

In 2007/08, 395 pollution reported incidents were responded to.

Actual performance

In 2009/10, 255 air-related pollution incidents were reported and responded to, which reflects the emphasis that has been placed on community and resource user education/awareness. The activities described in the table below are intended to reduce the number of incidents by working with, and informing stakeholders so that their activities do not breach regional rules or resource consent conditions.

Public Awareness-Target: ▪ <i>Fewer than 395 pollution incidents responded to annually*.</i>	Proposed	Actual
Attend public meetings/forums.	When invited and as required Waimumu Field Days	Waimumu Field Day Dairy Farmer on farm day
Attend consultation meetings with key stakeholders annually.	Alliance x1 Fonterra x2 Dongwha x2 NZAS x1 ICC x2	Alliance Matura Wastewater – 24 September 2009 Dongwha – 24 November 2009, 17 May 2010 ICC – 9 November 2009 NZAS – 12 May 2010
Prepare, update and distribute education fact sheets to assist industrial organisations. These are:		
▪ Guide to BMP and Pollution Prevention	✓	✓
▪ Risk Identification	✓	Activity specific information sheets have been written and are progressively being launched. Copies of the NZWWA Stormwater

		Guide have also been disseminated on a regular basis.
▪ Council Regulatory Expectations.	✓	As above.
Distribute news and information for dairy farmers	All consent holders receive quarterly EnviromooS publication	Four EnviromooS publications were distributed to consent holders on an “as required” basis.
Undertake a pilot study within an Invercargill suburb to assist industrial businesses to promote best practice and develop this further across the region in subsequent years following the pilot.	3 month targeted pilot study – location to be confirmed	✗
Provide region wide assistance to stakeholders and business organisations (local and national) to promote best practice and develop tools to remedy any effects from business activity on air quality.	24 businesses given assistance	23 businesses given assistance. Other individuals and businesses have been given advice on an informal and ad hoc basis from time to time.

** Not all calls received by ES are for matters for which ES is responsible. In these cases, callers are advised of the contact details of the appropriate agency.*

What targets had no supporting measures or actions:

- ⇒ Pilot study within Invercargill has had some progress but is to be rescoped due to resourcing issues.
- ▲ raise public awareness of Southland’s air quality and the issues surrounding poor air quality and focus community efforts.

Measure

Number of homes in areas contributing to poor air quality that have installed alternative means of heating through the Warm Up New Zealand scheme and community initiatives such as Warm Homes.

Baseline measure

New reporting to begin in 2009/10 year.

Actual performance

Environment Southland does not have direct influence or control over the extent of public uptake of grants available under the government’s Warm Up New Zealand: Heat Smart programme, or local initiatives such as the Southland Warm Homes Trust (SWHT). See table below for information currently available from the Energy Efficiency and Conservation Authority (EECA):

Region	Territorial Authority	Insulation Installed	Heater Installed
Southland	Gore District	165	12
Southland	Invercargill City	949	125
Southland	Southland District	<u>287</u>	<u>27</u>
Total		<u>1,401</u>	<u>164</u>

The activities described in the table below are intended to improve air quality by informing the community of breaches of national standards to raise community awareness, and to promote best practice.

Air quality monitoring data for small particulate matter (PM₁₀) has been available on our website for the Invercargill and Gore airsheds, as well as the reconnaissance monitoring site of Winton.

The National Environmental Standard (NES) for PM₁₀ allows just one exceedance of 50 microgrammes per cubic metre as a 24 hour average over one year. Breaches of the NES were reported to the media and the Ministry of the Environment. Government is currently reviewing this standard.

We continued to inform the public over the winter about air quality, reporting in consecutive editions of local newspapers and by the publication of the Annual Environmental Monitoring Report Card – Air Quality 2009.

Public Awareness - Target:	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>The Warm Up New Zealand Scheme or similar initiatives deliver 1,000 insulation retrofits or heating appliance replacements per annum for five years from 2008/09.</i> 		
Continued maintenance, support, and access to current air quality data on the Environment Southland website.	✓	✓
When breaches of the NES standards occur, publicly notify these to local media to ensure the public is made aware of poor air quality and can take an active role to reduce further breaches.	✓	✓
During the winter months, report air quality information in the Invercargill Eye, Ensign and Winton Record.	May – August	✓
Provision of personnel and materials when required to promote best practice, support community efforts and raise awareness at various events throughout Southland with respect to understanding air quality.	✓	✓

Policy Development/Planning

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ update the Regional Air Quality Plan by way of a plan change that recognises air quality issues including compliance with National Environmental Standards (air quality), backyard burning, the New Zealand Emissions Trading Scheme and climate change.

Measure

An updated Regional Air Quality Plan.

Baseline measure

Regional Air Quality Plan 1999.

Actual performance

Council was updated on this project at its meeting on 14 April 2010. The Government is preparing to review the National Environmental Standard for Air Quality which may impact on the potential plan changes.

Instead of reviewing the Air Plan, the following activities were undertaken during 2009/10:

- the review of the Regional Policy Statement, one of the topics of which relates to air quality;
- preparing two separate submissions in respect of the governments review of the National Environmental Standards for Air Quality;
- information gathering and attending workshops/seminars relevant to air quality planning, all of which will inform the Air Plan review.

<i>Air Quality Plan - Target:</i>	Proposed	Actual
▪ <i>Adoption of proposed Plan Change by 30 June 2012.</i>		
Information scoping and gathering of air quality issues.	✓	✓

Monitoring

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ monitor the ambient air quality within Southland's urban areas to provide information about the nature and extent of exceedances of the National Environmental Standards (air quality) and assist with meeting the National Emission Standards by 2013

Measure

Meeting National Environmental Standards (Air Quality) measured in the Invercargill and Gore airsheds for levels of small particulate matter (PM₁₀).

Baseline measure

In winter of 2008, there were nine exceedances of (PM₁₀), as defined in National Environmental Standards (Air Quality), in the Invercargill airshed and three in the Gore airshed.

Actual performance

PM₁₀ levels were monitored continuously in the Invercargill and Gore airsheds. Reconnaissance monitoring was continued in Winton and was brought forward for Wallacetown to further inform the state of air quality in the region.

During winter 2010 (1 May–31 August) there were 19 total exceedances reported in Invercargill, two in Gore and none in Winton. This compares with the previous winter (2009) of six exceedances for Invercargill, two for Gore and none for Winton. The higher number of exceedances recorded for Invercargill are due in part to weather conditions which have been significantly more stable (lower wind speeds). This allows pollution to build up and the co-location of a High Volume "reference" equipment which is recording more exceedances than the BAM "compliant" method. Analysis of results over the winter period will enable us to determine the gravimetric equivalence (correction factor) to be applied. Government is currently reviewing the NES for PM₁₀ and Environment Southland has made a submission on this.

<i>National Environmental Standards - Target:</i>	Monitoring type	Proposed	Actual
<ul style="list-style-type: none"> ▪ <i>National Environmental Standards (Air Quality) for levels of small particulate matter (PM₁₀) are not breached*.</i> 			
Monitor PM ₁₀ in Invercargill and Gore airsheds in accordance with NES monitoring requirements.	Continuous monitoring	✓	✓
Undertake reconnaissance monitoring for PM ₁₀ in other regional urban areas using a staged approach.	High Volume monitoring 1 in 2 days (May-August) 1 in 6 days outside winter	Winton	Winton and Wallacetown

* *National Environmental Standards (Air Quality) for levels of small particulate matter (PM₁₀) = 50 micrograms per cubic metre over a 24 hour period, not exceeded more than once each year in each of the Invercargill and Gore airsheds.*



**Our Regional Air Quality Plan aims to minimise the impact of activities
that influence air quality on neighbours**

[Burning Scrub at Riverton - Steven Henry]

Investigations/Research

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ undertake investigation of Invercargill urban areas to assist in determining poor air quality distribution and to ensure monitoring effectively recognises the extent of the air quality problem.

Measure

Identification of areas within Invercargill airshed that contribute most to poor air quality.

Baseline measure

New project to begin in 2009/10.

Actual performance

Temporary High Volume monitoring equipment was installed during winter 2009 at Glengarry and Waikiwi to investigate the spatial distribution of PM₁₀ in the Invercargill airshed, which confirmed that the continuous monitoring site at Pomona Street, Invercargill was a site representative of worse air quality (a requirement of the NES for site selection within airsheds).

For the first time, we successfully obtained two FRST medium advice grants for PM₁₀ investigations in the Invercargill airshed to:

- (i) assess long-term trends in PM₁₀ concentrations; and
- (ii) research management options that may reduce PM₁₀ concentrations to meet the NES by 2013. The reports were presented to Council during February 2010 and are a valuable resource for feeding into the forthcoming Air Plan review.

The Annual PM₁₀ Monitoring Report for Invercargill, Gore and Winton 2009 was reported to Council on 14 April 2010.

The Annual Environmental Monitoring Report card for air quality was reported to Council on 24 October 2009.

Air Quality - Target:	Proposed	Actual
<ul style="list-style-type: none"> ▪ Complete a spatial distribution survey of the Invercargill airshed by 30 November 2010. 		
Investigate the spatial distribution of PM ₁₀ in Invercargill urban areas.	Glengarry, Waikiwi	✓ ✓
Carry out a survey of households during the winter period that have excessively smokey chimneys.	Invercargill, Gore	× ×
Assess and report NES exceedance levels.	Annually	✓

What targets had no supporting measures or actions:

- ⇒ The smokey chimney survey in Invercargill and Gore did not occur as resources were utilised for the reconnaissance monitoring programme and the co-location of reference monitoring equipment for the Invercargill site.

Programme Costings

Air

Costs by Programme and Activity with Funding Sources

Actual **Budget**
2009/10 **2009/10**

\$000 \$000

Programme Outputs

Policy Development & Planning	134	186
Investigations & Research	24	33
Monitoring	104	139
Extension & Education	146	197
Regulatory	535	441
Total Programme Costs	943	996

Resourced by the following Activities

Environmental Monitoring	1	129	178
Environmental Education		57	67
Regional Planning	2	68	110
Council Policy & Planning		84	91
Hazard Management		10	10
Consents Admin		261	231
Environmental Compliance		334	309
Total Activities		943	996

Funded (per the Revenue and Financing Policy) by

External Recoveries	370	359
General Rate	310	367
Investment Income	217	199
Prior Year Surplus	23	27
Reserves / Capital / Surpluses	23	44
Total Funding	943	996

1 Under expenditure in salaries, travel costs and cancelling of smokey chimneys survey

2 Under expenditure in salaries due to deferment of Regional Air Plan review



Community representation and Communication

Our Strategic Challenges

- ▲ Achieving community wellbeing through the policies and priorities of Environment Southland.
- ▲ Encouraging community participation in policy and plan development and activity programmes.
- ▲ Ensuring access is available to Councillors and staff for advice, advocacy, support and action.
- ▲ Making informed policy decisions that serve the community, while meeting individual needs.
- ▲ Monitoring planned outputs and outcomes for achievement, relevance and community understanding.
- ▲ Providing timely, accurate and relevant information so the community can make informed decisions.
- ▲ Striving to be a service focused and accessible organisation for all.
- ▲ Collaborating with other councils to achieve quality in local governance in the region.

Outcomes and Objectives

Community Outcome

Strong, effective leadership taking us into the future.

Intermediate Outcome

- ▲ Citizens and communities are inspired, motivated and empowered.
- ▲ Decisions are progressive, forward looking and robust.
- ▲ The community has confidence in its leaders.

ES Intermediate Outcome

- ▲ The community is empowered and encouraged to make decisions about the use of natural capital and ecosystems to protect its economic viability and minimise on-site and downstream adverse effects on land and water resources.
- ▲ The community interest is represented and individual constituents are assisted by sound decision-making.
- ▲ Quality stewardship of Environment Southland's reputation and assets.

Objectives

- ▲ To participate in joint community efforts to bring about desired environmental results.
- ▲ To implement the provisions of the Local Government Act 2002.
- ▲ To monitor progress on community outcomes through continuing joint activity with the other three councils in the Southland region.
- ▲ To support the Shared Service Forum to achieve efficiency in local government services and in particular civil defence.
- ▲ To continue to develop and enhance Council's relationship with Iwi, while recognising Ngāi Tahu's kaitiakitanga responsibilities over the natural and physical resources of the region.
- ▲ To publicise and promote the councils programmes to residents, ratepayers and stakeholders by delivering a comprehensive communications programme that supports and enhances the organisation's activities.

What we were aiming to do and how successful were we?

In 2009/2010 we proposed to...

- ▲ measure our decision making, communication and activity performance by surveying public attitudes to the environment and Environment Southland activities to ensure we are achieving community wellbeing through our policies and priorities, including working with other stakeholders and agencies.

Measure

Public attitudes to the environment and Environment Southland activities.

Baseline measure

A baseline figure will be established following the first survey undertaken 2009/10.

Actual performance

The survey was commissioned in June 2010 and the field work was carried out in July 2010, reflecting views about environmental issues in the previous 12 months.

The results of the survey showed almost total recognition (98%) of Environment Southland as the authority responsible for environmental management in the region:

- 77% either strongly agree or agree that ES is the leader in environmental management in the region (78% felt this way in 2006);
- 67% strongly agree or agree that ES is effectively managing pressing environmental issues – this is down on the 74% who felt this way in 2006;
- The number of people who think the impact of dairy farming on waterways and land is the main environmental issue facing Southland has more than doubled, from 25% in 2006 to 55% in this survey;
- 40% of all respondents said they had noticed something in the environment that concerned them in the last 12 months (this is a new question) and of those who said this, 44% said it related to water pollution;
- 76% of all respondents said they felt changes in land use and land management practices were impacting on water quality. Asked to elaborate, 79% specified dairy intensification/ dairy effluent and dairy-related fertilisers;
- 94% of all respondents say they personally care either a lot (77%) or a little (17%) about water quality and 82% were aware that ES is aiming to improve water quality in the region.;
- one-third (33%) think ES is protecting and managing regional water quality well (28%) or very well (5%) while 43% have a neutral opinion on our performance in this regard, 13% think ES is doing poorly and 5% say our performance is very poor.

The survey shows that we have become more effective in communicating with the community through a range of methods and media. 77% of those surveyed are aware of our newsletter *Envirosouth*, up from 68% in 2006 when we last surveyed. Of those, 52% say they read all or some of the newsletter while another 43% flick through it. Our weekly *Enviroweek* column in *The Express* and *The Ensign* community newspapers is recalled by 63% of respondents, up from 41% in 2006 and 76% of those read it regularly or sometimes.

We advertise regularly on the lunchtime Farming Show on Hokonui Radio, and the survey shows that 53% of all farmers and 49% of dairy farmers listen to the show either every day or at least weekly. Of that audience, 52% of farmers and 42% of dairy farmers recall having heard Environment Southland's one minute infomercials.

We also surveyed respondents about their newspaper reading habits, as 69% of all respondents said they received most of their information about the Council from newspapers. 90% say they read *The Southland Times* regularly (down from 92% in 2006) with

readership of *The Express* static on 59%. We advertise regularly in both of those newspapers. Farmers are most likely to read *The Southland Times* (98%) and *The Otago Southland Farmer* (54%).

Access to the internet has risen sharply from 68% in 2006 to 82%, with 93% of respondents under 29 years having internet access at home compared to 64% of those aged over 60. There has been a small increase in the number of people visiting the Council's website, up from 14% to 18%, and the main reason for doing so is to look at flood reports and river levels.



Community tree-planting events not only result in an enhanced environment but also provide good tree-planting advice to future community leaders
[Tree-planting, Michele Poole]

- ▲ report to the community to ensure they are aware of actions being undertaken to achieve regulatory, works and services, education and extension, policy and planning, monitoring and investigation activities.

Measure

Publish an Annual Report.

Baseline measure

2007/08 Annual Report and 2009-2019 LTCCP.

Actual performance

The Council adopted the Annual Report for the 2008/09 year on 28 October 2009, with an unqualified report from our auditor, Deloitte.

The report described the programmes and activities for the previous financial year, whether or not the targets were met and at what cost. There were so significant variations in either performance or expenditure from what was projected in the Annual Plan for that year.

Chairman Stuart Collie and Chief Executive Ciaran Keogh also predicted that continuing land use changes would challenge the Council's resources into the future, with the management of the region's water resources being the most significant of these challenges. This prediction echoes the widespread public perception – captured in our residents' survey – that changes in land use and land management practices are impacting on water quality in the region.

Programme Costings

Community

Costs by Activity with Funding Sources

Actual	Budget
2009/10	2009/10
\$000	\$000

Resourced by the following Activities

Council Members	1,393	1,587
Publicity & Promotion	399	426
Total Activities	1,792	2,013

Funded (per the Revenue and Financing Policy) by

External Recoveries	1	18	117
Levies and Contributions	1	102	0
General Rate		960	1,189
Investment Income		670	648
Prior Year Surplus		70	87
Reserves / Capital / Surpluses		-28	-28
Total Funding		1,792	2,013

1 Community Outcomes contributions income from other Councils budgeted to External Recoveries in error



Community outcomes and report on progress

Southland's Community Outcomes were identified in 2005:

1. Southland is a great place to live
2. A diverse economy built from our strengths for growth and prosperity
3. Safe places in a caring society that is free from crime
4. We are healthy people
5. Strong effective leadership taking us into the future
6. A treasured environment which we care for and which supports us now and into the future
7. A well-educated and skilled community continually seeking further opportunities to learn.

Since August 2009, and the release of the first Community Outcomes Monitoring Report, Our Way Southland has worked to identify key regional issues which would help achieve one or more community outcomes by a collaborative "whole of community" approach.

Our Way Southland is facilitating two cross-sector focus groups to develop action plans and initiate collaborative projects based on the two leading key issues identified at the September 2009 Southland Leaders' Forum:

- ▲ engage parents – parenting strategy;
- ▲ develop a leadership academy.

The Parenting Focus Group is developing the concept of a regional parenting strategy and associated regional charter for children, together with a regional charter consisting of a simple and clear statement of the rights of Southland children.

The Leadership Focus Group is examining how a leadership academy might operate within Southland. The group recognises that future leaders would be best sourced from those who choose to live and work in the region, that potential leaders need to be identified and "shoulder-tapped", and that training and mentoring should be of a practical nature.

Another key issue identified at the September 2009 Leaders' Forum was:

- ▲ Youth -
 - early intervention/prevention;
 - get them involved in activities such as sport;
 - mentors.

The Our Way Southland Youth Forum, held in Invercargill on 17 June 2010, brought together 170 young Southlanders aged between 12 and 24 from secondary schools, training providers and councils from around the region. The purpose of this forum was to identify, clarify and report to Southland's councils - and the wider community - the issues of importance for Southland's youth, and to assist with the development of leadership. This Youth Forum was an initiative of the Invercargill, Gore and Southland Youth Councils, with \$20,000 of funding from the Ministry of

Youth Development and support from the Invercargill City Council, Southland District Council, Gore District Council and Our Way Southland.

A final vote by the attendees (three votes each) on the issues identified by the breakout groups produced the following short-list of key regional issues for Southland youth:

- ▲ we don't have a lot to do at night (weekends etc);
- ▲ foster a love of learning and a want for knowledge will follow;
- ▲ police – positive relationships with youth;
- ▲ peer pressure.

The regional youth focus group, convened by Our Way Southland with the assistance of Southland Youth Workers, will identify how best to address the key issues identified at the forum.

The 2009 Leaders' Forum also identified managed development as a key issue for Southland:

- ▲ ensure growth is managed so things we like are not lost.

Our Way Southland therefore commissioned a regional Quality of Life survey of 1,520 people to better gauge Southlanders' perceptions of local and national social, economic and environmental conditions. The survey used a questionnaire based on that used for the www.bigcities.govt.nz project, modified in order to better capture trends at a regional and local level, incorporate both rural and urban perspectives, and provide baseline qualitative data for ongoing outcomes monitoring.

The results of the telephone survey, which was conducted in May 2010, indicated that 91% of Southlanders consider that they have a "good" or "extremely good" quality of life compared with the 90% of New Zealanders surveyed for the New Zealand *12 Cities Quality of Life* report, a "key result [which] reflected a trend across many indices measured".



Executive Summary

The New Zealand *12 Cities Quality of Life* report identified that 90% of New Zealanders believe they have a "good" or "extremely good" quality of life. Detail from the Southland Quality of Life report demonstrates more Southlanders (91%) believe they have this level of quality of life than the national average.

This key result reflected a trend across many indices measured:

Southland residents are proud of, and connected to their communities

- ▲ Nearly three quarters of respondents agreed that they feel a sense of pride in the way their location looks and feels.
- ▲ Over three-quarters of respondents noted that community was important to them. A similar number identified strong family connections, with over half identifying strong connections to school or work colleagues.
- ▲ Similarly, over 80% of residents rarely or never feel lonely; and over 95% have access to personal support.
- ▲ Residents generally acknowledge they feel safe in most circumstances. Perceptions of safety are higher than those identified nationally.

- ▲ Nine out of 10 Southlanders identified that they were happy or very happy.
- ▲ 60% identified their sense of happiness and wellbeing was influenced by the Southland environment.

Southlanders generally feel safe, and are trusting

- ▲ When considering safety in various circumstances, over 80% of Southland residents feel very safe in their homes, the neighbourhood, and their city or town. Over half of Southlanders feel safe in their neighbourhood or town/city after dark.
- ▲ Similarly, four out of five Southlanders felt that it was safe for children under 14 to play without supervision.
- ▲ Southlanders rating of trust of other people was higher than the national average, with three quarters responding that people could be trusted “almost always” or “usually”.
- ▲ The major public issues that concern Southlanders are similar to those affecting the New Zealand population as a whole, with dangerous and/ or drink driving, rubbish and litter, pollution, vandalism and car theft being the leading issues identified.

Southlanders have a favourable work/life balance

- ▲ Nearly half the Southland population is employed full time, while a further 20% are employed on a part-time basis.
- ▲ Nine out of 10 Southlanders have at least enough financial resource to meet their regular requirements for food, accommodation, and other necessities.
- ▲ Half the respondents “never” or “rarely” experienced stress that had a negative effect in the last 12 months.
- ▲ Over 80% of residents of Southland are satisfied with their leisure time.
- ▲ Of working residents, 80% are satisfied with the balance between their work life and other aspects of their life.
- ▲ Half the respondents were active six or seven days per week.

Southlanders are satisfied with the condition of their environment

- ▲ Three quarters of Southlanders are happy with the state of their environment.
- ▲ There is awareness of environmental issues, with the leading issue being dairying and the resulting concerns regarding effluent and water quality.

Southlanders are satisfied with their leadership

- ▲ Two-thirds of Southlanders are satisfied or very satisfied with their leadership.
- ▲ A similar proportion have confidence that the decisions made by Southland’s leaders are in the best interest of the community.
- ▲ Over 90% of respondents believe that the community has an influence on decisions made by Southland’s leaders, with two thirds believing they have “a large” or “some” influence.
- ▲ Nearly seven out of every 10 Southlanders believe they are adequately informed with regard to key regional issues.

Southlanders are generally healthy

- ▲ 86% of Southlanders rated their health as “excellent”, “very good” or “good”
- ▲ Despite the high rating of health, nearly 40% of respondents noted that they experienced a long-term health condition or disability. Of these, nearly half noted that the disability had a daily impact on their lives.
- ▲ Access to medical care was high, with 94% of respondents able to see a GP or doctor when they required attention.

Southlanders feel there is some level of cultural diversity within the region

- ▲ Over half of Southlanders believe that the city, town or area in which they live is culturally rich and diverse.
- ▲ Nearly half of Southlanders believe that the presence of people with different lifestyles and cultures makes minimal difference to the local area. Over 40% believed that the presence of migrants provided a positive influence, providing broader perspectives, the opportunity to learn from other cultures, and reducing racism.

Further information on Our Way Southland, including copies of the Community Outcomes Report (2005), Southland’s Community Outcomes Monitoring Report for the period 2005–2008 (2009) and the Southland Quality of Life Research Report (2010) can be accessed on the Our Way Southland website: www.ourwaysouthland.org.nz Printed copies of the reports are available from: Our Way Southland, Private Bag 90116, Invercargill 9840.

Outcomes description

To maintain and improve the lifestyle we have in Southland, residents have identified, through the “Our Way Southland” project, the following as the outcomes they want for themselves, their families and their communities. The “Our Way Southland” report not only describes the seven community outcomes identified by Southlanders, it identifies the layers of intermediate outcomes and outputs that support them.

Outcome 1	<i>Southland is a great place to live</i>	<i>Lifestyle and Culture</i>
<ul style="list-style-type: none"> ▲ We value our history and heritage ▲ We have a choice of quality places to go and things to do ▲ We embrace and respect a diverse community ▲ We are proud to be Southlanders ▲ We live in a creative place 		
Outcome 2	<i>A diverse economy built from our strengths for growth and prosperity</i>	<i>Economy and Employment</i>
<ul style="list-style-type: none"> ▲ We have a quality infrastructure with potential for growth ▲ We have an innovative and vibrant culture that supports business ▲ We have a business friendly environment in which to operate ▲ We have an economy built on our competitive advantage ▲ We have full employment and rewarding careers ▲ We retain and build on our skills base ▲ We keep the things about living here that we value 		
Outcome 3	<i>Safe places in a caring society that is free from crime</i>	<i>Law and Order</i>
<ul style="list-style-type: none"> ▲ We have safe roads ▲ We have safe homes ▲ We have public places safe for children and families ▲ We apprehend and hold law breakers appropriately accountable ▲ We support the victims of crime 		

Outcome 4	<i>We are healthy people</i>	<i>Health and Wellbeing</i>
▲	We are able to live healthy lifestyles	
▲	We have good quality affordable housing	
▲	We live in a compassionate caring community	
▲	We have equity of access to health services	
Outcome 5	<i>Strong, effective leadership taking us into the future</i>	<i>Leadership</i>
▲	Citizens and communities are inspired, motivated and empowered	
▲	Decisions are progressive, forward looking and robust	
▲	The community has confidence in its leaders	
Outcome 6	<i>A treasured environment which we care for and which supports us now and into the future</i>	<i>Environment</i>
▲	We have an informed community	
▲	We have a healthy, safe and accessible built environment	
▲	We have an environment protected from the negative effects of human activities	
Outcome 7	<i>A well-educated and skilled community continually seeking further opportunities to learn</i>	<i>Education and Training</i>
▲	We have accessible learning opportunities	
▲	We have high quality learning opportunities available to meet community needs and demands	
▲	We deliver innovative, integrated and effective learning programmes	
▲	We have a culture of continuous learning	

Environment Southland has taken these overall community outcomes and linked them to where it makes contributions to the outcomes and where it participates with others. On the following pages Outcome 6 is illustrated first, as it is the primary focus of the organisation.

Our contributions to Community Outcomes

ES Contribution - Water	Intermediate Outcome
<p>The community takes an active role in, and responsibility for, caring for water resources.</p>	<p>We have an informed community caring for the environment</p>
<p>The farming community, industry and other floodplain users:</p> <ul style="list-style-type: none"> • are assured of the standard of protection received from flood protection schemes; • make informed decisions on floodplain development; • take timely action to minimise the effects of flooding on their activities and reduce the threat to life and property and the environment. 	<p>We have a healthy, safe and accessible built environment</p>
<p>Southland's water resources are available for use in a way which protects cultural, aesthetic, recreational and natural values.</p> <p>The short and long term effects of resource use on the region's waters and associated ecosystems are understood and adverse effects are addressed in a timely manner.</p> <p>Instream values and fish and wildlife habitats are protected at levels which should be expected, given the underlying natural physical conditions of the catchments.</p> <p>The community can be sure that uses of water, including discharges into water, land, coastal water and discharges to air do not contravene agreed standards that seek to minimise adverse effects.</p> <p>Pollution events and unauthorised discharges to water and the coastal marine area are minimised and repeat occurrences are avoided.</p> <p>The needs of the community for land drainage are met, whilst enhancing water quality, riparian function and riparian habitats and fishery values.</p> <p>The community's requirement for gravel is met in the short and long term with minimal environmental effects and by enhancing, wherever possible, the recreational opportunities of the community.</p>	<p>We have an environment protected from the negative effects of human activities</p>



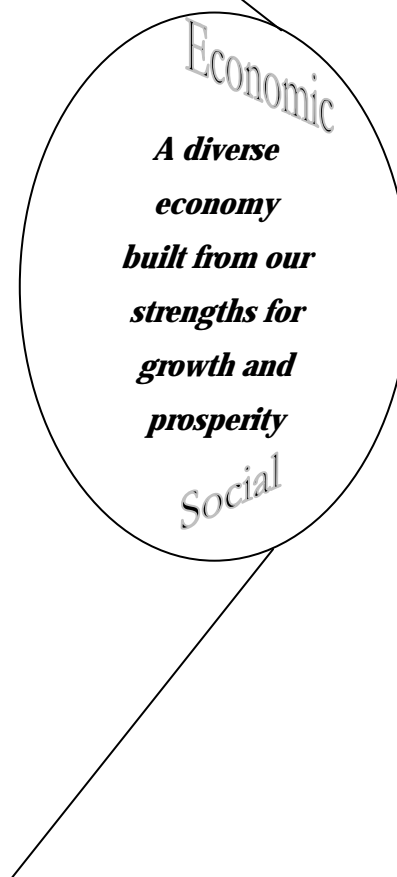


Intermediate Outcome	ES Contribution
<p>We have an informed community caring for the environment</p>	<p><i>Land:</i> The community better understands the region’s soil resources and land users make management decisions taking into account “risk” to soil properties.</p> <p><i>Coast:</i> The community is aware of and understands the long-term implications of coastal resources use and takes an active role in and responsibility for protecting the coastal environment.</p> <p><i>Air:</i> The community takes an active role in and responsibility for protecting local air quality.</p>
<p>We have a healthy, safe and accessible built environment</p>	<p><i>Land:</i> The short and long term effects of resource use on the region’s soils and associated ecosystems are understood and adverse effects are addressed in a timely manner.</p> <p><i>Coast:</i> The short and long term effects of resource use on the region’s coast and associated ecosystems are understood and adverse effects are addressed in a timely manner.</p> <p><i>Air:</i> The short and long term effects of resource use on the region’s air quality and ecosystems are understood and adverse effects are addressed in a timely manner.</p>
<p>We have an environment protected from the negative effects of human activities</p>	<p><i>Land:</i> Pest animals and plants that threaten the environment and economy in the region are identified and an appropriate management framework to minimise threats is in place.</p> <p>Landowners are protected from the spread, environmental and economic effects of specific pest animals and plants and new pest animals and plants do not become established. Bovine Tb vectors including possums and ferrets are controlled in defined programme areas.</p> <p><i>Coast:</i> The community’s expectation of being able to use the coastal environment for its livelihood and recreation, while protecting significant areas and/or minimising the environmental effects of activity, is met.</p> <p>Coastal users are assured of safe navigation and conduct within our harbours and the effects of any marine oil spills are minimised.</p> <p><i>Air:</i> Nuisance and offensive odours are minimised and repeat occurrences are avoided.</p>

ES Participation	Intermediate Outcome
The community is aware of and values the region's natural history and cultural heritage, and archaeological sites and <i>wahi tapu</i> are protected.	We value our history and heritage
The lifestyle needs and wants of the community are recognised and provided for.	We have a choice of quality places to go and things to do
Everyone in the community has an opportunity to participate in policy and plan development and the delivery and prioritisation of services.	We embrace and respect a diverse community
Southlanders have a strong connection to the environment that nurtures us all.	We are proud to be Southlanders
The quality of the region's environment remains an inspiration and a source of creativity to the community.	We live in a creative place



ES Participation	Intermediate Outcome
The land transport system meets community needs, is safe and efficient and minimises adverse effects on the environment. An appropriate level of public transport is available to assist everyone to fully partake in the community's activities.	We have a quality infrastructure with potential for growth
Timely, accurate and relevant information on the region's environment is available to assist community innovation and business development.	We have an innovative and vibrant culture that supports business
The regional policy and regulatory framework is clear and unambiguous, is implemented consistently and is supported by quality, timely advice to the business sector.	We have a business-friendly environment in which to operate
The natural resources of the region are available for sustainable utilisation by a range of industries.	We have an economy built on our competitive advantage
There is no unnecessary impingement on economic activity.	We have full employment and rewarding careers
Environment Southland plays an active role in education and training of its own people and in the programmes of business and training sectors.	We retain and build on our skills base
Decisions made about the community's use of water, land, air and coastal resources are based on credible, scientific information.	We keep the things about living here that we value



Social
**Safe places in a
 caring society
 that is free from
 crime**
Cultural

Intermediate Outcome	ES Participation
We have safe roads	Southland's roading networks are designed and managed to ensure a high standard of road safety.

Social
**We are
 healthy
 people**
Cultural

Intermediate Outcome	ES Participation
We are able to live healthy lifestyles	The community's expectation of a high level of air quality is met. The community can be sure that recreational water quality is healthy and shellfish can safely be eaten.
We have good quality, affordable housing	The region's homes are energy efficient and healthy.
We live in a compassionate, caring society	The public transport provides for the needs of the transport disadvantaged.

Social
**Strong, effective
 leadership
 taking us into
 the future**
Cultural

Intermediate Outcome	ES Participation
Citizens and communities are inspired, motivated and empowered	The community is empowered and encouraged to make decisions about the use of natural capital and ecosystems to protect its economic viability and minimise on-site and downstream adverse effects on land resources.
Decisions are progressive, forward looking and robust	The community interest is represented and individual constituents are assisted by sound decision-making.
The community has confidence in its leaders	Quality stewardship of Environment Southland's reputation and assets

Social
**A well-educated and
 skilled community
 continually seeking
 further opportunities
 to learn**
Economic
Cultural

Intermediate Outcome	ES Participation
We have accessible learning opportunities	The public transport system provides for safe and convenient access to education and training providers.



Report on Long-term Council Community Plan and Policies

Revenue and Financing Policy

All activities were funded according to the Revenue and Financing Policy. Some minor variations from the public/private percentage allocations in the Revenue and Financing Policy did occur, as set out below:

Activities	Reason (see below)	Actual Funding Allocation		Proposed Funding Allocation	
		Public	Private	Public	Private
Environmental Monitoring	(i)	92%	8%	100%	-
Environmental Education	(i)	86%	14%	100%	-
Hazard Mitigation	(i)	48%	52%	100%	-
Regional Planning	(i)	77%	23%	100%	-
River Management	(ii)	24%	76%	30%	70%
Consent Processing	(iii)	17%	83%	25%	75%
Consent Compliance	(iii)	48%	52%	50%	50%
Community Representation	(i)	93%	7%	100%	-
Council Policy & Planning	(i)	59%	41%	100%	-
Catchment Planning	(ii)	63%	37%	60%	40%
Land Sustainability	(ii)	18%	82%	16%	84%

- (i) Where goods and services which have a clear value to identifiable persons have been provided, these have been charged directly, resulting in more private funding.
- (ii) Where costs have varied from budget, but the funding source is fixed (e.g. rates), the percentage allocations will be different.
- (iii) Where insufficient funding has been obtained, the balance has been funded from general funds, or where extra funding has become available, the general funds requirement has reduced.

Investment Policy

- ▲ *Short term funds managed by finance division to be:*
 - *Invested for no longer than 12 months*
 - *If funds invested in one institution exceed \$0.5 million, a maximum of 50% of funds in any one institution*
 - *Invested with approved parties*

Performance target met.

- ▲ *Longer term fixed interest funds managed by funds managers to be:*
 - *Minimum 50% of portfolio in government stock*
 - *Maximum 25% of portfolio in local authority stock*
 - *Maximum 25% of portfolio in corporate bonds*
 - *Maximum in any one security other than government stock should be 5% of portfolio*
 - *Invest in corporate securities rated at least A- for bonds more than 1 year, or A1 for those less than 1 year*
 - *Portfolio duration compared to CS First Boston indices should be within the range of minus one year to plus 0.5 years*

Performance target met. One bond that has been re-rated to less than A1 was sold on 15 January 2010, so the portfolio is no longer in breach of the Investment Policy.

- ▲ *Longer term equity investments managed by fund managers to be:*
 - *up to 100% of the fund in equities*
 - *initial aim to be up to 50% international equity*
 - *up to 50% Australian and New Zealand equities*
 - *remainder in bonds, capital protected notes, or cash management facilities.*

Performance target met.

- ▲ *monitor holding in South Port, with a full review every 3 years*

Performance target met. The holding in South Port is monitored through the South Port sub-committee. Regular briefings are held with the Chairman of Directors and Chief Executive as and when announcements are made by the company to the Stock Exchange.

- ▲ *review property portfolio annually*

Performance target met. The property portfolio is reviewed annually as part of the annual planning process. Land held as part of a floodway scheme cannot be sold while it is part of a flood scheme.

- ▲ *Comply with procedures in Investment Policy*

Performance target met.

Liability Management Policy

The following prudential limits apply in the policy:

- ▲ *Proportion of borrowing due for repayment in any one year should be no more than the larger of 25% or \$100,000.*
Performance target met. No borrowings.
- ▲ *The maximum level of borrowing will not exceed 35% of total operational assets*
Performance target met. The debt outstanding at 30 June 2010 is Nil.
- ▲ *The interest cost of all borrowings will not exceed 8% of total operating revenue*
Performance target met. The interest cost of borrowing equals 0.17% of total operating revenue.
- ▲ *The interest cost of all borrowings will not exceed 20% of total rates revenue*
Performance target met. The interest cost of borrowing equals 0.33% of total rates revenue.
- ▲ *Net operating cash flows excluding interest costs shall exceed interest cost by 2.5 times*
Performance target met. Interest was \$33,781 for the year.
- ▲ *Comply with procedures in Liability Management Policy*
Performance target met.

Transition from Resource Areas to Activities and Divisions



We believe that the allocation of our outputs into the areas of air, land, water, coast and community representation will provide the community with a better understanding of the outputs we deliver and the outcomes we seek.

We continue, however, to manage the projects that deliver our outputs according to our identified activities and the divisional structure that supports them. Our forward planning is based on having suitably trained and experienced staff and contractors available to deliver the changing range of projects required over time.

The following pages further link the information provided on our outputs under the resource areas of water, land, coast and air with the activities within which the projects we undertake are delivered.

Here is how our activities are aggregated to our divisional organisation structure:

Activity	Division
Environmental Monitoring Environmental Education	Environmental Information
Civil Defence	Southland Emergency Management
Regional Planning Council Policy & Planning Hazard Mitigation Marine Oil Spills	Policy & Planning
Catchment Planning River Works Land Drainage Land Sustainability	Catchment Management
Pest Animal Strategy Pest Plant Strategy	Biosecurity
Consent Administration	Consents
Consent Compliance	Environmental Compliance
Community Representation	Community Representation
Property	Property

The Activities of Environment Southland and the Programmes they provided for the year ended 30 June 2010

Activity	Programme	Land	Water	Coast	Air	Community Representation	Programme Costs	Activity Costs
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Community Representation						1,792	1,792	1,792
Environmental Monitoring	Investigations & Research	18	306	21	24		369	
	Monitoring	33	1,642	264	94		2,033	
	Extension & Education	16	7	6	11		40	
	Works & Services		126				126	2,568
Environmental Education	Extension & Education	54	105	54	57		270	270
Southland Emergency Mgmt	Policy Development & Planning	19					19	19
Resource Mgmt Policy & Plng	Policy Development & Planning	360	456	119	47		982	
	Investigations & Research			29			29	
	Monitoring	35	66	7	7		115	
	Works & Services	20	20				40	
	Extension & Education	28	55	15	15		113	1,279
Council Policy & Planning	Policy Development & Planning	84	97	88	83		352	352
Hazard Mitigation	Policy Development & Planning	234	11	26	3		274	
	Investigations & Research	8					8	
	Monitoring	23	10	24	3		60	
	Extension & Education	38	9	22	4		73	
	Regulatory	2	65	110			177	592
Marine Oil Spills	Works & Services			70			70	70
Catchment Planning	Policy Development & Planning	36	186				222	
	Monitoring		15				15	
	Extension & Education		52				52	
	Regulatory		138				138	427
River Management	Works & Services		2,831				2,831	2,831
Land Drainage Co-ordination	Works & Services		735				735	735
Land Sustainability	Investigations & Research	35					35	
	Extension & Education	651	47	12			710	745
Pest Animal Strategy	Policy Development & Planning	63					63	
	Investigations & Research	184					184	
	Monitoring	44					44	
	Works & Services	229					229	
	Extension & Education	348					348	
	Regulatory	435					435	1,303
Pest Plant Strategy	Policy Development & Planning	6					6	
	Investigations & Research	39	1				40	
	Monitoring	4	1				5	
	Works & Services	198	25				223	
	Extension & Education	70	5				75	
	Regulatory	314					314	663
Consent Processing	Extension & Education	59	59	59	59		236	
	Regulatory	202	202	202	202		808	1,044
Consent Compliance	Regulatory	892	508	459	334		2,193	2,193
Property Management	Works & Services	827					827	827
		5,608	7,780	1,587	943	1,792		17,710

Actual Funding of Activities 2009/2010

The following table describes the actual cost of activities and their funding sources for the year ending 30 June 2010.

Expenditure \$000					Activity	Expenditure \$000	Funding Sources \$000										Total Funding	
Air	Land	Water	Coast	Community			Separate Rates	SPES Rate	General Rate on CV	Gen Rate Dairy Diff	UAGC	Investments & Reserves *	Levies & Contributions	Rental Income	Other Income	Interest on Reserves		Reserves /Surpluses
129	67	2,081	291		Environmental Monitoring	2,568	-	(1,090)	(173)	(316)	(780)	-	-	(60)	-	(149)	(2,568)	
57	54	105	54		Environmental Education	270	-			(155)	(77)	-	-	(38)	-	-	(270)	
	19				Emergency Management Southland	19	-				-	(19)	-	-	-	-	(19)	
68	443	598	170		Resource Management Policy & Planning	1,279	-	(366)	(162)	(132)	(326)	(139)	-	(9)	-	(146)	(1,279)	
84	84	97	88		Council Policy & Planning Analysis	352	-			(140)	(69)	-	-	(129)	-	(14)	(352)	
10	306	94	182		Hazard Mitigation	592	-	(99)	(15)	(76)	(94)	-	-	(1,068)	-	761	(592)	
			70		Oil Spills	70	-				-	-	-	(70)	-	-	(70)	
	36	390			Catchment Planning	427	-	(165)	(15)		(89)	-	-	(186)	-	28	(427)	
		2,831			River Management	2,831	(1,769)	(403)	(60)		(229)	-	-	(596)	(113)	339	(2,831)	
		735			Land Drainage Co-ordination	735	(704)	(41)	(6)		(23)	-	-	(78)	(59)	176	(735)	
	686	47	12		Land Sustainability	745	(550)	-	(92)		(45)	-	-	(106)	-	48	(745)	
	1,303				Pest Animal Strategy	1,303	(655)	(198)			-	(8)	(8)	(40)	-	(394)	(1,303)	
	631	32			Pest Plant Strategy	663	(834)				-	(28)	-	(27)	-	226	(663)	
261	261	261	261		Consent Processing	1,044	-	(99)	(17)		(58)	-	-	(934)	-	64	(1,044)	
334	891	509	459		Consent Compliance	2,193	-	(374)	(53)	(284)	(351)	-	-	(1,117)	-	(14)	(2,193)	
				1,792	Community Representation	1,792	-			(1,138)	(562)	(102)	-	(18)	-	28	(1,792)	
	827				Property Management	827	-				-	-	(658)	(138)	(147)	116	(827)	
943	5,608	7,780	1,587	1,792		17,710	(4,512)	(198)	(2,638)	(593)	(2,242)	(2,702)	(296)	(666)	(4,614)	(319)	1,069	(17,710)

** Investments & Reserves Comprise:*

Dividend from South Port	2,355
Investment Income	1,862
Penalty Income	135
Less Interest allocated to Rating/Lease Districts	(319)
Less interest allocated to reserves	(213)
South Port Special Dividend Reserve	400
General Funds Surplus	(1,518)
	<u>2,702</u>

Budgeted Funding of Activities 2009/2010

The following table describes the budgeted cost of activities and their funding sources for the year ending 30 June 2010

Expenditure \$000					Activity	Total Expenditure											Funding Sources \$000					Total Funding
Air	Land	Water	Coast	Community		\$000	Separate Rates	SPES Rate	General Rate on CV	Gen Rate Dairy Diff	UAGC Rate	Investments & Reserves *	Levies & Contributions	Rental Income	Other Income	Interest on Reserves	Reserves /Surpluses					
178	112	2,309	345		Environmental Monitoring	2,944			(1,150)	(173)	(331)	(1,073)			(3)		(214)	(2,944)				
67	58	161	58		Environmental Education	344					(171)	(111)			(63)			(344)				
110	556	529	247		Regional Planning	1,442			(307)	(162)	(152)	(328)	(276)		-		(217)	(1,442)				
92	194	195	96		Council Policy & Planning	577					(241)	(156)			(124)		(55)	(577)				
10	365	94	228		Hazard Mitigation	697	-		(99)	(15)	(76)	(123)			(1,063)		679	(697)				
			72		Oil Spills	72					-	-			(72)			(72)				
	51	346			Catchment Planning	397	-		(96)	(15)	(10)	(78)			(198)			(397)				
		2,956	201		River Works	3,157	(1,769)		(398)	(60)	-	(297)			(537)	(107)	12	(3,157)				
	6	892			Land Drainage	898	(704)		(43)	(6)		(32)			(62)	(59)	8	(898)				
	806	41	10		Land Sustainability	857	(550)		-	(137)	-	-			(170)			(857)				
	1,187				Pest Animal Strategy (incl SPES)	1,187	(655)	(198)			-	-	-	(8)	(15)		(311)	(1,187)				
	815	19			Pest Plant Strategy	834	(834)				-	-	-	-	-		-	(834)				
231	232	231	231		Consent Admin	925			(115)	(17)		(86)			(759)		52	(925)				
308	904	638	596		Environmental Compliance	2,447			(352)	(53)	(101)	(328)			(1,530)		(82)	(2,447)				
				2,013	Community Representation	2,013					(1,167)	(757)			(117)		28	(2,013)				
	739				Property Management	739					-	-		(624)	(100)	(138)	122	(739)				
996	6,025	8,411	2,084	2,013		19,529	(4,513)	(198)	(2,561)	(638)	(2,247)	(3,369)	(276)	(631)	(4,813)	(304)	22	(19,529)				

** Investments & Reserves Comprise:*

Dividend from South Port	1,657
Investment Income	1,729
Penalty Income	100
South Port Reserve	400
Less Interest allocated to Rating/Lease Districts	(304)
Less interest allocated to reserves	(213)
	<u>3,369</u>



A guide to the financial pages which follow

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▲	Statement of Changes in Equity	page 126
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Financial Statements and Notes to the Accounts



Statement of Comprehensive Income for the Year Ended 30 June 2010

	Note	Council			Group	
		2010 \$000	Budget \$000	2009 \$000	2010 \$000	2009 \$000
Income						
Rates revenue	2 (a)	10,182	10,157	9,347	10,182	9,347
Other Revenue	2 (a)	8,062	7,562	8,242	28,637	25,996
Other gains/ (losses)	2 (b)	1,865	1,644	533	1,863	786
Total Income		20,109	19,363	18,122	40,682	36,129
Expenditure						
Employee benefits expense	2 (c)	(8,281)	(8,648)	(7,692)	(13,269)	(12,229)
Depreciation expense	10	(539)	(474)	(478)	(2,544)	(2,404)
Finance costs	2 (d)	(34)	(45)	(56)	(1,057)	(70)
Other expenses	2 (e)	(8,856)	(10,362)	(9,227)	(16,315)	(17,142)
Total Operating Expenditure		(17,710)	(19,529)	(17,453)	(33,185)	(31,845)
Surplus/(Deficit) before income tax		2,399	(166)	669	7,497	4,284
Income tax expense	3	-	-	-	(2,246)	(1,566)
Adjustments relating to tax legislation changes	3	-	-	-	(2,078)	-
Surplus/(Deficit) for the period		\$2,399	(\$166)	\$669	\$3,173	\$2,718
Other Comprehensive Income						
Available for sale financial assets valuation gain / (loss) taken to equity		-	-	-	-	(489)
Total Comprehensive Income for the period		\$2,399	(\$166)	\$669	\$3,173	\$2,229
Total Comprehensive Income attributable to:						
Council		2,399	(166)	669	2,124	1,085
Minority interest		-	-	-	1,049	1,144
		\$2,399	(\$166)	\$669	\$3,173	\$2,229

Statement of Changes in Equity for the Year Ended 30 June 2010

	Note	Council			Group	
		2010 \$000	Budget \$000	2009 \$000	2010 \$000	2009 \$000
Opening Equity		68,271	67,452	67,602	87,250	86,010
Total Comprehensive Income attributable to:						
- Council		2,399	(166)	669	2,124	1,085
- Minority Interests	16 (f)	-	-	-	1,049	1,144
Dividend Distribution - Minority Interest	16 (f)	-	-	-	(1,187)	(989)
Closing Equity		\$70,670	\$67,286	\$68,271	\$89,236	\$87,250

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

Statement of Financial Position as at 30 June 2010

	Note	Council			Group	
		2010 \$000	Budget \$000	2009 \$000	2010 \$000	2009 \$000
Current Assets						
Cash and Deposits	22(a)	402	(964)	677	1,098	2,457
Trade and other receivables	6	1,098	1,730	935	8,010	3,848
Inventories	7	167	200	158	167	158
Other financial assets	8	25,936	24,077	24,147	25,936	24,147
Other current assets	9	89	50	94	113	177
Total Current Assets		27,692	25,093	26,011	35,324	30,787
Non-Current Assets						
Shares in subsidiary	19	8,721	8,721	8,721	-	-
Other financial assets	8	-	-	-	15	15
Property, Plant and Equipment	10	36,449	35,538	35,830	62,517	61,056
Intangible Assets	11	173	-	-	173	-
Deferred Taxation asset	3	-	-	-	-	1,522
Total Non-Current Assets		45,343	44,259	44,551	62,705	62,593
Total Assets		73,035	69,352	70,562	98,029	93,380
Current Liabilities						
Trade and other payables	12	1,604	1,500	1,603	3,217	4,114
Provisions	13	-	-	-	100	100
Employee Entitlements	14	741	531	667	1,333	1,200
Borrowings	15	-	-	-	1,950	-
Other Financial Liabilities	8	-	-	-	196	61
Current tax payable	3	-	-	-	165	583
Total Current Liabilities		2,345	2,031	2,270	6,961	6,058
Non-Current Liabilities						
Other Financial Liabilities	8	-	-	-	300	-
Employee entitlements	14	20	35	21	76	72
Deferred tax liabilities	3	-	-	-	1,456	-
Total Non-Current Liabilities		20	35	21	1,832	72
Total Liabilities		2,365	2,066	2,291	8,793	6,130
Net Assets		\$70,670	\$67,286	\$68,271	\$89,236	\$87,250
Equity						
Equity	16	70,670	67,286	68,271	89,236	87,250
		\$70,670	\$67,286	\$68,271	\$89,236	\$87,250
Attributable to:						
Council		70,670	67,286	68,271	80,497	78,373
Minority Interest	16(f)	-	-	-	8,739	8,877
Total Equity		\$70,670	\$67,286	\$68,271	\$89,236	\$87,250

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

Cash Flow Statement for the year ended 30 June 2010

Cash flows from operating activities	Note	Council			Group	
		2010 \$000	Budget \$000	2009 \$000	2010 \$000	2009 \$000
Receipts from customers		15,505	15,977	15,621	34,392	34,399
Interest received		73	85	74	83	161
Dividends received		2,355	1,657	1,962	92	557
Payments to suppliers and employees		(16,963)	(19,010)	(17,198)	(29,497)	(29,178)
Finance costs		(34)	(45)	(56)	(113)	(70)
Income tax paid		-	-	-	(1,672)	(969)
Net cash inflow / (outflow) from operating activities	22(c)	936	(1,336)	403	3,285	4,900
Cash flows from investing activities						
Proceeds from sale of other financial assets		-	1,700	500	-	700
Proceeds from sale of property, plant and equipment		152	74	16	178	2,089
Foreign Exchange gains / (losses)		-	-	-	(501)	148
Acquisition of shares / investments		-	-	-	(1)	-
Purchase of intangible assets		(173)	-	-	(173)	-
Purchase of property, plant and equipment		(1,190)	(896)	(646)	(4,910)	(4,741)
Net cash inflow / (outflow) from investing activities		(1,211)	878	(130)	(5,407)	(1,804)
Cash flows from financing activities						
Dividends paid to Minority interests		-	-	-	(1,187)	(989)
Drawdown / (Repayment) of borrowings		-	-	-	1,950	(150)
Net cash inflow / (outflow) from financing activities		-	-	-	763	(1,139)
Net decrease in Cash and cash equivalents		(275)	(458)	273	(1,359)	1,957
Cash and cash equivalents at the beginning of the financial year		677	(506)	404	2,457	500
Cash and cash equivalents at the end of the financial year	22(a)	402	(964)	677	1,098	2,457

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

Notes to the Financial Statements For the Financial Year ended 30 June 2010

1. Summary of Accounting Policies

Reporting Entity

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

The entity being reported on is the Southland Regional Council. Environment Southland (“the Council”) is the brand name of the Southland Regional Council. The parent entity is the Council and the consolidated entity (“the Group”) includes South Port New Zealand Limited (“South Port”) and its group. The Council owns 66.48% of the issued shares of South Port New Zealand Limited.

The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself and the Group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

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 New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for public benefit entities.

All available public benefit entity reporting exemptions under NZ IFRS have been adopted.

Basis of Preparation

The preparation of financial statements in conformity with NZ IFRS 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 results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in thousands of New Zealand dollars. New Zealand dollars are the Council’s and Group’s functional currency.

Adoption of New and Revised Standards and Interpretations

(a) Standards and Interpretations effective in the current period

Those with disclosure impact:

The impact of the adoption of the following Standards and Amendments has been to expand the disclosures provided in these financial statements:

Name	Impact
NZ IAS 1 <i>Presentation of Financial Statements</i> (revised 2007)	The revised Standard has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. However, the revised Standard has no impact on the reported results or financial position of the Group.
Amendments to NZ IFRS 7 <i>Financial Instruments: Disclosures</i>	The amendments to NZ IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.
Improvements to NZ IFRS 2008: Derivative classification current versus non-current	Amendments to paragraphs 68 and 71 of NZ IAS (2007) to clarify that financial instruments classified as held for trading in accordance with NZ IAS 39 are not always required to be presented as current assets/liabilities. Those derivatives that have a remaining maturity of more than 12 months are now presented as non-current assets/liabilities.

Those with no impact:

Other standards adopted during the year have not led to any changes in the Group's accounting policies with measurement or recognition impact on the periods presented in these financial statements.

(b) Standards and Interpretations in issue but not yet adopted

At the date of authorisation of the financial statements, other than the Standards and Interpretations adopted by the Group in advance of their effective dates (as described in (a) above), the following Standards and Interpretations were in issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2009	*	30 June 2011
Improvements to International Financial Reporting Standards 2010 - Improvements to IFRS 3 and IAS 27 - Improvements to other standards	1 July 2010 1 January 2011	30 June 2011 30 June 2012
Amendments to NZ IFRS 2 "Share-based Payment" – Group Cash – Settled Share-based Payment Transactions	1 January 2010	30 June 2011
Amendment to NZ IAS 32 "Financial Instruments: Presentation" – Classification of Rights Issues	1 February 2010	30 June 2011
Amendments to NZ IAS 24 "Related Party Disclosures"	1 January 2011	30 June 2012

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRS 9 “Financial Instruments”	1 January 2013	30 June 2014
NZ IFRIC 19 “Extinguishing Liabilities with Equity Instruments”	1 July 2010	30 June 2012
Amendments to NZ IFRIC 14 “Prepayments of a Minimum Funding Requirement”	1 January 2011	30 June 2012

* *The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2010, with earlier adoption permitted.*

The following accounting policies which materially affect the measurement of results and financial position have been applied:

Significant Accounting Policies

Revenue Recognition

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.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in the Council are recognised as revenue when control over the asset is obtained.

Rates Revenue

Rates revenue is recognised when it is levied.

Other Revenue

Revenue from services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

Government grants are recognised as income when eligibility has been established with the grantor agency. The Council receives central government contributions:

For

Regional Civil Defence
Land Transport
Marine Oil Spills

From

Ministry of Civil Defence
New Zealand Transport Agency
Maritime New Zealand

Grants and bequests are recognised when control over the asset is obtained.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

Dividends are recognised when the entitlement to the dividends is established.

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.

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 the 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 the Council's decision.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(a) Council and/or Group as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

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

(b) Council and/or Group as Lessee

Assets held under finance leases are recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Rentals payable under operating leases are charged to surplus for the period on a basis representative of the pattern of benefits to be derived from the leased asset.

(c) Lease Incentives

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the comprehensive balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Council and Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Current and deferred tax is recognised as part of surplus for the period, except when it relates to items credited or debited to other comprehensive income, in which case the deferred tax is also recognised directly in other comprehensive income.

Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of Goods and Services Tax (GST), except for receivables and payables which are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and other short-term highly liquid investments that are readily convertible to a known amount of cash.

Financial Instruments

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

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

(i) Financial Assets

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

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

Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

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

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

The Council and Group has classified its managed funds, held with Forsyth Barr and ING, as financial assets at fair value through profit or loss. These funds include cash, bonds and equities. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in surplus for the period.

Held-to-Maturity Investments

Investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

The Council and Group does not hold any financial assets in this category.

Available-for-Sale Financial Assets

Certain equity investments held by Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described later in this note. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, with the exception of interest calculated using the effective interest method and impairment losses which are recognised directly in surplus for the period. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in surplus for the period.

Dividends on available-for-sale equity instruments are recognised in surplus for the period when the Council's and Group's right to receive payments is established.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

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

Impairment of Financial Assets

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

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

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

(ii) **Financial Liabilities**

Trade and Other Payables

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

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

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

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

(iii) **Derivative Financial Instruments**

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange risk using interest rate swaps and forward exchange contracts. Further details of derivative financial instruments are disclosed in Note 25 to the financial statements.

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

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

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

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

Fair Value Estimation

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

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

Quoted market prices or dealer quotes for similar instruments are used for long-term investment and debt instruments held. The fair value of interest rate swaps, or foreign exchange contracts, is the estimated amount that the Council and Group would receive or pay to terminate the swap/contract at the reporting date, taking into account current interest rates and/or exchange rates.

Embedded Derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in surplus for the period.

Inventories

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

Property, Plant and Equipment

The Council and Group have the following classes of property, plant and equipment.

(a) **Operational Assets**

Operational assets include:

- ▲ Council owned land, buildings, rental land, rental buildings, motor vehicles and other plant and equipment; and
- ▲ subsidiary-owned land, buildings, and plant and machinery.

(b) **Infrastructural Assets**

Infrastructural Assets are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function:

- ▲ stopbanks and earthworks;
- ▲ bridges;
- ▲ large culverts;
- ▲ tidegate structures.

Cost

Property, plant and equipment is 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.

Valuation

All assets are valued at cost.

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 profit or loss in the year incurred.

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

Asset

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% - 10% 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

Life

Infrastructural Assets

Stopbanks and Earthworks	Unlimited
Bridges	1% SL
Large Culverts	1% - 2.5% SL
Tidegate Structures	1% - 2.5% SL

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

Disposal

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

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

Impairment

The carrying amount of the non current assets is reviewed at each balance date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in surplus for the period.

Impairment of Non-Financial Assets

At each reporting date, the Council and Group reviews the carrying amounts of its tangible and intangible 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 it's 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 period 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 period 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, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

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

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

Superannuation Schemes

Defined Contribution Schemes

Contributions to defined contribution superannuation schemes are expensed when incurred.

Provisions

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

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

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

Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Council entity and its subsidiaries as defined in NZ IAS-27 "*Consolidated and Separate Financial Statements*". A list of subsidiaries appears in Note 19 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

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

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

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

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

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

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:

- ▲ lease area balances;
- ▲ special reserves;
- ▲ rating district balances;
- ▲ 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.

The Council's objectives, policies and processes for managing capital are described in Note 25.

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 period in which they arise.

Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

Cash Flow Statement

Cash means cash balances on hand, held in bank accounts and demand deposits the Council invests in as part of its day to day cash management.

Operating activities include cash received from all income sources of Council 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 structure of the Council.

Allocation of Overheads

Where possible costs are charged or allocated directly to the beneficiary of the service. The remaining 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 has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

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

Critical Judgements

Management has exercised the following critical judgements in applying the Council's and Group's accounting policies for the period ended 30 June 2010:

Classification of Property

(a) **Council and Group**

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

(c) Employee Benefits Expense

Salaries and wages	7,417	6,889	12,163	11,208
Defined contribution plans	386	351	504	444
Other employee benefits	478	452	602	577
	<u>\$8,281</u>	<u>\$7,692</u>	<u>\$13,269</u>	<u>\$12,229</u>

(d) Finance Costs

Interest on loans carried at amortised cost	-	-	88	14
Change in fair value of interest rate swap	-	-	299	-
Foreign Exchange losses	-	-	501	-
Change in fair value of foreign exchange contracts	-	-	135	-
Other interest expense	34	56	34	56
	<u>\$34</u>	<u>\$56</u>	<u>\$1,057</u>	<u>\$70</u>

(e) Other Expenses

Net bad and doubtful debts (recovered)	(10)	15	(10)	15
Donations	-	-	2	2
Grants and Contributions	1,014	588	1,014	588
Rates Remissions	44	34	44	34
Operating lease rental - minimum lease payments	210	197	299	291
Directors remuneration	-	-	180	170
Asset impairment	-	-	719	-
Other operating expenses	7,598	8,393	14,067	16,042
	<u>\$8,856</u>	<u>\$9,227</u>	<u>\$16,315</u>	<u>\$17,142</u>

Audit fees are disclosed under Note 5.

	Council		Group	
	2010	2009	2010	2009
(f) Financial Instruments	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Surplus/(deficit) for the year includes the following income and expenses arising from financial instruments classified as:

Available-for-sale investments:

Dividend Revenue	2(a)	-	-	92	557
		<u>\$Nil</u>	<u>\$Nil</u>	<u>\$92</u>	<u>\$557</u>

Financial assets at fair value through profit or loss:

Change in fair value of financial assets classified as held for trading	2(b)	1,789	521	1,789	608
Change in fair value of interest rate swaps	2(d)	-	-	299	-
Change in fair value of foreign exchange contracts	2(d)	-	-	135	-
		<u>\$1,789</u>	<u>\$521</u>	<u>\$2,223</u>	<u>\$608</u>

Financial liabilities at amortised cost:

Interest expense	2(d)	-	-	88	14
		<u>\$Nil</u>	<u>\$Nil</u>	<u>\$88</u>	<u>\$14</u>

3 Income Taxes

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
(a) Income Tax Recognised in Profit or Loss				
Tax expense / (income) comprises:				
Current tax expense / (credit)				
Current year	-	-	1,253	1,547
Adjustments for prior years	-	-	93	(9)
	-	-	1,346	1,538
Deferred tax expense / (credit)				
Origination and reversal of temporary differences	-	-	900	28
Adjustments relating to changes in tax rates	-	-	89	-
Adjustments relating to imposition of new legislation	-	-	1,989	-
	-	-	2,978	28
Tax expense / (income)	\$Nil	\$Nil	\$4,324	\$1,566

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

Surplus / (deficit) before income tax	2,399	669	7,497	4,284
Income tax expense calculated at 30%	720	201	2,249	1,285
Non deductible expenses	5,313	5,236	5,401	5,161
Non assessable income	(5,326)	(4,848)	(5,353)	(4,924)
	707	589	2,297	1,522
Taxation effect of imputation credits	348	290	-	-
Imputation credits utilised	(1,054)	(879)	-	-
Adjustments for prior years	-	-	93	(9)
Temporary differences	-	-	(144)	53
Adjustments relating to changes in tax rates	-	-	89	-
Adjustments relating to imposition of new legislation	-	-	1,989	-
	\$Nil	\$Nil	\$4,324	\$1,566

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by New Zealand corporate entities on taxable profits under New Zealand tax law. There has been no change in the corporate tax rate compared with the previous reporting period, although legislation has been passed which changes the corporate tax rate in 2011/12 to 28%.

(b) Income Tax Recognised in Other Comprehensive Income

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

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
(c) Current Tax Assets and Liabilities				
Current Tax Refundable:				
Current Tax Refundable	\$Nil	\$Nil	\$Nil	\$Nil
Current Tax Payable:				
Current Tax Payable	\$Nil	\$Nil	\$165	\$583

(d) Deferred Tax Balances Comprise:
Taxable and deductible temporary differences arising from the following:

	Group			
	Opening balance	Charged to income	Charged to other comprehensive income	Closing balance
2010	\$000	\$000	\$000	\$000
Gross deferred tax liabilities:				
Other financial assets and receivables	(25)	(1,071)	-	(1,096)
	<u>(25)</u>	<u>(1,071)</u>	<u>-</u>	<u>(1,096)</u>
Gross deferred tax assets:				
Other financial assets	18	72	-	90
Provisions	192	6	-	198
Property, plant and equipment	1,337	(1,985)	-	(648)
	<u>1,547</u>	<u>(1,907)</u>	<u>-</u>	<u>(360)</u>
	<u>\$1,522</u>	<u>(\$2,978)</u>	<u>\$Nil</u>	<u>(\$1,456)</u>

	Group			
	Opening balance	Charged to income	Charged to other comprehensive income	Closing balance
2009	\$000	\$000	\$000	\$000
Gross deferred tax liabilities:				
Other financial assets	(30)	5	-	(25)
	<u>(30)</u>	<u>5</u>	<u>-</u>	<u>(25)</u>
Gross deferred tax assets:				
Other financial assets	-	18	-	18
Provisions	165	27	-	192
Property, plant and equipment	1,415	(78)	-	1,337
	<u>1,580</u>	<u>(33)</u>	<u>-</u>	<u>1,547</u>
	<u>\$1,550</u>	<u>(\$28)</u>	<u>\$Nil</u>	<u>\$1,522</u>

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is \$Nil (2009: \$Nil).

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
(e) Imputation Credit Account Balances				
Balance at beginning of year	-	-	4,492	4,909
Taxation paid	-	-	1,672	979
Attached to dividends paid	-	-	(1,658)	(1,396)
	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$4,506</u>	<u>\$4,492</u>

Imputation credits available directly and indirectly to Council through:

Council	-	-
Subsidiaries	4,506	4,492
	<u>\$4,506</u>	<u>\$4,492</u>

4 Key Management Personnel Compensation

The compensation of the Councillors, Chief Executive, Directors and other senior management, being the key management personnel of the entity, is set out below:

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Short-term employee benefits	1,000	933	2,088	1,964
Other long-term employee benefits	-	-	71	69
	<u>\$1,000</u>	<u>\$933</u>	<u>\$2,159</u>	<u>\$2,033</u>

5 Remuneration of Auditors

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Audit fees for financial statement audit	80	75	80	75
Audit fees for LTCCP	-	96	-	96
Audit fees for NZ IFRS compliance	-	5	-	5
	<u>80</u>	<u>176</u>	<u>80</u>	<u>176</u>
Audit fees to other auditors for audit of financial statements of group entities	-	-	40	32
	<u>-</u>	<u>-</u>	<u>40</u>	<u>32</u>
	<u>\$80</u>	<u>\$176</u>	<u>\$120</u>	<u>\$208</u>

The auditor of Environment Southland, for and on behalf of the Office of the Auditor-General is Deloitte.

6 Trade and Other Receivables

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Trade Receivables (i)	905	842	7,842	3,780
Allowance for doubtful debts (ii)	(43)	(53)	(68)	(78)
	<u>862</u>	<u>789</u>	<u>7,774</u>	<u>3,702</u>
Goods and services tax (GST) receivable	156	98	156	98
Other sundry receivables	80	48	80	48
	<u>\$1,098</u>	<u>\$935</u>	<u>\$8,010</u>	<u>\$3,848</u>
Disclosed in the financial statements as:				
Current	1,098	935	8,010	3,848
Non-current	-	-	-	-
	<u>\$1,098</u>	<u>\$935</u>	<u>\$8,010</u>	<u>\$3,848</u>

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

The Council does not provide for impairment on rates receivables less than six years past due, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future repayments.

Included within the Group's trade and other receivable balance are debtors with a carrying amount of \$1,327,000 (2009 \$1,178,000) (Council 2010 \$425,459, (2009 \$381,634)), which are past due at the reporting date for which the Group has not provided, as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable.

The Group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. The average age of these receivables is 156 days (2009: 169 days).

The age of trade and other receivables past due that are not impaired are as follows:

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
1 to 3 months	85	49	943	789
3 to 6 months	12	36	30	90
6 to 9 months	177	167	198	167
9 to 12 months	4	-	6	1
> 12 months	148	130	150	131
Carrying amount	<u>\$426</u>	<u>\$382</u>	<u>\$1,327</u>	<u>\$1,178</u>

(ii) Movement in the allowance for doubtful debts:

Balance at beginning of year	53	36	78	61
Amounts written off during year	(5)	-	(5)	-
Amounts recovered during year	46	8	46	8
Increase/(decrease) in allowance recognised in Statement of Financial Performance	(51)	9	(51)	9
Balance at end of year	<u>\$43</u>	<u>\$53</u>	<u>\$68</u>	<u>\$78</u>

An allowance has been made for estimated irrecoverable amounts and has been calculated based on expected losses. Expected losses have been determined based on reference to past default experience and review of specific debtors.

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

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

7 Inventories

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Raw materials (at cost)	167	158	167	158
	<u>\$167</u>	<u>\$158</u>	<u>\$167</u>	<u>\$158</u>

8 Other Financial Assets and Liabilities

Fair value through Profit or Loss:

Classified as held for trading

Managed Funds

ING Asset Management - NZ Government and Local Authority Stock (i)	13,823	12,731	13,823	12,731
ING Asset Management - Other Bonds (i)	3,870	3,220	3,870	3,220
ING Asset Management - NZ Cash (ii)	194	259	194	259
Forsyth Barr - Cash Management Funds (ii)	1,604	2,462	1,604	2,462
Forsyth Barr - Equities (i)	6,170	5,475	6,170	5,475
Forsyth Barr - Capital protected notes (i)	275	-	275	-
	<u>25,936</u>	<u>24,147</u>	<u>25,936</u>	<u>24,147</u>
Foreign Exchange Contracts (iii)	-	-	(196)	(61)
Interest rate derivatives (iv)	-	-	(300)	-

Available-for-sale at fair value:

Equity Investments	-	-	15	15
	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
	<u>\$25,936</u>	<u>\$24,147</u>	<u>25,455</u>	<u>24,101</u>

Disclosed in the financial statements as:

Current Assets	25,936	24,147	25,936	24,147
Non-current Assets	-	-	15	15
Current Liabilities	-	-	(196)	(61)
Non-current Liabilities	-	-	(300)	-
	<u>25,936</u>	<u>24,147</u>	<u>25,455</u>	<u>24,101</u>

There are no impairment provisions for other financial assets.

- (i) Classified as held for trading. The Group holds a portfolio of floating and fixed interest deposits, bonds and equity securities that is managed externally by ING and Forsyth Barr. This classification has been determined as all assets within this category are held for trading at any point should the Fund managers determine it is in the Council's best investment interests to do so.
- (ii) The Group held no fixed interest deposits via its managed fund portfolio at 30 June 2010 (2009: \$Nil).
- (iii) The Group has entered into forward foreign exchange contracts to hedge unrecognised firm commitments to purchase items of equipment in Euros. The fair value of these forward exchange contracts is determined using forward foreign exchange market rates at balance date. The Group has not adopted hedge accounting.
- (iv) The Group has entered into a fixed for floating interest rate swap to hedge its floating debt. The Group has not adopted hedge accounting.

9 Other Current Assets

Prepayments	89	94	113	177
	<u>\$89</u>	<u>\$94</u>	<u>\$113</u>	<u>\$177</u>

10 Property, Plant and Equipment

2010

COUNCIL ONLY

	Cost 1 July 2009 \$'000s	Additions \$'000s	Disposals \$'000s	Other \$'000s	Cost 30 June 2010 \$'000s	Accumulated depreciation and impairment charges 1 July 2009 \$'000s	Impairment losses charged in Statement of Comprehensive Income \$'000s	Depreciation expense \$'000s	Accumulated depreciation reversed on disposal \$'000s	Accumulated depreciation and impairment charges 30 June 2010 \$'000s	Carrying amount 30 June 2010 \$'000s
Council Operational Assets											
Land	145	-	-	-	145	-	-	-	-	-	145
Buildings	2,386	411	-	-	2,797	(804)	-	(64)	-	(868)	1,929
Rental Land	4,591	-	-	-	4,591	-	-	-	-	-	4,591
Rental Buildings	1,105	11	-	-	1,116	(580)	-	(29)	-	(609)	507
Motor Vehicles	1,556	506	(416)	-	1,646	(609)	-	(232)	343	(498)	1,148
Other Plant and Equipment	2,121	305	(22)	-	2,404	(1,518)	-	(171)	20	(1,669)	735
Total Operational Assets	11,904	1,233	(438)	-	12,699	(3,511)	-	(496)	363	(3,644)	9,055
Council Infrastructural Assets											
Stopbanks and Earthworks	24,707	-	-	-	24,707	-	-	-	-	-	24,707
Bridges	70	-	-	-	70	(3)	-	(1)	-	(4)	66
Large Culverts	2,157	-	-	-	2,157	(164)	-	(32)	-	(196)	1,961
Tidegate Structures	719	-	-	-	719	(49)	-	(10)	-	(59)	660
Total Infrastructural Assets	27,653	-	-	-	27,653	(216)	-	(43)	-	(259)	27,394
Total Council Property, Plant and Equipment	39,557	1,233	(438)	-	40,352	(3,727)	-	(539)	363	(3,903)	36,449

2009

COUNCIL ONLY

	Cost 1 July 2008 \$'000s	Additions \$'000s	Disposals \$'000s	Other \$'000s	Cost 30 June 2009 \$'000s	Accumulated depreciation and impairment charges 1 July 2008 \$'000s	Impairment losses charged in Statement of Comprehensive Income \$'000s	Depreciation expense \$'000s	Accumulated depreciation reversed on disposal \$'000s	Accumulated depreciation and impairment charges 30 June 2009 \$'000s	Carrying amount 30 June 2009 \$'000s
Council Operational Assets											
Land	145	-	-	-	145	-	-	-	-	-	145
Buildings	2,257	129	-	-	2,386	(746)	-	(58)	-	(804)	1,582
Rental Land	4,591	-	-	-	4,591	-	-	-	-	-	4,591
Rental Buildings	1,105	-	-	-	1,105	(552)	-	(28)	-	(580)	525
Motor Vehicles	1,274	336	(54)	-	1,556	(463)	-	(200)	54	(609)	947
Other Plant and Equipment	1,984	194	(57)	-	2,121	(1,422)	-	(148)	52	(1,518)	603
Total Operational Assets	11,356	659	(111)	-	11,904	(3,183)	-	(434)	106	(3,511)	8,393
Council Infrastructural Assets											
Stopbanks and Earthworks	24,707	-	-	-	24,707	-	-	-	-	-	24,707
Bridge	70	-	-	-	70	(2)	-	(1)	-	(3)	67
Large Culverts	2,157	-	-	-	2,157	(131)	-	(33)	-	(164)	1,993
Tidegate Structures	719	-	-	-	719	(39)	-	(10)	-	(49)	670
Total Infrastructural Assets	27,653	-	-	-	27,653	(172)	-	(44)	-	(216)	27,437
Total Council Property, Plant and Equipment	39,009	659	(111)	-	39,557	(3,355)	-	(478)	106	(3,727)	35,830

2010

GROUP

	Cost 1 July 2009 \$'000s	Additions \$'000s	Disposals \$'000s	Other \$'000s	Cost 30 June 2010 \$'000s	Accumulated depreciation and impairment charges 1 July 2009 \$'000s	Impairment losses charged in Statement of Comprehensive Income \$'000s	Depreciation expense \$'000s	Accumulated depreciation reversed on disposal \$'000s	Accumulated depreciation and impairment charges 30 June 2010 \$'000s	Carrying amount 30 June 2010 \$'000s
Group Operational Assets											
Land - Council	145	-	-	-	145	-	-	-	-	-	145
Buildings - Council	2,386	411	-	-	2,797	(804)	-	(64)	-	(868)	1,929
Rental Land - Council	4,591	-	-	-	4,591	-	-	-	-	-	4,591
Rental Buildings - Council	1,105	11	-	-	1,116	(580)	-	(29)	-	(609)	507
Motor Vehicles - Council	1,556	506	(416)	-	1,646	(609)	-	(232)	343	(498)	1,148
Other Plant and equipment - Council	2,121	305	(22)	-	2,404	(1,518)	-	(171)	20	(1,669)	735
Land - Subsidiary	2,043	-	-	-	2,043	-	-	-	-	-	2,043
Buildings - Subsidiary	10,819	13	-	-	10,832	(3,698)	-	(270)	-	(3,968)	6,864
Plant and Machinery - Subsidiary	40,813	3,585	(526)	-	43,872	(24,751)	(719)	(1,735)	494	(26,711)	17,161
Total Operational Assets	65,579	4,831	(964)	-	69,446	(31,960)	(719)	(2,501)	857	(34,323)	35,123
Council Infrastructural Assets											
Stopbanks and Earthworks	24,707	-	-	-	24,707	-	-	-	-	-	24,707
Bridges	70	-	-	-	70	(3)	-	(1)	-	(4)	66
Large Culverts	2,157	-	-	-	2,157	(164)	-	(32)	-	(196)	1,961
Tidegate Structures	719	-	-	-	719	(49)	-	(10)	-	(59)	660
Total Infrastructural Assets	27,653	-	-	-	27,653	(216)	-	(43)	-	(259)	27,394
Total Group Property, Plant and Equipment	93,232	4,831	(964)	-	97,099	(32,176)	(719)	(2,544)	857	(34,582)	62,517

2009

GROUP

	Cost 1 July 2008 \$'000s	Additions \$'000s	Disposals \$'000s	Other \$'000s	Cost 30 June 2009 \$'000s	Accumulated depreciation and impairment charges 1 July 2008 \$'000s	Impairment losses charged in Statement of Comprehensive Income \$'000s	Depreciation expense \$'000s	Accumulated depreciation reversed on disposal \$'000s	Accumulated depreciation and impairment charges 30 June 2009 \$'000s	Carrying amount 30 June 2009 \$'000s
Group Operational Assets											
Land - Council	145	-	-	-	145	-	-	-	-	-	145
Buildings - Council	2,257	129	-	-	2,386	(746)	-	(58)	-	(804)	1,582
Rental Land - Council	4,591	-	-	-	4,591	-	-	-	-	-	4,591
Rental Buildings - Council	1,105	-	-	-	1,105	(552)	-	(28)	-	(580)	525
Motor Vehicles - Council	1,274	336	(54)	-	1,556	(463)	-	(200)	54	(609)	947
Other Plant and equipment - Council	1,984	194	(57)	-	2,121	(1,422)	-	(148)	52	(1,518)	603
Land - Subsidiary	2,043	-	-	-	2,043	-	-	-	-	-	2,043
Buildings - Subsidiary	7,272	3,547	-	-	10,819	(3,481)	-	(217)	-	(3,698)	7,121
Plant and Machinery - Subsidiary	40,596	1,329	(1,112)	-	40,813	(24,135)	-	(1,709)	1,093	(24,751)	16,062
Total Operational Assets	61,267	5,535	(1,223)	-	65,579	(30,799)	-	(2,360)	1,199	(31,960)	33,619
Council Infrastructural Assets											
Stopbanks and Earthworks	24,707	-	-	-	24,707	-	-	-	-	-	24,707
Bridges	70	-	-	-	70	(2)	-	(1)	-	(3)	67
Large Culverts	2,157	-	-	-	2,157	(131)	-	(33)	-	(164)	1,993
Tidegate Structures	719	-	-	-	719	(39)	-	(10)	-	(49)	670
Total Infrastructural Assets	27,653	-	-	-	27,653	(172)	-	(44)	-	(216)	27,437
Total Group Property, Plant and Equipment	88,920	5,535	(1,223)	-	93,232	(30,971)	-	(2,404)	1,199	(32,176)	61,056

11 Intangible Assets

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
<u>Computer Software</u>				
Gross carrying amount	173	-	173	-
Accumulated amortisation	-	-	-	-
Net Carrying Amount	\$173	\$Nil	\$173	\$Nil

12 Trade and Other Payables

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Trade payables	1275	1409	2888	3920
Other accrued charges	329	194	329	194
	\$1,604	\$1,603	\$3,217	\$4,114

(i) The average credit period on purchases is 30 days

(ii) Council has made provision in the 2009/10 year for 3 RiskPool calls regarding leaky homes, totalling \$121,110. One call has become payable in July 2010 and it is possible that further calls will become payable in the 2010/11 and 2011/12 years.

13 Provisions

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
<u>Provision for Unforeseen Repairs and Maintenance</u>				
Balance at beginning of year	-	-	100	100
Additional provisions made	-	-	-	-
Amounts utilised	-	-	-	-
Balance at end of year	\$Nil	\$Nil	\$100	\$100

Unforeseen Repairs and Maintenance

The port industry requires substantial investment in infrastructural assets. As a result of this type of asset base, significant repairs and maintenance costs can arise unexpectedly. The Group unforeseen repairs and maintenance provision allows for events of this nature.

14 Employee Entitlements

Accrued salary and wages	159	121	353	305
Annual leave	561	523	959	872
Long service leave	41	44	97	95
	\$761	\$688	\$1,409	\$1,272
Disclosed in the financial statements as:				
Current	741	667	1333	1200
Non-current	20	21	76	72
	\$761	\$688	\$1,409	\$1,272

15 Borrowings

Secured - at amortised cost

Current

Term borrowings	-	-	1,950	-
	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$1,950</u>	<u>\$Nil</u>

South Port New Zealand Limited's revolving credit facility of \$3 million from HSBC is on a 30 day rolling basis. The facility is secured by way of a general security registered over "all assets both present and future, and uncalled capital" of South Port New Zealand Limited. South Port New Zealand Ltd also has a \$5 million term loan facility with HSBC of which nil was drawn down at balance date. Interest on the first \$5 million drawn is payable according to the 5 year interest rate swap agreement the Company has with HSBC and interest on the balance of funds drawn at any time is a variable rate based on the cost of funds.

At balance date the current weighted average effective interest rate on the term borrowings was 7.63%. (2009: Nil)

16 Equity

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Available-for-sale revaluation reserve (a)	-	-	6	6
Lease area balances (b)	2,597	2,481	2,597	2,481
Special reserves (c)	16,113	16,004	16,113	16,004
Rating district balances (d)	2,347	1,876	2,347	1,876
Retained Earnings (e)	49,613	47,910	59,434	58,006
Minority interest (f)	-	-	8,739	8,877
	<u>\$70,670</u>	<u>\$68,271</u>	<u>\$89,236</u>	<u>\$87,250</u>

(a) Available-for-Sale Revaluation Reserve

Balance at beginning of year	-	-	6	295
Valuation gain / (loss) recognised	-	-	-	(3)
Wind up of investment - reclassification to Income Statement	-	-	-	(286)
Balance at end of year	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$6</u>	<u>\$6</u>

The available-for-sale revaluation reserve arises on the revaluation of equity investments (Group). Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in the Statement of Comprehensive Income. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the Statement of Comprehensive Income.

(b) Lease Areas (Council and Group) - Restricted Reserves

2010

	Balance 1/07/2009 \$000	Plus Income \$000	Interest Paid \$000	Transfers Out \$000	Balance 30/06/2010 \$000
Aparima	22	2	1	(2)	23
Ferry Road	651	201	39	(199)	692
Kingswell	18	5	1	(3)	21
Mataura	1,336	361	77	(406)	1,368
Oreti	121	152	7	(152)	128
Otepunu	86	24	5	(25)	90
Winton	130	10	8	(3)	145
Waihopai	117	19	7	(13)	130
	<u>\$2,481</u>	<u>\$774</u>	<u>\$145</u>	<u>(\$803)</u>	<u>\$2,597</u>

2009

	Balance 1/07/2008 \$000	Plus Income \$000	Interest Paid \$000	Transfers Out \$000	Balance 30/06/2009 \$000
Aparima	20	2	1	(1)	22
Ferry Road	577	176	37	(139)	651
Kingswell	16	4	1	(3)	18
Mataura	1,281	343	76	(364)	1,336
Oreti	99	147	6	(131)	121
Otepunu	85	26	5	(30)	86
Winton	117	10	7	(4)	130
Waihopai	102	19	7	(11)	117
	<u>\$2,297</u>	<u>\$727</u>	<u>\$140</u>	<u>(\$683)</u>	<u>\$2,481</u>

(c) Special Reserves (Council and Group)

	2010			
	Balance	Transfers	Transfers	Balance
	1/07/2009	to	from	30/06/2010
	\$000	\$000	\$000	\$000
Building Reserve	(32)	94	(43)	19
Lease Building Reserve	340	29	(11)	358
Furniture and Equipment Reserve	121	22	(13)	130
Plant Renewal Reserve	(16)	137	(212)	(91)
Computer Reserve	83	7	(9)	81
Vehicle reserve	(22)	383	(436)	(75)
Infrastructure Assets Reserve	215	44	-	259
Disaster Damage General Reserve	2,000	-	-	2,000
Makarewa Disaster Damage Reserve-Restricted	122	9	(7)	124
Oreti Disaster Damage Reserve-Restricted	779	47	-	826
Lower Mararoa Disaster Damage Reserve-Restricted	-	6	-	6
Upper Mararoa Disaster Damage Reserve-Restricted	-	4	-	4
Mataura Disaster Damage Reserve-Restricted	659	67	-	726
Aparima Disaster Damage Reserve-Restricted	266	27	-	293
Upukerora Disaster Damage Reserve-Restricted	22	2	-	24
Whitestone Disaster Damage Reserve-Restricted	39	5	-	44
Orauea Disaster Damage Reserve-Restricted	4	2	-	6
Invercargill Disaster Damage Reserve-Restricted	350	44	(41)	353
Waiau Disaster Damage Reserve-Restricted	1,096	173	(57)	1,212
Gratuity Reserve	54	3	-	57
Regional Assistance to Projects	6	-	-	6
Coastal Rental Reserve	192	65	(3)	254
Marine Fee Reserve-Restricted	1,345	1,054	(904)	1,495
South Port Special Dividend Reserve	4,193	-	(400)	3,793
South Port Share Buy Back Reserve	2,985	-	-	2,985
General Reserve	304	28	-	332
Pest Property Reserve Fund	311	8	(17)	302
Pest Plant Reserve	54	1	(1)	54
Pest Disposals Reserve	299	-	-	299
Waimatuku Stream Disaster Reserve - Restricted	56	3	(3)	56
Lake Hawkins Airport Extension Reserve-Restricted	12	-	(12)	-
Lake Hawkins Pumphouse-Restricted	167	14	-	181
	<u>\$16,004</u>	<u>\$2,278</u>	<u>(\$2,169)</u>	<u>\$16,113</u>

(c) Special Reserves (Council and Group) cont

	2009			
	Balance	Transfers	Transfers	Balance
	1/07/2008	to	from	30/06/2009
	\$000	\$000	\$000	\$000
Building Reserve	43	54	(129)	(32)
Lease Building Reserve	312	28	-	340
Furniture and Equipment Reserve	117	21	(17)	121
Plant Renewal Reserve	4	115	(135)	(16)
Computer Reserve	85	7	(9)	83
Vehicle reserve	98	216	(336)	(22)
Infrastructure Assets Reserve	172	43	-	215
Disaster Damage General Reserve	2,000	-	-	2,000
Makarewa Disaster Damage Reserve-Restricted	121	8	(7)	122
Oreti Disaster Damage Reserve-Restricted	652	127	-	779
Mataura Disaster Damage Reserve-Restricted	549	110	-	659
Aparima Disaster Damage Reserve-Restricted	241	25	-	266
Upukerora Disaster Damage Reserve-Restricted	21	1	-	22
Whitstone Disaster Damage Reserve-Restricted	34	5	-	39
Orauea Disaster Damage Reserve-Restricted	3	1	-	4
Invercargill Disaster Damage Reserve-Restricted	350	44	(44)	350
Waiiau Disaster Damage Reserve-Restricted	937	174	(15)	1,096
Gratuity Reserve	51	3	-	54
Regional Assistance to Projects	6	-	-	6
Coastal Rental Reserve	130	62	-	192
Marine Fee Reserve-Restricted	677	1,253	(585)	1,345
South Port Special Dividend Reserve	4,193	-	-	4,193
South Port Share Buy Back Reserve	2,985	-	-	2,985
General Reserve	279	25	-	304
Pest Property Reserve Fund	375	8	(72)	311
Pest Plant Reserve	52	3	(1)	54
Pest Disposals Reserve	299	-	-	299
Waimatuku Stream Disaster Reserve - Restricted	56	3	(3)	56
Lake Hawkins Airport Extension Reserve-Restricted	11	1	-	12
Lake Hawkins Pumphouse-Restricted	154	13	-	167
	<u>\$15,007</u>	<u>\$2,350</u>	<u>(\$1,353)</u>	<u>\$16,004</u>

(d) Rating Districts Balances (Council and Group) - Restricted Reserves

	2010					
	Balance	Plus Rates	Other	Net	Cost to	Balance
	1/07/2009	09/10	Income	Transfers	District	30/06/2010
	\$000	\$000	\$000	\$000	\$000	\$000
Aparima	409	205	139	(3)	(323)	427
Clifton Drainage	9	3	1	-	(3)	10
Duck Creek	30	40	7	-	(36)	41
Invercargill	45	285	112	18	(393)	67
Lake Hawkins	46	83	17	8	(95)	59
Mararoa	223	-	47	-	(159)	111
Makarewa	128	143	62	6	(171)	168
Mataura	90	746	385	38	(1,055)	204
Otepunui Creek	10	13	2	-	(1)	24
Oreti	163	590	362	32	(989)	158
Te Anau Basin	185	179	48	(14)	(73)	325
Waituna Creek	30	34	4	-	(4)	64
Waihopai	38	23	4	-	(15)	50
Waiau	282	1	314	(110)	(132)	355
Waiau - Sharpridge	3	3	4	-	-	10
Waiau - Orauea	3	16	18	(1)	(32)	4
Waiau - Upper Lillburn	4	26	27	-	(36)	21
Waiau - Wairaki	54	8	12	-	(14)	60
Waiau - Fenham	22	4	6	-	(3)	29
Waiau - Boundary Creek	3	-	-	-	-	3
Waiau Special Projects	-	-	12	56	(16)	52
Waimatuku	41	37	9	(4)	(53)	30
Upper Waihopai	20	9	2	-	(4)	27
Upper Waikiwi	34	15	3	-	(7)	45
Lower Waikawa	2	2	-	-	(2)	2
Upper Waikawa	2	5	1	-	(7)	1
	\$1,876	\$2,470	\$1,598	\$26	(\$3,623)	\$2,347

In 2009/10 Whitestone, Mount York, Ellis Creek and Upukerora merged into the Te Anau Basin Rating District.

(d) Rating Districts Balances (Council and Group) - Restricted Reserves cont

	2009					
	Balance	Plus Rates	Other	Net	Cost to	Balance
	1/07/2008	08/09	Income	Transfers	District	30/06/2009
	\$000	\$000	\$000	\$000	\$000	\$000
Aparima	378	186	157	(3)	(309)	409
Clifton Drainage	7	3	1	-	(2)	9
Duck Creek	25	42	8	-	(45)	30
Ellis Creek	17	3	3	-	(3)	20
Invercargill	70	255	136	28	(444)	45
Lake Hawkins	34	80	11	(4)	(75)	46
Mararoa	262	165	329	-	(533)	223
Makarewa	138	135	68	6	(219)	128
Mataura	138	662	408	(27)	(1,091)	90
Mount York	36	4	3	-	-	43
Otepunui Creek	16	13	3	-	(22)	10
Oreti	163	512	306	(57)	(761)	163
Upukerora	41	10	12	-	(29)	34
Waituna Creek	58	34	16	-	(78)	30
Waihopai	36	21	5	-	(24)	38
Waiau	306	1	307	(118)	(214)	282
Waiau - Sharpridge	6	3	3	-	(9)	3
Waiau - Orauea	1	12	13	(1)	(22)	3
Waiau -Upper Lillburn	25	25	27	-	(73)	4
Waiau - Wairaki	69	7	10	-	(32)	54
Waiau - Fenham	17	3	4	-	(2)	22
Waiau - Boundary Creek	-	-	-	16	(13)	3
Waimatuku	39	37	8	(4)	(39)	41
Whitestone	72	44	25	(3)	(50)	88
Upper Waihopai	12	10	2	-	(4)	20
Upper Waikiwi	33	12	3	-	(14)	34
Lower Waikawa	5	2	1	-	(6)	2
Upper Waikawa	4	6	1	-	(9)	2
	\$2,008	\$2,287	\$1,870	(\$167)	(\$4,122)	\$1,876

(e) Retained Earnings

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Balance at beginning of year	47,910	48,290	58,006	57,681
Net surplus / (deficit) attributable to Council	2,399	669	2,124	1,374
Net movement in lease areas	(116)	(184)	(116)	(184)
Net movement in special reserves	(109)	(997)	(109)	(997)
Net movement in rating districts	(471)	132	(471)	132
Balance at end of year	\$49,613	\$47,910	\$59,434	\$58,006

(f) Minority Interests	Group	
	2010	2009
	\$000	\$000
Balance at beginning of year	8,877	8,722
Share of comprehensive income for the year	1,049	1,144
Dividend distribution for the year	(1,187)	(989)
Balance at end of year	<u>\$8,739</u>	<u>\$8,877</u>

17 **Commitments for Expenditure**

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
(a) Capital Expenditure Commitments				
Buildings	227	-	227	-
Property, plant and equipment	65	-	3,865	-
	<u>\$292</u>	<u>\$Nil</u>	<u>\$3,865</u>	<u>\$Nil</u>

As at 30 June 2010, the Council had committed to completing the Emergency Management Southland building. The balance owing for the building and plant is approximately \$292,000. (30 June 2009: \$Nil)

As at 30 June 2010, South Port Group had committed to paying the balance on the replacement mobile harbour crane of which a deposit was paid in June 2010. The balance owing is approximately \$3.8 million. (30 June 2009: \$Nil)

(b) **Lease Commitments**

Finance lease liabilities at 30 June 2010 were \$Nil. (30 June 2009: \$Nil)

Commitments under non-cancellable operating leases for the Group:

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Within one year	-	-	63	84
One to five years	-	-	144	207
More than five years	-	-	-	-
	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$207</u>	<u>\$291</u>

18 **Contingent Liabilities and Contingent Assets**

Council and Group

There were no known contingent liabilities for the Group at 30 June 2010 (30 June 2009: \$Nil)

19 **Subsidiaries**

	Country of Incorporation	Ownership Interest	
		2010	2009
		%	%
Parent Entity			
Southland Regional Council (i)	New Zealand		
Subsidiaries			
South Port New Zealand Limited (ii)	New Zealand	66.48%	66.48%

(i) Environment Southland (Southland Regional Council) is the ultimate parent entity within the consolidated group.

(ii) South Port New Zealand Limited holds the Group's interests in subsidiaries as follows:
 - South Port New Zealand Limited - Port facilities, cargo handling and warehousing. (100% owned);
 - Awarua Holdings Limited - Management and administration services. (100% owned).

All companies in the Group have 30 June balance dates.

20 Related Party Disclosures

(a) Council

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

(b) Equity Interests in Related Parties

Equity Interests in Subsidiaries

Details of the percentage of shares held in subsidiaries are disclosed in Note 19 to the financial statements.

(c) Transactions with Related Parties

Transactions involving the Council

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

	Council	
	2010	2009
	\$000	\$000
South Port New Zealand Limited		
Dividend payment made to Council	2,355	1,962
Rates paid to Council as per normal terms of business	5	5

Other Transactions Involving Related Parties

There were no other transactions with related parties.

Transactions Eliminated on Consolidation

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

21 Subsequent Events

(a) Council and Group

In September 2010 Council redeemed \$500,000 from its Managed Fund in Forsyth Barr Ltd. (2009: \$Nil)

On 7 July 2010 the Council raised an overdraft facility with ANZ bank for \$3,000,000. The termination date is 30 November 2010.

(b) Group (South Port New Zealand Limited)

On 19 August 2010, South Port New Zealand Limited declared a final dividend for the year to 30 June 2010 of 12.50 cents per share amounting to approximately \$3.279 million (before supplementary dividends). (2009: 9.00 cents per share amounting to approximately \$2.361 million). Environment Southland will receive approximately \$2.180 million (2009: \$1.570 million).

There were no other significant events after balance date.

22 Notes to the Cash Flow Statement

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in bank and deposits in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	Council		Group	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Cash and cash equivalents	402	677	1,079	849
Short Term Deposits with maturities < 3 months	-	-	19	1,608
	402	677	1,098	2,457
Bank overdraft	-	-	-	-
	<u>\$402</u>	<u>\$677</u>	<u>\$1,098</u>	<u>\$2,457</u>

(b) Borrowings - Facilities

Unsecured bank overdraft facility, expiring on 30 November 2010 and payable at call:

- Amount used	-	-	-	-
- Amount unused	3,000	3,000	3,000	3,000
	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>

Secured credit line facility from HBSC on a monthly rolling basis:

- Amount used	-	-	1,950	-
- Amount unused	-	-	8,000	2,000
	<u>\$Nil</u>	<u>\$Nil</u>	<u>\$9,950</u>	<u>\$2,000</u>

Reconciliation of Surplus for the period to Net Cash Flows
(c) From Operating Activities

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Surplus / (Deficit)	2,399	669	3,173	2,718
Add (less) non-cash items				
Depreciation	539	478	2,544	2,404
(Gain) / loss on sale of property, plant and equipment	(76)	(12)	(74)	(285)
Impairment of fixed assets	-	-	719	-
(Gain) / loss on wind up of a available for sale asset	-	-	-	107
Net change in fair value of forward exchange contracts	-	-	135	61
Net change in fair value of interest rate swaps	-	-	300	-
Net change in fair value of other financial assets	(1,789)	(521)	(1,789)	(521)
Deferred tax	-	-	2,978	27
	(1,326)	(55)	4,813	1,793
Movement in working capital:				
Trade and other receivables	(163)	(44)	(4,162)	(1,974)
Inventories	(9)	-	(9)	-
Other current assets	5	36	64	54
Other financial assets	-	-	-	775
Other current liabilities	-	-	-	61
Trade and other payables	1	(61)	(770)	1,090
Employee Entitlements	73	(130)	137	(27)
Taxation payable	-	-	(418)	570
	(93)	(199)	(5,158)	549
Items classified as Investing Activities:				
Property, plant and equipment included in trade and other payables	(44)	(12)	(44)	(12)
Foreign Exchange (gain) / loss	-	-	501	(148)
	(44)	(12)	457	(160)
Net cash inflow (outflow) from operating activities	\$936	\$403	\$3,285	\$4,900

23 Severance Payments (Council only)

For the year ended 30 June 2010 Council made Nil severance payments to employees (2009: Nil).

24 Remuneration (Council only)

During the year to 30 June 2010, the total remuneration and value of other non-financial benefits received by or payable to the Chair, other elected members and the Chief Executive of the Council were as follows:

	Cost During 2009/10			Total
	Remuneration	Meeting fees	Mileage	
<u>Chair</u>				
Stuart Collie	84,820	-	603	85,423
<u>Elected members</u>				
Derek Angus QSM, JP	24,606	903	513	26,022
Ross Cockburn	24,605	1,937	12,325	38,867
Neville Cook	24,605	6,309	17	30,931
Jim Fenton QSO	24,606	-	239	24,845
Nicol Horrell	24,605	-	8,445	33,050
Brian Mason	31,986	-	4,768	36,754
Neil McPhail	24,606	2,108	6,365	33,079
Marion Miller	24,605	7,302	97	32,004
Maurice Rodway	24,605	1,366	-	25,971
Ali Timms	31,986	1,733	5,727	39,446
Diane Wilson	36,907	11,377	-	48,284
	382,542	33,035	39,099	454,676

	Cost During 2008/09			Total
	Salary	Meeting fees	Mileage	
<u>Chair</u>				
Stuart Collie	83,048	-	803	83,851
<u>Elected members</u>				
Derek Angus QSM, JP	23,968	1,540	499	26,007
Ross Cockburn	23,968	1,772	10,196	35,936
Neville Cook	23,968	707	-	24,675
Jim Fenton QSO	23,968	-	294	24,262
Nicol Horrell	23,968	-	5,804	29,772
Brian Mason	31,158	-	3,706	34,864
Neil McPhail	23,968	1,819	4,629	30,416
Marion Miller	23,968	941	-	24,909
Maurice Rodway	23,968	874	-	24,842
Ali Timms	31,158	-	5,069	36,227
Diane Wilson	35,953	4,106	-	40,059
	373,061	11,759	31,000	415,820

Chief Executive

For the year ending 30 June 2010 the total cost to the Council of the remuneration package being received by the Chief Executive, including the fringe benefit tax of \$8,595 (2009: \$8,887) is calculated at \$207,662. (2009: \$204,204).

25 Financial Instruments

(a) Capital Risk Management

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

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

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

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the 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.

The Council has the following Council created reserves:

- lease area balances
- special reserves
- rating district balances

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

The Group's overall strategy remains unchanged from 2009.

(b) Significant Accounting Policies

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

(c) Categories of Financial Instruments

	Council		Group	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Financial Assets				
Cash and cash equivalents	402	677	1,098	2,457
Trade and other receivables	1,098	935	8,010	3,848
Other financial assets				
- Fair Value through profit or loss - held for trading	25,936	24,147	25,936	24,147
- Available-for-sale financial assets	-	-	15	15
Financial Liabilities				
Trade and other payables	1,604	1,603	3,217	4,114
Borrowings	-	-	1,950	-
Other financial liabilities				
- Fair Value through profit or loss	-	-	496	61

25 FINANCIAL INSTRUMENTS cont.

(d) Financial Risk Management Objectives

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

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

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

(e) Currency Risk

The Group undertakes certain sale and purchase transactions and makes investments through its managed funds denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts in relation to sale and purchase transactions.

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

	Assets		Liabilities	
	2010	2009	2010	2009
	NZ \$000	NZ \$000	NZ \$000	NZ \$000
Council				
US Dollars	946	468	-	-
British Pounds	1,527	1,671	-	-
Australian Dollars	3,402	3,887	-	-
Group				
US Dollars	946	468	-	-
British Pounds	1,527	1,671	-	-
Euros	-	-	196	61
Australian Dollars	3,402	3,887	-	-

The Group has one forward exchange contract at balance date to purchase 500,000 Euro.

This contract relates to a committed plant purchases and will be settled in August 2010. The contract will be settled at an exchange rate of 0.4621, however at balance date the mark-to-market rate (considered to be fair value) was 0.5643, resulting in an unrealised foreign exchange loss of \$196,000.

(f) Interest Rate Risk

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

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

25 FINANCIAL INSTRUMENTS cont.

(g) Other Price Risks

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Group is exposed to equity price risks arising from equity investments. Council has equity investments held for trading as part of its managed funds held with ING and Forsyth Barr (refer to Note 8). The Group also holds equity investments which are designated as available-for-sale.

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

(h) Credit Risk

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

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

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

With respect to other financial assets, credit risk is reduced by the number of securities held with different counterparties.

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

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

(i) Liquidity Risk Management

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

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

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

Maturity Profile of Financial Instruments

GROUP 2010	Weighted Average Effective Interest Rate	Fixed Maturity Dates						Contractual Cashflows
		Less than 1 year	1-2 years	2-3 Years	3-4 Years	4 -5 Years	> 5 Years	
		%	\$000	\$000	\$000	\$000	\$000	
Financial Assets								
Cash and cash equivalents	3.78%	1,098	-	-	-	-	-	1,098
Trade and other receivables		8,010	-	-	-	-	-	8,010
Other financial assets								
- ING - NZ Government and Local Authority Stock	5.71%	2,684	1,919	2,604	1,060	1,137	7,186	16,591
- ING Asset Management - Other Bonds	7.01%	149	-	871	2,045	375	1,535	4,975
- ING Asset Management - NZ Cash		194	-	-	-	-	-	194
- Forsyth Barr - Cash Management Funds		1,604	-	-	-	-	-	1,604
- Forsyth Barr - Property		-	-	-	-	-	-	-
- Forsyth Barr - Equities		6,445	-	-	-	-	-	6,445
- Forsyth Barr - Capital Protected Notes		-	-	-	-	-	-	-
- Equity investments		15	-	-	-	-	-	15
Financial Liabilities								
Bank overdraft		-	-	-	-	-	-	-
Trade and other payables		3,217	-	-	-	-	-	3,217
Borrowings	7.63%	1,950	-	-	-	-	-	1,950

GROUP 2009	Weighted Average Effective Interest Rate	Fixed Maturity Dates						Contractual cashflows
		Less than 1 year	1-2 years	2-3 Years	3-4 Years	4 -5 Years	> 5 Years	
		%	\$000	\$000	\$000	\$000	\$000	
Financial Assets								
Cash and cash equivalents	2.75%	2,457	-	-	-	-	-	2,457
Trade and other receivables		3,848	-	-	-	-	-	3,848
Other financial assets								
- ING - NZ Government and Local Authority Stock	6.23%	1,303	1,052	327	6,017	1,161	6,023	15,883
- ING Asset Management - Other Bonds	7.02%	64	-	248	1,146	1,774	1,010	4,242
- ING Asset Management - NZ Cash		260	-	-	-	-	-	260
- Forsyth Barr - Cash Management Funds		2,462	-	-	-	-	-	2,462
- Forsyth Barr - Property		-	-	-	-	-	-	-
- Forsyth Barr - Equities		5,475	-	-	-	-	-	5,475
- Forsyth Barr - Capital Protected Notes		-	-	-	-	-	-	-
- Equity investments		15	-	-	-	-	-	15
Financial Liabilities								
Bank overdraft		-	-	-	-	-	-	-
Trade and other payables		4,114	-	-	-	-	-	4,114
Borrowings	0.00%	-	-	-	-	-	-	-

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

COUNCIL 2010	Weighted Average Effective Interest Rate	Fixed Maturity Dates						Contractual cashflows
		Less than 1 year	1-2 years	2-3 Years	3-4 Years	4 -5 Years	> 5 Years	
		%	\$000	\$000	\$000	\$000	\$000	
Financial Assets								
Cash and cash equivalents	3.78%	402	-	-	-	-	-	402
Trade and other receivables	-	1,098	-	-	-	-	-	1,098
Other financial assets								-
- ING - NZ Government and Local Authority Stock	5.71%	2,684	1,919	2,604	1,060	1,137	7,186	16,591
- ING Asset Management - Other Bonds	7.01%	149	-	871	2,045	375	1,535	4,975
- ING Asset Management - NZ Cash	-	194	-	-	-	-	-	194
- Forsyth Barr - Cash Management Funds	-	1,604	-	-	-	-	-	1,604
- Forsyth Barr - Property	-	-	-	-	-	-	-	-
- Forsyth Barr - Equities	-	6,445	-	-	-	-	-	6,445
- Forsyth Barr - Capital Protected Notes	-	-	-	-	-	-	-	-
- Equity investments								-
Financial Liabilities								
Bank overdraft	0.00%	-	-	-	-	-	-	-
Trade and other payables	-	1,604	-	-	-	-	-	1,604
Borrowings	0.00%	-	-	-	-	-	-	-

COUNCIL 2009	Weighted Average Effective Interest Rate	Fixed Maturity Dates						Contractual Cashflows
		Less than 1 year	1-2 years	2-3 Years	3-4 Years	4 -5 Years	> 5 Years	
		%	\$000	\$000	\$000	\$000	\$000	
Financial Assets								
Cash and cash equivalents	3.15%	677	-	-	-	-	-	677
Trade and other receivables	-	935	-	-	-	-	-	935
Other financial assets								-
- ING - NZ Government and Local Authority Stock	6.23%	1,303	1,052	327	6,017	1,161	6,023	15,883
- ING Asset Management - Other Bonds	7.02%	64	-	248	1,146	1,774	1,010	4,242
- ING Asset Management - NZ Cash	-	260	-	-	-	-	-	260
- Forsyth Barr - Cash Management Funds	-	2,462	-	-	-	-	-	2,462
- Forsyth Barr - Property	-	-	-	-	-	-	-	-
- Forsyth Barr - Equities	-	5,475	-	-	-	-	-	5,475
- Forsyth Barr - Capital Protected Notes	-	-	-	-	-	-	-	-
- Equity investments								-
Financial Liabilities								
Bank overdraft	-	-	-	-	-	-	-	-
Trade and other payables	-	1,603	-	-	-	-	-	1,603
Borrowings								-

(j) Fair Value of Financial Instruments

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

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

The Council and directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

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

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

Group 2010

Financial Assets

Available for sale investments (shares)
Other financial assets

Financial Liabilities

Derivatives - interest rate swaps
Derivatives - foreign exchange contracts

Total	Valuation Technique		
	Level 1	Level 2	Level 3
NZ \$000	NZ \$000	NZ \$000	NZ \$000
15	15	-	-
25,936	25,936	-	-
(300)	-	(300)	-
(196)	-	(196)	-

(k) Sensitivity Analysis

Foreign Currency Sensitivity Analysis

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

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

- Surplus would decrease/increase by \$523,894 (2009: \$611,255). This is mainly attributable to the Group's exposure to foreign currency on its investments within its managed funds held with Forsyth Barr.
- Equity reserves would be similarly affected.

Interest Rate Sensitivity Analysis

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

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

- Surplus would increase or decrease by \$178,977 (2009: \$166,112). This is mainly attributable to the Group's exposure to interest rates on its investments within its managed funds held with ING and Forsyth Barr.
- Equity reserves would be similarly affected.

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

Price Sensitivity Analysis

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

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

- Surplus would increase/decrease by \$178,900 (2009: \$60,800) in relation to the equity investments at fair value through profit and loss.
- Other equity reserves would increase/decrease by \$600 (2009:\$600) in relation to the equity investments classified as available-for-sale.

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

26 Explanation of Major Variances against Budget forecasts

**Council Statement of Comprehensive Income
for the Year Ended 30 June 2010**

	Actual 2010 \$000	Budget 2010 \$000	Variance from Budget \$000
Revenue			
Rates revenue	10,182	10,157	25
Other revenue	8,062	7,562	500
Other gains / (losses)	1,865	1,644	221
Total Operating Revenue	20,109	19,363	746
Expenditure			
Employee benefits expense	(8,281)	(8,648)	367
Depreciation expense	(539)	(474)	(65)
Finance costs	(34)	(45)	11
Other expenses	(8,856)	(10,362)	1,506
Total Operating Expenditure	(17,710)	(19,529)	1,819
Net Operating Surplus/(Deficit)	2,399	(166)	2,565
Other Comprehensive Income	-	-	-
Total Comprehensive Income	\$2,399	(\$166)	\$2,565

Statement of Financial Performance

The operating surplus of \$2,399,000 was \$2,565,000 above budget for the year ended 30 June 2010. The major components of this favourable result are explained below.

Revenue was above budget by \$746,000. The major items contributing to this variance were:

- other revenue was \$500,000 above budget. This was largely due to an increase in both the interim and final dividend from South Port New Zealand Ltd, which was \$698,000 above budget. Offsetting this was less than budgeted recoveries from Compliance monitoring (down \$423,000) and increased Consent recoveries (up \$169,000).
- other gains and losses were \$221,000 above budget. This was primarily due to better than forecasted returns from the managed fund investments held with ING and Forsyth Barr.

Operating expenditure was below budget by \$1,819,000. The major items contributing to this variance being:

- a decrease in employment benefits expenses of \$367,000 over the budget due to not filling some budgeted staff positions.
- other additional expenses being \$1,506,000 below budget mainly as a result of reduced activity in most areas including less expenditure on cost of works, contract labour and grants.

Statement of Financial Position
Actual compared to Budget

	Actual	Budget
	\$000	\$000
Equity	70,670	67,286
Current Assets	27,692	25,093
Non-Current Assets	45,343	44,259
Current Liabilities	2,345	2,031
Non Current Liabilities	20	35
Net Assets	<u>70,670</u>	<u>67,286</u>

Statement of Cash Flows
Actual compared to Budget

	Actual	Budget
	\$000	\$000
Net cash flow from operating activities	936	(1,336)
Net cash flow from investing activities	(1,190)	878
Net cash flow from financing activities	-	-
Increase/(Decrease) in cash held	<u>(254)</u>	<u>(458)</u>
Add opening cash brought forward	(275)	(506)
Ending cash carried forward	<u>-\$529</u>	<u>(964)</u>

Statement of Financial Position

The major difference in the forecast and actual Statement of Financial Position is from term investments, which at \$25,936,000 on 30 June 2010 compared with forecast \$24,077,000, is higher than forecast by \$1,859,000. The reason for this increase is the good returns from managed funds following the global recession.

There is also a reduction in Accounts Receivable of \$632,000 due in some part to the Animal Health Board taking over the bovine Tb contract work. Cash on hand is \$1,366,000 above budget due to reduced operating expenditure. Fixed Assets have increased by \$1,084,000 and employee entitlements have increased by \$195,000 due to increased staff numbers.

Cash Flow Statement

The budget variations explained above also contribute to the budget variations in the Cash Flow Statement, particularly cash flows from operating and investing activities.

Cash required for the purchase of property, plant and equipment was above budget by \$467,000 and opening cash brought forward exceeded forecast by \$1,183,000.

Withdrawals from managed funds was \$1,700,000 below forecasts due to increased use of overdraft.

Auditor's Report

Deloitte

AUDIT REPORT

TO THE READERS OF ENVIRONMENT SOUTHLAND AND GROUP'S FINANCIAL STATEMENTS AND SERVICE PROVISION INFORMATION FOR THE YEAR ENDED 30 JUNE 2010

The Auditor-General is the auditor of Environment Southland (the Regional Council) and group. The Auditor-General has appointed me, P R Gulliver, using the staff and resources of Deloitte, to carry out the audit on her behalf. The audit covers the financial statements, the service provision information and the Regional Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are included in the annual report of the Regional Council and group for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the Regional Council and group on pages 126 to 171:
 - comply with generally accepted accounting practice in New Zealand, and
 - fairly reflect:
 - the Regional Council and group's financial position as at 30 June 2010, and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the Regional Council on pages 7 to 105:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Regional Council's levels of service provision for the year ended 30 June 2010, including:
 - the levels of service provision as measured against the intended levels of service provision adopted in the long-term council community plan, and
 - the reasons for any significant variances between the actual service provision and the expected service provision.
- The Regional Council and group have complied with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report, and that are included in the Regional Council and group's financial statements and service provision information.

The audit was completed on 6 October 2010, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, the service provision information and the other requirements did not have material misstatements, whether caused by fraud or error.

Deloitte

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, the service provision information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, the service provision information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether the significant management and system controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported financial and service provision data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied;
- determining the appropriateness of the reported service provision information within the Council's framework for reporting performance; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, the service provision information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, the service provision information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Matters relating to the electronic presentation of the audited financial statements, service provision information and the other requirements

This audit report relates to the financial statements, service provision information and the other requirements of Environment Southland and group for the year ended 30 June 2010 included on Environment Southland's website. The Council is responsible for the maintenance and integrity of Environment Southland's website. We have not been engaged to report on the integrity of Environment Southland's website. We accept no responsibility for any changes that may have occurred to the financial statements, service provision information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, service provision information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, service provision information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, service provision information and the other requirements as well as the related audit report dated 6 October 2010 to confirm the information included in the audited financial statements, service provision information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Deloitte.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements and service provision information in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Regional Council and group as at 30 June 2010. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The service provision information must fairly reflect the Regional Council's levels of service provision for the year ended 30 June 2010.

The Council is also responsible for meeting the other requirements of Schedule 10 of the Local Government Act 2002 and including that information in the annual report. The Council's responsibilities arise from section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, the service provision information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit and in carrying out the audit of long-term council community plan, we have no relationship with or interests in the Council or any of its subsidiaries.



P R Gulliver
Deloitte
On behalf of the Auditor-General
Dunedin, New Zealand

Equal Employment Opportunities

Policy Statement

Environment Southland and senior management place a high value on maintaining a skilled, motivated and diverse workforce working in a safe environment.

The Council and management are committed to the principle of equal employment opportunity in the recruitment, employment, training and promotion of the Council's employees.

A philosophy of acceptance without prejudice of differences in race, colour, ethnic or national origin, gender, religion, marital status, family responsibilities, sexual orientation, age or disability is encouraged throughout the organisation.

Objectives

- ▲ *To select job applicants on the basis of merit, verifiable experience and ability to deliver our programmes to the community.*

The best applicant was chosen after extensive newspaper and/or Internet advertising, reviewing education and experience appropriate for the job, and having regard to career development opportunities for internal applicants. Procedures for ensuring fairness to both internal and external applicants are monitored for consistency of approach.

The Internet is a significant tool for recruitment of professional staff. All permanent positions are advertised on our own website, as well as on nationwide recruitment sites, resulting in applications from throughout New Zealand and off-shore. Less use is now being made of the print media.

- ▲ *To provide job training programmes fairly and without bias to enable employees to best meet the requirements of their current positions and to develop additional skills.*

All staff were offered opportunities to attend short courses in skills specific to their field of work, or in personal skills, as they became available. Some of these were arranged as in-house courses in order that more people could attend. Most requests from individuals for specific skill training were met.

- ▲ *To maintain a workplace free of discrimination and harassment.*

All Council policies are maintained to ensure the workplace remains free of discrimination and harassment. The requirements/guidelines of the policies specifically relating to discrimination or harassment were not required to be implemented. Educational material such as EEO Trust promotional information and human resource literature is made available in the staff cafeteria as it becomes available. Staff are encouraged to utilise these and other resources such as the Workplace Support contact should they have concerns.

Health and Safety in the Workplace

Policy Statement

Environment Southland is committed to providing and maintaining a safe and healthy working environment for all staff. Our commitment is to leadership, not mere compliance with the Health and Safety in Employment Act and Amendments.

We aim to enhance our health and safety performance by ensuring that best practice is followed at all times and that health and safety issues are an integral part of our organisational policies.

We also recognise our obligations to visitors to Environment Southland and to its contractors.

We will do this by:

- ▲ recognising that successful management of health and safety issues is best achieved through good faith co-operation in the place of work.
- ▲ involving all staff in all aspects of health and safety management.
- ▲ developing appropriate tools and processes to meet our health and safety obligations and seeking continuous improvement.
- ▲ meeting, or exceeding industry standards, statutes and regulations.
- ▲ making sure that all managers, supervisors, staff, volunteers and contractors understand and are able to meet their responsibilities.
- ▲ identifying, assessing and managing hazards to minimise accidents and incidents in the work place.
- ▲ providing resources, training and support to meet our health and safety plans and policies.
- ▲ recognising through internal communication any extra contribution individual staff may have made to Health and Safety management or systems.

Objectives

- ▲ *To encourage the present safety conscious workplace culture.*

48 staff hold current First Aid Certificates. A current list is placed beside all First Aid Kits in the building. Many staff also attended industry related health and safety courses.
- ▲ *To ensure policies or standard operating procedures to minimise incidents and accidents in the workplace continue to be effective and maintained.*

As per the Health and Safety Management Plan, Divisional Managers maintain divisional health and safety procedures in their sections. Copies of all Standard Operating Procedures are available to view on the intranet.
- ▲ *To have no serious harm accidents or injuries in the workplace.*

No serious harm incidents were reported during the period for all staff.
- ▲ *To continue support for the Health and Safety Committee at a staff level.*

An active Health and Safety Committee was maintained.
- ▲ *To continue to promote wellness activities in the workplace.*

Environment Southland joined forces with ACC to promote Health and Safety week with the focus being on home safety. Staff were encouraged to participate in the Wai Tri multi-sport event, Surf to City walk, Cycling at Velodrome and Corporate Rowing throughout the year. Posters from the Poster Factory (which are changed six weekly) are displayed in the workplace with subtle health and safety messages.

Flu vaccinations offered annually to all staff, as well as Hepatitis A and tetanus vaccinations and Mantou test for Tb offered to applicable staff. An active social club is in operation throughout the organisation.

- ▲ *To undertake an annual internal audit of divisional compliance with the Health and Safety Management Plan.*

The audit was conducted in June 2010.

- ▲ *To maintain the tertiary level of assessment under the ACC Workplace Safety Management Programme.*

The biannual audit was conducted on 22 October 2008. The tertiary level of the ACC Workplace Safety Management Programme was maintained.