

GREAT SOUTH 

STATEMENT OF INTENT



For the year ending 30 June 2020

Company Information

Southland Regional Development Agency Limited

Trading as Great South

143 Spey Street
Invercargill 9810
PO Box 1306
(03) 211 1400
www.greatsouth.nz

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)

Legal Status

Southland Regional Development Agency Limited ("SRDA") was incorporated in New Zealand on 29 March 2019 under the Companies Act 1993 (NZBN 9429042001096).

With the 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 Local Government Act 2002.

Chief Executive

Ann Lockhart

Directors

Ian Collier (Chair)
Dean Addie
Joc O'Donnell
Lucy Griffiths
Maria Pera
Sarah Brown

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

Non-shareholder member

Community Trust South

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Purpose

In accordance with the requirements of Section 64(1) of the Local Government Act 2002, this Statement of Intent publicly sets out the overall intentions and activities for Great South – Southland’s Regional Development Agency - for the next year, and the objectives to which those activities will contribute.

The objectives and strategic activities outlined in this document have been established in response to the shareholders’ letter of expectation which was received in February 2019 and will be used to hold the organisation accountable for achieving its overall vision and goals.

Foreword



Great South, the name we now take forward as a team tasked with leading the future growth aspirations of Southland on behalf of our shareholders, stakeholders and communities across the region. It is important that we also look back to ensure we capture the essence of what makes Southland such a unique and special region of Aotearoa New Zealand.

Our story begins with Aoraki, the most sacred of ancestors from whom Ngai Tahu - the principal iwi of Southern New Zealand - descend.

The stern of Te Waka o Aoraki is a prominent part of the Murihiku landscape standing proudly as Motupohue/Bluff Hill and serves as a constant reminder of our position as the powerhouse of Aotearoa.

With the establishment of Great South, we are at the new dawn of realising the unquestionable potential of Southland. We will embrace and respect our position as the stern of the waka, leading our people and place into the future.

The activities outlined in this Statement of Intent (Sol), will assist us in attracting more people, achieving sustainable social and economic growth, and positioning Southland as the best place to live, work, study, do business and visit.

This Sol outlines the strategic platform and direction for Great South's first year in operation and identifies the framework, activities and performance expectations required to encourage sustainable regional development and deliver on our role of driving the growth of Southland's population.

The very nature of regional development requires collaboration, strategic thinking and an unwavering passion for Southland, the place many are so fortunate to call home. There is no shortage of any of these elements with the Great South board and our team who are all totally committed to creating a great future for the region.

We acknowledge that the support of our councils; Invercargill City Council, Southland District Council, Gore District Council and Environment Southland, and partnerships with Invercargill Licensing Trust, Maitua Licensing Trust, Southern Institute of Technology, Chamber of Commerce and Community Trust South which will play an essential role in achieving our goals and overall regional success.

In this document you will find the key areas of focus for this new organisation that will ultimately contribute to growing the Southland population – the major goal identified in the 2015 Southland Regional Development Strategy. We are committed to capitalising on the many opportunities available across the region and to helping address new challenges within the regional development space.

The role we play in establishing a contemporary, competitive and connected Southland region will vary along a continuum depending on different projects and areas, with our people, our place and the future success of this region always front and centre of the approach we will take moving forward.

The GREAT SOUTH TEAM look forward to the role we play in helping to make it happen.

Ian Collier

Great South Chair

Who we are and what we stand for

As Southland's newly established regional development agency, Great South is committed to creating better lives for all Southlanders through sustainable development.

With strong backing from both our local authorities and representatives from the private and public sectors, and the Southland Regional Development Strategy and consequent Action Plan to provide direction, we're here to work with our shareholders, key stakeholders and members of the Southland community to encourage the future growth of our region.

History

In 2015, it was identified that in order to encourage Southland's future prosperity, a renewed focus on regional development was required.

To embrace this new focus, and address the challenges identified in the Southland Regional Development Strategy, it was recommended that a regional agency was established to implement change and build on the foundation laid by Venture Southland (the previous economic development agency for Southland).

As a result, Great South came into effect on 1 July 2019 and is tasked with building the future prosperity of Southland and making sure that this region is able to compete on both the national and international stage.

Our purpose

Committed to driving economic, social and cultural growth, Great South will provide a unified voice for the Southland region.

In doing so, we will develop and share our Southland stories and establish a strong platform for businesses to leverage from.

To fulfil our purpose we will be involved in promoting the Southland destination, diversifying the local economy, creating exciting jobs and developing our future workforce while accelerating business development and innovation.

Great South recognises that collaboration is essential to the ongoing success of the Southland region and is committed to building trusting, enduring relationships with our shareholders, central government, Iwi, industry, members of our community and other regional stakeholders – we are all in this together and we're all here for the advancement of the Southland region.



Our vision for Southland

Better lives through sustainable development

Our vision is something that has been developed through serious consideration. A wide range of sectors, organisations and community representatives have paved the way for its existence by contributing to the Southland Regional Development Strategy, Action Plan and now, through the establishment of Great South. It will be as a result of this continued regional cohesion, enthusiasm and drive that our vision will become a reality.

We know that we have some serious challenges to address, but we are up for it and know that with the people of Southland behind us, we are in good stead to show others what they're missing out on – that Southland is a GREAT place to live, work, visit and do business.

We will know that Southland has achieved this vision when:

1

We have a strong regional identity that attracts people to Southland to both visit and live

2

The region is recognised for being a hub of innovation and business success, with a strong and diversified economy

3

Our region has enhanced connectivity and total liveability for all of us here

4

We continue to grow sustainably and are able to nurture our environment as we do so



Our values

Supporting our vision, instilling a strong sense of culture and highlighting our commitment to the development of the Southland region, are our values. These form the essence of our identity and will encapsulate all that we do.

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.

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.

Southland proud

At the core of every successful region, you will find great people who proudly and 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.

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.

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.

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.

Shareholder confidence

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



How we will work

He tāngata, He tāngata, He tāngata

We recognise that people are our most important asset and are proud of the skills and expertise of our staff that will enable us to to achieve our ambitious goals.

We will invest in our people to ensure that their skills are relevant and up to date. Supporting our people to work towards both individual and collective company goals will maximise our overall potential.

To be successful with this, and attract great staff, we know we must operate efficiently and effectively, place strong importance on health and safety, and ensure we meet our obligations with respect to New Zealand laws and regulations.

Valuing our diversity

As the literal birthplace of Maori/European New Zealand, we are proud of our long and rich indigenous heritage and are committed to working in partnership with our treaty partners to continue to tell this story.

We embrace our region's position as Te Taurapa (stern) of Te Waka o Aoraki and will work with all members of our community to leverage economic and social opportunities for the entire region.

Sustainable focus

We place great importance on preserving our environment for future generations and know that attracting more people to Southland can place added pressure on our environment, land and infrastructure. To help mitigate these pressures, we will be proactive in developing environmentally focused initiatives that encourage a healthy, sustainable future for our region.

We value our unique biodiversity and will use promotional and tourism initiatives to enhance this asset while equally ensuring that we are taking meaningful steps to reduce our own carbon footprint.

Our constitution objectives

As a council-controlled organisation, we will strive to:

1. Achieve the objectives of our shareholders, both commercial and non-commercial, as specified in this 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

Our governance and structure

Our board is made up of six independent directors who are responsible for the strategic direction and control of Great South activities. The Board will oversee the business undertaken by Great South in accordance with the Companies Act 2002, the Company's Constitution and this Statement of Intent.

The Chief Executive Officer 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.

Our partners and shareholders

We have strong support from our shareholders who all recognise the benefit in having a unified approach to regional development. With nine key shareholders and members, we represent a broad range of stakeholders and regional views. Embracing these views signifies our commitment to expanding upon Southland's traditional regional development structures.

Alongside working with our shareholders, we will be proactive in sourcing further funding from additional sources, including central government and local funders.



Our role

While we will stand proudly at the forefront of change for the Southland region, our involvement in various projects and initiatives will vary. Depending on the project or initiative, we may either govern, own, manage, facilitate and/or collaborate, or advocate for it's success.

Govern - Great South will adopt a governance role in a programme or sector.

Own - Great South will adopt ownership of a project, programme or initiative.

Manage - Great South will be involved in the delivery of a programme, project or initiative in a management capacity.

Facilitate/Collaborate - Great South will facilitate and collaborate to build relationships and partnerships that encourage progress.

Advocate - Great South will proactively promote programmes, projects or initiatives without being operationally involved.

Alignment with national and regional strategies

We know that in order to be successful we must be able to reflect and align with the strategies developed at both a local and national level. We will align our work programmes to support our local authorities and will integrate national strategies to the work we carry out.

Investment model

We are invested in the future of our region and supporting us with this is the commitment made by our board and shareholders at all levels of operation.

Investment in the vision of Great South can be split into two areas, core and contractual.

Our core operational costs will be covered by our local councils who will make contributions based upon a population formula.

Contractually, our shareholders and various local and national funders will invest in Great South for the specific advancement of projects and initiatives that fall under our main areas of focus: tourism development, events delivery, economic development, business sector support and overall regional wellbeing.

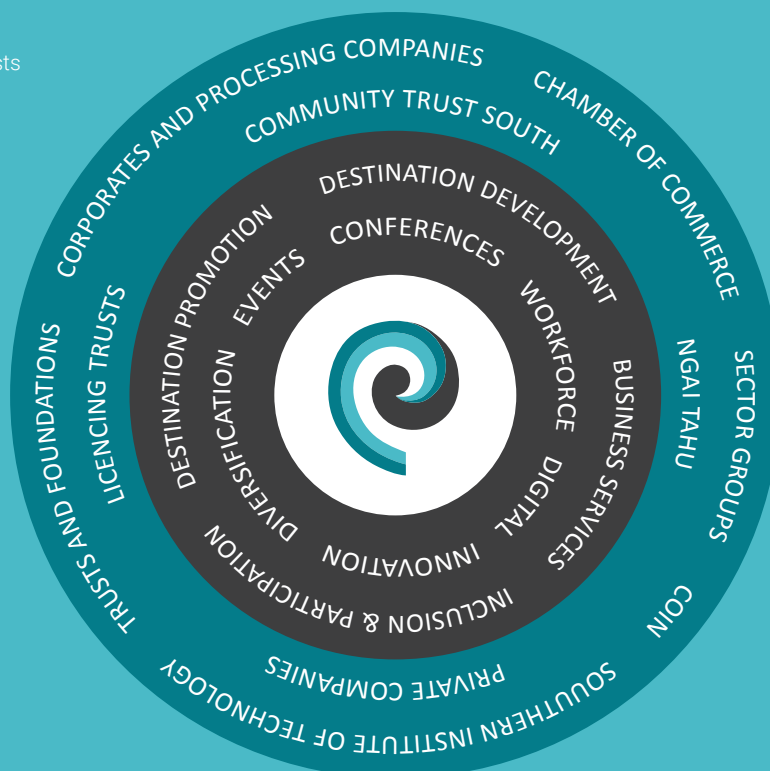
We recognise the importance of partnerships and in adopting a commercial focus we will be proactive in partnering with local and national organisations to gain further investment that will contribute to the development of a contemporary, connected and competitive Southland region.

Key

■ Core Funding Operational Costs

■ Contractual Based Work

■ Partnerships



Our goals

Diversify our economy

Create exciting jobs

Grow innovative businesses

Grow the population

Our goals have been set to provide a pathway to achieving our vision and to ultimately contribute to the overall success of the Southland region. By investing our efforts in these four goals, we will create better lives through sustainable development and encourage more social and economic growth.

It is with these goals in mind that our work programme has been established and they will play a significant role in the allocation of resources and investment across the organisation.



Developing a vibrant, diverse and strong region

Regional Economic Development

Investigating potential opportunities for investment helps to reduce Southland's dependency on a narrow range of industries and sectors and leads to increased employment opportunities. We will continue to identify ways to enhance our region's economic development while working with investors, local and central government agencies and members of the community to make GREAT things happen.

Diversify the economy

We are committed to diversifying the Southland economy and ensuring that the region can benefit from areas where we have a natural advantage. To support this we will champion new primary industry sector opportunities in areas such as oats, sheep milk and salmon, and support the development of various sectors including education. Through embracing collaboration, we will leverage opportunities for new investment across the region and influence the creation of a diverse economy.

Performance measures

Key Strategic Goal	Our Contribution	Outcome	Target 2019-22
Diversify our economy	Develop satellite ground station services	Contracts for Earth observation and satellite ground station services will encourage investment from outside of the region and assist with land-use decision making	Increase ground station revenue
	Extend the primary sector	New initiatives that encourage land use activity and reduce the environmental impact of farming will help to successfully extend Southland's primary sector	Establish governance groups for specific projects
	Support the aquaculture industry	Development of Southland's aquaculture industry will create a competitive advantage of international scale for the Southland region	Assist with attracting investment opportunities
	Promote regional talent pathways	The attraction, development and retention of regional talent will fill skills shortages and strengthen local business	Increase regional talent pathways
	Enable digital connectivity	Development of Southland's connection services will help to increase regional connectivity and support rural businesses	Advocate for improved digital enablement

Making big things happen

Business Development

A strong local economy is essential to creating employment opportunities, encouraging innovation and increasing confidence in the Southland region. We will focus on supporting business efficiency and competitiveness by helping to develop a skilled workforce. This will encourage industry growth, strengthen local businesses and contribute to more people wanting to work and invest in the region.

Strengthening local business

We will support Southland businesses at all stages of their business journey. Through partnerships with New Zealand Trade and Enterprise and Callaghan Innovation, we will help to strengthen local business by offering training opportunities, information on funding and by providing access to services that build capacity and capability.

Driving Innovation

We will work with entrepreneurs, start-ups and businesses to develop the skills and capabilities needed to encourage diversification and accelerate productivity. With support from national innovation hubs, we will help businesses to recognise their potential and provide access to research and development funding.

Developing Southland's workforce

Given the goal to attract 10,000 more people by 2025, we will prioritise initiatives that develop a strong and diverse workforce. To do this, we will build on contracts with government and local stakeholders to connect people with employment opportunities, retain skills and talent within Southland, and where necessary attract more people to fill skill shortages.

Performance measures

Key Strategic Goal	Our Contribution	Outcome	Target 2019-22
Grow innovative business	Manage business development programmes	Supporting businesses to expand, innovate and succeed will encourage the ease of doing business across Southland and enhance the region's reputation as business friendly	Increase number of businesses actively engaged with
Develop Southland's workforce	Manage the development of career pathway programmes	Delivering national contract programmes focused on Southland youth and skilled migrants is vital for growing Southland's future labour market	Maintain participation in Southland Youth Futures career exploration activities Increase number of job-seeking migrants engaged with

Putting Southland on the world map

Regional Tourism Development

We will proudly tell Southland's story and play our part in growing the visitor and tourism economy. This will encourage an increase in the amount of time and money travellers spend here and play a significant role in attracting new people, students, events and investment to the region.

Destination promotion

Promoting Southland and building our reputation within both domestic and international markets is essential to driving demand and encouraging people to visit, live, work and study in Southland. To achieve this, we will, as one of Southland's regional tourism organisations, share Southland's story with global audiences through marketing and trade channels and by working with industry representatives to leverage greater promotional opportunities for the region.

Product development

Tourism is no longer just about attracting visitors to Southland, but on managing the whole visitor experience. To ensure that we can capitalise on increased visitor numbers, we will work with operators, community groups, councils and national tourism organisations to address barriers to travel, concerns about regional infrastructure and develop new tourism experiences and attractions.

Performance measures

Key Strategic Goal	Our Contribution	Outcome	Target 2019-22
Attract visitors to Southland	Champion the Southland Murihiku Destination Strategy	Positioning Southland as a preferred tourism destination through the development of new commissionable products, accommodation offerings and events will attract visitors to Southland and support the region's economic growth	Increase number of commercial tourism products Increase number of destination events in Southland
	Manage Regional Tourism Organisation services	Partnering with media, trade and industry representatives to promote the Southland region will help increase Southland's exposure to national and international markets	Increase visitor nights Increase tourism expenditure Increase website traffic and usage

Bringing the party to Southland

Regional Event Delivery

As a catalyst for economic development events play a key role in fostering a strong regional identity. Events contribute to our Southland story by defining and communicating our uniqueness to potential visitors, investors and residents. As key drivers of tourism and repeat visitation, events help to drive infrastructure growth and put Southland on the map as a preferred destination.

Destination events

Events bring diversity, vibrancy to our region and provide a reason for people to travel south and contribute to our social and economic growth. To help attract events and people here we will work alongside event organisers and venues to develop an action-packed Southland events sector. The benefits of this will extend to our residents by enhancing the region's overall wellbeing.

Event management support

We will provide support to community groups to deliver their own events and leverage opportunities for the wider Southland region. This will include supporting the delivery of events as resource allows, helping to build the capability and capacity of the events sector and supporting the attraction and delivery of conferences.

Performance measures

Key Strategic Goal	Our Contribution	Outcome	Target 2019-22
Attract visitors to Southland	Attract events and conferences to Southland	Hosting events and conferences in Southland will add vibrancy to the region through increased visitation and economic benefit	Increase destination events Increase number of conferences held in Southland
Grow the population	Support the delivery of events across the Southland region	Events add diversity to the Southland region and contribute to the overall wellbeing of the region's residents	Increase number of groups supported with event delivery

Home is where the heart is

Regional Wellbeing

To attract people to Southland, and keep them here, we need to have the facilities, infrastructure and lifestyle that make our region the best place to be in the world. To encourage this, we will work across a wide range of sectors and industries to enable investment in our people and place, advocating for improved housing stock, facilities, greater experiences and better connectivity across the region.

Welcoming newcomers to Southland

It is recognised that communities are healthier, happier and more productive when newcomers are welcomed, and participate fully in their local society. To support this we will coordinate Southland's Welcoming Communities Programme and embrace the inclusive principles that underpin it. This will contribute to a more diverse and contemporary Southland region.

Addressing Southland's housing shortage

We will play a key role in the Southland Housing Forum Action Group to identify solutions for Southland's housing concerns. We know that in order for Southland to attract and retain skilled workers we need to have the appropriate infrastructure and necessary housing in place. Our role will involve advocating for new housing development and investment, and working with government representatives and other agencies to address the Southland housing situation.

A bright future for our youth

We will encourage employers to invest in youth and endorse youth-friendly policies that will complement the work we will do with sector, industry and educational representatives to strengthen pathways between education and employment.

Performance measures

Key Strategic Goal	Our Contribution	Outcome	Target 2019-22
Grow the population	Coordinating the Welcoming Communities programme	Developing a welcoming community for newcomers will build capability of the host and newcomer communities and support the region's social and economic development	Southland accreditation of the Welcoming Communities Standard
	Support the development of housing in Southland through work with the Southland Housing Forum	Increased investment in Southland housing will help to meet current and future housing needs and is essential for supporting population growth and creating better lives for Southlanders	Increase investment for housing across Southland

Regional indicators

In addition to our performance measures, we will also monitor the following regional indicators. It is important to note that as these indicators are impacted by a range of factors outside of our control, we do not measure our performance against them. However, we do appreciate that we can play a role in influencing these indicators and that they play a significant role in influencing policy and decision making across the region.

Regional Indicator	Target	Target
Southland population	93,339	Increase population by 10,000 by 2025
Number of businesses in Southland (geographical units)	13,914 (Feb 2018)	Increase number of business units to 14,000 by 2021
Regional labour force participation rate	74.7% (Jun 2019)	Above 72% by 2020
Regional unemployment rate	3.0% (Jun 2019)	Less than 3.0% by 2020
Regional GDP	\$5,826 million (March 2018)	Increase to \$6,100 million by 2025
Tourism expenditure	\$667 million (Apr 2019)	Increase expenditure to \$1 billion by 2025
Guest nights	1,203,803 (Apr 2019)	Increase overnight visitation to 1.3 million by 2029

The above indicators are dependent on the continuation of current investment and the Board being able to seek additional investment to compliment the work already being undertaken.

Financial performance

Southland Regional Development Agency Statement of Comprehensive Revenue and Expense

For the 12 months to June

	2019/20 Budget	2020/21 Forecast	2021/22 Forecast
Revenue			
Class A Shareholder Investment			
Core	1,555,000	1,600,000	1,600,000
Contract	1,405,000	1,405,000	1,405,000
Total	2,960,000	3,005,000	3,005,000
Other Revenue			
Service Revenue*	929,665	829,665	744,665
Project Revenue** ¹	800,000	760,000	590,000
Total	1,729,665	1,589,665	1,334,665
Total Revenue	4,689,665	4,594,665	4,339,665

* Service Revenue includes Regional Business Partner Programme, workforce programmes and Satellite Ground Station contracts

** Project Revenue includes Carbon Neutral Advantage, event delivery and Community Trust South investment

¹ Other shareholder/member funding included in project revenue - Invercargill Licensing Trust: 97,000, Community Trust South: 258,000

	2019/20 Budget	2020/21 Forecast	2021/22 Forecast
Expenditure*			
Project and Service Expenditure			
Regional Economic Development	687,194	700,938	544,956
Business Development**	603,957	546,036	471,957
Regional Tourism Development	1,029,639	1,016,954	934,557
Regional Event Delivery	643,186	504,881	514,979
Regional Wellbeing	169,142	122,525	124,976
Total	3,133,118	2,891,334	2,591,425
Core Expenditure			
Directors Fees	100,000	200,000	200,000
Employee Expense	768,725	784,100	799,781
Depreciation	48,000	50,000	50,000
Other Expenses	639,822	669,231	698,458
Total	1,556,547	1,703,331	1,748,240
Total Expenditure	4,689,665	4,594,665	4,339,665
Net Surplus (Deficit) Before Tax	(0)	(0)	0
Taxation	0	0	0
Net Surplus (Deficit) After Tax	(0)	(0)	0

* All expenditure includes an increase of 2% per year, before any other adjustments

** Great South has included workforce funding from Letter of Expectation as Business Development instead of Regional Economic Development

Southland Regional Development Agency Statement of Financial Position

	30 June 2020 Budget	30 June 2021 Forecast	30 June 2022 Forecast
Assets			
Current Assets			
Cash and Cash Equivalents	1,106,000	1,205,000	1,176,000
Receivables and Accruals	500,000	500,000	500,000
Prepayments	15,000	15,000	15,000
Inventories	10,000	10,000	10,000
Total	1,631,000	1,730,000	1,701,000
Non-Current Assets			
Property, Plant and Equipment	400,000	275,000	250,000
Intangible Assets	330,000	330,000	330,000
Total	730,000	605,000	580,000
Total Assets	2,361,000	2,335,000	2,281,000
Liabilities			
Payables and Accruals	300,000	300,000	300,000
Deferred Revenue	650,000	585,000	520,000
Employee Entitlements	100,000	139,000	150,000
Other Current Liabilities	100,000	100,000	100,000
Total Liabilities	1,150,000	1,124,000	1,070,000
Net Assets	1,211,000	1,211,000	1,211,000
Equity			
Shared Capital	1,367,000	1,367,000	1,367,000
Retained Earnings	(156,000)	(156,000)	(156,000)
Total Equity	1,211,000	1,211,000	1,211,000
Ratio of shareholder funds to total assets*	47%	42%	35%

* Shareholder funds are defined as the paid-up capital plus any retained tax paid profits

Southland Regional Development Agency Statement of Cash Flows

For the 12 months to June

	2019/20 Budget	2020/21 Forecast	2021/22 Forecast
Cash Flow From Operating Activities			
Receipts of Shareholder Investment	3,560,000	3,005,000	3,005,000
Receipts From Other Operating Activities	1,729,665	1,589,665	1,334,665
GST	(370,977)	(378,397)	(433,477)
Payment to Suppliers and Employees	(4,132,687)	(4,092,268)	(3,910,188)
Total Cash Flow From Operating Activities	786,000	124,000	(4,000)
Cash Flow From Investing			
Purchase of Fixed Assets and Intangibles	(25,000)	(25,000)	(25,000)
Total Cash Flow From Investing	(25,000)	(25,000)	(25,000)
Net Cash Flows	761,000	99,000	(29,000)
Cash Balances			
Cash and cash equivalents at beginning of period	345,000	1,106,000	1,205,000
Cash and cash equivalents at end of period	1,106,000	1,205,000	1,176,000
Net Change in Cash Balances	761,000	99,000	(29,000)

Shareholder requirements

Statement of intent

By 1 December each year Great South will deliver a draft Statement of Intent to the joint shareholders as required by the Local Government Act. The Joint Shareholders will provide feedback to the Great South board by 1 May each year, and the final document will be delivered by 15 June each year.

Reporting

Half yearly reporting

By the end of February each year the Board must deliver to the Shareholders a report on the organisation's operations during that half year. The report must include the information required to be included by the LGA 2002 and the Statement of Intent and any other information requested by the Shareholders.

Annual report

By the end of September each year, the Board must deliver to the Shareholders and make available to the public a report on the company's operations during the year. This will include audited financial statements and the performance targets and other measures by which performance was judged in relation to that organisation's objectives.

Shareholder meetings

An annual meeting will be held before the end of September each year to present the annual report. The notice of the Annual Meeting will be no less than 10 working days before the meeting, unless agreed by all Shareholders who are entitled to attend and vote at the meeting.

Shareholder approval

Any subscription, purchase or acquisition by Great South of shares in a company or organisation will, require shareholder approval by special resolution as will the other matters outlined in Great South's constitution.

Dividend policy

The Great South Board is not authorised to approve any dividends.

Compensation from local authorities

The Directors do not envisage any circumstances arising that would give rise to any claim from any local authority during the year other than those already stated in the financial statements.

No surprises

The Great South Board will keep the Shareholders, through the Joint Shareholders Committee informed on a "no surprises" basis. The board will be sensitive to the demand for accountability placed on the Councils from their respective ratepayers.

Public expectations

Great South is very mindful of the public scrutiny that comes with being a CCO. Great South will:

- Build accountability and constructive working practices between their organisation and the shareholders.
- Commit to transparency and accountability to the public.
- This includes fulfilling the planning, reporting and disclosure requirements of the Local Government Act 2002 as it applies to CCOs, and the requirements of the Local Government Official Information and Meetings Act 1987 as it applies to CCOs.
- Ensure their organisation is fiscally disciplined with expenditure.
- Embrace the Shareholder Councils' strategic priorities as set out in their Long-term Plans 2018-2028 and any other relevant documents.

Accounting policies

Basis of preparation

The Board have elected to apply PBE SFR-A(PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) Standard on the basis that the Company does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption the Company will continue to operate in the foreseeable future.

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). Great South 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.

Presentation currency

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

Historical cost

These financial statements have been prepared on a historical cost basis.

Goods and services tax

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.

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 the Company 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 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.

Employee-related expenditure

Wages, salaries and annual leave are recognised as an expense as staff provide services and become entitled to wages, salaries and leave entitlements.

Income tax

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax.

Cash and cash equivalents

Bank accounts and cash comprise of cheque and savings accounts held at call with banks.

Debtors

Debtors are measured at the amount owed.

Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

Employee costs payable

A liability for employee costs payable is recorded when an employee has earned the entitlement.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets and includes the cost of replacements that are eligible for capitalisation when these are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Depreciation rates are yet to be determined.

Equity

Equity is the shareholders' interest in SRDA and is measured as the difference between total assets and total liabilities.

Changes in accounting policies

This is the first financial year for the Southland Regional Development Agency.



Letter of expectation

26 March 2019

Mr Ian Collier - Chairman
Southland Regional Development Agency
iandcollier@gmail.com
INVERCARGILL

Dear Mr Collier,

Introduction

I am writing on behalf of the Joint Shareholders of the Southland Regional Development Agency (SRDA) to outline the matters we expect the Board of the SRDA to address in the business planning process for the 2019/20 financial year.

The SRDA has been established to improve regional development performance in Southland, especially in the following respects:

- **Scope** – to take on projects of significant scope and scale that are larger than other entities might contemplate.
- **Agility** – to be flexible and cope with diversity in its brief.
- **Decisiveness** – to be able to make decisions and move quickly.
- **Mandate and credibility** – to develop a strong mandate across the community and the region for the focus of work and become a credible development leader.
- **Reach** – to develop the capability to move easily in both the public and private sectors and between them.
- **Attraction of financial resources** – to lead an increase in funds entering the regional development field to increase capacity and capability.
- **Engagement** – that through the Joint Shareholders Committee and directly, the SRDA is able to have a close and integrated relationship with the councils and community organisations in the region.

This Letter of Expectation is intended to inform the Statement of Intent of the Board for the 2019/20 year which comes into effect on 1 July 2019. The Statement of Intent is expected to comply with the content requirements of the Local Government Act and provide a clear and strategic statement of the Board's intentions. It is regarded as a key planning document.

This letter is intended to create an opportunity for dialogue between the Board and Joint Shareholders, especially through the Joint shareholders Committee, and to support an open, positive and co-operative working relationship, resulting in the achievement of the SRDA's performance expectations in a transparent and accountable manner.

Council Controlled Organisation

The SRDA is a Council Controlled Organisation (CCO). The *Local Government Act 2002* provides the starting point for the councils' expectations of their CCOs. Section 59 of the Act states the principal objectives of CCOs are to:

- a. Achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and
- b. Be a good employer; and
- c. Exhibit a sense of social environmental responsibility by having regard to the interest of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

The matter of sustainability, particularly with regard to the natural environment is important for all shareholders and the people of Southland and sustainability should be a key consideration in all the activities of the SRDA.

The Government has also flagged an increased emphasis on wellbeing following the reinstatement of the four wellbeings into the Act. The shareholders regard regional development as being all embracing and consistent with a four wellbeings approach. Hence, you should consider how the activities of your organisation promote the social, economic, environmental and cultural well-being of the Southland Region.

It is expected that you will meet your responsibilities under law to be good employers in all areas, and you will take particular interest in health and safety. It is also expected that you encourage such behaviour in organisations with which the SRDA partners and interacts.

Public Expectations

The Shareholder Councils (Class A shareholders) expect that CCOs are mindful of the public scrutiny that comes with being a CCO. Specifically, the Shareholder Councils expect that their CCOs:

- a. Build accountability and constructive working practices between their organisation and the shareholders.
- b. Commit to transparency and accountability to the public. This includes fulfilling the planning, reporting and disclosure requirements of the *Local Government Act 2002* as it applies to CCOs, and the requirements of the *Local Government Official Information and Meetings Act 1987* as it applies to CCOs.
- c. Ensure their organisation is fiscally disciplined with expenditure.
- d. Conduct their affairs in accordance with sound business practice.
- e. Understand and consider the Shareholder Councils' strategic priorities as set out in their Long-term Plans 2018-2028 and any other relevant documents in setting their own priorities.

No Surprises

The Shareholder Councils expect the CCO to keep the shareholders, through the Joint Shareholders Committee, informed on a "no surprises" basis. We expect the Board to be sensitive to the demand for accountability placed on the Councils from their respective ratepayers, and that the actions of the CCO have an impact on the Shareholder Councils. The expectations of Shareholders are transmitted to the Board via the Joint Shareholders Committee. That Committee was involved in the preparation of this Letter of Expectation and it is expected that the Committee will receive regular reports from the Board on progress against priorities.

Funding

The Shareholders expect that the SRDA will generate significant additional funding for programmes over and above that provided by the councils. Some of this may be directed through the SRDA but other funds may enter the regional development sector through partnerships, joint ventures, equity arrangements and trading activities associated directly or indirectly with the SRDA. The SRDA is expected to be active in creating value for Southland.

Shareholders Priorities

The Shareholders wish to raise the following specific issues for consideration by the SRDA Board as part of the Statement of Intent process.

The shareholders recognise that although some time has passed since the Southland Regional Development Strategy was released; it is still the guiding document for development in the region and reflects the assumptions behind this letter. Key assumptions include:

- The primary goal of an increase of 10,000 in our population by 2025.
- Relationships with Ngai Tahu and local runanga are central to inclusive regional development.
- Regional action should occur based on regional priorities.
- There is an integrated approach to growth of the tourism industry across the Southland Region and more broadly across the 'bottom of the South Island' and this is a priority for action by the SRDA.
- The SRDA will focus on a small number of added-value economic initiatives; its focus will be on enabling and promoting Southland as a destination for new business / industry.
- All initiatives in regional development will take into account environmental and social considerations.

The SRDA is expected to develop outcome statements to be included within the Statement of Intent that adequately cover the following areas:

- Business growth
- Economic growth
- Increase in population
- Tourism growth
- Education
- Social and Environmental impacts

The following high level areas of focus are the results of a thorough process undertaken by the Councils, it is expected that you will take these into account when developing your Statement of Intent and future 2019/20 business plan (*see appended table for further breakdown*):

Focus Area	Quantum of Contract Funding available from Shareholder Councils
Regional Economic Development	\$595,000
Regional Tourism Development	\$435,000
Regional Event Delivery	\$210,000
Regional Wellbeing	\$165,000
Total Contract Commitment	\$1,405,000

It is expected that the purchasing intentions will be formalised through a collective funding agreement between the councils and the SRDA.

The Shareholder Councils expect that the SRDA will develop and implement a longer term strategic planning approach to its operation. It is expected that this will be in place by the end of the 2019/20 financial year. As part of strategic planning we encourage you to share ideas and opportunities with the Shareholder Councils and all the shareholders of the SRDA, at an early stage for feedback.

Monitoring and Accountability

The shareholders and the Shareholder Councils in particular, as major funders, expect regular progress reporting. This will include identification of progress towards specified key performance indicators and funding agreement milestones and regular presentation to the Joint Shareholders Committee. It will also include a presentation to the combined shareholders twice yearly.

Next steps

The timing of establishing the SRDA Board will result in an amended timetable for the preparation of the Statement of Intent flowing from this letter.

In future years, the first draft of the Statement of Intent would be expected by 1 March, in line with Local Government Act requirements. This is not possible for this year with the new SRDA Board not taking up its official role until after this date. The Joint Shareholders committee note the importance of having adequate time to consider and work through the Statement of Intent.

The Shareholders expect a first draft of the Statement of Intent that gives them adequate time to consider and offer comments to the Board, while leaving sufficient time remaining for the Board to consider the comments, finalise the Statement of Intent and deliver it to its shareholders before the beginning of the new financial year.

We expect that this Letter of Expectation and the subsequent Statement of Intent will inform the Business Plan of the organisation for the new financial year. It is expected there will be an opportunity for the Southland Mayoral Forum and associated Council staff to work alongside the SRDA Board to further discuss and develop the draft Business Plan and resource allocation required to deliver.

Please contact me if you have any questions, I look forward to working with you in an open, transparent and productive way to achieve Southland's regional development goals.

Yours faithfully



Mayor Sir Tim Shadbolt KNZM
Chair of the Southland Mayoral Forum



**Appendix 1
Council (ICC, SDC, GDC, ES) Contract Funding contributions for SRDA for the
2019/20 year**

	ICC	SDC	GDC	ES	Total
Regional Economic Development	\$375	\$200k	\$0	\$20k	\$595k
• Diversification	\$200k	\$25k			\$225k
• Workforce	\$125k	\$100k			\$225k
• Innovation	\$50k	\$50k		\$20k	\$120k
• Digital		\$25k			\$25k
Business Sector Support	\$0	\$0	\$0	\$0	\$0
Regional Tourism Development	\$250k	\$165k	\$20k	\$0	\$435
• Strategies, assessment, advocacy	\$50k	\$10k + \$15k (events strategy)			\$75k
• Destination development	\$100k	\$35k	\$10k		\$145k
• Destination promotion	\$100k	\$105k	\$10k		\$215k
Regional Event Delivery	\$100k	\$90k	\$20k		\$210k
• Events (National and Destination)	\$50k	\$65k	\$10k		\$125k
• Conferences	\$50k	\$25k	\$10k		\$85k
Regional Wellbeing	\$100k	\$45k	\$20k		\$165k
• Housing	\$50k	\$30k			\$80k
• Inclusion and participation	\$50k	\$15k	\$20k		\$85k
Total Contract Commitment	\$825k	\$500k	\$60k	\$20k	\$1,405k

