

Investing in
Southland

Whakangao ki Murihiku

Pūrongo-ā-tau Annual Report

2025-26

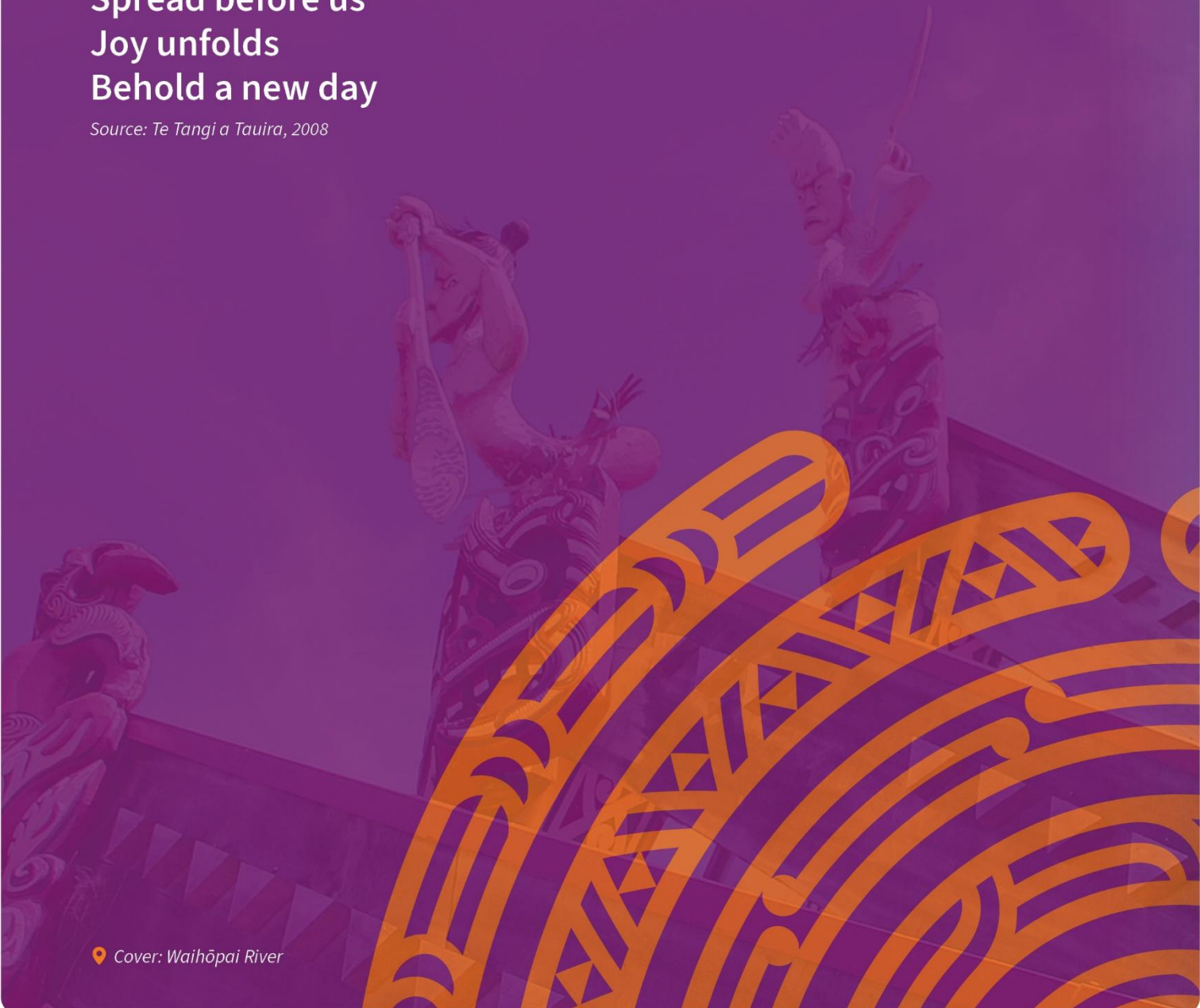


environment
SOUTHLAND
REGIONAL COUNCIL
Te Taiao Tonga

Ka haea te ata
Ka hāpara te ata
Ka korokī te manu
Ka wairori te ngutu
Ko te ata nui
Ka horahia
Ka tangi te umere
a ngā tamariki
He awatea

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

Source: Te Tangi a Tauri, 2008



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Message from the Chairman and Chief Executive

Environment Southland's achievements from July 2025 to June 2026

Welcome to the Environment Southland Annual Report 2025-26. This report outlines our work for the Murihiku Southland community from July 2025 to the end of June 2026, including our achievements, financial performance and areas where further work is needed.

The year required a strong focus on both immediate priorities and the changes ahead. The October severe weather event caused widespread damage and disruption, while households and businesses continued to face financial pressure. At the same time, the Government progressed major changes to the resource management and local government systems, creating an important opportunity to help shape how services are delivered in Southland in the future.

The October weather event and State of Emergency had a devastating and wide-reaching impact across the region. Power and communication outages, alongside damage to property and infrastructure, placed considerable strain on people, businesses and rural communities.

Following the initial Emergency Management Southland response, Environment Southland staff supported recovery work and cleared large amounts of debris from waterways across the region. Alongside the recovery work, more than 15,000 tonnes (approximately 7,000 – 9,000 cubic metres) of rock protection was placed across multiple catchments to protect vulnerable riverbanks, flood banks and other flood protection assets during the year.

Council continued its planned maintenance, repair and renewal programme. This included 1,800 ha of fairway clearing and spraying; over 300 km of drainage maintenance, channel management work, as well as erosion protection and river control across the region. This work protects communities and productive land, keeps flood protection schemes operating effectively and reduces the risk of more costly repairs in the future.

Crucial improvements were also made to channel capacity on the Mataura River near Gore through Government co-funding for Southland flood resilience projects. The work at the Gore road and rail bridge crossing builds on earlier flood infrastructure co-investment across the region, totalling nearly \$50 million since 2020.

Council also continued to focus on affordability and responsible financial management. We finished the year close to budget. The headline surplus was \$9.4 million, which was \$5.5 million above budget, largely because of gains in the Council's investment portfolio.

These investments are held to help meet future asset replacement and disaster recovery costs. Once investment gains are excluded, Council's result was approximately \$100,000 below budget. Revenue was about \$1.1 million higher than planned and operating expenditure was approximately \$1.2 million above budget.

In June, Councillors adopted a 3.25% rates increase for 2026-27, significantly below the 12.6% increase signalled in the 2024-34 Long-term Plan. This was achieved through careful prioritisation of work, timing decisions, efficiency improvements, prudent use of reserves and disciplined financial management.

Council also continued to carry out its regulatory responsibilities. During the year, Environment Southland successfully prosecuted serious and repeated agricultural effluent discharges that contaminated the Tokanui Stream. This case reinforced Council's commitment to fair, consistent and effective compliance and enforcement to protect Southland's land and water.

There were important achievements in biodiversity and biosecurity. A multi-year native planting project began at Waituna as part of a 100-year reforestation vision. A biological control beetle was introduced to help manage Chilean flame creeper, additional funding was secured for wilding pine control, and Southland marked six years free of rooks.

An updated and expanded climate impact assessment was released to help communities, councils and infrastructure providers understand and prepare for changing risks and opportunities. The Murihiku Southland Our Changing Climate Community Survey 2025 received 509 responses, with 60% of respondents reporting concern about current climate impacts.

We also celebrated the launch of SouthMaps, which brings a range of online services from Environment Southland and other councils together in one regional hub. This is an example of councils working together to make services easier for the public to find and use.

While responding to severe weather, reform and financial pressure, we continued to invest in the future. Around 4,000 Southland students were supported to take part in environmental activities through the Enviroschools programme, helping young people build knowledge, skills and a sense of responsibility for the places in which they live.

Our focus is on delivering these essential services well, providing value for Southlanders and preparing for the changes ahead. We will continue to work with communities, mana whenua, councils, central government and other partners towards a thriving Southland, te taurikura o Murihiku.



Jeremy McPhail
Chairman

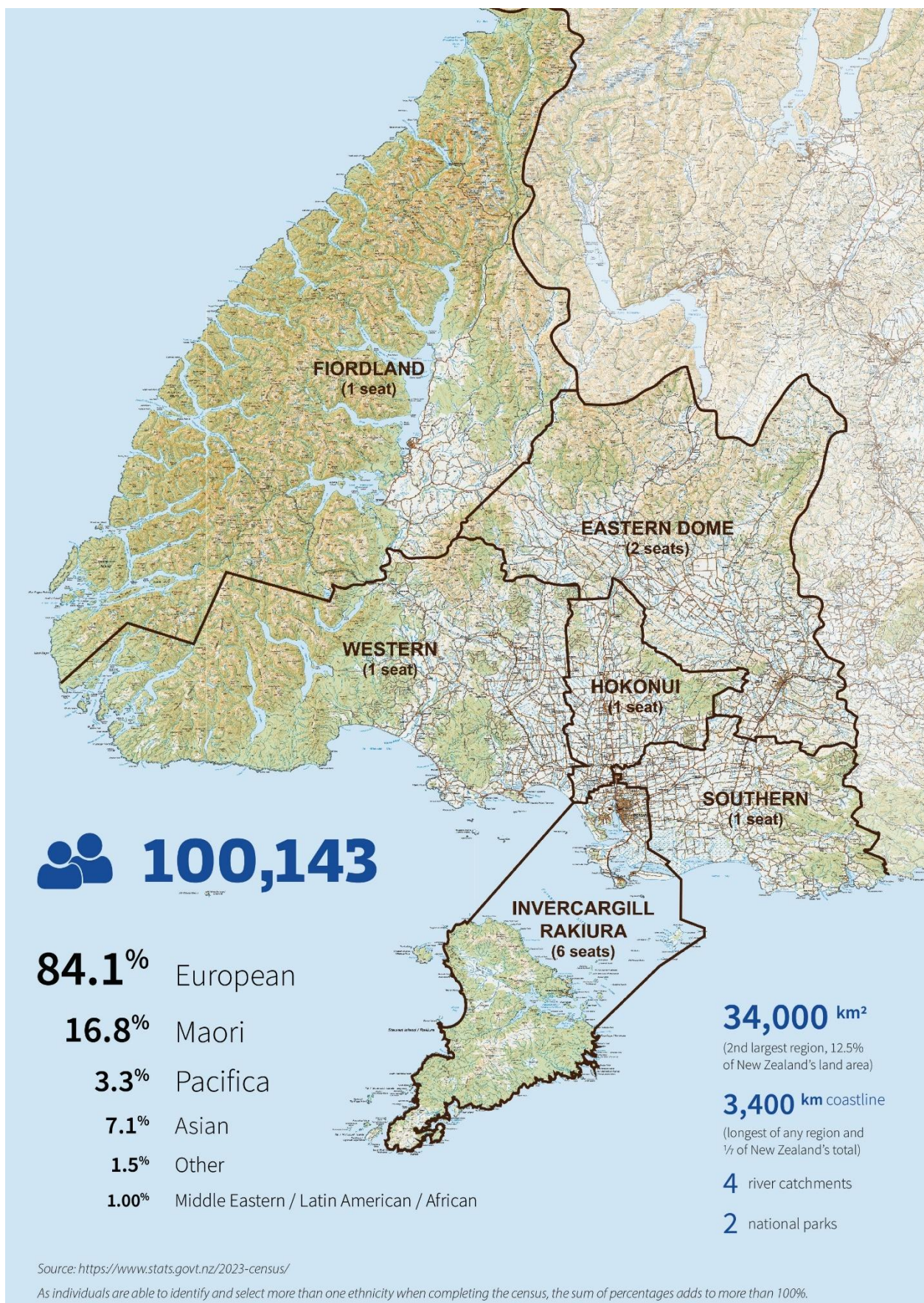


Stephen Hall
Chief Executive, Environment Southland

A handwritten signature in black ink, appearing to read 'J McPhail', written in a cursive style.A handwritten signature in black ink, appearing to read 'Stephen Hall', written in a cursive style.

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 22 October 2026

Our region and people



Your Councillors & Mana Whenua representatives

Environment Southland Councillors



Jeremy McPhail Chair

📍 Eastern-Dome



Phil Morrison Deputy Chair

📍 Invercargill-Rakiura



Roger Hodson

📍 Invercargill-Rakiura



Lyndal Ludlow

📍 Invercargill-Rakiura



Maurice Rodway

📍 Invercargill-Rakiura



Eric Roy

📍 Invercargill-Rakiura



Geoffrey Young

📍 Invercargill-Rakiura



Alastair Gibson

📍 Eastern-Dome



Paul Evans

📍 Fiordland



Ewen Mathieson

📍 Western



Jon Pemberton

📍 Southern



David Rose

📍 Hokonui

Mana Whenua Representatives



Stewart Bull

Strategy and Policy Committee



Evelyn Cook

Integrated Catchment Committee

Opportunities for Māori to contribute to decision-making

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

The Local Government Act 2002 requires local authorities to establish and maintain processes to provide opportunities for Māori to contribute to decision-making, foster Māori capacity to participate in those processes and provide relevant information to support participation. Environment Southland is committed to giving effect to these principles and to recognising the relationship of Māori with the natural environment through its governance, planning and operational activities.

To support and strengthen this relationship, Environment Southland, together with the six other Southland and Otago local authorities, continues to work in partnership with Te Ao Mārama Inc through the Charter of Understanding | He Huarahi mō Ngā Uri Whakatapu (A Pathway for the Generations Coming Through). The Charter provides a framework for collaboration between councils and mana whenua and supports Māori participation in local government and resource management processes.

During 2025-26 Financial Year, councils and rūnanga continued implementing the revised Charter following its review. The Charter remains an important mechanism for fostering strong relationships, early engagement and shared understanding on matters affecting the Murihiku takiwā. Te Rōpū Taiao continues to be the primary collaborative forum established under the Charter, bringing together councillors, Te Ao Mārama representatives and council staff to discuss strategic, environmental and resource management matters. These engagements help ensure Māori perspectives and cultural values are considered in regional planning and decision-making.

Environment Southland supports direct mana whenua participation in governance through representation on standing committees of Council. During the previous triennium, which concluded in October 2025, Gail Thompson and Estelle Pera-Leask served on the Regional Services Committee (Rōpū Ratonga-a-Rohe), while Stewart Bull and Ann Wakefield served on the Strategy and Policy Committee (Rautaki me Mahere). For the new triennium, Stewart Bull has been appointed to the Strategy and Policy Committee and Evelyn Cook to the Integrated Catchment Management Committee. Mana whenua representatives and Te Ao Mārama Board members also participated in relevant Council workshops and strategic discussions throughout the year.

During 2025-26, Environment Southland continued to work with Te Ao Mārama Inc, mana whenua and Murihiku rūnanga to support Māori participation in decision-making. Te Ao Mārama representatives contributed to governance, advisory and project forums, while collaboration on statutory planning and resource management matters helped ensure cultural values, mātauranga Māori and relevant iwi planning documents informed Council processes. Regular engagement occurred through Te Rōpū Taiao and other partnership forums, and Council continued to support Te Ao Mārama Inc, including coordinating local authority contributions that assist Māori participation in local government and resource management processes.

These activities strengthened partnerships, supported informed decision-making and contributed to the sustainable management of Murihiku Southland's natural resources. Environment Southland recognises that enduring relationships with mana whenua and ngā mātāwaka are fundamental to achieving positive environmental outcomes for current and future generations.

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

² The iwi authority.

Reporting on our activities

Who we are and what we do

Environment Southland is responsible for providing regional leadership in the sustainable management of Murihiku Southland's natural and physical resources. Through environmental stewardship, regulation, science, infrastructure, planning and partnerships, we work to protect and enhance the region's environment, strengthen community resilience, and support a thriving Southland.

Our responsibilities include freshwater, land, air and coastal management; biosecurity and biodiversity; regional transport planning; navigational safety; flood protection; natural hazard management; and emergency management. Together, these activities contribute to the wellbeing of current and future generations and support the long-term sustainability of the region.

Our Vision

A thriving Southland | Te Taurikura o Murihiku

Our Mission

Working with our communities to improve Southland's environment.

Staying relevant to community needs

Every three years, councils are required to prepare a Long-term Plan that sets out priorities, activities, levels of service, and funding requirements for the following 10 years. Environment Southland's 2024-34 Long-term Plan provides the strategic framework for the Council's activities and services.

The Long-term Plan sets out our priorities, how we organise our work, and the performance measures used to assess progress towards our goals and community outcomes.

The 2025-26 financial year represents the second year of reporting against the 2024-34 Long-term Plan. This Annual Report outlines the Council's performance against the measures and targets established through that Plan and provides information on the services delivered and outcomes contributed to during the year.

Community outcomes and wellbeing

Our community outcomes describe the long-term outcomes that Environment Southland seeks to support through its activities and services. They provide a framework for planning, decision-making and measuring our contribution to the wellbeing of Murihiku Southland.

Our community outcomes are:

- Managed access to quality natural resources
- Diverse opportunities to make a living
- Communities empowered and resilient
- Communities expressing their diversity

These outcomes are closely linked to the environmental, economic, social and cultural wellbeing of the region and guide how we deliver services and measure our success.

Community outcomes, activities and activity groups

We further our community outcomes through the work we do as an organisation.

Environment Southland's 2024-34 Long-term Plan groups Council activities into three activity groups, each representing a key area of responsibility and service delivery.

These are:

- Healthy Environment
- Safe and Resilient Communities
- Thriving Region

The activity groups, activities, community outcomes and performance framework remain unchanged from those adopted through the 2024-34 Long-term Plan.

For each activity group, performance measures and targets have been established to assess the effectiveness of our services and our contribution towards community outcomes

Activity Groups ↓	Activities within the groups:				
Healthy Environment	Policy and Planning	Regulatory	Science and Matāuranga Māori	Engagement, Partnerships and Empowerment	Biosecurity
Safe and Resilient Communities	Flood Protection & Control	Natural Hazards and Climate Change	Emergency Management and Response	Maintaining Safe and Navigable Waterways	Community Wellbeing
Thriving Region	Regional Strategic Planning	Transport	Governance and Democracy	Te Tiriti Relationships	

These activities represent the practical ways in which Environment Southland delivers its statutory responsibilities, levels of service, and commitments to the community. Together, they provide the framework through which we contribute to the achievement of our community outcomes and the long-term wellbeing of Murihiku Southland.

While each activity group has a distinct focus, many activities contribute to multiple community outcomes. This reflects the interconnected nature of our work, where environmental stewardship, community resilience, regional development, governance, and partnership approach often support more than one outcome at the same time.

The activity groups have been designed to provide a clear and consistent framework for planning, delivering, monitoring and reporting on our services. This approach enables us to demonstrate how our activities contribute to the environmental, economic, social and cultural wellbeing of Southland communities, while ensuring transparent accountability for the services we provide.

Bringing it together

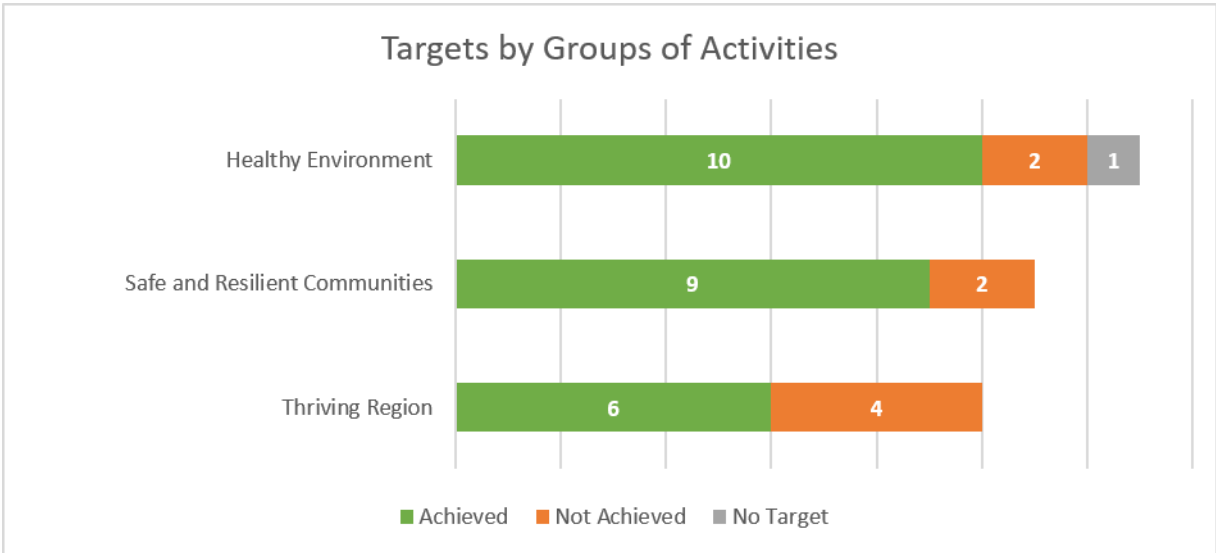
Collectively, our activity groups support the delivery of Environment Southland’s vision of “A Thriving Southland | Te Taurikura o Murihiku” and contribute to the achievement of our community outcomes.

The following sections provide a detailed account of our performance during 2025-26, including the results achieved against the measures and targets set out in the 2024-34 Long-term Plan, and how these activities contributed to the wellbeing of Murihiku Southland.

Our activities in summary

Results for 2025-26 Financial year

During the financial year of 2025–26, Environment Southland achieved 74% of its Long-term Plan (LTP) activity performance targets, with 25 of 34 performance measures achieved. Where targets were not met, performance was often close to the required level or met most of the target criteria. Explanatory commentary has been provided for all measures to ensure transparent reporting and to assist readers in understanding the results achieved during the year.

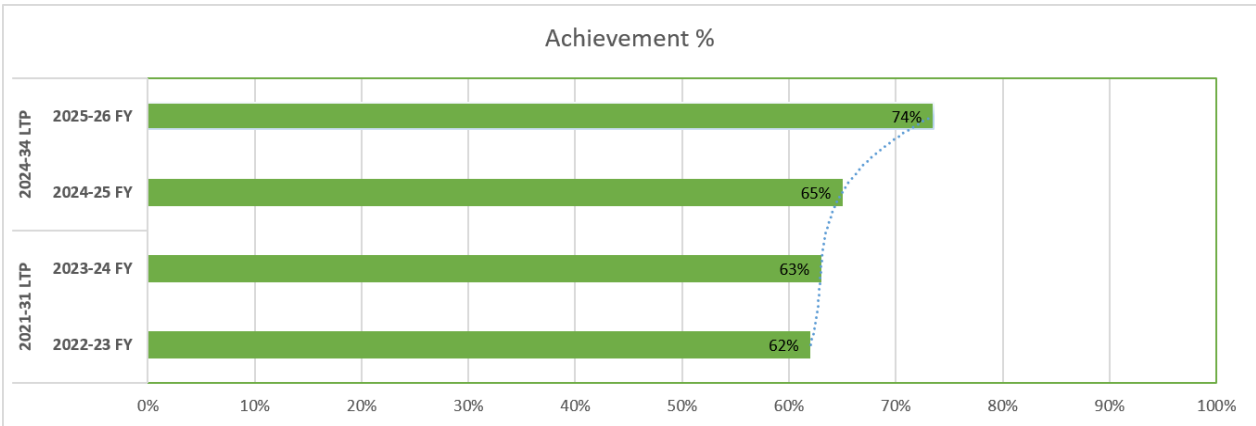


Comparison with previous results

Environment Southland’s achievement of performance targets has shown a positive upward trend over recent year. In 2025-26, 74% of performance measures were achieved, an improvement from 65% in 2024-25, 63% in 2023-24, and 62% in 2022-23 financial years.

To enable consistent year-on-year comparison, results are presented as the percentage of total performance measures achieved. This approach provides a high-level view of organisational performance and trends over time.

Further details on performance measures and any changes to their definitions or reporting are provided in the reporting on our activities section.



Key judgments

The Long-term Plan includes at least one performance measure and target for each activity. These measures and targets were selected to reflect the levels of service provided and the outcomes sought through each activity. Consideration was given to national performance measurement requirements, the availability of baseline data, and the practicality and cost-effectiveness of monitoring and reporting on performance.

Where systems for collecting performance information were not already in place, appropriate processes and reporting mechanisms were established. Progress against Long-term Plan performance measures is reported quarterly to Environment Southland's Finance and Performance Committee and is also reported annually through the Annual Report.

Our activities in depth (*Ko Te Hohonutanga Ō Ā Tātou Mahi*)

CONSOLIDATED FUNDING IMPACT STATEMENT

For the year ended 30 June 2026

	Annual Plan 2025 \$000	Actual 2025 \$000	Annual Plan 2026 \$000	Actual 2026 \$000
OPERATING FUNDING				
Sources of operating funding				
General Rates, Uniform annual general charges, rates penalties	23,090	23,338	25,824	26,050
Targeted Rates	6,166	6,164	6,076	6,090
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	12,730	15,389	11,041	13,176
Interest and dividends from investments	6,211	5,951	6,248	6,450
Local authorities fuel tax, fines, infringement fees and other receipts	1,214	1,504	1,252	1,227
Total Operating Funding	49,411	52,346	50,441	52,993
Applications of operating funding				
Payments to staff and suppliers	37,683	37,161	38,340	39,830
Finance costs	884	170	389	227
Other operating funding applications	11,664	11,984	11,402	11,188
Total applications of operating funding	50,231	49,315	50,131	51,245
SURPLUS / (DEFICIT) OF OPERATING FUNDING	(820)	3,031	309	1,748
CAPITAL FUNDING				
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	4,182	2,736
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	1,510	7,000	4,252	-
Gross proceeds from the sale of assets	152	487	72	77
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	1,662	7,487	8,506	2,813
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	337	-	-
- to improve the level of service	1,863	-	8,379	-
- to replace existing assets	2,384	1,994	1,438	737
Increase/(decrease) in reserves	(3,405)	8,187	(1,002)	3,824
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	842	10,518	8,815	4,561
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	820	(3,031)	(309)	(1,748)
FUNDING BALANCE	-	-	-	-

Statement of reconciliation between the funding impact statement and the statement of comprehensive revenue and expenses

	Annual Plan	Actual	Annual Plan	Actual
	2025	2025	2026	2026
	\$000	\$000	\$000	\$000
Surplus / (deficit) of operating funding per the funding impact statement	(820)	3,031	309	1,748
Operating surplus items not included in operating funding				
Grants and subsidies for capital	-	-	4,182	2,736
Profit / (loss) on disposal of assets	-	87	-	(207)
Fair value gains	604	2,259	653	6,201
Other non cash expense	-	-	-	-
Depreciation and amortisation expense	(950)	(1,019)	(1,217)	(1,057)
Impairment	-	(490)	-	-
Total expenses in the statement of comprehensive revenue and expenses	(346)	837	3,618	7,673
Operating surplus / (deficit) per the statement of comprehensive revenue and expenses	(1,166)	3,867	3,927	9,421

1. Healthy Environment

Our aspirations for a healthy environment

Environment Southland aims to protect, enhance and restore Southland's natural environment and indigenous biodiversity, ensuring natural resources continue to support the wellbeing of current and future generations. Through its activities and services in 2025-26, the Council continued to advance this aim through the sustainable management of the region's land, water, air and coastal resources.

At a glance...

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Level of Service
Targets:

10

Achieved

2

Not
Achieved

1

No
Target

Community Connection

The community outcomes reflect Environment Southland's strategic direction and the priorities identified through the 2024-34 Long-term Plan. The following community outcomes are most relevant to this group of activities:

- Managed access to quality natural resources
- Diverse opportunities to make a living
- Communities empowered and resilient

The following outcome statements, derived from the Regional Policy Statement and regional planning framework, describe the environmental outcomes that this activity group seeks to contribute towards:

- Safeguard the health of freshwater in the region and its life-supporting capacity
- Sustainably manage the region's water resources
- Safeguard the health and use of the coastal marine area
- Protect, restore and enhance air quality
- Protect, restore and enhance indigenous biodiversity and health of ecosystems including areas of significant native vegetation and habitats
- Control or eradicate harmful species

Environment Southland monitors a range of environmental, operational and community-focused measures to assess progress towards these outcomes. These measures support the Council's understanding of environmental trends and the effectiveness of its activities. While some outcomes require long-term investment before measurable improvements are evident, others may demonstrate progress over shorter timeframes.

See our [website](#) and the Land Air Water Aotearoa [LAWA website](#) for more information.

Our performance and delivery against targets

Environment Southland delivers activities within this group through the following areas:

- Policy and Planning
- Regulatory

- Science and Matāuranga Māori
- Engagement, Partnerships and Empowerment
- Biosecurity

Performance is reported against the measures and targets set through the 2024–2034 Long-term Plan. The 2025–26 financial year results are outlined alongside the previous 2024–25 financial year’s measures and results to support year-on-year comparison.

Policy and planning

LEVEL OF SERVICE Provide a robust Regional Policy Statement and Regional Plans that enable sustainable management of Murihiku Southland’s natural and physical resources and protection of indigenous biodiversity	
Measure and 2025-26 Target 1 Measure: Notify and then make operative targeted amendments to the Regional Policy Statement, Regional Coastal Plan, and Southland Water and Land Plan. Target: Notify targeted amendments to Regional Policy Statement, Regional Coastal Plan and Southland Water and Land Plan <i>(carried over from the 2024-25 financial year)</i> <i>2025-26 Performance Target: N/A</i>	Results for 2025-26 There is no target for 2025-26. Progress on Plan Changes has paused due to the regulatory “plan stop” direction that came out of the Resource Management (Consenting and Other Systems) Amendment Act. An application to the Minister for Resource Management Reform for a number of modifications to be made to the Southland Water and Land Plan has continued to be progressed.
Measure and 2024-25 Target 1 Measure: Notify and then make operative targeted amendments to the Regional Policy Statement, Regional Coastal Plan, and Southland Water and Land Plan. Target: Notify targeted amendments to Regional Policy Statement, Regional Coastal Plan and Southland Water and Land Plan.	Results for 2024-25 Not achieved No amendments to the Regional Policy Statement, Regional Coastal Plan or Southland Water and Land Plan have been notified in this financial year, other than minor corrections. Progress on the review of the Regional Coastal Plan has been made relating to issue identification, assessment of options and initial drafting. A decision was made to postpone any amendments to the proposed Southland and Water Land Plan and the Regional Policy Statement until there is greater certainty of changes to national direction and the wider Resource Management Reform.

Regulatory

LEVEL OF SERVICE Deliver efficient and effective consenting and compliance monitoring and enforcement services to enable sustainable use of Murihiku Southland's natural and physical resources	
Measure and 2025-26 Target 2 Measure: Percentage of resource consent applications processed in accordance with statutory timeframes. Target: ≥99% resource consent applications processed.	Results for 2025-26 Not achieved 91% of consent applications processed in the financial year were processed within the statutory timeframes. The performance target was not met, in part, due to high vacancies in the team. It is a statutory requirement to achieve 100% compliance.
Measure and 2024-25 Target 2 Measure: Percentage of resource consent applications processed in accordance with statutory timeframes. Target: ≥99% resource consent applications processed.	Results for 2024-25 Achieved 99% of consent applications processed in the financial year were processed within the statutory timeframes.
Measure and 2025-26 Target 3 Measure: Percentage of priority consents (as identified in the Environment Southland Compliance Plan) monitored to ensure compliance with consent conditions. Target: ≥80% priority consents monitored.	Results for 2025-26 Achieved For the 2025/2026 financial year, 85.3% of priority consents were monitored. Priority consents for monitoring includes farm dairy effluent discharge permits and water permits for takes over 20 litres per second.
Measure and 2024-25 Target 3 Measure: Percentage of priority consents (as identified in the Environment Southland Compliance Plan) monitored to ensure compliance with consent conditions. Target: ≥80% priority consents monitored.	Results for 2024-25 Achieved 84% of priority consents were monitored for the financial year. Priority consents for monitoring includes farm dairy effluent discharge permits and water permits for takes over 20 litres per second.

Measure and 2025-26 Target 4 Measure: Percentage of RMA significant non-compliance activity reviewed and actioned in accordance with Environment Southland Monitoring and Enforcement Policy. Target: ≥85% significant non-compliance activity reviewed and actioned.	Results for 2025-26 Achieved For the 2025/2026 financial year, 95% significant non-compliance activity has been reviewed and actioned.
Measure and 2024-25 Target 4 Measure: Percentage of RMA significant non-compliance activity reviewed and actioned in accordance with Environment Southland Monitoring and Enforcement Policy. Target: ≥80% significant non-compliance activity reviewed and actioned.	Results for 2024-25 Achieved 100% significant non-compliance activity has been reviewed and actioned during the financial year.
Measure and 2025-26 Target 5 Measure: Percentage of cruise ship audit events that assess compliance with the deed of agreement and take appropriate action to findings (where required). No less than 5% of ships audited. Target: 100% of cruise ships audit events, to assess compliance with the deed of agreement, completed.	Results for 2025-26 Achieved For the 2025/2026 financial year, 100% of cruise ship audits were completed, and found to be compliant with the Deed of Agreement.
Measure and 2024-25 Target 5 Measure: Percentage of cruise ship audit events that assess compliance with the deed of agreement and take appropriate action to findings (where required). No less than 5% of ships audited. Target: 100% of cruise ships audit events, to assess compliance with the deed of agreement, completed.	Results for 2024-25 Achieved 100% of cruise ship audits were completed and found to be compliant and conversant with the Deed of Agreement. Onboard ship records detailed sound environmental and navigation safety practices throughout.

LEVEL OF SERVICE

Deliver efficient and effective environmental response services to pollution and environmental incidents or notifications of non-compliant activities in Murihiku Southland to minimise risks and effects.

Measure and 2025-26 Target 6

Measure: Percentage of high risk reported pollution and environmental incidents responded to within 24 hours.

Target: ≥83% response to high risk reported pollution and environmental incidents.

Results for 2025-26**Achieved**

98.9% high-risk incidents were responded to within 24 hours.

Measure and 2024-25 Target 6

Measure: Percentage of high risk reported pollution and environmental incidents responded to within 24 hours.

Target: ≥80% response to high risk reported pollution and environmental incidents.

Results for 2024-25**Achieved**

82% high-risk incidents were responded to within 24 hours.

Measure and 2025-26 Target 7

Measure: Maintain a regional oil spill response plan including a minimum of 20 up-to-date trained responders.

Target: Achieved

Results for 2025-26**Achieved**

Oil spill response capability has been maintained with 23 trained responders and an effective Regional Oil Spill Contingency Plan in place.

Measure and 2024-25 Target 7

Measure: Maintain a regional oil spill response plan including a minimum of 20 up-to-date trained responders.

Target: Achieved

Results for 2024-25**Achieved**

Oil spill response capability has been maintained with 20 trained responders and an effective Regional Oil Spill Contingency Plan in place.

Science and Matāuranga Māori

LEVEL OF SERVICE Monitor and investigate the state of Murihiku Southland's natural environment and resources to provide high quality and timely data and information to decision makers and the community to improve their understanding of where the greatest areas of risks are and where further action is needed.	
Measure and 2025-26 Target 8 Measure: Percentage of Environment Murihiku Southland's science and monitoring programmes evaluated as planned. Target: 100% evaluation of science and monitoring programmes achieved.	Results for 2025-26 Achieved 100% evaluation of science and monitoring programmes was carried out over the financial year.
Measure and 2024-25 Target 8 Measure: Percentage of Environment Murihiku Southland's science and monitoring programmes evaluated as planned. Target: 100% evaluation of science and monitoring programmes achieved.	Results for 2024-25 Achieved 100% evaluation of science and monitoring programmes was carried out over the financial year.

Engagement, Partnerships and Empowerment

LEVEL OF SERVICE Work in partnership with iwi, communities, other councils and organisations to enable action that delivers better environmental outcomes.	
Measure and 2025-26 Target 9 Measure: Number of integrated catchment plans developed in partnership with iwi and the community. Target: ≥3 or more catchment plans developed	Results for 2025-26 Not achieved No integrated catchment plans have been developed this year. Council's focus during the year was on reviewing and refining its approach to integrated catchment management to ensure future catchment planning is aligned with organisational priorities and long-term delivery arrangements. As no additional integrated catchment plans were scheduled for development during the year, the target was not achieved.

Measure and 2024-25 Target 9 Measure: Number of integrated catchment plans developed in partnership with iwi and the community. Target: One catchment plan developed.	Results for 2024-25 Achieved Two Integrated Catchment Plans, for Waihopai and Waikawa, have been completed in 2024-25. Waihopai requires Council approval prior to release to the public during the 2025-26 financial year.
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LEVEL OF SERVICE Provide reliable information, advice and an ongoing education programme that leads to effective environmental stewardship and kaitiakitanga.	
Measure and 2025-26 Target 10 Measure: Percentage of land management (Land Sustainability, Contaminated Land, Pollution, Hazardous Substance, Education) requests for service resolved. Target: ≥90% of land management requests for service resolved.	Results for 2025-26 Achieved 90.7% of land management requests for service were resolved.
Measure and 2024-25 Target 10 Measure: Percentage of land management (Land Sustainability, Contaminated Land, Pollution, Hazardous Substance, Education) requests for service resolved. Target: ≥90% of land management requests for service resolved.	Results for 2024-25 Not achieved 79% of land management requests for service were resolved. This was due, in part, to a lack of resources, and the staff focus on delivering the new catchment improvement funding programme over a short timeframe.
Measure and 2025-26 Target 11 Measure: Percentage of Biosecurity and Biodiversity requests for service resolved. Target: ≥90% of biosecurity and biodiversity requests for service resolved.	Results for 2025-26 Achieved Over the full financial year, 295 out of 303 (97.4%) biodiversity and biosecurity requests were resolved.

Measure and 2024-25 Target 11

Measure: Percentage of Biosecurity and Biodiversity requests for service resolved.

Target: ≥90% of biosecurity and biodiversity requests for service resolved.

Results for 2024-25

Achieved

Over the full financial year, the team responded to 22 out of 23 Biodiversity requests and 315 out of 317 Biosecurity requests. Overall 99% have been resolved in the 24-25 year.

LEVEL OF SERVICE

Provide timely and high-quality data and information about state of the environment to our communities.

Measure and 2025-26 Target 12

Measure: State of the environment (SoE) data updated and published on Environment Southland and Land Air and Water Aotearoa (LAWA) websites at least once a year.

Target: SoE data updated and published on Environment Southland and LAWA websites annually.

Results for 2025-26

Achieved

Data updates regularly published on Environment Southland and LAWA websites.

Measure and 2024-25 Target 12

Measure: State of the environment (SoE) data updated and published on Environment Southland and Land Air and Water Aotearoa (LAWA) websites at least once a year.

Target: SoE data updated and published on Environment Southland and LAWA websites annually.

Results for 2024-25

Achieved

A new module, 'Actions for Healthy Waterways', has been released, a new version of Environment Southland's Environmental Data (EnvData) website application has been released, and the Waituna monitoring buoy has been added to EnvData.

All updates have been completed and the data is available on the LAWA and Environment Southland websites. The bathing data is available when it is archived in our systems and all other data is continuous (live data).

Biosecurity

LEVEL OF SERVICE

Deliver practices and programmes that give effect to the Regional Pest Management Plan (RPMP) and Fiordland Marine Regional Pathways Management Plan (FMRPMP) to reduce the spread of harmful species in Murihiku Southland.

Measure and 2025-26 Target 13

Measure: Review and implement RPMP and FMRPMP operational plans annually in accordance with the Biosecurity Act.

Target: Review and implement RPMP and FMRPMP operation plans annually.

Results for 2025-26

Achieved

The Annual Operations Plan for the FMRPMP and the RPMP were submitted and reviewed by the Integrated Catchment Management and Strategy and Policy Committees on 21 August 2025.

All work programmes have been reviewed and annual work plans are in place.

Measure and 2024-25 Target 13

Measure: Review and implement RPMP and FMRPMP operational plans annually in accordance with the Biosecurity Act.

Target: Review and implement RPMP and FMRPMP operation plans annually.

Results for 2024-25

Achieved

The Annual Operations Plan for the RPMP and the FMRPMP was reviewed and submitted to Council via the Regional Services Committee on 1 August 2024.

All work programmes have been reviewed and annual work plans are in place.

Healthy Environment highlights

Wilding conifer eradication efforts receive crucial boost as new threat looms

The battle to eradicate wilding conifers in valuable Murihiku Southland high-country received a crucial boost during the 2025-26 year as a new threat loomed in the shape of Douglas fir seedlings.



Through the Ministry for Primary Industries and Biosecurity NZ, the National Wilding Conifer Control Programme provided \$1.04 million of funding for wilding conifer control in the Mid Dome, Flagstaff (above Athol) and Takitimu areas, with additional funding and support coming from the Mid Dome Wilding Tree Charitable Trust, Department of Conservation and Environment Southland.

The effects of wilding pines are wide-ranging from the loss of unique flora and fauna, loss of productive pastoral land, the risk of wildfires, and significant water loss.

If not eradicated, it is predicted that wilding conifers in the Mid Dome area will totally overwhelm 61,000 ha of high country tussock and pastoral grassland in the short term, and infest a further 100,000 hectares by 2053.

During the 2025-26 year, 1,920ha of aerial control was completed and 430ha of ground control, targeting Contorta, Mugo and Douglas fir wildings.

In addition to this Environment Southland worked with landowners to remove problem shelterbelts that were causing significant wilding issues to the surrounding areas.

An emerging concern in recent years is the Douglas fir that is invading areas that have not had wilding issues before – with some trees being found 14km away from the closest seeding (parent) tree.

As the Mid Dome Wilding Tree Charitable Trust marks its 20th anniversary in 2026, the future is looking brighter.

After three seasons of lower than need funding, the 2026-27 year is looking promising, with a significant increase in funding from the National Wilding Conifer Control Programme, with \$3million to be invested in Southland. Funding for eradication efforts is vital as research has shown that for every \$1 spent on eradication, we can save between \$14-\$20 in future control costs.

This funding will help catch up on maintenance work to continue to halt the spread of wildings, continue progress in removing trees from some of our landscapes, and continue to recognise that this is a whole of community challenge.

Highlights' snapshot

1393

Dairy effluent inspections carried out (compared to 953 previous year)

2

Successful prosecutions

1

exceedance of the National Environment Standards for Air Quality recorded for Invercargill, and none for Gore.

97%

Biosecurity and Biodiversity requests (295) for service resolved.

Prosecution for extreme effluent discharges one of worst on record

Described as some of the most extreme effluent discharge offending the region had seen, the Council successfully prosecuted a Tokanui man for repeated offences that will have long-term effects on a local waterway.

In early July 2026, the man was convicted on 35 charges in breach of the Resource Management Act. He was sentenced to 12 months' home detention after being convicted of offences arising from the unlawful operation of his large-scale wagyu feedlot.

The offending occurred between 1 July 2023 and 22 November 2024, during which agricultural effluent was repeatedly discharged from inadequately constructed feed-pads and into effluent ponds, which then overflowed, leading to contamination of the Tokanui Stream. He also failed to comply with an abatement notice.

Environment Southland was initially alerted to the environmental damage after receiving a complaint from a member of the public in September 2024.

The environmental impact of these multiple offences will have a long-term, detrimental effect on the health of the Tokanui Stream, and undermines the efforts farmers and communities are making to protect and improve water quality.

The case also highlighted the important role the public play as the community's eyes and ears. Environment Southland operates a 24/7 Pollution Response Hotline, toll-free on 0800 76 88 45. You can also fill out an incident report form on the website.



Healthy Environment Funding Impact Statement **For the year ended 30 June 2026**

	LTP24.34 2025 \$000	Annual Plan 2026 \$000	Actual 2026 \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	16,502	20,148	20,327
Targeted rates	2,682	289	290
Subsidies and grants for operating purposes	-	-	-
Fees and charges	8,794	7,082	10,023
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	21	21	11
Total Operating Funding	27,999	27,540	30,651
Applications of operating funding			
Payments to staff and suppliers	19,835	17,926	15,884
Finance costs	-	-	-
Internal charges & overheads applied	7,920	9,499	10,332
Other operating funding applications	2,408	1,295	1,938
Total applications of operating funding	30,163	28,720	28,154
SURPLUS / (DEFICIT) OF OPERATING FUNDING	(2,164)	(1,180)	2,497
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	269	282	-
Gross proceeds from sale of assets	95	44	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	364	326	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve level of service	-	-	-
- to replace existing assets	1,250	1,169	314
Increase (decrease) in reserves	(3,050)	(2,023)	-
Increase (decrease) of investments	-	-	2,183
Total applications of capital funding	(1,800)	(854)	2,497
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	2,164	1,180	(2,497)
FUNDING BALANCE	-	-	-

2. Safe and Resilient Communities

Our aspirations for safe and resilient communities

Environment Southland aims to enable communities to provide for their health, safety, and social, cultural and economic wellbeing. Through its activities and services in 2025-26, the Council continued to support resilient communities and sustainable outcomes across the region.

At a glance...

11

Level of Service
Targets:



Achieved



Not
Achieved

Community Connection

The community outcomes reflect Environment Southland's strategic direction and the outcomes sought through the 2024-34 Long-term Plan. The following community outcomes are the most relevant to this group of activities:

- Diverse opportunities to make a living
- Communities empowered and resilient
- Communities expressing their diversity.

The following outcome statements, derived from the Regional Policy Statement, Regional Plans and related strategic frameworks, describe what this group of activities seeks to achieve for Murihiku Southland:

- Ensure Murihiku Southland's regionally significant, nationally significant and critical flood protection infrastructure is secure, operates efficiently, and is appropriately integrated with land use activities and the environment.
- Ensure the risks to people, communities, their businesses, property and infrastructure from the effects of natural hazards and climate change are understood and avoided, remedied or mitigated, resulting in communities becoming more resilient.
- Support Emergency Management Southland to prepare communities for civil defence emergencies and enable an effective and efficient regional emergency management response when disaster strikes.
- Maintain safe use and navigation of our region's ports, harbours, coastal areas and inland waterways.
- Monitor community wellbeing and understand where the greatest risks and opportunities are to support Southlanders into the future.

Our focus is on improving community resilience, safety and preparedness through the delivery of floodv protection, hazard management, emergency management, navigation safety and community wellbeing activities. A range of performance measures is used to assess progress towards achieving these outcomes. While some outcomes may take many years to demonstrate measurable change, others provide more immediate indications of progress.

Our performance and delivery against targets

Environment Southland delivers activities within this group through the following areas:

- Flood Protection & Control
- Natural Hazards and Climate change
- Emergency Management and Response
- Maintaining Safe and Navigable Waterways
- Community Wellbeing

Performance is reported against the measures and targets set through the 2024–2034 Long-term Plan. The 2025–26 financial year results are outlined alongside the previous 2024–25 financial year's measures and results to support year-on-year comparison.

Flood protection & control

LEVEL OF SERVICE Council owned infrastructure is maintained and enhanced to a level that reduces the negative impacts of natural hazards, flooding and climate change.	
Measure and 2025-26 Target 14 Measure: Percentage of major flood protection and control works maintenance, repair and renewal schedule completed to the key standards defined in relevant planning documents. Target: ≥90% of major flood protection and control works schedule completed.	Results for 2025-26 Not achieved This measure was not achieved because the maintenance, repair and renewal schedule against which performance was to be assessed was not implemented during 2025/26. However, this does not indicate that no work occurred. Significant maintenance activity was undertaken, including more than 1,800 hectares of fairway clearing, over 300 kilometres of drainage and waterway maintenance, and approximately 15,000 tonnes of rock protection works to maintain flood protection assets.
Measure and 2024-25 Target 14 Measure: Percentage of major flood protection and control works maintenance, repair and renewal schedule completed to the key standards defined in relevant planning documents. Target: ≥90% of major flood protection and control works schedule completed.	Results for 2024-25 Not achieved 62% of the major flood protection and control works schedule were completed and accordingly this measure was not achieved. This was due to the annual floodbank Inspections primarily occurring in the initial weeks of the new financial year, so completed defect data collected post 30 June could not contribute to the completion statistics of the defects resolved over the 2024-25 period. Options will be considered for the next round of inspections to mitigate this challenge.

Natural hazards and climate change

LEVEL OF SERVICE Monitor and investigate natural hazards and the changing climate to provide high quality and timely data and information to decision makers and the community to improve their understanding of where the greatest areas of risks are and where further action is needed.	
Measure and 2025-26 Target 15 Measure: Report on Environment Southland's natural hazards and climate adaptation science and modelling programme. Target: Annual Report submitted to Council by 30 September 2025.	Results for 2025-26 Achieved The annual report on natural hazards and climate adaptation science and modelling programme was submitted to Council via the Strategy and Policy Committee on 25 September 2025.
Measure and 2024-25 Target 15 Measure: Report on Environment Southland's natural hazards and climate adaptation science and modelling programme. Target: Annual Report submitted to Council by 30 September 2024.	Results for 2024-25 Not achieved The natural hazards and climate adaptation science and modelling programme commenced in July 2024. As there was insufficient time to produce meaningful updates, no report was provided to Council in September 2024. A report will be presented to Council in September 2025. The work programme has commenced. An assessment of the impact snow melt has on floods was completed and the Invercargill groundwater and sea level risk modelling project has commenced. Other projects are underway, but some may extend into the first quarter of 2025-26.
Measure and 2025-26 Target 16 Measure: Percentage of the time real-time river flow, water level and rainfall information is available to the community. Target: >95% of real-time river flow, water level and rainfall information is available to the community.	Results for 2025-26 Achieved Real-time river flow, water level and rainfall data has been available to the community at all times across the financial year.

Measure and 2024-25 Target 16 Measure: Percentage of the time real-time river flow, water level and rainfall information is available to the community. Target: >95% of real-time river flow, water level and rainfall information is available to the community.	Results for 2024-25 Achieved Environment Southland's Environmental Data (EnvData) website application has been updated to improve accessibility and usability of real-time monitoring data. Real-time information was available to the community at all times across the financial year.
Measure and 2025-26 Target 17 Measure: Percentage of Natural Hazard requests for service resolved. Target: 90% of natural hazard requests for service resolved.	Results for 2025-26 Achieved 98.6% of natural hazard requests were resolved during the full financial year. Each inquiry is addressed promptly upon receipt. Some necessitate further follow-up following the initial response.
Measure and 2024-25 Target 17 Measure: Percentage of Natural Hazard requests for service resolved. Target: 90% of natural hazard requests for service resolved.	Results for 2024-25 Achieved 96% of natural hazard requests were resolved during the full financial year. Development of a LIM portal has progressed well to ensure that Environment Southland is meeting its legal requirements under an amendment to the Local Government Official Information & Meetings Act.
Measure and 2025-26 Target 18 Measure: Percentage of the time the Duty Flood Controller is available during the year. Target: Duty flood controller available 100% of time during the year.	Results for 2025-26 Achieved A Duty Flood Controller has been available at all times across the financial year.

Measure and 2024-25 Target 18 Measure: Percentage of the time the Duty Flood Controller is available during the year. Target: Duty flood controller available 100% of time during the year.	Results for 2024-25 Achieved A duty flood controller was available 100% of the time.
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LEVEL OF SERVICE Work in partnership with iwi, communities, other councils and organisations to implement regional natural hazards and climate change adaptation projects, build community resilience and promote climate change action.	
Measure and 2025-26 Target 19 Measure: Organisational Green House Gas emissions reduce in line with the 2050 net zero target. Target: Confirm a baseline and a reduction plan. <i>(carried over from the 2024-25 financial year)</i> <i>2025-26 Performance Target:</i> Reducing in line with reduction plan.	Results for 2025-26 Not achieved This milestone has not been achieved for the year as a formal emissions reduction plan was not developed, therefore organisational GHG emissions cannot be confirmed as reducing in line with a reduction plan. Work has continued on improving measurement and reporting, including completion of the 2024/25 measurement.
Measure and 2024-25 Target 19 Measure: Organisational Green House Gas emissions reduce in line with the 2050 net zero target. Target: Confirm a baseline and a reduction plan.	Results for 2024-25 Not achieved We established a baseline from our GHG emissions data for the period 1 July 2023 to 30 June 2024. Whilst we acknowledge the inherent uncertainty in the reported scope 1 and scope 2 emissions, we did obtain assurance over the data from Toitu on 11 October 2024. We have elected to utilise the assured scope 1 and scope 2 emissions data as the baseline for which our reduction plan will be set. An external contractor was engaged to develop the reduction plan and whilst progress has been made, the plan is yet to be approved by the Council.

Measure and 2025-26 Target 20 Measure: Report on the regional floodplain management approach. Target: Annual Report submitted to Council by 30 September 2025.	Results for 2025-26 Achieved The report on regional floodplain management approach was submitted to council via the Regional Services Committee Meeting 13 August 2025. Over the year, the Murihiku Slow the Flow Blueprint was completed, establishing a strategic, region-wide framework for flood risk management and long-term resilience. The Blueprint's findings, governance arrangements, and catchment-based approach are now directly informing the development of the Maitara Blueprint, helping shape future flood mitigation options and investment priorities across the region.
Measure and 2024-25 Target 20 Measure: Report on the regional floodplain management approach. Target: Annual Report submitted to Council by 30 September 2024.	Results for 2024-25 Not achieved Members of the Natural Hazards and Climate Adaptation Portfolio Group held four floodplain management workshops with elected members over the financial year. The purpose of these workshops was to start to define the work programmes and principles of Floodplain Management as an organisation. The outputs from the workshop were not aggregated into final report and presented to council, hence the not achieved status.

Emergency management and response

LEVEL OF SERVICE

Work in partnership with Emergency Management Southland to prepare Murihiku Southland communities to effectively avoid, mitigate and/or respond to an emergency.

Measure and 2025-26 Target 21

Measure: Support Emergency Management Southland in accordance with the Southland Civil Defence Emergency Management Group/Environment Southland Service Level Agreement, including the provision of an adequate number of suitably trained staff to respond to an event within an hour after a state of emergency is declared.

Target: Support for EMS in accordance with SCDEMG/ES Service Level Agreement achieved.

Results for 2025-26

Achieved

Over the year, Environment Southland continued to meet its Civil Defence Emergency Management obligations through its partnership with Emergency Management Southland, maintaining trained staff and response capability. Support included activation of the Emergency Coordination Centre during the October wind event, helping ensure an effective and coordinated regional emergency response.

Measure and 2024-25 Target 21

Measure: Support Emergency Management Southland in accordance with the Southland Civil Defence Emergency Management Group/Environment Southland Service Level Agreement, including the provision of an adequate number of suitably trained staff to respond to an event within an hour after a state of emergency is declared.

Target: Support for EMS in accordance with SCDEMG/ES Service Level Agreement achieved.

Results for 2024-25

Achieved

Emergency Management Southland has received support from Environment Southland over the financial year in accordance with the SCDEMG/ES Service Level Agreement.

Maintaining safe and navigable waterways

LEVEL OF SERVICE Maintain safe and navigable waterways in the region to enable safe use and navigation of our region's ports, harbours, coastal areas and inland waterways.	
Measure and 2025-26 Target 22 Measure: Undertake an annual joint self-assessment between South Port and Environment Southland to ensure consistency with the New Zealand Port and Marine Safety Code. Target: Annual joint self-assessment between South Port and Environment Southland achieved.	Results for 2025-26 Achieved The annual joint self-assessment with South Port took place on 5 June 2026 confirming Environment Southland and Port Safety Management Systems remain consistent with the Code.
Measure and 2024-25 Target 22 Measure: Undertake an annual joint self-assessment between South Port and Environment Southland to ensure consistency with the New Zealand Port and Marine Safety Code. Target: Annual joint self-assessment between South Port and Environment Southland achieved.	Results for 2024-25 Achieved The annual joint self-assessment with South Port took place on 17 June 2025 confirming Environment Southland and Port Safety Management Systems remain consistent with the Code.
Measure and 2025-26 Target 23 Measure: Percentage of time that a Harbourmaster or a Marine Services team member is available during the year. Target: 100%	Results for 2025-26 Achieved A 24-hour-a-day, 7-day-a-week response service continued to be provided by the maritime team. The marine services team operates an on-call roster to ensure there is a member of the marine services team available to respond to incidents 100% of the time during the year.

Measure and 2024-25 Target 23 Measure: Percentage of time a harbourmaster or a marine services team member is available during the year. Target: Harbourmaster or marine services team member available 100% of time during the year.	Results for 2024-25 Achieved A 24-hour-a-day, 7-day-a-week response service continued to be provided by the maritime team. The marine services team operates an on-call roster to ensure there is a member of the marine services team available to respond to incidents 100% of the time during the year.
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Community wellbeing

LEVEL OF SERVICE Monitor recreational bathing sites and provide high quality and timely data and information to decision makers and the community to understand where the greatest areas of risks are.	
Measure and 2025-26 Target 24 Measure: Undertake regular (weekly) monitoring of all recreational bathing sites and update data on Environment Southland and Land Air and Water Aotearoa (LAWA) websites monthly during summer months (December to March). Target: Monitoring of recreational bathing sites and update of data on Environment Southland and LAWA websites achieved.	Results for 2025-26 Achieved Monitoring of all recreational bathing sites has been completed, with results available on LAWA and the Environment Southland websites.
Measure and 2024-25 Target 24 Measure: Undertake regular (weekly) monitoring of all recreational bathing sites and update data on Environment Southland and Land Air and Water Aotearoa (LAWA) websites monthly during summer months (December to March). Target: Monitoring of recreational bathing sites and update of data on Environment Southland and LAWA websites achieved.	Results for 2024-25 Achieved Monitoring of all recreational bathing sites has been completed, with results available on LAWA and the Environment Southland websites.

Safe and resilient communities' highlights

Continued local and Government investment boosts flood protection

A strong track record of on-the-ground delivery of flood protection work continued during the year with crucial improvements to channel capacity on the Mataura River near Gore.

The work on the Mataura River at the Gore road and rail bridge crossing is the latest delivered under Government co-funding for flood resilience projects in Murihiku Southland.



This phase builds on earlier flood infrastructure co-investment across the region that now amounts to nearly \$50 million since 2020.

The Gore work aims to improve channel capacity, focusing on the tightest parts of the river system to improve flow and reduce how high, and how long, water levels sit upstream during a flood, which in turn, reduces the pressure on the flood infrastructure.

It combines practical engineering improvements and careful planning across the catchment with the aim of reducing the threat of flooding for communities in Gore, Mataura and the surrounding areas.

Covering about 1 kilometre of river across five targeted areas, the project has involved removing 21,850 cubic metres of gravel and sediment and is anticipated to increase flood flow capacity through this reach by about 13%.

It forms part of the \$18 million Mataura River Flood Resilience Project, which combines targeted infrastructure improvements, improved flood intelligence — including river and rainfall monitoring and flood modelling — and planning for longer-term, catchment-scale flood risk reduction. The Government contributed 60%, (\$10.8 million) while Environment Southland covered the remaining \$7.2 million.

A flood protection plan for the whole Mataura River catchment is being developed in partnership with the community, blending engineered and nature-based solutions. This will reduce flood risks to our communities well into the future.

The work is guided by our extensive expertise to design, develop and manage projects, alongside trusted partners and local contractors.

During the year, work also progressed in the Ōreti catchment, while assessments of the Otepuni flood bank are helping identify ways to strengthen the city's flood protection network.

Highlights' snapshot

24/7

Real-time river flow, water level and rainfall data has been available to the community.

100%

of the time a duty flood controller is available.

98.6%

of natural hazard requests were resolved during the full financial year.

20

recreational bathing sites monitored for water quality and uploaded to LAWA.

October wind-storm emergency response and clean-up

The day dawned calm in Southland on 23 October 2025 but by mid-day the region was being battered by winds of up to 150kmh that brought widespread destruction.

It was extremely fortunate that no lives were lost, however, power and communication outages and damage to infrastructure put a severe strain people throughout the region.

Adding to that pressure, the adverse weather and damage came at a particularly busy time on farm, which required an immediate and widespread response.



A State of Emergency was declared and Emergency Management Southland's (EMS) Emergency Coordination Centre was stood up, helping ensure an effective and coordinated regional emergency response.

This ability to respond reflects the crucial partnership that Environment Southland and the other Southland councils have with EMS. Maintaining trained staff and response capability is crucial to the ongoing success of this shared service.

The weather event had a devastating and wide-reaching impact on communities across our region.

Environment Southland's catchment operations team have been heavily involved in the clean-up along the region's rivers. The clean-up cost more than \$500,000 and involved hundreds of hours of staff and contractor time. EMS staff have also continued to support recovery through their day-to-day work and community resilience workshops.

Given the increasingly frequent and severe weather events being experienced, the Council is advocating strongly for the strengthening of emergency management systems, including considerations around our changing climate.

During the year, an updated and expanded climate impact assessment for Murihiku Southland was released. An outcome of Regional Climate Change Working Group work, it will help the region plan and prepare for climate risks and opportunities now and in the future.

Collaborative work towards a regional climate action plan is a focus for the RCCWG, which consists of Environment Southland, Southland District Council, Gore District Council, Invercargill City Council and Te Ao Mārama.

Resilient Communities Funding Impact Statement

For the year ended 30 June 2026

	LTP24.34 2025 \$000	Annual Plan 2026 \$000	Actual 2026 \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	6,363	4,944	4,679
Targeted rates	3,484	5,788	5,800
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3,706	3,724	2,840
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	1,330	1,379	1,409
Total Operating Funding	14,884	15,835	14,728
Applications of operating funding			
Payments to staff and suppliers	4,361	2,772	7,910
Finance costs	884	802	850
Internal charges & overheads applied	2,031	2,179	2,417
Other operating funding applications	6,201	8,708	6,716
Total applications of operating funding	13,477	14,461	17,893
SURPLUS / (DEFICIT) OF OPERATING FUNDING	1,406	1,374	(3,165)
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	4,182	2,736
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,241	3,970	-
Gross proceeds from sale of assets	43	28	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,283	8,180	2,736
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve level of service	1,499	8,379	-
- to replace existing assets	227	153	40
Increase (decrease) in reserves	963	1,022	(469)
Increase (decrease) of investments	-	-	-
Total applications of capital funding	2,689	9,554	(429)
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(1,406)	(1,374)	3,165
FUNDING BALANCE	-	-	-

3. Thriving Region

Our aspirations for a thriving region

Environment Southland aims to support a thriving and resilient region by contributing to the social, cultural, environmental and economic wellbeing of Murihiku Southland. Through its activities and partnerships during 2025-26, the Council continued to support sustainable development and informed regional decision-making.

At a glance...

10

Level of Service
Targets:



Achieved



Not
Achieved

Community Connection

The community outcomes reflect Environment Southland's strategic direction and the outcomes sought through the 2024-34 Long-term Plan. The following community outcomes are the most relevant to this group of activities:

- Diverse opportunities to make a living
- Communities empowered and resilient
- Communities expressing their diversity.

The following outcome statements, informed by Environment Southland's strategic direction and regional planning framework, describe what this group of activities seeks to achieve for Murihiku Southland:

- Southlanders are engaged and enabled to play an active part in shaping our region's future.
- Effective partnerships with Ngāi Tahu ki Murihiku are in place that uphold Te Tiriti o Waitangi.

Our focus is on supporting regional leadership, community participation, effective governance and strong relationships with tangata whenua. A range of measures is used to monitor progress towards achieving these outcomes and to assess the contribution of Council activities over time.

Our performance and delivery against targets

Environment Southland delivers activities within this group through the following areas:

- Regional Strategic Planning
- Transport
- Governance and Democracy
- Te Tiriti Relationships

Performance measures and targets have been established to assess the effectiveness of these activities and their contribution to the outcomes identified in the 2024-34 Long-term Plan. Where relevant, comparisons with the previous Long-term Plan are provided to support transparency and illustrate performance trends over time. Commentary accompanying each measure provides context for the results achieved and any significant variances from target.

Performance is reported against the measures and targets set through the 2024–2034 Long-term Plan. The 2025–26 financial year results are outlined alongside the previous 2024–25 financial year’s measures and results to support year-on-year comparison.

Regional strategic planning

LEVEL OF SERVICE Work with iwi, communities, other councils and organisations to develop and implement long-term strategic plans and strategies for the region.	
Measure and 2025-26 Target 25 Measure: Percentage of Mayoral Forum, Te Roopu Taiao and Second Tier Environment Group hui attended during the year. Target: 100% attendance at Mayoral Forum, Te Roopu Taiao and Second Tier Environmental Group hui.	Results for 2025-26 Achieved Environment Southland participated in all Mayoral Forum, Te Roopu Taiao and Second Tier Environmental Group hui.
Measure and 2024-25 Target 25 Measure: Percentage of Mayoral Forum, Te Roopu Taiao and Second Tier Environment Group hui attended during the year. Target: 100% attendance at Mayoral Forum, Te Roopu Taiao and Second Tier Environmental Group hui.	Results for 2024-25 Achieved Environment Southland participated in all Mayoral Forum, Te Roopu Taiao and Second Tier Environmental Group hui during the year.

LEVEL OF SERVICE

Advocate on behalf of the Murihiku Southland community on matters, which are of regional significance and are of interest or concern to local communities.

Measure and 2025-26 Target 26

Measure: Analyse and respond to the direction from central government and proposed new legislation that affect the Council's statutory responsibilities and work programmes.

Target: Achieve

Results for 2025-26

Achieved

Staff have maintained a high degree of awareness of government reforms and consultation documents over the financial year. A regular Policy Monitor document is updated and circulated to the Executive Team and the Strategy and Policy Committee every 6 weeks. Internal work is underway to implement new legislative direction in order to ensure that Environment Southland meets its statutory obligations.

Measure and 2024-25 Target 26

Measure: Analyse and respond to the direction from central government and proposed new legislation that affect the Council's statutory responsibilities and work programmes.

Target: Achieved

Results for 2024-25

Achieved

Staff have achieved this by maintaining a high degree of awareness of government reforms and consultation documents over the year. A regular policy monitor document is updated and circulated to the Strategy and Policy Committee, which outlines the proposed changes and the impacts of the changes on Environment Southland. Submissions have been drafted on a host of consultation processes which have clearly articulated the organisation's position. We continue to have a high strike rate of presenting submissions to the Select Committee.

The national direction packages are of strategic interest to the organisation as a significant amount of our work relates to legislative direction.

Transport

LEVEL OF SERVICE Provide a robust Regional Land Transport Plan that sets the long-term vision and strategic direction for Otago Murihiku Southland's land transport system.	
Measure and 2025-26 Target 27 Measure: Maintain a Regional Land Transport Plan that is compliant with the Land Transport Management Act and is fit for the region's needs. Target: Regional Transport Committee set up following local elections.	Results for 2025-26 Achieved The Regional Transport Committee was set up following local elections in council meeting 20 November 2025. Work on drafting the next Regional Land Transport Plan has continued with staff undertaking engagement with key stakeholders and responding to feedback received from the Regional Transport Committee.
Measure and 2024-25 Target 27 Measure: Maintain a Regional Land Transport Plan that is compliant with the Land Transport Management Act and is fit for the region's needs. Target: No target for 2024-25.	Results for 2024-25 There is no target for 2024-25, however, staff continue to be involved in regional sector and national conversations to keep up to date on potential upcoming changes to Regional Land Transport Plan development expectations. A mid-term review of the RLTP revealed no changes were required to the plan. Staff continue to manage the agenda and actions set by the Regional Transport Committee.

Governance and democracy

LEVEL OF SERVICE Council's planning and reporting functions meet statutory requirements and demonstrate sound business planning.	
Measure and 2025-26 Target 28 Measure: Council's Annual Reports meet audit requirements. Target: Unqualified audit opinion achieved for Annual Report.	Results for 2025-26 Achieved Environment Southland's 2024-25 Annual Report met all audit requirements resulting in an unqualified audit opinion being received and subsequent adoption of the annual report at an outgoing Council meeting on 8 October 2025.

Measure and 2024-25 Target 28 Measure: Council's Annual Reports meet audit requirements. Target: Unqualified audit opinion achieved for Annual Report.	Results for 2024-25 Achieved Environment Southland's 2023-24 Annual Report met all audit requirements resulting in an unqualified audit opinion being received and subsequent adoption of the annual report at an Extraordinary Meeting of Council on 23 October 2024.
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LEVEL OF SERVICE Provide and promote governance processes that are robust and transparent for the community.	
Measure and 2025-26 Target 29 Measure: Percentage of Council and Committee meeting agendas (for all scheduled meetings) that are available at least five working days before the meetings. Target: 100%	Results for 2025-26 Not achieved Over the financial year, only 15% of all agendas were made available at least five working days before the meeting. We do note however, all agendas met the statutory timeframe of two working days before the meetings for distribution to committee members and being made publicly available.
Measure and 2024-25 Target 29 Measure: Percentage of Council and Committee meeting agendas (for all scheduled meetings) that are available at least five working days before the meetings. Target: 100%	Results for 2024-25 Not achieved Over the financial year, only 21.31% of all agendas were made available at least five working days before the meeting. We do note however, all agendas met the statutory timeframes of two working days before the meetings for distribution to committee members and being made publicly available.
Measure and 2025-26 Target 30 Measure: Percentage of draft Council and committee meeting recordings available on the Council website within 24 hours. Target: 100%	Results for 2025-26 Achieved All council and committee meetings are publicly accessible on our website and YouTube channel from the advertised start date and time. They are livestreamed and the public can view the full recording immediately on the YouTube channel and under the meetings event on our website.

Measure and 2024-25 Target 30 Measure: Percentage of draft Council and committee meeting recordings available on the Council website within 24 hours. Target: 100%	Results for 2024-25 Achieved All Council and committee meetings are recorded and live-streamed on YouTube as they occur. The Environment Southland website has a link to its YouTube page where the videos are located. The recordings are available instantaneously.
Measure and 2025-26 Target 31 Measure: Percentage of official information requests responded to within legislative timeframes (20 working days of being logged). Target: 100%	Results for 2025-26 Not achieved 77% of official information requests were responded to within legislative timeframes. We note however that the 23% not responded to within legislative timeframes are all complete. A total of 167 official information requests were received during the 2025-26 financial year.
Measure and 2024-25 Target 31 Measure: Percentage of official information requests responded to within legislative timeframes (20 working days of being logged). Target: 100%	Results for 2024-25 Not achieved 71% of official information requests were responded to within legislative timeframes. The 29% not responded to within legislative timeframes was as a result of 17 responses being overdue by one day and 15 matters being overdue by more than one day, of which three matters are active with the Ombudsmen.

Te Tiriti relationships

LEVEL OF SERVICE Murihiku Southland residents and ratepayers are engaged and enabled to play an active part in shaping our region's future.	
Measure and 2025-26 Target 32 Measure: Develop and implement a customer and stakeholder strategy. Target: Develop a customer and stakeholder strategy. <i>(carried over from the 2024-25 financial year)</i> 2025-26 Performance Target: Target to be developed in 2024/25.	Results for 2025-26 Not achieved Progress on the Customer Service Strategy has been slower than anticipated this period due to competing organisational priorities. Significant focus has been directed toward recruitment, supporting a short-staffed team, addressing operational and people-related challenges, and maintaining service continuity across Reception and Executive Support functions. As a result, a strategy has not been complete and no targets have been set; however, further work is expected as current resourcing pressures ease.
Measure and 2024-25 Target 32 Measure: Develop and implement a customer and stakeholder strategy. Target: Develop a customer and stakeholder strategy.	Results for 2024-25 Not achieved The customer strategy and implementation plan were completed during the year following a workshop with the executive team to finalise the strategy. The stakeholder strategy has not been completed, due to responsibility changes in the organisation design process. The strategy will be completed in the 2025-26 financial year.
Measure and 2025-26 Target 33 Measure: Develop and implement a mechanism for youth engagement. Target: Develop a proposal for a new youth engagement mechanism. <i>(carried over from the 2024-25 financial year)</i> 2025-26 Performance Target: Implementation milestones achieved	Results for 2025-26 Not achieved A proposal for a new youth engagement mechanism was developed and presented to Council at a workshop on 4 February 2026. The report endorsed by council, proposes targeted youth hui aligned with development of the next Long Term Plan. These hui would enable Council to hear directly from young people about the future of Murihiku Southland, while also exploring how they would like to participate in Council decision-making moving forward, which would inform an ongoing mechanism for youth engagement. Implementation of the youth engagement mechanism has not yet occurred and remains subject to further planning and resourcing.

Measure and 2024-25 Target 33

Measure: Develop and implement a mechanism for youth engagement.

Target: Develop a proposal for a new youth engagement mechanism.

Results for 2024-25

Not achieved

An inter-agency hui was held to better understand what youth initiatives were happening across the region in the local government space, as well as learning from the experiences of those running the initiatives.

Staff joined the Southland Youth Focus Network (SYFN) so that they are kept in the loop with hui invitations, sector updates and opportunities to connect with others working to support rangatahi in Murihiku Southland, including participating in Breaking Barriers Co-design Workshop (transport barriers facing young people in Murihiku Southland).

A paper was prepared outlining the process for the development and design of a youth engagement mechanism but did not get presented to council for approval and accordingly this measure was not achieved.

LEVEL OF SERVICE

Continue to uphold our commitment to Te Tiriti o Waitangi and build, maintain and monitor partnerships with Ngāi Tahu ki Murihiku.

Measure and 2025-26 Target 34

Measure: Execute the Charter of Understanding *He Huarahi mō Ngā Uri Whakatapu - A Pathway for the Generations Coming Through and any associated partnership agreements.*

Target: Annual Report submitted to Council by 30 September 2025

Results for 2025-26

Achieved

A partnership annual report was presented to the 25 September 2025 Strategy and Policy Committee meeting.

Measure and 2024-25 Target 34

Measure: Execute the Charter of Understanding *He Huarahi mō Ngā Uri Whakatapu - A Pathway for the Generations Coming Through and any associated partnership agreements.*

Target: Annual Report submitted to Council by 30 September 2024.

Results for 2024-25

Not achieved

Environment Southland facilitated a review of the Charter of Understanding alongside Te Ao Mārama Inc and partner Councils during the 2024-25 year. Staff resource was used to support this review process instead of providing a report to Council in September 2024.

The review was completed before 30 June 2025, with formal approvals and signing of the Charter to occur in July and August 2025.

Thriving Region highlights

Environment Southland promotes regional focus on amalgamation

Our environment doesn't recognise council boundaries.

This reality underlined Council's approach to the development of an amalgamation proposal that reflects our region's unique communities, geography and economy.

We were presented with a once-in-a-generation opportunity to rethink how local government works in Southland and during the year Environment Southland worked constructively with our council partners, iwi and communities to help shape a system that is fit for the future.

Functions such as flood resilience, catchment management and biosecurity don't stop at district boundaries. To be delivered effectively, they need to be managed and addressed at both catchment and regional scale. Together these functions build resilience and are essential for the Southland's economy and lifestyle.

As part of these efforts, we developed a set of regional function principles around achieving better outcomes, supporting regional cohesion, nurturing enduring partnerships and a strong local voice, while maintaining capacity, capability efficiency and accountability.

We initiated and worked with the other Southland councils to refine a financial model that compares the costs and savings of local government restructure options for the region. This collaborative approach extended to hosting a well-attended Southland Local Government Summit to build a shared understanding of regional council work.

Based on the information available during the 2025-26 year, the Council agreed that a single Southland-wide unitary council better suits the delivery of Environment Southland's regional functions than a two-unitary council option.

While the Council didn't have any official capacity to put a proposal forward, we are in a position to support the decision-making and to advocate for the critical catchment-based and regional scale services we deliver, which underpin Southland's regional economy and lifestyle.

It's essential that the functions outlined – from river and flood management to biosecurity and natural resource management – are given priority in any new local government structure so Southland can continue to thrive.



Highlights' snapshot

509

people took part in the 'Our Changing Climate - Community Survey

1

Updated and expanded climate impact assessment for Murihiku Southland was released.

66

submissions received on proposed changes to the navigation safety bylaw.

4000+

students were supported and engaged in activities with our Enviroschools team.



People centred approach underpins education and engagement efforts

During the year, the EnviroSchools team worked with 62 schools and learning centres across Murihiku Southland supporting and engaging more than 4,000 students.

Within this, about 2,000 students from 13 schools plus many teachers and parents have participated in food waste reduction workshops. These progress from introductory concepts around food waste into embedding food waste reduction practices across entire school communities.

The feedback, engagement and enthusiasm from both students and staff has been extremely positive across all workshops.

The workshops have also helped strengthen connections between EnviroSchools, WasteNet and the Riverton Environment Centre, while creating authentic learning opportunities that support student action and environmental leadership.

Looking ahead, the goal is to move beyond school-based learning and begin strengthening community engagement around waste reduction initiatives.

Waste reduction was a theme that came through when we carried out the second Murihiku Southland Our Changing Climate – Community Survey in late 2025 – which captured the thoughts of 509 southerners and showed there is a good level of awareness but also a need to reduce barriers to climate action.

The survey looked at how people around the region perceive climate-related change, their level of concern and what encourages or discourages them to act.

Broadly speaking the findings reflected results in a similar survey in 2023, indicating that more than 60% of people in the region were concerned about climate issues. Almost two-thirds (63%) said they were prepared to change their behaviour to reduce their impact.

Barriers to taking action included the cost of living (48%), the price of alternatives (41%), and limited number of transport options (31%).

Among other consultations carried out during the year, we received 66 submissions on proposed changes to the Navigation Safety Bylaw. The community was asked for feedback on 10 proposed new “speed uplifted areas” as part of its review of the bylaw.

The bylaw sets the rules for safe behaviour on rivers, lakes and coastal waters across the region, helping reduce the risk of accidents, injuries and damage.

Across these examples, our priorities are informing, educating and giving voice to community views.

Thriving Region Funding Impact Statement

For the year ended 30 June 2026

	LTP24.34 2025 \$000	Annual Plan 2026 \$000	Actual 2026 \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	225	732	1,044
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	229	235	312
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	6,074	6,099	6,257
Total Operating Funding	6,528	7,066	7,613
Applications of operating funding			
Payments to staff and suppliers	3,809	4,562	2,387
Finance costs	-	(413)	(623)
Internal charges & overheads applied	1,619	1,402	900
Other operating funding applications	1,244	1,399	2,533
Total applications of operating funding	6,673	6,950	5,197
SURPLUS / (DEFICIT) OF OPERATING FUNDING	(145)	116	2,416
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	77
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	77
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve level of service	-	-	-
- to replace existing assets	-	-	383
Increase (decrease) in reserves	(145)	116	-
Increase (decrease) of investments	-	-	2,110
Total applications of capital funding	(145)	116	2,493
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	145	(116)	(2,416)
FUNDING BALANCE	-	-	-

Finances (*Pūtea*)

Financial Statements

A guide to the financial pages which follow

- Statement of Comprehensive Revenue and Expenses page 51
- Statement of Changes in Net Assets/Equity page 51
- Statement of Financial Position page 52
- Statement of Cash Flows page 53
- Notes to the Financial Statements page 54

Statement of Comprehensive Revenue and Expenses for the Year Ended 30 June 2026

	Note	Actual 2026 \$000	Council Annual Plan 2026 \$000	Actual 2025 \$000	Group Actual 2026 \$000	Actual 2025 \$000
Revenue						
Rates revenue	2(a)	31,572	31,450	28,987	31,572	28,987
Government Grants	2(b)	3,648	4,995	3,206	3,648	3,206
Other Revenue	2(c)	20,494	18,178	20,115	87,379	78,753
Total Revenue		55,714	54,623	52,308	122,599	110,946
Expenditure						
Employee benefits expense	3(a)	24,196	24,958	22,431	42,147	38,337
Depreciation expense		1,057	1,217	1,019	6,361	6,128
Finance costs	3(b)	227	389	170	1,925	2,238
Other expenses	3(c)	27,057	24,785	27,167	51,182	48,888
Total Expenditure		52,537	51,349	50,787	101,615	95,591
Other Revenue and Expense						
Other gains / (losses)	2(d)	6,244	653	2,346	6,289	1,581
Total Other Revenue and Expense		6,244	653	2,346	6,289	1,581
Surplus/(Deficit) before income tax		9,421	3,927	3,867	27,273	16,936
Income tax expense	4	-	-	-	6,800	4,460
Surplus/(Deficit) for the year		9,421	3,927	3,867	20,473	12,476
Total Comprehensive Revenue and Expenses for the year		9,421	3,927	3,867	20,473	12,476
Total Comprehensive Revenue and Expenses attributable to:						
Council		9,421	3,927	3,867	15,073	8,012
Minority interest	15(g)	-	-	-	5,400	4,464
	24	9,421	3,927	3,867	20,473	12,476

Statement of Changes in Net Assets / Equity for the Year Ended 30 June 2026

	Note	Actual 2026 \$000	Council Annual Plan 2026 \$000	Actual 2025 \$000	Group Actual 2026 \$000	Actual 2025 \$000
Opening Equity		104,489	103,651	100,622	162,333	152,125
Total Comprehensive Revenue and Expenses attributable to:						
Council		9,421	3,927	3,867	15,073	8,012
Minority interest	15(g)	-	-	-	5,400	4,464
Dividend distribution - Minority interest	15(g)	-	-	-	(2,540)	(2,374)
Share-Based Payments	15(g)	-	-	-	148	106
Closing Equity		113,910	107,578	104,489	180,414	162,333

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

Statement of Financial Position
As at 30 June 2026

	Note	Actual 2026 \$000	Council Annual Plan 2026 \$000	Actual 2025 \$000	Group Actual 2026 \$000	Actual 2025 \$000
Current Assets						
Cash and cash equivalents	5	8,954	792	6,569	21,510	12,644
Trade and other receivables	6	5,477	4,971	4,519	12,376	12,015
Inventories	7	81	81	81	81	81
Other current assets	8	694	454	335	1,884	1,800
Other financial assets	11	41,311	33,581	34,276	41,377	34,276
Borrower notes	14	175	-	-	175	-
Total Current Assets		56,692	39,879	45,780	77,403	60,816
Non-Current Assets						
Shares in subsidiary	18	8,721	8,721	8,721	-	-
Other financial assets	11	11	22	11	48	11
Property, plant and equipment	10	65,536	77,712	66,079	164,853	160,591
Investment in Related Party	9	90	90	180	90	180
Borrower notes	14	175	-	350	175	350
Total Non-Current Assets		74,533	86,545	75,341	165,166	161,132
TOTAL ASSETS		131,225	126,424	121,121	242,569	221,948
Current Liabilities						
Trade and other payables	12	5,606	5,438	4,739	10,190	9,330
Income received in advance	12	2,279	7	2,610	2,497	2,743
Employee entitlements	13	2,328	2,016	2,130	4,594	4,113
Borrowings	14	3,500	-	-	6,500	-
Current tax payable	4	-	-	-	3,198	2,355
Other financial liabilities	11	-	-	-	164	84
Contract Liability		-	-	-	133	-
Total Current Liabilities		13,713	7,461	9,479	27,276	18,625
Non-Current Liabilities						
Other financial liabilities	11	-	-	-	12	25
Employee entitlements	13	102	-	153	149	212
Borrowings	14	3,500	11,385	7,000	31,508	38,008
Deferred tax liabilities	4	-	-	-	1,097	499
Income received in advance	12	-	-	-	2,113	2,246
Total Non-Current Liabilities		3,602	11,385	7,153	34,879	40,990
TOTAL LIABILITIES		17,315	18,846	16,632	62,155	59,615
NET ASSETS		113,910	107,578	104,489	180,414	162,333
Equity						
Equity	15	113,910	107,578	104,489	180,414	162,333
TOTAL EQUITY		113,910	107,578	104,489	180,414	162,333
Attributable to:						
Council		113,910	107,578	104,489	155,399	140,326
Minority interest	15(g)	-	-	-	25,015	22,007
TOTAL EQUITY		113,910	107,578	104,489	180,414	162,333

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

Statement of Cash Flows for the Year Ended 30 June 2026

		Council			Group	
	Note	Actual 2026 \$000	Annual Plan 2026 \$000	Actual 2025 \$000	Actual 2026 \$000	Actual 2025 \$000
Cash flows from operating activities						
<i>Cash was provided by (applied to):</i>						
Receipts from ratepayers and customers		48,306	44,192	49,809	120,733	114,725
Interest received		274	364	241	365	306
Dividends received		5,058	4,709	4,709	-	-
Payments to suppliers and employees		(50,570)	(49,471)	(49,796)	(92,456)	(85,754)
Finance costs		(227)	(389)	(170)	(1,903)	(2,338)
Income tax paid		-	-	-	(5,358)	(3,183)
Net cash flow from operating activities	22	2,841	(594)	4,793	21,381	23,756
Cash flows from investing activities						
<i>Cash was provided by (applied to):</i>						
Managed Funds		284	623	285	284	285
Proceeds from sale of property, plant and equipment		76	72	87	124	157
Loan advance		-	90	231	-	230
Purchase of property, plant and equipment		(816)	(9,817)	(2,327)	(10,255)	(10,370)
Grants for capital expenditure		-	4,182	-	-	-
Net cash flow from investing activities		(456)	(4,849)	(1,724)	(9,847)	(9,698)
Cash flows from financing activities						
<i>Cash was provided by (applied to):</i>						
Dividends paid to Non controlling interest		-	-	-	(2,550)	(2,374)
Drawdown / (Repayment) of borrowings		-	4,252	6,650	(117)	1,800
Net cash flow from financing activities		-	4,252	6,650	(2,667)	(574)
Net increase/(decrease) in Cash and cash equivalents		2,385	(1,192)	9,719	8,866	13,483
Cash and cash equivalents at the beginning of the financial year		6,569	1,984	(3,149)	12,644	(839)
Cash and cash equivalents at the end of the financial year	5	8,954	792	6,569	21,510	12,644

Notes to the Financial Statements

1. Summary of Accounting Policies

Reporting Entity

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

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

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

The financial statements of the Council and Group are for the year ended 30 June 2026. The financial statements were authorised for issue by Council on 22 October 2026.

Statement of Compliance

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

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

Basis of Preparation

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

The financial statements are presented in thousands of New Zealand dollars. New Zealand dollars are the Council's and Group's functional currency. All values are rounded to the nearest thousand dollars (\$000).

Significant Accounting Policies

Revenue Recognition

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

Adoption of New and Revised Standard and Interpretations

There have been no significant changes in accounting policies during the 2026 financial year.

Revenue from Non-exchange Transactions

Rates Revenue

Rates are recognised as income when levied.

Grant Revenue and Subsidies

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

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

Revenue from Exchange Transactions

Interest Revenue

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

Dividend Revenue

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

Rental Income

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

Other Revenue – full cost recovery

Rendering of Services

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

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

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

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

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

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

Other Gains and Losses

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

Taxation

The 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 surplus/(deficit) before tax as reported in the Statement of Comprehensive Revenue and Expense 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. 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 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 an expense or income in the surplus/(deficit), except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

The Council itself is not subject to income tax. All income tax relates to South Port New Zealand Limited and its subsidiaries.

Goods and Services Tax

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

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

Statement of Cash Flows

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

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

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

Financial Assets

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

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

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

Initial recognition of concessionary loans

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

Subsequent measurement of financial assets at amortised cost

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

Subsequent measurement of financial assets at FVTOCRE

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

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

Subsequent measurement of financial assets at FVTSD

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

Expected credit loss allowance (ECL)

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

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

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

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

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

Although receivables at 30 June 2026 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance on top of specifically identified debtor balances has been recognised because any additional estimated allowance is trivial.

Financial Liabilities

(a) Trade & Other Payables

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

(b) Borrowings

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

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

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

(c) Borrowings LFGA

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

Derivative Financial Instruments

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

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

Inventories

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

Property, Plant and Equipment

The Council 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
- South Port New Zealand Limited land, buildings and improvements, wharves and berths dredging, and plant, equipment and vehicles.

(b) **Infrastructural Assets**

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

Cost

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

Depreciation

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

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

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

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

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

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

Disposal

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

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

Impairment of Property, Plant and Equipment

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

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

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

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

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

Employee Entitlements

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

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

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

Superannuation Schemes

Defined Contribution Schemes

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

Provisions

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

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

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

Basis of Consolidation

The Group financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Council and its subsidiaries as defined by PBE *IPSAS 35: Consolidated Financial Statements*. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements.

The consolidated financial statements incorporate the financial statements of the Council and its subsidiaries. Control is achieved when the Council:

- has power over the other entity;
- has exposure or rights, to variable benefits from its involvement with the other entity;
- has the ability to use its power over the other entity to affect the nature or amount of the benefits from its involvement with the other entity.

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.

Joint Arrangements

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.

In accordance with IPSAS 37 *Joint Arrangements*, the consolidated financial statements include the Council's share of the joint arrangement entity's assets, liabilities revenue and expenses. Refer to Note 20 for further disclosure.

Investment in Related Parties

The Council has established a Council Controlled Organisation (CCO) known as Regional Software Holdings Limited, with five other regional councils for the purposes of collaboratively developing and maintaining a software application suite for use by the regional councils in the delivery of their activities under a Long-term Plan.

The Council is a shareholder in another Council Controlled Organisation (CCO) known as the Southland Regional Development Agency Limited, along with three other local councils and four external shareholders. The purpose of this organisation is to contribute to the wellbeing of the Southland region, other commercial and non-commercial.

Equity

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

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

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

Restricted and Council Created Reserves

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

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

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

Foreign Currency

Foreign Currency Transactions

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

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

Budget Amounts

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

Allocation of Overheads

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

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

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

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

Critical Accounting Estimates and Assumptions

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

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 2026:

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.

Fair value of shares in subsidiary

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) which is carried at cost, less any impairment

Notes to the Financial Statements

2 Revenue

Revenue includes the following items:

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
2(a) Rates revenue				
General rates	25,482	22,823	25,482	22,823
Separate rates	6,090	6,164	6,090	6,164
	31,572	28,987	31,572	28,987

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
2(b) Government grants				
Operating	912	1,716	912	1,716
Government funded projects *	2,736	1,490	2,736	1,490
	3,648	3,206	3,648	3,206

* Government funded projects include Capital Grants for flood infrastructure as part of the Resilience Infrastructure Fund.

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
2(c) Other revenue				
Revenue from rendering of services:				
Port Revenue	-	-	65,663	57,152
Rental Income Southport	-	-	6,189	6,130
Local Contributions	1,043	1,122	1,043	1,122
Consent recoveries	2,706	2,006	2,706	2,006
Compliance Monitoring and Recoveries	3,032	2,507	3,032	2,507
Prosecutions, Fines and Infringements	11	317	11	317
Marine Fee revenue	2,061	2,429	2,061	2,429
Operating lease rental revenue	1,216	1,186	1,216	1,186
Interest on bank deposits	1,392	1,242	1,483	1,307
Dividends received	5,058	4,709	-	-
Other operating revenue	3,975	4,597	3,975	4,597
	20,494	20,115	87,379	78,753

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
2(d) Other gains / (losses)				
Gain on disposal of property, plant and equipment	43	87	52	150
Net change in fair value of other financial assets and liabilities carried at fair value through surplus or deficit	6,201	2,259	6,201	2,259
Change in fair value of interest rate swaps	-	-	36	(828)
	6,244	2,346	6,289	1,581

2(e) Disclosure of exchange and non-exchange transactions

In accordance with PBE IPSAS 9: Exchange transactions and PBE IPSAS 23: Non-exchange transactions, income and current assets are disclosed below according to whether they are Exchange or Non-exchange transactions.

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Revenue from Non-exchange transactions				
General Rates	25,482	22,823	25,482	22,823
Separate Rates	6,090	6,164	6,090	6,164
Levies and Contributions *	3,648	3,206	3,648	3,206
Rates Penalties	567	514	567	514
Prosecutions and Infringements	11	317	11	317
Insurance Recoveries	-	-	-	-
Donations Received	57	6	57	6
Revenue from Exchange transactions				
Local Contributions	1,043	1,122	1,043	1,122
Rental Income	1,216	1,186	1,216	1,186
Investment Income	1,392	1,242	1,483	1,307
Gain on Sale of Assets	43	87	52	150
Dividends Received	5,058	4,709	-	-
External Recoveries	11,107	10,932	11,098	10,869
Rental Income Southport	-	-	6,189	6,130
Port Revenue	-	-	65,663	57,152
	55,714	52,308	122,599	110,946
Current Assets				
Receivables from Non-exchange transactions	798	1,238	798	1,238
Receivables from Exchange transactions	4,679	3,281	11,578	10,777
Total Receivables	5,477	4,519	12,376	12,015

* Note: Levies and contributions include government grants disclosed in Note 2(b)

3 Expenses

Expenses include the following items:

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
3(a) Employee benefits expense				
Salaries and wages	22,114	20,725	39,099	35,784
Defined contribution plans	725	674	1,333	1,188
Other employee benefits	1,357	1,032	1,715	1,365
	24,196	22,431	42,147	38,337

Chief Executive remuneration

The Chief Executive of the Council is appointed under section 42 of the Local Government Act 2002.

Chief Executive total remuneration and severance payments paid or payable at 30 June 2026

	Salary	Accrued	Severance	Other	Total
Wilma Falconer	65,765	54,741	346,037	7,534	474,077
Robert Phillips	246,128				246,128
Total	311,893	54,741	346,037	7,534	720,205

Mrs Wilma Falconer was employed as Chief Executive from 20 January 2020 to 29 August 2025. Upon termination, Mrs Falconer received a severance payment of \$346,037, accrued leave of \$54,741 and she retained her work vehicle. The vehicle was fully depreciated and a market value of \$8,990.

The Council employed Mr Phillips as Interim Chief Executive from 25 August 2025 to 31 July 2026 and was paid a remuneration package of \$246,128 (included in the table above).

Key Management Personnel Compensation

The key management personnel for Council are the Councillors, Chief Executive, Chief Advisor and six General Managers. The key personnel for the Group includes South Port Directors, Chief Executive and other senior management. The compensation for these are set out below:

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Short-term employee benefits	2,992	2,208	5,795	4,626
Other long-term employee benefits	-	-	222	161
	2,992	2,208	6,017	4,787

	Council	
	2026	2025
Council employee remuneration by band		
Total annual remuneration by band for employees at 30 June		
below \$60,000	7	4
\$60,000 and \$79,999	18	23
\$80,000 and \$99,999	57	58
\$100,000 and \$119,999	43	38
\$120,000 and \$139,999	33	32
\$140,000 and \$159,999	16	12
\$160,000 and \$399,999	21	13

Total council employees at 30 June

Number of full-time employees	184	167
Full-time equivalent of all other employees	11	12

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

	Council	
	2026	2025
Elected Member Remuneration	\$	\$
<u>Chair</u>		
Nicol Horrell	-	129,550
Jeremy McPhail	129,272	-
<u>Elected members</u>		
Neville Cook	-	56,196
Robert Guyton	-	46,830
Peter McDonald	-	56,196
Jeremy McPhail	-	65,561
Roger Hodson	34,461	-
Lyndal Ludlow	61,394	60,878
Ewen Mathieson	35,409	-
David Rose	35,584	-
Eric Roy	47,470	46,830
Geoffrey Young	33,282	-
Paul Evans	74,246	46,830
Alastair Gibson	65,413	46,830
Phil Morrison	60,754	46,830
Jon Pemberton	62,697	46,830
Maurice Rodway	57,583	56,196
	697,565	705,557

Severance Payments (Council only)

For the year ended 30 June 2026 the Council made one severance payment to an employee to the value of \$346,037 (2025: \$128,000. The value of each of the severance payments was \$58,000, \$40,000 & \$30,000).

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
3(b) Finance costs				
Interest on loans carried at amortised cost	-	-	1,692	2,068
Other interest expense	227	170	233	170
	227	170	1,925	2,238
	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
3(c) Other expenses				
Audit Fees				
Audit fees for financial statement audit	175	165	307	277
Audit fees for Long-term Plan	-	20	-	20
Fees for other services				
Climate related disclosures (other assurance)	-	-	-	30
Debenture trust reporting	6	14	6	14
Net bad and doubtful debts (recovered)	(15)	195	(15)	202
Loss on disposal of property, plant and equipment	251	-	336	31
Donations	-	-	9	5
Grants and contributions	2,222	3,041	2,222	3,041
Operating lease rental - minimum lease payments	296	311	382	428
Directors remuneration	-	-	596	532
Amortised asset	90	90	90	90
Impairment Loss	-	400	-	400
Other operating expenses	24,032	22,931	47,249	43,818
	27,057	27,167	51,182	48,888

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

4 Income taxes

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
(a) Income Tax Recognised in Profit or Loss				
Tax expense / (income) comprises:				
<i>Current tax expense / (credit)</i>				
Current year	-	-	6,350	5,037
Adjustments for prior years	-	-	(148)	21
	-	-	6,202	5,058
<i>Deferred tax expense / (credit)</i>				
Origination and reversal of temporary differences	-	-	598	(598)
Adjustments for prior years	-	-	-	-
	-	-	598	(598)
Tax expense / (income)	-	-	6,800	4,460

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	9,421	3,867	27,273	16,936
Income tax expense calculated at 28%	2,638	1,083	7,636	4,742
Temporary differences	-	-	-	(552)
Non deductible expenses	14,710	14,220	14,727	14,269
Non assessable income	(15,932)	(13,985)	(15,932)	(14,021)
	1,416	1,319	6,432	4,439
Taxation effect of imputation credits	-	-	-	-
Imputation credits utilised (28% of net dividend)	(1,416)	(1,319)	-	-
(Over)/under provision of income tax in previous year	-	-	(148)	21
Deferred tax prior year adjustments	-	-	516	-
Temporary differences	-	-	-	-
	-	-	6,800	4,460

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 equity during the year.

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
(c) Current Tax Assets and Liabilities				
<i>Current Tax Payable:</i>				
Current Tax Payable	-	-	3,198	2,355
	-	-	3,198	2,355

4 Income Taxes (continued)

(d) Deferred Tax Balances Comprise:

Taxable and deductible temporary differences arising from the following:

	Opening balance	Charged to income	Group Charged to other comprehensive revenue	Closing balance
	\$000	\$000	\$000	\$000
2026				
<i>Gross deferred tax assets/liabilities:</i>				
Property, plant and equipment	(1,006)	(765)	-	(1,771)
Provisions	497	85	-	582
Other assets/(liabilities)	10	82	-	92
	(499)	(598)	-	(1,097)
	Opening balance	Charged to income	Group Charged to other comprehensive revenue	Closing balance
	\$000	\$000	\$000	\$000
2025				
<i>Gross deferred tax assets/liabilities:</i>				
Property, plant and equipment	(1,497)	491	-	(1,006)
Provisions	400	97	-	497
Other assets/(liabilities)	-	10	-	10
	(1,097)	598	-	(499)

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities has not been recognised is \$Nil (2025: \$Nil).

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
(e) Imputation Credit Account Balances				
Balance at beginning of year	-	-	22,732	20,431
Less Taxation (payable) receivable 2025	-	-	(2,355)	(482)
Taxation paid	-	-	5,358	3,183
Attached to dividends paid	-	-	(2,959)	(2,755)
Add Taxation payable (receivable) 2026	-	-	3,198	2,355
Balance at end of year	-	-	25,974	22,732

5 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand, in bank and deposits in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year are shown as follows:

	Council		Group	
	2026 \$000	2025 \$000	2026 \$000	2025 \$000
Cash	8,954	6,569	21,510	12,644
Cash and cash equivalents	8,954	6,569	21,510	12,644

The Council has an overdraft facility in place with ANZ Bank New Zealand Limited, with a limit of \$2 million, of which \$Nil (2025: \$Nil) has been drawn down. The interest rate is 2.95% (2025: 3.65%).

South Port New Zealand Ltd has an overdraft facility of \$200,000 (2025: \$200,000), of which \$Nil (2025: \$Nil) has been drawn down.

6 Trade and other receivables

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Trade Receivables	5,116	4,382	12,029	11,892
Allowance for expected credit loss	(420)	(452)	(434)	(466)
	4,696	3,930	11,595	11,426
Goods and services tax (GST) receivable	521	319	521	319
Rates Receivable	260	270	260	270
	5,477	4,519	12,376	12,015
Current	5,477	4,519	12,376	12,015
Non-current	-	-	-	-
	5,477	4,519	12,376	12,015

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

The Council does not provide for Expected Credit Loss (ECL) on rates receivables less than six years past due, as it has various powers under Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit. Ratepayers can apply for payment plan options in special circumstances.

Trade and other receivables for the Council are recorded at the amount due, less an allowance for expected credit losses (ECL). As at 30 June 2026, receivables have been assessed in accordance with the ECL requirements of PBE IPSAS 41. A loss allowance has been recognised in respect of specific debtor balances and no additional adjustment has been recorded under the ECL model, as the specific debtor balances are considered to be adequate. South Port New Zealand Limited adopt the ECL model and have identified expected credit losses of \$14,000 in 2026 (2025: \$14,000).

Included within the Group's trade and other receivable balance are debtors with a carrying amount of \$3,734,429 (2025: \$3,763,404), Council \$2,311,429 (2025: \$2,671,404), which are past due at the reporting date. Of these \$1,936,966 (2025: \$2,101,807) relates to rates arrears (recoverable via the means outlined above) and there has not been a significant change in credit quality for other amounts owing, so the Group believes that the amounts are still considered recoverable.

Rates arrears exclude rates paid in advance of \$1,138,900 (2025: \$863,366).

An allowance has been made for estimated irrecoverable amounts and has been calculated based on past default experience, general economic circumstances that the debtors are operating in and future expected changes in credit risk and review of specific debtors.

The Group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. The average collection period of these receivables is Council: 33 days (2025: 44 days) and Group: 36 days (2025: 44 days).

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 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 expected credit loss.

7 Inventories

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Raw materials (at cost)	81	81	81	81
	81	81	81	81

8 Other current assets

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Prepayments	694	335	1,884	1,800
	694	335	1,884	1,800

9 Investment in related party

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Investment in Related Parties	90	180	90	180
	90	180	90	180

As at 30 June 2026, the Council has a 15.48% (2025: 15.48%) shareholding in Regional Software Holdings Limited (RSHL), incorporated 17 October 2012 with the shareholders being the six regional councils. This company is a Council Controlled Organisation established 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.

RSHL management considers it likely that on or about 30 June 2028 the current IRIS software platform and attendant e-learning software will be discontinued, with no residual value. The Council has included an amortisation expense of \$90,052 (2025: \$90,052). This is Environment Southland's 15.48% share of the reduced value for the current financial year.

As at 30 June 2026, the Council has a 0.17% (2025: 0.17%) shareholding in Southland Regional Development Agency Limited (Great South), incorporated 29 March 2019 with the shareholders being four local councils together with four external shareholders. Great South is a Council Controlled Organisation established for the purpose of contributing to the wellbeing of the Southland region, both commercial and non-commercial. The objective will be met with a strong sense of environmental and social responsibility.

10 Property, plant and equipment

	2026										
<u>COUNCIL</u>	Cost 1 July 2025	Additions	Disposals	Transfers	Cost 30 June 2026	Accumulated depreciation and impairment charges 1 July 2025	Impairment losses charged in Statement of Comprehensive Revenue & Expenses	Depreciation expense *	Accumulated depreciation reversed on disposal	Accumulated depreciation and impairment charges 30 June 2026	Carrying amount 30 June 2026
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Council Operational Assets											
Land	248	-	-	-	248	-	-	-	-	-	248
Buildings	5,202	24	-	-	5,226	(2,323)	-	(115)	-	(2,438)	2,788
Rental Land	7,148	-	(250)	-	6,898	(400)	-	-	-	(400)	6,498
Rental Buildings	1,095	19	-	-	1,114	(832)	-	(14)	-	(846)	268
Motor Vehicles	2,490	66	(171)	-	2,385	(1,181)	-	(305)	137	(1,349)	1,036
Other Plant and Equipment	6,308	597	(11)	-	6,894	(4,890)	-	(323)	10	(5,203)	1,691
Total Operational Assets	22,491	706	(432)	-	22,765	(9,626)	-	(757)	147	(10,236)	12,529
Council Infrastructural Assets											
Stopbanks and Earthworks	39,831	-	-	-	39,831	(2)	-	-	-	(2)	39,829
Bridges	106	-	-	-	106	(28)	-	(2)	-	(30)	76
Large Culverts	2,275	23	-	-	2,298	(717)	-	(37)	-	(754)	1,544
Tidegate Structures	719	-	-	-	719	(206)	-	(9)	-	(215)	504
Pump Stations	11,468	7	-	-	11,475	(242)	-	(270)	-	(511)	10,964
Total Infrastructural Assets	54,399	30	-	-	54,429	(1,195)	-	(318)	-	(1,512)	52,917
Council Work in Progress											
Buildings	10	80	-	-	90	-	-	-	-	-	90
Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Total WIP	10	80	-	-	90	-	-	-	-	-	90
Total Council Property, Plant and Equipment	76,900	816	(432)	-	77,284	(10,821)	-	(1,075)	147	(11,748)	65,536

* Depreciation differs from the Statement of Comprehensive Revenue and Expenses by \$18,000 which is the Joint Venture share of Emergency Management Southland total depreciation.

2025

COUNCIL

	Cost 1 July 2024	Additions	Disposals	Transfers	Cost 30 June 2025	Accumulated depreciation and impairment charges 1 July 2024	Impairment losses charged in Statement of Comprehensive Revenue	Depreciation expense *	Accumulated depreciation reversed on disposal	Accumulated depreciation and impairment charges 30 June 2025	Carrying amount 30 June 2025
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Council Operational Assets											
Land	248	-	-	-	248	-	-	-	-	-	248
Buildings	5,044	154	-	4	5,202	(2,215)	-	(108)	-	(2,323)	2,879
Rental Land	7,148	-	-	-	7,148	-	(400)	-	-	(400)	6,748
Rental Buildings	1,095	-	-	-	1,095	(818)	-	(14)	-	(832)	263
Motor Vehicles	2,392	338	(240)	-	2,490	(1,145)	-	(276)	240	(1,181)	1,309
Other Plant and Equipment	5,796	574	(62)	-	6,308	(4,602)	-	(350)	62	(4,890)	1,418
Total Operational Assets	21,723	1,066	(302)	4	22,491	(8,780)	(400)	(748)	302	(9,626)	12,865
Council Infrastructural Assets											
Stopbanks and Earthworks	32,336	1,008	-	6,487	39,831	(2)	-	-	-	(2)	39,829
Bridges	106	-	-	-	106	(26)	-	(2)	-	(28)	78
Large Culverts	2,275	-	-	-	2,275	(679)	-	(38)	-	(717)	1,558
Tidegate Structures	719	-	-	-	719	(198)	-	(8)	-	(206)	513
Pump Stations	-	252	-	11,216	11,468	-	-	(243)	-	(242)	11,226
Total Infrastructural Assets	35,436	1,260	-	17,703	54,399	(905)	-	(291)	-	(1,195)	53,204
Council Work in Progress											
Buildings	14	-	-	(4)	10	-	-	-	-	-	10
Infrastructure	17,703	-	-	(17,703)	-	-	-	-	-	-	-
Total WIP	17,717	-	-	(17,707)	10	-	-	-	-	-	10
Total Council Property, Plant and Equipment	74,876	2,326	(302)	-	76,900	(9,685)	(400)	(1,039)	302	(10,821)	66,079

* Depreciation differs from the Statement of Comprehensive Revenue and Expenses by \$20,000 which is the Joint Venture share of Emergency Management Southland total depreciation.

2026

GROUP

	Cost 1 July 2025	Additions	Disposals	Transfers	Cost 30 June 2026	Accumulated depreciation and impairment charges 1 July 2025	Impairment losses charged in Statement of Comprehensive Revenue & Expenses	Depreciation expense *	Accumulated depreciation reversed on disposal	Accumulated depreciation and impairment charges 30 June 2026	Carrying amount 30 June 2026
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Group Operational Assets											
Land - Council	248	-	-	-	248	-	-	-	-	-	248
Buildings - Council	5,202	24	-	-	5,226	(2,323)	-	(115)	-	(2,438)	2,788
Rental Land - Council	7,148	-	(250)	-	6,898	(400)	-	-	-	(400)	6,498
Rental Buildings - Council	1,095	19	-	-	1,114	(832)	-	(14)	-	(846)	268
Motor Vehicles - Council	2,490	66	(171)	-	2,385	(1,181)	-	(305)	137	(1,349)	1,036
Other Plant and equipment - Council	6,308	597	(11)	-	6,894	(4,890)	-	(323)	10	(5,203)	1,691
Land - Subsidiary	4,482	-	-	1,546	6,028	-	-	-	-	-	6,028
Buildings - Subsidiary	23,945	-	(120)	1,236	25,061	(9,638)	-	(545)	120	(10,063)	14,997
Plant and Machinery - Subsidiary	131,893	-	(897)	5,762	136,758	(60,293)	-	(4,759)	878	(64,174)	72,584
Total Operational Assets	182,810	706	(1,449)	8,544	190,611	(79,557)	-	(6,061)	1,145	(84,473)	106,138
Council Infrastructural Assets											
Stopbanks and Earthworks	39,831	-	-	-	39,831	(2)	-	-	-	(2)	39,829
Bridges	106	-	-	-	106	(28)	-	(2)	-	(30)	76
Large Culverts	2,275	23	-	-	2,298	(717)	-	(37)	-	(754)	1,544
Tidegate Structures	719	-	-	-	719	(206)	-	(9)	-	(215)	504
Pump Stations	11,468	7	-	-	11,475	(242)	-	(270)	-	(511)	10,964
Total Infrastructural Assets	54,399	30	-	-	54,429	(1,195)	-	(318)	-	(1,512)	52,917
Work in Progress											
Buildings	10	80	-	-	90	-	-	-	-	-	90
Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Buildings - Subsidiary	26	-	-	-	26	-	-	-	-	-	26
Plant and Machinery - Subsidiary	1,680	-	-	-	1,680	-	-	-	-	-	1,680
Land - Subsidiary	2,418	10,128	-	(8,544)	4,002	-	-	-	-	-	4,002
Total Work in Progress	4,134	10,208	-	(8,544)	5,798	-	-	-	-	-	5,798
Total Group Property, Plant and Equipment	241,343	10,944	(1,449)	-	250,838	(80,753)	-	(6,379)	1,145	(85,986)	164,853

* Depreciation differs from the Statement of Comprehensive Revenue and Expenses by \$18,000 which is the Joint Venture share of Emergency Management Southland total depreciation.

** The Group transfers are amounts that relate to adjustments for crane spare parts to/from maintenance after a stocktake of spares is completed each balance date, and the reclassification of buildings that were sitting under plant and machinery in the previous year.

2025

GROUP

	Cost 1 July 2024	Additions	Disposals	Transfers	Cost 30 June 2025	Accumulated depreciation and impairment charges 1 July 2024	Impairment losses charged in Statement of Comprehensive Revenue & Expenses	Depreciation expense *	Accumulated depreciation reversed on disposal	Accumulated depreciation and impairment charges 30 June 2025	Carrying amount 30 June 2025
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Group Operational Assets											
Land - Council	248	-	-	-	248	-	-	-	-	-	248
Buildings - Council	5,044	154	-	4	5,202	(2,215)	-	(108)	-	(2,323)	2,879
Rental Land - Council	7,148	-	-	-	7,148	-	(400)	-	-	(400)	6,748
Rental Buildings - Council	1,095	-	-	-	1,095	(818)	-	(14)	-	(832)	263
Motor Vehicles - Council	2,392	338	(240)	-	2,490	(1,145)	-	(276)	240	(1,181)	1,309
Other Plant and equipment - Council	5,796	574	(62)	-	6,308	(4,602)	-	(350)	62	(4,890)	1,418
Land - Subsidiary	4,482	-	-	-	4,482	-	-	-	-	-	4,482
Buildings - Subsidiary	23,355	-	-	590	23,945	(9,125)	-	(513)	-	(9,638)	14,306
Plant and Machinery - Subsidiary	128,004	-	(940)	4,829	131,893	(56,581)	-	(4,596)	884	(60,293)	71,600
Total Operational Assets	177,563	1,066	(1,242)	5,423	182,810	(74,486)	(400)	(5,857)	1,186	(79,557)	103,253
Council Infrastructural Assets											
Stopbanks and Earthworks	32,336	1,008	-	6,487	39,831	(2)	-	-	-	(2)	39,829
Bridges	106	-	-	-	106	(26)	-	(2)	-	(28)	78
Large Culverts	2,275	-	-	-	2,275	(679)	-	(38)	-	(717)	1,558
Tidegate Structures	719	-	-	-	719	(198)	-	(8)	-	(206)	513
Pump Stations	-	252	-	11,216	11,468	-	-	(243)	-	(242)	11,226
Total Infrastructural Assets	35,436	1,260	-	17,703	54,399	(905)	-	(291)	-	(1,195)	53,204
Work in Progress											
Buildings	14	-	-	(4)	10	-	-	-	-	-	10
Infrastructure	17,703	-	-	(17,703)	-	-	-	-	-	-	-
Buildings - Subsidiary	26	-	-	-	26	-	-	-	-	-	26
Plant and Machinery - Subsidiary	1,680	-	-	-	1,680	-	-	-	-	-	1,680
Land - Subsidiary	-	7,853	-	(5,435)	2,418	-	-	-	-	-	2,418
Total Work in Progress	19,423	7,853	-	(23,142)	4,134	-	-	-	-	-	4,134
Total Group Property, Plant and Equipment	232,422	10,179	(1,242)	(16)	241,343	(75,392)	(400)	(6,148)	1,186	(80,753)	160,591

* Depreciation differs from the Statement of Comprehensive Revenue and Expenses by \$20,000 which is the Joint Venture share of Emergency Management Southland total depreciation.

11 Other financial assets and liabilities

		Council		Group	
		2026	2025	2026	2025
		\$000	\$000	\$000	\$000
<i>Fair value through Surplus or Deficit:</i>					
<i>Classified as at fair value through surplus or deficit</i>					
<u>Managed Funds - JBWere</u>					
NZ Government and Local Authority Stock	(i)	845	948	845	948
Other Bonds	(i)	14,192	11,502	14,192	11,502
Cash	(i)	480	687	480	687
Equities	(i)	25,794	21,139	25,794	21,139
		41,311	34,276	41,311	34,276
<i>Classified as amortised cost</i>					
Loan to Invercargill City Council	(ii)	2	2	2	2
		2	2	2	2
<i>Mandatorily measured at fair value through surplus or deficit</i>					
Interest rate derivatives Current Asset	(iii)	-	-	66	-
Interest rate derivatives Non Current Asset	(iii)	-	-	37	-
Interest rate derivatives Current Liability	(iii)	-	-	(164)	(84)
Interest rate derivatives Non Current Liability	(iii)	-	-	(12)	(25)
Shares - Civic Financial Services Limited		9	9	9	9
		9	9	(64)	(100)
		41,322	34,287	41,249	34,178
<i>Disclosed in the financial statements as:</i>					
Current Assets		41,311	34,276	41,377	34,276
Non-current Assets		11	11	48	11
Current Liabilities		-	-	(164)	(84)
Non-current Liabilities		-	-	(12)	(25)
		41,322	34,287	41,249	34,178

11 Notes to Other financial assets and liabilities

There are no impairment provisions for other financial assets.

- (i) The Group holds a portfolio of floating and fixed interest deposits, bonds and equity securities that is managed externally by JB Were. 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 net present value of the Invercargill City Council loan is \$2,437 (2025: \$2,437).
- (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 (i) - South Port New Zealand Limited has an interest rate swap in place which commenced in November 2024 and matures in November 2027. The interest rate swap has a fixed swap rate of 4.50% with a notional contract amount of \$5 million at 30 June 2026 (2025: Contract in place for \$5 million at 4.50%, commencing November 2019 and maturing November 2024).

Interest rate swap (ii) - South Port New Zealand Limited has an interest rate swap in place which commenced in October 2023 and matures in July 2027. The interest rate swap has a fixed swap rate of 2.01% with a notional contract amount of \$8 million at June 2026 (2025: Contract in place for \$8 million at 2.01% commencing October 2023 and maturing July 2027).

Interest rate swap (iii) - South Port New Zealand Limited has an interest rate swap in place which commenced in August 2024 and matures in August 2028. The interest rate swap has a fixed swap rate of 3.66% with a notional contract amount of \$5 million at 30 June 2026 (2025: Contract in place for \$5 million at 3.66% commencing August 2024 and maturing in August 2028).

Interest rate swap (iv) - South Port New Zealand Limited has an interest rate swap in place which commenced in July 2023 and matures in July 2026. The interest rate swap has a fixed swap rate of 5.17% with a notional contract amount of \$5 million at 30 June 2026 (2025: Contract in place for \$5 million at 5.17%, commencing July 2023 and maturing July 2026).

Interest rate swap (v) - South Port New Zealand Limited has a contract in place for a forward start interest rate swap in place which commences in July 2027 and matures in July 2029. This interest rate swap has a fixed start swap of 3.61% with a notional contract amount of \$5 million at 30 June 2026 (2025: Forward start contract in place for \$5 million at 3.61%, commencing July 2027 and maturing July 2029).

Interest rate swap (vi) - South Port New Zealand Limited has a contract in place for a forward start interest rate swap in place which commences in November 2027 and matures in November 2029. This interest rate swap has a fixed start swap of 3.58% with a notional contract amount of \$4 million at 30 June 2026 (2025: Forward start contract was not in place).

Interest rate swap (vii) - South Port New Zealand Limited has a contract in place for a forward start interest rate swap in place which commences in July 2026 and matures in July 2030. This interest rate swap has a fixed start swap of 3.59% with a notional contract amount of \$5 million at 30 June 2026 (2025: Forward start contract was not in place).

12 Payables and income in advance

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
(a) Trade and Other Payables				
Trade payables	5,245	4,266	9,829	8,859
Other accrued charges	361	473	361	473
	5,606	4,739	10,190	9,330

The average credit period on purchases is 30 days for both Council and Group (2025: 30 Days).

(b) Income Received in Advance

Current portion

Income in Advance	2,108	2,439	2,326	2,572
Government Funded Income in Advance	171	171	171	171

Non Current portion

Income in Advance	-	-	2,113	2,246
	2,279	2,610	4,610	4,989

On 31 January 2025, South Port New Zealand Limited received a lump sum payment from New Zealand Aluminium Smelter Limited (NZAS). This payment was made under the 1969 deed entered into between the parties and represents NZAS's agreed share of costs incurred by South Port in the Kia Whakaū capital dredging project. This payment is recognised as a income received in advance on the balance sheet and released to revenue over the remaining life of the existing licence for the Tiwai Wharf being the period over which NZAS, as the customer, will benefit from the payment. As at 30 June 2026 the existing licence has a remaining useful life of 17 years (2025:18 years). An amount of \$133,000 (2025: \$133,000) was released to revenue during the year.

13 Employee entitlements

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Accrued salary and wages	725	708	1,127	1,107
Annual leave	1,688	1,548	3,500	3,070
Long service leave	17	27	116	148
	2,430	2,283	4,743	4,325
Disclosed in the financial statements as:				
Current Employee Entitlements	2,328	2,130	4,594	4,113
Non-Current Employee Entitlements	102	153	149	212
	2,430	2,283	4,743	4,325

14 Borrowings

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Secured - at amortised cost				
Current borrowings	3,500	-	6,500	-
Non-current borrowings	3,500	7,000	31,508	38,008
	7,000	7,000	38,008	38,008

When borrowing long-term from the LGFA, borrower notes must be subscribed for in an amount of 2.5% of long-term borrowings. Borrower notes are used by the LGFA as a source of capital to ensure there is sufficient capital to match the growth in the LGFA's balance sheet. The LGFA redeems the borrower notes plus interest when the related borrowings are repaid or no longer owed to the LGFA. At 30 June 2026 Council had subscribed to borrower notes totalling \$350,000 (2025: \$350,000). The borrower notes on issue are as follows:

Borrower notes on issue

Maturity Date	Interest Rate	Council		Group	
		2026	2025	2026	2025
15/04/2027	Floating	175,000	175,000	175,000	175,000
15/04/2028	3.73%	100,000	100,000	100,000	100,000
15/04/2029	3.95%	75,000	75,000	75,000	75,000
		350,000	350,000	350,000	350,000

As a public body, Environment Southland has access to low cost borrowing, which we drew down on to the value of \$7 million (2025: \$7 million) from the NZ Local Government Funding Agency (LGFA). Information about this loan is explained in note 17.

South Port New Zealand Limited's credit facility of \$50 million from ANZ (2025: \$50 million) is split between seven lines of credit as follows:

Facility 1 - \$5 million expiring 5 November 2029

Facility 2 - \$8 million expiring 2 July 2029

Facility 3 - \$3 million expiring 30 October 2026

Facility 4 - \$5 million expiring 28 July 2028

Facility 5 - \$5 million expiring 22 August 2028

Facility 6 - \$5 million expiring 29 July 2030

Commercial Flexi Facility - \$19 million expiring 1 November 2027

The total facility is secured by way of a general security registered over all assets both present and future of South Port New Zealand Limited. The same security was in place the previous year. Interest on the first \$23 million drawn at any one time is payable according to the interest rate swap agreements the Company has with ANZ. Interest on the balance of funds drawn at any time is calculated using a variable rate based on the BKBM (3 month bank bill rate).

15 Equity

	Council		Group	
	2026 \$000	2025 \$000	2026 \$000	2025 \$000
Reserves				
a Lease areas	7,565	7,638	7,565	7,638
b River and drainage catchment	4,956	5,045	4,956	5,045
c Disaster	10,499	10,072	10,499	10,072
d Asset	5,458	5,284	5,458	5,284
e Coastal	2,495	2,652	2,495	2,652
f Retained earnings	82,937	73,798	124,426	109,635
g Non controlling interest	-	-	25,015	22,007
	113,910	104,489	180,414	162,333

(a) Lease areas

	2026				2025			
	Balance 1/07/2025 \$000	Transfers to \$000	Transfers from \$000	Balance 30/06/2026 \$000	Balance 1/07/2024 \$000	Transfers to \$000	Transfers from \$000	Balance 30/06/2025 \$000
Aparima	40	4	(5)	39	41	4	(5)	40
Ferry Road	2,767	367	(295)	2,839	2,696	357	(286)	2,767
Kingswell	57	10	(6)	61	52	10	(5)	57
Mataura	3,364	609	(705)	3,268	3,206	618	(460)	3,364
Oreti	573	274	(305)	542	854	266	(547)	573
Otepuni	338	40	(47)	331	325	37	(24)	338
Winton	219	16	(14)	221	212	16	(9)	219
Waihopai	215	34	(36)	213	205	30	(20)	215
Waituna	65	29	(43)	51	79	24	(38)	65
	7,638	1,383	(1,456)	7,565	7,670	1,362	(1,394)	7,638

(b) River and drainage catchment

	2026				2025			
	Balance 1/07/2025 \$000	Transfers to \$000	Transfers from \$000	Balance 30/06/2026 \$000	Balance 1/07/2024 \$000	Transfers to \$000	Transfers from \$000	Balance 30/06/2025 \$000
Aparima	621	544	(517)	648	564	572	(515)	621
Clifton Drainage	20	5	(7)	18	22	5	(7)	20
Duck Creek	53	65	(78)	40	88	66	(101)	53
Invercargill	165	313	(415)	63	215	356	(406)	165
Lake Hawkins	(94)	131	(49)	(12)	(102)	149	(141)	(94)
Makarewa	186	336	(384)	138	211	345	(370)	186
Makarewa Special	127	5	-	132	122	5	-	127
Mataura	567	1,613	(1,941)	239	555	1,502	(1,490)	567
Otepuni Creek	(4)	17	(1)	12	11	20	(35)	(4)
Oreti	649	1,409	(1,439)	619	375	1,246	(972)	649
Te Anau Basin	724	480	(338)	866	605	395	(276)	724
Waituna Creek	4	89	(42)	51	(18)	175	(153)	4
Waihopai	109	41	(102)	48	80	30	(1)	109
Waiau	9	499	(451)	57	(25)	415	(381)	9
Waiau - Sharpridge	67	14	(1)	80	55	14	(2)	67
Waiau - Orauea	(7)	62	(22)	33	(27)	60	(40)	(7)
Waiau -Upper Lillburn	340	55	(28)	367	314	53	(27)	340
Waiau - Wairaki	36	57	(56)	37	17	56	(37)	36
Waiau - Fenham	48	17	(8)	57	32	16	-	48
Waiau - Boundary Creek	(1)	-	1	-	(1)	-	-	(1)
Waiau Special Projects	1,106	42	-	1,148	1,005	42	59	1,106
Waimatuku	76	63	(60)	79	55	55	(34)	76
Upper Waihopai	97	13	(32)	78	87	10	-	97
Upper Waikiwi	103	18	(12)	109	108	22	(27)	103
Lower Waikawa	7	3	(2)	8	4	3	-	7
Upper Waikawa	37	10	(6)	41	29	9	(1)	37
	5,045	5,901	(5,990)	4,956	4,381	5,621	(4,957)	5,045

(c) Disaster

	2026				2025			
	Balance	Transfers	Transfers	Balance	Balance	Transfers	Transfers	Balance
	1/07/2025	to	from	30/06/2026	1/07/2024	to	from	30/06/2025
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Disaster Damage General Reserve	2,000	-	-	2,000	2,000	-	-	2,000
Makarewa Disaster Damage Reserve-Restricted	204	9	-	213	196	8	-	204
Oreti Disaster Damage Reserve-Restricted	1,793	75	-	1,868	1,721	72	-	1,793
Mataura Disaster Damage Reserve-Restricted	1,534	64	-	1,598	1,472	62	-	1,534
Aparima Disaster Damage Reserve-Restricted	710	30	(1)	739	681	29	-	710
Orauea Disaster Damage Reserve-Restricted	10	-	1	11	10	-	-	10
Invercargill Disaster Damage Reserve-Restricted	1,351	57	-	1,408	1,297	54	-	1,351
Waiau Disaster Damage Reserve-Restricted	1,501	63	-	1,564	1,504	62	(65)	1,501
Te Anau Basin Reserve	419	18	-	437	402	17	-	419
Waimatuku Stream Disaster Reserve - Restricted	68	3	-	71	65	3	-	68
Emergency Management Southland Reserve	459	4	-	463	344	115	-	459
AF8 Reserve	23	103	1	127	12	11	-	23
	10,072	426	1	10,499	9,704	433	(65)	10,072

(d) Asset

	2026				2025			
	Balance	Transfers	Transfers	Balance	Balance	Transfers	Transfers	Balance
	1/07/2025	to	from	30/06/2026	1/07/2024	to	from	30/06/2025
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Building Reserve	734	164	(25)	873	752	142	(160)	734
Lease Building Reserve	586	14	(20)	580	572	14	-	586
Plant Renewal Reserve	437	267	(598)	106	417	316	(296)	437
IT Transformation Reserve	674	-	(253)	421	1,000	-	(326)	674
Vehicle reserve	646	382	(66)	962	626	14	6	646
Infrastructure Assets Reserve	906	318	(30)	1,194	13,590	6,419	(19,103)	906
Pest Property Reserve Fund	897	13	-	910	885	13	(1)	897
Pest Plant Reserve	96	7	-	103	90	5	1	96
Pest Disposals Reserve	299	-	-	299	299	-	-	299
Lake Hawkins Pumphouse-Restricted	9	-	1	10	9	-	-	9
	5,284	1,165	(991)	5,458	18,240	6,923	(19,879)	5,284

(e) Coastal

	2026				2025			
	Balance	Transfers	Transfers	Balance	Balance	Transfers	Transfers	Balance
	1/07/2025	to	from	30/06/2026	1/07/2024	to	from	30/06/2025
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Coastal Rental Reserve	711	118	-	829	596	115	-	711
Marine Fee Reserve-Restricted	1,941	2,060	(2,335)	1,666	1,637	2,390	(2,086)	1,941
	2,652	2,178	(2,335)	2,495	2,233	2,505	(2,086)	2,652

(f) Retained Earnings

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Balance at beginning of year	73,798	58,394	109,635	90,086
Net surplus / (deficit) attributable to Council	9,421	3,867	15,073	8,012
Net movement in lease areas	73	32	73	32
Net movement in river and drainage catchment	89	(664)	89	(664)
Net movement in disaster	(427)	(368)	(427)	(368)
Net movement in asset	(174)	12,956	(174)	12,956
Net movement in coastal	157	(419)	157	(419)
Balance at end of year	82,937	73,798	124,426	109,635

(g) Non Controlling Interests

	Group	
	2026	2025
	\$000	\$000
Balance at beginning of year	22,007	19,811
Share of comprehensive revenue for the year	5,400	4,464
Dividend distribution for the year	(2,540)	(2,374)
Share-Based Payments	148	106
Balance at end of year	25,015	22,007

16 Commitments for expenditure

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
(a) Capital Expenditure Commitments				
Buildings	-	-	2,779	1,167
Infrastructure	-	-	-	-
Plant and equipment	-	-	1,676	2,725
Motor Vehicles	50	-	50	-
	<u>50</u>	<u>-</u>	<u>4,505</u>	<u>3,892</u>

As at 30 June 2026, the Council has the following capital expenditure commitments:

- (i) Funds committed \$49,801. This is for the purchase of a replacement vehicle as a result of a write off. (2025 \$Nil).

As at 30 June 2026, in addition to the Council the Group has the following capital expenditure commitments:

- (i) To demolish Shed 3, upgrade Shed 2, install storm bollards on Berth 3, replace two forklifts in the cold stores, replace the sewer pipe network from the syncrolift, upgrade the Bluff Freight Centre (BFC) as well as other minor capital projects. The total cost of this capital is estimated to be \$4.5 million (2025: Investigate demolition of shed 3, develop the Western tip of the Island Harbour, upgrade shed 2 and purchase a new reach stacker as well as other minor capital projects. The total cost of this capital is estimated to be \$3.9 million).

(b) Operating Lease Commitments

Finance lease commitments

Finance lease liabilities at 30 June 2026 were \$Nil (2025: \$Nil)

Operating lease commitments

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

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Within one year	250	451	326	566
One to five years	289	522	399	577
More than five years	-	-	19	-
	<u>539</u>	<u>973</u>	<u>744</u>	<u>1,143</u>

South Port New Zealand Limited has 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 2026 and a 9 year, 20 day lease commitment with KiwiRail for the lease of a parcel of land situated at Invercargill which expires in September 2027.

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

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Within one year	806	728	5,787	5,107
One to five years	788	329	10,981	11,223
More than five years	-	-	28,064	30,282
	<u>1,594</u>	<u>1,057</u>	<u>44,832</u>	<u>46,612</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.

This includes Floodway land owned by Environment Southland, for the purposes of flood control, which are leased for farming purposes under a Deed of Lease.

17 Contingent liabilities and contingent assets

Council and Group

Riskpool Scheme

Environment Southland (the council) previously obtained public liability and professional indemnity insurance cover as a member of the New Zealand Mutual Liability Riskpool scheme. Riskpool operated as a mutual fund where each member made an annual contribution to obtain cover, however should claims exceed contributions then calls can be made on the members of that fund year, for the shortfall amount. The scheme is in wind-down. The council has an on-going obligation to contribute to the scheme should a funding call be made in respect of historical claims (to the extent those claims are not covered by reinsurance or where reinsurance recovery is delayed), and to fund the on-going operations of the scheme. Ongoing litigation involving other Council members of Riskpool has introduced a high level of uncertainty about both the level of the council's potential financial exposure and its timing. At this stage, Riskpool cannot quantify the total potential liability associated with these matters. (2025: \$Nil)

South Port New Zealand Limited has no contingent liabilities as at 30 June 2026 \$Nil (2025: \$Nil).

LGFA

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a current credit rating from Standard and Poor's of AAA for local currency and a foreign currency rating of AA+ as at 30 June 2026. As at 30 June 2026, the Council is one of 30 local authority shareholders and 77 local authority guarantors of the LGFA. The New Zealand Government also has a 20% shareholding in the LGFA. It has uncalled capital of \$1 million (2025: \$1 million). When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of the LGFA's borrowings. At balance date the LGFA had borrowings totalling \$25.693 billion (2025: \$25.038 billion).

PBE Accounting Standards require the Council to initially recognise the guarantee liability by applying the 12 month expected credit loss (ECL) model (as fair value could not be reliably measured at initial recognition), and subsequently at the higher of the provision for impairment at balance date determined by the ECL model and the amount initially recognised. The Council has assessed the 12 month ECL of the guarantee liability, based on market information of the underlying assets held by the LGFA. The estimated 12 month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore, the Council has not recognised a liability. The Council considers the risk of the LGFA defaulting on repayment of 2026 interest or capital to be very low on the basis that: it is not aware of any local authority debt default events in New Zealand; and, local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

18 Subsidiaries

Parent Entity	Country of Incorporation	Ownership Interest	
		2026 %	2025 %
Southland Regional Council (i)	New Zealand		
Subsidiaries			
South Port New Zealand Limited (iii)	New Zealand	66.48%	66.48%

(i) Environment Southland (Southland Regional Council) is the ultimate parent entity within the consolidated group.

(ii) Shares in South Port New Zealand Limited are carried at cost price.
South Port New Zealand Limited has a 30 June balance date.

19 Related party disclosures

(a) Equity Interests in Related Parties

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

Equity Interests in Subsidiaries

Details of the percentage of shares held in subsidiaries are disclosed in Note 18 to the financial statements.

(b) Transactions with Related Parties

Transactions involving the Council

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

	Council	
	2026 \$000	2025 \$000
South Port New Zealand Limited		
Dividend payment made to Council	5,058	4,709
Expenses paid to Council as per normal terms of business	37	36

	Council	
	2026 \$000	2025 \$000
Regional Software Holdings Limited		
Administration fees and support paid by Council	(628)	(641)

Southland Regional Development Agency Limited (Great South)

During the year, Environment Southland provided funding of \$204,668 (2025: \$172,261) to Southland Regional Development Agency. As at 30 June 2026 Environment Southland is to receive funds of \$Nil (2025: \$29,395) and owes funds of \$Nil (2025: \$474) to Southland Regional Development Agency.

Other Transactions Involving Related Parties

There are \$Nil transactions in current year (2025: \$Nil transactions in current year).

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.

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

Contributions of revenue and expenditure to the arrangement by the 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:

	2026	2025
	\$000	\$000
Current Assets	463	376
Revenue	609	558
Expenses	605	508

21 Subsequent events

(a) Council

South Port Share Sale

On the 5th October 2026, Environment Southland completed the sale of 3,750,000 shares in South Port New Zealand Limited for proceeds of \$30 million. Following the transaction, Environment Southland retained a 52% shareholding and continues to hold a controlling interest in South Port New Zealand Limited. As the transaction occurred after balance date, no adjustment has been made to these financial statements.

Local Government Reform

The Government has signalled its intention to reform local government arrangements, including phasing out regional councils, with regional councillors proposed not to be elected from the 2028 local authority elections. Legislation to implement these reforms has not yet been introduced.

The outcome, form and timing of any reforms remain uncertain. Accordingly, these financial statements have been prepared on a going concern basis as there is insufficient certainty regarding the nature or timing of any changes that may affect Environment Southland. (2025: \$Nil)

(b) Group (South Port New Zealand Limited)

On 21 August 2026 the Board declared a final dividend for the year to 30 June 2026 of 20.50 cents per share amounting to \$5,378,000 (before supplementary dividends) (2025: Final dividend declared for 20.50 cents per share amounting to \$5,378,000).

22 Notes to the Cash Flow Statement

Reconciliation of Surplus for the year to Net Cash Flows From Operating Activities

	Council		Group	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Surplus/(Deficit)	9,421	3,867	20,473	12,476
Add/(less) non-cash items				
Depreciation	1,075	1,040	6,481	6,149
Net (Gain) / loss on disposal of property, plant and equipment	208	(87)	284	(119)
Impairment of fixed assets	90	90	90	90
Impairment of land	-	400	-	400
Net change in fair value of forward exchange contracts and interest rate	-	-	(35)	828
Interest realised not received	(1,118)	(1,001)	(1,118)	(1,001)
Fair value gain/loss on other financial assets	(6,201)	(2,259)	(6,201)	(2,259)
Deferred tax expense	-	-	598	(597)
Other non cash	-	-	149	209
	(5,946)	(1,817)	248	3,700
Add/(less) movement in working capital:				
Trade and other receivables	(958)	3,452	(99)	2,717
Inventories	-	-	-	-
Prepayments	(359)	119	(359)	119
Trade and other payables	536	(1,095)	758	(542)
Employee entitlements	147	267	418	809
Taxation payable	-	-	844	1,873
	(634)	2,743	1,562	4,976
Add/(less) items classified as Investing Activities:				
Property, plant and equipment included in trade and other payables	-	-	-	-
Investment property included in trade and other receivables	-	-	-	-
Grants for capital expenditure	-	-	-	-
Movement in other working capital items classified as investing activities	-	-	(902)	2,604
	-	-	(902)	2,604
Net cash inflow/(outflow) from operating activities	2,841	4,793	21,381	23,756

23 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 Council has the following Council created reserves:

- Lease area balances
- River and drainage catchment balances
- Disaster Reserves
- Asset Reserves
- Coastal Reserves

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/(deficit) relating to these separate areas of benefit is applied to the specific reserves.

The Group's overall strategy remains unchanged from 2025.

(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	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Financial Assets				
Amortised Cost				
- Cash and cash equivalents	8,954	6,569	21,510	12,644
- Trade and other receivables	4,696	3,930	11,595	11,426
- Loans to Invercargill City Council	2	2	2	2
- Borrower notes	350	350	350	350
Total Amortised Cost	14,002	10,851	33,457	24,422
Fair Value through Surplus or Deficit				
- Managed Funds JBWere	41,311	34,276	41,311	34,276
Total Fair Value through Surplus or Deficit	41,311	34,276	41,311	34,276
Mandatorily measured at FVTSD				
- Shares - Civic Financial Services Limited	9	9	9	9
Other financial Assets				
- Interest Rate Derivatives - Current	-	-	66	-
- Interest Rate Derivatives - Non Current	-	-	37	-
Total Mandatorily measured at FVTSD	9	9	121	9
Financial Liabilities				
Amortised Cost				
- Trade and other payables	5,606	4,739	10,190	9,330
- Borrowings	7,000	7,000	38,008	38,008
Total Amortised Cost	12,606	11,739	48,198	47,338
Mandatorily measured at FVTSD				
Other financial liabilities				
- Interest Rate Derivatives - Current	-	-	164	84
- Interest Rate Derivatives - Non Current	-	-	12	25
Total Mandatorily measured at FVTSD	-	-	176	109

(d) Financial Risk Management Objectives

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council has established 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 the Statement of Investment Policy and Objectives.

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

	Assets		Liabilities	
	2026	2025	2026	2025
	NZ \$000	NZ \$000	NZ \$000	NZ \$000
Council				
US Dollars	12,968	9,896	-	-
British Pounds	674	528	-	-
Euro	1,384	1,083	-	-
Australian Dollars	5,199	4,555	-	-
Japanese Yen	285	255	-	-
Group				
US Dollars	12,968	9,896	-	-
British Pounds	674	528	-	-
Euro	1,384	1,083	-	-
Australian Dollars	5,199	4,555	-	-
Japanese Yen	285	255	-	-

(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 JB Were. 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.

Interest payable by South Port New Zealand Limited Ltd to ANZ is charged on the following basis:

- (i) A range of interest rate swaps; and
- (ii) Variable rates based on the BKBM.

During the period the range of variable interest rates applying to the credit facility were between 4.15% and 5.08% (2025: 5.24% and 7.24%). The Company is exposed to normal fluctuations in market interest rates.

Interest rate swap (i) - South Port New Zealand Limited has an interest rate swap in place which commenced in November 2024 and matures in November 2027. The interest rate swap has a fixed swap rate of 4.50% with a notional contract amount of \$5 million at 30 June 2026 (2025: Contract in place for \$5 million at 4.50%, commencing November 2019 and maturing November 2024).

Interest rate swap (ii) - South Port New Zealand Limited has an interest rate swap in place which commenced in October 2023 and matures in July 2027. The interest rate swap has a fixed swap rate of 2.01% with a notional contract amount of \$8 million at June 2026 (2025: Contract in place for \$8 million at 2.01% commencing October 2023 and maturing July 2027).

Interest rate swap (iii) - South Port New Zealand Limited has an interest rate swap in place which commenced in August 2024 and matures in August 2028. The interest rate swap has a fixed swap rate of 3.66% with a notional contract amount of \$5 million at 30 June 2026 (2025: Contract in place for \$5 million at 3.66% commencing August 2024 and maturing in August 2028).

Interest rate swap (iv) - South Port New Zealand Limited has an interest rate swap in place which commenced in July 2023 and matures in July 2026. The interest rate swap has a fixed swap rate of 5.17% with a notional contract amount of \$5 million at 30 June 2026 (2025: Contract in place for \$5 million at 5.17%, commencing July 2023 and maturing July 2026).

Interest rate swap (v) - South Port New Zealand Limited has a contract in place for a forward start interest rate swap in place which commences in July 2027 and matures in July 2029. This interest rate swap has a fixed start swap of 3.61% with a notional contract amount of \$5 million at 30 June 2026 (2025: Forward start contract in place for \$5 million at 3.61%, commencing July 2027 and maturing July 2029).

Interest rate swap (vi) - South Port New Zealand Limited has a contract in place for a forward start interest rate swap in place which commences in November 2027 and matures in November 2029. This interest rate swap has a fixed start swap of 3.58% with a notional contract amount of \$4 million at 30 June 2026 (2025: Forward start contract was not in place).

Interest rate swap (vii) - South Port New Zealand Limited has a contract in place for a forward start interest rate swap in place which commences in July 2026 and matures in July 2030. This interest rate swap has a fixed start swap of 3.59% with a notional contract amount of \$5 million at 30 June 2026 (2025: Forward start contract was not in place).

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 JB Were (refer to note 11).

The price risk is managed by diversification of the Council's investment portfolio in accordance with the limits set out in the Council's investment policy.

(h) Credit Risk

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

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

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

The Council is exposed to credit risk as a guarantor of all of the NZLGFA's borrowings. Information about this exposure is explained in note 17.

(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 Notes 14 and 5 is information on additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

The Council is exposed to liquidity risk as a guarantor of all LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposures is explained in note 17.

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

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

COUNCIL 2026	Weighted Average Effective Interest Rate	Fixed Maturity Dates						Contractual Cash Flows	Total Carrying Amount
		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 Assets									
Cash and Cash equivalents	3.25%	8,954	-	-	-	-	-	8,954	8,954
Trade Receivables		4,696	-	-	-	-	-	4,696	4,696
Loans to Invercargill City Council		2	-	-	-	-	-	2	2
Borrower Notes		175	100	75	-	-	-	350	350
Managed Funds		41,311	-	-	-	-	-	41,311	41,311
Financial Liabilities									
Bank overdraft		-	-	-	-	-	-	-	-
Trade and other payables		5,606	-	-	-	-	-	5,606	5,606
Borrowings (current)	4.15%	3,500	-	-	-	-	-	3,500	3,500
Borrowings (non-current)	4.15%	-	2,000	1,500	-	-	-	3,500	3,500

COUNCIL 2025	Weighted Average Effective Interest Rate	Fixed Maturity Dates						Contractual Cash Flows	Total Carrying Amount
		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 Assets									
Cash and Cash equivalents	3.25%	6,569	-	-	-	-	-	6,569	6,569
Trade Receivables		4,249	-	-	-	-	-	4,249	4,249
Loans to Invercargill City Council		2	-	-	-	-	-	2	2
Borrower Notes			175	100	75			350	350
Managed Funds		34,276	-	-	-	-	-	34,276	34,276
Financial Liabilities									
Bank overdraft		-	-	-	-	-	-	-	-
Trade and other payables		4,739	-	-	-	-	-	4,739	4,739
Borrowings	4.15%	-	3,500	2,000	1,500	-	-	7,000	7,000

GROUP 2026	Weighted Average Effective Interest Rate	Fixed Maturity Dates						Contractual Cash flows	Total Carrying Amount
		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 Assets									
Cash and Cash equivalents	2.39%	21,510	-	-	-	-	-	21,510	21,510
Trade Receivables		11,595	-	-	-	-	-	11,595	11,595
Loans to Invercargill City Council		2	-	-	-	-	-	2	2
Interest rate derivatives (current)	3.60%	41						41	66
Interest rate derivatives (non-current)	3.60%	-	(41)	(79)	(28)	-	-	(148)	37
Borrower Notes		175	100	75	-	-	-	350	350
Managed Funds		41,311	-	-	-	-	-	41,311	41,311
Financial Liabilities									
Trade and other payables		10,190	-	-	-	-	-	10,190	10,190
Borrowings (current)	5.05%	6,500	-	-	-	-	-	6,500	6,500
Borrowings (non-current)	5.05%	1,211	20,224	1,500	13,337	5,018	-	45,110	31,508
Interest rate derivatives (current)	3.60%	271	-	-	-	-	-	271	164
Interest rate derivatives (non-current)	3.60%	-	222	136	123	30	-	511	12

GROUP 2025	Weighted Average Effective Interest Rate	Fixed Maturity Dates						Contractual Cash flows	Total Carrying Amount
		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 Assets									
Cash and Cash equivalents	2.39%	12,644	-	-	-	-	-	12,644	12,644
Trade Receivables		11,745	-	-	-	-	-	11,745	11,745
Loans to Invercargill City Council		2	-	-	-	-	-	2	2
Borrower Notes		-	175	100	75	-	-	350	350
Managed Funds		34,276	-	-	-	-	-	34,276	34,276
Financial Liabilities									
Trade and other payables		9,330	-	-	-	-	-	9,330	9,330
Borrowings (current)	6.25%	-	-	-	-	-	-	-	-
Borrowings (non-current)	5.29%	1,617	22,093	12,386	6,521	-	-	42,617	38,008
Interest rate derivatives (current)	3.60%	33	-	-	-	-	-	33	84
Interest rate derivatives (non-current)	3.60%	(32)	24	18	3	-	-	13	25

(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 2026 the fair value of this investment based on the NZX quoted bid price was \$145,811,550 (2025: \$122,265,427).

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 (i.e. as prices) or indirectly (i.e. derived
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group 2026

Financial Assets

Other financial assets	41,311
Interest rate derivatives (current)	66
Interest rate derivatives (non current)	37
Other financial assets (non current)	11

Financial Liabilities

Derivatives - interest rate swaps (current)	(164)
Derivatives - interest rate swaps (non current)	(12)

Total NZ \$000	Valuation Technique		
	Level 1 NZ \$000	Level 2 NZ \$000	Level 3 NZ \$000
Other financial assets	26,273	15,038	-
Interest rate derivatives (current)	-	66	-
Interest rate derivatives (non current)	-	37	-
Other financial assets (non current)	11	-	-
Derivatives - interest rate swaps (current)	-	(164)	-
Derivatives - interest rate swaps (non current)	-	(12)	-

Group 2025

Financial Assets

Other financial assets	34,276
Other financial assets (non current)	11

Financial Liabilities

Derivatives - interest rate swaps	(109)
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Total NZ \$000	Valuation Technique		
	Level 1 NZ \$000	Level 2 NZ \$000	Level 3 NZ \$000
Other financial assets	21,826	12,450	-
Other financial assets (non current)	11	-	-
Derivatives - interest rate swaps	-	(109)	-

(k) Sensitivity Analysis

Foreign Currency Sensitivity Analysis

The Group is mainly exposed to the currency of Australia (AUD), 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 \$2,050,962 (2025: \$1,631,661). This is mainly attributable to the Group's exposure to foreign currency on its investments within its managed funds held with JB Were.
- 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,

- Surplus would decrease or increase by \$248,016 (2025: \$250,426). This is mainly attributable to the Group's exposure to interest rates on its investments within its managed funds held with JB Were.
- 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 \$2,579,352 (2025: \$2,109,904) in relation to the equity investments fair value through profit and loss.

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

24 Explanation of Major Variances against Annual Plan

Council Statement of Comprehensive Revenue and Expenses for the Year Ended 30 June 2026 Actual compared to Annual Plan

	Council Actual 2026 \$000	Council Annual Plan 2026 \$000	Variance \$000	Note
Revenue				
Rates revenue	31,572	31,450	122	
Government Grants	3,648	4,995	(1,347)	a.
Other revenue	20,494	18,178	2,316	b.
Total Revenue	55,714	54,623	1,092	
Expenditure				
Employee benefits expense	24,196	24,958	(762)	d.
Depreciation expense	1,057	1,217	(160)	
Finance costs	227	389	(162)	
Other expenses	27,057	24,785	2,272	e.
Total Expenditure	52,537	51,349	1,188	
Other Revenue and Expense				
Other gains /(losses)	6,244	653	5,591	c.
Total Other Revenue and Expense	6,244	653	5,591	
Surplus / (Deficit) before tax	9,421	3,927	5,495	
Income tax expense	-	-	-	
Surplus (deficit) for the year	9,421	3,927	5,495	
Available for sale financial assets valuation gain/(loss)	-	-	-	
Total Comprehensive Revenue / (Deficit)	9,421	3,927	5,495	

Explanations for Council Statement of Comprehensive Revenue and Expenses Variances:

The actual surplus of \$9.4m is better than the planned budgeted deficit by \$5.5m. The major components of this favourable result are explained below.

Total comprehensive revenue received for the year was \$6.7m over budget. The major items contributing to this variance were:

- a. Government grants were \$1.3m below budget due to Kānoa funding not yet received.
- b. Other external income is higher than budget, primarily driven by higher than expected Kānoa funding accrued for and Jobs 4 Nature income, as well as higher than budgeted annual fees and charges. Additionally, \$500k of revenue relating to three new large consents was received near year end.
- c. Other gains/(losses) were favourable to budget by \$5.6m due to higher than expected unrealised investment returns.

Actual expenditure was \$1.2m above budget primarily due to:

- d. Employee expenses were under budget by \$762k primarily due to increased vacancies.
- e. Other Expenses were \$2.3m above budget, due to the Kānoa Tranche 1 & 2 being operational spend in nature but were budgeted as being CAPEX. Additionally, Land with a value of \$250k was sold to Whakamana Te Waituna Charitable Trust for \$1 leading to a loss on sale of \$249k.

Statement of Financial Position
As at 30 June 2026
Actual compared to Annual Plan

	Council Actual 2026 \$000	Council Annual Plan 2026 \$000	Variance \$000	Note
Equity	113,910	107,578	6,332	a.
Current Assets	56,692	39,879	16,813	b.
Non-Current Assets	74,533	86,545	(12,012)	c.
Current Liabilities	13,713	7,461	6,252	d.
Non- Current Liabilities	3,602	11,385	(7,783)	e.
Net Assets	113,910	107,578	6,332	

Explanations for Council Statement of Financial Position Variances:

- a. Equity of \$113.9m is \$6.3m over budget. This is due to the surplus being favourable to budget, combined with the following:
- b. Current assets are \$56.7m against a budget of \$39.9m. This variance is due to the increased fair value of the investment portfolio and movement in cash and deposits.
- c. Non current assets of \$74.5m are \$12m 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.
- d. Current liabilities of \$13.7m are higher than budget by \$6.2m. This is due to project specific income being deferred to the next financial year and trade payables being higher than budgeted. Additionally, \$3.5m debt has become current during the year.
- e. Non-current liabilities of \$3.6m are under budget by \$7.8m. This is due to drawing down less debt than budgeted and \$3.5m debt being reclassified to current as per above.

Statement of Cash Flows
for the Year Ended 30 June 2026
Actual compared to Annual Plan

	Council Actual 2026 \$000	Council Annual Plan 2026 \$000	Variance \$000	Note
Net cash flow from operating activities	2,841	(594)	3,435	
Net cash flow from investing activities	(456)	(4,849)	4,393	
Net cash flow from financing activities	-	4,252	(4,252)	
Increase/(Decrease) in cash held	2,385	(1,191)	3,575	
Add opening cash brought forward	6,569	1,984	4,585	
Ending cash carried forward	8,954	792	8,160	a.

Explanations for Council Statement of Cash Flows Variances:

- a. The cash position was favourable to budget by \$8.2m. This was mainly due to spending significantly less than budget on investing activities due to timing delays on Kanoa projects.

Additional Disclosure Information

Rating base information as at the end of the preceding financial year

	2025
The number of rating units within the region	51,843
The total capital value of rating units within the region	\$46,738,133,500
The total land value of rating units within the region	\$25,862,405,250

Insurance on Assets

	2026 \$000	2025 \$000
Total value of all assets of Council covered by insurance contracts.	79,900	79,900
Maximum amount to which insured.	184,268	79,900
Total value of all assets of Council covered by financial risk sharing arrangements.	Nil	Nil
Maximum amount available to Council under the arrangements.	Nil	Nil
Total value of all assets of the Council which are partly self-insured.	N/A	N/A
Value of funds maintained by the local authority for that purpose.	N/A	N/A

Notes:

Council holds funded reserves to cover shortfalls in risk sharing arrangements e.g. deductible, non-insured damage. Individual amounts are detailed in the Note 15(b).

Local Government (Financial Reporting and Prudence) Regulations 2014

Annual report disclosure statement for year ended 30 June 2026

What is the purpose of this statement?

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

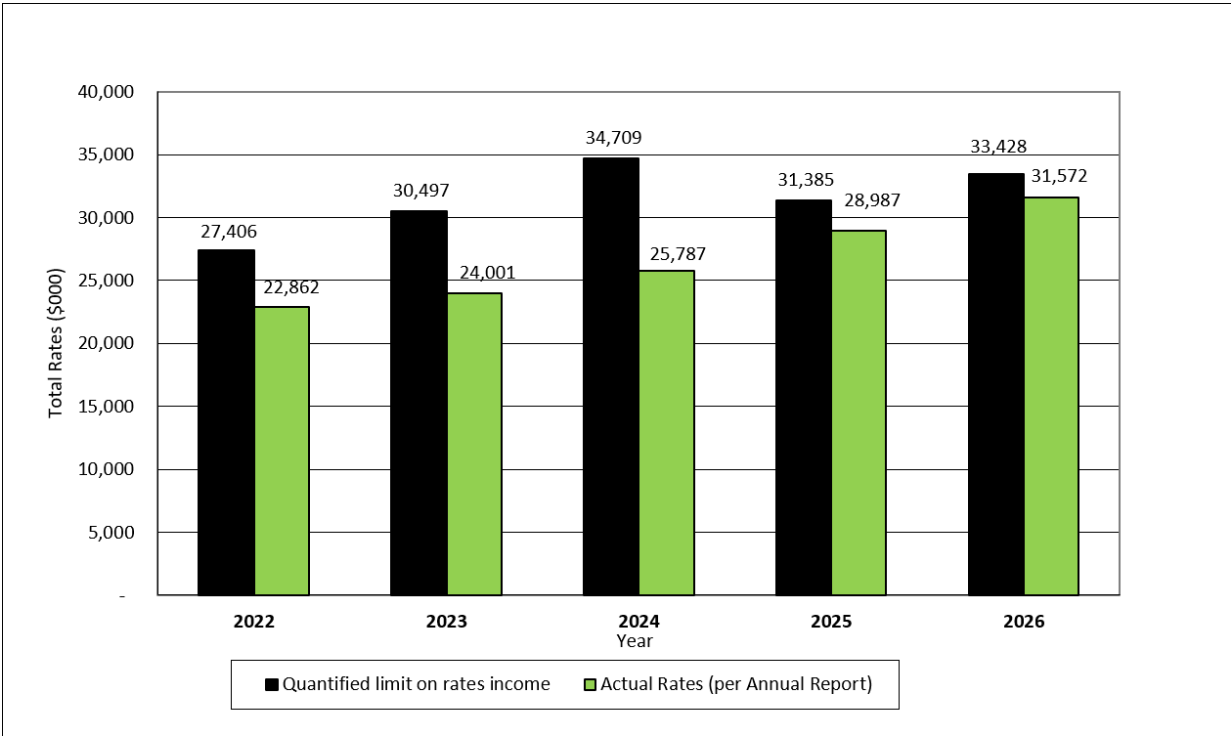
The Council is required to include this statement in its Annual Report in accordance with the *Local Government (Financial Reporting and Prudence) Regulations 2014* (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

1. Rates affordability benchmarks

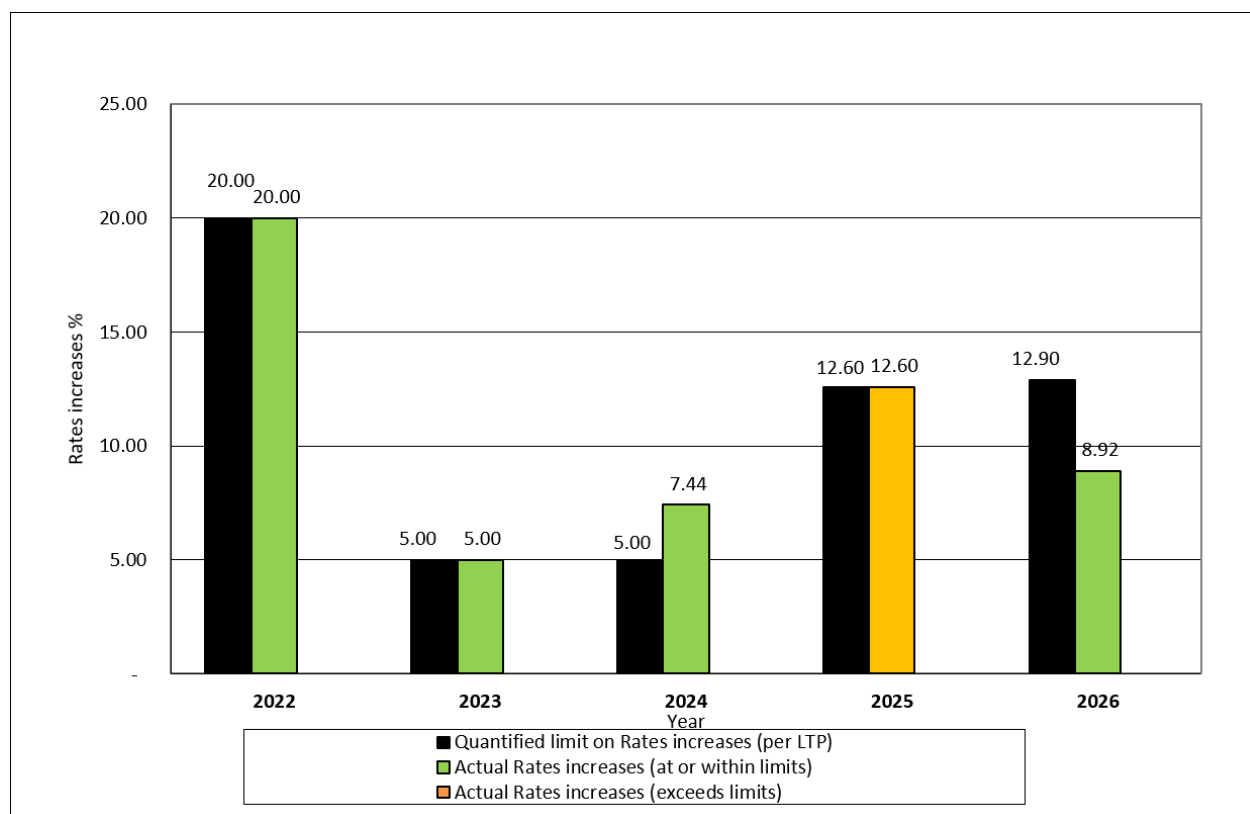
The Council meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability - the following graph compares the Council’s actual rates income with a quantified limit on rates contained in the financial strategy included in the Council’s Long-term Plan. The quantified limit from 2024 is that total rates will not exceed 60% of total revenue.



Rates (increases) affordability - the following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the Financial Strategy included in the Council's Long-term Plan. The quantified limit is that total rates increases will not exceed planned increases.



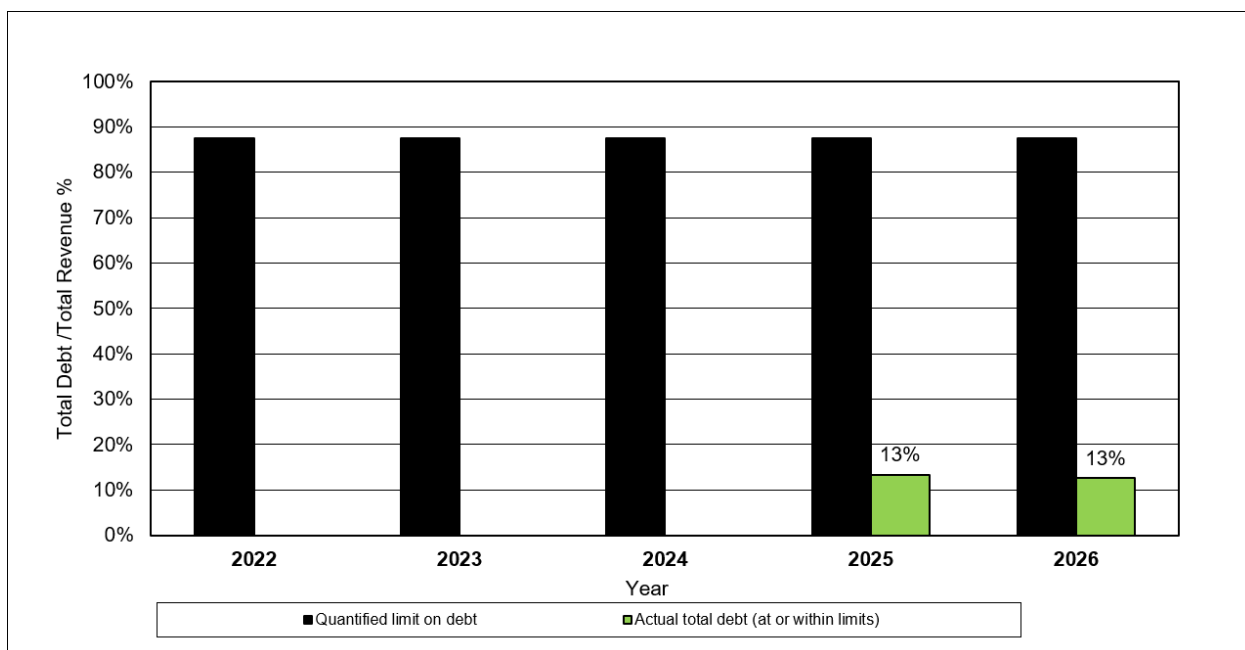
The Rates (increases) affordability benchmark requires a comparison of actual performance against quantified limits set in the Council's Financial Strategy.

For the first three years of the Council's 2021-2031 Long-term Plan the quantified limit was that total rates increase will not exceed 20%. In the 2024-2034 Long-term Plan budget adjustments were made to maintain service levels, be more efficient and implement new regulations. We assessed our options for rates increases versus balancing the books. We concluded that balancing the books after three years by 2025 was desirable. To achieve this most effectively, we considered the best outcome for ratepayers with the least financial risk was to set the rates increase in Year 1 (2024-25) at 12.6% and then thereafter total rates income will not exceed 13% in 2025-2027 and then does not exceed 8% from 2028-29 and then does not exceed 5% from the 2030-2034. These moderate increases support maintaining service levels, repaying debt and building resilience. In 2025-26 the total rates increase that was set in the Long-term Plan of 12.9% did not exceeded the limit that was set.

2. Debt affordability benchmark

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

The Council specifies the quantified limit on borrowing as being the interest cost on borrowing as a percentage of revenue. The following graph compares the Council's actual borrowing with a quantified limit specified in the financial strategy included in the Council's Long-term Plan. The quantified limit 175% of revenue. Council's external debt will not exceed 87.5% of total income, which is 50% of the LGFA maximum of 175%.

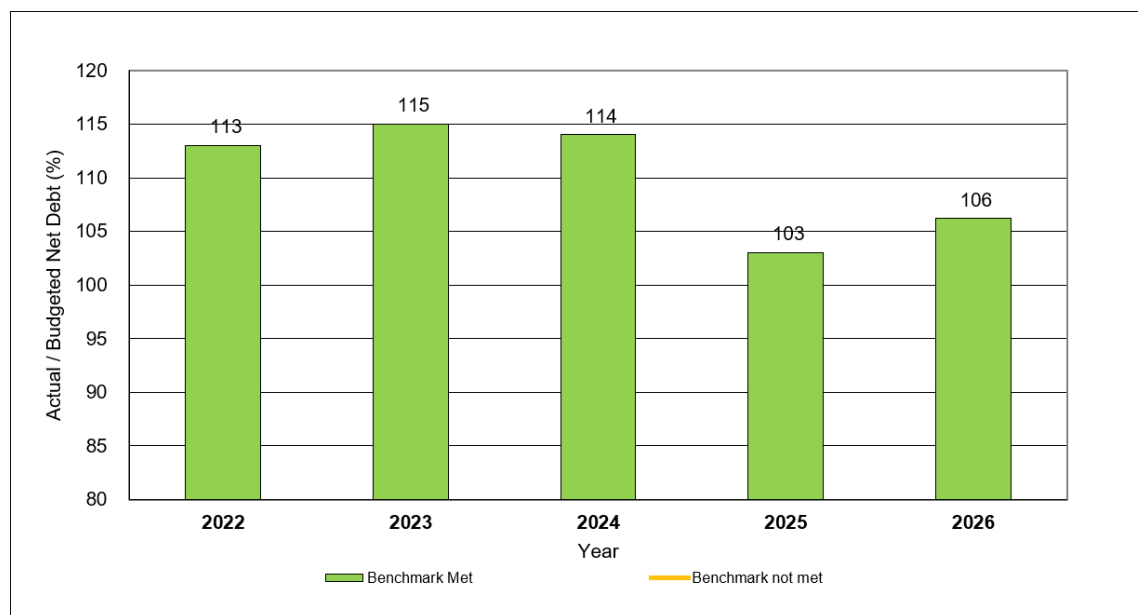


The Debt Affordability benchmark requires a comparison of actual performance against quantified limits set in the Council's Financial Strategy.

3. Balanced budget benchmark

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

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



In each of the years 2022 to 2026, Council planned not to meet its balanced budget requirement. Council planned to incur more operating expenditure than revenue received as it had resolved that it was financially prudent to do so by making use of prior years' surpluses and reserves.

4. Essential services benchmark

The essential services benchmark is the capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Network services means infrastructure related to:

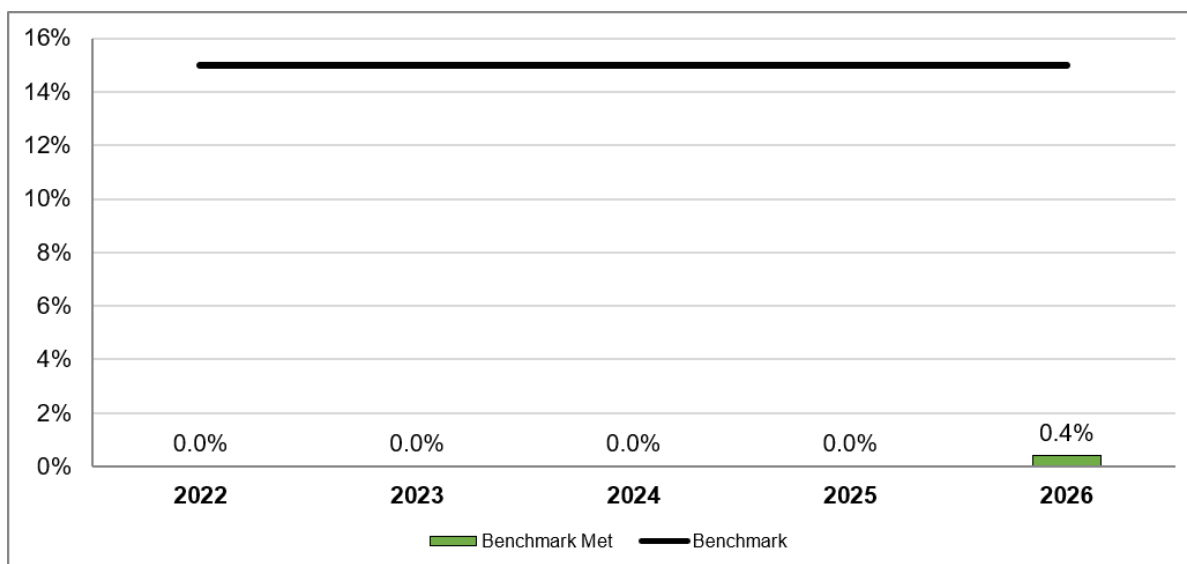
- (a) water supply;
- (b) sewerage and the treatment and disposal of sewage;
- (c) stormwater drainage;
- (d) flood protection and control works;
- (e) the provision of roads and footpaths.

The Council's only network services are in relation to flood protection and control works. The Council does not provide any of the other network services. These network services are in the form of land assets. Accordingly, there is no depreciation on these assets. The Council's capital expenditure will always be equal to or greater than the depreciation expense.

5. Debt servicing benchmark

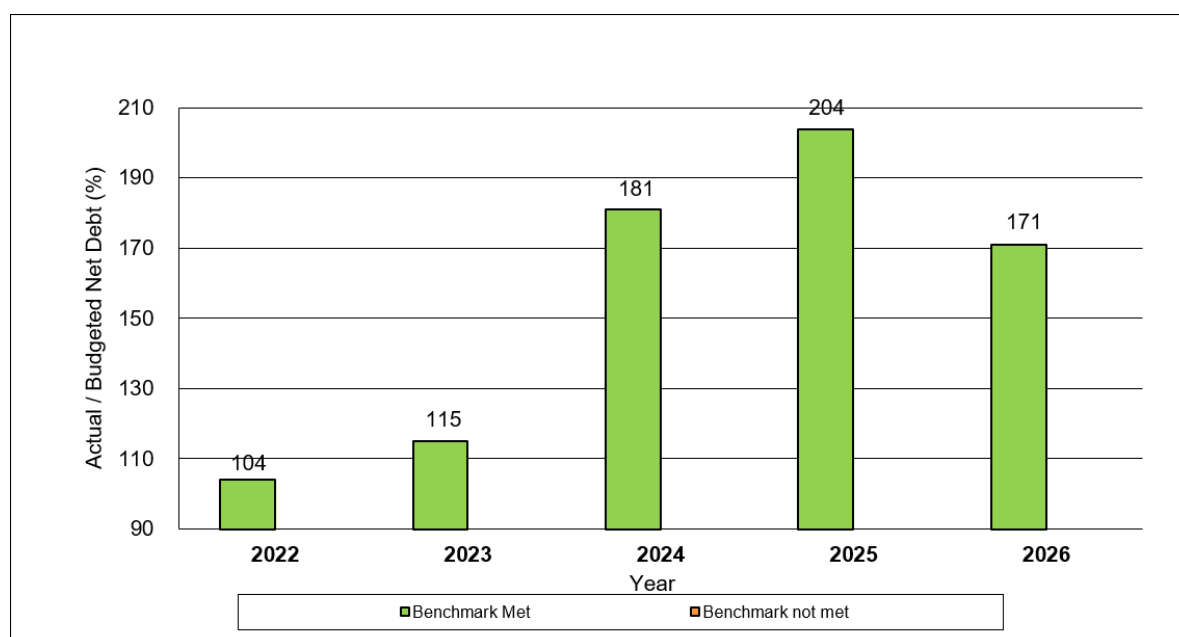
The debt servicing benchmark is the borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, therefore it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

Council has drawdown debt, however no repayments have been made as at 30 June 2026.



6. Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

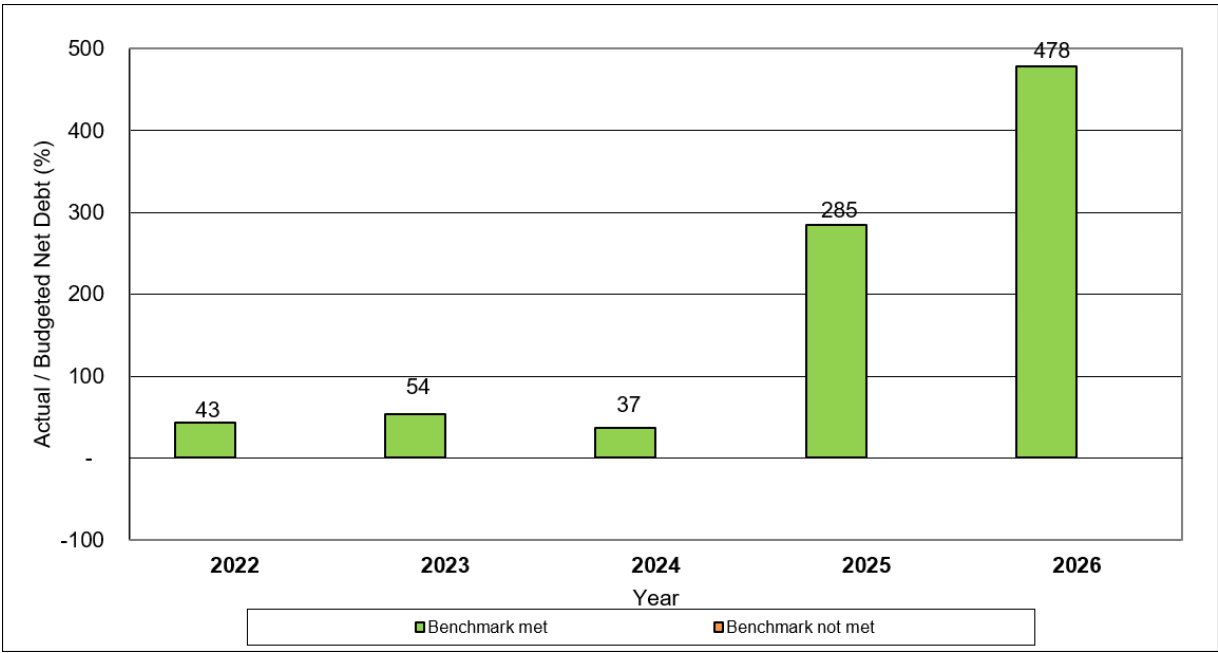


During the 2022 to 2024 year the Council had no external public debt. In the 2025 year, Council borrowed \$7 million. In the 2026 year, no additional loans were drawn down.

This benchmark is recording actual net financial assets as a proportion of planned net financial assets. For the Council, the debt control benchmark is met if it is actual net assets, financial assets (excluding trade and other receivables) less financial liabilities, equals or is more than its planned net assets.

7. Operations control benchmark

This graph displays the Council’s actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



For the period 2022 to 2026 Council planned to have negative cash flow from its operating activities as it considered it was prudent to do so as it drew down on prior year’s surpluses and reserves.

In 2022 actual cash flow from operating activities met the benchmark due to higher receipts from customers and lower than expected payments to suppliers and employees.

In 2023 and 2024 actual cash flow from operating activities met the benchmark due to higher receipts from customers.

In 2025 and 2026 actual cash flow from operating activities met the benchmark due to receiving higher levies and contributions than budgeted, resulting in a positive cashflow. In 2026 we also received a higher than forecasted dividend.

Audit Opinion (Arotake)



Independent Auditor's Report

To the readers of the annual report of Environment Southland for the year ended 30 June 2026

The Auditor-General is the auditor of Environment Southland (the Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Nicole Dring, using the staff and resources of Deloitte Limited, to carry out the audit on his behalf.

We have audited the information in the annual report of the Council and the Group that we are required to audit in accordance with the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

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

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

Opinion on the audited information

In our opinion:

- the financial statements on pages 51 to 101 present fairly, in all material respects, the Council and Group's financial position as at 30 June 2026, and the results of the operations and cash flows for the year ended on that date, in accordance with Public Benefit Entity Standards;
- the statement of service performance for the year ended 30 June 2026 on pages 7 to 46;
 - is appropriate and meaningful and prepared in accordance with the Council's measurement bases or evaluation methods and Public Benefit Entity Standards; and
 - presents fairly, in all material respects, the Council's actual levels of service for each group of activities, including the levels of service achieved compared with the intended levels of service, whether any intended changes to levels of service were achieved, and the reasons for any significant variation between the levels of service achieved and the intended levels of service;
- the funding impact statement for the year ended 30 June 2026 on pages 12 to 13, has been prepared, in all material respects, in accordance with clause 30 of Schedule 10;

- the funding impact statements for each group of activities for the year ended 30 June 2026 on pages 25, 37 and 49 have been prepared, in all material respects, in accordance with clause 26 of Schedule 10; and
- the statements comparing actual capital expenditure to budgeted capital expenditure for each group of activities for the year ended 30 June 2026 on pages 100 to 101 have been prepared, in all material respects, in accordance with clause 24 of Schedule 10.

Report on the disclosure requirements

We report that:

- the Council has complied with the information disclosure requirements of Part 3 of Schedule 10 for the year ended 30 June 2026; and
- the Council's disclosures about its performance against benchmarks required by Part 2 of the Regulations for the year ended 30 June 2026 are complete and accurate.

Basis for our opinion on the audited information and the disclosure requirements

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor for the audited information and the disclosure requirements* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information and our report on the disclosure requirements.

Emphasis of matter: Local Government reform

As described in note 21, the government has announced it wants to phase out regional councils. The eventual outcome for the council is dependent on future cabinet decisions and enactment of enabling legislation. Because of the significant uncertainty about the outcome and timing of any future reorganisation, the financial statements have continued to be prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Responsibilities of the Council for the audited information and the disclosure requirements

The Council is responsible for preparing the audited information and the disclosure requirements in accordance with the Act. The Council's responsibilities include the preparation and fair presentation of the financial statements and service performance information in accordance with Public Benefit Entity Standards.

This includes:

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of service performance information that is appropriate and meaningful; and
- the preparation of a statement of service performance, in accordance with the Council's measurement bases or evaluation methods, that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the audited information and the disclosure requirements that are free from misstatement, whether due to fraud or error.

In preparing the audited information and the disclosure requirements the Council is responsible for assessing the Council and the Group's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the Council and the Group or there is no realistic alternative but to do so.

The Council's responsibilities arise under the Act and the Regulations.

Responsibilities of the auditor

Responsibilities for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Council's Annual plan or Long-term plan as applicable.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We evaluate whether the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an appropriate and meaningful assessment of the Council's service performance.
- We evaluate whether the service performance information is prepared in accordance with the Council's measurement bases or evaluation methods, and presents fairly, in all material respects, in accordance with Public Benefit Entity Standards, the actual service performance achieved compared with the intended levels of service.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Council and/or the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council and/or the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Group audited information. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Responsibilities for the disclosure requirements

Our objective is to provide reasonable assurance about whether the Council has complied with the disclosure requirements. To assess whether the Council has met the disclosure requirements we undertake work to confirm that:

- the Council has made all of the disclosures required by Part 3 of Schedule 10 to the Act and Part 2 of the Regulations; and
- the disclosures required by Part 2 of the Regulations accurately reflect information drawn from the audited information and, where applicable, the Council's long-term plan and annual plans.

Our responsibilities for the audited information and for the disclosure requirements arise from the Act and the Public Audit Act 2001.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises all the information included in the annual report other than the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

We are independent of the Council and the Group in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out an assurance engagement for Debenture Trustee Reporting, which are compatible with the independence requirements. Other than the audit, our report on the disclosure requirements, and these engagements, we have no relationship with, or interests in, the Council or the Group.



Nicole Dring
for Deloitte Limited
On behalf of the Auditor-General
Christchurch, New Zealand
22 October 2026

Collaboration across Councils and mana whenua

Environment Southland works collaboratively with territorial authorities, mana whenua and other partner organisations to deliver shared outcomes for the region. These collaborative arrangements support the effective delivery of services, strengthen regional capability, and promote coordinated decision-making.

The Council participates in shared service arrangements through the Southland Triennial Agreement, the Memorandum of Understanding between Southland local authorities, and a range of regional and national collaborative initiatives.

The following examples highlight key areas of collaboration undertaken during the reporting financial year.

Building Control

Eleven building consent authorities (BCAs) across Southland and Otago, Canterbury and the wider southern region continued to collaborate through the Southern Building Controls Group during 2025–26. The group provides a forum for BCA managers and quality assurance leaders to share information, resources and good practice, including staff support during periods of increased workload.

The collaboration supports greater consistency in building consent processing and quality assurance practices across participating councils. The group also shares regulatory forms, processes and continuous improvement initiatives, helping councils strengthen their regulatory capability and maintain consistent approaches to building control.

This regional collaboration supports more efficient and consistent delivery of building control services and strengthens the capability and resilience of participating BCAs.

There is also now a new working group made up of BCAs that use Objective Build, the goal is to work together to support all users as well as to go back to Objective Build with improvements that could be made.

Emergency Management

Emergency Management Southland (EMS) is a shared service provided by Invercargill City Council, Southland District Council, Gore District Council, and Environment Southland. EMS works to strengthen community resilience through emergency planning, public education and operational readiness through response capability, training, and stakeholder engagement.

The 2025/2026 year was one of the busiest operational periods for EMS in recent years. The most significant event was the October 2025 windstorm, which resulted in a State of Local Emergency and activation of the Emergency Coordination Centre (ECC) from 23 October to 12 November. The response involved 159 council staff, five EMS staff, 28 surge staff from around NZ, and a range of partner agencies. EMS also responded to and monitored the magnitude 7.6 Tonga earthquake tsunami threat, the magnitude 8.8 Russian earthquake tsunami threat, magnitude 6.0 and 5.1 Southland earthquakes, and several smaller flood monitoring events.

A major achievement during the year was the completion and adoption of the revised Southland Civil Defence Emergency Management (CDEM) Group Plan. The Plan was approved by the Southland CDEM Group Joint Committee and the Minister for Emergency Management and Recovery in May 2026, providing the framework for emergency management across Southland for the next five years.

Six Community Response Plans (CRPs) were updated during the year, with two plans consolidated into a single plan, bringing the regional total to 29. Work on the Stewart Island/Rakiura CRP was commenced and other CRPs were identified for future review.

Community engagement remained a key focus. EMS delivered public presentations, workshops, and preparedness activities throughout the year 17 schools were visited with the Earthquake Simulator Programme. The annual Southland region Community Preparedness Survey showed 46% up from 45% participants had an Emergency Plan and this will remain a focus for future community education initiatives.

Training and capability development continued across councils and partner agencies. 263 attendees completed training across 33 courses, including EMS inductions, Foundation, Applied CIMS, and function specific training. Collaboration across the sector remained strong, with EMS facilitating 14 coordination meetings, supporting lifelines, the Te Anau and Milford operations Groups, engaging with mana whenua through the Manu Whenua Emergency Facilitator role, and four Emergency Services Coordination Committee meetings, two Eastern Emergency Services Coordination Committee meetings, three Lifelines meetings, three Welfare Coordination Group meetings, and providing emergency management advice and support where required.

Strengthened public information management and community engagement through EMS social media and digital channels experienced significant growth, with the Facebook page recording 5.5 million views, followers increasing 18.7% to 22,201, and website visits increased 71.5% to 118,328.

Community education and engagement along with the October windstorm response, adoption of the new Southland CDEM Group Plan, ongoing investment in council staff training continues to strengthen Southland's emergency management capability and readiness for future events.

Regional Climate Change Working Group

Following the regional climate change hui held in July 2022, Environment Southland, Te Ao Mārama, Gore District Council, Invercargill City Council and Southland District Council established the Regional Climate Change Working Group (RCCWG) to develop a coordinated regional response to climate change. The governance-level group has met regularly since February 2023, providing a forum for collaboration, shared decision-making and communication across partner organisations.

The first phase of the RCCWG programme culminated in the adoption of the Regional Climate Change Strategy for Murihiku Southland 2024. The strategy sets out shared principles, priorities and aspirations to guide how partner agencies work together to address climate change and support coordinated regional action.

The second phase was completed in 2025 with the adoption of the Regional Framework for Action on Climate for Murihiku Southland. The Framework established a pathway for collective climate action and confirmed the ongoing role of the RCCWG as the region's inter-agency governance group.

Following the 2025 local government elections, the governance RCCWG was re-established for the new triennium and is now leading the development of Murihiku Southland's first three-year Climate Action Plan. The Framework for Action sets for the first Climate Action Plan to take a ten-year outlook, be refreshed every three years, and align with local authority Long-Term Plans. This approach is intended to embed climate action within regional planning and investment decisions, helping to ensure a coordinated response to both climate change mitigation and adaptation across Murihiku Southland.

While the RCCWG does not operate as a formal joint committee and holds no delegated decision-making authority, it plays a key role in building regional alignment and supporting collaborative climate action

across partner organisations. This work represents a significant step toward strengthening Murihiku Southland's collective response to the challenges and opportunities presented by a changing climate.

Information Technology

The IT Shared Services Operations Sub-Committee has undertaken activities over the past 12 months to align member councils' operations and provide a more collaborative and connected platform moving forward.

Collaboration and communication between all participating councils continue, with members sharing their technology journeys, upcoming projects, and opportunities to align services. The councils also continue to support one another by sharing information on emerging trends, risks, and solutions to new issues.

One Shared Services initiative delivered during the past year was the SouthMaps project. SouthMaps was successfully launched on 22 October 2025, replacing Environment Southland's legacy Beacon platform with a modern, region-wide GIS solution that integrates data from multiple councils and regional partners.

Te Rōpu Taiao

Local government in Murihiku Southland continues to maintain a long-standing and valued relationship with **Ngāi Tahu ki Murihiku**, through the four papatipu rūnanga, **Te Ao Mārama Inc (TAMI)** and **Te Rūnanga o Ngāi Tahu**. Te Rōpu Taiao provides an important forum for the seven southern councils and the four papatipu rūnanga to share information, strengthen relationships and identify opportunities for collaboration on matters of significance to Murihiku Southland.

During 2025–26 Financial Year, the Council continued to support Te Ao Mārama Inc and participate in Te Rōpu Taiao. A significant milestone was the completion and approval of the revised Charter of Understanding, *He Huarahi mō Ngā Uri Whakatupu – A Pathway for the Generations Coming Through*. The refreshed Charter strengthens the foundation for the ongoing relationship between local government and tangata whenua of Murihiku Southland, while reflecting contemporary legislative and partnership arrangements.

The relationship also continued through joint governance and operational engagement and collaborative initiatives, including work with Te Ao Mārama Inc on environmental, climate, Long Term Planning and regional resilience matters. This partnership continues to support the incorporation of mana whenua perspectives into Council's work and decision-making and contributes to achieving shared outcomes for the environment and communities of Murihiku Southland.

Collaboration Across Southern Libraries

Libraries across Otago and Southland continue to collaborate to improve access to public library services and resources. Reciprocal membership and borrowing arrangements enable residents to access collections and services across participating libraries, supporting greater connectivity and access to information throughout the region.

Participating libraries continue to work together on programmes, resource sharing and service improvements that deliver benefits to their communities and help maximise value for ratepayers.

Public libraries across Otago and Southland continue to collaborate through reciprocal lending arrangements and participation in shared library service networks, including the National Library of New

Zealand's Kōtuiti consortium, helping improve access to library resources and services for communities across the region.

Regional Development

Southland Regional Development Agency (known as Great South) is responsible for economic development and promotion of Southland. Great South is a council-controlled organisation that is jointly owned by Invercargill City Council, Southland District Council, Gore District Council, Environment Southland, Invercargill Licensing Trust, Mātaura Licensing Trust, Southland Business Chamber, SIT, and member organisation Community Trust South.

Great South receives funding from Invercargill City Council, Southland District Council, Gore District Council and Environment Southland. Everything Great South does is to support their vision and of “even better lives through sustainable regional development”. They work across four key priority areas including:

- Regional development leadership
- Regional promotion
- Business support and diversification
- Net Zero Southland

During 2025-26, Great South supported the Council’s strategic priorities through regional development, data and planning activities, contributing to the long-term sustainability and prosperity of Murihiku Southland.

Key highlights include:

- Completion of the sixth Southland Regional Greenhouse Gas Emissions Inventory Report for 2024, identifying a reduction of carbon emissions by 23.6% from the 2018 baseline. This report incorporated detailed forestry and land-use analysis into the regional greenhouse gas inventory.
- Great South and Environment Southland signed a Memorandum of Understanding to strengthen collaboration around spatial planning, environmental datasets and natural hazard information.
- Created the Crops for Murihiku Southland Report, investigating alternative and high-value crop opportunities to support agricultural diversification.
- Created the Southland Region Biomass Supply and Demand Outlook Report, assessing opportunities to utilise forestry residues and biomass resources as part of a circular economy approach.
- Development of enhanced monitoring tools for land-use change and forestry carbon sequestration using satellite imagery and MPI datasets.
- Provided ongoing support for regional renewable energy development through stakeholder engagement and the provision of energy planning information, including regional wind and solar resource mapping.
- Completion of the Murihiku Southland Aquaculture Infrastructure and Supply Chain Pathway Project working alongside Environment Southland marine and coastal planning initiatives and South Port strategic infrastructure planning.
- Progression of the Fiordland International Dark Sky Park initiative, supporting environmental protection and sustainable visitor experiences.
- Continued implementation of the Bluff Motupōhue Tourism Master Plan, with a focus on balancing destination growth with environmental and community outcomes.
- Completed an assessment of mobile coverage and telecommunications infrastructure across Southland, advocating for improved digital connectivity in rural and remote communities.

Improved telecommunications infrastructure supports emergency management capability, community resilience and economic development across the region.

Regional Planning

Southland councils continue to work collaboratively through the Second-Tier Environmental Group and the Regional Planning and Strategy Managers Group, comprising representatives from Environment Southland, Invercargill City Council, Southland District Council, Gore District Council, Te Ao Mārama Inc., and Great South.

These groups provide a forum to identify, discuss, and coordinate regional planning matters, including emerging risks, opportunities, legislative changes, and matters that may affect the future management of the region's environment.

During the 2025/26 financial year, the focus of this collaboration considering the implications for regional planning processes, and identifying opportunities to strengthen alignment and coordination across councils and partners.

This included early discussions on regional spatial planning, which will be an important component of the future planning framework. Options for delivering this work collaboratively across the region were explored to support a coordinated, efficient, and outcomes-focused approach.

Future challenges

- Strengthening collaboration and partnerships to address complex regional challenges.
- Adapting to regulatory reforms while maintaining effective services and certainty for our communities.
- Supporting a changing regional economy by adapting to emerging opportunities and increasing development complexity.
- Building organisational capability and resilience by developing the skills needed to meet future demands.
- Addressing climate change and natural hazard resilience through long-term planning and investment.
- Enhancing evidence-based decision-making through robust science, data, monitoring, and reporting.

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

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We collect personal information from you, including:

- ▶ your name;
- ▶ contact information;
- ▶ location;
- ▶ computer or network;
- ▶ interactions with us;
- ▶ billing or purchase information.

We collect your personal information in order to fulfil the legislative requirements of our business. Providing some information is optional. We keep your information safe by using secure systems and processes including policy and ensure secure access to your information by authorised staff only. You have the right to ask for a copy of any personal information we hold about you, and to ask for it to be corrected if you think it is wrong. If you would like to ask for a copy of your information, or have it corrected, please contact us at service@es.govt.nz, or (03) 211 5115, or Private Bag 90116, Invercargill 9840.

