

Annual Plan

Tahua ā-tau

2022/23



environment
SOUTHLAND
REGIONAL COUNCIL

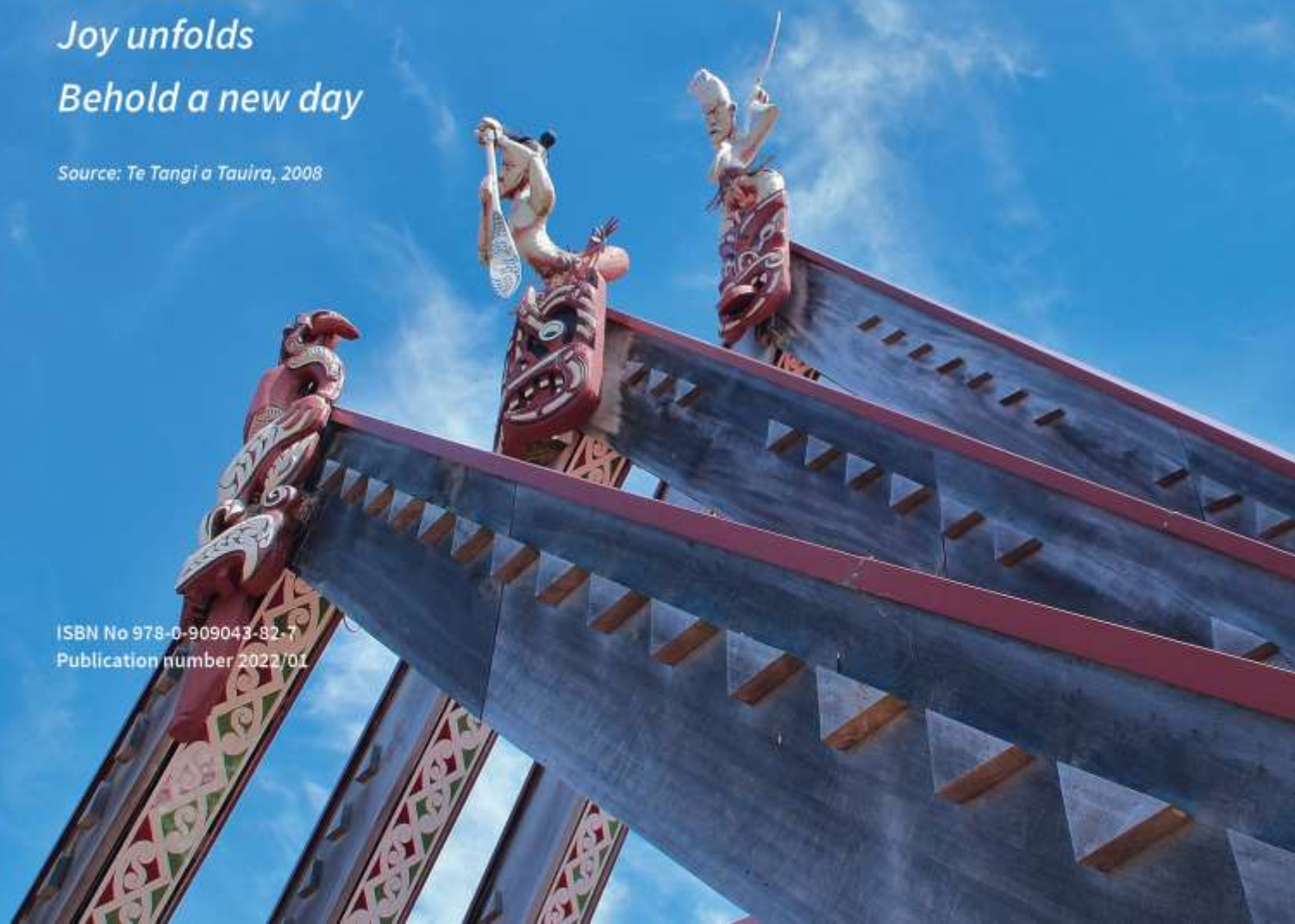
Te Taiaro Tonga

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 Taurā, 2008

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Message from the Chairman and Chief Executive

Kia ora and welcome to this year's Annual Plan.

The last two years have been quite a ride for us all, with more disruption and uncertainty than we could ever have imagined.

Despite all this, we have managed to make good progress towards the outcomes we set down in last year's Long-term Plan. We set ourselves up for the future with the Long-term Plan, creating a financial strategy that would put us on a firm track towards a balanced budget, while providing clarity about what we wanted to achieve.

Councillors have agreed to a 5% average rates increase for the 2022/23 financial year. We provided certainty to our ratepayers in 2021 that rates increases would not go above 5% this year and, despite increasing costs in a number of areas, we are honouring that commitment. We understand that Southlanders, like the rest of the country, are facing many increases in the cost of living and we are doing everything we can to keep rates down, while working towards the outcomes our community expects from us.

Our top priorities outlined in the Long-term Plan were continuing our work to protect and restore our freshwater, building our resilience to the impacts of climate change and undertaking transformative work within our organisation to increase our efficiency and to better meet the needs of our customers.

A number of our climate resilience (shovel-ready) projects are underway. This is crucial to protecting our communities from the impacts of climate change and funding from the Government has allowed this work to be carried out sooner than we could have otherwise. The work has faced its own challenges this year, due to the increasing costs of infrastructure projects, generally, and timeframes being impacted by the pandemic. We have had to review and re-scope some of the projects to put our focus on those considered the highest priority.

Addressing our freshwater challenges has been a critical focus for us. We made some good progress this year in understanding the level of change we need to make as a region to meet our communities' aspirations for freshwater. We have been sharing that information with our communities, and the Regional Forum will soon present its report on options for achieving our freshwater goals.

We are also well underway with our Jobs for Nature – Mahi mō te Taiao projects, and we are ready to build from our achievements in these key biosecurity and biodiversity projects in the 2022/23 year. The programme is part of the Government's COVID-19 recovery package and is providing benefits to the environment, people and regions. Two of our Fiordland-based projects are already making a difference by ridding this pristine National Park of invasive plants, while supporting the economic wellbeing of the community.

The COVID-19 pandemic has had some big implications, both for work programmes and our income. Cruise ships have not visited for two years, completely removing a major source of income. Although there are now plans for them to return, to what degree remains uncertain and we have to budget conservatively for any marine fee income. We are now faced with global unrest and the investment market is very uncertain.

It has been a busy year and not everything has gone smoothly. The challenges of remote working for a considerable period, staffing shortages and a tight contractor market have slowed some of our work programmes and projects, resulting in a financial surplus for the 2021/22 year, but activity is expected to ramp up in years two and three of the Long-term Plan.

We have got challenges ahead but, given what's happened in the last two years, we are well set up to face them head on. We are continuing on our journey laid out in the Long-term Plan and together we will be successful in ensuring a sustainable future for our region.

The 2022/23 Annual Plan Tahua ā-tau was adopted by the Council on 29 June 2022.

Nāku iti noa, nā



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Chairman



Wilma Falconer
Chief Executive

Your constituent Councillors

Your Councillors



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Guide to the Annual Plan 2022/23 Tahua ā-tau

The financial year beginning 1 July 2022 is the second year of Environment Southland's (Southland Regional Council, referred to as the Council) Long-term Plan 2021-2031. The Long-term Plan sets out the Council's 10-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 2022/23 financial year, the Council plans to make some changes to its work programme and budget that were forecast when the Long-term Plan was adopted last year. As the changes to the work programme and budget for 2022/23 are not significant and the rates increase is in line with that outlined in the Long-term Plan, the Council has decided not to consult on the Annual Plan 2022/23 Tahua ā-tau.

This document is the formal and public statement of the Council's intentions in relation to matters covered by the Annual Plan 2022/23 Tahua ā-tau, in accordance with Section 96 of the Local Government Act (2002).

The document sets out the following:

- a summary of how the Annual Plan 2022/23 Tahua ā-tau varies from the Long-term Plan 2021-2031. The summary reflects our rates for 2022/23, noting that the average rates increase is 5%, which was forecast for this year in the Long-term Plan 2021-2031;
- the specific impacts of the COVID-19 pandemic and other events on the Council's income for the year;
- a summary of how the Council plans to prudently manage its revenues, expenses, assets and liabilities; and
- the budget for 2022/23 and rates details for the year.

If you want more information about the Council's community outcomes, groups of activities and levels of service, including the Council's policies for carrying out its work, please refer to the Long-term Plan 2021-2031. Copies are available on our website www.es.govt.nz (type Long-term Plan into the search function). Copies are also available at libraries throughout the region and from Environment Southland's offices, cnr Price Street and North Road, Invercargill or call us on 0800 76 88 45 to have a copy sent to you.

Annual Plan 2022/23 Tahua ā-tau: How it differs from the Long-term Plan 2021-2031

Environment Southland, like many other organisations and councils both within the region and nationally, has been affected by staffing shortages and a tight contractor market during the course of the year, along with the additional challenges created by COVID-19 and remote working. Our response has been to focus on priority work, which has meant some programmes and projects have slowed. The work contained in the Long-term Plan is a three-year programme, with the 2021/22 financial year being a planning year for a number of programmes and projects, and work ramping up in years two and three of the Long-term Plan.

We are facing additional work and increasing costs and have determined that these will need to be funded via re-prioritisation of existing work, reserves and debt. Examples of additional work include the work around the proposed closure of the Tiwai Aluminium Smelter and the work required to give effect to national policy directives including the Resource Management reforms currently underway. Our large infrastructure projects to improve the region's flood defences during this Long-term Plan (the climate resilience projects) are facing increasing costs similar to most large construction projects in the country and are therefore being closely monitored and managed.

The Long-term Plan 2021-2031 was prepared during a time of uncertainty in terms of the economy, investments and the impact of Covid-19 on our work programmes. We budgeted accordingly to manage these issues, as best we could with the best information we had at the time. We are now able to get a better idea of the impacts, but there is still considerable uncertainty in the financial markets globally. It is important to note that the Long-term Plan (LTP) sets out a ten year plan with a focus on the next three years and a number of activities will ramp up in years two and three, after a focus on planning for these in year one.

What's changed?

	LTP 2022/23 \$000	Annual Plan 2022/23 \$000	Change \$000	Notes
<i>Income</i>				
Rates	24,004	24,004		
Other income	13,277	14,138	861	1
Interest & dividends	5,138	5,273	135	2
Capital grants	4,071	6,636	2,565	3
Total income	46,490	50,051	3,561	
<i>Expenses</i>				
Employee expense	18,317	20,011	1,694	4
Other expenses	25,303	26,252	949	5
Total expense	43,620	46,263	2,643	
<i>Surplus</i>	2,870	3,788	918	
Capex	6,857	14,229	7,372	6
Net debt	6,315	6,412	97	7

Notes:

- 1 Increase in cost recovery income for resource management activities.
- 2 Increase in dividend from South Port.
- 3 Includes Climate Resilience grants from 2021/22 budget not received due to changes in project timing.
- 4 Increase in staff numbers, plus inflation costs above LTP estimates.
- 5 Increase in inflation above LTP estimates.
- 6 Includes capital expenditure of \$4.2 m from 2021/22 budget resulting changes in project timing and a \$3 m contingency.
- 7 Minimal increase in debt due to greater than expected operating surplus in 2021/22. Use of the contingency fund in 2022/23 will result in increased debt in 2023/24.

Rising costs

Like all organisations, we are facing increased operating costs and higher than expected inflation and interest rates. Inflation increases are most obvious for capital spending due to higher underlying inflation and capacity constraints in the construction and labour markets.

Our staffing costs have increased due to pressures on the labour market and the need to ensure critical resources are in place to undertake the work programmes outlined in the Long-term Plan. A number of these additional costs are offset by savings in contractor budgets as a result of staff appointments to roles previously outsourced, such as procurement, or as a result of roles which largely recover their own costs, such as compliance.

The projected surplus for this financial year has allowed us to absorb a number of these additional pressures on the budget.

Climate resilience projects

Business cases for our climate resilience projects (shovel-ready) were prepared in 2020 when the Government made funding available. Like all of the climate resilience projects throughout the country, the project scoping and application process ran over a very short timeframe. While considerable work was put into coming up with the best plan possible, we always knew that it would require much more additional work to firm up the specifics of the projects and get more accurate costings. There has also been significant change within the construction market, with high demands being placed on the construction sector in Southland. This has meant service providers are less available and come at a higher cost, while we also face challenges with materials and supply chain issues. An additional \$3 million contingency has been built into the budget (to be funded via debt) to provide for potential additional costs associated with these projects. However, the final costs of the projects are as yet unknown and will not be known prior to the Annual Plan being adopted by Council.

We have been working to review the climate resilience projects in light of these factors. Our focus is on ensuring we manage the critical risks from climate change, balanced with ensuring the best value for money for our communities.

Rabbit control rate

We consulted with landowners in a specific area east of the Mataura River, from Wyndham to Fortrose, who have for several years paid a rate to cover rabbit control carried out by the Southern Pest Eradication Society. Following consultation, a new rate, known as a Rabbit Control rate, will replace the previous rate. The new rate is higher to cover increased costs for the work, as well as costs associated with administering and monitoring the contract.

For activities funded by rates that relate to the implementation of the Southland Regional Pest Management Plan, consideration has been given to the requirements of Section 100T of the Biosecurity Act 1993.

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	48% total revenue	Yes
1b	Rates increases	5%	5%	Yes
2.	Debt affordability benchmark:	<40% total revenue	12% total revenue	Yes
3.	Balanced budget benchmark:	100%	108%	Yes
4.	Essential services benchmark:	Nil	Nil	N/A
5.	Debt servicing benchmark:	10% Revenue	0.2%	Yes

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.

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 regulations cannot be produced.

5. Debt servicing benchmark

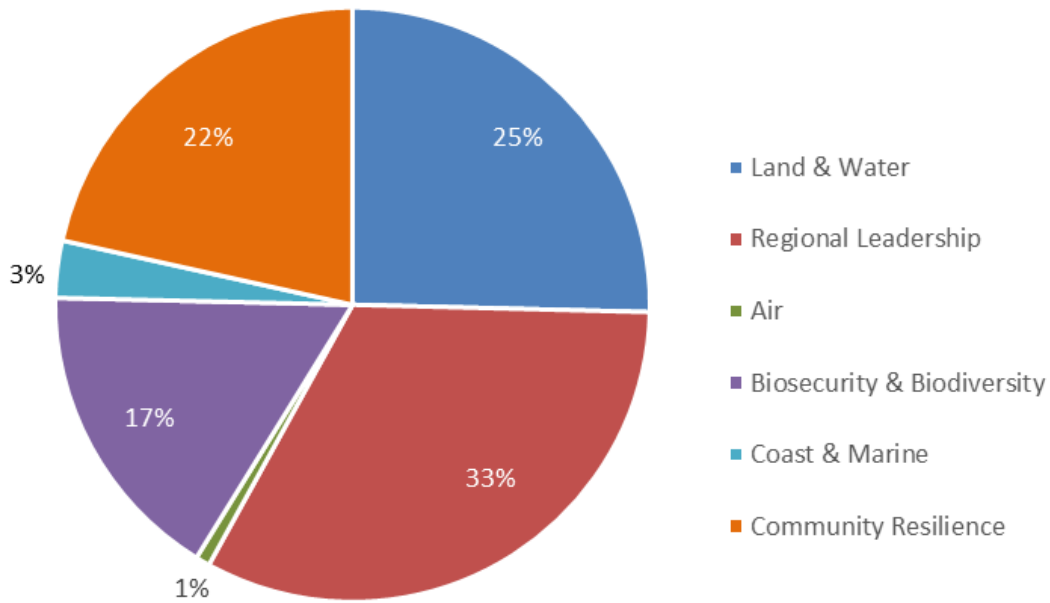
For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

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 its planned borrowing costs equals or is less than 10% of its planned revenue.

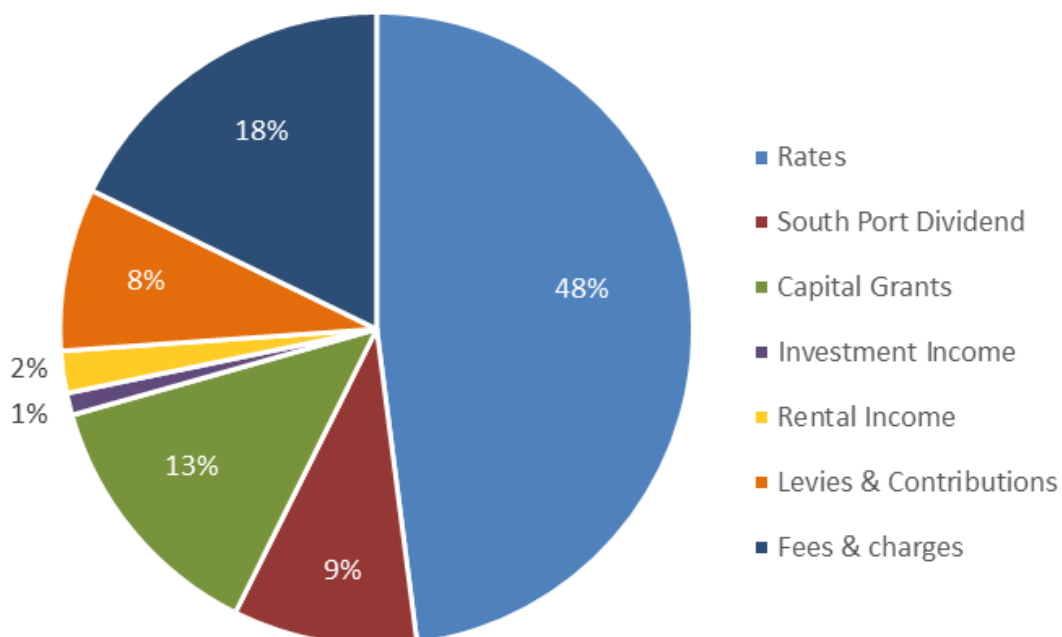
Financial overview

The Long-term Plan 2021-2031 projected that the overall rate increase for the 2022/23 year would be 5%. Individual rate amounts will vary as the overall rate is made up of a mix of land and capital value rates.

Prospective total expenditure 2022/23



Prospective funding sources 2022/23



Prospective financial statements

Prospective Statement of comprehensive revenue and expense for the year ended 30 June 2023

LTP 2021/22 \$000		Notes	Annual Plan 2022/23 \$000	LTP 2022/23 \$000
	Revenue			
22,861	Rates revenue	1	24,004	24,004
5,115	Interest & dividends		5,273	5,138
8,758	Grants		6,636	4,071
-	Other gains / (losses)		-	-
13,155	Other revenue		14,138	13,277
49,889	Total revenue	2	50,051	46,490
	Expenses			
17,964	Employee benefit expense		20,011	18,317
722	Depreciation expense		779	813
87	Finance costs		87	147
24,230	Other expenses		25,386	24,342
43,003	Total operating expenditure		46,263	43,620
6,886	Operating surplus / (deficit)		3,788	2,870
	Other comprehensive revenue & expenditure			
-	Property, plant & equipment revaluation gain / (loss)		-	-
6,886	Total comprehensive revenue & expenses		3,788	2,870

Prospective Statement of changes in net assets / equity for the year ended 30 June 2023

LTP 2021/22 \$000		Annual Plan 2022/23 \$000	LTP 2022/23 \$000
81,484	Opening equity	87,673	88,370
6,886	Total comprehensive revenue surplus / (deficit)	3,788	2,870
88,370	Closing equity	91,461	91,241

The opening Equity balance for the 2023 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 2023

LTP 2021/22 \$000		Notes	Annual Plan 2022/23 \$000	LTP 2022/23 \$000
Current Assets				
3,005	Trade and other receivables	2	6,241	3,005
109	Inventories		105	109
29,414	Managed funds		27,881	29,849
185	Prepayments		300	185
32,713	Total Current Assets		34,527	33,148
Non-Current Assets				
8,721	Shares in subsidiary		8,721	8,721
186	Other financial assets		208	186
53,238	Property, plant and equipment		57,694	59,191
807	Investment in related party		549	807
62,951	Total Non-Current Assets		67,172	68,905
95,664	TOTAL ASSETS		101,699	102,053
Current liabilities				
-	Bank overdraft		374	1,073
3,002	Trade and other payables		2,496	3,002
1,461	Employee entitlements		1,296	1,461
4,463	Total current liabilities		4,166	5,536
Non-current liabilities				
2,796	Term Debt		6,038	5,242
34	Employee entitlements		34	34
2,830	Total non-current liabilities		6,072	5,276
7,294	TOTAL LIABILITIES		10,238	10,812
88,370	NET ASSETS		91,461	91,241
Equity				
69,844	Retained earnings		77,160	75,047
6,097	Lease area balances		7,248	6,249
4,242	Rating district balances		4,185	4,156
8,188	Special reserves		2,868	5,788
88,370	TOTAL EQUITY	3	91,461	91,241

The opening balances for the 2023 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 2023

LTP 2021/22 \$000		Annual Plan 2022/23 \$000	LTP 2022/23 \$000
	Cash flows from operating activities		
	<i>Cash was provided by (applied to):</i>		
34,516	Receipts from customers	39,571	37,281
-	Interest received	-	-
4,535	Dividends received	4,709	4,535
(42,194)	Payments to suppliers and employees	(46,704)	(42,659)
(87)	Finance costs	(87)	(147)
-	Income tax paid	-	-
(3,230)	Net cash flow from operating activities	(2,512)	(990)
	Cash flows from investing activities		
	<i>Cash was provided by (applied to):</i>		
-	Proceeds from sale of other financial assets	-	-
166	Reduction of term investment	156	168
127	Proceeds from sale of property, plant and equipment	90	90
-	Foreign exchange gains / (losses)	-	-
-	Acquisition of shares / investments	-	-
-	Purchase of intangible assets	-	-
(12,651)	Purchase of property, plant and equipment	(14,229)	(6,857)
8,758	Grants for capital expenditure	6,636	4,071
(3,600)	Net cash flow from investing activities	(7,346)	(2,528)
	Cash flows from financing activities		
	<i>Cash was provided by (applied to):</i>		
-	Dividends paid to non-controlling interest	-	-
2,796	Drawdown / (Repayment) of borrowings	5,212	2,446
2,796	Net cash flow from financing activities	5,212	2,446
(4,033)	Net increase/(decrease) in cash and cash equivalents	(4,646)	(1,072)
4,033	Cash and cash equivalents at the beginning of the financial year	4,272	-
-	Net foreign exchange differences	-	-
-	Cash and cash equivalents at the end of the financial year	(374)	(1,072)

The opening cash balance for the 2023 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 2022/23

LTP 2021/22		Annual Plan 2022/23	LTP 2022/23	Compared to LTP	
				Change	%
9,035,607	General rate	9,543,670	9,632,114	(88,445)	(0.9)%
5,100,978	UAGC	5,355,883	5,346,801	9,083	0.2%
14,136,585		14,899,553	14,978,915	(79,362)	(0.5)%
2,300,628	Biosecurity rate	2,419,022	2,366,537	52,485	2.2%
2,314,073	Land sustainability rate	2,314,073	2,379,254	(65,181)	(2.7)%
3,878,849	Catchment rates	4,093,421	4,041,343	52,078	1.3%
231,144	Southern Pest Eradication Society	-	238,078	(238,078)	-
-	Rabbit control rate	278,059	-	278,059	-
8,724,694		9,104,575	9,025,213	79,362	0.5%
22,861,280	Total Rates	24,004,128	24,004,128	-	-

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.

LTP 2021/22 \$000		Annual Plan 2022/23 \$000	LTP 2022/23 \$000
Revenue from non-exchange transactions			
22,862	Rates revenue	24,004	24,004
13,103	Levies and contributions	10,794	8,266
75	Rates penalties	150	77
-	Other revenue	-	-
36,040	Total Revenue from non-exchange transactions	34,948	32,348
Revenue from exchange transactions			
590	Local contributions	609	608
5,115	Interest and dividends	5,273	5,138
1,011	Rental Income	1,075	1,040
7,134	External recoveries	8,148	7,356
13,850	Total Revenue from exchange transactions	15,103	14,142
49,889	Total revenue	50,051	46,490
Current assets			
416	Receivables from non-exchange transactions (rates)	1,279	416
2,589	Receivables from exchange transactions	4,962	2,589
3,005	Total trade and other receivables	6,241	3,005

3. Prospective Schedule of reserve fund movement for the year ended 30 June 2023

	Opening balance \$000	Transfers in \$000	Transfers from \$000	Closing Balance \$000
Retained earnings	66,010	11,182	32	77,160
Lease area Balance	6,756	493	-	7,248
Rating district balances	4,263	59	137	4,185
Special reserves				
SPNZ Buy Back Reserve	355	-	173	182
SPNZ Special Dividend Reserve	-	-	-	-
Vehicle Renewal Reserve	929	250	387	792
Aerial Photography Reserve	-	-	-	-
Furniture Reserve	88	-	-	88
Disaster Damage Reserve	2,000	-	-	2,000
Building Reserve	563	131	1,770	(1,077)
Lease Building Reserve	523	21	195	349
Regional Assistance to Projects Reserve	-	-	-	-
Election Funding Reserve	30	-	30	-
Plant Replacement Reserve	39	320	314	45
Coastal Rentals Reserve	341	78	-	419
Infrastructural Assets Reserve	590	11,619	11,563	647
Emergency Management Southland Reserve	96	29	-	126
AF8 Reserve	-	154	-	154
Orauea Disaster Damage Reserve	9	-	-	9
Waiiau Disaster Damage Reserve	1,428	32	67	1,393
Makarewa Disaster Reserve	179	2	-	181
Oreti Disaster Reserve	1,573	16	-	1,589
Mataura Disaster Reserve	1,295	13	-	1,308
Aparima Disaster Reserve	593	6	-	598
Waimatuku Stream Disaster Reserve	60	1	-	61
Lake Hawkins Pumphouse Reserve	3	-	-	3
Invercargill Disaster Reserve	1,145	52	-	1,197
Pest Property Reserve	885	5	-	889
Pest Plant Reserve	77	-	-	77
Pest Disposals Reserve	299	-	-	299
Marine Fee Reserve	560	-	798	(237)
Te Anau Basin Damage Reserve	368	4	-	371
Internal Loan	(3,383)	-	5,212	(8,595)
Total Special reserves	10,645	12,732	20,508	2,868
Total Reserves	87,673	24,466	20,677	91,461

The opening balances for the 2023 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 referred to as “the Council” or Environment Southland, being 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.

Adoption of New and Revised Standard and Interpretations

All mandatory new or amended accounting standards and interpretations were adopted in the current year, including:

- PBE IPSAS 40: PBE Combinations

None had a significant impact on these financial statements.

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. The Council receives central government contributions:

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

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;
- consent monitoring;
- dividends, interest and rental income.

Other gains and losses

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

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

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

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

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

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

Foreign currency

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 Administration	- 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.

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

Critical judgements

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.

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 limited visiting cruise ships during the 2022/23 financial year. The result is a budget of \$150,000 for cruise ship income.
- **A reduction in investment income**
The investment market has been altered substantially as a result of the pandemic, increasing interest rates and war in Europe. Returns on investments have been variable. Realised dividends and interest from the portfolio will continue to be budgeted at 2%.

The underlying assumption in the financial statements is that other than the continued reduction 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.

PBE IFRS issued but not yet effective

PBE IPSAS 41 was issued in August 2018 and is based on PBE IFRS 9 Financial Instruments. PBE IPSAS 41 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 is effective for the annual period beginning on or after 1 January 2022, with early application permitted. The main changes under PBE IPSAS 41 are:

- new financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost;
- a new impairment model for financial assets based on expected losses which may result in the earlier recognition of impairment losses;
- revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing the 30 June 2023 financial statements. The new standard will not have a significant impact on the financial statements.

PBE FRS 48 Service Performance Reporting was issued in November 2017 and is effective for the annual period beginning on or after 1 January 2022. The new standard will not have a significant impact on the 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 2022/23
- Rates samples

Whole of Council funding impact statement for the year ended 30 June 2023

LTP 2021/22 \$000		Annual Plan 2022/23 \$000	LTP 2022/23 \$000
Sources of operating funding			
14,212	General rates, uniform annual general charge and rates penalties	15,050	15,056
8,725	Targeted rates	9,105	9,025
-	Subsidies and grants for operating purposes	-	-
12,047	Fees and charges	12,892	12,137
4,535	Interest and dividends from investments	4,709	4,535
1,032	Local authorities fuel tax, fines, infringement fees and other receipts	1,096	1,062
40,551	Total operating funding (A)	42,850	41,816
Applications of operating funding			
32,591	Payments to staff and suppliers	35,763	32,703
87	Finance costs	87	147
9,603	Other operating funding applications	9,634	9,956
42,281	Total applications of operating funding (B)	45,484	42,806
(1,730)	Surplus / (deficit) of operating funding (A-B)	(2,634)	(990)
Sources of capital funding			
8,758	Subsidies and grants for capital expenditure	6,636	4,071
-	Development and financial contributions	-	-
2,796	Increase / (decrease) in debt	5,212	2,446
127	Gross proceeds from sale of assets	90	90
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
11,681	Total sources of capital funding (C)	11,938	6,607
Applications of capital funding			
Capital expenditure			
-	- to meet additional demand	-	-
9,035	- to improve the level of service	11,970	5,429
3,616	- to replace existing assets	2,259	1,428
(2,700)	Increase / (decrease) in reserves	(4,925)	(1,245)
-	Increase / (decrease) of investments	-	5
9,951	Total applications of capital funding (D)	9,304	5,617
1,730	Surplus / (deficit) of capital funding (C-D)	2,634	990
-	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 2023

LTP		Annual Plan	LTP
2021/22		2022/23	2022/23
\$000		\$000	\$000
(1,730)	Surplus / (deficit) of operating funding (A-B)	(2,634)	(990)
	Add / (deduct)		
580	Increase / (decrease) in fair value of investment portfolio	564	603
-	Profit / (loss) disposal of assets	-	-
(722)	Depreciation expense	(779)	(813)
8,758	Increase / (decrease) in subsidies and grants for capital expenditure	6,636	4,071
<u>6,886</u>	Surplus / (deficit) Statement of comprehensive revenue	<u>3,788</u>	<u>2,870</u>

Rates funding impact statement for 2022/23

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	Rates \$ GST Incl	Calculation Basis	2022/23 Revenue \$ GST incl
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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	25.40	per \$100,000 capital value	\$ 6,017,330
Gore District	31.13	per \$100,000 capital value	\$ 1,216,075
Invercargill City	30.72	per \$100,000 capital value	\$ 3,630,382
			\$ 10,863,787

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 2022/23 year the rate is calculated at an average rate increase of 5% to the 2021/22 UAGC. This maintains its percentage of total rate contribution of 22%, under the 30% threshold.

134.19	Fixed amount per rating unit	\$	6,270,699
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Targeted rates

Categories of rateable land	Matters to define Categories	Rates \$ GST Incl	Calculation Basis	2022/23 Revenue \$ GST incl
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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		11.58	per \$100,000 land value	\$ 1,858,005
Gore District		13.91	per \$100,000 land value	\$ 309,561
Invercargill City		14.59	per \$100,000 land value	\$ 614,309
				\$ 2,781,875

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		11.07	per \$100,000 land value	\$ 1,777,396
Gore District		13.31	per \$100,000 land value	\$ 296,131
Invercargill City		13.96	per \$100,000 land value	\$ 587,657
				\$ 2,661,184

Rabbit Control Rate

The Rabbit Control targeted rate is set differentially by location and assessed by rateable area, 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 Maitava River. The rate contributes funding to the Biosecurity activity.

Southland District	where the land is situated	3.25	per hectare	\$ 318,680
Gore District	where the land is situated	3.25	per hectare	\$ 1,087
				\$ 319,768

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	Rates \$ GST Incl	Calculation Basis	2022/23 Revenue \$ GST incl
Scheme 424 - Duck Creek					
A	where the land is situated	24	42.59	per hectare	\$ 20,938
B	where the land is situated	20	35.49	per hectare	\$ 26,970
C	where the land is situated	8	14.20	per hectare	\$ 9,940
D	where the land is situated	4	7.10	per hectare	\$ 4,094
E	where the land is situated	2	3.55	per hectare	\$ 5,751
F	where the land is situated	1	1.77	per hectare	\$ 4,291
					\$ 71,984
Scheme 436 - Otepunui Creek					
A	where the land is situated	6	12.50	per hectare	\$ 4,431
B	where the land is situated	5	10.42	per hectare	\$ 5,600
C	where the land is situated	4	8.33	per hectare	\$ 3,974
D	where the land is situated	3	6.25	per hectare	\$ 2,782
E	where the land is situated	2	4.17	per hectare	\$ 2,375
F	where the land is situated	1	2.08	per hectare	\$ 858
					\$ 20,021
Scheme 441 - Upper Waihopai River					
A	where the land is situated	6	14.19	per hectare	\$ 1,252
B	where the land is situated	5	11.82	per hectare	\$ 1,655
C	where the land is situated	4	9.46	per hectare	\$ 7,242
D	where the land is situated	3	7.09	per hectare	\$ 13,494
E	where the land is situated	2	4.73	per hectare	\$ 2,268
F	where the land is situated	1	2.36	per hectare	\$ 588
					\$ 26,499
Scheme 422 - Upper Waikawa River					
A	where the land is situated	15	10.80	per hectare	\$ 3,217
B	where the land is situated	10	7.20	per hectare	\$ 360
C	where the land is situated	9	6.48	per hectare	\$ 2,666
D	where the land is situated	6	4.32	per hectare	\$ 1,520
F	where the land is situated	3	2.16	per hectare	\$ 1,634
					\$ 9,397
Scheme 443 - Upper Waikiwi River					
A	where the land is situated	22	26.64	per hectare	\$ 2,157
B	where the land is situated	12	14.53	per hectare	\$ 7,123
C	where the land is situated	8	9.69	per hectare	\$ 4,497
D	where the land is situated	6	7.27	per hectare	\$ 3,160
E	where the land is situated	2	2.42	per hectare	\$ 581
F	where the land is situated	1	1.21	per hectare	\$ 155
U1	where the land is situated	20	24.22	per hectare	\$ 3,507
U2	where the land is situated	10	12.11	per hectare	\$ 627
					\$ 21,807

Categories of rateable land (Class)	Matters to define Categories	Ratio	Rates \$ GST Incl	Calculation Basis	2022/23 Revenue \$ GST incl
Scheme 448 - Waituna Creek					
A	where the land is situated	8	9.67	per hectare	\$ 4,665
B	where the land is situated	7	8.46	per hectare	\$ 4,547
C	where the land is situated	6	7.25	per hectare	\$ 25,926
D	where the land is situated	5	6.04	per hectare	\$ 12,891
E	where the land is situated	3	3.63	per hectare	\$ 3,262
F	where the land is situated	1	1.21	per hectare	\$ 2,486
BCL	where the land is situated	1	0.00	per hectare	\$ -
BCM	where the land is situated	1	4.93	per hectare	\$ 47,721
					\$ 101,498
Scheme 978 - Clifton Drainage					
A	where the land is situated	20	22.49	per hectare	\$ 4,646
B	where the land is situated	15	16.87	per hectare	\$ 1,020
					\$ 5,666
Scheme 428 - Invercargill Flood Control					
M1	where the land is situated	16%	35.72	per \$100,000 land value	\$ 92,061
M2	where the land is situated	8%	58.67	per \$100,000 land value	\$ 46,030
M3	where the land is situated	1%	74.04	per \$100,000 land value	\$ 5,754
M4	where the land is situated	75%	15.32	per \$100,000 land value	\$ 431,535
					\$ 575,380
Scheme 434 – Waiau Rating District					
C4	where the land is situated	1	177.10	per \$100,000 land value	\$ 4,659
D1	where the land is situated	600	805.01	per \$100,000 land value	\$ 25,587
D2	where the land is situated	125	167.71	per \$100,000 land value	\$ 19,785
E1	where the land is situated	10	3.50	per \$100,000 land value	\$ 657
E2	where the land is situated	60	20.99	per \$100,000 land value	\$ 5,480
E3	where the land is situated	700	244.92	per \$100,000 land value	\$ 10,747
F1	where the land is situated	1	0.08	per \$100,000 land value	\$ 519
F2	where the land is situated	4	0.33	per \$100,000 land value	\$ 125
F3	where the land is situated	35	2.91	per \$100,000 land value	\$ 11,165
					\$ 78,724
Scheme 435 - Lake Hawkins					
A	where the land is situated	5	395.82	per \$100,000 land value	\$ 111,486
B	where the land is situated	4	316.65	per \$100,000 land value	\$ 7,556
C	where the land is situated	1	79.16	per \$100,000 land value	\$ 10,422
					\$ 129,465

Categories of rateable land (Class)	Matters to define Categories	Ratio	Rates \$ GST Incl	Calculation Basis	2022/23 Revenue \$ GST incl
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Scheme 440 - Oreti Rating District

Land within Southland District Council

A1	where the land is situated	3	113.32	per \$100,000 land value	\$ 50,427
A2	where the land is situated	2	75.55	per \$100,000 land value	\$ 53,847
A3	where the land is situated	2	75.55	per \$100,000 land value	\$ 6,993
A4	where the land is situated	1.50	56.66	per \$100,000 land value	\$ 84,652
A6	where the land is situated	1	37.77	per \$100,000 land value	\$ 3,683
B1	where the land is situated	7	89.66	per \$100,000 land value	\$ 12,445
B2	where the land is situated	7	89.66	per \$100,000 land value	\$ 303,165
B3	where the land is situated	7	89.66	per \$100,000 land value	\$ 63,034
B4	where the land is situated	3	38.42	per \$100,000 land value	\$ 2,230
B6	where the land is situated	1	12.81	per \$100,000 land value	\$ 68
C1	where the land is situated	3	86.10	per \$100,000 land value	\$ 23,827
C2	where the land is situated	2	57.40	per \$100,000 land value	\$ 6,493
C3	where the land is situated	1	28.70	per \$100,000 land value	\$ 8,106
C4	where the land is situated	0.80	22.96	per \$100,000 land value	\$ 14,734
C5	where the land is situated	0.75	21.52	per \$100,000 land value	\$ 1,130
E2	where the land is situated	1	63.37	per \$100,000 land value	\$ 25,703
F1	where the land is situated	8	55.15	per \$100,000 land value	\$ 12,821
F2	where the land is situated	2	13.79	per \$100,000 land value	\$ 276,490
F3	where the land is situated	2	14.48	per \$100,000 land value	\$ 30,376

Land within Invercargill City Council

A2	where the land is situated	2	95.21	per \$100,000 land value	\$ 2,285
A7	where the land is situated	2	95.21	per \$100,000 land value	\$ 2,190
B2	where the land is situated	7	112.99	per \$100,000 land value	\$ 2,231
B5	where the land is situated	3	48.42	per \$100,000 land value	\$ 869
B7	where the land is situated	0.75	12.11	per \$100,000 land value	\$ 4,983
C1	where the land is situated	3	108.50	per \$100,000 land value	\$ 2,322
C2	where the land is situated	2	72.33	per \$100,000 land value	\$ 7,093
E2	where the land is situated	1	79.86	per \$100,000 land value	\$ 1,521
F2	where the land is situated	2	17.37	per \$100,000 land value	\$ 60,585
F4	where the land is situated	0.28	2.43	per \$100,000 land value	\$ 75,750
					\$ 1,140,055

Scheme 445 - Waihopai River

Land within Southland District Council

A	where the land is situated	9	85.90	per \$100,000 land value	\$ 4,015
B	where the land is situated	6	57.27	per \$100,000 land value	\$ 1,792
C	where the land is situated	4	38.18	per \$100,000 land value	\$ 5,755
D	where the land is situated	3	28.63	per \$100,000 land value	\$ 5,130
E	where the land is situated	2	19.09	per \$100,000 land value	\$ 5,163
F	where the land is situated	1	9.54	per \$100,000 land value	\$ 1,401

Land within Invercargill City Council

A	where the land is situated	9	108.25	per \$100,000 land value	\$ 2,712
B	where the land is situated	6	72.17	per \$100,000 land value	\$ 6,106
C	where the land is situated	4	48.11	per \$100,000 land value	\$ 3,990
D	where the land is situated	3	36.08	per \$100,000 land value	\$ 1,693
E	where the land is situated	2	24.06	per \$100,000 land value	\$ 1,203
F	where the land is situated	1	12.03	per \$100,000 land value	\$ 163
					\$ 39,123

Categories of rateable land (Class)	Matters to define Categories	Ratio	Rates \$ GST Incl	Calculation Basis	2022/23 Revenue \$ GST incl
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Scheme 1080 - Makarewa Rating District

Land within Southland District Council

A2	where the land is situated	3	50.14	per \$100,000 land value	\$ 62,556
A3	where the land is situated	2	33.43	per \$100,000 land value	\$ 3,691
A4	where the land is situated	1	16.71	per \$100,000 land value	\$ 1,123
B1	where the land is situated	6	57.17	per \$100,000 land value	\$ 44,746
B2	where the land is situated	5	47.64	per \$100,000 land value	\$ 5,141
B3	where the land is situated	5	47.64	per \$100,000 land value	\$ 14,151
B4	where the land is situated	6	57.17	per \$100,000 land value	\$ 652
B5	where the land is situated	5	47.64	per \$100,000 land value	\$ 12,561
B6	where the land is situated	5	47.64	per \$100,000 land value	\$ 13,532
B7	where the land is situated	6	57.17	per \$100,000 land value	\$ 1,315
B8	where the land is situated	35	333.47	per \$100,000 land value	\$ 3,001
C2	where the land is situated	3	59.46	per \$100,000 land value	\$ 143
C3	where the land is situated	2	39.64	per \$100,000 land value	\$ 265
C4	where the land is situated	1	19.82	per \$100,000 land value	\$ 714
F1	where the land is situated	1	7.53	per \$100,000 land value	\$ 102,748

Land within Gore District Council

A4	where the land is situated	1	20.08	per \$100,000 land value	\$ 103
B3	where the land is situated	5	57.25	per \$100,000 land value	\$ 3,386
F1	where the land is situated	1	9.04	per \$100,000 land value	\$ 8,548

Land within Invercargill City Council

F1	where the land is situated	1	9.48	per \$100,000 land value	\$ 92
\$ 278,469					

Scheme 1101 - Maitara Rating District

Land within Southland District Council

A1	where the land is situated	1	111.24	per \$100,000 land value	\$ 4,474
A2	where the land is situated	1	111.24	per \$100,000 land value	\$ 7,541
B1	where the land is situated	25	119.09	per \$100,000 land value	\$ 34,685
B5	where the land is situated	15	71.46	per \$100,000 land value	\$ 11,172
B6	where the land is situated	5	23.82	per \$100,000 land value	\$ 5,214
B7	where the land is situated	5	23.82	per \$100,000 land value	\$ 8,066
B8	where the land is situated	5	23.82	per \$100,000 land value	\$ 2,592
C1	where the land is situated	5	109.91	per \$100,000 land value	\$ 42,167
C2	where the land is situated	3	65.95	per \$100,000 land value	\$ 31,110
C3	where the land is situated	2	43.96	per \$100,000 land value	\$ 50,291
C4	where the land is situated	1	21.98	per \$100,000 land value	\$ 17,495
C5	where the land is situated	5	109.91	per \$100,000 land value	\$ 20,715
D1	where the land is situated	1	115.97	per \$100,000 land value	\$ 4,790
D2	where the land is situated	1	115.97	per \$100,000 land value	\$ 7,541
E1	where the land is situated	3	69.54	per \$100,000 land value	\$ 270,071
E2	where the land is situated	2	46.36	per \$100,000 land value	\$ 56,594
E5	where the land is situated	1	23.18	per \$100,000 land value	\$ 797
E6	where the land is situated	1	23.18	per \$100,000 land value	\$ 174
E7	where the land is situated	1	23.18	per \$100,000 land value	\$ 207
F1	where the land is situated	1	10.12	per \$100,000 land value	\$ 252,877
F5	where the land is situated	0.25	2.53	per \$100,000 land value	\$ 6,218

Categories of rateable land (Class)	Matters to define Categories	Ratio	Rates \$ GST Incl	Calculation Basis	2022/23 Revenue \$ GST incl
Land within Gore District Council					
A3	where the land is situated	2	267.36	per \$100,000 land value	\$ 32,828
B2	where the land is situated	25	143.11	per \$100,000 land value	\$ 25,017
B3	where the land is situated	10	57.25	per \$100,000 land value	\$ 84,876
C1	where the land is situated	5	132.08	per \$100,000 land value	\$ 13,964
C2	where the land is situated	3	79.25	per \$100,000 land value	\$ 8,515
C3	where the land is situated	2	52.83	per \$100,000 land value	\$ 3,059
C4	where the land is situated	1	26.42	per \$100,000 land value	\$ 1,096
E1	where the land is situated	3	83.57	per \$100,000 land value	\$ 101,171
E2	where the land is situated	2	55.71	per \$100,000 land value	\$ 56,644
E4	where the land is situated	3	83.57	per \$100,000 land value	\$ 31,634
F1	where the land is situated	1	12.16	per \$100,000 land value	\$ 157,281
F2	where the land is situated	3	36.49	per \$100,000 land value	\$ 2,265
F3	where the land is situated	3	36.49	per \$100,000 land value	\$ 49,942
F4	where the land is situated	3	36.49	per \$100,000 land value	\$ 34,611
					\$ 1,437,692
Scheme 1140 - Aparima Rating District					
A1	where the land is situated	4	30.56	per \$100,000 land value	\$ 2,607
A2	where the land is situated	3	22.92	per \$100,000 land value	\$ 8,132
A3	where the land is situated	20	152.82	per \$100,000 land value	\$ 41,956
B2	where the land is situated	5	134.93	per \$100,000 land value	\$ 43,384
B3	where the land is situated	4	107.95	per \$100,000 land value	\$ 124,669
B4	where the land is situated	2	53.97	per \$100,000 land value	\$ 500
C2	where the land is situated	2	53.21	per \$100,000 land value	\$ 17,274
C3	where the land is situated	1	26.60	per \$100,000 land value	\$ 8,800
E2	where the land is situated	1	42.91	per \$100,000 land value	\$ 42,678
F1	where the land is situated	5	32.20	per \$100,000 land value	\$ 3,001
F2	where the land is situated	1	6.44	per \$100,000 land value	\$ 84,733
F3	where the land is situated	0.75	4.83	per \$100,000 land value	\$ 10,869
F4	where the land is situated	2	12.88	per \$100,000 land value	\$ 46,376
					\$ 434,980
Scheme 584 - Waimatuku Rating District					
C1	where the land is situated	3	43.58	per \$100,000 land value	\$ 6,762
C2	where the land is situated	2	29.05	per \$100,000 land value	\$ 2,299
C4	where the land is situated	1	18.16	per \$100,000 land value	\$ 36,387
F1	where the land is situated	1	4.92	per \$100,000 land value	\$ 7,318
F2	where the land is situated	1	5.91	per \$100,000 land value	\$ 5,225
F3	where the land is situated	1	5.42	per \$100,000 land value	\$ 10,177
					\$ 68,169
Scheme 450 – Te Anau Basin Rating District					
B1	where the land is situated	200	49.27	per \$100,000 land value	\$ 12,767
C4	where the land is situated	10	1.74	per hectare	\$ 12,767
D1	where the land is situated	15	21.92	per \$100,000 land value	\$ 59,817
D3	where the land is situated	16	23.38	per \$100,000 land value	\$ 16,785
E1	where the land is situated	150	210.79	per \$100,000 land value	\$ 15,051
E3	where the land is situated	750	1,053.96	per \$100,000 land value	\$ 22,556
E4	where the land is situated	300	421.58	per \$100,000 land value	\$ 11,343
E5	where the land is situated	750	1,053.96	per \$100,000 land value	\$ 2,117
F1	where the land is situated	5	5.22	per \$100,000 land value	\$ 44,585
F2	where the land is situated	10	10.45	per \$100,000 land value	\$ 48,673
F3	where the land is situated	10	10.45	per \$100,000 land value	\$ 8,878
					\$ 255,340

Categories of rateable land (Class)	Matters to define Categories	Rates \$ GST Incl	Caluclation Basis	2022/23 Revenue \$ GST incl
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Scheme 653 - Lower Waikawa River

District Rated by Annual Maintenance Charge - As authorised by Section 11 Soil Conservation and Rivers Control Amendment Act 1948

All Serviced land	where the land is situated and the provision of a service to the land	2.60	per hectare	\$ 2,670
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Scheme 435 - Lake Hawkins

Invercargill Airport Contribution				\$ 10,497
				27,604,748

Rating dates

It is proposed that all rates be payable in one instalment by Friday, 25 November 2022 and that no discount be provided for early payment.

It is further proposed that a 10% penalty will be imposed:

- (i) on any current rates due but not paid by 5.00 pm on the due date;
- (ii) on all rates in arrears unpaid at 1 January 2023 (this penalty excludes current rates);
- (iii) on all rates in arrears as at 1 July 2023.

Rates samples

The rate samples show indicative rating effects on sample properties for the 2022/23 year. These figures are GST inclusive.

Location and Details	Rate	2021/22	2022/23	Change \$	Change %
Invercargill Commercial 1011 m2	Capital Value	\$2,910,000	\$2,910,000	0	0.0%
	General	\$815	\$894	79	
	UAGC	\$128	\$134	6	
	Land Value	\$550,000	\$550,000	0	0.0%
	Biosecurity	\$72	\$80	8	
	Land Sustainability	\$73	\$77	4	
	Catchment	\$97	\$98	0	
	Total rates	\$1,185	\$1,283	98	8.3%
Gore Commercial 939 m2	Capital Value	\$1,030,000	\$1,030,000	0	0.0%
	General	\$309	\$321	12	
	UAGC	\$128	\$134	6	
	Land Value	\$610,000	\$610,000	0	0.0%
	Biosecurity	\$82	\$85	3	
	Land Sustainability	\$83	\$81	(2)	
	Catchment	\$362	\$343	(18)	
	Total rates	\$964	\$964	1	0.1%
Invercargill Housing 520m2	Capital Value	\$345,000	\$345,000	0	0.0%
	General	\$97	\$106	9	
	UAGC	\$128	\$134	6	
	Land Value	\$103,000	\$103,000	0	0.0%
	Biosecurity	\$14	\$15	2	
	Land Sustainability	\$14	\$14	1	
	Catchment	\$18	\$18	0	
	Total rates	\$270	\$288	18	6.7%
Invercargill Housing 923 m2	Capital Value	\$540,000	\$540,000	0	0.0%
	General	\$151	\$166	15	
	UAGC	\$128	\$134	6	
	Land Value	\$285,000	\$285,000	0	0.0%
	Biosecurity	\$37	\$42	4	
	Land Sustainability	\$38	\$40	2	
	Catchment	\$50	\$51	0	
	Total rates	\$404	\$432	28	6.8%
Winton Housing 508 m2	Capital Value	\$300,000	\$465,000	165,000	55.0%
	General	\$82	\$118	36	
	UAGC	\$128	\$134	6	
	Land Value	\$85,000	\$140,000	55,000	64.7%
	Biosecurity	\$10	\$16	6	
	Land Sustainability	\$11	\$16	5	
	Catchment	\$13	\$20	7	
	Total rates	\$244	\$304	60	24.5%
Gore Housing 852 m2	Capital Value	\$380,000	\$380,000	0	0.0%
	General	\$114	\$118	4	
	UAGC	\$128	\$134	6	
	Land Value	\$81,000	\$81,000	0	0.0%
	Biosecurity	\$11	\$11	0	
	Land Sustainability	\$11	\$11	(0)	
	Catchment	\$27	\$30	2	
	Total rates	\$291	\$304	13	4.5%

Te Anau Housing 830 m2	Capital Value	\$380,000	\$510,000	130,000	34.2%
	General	\$104	\$130	25	
	UAGC	\$128	\$134	6	
	Land Value	\$165,000	\$215,000	50,000	30.3%
	Biosecurity	\$20	\$25	5	
	Land Sustainability	\$20	\$24	3	
	Catchment	\$21	\$22	2	
	Total rates	\$294	\$335	41	14.1%

Otaitai Bush Dairy 262 ha	Capital Value	\$7,210,000	\$7,250,000	40,000	0.6%
	General	\$1,980	\$1,842	(139)	
	UAGC	\$128	\$134	6	
	Land Value	\$5,850,000	\$5,850,000	0	0.0%
	Biosecurity	\$720	\$677	(43)	
	Land Sustainability	\$725	\$648	(77)	
	Catchment	\$2,340	\$2,395	55	
	Total rates	\$5,892	\$5,696	(197)	-3.3%

Gore Dairy 178 ha	Capital Value	\$4,550,000	\$4,550,000	0	0.0%
	General	\$1,365	\$1,417	52	
	UAGC	\$128	\$134	6	
	Land Value	\$3,290,000	\$3,290,000	0	0.0%
	Biosecurity	\$444	\$458	14	
	Land Sustainability	\$446	\$438	(9)	
	Catchment	\$368	\$400	32	
	Total rates	\$2,751	\$2,846	95	3.5%

Gore Rural 180 ha	Capital Value	\$3,320,000	\$3,320,000	0	0.0%
	General	\$996	\$1,034	38	
	UAGC	\$128	\$134	6	
	Land Value	\$2,760,000	\$2,760,000	0	0.0%
	Biosecurity	\$372	\$384	12	
	Land Sustainability	\$374	\$367	(7)	
	Catchment	\$223	\$250	27	
	Total rates	\$2,093	\$2,169	75	3.6%

Lumsden sheep farm 142 ha	Capital Value	\$2,955,000	\$3,330,000	375,000	12.7%
	General	\$812	\$846	34	
	UAGC	\$128	\$134	6	
	Land Value	\$2,700,000	\$2,970,000	270,000	10.0%
	Biosecurity	\$332	\$344	11	
	Land Sustainability	\$334	\$329	(6)	
	Catchment	\$511	\$557	46	
	Total rates	\$2,117	\$2,209	92	4.3%

Invercargill Lifestyle 4 ha	Capital Value	\$720,000	\$720,000	0	0.0%
	General	\$202	\$221	20	
	UAGC	\$128	\$134	6	
	Land Value	\$380,000	\$380,000	0	0.0%
	Biosecurity	\$50	\$55	6	
	Land Sustainability	\$50	\$53	3	
	Catchment	\$56	\$15	(42)	
Total rates	\$486	\$478	(8)	-1.5%	
Nightcaps Housing 1012 m2	Capital Value	\$50,000	\$170,000	120,000	240.0%
	General	\$14	\$43	29	
	UAGC	\$128	\$134	6	
	Land Value	\$22,000	\$55,000	33,000	150.0%
	Biosecurity	\$3	\$6	4	
	Land Sustainability	\$3	\$6	3	
	Catchment	\$2	\$7	6	
Total rates	\$149	\$197	48	32.6%	

Why isn't my rates increase in line with the overall increase in rates of 5%?

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.

Additional disclosure information

Rating base information	30 June 2021	Projected 30 June 2022
Land Value	\$22,597,042,200	\$24,152,802,750
Capital Value	\$39,625,248,200	\$43,002,831,550
Rating Units	45,900	46,733

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 levy estimate	multiplied by	The capital value of your property	equals	Indicative 2022/23 General rate
Southland District	0.00025404	X		=	
Gore District	0.00031133	X		=	
Invercargill City	0.00030724	X		=	
Add UAGC					\$134.19
Total General Rate					
For Biosecurity Rate					
Select your Council	Rates levy estimate	multiplied by	The land value of your property	equals	Indicative 2022/23 Biosecurity rate
Southland District	0.00011576	X		=	
Gore District	0.00013911	X		=	
Invercargill City	0.00014588	X		=	
For Land Sustainability Rate					
Select your Council	Rates levy estimate	multiplied by	The land value of your property	equals	Indicative 2022/23 Land Sustainability rate
Southland District	0.00011074	X		=	
Gore District	0.00013308	X		=	
Invercargill City	0.00013955	X		=	

To calculate the 2022/23 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.

Phone: 0800 76 88 45 | **Post:** Private Bag 90116, Invercargill, 9840

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