

Annual Plan

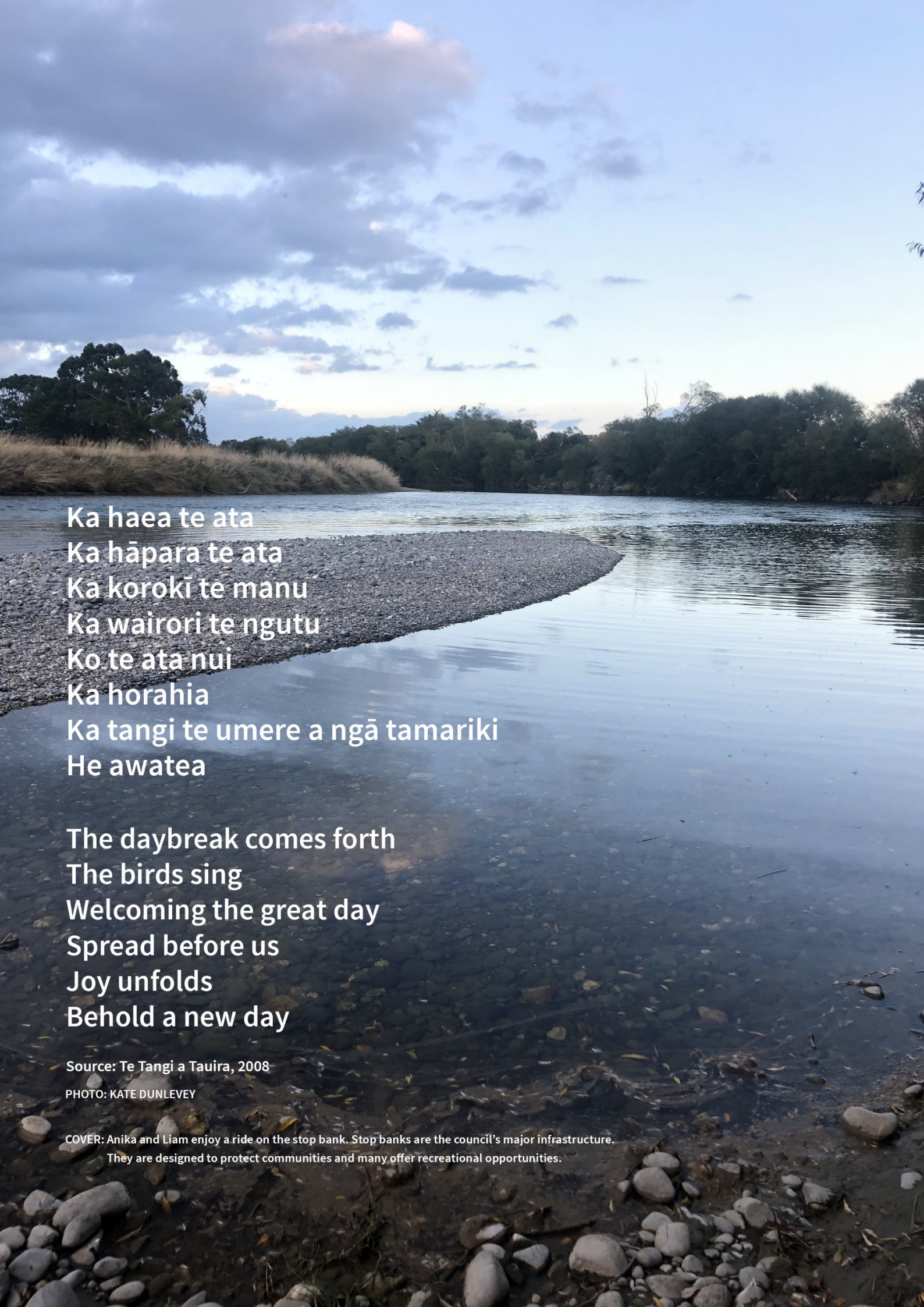
Tahua ā-tau

2020/21



environment
SOUTHLAND
REGIONAL COUNCIL

Te Taiāo 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 Taurira, 2008

PHOTO: KATE DUNLEVEY

COVER: Anika and Liam enjoy a ride on the stop bank. Stop banks are the council's major infrastructure. They are designed to protect communities and many offer recreational opportunities.

Contents

Message from the Chairman and Chief Executive	4
Your constituent Councillors	7
Guide to the Annual Plan 2020/21	8
Annual Plan 2020/21: How it differs from the Long-term Plan 2018-2028	9
Annual Plan disclosure statement	11
Financial overview	13
Prospective financial statements	14
Notes to the prospective financial statements	17
Statement of accounting policies	19
Funding impact statement	28
Rates funding impact statement for 2020/21	30
Rates samples	37
Additional disclosure information	39

Message from the Chairman and Chief Executive

Planning for this year's work programme and budget began six months ago. At that time no one had heard of COVID-19 and no one was anticipating the impacts and challenges it would bring. The year ahead will be challenging for everyone and the Council has worked hard to produce an Annual Plan that is both prudent and will deliver on its responsibilities.

In the short few months between December 2019 and March 2020 the global pandemic was already making its impact felt in the region with exports and commodity prices affected. One of the country's major clusters of infection happened here. Our deepest sympathies are to the families, whānau and friends of the 22 people who lost their loved ones to COVID-19 across New Zealand; and in particular to our residents who experienced such sadness arising from what would, otherwise, have been a joyous wedding event.

The pandemic was not the only emergency that Southland faced at the beginning of the year. The region experienced its most serious flooding event on record, in February 2020, that threatened the towns of Gore and Maitua and required Maitua and parts of Gore to be evacuated. Trampers and holiday-makers were trapped in Fiordland National Park, with road access to Milford Sound wrecked by the floodwaters. A Fiordland, and then region-wide, state of emergency was declared.

The February floods and the COVID-19 pandemic had a serious impact on the region; socially, environmentally and economically. By April it was clear that the Annual Plan for the 2020/21 year could not simply be business as usual.

The most significant impact of the pandemic on the Council's Annual Plan was anticipated to come from a loss of \$2.8 million in marine fees, which are paid annually by cruise ships visiting the Southland region to fund work relating to the coastal and marine areas. By April it was clear that the Council could not bank on this income in the coming 12 months. The economic impact of the pandemic was also felt in the Council's investment portfolio, which has provided a significant buffer to rates increases since 2011.

The forecast loss of income due to COVID-19 followed hard on the heels of the need for the Council to call on its financial reserves to cover the non-insurable costs of the February floods, which amounted to about \$2 million. Fortunately, the Council has a strong balance sheet and is able to fund both the uninsurable costs of the February floods and also the projected loss of income forecast for the 2020/21 year.

The reserves, however, are not limitless and many are tagged for specific purposes. The Council needs to maintain reserves at a reasonable level to insure against future emergencies, as well as to invest to help fund our ongoing operations, rather than rely wholly on rates and fees. So, in addition to relying on our reserves to see the Council through the coming 12 months we took immediate action to reduce expenditure to well below that forecast in the Long-term Plan for 2020/21. We were careful to do this in a way that ensured the Council could continue to deliver its levels of service to the community.

In setting the rates for 2020/21, the Council was mindful of the ability of the community to contribute to the cost of its obligations to the Southland community and to the standards set by central government. This is why the Council has set the rates increase below that forecast in the Long-term Plan for this year, at 4.9%, which is below the 5.9% forecast in the Long-term Plan for this year.

Carefully managing our expenditure in this coming and future years as the country and global economy recovers from the impacts of COVID-19 is also a critical part of our strategy to enable the Council to move from the \$2.7 million deficit forecast for 2020/21, back to a balanced budget by 2024/25.

Navigating the financial recovery from COVID-19, the impacts of Climate Change on the region, the potential for increased frequency of major flood events and emergency management and the need to protect freshwater, coastal and marine environments will demand the Council's increased attention.

As the New Zealand economy relies more and more on the productive sector to drive its recovery, the demands on the Council to manage the region's resources while supporting its economic, social, and cultural objectives will be great. We will need to be able to do more in the most effective and efficient ways.

The environmental matters we are facing region-wide continue to require our attention as a Council and as a community.

For over 150 years we have been modifying our land and water resources, in urban and rural settings, to create a better life for ourselves and a stronger economy for our region. However, it has also created freshwater quality issues. Addressing these issues remains a complex and long-term challenge. The Council's People, Water and Land programme - Te Mana o te Tangata, te Wai, te Whenua - is about taking the next steps to improve Southland's water and land and is a partnership between Environment Southland and Te Ao Marama Inc (the environmental arm of Ngāi Tahu ki Murihiku).

Throughout 2020/21, the work done to develop Southland's values and objectives for freshwater will be completed and presented to the community. Science information around the current and future state of water in the region will also be available. The Regional Forum, a community based group of Southlanders that will advise our Council, will continue their work. Its primary focus is to recommend methods to achieve community aspirations and goals for freshwater (including how to meet the limits that will be set). The Forum will continue to be a feedback loop for Southland communities, both listening to and sharing information.

Throughout the year we will also progress the projects that are focused on getting change happening on the ground to improve water quality. We will continue supporting the Aparima Community Environment group as well as other catchment groups across Southland. We will continue to be an advocate for water quality and biodiversity as a partner in the Whakamana te Waituna Charitable Trust. We will work with the Catchment Liaison Committees as many of them broaden their focus to include biodiversity, cultural values, water quality, ecological health and soil health to complement river works, flood and river erosion control services.

In 2020/21, the proposed Southland Water and Land Plan will continue to progress through the formal Environment Court process. Appeals to the plan are being heard by the Court in two parts. Topic A (the objectives and physiographic zone policies), is likely to be resolved early in the financial year, and we hope to be able to mediate with appellants on some of their appeal points in Topic B (policies and rules) later this year.


The year ahead will also include planning for the impacts of the Government's Action for Healthy Waterways package announced in late May. The package, which includes a new National Policy for Freshwater Management and new National Environmental Standards for Freshwater, will have significant implications for the Council's work programme in the next few years. Our Water and Land Plan is well-aligned to the Government's direction in the Action for Healthy Waterways package.

At the time of the Annual Plan 2020/21 being developed, the details of the package are yet to be provided. For Environment Southland, the implications of the final package are likely to be challenging, so the Council is pleased to see that the Government has work underway for implementation support.

Fortunately, the Council's People, Water and Land Programme is in a strong position to adapt to the Action for Healthy Waterways into its programme of work.

There is no doubt that this will be a challenging year for everyone in Southland, New Zealand and across the globe. In this period of recovery from COVID-19, the Council is committed to building and maintaining a thriving Southland for everyone who lives, works and visits here. We will do our part in these difficult times to balance prudent stewardship of the community's investment with effective leadership in resource management. By working in partnership with Southland communities, iwi and central government we will be able to confidently meet the challenges we face, together.

The 2020/21 Annual Plan was adopted by the Council on 30 June 2020.



Nicol Horrell
Chairman



Rob Phillips
Chief Executive

Your constituent Councillors



Nicol Horrell
Chair, Western
021 068 7167



Lloyd McCallum
Deputy Chair, Southern
027 268 4832



Allan Baird
Fiordland
021 448 494



Neville Cook
Invercargill/Rakiura
027 433 3042



Lloyd Esler
Invercargill/Rakiura
021 176 6580



Robert Guyton
Invercargill/Rakiura
03 234 8249



Lyndal Ludlow
Invercargill/Rakiura
021 119 9709



Bonnie Mager
Invercargill/Rakiura
022 264 7272



Peter McDonald
Hokonui
027 434 0314



Jeremy McPhail
Eastern/Dome
027 218 1037



Eric Roy
Invercargill/Rakiura
021 968 767



David Stevens
Eastern/Dome
027 433 1383

Guide to the Annual Plan 2020/21

The financial year beginning 1 July 2020 is the third and final year of Environment Southland's Long-term Plan 2018-2028. The Long-term Plan sets out the Council's ten-year budget and work programme and is updated, in consultation with the community, every three years.

In each of the two years between Long-term Plans, the Council produces an Annual Plan. The purpose of the Annual Plan is to identify any changes to the coming year's budgets or work programmes from those forecast in the Long-term Plan.

For the 2020/21 financial year the Council plans to make some minor changes to its work programme and budget that were forecast when the current Long-term Plan was adopted in 2018.

As the changes to the work programme and budget for 2020/21 are not significant; and, as the rates increase for this year is reduced from that forecast in the Long-term Plan, the Council has decided not to consult on the Annual Plan 2020/21.

This document is the formal and public statement of the Council's intentions in relation to the matters covered by the Annual Plan 2020/21 in accordance with Section 96 of the Local Government Act (2002).

The document sets out the following:

- a summary of how the Annual Plan 2020/21 varies from the Long-term Plan 2018-2028. The summary reflects our rates for 2020/21, noting that the total rates are lower than those forecast for this year in the Long-term Plan 2018-2028;
- the specific impacts of the COVID-19 global pandemic on the Council's income for the year;
- a signal that there may be a need during 2020/21 to consult the community on how any government-initiated, 'shovel ready' projects approved as part of the COVID-19 recovery would be funded;
- a summary of how the Council plans to prudently manage its revenues, expenses, assets, liabilities and finances;
- the budget for 2020/21 and rates details for the year.

If you are interested in more information about Environment Southland's community outcomes, groups of activities and levels of service, including the Council's policies for carrying out its work, please refer to the Environment Southland Long-term Plan 2018-2028. Copies of the document are available on the Council's website at www.es.govt.nz (type Long-term Plan into the search function). Copies of the Long-term Plan are also available in libraries throughout the region and from the Environment Southland's offices in Price Street Invercargill, or write to Private Bag 90116, Invercargill 9840.

Annual Plan 2020/21: How it differs from the Long-term Plan 2018-2028

The Council is not proposing to vary its work programme, significantly, from that proposed in the Long-term Plan 2018-2028. However, there are some variations to the budget for 2020/21. These changes relate primarily to the impact of the COVID-19 pandemic on the Council's income and are explained below.

At the time this Annual Plan was prepared, the impact of the pandemic on the global and local economy was still playing out. The effects on the Council's budgets reflected in this Annual Plan are, therefore, anticipated, not certain. However, in the face of this uncertainty, the Council has acted prudently to reduce its expenditure in anticipation of lower income in order to maintain its levels of service.

What's changed

Rates increase

The third year of the Long-term Plan 2018-2028 forecast a 5.9% rates increase. The Council understands the impact of the global pandemic on the community and has resolved to reduce the rates increase to 4.9%. This equates to an increase in rates of \$16 per annum for a house with a capital value of \$235,000 in Invercargill and an increase of \$30 per annum for a 142-hectare sheep farm in Lumsden. Details of sample rates across the entire region are available on page 33 of this document. This lower-than-forecast rate increase is possible because the Council has reduced its expenditure for 2020/21 to that of 2018/19 and by funding its deficit from reserves. This will ensure the Council can meet its obligations to the community as the region's environmental resource manager as well as to maintain infrastructure to provide continued protection against major flood events and to respond to future emergencies.

Rates payments

Ratepayers, who may find it difficult to pay their rates this year, will be given the option to pay in three instalments across the year without penalties. Normally, rates are paid once a year in November. Information about how to set up the direct debit arrangements will be sent to ratepayers with their rates notices.

Revenue

Environment Southland is forecasting a loss of income of around \$3.5 million in the 2020/21 financial year due to the impact of COVID-19 pandemic. The impacts on revenue are two-fold:

- **A reduction in marine fee revenue arising from cruise ships visiting Fiordland**
It is assumed that there will be no visiting cruise ships during the 2020/21 financial year. The result is a reduction in Other Income of \$2.8 million forecast in the Annual Plan compared to the Long-term Plan.
- **A reduction in investment income**
The investment market has been altered substantially as a result of the pandemic. Returns on investments have been markedly reduced. The result is an expected income reduction of \$700,000 from dividends and interest forecast compared to the Long-term Plan.

The underlying assumption in the financial statements is that, other than the anticipated loss of income, Council operations will be able to continue as usual.

Deficit budget

The loss of income will result in the budget being in deficit by \$2.7 million this coming year, with the potential for deficits to continue through to 2024-25. In resolving to adopt an unbalanced budget this year, the Council is able to do so in a prudent manner by leveraging the strength of its balance sheet, holding expenditure below forecasts at 2018 levels and modelling its recovery over the next five years to ensure that it can meet its obligations to the community and to central government. During the financial year the Council will review its financial and funding policies to ensure that these support the Council's plan to return to balanced budgets as soon as practicable.

Potential for consultation on additional expenditure

As part of government's economic response to COVID-19, the Council has applied for funding for two 'shovel ready' projects amounting to around \$17 million. These are a joint application with the Invercargill City Council to upgrade stopbank infrastructure in Invercargill; and upgrading and raising the Gore, Mataura and Wyndham stopbanks. At the time of adoption of the Annual Plan 2020/21, the Council was awaiting central government approval for these projects. If any or all of these projects are successful in their funding applications, the Council may need to consult with the community to have these projects included in the budget. Depending on how the projects are to be funded, the Council may also need to consult on changing its funding policies to allow it to borrow capital to fund these activities.

Annual Plan disclosure statement

The purpose of this statement is to disclose the Council’s planned 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 plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations) Section 101. Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark			Planned	Met
1.	Rates affordability benchmark:			
1a	As % income	<60% total revenue	59% total revenue	Yes
1b	Rates increases	<9%	4.9%	Yes
2.	Debt affordability benchmark:	<25% total borrowing	Nil	Yes
3.	Balanced budget benchmark:	100%	92%	No
4.	Essential services benchmark:	Nil	Nil	N/A
5.	Debt servicing benchmark:	10% Revenue	Nil	N/A

1. Rates affordability benchmark

For this benchmark:

- (a) the Council’s planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council’s Long-term Plan; and
- (b) the Council’s planned rates increase for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the Council’s Long-term Plan.

The Council meets the rates affordability benchmark if:

- (a) its planned rates income for the year equals or is less than each quantified limit on rates; and
- (b) its planned rates increase for the year equals or is less than each quantified limit on rates increases.

2. Debt affordability benchmark

For this benchmark, the Council’s planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the Council’s Long-term Plan.

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

3. Balanced budget benchmark

For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

The Council has resolved under Section 100(2) of the Local Government Act 2002, that it is financially prudent to not balance its operating budget this year. The primary reason is to allow Council to use reserves to fund the loss of income due to COVID-19.

4. Essential services benchmark

For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.

The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

The essential service is for flood protection and control works. The assets for flood protection and control works are land assets, and so have no depreciation. The requirement is to show the depreciation expense relative to capital expenditure. As there is no depreciation, the requirement of Schedule 6 of the Local Government (Financial Reporting and Prudence) Regulations 2014 cannot be produced.

5. Debt servicing benchmark

For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects that the Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if it is planned borrowing costs equals or is less than 10% of its planned revenue.

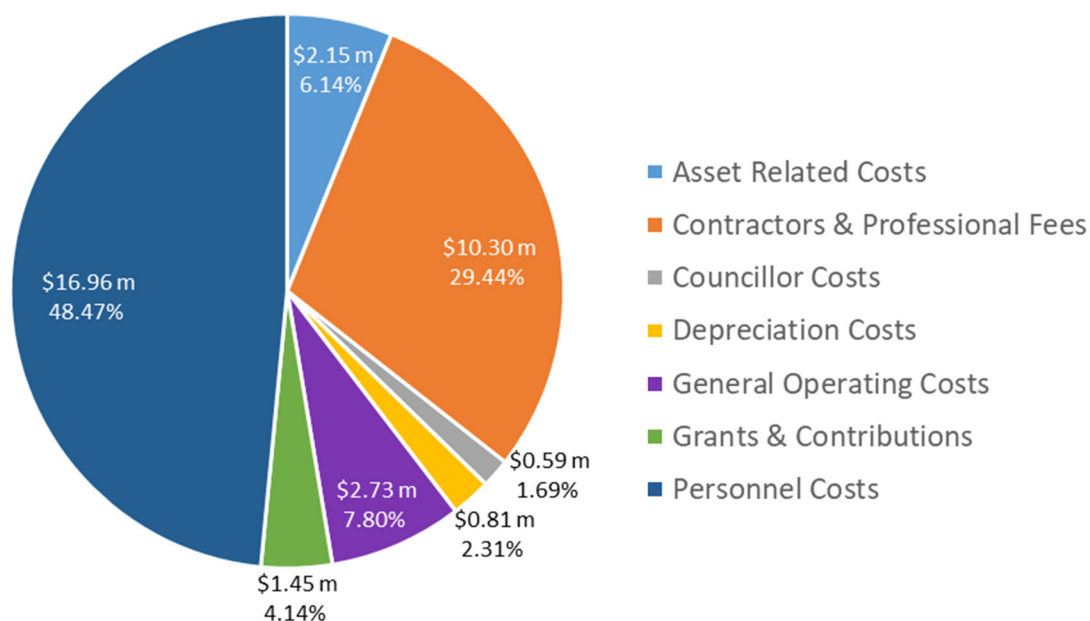
The requirement is to show the planned borrowing costs as a proportion of total revenue. In the absence of borrowing there is no borrowing cost, therefore the requirement of Schedule 6 of the Local Government (Financial Reporting and Prudence) Regulations 2014 cannot be produced.

Financial overview

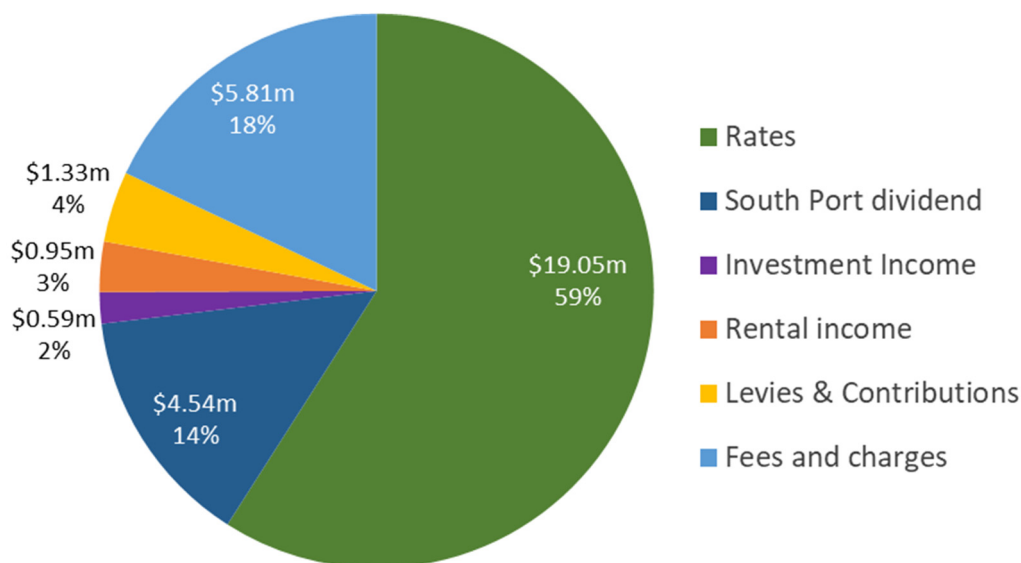
The Long-term Plan 2018-2028 projected that the overall rate increase for the 2020/21 year would be 5.9%. When revising the budget and work programmes for the 2020/21 Annual Plan, Councillors reduced the overall rate increase to 4.9%. Individual rate amounts will vary as the overall rate is made up of a mix of land and capital value rates.

COVID-19 has caused a large reduction in the Marine Fee which has had a flow on effect on the percentage of rates as a funding source. The rates for the 2020/21 year are now 59% of funding compared to last year's budgeted 51%, which is still within the quantified limit on rates as portion of total income.

Prospective total expenditure 2020/21



Prospective funding sources 2020/21



Prospective financial statements

Prospective Statement of comprehensive revenue and expense for the year ended 30 June 2021

Annual Plan 2019/20 \$000		Notes	Annual Plan 2020/21 \$000	LTP 2020/21 \$000
	Revenue			
18,161	Rates revenue	1	19,051	19,384
5,917	Interest & dividends		5,125	5,926
2,402	Grants		1,333	1,216
350	Other gains / (losses)		-	-
9,178	Other revenue		6,755	9,314
<u>36,008</u>	Total revenue	2	<u>32,264</u>	<u>35,840</u>
	Expenses			
18,128	Employee benefit expense		17,706	17,313
833	Depreciation expense		808	845
75	Finance costs		75	100
17,158	Other expenses		16,404	17,237
<u>36,195</u>	Total operating expenditure		<u>34,993</u>	<u>35,495</u>
(187)	Operating surplus / (deficit)		(2,728)	346
	Other comprehensive revenue & expenditure			
-	Property, plant & equipment revaluation gain / (loss)		-	-
<u>(187)</u>	Total comprehensive revenue & expenses		<u>(2,728)</u>	<u>346</u>

Prospective Statement of changes in net assets / equity for the year ended 30 June 2021

Annual Plan 2019/20 \$000		Annual Plan 2020/21 \$000	LTP 2020/21 \$000
73,812	Opening equity	70,568	73,453
(187)	Total comprehensive revenue surplus / (deficit)	(2,728)	346
<u>73,625</u>	Closing equity	<u>67,839</u>	<u>73,799</u>

The opening Equity balance for the 2021 year has been adjusted to more accurately reflect the current financial position of the Southland Regional Council.

Prospective Statement of financial position as at 30 June 2021

Annual Plan 2019/20 \$000		Notes	Annual Plan 2020/21 \$000	LTP 2020/21 \$000
Current Assets				
2,035	Trade and other receivables	2	3,206	1,929
120	Inventories		110	120
30,322	Managed funds		24,448	30,752
166	Prepayments		289	213
32,643	Total Current Assets		28,053	33,014
Non-Current Assets				
8,721	Shares in subsidiary		8,721	8,721
151	Other financial assets		170	840
41,728	Property, plant and equipment		37,833	41,376
807	Investment in related party		798	807
51,407	Total Non-Current Assets		47,522	51,744
84,050	TOTAL ASSETS		75,575	84,758
Current liabilities				
5,508	Bank overdraft		3,124	6,487
3,246	Trade and other payables		2,945	2,487
1,637	Employee entitlements		1,632	1,951
10,391	Total current liabilities		7,701	10,925
Non-current liabilities				
34	Employee entitlements		34	34
34	Total non-current liabilities		34	34
10,425	TOTAL LIABILITIES		7,735	10,959
73,625	NET ASSETS		67,839	73,799
Equity				
46,904	Retained earnings		43,938	46,953
5,274	Lease area balances		5,806	5,337
4,487	Rating district balances		5,018	4,301
16,960	Special reserves		13,077	17,209
73,625	TOTAL EQUITY	3	67,839	73,799

The opening balances for the 2021 year have been adjusted to more accurately reflect the current financial position of the Southland Regional Council.

Prospective Statement of cash flows for the year ended 30 June 2021

Annual Plan 2019/20 \$000		Annual Plan 2020/21 \$000	LTP 2020/21 \$000
Cash flows from operating activities			
<i>Cash was provided by (applied to):</i>			
29,741	Receipts from customers	27,140	29,915
40	Interest received	-	40
4,535	Dividends received	4,535	4,535
(35,287)	Payments to suppliers and employees	(37,110)	(34,550)
(75)	Finance costs	(75)	(100)
-	Income tax paid	-	-
<u>(1,046)</u>	Net cash flow from operating activities	<u>(5,510)</u>	<u>(160)</u>
Cash flows from investing activities			
<i>Cash was provided by (applied to):</i>			
-	Proceeds from sale of other financial assets	-	-
1,020	Reduction of term investment	3,142	-
474	Proceeds from sale of property, plant and equipment	97	97
-	Foreign exchange gains / (losses)	-	-
-	Acquisition of shares / investments	-	-
-	Purchase of intangible assets	-	-
(1,756)	Purchase of property, plant and equipment	(995)	(495)
<u>(262)</u>	Net cash flow from investing activities	<u>2,244</u>	<u>(398)</u>
Cash flows from financing activities			
<i>Cash was provided by (applied to):</i>			
-	Dividends paid to non-controlling interest	-	-
-	Drawdown / (Repayment) of borrowings	-	-
<u>-</u>	Net cash flow from financing activities	<u>-</u>	<u>-</u>
(1,308)	Net increase/(decrease) in cash and cash equivalents	(3,267)	(558)
(4,200)	Cash and cash equivalents at the beginning of the financial year	142	(5,929)
-	Net foreign exchange differences	-	-
<u>(5,508)</u>	Cash and cash equivalents at the end of the financial year	<u>(3,124)</u>	<u>(6,487)</u>

The opening cash balance for the 2021 year has been adjusted to more accurately reflect the current financial position of the Southland Regional Council.

Notes to the prospective financial statements

1. Rating forecast comparative to LTP 2020/21

Annual Plan 2019/20		Annual Plan 2020/21	LTP 2020/21	Compared to LTP Change	%
5,801,069	General rate	6,437,924	6,240,012	197,912	3.2%
4,015,605	UAGC	4,250,739	4,220,919	29,820	0.7%
9,816,674		10,688,663	10,460,931	227,732	2.2%
2,371,126	Biosecurity rate	2,304,274	2,448,782	(144,508)	(5.9)%
2,048,594	Land sustainability rate	2,059,106	2,265,922	(206,816)	(9.1)%
3,693,491	Catchment rates	3,767,880	3,967,005	(199,125)	(5.0)%
231,144	Southern Pest Eradication Society	231,144	241,545	(10,401)	(4.3)%
8,344,355		8,362,404	8,923,254	(560,850)	(6.3)%
18,161,029	Total Rates	19,051,067	19,384,185	(333,118)	(1.7)%

2. 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.

Annual Plan 2019/20 \$000		Annual Plan 2020/21 \$000	LTP 2020/21 \$000
Revenue from non-exchange transactions			
18,161	Rates revenue	19,051	19,384
2,402	Levies and contributions	1,333	1,216
155	Rates penalties	75	162
-	Other revenue	-	-
20,718	Total Revenue from non-exchange transactions	20,459	20,762
Revenue from exchange transactions			
624	Local contributions	567	535
5,917	Interest and dividends	5,125	5,926
8,749	Other revenue	6,113	8,617
15,290	Total Revenue from exchange transactions	11,805	15,078
36,008	Total revenue	32,264	35,840
Current assets			
784	Receivables from non-exchange transactions (rates)	794	670
1,251	Receivables from exchange transactions	2,412	1,259
2,035	Total trade and other receivables	3,206	1,929

3. Prospective Schedule of reserve fund movement for the year ended 30 June 2021

	Opening balance \$000	Transfers in \$000	Transfers from \$000	Closing Balance \$000
Retained earnings	44,401	-	463	43,938
Lease area Balance	5,228	579	-	5,806
Rating district balances	5,114	-	96	5,018
Special reserves				
SPNZ Buy Back Reserve	1,378	-	965	413
SPNZ Special Dividend Reserve	669	-	-	669
Vehicle Renewal Reserve	569	280	273	576
Aerial Photography Reserve	49	-	-	49
Furniture Reserve	111	20	-	131
Disaster Damage Reserve	1,600	-	-	1,600
Building Reserve	228	147	110	265
Lease Building Reserve	581	24	-	606
Regional Assistance to Projects Reserve	6	-	-	6
Election Funding Reserve	14	30	-	44
Plant Replacement Reserve	118	295	112	301
Coastal Rentals Reserve	108	78	16	170
Infrastructural Assets Reserve	514	41	-	555
Emergency Management Southland Reserve	161	45	-	205
Orauea Disaster Damage Reserve	9	-	-	9
Waiau Disaster Damage Reserve	1,116	35	67	1,084
Makarewa Disaster Reserve	179	2	-	181
Oreti Disaster Reserve	1,569	16	-	1,584
Mataura Disaster Reserve	1,067	11	-	1,077
Aparima Disaster Reserve	608	19	-	627
Waimatuku Stream Disaster Reserve	60	1	-	60
Lake Hawkins Pumphouse Reserve	339	8	-	347
Invercargill Disaster Reserve	1,039	70	-	1,110
Pest Property Reserve	323	15	11	328
Pest Plant Reserve	70	-	-	70
Pest Disposals Reserve	299	-	-	299
Marine Fee Reserve	2,694	-	2,353	341
Te Anau Basin Damage Reserve	348	22	-	370
Total Special reserves	15,825	1,159	3,907	13,077
Total Reserves	70,568	1,738	4,463	67,839

The opening balances for the 2021 year have been adjusted to more accurately reflect the current financial position of the Southland Regional Council.

Statement of accounting policies

Summary of accounting policies

Reporting entity

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

The entity being reporting on is the Southland Regional Council. Environment Southland (“the Council”) is the brand name of the Southland Regional Council.

The prospective financial statements do not include the consolidated prospective financial statements of South Port New Zealand Limited (Council’s Subsidiary) because the Council believes that the parent prospective financial statements are more relevant to users. The level of rate funding required is not affected by subsidiaries except to the extent that the Council obtains distributions from those subsidiaries. Distributions received from Council’s subsidiary South Port New Zealand Limited are included in the prospective financial statements of the Council.

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

Basis of preparation

The preparation of prospective financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods if the revision affects both current and future periods.

The prospective 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 functional currency. All values are rounded to the nearest thousand dollars (\$000). As the numbers are presented in thousands small rounding differences may occur. These rounding differences are considered immaterial to the financial statements as a whole. Comparative figures may be reclassified to reconcile with additional disclosures made in the current financial year.

Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 95 and Part 2 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

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

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.

Revenue from non-exchange transactions

(a) **Rates revenue**

Rates are recognised as income when levied.

(b) **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.

Revenue from exchange transactions

(a) **Interest revenue**

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

(b) **Dividend revenue**

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

(c) **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

The revenue from 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.

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;
- enforcement work;
- 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 will receive the consideration due.

Taxation

The Council itself is not subject to income tax.

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.

Financial instruments

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

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

Financial assets

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

(a) Effective interest method

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

(b) Financial assets at fair value through surplus or deficit

Financial assets are classified as financial assets at fair value through surplus or deficit where the financial asset:

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

Financial assets at fair value through surplus or deficit are stated at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Revenue and Expense and incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described later in this note.

The Council has classified their managed funds as financial assets at fair value through surplus or deficit. This fund includes cash, bonds and equities. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the surplus (deficit).

(c) **Loans and receivables**

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

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

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

(d) **Impairment of financial assets**

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

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

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

Financial liabilities

(a) Trade and other payables

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

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

(b) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Borrowing costs attributable to qualifying assets are capitalised as part of the cost of those assets.

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

Derivative financial instruments

The Council does not hold derivative financial instruments.

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 has 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

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

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

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

Asset	Life
Operational assets	
Land	Unlimited
Buildings	2%-10% DV
Rental land	Unlimited
Rental buildings	2% - 10% DV
Other plant and equipment	2.5% - 15% DV/SL
Motor vehicles	15% SL
Infrastructural assets	
Stopbanks and earthworks	Unlimited
Bridges	1% SL
Large culverts	1% - 2.5% SL
Tide gate structures	1% - 2.5% SL

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

Disposal

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

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

Impairment of property, plant and equipment

At each reporting date, the Council 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 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 salaries and wages, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

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

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

Superannuation 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 has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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

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

Equity

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

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

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

Restricted and council created reserves

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

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

Critical judgements

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

(a) The effect of COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic.

At the date of this publication the full financial impact from the COVID-19 pandemic on future operations is not able to be determined. Economic uncertainties have arisen which have negatively affected the operations and services of the Council. Described below are anticipated financial effects on the Council resulting from the COVID-19 pandemic:

- **A reduction in marine fee revenue arising from cruise ships visiting Fiordland**
It is assumed that there will be no visiting cruise ships during the 2020/21 financial year. The result is a reduction in other income of \$2.8 million in the Annual Plan.
- **A reduction in investment income**
The investment market has been altered substantially as a result of the pandemic. Returns on investments have been markedly reduced. The result is an expected income reduction of \$700,000 from dividends and interest forecast.

The underlying assumption in the financial statements is that other than the anticipated loss of income, Council operations will be able to continue as usual.

Classification of property

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.

Prospective financial information

The financial information contained within this document is prospective financial information in terms of accounting standard FRS42 and complies with the standard. The purpose for which it has been prepared is to enable ratepayers, residents and any other interested parties to obtain information about the expected future financial performance, position and cash flow of the Council. The actual result achieved for any particular financial year is likely to vary from the information presented and may vary materially depending on the circumstances that arise during the period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance.

Changes in accounting policies

There have been no changes in accounting policies during the period. All accounting policies are expected to be consistently applied throughout the period covered by these financial statements.

Funding impact statement

The Funding Impact Statement is in three separate parts:

- Whole of Council funding impact statement
- Rates funding impact statement for 2020/21
- Rates samples

Whole of Council funding impact statement for the year ended 30 June 2021

Annual Plan 2019/20 \$000		Annual Plan 2020/21 \$000	LTP 2020/21 \$000
Sources of operating funding			
9,972	General rates, uniform annual general charge and rates penalt	10,764	10,623
8,344	Targeted rates	8,362	8,923
-	Subsidies and grants for operating purposes	-	-
10,312	Fees and charges	7,007	9,211
4,575	Interest and dividends from investments	4,535	4,575
1,113	Local authorities fuel tax, fines, infringement fees and other receipts	1,007	1,157
34,316	Total operating funding (A)	31,674	34,489
Applications of operating funding			
27,632	Payments to staff and suppliers	26,256	26,561
75	Finance costs	75	100
7,655	Other operating funding applications	7,854	7,988
35,362	Total applications of operating funding (B)	34,185	34,649
(1,046)	Surplus / (deficit) of operating funding (A-B)	(2,510)	(160)
Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-
-	Development and financial contributions	-	-
-	Increase / (decrease) in debt	-	-
474	Gross proceeds from sale of assets	97	97
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
474	Total sources of capital funding (C)	97	97
Applications of capital funding			
Capital expenditure			
9	- to meet additional demand	-	-
310	- to improve the level of service	500	-
1,437	- to replace existing assets	495	495
(1,308)	Increase / (decrease) in reserves	(267)	(558)
(1,020)	Increase / (decrease) of investments	(3,142)	-
(572)	Total applications of capital funding (D)	(2,413)	(63)
1,046	Surplus / (deficit) of capital funding (C-D)	2,510	160
-	Funding balance ((A-B)+(C-D))	-	-

Reconciliation of funding impact statement to prospective statement of comprehensive revenue and expenses for the year ended 30 June 2021

Annual Plan 2019/20 \$000		Annual Plan 2020/21 \$000	LTP 2020/21 \$000
(1,046)	Surplus / (deficit) of operating funding (A-B)	(2,510)	(160)
	Add / (deduct)		
1,342	Increase / (decrease) in fair value of investment portfolio	590	1,351
350	Profit / (loss) disposal of assets	-	-
(833)	Depreciation expense	(808)	(845)
<hr/>		<hr/>	
(187)	Surplus / (deficit) Statement of comprehensive revenue	(2,728)	346
<hr/>		<hr/>	

Rates funding impact statement for 2020/21

This statement provides details of the types of rates Council intends to set including the categories of land that will be rated and the revenue collected for the rate.

This statement is based on the Revenue and Financing Policy and the budgets determined in this Annual Plan. Rates will be set by separate resolution of Council.

Rates equalisation

Land and capital value rates are calculated on equalised values. The three councils within Southland revalue their properties at different times, one per year on a rotating basis. Each year QV provides information to allow Council to determine what the values would be if there were a common valuation date across all the Councils. Council uses this information to adjust the rate so that each rating unit would be paying a similar amount of rates, as if all properties were valued on the same date.

General rates

Type of rate categories of rateable land	Rate \$ GST incl	Calculation basis	2020/21 revenue \$ GST incl
General rate			
The general rate is set differentially on the capital value of all rateable land in the region. The differential categories are defined by the boundaries of each territorial authority and are set differentially for the purpose of equalising the rates.			
Southland District	20.84	per \$100,000 capital value	4,407,772
Gore District	21.15	per \$100,000 capital value	815,278
Invercargill City	25.76	per \$100,000 capital value	2,180,563
			7,403,612

Uniform annual general charge

The uniform annual general charge is a fixed charge per rating unit. It is part of the total general rate and set at a level that Council considers appropriate.

For the 2020/21 year the rate is calculated at an average rate increase of 4.9% to the 2019/20 UAGC. This maintains its percentage of total rate contribution of 22%, under the 30% threshold.

All rating areas	106.50	Fixed amount per rating unit	4,888,350
------------------	--------	------------------------------	------------------

Targeted rates

Type of rate categories of rateable land	Matters to define Categories	Rate \$ GST incl	Calculation basis	2020/21 revenue \$ GST incl
--	------------------------------	------------------	-------------------	-----------------------------

Biosecurity rate

The biosecurity targeted rate is set differentially on the land value of all rateable land in the region. The differential categories are defined by the boundaries of each territorial authority and are set differentially for the purpose of equalising the rates. The rate contributes funding to the biosecurity activity.

Southland District	where the land is situated	12.90	per \$100,000 land value	1,880,872
Gore District	where the land is situated	13.35	per \$100,000 land value	296,337
Invercargill City	where the land is situated	16.41	per \$100,000 land value	472,706
				2,649,915

Land sustainability rate

The land sustainability targeted rate is set differentially on the land value of all rateable land in the region. The differential categories are defined by the boundaries of each territorial authority and are set differentially for the purpose of equalising the rates. The rate contributes funding to the land sustainability activity.

Southland District	where the land is situated	11.52	per \$100,000 land value	1,680,753
Gore District	where the land is situated	11.93	per \$100,000 land value	264,808
Invercargill City	where the land is situated	14.66	per \$100,000 land value	422,412
				2,367,972

Southern Pest Eradication Society (SPES) Rate

The SPES targeted rate is set differentially on the land value of all rateable land in the region. The rate is set and assessed on all rating units greater than or equal to 4 hectares contained in the Southland region, south of the Mimiha Stream and east of the Mataura River. The rate contributes funding to the biosecurity activity.

Southland District	where the land is situated and the area of the land	2.70	per hectare	264,911
Gore District	where the land is situated and the area of the land	2.70	per hectare	905
				265,816

District rated by annual maintenance charge

Scheme 653 - Lower Waikawa River

As authorised by Section 11 Soil Conservation and Rivers Control Amendment Act 1948 to raise \$2,608 for willow control maintenance.

All serviced land	where the land is situated and the provision of a service to the land	2.60	Per hectare	2,608
				2,608

Catchment rates

There are 17 catchment targeted rates. Each rate has its own differential categories and calculation basis. The differential categories are determined according to agreed benefit having considered soil type, land contour, location, type of work undertaken and other appropriate matters. For catchments that are in more than one territorial authority land values are equalised. Catchment rates contribute funding to the Catchment Planning, River Works and Land Drainage activities.

Categories of rateable land (Class)	Matters to define categories	Ratio	Rate \$ GST incl	Calculation basis	2020/21 revenue \$ GST incl
Scheme 424 - Duck Creek					
A	where the land is situated	24	42.12	per hectare	20,835
B	where the land is situated	20	35.10	per hectare	28,354
C	where the land is situated	8	14.04	per hectare	10,105
D	where the land is situated	4	7.02	per hectare	4,063
E	where the land is situated	2	3.51	per hectare	5,811
F	where the land is situated	1	1.75	per hectare	4,406
					73,574
Scheme 436 - Otepunui Creek					
A	where the land is situated	6	12.88	per hectare	4,856
B	where the land is situated	5	10.73	per hectare	5,527
C	where the land is situated	4	8.58	per hectare	4,093
D	where the land is situated	3	6.44	per hectare	2,866
E	where the land is situated	2	4.29	per hectare	2,447
F	where the land is situated	1	2.15	per hectare	847
					20,636
Scheme 441 - Upper Waihopai River					
A	where the land is situated	6	14.25	per hectare	1,258
B	where the land is situated	5	11.87	per hectare	1,662
C	where the land is situated	4	9.50	per hectare	7,274
D	where the land is situated	3	7.12	per hectare	13,554
E	where the land is situated	2	4.75	per hectare	2,278
F	where the land is situated	1	2.37	per hectare	591
					26,618
Scheme 442 - Upper Waikawa River					
A	where the land is situated	15	10.71	per hectare	3,189
B	where the land is situated	10	7.14	per hectare	357
C	where the land is situated	9	6.42	per hectare	2,643
D	where the land is situated	6	4.28	per hectare	1,507
F	where the land is situated	3	2.14	per hectare	1,620
					9,317
Scheme 443 - Upper Waikiwi River					
A	where the land is situated	22	26.32	per hectare	2,131
B	where the land is situated	12	14.36	per hectare	7,298
C	where the land is situated	8	9.57	per hectare	4,299
D	where the land is situated	6	7.18	per hectare	3,070
E	where the land is situated	2	2.39	per hectare	612
F	where the land is situated	1	1.20	per hectare	153
U1	where the land is situated	20	23.93	per hectare	3,562
U2	where the land is situated	10	11.96	per hectare	620
					21,745

Categories of rateable land (Class)	Matters to define categories	Ratio	Rate \$ GST incl	Calculation basis	2020/21 revenue \$ GST incl
Scheme 448 - Waituna Creek					
A	where the land is situated	8	9.76	per hectare	4,707
B	where the land is situated	7	8.54	per hectare	4,587
C	where the land is situated	6	7.32	per hectare	26,158
D	where the land is situated	5	6.10	per hectare	13,194
E	where the land is situated	3	3.66	per hectare	3,291
F	where the land is situated	1	1.22	per hectare	2,508
BCL	where the land is situated	1	0.00	per hectare	-
BCM	where the land is situated	1	0.00	per hectare	-
					54,446
Scheme 978 - Clifton Drainage					
A	where the land is situated	20	23.52	per hectare	4,857
B	where the land is situated	15	17.64	per hectare	1,066
					5,924
Scheme 428 - Invercargill Flood Control					
M1	where the land is situated	16%	49.41	per \$100,000 land value	90,942
M2	where the land is situated	8%	72.71	per \$100,000 land value	45,471
M3	where the land is situated	1%	158.95	per \$100,000 land value	5,684
M4	where the land is situated	75%	23.92	per \$100,000 land value	426,292
					568,390
Scheme 434 – Waiau Rating District					
C4	where the land is situated	1	171.75	per \$100,000 land value	4,517
D1	where the land is situated	600	780.34	per \$100,000 land value	24,854
D2	where the land is situated	125	162.57	per \$100,000 land value	18,974
E1	where the land is situated	10	4.14	per \$100,000 land value	716
E2	where the land is situated	60	24.85	per \$100,000 land value	2,766
E3	where the land is situated	700	289.97	per \$100,000 land value	12,446
F1	where the land is situated	1	0.08	per \$100,000 land value	506
F2	where the land is situated	4	0.33	per \$100,000 land value	105
F3	where the land is situated	35	2.93	per \$100,000 land value	10,731
					75,615
Scheme 435 - Lake Hawkins					
A	where the land is situated	5	417.65	per \$100,000 land value	114,631
B	where the land is situated	4	334.12	per \$100,000 land value	6,388
C	where the land is situated	1	83.53	per \$100,000 land value	10,390
					131,409
Scheme 440 - Oreti Rating District					
Land within Southland District Council					
A1	where the land is situated	3	115.06	per \$100,000 land value	44,262
A2	where the land is situated	2	76.71	per \$100,000 land value	51,896
A3	where the land is situated	2	76.71	per \$100,000 land value	4,993
A4	where the land is situated	1.50	57.53	per \$100,000 land value	73,072
A6	where the land is situated	1	38.35	per \$100,000 land value	3,400
B1	where the land is situated	7	83.42	per \$100,000 land value	4,240
B2	where the land is situated	7	83.42	per \$100,000 land value	275,521
B3	where the land is situated	7	83.42	per \$100,000 land value	55,867
B4	where the land is situated	3	35.75	per \$100,000 land value	1,899
B6	where the land is situated	1	11.92	per \$100,000 land value	58
C1	where the land is situated	3	94.70	per \$100,000 land value	24,013

Categories of rateable land (Class)	Matters to define categories	Ratio	Rate \$ GST incl	Calculation basis	2020/21 revenue \$ GST incl
C2	where the land is situated	2	63.13	per \$100,000 land value	6,816
C3	where the land is situated	1	31.57	per \$100,000 land value	8,874
C4	where the land is situated	0.80	25.25	per \$100,000 land value	16,016
C5	where the land is situated	0.75	23.67	per \$100,000 land value	1,749
E2	where the land is situated	1	58.46	per \$100,000 land value	22,798
F1	where the land is situated	8	59.84	per \$100,000 land value	4,132
F2	where the land is situated	2	14.96	per \$100,000 land value	281,153
F3	where the land is situated	2	15.71	per \$100,000 land value	19,173
Land within Invercargill City Council					
A2	where the land is situated	2	97.59	per \$100,000 land value	2,293
A7	where the land is situated	2	97.59	per \$100,000 land value	2,132
B2	where the land is situated	7	106.13	per \$100,000 land value	2,006
B5	where the land is situated	3	45.49	per \$100,000 land value	777
B7	where the land is situated	0.75	11.37	per \$100,000 land value	4,501
C1	where the land is situated	3	120.48	per \$100,000 land value	2,073
C2	where the land is situated	2	80.32	per \$100,000 land value	6,919
E2	where the land is situated	1	74.37	per \$100,000 land value	1,368
F2	where the land is situated	2	19.03	per \$100,000 land value	54,214
F4	where the land is situated	0.28	2.66	per \$100,000 land value	53,025
					1,029,243
Scheme 445 - Waihopai River					
Land within Southland District Council					
A	where the land is situated	9	96.98	per \$100,000 land value	3,912
B	where the land is situated	6	64.66	per \$100,000 land value	1,703
C	where the land is situated	4	43.10	per \$100,000 land value	6,129
D	where the land is situated	3	32.33	per \$100,000 land value	5,608
E	where the land is situated	2	21.55	per \$100,000 land value	5,727
F	where the land is situated	1	10.78	per \$100,000 land value	1,466
Land within Invercargill City Council					
A	where the land is situated	9	123.39	per \$100,000 land value	2,924
B	where the land is situated	6	82.26	per \$100,000 land value	6,174
C	where the land is situated	4	54.84	per \$100,000 land value	3,652
D	where the land is situated	3	41.13	per \$100,000 land value	1,568
E	where the land is situated	2	27.42	per \$100,000 land value	1,223
F	where the land is situated	1	13.71	per \$100,000 land value	139
					40,225
Scheme 1080 - Makarewa Rating District					
Land within Southland District Council					
A2	where the land is situated	3	90.02	per \$100,000 land value	52,656
A3	where the land is situated	2	60.01	per \$100,000 land value	6,523
A4	where the land is situated	1	30.01	per \$100,000 land value	1,913
B1	where the land is situated	6	50.38	per \$100,000 land value	39,649
B2	where the land is situated	5	41.98	per \$100,000 land value	4,555
B3	where the land is situated	5	41.98	per \$100,000 land value	12,910
B4	where the land is situated	6	50.38	per \$100,000 land value	575
B5	where the land is situated	5	41.98	per \$100,000 land value	11,589
B6	where the land is situated	5	41.98	per \$100,000 land value	12,049
B7	where the land is situated	6	50.38	per \$100,000 land value	1,139
B8	where the land is situated	35	293.87	per \$100,000 land value	1,969
C2	where the land is situated	3	102.73	per \$100,000 land value	247
C3	where the land is situated	2	68.49	per \$100,000 land value	431

Categories of rateable land (Class)	Matters to define categories	Ratio	Rate \$ GST incl	Calculation basis	2020/21 revenue \$ GST incl
C4	where the land is situated	1	34.24	per \$100,000 land value	1,050
F1	where the land is situated	1	7.08	per \$100,000 land value	93,425
Land within Gore District Council					
A4	where the land is situated	1	31.06	per \$100,000 land value	160
B3	where the land is situated	5	43.46	per \$100,000 land value	2,571
F1	where the land is situated	1	7.33	per \$100,000 land value	6,495
Land within Invercargill City Council					
F1	where the land is situated	1	9.01	per \$100,000 land value	69
					249,976
Scheme 1101 - Mataura Rating District					
Land within Southland District Council					
A1	where the land is situated	1	111.97	per \$100,000 land value	4,793
A2	where the land is situated	1	111.97	per \$100,000 land value	7,446
B1	where the land is situated	25	138.92	per \$100,000 land value	17,585
B5	where the land is situated	15	83.35	per \$100,000 land value	12,609
B6	where the land is situated	5	27.78	per \$100,000 land value	5,651
B7	where the land is situated	5	27.78	per \$100,000 land value	6,393
B8	where the land is situated	5	27.78	per \$100,000 land value	2,727
C1	where the land is situated	5	112.31	per \$100,000 land value	40,039
C2	where the land is situated	3	67.39	per \$100,000 land value	31,027
C3	where the land is situated	2	44.92	per \$100,000 land value	50,603
C4	where the land is situated	1	22.46	per \$100,000 land value	17,208
C5	where the land is situated	5	112.31	per \$100,000 land value	21,387
D1	where the land is situated	1	117.72	per \$100,000 land value	4,840
D2	where the land is situated	1	117.72	per \$100,000 land value	7,640
E1	where the land is situated	3	69.31	per \$100,000 land value	237,933
E2	where the land is situated	2	46.21	per \$100,000 land value	54,100
E5	where the land is situated	1	23.10	per \$100,000 land value	795
E6	where the land is situated	1	23.10	per \$100,000 land value	180
E7	where the land is situated	1	23.10	per \$100,000 land value	206
F1	where the land is situated	1	10.27	per \$100,000 land value	239,984
F5	where the land is situated	0.25	2.57	per \$100,000 land value	5,948
Land within Gore District Council					
A3	where the land is situated	2	231.83	per \$100,000 land value	28,464
B2	where the land is situated	25	143.81	per \$100,000 land value	25,002
B3	where the land is situated	10	57.53	per \$100,000 land value	85,448
C1	where the land is situated	5	116.26	per \$100,000 land value	12,257
C2	where the land is situated	3	69.76	per \$100,000 land value	7,854
C3	where the land is situated	2	46.50	per \$100,000 land value	2,672
C4	where the land is situated	1	23.25	per \$100,000 land value	965
E1	where the land is situated	3	71.75	per \$100,000 land value	90,459
E2	where the land is situated	2	47.83	per \$100,000 land value	48,580
E4	where the land is situated	3	71.75	per \$100,000 land value	27,160
F1	where the land is situated	1	10.63	per \$100,000 land value	137,246
F2	where the land is situated	3	31.89	per \$100,000 land value	1,805
F3	where the land is situated	3	31.89	per \$100,000 land value	43,609
F4	where the land is situated	3	31.89	per \$100,000 land value	30,189
					1,310,803

Categories of rateable land (Class)	Matters to define categories	Ratio	Rate \$ GST incl	Calculation basis	2020/21 revenue \$ GST incl
Scheme 1140 - Aparima Rating District					
A1	where the land is situated	4	53.00	per \$100,000 land value	4,164
A2	where the land is situated	3	39.75	per \$100,000 land value	14,841
A3	where the land is situated	20	265.02	per \$100,000 land value	27,407
B2	where the land is situated	5	116.43	per \$100,000 land value	37,890
B3	where the land is situated	4	93.14	per \$100,000 land value	106,502
B4	where the land is situated	2	46.57	per \$100,000 land value	484
C2	where the land is situated	2	58.35	per \$100,000 land value	18,947
C3	where the land is situated	1	29.17	per \$100,000 land value	10,375
E2	where the land is situated	1	44.80	per \$100,000 land value	41,445
F1	where the land is situated	5	35.61	per \$100,000 land value	1,276
F2	where the land is situated	1	7.12	per \$100,000 land value	91,644
F3	where the land is situated	0.75	5.34	per \$100,000 land value	10,781
F4	where the land is situated	2	14.24	per \$100,000 land value	27,307
					393,064
Scheme 584 - Waimatuku Rating District					
C1	where the land is situated	3	42.69	per \$100,000 land value	6,811
C2	where the land is situated	2	28.46	per \$100,000 land value	2,243
C4	where the land is situated	1	17.79	per \$100,000 land value	33,847
F1	where the land is situated	1	4.65	per \$100,000 land value	6,792
F2	where the land is situated	1	5.58	per \$100,000 land value	4,928
F3	where the land is situated	1	5.11	per \$100,000 land value	9,727
					64,347
Scheme 450 – Te Anau Basin Rating District					
B1	where the land is situated	200	48.30	per \$100,000 land value	12,224
D1	where the land is situated	15	24.93	per \$100,000 land value	54,524
D3	where the land is situated	16	26.59	per \$100,000 land value	18,817
E1	where the land is situated	150	227.45	per \$100,000 land value	13,287
E3	where the land is situated	750	1,137.23	per \$100,000 land value	21,437
E4	where the land is situated	300	454.89	per \$100,000 land value	12,237
E5	where the land is situated	750	1,137.23	per \$100,000 land value	1,933
F1	where the land is situated	5	6.29	per \$100,000 land value	46,227
F2	where the land is situated	10	12.58	per \$100,000 land value	44,713
F3	where the land is situated	10	12.58	per \$100,000 land value	6,848
C4	where the land is situated	10	1.67	per hectare	12,224
					244,470

Rates samples

The rate samples show indicative rating effects on sample properties for the 2020/21 year. These figures are GST inclusive.

Location and details	Rate	2019/20	2020/21	Change \$	Change %
Invercargill Commercial 1011 m2	Capital Value	\$2,580,000	\$2,580,000	0	0.0%
	General rate	\$569	\$665	96	
	Uniform Charge	\$101	\$107	5	
	Land Value	\$395,000	\$395,000	0	0.0%
	Biosecurity	\$60	\$65	5	
	Land Sustainability	\$52	\$58	6	
	Catchment	\$101	\$105	4	
	Total rates	\$884	\$999	115	13.1%
Gore Commercial 939 m2	Capital Value	\$1,030,000	\$1,030,000	0	0.0%
	General rate	\$209	\$218	9	
	Uniform Charge	\$101	\$107	5	
	Land Value	\$410,000	\$610,000	200,000	48.8%
	Biosecurity	\$58	\$81	23	
	Land Sustainability	\$50	\$73	23	
	Catchment	\$293	\$351	58	
	Total rates	\$711	\$829	118	16.7%
Winton Housing 508 m2	Capital Value	\$300,000	\$300,000	0	0.0%
	General rate	\$58	\$63	4	
	Uniform Charge	\$101	\$107	5	
	Land Value	\$85,000	\$85,000	0	0.0%
	Biosecurity	\$12	\$11	(1)	
	Land Sustainability	\$10	\$10	(0)	
	Catchment	\$14	\$13	(1)	
	Total rates	\$195	\$203	8	4.0%
Gore Housing 852 m2	Capital Value	\$290,000	\$380,000	90,000	31.0%
	General rate	\$59	\$80	21	
	Uniform Charge	\$101	\$107	5	
	Land Value	\$74,000	\$81,000	7,000	9.5%
	Biosecurity	\$10	\$11	0	
	Land Sustainability	\$9	\$10	1	
	Catchment	\$24	\$26	2	
	Total rates	\$204	\$233	29	14.5%
Te Anau Housing 830 m2	Capital Value	\$380,000	\$380,000	0	0.0%
	General rate	\$74	\$79	5	
	Uniform Charge	\$101	\$107	5	
	Land Value	\$165,000	\$165,000	0	0.0%
	Biosecurity	\$23	\$21	(1)	
	Land Sustainability	\$19	\$19	(0)	
	Catchment	\$21	\$21	(0)	
	Total rates	\$238	\$247	8	3.6%

Location and details	Rate	2019/20	2020/21	Change \$	Change %
Otaitai Bush Dairy 262 ha	Capital Value	\$7,210,000	\$7,210,000	0	0.0%
	General rate	\$1,399	\$1,502	103	
	General rate Dairy	\$0	\$0	0	
	Uniform Charge	\$101	\$107	5	
	Land Value	\$5,850,000	\$5,850,000	0	0.0%
	Biosecurity	\$799	\$754	(44)	
	Land Sustainability	\$690	\$674	(16)	
	Catchment	\$2,211	\$2,346	135	
	Total rates	\$5,200	\$5,383	183	3.5%
In'gill Dairy farm 60 ha	Capital Value	\$2,640,000	\$2,640,000	0	0.0%
	General rate	\$582	\$680	98	
	General rate Dairy	\$0	\$0	0	
	Uniform Charge	\$101	\$107	5	
	Land Value	1,920,000	\$1,920,000	0	0.0%
	Biosecurity	\$292	\$315	23	
	Land Sustainability	\$253	\$281	28	
	Catchment	\$48	\$0	(48)	
	Total rates	\$1,276	\$1,383	107	8.4%
Edendale Dairy 117 ha	Capital Value	\$5,350,000	\$5,350,000	0	0.0%
	General rate	\$1,038	\$1,115	77	
	General rate Dairy	\$0	\$0	0	
	Uniform Charge	\$101	\$107	5	
	Land Value	\$3,620,000	\$3,620,000	0	0.0%
	Biosecurity	\$494	\$467	(27)	
	Land Sustainability	\$427	\$417	(10)	
	Catchment	\$745	\$752	7	
	Total rates	\$2,806	\$2,857	52	1.8%
Gore Dairy 178 ha	Capital Value	\$4,400,000	\$4,400,000	0	0.0%
	General rate	\$890	\$931	41	
	General rate Dairy	\$0	\$0	0	
	Uniform Charge	\$101	\$107	5	
	Land Value	\$3,290,000	\$3,290,000	0	0.0%
	Biosecurity	\$464	\$439	(25)	
	Land Sustainability	\$401	\$392	(9)	
	Catchment	\$357	\$350	(7)	
	Total rates	\$2,213	\$2,219	5	0.2%
Gore Rural 180 ha	Capital Value	\$3,310,000	\$3,320,000	10,000	0.3%
	General rate	\$670	\$702	32	
	Uniform Charge	\$101	\$107	5	
	Land Value	\$2,760,000	\$2,760,000	0	0.0%
	Biosecurity	\$389	\$368	(21)	
	Land Sustainability	\$336	\$329	(7)	
	Catchment	\$215	\$202	(13)	
	Total rates	\$1,711	\$1,709	(3)	-0.1%

Location and details	Rate	2019/20	2020/21	Change \$	Change %
Lumsden sheep farm 142 ha	Capital Value	\$2,955,000	\$2,955,000	0	0.0%
	General rate	\$574	\$616	42	
	Uniform Charge	\$101	\$107	5	
	Land Value	\$2,700,000	\$2,700,000	0	0.0%
	Biosecurity	\$369	\$348	(20)	
	Land Sustainability	\$318	\$311	(7)	
	Catchment	\$506	\$516	10	
	Total rates	\$1,868	\$1,898	30	1.6%
Invercargill Lifestyle 4 ha	Capital Value	\$585,000	\$585,000	0	0.0%
	General rate	\$129	\$151	22	
	Uniform Charge	\$101	\$107	5	
	Land Value	\$305,000	\$305,000	0	0.0%
	Biosecurity	\$46	\$50	4	
	Land Sustainability	\$40	\$45	5	
	Catchment	\$52	\$14	(38)	
	Total rates	\$369	\$366	(3)	-0.7%
Nightcaps Housing 1012 m2	Capital Value	\$50,000	\$50,000	0	0.0%
	General rate	\$10	\$10	1	
	Uniform Charge	\$101	\$107	5	
	Land Value	\$22,000	\$22,000	0	0.0%
	Biosecurity	\$3	\$3	(0)	
	Land Sustainability	\$3	\$3	(0)	
	Catchment	\$1	\$3	2	
	Total rates	\$118	\$125	8	6.5%
Invercargill Housing 1064m2	Capital Value	\$235,000	\$235,000	0	0.0%
	General rate	\$52	\$61	9	
	Uniform Charge	\$102	\$107	5	
	Land Value	\$38,000	\$38,000	0	0.0%
	Biosecurity	\$6	\$6	0	
	Land Sustainability	\$5	\$6	1	
	Catchment	\$9	\$10	1	
	Total rates	\$173	\$189	16	9.2%

Additional disclosure information

Rating base information	30 June 2019	Projected 30 June 2020
Land Value	\$19,572,238,150	\$19,687,103,500
Capital Value	\$33,094,570,900	\$33,472,048,000
Rating Units	45,687	45,900

What are my rates likely to be?

The following table displays indicative rates for the general rate, the UAGC, the biosecurity and land sustainability rates. With these, you can calculate these rates for your property for the coming year. Use your latest rating valuation and select the levy for your Council. The rates are GST inclusive.

For general rate					
Select your Council	Rates estimate	multiplied by	The capital value of your property	equals	Indicative 2020/21 general rate
Southland District	0.00020836	X		=	
Gore District	0.00021153	X		=	
Invercargill City	0.00025765	X		=	
Add UAGC					\$106.50
Total General Rate					
For biosecurity rate					
Select your Council	Rates estimate	multiplied by	The land value of your property	equals	Indicative 2020/21 Biosecurity rate
Southland District	0.00012895	X		=	
Gore District	0.00013349	X		=	
Invercargill City	0.00016406	X		=	
For land sustainability rate					
Select your Council	Rates estimate	multiplied by	The land value of your property	equals	Indicative 2020/21 Land Sustainability rate
Southland District	0.00011523	X		=	
Gore District	0.00011929	X		=	
Invercargill City	0.00014660	X		=	

To calculate the 2020/21 catchment rates, apply the catchment rate details (class) of your property and determine the calculation basis (e.g. land value or land area) and levy amounts applicable from the catchment rating tables provided.

Why isn't my rates increase in line with the overall increase in rates of 4.9%?

The individual rate amounts will vary as the overall rate is made up of a mix of land and capital value rates. The impact of these changes is lessened to a degree by the UAGC but changes in valuation relativities are likely to affect many properties.