

# Pūrongo-ā-Tau Annual Report Summary

2022–23



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October 2023



# Our Councillors and Mana Whenua representatives

## Environment Southland Councillors



**NICOL HORRELL**  
Chairman



**JEREMY McPHAIL**  
Deputy chair



**NEVILLE COOK**



**LYNDAL LUDLOW**



**PETER McDONALD**



**ROBERT GUYTON**



**ERIC ROY**



**PHIL MORRISON**



**MAURICE RODWAY**



**PAUL EVANS**



**JON PEMBERTON**



**ALASTAIR GIBSON**

## Mana Whenua



**STEWART BULL**



**ESTELLE PERA-LEASK**



**GAIL THOMPSON**



**ANN WAKEFIELD**

# Message from the Chairman and Chief Executive

## Environment Southland's achievements from July 2022 to June 2023

The 2022-23 year brought new challenges for our community with the transition from the pandemic years, to an increased focus on the rising costs of living and changing legislative environment.

In line with what was agreed with our community in the Long-term Plan 2021-2031, Environment Southland continued to advance the region's climate resilience projects, programmes to improve freshwater quality and undertake a range of biodiversity and biosecurity initiatives.

We have continued our journey towards treaty partnership and bringing a Te Ao Māori lens to the way we work. This is supported by our partnership work with Te Ao Mārama Inc (the environmental arm of Ngāi Tahu ki Murihiku) on a number of key work programmes.

It has also been a year of ongoing change with a range of Government reforms in play and new regulations being introduced. Alongside this, we had a local government election in October and welcomed five new faces around the table. We'd like to acknowledge the contribution of the departing councillors and thank the new councillors for quickly coming to grips with the work needed to respond to the challenges facing the region.

Nationally and internationally, this year has shown the critical importance of community resilience to a changing climate. Locally, the flood protection projects to improve community resilience progressed at pace. The replacement of the Stead Street Pump Station, including the provision of fish-friendly Archimedes screw pumps, is well advanced. The station will provide Waihōpai Invercargill, including Invercargill Airport, with protection from inundation for the next 50 years.

The existing pumps were at the end of their life and the new ones will provide critical protection to the 116 properties in the immediate area and a lifeline for the airport, which supports 320,000 passengers plus freight each year.

A further four flood protection projects were advanced, covering vital upgrades to stopbanks and associated infrastructure in the Gore, Wyndham, Maitahi and Waihōpai Invercargill communities.

The climate resilience projects are partly funded by Kānoa – the Regional Economic Development & Investment Unit – to the tune of almost \$13.9 million. The funding was part of Government's economic recovery initiative to lift regional employment and provide a much-needed boost for the local economy.

The impacts of our changing climate need to be understood and tackled together as a community. This is why the Regional Climate Change Working Group has been set up this year, with representatives from all four Southland councils and Te Ao Mārama Inc. The group will work with communities to understand the impacts of climate change in the region, and develop adaptation and mitigation plans.

Southlanders have told us that they want improved freshwater quality. We have been continuing to develop a robust scientific understanding of the level of change needed to meet our community's aspirations for freshwater.

The Regional Forum's report *Achieving the Community's Aspirations for Freshwater* was received by Council in July last year. The recommendations from this report, alongside scientific, economic and cultural information, are informing an update to the proposed Southland Water and Land Plan, known as Plan Change Tuatahi (the first plan change). There will be opportunities for community input to help shape this plan change as it is developed.

New regulations for intensive winter grazing also came into effect in May 2023, ahead of the 2023 winter grazing season. We know Southland landowners have undertaken a lot of work and planning to improve intensive winter grazing practices in the region over a number of years. We will continue to support farmers to ensure their winter grazing activities comply with the rules.

The region's biosecurity and biodiversity programmes continued at pace during the year. The Fiordland Buffer Zone project was completed this year, working to protect the Fiordland National Park from the invasive weeds cotoneaster and Darwin's barberry. The project took more than 100,000 invasive plant seeds out of circulation. The project was run by Environment Southland and funded by the Department of Conservation through the Jobs for Nature – Mahi mō te Taiao programme.

The *Undaria* project dive team, also funded by Jobs for Nature this year, removed 46.5 tonnes of the aquatic pest plant and will now continue for another year, thanks to the return of cruise ships and funding from the marine fee.

Environment Southland had budgeted for a \$2.4 million operating deficit in the 2022-23 financial year, however, several factors helped turn things around and the

Council finished the year with a positive result. This meant we did not add to debt and are able to start to rebuild reserves depleted during the pandemic and enable us to manage future infrastructure replacement and disaster repairs. A significant amount of the unbudgeted income related to the return of cruise ships, which contributed \$2.1 million in marine fees.

We entered the 2023-24 year from a situation where we absorbed higher costs than in 2022-23, having held the rates at a 5% increase despite higher inflation. As this is not sustainable year-on-year, in May the Council set the rates at an average 6.9% increase for the 2023-24 year, in line with inflation. Given the cost of living challenges faced by the community, the Council reprioritised work and found efficiencies within the organisation in order to keep the rates increase as low as possible.



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

**Nicol Horrell**

*Chairman, Environment Southland*



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

**Wilma Falconer**

*Chief Executive, Environment Southland*

*This report has been prepared in accordance with Part 3 of Schedule 10, Clause 34 of the Local Government Act 2002. The Council and management of Environment Southland confirm that all the statutory requirements in relation to the Annual Report have been complied with.*

This report was approved and adopted by a meeting of the Council on 18 October 2023.

# Opportunities for Māori to contribute to decision-making

Environment Southland acknowledges the importance of tikanga Māori and highly values its relationship with both Ngāi Tahu (through the four Murihiku Southland papatipu rūnanga, Te Ao Mārama Inc<sup>1</sup> and Te Rūnanga o Ngāi Tahu<sup>2</sup>) and ngā mātāwaka (those of differing tribal descent to mana whenua living within Murihiku Southland).

## Charter of Understanding

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

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

### The Charter of Understanding provides:

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

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

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

2. The iwi authority.

## Mana whenua representation

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

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

## 2022–23 activities

The points below highlight specific activities undertaken during the year:

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

# Our activities in summary

## Results for 2022–23

In 2022-23, Environment Southland achieved 62% of its activity group performance targets, meeting 35 of 56 performance measures. This year we added a partially achieved category to reflect where the majority of the criteria was met or the target was only narrowly missed. A further five targets (9%) were partially achieved. In each of our six activity groups, we achieved or partially achieved at least half of the targets.

## Comparison with previous results

In 2022-23 we met 62% of targets, compared to 68% in 2021-22 and 50% in 2020-21.

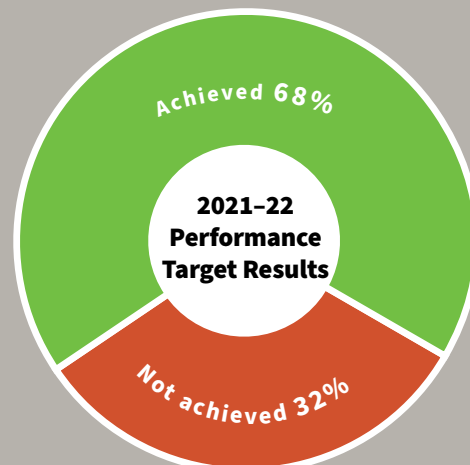
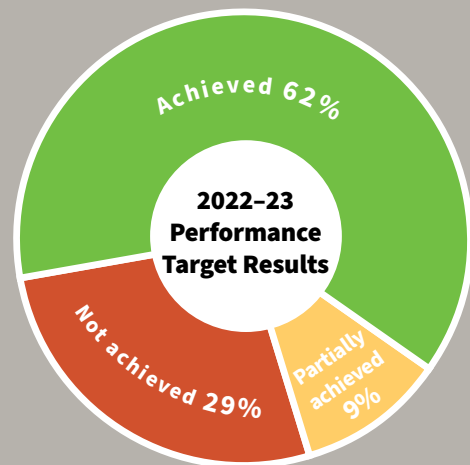
Information is represented as a percentage of overall targets set and achieved, to ensure consistency and identify any trends.

## Key judgments

The Long-term Plan describes at least one performance measure and target for each activity. These measures and targets were selected to reflect the level of service being provided and the impact sought by the activity. Considerations included national requirements for measurement, whether there was any existing data to ascertain a baseline state and whether the measure and target were practical to monitor.

In terms of measuring, systems were established where no existing systems were in place for capturing the information. Disclosing of progress occurs every quarter through progress reporting on the Long-term Plan to Environment Southland’s Finance and Performance Committee, along with the Annual Report.

Levels of service targets and results by groups of activities





# Air quality

## Our aspirations for air quality

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

## Our activities

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

Environment Southland delivers on this activity by:

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

- Researching interventions that are most effective in helping the adoption of clean heating practices
- Running educational campaigns to inform the community about air quality issues and actions they can take to improve it
- Working collaboratively with iwi, territorial authorities, community groups, agencies, homeowners and businesses to develop and implement solutions for improving air quality in the region.

**Level of service results 2022-23**



*For more detail on our levels of service for air quality, please see the Annual Report for 2022-23.*

**Level of service results 2021-22**







# Air quality highlight

## Record low number of air quality exceedances

During 2022, Invercargill and Gore recorded the best winter air quality results since monitoring began. Gore recorded zero exceedances of the National Environmental Standards for Air Quality, meaning it met the necessary legislative requirements for two years in a row.

In the same period, Invercargill recorded two exceedances, an improvement on three exceedances in 2021. While this is above the requirement to have no more than one exceedance in a 12-month period, it is the city's best result on record. This is a good indication that people are making an effort to reduce the pollution from home heating appliances, which are the biggest contributors to air pollution in Invercargill and Gore.

While 2022 was a relatively mild winter, to see results continue to improve after the low exceedance numbers from 2021 was a really positive sign. Environment Southland continues to advocate and support people to make changes that have an ongoing positive impact – burning dry wood, upgrading to cleaner heating sources and being more aware of how they operate their burners.



### Performance snapshot



**70%** reduction in PM<sub>10</sub> emissions in Invercargill since 2011



**88%** of air quality incidents resolved



More than **33%** of wood burners in Invercargill and Gore are less than five years old



**79%** reduction in Invercargill households using coal





# Water and land

## Our aspirations for water and land

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

## Our activities

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

Environment Southland delivers on this activity by:

- Working with the community to implement the National Policy Statement for Freshwater Management
- Providing access to water and land information including data, science and research undertaken to understand the pressures on the regions resources
- Working with the individuals, community groups, schools and other agencies to raise awareness and understanding of environmental issues and empower action
- Partnering with Te Ao Mārama Inc on an overarching programme to improve water and land in the region
- Continuing to support the Whakamana te Waituna Trust to restore the mana of the Waituna catchment and lagoon
- Supporting farming leaders and catchment groups to build and support resilience

**Level of service results 2022-23**



*For more detail on our levels of service for water and land, please see the Annual Report for 2022-23.*

**Level of service results 2021-22**





# Water and land highlight

## Whakamana te Waituna Trust programme

A highlight has been the success of the Whakamana te Waituna Trust programme supporting the revitalisation of mātauranga Māori through rebuilding customary practices, kaitiakitanga and connections to traditional ancestral lands at Waituna.

Waituna is a special area, unique to Murihiku Southland and New Zealand, and internationally recognised as a wetland of ecological diversity and significance, but the lagoon and catchment have been under pressure for many years due to land use change.

The Whakamana te Waituna Trust was established in 2018 with partners Awarua Rūnanga, Department of Conservation and Fonterra (Living Water partnership), Environment Southland, Ngāi Tahu and the Southland District Council.

The programme has contributed significantly to the Awarua Rūnanga achieving their aspirations for the Waituna catchment, which were woven through the shared programme.






The establishment of Te Wai Parera Trust and return of land to the Rūnanga (via the Trust) marked a significant milestone. The return of land has supported aspirations to develop Pikiraurahi, Te Pā Mahika Kai (403ha) to restore taonga species, provide kai for whānau, reconnecting people, particularly rangatahi, to place and traditional practices. The land purchases helped achieve a land buffer (584ha) for the lagoon.

The reduction of nutrients and sediment entering waterways and the lagoon, while maintaining economically viable businesses, has been a key focus.

Projects included the creation of constructed wetlands (3ha), sediment trap construction, and native plantings (16,895 on farm riparian areas).

An evaluation report for the programme was completed in June 2023.

**🔍 Performance snapshot**

-  **35** catchment groups supported
-  **1,680** contaminated land sites audited
-  **584<sup>ha</sup>** buffer established at Waituna Lagoon
-  **10** farms participated in Freshwater Farm Plan Pilot
-  **220** students from 20 schools attended Enviroschools Regional Hui





# Biosecurity and biodiversity

## Our aspirations for biosecurity and biodiversity

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

## Our activities

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

Environment Southland delivers on this activity by:

- Implementing national regulations and regional pest management plans
- Monitoring bird life and rodent populations at sites across the region
- Supporting community with advice and assistance on pest control efforts, particularly through Possum Control Areas and community group activities
- Providing advice to landowners on protecting biodiversity and ecological values
- Funding grants that support biodiversity projects
- Working in partnership on a range of programmes including Biodiversity Southland, Fiordland Marine Guardians, Predator Free Rakiura and Predator Free Southland, and the Mid Dome Wilding Trees Charitable Trust

**Level of service results 2022-23**

✓ 10

✗ 2

*For more detail on our levels of service for biosecurity and biodiversity, please see the Annual Report for 2022-23.*

**Level of service results 2021-22**

✓ 7

✗ 5



# Biosecurity and biodiversity highlight

## Fiordland Buffer Zone project


The Fiordland Buffer Zone Project was a boost to Environment Southland’s existing weed control programme in the Te Anau area thanks to the Jobs for Nature – Mahi mō te Taiao Government fund.


The fund provided \$690,000 over two years, and the project was completed in May 2023 after covering more than 3000ha with over 17,000 hours worked. It aimed to help protect Fiordland National Park from invasive weeds while also providing jobs to local tourism operators during a very difficult time at the height of the pandemic.

The project involved carrying out weed control on land and properties throughout a 1km buffer zone alongside Fiordland National Park, from Manapōuri to Te Anau and at Milford Sound. The work focused on stopping invasive plant species cotoneaster and Darwin’s barberry from entering the park. These pest plants are a particular problem as they can out-compete important native species.

Residents ran the programme on the ground with support from Environment Southland, and the Te Anau and Manapōuri communities were hugely supportive. Twenty one companies were involved in the project, with 96 local residents trained and employed to carry out the work.


Teams visited almost every property in Manapouri and Te Anau removing cotoneaster and Darwin’s barberry, and educating residents about other pest plants that might be lurking in their gardens.

 **Performance snapshot**




**399,800 ha** in Possum Control Areas programme

.....




**Clean vessel** pass applications more than doubled with 449 applications received

.....




**88** private properties and 13 public conservation land sites surveyed for biodiversity values

.....



**31** Environmental Enhancement Fund grants totalled \$414,788.18

.....



**99** fish barriers remediated





# Climate change and community resilience

## Our aspirations for climate change and community resilience

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

## Our activities

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

Environment Southland delivers on this activity by:

- Ensuring the community is prepared for the impacts of climate change such as sea level rise and increased storm surges on coastal communities

- Including consideration of climate change implications in the Southland Regional Policy Statement
- Monitoring and researching the region’s natural hazards, flood risk modeling and the effect of climate change on community wellbeing
- Improving community resilience by increasing the knowledge and understanding of hazards to enable people to make better and more informed choices for now and in the future
- Making hazard and climate information readily available, as well as improving the quality and type of information
- Working collaboratively to deliver the shared service of Emergency Management Southland with Southland District Council, Gore District Council and Invercargill City Council
- Maintaining and enhancing Council’s infrastructure to reduce the negative impacts of natural hazards

**Level of service results 2022-23**



For more detail on our levels of service for climate change and community resilience, please see the Annual Report for 2022-23.

**Level of service results 2021-22**





# Climate change and community resilience highlight

## Climate resilience projects helping protect Murihiku Southland

Environment Southland is engaged in projects to help ensure vulnerable towns in our region are more resilient for the future. Stop banks are a critical part of Southland’s flood defences, providing a level of security in the face of potentially devastating flooding effects.

Stop bank improvements across Murihiku Southland progressed during the year, as part of the Resilient River Communities project. Improvements continue to our flood protection networks in Gore, Mataura, Wyndham and Waihōpai Invercargill.

Last year, while a geophysical report found there was no obvious structural damage to the stop banks on the Mataura River as a result of the 2020 flood event, river engineers raised concerns about a 600m section along the Mataura township that was at risk of erosion. Work completed in April 2023, saw around 27,000 tonnes of rock used to protect the stop bank.

The replacement of the Stead Street Pump Station, including the provision of fish-friendly Archimedes screw pumps is well advanced. The station will provide Invercargill-Waihōpai, including Invercargill Airport, with protection from inundation for the next 50 years. The existing pumps were at the end of their life and the new ones will be critical to the 116 properties in the immediate area and a lifeline for the airport, which supports 320,000 passengers plus freight each year.



### Performance snapshot



**14,000** tonnes of gravel removed from Mataura River gravel island to fill Gore stop bank



**Zero** greenhouse gas emissions target by 2050



**4** projects underway to upgrade flood protection in Gore, Wyndham, Mataura and Invercargill Waihōpai



**516 km** of Southland stop banks maintained





# Coast and marine

## Our aspirations for coast and marine

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

## Our activities

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

Environment Southland delivers on this activity by:

- Reviewing the Regional Coastal Plan
- Understanding the state of the coastal marine area by monitoring trends and undertaking research to understand and respond to emerging issues
- Providing boating education and working with the community to ensure the safe use of the coastal marine area
- Working with iwi, councils, researchers and others to increase the knowledge and improve the integrated management of the coastal marine area
- Actively engaging in the implementation of the Milford Opportunities Project’s Master Plan
- Providing effective response capability for oil spills that occur in the region’s coastal waters

**Level of service results 2022-23**



*For more detail on our levels of service for coast and marine, please see the Annual Report for 2022-23.*

**Level of service results 2021-22**







# Coast and marine highlight

## Riverton oil spill exercise tests Environment Southland response

Realistic maritime training scenarios play an important role in helping protect our marine and coastal environments from pollution.

Southland's coastline is 3,400km long; the longest of any region in New Zealand, so being prepared to protect it when things go awry is essential.

In March 2023, Environment Southland led an exercise to test its response to an oil spill along the Southland coastline.

The trained oil spill response team members were faced with a charter boat capsize scenario at the mouth of the Riverton Harbour. To prepare for such situations, staff take part in two exercises per year to ensure they are prepared and their resources and skills are up to the required Maritime New Zealand standards.

The scenario in the exercise was managing a charter boat capsize and marine lube oil leak along North Beach and Taramea Bay. During the exercise, staff were tasked with making plans and deploying booms, skimmers and other oil spill response equipment.

Staff need to take everything into consideration – wind, tide and the weather all have an impact on how the team approach responding to an oil spill. Their priorities are to contain the pollution, and look at what needs to be done to protect any marine wildlife or special coastal ecosystems. Liaising with iwi and stakeholders such as

other councils and relevant environmental organisations is another important aspect of the exercise.

They successfully deployed booms and skimmers, which are commonly used to manage oil spills to protect sensitive marine waters, and provide an important tool for minimising any environmental impact.

The exercise was a success and provided valuable on the water training for the oil spill response team.



### Performance snapshot



**13** coastal swimming sites monitored for health risks during summer



**98%** of vessels surveyed met minimum requirements for onboard safety gear



**\$2.1M** in marine fees received





# Regional leadership

## Our aspirations for regional leadership

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

## Our activities

The regional leadership activity group reflects the way in which Environment Southland acts on its obligations to provide responsible leadership for regionally significant activities.

Environment Southland delivers on this activity by:

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

designed to enable a joined up approach to regional matters, predominately in the RMA space

- Ensuring that communities are involved in setting the direction and focus for Council activities, particularly through feedback on the Long-term Plan, Annual Plans and Annual Reports
- Sharing relevant information and ideas via appropriate channels to support participation
- Maintaining our strong relationship with tangata whenua in Murihiku Southland
- Working with Southland and Otago councils to assist tangata whenua and local government to undertake day-to-day business and also satisfy the legal requirements for local government to assist Māori in building capacity and participating in decision-making
- Ensuring councillors are well supported in their roles to meet their decision-making responsibilities
- Exploring and developing new ways of providing access to data and information to support decision-making

**Level of service results 2022-23**

 **12**

 **4**

*For more detail on our levels of service for regional leadership, please see the Annual Report for 2022-23.*

**Level of service results 2021-22**

 **13**

 **3**



# Regional leadership highlight

## Innovative technologies driving better understanding of weather, water and land

During the year we pioneered innovative technology to capture and share river flows using remote cameras and drone flights, including during floods. Space Time Image Velocimetry (STIV) and a new web camera network are being trialled at key locations around Southland. Images captured from remote cameras and drones provide efficiencies for monitoring staff as well as useful information for our communities.

For staff, it means a safer way of capturing information during flooding as there's no need to travel to the location. This avoids putting people at risk in flooded waterways or being cut off by flooded roads. The images captured by web cameras at our river monitoring sites will add to the data already available that helps farmers and others make decisions, particularly during floods.

From above ground innovation to below, new high-resolution LiDAR (Light Detection and Ranging) elevation mapping of Southland catchments, incorporating both digital elevation and digital surface models, was released during the year. LiDAR data will greatly improve hazard planning, policy, compliance, farm mapping and management plans, our understanding of landscape change and eventually, hydrological processes such as stream flow estimation.

The resulting high definition maps and models will be useful for a range of applications for councils and others. These include hazard planning, infrastructure planning and policy development, farm mapping, understanding landscape changes and catchments' hydrological processes, such as stream flow estimation and catchment size.



### Performance snapshot



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



**306,000** website views, up 9.5% from last year



**79%** consents monitored



**98%** of 712 pollution notifications responded to



**22** finalists recognised at Environment Southland Community Awards



# Our finances

Set out below is a summary of the financial statements for the 2022-23 financial year. The amounts reported under the consolidated heading are the combined figures for Environment Southland and South Port New Zealand Limited. All amounts are presented in New Zealand dollars.

## Summary statement of comprehensive revenue and expenses for the year ended 30 June 2023

	COUNCIL			GROUP	
	Actual	Annual Plan	Actual	Actual	Actual
	2023 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>REVENUE</b>					
Rates revenue	24,001	24,004	22,862	24,001	22,862
Government grants	9,647	10,793	8,484	9,647	8,484
Other revenue	17,181	15,254	14,331	66,087	58,211
<b>Total revenue</b>	<b>50,829</b>	<b>50,051</b>	<b>45,677</b>	<b>99,735</b>	<b>89,557</b>
<b>EXPENDITURE</b>					
Employee benefits expense	19,454	20,000	16,858	33,297	29,724
Depreciation expense	738	779	715	5,443	4,859
Finance costs	2	87	2	1,707	982
Other expenses	23,848	25,397	22,670	41,055	37,502
<b>Total expenditure</b>	<b>44,042</b>	<b>46,263</b>	<b>40,245</b>	<b>81,502</b>	<b>73,067</b>
<b>OTHER REVENUE AND EXPENSE</b>					
Other gains/ (losses)	1,492	-	(2,725)	1,842	(1,346)
<b>Total other revenue and expense</b>	<b>1,492</b>	<b>-</b>	<b>(2,725)</b>	<b>1,842</b>	<b>(1,346)</b>
<b>Surplus/(deficit) before income tax</b>	<b>8,279</b>	<b>3,788</b>	<b>2,707</b>	<b>20,075</b>	<b>15,144</b>
Income tax expense	-	-	-	(4,802)	(4,329)
<b>Surplus/(deficit) for the year</b>	<b>8,279</b>	<b>3,788</b>	<b>2,707</b>	<b>15,273</b>	<b>10,815</b>
<b>Total comprehensive revenue and expenses for the year</b>	<b>8,279</b>	<b>3,788</b>	<b>2,707</b>	<b>15,273</b>	<b>10,815</b>
<b>Total comprehensive revenue and expenses attributable to:</b>					
Council	8,279	3,788	2,707	11,347	6,515
Minority interest	-	-	-	3,926	4,300
	<b>8,279</b>	<b>3,788</b>	<b>2,707</b>	<b>15,273</b>	<b>10,815</b>

## Explanations for Council statement of comprehensive revenue and expenses variances

The actual surplus of \$8.3m is more than the planned budgeted surplus by \$4.5m. The major components of this favourable result are explained below.

Total comprehensive revenue received for the year was \$2.2m over budget. The major items contributing to this variance were:

- Government grants were \$1.1m below budget due to delays with the Climate Resilience projects
- Other revenue was \$1.9m favourable to budget. The majority related to the return of cruise ships, which contributed to \$2.2m against a budget of \$150k
- Other gains/(losses) were over budget by \$1.5m due to higher than expected unrealised investment returns

Actual expenditure was \$2.2m under budget primarily due to:

- Employee expenses were below budget by \$500k mainly due to vacancies and unfilled positions
- Finance costs were \$85k under budget due to the decreased use of bank overdraft facilities during the year
- Other expenses were under budget by \$1.6m. Across the range of activities there were over and under expenditures. This is mainly due to deferred project spending

## Summary statement of changes in net assets/equity for the year ended 30 June 2023

	COUNCIL			GROUP	
	Actual	Annual Plan	Actual	Actual	Actual
	2023 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Opening equity</b>	<b>83,494</b>	<b>87,673</b>	<b>80,787</b>	<b>130,046</b>	<b>121,605</b>
<b>Total comprehensive revenue and expenses attributable to:</b>					
Council	8,279	3,788	2,707	11,347	6,515
Minority interest	-	-	-	3,926	4,300
Dividend distribution - minority interest	-	-	-	(2,374)	(2,374)
<b>Closing equity</b>	<b>91,773</b>	<b>91,461</b>	<b>83,494</b>	<b>142,946</b>	<b>130,046</b>

## Summary statement of financial position for the year ended 30 June 2023

	COUNCIL			GROUP	
	Actual	Annual Plan	Actual	Actual	Actual
	2023 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Council	91,773	91,461	83,494	123,269	111,921
Minority interest	-	-	-	19,677	18,125
<b>Total equity</b>	<b>91,773</b>	<b>91,461</b>	<b>83,494</b>	<b>142,946</b>	<b>130,046</b>
Current assets	38,693	34,527	39,195	46,778	47,666
Non-current assets	64,746	67,172	54,030	145,480	124,520
Current liabilities	11,583	4,166	9,674	24,169	16,533
Non-current liabilities	83	6,072	57	25,142	25,607
<b>Net assets</b>	<b>91,773</b>	<b>91,461</b>	<b>83,494</b>	<b>142,946</b>	<b>130,046</b>

### Explanations for Council statement of financial position variances

Equity of \$91.8m is \$312k over budget. This is due to the surplus being favourable to budget, combined with the following:

- Current assets are \$38.7m against a budget of \$34.5m due to movement in cash and deposits and increased portfolio balance.
- Non current assets of \$64.7m are \$2.4m unfavourable to budget. This is due to property, plant and equipment being under budget as a result of the delay in Climate Resilience projects.
- Current liabilities of \$11.6m are higher than budget by \$7.4m. This is mainly due to the carry forward of \$3.6m project specific income to the next financial year, and trade payables being higher than budgeted.
- Non Current liabilities of \$83k are under budget by \$6.0m. This is due to not requiring external debt resulting from the delay in Climate Resilience projects.

## Summary statement of cash flows for the year ended 30 June 2023

	COUNCIL			GROUP	
	Actual	Annual Plan	Actual	Actual	Actual
	2023 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Net cash flow from operating activities	1,352	(2,512)	1,378	13,091	10,364
Net cash flow from investing activities	(2,919)	(7,346)	(361)	(16,959)	(23,698)
Net cash flow from financing activities	-	5,211	-	2,033	14,027
<b>Increase/(decrease) in cash held</b>	<b>(1,567)</b>	<b>(4,646)</b>	<b>1,016</b>	<b>(1,835)</b>	<b>693</b>
Add opening cash brought forward	6,333	4,272	5,316	7,636	6,943
<b>Ending cash carried forward</b>	<b>4,766</b>	<b>(374)</b>	<b>6,331</b>	<b>5,801</b>	<b>7,636</b>

### Explanations for Council statement of cash flow variances

The cash position was better than budget by \$5.1m. This is due to the delay in climate resilience projects.

Notes:

- 1 Section 98(4)(b) Local Government Act 2002 requires Council to make publicly available a summary of the information contained in its Annual Report.
- 2 The specific disclosures included in the summary financial report have been extracted from the full financial report adopted by Council on 18 October 2023. This summary financial report was approved and adopted by Council at the same time.
- 3 The summary financial report cannot be expected to provide a complete understanding as provided by the full financial report. The full financial report dated on 18 October 2023 has received an unqualified audit report. A full copy of the financial report may be obtained from Council's offices or on its website [www.es.govt.nz](http://www.es.govt.nz).
- 4 The Council's full financial report for the year ending 30 June 2023 and comparative information has complied with NZ GAAP and stated explicitly that they comply with Tier 1 Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS).

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

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

### Subsequent events

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

#### (a) Council

There are no subsequent events as at June 2023. (2022: On 23rd September 2022, Council signed a contract with Fulton Hogan to initiate the replacement of the Stead St Pump Station. The contract price for the pump station is \$8.3 million and brings the projected total cost of construction, including design and provision of fish-friendly archimedes screw pumps, to a total of \$11 million. This is an increase in cost of \$4.5 million above the projected cost of \$6.5 million in the 2022/23 Annual Plan. The increase to be funded by debt, is within the prudential debt limits. The annual cost of the revised expenditure is an increase of 1.7% on the 2022/23 operating budget. Council is committed to reviewing the funding of all climate resilience expenditure prior to 30 June 2024).

**(b) Group (South Port New Zealand Limited)**

On 25 Aug 2023 the Board declared a final dividend for the year to 30 June 2023 of 19.50 cents per share amounting to \$5,116,000 (before supplementary dividends). (2022 Final dividend declared for 19.50 cents per share amounting to \$5,116,000).

**Capital expenditure commitments**

**(a) Council**

Funds committed \$8.6m. The Council entered into commitments on various stopbank upgrades as part of the Government Funded Shovel Ready Climate Resilience projects (2022: \$1.9m). Two new vehicles have been committed to as part of fleet management.

**(b) Group (South Port New Zealand Limited)**

Funds committed \$4.9m. South Port New Zealand Limited entered into commitments on the dredging of the channel and the harbour as well as other minor capital projects. (2022: paving and services in the South Rail log yard and Shed 6 areas as well as other minor capital projects \$4.7m).

**Contingent liabilities and contingent assets**

**Council and group**

At the date of this report, Council is involved in two legal proceedings under the Resource Management Act. There is no reliable estimate of what the liability will be. At this stage no claims have been made.

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

At 30 June 2023 there was a claim against South Port New Zealand Limited for \$2.1m in damages (2022: \$2.1m), however South Port New Zealand Limited has a counter-claim against the claimant for \$5.6m (2022: \$5.6m). The Group has undergone arbitration in FY23 to defend the claim and is waiting on a decision from the arbitrator. The Group does not believe that it is exposed to the liability.

The Council has \$Nil contingent assets as at 30 June 2023 (2022: \$Nil). South Port New Zealand Limited \$Nil (2022: \$Nil)



## Related party disclosures

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

### *Transactions with related parties*

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

<b>SOUTH PORT NEW ZEALAND LIMITED</b>	<b>Council</b>	
	<b>2023 \$000</b>	<b>2022 \$000</b>
Dividend payment made to Council	4,709	4,709
Expenses paid to Council as per normal terms of business	107	116

<b>REGIONAL SOFTWARE HOLDINGS LIMITED</b>	<b>Council</b>	
	<b>2023 \$000</b>	<b>2022 \$000</b>
Admin fees and support paid by Council	(691)	(391)

Environment Southland provided funding of \$169,740 (2022: \$169,170) to Southland Regional Development Agency for the year ended 30 June 2023.

### *Other transactions involving related parties*

There are \$Nil transactions for the 2023 year. (2022: During the year South Port New Zealand Ltd provided cold storage facilities and leased warehousing, land and wharf facilities to Sanford Bluff for \$509,000. Sanford Limited debtors balance at 30 June 2022 \$26,100. Mr T M Foggo, a former Director of South Port New Zealand Limited acted in the capacity of consultant for Sanford Limited. All of these transactions were conducted on an arms length basis at market rates. All balances owing by Sanford are due by the 20th of the month following invoice and all overdue invoices are subject to interest on arrears. During the year ended 30 June 2022 no amounts invoiced to Sanford were written off as bad debts or included in the doubtful debts provision at balance date).

In Environment Southland's role as agent for the Whakamana Te Waituna project, as at 30 June 2023 funds held on behalf of the project amounted to \$332,224 (2022: \$838,050). These amounts are recorded in the cash and deposits balance and are considered restricted cash on the basis that the funds are held in trust as a payable for the Whakamana Te Waituna project.

### *Transactions eliminated on consolidation*

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

### **Joint arrangement – Emergency Management Southland**

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

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

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

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

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

	<b>Council</b>	
	<b>2023 \$000</b>	<b>2022 \$000</b>
Current assets	300	193
Revenue	470	582
Expenses	363	456

# Independent auditor's report

**Deloitte.**

TO THE READERS OF ENVIRONMENT SOUTHLAND'S SUMMARY OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

The summary of the annual report was derived from the annual report of the Environment Southland (the Regional Council) for the year ended 30 June 2023.

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

- the summary statement of financial position as at 30 June 2023;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2023;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance referred to as Activities of the Regional Council.

## Opinion

In our opinion:

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

## Summary of the annual report

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

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

## The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2023 in our auditor's report dated 18 October 2023.

## Council's responsibility for the summary of the annual report

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

## Auditor's responsibility

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

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

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



Anthony Smith,  
Deloitte Limited,  
On behalf of the Auditor-General  
Christchurch, New Zealand  
18 October 2023

