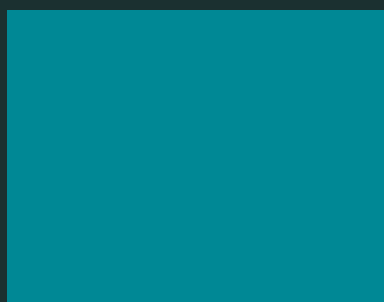


GREAT SOUTH 

2020/21 Six-monthly report

TO 31 DECEMBER 2020



Company directory

SOUTHLAND REGIONAL DEVELOPMENT AGENCY LIMITED

Trading as Great South

PO Box 1306, Invercargill 9810
(03) 211 1400
www.greatsouth.nz

DIRECTORS

Ian Collier (Chair), Lucy Griffiths, Maria Pera

Appointed during the period:

Jason Franklin, Jeff Grant, Peter Heenan, Rachel Lindsay

Resigned during the period:

Dean Addie, Jocelyn O'Donnell

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

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 9429042001096).

COMPANIES OWNED BY SOUTHLAND REGIONAL DEVELOPMENT AGENCY LIMITED

Space Operations New Zealand Limited – 100%
NZ Functional Foods Limited – 49% (as at 31 December 2020)



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About us

Great South was established as Southland's regional development agency in March 2019 and began full operations in July 2019.

Committed to driving economic, social and cultural growth, 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, 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.

Through the essential support provided to Southland sectors and industries, Great South provides a unified voice for the region, establishes a strong platform for regional success and takes strides towards its clear vision of 'better lives through sustainable development'.

Great South is a council-controlled organisation, jointly owned by Invercargill City Council, Southland District Council, Gore District Council, Environment Southland, Invercargill Licensing Trust, Maitua Licensing Trust, Southland Chamber of Commerce, Southern Institute of Technology and its member Community Trust South.

Great South is establishing a memorandum of understanding with all four Rūnanga in Southland/Murihiku - Awarua, Hokonui, Ōraka-Aparima, Waihōpai.

CONSTITUTION OBJECTIVES

1. Achieve the objectives of our shareholders, both commercial and non-commercial
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. The Chief Executive is responsible for the day to day operations of Great South, including the management of staff and reporting to directors on the performance against set priorities.



Message from the Chair

After the shock of COVID-19 and the impact it has had on every industry, the potential closure of Tiwai announced late last year and multiple regulatory changes impacting the primary sector, Southland has had to face up to some significant challenges.

Key themes and projects from the past six months have been....

- With the borders closed to international visitors, the focus has shifted to supporting events that encourage domestic visitation, as signalled in the Southland Murihiku Events Strategy.
- Media campaigns promoting Southland have focussed on domestic tourism, with Air NZ's most recent safety video featuring Fiordland and Stewart Island a real coup for the region.
- Implementation of the Southland Murihiku Destination Strategy is well underway, with particular progress in projects such as the Bluff Master Plan, agritourism, food tourism and inter-regional touring routes.
- Just as the New Zealand government has put a stake in the ground showing its position on climate change, Great South has started its pathway to sustainability as an organisation, with its Te Ara Toitū. We will have more news on that in 2021. It is important that we show leadership in the Southland community as we help Southland businesses to meet their sustainability goals with our Carbon Neutral Advantage programme.
- 'The oat project' has significantly progressed, through NZ Functional Foods Ltd., to progress towards what will be New Zealand's first carbon neutral plant-based beverage producing plant.
- Our Space Operations programme is taking off, with demand already being shown for the new antenna at the Awarua Ground Station, opened by MP Rino Tirikatene in September 2020. Demand is now so great that we are looking at other opportunities to expand in Northland.
- Support for Southland businesses in this post-COVID-19 environment has increased, particularly for tourism businesses in hard-hit Fiordland.

Whilst it appears we will be combating COVID for some time yet, the four-year extension of Tiwai was welcome news and this has provided a window for Great South to focus its efforts on both existing and new initiatives - all aimed at growing a more sustainable economic future for the region. Aquaculture and hydrogen production present game-changing opportunities for the region and, moving forward, Great South will be doing all it can to support these projects in partnership with our shareholders, Iwi and central government.

Ian Collier
Great South Board Chair



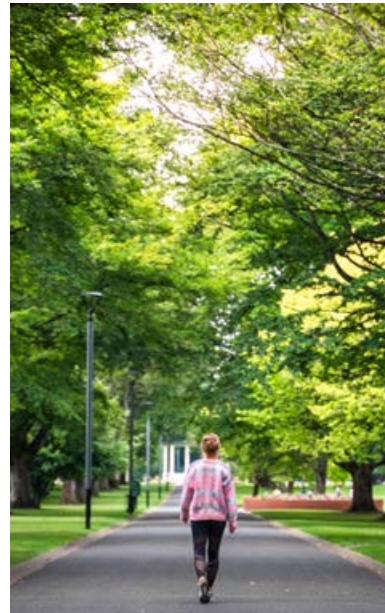
OUR VALUES

Sustainability

Our natural environment is unique, attracting people from all over the world. We're realistic about our future and know that adopting a sustainable approach, from both an environmental and longevity perspective, is fundamental for the future success of this region.

Kaitiakitanga

We see ourselves as guardians of this place and are serious about our responsibility to protect our home for future generations. We are committed to ensuring our people, place and environment continue to thrive.

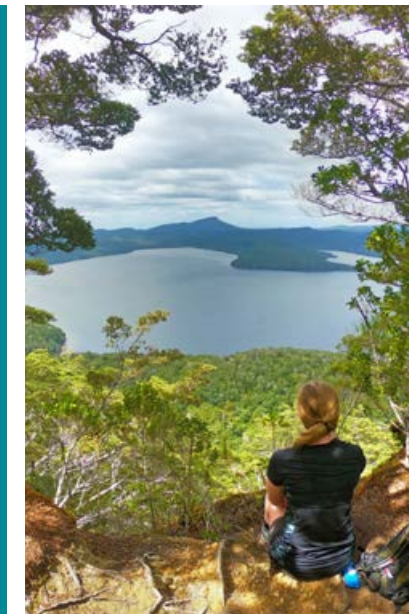


Being real

We will embrace the region's strong entrepreneurial spirit where, if you can dream it, you can do it. We're not about the flashy stuff, we're real, down to earth, and committed to making great things happen.

Quality over quantity

We will focus on doing a smaller number of things well, rather than spreading ourselves too thinly across everything. The nature of our involvement may vary across different regional initiatives, but we will at all times be committed to the development of the place we call home.



Southland proud

At the core of every successful region, you will find great people who passionately contribute to the growth of the place they call home. Southland is no different. We are proud of where we come from, what we stand for and are excited to play a part in helping Southland achieve its potential.

Heritage

We have a long and rich history. It is this history that has led us to where we are today and, as we move forward, we will continue to recognise and pay respect to our heritage and the journey we have taken so far.



Community support

We know that it is only with the support of our communities that we will achieve our ambitious goals. We're committed to working together to develop a vibrant, diverse and thriving region and to providing our communities with a strong foundation for the future.

Shareholder confidence

We are committed to working with our shareholders to instil in them a confidence in both Great South and the future of this region. Together, we'll make great things happen for Southland.





OUR VISION

Even better lives through sustainable development

This vision represents the ambitious goals of the Great South Board, its shareholders and the whole Southland region. It speaks to the potential for Southland to be recognised as the best place to live, work and play, and the sustainable approach that will be taken 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 that is home to 'even better lives', and Great South is committed to achieving this vision.



OUR GOALS

LONG TERM STRATEGIC GOALS

These goals have been set to provide a pathway to achieving Great South's vision and to ultimately contribute to the overall success of the Southland region. By investing in these four goals, 'even better lives through sustainable development' will be achieved.

GROW THE POPULATION

DIVERSIFY THE ECONOMY

BUILD A SKILLED WORKFORCE

GROW INNOVATIVE BUSINESSES

SHORT TERM STRATEGIC GOALS

Great South set these short-term goals in response to the evolving situation presented by COVID-19. Great South will continue to review them as the situation changes, ensuring Southland is best placed to encourage the resilience of its economy, people and place.

Retain jobs and a skilled workforce

Lead and facilitate the economic restart and rebuild

Champion significant projects

Identify opportunities to build resilience and diversify

WHAT WE DO

Aiding economic recovery and resilience

Great South actively seeks opportunities to diversify Southland's economy and works to extend existing local industries, with a view to building resilience and growing confidence in the region. Extending local industry capability and creating employment opportunities is vital to the region's future prosperity.

WORKING TOWARDS A DIVERSE ECONOMY

With a national focus on reducing climate change emissions and the potential closure of New Zealand's Aluminium Smelter at Tiwai Point, identifying opportunities for regional economic diversification is more important now than ever. Great South has been working to progress various industries for Southland, meaning the region can be confident in its readiness to embrace change and opportunities.

Tiwai Smelter

Great South developed a policy framework to enable the Tiwai smelter closure to be delayed until the end of 2024, allowing the transition of employees to local and new potential industries. Great South has worked extensively with new industries interested in being located in Southland, including data centres, hydrogen fuel production and minerals refinement.

Health and Wellness Foods

During the period, what has been known as 'the oats project' at Great South has significantly progressed. In December, Great South transferred its intellectual property into NZ Functional

Foods, the company that will take the project forward. Investment for the project was received from K1W1 and it was announced New Zealand's first carbon neutral plant-based beverage processing facility would be built at Makarewa, with oat milk to be the first product. The next step is the capital raise to enable building the plant. K1W1 has a 51% share in the company.

Space Operations

Demand for Great South's Satellite Ground Station facilities at Awarua has increased significantly. New Zealand's first commercial satellite antenna for communicating with low earth orbit satellites was opened by MP Rino Tirikatene in September and will grow revenue for Great South. With the heightened demand from international space operators, Great South is investigating a second Satellite Ground Station in Northland, which would enable even greater amounts of data to be downloaded from the ever-increasing number of satellites.

Datagrid - Zero Emissions Data Centre

Assistance has been provided to Datagrid, who are planning to build New Zealand's first hyperscale data centre in Southland. This has involved route planning for fibre and power, mapping, and providing radiometric and soils data to assist the business to select the most suitable data centre site. Work is expected to commence on the submarine cable laying later in 2021. The total value of the onshore and offshore work is approximately \$700m.

DATA-DRIVEN DECISION MAKING

Advanced Data Analytics Centre

The Advanced Data Analytics Centre* (ADAC) project that is

progressing will be a powerful tool for farmers to make precision decisions about land use. Great South has created a refined Digital Elevation Model, which is significantly more accurate than other currently published maps and will allow farmers to commence their environment planning and winter grazing activities, based on the most accurate terrain data available. Data will be augmented by satellite imagery to improve decision making around farm emissions, climate risks like flooding and rising sea levels and will ultimately contribute to the development of an application for land use decision making. It will also help decision makers in building effective land use management plans. During the period, workshops were held with end users to identify what their data needs might be and a report to determine options for computing power was commissioned.

**not to be confused with the Datagrid data centre*

Economic Insight

Great South has worked with Infometrics to better understand the impacts of COVID-19 on the Southland Region and to map out recovery pathways and timelines. This work will be completed in February 2021.

IMPROVING HOUSING

Great South has monitored housing needs and provided updates to the Southland Housing Action Forum Co-ordinator. Although there has been an increase in construction in Southland, the effect of Kiwis returning to Southland from overseas is being felt through increased house prices and pressure on residential housing stock. A number of developers have also been introduced to opportunities in the social and emergency housing

area. Three larger scale projects are currently in the advanced stages of planning in Invercargill and building is expected to commence by mid-2021.

IMPROVED CONNECTIVITY AND DIGITAL SERVICES FOR THE REGION

The development of rural broadband and mobile services in Southland has been led by the Ministry of Business, Innovation and Employment (MBIE). Great South has monitored and advocated for more effective coverage, particularly for mobile services and the increase of capacity on hilltop sites.

Great South has been working on the delivery of wide area low orbit satellite broadband services in Southland via its Awarua Ground Station. After successful testing of the service on Stewart Island and the wider Southland area, these services will be available to all residents and businesses throughout Southland from mid-2021.

ADVOCATING FOR SOUTHLAND

Great South embraces its role in providing a unified voice for Southland at a national level. It is proactive in working alongside major stakeholders for a coordinated and collaborative approach to addressing regional challenges such as climate change responses, decarbonising the region through the Carbon Neutral Advantage programme, improved infrastructure, digital connectivity, housing and services, and works to attract its fair share of investment.

Identify opportunities that encourage development and support new investment in the region

WHAT WE DO

Supporting local business

A thriving business sector contributes to more people wanting to work and invest in Southland and paves the way for new ways of thinking and success. Great South supports business capability and competitiveness, stimulating innovation and creating employment opportunities. It also works to understand and address labour market challenges and works to retain talent in the region.

BUSINESS DEVELOPMENT SERVICES

As the NZTE Regional Business Partner Network provider for Southland, Great South connects small and medium-sized businesses with the resources and information needed for businesses at all stages, including start-up, growth, innovation and improvement. In a post COVID-19 setting, this service was a vital support to the business community and there was a large uptake for the services provided. In addition, almost \$400,000 of COVID-19 business advisory funding was administered to 146 businesses and \$181,960 of tourism transitions funding was administered to 49 businesses.

In a business as usual setting the focus of workshops held would be on innovating and upskilling, whereas workshops during this period focused more on resilience, digital marketing and identifying new market opportunities.

PREPARING FOR ENVIRONMENTAL CHALLENGES

Through its Carbon Neutral Advantage programme, Great South connects businesses with the information and tools needed to help reduce their carbon footprint and insulate against the rising cost of carbon. Its focus is on supporting businesses through the necessary changes. During the period, three workshops were held, which were attended by 18 businesses from all over Southland.

In addition, a carbon measurement tool and a guide for its use were created to help businesses mitigate the effects of climate change. The tool has been adapted to make it suitable for a New Zealand setting.

Great South commissioned Ernst & Young to model the cost of reducing emissions across all sectors and to identify pathways to achieve this by 2050. This report will be put out for public consultation.

PATHWAYS TO EMPLOYMENT FOR YOUTH

Future proofing Southland's labour force by connecting young people with employers is a key project for Great South. Through its regional career exploration programme, Southland Youth Futures, its aim is to improve outcomes and connections for Southland youth and reduce the number of NEETS (not in education, employment or training). During the period, more than

3,200 Southland students were engaged with, and 38 employer excellence partners were involved. A function to recognise and thank those employer excellence partners for taking a chance on helping youth into employment was held in November, with guest speaker economist Dr Ganesh Nana.

SKILLED MIGRANTS AND EMPLOYERS - JOINING THE DOTS

Great South offers a free service to help skilled migrants better understand the Southland work environment and find meaningful employment. At the same time it supports the other end of the equation, helping Southland businesses to plan their recruitment of skilled migrants and to address any cultural challenges they may have in the workplace. During this period more than 300 newcomers looking for employment opportunities were engaged with via individual approaches or at some of the events held during the period. These included the Pacific Employment Expo (Pacific Island Tagaloa), Job Search 2020, the Southland Multicultural Employment Readiness Workshop and a Migrant Employment Expo, held at the Southern Institute of Technology. During the period, 45 businesses were assisted with their recruitment of skilled migrants.

FIORDLAND EMPLOYMENT AND RESOURCE PLANNER

This Te Anau-based role was established in recognition of the impacts of COVID-19 within the Fiordland Basin due to a lack of international visitors. The role assists in linking Fiordland workers to local jobs. The planner is working on a number of initiatives to address the employment and economic situation in the Te Anau area.

PRIMARY SECTOR WORKFORCE COORDINATOR

The Primary Sector Workforce Coordinator role was established in response to job losses occurring across all sectors, as well as the impact on the immigration pathway, which historically provided large numbers of employees for the primary sector. The coordinator has developed a series of workshops aimed at primary sector businesses, with the aim to upskill businesses in the recruitment process, with general HR requirements and the tools to aid retention of staff in the sector.



Building capacity and capability, encouraging innovation and business competitiveness, and increasing confidence in the Southland region

WHAT WE DO

A regional restart for tourism

Guided by the Southland Murihiku Destination Strategy, Great South is leading the rejuvenation of the Southland tourism sector to deliver the best outcomes for the Southland region and its future visitors. A focus on local, regional and domestic markets presents an opportunity to build strong foundations for the sector before the return of international visitors. It is working to shape Southland as a preferred visitor destination and to position Invercargill as the gateway to the region.

TOURISM SECTOR COORDINATION AND LEADERSHIP

COVID-19 has significantly impacted the tourism sector. This is particularly evident in Fiordland, where visitor spend during the period was down 40% on the same time last year. In contrast, visitor spend in the Southland RTO increased by 8%, which can in part be attributed to successful targeted marketing to the domestic sector.

Great South continues to work alongside different communities/sub regions with targeted approaches.

During the period:

- More than \$380,000 of COVID-19 Advisory funding was administered during the period.
- Several workshops were held, focusing on building marketing and digital capability as well as supporting businesses to refocus on a domestic market.
- To support interregional collaboration, Great South worked alongside neighbouring Regional Tourism Organisations (RTOs) to progress the 45 SOUTH initiative and to refresh the Southern Scenic Route marketing.
- At a national level, Great South Chief Executive Graham Budd was appointed to the National Tourism Futures Taskforce Advisory Group.
- The Government has supported the Southland RTO with \$700,000 from the Strategic Tourism Assets Protection Programme (STAPP). To date, one third of the funding has been allocated according to the agreed investment plan, which ensures all funds are utilised by December 2021.
- Great South made the difficult decision to close the Invercargill i-SITE in December.

THE SOUTHLAND MURIHIKU DESTINATION STRATEGY

A review of the Southland Murihiku Destination Strategy was undertaken during the period, to determine whether it was still fit for purpose given the significant impacts on tourism post COVID-19.

While it was deemed fit for purpose, the review identified a need to prioritise projects representing the region's unique selling points. This is of particular importance in an extremely competitive domestic tourism sector. The strategy includes short and long-term goals to develop the sector in a sustainable way and over two thirds of the 68 recommendations are either completed or underway.

Activities during the period included hosting leading astronomers on Stewart Island/Rakiura and in Fiordland to upskill tourism operators on dark skies opportunities, working with Eat NZ to develop a Food Tourism Strategy and investigating the opportunities to position Southland as the agritourism capital of New Zealand. In addition, the transformational draft Bluff Motupohue Tourism Master Plan was consulted on and released for public feedback and 44 submissions were received.


PROMOTING SOUTHLAND AS A PREFERRED PLACE TO VISIT

Great South promotes the Southland region via its Southland NZ brand, which has its own digital channels including the southlandnz.com website and Southland NZ Facebook page. Engagement via digital channels is increasing with 144,645 followers as at 31 December 2020.

A highlight for regional promotion this period was Air New Zealand's latest inflight safety video, featuring Fiordland and Stewart Island, with Gore also included. The video has been viewed more than 1.4 million times on You Tube alone.

Great South supports and helps to promote new tourism product. A total of 33 new product listings were added to the Southland NZ website during the period.

A new image library available for public use via either the Great South or Southland NZ websites will help local tourism operators to promote themselves and the region as well as external parties to promote Southland.



Leveraging the potential of tourism across the region and building Southland's reputation as a preferred place to visit, live and work

WHAT WE DO

Strengthening Southland's events sector

Events have long brought benefits to the Southland region, and Great South is focusing on strengthening the local events sector as a key driver for domestic tourism. It is also working to strengthen Southland's position as a preferred conference destination.

DEVELOPING THE 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. Great South supports event organisers and helps to promote events to locals as well as those from further afield.

SUPPORTING COMMUNITY EVENT DELIVERY

Great South has identified and is working with the organisers of 30 key regional and premier events, to help them with their

individual marketing plans and in some cases, to implement key activations such as campaigns, development of promotional videos, photos and editorial copy. Raising the profile of individual events is important not only for attendance and participation, but to raise Southland's profile as an events destination and attract out of region visitors (particularly while the international borders are closed).

ATTRACTING DESTINATION EVENTS

A key milestone for the reporting period was completing the Southland Murihiku Events Strategy, which was one of the key recommendations of the Southland Murihiku Destination Strategy. This process involved partnering with local runanga, event funders, key stakeholders and others across the region's events sector. A short-term priority of the Strategy is to leverage the potential of events to drive domestic visitation.

During the period, Great South partnered with MBIE on the Regional Events Fund, which allocated the Southland RTO

\$442,000 and Fiordland RTO \$850,000. A significant portion will be available via two contestable funds available to existing or new events that encourage out of region visitation, helping to offset the lack of international visitors. Great South is facilitating this process alongside MBIE and key stakeholders.

Unfortunately, Great South's major event for 2020, the ILT Kidzone Festival was cancelled due to COVID-19. While the event is held in July (long after the lockdown finished), a significant amount of lead-in time is required to successfully run the event. Planning is now underway for the 2021 festival. Great South was heavily involved with support work for major Southland event, the Burt Munro Challenge.

PROFILING SOUTHLAND AS A CONFERENCE DESTINATION

Great South attended the Conventions & Incentives New Zealand conference in Auckland. With the focus now on domestic travel only, positioning Southland as an alternative destination for conference organisers is an opportunity. During the period,

Great South began working with Southland venues on how they could market themselves to attract conferences and events. The events team helped secure three new business events and prospected for an additional eight business events. In addition, \$35,000 was secured from Tourism New Zealand to support development of Southland as a business events destination.



Profiling unique events to give visitors further motivation to visit Southland and explore what the region has to offer

Performance measures

REGIONAL ECONOMIC DEVELOPMENT

CONTRIBUTION	PERFORMANCE MEASURE	TARGET	HALF-YEARLY MEASURE
Identify and support opportunities that encourage economic development, sector extension and resilience and that support new investment into the region	Investigate opportunities that diversify the economy	Deliver and increase investment for ground station services	New Zealand's first commercial satellite antenna for communicating with low earth orbit satellites was opened, which will increase revenue for Great South. As demand for space operation service expands, Great South announced its proposal to build a second Satellite Ground Station in Northland. Data received can be used for mapping services and providing useful information for alternative land use options.
		Support the development of the aquaculture industry	Enquiries have been received from an international company interested in developing high-value products from seaweed. Great South is investigating the possibility of creating a commercial return on pest weed found in the natural environment. The economic and low emissions benefits of aquaculture have been factored into the COVID-19 Economic Recovery Assessment.
		Investigate the potential of land-use initiatives and associated products	Workshops were held with Advanced Data Analytics Centre (ADAC) end users to clearly identify what kind of data stakeholders would find valuable. An accurate Digital Elevation Model has been developed for Southland and will be available to farmers, councils and land use decision makers in 2021. Great South transferred its intellectual property into NZ Functional Foods to progress a plant-based beverage processing facility to be built at Makarewa. A board has been formed and investment from K1W1 received. In addition, three new vegetable protein-based industries have been investigated and there is an increasing probability that these industries will be commercialised at scale in Southland.
		Support the re-establishment and foundations for development of the tourism industry	<i>Please see the Tourism Development section for detailed response.</i>
		Identify stimulus projects for funding	Great South investigated opportunities to build a ground station in Northland, progressed planning with the Advanced Data Analytics Centre (ADAC) and priority areas of the Southland Murihiku Destination Strategy.

	Support funding applications, including PGF	During the quarter, a Provincial Growth Fund (PGF) application for the District Heating System was prepared which resulted in \$11.7 million being secured for the project. PGF applications were also prepared for a ground station in Northland and a southern data analytics centre. Updates were provided for the establishment of the plant-based beverage plant.
Support recovery and resilience through providing valuable data that supports informed decision making	Facilitate opportunities for industry and community collaboration as part of the Thriving Southland initiative	Great South has continued to work on data-driven tools for on farm land-use decision making. Digital Elevation and Slope models have been completed.
	Empower a farmer-led response to environmental challenges by supporting the development of an application that supports environmental and financial planning	Work continues on ADAC, which ultimately will provide powerful data to inform farmers about land use.
Provide data and insights on the region's performance to inform decision making	Investigate the establishment of a data centre (now known as ADAC)	A report to identify an option for computing power was commissioned. Discussions with stakeholders are ongoing.
	Provide economic updates and host events on topics of relevance	The Draft Southland Post COVID-19 Scenario Analysis was completed and the updated report incorporating the Tiwai Smelter decision will be available in February 2021.
Advocate for improved connectivity, infrastructure and services across the region	Attract investment to the region for improved housing	Great South introduced potential investors to the SHAF Coordinator. The demand for social and emergency housing continues to be monitored.
	Encourage improved connectivity and digital services across the region	The roll out of services continues to be monitored. Assistance has been given to deliver an area wide satellite internet service for the region.

BUSINESS DEVELOPMENT SERVICES

CONTRIBUTION	PERFORMANCE MEASURE	TARGET	HALF-YEARLY MEASURE
Support businesses at all stages of their recovery by providing the resources and training needed to position them to achieve growth	Manage business development programmes as part of the RBP	Increase number of businesses actively engaged with	<p>For the first half of the 2020/21-year, Great South's Business Growth Advisors carried out discovery sessions* with 157 businesses and assessed 250 businesses to determine their eligibility for COVID-19 Advisory Funding.</p> <p>Key highlights for the quarter:</p> <ul style="list-style-type: none"> • Seven businesses registered for business mentors • \$400,000 of COVID-19 funding administered • Over \$180,000 of Tourism Transition Funding administered • Over \$80,000 of capability management vouchers issued <p><i>*Discovery sessions are the one-on-one business consultations carried out by Great South's Business Growth Advisors as part of the Regional Business Partner Network</i></p>
		Host workshops on relevant topics	Eleven workshops were held by the business team during the period on topics including marketing, digital enablement, building customer connections and intellectual property. This also included four sessions held by the Business Growth Advisors in Te Anau and Gore.
		Connect businesses with training opportunities	Great South administered New Zealand Trade and Enterprise vouchers to 54 businesses during the quarter, equating to over \$80,000. These vouchers are used to connect businesses with capability building training opportunities across a range of business areas.
Identify initiatives that support the region's transition to a low-emission future and mitigate the impact of climate change	Provide support to businesses and members of the community to insulate themselves against environmental challenges	Increase number of businesses planning carbon reduction strategies	<p>Great South has developed and delivered a carbon neutral strategy workshop to support businesses in developing their carbon reduction strategies. Three workshops were held during the period and were attended by 18 businesses.</p> <p>A climate change report to demonstrate various pathways for carbon reduction in Southland was commissioned from Ernst & Young.</p>
		Create a local carbon measurement tool	A local carbon measurement tool has been created to assist businesses in mitigating the effects of climate change. This is based on the C40 Cities emission tool which has been adapted for a New Zealand setting. A guide for using the tool has also been prepared.
		Deliver workshops to increase awareness of environmental initiatives	Four workshops were held during the period to increase awareness of environmental initiatives; three Carbon Neutral Strategy Workshops and a workshop with Southland youth on what they want to see considered for Southland's future from an environmental perspective.

Coordinate initiatives that support the retention of talent in Southland	Strengthen pathways between education and employment through the Southland Youth Futures programme	Increase number of students engaged with	More than 3200 students were engaged with via events and activities offered by Great South's Southland Youth Futures programme during the period, compared with 316 students in the previous six-month period. Note: COVID-19 severely impacted ability to deliver events and activities to young people during this period. Regardless, this number far exceeds the full-year target of 2300 students.
		Increase number of Employer Excellence Partners	As at December 31 there were 38 Employer Excellence Partners, with two added during the period. An event to recognise and thank employer partners was held.
		Increase number of at-risk youth worked with	Great South relies on education providers to identify students at risk of becoming NEETS (not in education, employment or training). Events and activities carried out by the Southland Youth Futures programme reached more than 220 at-risk students during the period, compared to an estimated 70 at-risk students reached during the previous six-month period. Note: COVID severely impacted the ability to deliver events and activities to young people during this period.
		Host events that highlight training and employment opportunities available	The Southland Youth Futures programme delivered 68 events and activities including 22 employability skills presentations, 22 workplace tours, 19 employer talks in schools, 5 speciality speaker presentations and one 'Women in Science' webinar.
Coordinate initiatives that retain skilled migrants in Southland	Connect skilled migrants with employment opportunities in Southland and support local businesses with their recruitment practices	Increase number of skilled migrants engaged with	The Skills Placement Programme engaged directly with 176 newcomers via one-on-one meetings or workshops, resulting in 43 skilled migrants finding employment in Southland. During the same period the previous year, 33 found employment. With events included, a total of 306 newcomers looking for employment opportunities and advice were engaged with.
		Host events that support skilled migrants with their job seeking journey	The Southland Skills Placement Programme was involved in four events that supported newcomers to find meaningful employment in Southland - the Pacific Employment Expo (Pacific Island Tagaloa), Job Search 2020, the Southland Multicultural Employment Readiness Workshop and a Migrant Employment Expo, plus additional workshops.
		Increase the number of businesses supported with the recruitment of skilled migrants	During the period 45 businesses were supported with the recruitment of skilled migrants, four more than during the same period the previous year. Of these, 21 were businesses not previously worked with (support for 24 continued from the previous year).

REGIONAL TOURISM DEVELOPMENT

CONTRIBUTION	PERFORMANCE MEASURE	TARGET	HALF-YEARLY MEASURE
Engage and work alongside industry representatives and key stakeholders to restart the Southland tourism sector	Lead tourism sector coordination and leadership	Increase support for local tourism operators	During the period, a significant effort was made to connect local tourism operators with information about the COVID-19 business advisory funding support available. Almost \$380,000 of the fund was awarded to tourism businesses. Several workshops were held to support the tourism sector, focusing on building marketing and digital capability.
		Participate in interregional collaboration	Great South worked alongside seven neighbouring Regional Tourism Organisations (RTOs) to progress the 45 SOUTH initiative. A project manager, based at Great South, was recruited and a MOU agreed on. An MOU for the Southern Scenic Route was updated in collaboration with the five RTOs associated with the route and a marketing plan for the next year was developed. A Partnership Plan for the Catlins was developed alongside Clutha Development, local community, DoC, Councils and iwi.
		Act as local, regional, and national tourism stakeholder liaison	Great South attended Tourism Connect and the Regional Tourism NZ meeting, connecting with 30 RTOs, Tourism New Zealand and MBIE to share initiatives for supporting domestic tourism and addressing COVID-19 challenges. Great South secured \$700,000 from MBIE's \$20 million Strategic Tourism Assesses Protection Programme fund. Collaboration with Tourism New Zealand continued to ensure the Southland destination is included within the "Do Something New New Zealand" campaign. With borders closed due to COVID-19, the decision was made to close the Invercargill i-SITE for the foreseeable future. That decision will be reviewed when international visitors return.
Embrace a holistic approach to planning for and sustainably growing the visitor economy	Champion the Southland Murihiku Destination Strategy	Increase* overnight visitation (dependent on the government determining new source of measurement for this) <i>*Due to changes in MBIE reporting, a comparison with the same period last year is not possible. This information was obtained through the Accommodation Data Program</i>	Southland RTO: Total guest nights for the Southland RTO grew from 22,800 in June 2020, peaking at 38,100 in October 2020 and dropping to 31,400 nights in December. This data represents 52% of all commercial operators in Southland* Fiordland RTO: Total guest nights for the Fiordland RTO grew from 14,900 in June 2020, to 38,700 nights in December. This data represents 90% of all commercial operators in Fiordland.* Southland Region: AirBnB data shows a 24% reduction (8,944) in booked listing nights, when compared to the same time last year.
		Increase tourism expenditure	Southland RTO: Electronic card visitor spend data sourced by Marketview shows that total spend for the period is up 8.1% on the same time last year, to \$95 million. Fiordland RTO: Electronic card visitor spend data sourced by Marketview shows that total spend for the period is 40% down on the same time last year, at \$22 million.

		Activate selected projects in the Strategy	After the first year of implementation, two thirds of all recommendations from the Strategy are either in the early stages of investigation, fully underway or complete. Great South progressed with activity in the following focus areas of the Strategy: Dark Skies (leading astronomers hosted to support operator workshops on Stewart Island/Rakiura and in Fiordland), food tourism (engaging with Eat NZ to develop a food tourism strategy and host four workshops), agritourism (farm experiences and farm stays), and by carrying out initial planning of low emission itineraries across the region including the Sustainable Catlins project. Public feedback was sought on the draft Bluff Motupohue Tourism Master Plan (44 submissions received). Angus & Associates completed its research regarding external perceptions of Southland as a destination. Its focus was on domestic and Trans-Tasman markets.
Promote and inspire travel to Southland both domestically and internationally	Manage regional tourism organisation services and work with local tourism operators, media and industry representatives to position Southland as a preferred place to visit	Increase media presence and features in the region	Great South hosted 10 media famils during the period, delivered 11 campaigns and provided content for 15 publications. Among the highlights were the launch of the Air NZ Safety video heavily featuring Stewart Island and Fiordland (also Gore) which was viewed more than 1.4 million times on YouTube alone. An image of Southland featured on the cover of the Spring/Summer issue of "Discover NZ" magazine which was inserted into 380,000 daily newspapers and was in locations such as the Interisland Ferry and passenger trains. Editorial about Southland was also included within the magazine. A new image database available on both greatsouth.nz and southlandnz.com was launched, giving media outlets, businesses and members of the community access to some of Southland's key imagery. With significant media interest in the region there have been over 50 media results recorded over the last six months throughout a variety of different media channels, including magazines, newspapers, digital and websites.
		Support product development	As a result of new operators, new owners or new products coming to market (or the pivoting of existing products), 33 new product listings were added to the Southland NZ website. This platform provides significant support for product development across the region. Great South also hosted a workshop on Stewart Island/Rakiura for prospective tourism operators wanting to get involved with dark sky tourism. Great South continues to provide visitor insights, to support the investigation of product development and business opportunities. During the period, a Data Analyst was employed at Great South to strengthen this function. This role will ensure a coordinated approach to sourcing and communicating data and insights.
		Increase digital presence via website traffic and social media channels	The SouthlandNZ brand had impressive digital engagement linked to the successful "Rediscover Southland" campaign, with particularly strong site visitation during the front-page takeovers of the Christchurch Star and Otago Daily Times websites. Website Traffic for Southlandnz.com for the half year: Pageviews: 450,250, Users: 142,282, Sessions: 188,081, Average Session Duration: 01:15 minutes Across all social media channels, the SouthlandNZ brand currently has 144,645 followers.

REGIONAL EVENTS DELIVERY

CONTRIBUTION	PERFORMANCE MEASURE	TARGET	HALF-YEARLY MEASURE
Profile Southland's range of events to give people further motivation to stay in Southland	Support the development of the events sector	Facilitate the development of the Southland Regional Events Strategy	<p>The Southland Murihiku Events Strategy was developed and, following consultation with key stakeholders (including local runanga), was approved in principle by Southland's three councils.</p> <p>A key focus of the Strategy is to use events to drive domestic visitation.</p> <p>MBIE introduced the Regional Events Fund which will support events that encourage overnight visitation in Southland and Fiordland and support implementation of the Events Strategy. Southland secured \$1,292,444 in funding which can be allocated according to an agreed investment plan.</p>
	Support the delivery and encourage the attraction of destination events	Deliver the ILT Kidzone Festival	<p>Unfortunately, due to COVID-19 restrictions, the ILT Kidzone Festival for 2020 was cancelled. This decision was made in March 2020 due to the significant planning and lead-up time required to deliver a successful event. Planning is now underway for the 2021 festival.</p>
Support event delivery to enhance regional wellbeing and encourage vibrancy and diversity across the region	Support the delivery of community events	Provide support to events across Southland	<p>Great South continues to work with representatives of 30 key regional and premier events to help develop individual marketing plans for them and, in some cases, activations such as development of promotional videos, photos and copy.</p>
	Profile Southland as a preferred conference destination	Increase number of conferences prospected	<p>Great South supported the attraction of three new business events/conferences, prospected for an additional eight business events and began work with Southland venues on how they can best market themselves.</p> <p>\$35,000 was secured from Tourism New Zealand to support development of Southland as a business events destination.</p>



Financial statements

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the six months ended 30 December 2020

	Notes	31 Dec 2020 (Unaudited)	31 Dec 2019 (Unaudited)	30 Jun 2021 (SOI)	30 Jun 2020 (Audited)
Revenue					
Class A Shareholder Funding					
Core		800,000	602,500	1,600,000	1,380,000
Contract		692,500	577,500	1,405,000	1,280,000
Total	Note 2	1,492,500	1,180,000	3,005,000	2,660,000
Other Revenue					
Service Revenue	Note 2	1,076,053	497,696	1,306,197	1,296,510
Project Revenue	Note 2	484,404	258,024	922,751	443,546
Other Revenue		640,721	51,823	-	5,790
Interest		-	-	-	-
Total		2,201,179	807,543	2,228,948	1,745,845
Total Revenue		3,693,679	1,987,543	5,233,948	4,405,845
Expenditure					
Project and Service Expenditure					
Regional Economic Development		854,578	305,498	1,141,122	804,472
Business Support Services		428,932	252,071	1,003,414	588,866
Regional Tourism Development		758,824	475,085	925,195	933,221
Regional Event Delivery		161,957	357,149	562,350	556,449
Regional Wellbeing		-	46,336	-	67,333
Total		2,204,290	1,436,140	3,632,080	2,950,342
Core Expenditure					
Directors Fees		41,370	43,470	100,000	101,740
Employee Expense		427,948	365,769	770,077	771,930
Interest Expense		1,343	-	-	954
Depreciation and Amortisation	Notes 8 & 12	232,646	23,477	50,000	58,975
Other Overheads		470,180	317,354	681,439	558,931
Total		1,173,487	750,070	1,601,516	1,492,530
Total Expenditure		3,377,777	2,186,210	5,233,596	4,442,872
Net Surplus Before Tax		315,902	(198,667)	352	(37,026)
Income Tax Expense	Note 5	(29,908)	-	-	29,908
Total Comprehensive Revenue and Expense		345,810	(198,667)	352	(66,934)

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

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 December 2020

	Notes	31 Dec 2020 (Unaudited)	31 Dec 2019 (Unaudited)	30 Jun 2021 (SOI)	30 Jun 2020 (Audited)
Opening Balance		1,404,768	133,281	1,161,421	133,281
Equity					
Comprehensive Revenue and Expense					
Comprehensive Revenue and Expense		345,810	(198,667)	352	(66,934)
Total	Note 14	345,810	(198,667)	352	(66,934)
Share Capital					
Share Capital Issued		-	750,421	-	1,350,421
Uncalled Share Capital		-	(12,000)	-	(12,000)
Total	Note 14	0	738,421	0	1,338,421
Total Equity		1,750,578	673,035	1,161,773	1,404,768
Attributable To:					
Equity Holders of The Company		1,750,578	673,035	1,161,773	1,404,768
Total Attributable	Note 14	1,750,578	673,035	1,161,773	1,404,768

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

STATEMENT OF FINANCIAL POSITION

As at 30 December 2020

	Notes	31 Dec 2020 (Unaudited)	31 Dec 2019 (Unaudited)	30 Jun 2021 (SOI)	30 Jun 2020 (Audited)
Assets					
Current Assets					
Cash and Cash Equivalents	Note 6	2,012,582	525,897	1,039,993	1,828,949
Trade and Other Receivables	Note 7	2,237,811	1,486,663	500,000	439,772
Prepayments		39,910	-	15,000	58,291
Stock on Hand		-	10,000	10,000	8,302
Total		4,290,303	2,022,560	1,564,993	2,335,314
Non-Current Assets					
Deferred Tax Asset	Note 5	21,526	-	-	21,526
Investments		473,063	-	-	-
Property, Plant and Equipment	Note 8	638,503	417,891	703,642	454,428
Intangible Assets	Note 12	100,000	296,569	293,138	293,138
Assets Under Construction		-	-	-	14,314
Total		1,233,092	714,460	996,780	783,407
Total Assets		5,523,396	2,737,020	2,561,773	3,118,721
Liabilities					
Current Liabilities					
Trade and Other Payables	Note 10	821,573	579,949	300,000	382,238
Employee Entitlements		299,326	168,537	100,000	211,216
Finance Lease	Note 9	15,186	-	-	18,315
Income Tax Payable	Note 5	21,526	-	-	51,434
Income Received in Advance	Note 11	2,595,635	1,315,499	650,000	1,023,457
Other Current Liabilities		-	-	100,000	-
Total		3,753,246	2,063,985	1,150,000	1,686,659
Non-Current Liabilities					
Borrowings		-	-	250,000	-
Finance Lease	Note 9	19,572	-	-	27,294
Total		19,572	-	250,000	27,294
Total Liabilities		3,772,818	2,063,985	1,400,000	1,713,953
Net Assets		1,750,578	673,035	1,161,773	1,404,768
Equity and Reserves					
Share Capital		1,338,421	738,421	1,328,421	1,338,421
Retained Earnings		412,157	(65,386)	(166,648)	66,347
Total Equity and Reserves	Note 14	1,750,578	673,035	1,161,773	1,404,768

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

STATEMENT OF CASH FLOWS

For the six months ended 30 December 2020

	Notes	31 Dec 2020 (Unaudited)	31 Dec 2019 (Unaudited)	30 Jun 2021 (SOI)	30 Jun 2020 (Audited)
Cash Flow From Operating Activities					
Receipts From Shareholder Investment		1,367,500	1,180,000	3,005,000	2,660,000
Receipts From Other Operating Activities		1,693,193	528,297	2,228,948	2,444,981
Interest Received		-	-	-	-
Payments to Suppliers		(1,082,623)	(411,600)	(2,310,606)	(1,624,299)
Payments to Employees		(1,604,878)	(1,290,824)	(2,654,316)	(2,486,818)
Interest Paid		(1,343)	-	-	(954)
Net GST Movement		(108,844)	184,541	(287,033)	(72,136)
Net Cash Flow From Operating Activities		263,005	190,414	(18,007)	920,774
Cash Flow From Investing Activities					
Purchases of Fixed Assets		(79,270)	(9,517)	(325,000)	(475,246)
Purchase of Investments		(102)	-	-	-
Purchases of Intangibles		-	-	-	(300,000)
Net Cash Flow From Investing Activities		(79,372)	(9,517)	(325,000)	(775,246)
Cash Flow From Financing Activities					
Issue of Share Capital		-	-	-	1,338,421
Proceeds From Borrowings		-	-	250,000	-
Net Cash Flow From Financing Activities		-	-	250,000	1,338,421
Net Increase/(Decrease) In Cash and Cash Equivalents		183,633	180,897	(93,007)	1,483,949
Cash and Cash Equivalents Beginning of Year		1,828,949	345,000	1,133,000	345,000
Cash and Cash Equivalents End of Year	Note 6	2,012,582	525,897	1,039,993	1,828,949

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

Notes to the financial statements

NOTE 1: 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.

Southland Regional Development Agency (trading as Great South) was established as Southland's regional development agency in March 2019. The registered office for Southland Regional Development Agency is 143 Spey Street, Invercargill.

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.

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.

PRESENTATION CURRENCY AND ROUNDING

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.

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 receipted. 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 acts 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.

Associates

The Company's 49% share of its associate NZ Functional Foods Ltd is equity accounted for in the Companies financial statements.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. The Companies associate investment is accounted for in the financial statements using the equity method. The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the Company will resume recognising its share of those surpluses

only after its share of the surpluses equals the share of deficits not recognised.

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 asset 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:

Land:	0% - 7%	14.3 - Infinite years
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 indefinite 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.

For further details, refer to the policy for Impairment of Property,

Plant, and Equipment in Note 8. The same approach applies to the impairment of intangible assets.

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 Ltd.

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.

Changes in Accounting Policies

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

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.

NOTE 2: REVENUE

	Jul-Dec 2020	Jul-Dec 2019
Class A Shareholder Investment		
Environment Southland	75,000	70,000
Gore District Council	105,000	30,000
Invercargill City Council	812,500	830,000
Southland District Council	500,000	250,000
Total Class A Shareholder Investment	1,492,500	1,180,000
Service Revenue		
Invercargill i-SITE	21,784	54,572
Business Sector Support Services	642,508	239,041
Satellite Ground Station	411,760	187,773
Other Service Revenue	-	16,310
Total Service Revenue	1,076,053	497,696
Project Revenue		
Community Trust South	56,313	9,829
Event Delivery	10,796	195,541
Strategic Asset Protection Programme	141,563	-
Other Project Revenue	275,733	52,654
Total Project Revenue	484,404	258,024

NOTE 3: PERSONNEL EXPENDITURE

	Jul-Dec 2020	Jul-Dec 2019
Employee Remuneration		
Salaries and Wages*	1,558,206	1,049,510
KiwiSaver Contributions	41,422	31,055
Increase/(Decrease) in Employee Entitlements	88,110	157,266
Key Personnel Expenditure		
Directors Fees	41,370	43,470
Directors	6	6

*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.

NOTE 4: INVESTMENT IN ASSOCIATES

Great South holds 980,000 shares (49%) in NZ Functional Foods Ltd.

The investment has been fair valued as at 31 December 2020, based on the value of NZ Functional Foods Ltd net assets as at 31 December 2020.

	Jul-Dec 2020	Jul-Dec 2019
Investment		
Cost	-	-
Purchase of Shares	101	-
Net/Surplus/(Deficit)	-	-
Gain on Revaluation*	472,860	-
Total Investment	472,961	-

*Upon change of ownership, the Companies investment in NZ Functional Foods Ltd was fair valued, and recognised in the Companies Statement of Comprehensive Revenue and Expenditure.

NOTE 5: INCOME TAX

	Jul-Dec 2020	Jul-Dec 2019
Net Surplus/(Deficit) Before Tax	345,810	(198,667)
Non-Deductible Expenditure	6,645	6,354
Increase in Investment Valuation	(472,961)	-
Non-Taxable Income	(167,756)	-
Income Tax Expense at 28%	-	-
Income Tax Liability*		
Opening Liability	51,434	-
Adjustment For 2021 Loss Carried Back To 2020	(29,908)	-
Total Income Tax Liability	21,526	-

*No tax liability is recognised as at 31 December 2020, as it is anticipated Southland Regional Development Agency Ltd will utilise the loss carry back provision in section 1Z 8 of the Income Tax Act 2007. This allows the Company to offset the 2021 deficit against the 2020 surplus.

NOTE 6: CASH AND CASH EQUIVALENTS

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%).

	Jul-Dec 2020	Jul-Dec 2019
Cash and Cash Equivalents		
Cheque Accounts	2,011,846	525,739
Cash Floats	736	158
Total Cash and Cash Equivalents	2,012,582	525,897

NOTE 7: TRADE AND OTHER RECEIVABLES

No provision for doubtful debts has been applied.

	Jul-Dec 2020	Jul-Dec 2019
Trade and Other Receivables		
Trade Receivables	1,811,033	938,184
Accrued Revenue	426,778	548,478
GST Receivable	-	-
Total Trade and Other Receivables	2,237,811	1,486,663
Receivables From Exchange Transactions	2,237,811	1,486,663
Receivables From Non-Exchange Transactions	-	-

The Ageing Profile of Receivables at Year End		
	Jul-Dec 2020	Jul-Dec 2019
Not Past Due	2,195,556	1,485,765
Past Due 1 - 60 Days	-	898
Past Due 61 - 120 Days	2,657	-
Past Due > 120 Days	39,598	-
Total Trade and Other Receivables	2,237,811	1,486,663

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Furniture & Fittings	IT Equipment	Ground Station	ILT Kidzone Equipment	Vehicles	Total
Cost								
Balance at 1 July 2020	-	223,594	52,485	84,953	68,157	51,852	25,500	506,541
Additions	130,000	15,626	-	24,355	53,602	-	-	223,583
Disposals	-	-	-	-	-	-	-	-
Balance at 31 December 2020	130,000	239,220	52,485	109,308	121,759	51,852	25,500	730,124
Accumulated Depreciation								
Balance at 1 July 2020	-	9,763	7,442	13,664	7,007	10,795	3,443	52,113
Depreciation Expense	-	4,973	3,721	19,634	3,896	5,563	1,721	39,508
Disposals	-	-	-	-	-	-	-	-
Balance at 31 December 2020	-	14,736	11,163	33,298	10,903	16,358	5,164	91,621
Carrying Amounts								
Total Property, Plant & Equipment	130,000	224,484	41,322	76,010	110,856	35,495	20,336	638,503

NOTE 9: FINANCE LEASE

Finance lease liabilities relate to the lease of IT equipment.

	Jul-Dec 2020	Jul-Dec 2019
Finance Lease Commitments		
Not later than one year	15,186	-
Later than one and not later than five years	19,572	-
Total Finance Lease Commitments	34,759	-

NOTE 10: TRADE AND OTHER PAYABLES

	Jul-Dec 2020	Jul-Dec 2019
Trade and Other Payables		
Payables Under Exchange Transactions		
Trade Payables	651,592	373,142
Accrued Expenses	12,062	115,197
Total	663,654	488,339
Payables Under Non-Exchange Transactions		
Trade Payables	-	-
GST Payable	157,919	91,610
Total	157,919	91,610
Total Trade and Other Payables	821,573	579,949

NOTE 11: INCOME RECEIVED IN ADVANCE

	Jul-Dec 2020	Jul-Dec 2019
Income Received in Advance		
Income Received in Advance Under Exchange Transactions		
Income Received in Advance	2,595,635	1,315,499
Total	2,595,635	1,315,499
Income Received in Advance Under Non-Exchange Transactions		
Income Received in Advance	-	-
Total	-	-
Total Income Received in Advance	2,595,635	1,315,499

NOTE 12: INTANGIBLE ASSETS

	Goodwill	Lease Goodwill	Total
Cost			
Balance at 1 July 2020	100,000	200,000	300,000
Additions	-	-	-
Disposals	-	(200,000)	(200,000)
Balance at 31 December 2020	100,000	0	100,000
Accumulated Amortisation			
Balance at 1 July 2020	-	6,862	6,862
Amortisation Expense	-	-	-
Impairment/Disposal	-	(6,862)	(6,862)
Balance at 31 December 2020	-	0	0
Carrying Amounts			
At 30 June 2020	100,000	-	100,000
Total Intangible Assets	100,000	-	100,000

NOTE 13: COMMITMENTS

	Jul-Dec 2020	Jul-Dec 2019
Operating Leases as Lessee*		
Expenditure on Operating Leases as Lessee	98,225	93,207
Not later than one year	83,008	142,595
Later than one and not later than five years	39,860	129,730
Later than five years	-	51,333
Total Operating Leases as Lessee Commitments	122,868	323,658
Operating Leases as Lessor**		
Revenue on Operating Leases as Lessor	338,872	175,775
Not later than one year	638,686	294,209
Later than one and not later than five years	2,452,592	790,574
Later than five years	118,370	31,746
Total Operating Leases as Lessor Commitments	3,209,648	1,116,529

* Operating leases relate to the lease of the building, land, vehicles & IT equipment.

** Operating leases relate to the provision of ground station services.

Capital Commitments

There are no capital commitments as at 30 Dec 2020 (2019: nil).

NOTE 14: EQUITY

The Company has issued the following \$1 shares:

Class*	Number of shares	Status
Class A	9,000	Unpaid
Class B	3,000	Unpaid
Class C	1,338,421	Fully Paid
Total Number of Shares	1,350,421	

* Class A and B shares are uncalled as at 31 December 2020. These shares have equal voting rights and no par value. Class C shares have no voting rights attached, and no par value.

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

	Share Capital Class A	Share Capital Class B	Share Capital Class C	Total Share Capital	Additional Paid in Capital	Retained Earnings	Total
Balance at 1 July 2020	-	-	1,338,421	1,338,421	-	66,347	1,404,768
Profit/(Loss) After Tax	-	-	-	-	-	345,810	345,810
Share Capital Issued	-	-	-	-	-	-	-
Distribution to Shareholders	-	-	-	-	-	-	-
Balance at 30 June 2020	-	-	1,338,421	1,338,421	-	412,157	1,750,578

NOTE 15: FINANCIAL INSTRUMENTS

	Notes	2019/2020	2018/2019
Loans and Receivables			
Cash and Cash Equivalents	Note 6	2,012,582	525,897
Trade and Other Receivables	Note 7	2,237,811	1,486,663
Total Loans and Receivables		4,250,393	2,012,560
Financial Liabilities at Amortised Cost			
Trade and Other Payables	Note 10	663,654	488,339
Total Financial Liabilities at Amortised Cost		663,654	488,339

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 7 for information relating to receivables credit ageing 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 to 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 6.

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.

NOTE 16: RELATED PARTIES

All transactions conducted with related parties have been under normal supplier/client relationship terms and at arm's length.

NOTE 17: POST BALANCE DATE EVENTS

There are no other post balance date events.

NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent assets or liabilities as at 31 Dec 2020 (2019:\$nil).



