

Annual Report **2018/19 summary**

SUMMARY OF THE FIRST ANNUAL REPORT
OF THE LONG-TERM PLAN 2018–2028



environment
SOUTHLAND
REGIONAL COUNCIL

Te Taiao Tonga

► Environment Southland's achievements

FROM JULY 2018 TO JUNE 2019

This Annual Report Summary for 2018/19 provides an overview of our performance for the first year of our 2018-2028 Long-term Plan, which focused on water quality and quantity, and community resilience.



Work programmes have been progressing at pace, with Central Government now expecting us to do more and to do it more quickly, while also recently providing more direction than it has in the past. It is early days, but it looks like the Council is reasonably well aligned with the direction.

We recognise too, that we have a far more engaged community that is interested in how challenging issues like improving freshwater quality and managing climate change impacts are going to be addressed. We welcome the interest and also

acknowledge the work of motivated people, organisations and our partners who are already active in this space. It's going to take an all-of-community effort to really make a difference.

As a regional council we take our responsibility to provide leadership on regionally significant issues and activities seriously. This summary looks back over the past year and we are pleased to say that overall, we achieved what we set out to do, and that Environment Southland continues to be in a sound financial position. As this is our first report on our revised Long-term Plan there are some new measures that we are reporting on.

Managing Southland's freshwater resource continues to be our top priority. We have a clear trajectory for this that has flowed through from the comprehensive research programme of the last LTP to the work we are doing now and planning ahead for.

Our People, Water and Land programme has and continues to make significant progress. We've engaged far and wide with Southlanders about their aspirations for freshwater, established a Regional Forum – of diverse members – to advise the Council on regulatory and non-regulatory ways of achieving those aspirations, and supported innovative on-ground projects

- For a copy of the full Annual Report for 2018/19 please visit www.es.govt.nz or call Environment Southland on 0800 76 88 45.


with a view to sharing the learnings and inspiring more change.

The proposed Southland Water and Land Plan continues to progress and is currently under appeal in the Environment Court. It seeks to address the practices we know can have a negative impact on water quality.

While we had planned for an overall deficit of \$487,000 we can report a better than expected overall result with a surplus of \$1.187 million. Environment Southland's balance sheet remains strong, with significant reserves underpinned by investments, however the balance of the reserves is changing with the disaster or specific purpose reserves increasing and the general purpose reserves declining.

Some of the highlights for the 2018/19 year include:

- Share Your Wai community engagement to understand people's aspirations for freshwater
- Establishing the Regional Forum
- Adoption of the Southland Regional Pest Management Plan, which includes a site-led programme on Stewart Island/Rakiura
- Completion of 166 Focus Activity Farm Plans
- Winning the New Zealand Biosecurity Supreme Award for the Fiordland Marine Regional Pathway Management Plan. Developed in partnership with the Fiordland Marine Guardians, Ministry for Primary Industries, Department of Conservation and Ngāi Tahu, it is the first of its kind, and includes a clean vessel pass system to stop the introduction of pests hitchhiking on boat hulls and marine gear into the pristine waters.



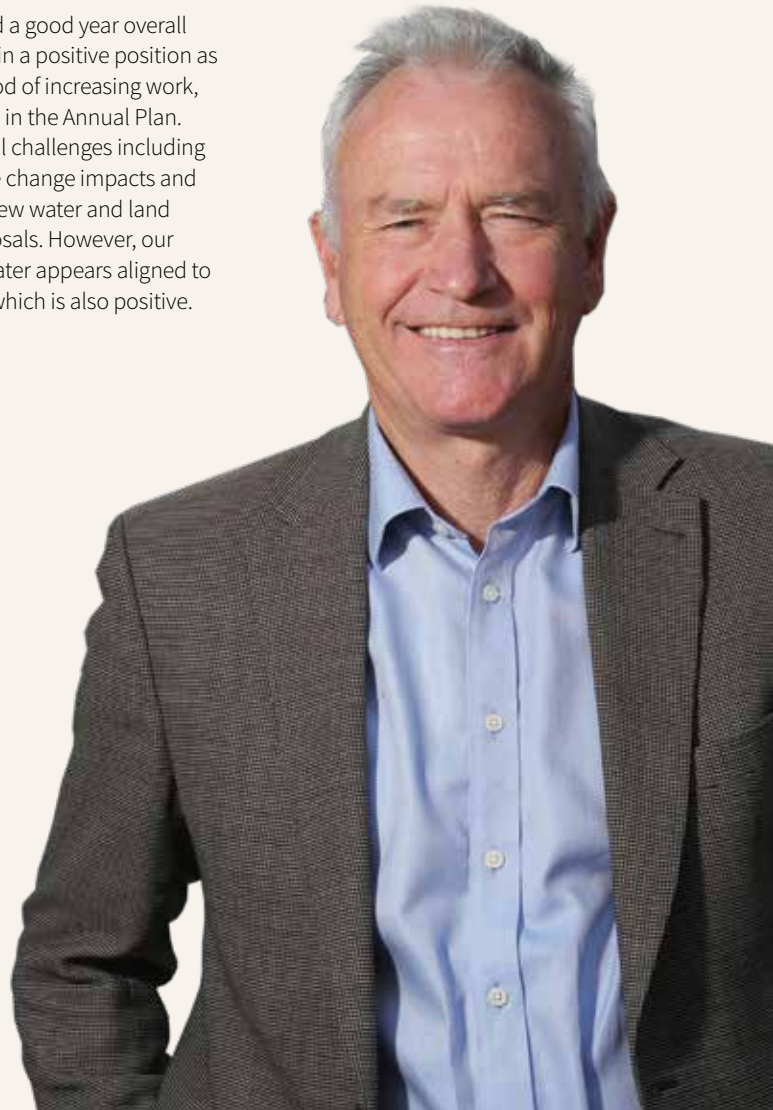
Nicol Horrell
CHAIRMAN



Rob Phillips
CHIEF EXECUTIVE

- Environment Southland is in sound financial shape with a surplus of \$1.187 million compared with a planned deficit of \$487,000.
- Environment Southland's balance sheet remains strong, however despite the year's good result, the general purposes reserves declined.
- Environment Southland became a shareholder of the newly formed Great South (formerly Venture Southland), the regional development agency, which recognises our regional leadership role and follows on from our involvement in the Southland Regional Development Strategy (SoRDS).

The Council has had a good year overall which means we're in a positive position as we head into a period of increasing work, which was signalled in the Annual Plan. The future holds real challenges including planning for climate change impacts and the Government's new water and land management proposals. However, our direction for freshwater appears aligned to the Government's, which is also positive.



ENVIRONMENT SOUTHLAND



Our Vision – A thriving Southland – te taurikura o Murihiku

Our Mission – Working with our communities to improve Southland's environment

► Water quality & quantity



Managing Southland's water quality and quantity issues is the Council's top priority. Water quality is affected by what happens on land, both urban and rural. While changes during the past 150 years, including increased intensification, have led to economic prosperity, they have impacted our environment.

Building on the four-year comprehensive research science programme and economic project, the Council's People, Water and Land programme Te Mana o te Tangata, te Wai, te Whenua aims to inspire change to improve Southland's water and land.

It is a partnership with Te Ao Marama Inc and takes an integrated approach to freshwater management in Southland.

The programme includes on-the-ground action and a regulatory component to ensure we meet the requirements of the National Policy Statement for Freshwater Management (NPS-FM).

It consists of three main workstreams:

The *Values and Objectives* workstream, which preceded and will inform the

Regional Forum workstream, both of which will provide insights to guide the *Action on the Ground* workstream.

The values and objectives workstream is required by the Government's NPS-FM. Last year we engaged extensively with Southlanders to get an understanding of their aspirations for freshwater.



Water story

The Southland water story is always evolving. It aims to provide a picture of Southland and its catchments through visuals, information and stories about our waterways, the stresses on them, results of scientific monitoring, and some of the great work going on to improve water quality, plus it has some tips on how you can help to make a difference.

Together we can contribute to improving the quality of freshwater in Southland.

www.es.govt.nz

The Regional Forum, which was established in March 2019, is a community-based group that will advise the Council and Te Ao Marama Inc board on how to achieve the communities' aspirations for freshwater. Forum members will consider the specific policies and rules, as well as the on-the-ground initiatives required to improve Southland's water and land.

Action on the ground relates to the practical steps needed to improve our water and land, with a focus on specific catchments. We have been supporting a number of existing and new projects and groups, with new ways of working to help meet community expectations for water. Learnings and information from

these projects will be shared with others to help inform future work and encourage positive change.

The proposed Southland Water and Land Plan provides the regulatory foundation for the People, Water and Land programme. It seeks to address activities that are known to have a significant effect on water quality. The plan was adopted by Council in April 2018, following significant community engagement in 2015 and 2016, and consideration of submissions by a hearing panel which included independent commissioners and councillors in late 2017. Appeals on the plan are currently before the Environment Court.

► Community resilience



When it comes to natural disasters, flooding is Southland's biggest risk, but emerging issues such as climate change impacts mean we need to plan for more threats and to build our environmental, social and economic resilience to ensure communities continue to thrive.

Environment Southland advocates for and is involved in collective leadership in Southland to acknowledge, plan and mitigate the potential impacts of climate change, while meeting its statutory obligations to deliver natural hazard planning and mitigation services.

There is work underway to better understand and reduce the impact of

hazards and to identify opportunities and gaps.

Environment Southland's responsibilities relating to natural hazards include emergency management, flood warning, flood protection and drainage schemes (our major infrastructure), and hazard mitigation planning.

We maintain and improve stop bank flood protection infrastructure across Southland's four major rivers – the Aparima, Waiau, Mataura and Oreti. There are 458 kilometres of stop banks designed to protect people, property and livelihoods.

Our biosecurity division works with central government and other agencies,



sometimes alongside Emergency Management Southland, to support communities facing biosecurity threats. This past year the Council adopted a new Southland Biosecurity Strategy and Regional Pest Management Plan.

The Council agreed in July that climate change needs urgent action and is currently developing an action plan.

Environment Southland and the other Southland councils commissioned a report, Regional Climate Change Impact Assessment by the National Institute of Water and Atmosphere (NIWA).

It will be used by the councils to inform catchment-based planning, to assist in

the development of asset management plans, and for engagement with communities to help people understand how the range of impacts might affect them.

Sea-level rise and storm surge have been identified as high risk climate change impacts. To assist in our understanding, Southland councils have jointly invested in LiDAR (light detection and ranging) modelling to provide more accurate data.

LiDAR generates a precise, three-dimensional layer of the earth's surface and features and will be an important foundation for decision-making, providing critical data that can be used to map and model changes to the environment.

Site-led programme

Southland's new Regional Pest Management Plan provides for the region's first site-led programme, on Stewart Island/Rakiura, including the Titi Islands and other offshore islands and islets.

A site-led programme is specific to an area and the one for Stewart Island includes a range of measures to protect it from particular pest plants and animals to enhance its unique biodiversity.

The site-led programme supports the aspirations of the community for a predator-free Rakiura and the work undertaken by the Stewart Island/Rakiura Community and Environment Trust.

www.es.govt.nz

► Our activities

The following pages provide summaries of our targets and what we achieved or didn't achieve for each activity.



Regional leadership

Environment Southland provides responsible leadership for regionally significant activities in various ways. Its relationship with its communities is pivotal for achieving a thriving Southland.

The focus is engagement with Southlanders to better understand their values and aspirations for freshwater quality; encouraging involvement in decision making processes; and seeking to support and work more closely with communities and our partners.

SERVICE: Engage with Southlanders by sharing information that is compelling, relevant and timely

ACHIEVED

- *The percentage of people who named Environment Southland as the authority responsible for managing Southland's natural resources: 78% of residents and 94% of farmers – unprompted; 98% of residents and 100% of farmers – prompted; resulting in an average of 92.5%.*

Environmental stewardship

These activities cover some of the major environmental project areas the Council is legally responsible for delivering to the community.

This includes resource management; community partnerships; biodiversity management and biosecurity; harbour management; marine oil spills; monitoring, data and information.

SERVICE: Process and determine resource consent applications in accordance with statutory requirements

NOT ACHIEVED

- 95% of resource consents were processed within statutory timeframes. This did not meet the aspirational target of 98%, which was due to resourcing issues.
- No resource consent decisions have been overruled in the Environment Court.

SERVICE: Deliver a risk-based compliance monitoring programme for consented and permitted activities and provide 24 hour incident response to achieve compliance through encouragement, enabling, educating, and enforcing legislation (compliance activities)

ACHIEVED

- All enforcement actions were completed within six months of the compliance team becoming aware of incidents.
- The 2017/18 Compliance Monitoring Report was produced in November 2018.

SERVICE: Allocation of natural resources (policy and planning activities)

NOT ACHIEVED

- The community's values and objectives were identified for freshwater by June 2019, through the People, Water and Land programme, however work on targets is yet to be completed.

ACHIEVED

- The Regional Coastal Plan is being reviewed and the strategic direction was approved by the Council in February 2019 following feedback from key stakeholders.

NOT ACHIEVED

- The Council was unable to achieve the target of adopting the new National Environmental Standards for Air Quality, as these have not yet been released by the Government.

SERVICE: Provide land management advice and education for sustainability to rural and urban Southland

ACHIEVED

- Advice was provided to landowners on properties totalling 191,633 hectares, which included the completion of 166 Focus Activity Farm Plans.

SERVICE: Maintain and enhance indigenous biodiversity

NOT ACHIEVED

- Progress has been made with the multi-agency group Biodiversity Southland on developing and publishing a Regional Biodiversity Strategy, with a discussion document identifying a vision, goals and objectives.

SERVICE: To minimise the adverse effects of pests that disrupt the environment, economy and community

ACHIEVED

- The Southland Biosecurity Strategy and Regional Pest Management Plan were formally adopted by the Council and became operative on 14 June 2019.

SERVICE: Provide timely access to high quality environmental information through effective monitoring, analysis and reporting system (science activities)

ACHIEVED

- Scientific environmental state and trend information is up to date and accessible on the Land, Air, Water Aotearoa (LAWA) website.

SERVICE: Engage with research agencies and other knowledge holders to provide an integrated knowledge base of the region

NOT ACHIEVED

- Two multi-agency Southland Science Inc hui have been held (27 September 2018 and 27 May 2019) and a plan going forward has been developed.

Whakahoki Te Mana – Restoring the Mana

Whakahoki te Mana relates to the coordination, planning and oversight of the Council’s water management activities. It includes two major environmental project areas with a variety of partners: the People, Water and Land programme and partnering in Waituna through Whakamana te Waituna.

SERVICE: Engage and partner with iwi, the community and others to meet the enduring goals for water on a Ki Uta, ki Tai (mountains to the sea) basis

ACHIEVED

- The Regional Forum was established in March 2019, with 15 members.
- A work plan for the Forum has been developed which includes an approach to scenario testing.

NOT APPLICABLE UNTIL 2021

- The Regional Forum will recommend both regulatory and non-regulatory methods to achieve the community’s objectives for water, which will include scenario testing.

SERVICE: Measure the effectiveness of the organisation’s approach to meeting the enduring goals for water

NOT ACHIEVED - BUT PROGRESS HAS BEEN MADE

Human health

- The Ministry for the Environment model used to set the baseline for the monitoring of rivers and lakes has been discontinued. As a result we are unable to measure our performance against this criteria. Environment Southland continues to monitor river and lake quality against the National Objectives Framework for Freshwater Management 2014 (revised 2017). At least five years’ worth of data is also required to make the analysis meaningful.
- We have aligned our measurement criteria for bores with the drinking water standards. We monitor bores for nitrate and E.coli. 8 out of the 94 bores (8.5%) sampled to the higher standard for nitrate exceeded the drinking water standard at least once during the 2018/19 period.
- 16 of 40 bores (40%) sampled to the higher standard E.coli exceeded the drinking water standard at least once during the 2018/19 period.

Ecosystem health

- All monitored rivers complied with national nitrate and ammonia toxicity standards.

Compliance with the National Objective Framework Attributes

- In accordance with the attributes detailed in Appendix 2 of the National Policy Statement for Freshwater 2017, we fully comply with seven of the nine attributes. We partially comply with Cyanobacteria-Planktonic as we only monitor lakes and not lake-fed rivers. No monitoring in line with the NOF for dissolved oxygen currently takes place.
- Environment Southland carries out extensive State of the Environment monitoring across a network of sites. This analysis data is collated within an IANZ accredited database and exported to Cawthron Institute for annual analysis. The results of this analysis is available prior to the bathing season each year (around October) via www.LAWA.org.nz and www.es.govt.nz.
- The weekly bathing water quality and shellfish sampling results are emailed to stakeholders and in the event of a cyanobacterial (toxic algae) warning, the public is advised via social media, the news media, and our website.

SERVICE: Partner in the Whakamana Te Waituna project to restore the mana, aquatic and ecosystem health to the Waituna catchment and lagoon

ACHIEVED

- Consistent progress has been made towards achieving the outcomes and actions of the Whakamana te Waituna project work programme, with Environment Southland having completed all of its assigned actions from the work programme.



Community resilience

This includes some of the major project areas the Council is legally responsible for delivering to the community such as emergency management, flood warning, flood protection and control works (our major infrastructure), land drainage, and hazards' mitigation.

SERVICE: Ensure the region is resilient and able (through the 4Rs of reduction, readiness, response and recovery) to cope with any civil defence emergency

NOT APPLICABLE UNTIL 2021

- *We appear to be on track as we have produced 13 out of the proposed 25 community plans to date in the 2018/19 year.*

SERVICE: Investigate and plan for the impacts of climate change on our communities and businesses

ACHIEVED

- *The Climate Change Impact Assessment report was endorsed by all four Southland councils, which included the members of the Mayoral Forum.*

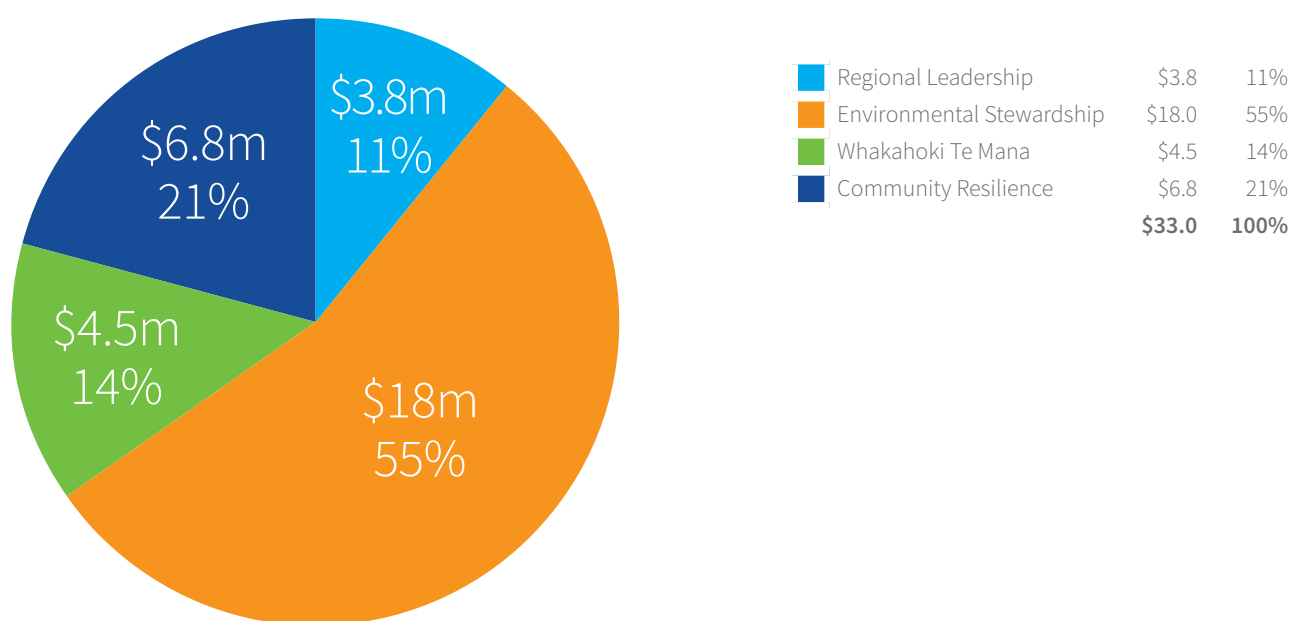
SERVICE: Reduce the flood risk to people and property by retaining system adequacy and maintenance of flood protection works to designed standards

ACHIEVED

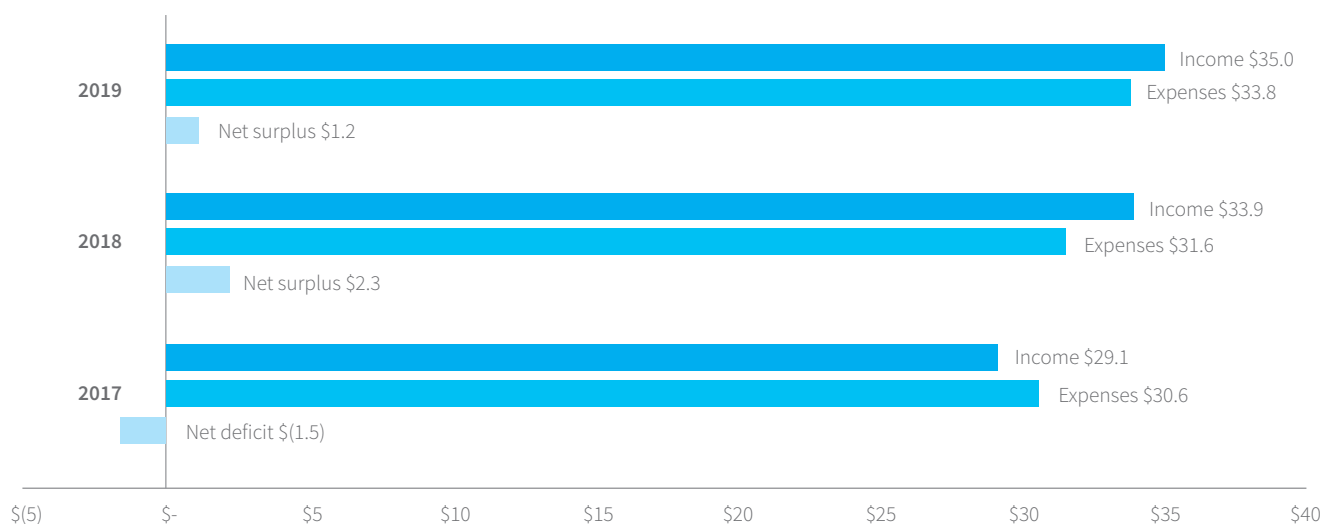
- *100% of all flood protection and control schemes were inspected and maintained.*
-

► Our finances for 2018/19

Breakdown of expenditure by groups of activities 2018/19 (\$M)



Environment Southland's income and expenses
Three year trends (\$m)



Set out below is a summary of the financial statements for the 2018/19 financial year. The amounts reported under

the consolidated heading are the combined figures for Environment Southland (Council) and South Port New

Zealand Limited. All amounts are presented in New Zealand dollars.

Summary Statement of Comprehensive Revenue and Expenses for the Year Ended 30 June 2019

	COUNCIL			GROUP	
	2019 \$000	2019 Annual Plan \$000	2018 \$000	2019 \$000	2018 \$000
Revenue					
Rates Revenue	16,989	16,988	15,682	16,989	15,682
Other Revenue	14,025	13,792	12,909	53,465	49,101
Government Grants	1,652	2,483	1,936	1,652	1,936
Other gains/ (losses)	2,321	1,747	3,347	2,372	3,637
TOTAL REVENUE	34,987	35,009	33,874	74,478	70,356
Expenditure					
Employee benefits expense	15,809	16,777	14,867	26,466	24,847
Depreciation expense	729	799	741	4,339	4,102
Finance costs	53	100	212	799	813
Other expenses	17,209	17,820	15,784	32,512	29,351
TOTAL OPERATING EXPENDITURE	33,800	35,497	31,604	64,116	59,113
Surplus/(Deficit) before income tax	1,187	(487)	2,270	10,362	11,243
Income tax expense	-	-	-	(3,923)	(3,850)
SURPLUS/(DEFICIT) FOR THE PERIOD	1,187	(487)	2,270	6,439	7,393
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE PERIOD	1,187	(487)	2,270	6,439	7,393
Total Comprehensive Revenue and Expense attributable to:					
Council	1,187	(487)	2,270	3,158	4,156
Minority interest	-	-	-	3,281	3,237
	1,187	(487)	2,270	6,439	7,393

Explanations for Council statement of comprehensive revenue and expense variances:

The actual operating surplus of \$1.19m was better than the planned budgeted deficit by \$1.67m. The major components of this favourable result are explained below.

Total comprehensive revenue received for the year was \$22,000 less than budget. The major items contributing to this variance were:

- Government grants were \$831,000 less than budget due to less funds received for several anticipated projects that did not run for the full year.

- Other revenue was \$233,000 above budget mainly due to increased income from local contributions and consent cost recoveries.
- Other Gains/(losses) was over budget by \$574,000 due to higher than expected investment returns, less an amount budgeted for Gain on Sale of assets, which did not occur within the financial year.

Actual operating expenditure was \$1.67m below budget primarily due to:

- Employee expenses were below budget by \$968,000 mainly due to staff vacancies.

- Depreciation expense was less than budget due to the overprovision for depreciation in the budget.
- Finance costs were \$47,000 below budget due to lower use of bank overdraft facilities during the year.
- Other expenses were below budget by \$611,000 due to a combined operational underspend of \$1.54m offset by increased expenditure of \$530,000 for regulatory costs and a \$400,000 contribution to the Bluff boat ramp.

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

Summary Statement of Changes in Net Assets/Equity for the Year Ended 30 June 2019

	COUNCIL			GROUP	
	2019 \$000	2019 Annual Plan \$000	2018 \$000	2019 \$000	2018 \$000
OPENING EQUITY	76,328	73,924	74,058	107,667	102,560
Total Comprehensive Revenue and Expense attributable to:					
Council	1,187	(487)	2,270	3,158	4,156
Minority interest	-	-	-	3,281	3,237
Dividend distribution - Minority interest	-	-	-	(2,286)	(2,286)
CLOSING EQUITY	77,514	73,436	76,328	111,821	107,667

Summary Statement of Financial Position As at 30 June 2019

	COUNCIL			GROUP	
	2019 \$000	2019 Annual Plan \$000	2018 \$000	2019 \$000	2018 \$000
Council	77,514	73,436	76,328	97,805	94,646
Minority interest	-	-	-	14,016	13,021
TOTAL EQUITY	77,514	73,436	76,328	111,821	107,667
Current assets	37,484	31,219	36,349	44,612	42,988
Non-current assets	47,432	51,651	47,610	88,284	86,361
Current liabilities	7,358	9,400	7,593	13,434	13,743
Non-Current liabilities	44	34	38	7,641	7,939
NET ASSETS	77,514	73,436	76,328	111,821	107,667

Explanations for council statement of financial position variances:

- Equity of \$77.5m is \$4.1m above budget. This is due to the operating surplus being ahead of budget combined with the following:
 - Current assets are \$37.48m against a budget of \$31.22m due to the increased in investment income in the Managed Funds portfolio and an increase in debtors.
 - Non current assets at \$47.43m are \$4.22m lower than budget due to the amounts loaned being less than budget and anticipated asset purchases not occurring during the financial year.
 - Current liabilities of \$7.36m are lower than budget by \$2.04m due to the bank overdraft being lower than budget by \$4.96m, offset by trade payables and employee entitlements being higher than budget by \$2.92m.

Summary Statement of Cash Flows for the Year Ended 30 June 2019

	COUNCIL			GROUP	
	2019 \$000	2019 Annual Plan \$000	2018 \$000	2019 \$000	2018 \$000
Net cash flow from operating activities	1,027	(1,394)	88	10,046	7,895
Net cash flow from investing activities	1,599	1,654	(66)	(4,499)	(3,871)
Net cash flow from financing activities	-	-	-	(2,486)	(4,686)
Increase/(decrease) in cash held	2,626	260	22	3,062	(662)
Add opening cash brought forward	(2,484)	(5,222)	(2,506)	(1,493)	(832)
Net foreign exchange differences	-	-	-	-	-
ENDING CASH CARRIED FORWARD	142	(4,961)	(2,484)	1,568	(1,493)

Explanations for Council statement of cash flows variances:

- The cash position was better than budget by \$5.1m. This is due to the operating surplus being better than budget by \$1.67m and asset purchases anticipated during the year not occurring until after balance date.

Notes:

1 Section 98(4)(b) Local Government Act 2002 requires Council to make publicly available a summary of the information contained in its Annual Report.

2 The specific disclosures included in the summary financial report have been extracted from the full financial report adopted by Council on 9 October 2019. This summary financial report was approved and adopted by Council at the same time.

3 The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report. The full financial report dated on 9 October 2019 has received an unqualified audit report. A full copy of the financial report may be obtained from Council's offices or on its website www.es.govt.nz.

4 The Council's full financial report for the year ending 30 June 2019 and comparative information has complied with NZ GAAP and stated explicitly that they comply with Tier 1 Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS). The full financial statements include disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014.

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



Subsequent events

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

- (a) Council - Council had no significant events after balance date.
- (b) Group (South Port New Zealand Limited) - on 29 August 2019 the Board declared a final dividend for the year to 30 June 2019 of 18.50 cents per share amounting to \$4,854 million (before supplementary dividends). (2018 final dividend declared for 18.50 cents per share amounting to \$4,854 million).

Capital Expenditure Commitments

- (a) Council - funds committed at 30 June 2019 were \$2.05m, comprising of \$1.91m for land acquisitions as part of Council's planned work programme and \$144k for a new Harbourmaster's vessel. (2018: \$Nil)
- (b) Group (South Port New Zealand Limited) - additional funds committed \$280,000 as South Port Group entered into commitments to complete minor capital projects. (2018: an extension of No.1 cold store ELA, build a blast freezer, install a new screw compressor, upgrade the access road paving, build a new security hut facility and upgrade fishing berth assets, funds committed \$2,150,000).

Contingent Liabilities and Contingent Assets

Council & Group - The Council has no contingent liabilities as at 30 June 2019 (2018: Nil). South Port Group \$Nil (2018: \$Nil)

Related Party Disclosures

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

Transactions with Related Parties

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

	Council	
	2019	2018
South Port New Zealand Limited	\$000	\$000
Dividend payment made to Council	4,535	4,535
Rates paid to Council as per normal terms of business	10	10

	Council	
	2019	2018
Regional Software Holdings Limited	\$000	\$000
Admin fees and support paid by Council	(185)	(176)

Regional Software Holdings Limited has no subsidiaries.



Other Transactions Involving Related Parties

During the year South Port New Zealand Limited provided cold storage facilities and leased warehousing, land and wharf facilities to Sanford Bluff for \$484,000 (2018: \$393,000). Sanford Limited debtors balance at 30 June 2019 \$25,000 (2018: \$29,000). Mr T M Foggo, a Director of South Port New Zealand Limited acted in the capacity of consultant for Sanford Limited. All of these transactions were conducted on an arms length basis at market rates.

All balances owing by Sanford are due by the 20th of the month following invoice and all overdue invoices are subject to interest on arrears. During the year ended 30 June 2019 no amounts invoiced to Sanford were written off as bad debts or included in the doubtful debts provision at balance date (2018: Nil).

In Environment Southland's role as agent for the Whakamana Te Waituna Trust, as at 30 June 2019 funds held on behalf of the Trust amounted to \$435,000 (2018: \$170,000). These amounts are recorded in the cash and deposits balance and are considered restricted cash on the basis that the funds are held in trust for the Whakamana Te Waituna Trust.

Transactions Eliminated on Consolidation

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

Joint Venture - Emergency Management Southland

The Council is a member of the joint venture known as Emergency Management Southland, which delivers the civil defence and emergency management responsibilities of the four councils in the Southland region, namely Environment Southland, Invercargill City Council, Gore District Council, and Southland District Council. Governance of the operation is provided by the Southland Civil Defence and Emergency Management Group, a joint standing committee of the four Councils.

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

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

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

	2019 \$000	2018 \$000
Current Assets	178	148
Revenue	335	355
Expenses	284	385





**INDEPENDENT AUDITOR'S REPORT - TO THE READERS OF ENVIRONMENT SOUTHLAND'S SUMMARY OF
THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019**

The summary of the annual report was derived from the annual report of Environment Southland (the Regional Council) for the year ended 30 June 2019.

The summary of the annual report comprises the following summary statements on pages 8 to 17:

- the summary statement of financial position as at 30 June 2019;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended 30 June 2019;
- the notes to the summary financial statements that include accounting policies and other explanatory information and
- the summary statement of service performance referred to as Activity Areas of the Regional Council.

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2019 in our auditor's report dated 9 October 2019.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

In addition to our audit and our report on the disclosure requirements, we have no relationship with or interests in the Regional Council or its subsidiaries and controlled entities.

Mike Hawken, Deloitte Limited
On behalf of the Auditor-General
Dunedin, New Zealand
9 October 2019



▶ 2018/19 highlights

▶ Environment Southland is in sound financial shape with a surplus of \$1.187 million compared with a planned deficit of \$487,000.

▶ We won the New Zealand Biosecurity Supreme Award for the Fiordland Marine Regional Pathway Management Plan. It requires boats to have a clean vessel pass to stop marine pests hitching a ride on hulls.

▶ Environment Southland became a shareholder of Great South (formerly Venture Southland), the regional development agency, which follows on from our involvement in the Southland Regional Development Strategy (SoRDS).

▶ Environment Southland's balance sheet remains strong, however despite the year's good result, the general purposes reserves declined.

▶ We adopted the Southland Regional Pest Management Plan, which included some changes as a result of listening to the community's concerns and interests.

▶ We established a 15-person, community-based Regional Forum, which will advise councillors on regulatory and non-regulatory methods to achieve Southlanders' aspirations for freshwater.

▶ We have started our first biosecurity site-led programme, on Stewart Island/Rakiura, including the Titi Islands and other offshore islands and islets. The programme allows for rules specific to the area to protect biodiversity values.

▶ We have completed a region-wide 'Share Your Wai' community engagement to understand people's aspirations for freshwater.

▶ Completion of 166 Focus Activity Farm Plans