

Pūrongo-ā-Tau

Annual Report Summary

2023–2024



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October 2024

Our Councillors and Mana Whenua representatives

Environment Southland Councillors



Nicol Horrell
Chairman



Jeremy McPhail
Deputy Chair



Neville Cook



Lyndal Ludlow



Peter McDonald



Robert Guyton



Eric Roy



Phil Morrison



Maurice Rodway



Paul Evans



Jon Pemberton



Alastair Gibson

Mana Whenua



Stewart Bull



Estelle Pera-Leask



Gail Thompson



Ann Wakefield

Message from the Chairman and Chief Executive

Environment Southland's achievements from July 2023 to June 2024

Welcome to the 2023-24 Environment Southland Annual Report Summary. This publication summarises how we delivered on our work programmes for the Murihiku Southland community from July 2023 to June 2024. The Annual Report is a chance for us to reflect on the past year's work, our budgets and the challenges for us and the region.

Since our last report, there has been a change of government with an increased focus on regionalism. In Southland, we have a strong track record of seeking solutions that work for Southland. A good example is the Southland Water and Land Plan, which became largely operative in May after many years of work with the community and progressing through the Environment Court.

The plan's approach is that water and land should be managed in an holistic way, recognising the connectivity between surface and groundwater, and between freshwater, land and the coast. The plan introduced new rules for activities like intensive winter grazing, stock access to waterways and land use intensification.

Improving freshwater quality remains an important priority for Southland and we are looking to increase our focus on working with communities, industry and groups on the actions they wish to take to improve freshwater, both at a catchment and property scale. Of the 324 requests we received for land sustainability information, the most popular have been about riparian planting and wintering – both important for many farmers.

The Council has responsibilities for biodiversity and biosecurity, supporting Emergency Management Southland, and planning and delivering our response to climate change and community resilience.

We have been leading a project to align a regional climate change strategy with Te Ao Mārama Inc and all the other Southland councils. The strategy signals our combined commitment to a cohesive, regional response to support our communities' environmental, economic, cultural and social wellbeing from the effects of a changing climate.

During the past year we have completed more flood protection upgrades for climate resilience projects co-funded with central government including those on the Waihopai River and on the Maitahi River in Gore, Maitahi and Wyndham. By the end of the financial year, we were only months away from also completing the new Stead Street Pump Station, which protects the airport and surrounding area from inundation.

Environment Southland has responsibilities for improving and monitoring air quality, which can be compromised in winter due mainly to smoke from domestic burners. In a project with NIWA, we placed extra monitors around Invercargill city, which also uncovered information about air pollution entering people's homes in the winter. This, like outdoor pollution, is a contributing risk to respiratory illnesses. A similar study is underway in Gore.

Our *Undaria* programme has stamped out the marine pest in Chalky Inlet and work continues on progressively containing it in Tamatea Dusky Sound and Te Puaitaha Breaksea Sound. It looks likely Broad Bay, Rakiura Stewart Island might be declared *Undaria*-free next year.

Our relationship with mana whenua continues to be important to us. We partner with Te Ao Mārama Inc, Ngāi Tahu's Murihiku planning arm, as well as local runaka on projects to ensure our aims and objectives are well-aligned.

The 2023-24 year finished with an operating result in line with budget. This was despite unbudgeted and unexpected costs such as the September 2023 flood event, an emergency opening of the Waituna Lagoon, an attempted opening of the Waiau River mouth and removal of a former landfill at Bluecliffs. Environment Southland secured additional Government funding to cover the landfill removal and reprioritised expenditure to cover these costs.

Higher than expected interest income resulted in a surplus of operating funding of \$348,000.

Non-cash movements comprising unrealised gains of \$1.6 million in the investment portfolio, combined with Government grants of \$6.7 million for climate resilience projects, brought the total reported surplus to \$8.85 million. The Government grants were funds received specifically for our Climate Resilience projects. The funds have been enormously beneficial for the community and have been spent on those projects during the year.

Looking ahead, as we follow through on the new Long-term Plan 2024-2034, we will be focusing on building climate resilience and supporting catchment and property scale actions to improve environmental outcomes. We all have a responsibility to be kaitiaki guardians of our environment.



A handwritten signature in black ink, appearing to read 'Nicol Horrell'.

Nicol Horrell

Chairman, Environment Southland



A handwritten signature in black ink, appearing to read 'Wilma Falconer'.

Wilma Falconer

Chief Executive, Environment Southland

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 23 October 2024.

Opportunities for Māori to contribute to decision-making

Environment Southland acknowledges the importance of tikanga Māori and highly values its relationship with both Ngāi Tahu (through the four Murihiku Southland papatipu rūnanga, Te Ao Mārama Inc¹ and Te Rūnanga o Ngāi Tahu²) and ngā mātāwaka (those of differing tribal descent to Mana whenua living within Murihiku Southland).

Charter of Understanding

To help promote and develop its relationship with Māori, Environment Southland, together with the six other local authorities in Southland/Otago, signed with Te Ao Mārama Inc the Charter of Understanding *He Huarahi mō Ngā Uri Whakatapu - A Pathway for the Generations Coming Through* in 1997.

The latest version of the Charter was re-signed by all the parties at Hokonui rūnanga marae on 7 March 2016 and is currently undergoing another review process.

The Charter of Understanding provides:

- The basis for an ongoing relationship between the seven councils and the tangata whenua of Murihiku Southland to assist in developing the capacity of Māori to contribute to decision-making processes;
- A foundation for consultation on a wide range of local government issues;
- For the recognition and willingness of Te Ao Mārama Inc to assist all councils in consultation with all ngā mātāwaka living in Murihiku Southland. This is important in terms of Māori contribution to decision-making in the Murihiku Southland region, particularly as the responsibilities of the Council under the Local Government Act in relation to Māori are with all Māori, not solely the local iwi.

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

¹ The entity representing Murihiku Southland rūnanga for resource management and local government matters.

² The iwi authority.

Mana whenua representation

There are currently four mana whenua representatives on two standing committees of Council. Gail Thompson and Estelle Leask are members of the Regional Services Committee (Rōpū Ratonga-a-Rohe), and Stewart Bull and Ann Wakefield are members of the Strategy and Policy Committee (Rautaki me Mahere).

Mana whenua representatives and Te Ao Mārama Inc Board representatives also attend relevant Council workshops.

2023-24 activities

The points below highlight specific activities undertaken during the year:

- Te Ao Mārama Inc staff were involved in a variety of Environment Southland staff steering and working groups, with senior staff also attending regular strategic sessions with the Executive Leadership Team;
- Environment Southland continued to engage a Chief Advisor Māori Te Pou Herenga to help build understanding and capacity within Environment Southland to support Māori involvement in decision making;
- The partnership with Te Ao Mārama Inc continued through various work programmes including the development of Plan Change Tuatahi, Coastal Plan review and the regional inter-agency climate change working group;
- Te Tangi a Tauira, the Ngāi Tahu Murihiku Resource Management Plan, was referred to and reported against when assessing resource consent applications and policy and plan development;
- The commitment to ongoing funding of Te Ao Mārama Inc was maintained, with Environment Southland acting as the central financial manager for all the Councils' contributions and distribution of funds to Te Ao Mārama Inc.

Our activities in summary

Results for 2023–24

In 2023-24, Environment Southland achieved 63% of its activity group performance targets, meeting 34 of 54 performance measures. Where targets were not met, often the majority of the criteria were met or the target was only narrowly missed. Note that a partially achieved category was added in 2022-23 however this has not been used in 2023-24.

Note: We are reporting on 54 targets for 2023-24, whereas we reported on 56 in 2022-23. The change is due to legislative changes resulting in a target being not applicable and one measure not having a target this past year.

Comparison with previous results

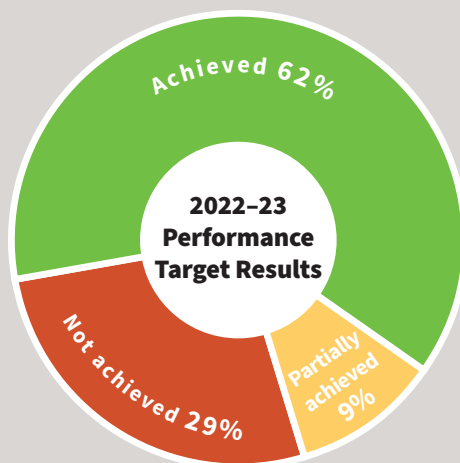
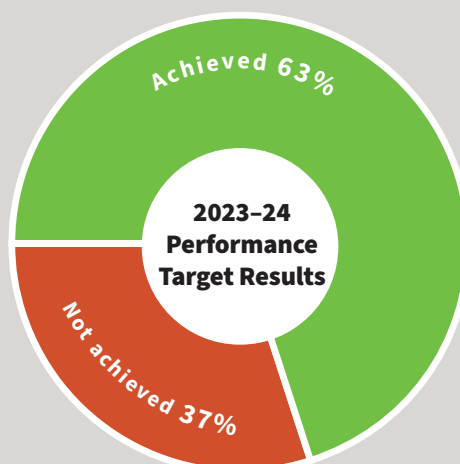
In 2023-24 we met 63% of targets, compared to 62% in 2022-23 and 68% in 2021-22.

Information is represented as a percentage of overall targets set and achieved, to ensure consistency and to identify any trends.

Key judgments

The Long-term Plan describes at least one performance measure and target for each activity. These measures and targets were selected to reflect the level of service being provided and the impact sought by the activity. Considerations included national requirements for measurement, whether there was any existing data to ascertain a baseline state and whether the measure and target were practical to monitor. Disclosure of progress occurs every quarter through progress reporting on the Long-term Plan to Environment Southland's Finance and Performance Committee, along with the Annual Report.

Levels of service targets and results by groups of activities





Air quality

Our aspirations for air quality

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

Our activities

The quality of our air directly impacts the quality of our lives, our health and wellbeing, and the environment.

Environment Southland delivers on this activity by:

- monitoring and enforcing the Regional Air Plan
- monitoring air quality in Invercargill and Gore airsheds

- researching interventions for the most effective in helping people adopt cleaner heating practices
- running educational campaigns to inform the community about air quality issues and actions they can take to improve it
- working collaboratively with iwi, territorial authorities, community groups, agencies, homeowners and businesses to develop and implement solutions for improving air quality in the region.

**Level of
service
results
2023-24**



For more detail on our levels of service for air quality, please see the Annual Report for 2023-2024.

**Level of
service
results
2022-23**





Air quality highlight

Air quality mapped in more detail

Environment Southland has made a commitment to improving data about our air quality in Invercargill and Gore, engaging NIWA to study information from extra sites.

An air quality station in Pomona Street, Invercargill has been monitoring pollution levels since 2012, and another in Gore has been in place since 2008. Environment Southland wanted to check that those sites were adequately representing what was going on with the air.

NIWA set up 45 small monitors on lampposts across Invercargill, to provide data every 10 minutes, over two months of winter, when there are the highest concentrations of pollutants in the air. The new monitors also provide information about how pollution moves around during the night.

In 2023, they found that outdoor air in the most polluted locations contained three times as much particulate matter – from smoke and other pollutants – as the air in the least polluted areas, largely due to where the wind blows.

A second part of the study looked at how much of this pollution is getting into people's houses and found that at least half of the polluted air was finding its way in, whether that be through doors, floorboards, or small gaps in the walls. Air pollution is particularly bad in the winter months when more people are burning wood and coal to keep warm. This worsens the air quality, especially when the wind drops.

A similar study will be concluded in Gore in 2024.



Performance snapshot



24.5% reduction in PM₁₀ emissions in Invercargill over past five years



14.9% reduction in PM₁₀ emissions in Gore over past five years.



72.41% of those surveyed have adopted practices to improve air quality in the last five years

Poor air quality has been linked to several health conditions, such as headaches, asthma, and respiratory infections.

Ways to improve air quality include using electric heating, keeping chimneys clean, using dry wood, not banking down fires overnight, not burning coal, and using pellet burners. Visit www.breatheasouthland.co.nz for more ideas and information.





Water and land

Our aspirations for water and land

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

Our activities

Managing our water and land resources in a sustainable way is crucial for ongoing social, economic, environmental and cultural wellbeing of Murihiku Southland communities.

Environment Southland delivers on this activity by:

- working with stakeholders to further freshwater policy development
- providing access to water and land information including data, science and research undertaken to understand the pressures on the region's resources
- working with individuals, community groups, schools and other agencies to raise awareness and understanding of environmental issues and empower action
- partnering with Te Ao Mārama Inc on an overarching programme to improve water and land in the region
- continuing to support the Whakamana te Waituna Trust to restore the mana of the Waituna catchment and lagoon
- supporting farming leaders and catchment groups to build and support resilience.

Level of
service
results
2023-24

✓
1

✗
5

For more detail on our levels of service for water and land, please see the Annual Report for 2023-2024.

Level of
service
results
2022-23

✓
2

-
1

✗
3



Water and land highlight

Southland Water and Land Plan made operative

The Southland Water and Land Plan, made operative in May 2024, demonstrates Southlanders' ability to work together to create Murihiku Southland solutions for the benefit of our region.

Nearly 10 years' work went into making this key regulatory document for water and land activities in Southland, including six years in the Environment Court working through the resolution of appeals.

Developed and notified in 2016, the plan was intended to be the first step to providing Southland with a regional regulatory framework to prevent further decline in water quality. To do that, it adopted the approach that land and water should be managed in an holistic way, recognising the connectivity between surface and groundwater, and between freshwater, land and the coast. The plan introduced new rules for activities like intensive winter grazing, stock access to waterways and land use intensification.

A small number of appeal points remain before the Environment Court, including some water quantity-related matters, and there are two appeals with both the High Court and Court of Appeal. These relate to incidental discharges from farming activities and weed and sediment removal from waterways for drainage maintenance purposes.

The Plan, interim decisions and all documents relating to the appeals are available on our website: www.es.govt.nz/waterandland



Performance snapshot



\$2.5m received from Government for planning to close landfills



5,600 students actively engaged in EnviroSchools programme in Murihiku Southland



324 requests for land sustainability information



251 forestry harvesting notices reviewed



29 ecological assessments completed on private property



Biosecurity and biodiversity

Our aspirations for biosecurity and biodiversity

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

Our activities

Environment Southland's work is about protecting and enhancing the region's biodiversity and natural environment. This includes protecting the environment, economy and community from the adverse impacts of harmful organisms.

Environment Southland delivers on this activity by

- implementing national regulations and regional pest management plans
- supporting the community with advice and assistance on pest control efforts, particularly through Possum Control Areas and activities of community groups
- providing advice to landowners on protecting biodiversity and ecological values
- funding grants that support biodiversity projects
- working in partnership on a range of programmes including Biodiversity Southland, Fiordland Marine Guardians, Predator Free Rakiura and Predator Free Southland, and the Mid Dome Wilding Trees Charitable Trust.

Level of
service
results
2023-24

✓ 7

✗ 4

For more detail on our levels of service for biosecurity and biodiversity, please see the Annual Report for 2023-24.

¹ Target no longer applicable

Level of
service
results
2022-23

✓ 10

✗ 2



Biosecurity and biodiversity highlight

Undaria gone from Taiari Chalky Inlet, Fiordland

The invasive marine pest *Undaria pinnatifida* (*Undaria*) found in 2019 has been stamped out from Taiari Chalky Inlet, Fiordland.

Undaria was first discovered in April 2019, on lines next to the Stella wreck in North Port, Taiari Chalky Inlet, during a joint patrol with Environment Southland, Biosecurity New Zealand and Department of Conservation staff. The three organisations promptly launched a joint elimination project to remove the marine pest from North Port using divers.

Now with five years of no mature plants, the site can be declared free of *Undaria*.

This is the first incursion in Fiordland to be declared *Undaria*-free, and the inter-agency group remains committed to progressively containing the pest in Tamatea Dusky Sound and Te Puaiahua Breaksea Sound.

People can take steps to ensure they are not transporting *Undaria* when moving within and leaving the Dusky Sound complex and to follow the Fiordland Marine Regional Pathway Management Plan rules to keep a clean hull, clean gear and maintain residual seawater standards.

In September 2020, *Undaria* was also identified on cray pots at Broad Bay, Rakiura Stewart Island. With no new growth in the past four years, this site is on-track to be declared *Undaria*-free next year.

Anyone who sees *Undaria* at a new site should report it to Environment Southland through www.pesthub.es.govt.nz and not try to remove it themselves.



Performance snapshot



11,178 native plants
planted in 45 Environmental
Enhancement Fund projects



0 mice detected on Rakiura
Stewart Island



321 biosecurity requests
were resolved



405,903ha
in Possum Control Areas programme



332 dives searching for
marine pests



491 clean vessel passes
issued this year

Divers inspect the Stella wreck for *Undaria* during a joint-agency patrol in Taiari Chalky Inlet.



Climate change and community resilience

Our aspirations for climate change and community resilience

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

Our activities

The Council is responsible for controlling (through our plans and policies) the use of land to avoid or mitigate the effects of natural hazards, identify natural hazards and reduce risk.

Environment Southland delivers on this activity by:

- ensuring the community is aware and working with them to prepare for the impacts of climate change, such as sea level rise and increased storm surges on coastal communities

- considering climate change implications in the Southland Regional Policy Statement
- monitoring and researching the region's natural hazards, flood risk modelling and the effect of climate change on community wellbeing
- improving community resilience by increasing the knowledge and understanding of hazards to enable people to make better and more informed choices for now and the future
- making hazard and climate information readily available, as well as improving the quality and type of information
- working collaboratively to deliver the shared service of Emergency Management Southland with Southland District Council, Gore District Council and Invercargill City Council
- maintaining and enhancing Council's infrastructure including our Natural Hazards portal (through our website) to reduce the negative impacts of natural hazards (includes stop banks/other flooding infrastructure, fire awareness, climate change adaptation etc).

Level of service results 2023-24

✓ 6

✗ 3

For more detail on our levels of service for climate change and community resilience, please see the Annual Report for 2023-2024.

1 Measure has no target for 2023-24

Level of service results 2022-23

✓ 5

✗ 3

✗ 2



Climate change and community resilience highlight

Wyndham and Waihōpai stopbank upgrades complete

Environment Southland has completed upgrades to stopbanks in Invercargill, along the Waihōpai River, and in Wyndham.

Murihiku Southland has a stopbank network spanning more than 500 km that has served our communities well. We know that stopbanks can't protect everything, however, the increasing intensity and frequency of weather events due to a changing climate mean the network needs to be maintained and strengthened.

Stopbanks are part of the region's flood protection infrastructure network. This network protects people, homes and critical infrastructure from the full impacts of flooding, making us more resilient for the future.

The Waihōpai River's true left stopbank, stretching 3.1km between Ohai Rail Line Crossing to Stead Street, has been widened and raised, and rock has been installed. In conjunction with the stopbank improvements, the newly reinstated cycle/walkway has been widened and is of the same standard as other shared pathways in the region.

In Wyndham, the existing stopbank network has been upgraded to address a range of potential risk factors including seepage, instability, and a 90-metre gap in the network at Ferry Street.



Performance snapshot



91% of major flood protection and control works were maintained, repaired and renewed



60 submissions on Regional Climate Change Strategy (stage one)



\$8.6m in Long-term Plan for three flood protection projects





Coast and marine

Our aspirations for coast and marine

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

Our activities

Murihiku Southland's coast is the longest of any region in New Zealand and extends from Fiordland in the west round to the Catlins in the east and also includes Rakiura Stewart Island.

Environment Southland delivers on this activity by:

- reviewing the Regional Coastal Plan
- understanding the state of the coastal marine area by monitoring trends and undertaking research to understand and respond to emerging issues
- providing boating education and working with the community to ensure the safe use of the coastal marine area
- working with iwi, councils, researchers and others to increase the knowledge and improve management of the coastal marine area
- actively engaging in the operationalisation of the Milford Opportunities Project's Master Plan
- providing effective response capability for oil spills that occur in the region's coastal waters.

Level of
service
results
2023-24

✓
5

✗
3

For more detail on our levels of service for coast and marine resilience, please see the Annual Report for 2023-2024.

Level of
service
results
2022-23

✓
4

✗
1

✗
3



Coast and marine highlight

Boating safety lessons hit home

Murihiku Southland school children learning all about water and boating safety from Environment Southland's education programme are getting the right information at an early age.

The Environment Southland harbourmaster and maritime team are responsible for all the inland waters and up to 12 nautical miles off the coast – that equates to approximately 4,500 km of coastline, lakes and rivers.

Each year the team tries to visit around 12 schools all over Murihiku Southland before Christmas.

They are presenting in primary and secondary schools, talking about which lifejackets are appropriate for different activities, emphasising that boaties always need two waterproof communication devices with them and should check the weather forecast and other messages.

Deputy harbourmaster, Zak Smith, says even children years away from ever going on a boat find it interesting, and it's an important foundation for Southland's future waterway boaties.

"There's no requirement to have a licence to pilot a boat. Some people don't have a clue about what they should do, in terms of rules and regulations. Through talking in schools, children learn where to find the information and they become the ones that keep the parents in check."



Performance snapshot



23 Fiordland Marine shallow reef environments described in detail



18 Fiordland locations given Aotearoa New Zealand-adjusted Coastal & Marine Ecological Classification Standards.



Undertook deep reef ecological surveys at **6** locations within Fiordland Marine Area.



Ecological surveys at **3** rocky shore locations in the Catlins, Frentz Reef, and near Bluff





Regional leadership

Our aspirations for regional leadership

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

Our activities

The regional leadership group of activities reflect the ways in which Environment Southland acts on its obligations to provide responsible leadership for regionally significant activities.

Environment Southland delivers on this activity by:

- setting the strategic direction for the region's transport infrastructure and working collaboratively with Otago Regional Council on the Regional Transport Committee
- taking an active role in the Regional Planning Working Group (made up of senior planning staff from the four local authorities and Te Ao Marama Inc)

designed to enable a joined-up approach to regional matters, predominately in the Resource Management Act space

- ensuring communities are involved in setting the direction and focus for Council activities, particularly through engagement for the long-term plan, annual plans and annual reports
- sharing relevant information and ideas via appropriate channels
- maintaining our strong relationship with tangata whenua in Murihiku Southland
- working with Southland and Otago councils to assist tangata whenua and local government to undertake day-to-day business and also satisfy the legal requirements for local government to assist Māori in building capacity and participating in decision-making
- ensuring councillors are well supported in their roles to meet their decision-making responsibilities
- exploring and developing new ways of providing access to data and information to support decision-making.

**Level of
service
results
2023-24**

✓ **12**

✗ **4**

For more detail on our levels of service for regional leadership, please see the Annual Report for 2023-24.

**Level of
service
results
2022-23**

✓ **12**

✗ **4**



Regional leadership highlight

Regional climate change strategy taking shape in Murihiku Southland

A regional climate change strategy aligning local government efforts in Murihiku Southland is taking shape.

In Murihiku Southland, over time, we are likely to experience warmer weather all year round, summers will have more dry days and there will be extended periods of relatively higher temperatures. Average annual rainfall is projected to increase, mostly in winter and spring, and is likely to occur in more intense events. Coastal flooding will increase steadily with increasing incidents of pure tidal flooding even on fine days.

Some other general Southland impacts include an increase in the frequency of severe weather, and the size and duration of unprecedented weather events.

Local government has a role in supporting our businesses and industries to transition to a lower-emissions economy – as part of the wider goal of helping our communities understand and prepare for the impacts of a changing climate.

The Regional Climate Change Working Group has been developing the Regional Climate Change Strategy (Phase One) which signals a commitment by Southland local government agencies and Te Ao Mārama Inc to a cohesive, regional response to protect our communities' environmental, economic, cultural and social wellbeing from the effects of a changing climate.

Alongside their Long-term Plan consultation, Environment Southland co-ordinated public feedback on the proposed strategy. Among the 60 submissions received there was a wide range of community views expressed, with both support and scepticism around councils' plans, including questions around whether climate change action in Southland will make a difference, and mistrust of the science.

The next step is developing a framework for action on climate change in Murihiku Southland.

Each council is also developing plans to address climate change impacts specific to their own communities and areas of responsibility.

Performance snapshot



6 webcams installed at key river sites to visually monitor flows and conditions



59 submissions to the draft Otago Southland Regional Land Transport Plans



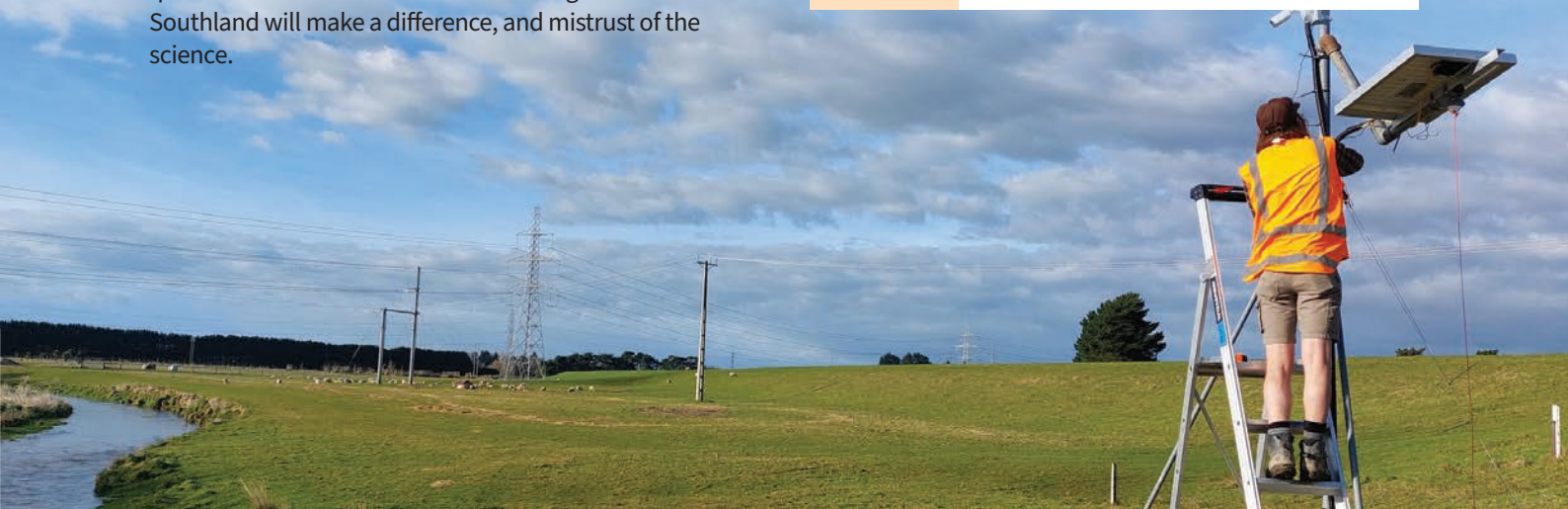
5 climate resilience flood protection projects completed



100% of consents processed within statutory timeframes



After **10** years' work - Southland Water and Land Plan made operative



Our finances

Set out below is a summary of the financial statements for the 2023-24 financial year. The amounts reported under the consolidated heading are the combined figures for Environment Southland (Council) and South Port New Zealand Limited. All amounts are presented in New Zealand dollars.

Summary statement of comprehensive revenue and expenses for the year ended 30 June 2024

	COUNCIL			GROUP	
	Actual	Annual Plan	Actual	Actual	Actual
	2024	2024	2023	2024	2023
	\$000	\$000	\$000	\$000	\$000
REVENUE					
Rates revenue	25,787	25,661	24,001	25,787	24,001
Government grants	10,252	12,098	9,647	10,252	9,647
Other revenue	21,809	18,412	17,181	73,286	66,087
Total revenue	57,848	56,171	50,829	109,325	99,735
EXPENDITURE					
Employee benefits expense	21,459	21,341	19,454	37,240	33,297
Depreciation expense	716	801	738	5,533	5,443
Finance costs	49	-	2	2,568	1,707
Other expenses	28,587	23,644	23,848	47,808	41,055
Total expenditure	50,811	45,786	44,042	93,149	81,502
OTHER REVENUE AND EXPENSE					
Other gains/ (losses)	1,812	-	1,492	1,398	1,842
Total other revenue and expense	1,812	-	1,492	1,398	1,842
Surplus/(deficit) before income tax	8,849	10,385	8,279	17,574	20,075
Income tax expense	-	-	-	(6,057)	(4,802)
Surplus/(deficit) for the year	8,849	10,385	8,279	11,517	15,273
Total comprehensive revenue and expenses for the year	8,849	10,385	8,279	11,517	15,273
Total comprehensive revenue and expenses attributable to:					
Council	8,849	10,385	8,279	9,045	11,347
Minority interest	-	-	-	2,472	3,926
	8,849	10,385	8,279	11,517	15,273

Explanations for Council statement of comprehensive revenue and expenses variances

The actual surplus of \$8.8m is less than the planned budgeted surplus by \$1.5m. The major components of this unfavourable result are explained below.

Total comprehensive revenue received for the year was \$3.5m over budget. The major items contributing to this variance were:

- Government grants were \$1.8m below budget resulting from a delay in some of the work programmes that are expected to continue in the next financial year coupled with work programmes that were not finalised at the time of completing the Annual Plan and have not yet come to fruition
- Other revenue was \$3.4m favourable to budget. The majority relates to recoveries of funds for contractor costs associated with the Bluecliffs emergency land-fill removal of \$955k and reimbursement of additional costs incurred during the construction of the Stead Street Pump Station of \$1.53m. The remaining favourable variance results from additional marine fee income of \$528k and rates penalties above budget by \$108k
- Other gains/(losses) were over budget by \$1.8m due to higher than expected unrealised investment returns.

Actual expenditure was \$5.0m over budget primarily due to:

- Employee expenses were above budget by \$118k mainly due to increased leave accrual
- Finance costs were \$49k over budget due to the increased use of bank overdraft facilities during the year
- Other expenses were over budget by \$4.9m. This amount included unbudgeted and unexpected costs such as the September 2023 flood event, an emergency opening of the Waituna Lagoon, an attempted opening of the Waiau River mouth and removal of a former landfill at Bluecliffs (\$955k) and additional expenditure at Stead Street Pump Station (\$1.53m). The last two significant expenditures were both offset by income received.

Summary statement of changes in net assets/equity for the year ended 30 June 2024

	COUNCIL			GROUP	
	Actual	Annual Plan	Actual	Actual	Actual
	2024 \$000	2024 \$000	2023 \$000	2024 \$000	2023 \$000
Opening equity	91,773	93,637	83,494	142,946	130,046
Total comprehensive revenue and expenses attributable to:					
Council	8,849	10,385	8,279	9,045	11,347
Minority interest	-	-	-	2,472	3,926
Dividend distribution - minority interest	-	-	-	(2,374)	(2,374)
Share-Based Payments	-	-	-	36	-
Closing equity	100,622	104,022	91,773	152,125	142,946

Summary statement of financial position as at 30 June 2024

	COUNCIL			GROUP	
	Actual	Annual Plan	Actual	Actual	Actual
	2024 \$000	2024 \$000	2023 \$000	2024 \$000	2023 \$000
Council	100,622	104,022	91,773	132,313	123,269
Minority interest	-	-	-	19,811	19,677
Total equity	100,622	104,022	91,773	152,125	142,946
Current assets	39,807	39,391	38,693	50,735	46,778
Non-current assets	74,424	92,610	64,746	157,864	145,480
Current liabilities	13,521	9,788	11,583	19,492	24,169
Non-current liabilities	88	18,191	83	36,982	25,142
Net assets	100,622	104,022	91,773	152,125	142,946

Explanations for Council statement of financial position variances

Equity of \$100.6m is \$3.4m under budget. This is due to the surplus being unfavourable to budget, combined with the following:

- Current assets are \$39.8m against a budget of \$39.4m. This variance is due to the increased portfolio and debtors
- Non current assets of \$74.4m are \$18m unfavourable to budget. This is due to property, plant and equipment being under budget as a result of anticipated capital work from additional government funding being delayed
- Current liabilities of \$13.5m are higher than budget by \$3.7m. This is mainly due to the carry forward of \$1.5m project specific income to the next financial year, and the use of bank overdraft
- Non Current liabilities of \$88k are under budget by \$18m. This is due to the use of overdraft facilities instead of borrowings.

Summary statement of cash flows for the year ended 30 June 2024

	COUNCIL			GROUP	
	Actual	Annual Plan	Actual	Actual	Actual
	2024 \$000	2024 \$000	2023 \$000	2024 \$000	2023 \$000
Net cash flow from operating activities	(2,435)	(6,556)	1,352	5,642	13,091
Net cash flow from investing activities	(5,480)	(10,039)	(2,919)	(15,560)	(16,959)
Net cash flow from financing activities	-	15,084	-	3,278	2,033
Increase/(decrease) in cash held	(7,915)	(1,510)	(1,567)	(6,640)	(1,835)
Add opening cash brought forward	4,766	4,625	6,333	5,801	7,636
Ending cash carried forward	(3,149)	3,115	4,766	(839)	5,801

Explanations for Council statement of cash flow variances

The cash position was unfavourable to budget by \$6.3m. This is due to the use of overdraft facilities rather than drawing down debt.

Notes:

- 1 Section 98(4)(b) Local Government Act 2002 requires Council to make publicly available a summary of the information contained in its Annual Report.
- 2 The specific disclosures included in the summary financial report have been extracted from the full financial report adopted by Council on 23 October 2024. This summary financial report was approved and adopted by Council at the same time.
- 3 The summary financial report cannot be expected to provide a complete understanding as provided by the full financial report. The full financial report dated on 23 October 2024 has received an unqualified audit report. A full copy of the financial report may be obtained from Council's offices or on its website www.es.govt.nz.
- 4 The Council's full financial report for the year ending 30 June 2024 and comparative information has complied with NZ GAAP and stated explicitly that they comply with Tier 1 Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS).

The full financial statements include disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014.

- 5 The summary financial report complies with PBE 43 - Summary Financial Statements.

Subsequent events

The following subsequent events are disclosed in line with IPSAS 10:

(a) Council

During the financial year ended 30 June 2024, Environment Southland was in discussions with suppliers in regards to the reimbursement of additional costs incurred during the construction of the Stead Street Pump Station. Agreement was reached in October for the full reimbursement of additional construction costs. The reimbursement of \$1,530,000 (2023: \$Nil) has been recognised in the financial statements as both revenue and a debtor.

(b) Group (South Port New Zealand Limited)

On 23 August 2024 the Board declared a final dividend for the year to 30 June 2024 of 19.50 cents per share amounting to \$5,116,000 (before supplementary dividends). (2023: Final dividend declared for 19.50 cents per share amounting to \$5,116,000).

Capital expenditure commitments

(a) Council

Funds committed \$925k. The Council entered into commitments on various stopbank upgrades as part of the Government Funded Shovel Ready Climate Resilience projects (2023: \$8.5m).

(b) Group (South Port New Zealand Limited)

South Port Group had entered into capital expenditure commitments to purchase a new reachstacker and undertake rock blasting at Berth 11 as well as other minor capital projects. The total cost of this capital is estimated to be \$2.3m (2023: Dredging of the channel and the harbour as well as other minor capital projects \$4.9m).

Contingent liabilities and contingent assets

Council and Group

At the date of this report there are no contingent liabilities.

At 30 June 2024, the Riskpool call was settled. (2023: RiskPool provides public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The trust deed of RiskPool provides that, if there is shortfall [whereby claims exceed contributions of members and reinsurance recoveries] in any Fund year, then the Board may make a call on members for that Fund year. However, as a result of the Supreme Court decision on 1 August 2023 in it has been clarified that RiskPool has a liability for member's claim in relation to non-weather-tight defects. RiskPool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified, however we hold \$6,075 for this call).

At 30 June 2024 there was a claim against South Port New Zealand Limited for \$2.1m in damages (2023: \$2.1m), however South Port New Zealand Limited has a counter-claim against the claimant for \$5.6m (2023: \$5.6m). The Group has undergone arbitration in FY23 to defend the claim and is waiting on a decision from the arbitrator. The Group does not believe that it is exposed to the liability.

Related party disclosures

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

Transactions with related parties

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

SOUTH PORT NEW ZEALAND LIMITED		
	Council	
	2024 \$000	2023 \$000
Dividend payment made to Council	4,709	4,709
Expenses paid to Council as per normal terms of business	26	107

REGIONAL SOFTWARE HOLDINGS LIMITED		
	Council	
	2024 \$000	2023 \$000
Admin fees and support paid by Council	(794)	(691)

Environment Southland provided funding of \$171,264 (2023: \$169,740) to Southland Regional Development Agency for the year ended 30 June 2024.

Other transactions involving related parties

There are \$Nil transactions in the current year (2023: \$Nil).

Environment Southland acts as agent for the Whakamana Te Waituna project, as at 30 June 2024 funds held on behalf of the project amounted to \$1,221,972 (2023: \$332,224). These amounts are recorded in the cash and deposits balance and are considered restricted cash on the basis that the funds are held in trust as a payable for the Whakamana Te Waituna project.

Transactions eliminated on consolidation

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

Joint arrangement – Emergency Management Southland

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

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

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

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

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

	Council	
	2024 \$000	2023 \$000
Current assets	326	300
Revenue	608	470
Expenses	581	363

Independent auditor's report

Deloitte.

TO THE READERS OF ENVIRONMENT SOUTHLAND'S SUMMARY OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024

The summary of the annual report was derived from the annual report of the Environment Southland (the Regional Council) for the year ended 30 June 2024.

The summary of the annual report comprises the following summary statements on pages 7 to 26:

- the summary statement of financial position as at 30 June 2024;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2024;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance referred to as Activities of the Regional Council.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2024 in our auditor's report dated 23 October 2024.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor we have no relationship with or interests in the Regional Council or its subsidiaries and controlled entities.



Anthony Smith,
Deloitte Limited,
On behalf of the Auditor-General
Christchurch, New Zealand
23 October 2024

