



GREAT SOUTH 

2019/20 Annual report



Company directory

SOUTHLAND REGIONAL DEVELOPMENT AGENCY LIMITED

Trading as Great South

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Invercargill 9810
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www.greatsouth.nz

DIRECTORS

Ian Collier
Dean Addie
Lucy Griffiths
Maria Pera
Joc O'Donnell - Resigned July 2020
Sarah Brown - Resigned January 2020

REGISTERED OFFICE

Southland Regional Development Agency Limited
143 Spey Street, Invercargill

BANK

Westpac New Zealand Limited

AUDITORS

Audit New Zealand (on behalf of the Office of the Auditor General)

SHAREHOLDERS

Class A Shareholders

Invercargill City Council
Southland District Council
Gore District Council
Environment Southland

Class B Shareholders

Invercargill Licensing Trust
Mataura Licensing Trust
Southland Chamber of Commerce
Southern Institute of Technology

Class C Shareholders (Non-voting)

Invercargill City Council
Southland District Council
Gore District Council

MEMBERS

Community Trust South

LEGAL STATUS

Southland Regional Development Agency Limited ("SRDA") was incorporated in New Zealand on 29 March 2019 under the Companies Act 1993 (NZBN 9429047359185).

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HIGHLIGHTS FOR 2019/20

Great South established



SouthlandNZ ranked 5th region in terms of social media followers



70 media features coordinated for the Southland region



395 Business discovery sessions carried out by Business Growth Advisors



Southland Murihiku Destination Strategy launched



Over \$200,000 of Research & Development funding allocated



COVID-19 Business Response team established



Over 80 event organisers supported



Regional greenhouse gas emission profile established



Over 1,300 businesses engaged with



Region accredited as 'Established Welcoming Community'



Direct jet service between Auckland and Invercargill established



\$1.55 million Provincial Growth Funding secured for three years for Southland Youth Futures programme



SOUTHLAND SNAPSHOT



Southland population

101,571

Median age: 39.8 years*

8.8%
growth
from 2013
Census



Southland GDP

\$6,359 million

YE March 2019

9%
growth
from YE
March 2018



Visitor spend

\$583 million

YE June 2020

-16%
growth
from YE
June 2019**



Total business units

14,088

Geographical units

1.2%
growth
from 2018

NOTES
* Population information sourced from 2018 Census.
** The February flood events and outbreak of COVID-19 have contributed to a significant decrease in visitor spend across the region. Up until January 2020 the region was tracking well towards its goals of increased visitor spend.

Ma te kotahitanga e whai kaha ai tātau.





Chair's message

Having celebrated our first year as an organisation, it is timely to reflect on what has proven to be both a rewarding and challenging period of change for the organisation and most importantly for our team.

Great South kicked off with a clear mandate for change and set its sights on a more commercially-focused approach in how it wanted to operate. A completely new board, Ann Lockhart as interim Chief Executive, and a team transitioning from the previous entity were all tasked with delivering the steep change that our shareholders and the people of Southland signed up to when the Southland Regional Development Agency was formed.

Personally, I have been incredibly impressed with how the entire Great South team have taken up this challenge and embraced the new vision and strategy set by the board. In late December we were incredibly fortunate to secure Graham Budd as our Chief Executive. Graham brings a wealth of knowledge and experience to the role and a passion for Southland as a region. The timing of Graham's appointment also proved to be pivotal as the impacts of the floods and the COVID-19 pandemic presented themselves to us all.

In navigating these challenges, the Southland Regional Development Strategy (SoRDS), the guidance of our shareholders and the determination of the Great South team have been instrumental to getting the results we have to date. SoRDS remains very relevant to our future as a region and provides us with the framework from which to respond to the flood events, COVID-19 and the recent announcement that Tiwai will close in August 2021. As always, it is events like this that focus the mind and force us to think outside the square. It is also in times like this that teamwork is critical. During the year we have worked hard to build on our relationships with our shareholders and established strong partnerships with regional organisations, including with the Southland Chamber of Commerce, to deliver a greater level of support to our local businesses and community. We also continue to work closely with Southland leaders for the advancement of the region, including advocating for an extended close-down period for Tiwai, and identifying opportunities which will contribute to the region's economic recovery, support diversification and help to position Southland as a great place to visit, live, work and invest.

It is clear from this first year of operation that Great South has the potential to achieve all of the goals that have been set by our shareholders. The challenge is how quickly we can collectively get there which is something we will be actively and unashamedly focussed on as an organisation. I would like to acknowledge our board, our CE, the wider Great South team, Chair of the Joint Shareholders Committee - Southland District Council Mayor Gary Tong, and our shareholders for your support and encouragement during the last year. It matters, is sincerely appreciated and it is essential to the success of the organisation moving forward.

Thank you.

Ian Collier
Great South Board Chair



Chief Executive's message

I was delighted to be appointed to the role of Great South's Chief Executive and full of anticipation on my first day in early Feb 2020.

I started just as a state of emergency was declared due to severe flooding across Southland, followed quickly by restrictions on Chinese visitor travel due to COVID-19, and then within weeks we entered what we now refer to as the 'lockdown' stage of the national pandemic response.

This context created a 'crisis' environment that generated a second state of emergency for Southland in as many months, challenging all sectors of our society. As I reflect on this, we are all still dealing with COVID-19 impacts and regional recovery strategies, and all signs indicate that we will be continuing to do so for many months and years to come.

Despite a challenging introduction to the role, one thing that quickly became clear was the incredible individual and collective capability of the Great South team to respond to a challenge. We were able to organise ourselves to provide support and advice to our regional communities - something that at a time of stress and uncertainty was highly valued and welcomed. This approach demonstrated to me the huge value that Great South offers our stakeholders and communities both in being able to respond to the unexpected and deliver on core activities.

Reflecting on the first full year of operations for Great South, there have already been many successes and notable achievements which are summarised in this report. It is worth noting that these achievements have been delivered during a period of significant change for the Great South team - many of whom transitioned from the previous entity, Venture Southland, as well as the new team members who have joined during the year. I would like to acknowledge the excellent work of interim Chief Executive, Ann Lockhart, who led the company from its establishment, for 'handing over' a team and organisation very well placed for the future.

After all the change relating to the establishment of Great South as a Council Controlled Organisation I am very pleased to report a strong financial position for the year end and to showcase the outstanding work that has been completed so far to drive the region's growth.

I am very proud to be leading the Regional Development Agency for Southland and its team of highly capable and motivated individuals. Great South does not exist for its own benefit, our purpose is to support the vision of even better lives (for Southlanders) through sustainable development. As we enter our second year of operation, we are well placed to deliver against our shareholder expectations as noted in our revised Statement of Intent for the 2020/21 year.

I can assure our shareholders and members of the community that we will do our very best to deliver results against our long-term regional aspirations as well the short-term recovery-focused goals, while remaining nimble and flexible in uncertain times. We will achieve this through partnerships, co-operation and collaboration with all public sector and private stakeholders, Ngai Tahu Iwi and local Runanga. Finally, many thanks to my Chair, Ian Collier, and the Great South Board for allowing me this opportunity and for being appropriately challenging and supportive during my short tenure so far.

Graham Budd
Great South Chief Executive

About us

Great South has a clear mandate to leverage opportunities for Southland in the areas of economic and business development, tourism, and events. This involves incorporating Southland's Regional Tourism Organisation (RTO), central government's Regional Business Partner (RBP) Network, supporting the event sector and delivering a range of initiatives and government-funded contracts that pave the way for regional growth.

CONSTITUTION OBJECTIVES

1. Achieve the objectives of our shareholders, both commercial and non-commercial, as specified in the Statement of intent
2. Be a good employer
3. Exhibit a sense of social and environmental responsibility
4. Conduct our affairs in accordance with sound business practice

GREAT SOUTH GOVERNANCE

The Board of up to seven independent directors is responsible for the strategic direction of Great South and the initiatives it is involved with. The Board oversees the business undertaken by Great South in accordance with the Local Government Act 2002, Companies Act 1993, the Company's Constitution and its Statement of Intent.



OUR VISION

Even better lives through sustainable development



This vision represents the ambitious goals of the Great South Board and its shareholders. It speaks to the potential for Southland to be recognised as a great place to live, work and play, and to the sustainable approach that will be adopted in making this happen. Southland has the drive, enthusiasm and leadership needed to establish itself on the world stage as a contemporary, connected, and competitive place, and Great South is committed to making this happen.

LONG-TERM STRATEGIC GOALS

1. Grow the population
2. Diversify the economy
3. Grow innovative businesses
4. Build a skilled workforce

SHORT-TERM STRATEGIC GOALS

Given the evolving direct societal and economic impacts of the COVID-19 pandemic, and the agreed premise of Great South's Statement of Intent as being one that is responsive and agile, Great South identified the following four short-term strategic goals to direct its work programme for the 2020/21 year. These complement the long-term objectives of the organisation and will play a significant role in the region's economic restart.

1 Retain jobs and a skilled workforce

2 Facilitate economic restart and rebuild

3 Champion significant projects

4 Identify opportunities for diversification and build economic resilience



Great South's first year of operations...

Responding to a pandemic

When the direction for the 2019/20 year was set, no one could have predicted the scale of impact that the COVID-19 pandemic would have upon the Southland community, economy, and business environment. Embracing the need for clear thinking, prioritisation and action, Great South has continued to proactively lead the region's economic re-start, advocate for greater regional support and engage in initiatives that build the resilience of our people, place, and economy.

HIGHLIGHTING THE IMPACT OF COVID-19

Recognising the importance of understanding the regional economic impact and addressing the concerns of local businesses, Great South established a COVID-19 Business Response Team during alert levels 3 and 4 (March – June 2020). This involved engaging with 1,326 businesses - which represented over 18,000 employees - to connect them with the support, resources and networks needed to navigate the uncertainty. Through this engagement, Great South coordinated referrals for specific support services across the region, including for the Ministry for Social Development, Inland Revenue and the Southland Chamber of Commerce, and ensured businesses were aware of the support on offer through the company's contract with the Regional Business Partner Network. Insights gained from the COVID-19 Business Response have enabled Great South to continue to advocate for additional regional support and contributed to a strong platform being established for the region's rebuild.

ADMINISTERING COVID-19 ADVISORY FUNDING

As the New Zealand Trade and Enterprise Regional Business Partner, Great South administered the COVID-19 Advisory Fund which connected businesses with expert advice and support across a range of areas, including HR, health and wellbeing, business continuity, cashflow and finance management, strategy, and digital enablement. Through working one-on-one with local businesses, Great South was able to help address immediate concerns and identify long term solutions which would support ongoing viability and resilience. The business mentoring programme, management capability vouchers and research and development (R&D) funding opportunities also provided relief for businesses at this time. During the reporting period, Great South connected 168 businesses with \$290,316 of COVID-19 funding.

COVID-19 BUSINESS RESPONSE



Over 1,300
businesses
engaged with



Representing
over 18,000
employees



570 referrals made to supporting agencies



\$290,316 COVID-19 Advisory Funding
administered pre 30 June 2020



Campaign to restart local economy
– 'Together Southland'

Supporting innovative business development



395 business discovery sessions carried out by Business Growth Advisors



26 businesses requested and were matched with a mentor



\$205,416 of Business Capability Voucher funding administered



\$223,433 of Research & Development funding administered

Developing and extending local business has a cascading effect upon regional development by stimulating innovation, creating employment opportunities, and increasing confidence in the sector. Great South is committed to building business capability and encouraging both the business sector and wider region to address immediate challenges and plan for future success.

DRIVING BUSINESS GROWTH

As part of the Regional Business Partner Network, Great South connects businesses with the resources, networks and experts needed to build capability, and grow. Great South works with New Zealand Trade and Enterprise (NZTE), Callaghan Innovation and Business Mentors New Zealand to encourage businesses to innovate, explore research and development (R&D) opportunities, build capability, and develop long-term strategies for growth. During the year, Great South's Business Growth Advisors carried out 395 business discovery sessions, connecting businesses with a reliable and constant source of information, networks and funding. These one-on-one connections offer businesses a birds-eye view of their operations and provide timely and beneficial recommendations that encourage future development.

FOSTERING INNOVATION

Central to encouraging business success across the region is connecting businesses with the tools that accelerate better, faster, and more profitable innovation. In partnership with Callaghan Innovation, Great South connects local businesses with a range of R&D support to suit each stage of business growth. This includes loans which allow high-value R&D activity to continue, project grants which give businesses the opportunity to uncover new scientific or technical knowledge, and student grants which support both students and Southland businesses to expand. With innovative thinking part of the southern psyche, there is no shortage of businesses looking to capitalise on opportunities in these areas. For the reporting period, Great South allocated more than \$200,000 of funding from the Callaghan Innovation R&D funds.

BUILDING CAPABILITY

To foster business resilience and innovation across the region, Great South administers management capability vouchers on behalf of NZTE. These help small businesses to navigate the inevitable challenges of the business world by providing co-funding for management and capability training. Great South administered over \$200,000 of vouchers to Southland businesses to support their management building and training during the year.

CASE STUDY: ENCOURAGING WINDS OF CHANGE AND INNOVATION

A desire to challenge the status quo and deliver solutions not available anywhere else has encouraged one Southland business to embark on a remarkable research and development journey.

Insol Ltd is a Southland-based company that specialises in the design, manufacture, supply and installation of aluminium louvre and custom-made architectural facades.

With the weather playing a critical factor in the success of any outdoor installation, Insol Ltd was always acutely aware of the need to ensure its products could withstand strong winds. Initially, the company used cement bags to simulate wind load so that it could test the design structures created, however, Executive Director Greg Simmons was motivated to find another way.

"Every time I had to do a test and use the weight of cement bags, an idea of something better would bubble away in the back of my mind and eventually lead to the notion of creating a bespoke wind tunnel."

With significant capital investment required and not much precedent for designing a wind tunnel for testing purposes, Simmons enlisted the help of Great South to learn more about the research and development (R&D) opportunities available through Callaghan Innovation.

Callaghan Innovation offers a range of R&D funding which can add scale, depth and return to a company's investment and, in this instance, a successful project

application helped to support investigation during the initial feasibility and de-risk the design stage of the wind tunnel project.

Mr Simmons said that as a result of a 'sleeves rolled up' approach and the guidance of Great South, Insol Ltd was not only successful in receiving a project grant but also able to build a bespoke wind tunnel on their premises in 2019.

The wind tunnel, which can move up to 500 m³/s of air, is the biggest of its type in the Southern Hemisphere and provides unparalleled educational opportunities for learning how different materials and designs cope in differing weather conditions.

A great example of the innovative thinking that can be synonymous with the Southland region, Mr Simmons said the initiative has the potential to set the company up as a leader in the sector.

"While the primary business case of the wind tunnel is built on risk mitigation, the secondary effects will position us as leaders in the market internationally and continue to highlight the importance of innovation to business longevity."

Great South Business Services GM, Ben Lewis, said Insol Ltd is a great example of what is possible for businesses who have an innovative idea when they are connected with the right information and support.

"Great South provides the tools, resources and possible funding avenues to accelerate innovation and business success."

Putting Southland on the map

The promotion of Southland through marketing campaigns and iconic events brings significant benefits to the entire Southland region. Great South is committed to proudly sharing Southland's story, encouraging coordination and leadership within the region's tourism sector, and showcasing Southland, with its many attractions, unique activities, and personalities, as a preferred destination.

SOUTHLAND MURIHIKU DESTINATION STRATEGY

Now more than ever, regions are needing to embrace a holistic approach to planning for, and sustainably managing their visitor destinations. Guiding Southland with this approach is the Southland Murihiku Destination Strategy. The Strategy was launched in November 2019 as a blueprint for increasing regional visitation and tourism revenue in alignment with social, cultural, infrastructural, and environmental considerations. Championing the strategy's implementation, Great South is working with key stakeholders to progress the 61 actions identified within the strategy across the five components of destination management: product development, infrastructure, governance, sustainability, marketing and promotion. The Strategy has been reviewed to ensure it is fit for purpose in a COVID-19 environment with a renewed focus on the domestic market while New Zealand borders are closed. Following its launch, immediate priorities for implementation are the areas of agritourism, dark skies, food tourism, touring routes and product development.

DESTINATION MARKETING

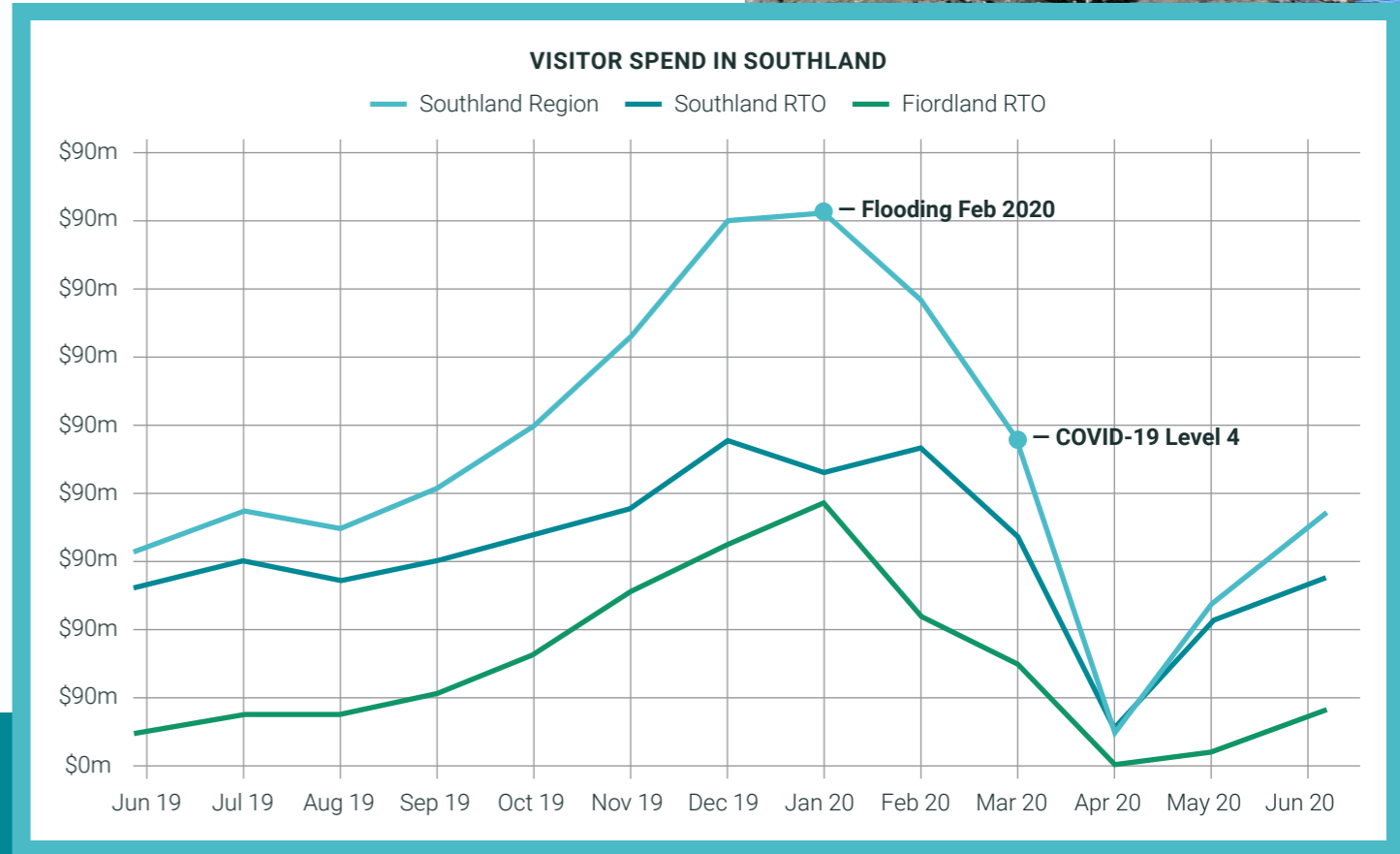
Promoting the Southland region and building its reputation is essential to driving demand and positioning Southland as a preferred visitor destination. Given the significant impacts of COVID-19, partnering with industry representatives and neighbouring regions to stimulate domestic visitation has become an important channel for regional exposure. During the year, Great South developed, coordinated and implemented a range of exciting marketing campaigns. This included the "Speechless in Southland" campaign developed in partnership with Air New Zealand, the "Together Southland" campaign which encouraged locals to buy local during the national lockdown and more recently, the "Rediscover Southland" campaign which focused on motivating South Island self-drive markets to rediscover the magic of the Southland region. Together, these campaigns have contributed to increased website traffic, social media followers and visitation.

STRENGTHENING SOUTHLAND'S EVENTS SECTOR

Events play a key role in fostering a strong regional identity, attracting visitors, and enhancing the lives of those who live across Southland. To strengthen this contribution, Great South supports event organisers and helps to promote events to locals and those from further afield. During the year this included delivering the iconic ILT Kidzone Festival, supporting the Southland Motorcycle Club to deliver the 14th Burt Munro Challenge, promoting the region as a preferred conferencing destination and helping to drive strategic conversations around the recovery of the sector in response to COVID-19. While ILT Kidzone and the Burt Munro Challenge were able to go ahead, a number of other events across the region had to be cancelled or postponed due to COVID-19, including the Southland Arts Festival, Hop 'n' Vine and the Tussock Country Music Festival. The development of the Southland Regional Events Strategy was a major focus during the reporting period and is set to be finalised and launched in late 2020. The strategy will provide an exciting framework to support the sector's recovery and will focus on the elements which attract visitation and contribute to the overall regional wellbeing.

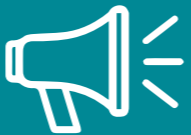
COVID-19 IMPACT

Between the February flood events and the outbreak of COVID-19, the Southland tourism industry has had a challenging end to the 2019/20 year. Up until February, the region was tracking well towards its goal of increased visitor spend, with the year-end results for January showing a 5% increase. Unfortunately, because of New Zealand being at Alert levels 3 and 4, and borders being closed to international visitors, the region has since seen a dramatic decrease in visitor spend, down 16% for YE June 2020 to \$583 million. Between February and May, visitor spend in Fiordland decreased by 61.9%, equivalent to \$65 million, highlighting the impact these events have had upon operators and the business community in the area. Since domestic travel has been on offer, Southland has seen some pleasing positive trends and is looking forward to building on this in the 2020/21 year.





Destination Strategy established with 8 building blocks and 61 activation areas



105 media results for the region, 70 assisted or because of a media famil



13 media famils hosted by Great South



15 destination events across the Southland region



SouthlandNZ ranked 5th region in NZ in terms of social media followers
SouthlandNZ has 142,731 followers



CAMPAIGN HIGHLIGHT: SPEECHLESS IN SOUTHLAND

To celebrate the launch of the Auckland to Invercargill direct jet service, Great South joined forces with Air New Zealand to develop a marketing campaign that stimulated inbound and outbound travel.

“Find yourself speechless in Southland” was the result of this work, with the associated marketing collateral shared proudly across a wide range of channels.

A strong focus on building the awareness of Southland as a preferred visitor destination and converting potential travellers to booking flights formed the basis of the campaign, with Air New Zealand helping to amplify the call for people to ‘Go South’ and explore what has been described by Lonely Planet as the New Zealand that we all dream of.

The campaign ran from 20 June 2019 to the 18 July 2019, leading customers through the dreaming, planning, and booking stages with videos, print and digital articles and strong social media presence. Targeting young professionals in Auckland, the marketing collateral showcased Southland’s colossal mountains and unfathomably deep lakes to encourage them to find for themselves the magic that the Southland region can offer.

The messaging around new horizons, fresh flavours and friendly locals helped to provide a compelling reason for people to book flights.

The campaign videos showcasing the region received over 525,000 views, with high engagement across both the Air New Zealand and SouthlandNZ online platforms. The competition featuring the ‘chance to win return flights to Invercargill’ and entry into some of Southland’s top experiences, received over 68,000 entries.

Air New Zealand General Manager Brand & Marketing, Jeremy O’Brien, says “The campaign was a great success, delivering to the objectives of driving awareness of the Southland region whilst highlighting the non-stop route.”

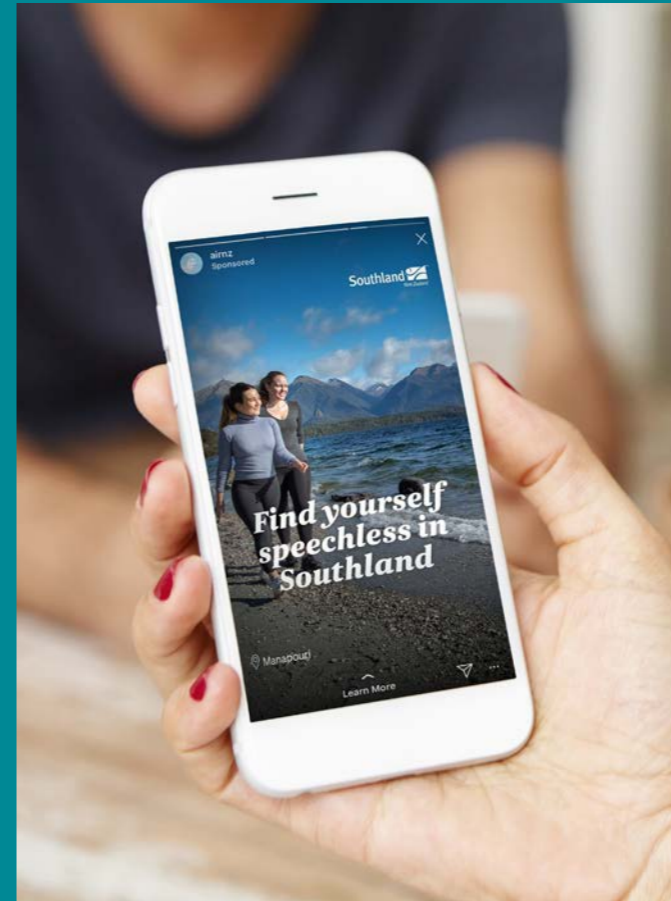
To ensure outbound flights were also supported, Southlanders were encouraged to realise that Auckland was only a cup of coffee and cookie away. This highlighted the ease of travel and connectivity the service provided to leisure travellers, local business, and Southland exporters.

The journey to take off for the flight service involved Great South, on behalf of the region, lobbying for improved connectivity, establishing a business case and working with Air New Zealand to establish the most viable and regionally beneficial service available.

The result, which has been proudly promoted through the likes of the ‘Speechless in Southland’ campaign, is a great one. Exporters can move high value freight in and out of the region quickly and reliably and have an even stronger foundation from which to leverage their product, service, and brand to the world.

Local businesses have greater access to the Auckland market and its networks, and Southlanders are relishing the connectivity and enhanced quality of life that this brings.

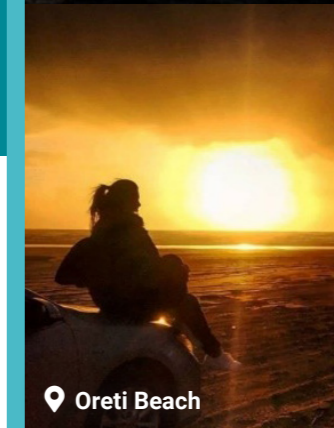
As a result of COVID-19 the service was suspended, but a revised jet service was implemented in July and is continuing to provide greater access to Invercargill and the wider Southland region, and boost confidence to the region’s business sector.



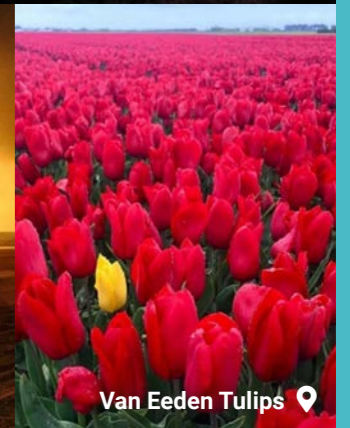
Cathedral Caves



Waipapa Point



Oreti Beach



Van Eeden Tulips



Stewart Island/Rakiura



Milford Track

EVENT HIGHLIGHT: SOUTHLAND’S FAVOURITE FAMILY FESTIVAL

With over 160 activities inspired by the wonderful world of circus, the 2019 ILT Kidzone Festival was the ticket to adventure for the July school holidays!



Held from the 10th to the 15th of July 2019 at the James Hargest College Senior Campus, close to 10,000 people from Southland and further afield took the opportunity to experience the fun on offer at the ILT Kidzone Festival.

With the festival embracing a carnival atmosphere, attendees were able to learn how to juggle, perform acrobatics and explore their own creativity with their family and friends.

Helping to profile the family-favourite event, the ILT Kidzone Festival was featured on New Zealand’s television programme, What Now, with attendee Sophie Ineson sharing her time at the festival with viewers from all over New Zealand.

Famous in Southland, and increasingly beyond, the festival strives to provide affordable school holiday adventures for families. While unfortunately the 2020 Festival was unable to go ahead due to COVID-19, the Great South team is looking forward to an action-packed festival come 2021!



10 employer talks held in schools across the region



Seven workplace tours held



78 skilled migrants connected with direct employment



25 events held to increase regional talent pathways

Building and retaining a skilled workforce

With significant change to Southland's economic landscape recently, Great South is committed to identifying, developing, and leading initiatives that build a skilled workforce across the region. This involves retaining skills and talent by connecting with youth and skilled migrants and supporting businesses with their recruitment practices and capability building. Together, these areas of focus contribute to a stronger and more resilient Southland workforce.

CONNECTING WITH SOUTHLAND YOUTH

Great South's career exploration programme, Southland Youth Futures, focuses on building employment pathways for youth across the Southland region. This involves hosting employer talks in schools, coordinating workplace visits and employment focused events, and strengthening the connection between local youth and Southland employers. During the reporting period 10 school talks and seven workplace visits were coordinated to showcase the range of employment opportunities and career pathways. Great South recognises the potential Southland youth have to strengthen the region's future labour force and is committed to ensuring they are aware of the career options available to them. It is important to note that, because of schools closing when New Zealand moved to Alert Level 4, the programme was unable to carry out many of the school talks and workplace visits it had planned for the reporting period.

ENGAGING WITH SKILLED MIGRANTS

Newcomers to Southland boost the region's labour force, bringing new skills, talent, and diversity to the workplace and our communities. With support from Immigration New Zealand, Great South provides newcomers with skills-matching and job-search assistance. This free service helps skilled migrants to better understand Southland's recruiting processes, while also supporting businesses to plan their recruitment of skilled migrants and address any cultural challenges they may have in the workplace. During the year, the programme assisted 187 skilled migrants, helping 78 to find direct employment in Southland that matched their skills and qualifications. This involved hosting workshops on understanding the Southland workplace and building connections with local employers to help fill skill shortages.

FEATURED ACHIEVEMENT: FUNDING BOOST FOR SOUTHLAND YOUTH FUTURES

In November 2019, Great South's career exploration programme, Southland Youth Futures, received \$1.55 million from the Provincial Growth Fund to support the programme's expansion.

With a focus on improving outcomes for Southland youth and reducing the number of NEETs (youth not in education, employment or training), the funding has allowed the programme to expand its industry involvement and increase employer and student participation.

Retaining youth and their skills in Southland is a key component of addressing the challenges associated with Southland's aging population, and the Southland Youth Futures programme supports youth and local employers with their future development and success.

The funding secured is for a three-year period and has encouraged the programme to expand its initial focus to include tourism, retail, construction, and hospitality, with Great South also appointing three additional staff to support the programme's development.

Great South Chief Executive Graham Budd said the appointments provided the resource to build upon the programme's strong foundations.

"The expanded focus of the programme enables stronger connections to be made with youth, educational institutions, local employers and sector representatives, resulting in greater outcomes for Southland's future labour market."

Along with aiming to help over 6,000 young people aged 14–20 over the next three years, the programme also plans to annually engage with 150 at-risk youth, increase employer participation to 125 (currently 86), further implement the Southland Work Ready Passport and offer employer connection opportunities relevant to Maori and Pacifica students.

Evidence of the important role programmes like Southland Youth Futures can play in retaining skills across the region and strengthening the Southland economy, Statistics New Zealand estimated in July 2019 that the number of NEETs in Southland had decreased by a third between 2016 and 2018.

It is estimated that this decrease could have saved New Zealand, at the very least, \$15.37 million, with a 2016 research paper by Gail Pacheco and De Wet van der Westhuizen from the New Zealand Work Institute at AUT University calculating the economic cost of a NEET to be \$21,996 per year.

Great South is looking forward to continuing to contribute to the success and regional benefits of the Southland Youth Futures programme, including contributing to a further decrease in NEETS, strengthening the local workforce and positioning Southland as a preferred place in which to live, work and do business.

Facilitating regional diversification and confidence

Leveraging economic performance through initiatives that increase gross domestic product, extend local capability, create employment opportunities, and respond to climate change concerns are vital for the region's future prosperity. Great South is committed to identifying opportunities that support economic diversification and strategically foster innovation and sector success.

SOUTHLAND SPACE OPERATIONS

Great South has played an active role within the global space community since 2004, when the Awarua Satellite Ground Station was established in conjunction with European Space Agency (ESA) and Centre National d'Études Spatiales (CNES) as part of the Ariane 5ES ATV campaigns. Now the Awarua Satellite Ground Station, along with auxiliary stations at Lochiel and Invercargill, support satellite missions and launch campaigns for all the big names in the small-sat world, including New Zealand's Rocket Lab. With very few ground stations in the Southern Hemisphere, Southland provides an ideal location for monitoring satellites as they track the lower part of the earth, with the Awarua Satellite Ground Station capitalising on its location by offering excellent look-angles over the Tasman Sea and the Southern Ocean. Great South's management of the services associated with this generates many economic benefits for the region, including increasing investment from outside of the region and encouraging opportunities in the earth observation sector across Southland. Over the year, Great South continued to work closely with the University of Canterbury Rocketry Group, supporting their launches and providing students with internships. Great South's space operations also helped to confirm the benefits of Satellite-based Augmentation System (SBAS) technology, with three trials carried out in Southland to test applications where the SBAS signals could be useful for small scale production forestry. Involvement in the trial confirmed the ability of SBAS technology to provide high accuracy, real-time measurements. Great South is looking forward to further expanding the services and support on offer through its space operations programme.

REDUCING REGIONAL EMISSIONS

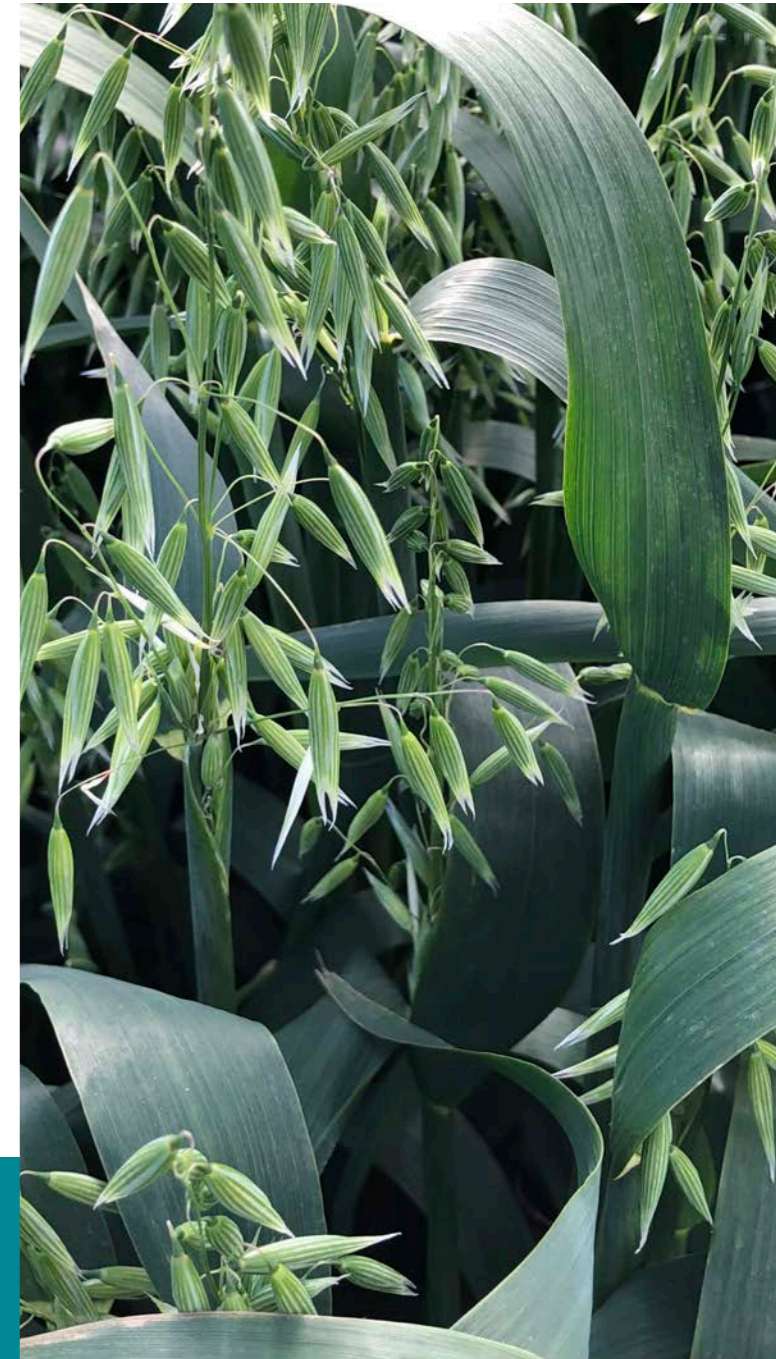
Critical to reducing carbon emissions across the region, is having a clear understanding of where emissions are coming from. To support this and help prioritise where efforts should be made to reduce emissions, Great South established a profile of Southland's emissions for the 2018 year. The development of the profile, and the analysis of the information it included, formed part of the work programme for the Carbon Neutral Advantage programme which focuses on mitigating the effects of climate change in Southland by providing businesses with the information and networks needed to adopt low-emission initiatives. Further supporting the region's approach to a low emission future was a successful application to the Government's shovel ready projects fund, which will see an inner-city heating plan established in Invercargill City. The system will help position Invercargill as a carbon-neutral heated city centre and build upon the region's proactive approach when it comes to mitigating the effects of climate change.

THRIVING SOUTHLAND – EXTENDING THE PRIMARY SECTOR

Recognising the important role new initiatives can play in extending Southland sectors and supporting economic diversification, Great South project-managed the establishment of Thriving Southland. Thriving Southland is a community-led group with a vision to create a prosperous Southland by driving change and environmental improvements across the agriculture sector. Managing the project, Great South facilitated the group's constitution development, led primary research with regional workshops, helped to build the business case, carried out a contract review with MPI and established a promotional plan for the project moving forward. The work in this area complements Great South's commitment to ensuring the region can both economically and socially benefit from areas where there is a natural regional advantage.

DIVERSIFICATION OPPORTUNITIES

Further encouraging economic diversification, Great South continued to investigate opportunities associated with health and wellness products – particularly Southland oats and alternative proteins – supported the aquaculture industry in attracting suitable investment for its progression and investigated the development of a data analytics centre. The work done in this area helps to reduce Southland's dependency on a narrow range of industries, increases employment opportunities and will play a pivotal role in the region's recovery in response to COVID-19.





Regional indicators

Regional indicator	Target	2018/19 baseline	2019/20 result
Southland population	10,000 more people by 2025	93,339	101,571 ¹
Number of businesses in Southland (geographical units)	Increase to 14,000 business units by 2021	13,914 (Feb 2018)	14,088 (Aug 2020) ²
Labour force participation rate	Achieve level above 72%	74.7% (June 2019)	74.5% (June 2020) ³
Unemployment rate	Achieve level less than 3%	3.0% (June 2019)	3.2% (June 2020) ³
Regional GDP	Increase to \$6,100 million by 2025	\$5,826 million (March 2018)	\$6,359 million (YE March 2019, provisional figure) ⁴
Tourism expenditure	Increase to \$1 billion by 2025	\$667 million (April 2019)	\$583 million (YE June 2020) ⁵
Number of guest nights across the region	Increase to 1.3 million by 2029	1,203,803 (April 2019)	1,205,345 (YE Sep 2019) ⁶

NOTES

Tourism expenditure

The February floods and outbreak of COVID-19 has had a significant impact upon tourism expenditure across the Southland region. Up until January 2020 the region was tracking well towards the goals outlined in the Southland Murihiku Destination Strategy and also building on year-end growth. However, since the floods, the closing of the borders and an initial reluctance for people to travel, this number is significantly down on the previous year.

Number of guest nights

The system used to measure guest nights across New Zealand, the Commercial Accommodation Monitor (CAM), was disestablished and therefore the results for this period are available only up until September 2019.

SOURCES

¹ Stats NZ (March 2020). 2018 Census population and dwelling counts.

Retrieved from: www.stats.govt.nz/information-releases/2018-census-population-and-dwelling-counts

² Stats NZ (August 2020). Geographic units by industry and statistical area 2000-19.

Retrieved from: www.nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7603#

³ Stats NZ (August 2020). Labour market statistics: June 2020 quarter.

Retrieved from: www.stats.govt.nz/information-releases/labour-market-statistics-june-2020-quarter

⁴ Stats NZ (March 2020). Regional gross domestic product: Year ended March 2019.

Retrieved from: www.stats.govt.nz/information-releases/regional-gross-domestic-product-year-ended-march-2019

⁵ Ministry Business Innovation & Employment (August 2020). June 2020 Monthly Regional Tourism Estimates.

Retrieved from: www.mbie.govt.nz/immigration-and-tourism/tourism-research-and-data/tourism-data-releases/monthly-regional-tourism-estimates/latest-update/

⁶ Stats NZ (September 2019). Commercial Accommodation Monitor results – discontinued post September 2019

Looking ahead to 2020/21

REVISED DIRECTION

With the direct societal and economic impacts of the COVID-19 pandemic continuing to evolve, Great South has reviewed its goals and organisational objectives for the upcoming year. This has included revising the organisation's Statement of Intent to ensure it has the framework to lead the region's economic re-start and development. Heeding the need for strong business support and to build further resilience into the regional economy, Great South has identified four short-term strategic goals which will provide direction for the upcoming year. These short-term strategic goals complement the long-term goals of the organisation and will help to ensure that even better lives through sustainable development can be achieved alongside social and economic growth.

SHORT-TERM GOALS

1. Retain jobs and a skilled workforce
2. Facilitate economic restart and rebuild
3. Champion significant projects
4. Identify opportunities for diversification and building economic resilience

These short-term goals complement the organisation's overall regional goals and will help Southland to be established as a connected, contemporary, and competitive region.

LONG-TERM GOALS

1. Grow the population
2. Diversify the economy
3. Grow innovative businesses
4. Build a skilled workforce

SUSTAINABLE STRATEGY

Great South has begun developing a Sustainable Strategy for the organisation with the aim of decreasing the organisation's emission footprint, integrating climate change consideration within business service offerings, and contributing positively to the future of the region. Great South's Sustainable Strategy is part of Great South's regional efforts to reduce emissions under its Carbon Neutral Advantage project, the organisation's vision of creating even better lives through sustainable development as well as meeting the Statement of Intent's constitutional objectives of exhibiting a sense of social and environmental responsibility.

STRATEGIC DESTINATION MANAGEMENT

Regional Tourism Organisations like Great South play an important role in supporting the regional and national tourism system. As part of the Strategic Tourism Assets Protection Programme, Great South has been allocated a one-off investment of \$700,000 to support destination management planning and to encourage more people to discover the Southland region. This investment will support Great South with implementation of the Southland Murihiku Destination Strategy and in developing promotions and marketing activity that position Southland as a preferred visitor destination.



Statement of service performance

REGIONAL ECONOMIC DEVELOPMENT

Key strategic focus	Service level statement	Target 2019-22	2019/20	2019/20 achievements
Diversify our economy	Develop satellite ground station services	Increase ground station revenue	<i>Baseline established during reporting period</i> Result: Ground Station revenue \$388,749	During the reporting period Great South secured additional contracts for ground station services to provide southern hemisphere ground segment support for space agencies and satellite operators around the world.
	Extend the primary sector	Establish governance groups for specific projects	<i>Baseline established during reporting period</i> Result: One Governance Group established	Great South supported the establishment of the Thriving Southland governance group – Thriving Southland Association Incorporation, including supporting with the business case development and helping to attract investment for the project. This group, with 15 founding members and a 9-member executive board, has gained charitable status and is focused on the improvement of agriculture and farming in southern New Zealand.
	Support the aquaculture industry	Assist with attracting investment opportunities	<i>Baseline established during reporting period</i> Result: One investment opportunity supported	Great South provided a letter of support for the successful Provincial Growth Fund application for the Asparagopsis Seaweed Development project. Along with this, Great South regularly met with members of the Aquaculture Working Group to receive updates on the development of the Southland aquaculture industry.
	Promote regional talent pathways	Increase regional talent pathways	<i>Baseline established during reporting period</i> Result: 25 events held that increased regional talent pathways	To showcase the range of talent pathways available across the Southland region for both youth and new migrants, Great South hosted migrant-focused workshops and coordinated school talks and workplace visits. This equated to eight migrant workshops, 10 school talks and seven workplace tours, all of which helped to connect migrants and Southland youth with the resources and information needed to connect with potential talent pathways.
	Enable digital connectivity	Advocate for improved digital enablement	<i>Baseline established during reporting period</i> Result: Great South worked with local MPs to advocate for improvements	Great South responded to community and business requests for increased digital connectivity by monitoring the deployment of the Rural Broadband Programme, mobile black spot sites and fibre across the Southland region. This involved advocating for improvements in this area with local MPs and industry representatives.

BUSINESS DEVELOPMENT

Key strategic focus	Service level statement	Target 2019-22	2019/20	2019/20 achievements
Grow innovative business	Manage business development programmes	Increase number of businesses actively engaged with	<i>Baseline established during reporting period</i> Result: 1,326 business engagements	To build business capability and success across the region, Great South connected local businesses with the resources and networks needed to grow efficiently and effectively. As a result of these services, Great South engaged with over 1,300 businesses. These engagements included connections via the Regional Business Partner Network, COVID-19 Business Response and across other business areas. Due to COVID-19 there was increased demand for the support and services available.
Develop Southland's workforce	Manage the development of career pathway programmes	Maintain participation in Southland Youth Futures career exploration activities	<i>Baseline: Coordination of Southland Youth Futures programme</i> Result: Funding received to expand focus of programme	Essential to retaining a strong workforce is connecting Southland youth with employment opportunities across the region. To support this, Great South's career exploration programme, Southland Youth Futures, received Provincial Growth Funding in November 2019 for the programme's expansion. This has enabled the programme to expand its focus and assist Southland youth in gaining the skills and training needed for meaningful employment in Southland.
		Increase number of job-seeking migrants engaged with	<i>Baseline established during reporting period</i> Result: 187 skilled migrants engaged with	With support from Immigration New Zealand, Great South facilitated the connection between skilled migrants and Southland employers. This involved hosting workshops and meeting with job-seeking migrants to provide relevant information about Southland's workplaces and recruiting practices. For the reporting period, Great South engaged with 187 migrants, helping 78 to find direct employment in Southland.

REGIONAL TOURISM DEVELOPMENT

Key strategic focus	Service level statement	Target 2019-22	2019/20	2019/20 achievements
Attract visitors to Southland	Champion the Southland Murihiku Destination Strategy	Increase number of commercial tourism products	<i>Baseline established during reporting period</i> Result: 19 enhancements to product offering across the region through our tourism operators	Having a range of commissionable tourism products, services and experiences increases Southland's proposition for potential visitors. During the reporting period, Great South was able to give confidence to tourism businesses to go to market by providing direct product development support. This included connecting them with Regional Business Network services and identifying media and trade family opportunities. Together, this contributed to 19 product expansions and/or enhancements of commercial products across the region.
	Manage Regional Tourism Organisation services	Increase visitor nights	<i>Baseline from April 2019: 1,203,803 guest nights</i> Result: 1,205,345 guest nights	Attracting visitors to Southland and encouraging them to stay longer and spend more is essential for the future success of the local tourism industry and wider Southland region. To measure visitor nights across the region, Great South previously relied on the Government's Commercial Accommodation Monitor. Unfortunately, this tool was disestablished during the reporting period and as a result Great South has access to data only up until September 2019. For this period, guest nights in commercial accommodation was confirmed as 1,205,345.
		Increase tourism expenditure	<i>Baseline: \$673 million (YE June 2019)</i> Result: \$583 million (YE June 2020)	Tourism expenditure for the Southland region for YE June 2020 was \$583m. The significant decrease from the previous year is attributed to the COVID-19 pandemic and border closures.
		Increase website traffic and usage	<i>Baseline from previous year: 156,810</i> Result: 201,380 site visits to southlandnz.com - 28.42% increase	SouthlandNZ (southlandnz.com) is the regional web platform which promotes the whole Southland destination as a place to visit, live and work. Used to profile promotional campaigns and showcase Southland business listings and experiences, the website recorded 201,380 site visits for the reporting period. Contributing to this number were the innovative campaigns that were created, including Together Southland and Rediscover Southland.

REGIONAL EVENTS

Because of COVID-19, and New Zealand operating at Alert levels 3 and 4, many events and conferences needed to be postponed or cancelled. This has reduced results for the below targets with the impacts extended across the wider Southland region.

Key strategic focus	Service level statement	Target 2019-22	2019/20	2019/20 achievements
Attract visitors to Southland	Attract events and conferences to Southland	Increase destination events	<i>Baseline established during reporting period</i> Result: 15 destination events* held across Southland *destination event defined for this purpose as a niche event	Events have long been recognised to bring diversity, vibrancy and improved social wellbeing to the Southland region while also providing motivation for people to travel south. For the reporting period, the region was home to 15 destination events, including the Waimumu Field Days and the Burt Munro Challenge. Great South also delivered the family-favourite, ILT Kidzone Festival.
		Increase number of conferences held in Southland	<i>Baseline established during reporting period</i> Result: 10 conferences attracted to Southland	The national conferencing sector presents exciting opportunities for the Southland region and Great South is focused on working with sector representatives to amplify these opportunities. For the reporting period 10 conferences were held across Southland up to January 2020. Important to note that Great South also works closely with other Southland organisations, including Transport World, ILT and the ILT Stadium to attract business events and conferences to the region.
Grow the population	Support the delivery of events across the Southland region	Increase number of groups supported with event delivery	<i>Baseline established during reporting period</i> Result: 81 event organisers supported	To support the development of a regional events calendar, Great South connects event organisers with the resources, advice and promotional tools needed to encourage success. For the reporting period this involved Great South connecting with 81 event organisers.

REGIONAL WELLBEING

Key strategic focus	Service level statement	Target 2019-22	2019/20	2019/20 achievements
Grow the population	Coordinating the Welcoming Communities programme	Southland accreditation of the Welcoming Communities Standard	<i>Baseline: No accreditation</i> Result: Gained 'Established Welcoming Community' accreditation	On behalf of the four territorial councils, Great South coordinated Immigration New Zealand's Welcoming Communities programme. The initiative recognises that communities are healthier, happier, and more productive when newcomers are welcomed and participate fully in society and in the local economy. The work associated with the programme resulted in the Southland region gaining accreditation as an 'Established Welcoming Community'. After gaining accreditation, the programme moved back in-house with each of the individual councils to progress to further accreditation stages.
	Support the development of housing in Southland through work with the Southland Housing Forum	Increase investment for housing across Southland	<i>Baseline established during reporting period</i> Result: Great South provided data, insights, and advocacy to the Southland Housing Action Forum to encourage additional investment	In providing a unified voice for the Southland region, Great South advocates for increased support and investment in the areas of infrastructure, housing, and services. To support the development of housing across the region during the reporting period, Great South provided data, insights, and advocacy support to the Southland Housing Action Forum to encourage additional investment. As a result of this, there has been an increase in sub-divisions for residential builds and further housing development has been stimulated.

Corporate report

For the year ended June 2020

OWNERSHIP

Southland Regional Development Agency (trading as Great South) is a limited liability company incorporated and registered under the New Zealand Companies Act 1993.

With Class A shareholders of Invercargill City Council, Southland District Council, Gore District Council and Environment Southland, Great South is a council-controlled organisation as defined in Section 6 of the 2002 Local Government Act.

DIRECTOR INFORMATION

Retirements

The following Directors retired:

- Sarah Brown, January 2020
- Joc O'Donnell, July 2020

Appointments

No appointments were made during the reporting period.

Directors interests

Ian Collier – Register of interests

Queenstown Resort College - Contract work
Justice of the Peace
BOP Machinery and Equipment Limited - Shareholder
Glenross Forest GP Limited - Shareholder

Dean Addie – Register of interests

EIS Group - Shareholder
EIS Group - CEO
Dog Island Motu Piu Trust - Chair
Electrical Training Company - ETCO Board Member
Graeme Dingle Foundation Southland - Deputy Chair
DF & KL Addie Family Trust - Director
Dranda Investments - Director

Lucy Griffiths – Register of interests

Trust House Ltd - Director
Masterton Community Trust - Elected Trustee
Trust House Foundation - Trustee
Brackenridge Country Retreat and Spa - Chair/Shareholder
Innov8 Aotearoa Ltd - Owner/Director
Mirrabooka Ltd - Director
Crisis Pregnancy Support - Trustee
Sustainable Food & Fibre Futures - Independent Advisory Panel

Maria Pera – Register of interests

Federation of Maori Authorities (FOMA) - South Island Rep
Te Puni Kokiri Maori Development - Senior Advisor
Murihiku Holdings - Chair
Kaitahu Tai Whenua Trust - Chair
Mataura Marae - Executive Member
Mast Limited - Director/Shareholder

Joc O'Donnell – Register of interests

Allied Concrete Limited - Director
Allied Petroleum Limited - Director
AML Limited - Director
Enviro South Limited - Director
Freight Haulage Limited - Director
H W Richardson Group Limited - Director/Shareholder
HW Richardson Trustee Company Limited - Director/Shareholder
HWR Finance Limited - Director
HWR Property Limited - Director
Presbyterian Support Southland - Trustee
Richardson Truck Museum Holding Company Limited - Director
Southdrill Limited - Spouse is a Director
Southroads Limited - Director

Sarah Brown – Register of interests

PGG Wrightson - Director
PowerNet Ltd - Director
Southland Boys' High School - Board Trustee
Provincial Growth Fund - Independent Advisory Panel
Cruickshank Pryde Lawyers - Spouse is a Partner



Financial statements

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2020

	Notes	2019/2020	2018/2019
Revenue			
Class A Shareholder Funding			
Core		1,380,000	175,000
Contract		1,280,000	125,000
Total	Note 2	2,660,000	300,000
Other Revenue			
Service Revenue	Note 2	1,296,510	-
Project Revenue	Note 2	443,546	-
Other Revenue		5,790	-
Interest		-	-
Total		1,745,845	-
Total Revenue	Note 1	4,405,845	300,000
Expenditure			
Project and Service Expenditure			
Regional Economic Development		804,472	-
Business Development		588,866	-
Regional Tourism Development		933,221	-
Regional Events		556,449	-
Regional Wellbeing		67,333	-
Total		2,950,342	-
Core Expenditure			
Audit Fees		45,123	15,759
Directors Fees		101,740	28,980
Employee Expense		771,930	11,271
Interest Expense		954	-
Depreciation and Amortisation	Notes 7 & 11	58,975	-
Other Overheads		513,808	110,709
Total		1,492,530	166,719
Total Expenditure		4,442,872	166,719
Net Surplus Before Tax			
Tax Expense	Note 4	29,908	-
Total Comprehensive Revenue and Expense		(66,934)	133,281

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	2019/2020	2018/2019
Assets			
Current Assets			
Cash and Cash Equivalents	Note 5	1,828,949	345,000
Trade and Other Receivables	Note 6	439,772	40,250
Prepayments		58,291	-
Stock on Hand		8,302	-
Total		2,335,314	385,250
Non-Current Assets			
Deferred Tax Asset	Note 4	21,526	-
Property, Plant and Equipment	Note 7	454,428	-
Intangible Assets	Note 11	293,138	-
Assets Under Construction		14,314	-
Total		783,407	-
Total Assets		3,118,721	385,250
Liabilities			
Current Liabilities			
Trade and Other Payables	Note 9	382,238	205,698
Employee Entitlements		211,216	11,271
Finance Lease	Note 8	18,315	-
Income Tax Payable	Note 4	51,434	-
Income Received in Advance	Note 10	1,023,457	35,000
Total		1,686,659	251,969
Non-Current Liabilities			
Finance Lease	Note 8	27,294	-
Total		27,294	-
Total Liabilities		1,713,953	251,969
Net Assets		1,404,768	133,281
Equity and Reserves			
Share Capital		1,338,421	-
Retained Earnings		66,347	133,281
Total Equity and Reserves	Note 13	1,404,768	133,281

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



Ian Collier - Chair
28 September 2020



Lucy Griffiths - Director
28 September 2020

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Notes	2019/2020	2018/2019
Equity Balance At 1 July		133,281	-
Total Comprehensive Revenue and Expense			
Total Comprehensive Revenue and Expense		(66,934)	133,281
Total Comprehensive Revenue and Expense For The Period	Note 13	(66,934)	133,281
Share Capital			
Share Capital Issued		1,350,421	-
Uncalled Share Capital		(12,000)	-
Total Share Capital	Note 13	1,338,421	-
Equity Balance At 30 June		1,404,768	133,281
Attributable to: Equity holders of the company		1,404,768	133,281
Equity Balance At 30 June	Note 13	1,404,768	133,281

STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Notes	2019/2020	2018/2019
Cash and Cash Equivalents At Beginning Of Period		345,000	-
Cash Flow From Operating Activities			
Receipts From Shareholder Investment		2,660,000	345,000
Receipts From Other Operating Activities		2,444,981	-
Interest Received		-	-
Payments to Suppliers		(1,624,299)	-
Payments to Employees		(2,486,818)	-
Interest Paid		(954)	-
Net GST Movement		(72,136)	-
Net Cash Flow From Operating Activities		920,774	345,000
Cash Flow From Investing Activities			
Purchases of Fixed Assets		(475,246)	-
Purchases of Intangibles		(300,000)	-
Net Cash Flow From Investing Activities		(775,246)	-
Cash Flow From Financing Activities			
Issue of Share Capital		1,338,421	-
Net Cash Flow From Financing Activities		1,338,421	-
Net Increase / (Decrease) In Cash and Cash Equivalents		1,483,949	345,000
Cash and Cash Equivalents At End Of Period	Note 5	1,828,949	345,000

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

Statement of accounting policies

REPORTING ENTITY

Southland Regional Development Agency Ltd is a New Zealand registered company under the Companies Act 1993, and is deemed to be a Council Controlled Organisation under section 6 of the Local Government Act 2002.

The registered office for Southland Regional Development Agency is 143 Spey Street, Invercargill.

The Southland Regional Development Agency (trading as Great South) was established as Southland's regional development agency in March 2019.

Committed to driving economic, social and cultural growth, Southland Regional Development Agency has a clear mandate to leverage opportunities for Southland in the areas of economic and business development, tourism and events. This involves incorporating Southland's Regional Tourism Organisation, central government's Regional Business Partner (RBP) Network, delivering a range of events, regional initiatives, and government-funded contracts that pave the way for regional development.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, the Companies Act 1993, and the Financial Reporting Act 2013. This includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) Reduced Disclosure Regime (RDR). Southland Regional Development Agency is eligible and has elected to report in accordance with Tier 2 PBE standards RDR on the basis the entity has no public accountability and has expenses > \$2m and < \$30m. In the previous year, the Company reported under Tier 3 PBE, and this is the first year reporting under Tier 2 PBE.

COVID-19

The Company has not been adversely impacted by COVID-19. All existing contracts have remained in place at existing levels of funding, and the company has been successful in receiving additional contracts from government agencies to support the regional response post COVID-19.

During COVID-19 Alert Levels 3 and 4, staff actively engaged with Southland businesses to ensure they were receiving the necessary support and to gather information to advocate to government agencies for the necessary support.

PRESENTATION CURRENCY

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of Southland Regional Development Agency is New Zealand dollars.

MEASUREMENT BASE

The financial statements have been prepared on an historical cost or fair value basis as per policies below.

CHANGES IN ACCOUNTING POLICY

The company has changed its accounting policy for income tax from the tax payable method which is available under tier 2, to apply IPSAS 12 and recognising deferred tax.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following particular accounting policies, which materially affect the measurement of the results and financial position, have been applied:

REVENUE

Revenue is measured at the fair value of consideration received.

Where funding is not conditional and Southland Regional Development Agency has no obligation to deliver a specific event or service, the revenue will be recognised when received.

Where the funding has conditions attached to it, the funding is recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. The funding is held as a liability until the specific conditions are met. In certain circumstances funding is not received until after the event, in which case the revenue will be accrued when it is highly probable the funding will be received.

Revenue from ticket sales is recognised upon receipt unless the terms and conditions for the ticket state that Southland Regional Development Agency is required to repay the customer

if the event does not take place. Where the terms and conditions contain a refund clause, the revenue will be recognised upon completion of the event.

Revenue from the rendering of services is recognised by reference to the stage of completion at the balance sheet date, based on the actual service provided.

Products held for sale are recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Southland Regional Development Agency act as an agent for third parties for some transactions. When incurring expenditure as an agent, this is accounted for via the Statement of Financial Position, and not as revenue and expenditure on the Statement of Comprehensive Revenue and Expenses. Any revenue component within these transactions will be treated accordingly.

Interest revenue is recognised using the effective interest method.

Volunteer services received are not recognised as revenue or expenditure as Southland Regional Development Agency is unable to reliably measure the fair value of the services received.

REVENUE IN ADVANCE

Revenue in advance is recognised where amounts received are in excess of the amounts recognised as revenue.

EXPENDITURE

All expenditure is recognised as incurred unless the liability is known and can be reasonably estimated, in which case the expenditure is accrued.

FOREIGN EXCHANGE TRANSACTIONS

Foreign currency transactions are translated into NZ\$ (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

INCOME TAX

Income tax expense in relation to the profit or loss for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

EQUITY

Equity is the shareholders interest in Southland Regional Development Agency, as measured by total assets less total liabilities.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and subsequently measured at cost, amortised where necessary, using the effective interest method, less any provision for impairment.

A receivable is considered impaired when there is evidence that Southland Regional Development Agency will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment consists of the following asset classes: buildings, furniture and fittings, office equipment, plant and equipment, ground station equipment, ILT Kidzone equipment and motor vehicles.

All assets classes are measured at cost, less accumulated depreciation and impairment losses.

Individual assets were capitalised based on Inland Revenue guidelines. An asset was capitalised if the purchase price

was greater than \$500 up until 17 March 2020, when the IRD temporarily increased the low-value assets threshold to \$5,000. The threshold will decrease from \$5,000 to \$1,000 on 16 March 2021.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Southland Regional Development Agency and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Work in progress is recognised at cost less impairment and is not depreciated.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Southland Regional Development Agency and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings:	3% - 7%	14.3 - 33.3 years
Furniture & Fittings:	6% - 33%	3 - 16.7 years
IT Equipment:	17.5% - 67%	1.5 - 5.7 years
Ground Station:	10% - 33%	3 - 10 years
ILT Kidzone:	13.5% - 33%	3 - 7.5 years
Vehicles:	13.5%	7.5 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

An annual review for impairment is also undertaken on all assets and any impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

Impairment of Property, Plant and Equipment

Property, plant and equipment held that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable service amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Value in Use for Non-Cash Generating Assets

Value in use is the present value of the asset's remaining service potential. Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in Use for Cash Generating Assets

Southland Regional Development Agency does not hold any cash generating assets.

INTANGIBLE ASSETS

Goodwill

Goodwill on acquisition of businesses and subsidiaries is included in "intangible assets". Goodwill on acquisition of an associate is included in "investment in associate" and impairment is considered as part of the overall investment balance.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Goodwill has been assessed to have an infinite useful life on the basis the business is ongoing. Goodwill is subject to annual impairment testing.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Ground Station Lease	3.43%	29.15 years
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Impairment of Intangible Assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

LEASES

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and benefits incidental to ownership of an asset. Payments under these leases are recognised as expenses in the Statement of Comprehensive Revenue and Expense in periods in which they are incurred.

Lease incentives received are recognised.

Finance Leases

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether the Company will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

PAYABLES

Short-term payables are recorded at their fair value.

FINANCIAL INSTRUMENTS

Southland Regional Development Agency is party to financial instruments as part of its normal operation. These financial instruments give rise to financial assets and liabilities and include cash and on-call deposits, accounts receivable, investments, and accounts payable, deposits held, other financial liabilities and financial guarantees. They also include equity interests in other entities.

All financial instruments are recognised in the Statement of Financial Position on the basis of Southland Regional Development Agency Limited's general and, where applicable, particular accounting policies. All financial instruments disclosed in the Statement of Financial Position are recorded at fair value or amortised cost. Revenue and expenditure arising from these financial instruments is recognised in the Statement of Comprehensive Revenue and Expense.

STATEMENT OF CASH FLOWS

Cash includes cash and cash equivalents as defined above.

Operating activities include cash received from all revenue

sources of Southland Regional Development Agency and cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non current assets.

Financing activities comprise the change in equity and debt capital structure of Southland Regional Development Agency.

PROVISIONS

Southland Regional Development Agency recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating deficits.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

EMPLOYEE ENTITLEMENTS

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date.

A liability and an expense are recognised for bonuses where Southland Regional Development Agency Ltd has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, Southland Regional Development Agency has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the financial statements are described in the notes to the financial statements.

Notes to financial statements

	2019/2020	2018/2019
1. Total Operating Revenue		
Exchange and Non Exchange Revenue		
Exchange Revenue	2,959,392	125,000
Non Exchange Revenue	1,446,453	175,000
Total Operating Revenue	4,405,845	300,000

2. Revenue		
Class A Shareholder Investment		
Core Investment		
Environment Southland	120,000	-
Gore District Council	50,000	50,000
Invercargill City Council	835,000	-
Southland District Council	375,000	125,000
Total	1,380,000	175,000
Contract Investment		
Environment Southland	20,000	-
Gore District Council	60,000	-
Invercargill City Council	825,000	-
Southland District Council	375,000	125,000
Total	1,280,000	125,000
Total Class A Shareholder Investment	2,660,000	300,000

Service Revenue		
Invercargill i-SITE	89,379	-
Business Sector Support Services	686,285	-
Satellite Ground Station	465,477	-
Welcoming Communities	55,369	-
Total Service Revenue	1,296,510	-

Project Revenue		
Community Trust South	39,574	-
Carbon Neutral Advantage	107,528	-
Event Delivery	220,056	-
Other	76,388	-
Total Project Revenue	443,546	-

2019/2020 2018/2019

3. Personnel Expenditure		
Employee Remuneration		
Salaries and Wages*	2,430,130	-
KiwiSaver Contributions	67,147	-
Increase / (Decrease) in Employee Entitlements	199,945	11,271
Director Remuneration		
Ian Collier - Chair**	42,940	7,980
Dean Addie	12,600	4,200
Lucy Griffiths	12,600	4,200
Maria Pera	12,600	4,200
Joc O'Donnell	12,600	4,200
Sarah Brown	8,400	4,200
Total	101,740	28,980
Total remuneration by band for employees for the year		
\$100,000 - \$109,999	-	-
\$110,000 - \$119,999	-	-
\$120,000 - \$129,999	2	-
\$130,000 - \$139,999	1	-
\$140,000 - \$149,999	-	-
\$150,000 - \$159,999	-	-
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	1	-
\$180,000 - \$189,999	-	-
\$190,000 - \$199,999	-	-

* Salaries and wages reported on the Statement of Comprehensive Revenue and Expense differs from above as salaries and wages are also included in project and service delivery expenditure.

** Includes an additional payment of \$19,000 for additional services provided while the Company was getting established.

4. Income Tax		
Surplus / (Deficit) For The Year	(37,027)	133,281
2018/19 Year End Adjustment*	133,281	(133,281)
Non Deductible Expenditure	10,559	-
Tax at 28%	29,908	-
Plus / (Less) Effect Of:		
Temporary Differences - Provisions	21,526	-
Income Tax Liability	51,434	-
Current Tax	51,434	-
Deferred Tax	(21,526)	-
Tax Expense	29,908	-

* No tax expense or liability recognised in the 2019 year. The end of the first tax period for Southland Regional Development Agency was for the 15 months ended 30 June 2020.

4. Income Tax <i>Continued</i>		
	Recognised in	
	Profit or Loss	Equity
Deferred Tax Asset		
Balance at 1 July 2018	-	-
Movements	-	-
Balance at 30 June 2019	-	-
Balance at 1 July 2019	-	-
Movements	-	-
Provisions	21,526	-
Balance at 30 June 2020	21,526	-

	2019/2020	2018/2019
5. Cash and Cash Equivalents		
Cheque Accounts	1,828,257	345,000
Cash Floats	692	-
Total Cash and Cash Equivalents	1,828,949	345,000

Southland Regional Development Agency Ltd banks with Westpac and the funds are held in cheque accounts (with interest rates between 0.00% and 0.10% - 2019: between 0.00% and 0.10%)

7. Property, Plant and Equipment							
	Buildings	Furniture & Fittings	IT Equipment	Ground Station	ILT Kidzone Equipment	Vehicles	Total
Cost							
Balance at 1 July 2018	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance at 30 June 2019	-	-	-	-	-	-	-
Balance at 1 July 2019	-	-	-	-	-	-	-
Additions	223,594	52,485	84,953	68,157	51,852	25,500	506,542
Disposals	-	-	-	-	-	-	-
Balance at 30 June 2020	223,594	52,485	84,953	68,157	51,852	25,500	506,542
Accumulated Depreciation							
Balance at 1 July 2018	-	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance at 30 June 2019	-	-	-	-	-	-	-
Balance at 1 July 2019	-	-	-	-	-	-	-
Depreciation Expense	9,763	7,442	13,664	7,007	10,795	3,443	52,113
Disposals	-	-	-	-	-	-	-
Balance at 30 June 2020	9,763	7,442	13,664	7,007	10,795	3,443	52,113
Total Property, Plant and Equipment	213,831	45,043	71,289	61,150	41,057	22,058	454,428
Carrying Amounts							
At 30 June 2019	-	-	-	-	-	-	-
At 30 June 2020	213,831	45,043	71,289	61,150	41,057	22,058	454,428

	2019/2020	2018/2019
6. Trade and Other Receivables		
Trade Receivables	268,119	-
Accrued Revenue	167,177	-
Related Party Receivables (Note 13)	4,477	40,250
GST Receivable	-	-
Total	439,772	40,250
Receivables From Exchange Transactions	439,772	40,250
Receivables From Non-Exchange Transactions	-	-
The aging profile of receivables at year end:		
Not Past Due	406,147	40,250
Past Due 1 - 60 Days	-	-
Past Due 61 - 120 Days	19,490	-
Past Due > 120 Days	14,136	-
Total Trade and Other Receivables	439,772	40,250

No provision for doubtful debts has been applied.

	2019/2020	2018/2019
8. Finance Lease		
Finance Lease Commitments		
Not later than one year	18,315	-
Later than one and not later than five years	27,294	-
Total Finance Lease	45,608	-
Finance lease liabilities relate to the lease of IT equipment.		
9. Trade and Other Payables		
Payables Under Exchange Transactions		
Trade Payables	239,545	45,314
Related Party Payables and Accrued Expenses (Note 13)	30,555	13,815
Accrued Expenses	99,970	104,031
Total	370,070	163,160
Payables Under Non-Exchange Transactions		
Trade Payables	4,000	-
GST Payable	8,167	42,538
Total Payables	382,238	205,698

	2019/2020	2018/2019
10. Income Received in Advance		
Income Received in Advance Under Exchange Transactions		
Income Received in Advance	498,401	-
Related Party Income Received in Advance	4,847	35,000
Total	503,248	35,000
Income Received in Advance Under Non-Exchange Transactions		
Income Received in Advance	-	-
Related Party Income Received in Advance	520,209	-
Total Income Received in Advance	1,023,457	35,000

	2019/2020	2018/2019	
11. Intangible Assets			
	Goodwill	Lease Goodwill	Total
Cost			
Balance at 1 July 2018	-	-	-
Additions	-	-	-
Disposals	-	-	-
Balance at 30 June 2019	-	-	-
Balance at 1 July 2019	-	-	-
Additions	100,000	200,000	300,000
Disposals	-	-	-
Balance at 30 June 2020	100,000	200,000	300,000
Accumulated Amortisation			
Balance at 1 July 2018	-	-	-
Amortisation Expense	-	-	-
Impairment	-	-	-
Balance at 30 June 2019	-	-	-
Balance at 1 July 2019	-	-	-
Amortisation Expense	-	6,862	6,862
Impairment	-	-	-
Balance at 30 June 2020	-	6,862	6,862
Total Intangible Assets	100,000	193,138	293,138
Carrying Amounts			
At 30 June 2019	-	-	-
At 30 June 2020	100,000	193,138	293,138

12. Commitments		
Operating Leases as Lessee*		
Expenditure on operating leases as lessee	164,112	-
Not later than one year	157,316	-
Later than one and not later than five years	124,597	-
Later than five years	44,333	-
Total Operating Lease Commitments	326,246	-
Operating Leases as Lessor**		
Revenue on operating leases as lessor	455,320	-
Not later than one year	274,924	-
Later than one and not later than five years	719,517	-
Later than five years	31,746	-
Total Operating Lease Commitments	1,026,187	-

* Operating leases relate to the lease of the building, land, vehicles and IT equipment.
* Operating leases relate to the provision of ground station services.

Capital Commitments:
There are has no capital commitments as at 30 June 2020 (2019: nil).

13. Equity

	Attributable to equity holders of the Company						Total
	Share Capital Class A	Share Capital Class B	Share Capital Class C	Total Share Capital	Additional Paid in Capital	Retained Earnings	
Balance at 29 March 2019	-	-	-	-	-	-	-
Profit / (Loss) After Tax	-	-	-	-	-	133,281	133,281
Share Capital Issued	9,000	3,000	-	12,000	-	-	12,000
Share Capital Uncalled	(9,000)	(3,000)	-	(12,000)	-	-	(12,000)
Distribution to Shareholders	-	-	-	-	-	-	-
Balance at 30 June 2019	-	-	-	-	-	133,281	133,281
Balance at 1 July 2019	-	-	-	-	-	133,281	133,281
Profit / (Loss) After Tax	-	-	-	-	-	(66,934)	(66,934)
Share Capital Issued	-	-	1,338,421	1,338,421	-	-	1,338,421
Distribution to Shareholders	-	-	-	-	-	-	-
Balance at 30 June 2020	-	-	1,338,421	1,338,421	-	66,347	1,404,768

The Company has issued the following \$1 shares:

	# of shares	Status	
Class A	9,000	Unpaid	<i>Class A and B shares are uncalled as at 30 June 2020. These shares have equal voting rights and no par value. Class C shares have no voting rights attached, and no par value.</i>
Class B	3,000	Unpaid	
Class C	1,338,421	Fully Paid	
	1,350,421	-	

14. Financial Instruments

	Notes	2019/2020	2018/2019
Loans and Receivables			
Cash and Cash Equivalents	Note 5	1,828,949	345,000
Trade and Other Receivables	Note 6	439,772	40,250
Total Loans and Receivables		2,268,721	385,250
Financial Liabilities at Amortised Cost			
Trade and other payables	Note 8	370,070	163,160
Total Financial Liabilities at Amortised Cost		370,070	163,160

CREDIT RISK

Credit risk is the risk that a third party will default on its obligations to Southland Regional Development Agency Ltd, causing it to incur a loss. Southland Regional Development Agency Ltd's credit risk arises from bank deposits and receivables.

Southland Regional Development Agency Ltd manages this risk by holding deposits with banks that have a minimum AA-credit rating.

Security is not required for the provision of goods and services but regular monitoring of balances outstanding is undertaken. Refer to note 6 for information relating to receivables credit aging profile.

Maximum credit exposure is limited to the amounts stated in loans and receivables above.

LIQUIDITY RISK

Southland Regional Development Agency Ltd is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash in on call accounts.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All assets and liabilities of the group are due immediately.

Southland Regional Development Agency Ltd's objectives when managing capital are ensure the current requirements of the organisation are met.

INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return on investments.

Westpac holds the organisation's cash and short-term deposits, and the funds are available on a daily basis. The interest rates are as set by Westpac on a daily basis and earn interest at rates set out in note 5.

FOREIGN EXCHANGE AND CURRENCY RISK

Southland Regional Development Agency Ltd is not exposed to foreign exchange or currency risk.

OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Southland Regional Development Agency Ltd does not have any off- balance sheet financial instruments.

FAIR VALUES

The fair value of each class of financial instrument is the same as the carrying value in the Statement of Financial Position.

15. Related Parties

- The Southland Regional Development Agency is owned by Invercargill City Council, Southland District Council, Gore District Council, Environment Southland, Invercargill Licencing Trust, Maitaia Licencing Trust, Southland Chamber of Commerce and Southern Institute of Technology.
- Community Trust South is a member organisation of Southland Regional Development Agency and Stephen Canny, GM Strategic Projects is a Trustee.
- Invercargill Airport is majority owned by Invercargill City Council, a shareholder of Southland Regional Development Agency Ltd.
- Venture Southland and the Southland Regional Heritage Committee are Joint Committees of Invercargill City, Southland District, and Gore District Councils. Each Council is a shareholder of Southland Regional Development Agency.
- Joc O'Donnell, a former Southland Regional Development Agency Director, is a Trustee of HWR Family No 4 Trust.
- Southland Regional Development Agency is a member of Film Otago South, and New Zealand Hydrogen Association. Stephen Canny, GM Strategic Projects is a Trustee of Film Otago South, and a Board Member of the New Zealand Hydrogen Association.
- Graham Budd, Chief Executive of Southland Regional Development Agency, partner is shareholder and director of Strategies Marketing Consultancy Ltd.
- Bobbi Brown, GM Tourism and Events, is a Trustee of Regional Tourism New Zealand, and a Board Member of Visitor Information Network, which manages i-SITE NZ.
- Tim Mackay, GM Finance and Operations, wife was Financial Controller at Stadium Southland Ltd.

During the year, Southland Regional Development Agency purchased the assets of Venture Southland, including the Ground Station business unit. The transaction was settled on 12 March 2020, however ownership was transferred on 1 July 2019.

The purchase was funded by the issue of Class C shares.

Purchase Details	
Property, Plant and Equipment	428,421
Stock	10,000
Goodwill	300,000
Total	738,421

	2019/2020	2018/2019
Key Management Personnel Compensation		
Directors		
Full-time Equivalent Members	6	6
Remuneration	101,740	28,980
Senior Management Team, including the Chief Executive		
Full-time Equivalent Members	5	1
Remuneration	767,120	11,271
Total Compensation Paid to Key Management Personnel	868,860	40,251

Southland Regional Development Agency had the following related party transactions:

Related Party	2019/2020		2018/2019	
	Revenue	Expense	Revenue	Expense
Invercargill City Council	1,681,248	15,976	-	-
Southland District Council	750,000	220,135	250,000	-
Gore District Council	110,000	10,157	50,000	-
Environment Southland	107,300	613	-	-
Invercargill Licencing Trust	31,562	10,072	-	-
Southern Institute of Technology	25,000	-	-	-
Southland Chamber of Commerce	-	4,252	-	-
Community Trust South	200,000	-	-	-
Invercargill Airport Ltd	-	15,037	-	-
Southland Regional Heritage Committee	6,348	-	-	-
HWR Family No 4 Trust	708	9,880	-	-
Film Otago Southland Trust	-	40,000	-	-
New Zealand Hydrogen Association	-	6,858	-	-
Regional Tourism New Zealand	-	4,500	-	-
Visitor Information Network	1,072	2,205	-	-
Strategies Marketing Consultancy	152	20,999	-	-
Stadium Southland Ltd	-	90	-	-

No related party transactions have been written off or were forgiven during the 2020 year (2019: nil).

16. Post Balance Date Events

In June 2020, the Trustees of the Venture Southland Trust resolved to wind up the Trust. This impacts the Southland Regional Development Agency Ltd as it leases land at Awarua from the Trust.

The Trustees have resolved to transfer the assets held by the Trust to Southland Regional Development Agency, subject to the company meeting the charitable purposes of the Trust. If the company doesn't meet the charitable purposes of the Trust, the company has first right of refusal to purchase the leased land from the Trust.

There are no other post balance date events.

17. Contingent Liabilities and Contingent Assets

There are no contingent assets or liabilities as at 30 June 2020 (2019:\$nil).

Audit report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Southland Regional Development Agency Limited's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of Southland Regional Development Agency Limited (the company). The Auditor-General has appointed me, Dereck Ollsson, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 32 to 43, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 28 to 30.

In our opinion:

- the financial statements of the company on pages 32 to 43:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) Reduce Disclosure Regime (RDR); and

- the performance information of the company on pages 28 to 30 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2020.

Our audit was completed on 28 September 2020. This is the date at which our opinion is expressed. The basis for our opinion is explained below, and we draw attention to the impact of Covid-19 on the company. In addition, we outline the responsibilities of the Board of Directors (the Board) and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the company as set out in note 1 to the financial statements.

Basis for our opinion

We carried out our audit 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. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board is also responsible for preparing the performance information for the company.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board's responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 27 and 31, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.

Dereck Ollsson
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

