

## Annual Report

### *Environment Southland's achievements from July 2012 to June 2013*

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

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

This report was approved and adopted by a meeting of the Council on 2 October 2013.

It correctly reflects the Council's financial position and operating results for the year ended 30 June 2013 and complies with all statutory requirements in relation to the Annual Report.



Ali Timms  
Chairman



R A Phillips  
Chief Executive

# Contents

<b>Page</b>	
3	Council Directory
4-10	Annual Report Overview
11-13	Statement of Service Performance Activities for community reporting purposes – what you expected from us
	Groups of Activities
14-22	1. Addressing adverse effects of non-point source discharges to water from intensive farming practices.
23-27	2. Enablement of resource use by communities, industries and individuals.
28-48	3. Protection from the adverse environmental effects of resource use.
49-55	4. Emergency response and preparedness.
56-62	5. (a) Services
63-69	(b) Services – flood protection
70-75	6. Community representation and communication
76-79	Community Outcomes and Report on Progress
80-82	Report on Long-term Plan and Council policies
83-85	Transition from Resource Areas to Activities and Divisions
86-138	Financial Statements and Notes to the Accounts
139-143	Auditor's Report
144	Equal Employment Opportunities
145-147	Health and Safety in the Workplace

# Council Directory

## Chairman

Ali Timms

## Councillors

Ross Cockburn  
Neville Cook  
Rowly Currie  
Robert Guyton  
Nicol Horrell (Deputy Chairman)  
Grant Hubber  
Peter Jones  
Brian Mason  
Marion Miller  
Jan Riddell  
Maurice Rodway

## Executive Staff

Acting Chief Executive  
Chief Executive  
Director of Environmental Management  
Director of Corporate Services

Graham Alswailer *(to 5 August 2012)*  
Rob Phillips *(from 6 August 2012)*  
Warren Tuckey  
Graham Alswailer

## Divisional Managers

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

Ken Swinney  
John Prince  
Noel Hinton  
Richard Bowman  
Mark Hunter *(to 7 January 2013)*  
Simon Mapp *(from 30 April 2013)*  
John Engel *(to 14 September 2012)*  
Stephen West *(from 27 October 2012)*  
Merrin McCrory *(to 19 September 2012)*  
Phil Culling *(from 27 August 2012)*  
Jane Carroll

## Bankers

ANZ Banking  
Kelvin Street, Invercargill 9810

## Auditor

Deloitte on behalf of the Controller and Auditor General  
Wellington

## Solicitors

AWS Legal  
Spey Street  
Invercargill 9810

Barry Slowley  
Spey Street  
Invercargill 9810

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(you can find reports referred to within this document on our website, or contact us and we will assist you)

## Location

Corner of Price Street & North Road  
Invercargill 9810

## Annual Report Overview

This Annual Report explains our progress on the projects and programmes we have committed to within the Long-term Plan 2012–2022 (LTP). This is the first year of the LTP, which was cast as “A Reality Check – More Must be Done”. It gives significant emphasis to addressing water quality issues and Southlanders’ concerns about them.

During the past year we have continued to focus on working alongside the community. This includes our Water and Land steering group, which is made up of representatives of farming, environmental and community groups who provide advice and feedback on the development of our policies to improve water quality; the River Liaison committees who provide advice on flood control activities; as well as our relationships with conservation groups, farming groups and many others.

A key agreement reached was the development of a staged implementation programme for the Government’s National Policy Statement for Freshwater (NPS-FW). The NPS-FW requires council to set limits and loads for nutrients and sediments in Southland catchments by 2030. This programme of work is called *Water and Land 2020 & Beyond*, and is being progressed as a joint project with Te Ao Marama Inc. This is an example of our excellent relationship with iwi and will be complemented by the agreement reached during the year to jointly fund an *iwi planner* for this project from October 2013.

The programme consists of three stages. Initially the aim is to ‘hold the line’ regarding water quality. The first stage is to ‘fast track’ good practices across the region for nutrient management, riparian management and wintering practice and considerable progress has been made on these focus activities. The second stage is interim measures, which will include more targeted policies in priority areas. Finally setting catchment limits for nutrients and sediment.

Recent monitoring of the state of our estuaries has identified their state of ecological health as a significant emerging issue to be addressed by *Water and Land 2020 & Beyond*.

Alongside this three-staged process is a systematic scientific programme to ensure that policies and limit setting are based on good science. Limit setting and the science that underpins it will take time, but it is important that we ‘hold the line’ while this longer term work goes on.

Air quality is an emerging issue, particularly for the urban airsheds of Invercargill and Gore; this was affirmed in our annual community survey. These airsheds are not meeting the Government’s National Environmental Standards (NES) and home coal and wood burners are the primary culprits. The NES allows for only one exceedance a year and Gore has until 2016 to achieve this, while Invercargill needs to be down to three or less by 2016, and one by 2020. Last winter Invercargill had 23 exceedances, and Gore had six. A ban on new open fires in homes was implemented as a step towards improving air quality. Air quality is continually monitored and the results were advertised each week throughout the winter.

We began reviewing the Regional Air Plan and our early-consultation document, *Breathe Easy* attracted 174 submissions. We have also initiated a State of the Environment Report on air in partnership with Te Ao Marama Inc. This will bring together the full range of available technical information and values-based material and provide the basis for future decision-making.

The biosecurity team continues to have success working with landowners in the Possum Control Area programme (PCA). There are now 22 PCAs covering 140,000 hectares, with 557 farmers now actively involved in the programme. Council funds the initial control if possum numbers are high in these areas and then the landowners are responsible for ongoing control.

Our compliance division has been working on improving its efficiency and effectiveness, and ensuring it is closely aligned with the Council's strategic plans and its focus on water quality, in particular. As a result of an independent audit of this division's enforcement policies and processes, a comprehensive review of the way this division delivers its services was undertaken. This, plus potential gains from the increased use of technology has also resulted in savings in planned expenditure in the division over the period of the Long-term Plan.

As well as specific projects, Environment Southland got on with other core business functions in catchment management and flood protection, biosecurity and biodiversity, hazard planning and emergency management, pollution prevention and environmental education.

As a publicly accountable organisation, we are always looking for ways to work more efficiently to better maximise your ratepayer dollars. To that end we have put significant emphasis on shared services, which are proving highly successful.

Environment Southland is engaged in a variety of shared services with the Southland District Council, the Invercargill City Council and the Gore District Council. These projects are providing wide-reaching benefits with lower costs, and improved value and service delivery. For example, the Council's connection to the high speed Wide Area Network was initially quoted at \$200,000 in 2011, whereas, with the shared service in place the actual cost was \$5,025. It will enable a significantly improved range and level of services within existing IT budgets over the period of the Long-term Plan.

Some of the shared services we are involved in include the development of a seamless IT platform across councils, which will facilitate information sharing and cost savings; iwi liaison through Te Roopu Taiao and Te Ao Marama Inc; waste management through WasteBusters; the Southland Heritage Building Preservation Trust; and combined review processes for policy documents such as the Southland Regional Policy Statement and District Plans to ensure Southland is well prepared for change. The opportunities for further shared services is an ongoing process.

Most recently, Environment Southland joined with the other organisations with statutory responsibilities for Waituna Lagoon (the Department of Conservation, Ngāi Tahu and the Southland District Council) in a formal arrangement to work together as partners alongside the community and stakeholders for the long term well-being of the lagoon, the catchment and the community. In addition to a significant investment by all parties to improve the lagoon's ecological health, including the catchment's farmers, we need to ensure that our activities are co-ordinated and aligned to achieve maximum benefit.

Working closely with other regional councils also provides opportunities for efficiencies. For example, the combined review of the West Coast, Canterbury, Otago and Southland Regional Pest Management Plans will not only deliver significant savings, but also ensure that they are closely aligned across regional boundaries.

Financially, Environment Southland made an operating *surplus* of \$143,855 compared to a budgeted *deficit* of (\$1.685 million). The main reasons for the surplus were an increase in the dividend from South Port (NZ) Ltd, a number of unfilled staff vacancies, staff savings due to doing things differently, and under expenditure on contract labour and laboratory services.

We are in a very strong financial position with investments of \$30 million and a 66.48% holding in SouthPort NZ Ltd. The Council also owns property, plant and equipment valued at over \$36 million, has no long term debt, and equity of \$74.6 million.

Looking ahead, we have many challenges. Of significant importance is for us to continue to work to ensure that our communities are well informed on environmental issues and that people understand and use their opportunities to participate in decision-making process. In our annual survey, 37 percent said they were well or very well informed about environmental issues in Southland, and 31 percent said they felt well or very well informed on the management of Southland's natural resources and resource management planning.

By contrast, 49 percent said they were satisfied or very satisfied with the opportunities Environment Southland provides for the public to be involved in decisions (30 percent neutral, 12 percent dissatisfied/very dissatisfied). Those who were dissatisfied were asked why this was, and 16 percent said they were not aware of opportunities to be involved.

Southland has an abundance of natural resources – the land, air, water, coast. They are a big part of what makes this region such a great place to live, work and play. It's up to us to work together to ensure our natural environment is managed innovatively and wisely so that we, and the generations yet to come, can enjoy economic prosperity and the lifestyle we all know and love.



Ali Timms  
Chairman



R A Phillips  
Chief Executive

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

**KEY FINANCIAL INDICATORS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>										
General Rates	2,634	2,765	2,949	3,313	3,399	4,547	5,472	5,333	5,750	6,033
Separate Rates	3,569	3,721	4,178	4,323	4,567	4,800	4,710	5,200	5,485	6,261
Levies and Contributions	5,375	5,823	4,723	3,427	2,921	735	296	606	1,163	974
Other Revenue	2,979	3,049	4,110	3,778	4,613	5,483	5,414	5,944	6,837	7,264
Dividends	1,134	1,134	1,221	1,352	1,352	1,962	2,355	3,139	3,488	3,663
Interest	1,423	1,875	3,116	1,293	800	595	1,862	2,463	1,743	999
	17,114	18,367	20,297	17,486	17,652	18,122	20,109	22,685	24,466	25,193
<b>Expenditure</b>	(16,695)	(18,012)	(17,519)	(17,497)	(18,728)	(17,453)	(17,710)	(20,170)	(23,244)	(25,049)
<b>Surplus (Deficit)</b>	419	355	2,778	(11)	(1,076)	669	2,399	2,515	1,222	144
Capital expenditure	442	360	578	656	671	658	1,407	914	697	672
<b>Financial Position</b>										
Property, Plant and Equipment	35,378	35,260	35,366	35,492	35,654	35,830	36,449	36,502	36,504	36,509
Total Assets	68,279	69,109	71,050	70,625	70,084	70,562	73,035	76,517	78,916	79,067
Net external public debt	30	-	-	-	-	-	-	-	-	-
Total Public Equity	66,352	66,707	68,689	68,678	67,602	68,271	70,670	73,185	74,407	74,551
Ratio Current Assets to Current Liabilities	1.22:1	0.94:1	11.64:1	13.80:1	10.49:1	11.46:1	11.81:1	9.34:1	7.37:1	7.34:1

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

## Shared Services Annual Report Statement

The four Southland Councils have agreed to put in a joint statement into the Annual Reports regarding the status of shared services. The Councils believe there is a very low appreciation of the amount of effort and value delivered by Southland's shared services. Southland is seen as one of the leading regions for shared services, which mean individual Council governance priorities are retained while providing economies of scale. Not all shared services involve all councils and each Council has the option to opt in or out depending on local circumstances. The shared services joint committee is chaired by Jeff Grant, who is independent of the local bodies.

All the councils are committed to supporting and encouraging new and existing shared services which will provide a benefit for the individual ratepayers. The success of shared services in Southland has been such that the Clutha District Council also now sits on the shared services joint committee and has joined in several of the initiatives established to date. The benefits delivered by shared services are wide reaching and deliver lower costs, improved service delivery, increased value and better understanding from ratepayers regarding the service. The shared services committee is continuing to explore opportunities, while still supporting the successful existing initiatives.

### ***Wastenet***

One of the longest running shared services is Wastenet, which covers principally the management of solid waste, including collection, transfer or disposal. It is estimated that over the life of the Wastenet contract, the Southland communities will save over \$60 million. In letting the joint contracts which covered disposal collection and transfer of rubbish, the councils entered into the biggest contract value-wise in any of their histories. This shared service-delivers significant savings, supports important social outcomes particularly around employment of people with disabilities, provides some excellent environmental outcomes, unifies recycling services, education and messages, while delivering one of the highest resident and ratepayer rated service.

### ***Rural Fire***

The Southern Rural Fire Authority is a leading example of a very successful fully integrated shared service and in fact is a model being rolled out by central government across New Zealand. This shared service shows the classic advantages of delivering savings, providing enhanced levels of service while also providing the ratepayer with a seamless, reliable and understandable service covering the emergency service needs of local communities.

### ***Emergency Management***

Based on the success of the rural fire authority a shared emergency management organisation was established called Emergency Management Southland. Emergency Management Southland has added to the resilience of our local communities and all of the councils believe Southland is now in a far better position with regard to any civil defence emergency, not only in their ability to respond but also in the building of welfare and recovery structures.

### ***Iwi Liaison***

The four Southland councils joined together many years ago to provide a joint iwi liaison group principally to deliver outcomes around the Resource Management Act. This shared service was called Te Ao Marama. With the passing of the 2002 Local Government Act, councils' consultation responsibilities with Maori were widened and Te Ao Marama and the associated joint iwi-council management committee Te Roopu Taiao have expanded accordingly. The success of this shared service can be measured by its acclaim nationally. This shared service delivers a liaison platform between councils and Maori that provides immense benefits to all ratepayers and residents and is the envy of a lot of other regions in New Zealand.

### ***Venture Southland***

Venture Southland is another shared service run by a joint committee which comprises principally of the three Southland territorial authorities. This joint committee delivers economic development services, tourism and promotional services and to differing degrees, community development. Venture Southland is also seen as a leader in joint economic development at a national level.

### ***Library Consortium***

A major initiative which has gone beyond the boundaries of Southland is the Library Consortium. The consortium not only shares software but also enables access for all patrons to the whole



collection of every library involved. This provides a seamless service across the bottom of the South island. It has also extended into electronic books, which are a growing demand on modern libraries.

***IT***

Environment Southland, the Southland District Council, Invercargill City Council and Clutha District Council are working on a shared IT project which will enable a seamless approach across our IT platforms. It will enable business solutions to be developed on a common platform. This shared service is seen as a very significant building block opening the way to a number of other opportunities. While the Southland District Council, Clutha District Council and the Invercargill City Council have for a number of years shared servers, this new project will deliver an enhanced set of opportunities.

Gore District Council and Environment Southland entered into a joint procurement and implementation initiative during the year to replace their existing financial system. This has proven to be very cost effective for both councils, and has been extremely beneficial to both with a number of training sessions being held jointly.

***Other Examples***

There have been a number of shared services between two or three councils, with successful ones being the dog pound between Southland District Council and Invercargill City Council and the preparation of major planning documents which involved Environment Southland and Southland District Council. Both are delivering better value to the ratepayer in a more aligned manner.

The list of other shared services could go on for pages, including initiatives such as the geographical information system, road safety, museum and heritage collection management. The principles for the establishment of a new shared building control service in Clutha/Southland have been agreed on and there has been an alignment of coastal heritage preservation and landcare initiatives.

The Southland Councils are exploring a wide range of other opportunities and when these can be started, more benefits will be delivered to residents and ratepayers.

**Consolidated Funding Impact Statement**

Actual 2011/12	Actual 2012/13	Budget 2012/13
\$000 Sources of Funding	\$000	\$000
5,843 General rates, uniform annual charges, rates penalties	6,164	6,165
5,485 Targeted rates (other than a targeted rate for water supply)	6,262	6,252
0 Subsidies and grants for operating purposes	0	0
7,747 Fees, charges and targeted rates for water supply	7,973	8,486
4350 Interest and Dividends from investments	4,601	4680
79 Local authorities fuel tax, fines, infringement fees and other receipts	780	79
<b>23,504 Total Operating Funding</b>	<b>25,779</b>	<b>25,662</b>
<b>Applications of operating funding</b>		
18,478 Payments to staff and suppliers	19,935	21,221
36 Finance costs	40	60
4,116 Other operating funding applications	4,410	5,417
<b>22,630 total applications of operating funding</b>	<b>24,385</b>	<b>26,698</b>
<b>874 Surplus/(deficit) of operating funding</b>	<b>1,393</b>	<b>(1,036)</b>
<b>Sources of capital funding</b>		
0 Increase/(decrease) in debt	0	0
23 Gross proceeds from the sale of assets	0	96
0 Lump sum contributions	0	0
<b>23 Total sources of capital funding</b>	<b>0</b>	<b>96</b>
<b>Applications of capital funding</b>		
Capital expenditure		
0 - to meet additional demand	0	0
326 - to improve the level of service	365	202
650 - to replace existing assets	493	632
(79) Increase/(decrease) in reserves	1,145	1,226
0 Increase/(decrease) in investments	(610)	(3,000)
<b>897 Total sources of capital funding</b>	<b>1,393</b>	<b>(940)</b>
<b>(874) Surplus/(deficit) of capital funding</b>	<b>(1,393)</b>	<b>1,036</b>
<b>0 Funding Balance</b>	<b>0</b>	<b>0</b>

## Statement of Service Performance for the year ending 30 June 2013

### Activities for community reporting purposes – what you expected from us

Set out on the following pages are the activities we undertook and associated financial forecasts and actuals for the year ending 30 June 2013.

#### Groups of Activities, Levels of Service and Performance measures

Within this document we report on our outputs under **groups of activities**, which we believe summarise the key issues we need to address, or the key activities we undertake. The groups of activities are:

1. Addressing adverse effects of non-point source discharges to water from intensive farming practices;
2. Enablement of resource use by communities, industries and individuals;
3. Protection from the adverse environmental effects of resource use;
4. Emergency response and preparedness;
- 5(a). Services;
- 5(b). Services – flood protection and control works;
6. Community representation and communication.

These activities are different from the last Long-term Plan and have been changed because of the importance we are placing on water quality issues in the region and because we think the groups better describe what we deliver for the regional community.

We manage our work in activities (detailed below) and these activities aggregate up to our divisional management structure. Each programme area contains a statement which shows which of our activities delivers the programmes, the cost thereof, and the combined funding sources involved. The funding arrangements are in accordance with the Revenue and Financing Policy set out later in this plan.

The following table details the activities and their home:

Groups of Activities	Activity	Division
1, 2, 3, 4	Environmental Monitoring	Environmental Information
1, 2, 3	Environmental Education	
1, 2, 3, 5(b) 1 & 3 4 4	Regional Planning Council Policy & Planning Hazard Mitigation (including Civil Defence) Oil Spills	Policy & Planning
5(b) 5(b) 5(b) 1 & 3	Catchment Planning River Works Land Drainage Land Sustainability	Catchment Management
5(a)	Pest Strategy	Biosecurity
2	Consent Processing	Consents
1, 2, 3	Compliance	Environmental Compliance
5(a)	Property Management	Property Management
1, 2, 3, 6	Community Representation	Community Representation

### 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 wellbeing 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 LTP 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 activities and each activity is a summary of project briefs which are combined into the organisation's work plan. Management control over each activity 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 activities, please contact us. Our contact details are on page 3.

We intend that performance will be measured in terms of:

- ▲ **Timeliness** completion of activities by 30 June 2013, unless otherwise stated.
- ▲ **Cost** completion of activities within the planned costs.
- ▲ **Quantity** completion of outputs to the quantity standards specified.
- ▲ **Quality** completion of all activities 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.

## 1. Addressing adverse effects of non-point source discharges to water from intensive farming practices

Addressing adverse effects of non-point source discharges to water from intensive farming practices is the biggest problem facing the region. This issue, and in particular nutrients, is the highest priority for the Council. The Council's aims in this section are specific for addressing adverse effects of non-point source discharges to water from intensive farming practices, and build on the day-to-day functions of the Council outlined in section 2 (enablement of resource use by communities, industries and individuals) and section 3 (protection from the adverse environment effects of resource use). **This section needs to be read in conjunction with sections 2 and 3, not in isolation.**

### What are the community outcomes we seek?

Commonly we hear that New Zealanders want to know that:

*"The water is safe to drink"*

*"It is safe to gather and eat the fish"*

*"The water is safe to swim and play in"*

Environment Southland's outcomes are:

- 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 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.

In addition, the following are outcomes in the Regional Water Plan:

- the water quality of all surface water bodies in the region will be suitable for contact recreation, trout and native fish (including all life stages the water body naturally contains habitat for), stock drinking water and Ngai Tahu cultural values, including mahinga kai;
- to see an improvement in the water quality and in particular:
  - a minimum 10 percent reduction in levels of microbiological contaminants, nitrate and phosphorous; and
  - a minimum 10 percent improvement in water clarity will be achieved in hill, lowland and spring-fed surface water bodies; over 10 years from January 2010.

## What is the key issue?

Environment Southland needs to deliver an improved regime, which leads to a reduction in contaminants from non-point discharges reaching fresh and estuarine water. Indicators are showing deterioration in water quality from the standards agreed by the community and that deterioration is caused by the intensification of land and resource use.

## Why is it a key issue for Southland?

Southland's rich farmland is made viable by regular rainfall onto our land, which is predominately flat or rolling country. At times, the Southland soils are too wet for optimum agricultural activity so the developers of the land have installed efficient drainage systems to assist the natural delivery of water to creeks, streams and rivers.

The recent intensification of agricultural activity and of settlement means too many nutrients and too much sediment are being carried off the land. The negative effects which result have now reached a level where more action needs to be taken to reduce the known and increasing risks to freshwater quality.

## What we want to achieve

Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
An improvement in surface water quality.	Levels of: <ul style="list-style-type: none"> <li>• microbiological contaminants;</li> <li>• nitrate; and</li> <li>• phosphorous levels.</li> </ul> Water clarity in the following	For the purpose of measuring against the target the following parameters have been used: <ul style="list-style-type: none"> <li>• Nitrate-nitrite-nitrogen (NNN);</li> <li>• Dissolved reactive phosphorus (DRP);</li> <li>• faecal coliform; and</li> <li>• water clarity.</li> </ul>	All monitoring to show an improvement in the water quality, and in particular <ul style="list-style-type: none"> <li>• a minimum 10 percent reduction in levels of microbiological contaminants, nitrate and</li> </ul>	Annual water quality report cards were produced but reporting on this performance target will not be possible until the next water quality SOE report is completed in 2015, as annual trend analysis

Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13										
	surface water bodies: <ul style="list-style-type: none"> <li>• hill;</li> <li>• lowland; and</li> <li>• spring-fed.</li> </ul>	<table border="1"> <thead> <tr> <th>Water quality variable</th> <th>Sites on Track to meet Target (%)*</th> </tr> </thead> <tbody> <tr> <td>Nitrate-nitrite-nitrogen</td> <td>5%</td> </tr> <tr> <td>Dissolved reactive phosphorous</td> <td>29%</td> </tr> <tr> <td>Faecal coliform</td> <td>13%</td> </tr> <tr> <td>Water clarity</td> <td>11%</td> </tr> </tbody> </table> <p>* Based on current trend direction reported in <i>Water 2010: Our Ecosystem over period 2000-2010</i></p>	Water quality variable	Sites on Track to meet Target (%)*	Nitrate-nitrite-nitrogen	5%	Dissolved reactive phosphorous	29%	Faecal coliform	13%	Water clarity	11%	<p>phosphorous levels; and</p> <ul style="list-style-type: none"> <li>• a minimum of 10 percent improvement in water clarity, will be achieved in hill, lowland and spring-fed surface waterbodies by 31 January 2020.</li> </ul> <p><i>(Outcome 5 of the Regional Water Plan)</i></p> <p>State of water quality recorded and reported annually to show no deterioration in indicative compliance with standards for nitrate-nitrite-nitrogen, dissolved reactive phosphorus, faecal coliform and water clarity, and SOE report at five yearly intervals (next due 2015) to show improvements in water quality trends.</p>	<p>requires several years of data to be accurate.</p> <p>Annual indicators for the state of water quality are recorded and the results for the water quality variables in the region's waterways were reported by way of report cards published during 2012/13. The indicators show a general pattern of deterioration as a result of continuing intensification of land use.</p>
Water quality variable	Sites on Track to meet Target (%)*													
Nitrate-nitrite-nitrogen	5%													
Dissolved reactive phosphorous	29%													
Faecal coliform	13%													
Water clarity	11%													
<p>A reduction in pollution arising from unauthorised non-point source discharges to water.</p> <p><i>Note: Reported pollution incidents regarding dairy consent holders are included under the reported pollution incidents part of section 3.</i></p>	<p>Compliance with legislation, regional rules, particularly those with permitted activities.</p>	<p><b>New measure</b></p> <p>There is no baseline measure because previous permitted activities data cannot be separated out from other pollution incidents.</p>	<p>100% compliance with legislation, regional rules, particularly those with permitted activities.</p> <p>No re-inspections required for significant non-complaint permitted activities that have a high impact on the environment.</p>	<p>Permitted activity monitoring was put on hold this year due to resource constraints. A comprehensive review of the way the Compliance Division delivers its services was undertaken during the year.</p> <p>Permitted activity monitoring is now a lower priority, which will be reflected in the next Long-term Plan. The reason for the lower priority status for permitted activities is that they are the dominant use type in the region and they are difficult to monitor because they are not the subject of resource consents, nor do the owners need to notify Council of their activities. The Council relies on complaints being lodged in</p>										



Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
				order to check on conformity to the permitted activity standards that are set out in regional plans.
Respond to all reported pollution incidents that could have a negative effect on water within Council's specified timeframes.	<p>Percentage of high priority reported pollution incidents are physically responded to within either 1, 4 or 24 hours according to required response timeframe.</p> <p>Percentage of medium priority reported pollution incidents are physically responded to within either 2 days, 1 week or 2 weeks according to required response timeframe.</p> <p><i>Note: High priority responses are those where the incident may have an immediate effect on the community and/or the evidence may disappear quickly.</i></p>	<p>High: 39%</p> <p>Medium: 55%</p>	<p>100%</p> <p>100%</p> <p>Target to be reached by response concentrating on high priority reported pollution incidents, followed by medium priority incidents.</p>	<p>100% of 814 reported incidents were responded to.</p> <p>48% High Priority incidents, and 43% Medium Priority incidents were responded within the timeframes.</p> <p><i>Note: Ability to meet timeframes limited by staff resources – prioritisation was required. A comprehensive review of the way this Division delivers its services was undertaken during the year. Responding to high and medium priority pollution incidents is now a high priority as these are likely to have measurable adverse effects.</i></p>

Notes:

1. The performance target for the improvement in water quality has a time horizon of 31 January 2020. Progress will be measured and reported annually.
2. The performance targets elsewhere in the performance management framework are for each year of the Long-term Plan.

## **What did we do during the year to manage issues and challenges related to adverse effects of non-point source discharges to water from intensive farming practices?**

### ***We began developing nutrient and sediment loadings for each catchment, in accordance with the National Policy Statement for Freshwater Management***

Water and Land 2020 & Beyond is the collective name for our programmes and activities focused on improving water quality. It includes a water management strategy developed in partnership with Ngai Tahu as tangata whenua and a science strategy to ensure that our scientific monitoring and research projects will achieve our objectives. There are three key focus areas: nutrient management, wintering and riparian management.

### ***We introduced more stringent rules for new dairy conversions***

Plan Change 13 (New Dairy Farming) came into force as an interim measure in the last financial year and consultation continued through 2012/13 on the final form that this Plan Change should take. The hearings of the formal submissions began in July 2013 and the outcome will be determined during the 2013/14 year.

### ***We provided on-farm advice***

Our land sustainability team and Dairy Liaison Officer provided on-farm advice to 1,410 properties, including 375 dairy-related properties (existing dairy farms or potential conversions).

### ***We continued the Living Streams outreach programme***

Living Streams is a longitudinal catchment-based programme which identifies factors contributing to poor water quality and engages the catchment community in a holistic programme to address these. In 2012-13 the Living Streams team provided properties in the Waihopai catchment with advice, information and practical support, including community meetings and riparian planting days.

## **What the community thinks about water**

Our annual survey confirmed that the Southland community sees water quality and the impacts of intensive land use as the main environmental issues facing our region, and significantly, Southlanders continue to tell us that they care about water quality. In our survey, 96 percent said water quality mattered to them personally, with 45 percent saying that surface water quality has been deteriorating in recent years – 29 percent said they believed water quality was the same and 20 percent said they felt it was improving. In total, 88 percent said they were aware that Environment Southland was aiming to improve water quality. Our continuing challenge is to link the high levels of personal concern and awareness into an acceptance of personal responsibility, where individuals understand that their own actions at home or at work will have an impact on water quality.

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

**Objective:** Implement nutrient limits and sediment loading for each catchment in accordance with the National Policy Statement for Freshwater Management regime that result in clear water quality trigger levels/indicators to ensure the Council acts in a timely manner to issues as they arise. (*Regional response of Water and Land 2020*)

Activities	Proposed 2012/13	Actual
<p>Implement nutrient limits and sediment loading for each catchment, in accordance with the National Policy Statement for Freshwater Management.</p>	<ol style="list-style-type: none"> <li>1. Adopt and release a programme for the implementation of a policy framework to meet the National Policy Statement for Freshwater Management by 31 December 2012.</li> <li>2. Fully implement the programme by 31 December 2020. Note: National Policy Statement for Freshwater Management provides for the programme to be fully implemented by the 31 December 2030.</li> </ol>	<p>Council workshops were held on 31 July 2012, 19 September 2012 and 16 October 2012 on the National Policy Statement for Freshwater Management (NPS-FW) response. A Staged Implementation Programme for the NPS-FW was approved for public notification at the 9 November 2012 Environmental Management Committee meeting.</p> <p>The Staged Implementation Programme consists of Interim Measures (plan changes to be developed and publicly notified between 2013 and 2015) and Catchment Limits (plan changes to be developed and publicly notified between 2013 and 2023). Environment Southland, in partnership with Ngāi Tahu as tangata whenua, has prepared a detailed project plan (the Water Management Strategy) and Science Strategy to underpin the programme.</p> <p>In accordance with the annual reporting requirement of the NPS-FW (Policy E1(e)), work for the 2012/13 year to implement the NPS-FW focused on preparing the Staged Implementation Programme and underpinning strategies outlined above. The Water Management Strategy prioritised three key focus activities (nutrient management, wintering and riparian management/overland flow) to be advanced in the 2012/13 year to assist in the adoption of best management practices across the region and help address water quality issues, as a precursor to the interim measures and catchment limits work. Progress on these focus activities is outlined in the next section.</p>
<p>Incorporate provisions into the Regional Water Plan to account for addressing adverse effects of non-point source discharges to water from intensive farming practices. <i>Note: The Regional Water Plan is to be renamed the Regional Water and Land Plan.</i></p>	<ol style="list-style-type: none"> <li>1. New Dairy Farming decision released by 31 December 2012.</li> <li>2. Hill Country Development decision released by 30 June 2013.</li> </ol>	<p>Plan Change 13 (New Dairy Farming) was publicly notified on 14 April 2012, with submissions closing 21 May 2012. A total of 42 submissions and two late submissions were received, and nine further submissions were also received. A pre-hearing meeting took place on 5 February 2013. A hearing report was prepared for the hearing scheduled for July 2013.</p> <p>The Water Management Strategy was reprioritised and amended the timeframes for the various focus activities. This has meant that the immediate focus is on the nutrient management, wintering and riparian</p>

Activities	Proposed 2012/13	Actual
	<p>3. Nutrient Management, Wintering, Riparian Management and Runoff decision released by 30 June 2015.</p>	<p>management/overland flow focus activities, as opposed to the hill country development focus activity (which no longer has a target date of 30 June 2013 for release of decision).</p> <p>Work on the hill and high country development focus activity has resulted in a draft discussion paper, draft policy response, best management practices and technical report being prepared. This information will be further explored with the Steering Group in late 2013 due to the higher priority of other focus activities.</p> <p>The Water Management Strategy was reprioritised and amended the timeframes for the various focus activities – nutrient management, wintering, riparian management/overland flow, hill country development, manures and slurries, on-site wastewater systems (formerly known as foul water systems) and community sewerage schemes. This has meant that the immediate focus is on the nutrient management, wintering and riparian management/overland flow focus activities.</p> <p>Council resolved at its meeting on 19 June 2013 to change the public notification date for plan changes for the nutrient management, wintering and riparian management/overland flow focus activities from 30 June to 30 September 2013. The reminder of the focus activities are due to be notified by the end of March 2014.</p> <p>During the 2012/13 year, technical reports were prepared for the wintering and riparian management/overland flow focus activities, which underpin the policy response. Draft discussion papers and policy response options were prepared for the nutrient management, wintering and riparian management/overland flow focus activities. Work has focused on looking at existing industry initiatives, best management practices and how these could be applied in a Southland context.</p>

**Objective:** To ensure that the state of Southland's surface water bodies is known.

Activity	Proposed 2012/13	Actual
Monitor and publicly report on the State of the Environment (SOE) for Water.	<i>Note: Monitoring and reporting activity is recorded under section 3. Refer to that section for details.</i>	Reported in section 3 of the Annual Report.

**Objective:** Respond to all reported pollution incidents that have a negative effect on water and avoid repeat occurrences.

Activities	Proposed 2012/13	Actual
Undertake monitoring and surveillance of permitted activities to ensure that the relevant criteria are met.	Programme inspections for high risk permitted activities are completed, with required re-inspections, and infringement notices or other enforcement action, completed as necessary.	Permitted activity monitoring was put on hold this year due to resource constraints. The compliance strategy will set out how this target will effectively and efficiently be achieved.

**Objective:** To provide advice and information, and support, to resource users and the community to enable them to better understand legislation, regional rules and, where relevant, consent conditions, and to implement good practice.

Activities	Proposed 2012/13	Actual
Provide farm advice, on request, through the Land Sustainability team and Dairy Liaison Officer.	All requests for advice met.	On-farm advice assisting 1,410 properties was provided, including dairy advice to 375 properties.
Provide advice and information, and support, on request, to the forestry companies and their contractors as they plan for and harvest forests.	All requests for advice, information and support met.	Advice and information provided in response to 14 enquiries from forest companies and contractors.
Land Sustainability team and Dairy Liaison Officer provide and respond to 80% requests for advice and assistance within 2 working days, with the remainder within 5 working days.	Requests for advice and assistance responded to within Council's specified timeframe.	All 1,410 requests were entered into the database and responded to within two days.
Provide advice and information, and support, to all properties with waterways in "Living Streams" catchments.	All properties with waterways in "Living Streams" catchments provided advice and information, and supported.	Living Streams provided properties with waterways in the Waihopai catchment with advice, information, and support through property visits, on-site advice and preparation of riparian proposals plus: <ul style="list-style-type: none"> <li>▪ two Living Streams newsletters (July, November);</li> <li>▪ two community meetings (August, October);</li> <li>▪ five riparian planting days (September, October, November, December, March).</li> </ul> <p>\$72,095 in grants provided for fencing and planting in Living Streams catchments during 2012/13.</p>

**Funding Impact Statement - Non point source discharges to water from intensive farming**

Actual 2011/12	Actual 2012/13	Budget 2012/13
<b>\$000 Sources of Funding</b>	<b>\$000</b>	<b>\$000</b>
742 General rates, uniform annual charges, rates penalties	1,020	1,065
804 Targeted rates (other than a targeted rate for water supply)	810	695
0 Subsidies and grants for operating purposes	0	0
632 Fees, charges and targeted rates for water supply	536	501
0 Internal Charges and overheads recovered	0	0
623 Local authorities fuel tax, fines, infringement fees and other receipts	1,071	718
<b>2,801 Total Operating Funding</b>	<b>3,436</b>	<b>2,979</b>
<b>Applications of operating funding</b>		
2,143 Payments to staff and suppliers	2,869	2,651
4 Finance costs	5	8
595 Internal Charges and overheads recovered	315	797
0 Other operating funding applications	0	0
<b>2,742 total applications of operating funding</b>	<b>3,189</b>	<b>3,456</b>
<b>59 Surplus/(deficit) of operating funding</b>	<b>246</b>	<b>(476)</b>
<b>Sources of capital funding</b>		
0 Subsidies and grants for capital expenditure	0	0
0 Development and financial contributions	0	0
0 Increase/(decrease) in debt	0	0
0 Gross proceeds from the sale of assets	0	0
0 Lump sum contributions	0	0
<b>0 Total sources of capital funding</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>		
Capital expenditure		
0 - to meet additional demand	0	0
60 - to improve the level of service	16	12
32 - to replace existing assets	9	8
(33) Increase/(decrease) in reserves	300	(115)
0 Increase/(decrease) in investments	(78)	(381)
<b>59 Total sources of capital funding</b>	<b>246</b>	<b>(476)</b>
<b>(59) Surplus/(deficit) of capital funding</b>	<b>(246)</b>	<b>476</b>
<b>0 Funding Balance</b>	<b>0</b>	<b>0</b>

## 2. Enablement of resource use by communities, industries and individuals

### What are the community outcomes we seek?

- 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 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.

### What is the key issue?

Wealth creation using the natural capital of the region can be measured in terms of employment, business profitability, asset growth and debt reduction. Those are measures of private wealth. In addition to the contribution this makes to environmental wellbeing, the region needs to allow natural resource use in a sustainable manner so that social, cultural and environmental wellbeing of all the community is also maintained and enhanced. A fair and accountable process of allocation of the resources is required, which looks at the sustainability of the usage of resources and the management of any negative environmental effects that usage may incur so that wealth in all its senses is delivered, both today and to future generations.

## Why is it an issue for the Southland region?

The Resource Management Act charges the regional council with the responsibility to manage the impact of natural resource use. Land and resource use intensification has increased demand for water. The economy in Southland has seen a major shift in agricultural activity into the dairy and dairy support. Use for agricultural washdown, stock drinking water and irrigation now competes with the retention of availability for urban and industrial purposes, particularly in extended dry periods.

Over application of fertilisers, forest harvesting and intensive farming can have an impact on the quality of soils causing erosion which then has a negative impact on our land (production of soils) and water quality.

That shift in addition to established patterns of economic activity and settlement has been accompanied by a reduction in quality of water and pressure on the availability of water.

## What we want to achieve

Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
Resource consent applications are processed within the statutory timeframes.	Percentage of applications processed within the Statutory timeframes	91%	100%	92%
Provide adequate resources to halve the statutory timeframe required for processing non-notified resource consents applications.	Percentage of non-notified application decisions issued within 10 working days of receipt of all the information required to assess application.	68%	100%	33%*
Where applications are not processed within the agreed timeframes the applicant will receive a discount on the processing costs (in line with the Resource Management Discount on Administration Charges Regulations)	Number of applications that received a discount on the processing costs.	16 (\$360)	NIL	49 (\$3,766.17 plus GST)  Fluctuating workloads and the need to prioritise staff resources meant that, on occasion, agreed timeframes could not be met. This is being addressed by extra resourcing in the Consents Division.



Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
Undertake pre-hearing conflict resolution to minimise the number of hearings.	Number of notified applications that receive objections that do not require a hearing.	51%	>80%	95%
Provision of effective regional plans	Number of decisions overruled in Environment Court as a result of a flaw or discrepancy in a regional plan.	None	None	None
Provision of advice relating to when a resource consent is necessary, how to apply for a resource consent, and how to avoid, remedy or mitigate the adverse effects of activities.	Respond to all information requests for information about the resource consent process within Council's specified timeframes.	98%	80% within 2 working days	97%
		100%	100% with 5 working days	98%

\*Although compliance with statutory timeframes was high (92%), the large number, and complexity, of consents to be processed during the year, affected our ability to achieve this aspirational target.

Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
Delivery of the requirements of the Land Transport Management Act.	Southland's existing and likely future transport needs are identified and addressed by production of a Regional Land Transport Programme.	Regional Land Transport Strategy was being reviewed every three years in accordance with the Land Transport Management Act.	Completion and review of a Regional Land Transport Programme.	Strategic Network Study included in the Regional Land Transport Programme is a 2 year project commenced in 2012 and scheduled for completion in March 2014.

## What did we do during the year to manage issues and challenges related to enablement of resource use by communities, industries and individuals?

### ***We processed resource consent applications and undertook pre-hearing conflict resolution***

92% of the 822 resource consent applications were processed within statutory timeframes and 95% of notified applications (that received objections did not proceed to a hearing).

### ***We began a strategic network study for road transport***

The study is included in the National Land Transport Programme and is being carried out by MWH over two years, to be completed in March 2014.

## What the community thinks about enabling resource use

The results of our annual survey show that the community has a moderate level of awareness of our involvement in regional transport planning, with 37 percent saying they knew the Council was involved in this activity.

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

**Objective:** Procurement of studies by the region's local authorities to identify and forecast the future transport needs as support for the road controlling authority (RCA) road funding programmes and Regional Land Transport Strategy.

Activities	Proposed 2012/13	Actual
Undertake studies identified by the Regional Transport Committee (RTC).	<ol style="list-style-type: none"> <li>1. Complete studies identified by the Regional Transport Committee (RTC) within specified timeframes.</li> <li>2. In 2012/13, complete the Strategic Network Study.</li> </ol>	<p>RTC has only one study (Strategic Network Study) identified for completion.</p> <p>A Strategic Network Study is included in the National Land Transport Programme for completion over two years starting in 2012/13, rather than the one year that was intended. A contract was let to MWH Limited, with scheduled completion in March 2014.</p>

**Funding Impact Statement - Enablement of resource use**

Actual 2011/12	Actual 2012/13	Budget 2012/13
\$000 Sources of Funding	\$000	\$000
902 General rates, uniform annual charges, rates penalties	698	394
0 Targeted rates (other than a targeted rate for water supply)	0	0
0 Subsidies and grants for operating purposes	0	0
2,271 Fees, charges and targeted rates for water supply	1,962	3,096
0 Internal Charges and overheads recovered	0	0
536 Local authorities fuel tax, fines, infringement fees and other receipts	371	143
<b>3,709 Total Operating Funding</b>	<b>3,031</b>	<b>3,633</b>
<b>Applications of operating funding</b>		
3,337 Payments to staff and suppliers	2,174	2,599
6 Finance costs	5	8
501 Internal Charges and overheads recovered	792	1,061
0 Other operating funding applications	0	0
<b>3,844 total applications of operating funding</b>	<b>2,971</b>	<b>3,668</b>
<b>(134) Surplus/(deficit) of operating funding</b>	<b>61</b>	<b>(35)</b>
<b>Sources of capital funding</b>		
0 Subsidies and grants for capital expenditure	0	0
0 Development and financial contributions	0	0
0 Increase/(decrease) in debt	0	0
0 Gross proceeds from the sale of assets	0	48
0 Lump sum contributions	0	0
<b>0 Total sources of capital funding</b>	<b>0</b>	<b>48</b>
<b>Applications of capital funding</b>		
Capital expenditure		
0 - to meet additional demand	0	0
0 - to improve the level of service	0	0
0 - to replace existing assets	0	168
-134 Increase/(decrease) in reserves	133	259
0 Increase/(decrease) in investments	(72)	(414)
<b>-134 Total sources of capital funding</b>	<b>61</b>	<b>13</b>
<b>134 Surplus/(deficit) of capital funding</b>	<b>(61)</b>	<b>35</b>
<b>0 Funding Balance</b>	<b>0</b>	<b>0</b>

### 3. Protection from the adverse environmental effects of resource use

#### What are the community outcomes we seek?

- Southland's waters are safe to drink, safe to gather and eat fish from, and safe to swim and play in.
- 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 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 is empowered and encouraged to make decisions about land use that protects their economic viability and minimises on-site and downstream effects on land and water resources.
- 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.
- 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.
- 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.

## What is the key issue?

Resource use that is authorised under the Resource Management Act can occur, which can still have a negative effect on the environment. Examples are:

- inappropriate use of stormwater drainage discharges from factories and homes;
- discharge of contaminants to air via inefficient burning of solid fuel;
- coastal management/marine farms/cruise ships/navigational safety.

## Why is environmental protection an issue for the Southland region?

- The economy in Southland is based on rural production and servicing, tourism, energy production and industrial processing. To be sustainable, the natural resources which underpin these activities need to be protected from negative effects.
- Because of our activities we are at threat.
- It has been established that health outcomes for vulnerable people are reduced by the discharge of particles into the air in winter in closely settled communities.
- We need to deal with both the cause and effect of any discharges. If discharges have an immediate negative effect on natural and/or human life a response is required immediately. Other cases can have an aggregate or compounding issues can arise after continuing episodes.

## What we want to achieve

Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
Protect community health from adverse environmental effects	Exceedances of National Bathing Guidelines (Marine and Freshwater) at established monitoring sites during summer (October to March).	No exceedances (Marine).  Freshwater areas met the bathing guidelines in 63.9% of samples.	Nil exceedances.  Water quality at established freshwater bathing monitoring sites during summer (October to March) meets the bathing guidelines in 90% of samples by 2022. <i>Note: Natural events preclude a target at 100% being achievable.</i>  Targets to be reached by response	Nil exceedances.  Freshwater areas met the bathing guidelines in 85.3% of samples. The 2012/13 freshwater bathing season was good compared to the long-term average for Southland. Only 14.7 % of all samples breached the national guidelines over summer, which was similar to

Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
			concentrating on: <ul style="list-style-type: none"> <li>changing the policy framework addressing intensive land use and water quality standards;</li> <li>undertaking compliance inspections and education concentrating on high risk areas; and</li> <li>responding to reported pollution incidents by concentrating on high priority incidents, followed by medium priority incidents.</li> </ul>	<p>the Otago region with 13.6 % and the Taranaki region with 14 % of samples breaching national guidelines.</p> <p>Freshwater bathing sites in lowland Southland have a close association to river discharge and are therefore focal points for bacterial contamination (Water 2010: Our Health and Our Ecosystem Report). The reduced number of flushing events in the 2012/13 summer account for the reduced lowland faecal contamination. The settled low river flows resulted in reduced breaches at the Waiau River at Tuatapere, the Mataura River at Gore and the Oreti River at Wallacetown. The Oreti River recorded the least number of breaches since 2003. By comparison to the 2010/11 season, the Oreti River experienced 15 flushing events resulting five guideline breaches.</p> <p>To get to Nil exceedances, our programme response is to adjust the sampling regime to better detect faecal sources, while the Council overall response is the Water and Land 2020 &amp; Beyond project.</p>
	Exceedances of National Shellfish Gathering Guidelines at monitored recreational shellfish harvesting sites.	6 of 8 monitored shellfish gathering sites exceeded guidelines.	Nil exceedances. Targets to be reached by response concentrating on: <ul style="list-style-type: none"> <li>changing the policy framework addressing intensive land use and</li> </ul>	5 of 8 monitored shellfish gathering sites exceeded guidelines. Three shellfish monitoring sites did not breach the MfE (2003)

Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
			<p>water quality standards;</p> <ul style="list-style-type: none"> <li>• undertaking compliance inspections and education concentrating on high risk areas; and</li> <li>• responding to reported pollution incidents by concentrating on high priority incidents, followed by medium priority incidents.</li> </ul>	<p>guidelines, with Bluff, Riverton and Monkey Island sites all recording very low levels of bacterial contamination. The remaining five sites recorded between 36% and 75% of all samples breaching the MfE (2003) guidelines. The two sites with the highest levels of bacteria were the cockle beds in Toetoes Harbour and the Jacob's River Estuary. Both sites recorded season medians well in excess of 14 fc/100 ml and breached MfE (2003) guidelines in 75% of all samples. All faecal coliforms concentrations above 400/100 ml (the Southland action level) were event driven, highlighting the close linkage between freshwater contamination and bacterial levels at the shellfish gathering sites. Shellfish gathering sites which consistently breach national guidelines, were the sites with rivers discharging in the immediate vicinity. These sites were the cockle beds in Toetoes Harbour, the two sites in the New River Estuary and the Jacob's River Estuary. All of four sites drain well-developed agricultural catchments and include several industrial discharges. This recorded pattern of bacterial contamination in shellfish gathering area which is riverine/event driven is well documented around New Zealand (Greenley, et al, 2012, TRC 2013,</p>

Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
	<p>Exceedances of National Drinking Water Standards in groundwater (excluding aquifers where ambient water quality naturally exceeds guidelines).</p>	<p>10% of bores sampled had a nitrate-nitrogen concentration that exceeded the drinking water standards.</p> <p>14% of bores sampled had bacteria levels which exceeded the drinking water standards.</p>	<p>Exceedances in less than 10% of bores sampled.</p> <p>Targets to be reached by response concentrating on:</p> <ul style="list-style-type: none"> <li>• changing the policy framework addressing intensive land use and water quality standards;</li> <li>• undertaking compliance inspections and education concentrating on high risk areas; and</li> <li>• responding to reported pollution incidents by concentrating on high priority incidents, followed by medium priority incidents.</li> </ul>	<p>MFE (2013).</p> <p>To get to Nil exceedances, our programme response is to adjust the sampling regime to better detect faecal sources, while the Council overall response is the Water and Land 2020 &amp; Beyond project.</p> <p>19% of bores sampled exceeded drinking water NNN (Nitrate-Nitrogen) standards.</p> <p>36% of bores sampled exceeded bacteria levels of the drinking water standards.</p> <p>Groundwater quality, at a regional scale, has shown a decline in concert with the dairy farming boom. This decline is likely to increase in coming years. Council recognise these issues and have implemented a planned approach to reducing contaminant losses to water ways. The staged approach, through the Water and Land 2020 &amp; Beyond project includes:</p> <ol style="list-style-type: none"> <li>1. Focus activities programme: driving best practice around farming activities we know to be a causal agent in water quality decline</li> <li>2. Interim Measures: a spatial targeted policy response based on a physiographic approach. Specifically, targeting</li> </ol>



Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
				<p>interventions in areas with poorest water quality.</p> <p>3. Limit setting: Central government requirement to set limits for catchments (Community Engagement process). Science team are focused on providing the critical science required for the limit setting process.</p>
	<p>Breaches of the National Environmental Standards (Air Quality) for levels of particulate matter (PM<sub>10</sub>) in specified locations.</p>	<p>In winter 2011 (1 May-31 August), there were a total of 13 exceedances reported in the Invercargill airshed.</p>	<p>The National Environmental Standards (Air Quality) require that there shall be no more than 3 exceedances for levels of particulate matter (PM<sub>10</sub>) by 2016 and no more than 1 exceedance by 2020 for the Invercargill airshed.</p> <p>Target to be reached by response concentrating on:</p> <ul style="list-style-type: none"> <li>• changing the policy framework addressing air quality; and</li> <li>• undertaking education concentrating on high risk areas.</li> </ul>	<p>In winter 2012 (1 May–31 August) 23 exceedances were reported in Invercargill airshed.</p> <p>Monitoring is undertaken in the airshed to meet the requirements of the NES (Air Quality) and for reporting back to Ministry for the Environment.</p> <p>Other actions taken during year included:</p> <ul style="list-style-type: none"> <li>• ran “<i>Breathe Easy</i>” campaign</li> <li>• worked on review of Air Quality Plan</li> <li>• contributed to Southland Warm Homes Trust home insulation programme</li> <li>• report card produced</li> <li>• supported the Glengarry community air quality interest group.</li> </ul> <p>Council’s actions with respect to air quality will not have immediate effect but will reduce the incidence of exceedances over time as they adjust community behaviours.</p>

Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
		In winter 2011 (1 May-31 August), there were a total of 4 exceedances reported in the Gore airshed.	The National Environmental Standards (Air Quality) require that there shall be no more than 1 exceedance for levels of particulate matter (PM <sub>10</sub> ) by 2016 for the Gore airshed.  Target to be reached by response concentrating on: <ul style="list-style-type: none"> <li>changing the policy framework addressing air quality; and</li> <li>undertaking education concentrating on high risk areas.</li> </ul>	In winter 2012 (1 May-31 August) 6 exceedances were reported in Gore airshed.  Monitoring is undertaken in the airshed to meet the requirements of the NES (Air Quality) and for reporting back to Ministry for the Environment.  Other actions taken during year included: <ul style="list-style-type: none"> <li>ran “<i>Breathe Easy</i>” campaign</li> <li>worked on review of Air Quality Plan</li> <li>report card produced</li> <li>contributed to Southland Warm Homes Trust home insulation programme.</li> </ul> Council’s actions with respect to air quality will not have immediate effect but will reduce the incidence of exceedances over time as they adjust community behaviours.
Protect the environment from pollution arising from unauthorised discharges.	Compliance with legislation, regional rules and consent conditions, particularly those with permitted activity status.	75% for consent holders  There is no baseline measure for permitted activity inspections because previous permitted activities data cannot be separated out from other pollution incidents.	100% compliance with legislation, regional rules and consent conditions, including those with permitted activity status.  No re-inspections required for consented activities, and significant non-compliant permitted activities.	The number of resource consent or permit inspections where compliance with consent conditions was recorded was 4,097 (74%) out of a total of 5,514 resource consent inspections (this includes a number of re-inspections before the final inspection was recorded as re-inspection numbers are not collated separately within the current database). Council is working to improve compliance levels by working closely with all

Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
		14% for dairy discharge consents	Targets to be reached by response concentrating on high risk areas.	<p>stake holders in industry, dairy and farming. Compliance has developed an operational plan which spells out where our resources will be focused for the upcoming year. Resources will be focused into the areas of risk to the environment, and this concentrated monitoring may result in a small rise in noncompliance, with other innovations created to cope with any fluctuation.</p> <p>Generally re-inspections are required when a scheduled consent condition inspection reveals an issue that is considered to be at a level of non-compliance and may be subjected to further re-inspections, until such time as the issue is resolved where a final inspection signs it off as complying with all consent conditions. Council uses its land sustainability and compliance staff in advisory roles to promote good management practices and reduce the levels of risk associated with operating complex farming systems, in order to reduce the number of re-inspections required. The current database is unable to distinguish incidents reported between consent holders and permitted activities.</p> <p>12-24% significant non-compliance which has been stable at this level for past two years.</p>

Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
		There is no baseline measure for other activity type including permitted activity re-inspections because data not collated.		Expecting further reduction in this result over the 2013/14 year due to creation of operational and monitoring programmes designed to concentrate on high risk activities. Have also been developing an effluent advisory group with the dairy industry to allow the industry leaders, along with Council, to investigate the causes that have created the non-compliance and take some ownership of issues and put in place long term solutions.

## What did we do during the year to manage issues and challenges relating to protection from the adverse environmental effects of resource use?

### ***We put more effort into increasing public awareness of air quality issues***

Air quality in Invercargill and Gore regularly fails to meet national standards over the winter. There is now a ban on the installation of new open fireplaces in dwellings in both Invercargill and Gore. During the year we released a discussion document called "Breathe Easy" and delivered it to every household in the Invercargill and Gore airsheds to increase awareness and stimulate discussion. The feedback is being taken into account as the Regional Air Quality Plan is developed.

### ***We monitored water quality at popular bathing and shellfish gathering sites***

We regularly monitor 13 marine bathing and six freshwater bathing sites during summer (December to March). This is done on a weekly basis over the season. Additionally, two lake sites and 8 shellfish collection areas are monitored on a monthly basis all year round.

Environment Southland works in collaboration with Public Health South, Southland District Council and Invercargill City Council to inform the public of the results. This is done primarily via the Environment Southland website and with posters displayed in various community locations, which are updated each week during the season.

Some work was carried out using tracking techniques to try and find out the origin of elevated faecal levels at some sites, at certain times of the year. All of the findings from this work are detailed in the report: *Recreational Waters of Southland 2012/2013* and summarised in a report card, both of which will be available on our website by the end of 2013.

***We worked with industries and local authorities on stormwater and sewage discharges***

Our Pollution Prevention Team's focus has been on improving the storage of hazardous substances and helping businesses to implement best practice, with particular emphasis on scrap metal, concrete processing, roading contractors and industries assessed as high risk. 50 businesses in Invercargill were visited to offer free advice and follow up services. As part of this service, "best practice" pollution prevention folders and posters were distributed and talks on prevention of spills were given, as requested.

Education is always a big part of pollution prevention and so we created eight new industry-specific factsheets, plus material for the farming sector and general public on topics such as car washing, waste management, backyard burning and chemical disposal.

We also released a discussion document, "Toilet Talk", to engage the community in proposed changes to the rules and regulations on foul water discharges, namely septic tanks, pit toilets, campervan dump stations, mobile homes and any other non-reticulated sewerage system.

***We reviewed our Compliance Division***

We commissioned an external audit and review of our Compliance Division in late 2012. As a result, staff are now focused on monitoring and response activities that will contribute most to our priority of improving water quality.

**What the community thinks about managing the issues and challenges that relate to protecting Southland from the adverse effects of resource use**

The results of our annual survey show that air quality is an emerging issue in both Invercargill and Gore. While only 25 percent of respondents across the region said that air quality was an issue where they lived, the figures were 29 percent in Invercargill and 34 percent in Gore.

The survey shows the community has a high level of awareness of the activities Environment Southland undertakes that protect the environment from the adverse environmental impacts of resource use. For example, 84 percent were aware that the Council issues resource consents and 76 percent were aware of activities relating to compliance. As a subset of the community, farmers had far higher levels of awareness – 91 percent awareness of resource consenting and 96 percent awareness of compliance activities.

For the second year, we asked whether people had seen something of an environmental nature that concerned them, and 39 percent said "yes" to this question (39 percent in 2012). Of those, 16 percent, said that they had reported it to Environment Southland. Pollution in and around water was the most significant concern (36 percent, down from 45 percent in 2012) and dairy intensification and associated land development was next highest on 16 percent (up from 7 percent in 2012).

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

**Objective:** Provide provisions in the Regional Policy Statement and regional plans to promote the sustainable management of Southland's natural and physical resources that also meet the requirements of National Policy Statements, National Environmental Standards and regulations.

Activities	Proposed 2012/13	Actual
Update the Regional Policy Statement.	Second generation Regional Policy Statement decision released by 31 December 2014.	<p>The Proposed Southland Regional Policy Statement 2012 was publicly notified on 19 May 2012. A total of 68 submissions were received and 29 further submissions were received. Work on the project was put on hold from late 2012 onwards, due to staff resources being diverted onto other projects such as the Water and Land 2020 &amp; Beyond project.</p> <p>Work will commence on preparing a Section 42A hearing report in the 2013/14 year.</p>
Incorporate and update provisions in the Regional Coastal Plan to account for legislative and plan changes to proactively reflect the needs of development and uses of the coastal marine area, in particular implementation of the New Zealand Coastal Policy Statement 2010.	<p>Decision released by 30 June 2015 for:</p> <ol style="list-style-type: none"> <li>1. Oreti Beach Speed Limit for Temporary Exclusive Occupation Events</li> <li>2. Vessel Use in Fiordland and Stewart Island for Agency, Research and Environmental Cleanup Purposes</li> <li>3. Deep Cove Moorings</li> </ol>	<p>Council adopted Plan Change 1 (Oreti Beach speed limit for temporary exclusive occupation events), Plan Change 2 (Vessel use in Fiordland and Stewart Island for agency, research and environmental cleanup purposes) on 27 February 2013. Minister of Conservation approval was sought on 20 March 2013. Once the Minister's approval is obtained, public notification will advise that the plan changes become operative, with no appeals.</p> <p>Hearings for Plan Changes 1 (Vessel use in Fiordland and Stewart Island for agency, research and environmental cleanup purposes) and 2 (Oreti Beach speed limit for temporary exclusive occupation events) were not required. Plan Changes commenced to deliberations on Tuesday, 25 September 2012. Decisions were publicly notified on Saturday, 20 October 2012. Appeal period closed Monday, 3 December 2012, with no appeals.</p> <p>Hearing for Plan Change 3 (Deep Cove mooring areas and berthage space) was held on Thursday, 30 August 2012. Deliberations were held on Monday, 10 September 2012. The decision was publicly notified on Saturday, 20 October 2012. Appeal period closed on Monday, 3 December 2012, with no appeals. Council adopted Plan Change 3 (Deep Cove mooring areas and berthage space) on 27 February 2013. Minister of Conservation approval was sought on 20 March 2013. Once the Minister's approval is obtained, public notification that the plan</p>

Activities	Proposed 2012/13	Actual
	<p>4. New Zealand Coastal Policy Statement 2010 implementation.</p>	<p>change become operative will be completed.</p> <p>The assessment of the effectiveness of the Coastal Plan to give effect to the New Zealand Coastal Policy Statement 2010 commenced in November 2012 after release of Plan Changes 1, 2 and 3 decisions. Work was put on hold from December 2012 onwards due to staff resources being diverted into Water and Land 2020 &amp; Beyond and supporting the Chief Executive. This work will now commence in the 2013/14 year.</p> <p>A site visit to the salmon farm in Big Glory Bay, Stewart Island on 20 December 2012 was undertaken with Consents and Environmental Information staff to look at future management options. An aquaculture zoning concept for the Southland region was scoped out, with approval to proceed with the desktop phase of the project obtained from the Environmental Management Committee on 17 April 2013 subject to receiving half of the costs from the MPI Aquaculture Planning Fund. Notification of the application to the MPI Aquaculture Planning Fund was successful on 28 June 2013.</p>
<p>Incorporate provisions into the Regional Water Plan to account for agricultural and solid waste discharges. <i>Note: The Regional Water Plan is to be renamed the Regional Water and Land Plan.</i></p>	<p>Decision released by 31 December 2012 for:</p> <ol style="list-style-type: none"> <li>1. Refuse Disposal Facilities;</li> <li>2. Cleanfill;</li> <li>3. Organic Waste;</li> <li>4. Farm Landfills;</li> <li>5. Carcasses and Offal;</li> <li>6. Hazardous Waste;</li> <li>7. Contaminated Land;</li> <li>8. Closed Landfills;</li> <li>9. Industrial/Trade Premises; and</li> <li>10. Fractured Rock and Confined Aquifers.</li> </ol>	<p>At its 25 July 2012 meeting, Council resolved to defer hearings on Proposed Plan Changes 4 to 10A and direct staff to prepare a single integrated plan change as a replacement. Council workshops and consultation with stakeholders were held and a single integrated plan change was prepared and notified as Proposed Plan Change 14 (Landfills and Contaminated Land) in December 2012, which integrates the Regional Solid Waste Plan into the Regional Water Plan. In accordance with Clause 10 of the First Schedule of the RMA, there is a two-year period in which to release the decision following public notification (i.e. a decision must be released by December 2014). A pre-hearing meeting was held with submitters on 16 April 2013 and a hearing is scheduled for 18 September 2013. It is likely that the decision will be released later in 2013.</p> <p>A draft plan change was prepared to incorporate generic provisions into the Regional Water Plan in respect of discharges to water and land, and historic heritage matters. Proposed Plan Change 15 (Discharge of Contaminants to Land and Historic Heritage) was publicly notified on 30 November 2012, with submissions closing on 1 February 2013. 13 submissions were received. Further submissions closed on</p>

Activities	Proposed 2012/13	Actual
	<p>Decision released by 30 June 2014 for:</p> <ol style="list-style-type: none"> <li>1. Community Sewerage Schemes;</li> <li>2. Human Sludges/Biosolids; and</li> <li>3. Road Oiling/Dust Suppression.</li> </ol> <p>Decision released by 30 June 2015 for:</p> <ol style="list-style-type: none"> <li>1. Agricultural Sludges and Slurries;</li> <li>2. Feedlots;</li> <li>3. Other Agricultural Discharges (i.e. farm lanes, effluent from underpasses and stock truck holding tanks); and</li> <li>4. On-site Wastewater Systems.</li> </ol>	<p>8 March 2013, and four further submissions were received. A hearing was held on 12 June 2013 with a decision pending.</p> <p>Council resolved at its 25 July 2012 meeting to defer the hearing on Plan Change 11 (Industrial &amp; Trade Premises), to ensure linkages with other plan changes are addressed. A hearing was held on 12 June 2013 at the same time as the Plan Change 15 hearing and a decision is pending.</p> <p>Plan Change 12 (Fractured Rock and Confined Aquifers) decision was publicly notified on Saturday 8 September 2012. Appeal period closed on Friday 19 October 2012, with no appeals. Council adopted Plan Change 12 (Fractured Rock and Confined Aquifers) on 27 February 2013. Provisions were made operative on 9 March 2013.</p> <p>MWH New Zealand has prepared a technical report which is to be incorporated into the material used to support the Community Sewerage Schemes plan change. Staff have prepared draft consultation material for the Community Sewerage Schemes plan change.</p> <p>Work on plan changes relating to Road Oiling/Dust Suppression and Human Sludges/Biosolids is on hold due to other higher work priorities.</p> <p>Staff have now advanced the review relating to the discharge of agricultural manures and slurries to land [formerly agricultural sludges and slurries]. A Council workshop was held on 1 August 2012, which included a presentation from Dr Dave Houlbrooke (AgResearch) on the Envirolink report <i>"Characterising Dairy Manures and Slurries 2011"</i>. A stakeholder workshop was held on 23 November 2012 to discuss the manures and slurries review and the recommendations within Envirolink report. This topic is now one of the Water and Land 2020 &amp; Beyond focus activities discussed above under the activity <i>"Incorporate provisions into the Regional Water Plan to account for addressing adverse effects of non-point source discharges to water from intensive farming practices"</i>.</p> <p>Feedlots are being considered with the wintering focus activity as part of the Water and Land 2020 project. For progress on this update refer above to the activity <i>"Incorporate provisions into the Regional Water Plan to account for addressing adverse effects of non-point source discharges to water from intensive farming practices"</i>.</p>



Activities	Proposed 2012/13	Actual
		<p>Work has not yet commenced on “Other Agricultural Discharges”.</p> <p>A staff workshop for the On-site Wastewater Systems project was held on 5 September 2012 followed by a key stakeholders meeting on 26 September 2012. Council approved the release of a discussion paper for public consultation at a Council workshop on 11 December 2012. Staff have prepared a draft policy response and a groundwater risk assessment following this workshop.</p>
Revoke the Regional Effluent Land Application Plan and Regional Solid Waste Management Plan.	Regional Effluent Land Application Plan and Regional Solid Waste Management Plan revoked by 30 June 2015.	<p>This activity is directly linked to updates of the Regional Water Plan.</p> <p>For progress on those updates refer above to the activity “<i>Incorporate provisions into the Regional Water Plan to account for agricultural and solid waste discharges</i>”.</p>
Revoke the Regional Transitional Plan.	Regional Transitional Plan revoked by 30 June 2014.	<p>There is a current rule in the Transitional Southland Regional Plan (Rule 4.4.2-S1 (Fires in Fire Area)) that staff are seeking to incorporate into the revised policy framework as part of the hill country development focus activity within the Water and Land 2020 &amp; Beyond project.</p> <p>For progress on this update refer above to the activity “<i>Incorporate provisions into the Regional Water Plan to account for addressing adverse effects of non-point source discharges to water from intensive farming practices</i>”.</p>
Review and update the Regional Air Quality Plan.	Second generation Regional Air Quality Plan decision released by 30 June 2015.	<p>Staff held a joint air quality workshop on 10 July 2012 with Environment Southland Councillors, Gore District Council, Invercargill City Council, Southland District Council (staff and elected representatives), the Southland Warms Homes Trust, EECA, District Health Board and Public Health South. The workshop investigated the range of options available to address air quality in the region, in order to meet the National Environmental Standards for Air Quality by 2016-2020.</p> <p>Following a Council workshop on 12 November 2012, a draft discussion paper highlighting the air quality problems in a summary “issues and options” document called “<i>Breathe Easy</i>” was released. This was delivered to residents within the Invercargill and Gore airsheds. In total, there were approximately 173 feedback forms received on these issues.</p> <p>Staff presented to the Shared Services Forum on 7 December 2012 to seek approval to implement a “Multi-agency Task Group” involving</p>

Activities	Proposed 2012/13	Actual
		<p>elected representatives and staff from each council and other expert resources as required to consider options to improve air quality in Southland. The first meeting was held in February 2013, and raised key points for agreement on how to address air quality within Southland, and points for further research for the next meeting in August 2013.</p> <p>Staff have also released a document called "Warm Up Wisely" to provide non-regulatory information on how operating wood burners efficiently can help to reduce the amount of air pollution it creates.</p> <p>Following the release of "Breathe Easy" and analysis of responses, staff time was focused on preparing a draft Plan Change to focus on what is required within the airsheds in Gore and Invercargill in order to meet the National Environmental Standards for Air Quality by 2016-2020.</p>
<p>Develop a Biodiversity Plan for Southland to ensure maintenance, protection and enhancement of existing biodiversity including modification of wetlands, dune lands and areas of indigenous vegetation decision released by 30 June 2015.</p> <p><i>Note: Dependent on the four councils confirming target in their respective LTPs before commencing - will need to reassess target if do not have buy-in from all four councils to complete.</i></p>	<p>Biodiversity Plan for Southland decision released by 30 June 2015.</p>	<p>A project plan for Stage 1 was developed and is on track to be completed by the end of August. The focus of Stage 1 was to gather information to produce a schedule and GIS dataset of threatened, at risk, and regionally rare habitats across the Southland region, to provide a starting point for a regional strategy or plan to be developed.</p> <p>An initial GIS dataset and draft Schedule was produced by replicating the Horizons Regional Council methodology to determine threatened and at risk habitat types for the Southland region.</p> <p>A technical working group subsequently worked on developing a comprehensive list of regionally rare habitat types to complete the third aspect of the Schedule.</p> <p>Following this, an issues and options report was developed to put forward to Council in August 2013, to ascertain direction for Stage 2.</p>

**Objective:** Develop an annual implementation and monitoring strategy for operative plans and non-regulatory methods.

Activities	Proposed 2012/13	Actual
Report Regional Policy Statement effectiveness and efficiency, in accordance with Section 35 of the Resource Management Act.	<ol style="list-style-type: none"> <li>1. Develop strategy by 30 June 2014.</li> <li>2. Report strategy by 31 December 2014.</li> </ol>	<p>A proposed strategy was developed and was included in the Proposed Southland Regional Policy Statement 2012 (notified May 2012) to monitor the effectiveness and efficiency of plans and methods and to report on this through the Environment Southland Long-term Plan process.</p> <p>Finalisation of the strategy will be made when the Regional Policy Statement becomes operative. For progress on those updates refer above to the activity "Update the Regional Policy Statement".</p>

**Objective:** The state of Southland's environment is known. *Note: Programmes include surface water hydrology monitoring, surface water quality monitoring, baseline groundwater monitoring, air quality monitoring, soils and land investigations, lakes and wetlands monitoring, coastal and bathing monitoring, aquatic ecology monitoring, catchment science and management, lagoon science and management and living streams monitoring*

Activities	Proposed 2012/13	Actual
Monitor and publicly report the State of the Environment (SOE) Water, Soil, Coast, Air and Biodiversity every 10 years, progress reports every five years and annual reporting in all other years.	<ol style="list-style-type: none"> <li>1. In 2012/13: <ul style="list-style-type: none"> <li>• Soil SOE report;</li> <li>• Air, Coast, and Water annual reporting; and</li> <li>• Investigate the need for a Biodiversity SOE.</li> </ul> </li> </ol>	<p>The following soil-related technical reports were reported to the Environmental Management Committee:</p> <ul style="list-style-type: none"> <li>▪ Changes in Land Management Practices in the Southland Region (February 2013);</li> <li>▪ Soil Quality and Stability Monitoring Programme for Southland (March 2013).</li> </ul> <p>At the Environmental Management Committee meeting on 13 March 2013, Council approved the adjustment of the SOE reporting programme timeframe and the inclusion of the Soil Health &amp; Land Use SOE component into a Water and Land SoE in 2015/16 (to enable an effective partnership arrangement to be developed with Te Ao Marama Inc).</p> <p>Annual Environmental Monitoring Reports cards published for Environmental Management Committee on 9 November 2012, comprising Air Quality; Bathing &amp; Shellfish Gathering; Fish Study; Groundwater Case Study - Nitrates; Groundwater Quality; Groundwater Quantity; Lakes Water Quality; Minimum River Flow Settings; Rivers &amp; Rainfall; River &amp; Stream Health and Soils.</p>

Activities	Proposed 2012/13	Actual
		Support was provided to the National Biodiversity Indicators project (due to be completed in 2014), which is developing tools to measure the state of terrestrial biodiversity and changes in it for SOE and relating reporting purposes. The outcomes of this project will help determine the benefits and feasibility of a Biodiversity SOE for Southland.

**Objective:** Reduce pollution arising from unauthorised discharges to the environment.

Activities	Proposed 2012/13	Actual
Undertake monitoring and surveillance of consent conditions and permitted activities to ensure that the relevant criteria are met, and avoid repeat occurrences.	Programme inspections for high risk consent conditions and permitted activities are completed, with required re-inspections, and infringement notices or other enforcement action, completed as necessary.	<p><b>Surface water monitoring</b>  There were 834 site visits by monitoring officers which required surface water monitoring as a condition of the discharge permit (<i>Note: Fourteen of these site visits were for wintering pad surface water monitoring samples/inspections.</i>)</p> <p>Surface water monitoring samples were not required for 629 of these visits, predominately due to good farming practices, as follows:</p> <ul style="list-style-type: none"> <li>▪ 295 - satisfactory operation on the farm at the time;</li> <li>▪ 180 - storage being used satisfactorily;</li> <li>▪ 79 - insufficient flow for a representative sample;</li> <li>▪ 47 - not discharging – no effluent irrigation in past 1-3 days;</li> <li>▪ 4 - flood event;</li> <li>▪ 24 - general (including below specified cow numbers for monitoring).</li> </ul> <p>Results from the 191 surface water monitoring samples collected were:</p> <ul style="list-style-type: none"> <li>▪ 167 - good quality;</li> <li>▪ 20 - marginal quality;</li> <li>▪ 4 - unsatisfactory quality.</li> </ul> <p><i>(Note: Surface water quality monitoring is now only carried out in conjunction with a compliance inspection.)</i></p> <p><b>Dairy Discharge Monitoring</b>  There were 898 discharge permit inspections - 809 initial inspections and 89 re-inspections. The results were:</p> <ul style="list-style-type: none"> <li>▪ 516 - compliant;</li> <li>▪ 178 - minor non-compliant;</li> <li>▪ 90 - marginal non-compliant;</li> </ul>

Activities	Proposed 2012/13	Actual
		<ul style="list-style-type: none"> <li>▪ 1 - over cow numbers;</li> <li>▪ 110 - significantly non-compliant;**</li> <li>▪ 3 - not in use.</li> </ul> <p><i>** Significantly non-compliant discharges are those that are having a detrimental environmental effect and are generally those that may, or have, entered ground or surface water.</i></p>
Respond to all reported pollution incidents that could have a negative effect on water, land, coast and air within Council's specified timeframes.	<ol style="list-style-type: none"> <li>1. All high priority reported pollution incidents are physically responded to within either 1, 4 or 24 hours according to required response timeframe.</li> <li>2. All medium priority reported pollution incidents are physically responded to within either 2 days, 1 week or 2 weeks according to required response timeframe.</li> <li>3. All low priority reported pollution incidents are physically responded to when resources permit.</li> </ol>	<p>814 incidents were recorded in the incident database in the 2012/13 financial year. Responses to 765 of these incidents were completed with 47 still being investigated.</p> <ol style="list-style-type: none"> <li>1. <b>High Priority</b> 230 incidents responded to within timeframe. 253 incidents not responded to within timeframe.</li> <li>2. <b>Medium Priority</b> 59 incidents responded to within timeframe. 87 incidents not responded to within timeframe.</li> <li>3. <b>Low Priority</b> 90 incidents responded to within the timeframe. 96 incidents not responded to within the timeframe.</li> </ol> <p><i>(Note: The staff resources available for a response limited the ability to meet timeframes. Incidents were prioritised so that those having immediate environmental effects were responded to first.)</i></p>

**Objective:** Provide advice and information, and support, to resource users and the community to enable them to better understand legislation, regional rules and, where relevant, consent conditions, and to implement good practice.

Activities	Proposed 2012/13	Actual
Prepare and make available Pollution Prevention Guide action sheets when necessary in response to issues at the time.	Pollution Prevention Guide action sheets completed when necessary in response to issues at the time.	Eight pollution prevention education factsheets for industries were completed.
Prepare and make available contaminated land information sheets when necessary in response to issues at the time.	Contaminated land information sheets completed when necessary in response to issues at the time.	Contaminated land information factsheets were sent to 415 business owners of new sites registered on the Sites Associated with Hazardous Substances (SAHS) database.

Activities	Proposed 2012/13	Actual
Maintain, and update as necessary, contaminated site information throughout the region to assist community awareness.	Contaminated site information database maintained and updated as necessary.	415 Hazardous Activities and Industries List (HAIL) sites were registered in the SAHS database.
Report, during winter months, daily and weekly air quality information to ensure the public are aware of temperature fluctuations and to consider alternative forms of heating during times when there is potential for breaches of standards.	Public are informed about the air quality (PM <sub>10</sub> ) concentrations in winter (1 May – 31 August) through reporting in consecutive editions of local newspapers. Breaches of the NES are also notified to the public (via newspaper) and the Ministry of Environment.	Public informed about air quality (PM <sub>10</sub> ) during winter 2012 in Invercargill, Gore, Riverton and Te Anau, by reporting weekly in the Invercargill Eye and the Ensign, monthly in the Fiordland Advocate and also on the Environment Southland website. Breaches of the NES similarly notified to the public and MfE - during winter 2012 there were 23 exceedances reported in the Invercargill airshed and six in the Gore airshed.
Provide the Living Streams Project in at least two catchments in 2012/13, and in at least 3 catchments in 2013/14 and 2014/15, to engage those communities to understand and improve water quality.	Waihopai plus 1 other catchment in 2012/13.	Living Streams staff continued the process of selecting two new catchments. The new Living Streams project was scheduled to begin in the Waikawa catchment later in the current financial year but delivery was delayed due to staff resourcing issues.
Encourage all riparian management proposals (i.e. fencing and planting) within Living Streams Project catchments are completed.	All riparian management proposals (i.e. fencing and planting) within Living Streams Project catchments are completed.	Since 1 July 2012, Living Streams has provided \$72,095 in grants to qualifying landowners to contribute to their completed riparian zone programmes to protect and/or enhance the water quality in their areas.
Provision of "Stream Connections" water-based education programme to Southland Schools that is reflective of water quality issues and the changing environment, and aligned with the New Zealand curriculum.	3-5 schools participating in Stream Connections	Seven schools participated in the 2012/13 year.
Provision of the EnviroSchools Programme for participating schools.	2 new schools that had not participated in the EnviroSchools Programme the previous year participate in the programme each year.	Longford Intermediate, Halfmoon Bay School and Southland Kindergarten Association were signed up to the EnviroSchools Programme.
Provision of education material to target audiences within Council's specified timeframes.	1. 4 "Squawk" teacher newsletters completed per annum, of which one is promoting waterways.	<p><b>Squawk</b></p> <p>The following newsletters were published:</p> <ul style="list-style-type: none"> <li>▪ Living Legends, Pest Control Areas (August 2012);</li> <li>▪ Stream Connections, Waituna LEARNZ field trip (October 2012);</li> <li>▪ Estuaries, which included general information about these fascinating and vulnerable ecosystems, an update on two of Southland's threatened estuaries, tips for a class field trip and lots of ideas for using estuaries as a context for inquiry, learning and action. (January 2013)</li> <li>▪ Air Quality (April 2013);</li> </ul> <p>There was a Living Streams information display at the Spring Eco Festival (October 2012).</p>

Activities	Proposed 2012/13	Actual
	<p>2. 4 “Brucie’s Buddies Club” newsletters completed per annum, of which one is promoting waterways.</p> <p>3. 4 “EnviromooS” dairy consent holder publications completed per annum promoting water resource use, National Environmental Standards and the effects of discharges to water.</p>	<p><b>Brucie’s Buddies Bulletin</b></p> <p>The following newsletters were published:</p> <ul style="list-style-type: none"> <li>▪ Waituna Water Quality, Lagoon Health, Opening of Lagoon (spring);</li> <li>▪ Groundwater Quality and Quantity (summer);</li> <li>▪ Air Quality (autumn);</li> <li>▪ Biodiversity and Baleage Wrap (winter).</li> </ul> <p>There were no EnviromooS publications produced in the 2012/13 year.</p>

**Objective:** Minimise stock effluent spillage from trucks onto roads.

Activities	Proposed 2012/13	Actual
Facilitate the installation and maintenance of a permanent stock effluent dump station in the Mataura area.	By June 2013.	Following representations by the Road Transport Association (RTA) on changed transport priorities, the Mataura site was placed on hold for the meantime. The RTA requested priority to given to north of Gore on SH1 and north of Five Rivers on SH6 to cater for stock movements to and from Central Otago rather than internally within the Southland region. Environment Southland is now working with NZ Transport Agency to identify sites in these locations to progress construction by May 2014.
Monitor effluent spillages from stock trucks onto roads where it may enter waterways.	Inspections, between May–September each year, find no effluent spillages.	Due to a change in emphasis from enforcement to education, no inspections were carried out.

**Funding Impact Statement - Protection from the adverse effects of resource use**

Actual 2011/12	Actual 2012/13	Budget 2012/13
<b>\$000 Sources of Funding</b>	<b>\$000</b>	<b>\$000</b>
1,922 General rates, uniform annual charges, rates penalties	2,430	2,270
14 Targeted rates (other than a targeted rate for water supply)	0	16
0 Subsidies and grants for operating purposes	0	0
369 Fees, charges and targeted rates for water supply	481	695
0 Internal Charges and overheads recovered	0	0
1,594 Local authorities fuel tax, fines, infringement fees and other receipts	2,056	1,743
<b>3,899 Total Operating Funding</b>	<b>4,967</b>	<b>4,724</b>
<b>Applications of operating funding</b>		
3,201 Payments to staff and suppliers	4,176	4,676
7 Finance costs	9	14
719 Internal Charges and overheads recovered	1,141	1,199
0 Other operating funding applications	0	0
<b>3,927 total applications of operating funding</b>	<b>5,326</b>	<b>5,888</b>
<b>(29) Surplus/(deficit) of operating funding</b>	<b>(359)</b>	<b>(1,164)</b>
<b>Sources of capital funding</b>		
0 Subsidies and grants for capital expenditure	0	0
0 Development and financial contributions	0	0
0 Increase/(decrease) in debt	0	0
11 Gross proceeds from the sale of assets	0	36
0 Lump sum contributions	0	0
<b>11 Total sources of capital funding</b>	<b>0</b>	<b>36</b>
<b>Applications of capital funding</b>		
Capital expenditure		
0 - to meet additional demand	0	0
254 - to improve the level of service	337	186
220 - to replace existing assets	221	250
(492) Increase/(decrease) in reserves	(777)	(880)
0 Increase/(decrease) in investments	(140)	(685)
<b>(18) Total sources of capital funding</b>	<b>(359)</b>	<b>(1,128)</b>
<b>29 Surplus/(deficit) of capital funding</b>	<b>359</b>	<b>1,164</b>
<b>0 Funding Balance</b>	<b>0</b>	<b>0</b>



## 4. Emergency response and preparedness

### What are the community outcomes we seek?

- The farming community, industry, urban and rural communities and other floodplain users take timely action to minimise the effects of flooding of their activities and reduce the threat to life and property, and the environment.
- To support provision of a regional emergency management framework.
- 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.

### What is the key issue?

When an emergency occurs, the usual pattern of life is disrupted and new challenges are created for personal safety and wellbeing, for property and for community functioning. The community will expect an organised, co-ordinated, effective and fit for purpose response in any lead up to, during and after an emergency.

Emergency may be defined as a condition of urgent need for action or assistance. Our preparedness is for natural emergencies, some of which if major, like earthquakes and tsunamis, can cause damage which if occurs so quickly that the response is more about the recovery after the event. In other natural emergencies, like the effects of prolonged or heavy rain causing flooding, the response is more about community coping during and immediately after the event.

In addition, we are the first responders to the environmental effects of any marine oil spills and are likely to be involved in any biosecurity emergency such as foot and mouth disease.

### Why is emergency response and preparedness a key issue for the Southland region?

The nature of Southland's geography means that much of the urban settlement and farmland is at risk from flood or tidal inundation when extreme weather or seismic events occur while community-based flood protection schemes are designed to withstand historic levels of flooding and new sites in floodplains can have risk lessened by high enough building platforms, the prospect of any higher or faster flows than previous means all flood protection is at risk of failure.

The flood schemes maintained by Environment Southland protect lives and livelihoods. In urban areas they protect homes, businesses and infrastructure while the rural schemes protect the land and property outside the stopbanks. In addition, there is a need to forecast the likelihood of flooding so livestock (and stock feed stores like baleage) may be shifted out of the path of rising waters.

## What we want to achieve

Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
Southland is prepared for, and Environment Southland is ready to respond in, an effective and timely manner, to all emergencies and hazards.	Percentage of residents surveyed annually by Emergency Management Southland who have awareness of at least three major hazards.	24%	40% Target to be reached by increasing community awareness, understanding and preparedness and participation in Civil Defence Emergency Management.	28% <i>Note: High awareness of flooding and earthquake hazards (85% and 75% respectively) but low awareness of tsunami hazard (28%).</i>
	Number of staff trained to support Emergency Management Southland.	17	≥20	30
Delivery of the Port and Harbour Safety Code. <i>Note: The Safety code is designed to provide the public with a framework to use ports and harbours safely.</i>	Maritime New Zealand's annual audit of the Ports and Harbour Safety Code.	Bluff achieved a certificate of approval from Maritime New Zealand.  New baseline measure for Fiordland.	To maintain a Safety Management System certificate of approval from Maritime New Zealand for Bluff, and to achieve a Safety Management System approval for Fiordland from 2013.	Bluff Safety Management System maintained and consultant engaged to complete Draft Safety Management System for Milford Sound for submission to Maritime New Zealand by 31 October 2013, with other fiords to follow.
Ensure full compliance from boaters with the Regional Navigation Safety Bylaws.	Number of warning and infringement notices issued, or other enforcement actions taken.	Under the provisions of the Regional Navigation Safety Bylaws, 6 warning letters were issued. No infringement notices were issued or other enforcement action taken.	No warning letters, infringement notices issued or other enforcement action undertaken.	24 warning letters and 5 infringement notices issued. No prosecutions taken.

## **What did we do during the year to manage issues and challenges relating to emergency response and preparedness?**

### ***We undertook a range of activities to ensure that the region was prepared for any size and type of emergency***

We carried out a number of multi-agencies exercises to test capability and plans including a cruise ship emergency, tsunami evacuation response and an alpine fault earthquake scenario.

We provided a full time regional Emergency Operations Centre, which has also been adapted to be used as a regional training facility.

As part of a shared service with Emergency Management Southland, we undertook number of activities including:

- community and education activities to explain the risks and encourage effective community preparedness;
- co-ordination of the “*The Great NZ Shakeout*” earthquake drill.

## **What the community thinks about emergency response and preparedness.**

The annual emergency preparedness survey showed that Southlanders:

- have a good knowledge of most important hazards;
- are improving the levels of emergency planning and preparedness in the home;
- use or prefer a variety of media to receive preparedness and/or emergency messages;
- need to improve emergency planning for when they are away from home.

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

**Objective:** Provide support to Emergency Management Southland and maintain staff response preparedness.

Activities	Proposed 2012/13	Actual
Provide at all times the required number of staff to support an emergency response event.	Staff are made available during an emergency response event, as required.	Although staff were available at all times, as there were no significant events, only a small number of staff were required throughout the year for short interval events.
At all times the Emergency Operations Centre is operational and able to be used for an emergency response.	Emergency Operations Centre is provided for Civil Defence Emergency Management Southland purposes.	Support was provided to enable the Emergency Operations Centre to be used for a number of exercises and low level events.

**Objective:** Develop regulations, bylaws and safety plans to minimise the risk of maritime accidents and emergencies occurring.

Activities	Proposed 2012/13	Actual
Review and update as required the Regional Navigation Safety Bylaws.	Decision released by 30 June 2015 on the updated Regional Navigation Safety Bylaws.	Initiated first stage of a review in the last quarter of the 2012/13 year.
Implement Safety Management System (SMS) operating procedures in all compulsory Southland pilotage areas.	Draft Harbour Safety Management System operating procedures is completed for each pilotage area within the region for Maritime New Zealand approval, in particular: 1. in 2012/13, Milford Sound.	The third stage (consultation) of the SMS for Milford was completed in the fourth quarter of 2012/13, and the project will continue into the next financial year to finalise the risk assessment and put together the Milford SMS.
Ensure all oil transfer sites have contingency plans in line with Maritime Rules.	All oil transfer sites have contingency plans in line with Maritime Rules.	<ul style="list-style-type: none"> <li>▪ Allied Petroleum was requested to supply a plan for its Stewart Island site. Timeline agreed.</li> <li>▪ Waikawa Fishermen's Syndicate Plan renewed.</li> <li>▪ Southern Bulk Transport's Tier One Plan for mobile operations approved.</li> <li>▪ Road Science Ltd Tier One Plan for Bluff Bitumen Plant approved.</li> <li>▪ NZAS Tier One Plan for heavy fuel oil transfers renewed.</li> <li>▪ Allied Petroleum Mobile Operations Plan approved.</li> </ul>

**Objective:** Provide a ready regional response to marine oil spills that meets Maritime New Zealand requirements

Activities	Proposed 2012/13	Actual
Train personnel to respond to an oil spill and hold oil spill training exercises each year.	Continuously operative oil spill response capability in the coastal marine area.	<ul style="list-style-type: none"> <li>▪ 12 significant oil spill responses.</li> <li>▪ Deputy Harbourmaster attended a Maritime NZ oil spill response training course.</li> <li>▪ Three new personnel trained in marine oil spill response and one other identified for future training.</li> <li>▪ Two staff formally revalidated their existing training.</li> <li>▪ Equipment Deployment Exercises for Environment Southland and Port Maintenance Oil Spill responders held at Awarua Bay, Bluff Harbour and Bluff respectively.</li> </ul>
Update the Regional Marine Oil Spill Contingency Plan.	Regional Marine Oil Spill Contingency Plan approved by Maritime New Zealand by 30 June 2013.	<p>Plan approved by Maritime New Zealand on 11 July 2012.</p> <p>Plan subsequently updated on seven occasions with Ruapuke Island contact information and Mataitai information, Tangata Tiaki contacts, satellite phone instructions, uni-photos, staff and trainee changes, wildlife advisor changes and information about Kisbee Lodge.</p>

**Objective:** Monitor compliance with relevant bylaws and respond to navigation safety incidents.

Activities	Proposed 2012/13	Actual
Monitor and respond to all reported navigation safety incidents ( <i>i.e. for Council staff to start investigations into the navigation safety incident</i> ).	All monitored and reported navigation safety incidents, including complaints, responded to within seven days.	Four public complaints and 12 follow-ups to incidents responded to within seven days of receiving them, with warning letters or infringement notices being issued.

**Objective:** Provide a continuous flood warning network to minimise damage from flood events.

Activities	Proposed 2012/13	Actual
Provision of a 24 hour flood warning, forecast and emergency service.	Publicly accessible river level and rainfall information 100% of the time via Environmental Southland website and environmental data information (EDI) phone-in system.	Eight flood events broadcast and monitored up to this quarter. EDI phone-in system operational for the duration of each event.

Activities	Proposed 2012/13	Actual
Publication of flood warning bulletins via “real time” web information and media outlets normally at two hourly intervals during daylight hours but on a 24 hour basis during the crucial stages of major floods.	Publication of warning information prior to and during potential or actual floods for the Mataura River and its main tributaries, the Makarewa River, Oreti River and Winton Detention Dam, Aparima River and Otautau Stream, Waiau River and three Invercargill flood schemes.	Web information up-to-date throughout the event. Hourly flood summaries sent to the website automatically.
Expand the predictive rainfall/ river runoff models in key catchments through the: 1. use of density rainfall gauge networks in catchment headwaters; and 2. development of a Makarewa rainfall runoff model.	Improve the ability to predict future flooding events through the provision of the predictive rainfall/river models in the Invercargill area, Upper Oreti, Upper Mataura, Upper Waikaia, Lower Waikaia, Mid Mataura and Aparima Rivers through the addition of: 1. in 2012/13 a density rainfall gauge network in the Upper Oreti catchment headwaters.	A suitable density rainfall gauge network was installed in the Upper Oreti River (headwaters of the Acton Stream) on 11 June 2013.
Provide up-to-date flood warning information booklets for Aparima, Invercargill, Mataura, Makarewa, Oreti, Pourakino and Waiau for the public.	Complete annual review, and update as required, the flood warning information booklets and have available for the public.	Floodwarning booklets for all sites updated in July 2012.

**Objective:** Provide natural hazard information and advice to territorial authorities and landowners on a site by site basis.

Activities	Proposed 2012/13	Actual
Provide research information, historic event data and hazard avoidance advice.	Provide and respond to 80% of natural hazard enquiry requests within 4 working days, with the remainder within 10 working days.	214 enquiries in this period of which 178 (83%) were processed within four working days, 28 (13%) were processed within 5-10 days and eight (4%) were processed within 11-16 days.

**Objective:** Provide a framework for the management of water shortages in the Southland region and set out the procedures to be followed during such events.

Activities	Proposed 2012/13	Actual
Continuously monitor the state of the water resources within the region to provide water shortage risk advice to landowners.	Continuously monitor the state of the water resources in the region and implement the Water Shortage Standard Operating Procedure when necessary.	Review of the Water Shortage Standard Operating Procedure in conjunction with the Rural Support Trust was completed, and was implemented over late summer 2013.

**Funding Impact Statement - Emergency response and preparedness**

Actual 2011/12	Actual 2012/13	Budget 2012/13
<b>\$000 Sources of Funding</b>	<b>\$000</b>	<b>\$000</b>
390 General rates, uniform annual charges, rates penalties	339	530
0 Targeted rates (other than a targeted rate for water supply)	0	0
0 Subsidies and grants for operating purposes	0	0
2,550 Fees, charges and targeted rates for water supply	2,897	2,494
0 Internal Charges and overheads recovered	0	0
337 Local authorities fuel tax, fines, infringement fees and other receipts	514	484
<b>3,277 Total Operating Funding</b>	<b>3,749</b>	<b>3,508</b>
<b>Applications of operating funding</b>		
1,203 Payments to staff and suppliers	1,486	1,508
3 Finance costs	4	5
763 Internal Charges and overheads recovered	818	942
0 Other operating funding applications	0	0
<b>1,969 total applications of operating funding</b>	<b>2,308</b>	<b>2,455</b>
<b>1,308 Surplus/(deficit) of operating funding</b>	<b>1,441</b>	<b>1,052</b>
<b>Sources of capital funding</b>		
0 Subsidies and grants for capital expenditure	0	0
0 Development and financial contributions	0	0
0 Increase/(decrease) in debt	0	0
0 Gross proceeds from the sale of assets	0	0
0 Lump sum contributions	0	0
<b>0 Total sources of capital funding</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>		
Capital expenditure		
0 - to meet additional demand	0	0
12 - to improve the level of service	13	4
160 - to replace existing assets	45	3
1,136 Increase/(decrease) in reserves	1,441	1,315
0 Increase/(decrease) in investments	(57)	(270)
<b>1,308 Total sources of capital funding</b>	<b>1,441</b>	<b>1,052</b>
<b>(1,308) Surplus/(deficit) of capital funding</b>	<b>(1,441)</b>	<b>(1,052)</b>
<b>0 Funding Balance</b>	<b>0</b>	<b>0</b>

## 5(a). Services

### What are the agreed community outcomes we seek?

- 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.
- 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.

### What is the key issue?

We need to provide and maintain services to ensure potential risks to our community are avoided or minimised.

Such services include the:

- co-ordination of activity to reduce the impact of pests;
- encouragement of activities of community groups leading to the retention and enhancement of biological diversity;

### Why is it an issue for the Southland region?

- Pests are no respecters of property boundaries.
- Individual land occupiers are assigned the responsibility, but there is a need to retain specialist knowledge for removal, inspection against Regional Pest Management Strategy responsibilities.
- Allowing pockets of infestation from which new infestations spring is to be avoided.
- Control of numbers means biodiversity is maintained and populations are unlikely to multiply rapidly.



## What we want to achieve

Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
Minimise the adverse impacts of pests plants and animals as identified in the Regional Pest Management Strategy.	Number of exclusion pest incursions.	None	No exclusion pests (i.e. pests which could cause serious adverse impacts on the Southland environment if they did arrive here) found within the region.	None found.
	Level of rabbit populations in rabbit prone areas.	One site was in excess of McLean Scale 3.	Achieve McLean Scale 3 or below for rabbit infestations. <i>Note: The McLean Scale is a relative measure of rabbit population based on observed amount of rabbit signs (pellet, scratching) at a site.</i>	One site identified and regulatory action successfully undertaken.
	Level of possum populations in the former Tb vector management areas (possum control areas).	Five possum control areas established. Residual trap catches of 8-16% recorded in these areas before programmes commenced. <i>Note: Residual trap catch is a statistical method of measuring possum density.</i>	Working with landholders within possum control areas to get landowners to undertake possum control work to achieve a residual trap catch of 5%. <i>Note: Possum control work was historically completed for landowner within former Tb vector management areas. Council is aiming to retain results of historic possum control work through having landowners undertake the work.</i>	Five new opossum control areas successfully established with pre-programme residual trap catches of 6-18%.
	Levels of plants found at known sites for the following: 1. Old Man's Beard 2. Gunnera 3. Darwin's barberry 4. Contorta pine 5. Urban gorse and broom 6. Nodding thistle 7. Ragwort	New baseline measure. <i>Note: 2012/13 will become the benchmark.</i>	100% of properties inspected show a decrease in the levels of pest plant infestation found, through control works undertaken by the land occupier: 1. Old Man's Beard 2. Gunnera 3. Darwin's barberry 4. Contorta pine 5. Urban gorse and broom 6. Nodding thistle 7. Ragwort	488 properties inspected, 93 warning letters and 51 Notices of Direction issued, requiring control works to be undertaken by the land occupier. 100% of these resulted in the land occupier satisfactorily resolving pest plant levels to the required standard.

## **What did we do during the year to manage issues and challenges relating to services?**

### ***We provided and maintained services to ensure risks from pest animals and plants were avoided or minimised***

Giant buttercup was discovered to be widespread throughout the region. The dairy industry was alerted and we are working with them to manage the threat of this pest plant.

The Possum Control Areas (PCA) programme continues to grow, with 22 PCAs covering 140,000 hectares.

We funded AgResearch to survey the region for clover root weevil and have carried out releases of the parasitoid wasp, which controls the weevil, at a number of locations.

We took part in a multi-agency response to prevent *Undaria* establishing in Fiordland which is proving highly successful through the use of kina as a natural bio-control agent.

Work continued with a number of agencies and groups to promote biodiversity in Southland through our involvement in the Southland Biodiversity Forum. We also worked with a number of community groups and the surveying of 37 high value sites in the region. We agreed on a joint review of our Regional Pest Management Strategy under the Biosecurity Act with the Otago Regional Council, Environment Canterbury and the West Coast Regional Council. This will lead to a more efficient use of resources and a more consistent approach.

## **What do the community think about our services.**

More than three-quarters of respondents who were surveyed in the annual Biosecurity survey agreed or strongly agreed that Environment Southland should focus on keeping out pests which are not already present in the region (77%), eliminating or containing pest which are present but are not well established or widespread in the region (91%), and managing pests which are well established and widespread throughout the region (86%).

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

**Objective:** Retain a Regional Pest Management Strategy that identifies pest species that are of threat to the region and provides appropriate management controls.

Activities	Proposed 2012/13	Actual
Review the Regional Pest Management Strategy.	Decisions released by 31 December 2013. <i>Note: Targets are dependent on proposed Biosecurity Act amendments becoming operative in September 2012.</i>	The statutory five yearly review of the Regional Pest Management Strategy (RPMS) was held back by more than a year by Government delays with legislation. The extension of the current RPMS was approved by Council in March 2013. Development of a new Regional Pest Management Plan under the amended biosecurity legislation has commenced. It is intended that a draft proposed RPMP will be provided to Council for public notification by February 2014 ( <i>Note: Further changes to the timetable may occur subject to agreement between the four lower South Island regional councils to develop a collaborative approach to promote policy consistency and to reduce costs.</i> ).
Develop and implement a Pathways Risk Management Plan to prevent a spread of pests.	Develop and implement by 31 December 2013.	Progress delayed due to legislative hold-ups and the making of the National Policy Directions now scheduled for November 2014.  Actively investigating collaborative pathways plans for marine pests in Fiordland and Freshwater Pests in the South Island.
Define and monitor high risk sites for exclusion pest incursions.	Exclusion pests that are identified within the region are successfully eradicated.	Work on exotic ants high risk sites and pathways was undertaken. No pest species were identified but staff continued to monitor minor incursions of white footed house ant at several sites.
Prevent the spread of containment marine pests within the region.	Prevent Undaria establishing in Fiordland and along other parts of Southland's coastline (except Paterson Inlet and Halfmoon Bay at Stewart Island/Rakiura, Bluff Harbour and Snares Island where it is already established).	Continue to support the Joint Agency Undaria Response programme in Breaksea Sound, with reviews after each monthly survey.  Implementing existing policies and rules to reduce risk of marine pest incursion and spread.
Eradicate or decrease in density all known pest sites and areas of infestation.	<ol style="list-style-type: none"> <li>1. No rook nesting located in the region.</li> <li>2. No Old Man's Beard found on the mainland.</li> <li>3. Gunnera does not extend to the mainland.</li> <li>4. Eradicate or decrease the spread of Darwin's barberry.</li> <li>5. Eradicate or decrease the spread of Contorta pine outside of containment locations.</li> <li>6. Reduce the number of infestations of urban gorse and broom, nodding thistle and ragwort.</li> </ol>	<ol style="list-style-type: none"> <li>1. Annual Rook nesting surveillance completed. No nests found.</li> <li>2. Five new Old Man's Beard sites identified by targeted surveys and treated.</li> <li>3. Gunnera controlled at 38 sites on Stewart Island.</li> <li>4. Annual programme for barberry control at Manapouri completed.</li> <li>5. No new Contorta pine sites identified. Work undertaken at Mararoa Bridge holding well.</li> <li>6. Urban gorse and broom surveillance completed (484 sites inspected), nodding thistle (166 sites inspected) and ragwort (336 sites inspected).</li> </ol>
Release, monitor and redistribute biocontrol agents for long-term, targeted pest plant control across the region.	1. At least 50 biocontrol agent releases are undertaken.	Total releases made - 40 Total sites monitored - 188

Activities	Proposed 2012/13	Actual
Reduce the impact of possums implementing co-ordinated land holder self-help programme.	2. At least 80 biocontrol sites are monitored. Develop 5 new possum control areas within region per annum. <i>Note: Landowners are responsible to achieve the Regional Pest Management Strategy residual trap catch of 5%, or 10%, depending on the area of the region their properties are located in.</i>	Total harvests from Southland sites - 18 Of the five new PCA areas set up in the northern Southland area during 2012/13, three are completed, with one to be completed by late August and the other by mid-October 2013, bringing the total coverage to over 150,000 ha. Minor delays were caused by weather conditions.
Undertake inspections at high risk locations to ensure compliance with Regional Pest Management Strategy and take enforcement action when necessary.	Undertake inspections at high risk locations and take enforcement action where there is failure to meet the obligations under the Regional Pest Management Strategy.	50 compliance actions for gorse, broom, nodding thistle and ragwort were undertaken and one default action is yet to be completed pending suitable conditions to undertake control.

**Objective:** Encourage and support landowners in defined areas and community groups to protect indigenous biodiversity from pest impacts at key sites in the region.

Activities	Proposed 2012/13	Actual																																						
Provide personnel to advise, support and assist landowners and community groups.	Landowners and community groups, including the following listed group, are provided advice, support and assistance: <table border="1" data-bbox="518 1182 911 1512"> <thead> <tr> <th rowspan="2">Community groups supported</th> <th colspan="3">Assist monitoring biodiversity condition by undertaking</th> </tr> <tr> <th>Rodent and mustelid monitoring using tracking tunnels</th> <th>5 min bird count, vegetation condition surveys and other methods</th> <th>Possum monitoring</th> </tr> </thead> <tbody> <tr> <td>Aparima Pestbusters at More's Reserve</td> <td>Biannually</td> <td>3</td> <td>3</td> </tr> <tr> <td>Otatarā Landcare Group at Bushy Point</td> <td>Quarterly</td> <td>3</td> <td></td> </tr> <tr> <td>Bluff Hill/Motupohue Environmental Trust</td> <td>Quarterly</td> <td>3</td> <td>3</td> </tr> </tbody> </table>	Community groups supported	Assist monitoring biodiversity condition by undertaking			Rodent and mustelid monitoring using tracking tunnels	5 min bird count, vegetation condition surveys and other methods	Possum monitoring	Aparima Pestbusters at More's Reserve	Biannually	3	3	Otatarā Landcare Group at Bushy Point	Quarterly	3		Bluff Hill/Motupohue Environmental Trust	Quarterly	3	3	Currently support for community groups has limited while a vacant staff position is being filled. <table border="1" data-bbox="933 1182 1485 1391"> <thead> <tr> <th rowspan="2">Community groups supported</th> <th colspan="3">Assist monitoring biodiversity condition by undertaking</th> </tr> <tr> <th>Rodent and mustelid monitoring using tracking tunnels</th> <th>5 min bird count, vegetation condition surveys and other methods</th> <th>Possum monitoring</th> </tr> </thead> <tbody> <tr> <td>Aparima Pestbusters at More's Reserve</td> <td>2</td> <td>4</td> <td>1</td> </tr> <tr> <td>Otatarā Landcare Group at Bushy Point</td> <td>4</td> <td>4</td> <td>0</td> </tr> <tr> <td>Bluff Hill/Motupohue Environmental Trust</td> <td>4</td> <td>4</td> <td>1</td> </tr> </tbody> </table>	Community groups supported	Assist monitoring biodiversity condition by undertaking			Rodent and mustelid monitoring using tracking tunnels	5 min bird count, vegetation condition surveys and other methods	Possum monitoring	Aparima Pestbusters at More's Reserve	2	4	1	Otatarā Landcare Group at Bushy Point	4	4	0	Bluff Hill/Motupohue Environmental Trust	4	4	1
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	Rodent and mustelid monitoring using tracking tunnels	5 min bird count, vegetation condition surveys and other methods	Possum monitoring																																					
Aparima Pestbusters at More's Reserve	2	4	1																																					
Otatarā Landcare Group at Bushy Point	4	4	0																																					
Bluff Hill/Motupohue Environmental Trust	4	4	1																																					

Activities	Proposed 2012/13	Actual
Survey high values areas to record the indigenous biodiversity at key sites in the region.	Increase number of high value areas surveyed per annum by 30-40. <i>Note: Dependent on available funding.</i>	37 new sites were surveyed, covering an area of 2,816 ha across a broad range of ecological areas and habitat types throughout Southland.
Provision of loan traps for self-control of pests.	Traps are loaned to ratepayers for magpies and other pests.	Traps were loaned for magpies (57), possums (71) and mustelids (44).

**Funding Impact Statement - Services**

Actual 2011/12	Actual 2012/13	Budget 2012/13
<b>\$000 Sources of Funding</b>	<b>\$000</b>	<b>\$000</b>
78 General rates, uniform annual charges, rates penalties	114	296
1,995 Targeted rates (other than a targeted rate for water supply)	2,591	2,688
0 Subsidies and grants for operating purposes	0	0
932 Fees, charges and targeted rates for water supply	1,085	891
0 Internal Charges and overheads recovered	0	0
95 Local authorities fuel tax, fines, infringement fees and other receipts	55	218
<b>3,100 Total Operating Funding</b>	<b>3,845</b>	<b>4,093</b>
<b>Applications of operating funding</b>		
3,090 Payments to staff and suppliers	3,648	3,805
5 Finance costs	6	10
238 Internal Charges and overheads recovered	109	479
0 Other operating funding applications	0	0
<b>3,334 total applications of operating funding</b>	<b>3,763</b>	<b>4,293</b>
<b>(234) Surplus/(deficit) of operating funding</b>	<b>82</b>	<b>(200)</b>
<b>Sources of capital funding</b>		
0 Subsidies and grants for capital expenditure	0	0
0 Development and financial contributions	0	0
0 Increase/(decrease) in debt	0	0
13 Gross proceeds from the sale of assets	0	12
0 Lump sum contributions	0	0
<b>13 Total sources of capital funding</b>	<b>0</b>	<b>12</b>
<b>Applications of capital funding</b>		
Capital expenditure		
0 - to meet additional demand	0	0
0 - to improve the level of service	0	0
238 - to replace existing assets	183	203
(459) Increase/(decrease) in reserves	(6)	98
0 Increase/(decrease) in investments	(95)	(489)
<b>(221) Total sources of capital funding</b>	<b>82</b>	<b>(188)</b>
<b>234 Surplus/(deficit) of capital funding</b>	<b>(82)</b>	<b>200</b>
<b>0 Funding Balance</b>	<b>0</b>	<b>0</b>

## 5(b). Services – flood protection and control works

### What are the agreed community outcomes we seek?

- The farming community, industry, urban and rural communities 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.
- To enhance the network of walkways within the Southland region by working with other organisations to determine future coastal walkway construction.

### What is the key issue?

We need to provide and maintain services to ensure potential risks to our community are avoided or minimised.

Such services include the:

- management of river protection works and sustainable gravel extraction;
- co-ordination of community drainage outfall maintenance schemes;
- provision of information to communities and individuals.

### Why is it an issue for the Southland region?

- River management needs knowledge, skill and experience, and a whole-of-system management approach is required because of the interconnectedness of the catchment.
- Community has asked for a co-ordinated approach to drainage maintenance so efficient outfall is maintained.

## What we want to achieve

Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13														
Reduce the flood risk to people and property by maintaining flood protection works to agreed standards.	Existing and new flood mitigation works perform to agreed standards.	No failures of flood mitigation schemes occurred.	No failures.	No failures. Any identified damages were remedied as required during the year.														
	<table border="1"> <thead> <tr> <th>Location</th> <th>Agreed standard</th> </tr> </thead> <tbody> <tr> <td>Garston Eyre Creek Athol Thornbury</td> <td>&lt;10 yr return period<sup>1</sup> with freeboard<sup>2</sup></td> </tr> <tr> <td>Gore Mataura Wyndham Yellow Bluffs (Otautau) Tuatapere</td> <td>60 yr return period with freeboard</td> </tr> <tr> <td>Cattle Flat Lower Mataura Wallacetown</td> <td>&lt;20 yr return period with freeboard</td> </tr> <tr> <td>Waikaia</td> <td>&lt;5 yr return period with freeboard</td> </tr> <tr> <td>Lumsden cableway</td> <td>17 yr return period with freeboard</td> </tr> <tr> <td>Invercargill Oreti Districts (between Wallacetown &amp;</td> <td>To protect against a January 1984 size flood event</td> </tr> </tbody> </table>				Location	Agreed standard	Garston Eyre Creek Athol Thornbury	<10 yr return period <sup>1</sup> with freeboard <sup>2</sup>	Gore Mataura Wyndham Yellow Bluffs (Otautau) Tuatapere	60 yr return period with freeboard	Cattle Flat Lower Mataura Wallacetown	<20 yr return period with freeboard	Waikaia	<5 yr return period with freeboard	Lumsden cableway	17 yr return period with freeboard	Invercargill Oreti Districts (between Wallacetown &	To protect against a January 1984 size flood event
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	Lumsden cableway				17 yr return period with freeboard													
Invercargill Oreti Districts (between Wallacetown &	To protect against a January 1984 size flood event																	

<sup>1</sup> "Return period" The probability that events such as floods, wind storms or tornadoes will occur is often expressed as a return period. The inverse of probability (generally expressed in %), it gives the estimated time interval between events of a similar size or intensity. For example, the return period of a flood might be 100 years; otherwise expressed as its probability of occurring being 1/100, or 1% in any one year.

<sup>2</sup> "Freeboard" is a term used to describe a factor of safety above a design flood level for flood mitigation works. Freeboard allows for the uncertainties in hydrological predictions, wave action, modelling accuracy, topographical accuracy, final flood defence levels and the quality of the digital elevation models. The increase in flood levels associated with climate change is *in addition* to freeboard, because the uncertainty freeboard incorporates remains in future climate scenarios. Therefore, freeboard should not contain the "core" component of climate change impacts, but it may be increased to account for climate change uncertainties.



Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
Provide walkways/cycleways along Council's stopbanks and adjacent riparian areas, and coastal margins.	Lumsden) Existing and new walkways/cycleways perform to agreed safety standards.	No failures of walkways/cycleways safety standards occurred.	No failures.	No failures. Maintenance programme followed and vandalism damage resolved within 10 days.
Improve the productive capability of land by maintaining land drainage works to agreed standards.	Existing land drainage works perform to agreed standards.	No failures of drainage schemes occurred.	No failures.	No failures. Inspection programme covered 756 km of drainage networks, with 377 km requiring maintenance cleaning.

## What did we do during the year to manage issues and challenges relating to flood protection and control works?

### *We provided and maintained services to ensure risks from flooding to our communities were avoided or minimised*

The Council has a significant programme of flood control and drainage work. This work is included in 18 rating districts of which seven incorporate major rivers and 11 that include community drainage schemes. Work includes maintaining 446 km of stopbanks, seven retention dams, planting of 20,400 trees and shrubs, 1,330 ha of vegetation control in river systems, inspections of 756 km of drainage networks with 377 km of maintenance and clearing. It also included maintaining 20 km of cycleways.

We reviewed the Mataura and Gore townships for performance and condition of stopbanks. The report has been presented to Gore District Council for its assessment.

## What the community thinks about flood protection and control works

The results of our annual survey show that the community has a very high level of awareness of our involvement in flood protection, warning and drainage, with 85 percent saying they knew the Council was involved in this activity.

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

**Objective:** Maintain flood protection schemes and community-agreed catchment river management programmes.

Activities	Proposed 2012/13	Actual
Maintain stopbanks and detention dams to design standard	446 km of stopbanks and 7 detention dams operate as designed.	<p>Inspection regime over 446 km of rural and urban stopbank networks and seven detention dams completed. All are operating as designed.</p> <p>The inspection programme is on schedule, with three monthly inspections of urban stopbanks involving 47 km completed.</p>
Minimise river bank erosion by planting trees on the river edges.	Over 20,000 trees annually planted on the river edges.	Planting of 20,400 trees throughout various river catchments completed.

**Objective:** Maintain the major river corridors for the passage of floodwaters.

Activities	Proposed 2012/13	Actual
Ensure all designated river corridors are clear to ensure flow and retain position of river.	All floodway and woody weed vegetation in identified control areas has been sprayed (these are identified in the annual inspection programme).	<ul style="list-style-type: none"> <li>▪ Floodway design capacity and river position maintained.</li> <li>▪ Ground-based control of woody weeds completed, with 149 km of floodway coverage undertaken.</li> <li>▪ Aerial vegetation control programme for all river systems including Oreti, Aparima, Mataura, Waiau, Wairaki and Te Anau Basin Rivers completed totalling 1,330 ha.</li> </ul>
Investigate options for funding woody weed vegetation work within river corridors.	Updated funding programme delivered by 30 June 2013.	<p>A Draft Concept Plan for River Corridor Vegetation Control Options was completed and presented to the 9 November 2012 Regional Services Committee meeting.</p> <p>The Department of Conservation and Land Information New Zealand gave feedback, which was incorporated into the draft plan.</p> <p>The Concept Plan was presented to the Regional Services Committee at its 28 May 2013 meeting seeking approval for changes made to the project timeframes, pilot trial proposals and presentation at the Annual General Meeting of the Biosecurity Interagency Group scheduled for 25 July 2013. Following that meeting, input will be invited from the river liaison committees and the general public.</p>

**Objective:** Provide a community-agreed standard of flood protection to specified rural and urban areas of Southland.

Activities	Proposed 2012/13	Actual
Implement community-agreed standard of protection and funding that takes into account assessment of channel capacity, level of protection and risk assessment.	Continuous 10 year programme of reviewing the community-agreed standard of protection and funding commenced in 2009/10, in particular: 1. In 2012/13, complete Invercargill City and Upukerora rural section surveys;	<ul style="list-style-type: none"> <li>▪ Invercargill City sections survey completed.</li> <li>▪ Mataura survey carry-over from 2011/12 completed.</li> <li>▪ Data collection for Upukerora completed.</li> </ul> <p>Condition and performance assessment management report progressing for Gore. The completed Mataura performance management assessment report was presented to the Regional Services Committee meeting on 10 July 2013.</p>

**Objective:** Provide an agreed level of maintenance for the protection of the Milford community flood protection works.

Activities	Proposed 2012/13	Actual
Develop maintenance programme for the Cleddau River flood protection works for implementation in the 2013/14 year in consultation with the Milford community.	1. Completion of the Milford community-agreed maintenance programme by 30 June 2013.	Community agreed maintenance programme not implemented. The Milford Community Trust has made provision in its Annual Plan (from 1 July 2013) for funding of an inspection regime. The Department of Conservation has advised that maintenance plan provisions to enable Environment Southland to undertake a maintenance inspection regime are still being finalised by the construction consultant. On receipt of the maintenance plan, the Department will formalise hand over for the Environment Southland role. This should be in place during the 2013/14 year.

**Objective:** Manage gravel extraction from Southland's watercourses to ensure minimal environmental effects, best practice and enhanced recreational opportunities.

Activities	Proposed 2012/13	Actual
Undertake annual gravel resource ground surveys to determine resource availability. <i>Note: Survey priorities determined by demand for the resource.</i>	Resource use and availability for gravel extraction is known.	Resource surveys completed at isolated sites on Whitestone, Upukeroa, Oreti and Aparima Rivers.
Encourage establishment of wetlands, backwaters and bar gravel habitats in rivers.	Wetlands, backwaters and bar gravel habitats in rivers are encouraged to be established.	Bar gravel habitats established on Whitestone, Upukerora River, Oreti, Lower Mararoa and Waiau Rivers.

**Objective:** Provide opportunities for the use of the coastal marine area, waterways and reserves within specified areas.

Activities	Proposed 2012/13	Actual
Completion and maintenance of walkways/cycleways.	Complete construction and maintain the Invercargill-Bluff walkway/cycleway to a safety standard fit for purpose, and in particular: 1. in 2012/13, construct Lake Street to Kekeno Place.	Construction of walkway/cycleway from Lake Street to Kekeno Place continues to remain in planning stage as the Invercargill City Council negotiates future access agreements with the adjoining owner. Construction cannot commence until negotiations are satisfactorily completed.
	Maintain the Invercargill stopbanks walkways/cycleways to a safety standard fit for purpose.	<ul style="list-style-type: none"> <li>▪ Maintenance programmes annually developed/actioned and ongoing over 20 km of established walkways/cycleways.</li> <li>▪ Maintenance mowing of the stopbanks completed with seven mowings undertaken.</li> <li>▪ Bed alignment work completed at the Waihopai Dam and Otepunu Stream at Ellis Road Bridge.</li> <li>▪ Drainage network within the Otepunu spillway area upgraded.</li> <li>▪ Floodway weed control completed.</li> <li>▪ Maintenance of existing plants, and replacement of stolen plants ongoing.</li> </ul>
	Identified maintenance safety issues on the walkways/cycleways are responded to within 2 working days and resolved within 10 working days.	One issue associated with vandalism of walkway bridge on Kingswell Creek responded to within two working days and resolved within 10 working days.

**Objective:** Provide maintenance of community drainage outfall channels.

Activities	Proposed 2012/13	Actual
Inspect and maintain drainage outfall channels by cleaning or ground spraying as per agreed schedule.	All channels identified through inspection programme as requiring cleaning, arising from weed and sediment build-up, is completed as per the publicly notified schedule notified in November each year, and in particular: 1. in 2012/13, inspect 489 km.	<p>Inspection programme covered a total of 756 km of drainage networks, with 377 km requiring maintenance cleaning.</p> <p>The additional actual inspections length was due to a decision to undertake re-inspections of a number of catchment drainage networks in response to reports of damage resulting from the major flood event that occurred during January and June 2013.</p>

**Funding Impact Statement - Flood Protection and Control**

Actual 2011/12	Actual 2012/13	Budget 2012/13
<b>\$000 Sources of Funding</b>	<b>\$000</b>	<b>\$000</b>
622 General rates, uniform annual charges, rates penalties	601	521
2,672 Targeted rates (other than a targeted rate for water supply)	2,861	2,853
0 Subsidies and grants for operating purposes	0	0
854 Fees, charges and targeted rates for water supply	822	463
0 Internal Charges and overheads recovered	0	0
274 Local authorities fuel tax, fines, infringement fees and other receipts	410	414
<b>4,422 Total Operating Funding</b>	<b>4,693</b>	<b>4,251</b>
<b>Applications of operating funding</b>		
3,909 Payments to staff and suppliers	4,225	4,310
7 Finance costs	8	10
603 Internal Charges and overheads recovered	546	101
0 Other operating funding applications	0	0
<b>4,519 total applications of operating funding</b>	<b>4,780</b>	<b>4,420</b>
<b>(97) Surplus/(deficit) of operating funding</b>	<b>(86)</b>	<b>(168)</b>
<b>Sources of capital funding</b>		
0 Subsidies and grants for capital expenditure	0	0
0 Development and financial contributions	0	0
0 Increase/(decrease) in debt	0	0
0 Gross proceeds from the sale of assets	0	0
0 Lump sum contributions	0	0
<b>0 Total sources of capital funding</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>		
Capital expenditure		
0 - to meet additional demand	0	0
0 - to improve the level of service	0	0
0 - to replace existing assets	36	0
(97) Increase/(decrease) in reserves	(5)	317
0 Increase/(decrease) in investments	(117)	(485)
<b>(97) Total sources of capital funding</b>	<b>(86)</b>	<b>(168)</b>
<b>97 Surplus/(deficit) of capital funding</b>	<b>86</b>	<b>168</b>
<b>0 Funding Balance</b>	<b>0</b>	<b>0</b>

## 6. Community representation and communication

### What are the community outcomes we seek?

- 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's interest is represented and individual constituents are assisted by sound decision-making.
- Quality stewardship of Environment Southland's reputation and assets.

### What is the key issue?

The purpose of local government is:

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

### What is the key issue for Southland?

There are significant economic changes occurring in the use of natural resources within the Southland region. Intensification of land use is the catch all description for activity like dairy farming, dairy support (e.g. winter grazing, provision of feed), hill country development and other changing land uses arising, for example, from irrigation. There is also the prospect of industrial uses of lignite in the Maitaura Valley. The changes are having environmental, social and cultural effects.

The work of the Council is mandated by the Local Government Act 2002. The following principles relating to local authorities are contained in Section 14 of the Act and the oversight of the business of the Council is delivered in accordance with the principles:

#### **14 Principles relating to local authorities**

- (1) In performing its role, a local authority must act in accordance with the following principles:
  - (a) a local authority should -
    - (i) conduct its business in an open, transparent, and democratically accountable manner; and
    - (ii) give effect to its identified priorities and desired outcomes in an efficient and effective manner;
  - (b) a local authority should make itself aware of, and should have regard to, the views of all its communities; and
  - (c) when making a decision, a local authority should take account of –
    - (i) the diversity of the community and the community's interests, within its district or region; and
    - (ii) the interests of future as well as current communities; and
    - (iii) the likely impact of any decision on each aspect of wellbeing referred to in section 10;
  - (d) a local authority should provide opportunities for Maori to contribute to its decision-making processes;
  - (e) a local authority should collaborate and co-operate with other local authorities and bodies as it considers appropriate to promote or achieve its priorities and desired outcomes, and make efficient use of resources; and
  - (f) a local authority should undertake any commercial transactions in accordance with sound business practices; and
  - (fa) a local authority should periodically –
    - (i) assess the expected returns to the authority from investing in, or undertaking, a commercial activity; and
    - (ii) satisfy itself that the expected returns are likely to outweigh the risks inherent in the investment or activity; and
  - (g) a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region; and
  - (h) in taking a sustainable development approach, a local authority should take into account –
    - (i) the social, economic, and cultural wellbeing of people and communities; and
    - (ii) the need to maintain and enhance the quality of the environment; and
    - (iii) the reasonably foreseeable needs of future generations.
- (2) If any of these principles, or any aspects of wellbeing referred to in section 10, are in conflict in any particular case, the local authority should resolve the conflict in accordance with the principle in subsection (1)(a)(i).

## What we want to achieve

Level of Service	Measures	Baseline Measure (2010/11)	Performance Targets 2012-22	Results for 2012/13
We will provide quality stewardship of Environment Southland's functions through robust decision-making and public awareness.	Percentage of respondents who name Environment Southland as the authority responsible for managing Southland's natural resources.	76%	75%	76% (unprompted)
	Percentage of respondents who believe Environment Southland is managing water quality issues well or very well.	27%	35% <i>Note: This figure is low due to the biggest problem facing the region is addressing adverse effects of non-point source discharges to water from intensive farming practices. The level of service outlined in section 1 will work towards improving this figure.</i>	34% <i>Note: While Council is focusing its attention on addressing both non-point source and point source discharges, it is unable to achieve its water quality goals on its own, as everyone will have to do better.</i>
	Percentage of respondents agreed or strongly agreed that Environment Southland was effectively managing pressing environmental issues.	57%	60%	57%



## **What did we do during the year to manage issues and challenges relating to community representation and communication?**

### ***We maintained a broad communications programme ...***

to increase community awareness of environmental issues and the Council's response. This included:

- ▲ maintaining the Environment Southland website and ensuring content was up-to-date;
- ▲ writing a range of articles for publication in local media and on-line;
- ▲ publishing two issues of the EnviroSouth newsletter, delivered to every household in the region;
- ▲ producing fact sheets and posters to support the work of other divisions;
- ▲ working with staff of all divisions to produce communications plans that support their activities;
- ▲ advertising in print, on radio and on local television;
- ▲ signage;
- ▲ supporting staff running workshops, field days and other community outreach events;
- ▲ the Wai Tri, an environmentally-themed multi-sport event to increase awareness of water quality issues in the Waihopai catchment, was held in March 2013 for the final time.

### ***We held the annual Southland Environment Awards in July 2012 and prepared for the 2013 awards***

The awards span two financial years. The 2012 awards were held in July 2012 and attracted a record 35 nominees. The event was held in partnership with the Department of Conservation for the first time, which added a new dimension to the awards night. The 2013 awards were held in July 2013, with all the preparation carried out in the 2012/13 financial year. All sponsors confirmed their continued support for the event and there were 37 nominees including the Department of Conservation's own award. This is on a par with previous years.

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

**Objective:** Measure our decision-making, communication and activity performance by surveying public attitudes and awareness to the environment and Environment Southland's activities.

Activities	Proposed 2012/13	Actual
Complete and report to the community results of an annual survey of public attitudes and awareness.	Survey of public attitudes and awareness of Environment Southland's responsibilities and environmental issues is prepared and undertaken annually.	<p>We commissioned a survey of 400 Southland residents to measure their perceptions and awareness of environmental issues and Environment Southland's activities and effectiveness. The survey was carried out by Key Research during June and July 2013.</p> <p>The survey confirmed previous results that there is almost universal awareness of the Council (98 percent) and its core responsibilities and activities. Altogether, 73 percent agreed or strongly agreed that Environment Southland's work makes Southland a great place to live, and 69 percent agreed or strongly agreed that the Council was the leader in environmental management in the region. These results are all consistent with previous years. There was a small drop in the level of confidence that the Council is effectively managing environmental issues – from 60 percent to 57 percent – although that figure is the same as the 2011 survey.</p> <p>A new question this year asked how well respondents felt the Council was informing them on resource management issues and on environmental issues in general. 31 percent said they felt well or very well informed on resource management issues and 37 percent said they felt well or very well informed on environmental issues in the region. There is a strong correlation between those who feel well informed and those who read the Council's newsletters or read about the Environment Southland activities in newspapers. Older residents were more likely to feel well informed than younger residents.</p> <p>The full results of the survey are online at <a href="http://www.es.govt.nz">www.es.govt.nz</a>.</p>

**Funding Impact Statement - Community Representation**

Actual 2011/12	Actual 2012/13	Budget 2012/13
\$000 Sources of Funding	\$000	\$000
1,187 General rates, uniform annual charges, rates penalties	963	1,089
0 Targeted rates (other than a targeted rate for water supply)	0	0
0 Subsidies and grants for operating purposes	0	0
139 Fees, charges and targeted rates for water supply	190	346
0 Internal Charges and overheads recovered	0	0
970 Local authorities fuel tax, fines, infringement fees and other receipts	905	1,039
<b>2296 Total Operating Funding</b>	<b>2,058</b>	<b>2,474</b>
<b>Applications of operating funding</b>		
1,595 Payments to staff and suppliers	1,357	1,672
4 Finance costs	3	6
697 Internal Charges and overheads recovered	689	840
0 Other operating funding applications	0	0
<b>2,296 total applications of operating funding</b>	<b>2,049</b>	<b>2,518</b>
<b>0 Surplus/(deficit) of operating funding</b>	<b>9</b>	<b>(44)</b>
<b>Sources of capital funding</b>		
0 Subsidies and grants for capital expenditure	0	0
0 Development and financial contributions	0	0
0 Increase/(decrease) in debt	0	0
0 Gross proceeds from the sale of assets	0	0
0 Lump sum contributions	0	0
<b>0 Total sources of capital funding</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>		
Capital expenditure		
0 - to meet additional demand	0	0
0 - to improve the level of service	0	0
0 - to replace existing assets	0	0
0 Increase/(decrease) in reserves	59	232
0 Increase/(decrease) in investments	(50)	(276)
<b>0 Total sources of capital funding</b>	<b>9</b>	<b>(44)</b>
<b>0 Surplus/(deficit) of capital funding</b>	<b>(9)</b>	<b>44</b>
<b>0 Funding Balance</b>	<b>(0)</b>	<b>0</b>

# Community outcomes

## and report on progress 2012/13

Our Way Southland is a regional outcomes project jointly supported by Environment Southland, Invercargill City Council, Southland District Council and Gore District Council. The costs of the single regional co-ordination position are shared proportionately by each council, thereby avoiding duplication of work and resources between councils. The regional co-ordinator is tasked to work across Southland to provide an effective local government interface between communities and locally-based government, business and community agencies. Our Way Southland's consultation and research work also provides unique insights into the current wellbeing and needs of Southland's communities, enabling the regional co-ordinator to promote collaborative approaches between the public, private and community sectors to deliver efficient solutions to key community issues.

Our Way Southland continues to demonstrate the value and cost-efficiency gains of regional collaboration which can be realised when Southland's councils commit to join together to ensure that our communities are healthy and resilient. In 2012/13, the Community Outcomes Regional Co-ordinator of the Our Way Southland project has co-ordinated a number of significant regional projects which promote the "whole of region" approach to identifying and delivering against key issues for the Southland region.

### 1. Consultation

At the heart of the Our Way Southland project is the identification of key priorities for the region by means of regional forums.

#### ▲ Southland Youth Summit 27 July 2012

Our Way Southland, Venture Southland and the Southland Youth Offending Team, on behalf of the Mayoral Taskforce for Jobs, organised the Southland Youth Summit in Invercargill, with guest speaker Principal Youth Court Judge, Andrew Beecroft. The clear message delivered by the more than 100 representatives from Southland-based youth support organisations who attended Summit was that young people want and need to be connected to and involved in our community, require positive life and career choices, and deserve positive role models at home and in the community.

#### ▲ Southland Regional Leaders' Forum September 2012

The second Our Way Southland Regional Leaders' Forum was held at the Ascot Park Hotel, Invercargill, on Thursday, 13 September 2012, and was attended by approximately 100 representatives from the local and central government and business and community sectors. The presentations by Professor Natalie Jackson, University of Waikato, on the demographic future of Southland and the implications which this has in the future with regard to who will be living, working and recreating in the region, Associate Professor Nicola Taylor, University of Otago, on the Strengthening Parenting in Southland project, and the Invercargill Youth Council on key issues, were all well received by the attendees. The breakout group discussions achieved a high level of engagement from participants, resulting in the identification of four key themes and key regional issues for Southland as follows:

- **Economy, Employment and Youth** – training and opportunities.
- **Education and Parenting** – especially the first 1,000 days (0-3 years).

- **Leadership** - particularly amongst those who stay in Southland.
- **Support for Families** – especially for those under stress.

## 2. Monitoring and Reporting

The monitoring and reporting work of Our Way Southland provides regional benchmark reports on three-yearly cycles, including Southland's Community Outcomes Monitoring Report and the Our Way Southland Quality of Life Report. This work ensures that the project is strongly evidence-based, while the findings of the outcomes monitoring and perception survey reports help inform the work of local and central government agencies in Southland.

### ▲ **Our Way Southland Community Outcomes Monitoring Report for the period 2009-2012**

The Our Way Southland Community Outcomes Monitoring Report for the period 2009-2012 was compiled by Economic Solutions Limited, Napier, in August 2012. The report was launched at the Southland Regional Leaders' Forum on 13 September 2012, when it was welcomed by local and central government and community agencies as an invaluable compendium of current regional data useful for planning and research purposes.

### ▲ **Our Way Southland Community Quality of Life Survey 2013**

In the second Southland Quality of Life Survey, which commenced in May 2013, 1,500 Southlanders are being asked about their perceptions of their quality of life, their communities, and their wellbeing. The findings of this survey will be compared to the base set of data which was collected in May 2010 for the 2010 Southland Quality of Life survey, with the final 2013 Quality of Life report set to be delivered by 27 September 2013.

## 3. Regional Projects – Parenting, Leadership and Youth

Projects to address the key regional issues of parenting, leadership and youth, identified at the 2009 and 2012 Regional Leaders' Forums, have been co-ordinated by Our Way Southland with the assistance of focus groups comprised of government, community and business sector representatives. All three projects promote the collaborative whole of community approach, and are underpinned by a sound evidential base of consultation and research.

The **Strengthening Parenting in Southland** project concluded the development of a regional parenting strategy to promote whole of community support for parents and families with a series of multi-sector workshops in May and June 2013. Separate workshops on 14/15 May 2013 for the community, central government, business and local government sectors confirmed the following key issues for parents, families and their communities in Southland:

- **Creating connections** – within families, between families, within communities, between urban and rural areas, and across the sectors;
- **Resources** – assessing availability and access to information and services, which are evidence-based and timely, drawing on flexible funding and service delivery models;
- **Environment** – how do families and communities connect with the land, and the central importance of place and space within the community to foster wellbeing;
- **Opportunities** – how to provide our children with the best possible start in life, and how to connect our parents and their community;
- **Leadership** – the importance of champions at all levels of the community to promote the vision of raising great children in Southland;

- **Values** – the importance for the community of valuing children and parenting, supporting diversity, and promoting the advantages that exist in Southland for raising children;
- **Collaborative Action** – where people value working together to achieve the collective vision for the wellbeing of children and families, and thereby for Southland.

A second workshop on 20 June 2013 brought together 46 representatives from the community, business, local government and central government sectors to explore possible collaborative activities between agencies and across the sectors to support Southland's families. The June workshop included presentations on three current projects which offered opportunities for working together.

The assumption was that the strengths in our parents and families could be realised by connecting, communicating, working together and sharing goals to establish a common vision for parenting in Southland. The three projects highlighted opportunities for people to continue to come together around the ideas they have energy to support. The future role of local government, via Our Way Southland, will therefore be to support the leadership within these projects and to continue encouraging people to work together around them and any new projects that emerge. The June workshop concluded by considering how best to build the strategy around these three projects as initial collaboration activities.

The **Leadership in Southland** project is designed to identify, stimulate and mentor current and future leadership within communities, whilst at the same time strengthening community networks and groups, and thereby community resilience. The first trial of the leadership incubator concept was staged in Maitua in 2012 with the support of the Maitua Taskforce. The five participants, whose leadership potential had been identified by their parent agencies or organisation, undertook an eight-week programme which included:

- definitions of leadership;
- leadership and teamwork development;
- leadership/community development/governance;
- marketing/communication/funders;
- conflict/decision-making.

Participants have noted both the personal and organisational benefits of the incubator programme, together with the networking between participants, which developed during the course. Further leadership incubator trials are planned for eastern and western Southland, while a level two incubator is being developed to offer graduates the opportunity to apply their knowledge and skills to both a community-based project and mentoring assistance with further incubator programmes.

The **Regional Youth** project continues to promote the key issues of "Economy, Employment and Youth – Training and Opportunities", which were identified as the most important regional issue by the 2012 Southland Leaders' Forum. In particular, Our Way Southland promotes collaboration between initiatives linking youth, community engagement and volunteerism, and the development of work and life skills and career paths.

#### **4. Liaison and Collaboration**

The Community Outcomes Regional Co-ordinator (CORC) has served *ex officio* on a number of community projects within Southland. The CORC assisted with the consultation and research work of *South Alive*, the urban rejuvenation project based in South Invercargill, and was a member of the project Steering Group during 2012. He also acted as the Independent Chair for, Invercargill Collaborative Agency Network (iCAN) 2012-2013, and was a member of the Project Team, Early Childhood Focus Group, 2010-2013.

# Report on Long-term 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)	79%	21%	100%	0%
Environmental Education	(i)	91%	9%	100%	0%
Hazard Mitigation	(i)	46%	54%	100%	0%
Regional Planning	(i)	85%	15%	100%	0%
River Management	(ii)	25%	75%	30%	70%
Consent Processing	(iii)	19%	81%	25%	75%
Consent Compliance	(iii)	55%	45%	50%	50%
Community Representation	(i)	91%	9%	100%	0%
Council Policy & Planning Analysis	(i)	76%	24%	100%	0%
Catchment Planning	(ii)	51%	49%	60%	40%
Land Sustainability	(ii)	35%	65%	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.**
  
- ▲ *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 2013 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 0.15% 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 0.32% of total rates revenue.
- ▲ *Net operating cash flows excluding interest costs shall exceed interest cost by 2.5 times*  
**Performance target met.** Interest was \$40,000 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 under groups of activities summarises the key issues we need to address and provides the community with a better understanding of the outputs we deliver and the outcomes we seek. The groups of activities are:

1. Addressing adverse effects of non-point source discharges to water from intensive farming practices;
2. Enablement of resource use by communities, industries and individuals;
3. Protection from the adverse environmental effects of resource use;
4. Emergency response and preparedness;
- 5(a). Services;
- 5(b). Services – flood protection and control works;
6. Community representation and communication.

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 groups of activities with the activities within which the projects we undertake are delivered.

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

Groups of Activities	Activity	Division
1, 2, 3, 4 1, 2, 3	Environmental Monitoring Environmental Education	Environmental Information
1, 2 3, 5(b) 1 & 3 4 4	Regional Planning Council Policy & Planning Hazard Mitigation (including Civil Defence) Oil Spills	Policy & Planning
5(b) 5(b) 5(b) 1 & 3	Catchment Planning River Works Land Drainage Land Sustainability	Catchment Management
5(a) 2	Pest Strategy Consent Processing	Biosecurity Consents
1, 2, 3	Compliance	Environmental Compliance
5(a)	Property Management	Property Management
1, 2, 3, 6	Community Representation	Community Representation

**Actual Funding of Activities 2012/2013**

The following table describes the actual cost of activities and their funding sources for the year ending 30 June 2013.

Expenditure							Activity	Total Expenditure	Funding Sources										Total Funding	
Issue 1	Issue 2	Issue 3	Issue 4	Issue 5 (a)	Issue 5 (b)	Issue 6			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
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000		
213	-	4,532	169	-	-	-	Environmental Monitoring	4,914	-	-	(1,159)	(433)	(398)	(1,890)	-	-	(432)	-	(602)	(4,914)
78	78	78	78	77	-	-	Environmental Education	389	-	-	-	(181)	(172)	-	-	-	(36)	-	-	(389)
-	-	-	857	-	-	-	Emergency Management Southland	857	-	-	-	-	-	-	(803)	-	(54)	-	-	(857)
986	233	251	14	15	-	-	Resource Management Policy & Planning	1,499	-	-	(234)	(221)	(195)	(618)	-	-	(95)	-	(136)	(1,499)
142	148	175	141	144	-	-	Council Policy & Planning Analysis	750	-	-	-	(292)	(277)	(22)	-	-	(141)	-	(18)	(750)
-	-	-	1,072	-	-	-	Hazard Mitigation	1,072	-	-	(124)	(26)	(100)	(238)	-	-	(1,986)	-	1,402	(1,072)
21	21	21	21	20	-	-	Oil Spills	104	-	-	3	-	-	3	-	-	(110)	-	-	(104)
221	122	-	-	148	131	-	Catchment Planning	622	-	-	(131)	(18)	(13)	(153)	-	-	(229)	-	(78)	(622)
-	-	-	-	-	3,775	-	River Management	3,775	(2,002)	-	(402)	(73)	-	(452)	-	-	(759)	(86)	(1)	(3,775)
-	-	-	-	-	901	-	Land Drainage Co-ordination	901	(859)	-	(37)	(8)	-	(42)	-	-	(100)	(85)	230	(901)
805	-	29	-	53	-	-	Land Sustainability	887	(809)	-	-	(158)	-	(151)	-	-	(2)	-	233	(887)
-	-	-	-	2,612	-	-	Biosecurity (incl SPES)	2,612	(2,378)	(213)	-	-	-	-	(25)	(15)	(91)	-	110	(2,612)
-	1,010	-	-	-	-	-	Consent Processing	1,010	-	-	(36)	(61)	-	(93)	-	-	(893)	-	73	(1,010)
742	1,359	672	-	-	-	-	Consent Compliance	2,773	-	-	(544)	(82)	(156)	(743)	-	-	(1,184)	-	(64)	(2,773)
-	-	-	-	-	-	2,048	Community Representation	2,048	-	-	-	(952)	(905)	(124)	-	-	(77)	-	10	(2,048)
-	-	-	-	836	-	-	Property Management	836	-	-	-	-	-	-	(689)	(238)	(179)	-	270	(836)
3,208	2,971	5,758	2,352	3,905	4,807	2,048		25,049	(6,048)	(213)	(2,664)	(1,080)	(2,288)	(5,729)	(974)	(704)	(6,427)	(350)	1,429	(25,049)

**\* Investments & Reserves Comprise:**

Dividend from South Port	3,663
Investment Income	999
Penalty Income	130
Less Interest allocated to Rating/Lease Districts	(350)
Less interest allocated to reserves	(284)
South Port Special Dividend Reserve	1,365
General Funds Deficit	206
	<u>5,729</u>

**Budgeted Funding of Activities 2012/2013**

The following table describes the proposed cost of activities and their funding sources for the year covered by this plan ending 30 June 2013

Expenditure							Activity	Funding Sources												Total Funding
Issue 1	Issue 2	Issue 3	Issue 4	Issue 5 (a)	Issue 5 (b)	Issue 6		Total Expenditure	Separate Rates	SPES Rate	General Rate on CV	Gen Rate Dairy Diff	UAGC	Investments & Reserves *	Levies & Contributions	Rental Income	Other Income	Interest on	Reserves/ Surpluses	
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
382	-	4,757	107	-	-	-	5,246	-	-	(1,275)	(433)	(382)	(1,901)	-	-	(423)	-	-	(831)	(5,246)
96	96	96	96	96	-	-	480	-	-	-	-	(225)	(224)	-	-	(23)	-	-	(9)	(480)
763	808	546	80	61	-	-	2,258	-	-	(300)	(221)	(155)	(513)	-	-	(665)	-	-	(405)	(2,258)
128	128	199	128	129	-	-	712	-	-	-	-	(215)	(214)	-	-	(199)	-	-	(84)	(712)
-	-	-	1,105	-	-	-	1,105	-	-	(129)	(26)	(103)	(256)	-	-	(1,900)	-	-	1,308	(1,105)
16	16	16	16	16	-	-	80	-	-	-	-	-	-	-	-	(80)	-	-	-	(80)
-	-	-	557	-	-	-	557	-	-	-	-	-	-	(510)	-	-	-	-	(47)	(557)
610	215	-	-	12	220	-	1,057	-	-	(89)	(18)	(9)	(116)	-	-	(490)	-	-	(334)	(1,057)
-	-	-	-	-	3,249	-	3,249	(2,002)	-	(365)	(73)	-	(435)	-	-	(413)	(153)	-	193	(3,249)
-	-	-	-	-	1,170	-	1,170	(852)	-	(40)	(8)	-	(48)	-	-	(77)	(82)	-	(64)	(1,170)
1,107	-	20	-	144	-	-	1,271	(809)	-	-	(131)	-	(178)	-	-	(99)	-	-	(54)	(1,271)
-	-	-	-	2,922	-	-	2,922	(2,378)	(213)	-	-	-	-	(5)	(7)	(66)	-	-	(253)	(2,922)
-	1,208	-	-	-	-	-	1,208	-	-	(95)	(61)	-	(113)	-	-	(979)	-	-	40	(1,208)
836	1,369	878	-	-	-	-	3,083	-	-	(407)	(82)	(122)	(609)	-	-	(1,638)	-	-	(226)	(3,083)
-	-	-	-	-	-	2,209	2,209	-	-	-	-	(1,065)	(889)	(125)	-	(6)	-	-	(125)	(2,209)
-	-	-	-	740	-	-	740	-	-	-	-	-	-	-	(689)	(92)	(169)	-	210	(740)
3,938	3,840	6,512	2,089	4,120	4,639	2,209	27,347	(6,041)	(213)	(2,700)	(1,053)	(2,276)	(5,496)	(640)	(696)	(7,150)	(404)	(681)	(27,347)	

\* Investments & Reserves Comprise:

Dividend from South Port	3,139
Investment Income	1,621
Penalty Income	136
South Port Reserve	700
Use of prior year surpluses	580
Less Interest allocated to Rating/Lease Districts	(404)
Less interest allocated to reserves	(276)
	<u>5,496</u>

## A guide to the financial pages which follow

▲	Statement of Comprehensive Income	page 88
▲	Statement of Changes in Equity	page 88
▲	Statement of Financial Position	page 89
▲	Statement of Cash Flows	page 90
▲	Notes to the Financial Statements	
	1. Summary of accounting policies	pages 91-105
	2. Operating revenue and expenses	pages 106-107
	3. Income taxes	pages 108-110
	4. Key management personnel compensation	page 110
	5. Remuneration of auditors	page 110
	6. Trade and other receivables	pages 111-112
	7. Inventories	page 112
	8. Other financial assets and liabilities	page 113
	9. Other current assets	page 113
	10. Property, plant and equipment	pages 114-115
	11. Investment in Related Party	page 116
	12. Trade and other payables	page 116
	13. Provisions	page 116
	14. Employee entitlements	page 117
	15. Borrowings	page 117
	16. Equity	pages 118-123
	17. Commitments for expenditure	page 124
	18. Contingent liabilities and contingent assets	page 125
	19. Subsidiaries	page 125
	20. Related party disclosures	pages 126-127
	21. Subsequent events	page 127
	22. Notes to the cash flow statement	page 128
	23. Severance payments (Council only)	page 129
	24. Remuneration (Council only)	pages 129-130
	25. Financial Instruments	pages 131-136
	26. Explanation of major variances against budget	pages 137-138

**Financial Statements  
and  
Notes to the Accounts**

**Statement of Comprehensive Income  
for the Year Ended 30 June 2013**

	Note	Council			Group	
		2013 \$000	Budget \$000	2012 \$000	2013 \$000	2012 \$000
<b>Income</b>						
Rates revenue	2 (a)	12,293	12,282	11,236	12,293	11,236
Other Revenue	2 (a)	11,964	11,840	11,524	37,799	34,085
Other gains/ (losses)	2 (b)	936	1,540	1,706	969	2,094
<b>Total Income</b>		<b>25,193</b>	<b>25,662</b>	<b>24,466</b>	<b>51,061</b>	<b>47,415</b>
<b>Expenditure</b>						
Employee benefits expense	2 (c)	(10,784)	(11,595)	(9,876)	(17,869)	(15,712)
Depreciation expense	10	(665)	(649)	(613)	(3,229)	(2,989)
Finance costs	2 (d)	(40)	(60)	(36)	(510)	(422)
Other expenses	2 (e)	(13,560)	(15,043)	(12,719)	(23,943)	(22,191)
<b>Total Operating Expenditure</b>		<b>(25,049)</b>	<b>(27,347)</b>	<b>(23,244)</b>	<b>(45,551)</b>	<b>(41,314)</b>
<b>Surplus/(Deficit) before income tax</b>		<b>144</b>	<b>(1,685)</b>	<b>1,222</b>	<b>5,510</b>	<b>6,101</b>
Income tax expense	3	-	-	-	(2,526)	(2,378)
Adjustments relating to tax legislation changes	3	-	-	-	-	-
<b>Surplus/(Deficit) for the period</b>		<b>144</b>	<b>(1,685)</b>	<b>1,222</b>	<b>2,984</b>	<b>3,723</b>
<b>Other Comprehensive Income</b>						
Available for sale financial assets valuation gain / (loss) taken to equity		-	-	-	5	3
<b>Total Comprehensive Income/(deficit) for the period</b>		<b>144</b>	<b>(1,685)</b>	<b>1,222</b>	<b>2,989</b>	<b>3,726</b>
<b>Total Comprehensive Income/(deficit) attributable to:</b>						
Council		144	(1,685)	1,222	808	1,718
Non controlling interest	16 (e)	-	-	-	2,181	2,008
	*	<b>144</b>	<b>(1,685)</b>	<b>1,222</b>	<b>2,989</b>	<b>3,726</b>

**Statement of Changes in Equity  
for the Year Ended 30 June 2013**

	Note	Council			Group	
		2013 \$000	Budget \$000	2012 \$000	2013 \$000	2012 \$000
<b>Opening Equity</b>		<b>74,407</b>	<b>74,514</b>	<b>73,185</b>	<b>95,258</b>	<b>93,291</b>
<b>Total Comprehensive Income attributable to:</b>						
Council		144	(1,685)	1,222	808	1,718
Non controlling interest	16(e)	-	-	-	2,181	2,008
Dividend distribution - Non controlling interest	16(e)	-	-	-	(1,846)	(1,759)
<b>Closing Equity</b>		<b>74,551</b>	<b>72,829</b>	<b>74,407</b>	<b>96,401</b>	<b>95,258</b>

*The accompanying accounting policies and notes form part of these financial statements  
\* An explanation of major variances from budget is contained in Note 26*



**Statement of Financial Position  
as at 30 June 2013**

	Note	Council			Group	
		2013 \$000	Budget \$000	2012 \$000	2013 \$000	2012 \$000
<b>Current Assets</b>						
Cash and Deposits	22(a)	1,395	1,857	1,493	2,722	2,467
Trade and other receivables	6	1,726	1,849	1,980	5,808	5,995
Inventories	7	143	200	152	143	152
Managed Funds	8	29,812	28,326	29,484	29,812	29,484
Prepayments	9	70	80	77	115	118
<b>Total Current Assets</b>		<b>33,146</b>	<b>32,312</b>	<b>33,186</b>	<b>38,600</b>	<b>38,216</b>
<b>Non-Current Assets</b>						
Shares in subsidiary	19	8,721	8,721	8,721	-	-
Other financial assets	8	-	-	-	28	22
Property, Plant and Equipment	10	36,509	35,211	36,504	72,304	66,264
Investment in Related Party	11	691	-	505	691	505
<b>Total Non-Current Assets</b>		<b>45,921</b>	<b>43,932</b>	<b>45,730</b>	<b>73,023</b>	<b>66,791</b>
<b>TOTAL ASSETS</b>		<b>79,067</b>	<b>76,244</b>	<b>78,916</b>	<b>111,623</b>	<b>105,007</b>
<b>Current Liabilities</b>						
Trade and other payables	12	3,541	2,292	3,674	5,915	5,501
Provisions	13	-	-	-	-	-
Employee Entitlements	14	970	1,106	829	1,742	1,464
Borrowings	15	-	-	-	6,000	1,200
Current tax payable	3	-	-	-	823	789
<b>Total Current Liabilities</b>		<b>4,511</b>	<b>3,398</b>	<b>4,503</b>	<b>14,480</b>	<b>8,954</b>
<b>Non-Current Liabilities</b>						
Other Financial Liabilities	8	-	-	-	214	397
Employee entitlements	14	5	16	6	84	95
Borrowings	15	-	-	-	201	-
Deferred tax liabilities	3	-	-	-	243	303
<b>Total Non-Current Liabilities</b>		<b>5</b>	<b>16</b>	<b>6</b>	<b>742</b>	<b>795</b>
<b>TOTAL LIABILITIES</b>		<b>4,516</b>	<b>3,414</b>	<b>4,509</b>	<b>15,222</b>	<b>9,749</b>
<b>NET ASSETS</b>		<b>74,551</b>	<b>72,830</b>	<b>74,407</b>	<b>96,401</b>	<b>95,258</b>
<b>Equity</b>						
Equity	16	74,551	72,830	74,407	96,401	95,258
<b>TOTAL EQUITY</b>		<b>74,551</b>	<b>72,830</b>	<b>74,407</b>	<b>96,401</b>	<b>95,258</b>
<b>Attributable to:</b>						
Council		74,551	72,830	74,407	86,562	85,754
Non controlling interest	16(e)	-	-	-	9,840	9,504
<b>TOTAL EQUITY</b>		<b>74,551</b>	<b>72,830</b>	<b>74,407</b>	<b>96,401</b>	<b>95,258</b>

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

**Statement of Cash Flows**  
for the Year Ended 30 June 2013

	Note	Council			Group	
		2013 \$000	Budget \$000	2012 \$000	2013 \$000	2012 \$000
<b>Cash flows from operating activities</b>						
<b>Cash was provided by (applied to):</b>						
Receipts from customers		20,620	20,682	18,744	49,850	43,738
Interest received		61	80	79	76	89
Dividends received		3,663	3,139	3,488	1	1
Payments to suppliers and employees		(24,154)	(25,387)	(21,311)	(41,450)	(36,718)
Finance costs		(40)	(60)	(36)	(512)	(375)
Income tax paid		-	-	-	(2,552)	(2,538)
<b>Net cash flow from operating activities</b>	22(c)	<b>150</b>	<b>(1,546)</b>	<b>964</b>	<b>5,413</b>	<b>4,197</b>
<b>Cash flows from investing activities</b>						
<b>Cash was provided by (applied to):</b>						
Proceeds from sale of other financial assets		-	-	-	-	-
Reduction of Term Investment		610	3,000	-	610	-
Proceeds from sale of property, plant and equipment		(0)	96	122	38	1,471
Foreign Exchange gains / (losses)		-	-	-	-	(24)
Acquisition of shares / investments		-	-	-	(877)	-
Purchase of intangible assets		(186)	-	(258)	(186)	(258)
Purchase of property, plant and equipment		(672)	(834)	(696)	(7,897)	(3,801)
<b>Net cash flow from investing activities</b>		<b>(248)</b>	<b>2,262</b>	<b>(832)</b>	<b>(8,312)</b>	<b>(2,612)</b>
<b>Cash flows from financing activities</b>						
<b>Cash was provided by (applied to):</b>						
Dividends paid to Non controlling interest		-	-	-	(1,847)	(1,759)
Drawdown / (Repayment) of borrowings		-	-	-	5,001	900
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>3,154</b>	<b>(859)</b>
Net increase in Cash and cash equivalents		(98)	716	131	255	726
Cash and cash equivalents at the beginning of the financial year		1,493	1,141	1,362	2,467	1,741
<b>Cash and cash equivalents at the end of the financial year</b>	22(a)	<b>1,395</b>	<b>1,857</b>	<b>1,493</b>	<b>2,722</b>	<b>2,467</b>

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

## **Notes to the Financial Statements For the Financial Year ended 30 June 2013**

### **1. Summary of Accounting Policies**

#### ***Reporting Entity***

Southland Regional Council is a regional council governed by the Local Government Act 2002 and is domiciled in New Zealand.

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

The primary objective of the Council and Group is to provide goods or services for the community 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).

The financial statements of the Council and Group are for the year ended 30 June 2013. The financial statements were authorised for issue by Council on 2 October 2013.

#### ***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), and other applicable financial reporting standards, 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 on-going 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.

### ***Measurement Base***

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

### ***Functional and Presentation Currency***

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Council and its subsidiary is New Zealand dollars.

As the numbers are presented in thousands small rounding differences will occur.

### ***Changes in Accounting Policies***

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.

There have been no changes in accounting policies during the financial year.

### ***Adoption of New and Revised Standards and Interpretations***

#### **(a) Standards and Interpretations effective in the current period**

There were no new or revised Standards or Interpretations effective in the current period that had a material impact on the annual report of Council or Group.

#### **(b) Standards and Interpretations on issue but not yet adopted**

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements.

The XRB and New Zealand Accounting Standards Board (NZASB) are proposing changes to the accounting standards that apply, distinguishing between “for-profit” entities, public benefit entities (PBEs) in the public sector and PBEs that are not-for-profit. The Council falls into the category of PBE.

A new suite of standards (PBE International Public Sector Accounting Standards) were approved for PBEs on 23 May 2013 and will be applicable to the public sector for reporting periods beginning on or after 1 July 2014. Early adoption is not permitted to ensure consistency of reporting in the public sector.

Although the new standards apply to reporting periods beginning on or after 1 July 2014, comparative information will be required which means an opening balance sheet will need to be established at 1 July 2013. In addition, budgeted information for the 2014/2015 year will need to be prepared by Council in accordance with the new standards ahead of 1 July 2014.

The Council is unable to assess the implications of the new Accounting Standards Framework at this time.

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 are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. 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:

<b>For</b>	<b>From</b>
Regional Civil Defence	Ministry of Civil Defence
Land Transport	New Zealand Transport Agency
Marine Oil Spills	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.

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, except to the extent that it relates to items recognised directly in equity, in which case the tax expense is also recognised in equity.

Tax currently payable is based on taxable profit for the period. Taxable profit differs from net 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**

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

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

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

## Cash and Cash Equivalents

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

## 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) Other 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 in this category:

- ▲ when the financial asset has been acquired principally for the purpose of selling in the near future; or
- ▲ it is a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking; or
- ▲ when derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which the hedge is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy described later in this note.

The Council and Group have classified their managed funds, held with Forsyth Barr and OnePath, as financial assets at fair value through profit or loss. These funds include cash, bonds and equities.

#### *Held-to-Maturity Investments*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.



After initial recognition they are measured at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

The Council and Group do 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 year. 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 year.

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

#### *Loans and Receivables*

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

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

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

#### *Impairment of Financial Assets*

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

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

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus for the year to the extent the

carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) **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 do not hold derivative financial instruments for speculative purposes.

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

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

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

*Fair Value Estimation*

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

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

### ***Non-current Assets Held for Sale***

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

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

#### *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:

<b>Asset</b>	<b>Life</b>
<b>Operational Assets</b>	
Land – Council	Unlimited
Buildings – Council	2%-10% DV
Rental land - Council	Unlimited
Rental buildings - Council	2% - 10% DV
Other plant and equipment – Council	2.5% - 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
<b>Infrastructural Assets</b>	
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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus for the period the asset is derecognised.

#### *Impairment*

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 Property, Plant and Equipment***

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

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

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

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

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

### ***Trade and Other Payables***

Short-term creditors and payables are recorded at their face value.

### ***Borrowings***

Borrowings are recorded initially at fair value, plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council and Group have an unconditional right to defer settlement of the liability for at least 12 months after balance date, or if the borrowings are expected to be settled within 12 months of balance date.

### ***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*

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

### **Provisions**

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

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

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

### **Basis of Consolidation**

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

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

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

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

### ***Equity***

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

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

The components of equity are:

- ▲ capital lease area balances;
- ▲ special reserves;
- ▲ rating district balances;
- ▲ 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 year in which they arise.

#### ***Budget Figures***

The budget figures are those approved by the Council in the first year of its Long-term Plan 2012-2022. 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***

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

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

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

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

#### ***Critical Accounting Estimates and Assumptions***

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



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

***Critical Judgements***

Management has exercised the following critical judgements in applying the Council's and Group's accounting policies for the period ended 30 June 2013:

*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.

2	Operating Revenue and Expenses	Council		Group	
		2013	2012	2013	2012
		\$000	\$000	\$000	\$000
(a)	<b>Revenue</b>				
	Revenue consisted of the following items:				
	<b>Rates Revenue:</b>				
	General rates	6,033	5,750	6,033	5,750
	Separate rates	6,047	5,273	6,047	5,273
	Southern Pest Eradication Society rates	213	213	213	213
		<u>12,293</u>	<u>11,236</u>	<u>12,293</u>	<u>11,236</u>
	<b>Other Revenue:</b>				
	Revenue from rendering of services:				
	Port revenue	-	-	29,298	26,037
	Government grants	974	1,163	974	1,163
	Local contributions	873	1,026	873	1,026
	Other revenue	5,424	4,858	5,424	4,858
		<u>7,271</u>	<u>7,047</u>	<u>36,569</u>	<u>33,084</u>
	<b>Operating lease rental revenue:</b>				
	Other	704	699	704	699
		<u>704</u>	<u>699</u>	<u>704</u>	<u>699</u>
	<b>Interest revenue:</b>				
	Bank deposits	61	79	76	90
		<u>61</u>	<u>79</u>	<u>76</u>	<u>90</u>
	<b>Dividend revenue:</b>				
	Subsidiaries	3,663	3,488	-	-
	Available for sale investments	-	-	1	1
		<u>3,663</u>	<u>3,488</u>	<u>1</u>	<u>1</u>
	Other revenue	265	211	449	211
		<u>11,964</u>	<u>11,524</u>	<u>37,799</u>	<u>34,085</u>
(b)	<b>Other Gains / (Losses)</b>				
	Gain / (loss) on disposal of property, plant and equipment	(2)	42	31	54
	Impairment losses reversed	-	-	-	376
	Net change in fair value of other financial assets and liabilities carried at fair value through profit or loss	938	1,664	938	1,664
		<u>936</u>	<u>1,706</u>	<u>969</u>	<u>2,094</u>
	Gains	938	1,706	972	2,122
	Losses	(2)	-	(3)	(28)
		<u>936</u>	<u>1,706</u>	<u>969</u>	<u>2,094</u>
(c)	<b>Employee Benefits Expense</b>				
	Salaries and wages	9,672	8,936	16,431	14,506
	Defined contribution plans	515	423	722	572
	Other employee benefits	597	517	716	634
		<u>10,784</u>	<u>9,876</u>	<u>17,869</u>	<u>15,712</u>

2 **Operating Revenue and Expenses continued**

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
<b>(d) Finance Costs</b>				
Interest on loans carried at amortised cost	-	-	470	343
Change in fair value of interest rate swap	-	-	-	19
Foreign exchange losses	-	-	-	24
Other interest expense	40	36	40	36
	<u>40</u>	<u>36</u>	<u>510</u>	<u>422</u>
<b>(e) Other Expenses</b>				
Net bad and doubtful debts (recovered)	(15)	-	(15)	60
Donations	-	-	(17)	3
Grants and contributions	1,733	1,494	1,733	1,494
Rates remissions	40	58	40	58
Operating lease rental - minimum lease payments	306	263	713	361
Directors remuneration	-	-	230	200
Other operating expenses	11,496	10,904	21,259	20,015
	<u>13,560</u>	<u>12,719</u>	<u>23,943</u>	<u>22,191</u>

*Note: Audit fees are disclosed under Note 5.*

**(f) Financial Instruments**

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)	-	-	1	1
		<u>\$Nil</u>	<u>\$Nil</u>	<u>1</u>	<u>1</u>

**Financial assets at fair value through profit or loss:**

Change in fair value of financial assets classified as held for trading	2(b)	938	1,664	938	1,664
Change in fair value of interest rate swaps	2(d)	-	-	(183)	19
Change in fair value of foreign exchange contracts	2(d)	-	-	-	24
		<u>938</u>	<u>1,664</u>	<u>755</u>	<u>1,707</u>

**Financial liabilities at amortised cost:**

Interest expense	2(d)	-	-	470	343
		<u>\$Nil</u>	<u>\$Nil</u>	<u>470</u>	<u>343</u>

3 Income Taxes

	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
(a) <b>Income Tax Recognised in Profit or Loss</b>				
<b>Tax expense / (income) comprises:</b>				
<b>Current tax expense / (credit)</b>				
Current year	-	-	2,597	2,188
Adjustments for prior years	-	-	(12)	(8)
	-	-	2,585	2,180
<b>Deferred tax expense / (credit)</b>				
Origination and reversal of temporary differences	-	-	(59)	198
Adjustments relating to changes in tax rates	-	-	-	-
Adjustments relating to imposition of new legislation	-	-	-	-
	-	-	(59)	198
<b>Tax expense / (income)</b>	<b>\$Nil</b>	<b>\$Nil</b>	<b>2,526</b>	<b>2,378</b>

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

Surplus / (deficit) before income tax	144	1,222	5,510	6,101
Income tax expense calculated at 28%	40	342	1,543	1,708
Non deductible expenses	7,014	6,508	7,026	6,657
Non assessable income	(6,028)	(5,874)	(6,031)	(5,980)
	1,026	977	2,538	2,386
Taxation effect of imputation credits	544	518	-	-
Imputation credits utilised	(1,570)	(1,495)	-	-
Adjustments for prior years	-	-	(12)	(8)
Temporary differences	-	-	-	-
Adjustments relating to changes in tax rates	-	-	-	-
Adjustments relating to tax legislation changes	-	-	-	-
	<b>\$Nil</b>	<b>\$Nil</b>	<b>2,526</b>	<b>2,378</b>

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

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

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

	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
<b>(c) Current Tax Assets and Liabilities</b>				
<b>Current Tax Refundable:</b>				
Current Tax Refundable	\$Nil	\$Nil	\$Nil	\$Nil
<b>Current Tax Payable:</b>				
Current Tax Payable	\$Nil	\$Nil	823	789

**(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
	\$000	\$000	\$000	\$000
<b>2013</b>				
<b>Gross deferred tax liabilities:</b>				
Other financial assets and receivables	-	-	-	-
Property, plant and equipment	(485)	39	-	(446)
	(485)	39	-	(446)
<b>Gross deferred tax assets:</b>				
Other financial assets	-	-	-	-
Provisions	182	21	-	203
	182	21	-	203
	(303)	60	\$Nil	(243)
<b>2012</b>				
<b>Gross deferred tax liabilities:</b>				
Other financial assets and receivables	(10)	10	-	-
Property, plant and equipment	(300)	(185)	-	(485)
	(310)	(175)	-	(485)
<b>Gross deferred tax assets:</b>				
Other financial assets	-	-	-	-
Provisions	205	(23)	-	182
	205	(23)	-	182
	(105)	(198)	\$Nil	(303)

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 (2012: \$Nil).

	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
<b>(e) Imputation Credit Account Balances</b>				
Balance at 30 June 2013	-	-	6,276	6,063
	<u>\$Nil</u>	<u>\$Nil</u>	<u>6,276</u>	<u>6,063</u>
Imputation credits available directly and indirectly to Council through:				
Council			-	-
Subsidiaries			6,276	6,063
			<u>6,276</u>	<u>6,063</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	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Short-term employee benefits	1,014	1,007	2,341	2,220
Other long-term employee benefits	-	-	91	75
	<u>1,014</u>	<u>1,007</u>	<u>2,432</u>	<u>2,295</u>

#### 5 Remuneration of Auditors

	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Audit fees for financial statement audit	86	83	86	83
Audit fees for the 2012-2022 Long Term Plan	-	95	-	95
Audit fees for Long Term Plan Amendment	-	11	-	11
	<u>86</u>	<u>189</u>	<u>86</u>	<u>189</u>
Audit fees to other auditors for audit of financial statements of group entities	-	-	55	40
	<u>-</u>	<u>-</u>	<u>55</u>	<u>40</u>
	<u>86</u>	<u>189</u>	<u>141</u>	<u>229</u>

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

6 Trade and Other Receivables

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Trade Receivables	(i) 1,347	1,667	5,454	5,707
Allowance for doubtful debts	(ii) (20)	(26)	(45)	(51)
	1,327	1,641	5,409	5,656
Goods and services tax (GST) receivable	317	299	317	299
Other sundry receivables	82	40	82	40
	<b>1,726</b>	<b>1,980</b>	<b>5,808</b>	<b>5,995</b>
<b>Disclosed in the financial statements as:</b>				
Current	1,726	1,980	5,808	5,995
Non-current	-	-	-	-
	<b>1,726</b>	<b>1,980</b>	<b>5,808</b>	<b>5,995</b>

(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 \$1,286,267 (2012 \$1,053,456) (Council 2013 \$829,267, (2012 \$578,476)), 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 334 days (2012: 160 days).

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

Council	2013			2012		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	918	-	918	1,428	-	1,428
1 to 3 months	117	-	117	98	-	98
3 to 6 months	78	-	78	26	-	26
6 to 9 months	346	-	346	215	-	215
9 to 12 months	2	-	2	7	-	7
> 12 months	285	(20)	265	232	(26)	206
Carrying amount	1,746	(20)	1,726	2,006	(26)	1,980

Group	2013			2012		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	4,568	-	4,568	4,993	(4)	4,989
1 to 3 months	547	(1)	546	529	(4)	525
3 to 6 months	82	(3)	79	32	(6)	26
6 to 9 months	358	(9)	349	247	(7)	240
9 to 12 months	4	(3)	1	11	(2)	9
> 12 months	294	(29)	265	234	(28)	206
Carrying amount	5,853	(45)	5,808	6,046	(51)	5,995

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000

(ii) Movement in the allowance for doubtful debts:

Balance at beginning of year	26	11	51	36
Amounts written off during year	-	-	-	-
Amounts recovered during year	-	-	-	-
Increase/(decrease) in allowance recognised in Statement of Financial Performance	(6)	15	(6)	15
Balance at end of year	20	26	45	51

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	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Raw materials (at cost)	143	152	143	152
	143	152	143	152



8 Other Financial Assets and Liabilities

	Council		Group		
	2013 \$000	2012 \$000	2013 \$000	2012 \$000	
<b>Fair value through Profit or Loss:</b>					
<b>Classified as held for trading</b>					
<b>Managed Funds</b>					
OnePath Asset Management - NZ Government and Local Authority Stock	(i)	15,171	15,585	15,171	15,585
OnePath Asset Management - Other Bonds	(i)	6,376	5,775	6,376	5,775
OnePath Asset Management - NZ Cash	(ii)	30	37	30	37
Forsyth Barr - Cash Management Funds	(ii)	2,258	1,976	2,258	1,976
Forsyth Barr - Equities	(i)	5,977	6,111	5,977	6,111
Forsyth Barr - Capital protected notes	(i)	-	-	-	-
		<u>29,812</u>	<u>29,484</u>	<u>29,812</u>	<u>29,484</u>
Interest rate derivatives	(iii)	-	-	(214)	(397)
<b>Available-for-sale at fair value:</b>					
Equity Investments		-	-	28	22
		<u>-</u>	<u>-</u>	<u>28</u>	<u>22</u>
		<u>29,812</u>	<u>29,484</u>	<u>29,626</u>	<u>29,109</u>
<b>Disclosed in the financial statements as:</b>					
Current Assets		29,812	29,484	29,812	29,484
Non-current Assets		-	-	28	22
Non-current Liabilities		-	-	(214)	(397)
		<u>29,812</u>	<u>29,484</u>	<u>29,626</u>	<u>29,109</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 OnePath 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 2013 (2012: \$Nil).
- (iii) The Group has entered into a fixed for floating interest rate swap to hedge its floating debt. The Group has not adopted hedge accounting.  
Interest Rate Swap - South Port NZ Ltd has an interest rate swap in place which matures in June 2015. The interest rate swap has a fixed swap rate of 6.23% with a notional contract amount of \$5 million at 30 June 2013 (2012: \$5 Million).

9 Other Current Assets

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Prepayments	70	77	115	118
	<u>70</u>	<u>77</u>	<u>115</u>	<u>118</u>

10 Property, Plant and Equipment

COUNCIL ONLY

	2013											
	Cost 1 July 2012	Additions	Disposals	Other	Cost 30 June 2013	Accumulated depreciation and impairment charges 1 July 2012	Impairment losses charged in Statement of Comprehensive Income	Depreciation expense	Accumulated depreciation reversed on disposal	Other	Accumulated depreciation and impairment charges 30 June 2013	Carrying amount 30 June 2013
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
<b>Council Operational Assets</b>												
Land	145	-	-	-	145	-	-	-	-	-	-	145
Buildings	3,053	36	-	-	3,089	(1,021)	(77)	-	-	-	(1,098)	1,991
Rental Land	4,591	-	-	-	4,591	-	-	-	-	-	-	4,591
Rental Buildings	1,116	-	-	-	1,116	(659)	(22)	-	-	-	(681)	435
Motor Vehicles	1,839	154	-	-	1,993	(812)	(267)	-	-	-	(1,079)	913
Other Plant and Equipment	2,861	446	(15)	-	3,292	(1,916)	(255)	14	-	-	(2,157)	1,136
<b>Total Operational Assets</b>	<b>13,605</b>	<b>636</b>	<b>(15)</b>	<b>-</b>	<b>14,226</b>	<b>(4,408)</b>	<b>(621)</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>(5,016)</b>	<b>9,211</b>
<b>Council Infrastructural Assets</b>												
Stopbanks and Earthworks	24,707	-	-	-	24,707	-	-	-	-	-	-	24,707
Bridges	70	36	-	-	106	(6)	(2)	-	-	-	(8)	98
Large Culverts	2,157	-	-	-	2,157	(261)	(33)	-	-	-	(294)	1,863
Tidegate Structures	719	-	-	-	719	(79)	(10)	-	-	-	(89)	630
<b>Total Infrastructural Assets</b>	<b>27,653</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>27,689</b>	<b>(346)</b>	<b>(45)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(391)</b>	<b>27,298</b>
<b>Total Council Property, Plant and Equipment</b>	<b>41,258</b>	<b>672</b>	<b>(15)</b>	<b>-</b>	<b>41,915</b>	<b>(4,754)</b>	<b>(666)</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>(5,406)</b>	<b>36,509</b>

COUNCIL ONLY

	2012											
	Cost 1 July 2011	Additions	Disposals	Other	Cost 30 June 2012	Accumulated depreciation and impairment charges 1 July 2011	Impairment losses charged in Statement of Comprehensive Income	Depreciation expense	Accumulated depreciation reversed on disposal	Other	Accumulated depreciation and impairment charges 30 June 2012	Carrying amount 30 June 2012
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
<b>Council Operational Assets</b>												
Land	145	-	-	-	145	-	-	-	-	-	-	145
Buildings	3,053	-	-	-	3,053	(944)	(77)	-	-	-	(1,021)	2,032
Rental Land	4,591	-	-	-	4,591	-	-	-	-	-	-	4,591
Rental Buildings	1,116	-	-	-	1,116	(637)	(22)	-	-	-	(659)	457
Motor Vehicles	1,682	402	(245)	-	1,839	(729)	(247)	164	-	-	(811)	1,028
Other Plant and Equipment	2,566	295	-	-	2,861	(1,693)	(224)	-	-	-	(1,917)	944
<b>Total Operational Assets</b>	<b>13,153</b>	<b>697</b>	<b>(245)</b>	<b>-</b>	<b>13,605</b>	<b>(4,003)</b>	<b>(570)</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>(4,408)</b>	<b>9,196</b>
<b>Council Infrastructural Assets</b>												
Stopbanks and Earthworks	24,707	-	-	-	24,707	-	-	-	-	-	-	24,707
Bridges	70	-	-	-	70	(5)	(1)	-	-	-	(6)	64
Large Culverts	2,157	-	-	-	2,157	(228)	(32)	-	-	-	(260)	1,897
Tidegate Structures	719	-	-	-	719	(69)	(10)	-	-	-	(79)	640
<b>Total Infrastructural Assets</b>	<b>27,653</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,653</b>	<b>(302)</b>	<b>(43)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(345)</b>	<b>27,308</b>
<b>Total Council Property, Plant and Equipment</b>	<b>40,806</b>	<b>697</b>	<b>(245)</b>	<b>-</b>	<b>41,258</b>	<b>(4,305)</b>	<b>(613)</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>(4,753)</b>	<b>36,504</b>

**GROUP**

**2013**

	Cost 1 July 2012	Additions	Disposals	Other	Cost 30 June 2013	Accumulated depreciation and impairment charges 1 July 2012	Impairment losses charged in Statement of Comprehensive Income	Depreciation expense	Accumulated depreciation reversed on disposal	Other	Accumulated depreciation and impairment charges 30 June 2013	Carrying amount 30 June 2013
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
<b>Group Operational Assets</b>												
Land - Council	145	-	-	-	145	-	-	-	-	-	-	145
Buildings - Council	3,053	36	-	-	3,089	(1,021)	-	(77)	-	-	(1,098)	1,991
Rental Land - Council	4,591	-	-	-	4,591	-	-	-	-	-	-	4,591
Rental Buildings - Council	1,116	-	-	-	1,116	(659)	-	(22)	-	-	(681)	435
Motor Vehicles - Council	1,838	154	-	-	1,992	(812)	-	(267)	-	-	(1,079)	913
Other Plant and equipment - Council	2,862	446	(15)	-	3,293	(1,916)	-	(255)	13	-	(2,158)	1,135
Land - Subsidiary	2,034	679	-	-	2,713	-	-	-	-	-	-	2,713
Buildings - Subsidiary	10,779	4,838	-	-	15,617	(4,485)	-	(253)	-	-	(4,738)	10,879
Plant and Machinery - Subsidiary	48,658	3,057	(246)	-	51,469	(27,226)	-	(2,310)	240	31	(29,266)	22,204
<b>Total Operational Assets</b>	<b>75,076</b>	<b>9,210</b>	<b>(261)</b>	<b>-</b>	<b>84,025</b>	<b>(36,119)</b>	<b>-</b>	<b>(3,184)</b>	<b>253</b>	<b>31</b>	<b>(39,020)</b>	<b>45,006</b>
<b>Council Infrastructural Assets</b>												
Stopbanks and Earthworks	24,707	-	-	-	24,707	-	-	-	-	-	-	24,707
Bridges	70	36	-	-	106	(6)	-	(2)	-	-	(8)	98
Large Culverts	2,157	-	-	-	2,157	(261)	-	(33)	-	-	(293)	1,863
Tidegate Structures	719	-	-	-	719	(79)	-	(10)	-	-	(89)	630
<b>Total Infrastructural Assets</b>	<b>27,653</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>27,689</b>	<b>(346)</b>	<b>-</b>	<b>(45)</b>	<b>-</b>	<b>-</b>	<b>(390)</b>	<b>27,298</b>
<b>Total Group Property, Plant and Equipment</b>	<b>102,729</b>	<b>9,246</b>	<b>(261)</b>	<b>-</b>	<b>111,714</b>	<b>(36,465)</b>	<b>-</b>	<b>(3,229)</b>	<b>253</b>	<b>31</b>	<b>(39,410)</b>	<b>72,304</b>

**GROUP**

**2012**

	Cost 1 July 2011	Additions	Disposals	Other	Cost 30 June 2012	Accumulated depreciation and impairment charges 1 July 2011	Impairment losses charged in Statement of Comprehensive Income	Depreciation expense	Accumulated depreciation reversed on disposal	Other	Accumulated depreciation and impairment charges 30 June 2012	Carrying amount 30 June 2012
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
<b>Group Operational Assets</b>												
Land - Council	145	-	-	-	145	-	-	-	-	-	-	145
Buildings - Council	3,053	-	-	-	3,053	(944)	-	(77)	-	-	(1,021)	2,032
Rental Land - Council	4,591	-	-	-	4,591	-	-	-	-	-	-	4,591
Rental Buildings - Council	1,116	-	-	-	1,116	(637)	-	(22)	-	-	(659)	457
Motor Vehicles - Council	1,682	402	(245)	-	1,839	(729)	-	(247)	164	-	(812)	1,027
Other Plant and equipment - Council	2,566	295	-	-	2,861	(1,693)	-	(224)	-	-	(1,917)	944
Land - Subsidiary	2,034	-	-	-	2,034	-	-	-	-	-	-	2,034
Buildings - Subsidiary	10,818	-	-	(39)	10,779	(4,239)	-	(270)	-	24	(4,485)	6,294
Plant and Machinery - Subsidiary	49,672	2,648	(3,662)	-	48,658	(27,785)	376	(2,106)	2,289	-	(27,226)	21,432
<b>Total Operational Assets</b>	<b>75,677</b>	<b>3,345</b>	<b>(3,907)</b>	<b>(39)</b>	<b>75,076</b>	<b>(36,027)</b>	<b>376</b>	<b>(2,946)</b>	<b>2,453</b>	<b>24</b>	<b>(36,120)</b>	<b>38,956</b>
<b>Council Infrastructural Assets</b>												
Stopbanks and Earthworks	24,707	-	-	-	24,707	-	-	-	-	-	-	24,707
Bridges	70	-	-	-	70	(5)	-	(1)	-	-	(6)	64
Large Culverts	2,157	-	-	-	2,157	(228)	-	(32)	-	-	(260)	1,897
Tidegate Structures	719	-	-	-	719	(69)	-	(10)	-	-	(79)	640
<b>Total Infrastructural Assets</b>	<b>27,653</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,653</b>	<b>(302)</b>	<b>-</b>	<b>(43)</b>	<b>-</b>	<b>-</b>	<b>(345)</b>	<b>27,308</b>
<b>Total Group Property, Plant and Equipment</b>	<b>103,330</b>	<b>3,345</b>	<b>(3,907)</b>	<b>(39)</b>	<b>102,729</b>	<b>(36,329)</b>	<b>376</b>	<b>(2,989)</b>	<b>2,453</b>	<b>24</b>	<b>(36,465)</b>	<b>66,264</b>

**11 Investment in Related Party**

In the current year the Council has established a Council Controlled Organisation ("CCO") with five other regional councils for the purposes of collaboratively developing and maintaining a software application suite for use by regional councils in the delivery of their activities under a long-term plan.

The CCO has taken the form of a limited liability company called Regional Software Holdings Limited (RSHL), incorporated on 17 October 2012 with the shareholders being the six regional councils. The council's shareholding as at 30 June 2013 was 15.5%.

Upon incorporation, the costs of developing and maintaining the software previously recognised as an intangible asset by the Council, were reclassified as an Investment in a Related Party.

**12 Trade and Other Payables**

	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Trade payables	2,611	2,902	4,985	4,729
Other accrued charges	930	772	930	772
	<b>3,541</b>	<b>3,674</b>	<b>5,915</b>	<b>5,501</b>

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

(ii) Council has made provision in the 2013 year for two RiskPool calls regarding leaky homes, totalling \$40,370 (2012: \$80,740).

No calls have become payable in July 2013 but it is possible that a further call will become payable in the 2013/14 year.

**13 Provisions**

	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
<b>Provision for Unforeseen Repairs and Maintenance</b>				
Balance at beginning of year	-	-	-	100
Additional provisions made	-	-	-	-
Amounts utilised	-	-	-	(100)
<b>Balance at end of year</b>	<b>\$Nil</b>	<b>\$Nil</b>	<b>\$Nil</b>	<b>\$Nil</b>

**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's unforeseen repairs and maintenance provision has previously allowed for events of this nature. This provision was utilised during the year ended 30 June 2012.

14 Employee Entitlements

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Accrued salary and wages	276	225	547	448
Annual leave	687	577	1,174	989
Long service leave	12	33	105	122
Sick leave	-	-	-	-
	<b>975</b>	<b>835</b>	<b>1,826</b>	<b>1,559</b>
<b>Disclosed in the financial statements as:</b>				
Current	970	829	1,742	1,464
Non-current	5	6	84	95
	<b>975</b>	<b>835</b>	<b>1,826</b>	<b>1,559</b>

15 Borrowings

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
<b>Secured - at amortised cost</b>				
Current borrowings	-	-	6,000	1,200
Non-current borrowings	-	-	201	-
	<b>\$Nil</b>	<b>\$Nil</b>	<b>6,201</b>	<b>1,200</b>

South Port New Zealand Limited's revolving credit facility of \$8 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 rolling present and future and uncalled capital" of South Port New Zealand Limited.

Interest on the first \$5 million drawn at any one time 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.

The non-current loan was entered into with Southland Cool Stores Ltd as part of the business combination in September 2012 for a period of 2 years repayable on 1 September 2014. Interest is paid 6 monthly at a rate of 2% per annum.

At balance date the current weighted average effective interest rate on the term borrowings was 7.53% (2012: 7.56%)

16

## Equity

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Lease area balances (a)	3,210	2,939	3,210	2,939
Special reserves (b)	16,434	16,862	16,434	16,862
Rating district balances (c)	2,883	2,713	2,883	2,713
Retained earnings (d)	52,024	51,893	64,034	63,241
Non controlling interest (e)	-	-	9,840	9,504
	<u>74,551</u>	<u>74,407</u>	<u>96,401</u>	<u>95,259</u>

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

	2013		Interest Paid \$000	Transfers Out \$000	Balance 30/06/2013 \$000
	Balance 1/07/2012 \$000	Plus Income \$000			
Aparima	25	2	2	(1)	28
Ferry Road	879	323	57	(197)	1,063
Kingswell	28	5	2	(2)	32
Mataura	1,423	374	83	(445)	1,435
Oreti	171	160	11	(140)	202
Otepunui	97	24	6	(12)	115
Winton	170	9	10	(18)	171
Waihopai	146	21	9	(12)	164
	<u>2,939</u>	<u>918</u>	<u>179</u>	<u>(828)</u>	<u>3,210</u>

	2012		Interest Paid \$000	Transfers Out \$000	Balance 30/06/2012 \$000
	Balance 1/07/2011 \$000	Plus Income \$000			
Aparima	25	2	1	(3)	25
Ferry Road	773	205	47	(146)	879
Kingswell	25	5	1	(3)	28
Mataura	1,472	374	82	(505)	1,423
Oreti	138	160	9	(136)	171
Otepunui	91	21	5	(21)	97
Winton	159	9	9	(7)	170
Waihopai	133	21	8	(15)	146
	<u>2,815</u>	<u>797</u>	<u>163</u>	<u>(836)</u>	<u>2,939</u>

(b) Special Reserves (Council and Group)

	Balance 30/06/2012 \$000	2013		Balance 30/06/2013 \$000
		Transfers to \$000	Transfers from \$000	
Building Reserve	120	72	(31)	161
Lease Building Reserve	408	22	-	430
Furniture and Equipment Reserve	30	35	(12)	53
Plant Renewal Reserve	(245)	189	(292)	(348)
Computer Reserve	(195)	-	(105)	(300)
Vehicle reserve	90	267	(154)	203
Infrastructure Assets Reserve	346	44	(36)	354
Disaster Damage General Reserve	2,000	-	-	2,000
Makarewa Disaster Damage Reserve-Restricted	143	10	(16)	137
Oreti Disaster Damage Reserve-Restricted	1,104	66	-	1,170
Lower Mararoa Disaster Damage Reserve-Restricted	48	3	-	51
Upper Mararoa Disaster Damage Reserve-Restricted	13	1	-	14
Mataura Disaster Damage Reserve-Restricted	872	79	-	951
Aparima Disaster Damage Reserve-Restricted	351	32	-	383
Upukerora Disaster Damage Reserve-Restricted	27	1	-	28
Whitestone Disaster Damage Reserve-Restricted	56	-	-	56
Orauea Disaster Damage Reserve-Restricted	7	-	-	7
Invercargill Disaster Damage Reserve-Restricted	444	50	-	494
Waiau Disaster Damage Reserve-Restricted	1,335	160	(80)	1,415
Gratuity Reserve	64	4	-	68
Regional Assistance to Projects	6	-	-	6
Coastal Rental Reserve	348	73	(100)	321
Marine Fee Reserve-Restricted	1,947	1,984	(1,427)	2,504
South Port Special Dividend Reserve	3,393	-	(1,365)	2,028
South Port Share Buy Back Reserve	2,985	-	-	2,985
General Reserve	275	59	-	334
Pest Property Reserve Fund	267	8	(6)	269
Pest Plant Reserve	56	1	-	57
Pest Disposals Reserve	299	-	-	299
Te Anau Basin Reserve	-	19	-	19
Waimatuku Stream Disaster Reserve - Restricted	56	-	-	56
Lake Hawkins Pumphouse-Restricted	212	17	-	229
	16,862	3,196	(3,624)	16,434

## (b) Special Reserves (Council and Group) cont

	2012			Balance 30/06/2012 \$000
	Balance 30/06/2011 \$000	Transfers to \$000	Transfers from \$000	
Building Reserve	43	77	-	120
Lease Building Reserve	386	22	-	408
Furniture and Equipment Reserve	90	24	(84)	30
Plant Renewal Reserve	(230)	195	(210)	(245)
Computer Reserve	60	3	(258)	(195)
Vehicle Reserve	122	369	(401)	90
Infrastructure Assets Reserve	303	43	-	346
Disaster Damage General Reserve	2,000	-	-	2,000
Makarewa Disaster Damage Reserve-Restricted	133	10	-	143
Oreti Disaster Damage Reserve-Restricted	958	146	-	1,104
Lower Mararoa Disaster Damage Reserve-Restricted	6	42	-	48
Upper Mararoa Disaster Damage Reserve-Restricted	4	9	-	13
Mataura Disaster Damage Reserve-Restricted	797	75	-	872
Aparima Disaster Damage Reserve-Restricted	321	30	-	351
Upukerora Disaster Damage Reserve-Restricted	25	2	-	27
Whitestone Disaster Damage Reserve-Restricted	47	9	-	56
Orauca Disaster Damage Reserve-Restricted	6	1	-	7
Invercargill Disaster Damage Reserve-Restricted	397	47	-	444
Waiau Disaster Damage Reserve-Restricted	1,245	163	(73)	1,335
Gratuity Reserve	60	4	-	64
Regional Assistance to Projects	6	-	-	6
Coastal Rental Reserve	297	71	(20)	348
Marine Fee Reserve-Restricted	1,400	1,671	(1,124)	1,947
South Port Special Dividend Reserve	3,493	-	(100)	3,393
South Port Share Buy Back Reserve	2,985	-	-	2,985
General Reserve	275	-	-	275
Pest Property Reserve Fund	287	-	(20)	267
Pest Plant Reserve	55	1	-	56
Pest Disposals Reserve	299	-	-	299
Te Anau Basin Reserve	14	(14)	-	-
Waimatuku Stream Disaster Reserve - Restricted	61	(5)	-	56
Lake Hawkins Pumphouse-Restricted	196	16	-	212
	16,141	3,011	(2,290)	16,862



## (e) Rating Districts Balances (Council and Group) - Restricted Reserves

	2013					Balance 30/06/2013 \$000
	Balance 30/06/2012 \$000	Plus Rates 12/13 \$000	Other Income \$000	Net Transfers \$000	Cost to District \$000	
Aparima	473	226	230	(2)	(437)	490
Clifton Drainage	12	3	1	-	(2)	14
Duck Creek	30	53	9	-	(37)	55
Invercargill	59	355	147	(23)	(467)	71
Lake Hawkins	80	101	29	(4)	(179)	27
Mararoa	3	-	-	-	-	3
Makarewa	192	167	108	15	(342)	140
Mataura	240	851	464	(27)	(1,246)	282
Otepunui Creek	32	15	5	-	(34)	18
Oreti	197	686	396	32	(1,071)	240
Te Anau Basin	416	180	187	(14)	(445)	324
Waituna Creek	53	36	5	-	(9)	85
Waihopai	14	29	3	-	(11)	35
Waiau	382	1	327	(80)	(244)	386
Waiau - Sharpridge	10	4	5	-	-	19
Waiau - Orauea	11	19	20	-	(35)	15
Waiau - Upper Lillburn	126	31	40	-	(22)	174
Waiau - Wairaki	46	12	14	-	(41)	31
Waiau - Fenham	50	5	8	-	-	63
Waiau - Boundary Creek	4	-	1	-	-	5
Waiau Special Projects	179	-	15	80	(17)	257
Waimatuku	33	46	8	(4)	(39)	43
Upper Waihopai	9	16	4	-	(4)	25
Upper Waikiwi	55	14	4	-	(5)	68
Lower Waikawa	5	2	1	-	(1)	8
Upper Waikawa	2	7	2	-	(8)	3
	2,713	2,859	2,033	(27)	(4,695)	2,883

## (c) Rating Districts Balances (Council and Group) - Restricted Reserves cont

	2012					Balance 30/06/2012 \$000
	Balance 30/06/2011 \$000	Plus Rates 11/12 \$000	Other Income \$000	Net Transfers \$000	Cost to District \$000	
Aparima	480	301	142	13	(463)	473
Clifton Drainage	9	3	-	-	(1)	12
Duck Creek	21	49	2	-	(42)	30
Invercargill	69	447	11	2	(470)	59
Lake Hawkins	67	95	10	(4)	(87)	80
Mararoa	48	-	1	(29)	(18)	3
Makarewa	168	209	19	3	(207)	192
Mataura	249	1,123	266	101	(1,499)	240
Otepuni Creek	17	15	1	-	(2)	32
Oreti	244	872	129	6	(1,053)	197
Te Anau Basin	331	228	34	-	(176)	416
Waituna Creek	105	50	7	-	(108)	53
Waihopai	5	26	1	-	(17)	14
Waiau	369	1	329	(89)	(228)	382
Waiau - Sharpridge	18	4	5	-	(17)	10
Waiau - Orauea	13	18	21	-	(41)	11
Waiau - Upper Lillburn	71	31	36	-	(12)	126
Waiau - Wairaki	35	10	12	-	(11)	46
Waiau - Fenham	41	5	7	-	(3)	50
Waiau - Boundary Creek	4	-	-	-	-	4
Waiau Special Projects	112	-	14	73	(20)	179
Waimatuku	33	46	2	(6)	(42)	33
Upper Waihopai	4	9	0	-	(5)	9
Upper Waikiwi	42	17	2	-	(7)	55
Lower Waikawa	4	2	0	-	(1)	5
Upper Waikawa	2	7	0	-	(8)	2
	2,558	3,566	1,055	69	(4,537)	2,713

(d)	Retained Earnings	Council		Group	
		2013 \$000	2012 \$000	2013 \$000	2012 \$000
	Balance at beginning of year	51,893	51,671	63,239	62,517
	Net surplus / (deficit) attributable to Council	144	1,222	808	1,718
	Net movement in lease areas	(271)	(124)	(271)	(124)
	Net movement in special reserves	428	(721)	428	(721)
	Net movement in rating districts	(170)	(155)	(170)	(151)
	<b>Balance at end of year</b>	<b>52,024</b>	<b>51,893</b>	<b>64,034</b>	<b>63,239</b>
(e)	Non Controlling Interests				
	Balance at beginning of year			9,504	9,255
	Share of comprehensive income for the year			2,181	2,008
	Dividend distribution for the year			(1,846)	(1,759)
	Balance at end of year			9,840	9,504

17 Commitments for Expenditure

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
<b>(a) Capital Expenditure Commitments</b>				
Buildings	-	-	-	4,820
Property, plant and equipment	-	-	157	-
Vehicles	37	-	37	-
Intangible Assets - software	114	-	114	-
	<u>151</u>	<u>-</u>	<u>308</u>	<u>4,820</u>

As at 30 June 2013, the Council has the following capital expenditure commitments (2012: Nil):

- (i) Share of IRIS Software Development \$113,737, due to go live in October 2013.
- (ii) Hyundai motor vehicle \$36,970, to be delivered in July 2013.

As at 30 June 2013, South Port New Zealand Limited had entered into a capital expenditure commitment to purchase two Hyster Forklifts at a total cost of \$157,000 due to arrive in August 2013. (2012: two material commitments as follows):

- (i) Balance payable on further paving work contracted which was due to be completed by October 2012. The balance of the work to be completed is worth approximately \$320,000 and will be paid upon completion of the work;
- (ii) The construction of a new 5,900m<sup>2</sup> dry warehouse at an estimated cost of \$4.5m which was expected to be completed by March 2013.

**(b) Operating Lease Commitments**

**Finance lease commitments**

Finance lease liabilities at 30 June 2013 were \$Nil. (30 June 2012: \$Nil)

**Operating lease commitments**

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

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Within one year	-	-	390	123
One to five years	-	-	1,448	262
More than five years	-	-	262	272
	<u>\$Nil</u>	<u>\$Nil</u>	<u>2,100</u>	<u>657</u>

South Port New Zealand Limited has operating lease commitments in relation to two forklifts leases with Forklifts NZ Limited which expire in 2013 and a ten year land lease commitment with KiwiRail Limited for the lease of a parcel of land situated on the Island Harbour, Bluff, due to expire in December 2021.

During the year the Group also entered into a lease for certain land and buildings. This lease is for a period of six years with a renewal option in September 2018.

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

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Within one year	-	-	3,133	3,415
One to five years	-	-	8,260	7,931
More than five years	-	-	50,197	51,914
	<u>\$Nil</u>	<u>\$Nil</u>	<u>61,590</u>	<u>63,260</u>

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

18 **Contingent Liabilities and Contingent Assets**

**Council and Group**

**Insurance Scheme**

The Council is a member of the LAPP insurance scheme. The scheme carries part of its cover as a limited collective mutual self-insurance scheme. Should there be a major disaster leading to a successful claim by member council(s) this council may be called on to contribute up to five times its annual premium of \$71,500 with a maximum of two claims a year.

There were no other known contingent liabilities for the Group at 30 June 2013 (30 June 2012: \$Nil)

19 **Subsidiaries**

Parent Entity	Country of Incorporation	Ownership Interest	
		2013	2012
		%	%
Southland Regional Council (i)	New Zealand		
<b>Subsidiaries</b>			
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:

	<b>Council</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>
<b>South Port New Zealand Limited</b>		
Dividend payment made to Council	3,663	3,488
Rates paid to Council as per normal terms of business	5	5

**Regional Software Holdings Ltd**

The transactions between the Council and Regional Software Holdings Limited (refer Note 11) were:

	<b>Council</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>
Share call	691	-
Admin fees and support	14	-

Regional Software Holdings Limited has no subsidiaries.

#### **Other Transactions Involving Related Parties**

During the year South Port New Zealand Limited provided cold storage facilities and leased warehousing, land and wharf facilities to Sanford Limited for \$1.08 million (2012: \$1.01million). Sanford Limited debtors balance at 30 June 2013 was \$59,000 (2012: \$99,000). Mr T M Foggo, a Director of South Port New Zealand Limited is the Southland Manager of Sanford Limited. All of these transactions were conducted on an arms length basis at market rates.

All balances owing by Sanford are due by the 20th of the month following invoice and all overdue invoices are subject to interest on arrears. During the year ended 30 June 2013 no amounts invoiced to Sanford were written off as bad debts or included in the doubtful debts provision at balance date (2012: Nil).

#### **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**

On 10 July 2013, the Council arranged its seasonal overdraft of \$4 million pending the annual rates collection due by 29 November 2013.

On 19 September 2013, Council increased its overdraft facility with ANZ Bank from \$4 million to \$6 million. The termination date for the increase of \$2 million is 31 January 2014.

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

On 22 August 2013, the Board declared a final dividend for the year to 30 June 2013 of 15.50 cents per share amounting to approximately \$4.066 million (before supplementary dividends). (2012: Final dividend declared for 14.50 cents per share amounting to approximately \$3.804 million.)

2012: In late July 2012, South Port New Zealand Limited entered into an agreement to purchase the cold storage business of Southland Cool Stores Ltd located at Bluff. The transaction was dependent on the successful outcome of a due diligence process and it was subsequently confirmed that the business acquisition would proceed. A long term lease of the former Southland Cool Store's premises was executed as part of the transaction and integration of this operating site with South Port's existing cold storage division is now incorporated into the financial statements for the year ended 30 June 2013.

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

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Cash and cash equivalents	1,395	1,493	2,046	2,256
Short Term Deposits with maturities < 3 months	-	-	676	211
Bank overdraft	1,395	1,493	2,722	2,467
	<u>1,395</u>	<u>1,493</u>	<u>2,722</u>	<u>2,467</u>

(b) Borrowings - Facilities

Unsecured bank overdraft facility, payable at call:				
- Amount used	-	-	-	-
- Amount unused	-	3,000	-	3,000
	<u>\$Nil</u>	<u>3,000</u>	<u>\$Nil</u>	<u>3,000</u>
Secured credit line facility from HBSC on a monthly rolling basis:				
- Amount used	-	-	6,000	1,200
- Amount unused	-	-	2,000	3,800
	<u>\$Nil</u>	<u>\$Nil</u>	<u>8,000</u>	<u>5,000</u>

(c) Reconciliation of Surplus for the period to Net Cash Flows From Operating Activities

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Surplus / (Deficit)	144	1,222	2,989	3,726
<b>Add (less) non-cash items</b>				
Depreciation	665	613	3,229	2,989
(Gain) / loss on disposal of property, plant and equipment	2	(42)	(31)	(54)
Impairment of fixed assets	-	-	-	(376)
Net change in fair value of forward exchange contracts and interest rate swaps	-	-	(183)	19
Net change in fair value of other financial assets	(938)	(1,664)	(938)	(1,664)
Net change in deferred tax	-	-	(60)	198
	<u>(271)</u>	<u>(1,093)</u>	<u>2,017</u>	<u>1,112</u>
<b>Add/(less) movement in working capital:</b>				
Trade and other receivables	254	(357)	178	(1,410)
Inventories	9	11	9	11
Prepayments	7	3	(3)	(3)
Trade and other payables	(133)	1,198	49	1,116
Employee Entitlements	140	(21)	140	(21)
Taxation payable	-	-	34	(339)
	<u>277</u>	<u>835</u>	<u>407</u>	<u>(665)</u>
<b>Add/(less) items classified as Investing Activities:</b>				
Foreign Exchange (gain) / loss	-	-	-	24
	<u>-</u>	<u>-</u>	<u>-</u>	<u>24</u>
<b>Net cash inflow (outflow) from operating activities</b>	<u>150</u>	<u>964</u>	<u>5,413</u>	<u>4,197</u>



23 Severance Payments (Council only)

For the year ended 30 June 2013 Council made two severance payments to two former staff, one for \$25,000 and one for \$15,000, giving a total of \$40,000. (2012: Severance \$30,000, contribution to legal fees \$13,000).

24 Remuneration (Council only)

(a) During the year to 30 June 2013, 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 2012/13				Total
	Remuneration	Communication Allowance	Meeting fees	Mileage	
<i>Chair</i>					
Ali Timms	83,751	-	-	-	83,751
	83,751	-	-	-	83,751
<i>Elected members</i>					
Brian Mason	25,924	750	-	3,452	30,126
Ernest Currie	25,924	750	-	299	26,973
Grant Hubber	25,924	750	523	225	27,422
Jan Riddell	25,924	750	224	2,695	29,593
Marion Miller	25,924	750	224	15	26,913
Maurice Rodway	33,702	750	188	-	34,640
Neville Cook	25,924	750	745	-	27,419
Nicol Horrell	38,886	751	-	7,106	46,743
Peter Jones	25,924	750	372	5,096	32,142
Robert Guyton	25,924	750	151	1,949	28,774
Ross Cockburn	33,702	750	-	6,726	41,178
	313,682	8,251	2,427	27,563	351,923
	397,433	8,251	2,427	27,563	435,674

	Cost During 2011/12				Total
	Remuneration	Communication Allowance	Meeting fees	Mileage	
<i>Chair</i>					
Ali Timms	82,121	-	-	-	82,121
	82,121	-	-	-	82,121
<i>Elected members</i>					
Brian Mason	25,356	721	-	3,552	29,629
Ernest Currie	25,356	721	563	-	26,640
Grant Hubber	25,356	721	-	485	26,562
Jan Riddell	25,356	721	-	2,772	28,849
Marion Miller	25,356	721	980	-	27,057
Maurice Rodway	32,961	721	1,042	-	34,724
Neville Cook	25,356	721	1,863	-	27,940
Nicol Horrell	38,032	721	-	6,587	45,340
Peter Jones	25,356	721	1,344	4,866	32,287
Robert Guyton	25,356	721	271	1,701	28,049
Ross Cockburn	32,961	721	1,491	8,167	43,340
	306,802	7,931	7,554	28,130	350,417
	388,923	7,931	7,554	28,130	432,538

**Chief Executive**

For the year ending 30 June 2013 the total cost to the Council of the remuneration package being received by the Chief Executive, including the fringe benefit tax of \$5,016 (2012: \$4,744) is calculated at \$208,797.

In addition the Acting Chief Executive's remuneration package, including fringe benefit tax of \$387 is calculated at \$18,853 for the period he acted in the role. (2012 total Chief Executive remuneration: \$194,301).

(b) Council staff employed on the last day of the financial year received total remuneration as set out below:

	<b>2013</b>	<b>2012</b>
	<b>Actual</b>	<b>Actual</b>
Number of full-time employees	123	114
Fulltime equivalent of all other employees	11	7
Number of employees receiving total annual remuneration below \$60,000	47	46
Number of employees receiving total annual remuneration between \$60,000 and \$79,999	51	46
Number of employees receiving total annual remuneration between \$80,000 and \$99,999	21	18
Number of employees receiving total annual remuneration between \$100,000 and \$119,999	9	12
Number of employees receiving total annual remuneration between \$120,000 and \$239,999	5	0

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

**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 Plan (LTP) 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 2012.

**(b) Significant Accounting Policies**

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

**(c) Categories of Financial Instruments**

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
<b>Financial Assets</b>				
Cash and cash equivalents	1,395	1,493	2,722	2,467
Trade and other receivables - Amortised Cost	1,726	1,980	5,808	5,995
Other financial assets				
- Fair Value through profit or loss - held for trading	29,812	29,484	29,812	29,484
- Available-for-sale financial assets	-	-	28	22
- Amortised cost	8,721	8,721	-	-
<b>Financial Liabilities</b>				
Trade and other payables - Amortised Cost	3,541	3,674	5,915	5,501
Borrowings - Amortised Cost	-	-	6,201	1,200
Other financial liabilities				
- Fair Value through profit or loss	-	-	214	397

## 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

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

	Assets		Liabilities	
	2013 NZ \$000	2012 NZ \$000	2013 NZ \$000	2012 NZ \$000
<b>Council</b>				
US Dollars	2,060	1,839	-	-
British Pounds	1,445	1,504	-	-
Australian Dollars	1,881	2,351	-	-
<b>Group</b>				
US Dollars	2,060	1,839	-	-
British Pounds	1,445	1,504	-	-
Australian Dollars	1,881	2,351	-	-

### (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 OnePath 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.

### (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 OnePath 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.

## 25 FINANCIAL INSTRUMENTS cont.

### (h) Credit Risk

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

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

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

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

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

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

### (i) Liquidity Risk Management

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

The Group manages liquidity risk by maintaining adequate funds on deposit, reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in 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 liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the liabilities except where the Council is entitled and intends to repay a liability before its maturity.

Maturity Profile of Financial Instruments

GROUP 2013	Weighted Average Effective Interest Rate	Fixed Maturity Dates						Contractual Cashflows
		Less than 12 months	1-2 years	2-3 Years	3-4 Years	4-5 Years	> 5 Years	
		\$000	\$000	\$000	\$000	\$000	\$000	
Financial Liabilities	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Bank overdraft	-	-	-	-	-	-	-	-
Trade and other payables	-	5,915	-	-	-	-	-	5,915
Borrowings (non-current)	2.00%	4	202	-	-	-	-	206
Borrowings (current)	7.53%	6,019	-	-	-	-	-	6,019
Interest rate derivatives	6.23%	143	107	-	-	-	-	250

GROUP 2012	Weighted Average Effective Interest Rate	Fixed Maturity Dates						Contractual Cashflows
		Less than 12 months	1-2 years	2-3 Years	3-4 Years	4-5 Years	> 5 Years	
		\$000	\$000	\$000	\$000	\$000	\$000	
Financial Liabilities	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Bank overdraft	-	-	-	-	-	-	-	-
Trade and other payables	-	5,501	-	-	-	-	-	5,501
Borrowings (current)	7.56%	1,204	-	-	-	-	-	1,204
Interest rate derivatives	6.23%	187	148	111	-	-	-	446

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

COUNCIL 2013	Weighted Average Effective Interest Rate	Fixed Maturity Dates						Contractual cashflows
		Less than 12 months	1-2 years	2-3 Years	3-4 Years	4-5 Years	> 5 Years	
		\$000	\$000	\$000	\$000	\$000	\$000	
Financial Liabilities	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Bank overdraft	-	-	-	-	-	-	-	-
Trade and other payables	-	3,541	-	-	-	-	-	3,541
Borrowings	-	-	-	-	-	-	-	-

COUNCIL 2012	Weighted Average Effective Interest Rate	Fixed Maturity Dates						Contractual cashflows
		Less than 12 months	1-2 years	2-3 Years	3-4 Years	4-5 Years	> 5 Years	
		\$000	\$000	\$000	\$000	\$000	\$000	
Financial Liabilities	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Bank overdraft	-	-	-	-	-	-	-	-
Trade and other payables	-	3,674	-	-	-	-	-	3,674
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 considers that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values with the exception of the Council's investment in its subsidiary, South Port New Zealand Limited (South Port). The Council records its investment in South Port at cost (\$8,720,786) and at 30 June 2013 the fair value of this investment based on the NZX quoted bid price was \$54,068,876 (2012: \$53,196,798).

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).

	Total NZ \$000	Valuation Technique		
		Level 1	Level 2	Level 3
		NZ \$000	NZ \$000	NZ \$000
<b>Group 2013</b>				
<b>Financial Assets</b>				
Available for sale investments (shares)	28	28	-	-
Other financial assets	29,812	-	29,812	-
<b>Financial Liabilities</b>				
Derivatives - interest rate swaps	(214)	-	(214)	-
Derivatives - foreign exchange contracts	-	-	-	-

	Total NZ \$000	Valuation Technique		
		Level 1	Level 2	Level 3
		NZ \$000	NZ \$000	NZ \$000
<b>Group 2012</b>				
<b>Financial Assets</b>				
Available for sale investments (shares)	22	22	-	-
Other financial assets	29,484	-	29,484	-
<b>Financial Liabilities</b>				
Derivatives - interest rate swaps	(397)	-	(397)	-
Derivatives - foreign exchange contracts	-	-	-	-

**(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 or increase by \$538,621 (2012: \$566,889). 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 report

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

- Surplus would decrease or increase by \$176,529 (2012: \$127,529). This is mainly attributable to the Group's exposure to interest rates on its investments within its managed funds held with OnePath 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 decrease or increase by \$597,694 (2012: \$166,400) in relation to the equity investments at fair value through profit and loss.

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



26 Explanation of Major Variances against Budget

Council Statement of Comprehensive Income for the Year Ended 30 June 2013

	Council 2013 \$000	Council Budget \$000	Variance \$000	Note
<b>Income</b>				
Rates revenue	12,293	12,282	11	
Other revenue	11,964	11,840	124	a.
Other gains / (losses)	936	1,540	(604)	b.
<b>Total Income</b>	<b>25,193</b>	<b>25,662</b>	<b>(469)</b>	
<b>Expenditure</b>				
Employee benefits expense	(10,784)	(11,595)	811	c.
Depreciation expense	(665)	(649)	(16)	
Finance costs	(40)	(60)	20	
Other expenses	(13,560)	(15,043)	1,483	d.
<b>Total Operating Expenditure</b>	<b>(25,049)</b>	<b>(27,347)</b>	<b>2,298</b>	
Surplus (Deficit) before tax	144	(1,685)	1,829	
Income tax expense	-	-	-	
Tax legislation changes	-	-	-	
<b>Surplus (deficit) for the period</b>	<b>144</b>	<b>(1,685)</b>	<b>1,829</b>	
Available for sale financial assets valuation gain/(loss) taken to equity	-	-	-	
<b>Total Comprehensive Income</b>	<b>144</b>	<b>(1,685)</b>	<b>1,829</b>	

**Explanations for Statement of Comprehensive Income Variances:**

The operating surplus of \$144,000 was \$1.8m above budget for the year ended 30 June 2013. The major components of this favorable result are explained below.

Revenue was below budget by \$0.47m. The major items contributing to this variance were:

- a. The favourable variance in Other Revenue of \$0.1m is largely due to the dividends from South Port New Zealand, being \$0.52m higher than expected.
- b. Other gains and losses were \$0.6m below budget due to forecasted returns from the managed fund investments held with our bonds returning a loss against of budget of \$0.743m being offset by returns greater than budget by \$0.14m from our equities.

Operating expenditure was \$2.3m under budget primarily due to:

- c. Employee benefits are under budget by \$0.8m due to delaying the recruitment of some planned positions.
- d. Other expenses show under expenditure of \$1.5m due to savings being made in contract labour and laboratory services and grants/donations

*Further explanations for these operating variances are reported under each activity along with programme costings.*

**Statement of Financial Position  
Actual compared to Budget**

	Council 2013 \$000	Council Budget \$000	Variance \$000	Note
<b>Equity</b>	<b>74,551</b>	<b>72,830</b>	<b>1,721</b>	a.
Current Assets	33,146	32,312	834	b.
Non-Current Assets	45,921	43,932	1,989	c.
Current Liabilities	4,511	3,398	(1,113)	d.
Non Current Liabilities	5	16	11	
<b>Net Assets</b>	<b>74,551</b>	<b>72,830</b>	<b>1,721</b>	

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

- a. Three years of favourable investment returns and operational surpluses resulted in a favorable equity position of \$74.5m which is \$1.7m higher than budget.
- b. Current assets are at \$33.1m versus a budget of \$32.3m due to the favourable cash position, as a result of operational surpluses, and favourable valuation movements in our equity and bond portfolio investments.
- c. Non current assets are at \$45.9m with increased capital expenditure required for IRIS (reflected in investment in related party on balance sheet) and the finance system upgrade.
- d. Current liabilities are \$1.2m above budget due to an increase in trade creditors towards the end of the financial year. This effect is offset by a decrease in employee leave entitlements.

**Statement of Cash Flows  
Actual compared to Budget**

	Council 2013 \$000	Council Budget \$000	Variance \$000	Note
Net cash flow from operating activities	150	(1,546)	1,696	
Net cash flow from investing activities	(248)	2,262	(2,510)	
Net cash flow from financing activities	-	-	-	
<b>Increase/(Decrease) in cash held</b>	<b>(98)</b>	<b>716</b>	<b>(814)</b>	a.
Add opening cash brought forward	1,493	1,141	352	
Ending cash carried forward	<b>1,395</b>	<b>1,857</b>	<b>(462)</b>	

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

- a. The decrease in Cash held of \$99k is \$0.8m below budget. Although dividends received were higher than planned, this was offset by a smaller drawdown from managed funds.

## Auditor's Report



### INDEPENDENT AUDITOR'S REPORT

#### TO THE READERS OF ENVIRONMENT SOUTHLAND AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

The Auditor-General is the auditor of Environment Southland (the Council) and group. The Auditor-General has appointed me, P F Heslin, using the staff and resources of Deloitte to audit:

- the financial statements of the Council and group that comprise:
  - the statement of financial position as at 30 June 2013 on page 89;
  - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 88 and 90; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 91 to 138;
- the funding impact statement of the Council on page 10;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the Council on pages 22 to 75;
- the statement of service provision referred to as the Statement of Service Performance of the Council on pages 11 to 75; and
- the funding impact statements in relation to each group of activities of the Council on pages 22 to 75.

In addition, the Auditor-General has appointed me to report on whether the Council and group's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - internal borrowing;
  - council-controlled organisations on page 125;
  - reserve funds on pages 118 to 123;
  - each group of activities carried out by the Council on pages 11 to 75;

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- remuneration paid to the elected members and certain employees of the Council on pages 129 to 130;
- employee staffing levels and remuneration on page 130 and
- severance payments on page 129;
- a report on the activities undertaken by the Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 8; and
- a statement of compliance signed by the chairperson of the Council, and by the Council and group's chief executive on page 1.

### Opinion

#### **Audited information**

In our opinion:

- the financial statements of the Council and group on pages 88 to 138:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Council's and group's financial position as at 30 June 2013; and
    - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the Council on page 10, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the Council on pages 22 to 75, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the Council's long-term plan or annual plan.
- the Statement of Service Performance of the Council on pages 11 to 75:
  - comply with generally accepted accounting practice in New Zealand; and

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- fairly reflects the Council's levels of service for the year ended 30 June 2013, including:
  - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
  - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the Council on pages 22 to 75, fairly reflect by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's long-term plan.

### **Compliance with the other requirements of schedule 10**

In our opinion, which is not an audit opinion, the Council and group's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 2 October 2013. This 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 our responsibilities, and we explain our independence.

### **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and Service Statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Council and group's internal control.

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An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported Service Statements within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720, *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result we do not express an audit opinion on the Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

### Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and Service Statements that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the Council and group's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's annual plan;

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- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the Council's long-term plan or annual plan; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

The Council's responsibilities arise under the Local Government Act 2002.

### Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

### Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Council's or any of its subsidiaries.

  


P F Heslin  
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 electronic media and/or newspaper 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, contractors, Councillors and other visitors. Our commitment is to leadership noting the Health and Safety in Employment Act 2002 requires an active culture and a progressive focus on health and safety.

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, Councillors and contractors to Environment Southland.

We will do this by:

- ▲ actively managing health and safety issues through good faith and co-operation in the workplace;
- ▲ recognising that successful management of health and safety issues is best achieved through good faith co-operation in our places of work;
- ▲ encouraging participation and involvement of all staff and Councillors in all aspects of health and safety management;
- ▲ developing, maintaining and reviewing appropriate tools and processes to meet our health and safety obligations;
- ▲ making an ongoing commitment to meeting or exceeding industry standards, statutes and regulations;
- ▲ making sure that all Councillors, managers, supervisors, staff, volunteers and contractors understand and are able to meet their responsibilities of early incident reporting, working within the guidelines of hazard controls, policy and procedures;
- ▲ 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

The 2010 health and safety audit required that the objectives in Environment Southland's action plan be more specific and therefore achievable within the timeframe suggested.

The objectives have been developed in consultation with the Chief Executive and the Health and Safety Committee in good faith.

The objectives for 2013/14 have been reduced to a manageable number to achieve within a one year timeframe. The health and safety objectives will be reviewed and reported on at the end of the objective cycle (September 2013), at which time new goals will be sought.

The following objectives have been based on the outcome of the annual self-assessment completed 31 August 2012:

1. *Take steps to remediate deficiencies found in the 2012 Workplace Safety Management Practice (WSMP) Audit.*

The following deficiencies registered in the 2012 WSMP Audit were rectified within the 30 day period:

- (a) records of training for staff leading hazard analysis – records located and responses made;
- (b) signed employee induction training records – records located;
- (c) record of emergency evacuation drills – information provided.

2. *Training analysis of health and safety requirements and processes for new and current staff.*

Staff health and safety training requirements fall into three categories:

(a) *new staff requirements*

- (i) undertake a Health and Safety Manual induction and advanced driving course;
- (ii) undertake division-specific requirements, for example, four wheel drive training, first aid training, all-terrain vehicle training.

(b) *ongoing refresher training and specific courses*

Reviewed job-specific training needs (for example, first aid and compliance enforcement and regulatory (CERT) training) and developed a reminder system for all employees requiring refresher courses.

(c) *health and safety development training covering the principles and practices of health and safety systems*

Stage one health and safety training, audit training and Health and Safety for Managers course made available to relevant staff.

3. *Annual divisional audits to be aligned with the WSMP audit.*

In progress.

4. *Ensure all health and safety resource material is relevant and current, and from a reputable source. Carry out a review of all resources.*

In progress. The majority of the health and safety material, booklets, pamphlets and legislation have been reviewed and either removed or replaced with more up-to-date information.

5. *Review health and safety data management in regard to Council's databases.*

In progress. The location of Council's health and safety information has been reviewed to ensure that all staff have access to it within Council's electronic document records management system.

All information on the intranet has been relocated and made more accessible, and processes for incident reporting have been developed, but not published.

6. *Complete a review of the Hazard Register, beginning with two divisions in the first year.*

This is well advanced and is being led by the Health and Safety Committee. The aim is for consistency of format and linkage to the Standard Operating Procedures.