



GREAT SOUTH 
Southland Regional Development Agency

Six-monthly Report To 31 December 2022



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), Rachel Lindsay, Lucy Griffiths,
Jason Franklin, Peter Heenan, Maria Pera and
Jeff Grant

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 AND MEMBERS

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 9429047359185).

COMPANIES OWNED BY SOUTHLAND REGIONAL DEVELOPMENT AGENCY LIMITED

Space Operations New Zealand Limited – 100%
NZ Functional Foods Limited – 49%

Mātai ki te Tonga

Te māhirahira a Tamarereti

Whakawhiti Te Moana

Tapokapoka a Tawhaki

Ara te Kurakura o Hinenui te pō

Whakahoki ma te hau nui a

Rakamaomao

Ki te muramura a Rakitamau

Whitianga Te Ara a Kiwa

Anei te mahi a Tuterakiwhanoa

Ki uta, ngā puna o Rākaihautū

Ki uta, ngā ngahere a Kahukura

Ki tai, ngā mahinga kai a

Marokura

Te mana o Murihiku

Auē

Gaze to the south

The curiosity of Tamarereti

Across the great southern ocean of Tawhaki

There are the quivering lights of the Aurora

Return on the great wind Rakamaomao

to the blushing isle of Rakiura

Cross the pathway of Kiwa

Here are the works of Tuterakiwhanoa

inland are the waters of Rākaihautū

the forests of Kahukura

Return to the bountiful foodbaskets of Marokura

Alas this is Murihiku



CONTENTS

Chair's message	2
Southland snapshot	3

WHO WE ARE

About us	4
Our priorities	5
Our vision	6
What we value	7

WHAT WE DO

Regional leadership	8
Economic diversification	10
Business growth, development and enablement	12
Regional promotion and retention	14
Environment and climate action	16
Space Operations New Zealand	18
Beyond 2025 Southland	19
Performance measures	20

FINANCIAL STATEMENTS

Consolidated statement of comprehensive revenue and expense	22
Consolidated statement of financial position	23
Consolidated statement of changes in equity	24
Consolidated statement of cash flows	25
Notes to the consolidated financial statements	26

Chair's message

2022 proved to be challenging for Great South, as it did for many organisations.

Just as we were finally feeling the release of Covid's grip, New Zealand has since suffered severe flooding and damage in the north as a result of Cyclone Gabrielle and other major weather events. This is all difficult to comprehend in Southland where summer has delivered 10-fold. Still, the impacts will be keenly felt in the south, not least for those with family and friends affected. Our thoughts are with all of those who have been impacted by this latest weather-related event.

On a more positive note, our newly-appointed Chief Executive Chami Abeysinghe is already demonstrating her significant experience in stakeholder engagement, financial management and strategic planning. We are fortunate to have Chami leading the team as we have some incredibly exciting projects under way. This includes the potential construction of a new Oat Milk plant in Makarewa and significant growth of our space operations business SpaceOps NZ.

Much of the Covid-related funding we received to deliver on behalf of the Government comes to an end during this financial year. This includes the Strategic Tourism Assets Protection Programme (STAPP) and the Regional Events Fund (REF). It is difficult to determine exactly what impact this will have as we navigate our way through 2023, although the initial signs are positive in terms of visitation.

Whilst we are yet to hear what the final decision is for the previously announced closure of the NZ Aluminium Smelter at Tiwai Point in December 2024, a major part of our work is facilitating the delivery of Beyond 2025 Southland Regional Long-term Plan, which forms part of the Just Transition project, set up by the Government to ready the region for this potential change. This will include cornerstone projects around aquaculture, clean energy, visitor attraction/tourism and the City Centre redevelopment. We continue to advocate on regional issues such as digital connectivity and housing, with its impact on attracting newcomers to the region and on businesses' ability to recruit staff.

In addition to this, we are supporting businesses across Southland to meet net zero emissions by 2050, enabling them to implement carbon reduction practices and embrace sustainability in all its forms. With the obvious impacts of climate change firmly on our radar, lowering emissions and prioritising sustainability in our business practice and decision making to enable even better lives through sustainable development.

We look forward to continuing our work for and on behalf of the region alongside our shareholders, partners and stakeholder organisations. The future success of Murihiku depends on these partnerships to be able to achieve bigger and better outcomes for future generations.



Ian Collier
Great South Board Chair

Southland snapshot

Figures sourced from Infometrics & Statistics New Zealand



CURRENT POPULATION

102,400



NET EMISSIONS FOR 2021

5,373,965 tCO₂e

3.25% decrease from 2018 baseline



GEOGRAPHIC AREA

31,218 km²



GDP

\$7.24b



AVERAGE HOUSEHOLD INCOME

\$102,100



UNEMPLOYMENT RATE

2.5%

MAIN ECONOMIC DRIVING INDUSTRIES



Agriculture



Manufacturing



Tourism



Construction



Food/Processing

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 managing Southland's regional tourism organisations and central government's Regional Business Partner (RBP) Network, as well as 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 even 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, Matakura Licensing Trust, Southland Chamber of Commerce, Southern Institute of Technology and its member Community Trust South.

A memorandum of understanding with all four Papatipu Rūnanga in Southland/Murihiku – Awarua, Hokonui, Ōraka-Aparima, and Waihōpai – was signed on 8 August 2022.

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



Our priorities

- ▶ **Regional leadership**
- ▶ **Diversify the economy**
- ▶ **Support business growth**
- ▶ **Promote the region**
- ▶ **Support environment and climate action**



Our vision



Even better lives through sustainable development

Our vision frames all the work we do, ensuring Southland is the best place to live, work and visit. We want Southland to be the best place to start and sustain a business, the best place to travel in, to host an event or conference, to study, migrate to, or invest in. By creating a region that is the best place in New Zealand to live, visit and work, we create a platform for the region to prosper – economically and in terms of vibrancy and liveability.

In this time of unprecedented change for Southland, with major industry changes and climate effects forcing shift in activity, taking a sustainable approach in its widest sense (environmental, economic and social), is critically important.



What we value

▼ 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 and place continue to thrive.

▼ SOUTHLAND PROUD

At the core of every successful region, you will find 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.

▼ 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.

▼ 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.

▼ BEING REAL

We 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 focus on doing a smaller number of things well, rather than spreading ourselves too thinly. 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.

▼ 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.



Regional leadership

Through much of the work Great South undertakes it is providing leadership for the region, ensuring it gets its fair share of funding from the Government, advocating on behalf of communities and sectors and leading the region towards meeting its climate change and emission reduction goals. We represent Southland on numerous regional organisations in the fields of economic development, tourism and events.

LONG-TERM PLANNING FOR THE REGION WITH OR WITHOUT TIWAI

Supporting the Just Transition process

Just Transition is the process set up by the Government to build Southland's economic, environmental and social resilience through and beyond the planned closure of the New Zealand Aluminium Smelter in December 2024.

Along with other regional leaders, Great South has a place on the Enduring Oversight Group that is working through this process. In addition, Great South was contracted to facilitate the long-term planning workstream within the Southland Just Transition Workplan, Beyond 2025 Southland. This work, which is also a refresh of the Southland Regional Development Strategy (SoRDS), will set the strategic framework and priority projects that will be a focus for the region over the next 10 years.

Leading Beyond 2025 Southland

Beyond 2025 Southland is the long-term planning workstream of the Southland Just Transition. It is being facilitated by Great South in partnership with the region. There are 19 pieces of primary research being carried out as part of the process, some of which are led by Great South. Roadshow presentations to share the plan with the wider public were held in Gore, Te Anau and Invercargill, and were well attended. See more on page 19.



We provide leadership for the region, advocating, writing submissions, long-term planning and representing Southland nationally

REGIONAL SKILLS LEADERSHIP GROUP

Te Kāhui Whakahaere i kā Pūkeka ā-rohe o Murihiku Southland Murihiku Regional Skills Leadership Group (RSLG) identifies and supports better ways of meeting future skills and workforce needs in the region. The Group is supported by MBIE and comprises regional leaders, including Great South, who provide a regional voice on workforce issues.

Its first Regional Workforce Plan, released on 14 July 2022, sets out aspirations, priorities and actions for current and future workforce skills development in the region. The initial focus is on rakatahi youth as a key labour market demographic and identifies healthcare and social assistance, food and fibre, manufacturing and engineering, and tourism and hospitality as key sectors.

Being across so many sectors within Murihiku, Great South is able to provide a valuable regionwide lens for the group.

DATA AND INSIGHTS

Regional data

Great South provides regional data to support business and economic development, and to enable our region's leaders to make informed decisions on areas such as housing, electronic transaction reports, climate change, tourism infrastructure and visitor statistics.

Data on retail spend specific to the Invercargill CBD is collected from Marketview to monitor rejuvenation of the CBD following the new developments. A snapshot of the tourism sector has been undertaken by Infometrics to inform the review of the Southland Murihiku Destination Strategy and will allow monitoring of the region's tourism recovery following the Covid pandemic.

Great South also keeps the Southland Housing Action Forum up to date with the latest data on the housing situation in Murihiku.

Regional modelling

As part of Beyond 2025 Southland long-term plan development, a research project is underway that aims to develop a source of truth for regional population and demographic data. It will model four potential scenarios for the region, based on whether or not NZAS Smelter at Tiwai Point remains open, whether new energy such as Hydrogen is produced within the region, and land-use change. This information will inform the long-term plans of all four Murihiku councils and will be part of spatial planning. Spatial planning will help to identify the region's future infrastructure needs, areas for investment, areas to protect and enhance, areas subject to natural hazards and more.

ADVOCACY

Decarbonising Southland's heating systems

Following the success of the Government Waihōpai/ Invercargill Decarbonisation Contestable Fund (see more on page 17), Great South is advocating for this programme to be rolled out to all of Southland. The co-funding made it more affordable for businesses to transition from fossil fuel thermal energy such as LPG, coal and diesel to low-emission energy sources.

Improved connectivity and digital services for the region

Great South has monitored and advocated for more effective rural broadband and mobile services in Southland. A report on the status of mobile blackspots on main touring routes will be released in 2023 and will be a key input into the Beyond 2025 Southland Long-term Plan.

REGIONAL REPRESENTATION

Great South represents Southland on a variety of regional and national organisations including Film Otago Southland, Wood South and the Regional Tourism NZ Board, as well as by attending tourism trade shows and conferences. Great South also represents Southland's interests in hydrogen as members of the NZ Hydrogen Council.

Economic diversification

Various levels of support, including technical and administrative, is provided by Great South to enable the development of new industry in Southland. Priority is placed on ensuring that any new industry is in the best of interests of the region's environment and people, for resilience and to instil confidence in the region.

ADVANCING A DIVERSE ECONOMY

Great South has been working to progress various new industries for Southland, ensuring the region is ready to embrace change and new opportunities whether or not the NZAS Aluminium Smelter at Tiwai Point remains open.

Hydrogen industry development

Green hydrogen is one of the new industries being considered for Southland that Great South is supporting. Great South General Manager Strategic Projects Stephen Canny is Chair of the New Zealand Hydrogen Council and in September 2022 travelled to Tokyo with a New Zealand contingent to develop hydrogen industry opportunities.

The New Zealand Hydrogen Council represents 64 of New Zealand's largest and most progressive companies and research entities focused on developing hydrogen production and distribution within New Zealand.

In November 2022 it was announced that Meridian, Woodside and Mitsui would be working together, with the support of Ngāi Tahu, to develop what will be a \$2 billion 600-megawatt green hydrogen project. Great South has developed multiple technical reports in support of the project that have been published into one complete document. These papers include:

- Water
- Site selection
- Geospatial planning
- Wind modelling
- Seabed bathymetry surveying
- Hazard risk assessments
- Infrastructural planning

Datagrid – Zero Emissions data centre

Great South continues to support Datagrid with infrastructural planning and energy needs as the company develops what will be New Zealand's first hyper-scale data centre at Makarewa. The total value of the onshore and offshore work is in excess of \$1 billion. Great South continues to investigate additional opportunities to advance Southland industry via the Data Centre. A blessing of the site at Makarewa took place on 14 September 2022.

Space Operations New Zealand

As 100% owner of Space Operations New Zealand Limited, Great South continues to provide the now stand-alone company with administration, accounting, communications, business and technical support.

PROVIDING TOOLS TO SUPPORT LAND-USE CHANGE

Southland District Council contracted Great South to complete modelling of sea level rise and storm tide projections out to 2130. This work, to inform the Council's spatial plan, takes in Western Southland (including Riverton and Colac Bay) as well as Rakiura and The Catlins (including Fortrose). Great South has since been requested to undertake additional modelling of sea level rise through to 2300. That work is expected to be complete in April 2023.

FOOD AND FIBRE SECTOR

Great South is supporting development of the food and fibre sector in Southland, with a focus on diversity of land use and resilience. Some of the opportunities in development are:

- Medicinal, edible and industrial hemp
- Hops
- A grain economy (including NZ Functional Foods)
- Food processing (individual quick frozen, oil pressing, extracts and extrusion)



In partnership with Coin South and the Southern Institute of Technology Great South is also involved in developing food entrepreneurship. In August 2022, the inaugural Make It course for food founders was completed by eight participants.

New Zealand Functional Foods

A major part of developing a grain economy for Southland is NZ Functional Foods' (NZFF) project to develop a plant beverage processing plant at Makarewa. In July 2022 the Government announced it was backing the project with a \$6 million investment from the Regional Strategic Partnership Fund.

As well as being 49% owner in the company, Great South continues its long association with the development of an oat industry by providing NZ Functional Foods with support that includes the capital raise, energy planning, consent processes, site selection, market research, cropping, land-use advice and formulations development, investment prospects and product branding, as well as technical aspects.

TOURISM PRODUCT

Developing new tourism product for the region extends Southland's tourism proposition and ability to attract visitors, and also adds to the tourism economy.

Dark Sky tourism

As part of its work in destination development, Great South is working on developing dark sky tourism opportunities in Fiordland. In September 2022, a seminar outlining opportunities was held in Te Anau.

Touring routes

Great South, in collaboration with eight lower South Island regional tourism organisations, has created the Southern Way touring network. This touring network product will be launched in early 2023 with its own brand identity, website and suggested itineraries.

We investigate and support opportunities to diversify the Southland economy



We support the growth
of Southland's
business
sector

Business growth, development and enablement

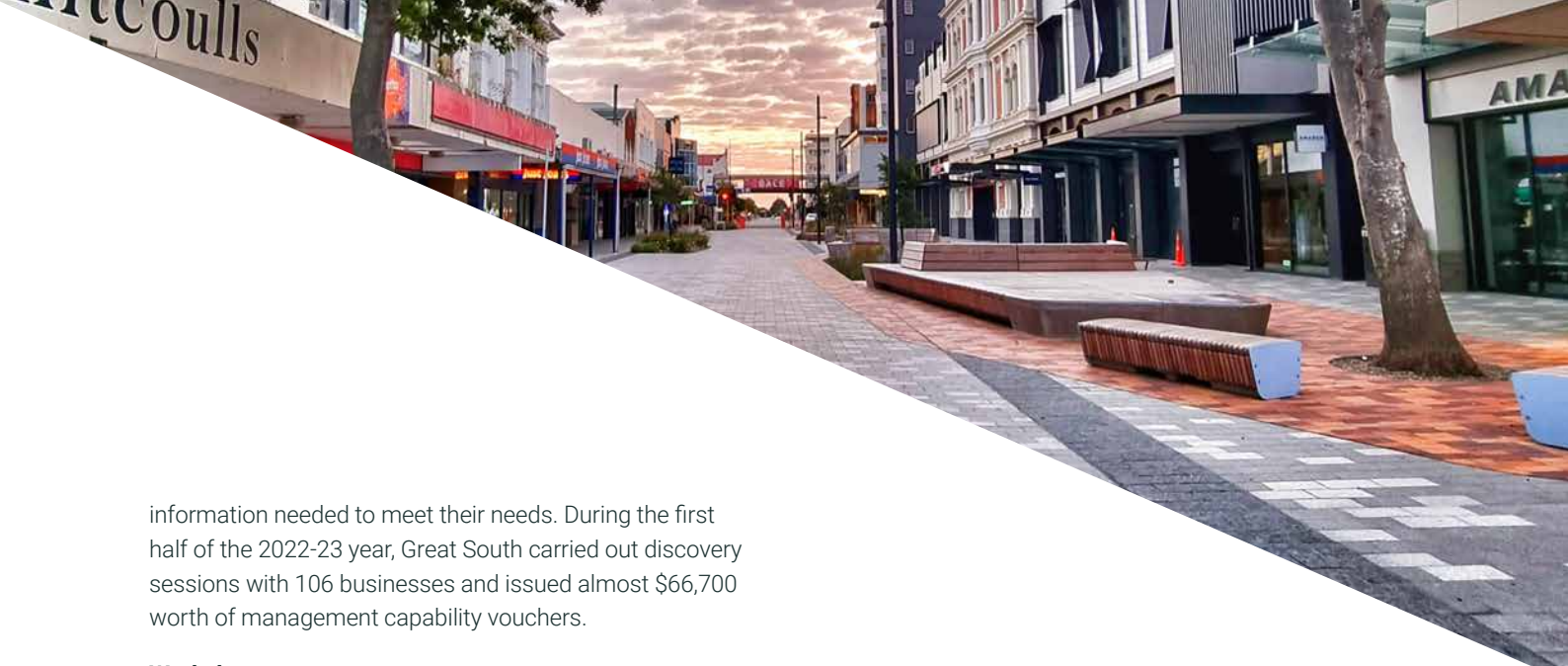
Supporting business to reach its growth potential and encouraging innovation creates employment opportunities and increases business confidence. Great South supports business with accessing resources, advice and funding, including with reducing exposure to the rising cost of carbon and addressing labour market challenges.

BUSINESS DEVELOPMENT SERVICES

Regional Business Partner Network

As the NZTE Regional Business Partner Network provider for Southland, Great South connects small and medium sized businesses at all stages, with the resources and





information needed to meet their needs. During the first half of the 2022-23 year, Great South carried out discovery sessions with 106 businesses and issued almost \$66,700 worth of management capability vouchers.

Workshops

In response to business needs following Covid disruptions, Great South held workshops on business planning and lean management practices.

FIORDLAND-FOCUSSED SUPPORT

Tourism Communities: Support, Recovery and Re-set Plan

Great South was the lead agency for the delivery of the Tourism Communities: Support, Recovery and Re-set Plan in Southland. The funding was for the five areas hardest hit by a lack of international tourists, which included Fiordland.

The three initiatives as part of the fund were business advisory support, an advice implementation grant and a kickstart fund. The Kick-start funding was of particular benefit to tourism businesses as they readied themselves for the return of international visitors for the 2022/23 summer season and was greatly appreciated by the Fiordland business community.

All three funds closed on 31 August 2022 and recipients received their funding before the end of 2022. Total Funding delivered during the programme:

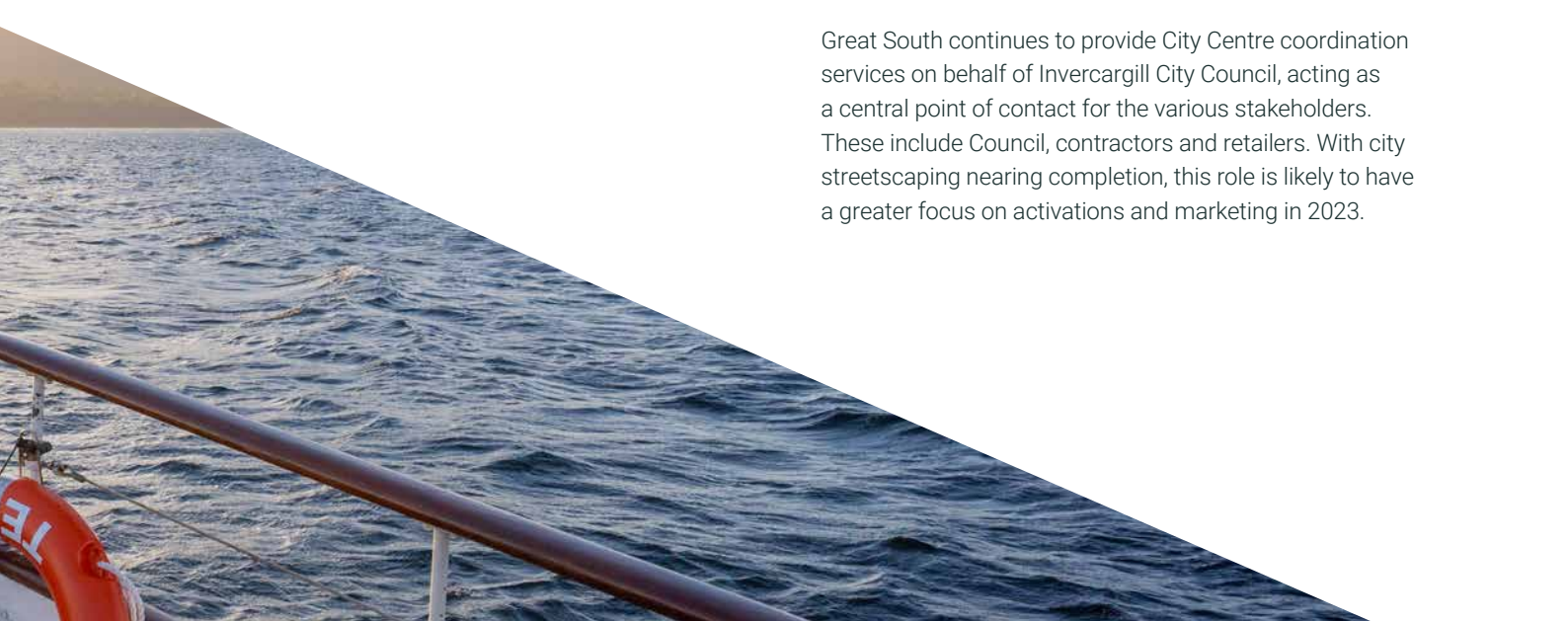
- Kick-Start Fund:
66 businesses received \$1.779million
- Advisory Support Fund:
99 businesses received \$429,193
- Advice Implementation Grant:
103 businesses received \$487,377

Fiordland wellbeing coordinator

Following its work in the Fiordland community post Covid, Great South was approached by Te Hau Toka Trust to employ a Fiordland Community Wellbeing Coordinator. Based in Great South's Te Anau office, the work in this role is funded and led by the Te Hau Toka Trust. The role is contracted for 20 hours per week for a fixed term until 31 March 2024.

INVERCARGILL CITY CENTRE COORDINATION AND PROMOTION

Great South continues to provide City Centre coordination services on behalf of Invercargill City Council, acting as a central point of contact for the various stakeholders. These include Council, contractors and retailers. With city streetscaping nearing completion, this role is likely to have a greater focus on activations and marketing in 2023.



Regional promotion and retention

Keeping Southland as a destination front of mind domestically and to targeted international locations is key to growing the tourism economy and attracting new migrants to the region. Visitors add vibrancy to the region and increase the opportunities for new business and investment. After learning from the impacts of Covid-19, growing Southland's visitor economy sustainably is the focus.

DELIVER THE SOUTHLAND YOUTH FUTURES PROGRAMME

Work Ready Passport

Great South delivers the Kanoa-funded Southland Youth Futures (SYF) careers programme for the region, which builds links between young people and employers. As part of this, SYF delivers the Work Ready Passport programme in schools. Targeted at year 10 and 12 students, the programme is delivered by guest facilitators, who help young people to develop the knowledge, personal skills, attitudes, and behaviours that employers seek. In total, 577 students have gone through the Work Ready Passport programme, including 113 in the year to date.

We promote Southland as a great place to live, work and visit

Events

Southland Youth Futures delivers other events throughout the year that address labour market needs. A Girls in Trade event in July, aimed at breaking down barriers for women working in trades, was attended by 70 students. The second Summer of Work hybrid event (online and in-person) involved 27 businesses with summer jobs available and 209 students looking for summer work. Other events as part of the programme included speed networking and a workshop for employers on how to make their workplace more attractive to Gen Z.

SUPPORTING LABOUR MARKET NEEDS

Both the Skilled Migrant Coordinator and the Fiordland Employment Resource Coordinator roles concluded in the latter part of 2022. No additional funding has been allocated for these roles to continue in the future.

PROMOTING SOUTHLAND AS A PREFERRED PLACE TO VISIT

Great South facilitated media familiarisations for both the Fiordland and Southland Regional Tourism Organisations it manages (Visit Fiordland and Visit Southland), including for Tourism NZ UK/Germany and for Kia Ora Magazine. These famils, along with other promotional activity, resulted in 253 publications and media results promoting the region.

Great South also attended tourism trade events promoting Southland and Fiordland. These were mostly events and opportunities held online, due to Covid-related restrictions on travel.

DESTINATION MARKETING

International travel trade

Great South attended Kiwi Link USA and Kiwi Link UK-Europe events in July 2022, promoting Fiordland and Southland as part of a contingent with Tourism New Zealand. These events were to reconnect Southland and New Zealand tourism product with buyers in New Zealand's major markets, after international borders re-opened. The events were timed to enable operators to fill bookings for the 22/23 summer season.



Campaigns

Great South continues to attract visitors to the region via marketing campaigns. The latest 'You're Due South' Campaign, which ran in both New Zealand and Australia, resulted in over 3 million impressions. Meanwhile, the latest version of our award-winning Te Anau Time Campaign, which also ran in both countries, resulted in over 6.5 million impressions.

Southlandnz.com

An updated version of the southlandnz.com website soft launched on 28 October 2022. This platform is more dynamic, with greater ability for travellers to understand the options available during a visit to Southland in any season, and provides more detailed data on site usage.

DESTINATION DEVELOPMENT

Te Ūnga Mai RTNZ professional development

Great South hosted 31 regional tourism organisations from around New Zealand for four days in September 2022 as part of Te Ūnga Mai, Regional Tourism NZ's professional development programme. It was an opportunity to showcase the region and highlight key projects and progress Great South has facilitated in destination development.

BUSINESS EVENTS SOUTHLAND

Growing business events in Southland, particularly during off-peak travel seasons, is a huge opportunity for the region. This has been made more viable by increased air connectivity with major centres, and new accommodation in Invercargill (The Langlands, and the Distinction Hotel on the horizon). Along with existing accommodation, Southland now has the capacity to support increased business events.

Great South has worked closely with the Invercargill Licensing Trust and TW Events on attracting business events to the region. During these six months, 17 Meetings Incentives Conference and Events rights have been confirmed, 8 are pending and 27 were hosted in Southland. A business events strategy is being developed for the region for delivery in 2023.

DELIVERING MAJOR EVENTS

ILT Kidzone Festival

Great South owns and organises the annual ILT Kidzone Festival. The 2022 event, held in July, was attended by 9352 people over six days.

Burt Munro Challenge

As one of Southland's key destination events, Great South supports the Burt Munro Committee with delivery of the Burt Munro Challenge, including marketing, ticketing and administration.

SUPPORTING KEY EVENTS

Southland Unmissable Events individual event marketing

Great South continues to work with representatives of 37 selected events that form the Southland Unmissable Events Calendar. These are events that have been identified as unique Southland events and / or that attract out of region visitation.

Regional Events Fund - Fiordland

In partnership with MBIE, Great South continues to administer the Fiordland Regional Events Fund. The Southland fund was exhausted during the 2021-22 year. These funds were established post Covid to support events that attracted overnight visitation. A total of \$580,000 was available for Fiordland. In the year to date, \$41,000 was distributed to five events in round four of the fund, leaving \$54,000 for future allocation.



**We support the region
towards achieving climate
change targets**

Environment and climate action

Raising awareness and removing the barriers to reducing emissions is a key element of Great South's work across all of its priority areas. It advocates on behalf of the region to ensure Southland meets net zero emission goals by 2050 and provides data and technical support to regional leaders to be able to plan for the future.

SUPPORT TO REACH NET ZERO GOALS

Transitioning to low-emission heating

As identified in the Net Zero Southland Report released by Great South in 2021, transitioning commercial fossil fuel heating systems to low-emission alternatives such as biomass and heat pumps is one of the key pathways for Southland to meet new zero emissions by 2050. Fossil fuel boilers such as coal, LPG and diesel make up a large percentage of Southland's emissions.

Great South partnered with the Energy Efficiency and Conservation Authority (EECA) on the Government Waihōpai Invercargill Decarbonisation Contestable Fund. As a result of this fund and the GIDI fund aimed at the private sector, 83 out of 186 boilers in Southland are in the process of being converted to renewable energy.

Great South is preparing a proposal to extend this programme to include decarbonisation of commercial boilers beyond Invercargill.

Carbon in Business workshops

Great South supports businesses to reduce their carbon footprint and insulate against the rising cost of carbon, via its Carbon in Business workshops. In the year to date, 23 businesses from all over Southland took part.

Leading by example, Great South has reduced its emissions to 44% below baseline emissions up to 30 June 2022. Note: This includes SpaceOps NZ.

REGIONAL ENERGY STRATEGY

In partnership with Murihiku Regeneration and Beyond 2025 Southland, Great South is developing the Southland Murihiku Regional Energy Strategy for release in early 2023. This document is the most comprehensive strategy of its kind completed for the region.

Great South has prepared nearly all of the 20 technical papers that contribute to the strategy. This work includes analysis of wind at sites throughout southland (including 112 hilltop sites and 10 offshore wind sites), a solar energy assessment and run-of-river hydro options. All of these inputs were peer reviewed as part of the Strategy process and the information will be used for spatial planning by councils.

FACILITATING SUSTAINABLE DESTINATION MANAGEMENT

Community sentiment research

In order to be truly considered sustainable, the future development of the Southland visitor economy needs to be in line with the aspirations of its people.

Angus & Associates has been undertaking community sentiment research on behalf of Great South to assess the desires and priorities of Southland's various communities in relation to tourism. This information will be a key input into the Southland Murihiku Destination Strategy review to be completed in 2023.

Murihiku Sustainable Tourism Programme Pilot

A pilot programme to support tourism businesses to meet their emission-reduction goals and wider aspects of sustainability was held over 12 weeks, finishing on 22 November 2022 and 11 tourism operators took part.

The programme, developed by Great South, includes elements from the more general Carbon in Business workshops, also developed by Great South. The programme will continue in 2023.



Space Operations NZ

Space Operations New Zealand Ltd is a wholly-owned subsidiary of Great South and provides satellite ground station antenna hosting and leasing services to the international space community.

Most of its activity takes place at Awarua Satellite Ground Station and SpaceOps NZ's services are highly valued in the space community because of Awarua's unique geographical location.

Rapid development in the smallsat sector makes SpaceOps NZ's services increasingly important and it is undertaking major growth to capitalise on its competitive advantages.

KEY ACTIVITY IN THE SIX MONTHS TO 31 DECEMBER 2022

Antenna hosting on behalf of small satellite companies

- One new antenna was installed.
- Site works began for installing three further antennas in early to mid-2023.
- Staff attended conferences in Logan (Utah), Paris, Sydney, Christchurch, Queenstown and Auckland to successfully renew and develop sales opportunities.

Antenna leasing to satellite operators wanting to communicate with their spacecraft

- The new AWA-4 antenna has been designed and manufacture started. The pedestal and site works are complete.

Extending operations

- Two sites in the wider Auckland area are under active consideration.
- A sale and purchase agreement to purchase 27 ha of land adjacent to Awarua Satellite Ground Station has been concluded, with satisfaction upon obtaining resource consent, expected in early 2023.

Commercial contracts with global operators

- Three leasing agreements are in active negotiations, and several hosting agreements are in discussion.

Research and development

- Hardware design and fabrication of a new antenna positioner controller has been completed for testing with the intention of a commercial launch in mid-2023.

Beyond 2025 Southland

Beyond 2025 Southland is the long-term planning workstream of the Government's Just Transition workplan and a refresh of the Southland Regional Development Strategy.

A 'Just Transition' is a strategy to move a region toward a low carbon future and ensuring a region leads its own transition to ensure that the impacts and opportunities that may arise from the transition are more evenly distributed. In Southland's case, the Just Transition

Workplan is a Government and regional collaboration in response to the planned closure of the NZAS Tiwai Point Aluminium Smelter in December 2024.

Great South is facilitating the delivery of this long-term planning workstream on behalf of the region, working in partnership with councils mana whenua, the business sector, local communities, other key stakeholders and central government. Feeding into this plan are various documents that are part of Great South's ongoing work on behalf of the region. These will include the Southland Murihiku Energy Strategy, the Carbon Forestry Report, Review of the Southland Murihiku Destination Strategy, a business eco-system stocktake and the Southland Murihiku Employer Workforce Research. Much of this work is being carried out in the latter half of this financial year to coincide with the plan launch.



Performance measures

PRIORITY AREA	PERFORMANCE MEASURE	TARGET	HALF-YEARLY MEASURE
Regional leadership We will provide leadership for the region, advocating, long-term planning and representing Southland nationally	Southland's Just Transition Lead the Long-Term Plan pillar within the Southland Just Transition Programme	Beyond 2025 Southland long-term plan delivered by 30 June 2023	On track for delivery by 30 June 2023
	Tourism product development Support the development of tourism product to attract visitors and provide economic benefit	Progress at least 10 projects from the Southland Murihiku Destination Strategy (SMDS)	Multiple projects from within the SMDS are being progressed
Deliver at least 21 prioritised projects from the Strategic Tourism Asset Programme Investment Plans		On track – target completion date is 30 June 2023	
Support business growth We will support the growth of Southland's business sector	Business engagements Engage with businesses through a Great South programme - this includes tourism and event support, and business services	A minimum of 250 business engagements for the year	To date Great South has engaged with 106 businesses
Promote the region We will promote Southland as a great place to live, work and visit	Attraction of visitors to Southland Promote Southland as a great place to live, work and visit	Increase traffic on southlandnz.com and fiordland.nz by 5% Baseline Southland: 815,000 page views Baseline Fiordland: 275,000 page views	From 1 July 2022 until 31 December 2022, southlandnz.com received 420,980 pageviews (currently tracking at 49%)* and fiordland.nz received 223,066 pageviews (currently tracking at 72%)* *Google Analytics has changed its reporting mechanism and pageviews are now calculated differently than before, resulting in lower numbers
		Increase total engagement across all social media channels by 5% Baseline Southland: 143,800 followers Baseline Fiordland: 25,700 followers	Southland NZ had 150,990 followers across its social media channels and is currently at 98% of reaching its goal Fiordland NZ had 26,985 followers across its social media channels and has reached its goal (104%)
Support environment and climate action We will lead the region towards achieving climate reduction targets	Support businesses to reduce carbon emissions Support Southland businesses to reduce emissions including Southland farmers	Support at least 40 businesses to reduce their carbon emissions	23 businesses have taken part in Carbon in Business workshops, plus 12 businesses took part in the Southland Murihiku Sustainable Tourism Programme Pilot
		Establish a model to measure and capture carbon emissions	Regional emissions have been calculated and overall emissions have decreased by 3.25% below the baseline 2018/2019.
	Southland Energy Strategy Refresh the Southland Energy Strategy	Southland Energy Strategy is updated and published	The draft Southland Energy Strategy is due for release in February 2023



Consolidated statement of comprehensive revenue and expense

For the six months ended 31 December 2022

	Notes	Group 31 Dec 2022 (Unaudited)	Group 31 Dec 2021 (Unaudited)	Group 30 Jun 2023 (SOI)	Group 30 Jun 2022 (Audited)
Revenue					
Shareholder Investment					
Core		848,691	828,800	1,697,382	1,657,600
Contract		818,869	850,079	1,590,000	1,716,783
Total	See Note 2 (Page 28)	1,667,560	1,678,879	3,287,382	3,374,383
Other Revenue					
Service Revenue	See Note 2 (Page 28)	1,315,553	1,302,167	635,500	3,487,030
Project Revenue	See Note 2 (Page 28)	1,561,288	994,736	3,033,787	2,356,498
Other Revenue		30,728	4,523	1,615,225	3,813
Interest Revenue		41,015	3,112	-	30,092
Total		2,948,584	2,304,538	5,284,512	5,877,433
Total Revenue		4,616,144	3,983,417	8,571,894	9,251,816
Expenditure					
Project and Service Expenditure					
Regional Economic Development		1,351,683	945,831	1,502,566	2,120,279
Regional Business Services		351,723	517,506	682,676	886,877
Regional Tourism Development		1,248,206	815,467	2,003,727	1,876,213
Regional Event Delivery		569,853	537,470	975,687	1,071,467
Total		3,521,464	2,816,274	5,164,648	5,954,834
Trading Expenditure					
Trading Expense		-	-	270,050	-
Total		-	-	270,050	-
Core Expenditure					
Directors Fees		73,000	73,667	212,000	146,001
Employee Expense		404,466	429,569	1,583,948	818,381
Interest Expense		17	822	44,000	2,104
Depreciation and Amortisation	See Notes 8 & 12 (Pages 29 & 30)	55,807	43,010	160,000	80,410
Other Overheads		420,951	428,896	839,974	751,672
Total		954,242	975,963	2,839,922	1,798,567
Total Expenditure		4,475,706	3,792,237	8,274,620	7,753,402
Share of Surplus / (Deficit) From Joint Venture	See Note 4 (Page 29)	-	-	-	(434,411)
Net Surplus Before Tax		140,438	191,180	297,275	1,064,003
Income Tax Expense	See Note 5 (Page 29)	41,738	55,945	83,237	270,484
Total Comprehensive Revenue and Expense		98,700	135,235	214,037	793,519

Consolidated statement of financial position

As at 31 December 2022

	Notes	Group 31 Dec 2022 (Unaudited)	Group 31 Dec 2021 (Unaudited)	Group 30 Jun 2023 (SOI)	Group 30 Jun 2022 (Audited)
Assets					
Current Assets					
Cash and Cash Equivalents	See Note 6 (Page 29)	9,199,094	10,065,213	2,717,692	9,509,002
Trade and Other Receivables	See Note 7 (Page 29)	1,493,215	3,165,475	850,000	2,616,503
Prepayments		67,310	58,584	40,000	23,159
Assets Held For Sale		-	597,107	-	-
Stock		13,260	-	-	900
Total		10,772,879	13,886,778	3,607,692	12,149,563
Non-Current Assets					
Deferred Tax Asset	See Note 5 (Page 29)	54,657	39,808	50,000	40,575
Investments		-	859,934	434,899	-
Property, Plant and Equipment	See Note 8 (Page 29)	1,641,074	853,145	2,275,000	1,631,344
Assets Under Construction		212,358	-	-	27,931
Intangible Assets	See Note 12 (Page 30)	100,000	-	-	100,000
Total		2,008,089	1,752,887	2,759,899	1,799,850
Total Assets		12,780,968	15,639,665	6,367,591	13,949,414
Liabilities					
Current Liabilities					
Trade and Other Payables	See Note 10 (Page 30)	799,064	462,921	925,000	734,515
Employee Entitlements		322,820	380,546	290,000	356,544
Finance Lease	See Note 9 (Page 30)	3,324	16,249	-	11,583
Income Tax Payable	See Note 5 (Page 29)	40,157	78,551	83,237	268,296
Income Received in Advance	See Note 11 (Page 30)	8,856,433	12,272,937	1,450,000	9,920,575
Total		10,021,798	13,211,204	2,748,237	11,291,513
Non-Current Liabilities					
Borrowings		-	-	550,000	-
Finance Lease	See Note 9 (Page 30)	2,569	3,323	-	-
Total		2,569	3,323	550,000	-
Total Liabilities		10,024,367	13,214,527	3,298,237	11,291,513
Net Assets		2,756,601	2,425,139	3,069,354	2,657,901
Equity and Reserves					
Share Capital		1,338,421	1,338,421	1,338,421	1,338,421
Retained Earnings		1,418,180	1,086,718	1,730,933	1,319,480
Total Equity and Reserves	See Note 14 (Page 31)	2,756,601	2,425,139	3,069,354	2,657,901

Consolidated statement of changes in equity

For the six months ended 31 December 2022

	Notes	Group 31 Dec 2022 (Unaudited)	Group 31 Dec 2021 (Unaudited)	Group 30 Jun 2023 (SOI)	Group 30 Jun 2022 (Audited)
Opening Balance		2,657,901	2,289,904	2,855,317	1,864,382
Equity					
Comprehensive Revenue and Expense					
Comprehensive Revenue and Expense		98,700	135,235	214,037	793,516
Total	See Note 14 (Page 31)	98,700	135,235	214,037	793,519
Share Capital					
Share Capital Issued		-	-	-	-
Uncalled Share Capital		-	-	-	-
Total	See Note 14 (Page 31)	-	-	-	-
Equity		2,756,601	2,425,139	3,069,354	2,657,901
Attributable To: Equity Holders of The Company		2,756,601	2,425,139	3,069,354	2,657,901
Closing Balance	See Note 14 (Page 31)	2,756,601	2,425,139	3,069,354	2,657,901



Consolidated statement of cash flows

For the six months ended 31 December 2022

Notes	Group 31 Dec 2022 (Unaudited)	Group 31 Dec 2021 (Unaudited)	Group 30 Jun 2023 (SOL)	Group 30 Jun 2022 (Audited)
Cash Flow From Operating Activities				
Receipts From Shareholder Investment	1,667,560	1,238,312	3,287,382	4,370,635
Receipts From Other Operating Activities	3,050,124	11,496,021	6,380,028	12,292,130
Interest Received	41,015	3,112	-	30,092
Payments to Suppliers	(4,407,577)	(1,893,323)	(3,981,271)	(3,717,872)
Payments to Employees	(33,724)	(1,820,852)	(4,462,052)	(3,818,223)
Interest Paid	(17)	(822)	(44,000)	(2,104)
Tax Paid	(228,139)	-	(178,000)	(25,881)
Net GST Movement	(91,828)	(102,427)	(166,000)	(265,536)
Total Cash Flow From Operating Activities	(2,586)	8,920,019	836,087	8,863,242
Cash Flow From Investing Activities				
Purchases of Fixed Assets	(251,502)	(512,149)	(700,000)	(1,011,570)
Purchases of Investments	-	-	-	-
Purchases of Intangibles	-	-	-	-
Total Cash Flow From Investing Activities	(251,502)	(512,149)	(700,000)	(1,011,570)
Cash Flow From Financing Activities				
Issue of Share Capital	-	-	-	-
Proceeds From Borrowings	-	-	550,000	-
Total Cash Flow From Financing Activities	-	-	550,000	-
Cash and Cash Equivalents at Beginning of Period				
	9,509,004	1,657,332	2,031,606	1,657,332
Net Increase / (Decrease) in Cash and Cash Equivalents	(254,088)	8,407,870	686,087	7,851,672
Cash and Cash Equivalents at End of Period	See Note 6 (Page 29)	9,254,916	2,717,692	9,509,004

Notes to the consolidated financial statements

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Southland Regional Development Agency Ltd Group consists of Southland Regional Development Agency Ltd and Space Operations New Zealand Ltd. Both companies are New Zealand registered companies under the Companies Act 1993, and are deemed to be Council Controlled Organisations 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 Organisations, 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 consolidated 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 group consolidated 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 consolidated financial statements comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) Reduced Disclosure Regime (RDR). Southland Regional Development Agency Group 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 AND ROUNDING

The consolidated financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Group is New Zealand dollars.

MEASUREMENT BASE

The consolidated financial statements have been prepared on an historical cost or fair value basis as per the 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 act as an agent for third parties for some transactions. When incurring expenditure as an agent, this is accounted for via the Consolidated Statement of Financial Position, and not as revenue and expenditure on the Consolidated Statement of Comprehensive Revenue and Expense. 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 consolidated 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 Consolidated 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 Consolidated 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 Consolidated

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

Equity

Equity is the shareholders interest in Southland Regional Development Agency Group, 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 Group 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, motor vehicles and land. All asset classes are measured at cost, less accumulated depreciation and impairment losses. Individual assets are capitalised if they meet the definition of an asset and the cost exceeds \$1,000.

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 the Group 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 Consolidated 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 the Group and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings:	3% - 7%	14.3 - 33.3 years
Furniture & Fittings:	6% - 33%	3 - 16.7 years
IT Equipment:	17.5% - 67%	1.5 - 5.7 years
Ground Station:	0% - 33%	3 - 10 years
ILT Kidzone:	13.5% - 33%	3 - 7.5 years
Vehicles:	13.5%	7.5 years
Land:	0%	

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 Consolidated 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 Group does not hold any cash generating assets.

Intangible Assets

Goodwill

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

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

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Ground Station Lease	3.43%	29.15 years
----------------------	-------	-------------

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. The same approach applies to the impairment of intangible assets.

For further details, refer to the policy for Property, Plant, and Equipment in Note 8.

Joint Venture

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

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

If the share of deficits of a joint venture equals or exceeds its interest in the joint venture, the Company discontinues recognising its share of further deficits. After the companies interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the company has incurred legal or constructive obligation or made payments on behalf of the joint venture. If the joint venture 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.

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

Statement of Cash Flows

Cash includes cash and cash equivalents as defined previously.

Operating activities include cash received from all revenue sources of Southland Regional Development Agency Group 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 Group.

Provisions

Southland Regional Development Agency Group 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.

Personnel Costs

Salaries and Wages

Salaries and wages are recognised as an expense as employees provide services.

Defined Contribution Schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund, and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

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. No liability is recognised for sick leave.

A liability and an expense are recognised for bonuses where Southland Regional Development Agency Group 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 have been no changes in accounting policies during the financial year.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these consolidated financial statements, the Group 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 consolidated financial statements are described in the notes to the financial statements.

NOTE 2: REVENUE

	Jul - Dec 2022	Jul - Dec 2021
Class A Shareholder Investment		
Environment Southland	84,870	82,879
Gore District Council	107,718	105,896
Invercargill City Council	873,543	897,008
Southland District Council	601,430	593,096
Total Class A Shareholder Investment	1,667,560	1,678,879
Service Revenue		
Business Sector Support Services	350,560	657,113
Satellite Ground Station	964,993	645,054
Total Service Revenue	1,315,553	1,302,167
Project Revenue		
Community Trust South	4,335	56,350
Event Delivery	163,853	193,460
Regional Event Fund	277,449	179,036
Strategic Asset Protection Programme	654,124	301,851
Other Project Revenue	461,528	264,040
Total Project Revenue	1,561,288	994,736

NOTE 3: PERSONNEL EXPENDITURE

	Jul - Dec 2022	Jul - Dec 2021
Employee Remuneration		
Salaries and Wages*	1,927,622	1,873,317
KiwiSaver Contributions	49,733	52,465
Increase/(Decrease) in Employee Entitlements	85,018	70,913
Key Personnel Expenditure		
Directors Fees	73,000	73,667
Directors	7	7

* 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 OTHER ENTITIES

Southland Regional Development Agency Ltd holds 49% of NZ Functional Foods Limited.

	Jul - Dec 2022	Jul - Dec 2021
New Zealand Functional Foods		
Opening Balance	-	859,933
Shares Purchased	-	-
Gain on Revaluation	-	-
Net / Surplus / (Deficit)	-	-
Closing Balance	-	859,933

NOTE 5: INCOME TAX

	Jul - Dec 2022	Jul - Dec 2021
Surplus/(Deficit) for Period	140,438	191,180
Non Deductible Expenditure	8,625	8,625
Share of Surplus / (Deficit) From Joint Venture	-	-
Tax at 28%	41,738	55,945
Plus / (Less) Effect of: Balance Brought Forward	268,296	32,972
Plus / (Less) Effect of: Tax Paid	(283,958)	(321)
Temporary Differences: Provisions	14,082	(10,046)
Income Tax Liability	40,158	78,550
Current Tax	40,158	78,550
Prior Year Tax Expense	15,662	(32,651)
Deferred Tax	(14,082)	10,046
Tax Expense	41,738	55,945

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 0.0% - 0.1%).

	Jul - Dec 2022	Jul - Dec 2021
Cash and Cash Equivalents		
Cheque Accounts	9,198,492	10,064,741
Cash Floats	602	472
Total Cash and Cash Equivalents	9,199,094	10,065,213

NOTE 7: TRADE AND OTHER RECEIVABLES

No provision for doubtful debts has been applied.

	Jul - Dec 2022	Jul - Dec 2021
Trade and Other Receivables		
Trade Receivables	928,411	1,754,395
Accrued Revenue	394,401	1,360,218
GST Receivable	170,403	50,862
Total Trade and Other Receivables	1,493,215	3,165,475
Receivables From Exchange Transactions	1,322,812	2,531,878
Receivables From Non-Exchange Transactions	170,403	633,597
Receivables Ageing Profile at Period End		
Not Past Due	1,254,230	2,509,033
Past Due 1 - 60 Days	86,558	-
Past Due 61 - 120 Days	16,585	504,575
Past Due > 120 Days	135,843	151,867

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Furniture & Fittings	IT Equipment	Vehicles	ILT Kidzone Equipment	Ground Station	Space Ops NZ	Total
Cost									
Balance at 1 July 2022	84,237	562,391	154,411	51,852	455,201	130,000	25,500	408,837	1,872,429
Additions	882	27,275	5,111	-	2,270	30,000	-	-	65,537
Reclassification	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Balance at 31 December 2022	85,119	589,665	159,522	51,852	457,471	160,000	25,500	408,837	1,937,966
Accumulated Depreciation									
Balance at 1 July 2022	24,756	31,865	99,397	33,047	3,817	-	10,327	37,876	241,085
Depreciation Expense	4,700	8,268	18,600	4,210	2,809	-	1,721	15,499	55,808
Reclassification	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Balance at 31 December 2022	29,456	40,132	117,997	37,258	6,627	-	12,048	53,375	296,892
Carrying Amounts									
Total Property, Plant & Equipment	55,663	549,533	41,525	14,595	450,844	160,000	13,452	355,461	1,641,074

NOTE 9: FINANCE LEASE

Finance lease liabilities relate to the lease of IT equipment.

	Jul - Dec 2022	Jul - Dec 2021
Finance Lease Commitments		
Not later than one year	3,324	16,249
Later than one and not later than five years	2,569	3,324
Total Finance Lease Commitments	5,893	19,572

NOTE 10: TRADE AND OTHER PAYABLES

	Jul - Dec 2022	Jul - Dec 2021
Trade and Other Payables		
Payables Under Exchange Transactions		
Trade Payables	426,677	330,701
Related Party Payables and Accrued Expenses	31,952	40,852
Accrued Expenses	340,435	91,368
Total	799,064	462,921
Payables Under Non-Exchange Transactions		
Trade Payables	-	-
GST Payable	-	-
Total	-	-
Total Trade and Other Payables	799,064	462,921

NOTE 11: INCOME RECEIVED IN ADVANCE

	Jul - Dec 2022	Jul - Dec 2021
Income Received in Advance		
Income Received in Advance Under Exchange Transactions		
Income Received in Advance	7,901,201	11,419,217
Related Party Income Received in Advance	218,183	294,986
Total	8,119,384	11,714,203
Income Received in Advance Under Non-Exchange Transactions		
Income Received in Advance	-	-
Related Party Income Received in Advance	737,049	558,734
Total	737,049	558,734
Total Income Received in Advance	8,856,433	12,272,937

NOTE 12: INTANGIBLE ASSETS

	Goodwill
Cost	
Balance at 1 July 2022	100,000
Additions	-
Disposals	-
Balance at 31 December 2022	100,000
Accumulated Amortisation	
Balance at 1 July 2022	-
Amortisation Expense	100,000
Impairment/Disposal	-
Balance at 31 December 2022	100,000
Carrying Amounts	
At 31 December 2022	-
Total Intangible Assets	-

NOTE 13: COMMITMENTS

	Jul - Dec 2022	Jul - Dec 2021
Operating Leases as Lessee*		
Expenditure on Operating Leases as Lessee	114,488	99,973
Not later than one year	201,294	244,604
Later than one and not later than five years	309,103	482,141
Later than five years	-	-
Total Operating Leases as Lessee Commitments	510,397	726,745
Operating Leases as Lessor**		
Revenue on Operating Leases as Lessor	578,126	416,699
Not later than one year	1,041,578	1,053,200
Later than one and not later than five years	1,828,522	2,870,101
Later than five years	-	-
Total Operating Leases as Lessor Commitments	2,870,100	3,923,301

* 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 31 Dec 2022 (2021: nil).

NOTE 14: EQUITY

The Company has issued the following \$1 shares*: Class A - 9,000 Shares (Unpaid), Class B - 3,000 Shares (Unpaid), Class C - 1,338,421 Shares (Fully Paid).

* Class A and B shares are uncalled as at 31 December 2022. 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 2022	-	-	1,338,421	1,338,421	-	1,319,480	2,657,901
Profit / (Loss) After Tax	-	-	-	-	-	98,700	98,700
Share Capital Issued	-	-	-	-	-	-	-
Distribution to Shareholders	-	-	-	-	-	-	-
Balance at 31 December 2022	-	-	1,338,421	1,338,421	-	1,418,180	2,756,601

NOTE 15: FINANCIAL INSTRUMENTS

	Notes	Jul - Dec 2022	Jul - Dec 2021
Loans and Receivables			
Cash and Cash Equivalents	See Note 6	9,199,094	10,065,213
Trade and Other Receivables	See Note 7	1,493,215	3,165,475
Total Loans and Receivables		10,692,309	13,230,687
Financial Liabilities at Amortised Cost			
Trade and Other Payables	See Note 10	799,064	462,921
Total Financial Liabilities at Amortised Cost		799,064	462,921

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 Consolidated 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 December 2022 (2021:\$nil).

