



2017-2018

Annual Plan

Tahua a-tau

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Kārangī Kōrero

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Introduction



In 2013 the Invercargill District had a total population of 51,696. This is a 2.7% increase on the 2006 population. According to Statistics New Zealand a District population of 54,800 (medium projection) is estimated by 2043.

The District's median age is 38 years - the New Zealand median age is 37 years.

Most residents (91%) were born in New Zealand.

Home ownership or homes held in a family trust in Invercargill is 70.4%, slightly higher than the New Zealand average.

The unemployment rate in Invercargill City is 5.2% for people aged 15 years and over, compared with 5.1% for all of New Zealand.

Invercargill's median income is \$27,400 slightly below the New Zealand average of \$28,500. However, major living costs are substantially lower. Invercargill has the lowest average house price (\$217,665), and mean weekly rent (\$204) in the country.

Couples with children make up 38.7% of all families in Invercargill City, while the New Zealand average is 42.0%.

According to BERL (Business and Economic Research Limited) Invercargill City forms a manufacturing and services hub for the region. In total, 18.2% of the City's employment is in manufacturing, the

highest proportion of any New Zealand city. Two particular industries - meat processing and basic non-ferrous metal manufacturing (which includes aluminium smelting) - account for over half the City's manufacturing employment.

Extending from Makarewa in the north to Bluff in the south, Kennington in the east and Oreti Beach in the west, the Invercargill District encompasses an area of 49,142 hectares. Landscape features of importance to the community include Bluff Hill (Motupohue) and an extensive network of waterways which bisect the District. The urban areas of Invercargill and Bluff contain extensive areas of open space as well as distinct heritage buildings.

The District's coastal location provides a mild climate with long summer daylight hours and defined seasonal variations. The average annual temperature is 9.9°C with 1,614 sunshine hours.

Rainfall averages 1,112mm/year and is spread evenly throughout the year.

Mayor's Comment



I would like to thank all the members of our community that took the time to have their say on the 2017/18 Annual Plan. Your feedback has clarified where we are on the right track as well as areas that you would like the Council to give

more attention. Most submitters agreed that we need to promote ourselves as an exciting, innovative, vibrant Capital City for the dynamic Southern Region. To do this the 2017/18 Annual Plan includes projects like upgrading Splash Palace to build additional changing rooms and earmarking \$500,000 from our City Centre Reserve to investigate new projects, such as the Art Centre, a Kakaporium and other initiatives that will build vibrancy.

Although Council recognises the need to create excitement and vibrancy, our main focus remains on ensuring that the fundamentals of urban society are maintained. The vast majority of Council's 2017/18 expenditure is within our Infrastructure areas, as we repair and replace key components of our service network. By prioritising this work, Council is safeguarding future generations from the effects of climate change and flooding, as well as from system

failures. We have seen the damage that can be caused when a system fails, not only the damage caused by our own water pipes bursting, but also through the tragedy that has recently occurred in Edgumbe. Our low lying Airport and parts of Otatara could suffer extensive damage from storms and rising sea levels. The community has agreed with Council and given us clear direction that renewing the Stead Street Stopbank, to better protect the airport and Otatara, is a high priority project.

Through past experience, I appreciate the need for flexibility and retaining fluidity in our planning. Unforeseen challenges can explode on the horizon at any time and as a Council and a Community we have to be ready to face this. Regardless of future challenges, this Council has developed a plan that we believe will make a positive impact on behalf of the community.

A handwritten signature in black ink, which appears to read 'Tim Shadbolt'. The signature is written in a cursive, flowing style.

Tim Shadbolt
MAYOR OF INVERCARGILL

Chief Executive's Comment



I am pleased to present the Invercargill City Council's Annual Plan for the 2017/18 year.

This Annual Plan is the final chapter for Council's 2015-2025 Long-Term Plan, with work underway for the 2018-

2028 Long-Term Plan for Invercargill. This plan indicates areas in which the existing Long-Term Plan has changed over the year and provided the opportunity for the community to have their say on the proposed changes.

Council has been particularly focused on the level of service that is being provided and ensuring they are delivering the best service available to their City. With the rising sea levels and inevitable impact that climate change will have on the City, Council is making plans to renew stopbanks connecting vital parts of the City to ensure that the risk of flooding is reduced for future generations.

Council is also looking for opportunities to maximise the CBD's potential and drive better outcomes for the community. Our City has embraced new ideas and innovation that has been brought to light through the Southland Regional Development Strategy and celebrated the successful events and initiatives directed by the City Centre Coordinator. Going forward Council is looking to put further funding towards investigating and progressing projects to reinvigorate the City to actively encourage growth.

Services provided such as the pool, Splash Palace, have seen a huge increase in visitor numbers, far beyond those predicted. There is now scope to install bigger changing rooms to meet the current demand. This reflects on the healthy environment that Council continues to actively encourage. Further, in line with the current New Zealand Emissions Trading Scheme, Council will increase fees for the transfer station to offset this increased disposal expenditure and lower volumes going through the transfer station. Council is committed to meeting its legislative and central government-mandated obligations. Besides these changes, Council will continue to work on its asbestos pipe replacement and drainage based programmes to deliver the best service possible to ratepayers.

Throughout the year we will be seeking feedback and ideas from the Community for the Long-Term Plan 2018-2028. Our plans for making Invercargill an even better City to live and work will only come to life if we have a common vision and work together as a community.

Richard King
CHIEF EXECUTIVE OFFICER

Readers' Guide

The 2017/18 Annual Plan is the second Annual Plan that Council has had to prepare under amended legislation. The purpose of the Plan is to contain the budget for the 2017/18 year and to identify any differences between what was proposed in the Long-Term Plan and what is now planned for the 2017/18 year.

The changes to the legislation mean that this Annual Plan is much more concise than previous plans. It also means that you will have to refer to Council's 2015-25 Long-Term Plan for information about our Community Outcomes, intended levels of service and also how Council anticipates carrying out its responsibilities and duties. The Long-Term Plan is available on Council's website www.icc.govt.nz or for reference at the Invercargill Public Library or Bluff Service Centre and Library.

This Annual Plan will only present information where there is a difference from what was included in the Long-Term Plan.

GUIDE ON HOW TO READ THE PLAN

The Annual Plan is divided into the following three sections.

Section 1 - Introduction Section

This section includes comments from the Mayor and the Chief Executive, a guide on how to read the Plan, information about how the Plan has been developed and an overview of the Financial forecast.

Section 2 - Council Activities / Projects

This section includes an explanation of any major or significant changes in how Council is to provide or fund activities or projects. It also includes the Funding Impact Statements for each of Council's activities and projects. To get further information about Council's activities or projects you will need to refer to Sections 5 and 6 of the 2015-25 Long-Term Plan.

Section 3 - Financial Management

This section includes the Council's proposed Financial Statements for the 2017/18 year. It includes Council's:

- Statement of Financial Position
- Statement of Comprehensive Revenue and Expense
- Statement of Changes in Equity
- Statement of Cashflows
- Financial Statement Reconciliations
- Funding Impact Statement
- Notes to the Financial Statements
- Schedule of Reserve Funds
- Benchmarks
- Statement of Accounting Policies
- Rating Policy

Development of the Plan

VARIATIONS FROM 2015 – 2025 LONG-TERM PLAN

The Long-Term Plan identified a rates increase of 5.39% in the 2017/18 year. Council carefully assessed each of its activities to determine how they can be achieved in the most cost effective way. Council identified new projects and areas of expenditure, as well as identifying where further savings could be made. The rates increase for the 2017/18 year is 3.95%.

Below are the significant variations from the Long-Term Plan:

Activity	Proposed change	Level of Service impact	Financial Impact against Long-Term Plan
Animal Services	Lower fine income than anticipated in the Long-Term Plan due to increased levels of compliance.	No change.	Increase of \$40,000 in the 2017/18 rates.
Building Services	Reduction in Building Consent fees income.	No change.	Increase of \$102,000 in 2017/18 rates.
CBD redevelopment	Debt servicing adjusted to reflect the lower CBD progress achieved to date.	Increase in level of service.	Saving of \$233,000 in 2017/18 rates.
City Centre Coordinator	New staff member and additional resources for administration and events.	Increase in level of service.	Increase of \$120,000 in the 2017/18 rates.
Earthquake Prone Buildings	Lower initial work activity expected.	No change.	Saving of \$55,000 in 2017/18 rates.
Environmental and Planning Services	Further resource required for Digitisation Project.	Increase in level of service.	Increase of \$50,000 in 2017/18 rates.
Finance	Insurance costs higher than anticipated in the Long-Term Plan.	No change.	Increase of \$55,000 in the 2017/18 rates.
Grant - Bluff Pool Trust	Increase the operational grant to the Bluff Pool Trust.	No change.	Increase of \$50,000 in the 2017/18 rates.

Activity	Proposed change	Level of Service impact	Financial Impact against Long-Term Plan
Grants - Southland Regional Heritage Committee	Increase funding to the Southland Museum and Art Gallery Trust Board to go towards cataloguing and preserving the Museum's extensive collection.	Increase in level of service.	Increase of \$108,000 in 2017/18 rates.
Invercargill City Holdings Limited	Increase dividend.	No change.	Saving of \$750,000 in 2017/18 rates.
Investment Property	A delay in beginning the construction of the Don Street Investment Property Development has lowered the rental income generated.	No change.	Increase of \$350,000 in the 2017/18 rates.
Parks Assets	Continuation of the increased resource for a Ranger at Sandy Point and Oreti Beach.	Increase in level of service.	Increase of \$80,000 in 2017/18 rates.
Passenger Transport	Removal of Bus Shelter.	Decrease in anticipated levels of service.	Saving of \$149,000 in 2017/18 rates.
Pool	Removal of Dry Gym project.	Decrease in anticipated level of service.	Increase of \$88,000 in 2017/18 rates due to income being lower than forecast.
Roading	Reduced capital and NZTA funding.	Decrease in anticipated level of service.	Saving of \$290,000 in 2017/18 rates.

Activity	Proposed change	Level of Service impact	Financial Impact against Long-Term Plan
Solid Waste	Reduction in refuse charge income as a result of decreasing tonnage being processed via the Transfer Station and an increase in the WasteNet disposal fee.	No change.	Increase of \$238,000 in 2017/18 rates.
Use of General Reserve	Use funds from the General Reserve to offset the rates increase.	No change.	Saving of \$200,000 in 2017/18 rates.
Various	Reduce the interest rate used in the Long-Term Plan to reflect more recent change in the Bank Interest Rate.	No change.	Saving of \$538,000 in 2017/18 rates.
Various	Increase in resourcing for Parks, Splash Palace and Regulatory Services.	Increase in level of service.	Increase of \$685,000 in 2017/18 rates.
Various	Revised Local Government Cost Index % Adjustment forecast sourced from BERL Price Level Change Adjustors - 2016 update (September 2016). The accumulative forecast of 2016/17 and 2017/18 has decreased by 1.72%.	No change.	Saving of \$534,000 in 2017/18 rates.
Water Supply	Uplift reserve contribution made in the 2016/17 year to assist with the funding of the asbestos/cement pipe replacement plan.	No change.	Saving of \$200,000 in 2017/18 rates.
Water Supply and Drainage	Piped Network Utility Maintenance contract costs are higher than anticipated.	No change.	Increase of \$312,000 in 2017/18 rates.

DEVELOPMENT OF THE PLAN

The 2017/18 Annual Plan Consultation Document was adopted by Council on 14 February 2017 and invited submissions until 22 March 2017. During the submission period, Council informed the public about the ability to make a submission through newspaper articles, radio interviews, social media and Council's Consultation Caravan. Council received 60 submissions to the Annual Plan and a hearing was held on 10 April 2017.

Six key issues were identified and the following decisions made:

Stead Street Stopbank

Most submitters, 90%, supported Council's proposal to renew and upgrade the Stead Street Stopbank. Council determined to undertake the project at an estimated cost of \$1.33 million which will be loan funded. Although this project does not have an impact on rates in the 2017/18 year, the Council acknowledges that rates will need to increase by 0.21% in the 2018/19 year to begin funding loan repayments.

Events Fund

Around 56% of submitters were in favour of increasing the funding allocated to the Events Fund. Although this was initially Council's preferred option, Council reviewed the affordability of doing so at this time. Many submitters raised the need for clarity and transparency in how the Events Fund is allocated. The Council determined not to increase the Events Fund, but rather to review the Events Fund criteria and allocation processes to ensure that the fund is being allocated in line with Council's vision.

Festive Lights

Over 75% of submitters agreed with Council displaying the existing festive lights only during the Christmas period. Although noting that more festive lights and decorations would be worth considering, the Council determined that this was not affordable in the current year. This decision has not impacted on the rates required and does not affect the level of service currently provided.

Invercargill Development

The majority of submitters (69%) were in support of Council providing up to \$500,000 in funding for the investigation and progression of projects to reinvigorate the City. Approximately 54% of all submissions received were in favour of funding this through use of the City Centre Redevelopment Reserve Fund that is held for the purposes of reinvigorating the City Centre. Council acknowledged that if the Reserve was used in this manner, there would be no funding available for the City Centre upgrades that were previously planned. If Council determined to continue with these upgrades in the future, the Reserve would need to be reimbursed and this would have an impact on rates.

Council decided to allocate \$500,000 to further investigate and progress projects to reinvigorate the City through the use of the City Centre Redevelopment Reserve Fund. This will increase the level of service provided, but will not have an impact on rates.

Pools

Following the rejection of the Dry Gym project in the 2016/17 year and the public feedback requesting that the lack of space in the changing rooms at Splash Palace be addressed, Council consulted the community on the potential to build additional changing rooms. There was significant support amongst submitters for the additional changing rooms. Councillors agreed with submitters that the additional changing rooms would mitigate a number of health and safety concerns and improve general hygiene.

Council decided to build the additional changing rooms, upgrade the café and foyer, as well as other external works at a cost of \$1.4 million to be funded by loan. Although this does not impact on the rates required this year, in the 2018/19 year rates will need to increase by 0.23% to fund the loan repayments.

Solid Waste

The New Zealand Emissions Trading Scheme obligations have increased the cost to WasteNet Southland and to the Council in disposing of waste. The impact of the ETS is that Council will have to pay a further \$21.11 per tonne of waste being disposed. Council's preferred option of increasing the cost of disposal at the Transfer Station by \$20 per tonne was the most popular option amongst submitters.

Council decided to increase the Transfer Station fees by \$20 per tonne to offset the increased disposal expenditure. This increase in fee will mean that there is no impact on the rates required in the 2017/18 year, and will result in an approximately \$3.60 increase for disposing of a 180kg trailer load of waste at the Transfer Station.

The following table outlines decisions on submissions that have a financial impact.

Submitter	Decision
Southland Community Nursery and Education Centre, Bush Haven Native Bird Rehabilitation Centre and Otatara Pestbusters.	\$1,000 grant to each of the three groups towards operating costs. The grant is to be funded through reserves.
Otatara Landcare Group	\$2,500 grant towards operating cost. The grant is to be funded through reserves.

The following table outlines funding requests that have been approved, but were not included in the Long-Term Plan.

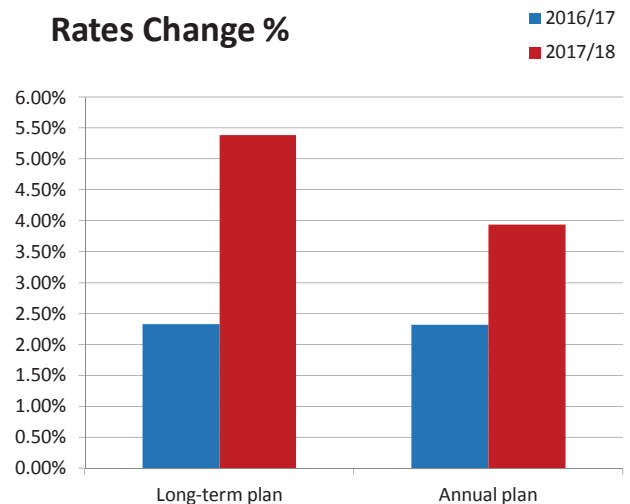
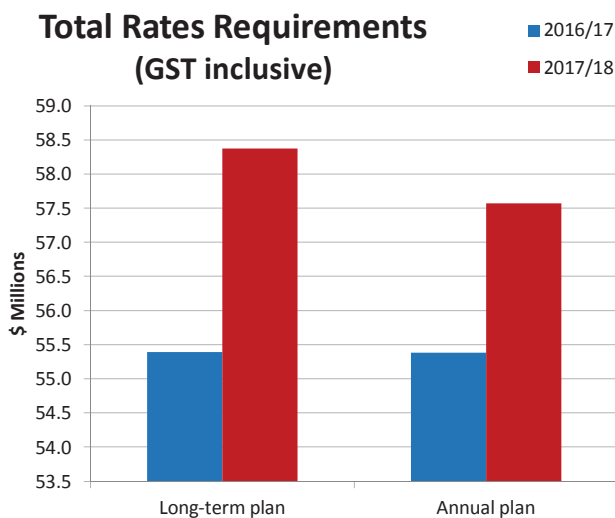
Submitter	Decision
Safe in the South	\$10,000 funding for a local co-ordinator. To be funded by rates.
Southland Youth One Stop Shop Trust	Increase funding by \$2,000 to subsidise rent on building at 10 Deveron Street. To be funded by rates.
St John	\$100,000 towards the new St John Development. To be funded through reserves.
Invercargill Grief and Loss Awareness Centre	\$15,000 funding for operational costs. To be funded by rates.
Citizens Advice Bureau	Increase funding by \$2,000 for the operation of the Bureau. To be funded by rates.
Awarua Communications Museum	\$5,000 funding for operational costs. To be funded by rates.

Financial Overview

2017/18 Financial Summary

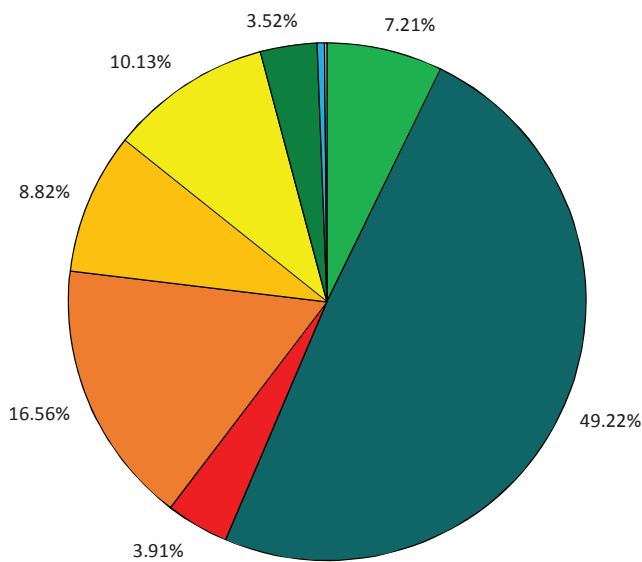
The Annual Plan 2017/18 incorporates a rates increase of 3.95%. This is a total rates draw of \$57.6 million. The Council's Long-Term Plan anticipated an increase of 5.39%. This was a total rates draw of \$58.4 million. Total revenue will increase from \$85.4 million in 2016/17 to \$90 million in 2017/18, a 5.39% increase. Total operating expenditure will increase from \$89.8 million in 2016/17 to \$91.8 million in 2017/18, a 2.23% increase.

Financial Summary	2016/17 Annual Plan \$000	2017/18 Long-Term Plan \$000	2017/18 Annual Plan \$000
Rates Revenue (GST inclusive)	55,391	58,382	57,578
Rates Change	2.32%	5.39%	3.95%
Rates Revenue (GST exclusive)	48,166	50,767	50,068
Total Revenue	85,374	88,952	89,990
Operating Expenditure	89,755	93,052	91,784
Operating Surplus/(Deficit)	(4,381)	(4,100)	(1,794)
Total Assets	857,455	809,740	861,812
Total Liabilities (excluding External Debt)	14,876	14,051	15,260
External Debt	102,672	56,677	105,764
Total Equity	739,907	739,012	740,788



2017/18 Funding

Council funding comes from a number of sources including 56% from rates and 17% from fees and charges. Other funding is received from grants and subsidies, interest, dividends, loan and reserves. This is based on the 2017/18 year and is shown in the pie graph below.



2017/18 Funding

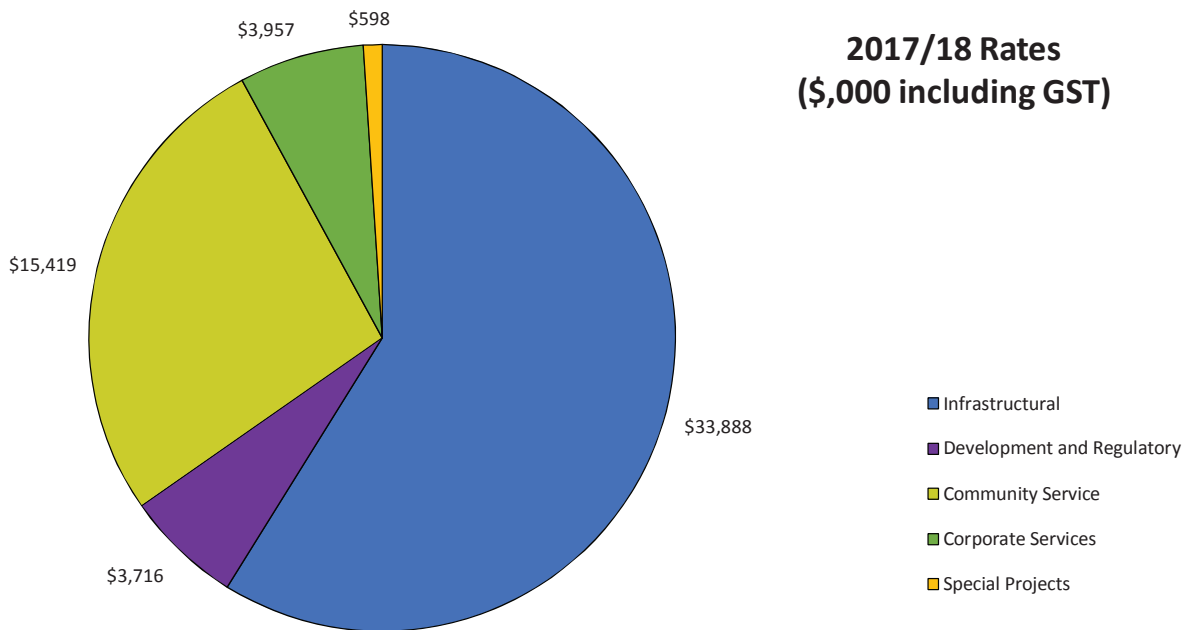
- General rates, uniform annual general charge, rates penalties
- Targeted rates
- Subsidies and grants for operating purposes
- Fees and charges
- Interest and dividends from investments
- Local authorities fuel tax, fines, infringement fees, and other receipts
- Subsidies and grants for capital expenditure
- Increase (decrease) in debt
- Gross proceeds from sale of assets

2017/18 Rates support for activities

Most 2017/18 expenditure occurs within the Infrastructural Services group of activities (Roading, Sewerage, Solid Waste Management, Stormwater and Water Supply).

Financial forecasts reflect the cost associated with Council undertaking its activities. Changing the overall cost of Council activities can only be undertaken by reducing levels of service or reducing the maintenance on assets (which increases the risk of failure).

Rates support for activities may be reduced by increasing fees and charges for that activity. Council’s Financial Strategy (Pages 33 - 54 of the LTP) will assist Council in refining the projects that the community considers to be essential and those which it would like to have but cannot afford.



The following table sets out proposed and current rating examples by property type. These examples are indicative only.

Type of property	Rateable Value	Rates 2016/17	Rates 2017/18	Rates Change Annual	Rates Change Weekly
Residential	\$600,000	\$3,769.05	\$3,796.60	+ \$27.55	+ \$0.53
Residential	\$485,000	\$3,274.33	\$3,316.10	+ \$41.77	+ \$0.80
Residential	\$215,000	\$2,112.79	\$2,187.60	+ \$74.81	+ \$1.44
Residential	\$111,000	\$1,665.39	\$1,752.90	+ \$87.51	+ \$1.68
Commercial	\$720,000	\$5,761.47	\$5,960.00	+ \$198.53	+ \$3.82
Commercial	\$2,450,000	\$13,478.14	\$13,519.90	+ \$41.76	+ \$0.80
Farms	\$1,960,000	\$3,407.05	\$3,300.90	- \$106.15	- \$2.04
Farms	\$4,820,000	\$7,904.36	\$7,637.90	- \$266.46	- \$5.12
Lifestyle	\$610,000	\$2,571.39	\$2,532.30	- \$39.09	- \$0.75
Lifestyle	\$330,000	\$1,564.80	\$1,545.20	- \$19.60	- \$0.38

Type of property	2016/17*	2017/18
Projected number of rating units	25,196	25,741
Projected total capital value of rating units	7,245,108,058	7,771,585,508
Projected total land value of rating units	2,560,304,650	2,624,778,800

*2016/17 is based on actuals as at 11 July 2016.

Council Activities & Projects



This section contains each of Council's Activities and Projects of Significant Community Interest that were included in the Long-Term Plan.

It includes the Funding Impact Statement for each activity or project and also includes information for those activities or projects that have changed as the result of adjustments made in the development of the 2017/18 Annual Plan.

Unless noted in the Annual Plan, the information contained in the Long-Term Plan is the correct information. You can see how Council intends to plan, manage, deliver and fund its activities on pages 99-278 of the 2015-2025 Long-Term Plan. Council has identified two projects of significant community interest, the City Centre Revitalisation and the Urban Rejuvenation projects, and more information on these can be found on pages 279-288 of the 2015-2025 Long-Term Plan.

The Long-Term Plan is available for inspection at the Helpdesk of the Invercargill City Council, 101 Esk Street, Invercargill, at the Bluff Service Centre, and at

the Invercargill Public Library. It may also be found on the Invercargill City Council website at www.icc.govt.nz.

The next three pages show the Funding Impact Statements for the Development and Regulatory, Community Services and Corporate Services Groups of Activities. The group of activities are discussed on pages 154-155, 194-195 and 250-251 of the Long-Term Plan. Infrastructure Activities are considered at an individual level and have no corresponding group level Funding Impact Statement. Individual activity discussion and Funding Impact Statements follow.

FUNDING IMPACT STATEMENT - DEVELOPMENT AND REGULATORY SERVICES

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	1,877	1,896	1,913
Targeted rates	1,185	1,170	1,219
Subsidies and grants for operating purposes	0	0	0
Fees and charges	3,210	3,771	3,432
Internal charges and overheads recovered	214	238	205
Local authorities fuel tax, fines, infringement fees, and other receipts	1,208	1,220	1,340
Total operating funding (A)	7,694	8,295	8,109
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	7,355	7,872	7,796
Finance costs	8	9	7
Internal charges and overheads applied	214	238	205
Other operating funding applications	0	0	0
Total applications of operating funding (B)	7,577	8,119	8,008
Surplus (deficit) of operating funding (A - B)	117	176	101
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(6)	(6)	(6)
Gross proceeds from sale of assets	29	21	30
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	23	15	24
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	108	71	92
Increase (decrease) in reserves	32	120	33
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	140	191	125
Surplus (deficit) of capital funding (C - D)	(117)	(176)	(101)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	120	140	115

FUNDING IMPACT STATEMENT - COMMUNITY SERVICES

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	4,204	4,172	4,177
Targeted rates	13,913	13,921	14,102
Subsidies and grants for operating purposes	1,377	1,361	1,241
Fees and charges	5,557	6,105	5,721
Internal charges and overheads recovered	12,429	13,013	12,966
Local authorities fuel tax, fines, infringement fees, and other receipts	2,137	2,187	2,459
Total operating funding (A)	39,617	40,759	40,666
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	23,484	27,296	24,011
Finance costs	560	695	624
Internal charges and overheads applied	12,429	13,013	12,966
Other operating funding applications	0	0	0
Total applications of operating funding (B)	36,473	41,004	37,601
Surplus (deficit) of operating funding (A - B)	3,144	(245)	3,065
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(53)	3,425	(306)
Gross proceeds from sale of assets	51	53	52
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(2)	3,478	(254)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	600	0	337
- to improve the level of service	169	393	149
- to replace existing assets	2,593	2,788	2,512
Increase (decrease) in reserves	(220)	52	(187)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	3,142	3,233	2,811
Surplus (deficit) of capital funding (C - D)	(3,144)	245	(3,065)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	3,339	3,262	3,136

FUNDING IMPACT STATEMENT - CORPORATE SERVICES

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	4,548	4,200	4,528
Targeted rates	72	76	72
Subsidies and grants for operating purposes	0	0	0
Fees and charges	434	1,465	1,052
Internal charges and overheads recovered	584	394	670
Local authorities fuel tax, fines, infringement fees, and other receipts	1,929	2,313	2,223
Total operating funding (A)	7,567	8,448	8,545
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	7,157	7,533	7,309
Finance costs	509	363	938
Internal charges and overheads applied	584	394	670
Other operating funding applications	0	0	0
Total applications of operating funding (B)	8,250	8,290	8,917
Surplus (deficit) of operating funding (A - B)	(683)	158	(372)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	6,574	(50)	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	6,574	(50)	0
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	7,784	0	0
- to improve the level of service	0	0	0
- to replace existing assets	151	157	100
Increase (decrease) in reserves	(2,044)	(49)	(472)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	5,891	108	(372)
Surplus (deficit) of capital funding (C - D)	683	(158)	372
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	110	76	118

Roading



Refer Long-Term Plan page 101.

Two targets within the performance measure framework have been amended. The first is the traffic signals measure that has been amended to clarify and align with the existing contractual arrangement with contractors. The important response measure is to respond to emergencies. The second is due to the wording in the Long-Term Plan being inaccurate and the new measure addresses this.

Measure	LTP Target 2017/18	Target 2017/18
Traffic signals are "responded to" within one hour for emergency works, four hours for serious faults and 12 hours for minor faults.	92%	Greater than 92% of emergency requests responded to within one hour. Urgent and routine requests not included in target.
Footpaths The percentage of footpaths within a Council's district that fall within the level of service or service standard for the condition of footpaths as set out in the Asset Management Plan.	90% of sealed footpaths have a condition of good or better.	Less than 10% of sealed footpaths have a condition of very poor.

There are also four changes in the Planned Works Projects Table. The changes are due to expenditure being aligned to the New Zealand Transport Agency's agreed programme.

Project	LTP 2017/18 Proposed Expenditure (\$000)	Annual Plan 2017/18 Proposed Expenditure (\$000)
Road surface renewals and rehabilitation.	3,475	3,247
Footpath renewals and rehabilitation.	1,308	1,330
Kerb and channel and culvert replacement.	670	740
Street lighting.	769	553

FUNDING IMPACT STATEMENT - ROADING

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	386	389	368
Targeted rates	7,729	7,960	7,673
Subsidies and grants for operating purposes	2,108	2,139	2,203
Fees and charges	295	302	335
Internal charges and overheads recovered	258	286	336
Local authorities fuel tax, fines, infringement fees, and other receipts	903	942	978
Total operating funding (A)	11,679	12,018	11,893
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	6,607	6,775	6,658
Finance costs	229	214	172
Internal charges and overheads applied	258	286	336
Other operating funding applications	0	0	0
Total applications of operating funding (B)	7,094	7,275	7,166
Surplus (deficit) of operating funding (A - B)	4,585	4,743	4,727
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	3,449	3,414	3,160
Development and financial contributions	0	0	0
Increase (decrease) in debt	(181)	(753)	(565)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	3,268	2,661	2,595
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	41	42	40
- to improve the level of service	918	920	778
- to replace existing assets	6,902	6,383	6,384
Increase (decrease) in reserves	(8)	59	120
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	7,853	7,404	7,322
Surplus (deficit) of capital funding (C - D)	(4,585)	(4,743)	(4,727)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	11,246	10,102	9,938

The Roading activity rates draw is lower than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes lower NZTA funding towards capital expenditure projects and the delay of bus shelter improvements, which has meant a reduction in capital expenditure.

Sewerage



Refer Long-Term Plan page 117.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - SEWERAGE

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	4,836	5,704	5,609
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	615	630	675
Total operating funding (A)	5,451	6,334	6,284
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	2,757	3,127	3,129
Finance costs	408	419	343
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	3,165	3,546	3,472
Surplus (deficit) of operating funding (A - B)	2,286	2,788	2,812
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(736)	(665)	(655)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(736)	(665)	(655)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	1,550	2,123	2,157
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	1,550	2,123	2,157
Surplus (deficit) of capital funding (C-D)	(2,286)	(2,788)	(2,812)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	2,432	2,399	2,357

The Sewerage activity rates draw is lower than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes the reallocation of staff resourcing within Sewerage, Stormwater and Water activities and savings from lower market interest rates and operational expenditure.

Solid Waste Management



Refer Long-Term Plan page 128.

There have been no changes to the non-financial information contained in the Long-Term Plan.

Change from the LTP

The Solid Waste disposal at the Transfer Station has been declining for a number of years. Council's main aim is to provide rubbish and recycling services for its residents. Central Government driven changes to the New Zealand Emission Trading Scheme have an impact on WasteNet Southland and Council. The Central Government initiatives result in Council having to pay a further \$21.11 per tonne of waste to meet its obligations under the Scheme.

Council has decided to increase the Transfer Station fees by \$20 per tonne to offset increased disposal expenditure and lower volumes going through the Transfer Station. The increase in fee will result in an approximately \$3.60 increase for a 180kg trailer load of waste.

FUNDING IMPACT STATEMENT - SOLID WASTE MANAGEMENT

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	4,162	4,032	4,295
Subsidies and grants for operating purposes	0	0	0
Fees and charges	2,380	2,763	2,443
Internal charges and overheads recovered	1,587	1,594	1,762
Local authorities fuel tax, fines, infringement fees, and other receipts	75	84	69
Total operating funding (A)	8,204	8,473	8,569
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	6,517	6,774	6,707
Finance costs	0	0	0
Internal charges and overheads applied	1,587	1,594	1,762
Other operating funding applications	0	0	0
Total applications of operational funding (B)	8,104	8,368	8,469
Surplus (deficit) of operating funding (A - B)	100	105	100
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	100	105	100
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	100	105	100
Surplus (deficit) of capital funding (C-D)	(100)	(105)	(100)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	337	345	339

The Solid Waste Management activity rates draw is higher than anticipated in the Long Term Plan. The variations with the Long Term Plan includes a reduction in the volume of refuse collection from commercial users which lowers the fees and charges income received.

Stormwater



Refer Long-Term Plan page 134.

There have been no changes to the non-financial information contained in the Long-Term Plan.

Stead Street Stopbank

The Stead Street Stopbank will be renewed and upgraded at an estimated cost of \$1.33 million dollars. The project will be loan funded and will mean better protection from flooding and storm surge for the Invercargill Airport and the residential area of Otatara.

FUNDING IMPACT STATEMENT - STORMWATER

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	3,384	3,308	3,489
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	3,384	3,308	3,489
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	1,452	1,277	1,460
Finance costs	53	29	47
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	1,505	1,306	1,507
Surplus (deficit) of operating funding (A-B)	1,879	2,002	1,982
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(31)	(17)	(32)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(31)	(17)	(32)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	130	144	1,471
- to replace existing assets	1,718	1,841	1,809
Increase (decrease) in reserves	0	0	(1,330)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	1,848	1,985	1,950
Surplus (deficit) of capital funding (C-D)	(1,879)	(2,002)	(1,982)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	2,283	2,291	2,252

The Stormwater activity rates draw is higher than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes the reallocation of staff resourcing within Sewerage, Stormwater and Water activities. Capital expenditure has increased for Stead Street Stopbanks improvements, which is funded from reserve.

Water Supply



Refer Long-Term Plan page 143.

One target within the performance measure framework has been amended. The target was inaccurately entered into the Long-Term Plan and the target in the Annual Plan reflects this.

Measure	LTP Target 2017/18	Target 2017/18
<p>Customer Satisfaction The total number of complaints received by Council about drinking water taste.</p> <p>Expressed per 1,000 connections to the Council's networked reticulation system.</p>	(a) No more than 0.43 per month	(a) No more than 0.45 per month

There is also a minor change in the Planned Works Projects table.

Project	LTP 2017/18 Proposed Expenditure (\$000)	Annual Plan 2017/18 Proposed Expenditure (\$000)
Asbestos Cement Watermain Renewals.	\$3,065	\$3,013

FUNDING IMPACT STATEMENT - WATER SUPPLY

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	6,374	7,898	7,548
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,246	1,351	1,439
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	7,620	9,249	8,987
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	4,160	4,422	4,538
Finance costs	763	894	945
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	4,923	5,316	5,483
Surplus (deficit) of operational funding (A-B)	2,697	3,933	3,504
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(522)	(652)	(691)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(522)	(652)	(691)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	1,975	3,088	3,013
Increase (decrease) in reserves	200	193	(200)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	2,175	3,281	2,813
Surplus (deficit) of capital funding (C-D)	(2,697)	(3,933)	(3,504)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	3,430	3,496	3,231

The Water Supply activity rates draw is lower than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes the change of some existing debt funding from internally sourced to externally; the reallocation of staff resourcing within Sewerage, Stormwater and Water activities; higher maintenance contract costs; and a \$200,000 uplift from reserve for the Asbestos Cement Watermain renewal project which was contributed in the 2016/17 year to smooth the rates draw increase.

Animal Services



Refer Long-Term Plan page 159.

The measures within the performance measure framework have been amended previously. The two existing measures contained in the Long-Term Plan have been replaced with three new measures outlined below.

Measure	LTP Target 2017/18	Target 2017/18
An increase in new dog registrations.		5% increase in new dog registrations from the 2015/16 registration period.
Complaints relating to barking dogs are investigated within five days.		80% of barking dog complaints are investigated within five days.
Notification of a dog attack is attended to immediately.		All notifications of a dog attack are responded to within 30 minutes.

Changes from the LTP

The Animal Services Activity considers that these measures are more meaningful than those included in the Long-Term Plan. Although there is no change in the level of service offered by the activity, the measures will assist in better showing where the

activity is making a difference. They will ensure Council offers a quality service and that the public know what they can expect. They will assist in assuring the public that when a complaint is made, it is responded to or investigated in a timely manner.

FUNDING IMPACT STATEMENT - ANIMAL SERVICES

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	268	197	284
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	667	736	736
Internal charges and overheads recovered	114	65	121
Local authorities fuel tax, fines, infringement fees, and other receipts	120	154	105
Total operating funding (A)	1,169	1,152	1,246
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	973	998	1,047
Finance costs	8	9	7
Internal charges and overheads applied	114	65	121
Other operating funding applications	0	0	0
Total applications of operational funding (B)	1,095	1,072	1,175
Surplus (deficit) of operational funding (A-B)	74	80	71
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(6)	(6)	(6)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(6)	(6)	(6)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	12	13	2
Increase (decrease) in reserves	56	61	63
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	68	74	65
Surplus (deficit) of capital funding (C-D)	(74)	(80)	(71)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	40	45	45

The Animal Services activity rates draw is higher than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes lower infringement fees issued due to better compliance and increased contractor payments.

Building Services



Refer Long-Term Plan page 164.

There have been no changes to the non-financial information contained in the Long-Term Plan

Changes from the LTP

The Building Services Activity is an unpredictable one, and often times sees peaks and valleys in the number of consent applications received. The unpredictability of this activity can make it difficult to budget for.

The Building Services Activity budget and work plan were set with post Christchurch Earthquake work included. Christchurch City Council is now able to process all of its building consent applications

in house. The income provided in the Long-Term Plan budget included work for Christchurch and is therefore over-estimated.

Rates are used for some activities to promote the public good. In order to maintain the existing level of service, Council has increased rates to help cover the cost of this activity.

FUNDING IMPACT STATEMENT - BUILDING SERVICES

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	755	652	754
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,976	2,416	2,122
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	100	116	71
Total operating funding (A)	2,831	3,184	2,947
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	2,792	3,139	2,917
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	2,792	3,139	2,917
Surplus (deficit) of operational funding (A-B)	39	45	30
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	20	21	30
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	20	21	30
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	51	54	86
Increase (decrease) in reserves	8	12	(26)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	59	66	60
Surplus (deficit) of capital funding (C-D)	(39)	(45)	(30)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	38	45	29

The Building Control activity rates draw is higher than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes lower fees and charges income received due to the post Christchurch earthquakes related work no longer coming through.

Civil Defence Emergency Management



Refer Long-Term Plan page 170.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - CIVIL DEFENCE EMERGENCY MANAGEMENT

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	263	270	270
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	150	154	154
Total operating funding (A)	413	424	424
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	413	424	424
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	413	424	424
Surplus (deficit) of operational funding (A-B)	0	0	0
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	0	0	0
Surplus (deficit) of capital funding (C-D)	0	0	0
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	0	0	0

The Civil Defence and Emergency Management activity rates draw is the same as what was anticipated in the Long-Term Plan and has no significant or material variations.

Compliance including parking services



Refer Long-Term Plan page 176.

The measures within the performance measure framework have been amended. An existing measure contained in the Long-Term Plan has been replaced with two new measures added in 2016/17 Annual Plan, and the parking patrol measure has had its target updated. These changes are outlined below.

Measure	LTP Target 2017/18	Target 2017/18
Parking patrols of Council managed parking spaces.	Average 80 hours patrolling per week.	Average 100 hours patrolling per week.
Reduction in the number of infringements being sent to the Courts for collection. <i>(Number of tickets paid as a percentage of the total issued).</i>		75% of all tickets issued are paid without the need to refer to the courts for collection.
Reduction in number of ticket exemptions. <i>(Ratio of waivers to tickets issued).</i>		Reducing trend in the number of waivers granted.

The changes to the measures are to ensure that the public can be assured that a quality service is being provided. The measures help to show how Council is progressing toward the goal that every ticket written out is not only valid, but also enforceable. The community will see a service level increase through efficiencies being found within the activity.

FUNDING IMPACT STATEMENT - COMPLIANCE

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	(128)	(123)	(134)
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	105	89	103
Internal charges and overheads recovered	0	55	0
Local authorities fuel tax, fines, infringement fees, and other receipts	773	751	788
Total operating funding (A)	750	772	757
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	738	702	745
Finance costs	0	0	0
Internal charges and overheads applied	0	55	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	738	757	745
Surplus (deficit) of operational funding (A-B)	12	15	12
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	2	2	2
Increase (decrease) in reserves	10	13	10
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	12	15	12
Surplus (deficit) of capital funding (C-D)	(12)	(15)	(12)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	12	15	12

The Compliance (Parking) activity contribution to rates is higher than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes a higher volume of fees, charges and fines revenue expected, offset by an increase in operational expenditure from the reallocation of staff resourcing within Development and Regulatory Services.

Environmental Health



Refer Long-Term Plan page 183.

The measures within the performance measure framework have been amended. The three existing measures contained in the Long-Term Plan have been replaced with three new measures outlined below.

Measure	LTP Target 2017/18	Target 2017/18
Excessive noise complaints are investigated and responded to within one hour.		95% of all noise complaints are responded to within one hour from the time of receipt.
Overgrown sections are monitored in Invercargill and Bluff areas from 1 September - 31 March each year.		100% of all empty sections are audited and action taken where necessary, with a reducing trend in the number of sections having to be cleared by Council.
Food businesses operating under a Food Control Plan are verified or audited annually.		An increasing trend in number of Food Premises operating with a Food Control Plan and 70% of businesses under this category are audited annually.

Changes from the LTP

The Environmental Health Activity considers that these measures are more meaningful than those included in the Long-Term Plan. Although there is no change in the level of service offered by the Activity, the measures will assist in better showing where the Activity is making a difference. The changes also

reflect the new legislation around food which required food businesses to move from an inspection regime (tick box) to operating as per a Food Control Plan. Under a Food Control Plan a business will be audited to verify that they are operating and providing safe food as per their Plan.

FUNDING IMPACT STATEMENT - ENVIRONMENTAL HEALTH

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	719	900	739
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	271	319	290
Internal charges and overheads recovered	75	93	74
Local authorities fuel tax, fines, infringement fees, and other receipts	46	26	203
Total operating funding (A)	1,111	1,338	1,306
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	1,049	1,213	1,242
Finance costs	0	0	0
Internal charges and overheads applied	75	93	74
Other operating funding applications	0	0	0
Total applications of operational funding (B)	1,124	1,306	1,316
Surplus (deficit) of operational funding (A-B)	(13)	32	(10)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	9	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	9	0	0
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	41	0	0
Increase (decrease) in reserves	(45)	32	(10)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	(4)	32	(10)
Surplus (deficit) of capital funding (C-D)	13	(32)	10
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	25	32	25

The Environmental Health activity rates draw is lower than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes increased receipts from offering food audit services to Clutha District Council and lower fees and charges income due to the past Council's decision to reduce the Alcohol Licensing risk rating levels.

Resource Management



Refer Long-Term Plan page 211.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - RESOURCE MANAGEMENT

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	1,185	1,170	1,219
Subsidies and grants for operating purposes	0	0	0
Fees and charges	191	211	181
Internal charges and overheads recovered	25	25	10
Local authorities fuel tax, fines, infringement fees, and other receipts	19	19	19
Total operating funding (A)	1,420	1,425	1,429
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	1,390	1,396	1,421
Finance costs	0	0	0
Internal charges and overheads applied	25	25	10
Other operating funding applications	0	0	0
Total applications of operational funding (B)	1,415	1,421	1,431
Surplus (deficit) of operational funding (A-B)	5	4	(2)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	2	2	2
Increase (decrease) in reserves	3	2	(4)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	5	4	(2)
Surplus (deficit) of capital funding (C-D)	(5)	(4)	2
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	5	4	4

The Resource Management activity rates draw is higher than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes lower applications expected, which lowers fees and charges.

44 Provision of Specialised Community Services

Refer Long-Term Plan page 198.

The name of the entity and the level of financial support proposed from Council in the 2017/18 year are listed in the table below.

Entity	Contribution towards the service provided	Level of Financial Support \$ 2017/18
Service Contracts		
Anderson Park Art Gallery Trust Board	Operation and promotion of the Anderson Park Art Gallery and care of the extensive collection.	184,238
Invercargill Venue and Events Management Limited	Managing operation of the Civic Theatre and Outdoor Stadium.	112,750
Southland Indoor Leisure Centre Charitable Trust	Operation and maintenance of Stadium Southland.	400,000
Southland Museum and Art Gallery Trust Board	Operation of the Southland Museum and Art Gallery.	634,410
Southland Regional Heritage Committee	Preserving the Regional Heritage of Southland.	865,949
Grants		
Awarua Museum	Towards operating costs	5,000
Bluff Hill Motupohue Environment Trust	Supporting the Pest Control Programme.	10,000
Bluff Maritime Museum Trust Board	Operation of the Bluff Maritime Museum.	20,000
Bluff Pool Trust	Operation of the Bluff Community Pool.	180,000
Child, Youth and Family Friendly Sub-Committee	Enhancing the 'Friendly' brand within Invercargill.	10,000
Citizens Advice Bureau	Operation of the Citizens Advice Bureau.	26,000
Community Ratepayers Group	Contribution towards administration costs for ratepayers groups.	5,000
Environment Southland	Contribution towards the completion of the Invercargill - Bluff Walkway / Cycleway.	50,000
Events Fund	Contribution towards event creation/promotion.	100,000

Entity	Contribution towards the service provided	Level of Financial Support \$ 2017/18
Grants		
Facilities Maintenance Fund	Contribution to the ongoing maintenance of Council owned regional facilities utilised by Community Groups and Sports Clubs.	250,000
Football for all weathers	Loan interest and principle repayments.	11,727
Iconic Events Fund	Contribution towards the holding of iconic events or performances in Invercargill.	100,000
Invercargill Grief and Loss Awareness Centre	Towards operating costs.	15,000
Safe in the South	To fund a local co-ordinator.	10,000
Santa Parade Charitable Trust	Storage of floats for parade.	10,000
Southland Indoor Leisure Centre Charitable Trust	Loan interest for the 2017/18 year resulting from the contribution to Stadium Southland rebuild.	80,705
Southland Multicultural Council	Operation of the Southland Multicultural Council.	5,000
Southland Warm Homes Trust	Providing subsidies on Healthy Homes initiatives for citizens.	50,000
Southland Youth One Stop Shop Trust	Contribution towards building rental.	27,000
SPCA	Operation of the Southland SPCA	12,000
Sport Southland	Contribution towards a South City Kiwisport programme and contribution toward Sport Southland.	20,000
St John	Towards new facility.	100,000

FUNDING IMPACT STATEMENT - OTHER GRANTS

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	2,406	2,300	2,343
Targeted rates	330	263	252
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	149	152	165
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	2,885	2,715	2,760
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	2,531	6,286	2,479
Finance costs	96	106	102
Internal charges and overheads applied	149	152	165
Other operating funding applications	0	0	0
Total applications of operational funding (B)	2,776	6,544	2,746
Surplus (deficit) of operational funding (A-B)	109	(3,829)	14
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	232	3,930	(86)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	232	3,930	(86)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	300	0	0
Increase (decrease) in reserves	41	101	(72)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	341	101	(72)
Surplus (deficit) of capital funding (C-D)	(109)	3,829	(14)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	9	9	14

The Provision of Specialised Community Services activity rates draw is higher than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes, A) the delay of the \$4m grant to the Southland Museum and Art Gallery Trust Board for a museum redevelopment which was to be funded by debt; B) a grant of \$100,000 towards the new St Johns Development.

FUNDING IMPACT STATEMENT - SOUTHLAND REGIONAL HERITAGE COMMITTEE

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	838	757	866
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	326	332	332
Total operating funding (A)	1,164	1,089	1,198
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	1,164	1,089	1,198
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	1,164	1,089	1,198
Surplus (deficit) of operational funding (A-B)	0	0	0
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	0	0	0
Surplus (deficit) of capital funding (C-D)	0	0	0
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	0	0	0

The Southland Regional Heritage Committee activity rates draw is higher than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes an increase in funding to the Southland Museum and Art Gallery Trust Board to go towards cataloguing and preserving the Museum's extensive collection.

Community Development



Refer Long-Term Plan page 205.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - COMMUNITY DEVELOPMENT

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	298	335	309
Targeted rates	0	0	120
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	2	2	2
Total operating funding (A)	300	337	431
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	290	300	421
Finance costs	6	6	5
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	296	306	426
Surplus (deficit) of operational funding (A-B)	4	31	5
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(4)	(3)	(4)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(4)	(3)	(4)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	21	0
Increase (decrease) in reserves	0	7	1
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	0	28	1
Surplus (deficit) of capital funding (C-D)	(4)	(31)	(5)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	0	7	1

The Community Development activity rates draw is higher than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes the re-introduction of the City Centre Co-ordinator and the delay of capital renewals.

Housing Care Services



Refer Long-Term Plan page 211.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - HOUSING CARE SERVICES

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,022	1,050	1,022
Internal charges and overheads recovered	775	814	775
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	1,797	1,864	1,797
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	795	692	838
Finance costs	2	41	0
Internal charges and overheads applied	775	814	775
Other operating funding applications	0	0	0
Total applications of operational funding (B)	1,572	1,547	1,613
Surplus (deficit) of operational funding (A-B)	225	317	184
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(1)	188	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(1)	188	0
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	19	19	19
- to replace existing assets	0	545	20
Increase (decrease) in reserves	205	(59)	145
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	224	505	184
Surplus (deficit) of capital funding (C-D)	(225)	(317)	(184)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	299	306	293

The Housing Care Services activity rates draw is the same as anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes the removal of some capital expenditure work and increasing maintenance repairs on Housing Care properties.

Libraries & Archives



Refer Long-Term Plan page 217.

Two targets within the performance measure framework have been amended. The changes from the Long-Term Plan target for the measures are shown below.

Measure	LTP Target 2017/18	Target 2017/18
Number of issues per year.	665,000	615,000
Number of visits per year.	530,000	525,000

The changes in the targets reflect the changing use of Invercargill City Libraries and Archives. This reflects the increasing use of online resources and reference enquiries, rather than the physical visits to the library.

There are also changes in the Planned Works table

Project	LTP 2017/18 Proposed Expenditure (\$000)	Annual Plan 2017/18 Proposed Expenditure (\$000)
Autodoor Renewal	-	47

FUNDING IMPACT STATEMENT - LIBRARIES AND ARCHIVES

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	3,999	4,167	4,035
Subsidies and grants for operating purposes	5	5	5
Fees and charges	154	155	151
Internal charges and overheads recovered	735	822	751
Local authorities fuel tax, fines, infringement fees, and other receipts	33	30	31
Total operating funding (A)	4,926	5,179	4,973
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	3,399	3,434	3,375
Finance costs	100	199	147
Internal charges and overheads applied	735	822	751
Other operating funding applications	0	0	0
Total applications of operational funding (B)	4,234	4,455	4,273
Surplus (deficit) of operational funding (A-B)	692	724	700
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	277	(158)	(108)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	277	(158)	(108)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	50	72
- to replace existing assets	817	485	441
Increase (decrease) in reserves	152	31	79
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	969	566	592
Surplus (deficit) of capital funding (C-D)	(692)	(724)	(700)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	1,334	1,124	1,109

The Libraries and Archives activity rates draw is lower than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes lower finance costs from delays in the RFID project along with general savings in operational expenditure.

Parks & Reserves

including Cemeteries & Crematorium



Refer Long-Term Plan page 222.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - PARKS AND RESERVES

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	6,098	6,163	6,182
Subsidies and grants for operating purposes	9	10	10
Fees and charges	1,058	1,085	1,052
Internal charges and overheads recovered	7,811	8,015	8,138
Local authorities fuel tax, fines, infringement fees, and other receipts	904	927	1,095
Total operating funding (A)	15,880	16,200	16,477
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	6,890	6,990	7,226
Finance costs	32	31	25
Internal charges and overheads applied	7,811	8,015	8,138
Other operating funding applications	0	0	0
Total applications of operational funding (B)	14,733	15,036	15,389
Surplus (deficit) of operational funding (A-B)	1,147	1,164	1,088
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(79)	(84)	(82)
Gross proceeds from sale of assets	51	53	52
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(28)	(31)	(30)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	600	0	0
- to improve the level of service	0	0	0
- to replace existing assets	1,215	1,483	1,527
Increase (decrease) in reserves	(696)	(350)	(469)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	1,119	1,133	1,058
Surplus (deficit) of capital funding (C-D)	(1,147)	(1,164)	(1,088)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	757	774	770

The Parks and Reserves activity rates draw is higher than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes additional staff resourcing to meet current service requirements which includes a ranger at Sandy Point/Oreti Beach.

Passenger Transport



Refer Long-Term Plan page 230.

Two targets within the performance measure framework have been amended. The changes from the Long-Term Plan targets are shown below.

Measure	LTP Target 2017/18	Target 2017/18
Farebox recovery percentage	37%	35%
All members of the community have the opportunity to use the public transport.	Total Mobility Scheme is administered.	Total Mobility Scheme is administered to the satisfaction of Total Mobility Annual Combined Committee meeting.

The lower than Long-Term Plan target for Farebox recovery has occurred due to a decrease in passenger numbers having been experienced over the last 15 months. This is a nationwide trend seen in most provincial areas. Fares have also not been increased which was anticipated to assist maintaining farebox revenue, but would be seen to have a negative effect on growing passenger numbers.

The Total Mobility Scheme administration has been clarified as to how it is to be measured.

Bus Terminal

The project to upgrade the BusSmart Central Terminal has been removed from this year's work programme.

FUNDING IMPACT STATEMENT - PASSENGER TRANSPORT

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	210	195	216
Targeted rates	551	622	464
Subsidies and grants for operating purposes	1,194	1,172	1,051
Fees and charges	308	323	287
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	48	50	48
Total operating funding (A)	2,311	2,362	2,066
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	2,076	2,048	2,041
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	2,076	2,048	2,041
Surplus (deficit) of operational funding (A-B)	235	314	25
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	150	289	0
- to replace existing assets	85	25	25
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	235	314	25
Surplus (deficit) of capital funding (C-D)	(235)	(314)	(25)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	34	35	34

The Passenger Transport activity rates draw is lower than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes a decrease in capital expenditure from the delay to the Bus Smart Central Terminus improvements.

Pools



Refer Long-Term Plan page 236.

One target within the performance measure framework has been slightly amended to clarify what is being measured. The change from the Long-Term Plan measure is shown below.

Measure	LTP Target 2017/18	Target 2017/18
All water quality standards are within limits set in NZS 5876:2010.	100%	All water quality standards are within the operational limits set in NZS 5826:2010 - 99%.

Additional Changing Rooms

Splash Palace is used by many residents and visitors to the city. At peak times there is not enough space in the changing rooms for all the users. Council has determined to build additional changing rooms, upgrade the café and foyer and complete other external works at a cost of \$1.4 million. This is to be loan funded. The additional changing rooms will increase the space available, provide the ability to close a changing room to adequately clean it without affecting patrons and to maintain an overall higher level of safety and cleanliness.

Health and Safety Legislation

A further \$100,000 has been allocated to the Pool to maintain the increased staffing needed to meet the requirements of the new Health and Safety standards introduced last year. This was not foreseen in the Long-Term Plan.

FUNDING IMPACT STATEMENT - POOLS

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,097	1,949	2,183
Subsidies and grants for operating purposes	129	132	135
Fees and charges	798	1,265	829
Internal charges and overheads recovered	1,679	1,841	1,812
Local authorities fuel tax, fines, infringement fees, and other receipts	803	823	791
Total operating funding (A)	5,506	6,010	5,750
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	3,475	3,594	3,483
Finance costs	105	291	160
Internal charges and overheads applied	1,679	1,841	1,812
Other operating funding applications	0	0	0
Total applications of operational funding (B)	5,259	5,726	5,455
Surplus (deficit) of operational funding (A-B)	247	284	295
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(105)	(89)	94
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(105)	(89)	94
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	212
- to improve the level of service	0	0	21
- to replace existing assets	20	123	42
Increase (decrease) in reserves	122	72	114
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	142	195	389
Surplus (deficit) of capital funding (C-D)	(247)	(284)	(295)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	492	579	477

The Pools activity rates draw is higher than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes lower income and expenditure related to the Splash Palace Dry Gym project which was cancelled in May 2016.

Public Toilets



Refer Long-Term Plan page 242.

There have been no changes to the non-financial information contained in the Long-Term Plan.

There has been one change to the Planned Works Projects table.

Project	LTP 2017/18 Proposed Expenditure (\$000)	Annual Plan 2017/18 Proposed Expenditure (\$000)
Toilet in Waikiwi	-	125,000

FUNDING IMPACT STATEMENT - PUBLIC TOILETS

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	344	371	343
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	344	371	343
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	279	302	279
Finance costs	19	21	16
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	298	323	295
Surplus (deficit) of operational funding (A-B)	46	48	48
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(20)	(21)	104
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(20)	(21)	104
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	125
- to improve the level of service	0	0	0
- to replace existing assets	55	57	57
Increase (decrease) in reserves	(29)	(30)	(30)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	26	27	152
Surplus (deficit) of capital funding (C-D)	(46)	(48)	(48)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	23	30	24

The Public Toilets activity rates draw is lower than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes additional capital expenditure funded by debt for public toilets at Waikiwi along with saving from operational expenditure.

Theatre Services



Refer Long-Term Plan page 247.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - THEATRE SERVICES

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	946	971	966
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	900	996	920
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	1,846	1,967	1,886
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	340	274	357
Finance costs	200	0	169
Internal charges and overheads applied	900	996	920
Other operating funding applications	0	0	0
Total applications of operational funding (B)	1,440	1,270	1,446
Surplus (deficit) of operational funding (A-B)	406	697	440
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(353)	(338)	(224)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(353)	(338)	(224)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	35	0
- to replace existing assets	47	21	213
Increase (decrease) in reserves	6	303	3
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	53	359	216
Surplus (deficit) of capital funding (C-D)	(406)	(697)	(440)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	381	390	399

The Theatre Services activity rates draw is lower than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes the change of some existing debt funding from internally sourced to externally.

Democratic Process



Refer Long-Term Plan page 254.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - DEMOCRATIC PROCESS

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	2,989	3,054	3,052
Targeted rates	72	76	72
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	559	383	645
Local authorities fuel tax, fines, infringement fees, and other receipts	8	5	8
Total operating funding (A)	3,628	3,518	3,777
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	3,028	3,132	3,103
Finance costs	0	0	0
Internal charges and overheads applied	559	383	645
Other operating funding applications	0	0	0
Total applications of operational funding (B)	3,587	3,515	3,748
Surplus (deficit) of operational funding (A-B)	41	3	29
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	50	47	50
Increase (decrease) in reserves	(9)	(44)	(21)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	41	3	29
Surplus (deficit) of capital funding (C-D)	(41)	(3)	(29)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	86	50	94

The Democratic Process activity rates draw are within 10% of what was anticipated in the Long-Term Plan and has no significant or material variations.

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Destinational Marketing & Enterprise



Refer Long-Term Plan page 260.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - ENTERPRISE

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	1,770	1,806	1,805
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,323	1,349	1,349
Total operating funding (A)	3,093	3,155	3,154
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	3,093	3,155	3,154
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	3,093	3,155	3,154
Surplus (deficit) of operational funding (A-B)	0	0	0
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	0	0	0
Surplus (deficit) of capital funding (C-D)	0	0	0
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	0	0	0

The Enterprise activity rates draw are within 10% of what was anticipated in the Long-Term Plan and has no significant or material variations.

Investment Property



Refer Long-Term Plan page 268.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - INVESTMENT PROPERTY

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	(211)	(660)	(329)
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	434	1,465	1,052
Internal charges and overheads recovered	25	11	25
Local authorities fuel tax, fines, infringement fees, and other receipts	598	959	866
Total operating funding (A)	846	1,775	1,614
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	1,036	1,246	1,052
Finance costs	509	363	938
Internal charges and overheads applied	25	11	25
Other operating funding applications	0	0	0
Total applications of operational funding (B)	1,570	1,620	2,015
Surplus (deficit) of operational funding (A-B)	(724)	155	(401)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	6,574	(50)	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	6,574	(50)	0
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	7,784	0	0
- to improve the level of service	0	0	0
- to replace existing assets	101	110	50
Increase (decrease) in reserves	(2,035)	(5)	(451)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	5,850	105	(401)
Surplus (deficit) of capital funding (C-D)	724	(155)	401
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	24	26	24

The Investment Property activity contribution to rates is lower than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes prior delays in the commencement in construction of the Don Street investment property development lowering the amount of rental income generated.

City Centre Revitalisation



Refer Long-Term Plan page 281.

There have been no changes to the non-financial information contained in the Long-Term Plan.

Invercargill Development

The Invercargill City Council is committed to enhancing our City and embracing innovation. In the 2017/18 year Council is allocating \$500,000 towards developing and initiating Invercargill Development proposals. These proposals may include things such

as the new Art Centre and a Kakaporium to operate alongside the Tuatarium. The \$500,000 is to be funded through the City Centre Redevelopment Reserve Fund that is held for the purpose of invigorating the CBD.

FUNDING IMPACT STATEMENT - CITY CENTRE REVITALISATION

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	183	400	164
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	183	400	164
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	13	12	10
Finance costs	112	266	94
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	125	278	104
Surplus (deficit) of operational funding (A-B)	58	122	60
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	2,303	1,102	1,164
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	2,303	1,102	1,164
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	2,361	1,224	1,224
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	2,361	1,224	1,224
Surplus (deficit) of capital funding (C-D)	(58)	(122)	(60)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	0	0	0

The CBD Redevelopment activity rates draw is lower than what was anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes lower finance costs due to prior year delays to the CBD redevelopment capital programme.

FUNDING IMPACT STATEMENT - INVERCARGILL DEVELOPMENT STRATEGY

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	0	0	0
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	0	0	500
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	0	0	500
Surplus (deficit) of operational funding (A-B)	0	0	(500)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	(500)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	0	0	(500)
Surplus (deficit) of capital funding (C-D)	0	0	500
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	0	0	0

Urban Rejuvenation



Refer Long-Term Plan page 284.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - URBAN REJUVENATION

For the year ended June 30, 2018

	2016/17 Annual Plan \$'000	2017/18 Long-Term Plan \$'000	2017/18 Annual Plan \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	284	277	306
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	70
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	284	277	376
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	222	223	301
Finance costs	25	20	25
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	247	243	326
Surplus (deficit) of operational funding (A-B)	40	34	50
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(40)	(34)	(50)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(40)	(34)	(50)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	0	0	0
Surplus (deficit) of capital funding (C-D)	(40)	(34)	(50)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0
Depreciation expense (not included in the above FIS)	0	0	0

The Urban Rejuvenation activity rates draw is higher than anticipated in the Long-Term Plan. The variations with the Long-Term Plan includes Department of Internal Affairs funding and payments.

Financial Management



The Council must, under the Local Government Act, manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently, and in a manner that sustainably promotes the current and future interests of the Community.

This section includes:

- Statement of Financial Position
- Statement of Comprehensive Revenue and Expense
- Statement of Changes in Equity
- Statement of Cashflows
- Financial Statement Reconciliations
- Funding Impact Statement
- Notes to the Financial Statements
- Schedule of Reserve Funds
- Benchmarks
- Statement of Accounting Policies
- Rating Policy

Prospective Financial Statements

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

		Annual Plan 2016/17 (\$,000)	Long-Term Plan 2017/18 (\$,000)	Annual Plan 2017/18 (\$,000)
ASSETS				
Cash and cash equivalents	1	4,368	6,280	8,385
Trade and other receivables		11,488	10,515	12,556
Inventories		669	704	676
Other financial assets - current	2	0	0	20,275
Current assets		16,525	17,499	41,892
Property, plant and equipment assets	3	715,473	719,998	711,838
Intangible assets		339	307	837
Forestry assets		2,481	2,135	3,093
Investment property	4	35,089	29,603	39,829
Other financial assets - Investments in CCO's		36,069	36,069	36,069
Other financial assets - Other	5	51,479	4,129	28,254
Non-current assets		840,930	792,241	819,920
TOTAL ASSETS		857,455	809,740	861,812
LIABILITIES				
Trade and other payables		10,291	9,896	9,608
Provisions - current portion		84	86	149
Employee benefit liabilities - current portion		2,296	2,131	2,497
Borrowings - current portion	6	3,649	3,796	3,842
Derivative Financial Instruments - current portion		6	7	11
Current liabilities		16,326	15,916	16,107
Employment benefit liabilities - non current portion		809	853	1,238
Borrowings - non current portion	6	99,023	52,881	101,922
Provisions - non current portion		743	704	646
Derivative Financial Instruments - non current portion		647	374	1,111
Non-current liabilities		101,222	54,812	104,917
TOTAL LIABILITIES		117,548	70,728	121,024
EQUITY				
Retained earnings		397,502	400,898	396,521
Restricted reserves		20,484	15,768	22,560
Hedging Reserve		(568)	(143)	(1,122)
Asset revaluation reserves		322,489	322,489	322,829
TOTAL EQUITY		739,907	739,012	740,788
TOTAL LIABILITIES AND EQUITY		857,455	809,740	861,812

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

		Annual Plan 2016/17 (\$,000)	Long-Term Plan 2017/18 (\$,000)	Annual Plan 2017/18 (\$,000)
Revenue				
Rates revenue excluding targeted water supply rates		41,792	42,869	42,520
Rates revenue - targeted water supply rates		6,374	7,898	7,548
Other revenue	1	34,422	37,342	37,132
Gain on sale of assets		0	0	0
Investment Property Revaluations - Gain/(loss)		696	723	720
Finance revenue	2	2,090	120	2,070
		85,374	88,952	89,990
Expenditure				
Employee benefit expenses	3	23,202	23,986	24,502
Depreciation and amortisation		23,897	22,864	22,081
Other expenses	4	38,814	42,791	40,878
Finance expenses	5	3,842	3,411	4,323
		89,755	93,052	91,784
Operating surplus/(deficit)		(4,381)	(4,100)	(1,794)
Other Comprehensive Revenue				
Property Plant and Equipment Revaluations - Gain/(loss)		50,218	0	0
Less Taxation Expense		0	-	-
Total Comprehensive Revenue & Expense after Taxation		45,837	(4,100)	(1,794)

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

	Annual Plan 2016/17 (\$,000)	Long-Term Plan 2017/18 (\$,000)	Annual Plan 2017/18 (\$,000)
Equity Balance at 1 July	694,070	743,112	742,582
Total Comprehensive Revenue and Expense after Taxation	45,837	(4,100)	(1,794)
Total Recognised Revenues and Expenses for year	45,837	(4,100)	(1,794)
Equity Balance at 30 June	739,907	739,012	740,788
COMPONENTS OF EQUITY			
Retained earnings at 1 July	400,324	405,369	395,916
Net surplus/(Deficit) for the Year	45,837	(4,100)	(1,794)
Transfers (to)/from Restricted Reserves	1,559	(371)	2,399
Transfers (to)/from Revaluation Reserves	(50,218)	0	0
Retained earnings at 30 June	397,502	400,898	396,521
Restricted reserves at 1 July	22,043	15,397	24,959
Transfers to/(from) reserves	(1,559)	371	(2,399)
Restricted reserves at 30 June	20,484	15,768	22,560
Hedging reserves at 1 July	(568)	(143)	(1,122)
Transfers to/(from) reserves	0	0	0
Hedging reserves at 30 June	(568)	(143)	(1,122)
Revaluation reserves at 1 July	272,271	322,489	322,829
Transfers to/(from) reserves	50,218	0	0
Revaluation reserves at 30 June	322,489	322,489	322,829

PROSPECTIVE STATEMENT OF CASHFLOWS

	Annual Plan 2016/17 (\$,000)	Long-Term Plan 2017/18 (\$,000)	Annual Plan 2017/18 (\$,000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from			
Rate revenue	48,166	50,767	50,068
Investment revenue	2,090	120	2,070
Dividend revenue	5,300	5,100	5,850
Other Operating revenue	27,323	30,408	29,447
	82,879	86,395	87,435
Cash was applied to			
Operating Expenditure	60,268	65,027	63,627
Interest Expenditure	3,842	3,411	4,323
	64,110	68,438	67,950
Net cash Inflow/(Outflow) from Operating Activities	18,769	17,957	19,485
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from			
Redemption of Investments	5,094	3,697	6,020
Sale of Fixed Assets	139	145	156
	5,233	3,842	6,176
Cash was applied to			
Purchase of Fixed Assets	27,752	19,920	22,045
Investments Made	4,521	5,040	4,112
	32,273	24,960	26,157
Net cash Inflow/(Outflow) from Investing Activities	(27,040)	(21,118)	(19,981)
Cash Flows from Financing Activities			
Cash was provided from			
Loans Raised	11,189	6,637	3,595
	11,189	6,637	3,595
Cash was applied to			
Loan Principal Repaid	2,969	3,560	3,181
	2,969	3,560	3,181
Net cash Inflow/(Outflow) from Financing Activities	8,220	3,077	414
Net (decrease) increase in cash and cash equivalents	(51)	(84)	(82)
Cash and cash equivalents at the beginning of the year	4,419	6,364	8,468
Cash and cash equivalents at the end of the year	4,368	6,280	8,385

Financial Statement Reconciliations

RATES REVENUE RECONCILIATION FROM FUNDING IMPACT STATEMENTS TO STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended June 30, 2018

	Annual Plan 2016/17 (\$,000)	Long-Term Plan 2017/18 (\$,000)	Annual Plan 2017/18 (\$,000)
Roading	8,115	8,349	8,041
Sewerage	4,836	5,704	5,609
Solid Waste Management	4,162	4,032	4,295
Stormwater	3,384	3,308	3,489
Water Supply	6,374	7,898	7,548
Infrastructural Services	26,871	29,291	28,982
Animal Services	268	197	284
Building Services	755	652	754
Civil Defence Emergency Management	263	270	270
Compliance (Parking)	(128)	(123)	(134)
Environmental Health	719	900	739
Resource Management	1,185	1,170	1,219
Development and Regulatory Services	3,062	3,066	3,132
Community Development	298	335	429
Housing Care Service	0	0	0
Libraries and Archives	3,999	4,167	4,035
Parks and Reserves	6,098	6,163	6,182
Passenger Transport	761	817	680
Pools	2,097	1,949	2,183
Public Toilets	344	371	343
Theatre Services	946	971	966
Southland Museum & Art Gallery	0	0	0
Southland Regional Heritage Committee	838	757	866
Provision of Specialised Community Services	2,736	2,563	2,595
Community Services	18,117	18,093	18,279

RATES REVENUE RECONCILIATION FROM FUNDING IMPACT STATEMENTS TO STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE - CONTINUED

For the year ended June 30, 2018

	Annual Plan 2016/17 (\$,000)	Long-Term Plan 2017/18 (\$,000)	Annual Plan 2017/18 (\$,000)
Democratic Process	3,061	3,130	3,124
Enterprise (including Destinalional Marketing)	1,770	1,806	1,805
Investment Property	(211)	(660)	(329)
Corporate Services	4,600	4,276	4,600
CBD Redevelopment	183	400	164
Urban Rejuvenation	284	277	306
Earthquake Buildings	50	105	50
Invercargill Development Strategy	0	0	0
Special Projects	517	782	520
Non significant activities	(4,406)	(4,153)	(4,815)
Total General rates, uniform annual general charges, targeted rates, and rates penalties - per FIS	48,781	51,355	50,698
Less Rates Penalties (Disclosed in Other Revenue in Statement of Comprehensive Revenue and Expense)	(615)	(588)	(630)
Total Rates (excluding rates penalties) - per FIS	48,166	50,767	50,068
Per Statement of Comprehensive Revenue and Expenses:			
Rates revenue excluding targeted water supply rates	41,792	42,869	42,520
Rates revenue - targeted water supply rates	6,374	7,898	7,548
"Rates Revenue" (SOCRAE "Rates" excludes Rates Penalties)	48,166	50,767	50,068

OPERATING REVENUE RECONCILIATION FROM FUNDING IMPACT STATEMENTS TO STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended June 30, 2018

	Annual Plan 2016/17 (\$,000)	Long-Term Plan 2017/18 (\$,000)	Annual Plan 2017/18 (\$,000)
Total Operating Funding (including internal charges) - per FIS			
Roading	11,679	12,018	11,893
Sewerage	5,451	6,334	6,284
Solid Waste Management	8,204	8,473	8,569
Stormwater	3,384	3,308	3,489
Water Supply	7,620	9,249	8,987
Infrastructural Services	36,338	39,382	39,222
Animal Services	1,169	1,152	1,246
Building Services	2,831	3,184	2,947
Civil Defence Emergency Management	413	424	424
Compliance (Parking)	750	772	757
Environmental Health	1,111	1,338	1,306
Resource Management	1,420	1,425	1,429
Development and Regulatory Services	7,694	8,295	8,109
Community Development	300	337	431
Housing Care Service	1,797	1,864	1,797
Libraries and Archives	4,926	5,179	4,973
Parks and Reserves	15,880	16,200	16,477
Passenger Transport	2,311	2,362	2,066
Pools	5,506	6,010	5,750
Public Toilets	344	371	343
Theatre Services	1,846	1,967	1,886
Southland Museum & Art Gallery	2,658	2,665	2,985
Southland Regional Heritage Committee	1,164	1,089	1,198
Provision of Specialised Community Services	2,885	2,715	2,760
Community Services	39,617	40,759	40,666

OPERATING REVENUE RECONCILIATION FROM FUNDING IMPACT STATEMENTS TO STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE - CONTINUED

For the year ended June 30, 2018

	Annual Plan 2016/17 (\$,000)	Long-Term Plan 2017/18 (\$,000)	Annual Plan 2017/18 (\$,000)
Democratic Process	3,628	3,518	3,777
Enterprise (including Destinalional Marketing)	3,093	3,155	3,154
Investment Property	846	1,775	1,614
Corporate Services	7,567	8,448	8,545
CBD Redevelopment	183	400	164
Urban Rejuvenation	287	277	376
Earthquake Buildings	150	210	50
Invercargill Development Strategy	0	0	0
Special Projects	620	887	590
Non significant activities	17,948	16,473	18,743
Total Operating Funding - Per Activity FIS's	109,784	114,244	115,875
LESS: Internal charges and overheads recovered - Per FIS	(28,555)	(29,429)	(29,765)
Total Operating Funding - Per Council FIS	81,229	84,815	86,110
PLUS: Capital Funding - "subsidies and grants for capital expenditure"			
- Roading activity	3,449	3,414	3,160
PLUS: Investment Property Revaluation Gain/(Loss)	696	723	720
Total Revenue Funding - per Statement of Comprehensive Revenue and Expense	85,374	88,952	89,990
Per Statement of Comprehensive Revenue and Expenses:			
Rates revenue (excluding targeted water supply rates)	41,792	42,869	42,520
Targeted water supply rates revenue	6,374	7,898	7,548
Other revenue	34,422	37,342	37,132
Gain on sale of assets	0	0	0
Investment Property Revaluation Gain/(Loss)	696	723	720
Finance Revenue	2,090	120	2,070
Total Revenue	85,374	88,952	89,990

OPERATING EXPENDITURE RECONCILIATION FROM FUNDING IMPACT STATEMENTS TO STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended June 30, 2018

	Annual Plan 2016/17 (\$,000)	Long-Term Plan 2017/18 (\$,000)	Annual Plan 2017/18 (\$,000)
Total Applications of Operating Funding - per FIS			
Roading	7,094	7,275	7,166
Sewerage	3,165	3,546	3,472
Solid Waste Management	8,104	8,368	8,469
Stormwater	1,505	1,306	1,507
Water Supply	4,923	5,316	5,483
Infrastructural Services	24,791	25,811	26,097
Animal Services	1,095	1,072	1,175
Building Services	2,792	3,139	2,917
Civil Defence Emergency Management	413	424	424
Compliance (Parking)	738	757	745
Environmental Health	1,124	1,306	1,316
Resource Management	1,415	1,421	1,431
Development and Regulatory Services	7,577	8,119	8,008
Community Development	296	306	426
Housing Care Service	1,572	1,547	1,613
Libraries and Archives	4,234	4,455	4,273
Parks and Reserves	14,733	15,036	15,389
Passenger Transport	2,076	2,048	2,041
Pools	5,259	5,726	5,455
Public Toilets	298	323	295
Theatre Services	1,440	1,270	1,446
Southland Museum & Art Gallery	2,625	2,660	2,719
Southland Regional Heritage Committee	1,164	1,089	1,198
Provision of Specialised Community Services	2,776	6,544	2,746
Community Services	36,473	41,004	37,601

OPERATING EXPENDITURE RECONCILIATION FROM FUNDING IMPACT STATEMENTS TO STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE - CONTINUED

For the year ended June 30, 2018

	Annual Plan 2016/17 (\$,000)	Long-Term Plan 2017/18 (\$,000)	Annual Plan 2017/18 (\$,000)
Democratic Process	3,587	3,515	3,748
Enterprise (including Destinalional Marketing)	3,093	3,155	3,154
Investment Property	1,570	1,620	2,015
Corporate Services	8,250	8,290	8,917
CBD Redevelopment	125	278	104
Urban Rejuvenation	247	243	326
Earthquake Buildings	150	210	50
Invercargill Development Strategy	0	0	500
Special Projects	522	731	980
Non significant activities	16,800	15,662	17,865
Total Applications of Operating Funding - Per Activity FIS's	94,413	99,617	99,468
LESS: Internal charges and overheads recovered - Per FIS's	(28,555)	(29,429)	(29,765)
Total Applications of Operating Funding - Per Council FIS	65,858	70,188	69,703
Per Statement of Comprehensive Revenue and Expense:			
Employee benefit expenses	23,202	23,986	24,502
Other expenses	38,814	42,791	40,878
Finance expenses	3,842	3,411	4,323
	65,858	70,188	69,703
Plus Depreciation expenses (not in FIS)	23,897	22,864	22,081
Total Operating Expenditure - per Statement of Comprehensive Revenue and Expense	89,755	93,052	91,784

Funding Impact Statement

		Annual Plan 2016/17 (\$,000)	Long-Term Plan 2017/18 (\$,000)	Annual Plan 2017/18 (\$,000)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties		6,893	6,781	6,477
Targeted rates		41,888	44,574	44,221
Subsidies and grants for operating purposes		3,488	3,500	3,514
Fees, charges	1	13,290	15,907	14,878
Interest and dividends from investments	2	7,390	5,220	7,920
Local authorities fuel tax, fines, infringement fees, and other receipts		8,280	8,833	9,100
Total operating funding (A)		81,229	84,815	86,110
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	3	62,016	66,777	65,381
Finance costs	4	3,842	3,411	4,322
Other operating funding applications		0	0	0
Total applications of operating funding (B)		65,858	70,188	69,703
Surplus (deficit) of operating funding (A - B)		15,371	14,627	16,407
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		3,449	3,414	3,160
Development and financial contributions		0	0	0
Increase (decrease) in debt	5	8,220	3,076	414
Gross proceeds from sale of assets		139	146	156
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total sources of capital funding (C)		11,808	6,636	3,730
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	6	8,425	42	377
- to improve the level of service	6	1,217	1,457	3,211
- to replace existing assets	6	18,110	18,421	18,457
Increase (decrease) in reserves	7	(1,559)	370	(2,399)
Increase (decrease) in investments		986	973	491
Total applications of capital funding (D)		27,179	21,263	20,137
Surplus (deficit) of capital funding (C - D)		(15,371)	(14,627)	(16,407)
FUNDING BALANCE ((A - B) + (C - D))		0	0	0
Depreciation expense (not included in the above FIS)		23,897	22,864	22,081

EXPLANATION OF MAJOR VARIANCES BETWEEN 2016/17 LONG-TERM PLAN AND 2016/17 ANNUAL PLAN

STATEMENT OF FINANCIAL POSITION (page 76)

- 1 Cash and cash equivalents are higher than anticipated in the Long-Term Plan due to 2014/15 actual closing balance being different to the balance assumption used in the Long-Term Plan.
- 2 Other financial assets - current are higher than anticipated in the Long-Term Plan due to some reserve funds being placed into short term investments.
- 3 Property, plant and equipment assets are lower than anticipated in the Long-Term Plan due to the deferral of a number of capital projects.
- 4 Investment property is higher than anticipated in the Long-Term Plan due to the larger Don Street investment property development plans compared to early initial details used in the Long-Term Plan.
- 5 Other financial assets - Other, are higher than anticipated in the Long-Term Plan due to A) the repayment of internally funded loans in the 2015/16 year; B) the investment advance of \$30m in the 2015/16 year to Invercargill City Holdings Limited for capital investment.
- 6 Borrowings are higher than anticipated in the Long-Term Plan due to A) the issue of \$30m debt bonds in the 2015/16 year to fund the investment loan into Invercargill City Holdings Limited; B) the issue of \$20m debt bonds in the 2015/16 year to fund the repayment of internally funded loans and repay some existing bank loan debt.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE (page 77)

- 1 Other revenue is lower than anticipated in the Long-Term Plan due to A) lower refuse fees received prompted by the reduction of solid waste volumes collected from commercial users; B) lower building service fees received caused by lower post Christchurch earthquakes building services related work being received; C) lower rental income received following the delay in the commencement of construction of the Don Street investment property development; D) Removal of gym membership fees received following the decision made in May 2016 to cancel the Splash Palace Dry Gym / Changing Rooms project; E) lower milk solids payments reflecting the current market expectations. This has partly been offset by an increase in the dividend received from Invercargill City Holdings Limited.
- 2 Finance revenue is higher than anticipated in the Long-Term Plan due to A) increased interest income earned from having higher reserve investment balances from the repayment of internally funded loans in 2015/16; B) additional income earned from the \$30m advance loan issued to Invercargill City Holdings Limited in 2015/16.
- 3 Employee benefit expenses is higher than anticipated in the Long-Term Plan in order to progress Councils key priorities and meet new health and safety requirements. Additional resources have been allocated to Parks, Splash Palace, Regulatory Services and the City Centre project.
- 4 Other expenses are lower than anticipated in the Long-Term Plan due to the deferring of the \$4 million Museum development grant to the Southland Museum and Art Gallery Trust Board. This was offset by partly A) additional contractors and maintenance required to complete current planned projects; B) increase grant amounts requested by Southland Museum & Art Gallery Trust Board (for the Southland Regional Heritage rate) and Anderson Park Art Gallery.
- 5 Finance expenses is higher than anticipated in the Long-Term Plan due to increased interest expenses from A) the issue of \$30m debt bonds in the 2015/16 year to fund the investment loan into Invercargill City Holdings Limited; B) the issue of \$20m debt bonds in the 2015/16 year to fund the repayment of internally funded loans and repay some existing bank loan debt.

EXPLANATION OF MAJOR VARIANCES BETWEEN 2016/17 LONG-TERM PLAN AND 2016/17 ANNUAL PLAN

FUNDING IMPACT STATEMENT (page 86)

- 1** Fees and charges are lower than anticipated in the Long-Term Plan due to A) lower refuse fees received prompted by the reduction of solid waste volumes collected from commercial users; B) lower building service fees received caused by lower post Christchurch earthquakes building services related work being received; C) lower rental income received following the delay in the commencement of construction of the Don Street investment property development (scope of this development has changed after initial investigation); D) Removal of gym membership fees received following the decision made in May 2016 to cancel the Splash Palace Dry Gym / Changing Rooms project.
- 2** Interest and dividends from investments are higher than anticipated in the Long-Term Plan due to A) increased interest income earned from having higher reserve investment balances from the repayment of internally funded loans in 2015/16; B) additional income earned from the \$30m advance loan issued to Invercargill City Holdings Limited in 2015/16; C) increase dividend received from Invercargill City Holdings Limited.
- 3** Payments to staff and suppliers are lower than anticipated in the Long-Term Plan due to the deferring of the \$4 million museum development grant (funded by loan) to the Southland Museum and Art Gallery Trust Board. This has been partly offset by A) additional contractors and maintenance required to complete current planned projects; B) additional resources allocated to Parks, Splash Palace and Regulatory Services; C) increase grant amounts requested by Southland Museum and Art Gallery Trust Board (for the Southland Regional Heritage rate) and Anderson Park Art Gallery; D) reintroduction of the Central Business District Co-ordinator.
- 4** Finance expenses is higher than anticipated in the Long-Term Plan due to increased interest expenses from A) the issue of \$30m debt bonds in the 2015/16 year to fund the investment loan into Invercargill City Holdings Limited; B) the issue of \$20m debt bonds in the 2015/16 year to fund the repayment of internally funded loans and repay some existing bank loan debt.
- 5** Increase (decrease) in debt is lower than anticipated in the Long-Term Plan due to the delay of \$4 million funds required by the Southland Museum and Art Gallery Trust Board for a museum redevelopment. This is partly offset by the completion of some previously deferred loan funded capital projects.
- 6** Capital expenditure is higher than anticipated in the Long-Term Plan due to A) improvements to the Stead Street stop-bank and Civic Administration Building which were not included in the Long-Term Plan. These are partly offset by the deferral of a number of other capital projects.
- 7** Increase/(decrease) in reserves is lower than anticipated in the Long-Term Plan due to lower forecast fund contributions to reserves and higher withdrawals. This includes funds withdrawn from reserve to undertake feasibility studies on Invercargill development projects and to offset some of the rates increase.

Schedule of Reserve Funds

RESERVE FUNDS

Reserves are held to ensure that funds received for a particular purpose and any surplus created is managed in accordance with the reason for which the reserve was established. Surpluses held in reserves are credited with interest. As at 30 June 2016, the Council holds \$26.5m reserves, with \$13.9m being restricted reserves. Restricted reserves are reserves that have rules set by legal obligation that restrict the use that the Council may put the funds towards. The remaining Council created reserves are discretionary

reserves which the Council has established for the fair and transparent use of monies.

Below is a list of current reserves outlining the purpose for holding each reserve and the Council activity to which each reserve relates, together with summary financial information across the year of the Annual Plan.

RESTRICTED RESERVES				
The reserves can only be used for the purpose designated.				
	Opening Balance 2017/18 (\$,000)	Transfers In 2017/18 (\$,000)	Transfers Out 2017/18 (\$,000)	Closing Balance 2017/18 (\$,000)
Category A (Legal Restriction) The restriction is designated from a statute or legal document. These reserves restrictions include the capital and interest or revenue generated. This reserve is related to the Parks activity and is to maintain the Feldwick gates at Queens Park.	120	-	-	120
Category B (Capital only restriction) These reserves are invested in property that provides a financial return to ratepayers (Investment Property, Library and Infrastructure activities).	3,164	10	-	3,174
Category C (specific purpose) These reserves are to maintain and provide for improvements to separately identifiable areas. (Parks Crematorium and Cemetery, Community Centres, Waste and Infrastructure activities).	9,129	267	(309)	9,087

RESTRICTED RESERVES				
The reserves can only be used for the purpose designated.				
	Opening Balance 2017/18 (\$,000)	Transfers In 2017/18 (\$,000)	Transfers Out 2017/18 (\$,000)	Closing Balance 2017/18 (\$,000)
Loss of Service Potential To set aside funds for the replacement of assets in the future. (All activities)	8,859	3,062	(3,503)	8,418
Development To maintain and provide assets in identifiable areas. (Parks, Roding, and Water activities)	4,415	-	(521)	3,894
Property To provide for the purchase of properties. (Investment Property, and Infrastructure activities)	1,050	-	-	1,050
Amenities To provide funding for the ongoing operations of amenity areas. (Library, Museum, Pools, and Parks activities)	246	-	(26)	220
Financial To provide ongoing funding in a consistent manner for Council operations. (All activities)	7,408	28	(986)	6,450
Community Board To provide funding for Community Board areas for their activities and development of assets. (Democratic Process activity)	115	-	-	115
Economic Development To develop economic growth in the city which will be funded by future activity. (Investment Property activity)	(9,547)	214	(635)	(9,968)
	24,959	3,581	(5,980)	22,560

Benchmarks

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose Council's planned financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its Annual Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark		Planned	Met
Rates affordability benchmark:			
Income	60%	56.9%	YES
Increases (LGCI + 3%)	4.9%	3.9%	YES
Debt affordability benchmark:	15%	12.3%	YES
Balanced budget benchmark:	100%	100.5%	YES
Essential services benchmark:	100%	88.5%	NO
Debt servicing benchmark:	10%	4.9%	YES

NOTES

1 Rates affordability benchmark

(1) For this benchmark,–

- (a) the Council's planned rates income for the year is compared with quantified limits on rates contained in the financial strategy included in the Council's Long-term plan; and
- (b) the Council's planned rates increases for the year are compared with quantified limits on rates increases for the year contained in the financial strategy included in the Council's Long-term plan.

(2) The Council meets the rates affordability benchmark if–

- (a) its planned rates income for the year equals or is less than each quantified limit on rates; and
- (b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.

NOTES - CONTINUED

2 Debt affordability benchmark

(1) For this benchmark, the Council's planned borrowing is compared with quantified limits on borrowing contained in the financial strategy included in the Council's Long-term plan.

(2) The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

(3) The Council's 2015-2025 Long-term plan anticipated that our limit on borrowings would remain at or below 7% (being debt over assets), with an overall upper limit of 15%. In the 2017/18 Annual Plan we are now forecasting an 12% debt over asset ratio. This is mainly because of a \$30 million transaction with Invercargill City Holdings Limited (ICHL). In October 2015, Council approved a major transaction for ICHL, enabling Electricity Invercargill Limited to add further capital to the Southern Generation Partnership for the purchase of the Aniwhenua Power Station. The raising of \$30 million of debt was also approved for this transaction. In January 2016 Council approved that Council borrow \$30 million in its own name and on lend this to ICHL at a market interest rate ICHL would be able to obtain in its own right, thus making an interest margin to ICC. This interest margin has been calculated in the 2017/18 Annual Plan to be \$150,000 which has been used to offset rates.

3 Balanced budget benchmark

(1) For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

(2) The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

4 Essential services benchmark

(1) For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.

(2) The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

(3) Although Council does not meet the essential services benchmark in 2017/18, over time Council's capital expenditure should equal its depreciation on network services. Council replaces its assets as they deteriorate therefore due to some projects being large, the benchmark will fluctuate above and below each year.

5 Debt servicing benchmark

(1) For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

(2) Because Statistics New Zealand projects that the Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

Statement of Accounting Policies

REPORTING ENTITY

Invercargill City Council ("the Council") is a territorial local authority governed by the Local Government Act 2002.

The Council has not presented group prospective financial statements because the Council believes that the parent prospective financial statements are more relevant to the users. The main purpose of prospective financial statements in the Annual Plan is to provide users with information about core services that the Council intends to provide ratepayers, the expected cost of those services and, as a consequence, how much the Invercargill City Council requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries, except to the extent that Invercargill City Council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements presented.

The primary objective of the Council is to provide goods or services for the Community or social benefit rather than making a financial return. Accordingly, the Council is classified as a Tier 1 Public Sector Public Benefit Entity ("PBE").

BASIS OF PREPARATION

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 95 and Part 2 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. These prospective financial statements prepared under Tier 1 PBE International Public Sector Accounting Standards (IPSAS).

The Accounting Policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property, biological assets and financial instruments (including derivative instruments).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the Council is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Revenue and Expense.

The Council adopted the prospective financial statements on 23 May 2017.

The Council and Management of the Invercargill City Council accept responsibility for the preparation of their prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

No actual financial results have been incorporated within the prospective financial statements.

SUBSIDIARIES

The Council consolidates as subsidiaries in the group financial statements all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where the Council

controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The Council measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over the Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

BASIS OF CONSOLIDATION

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, revenue and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

The Council's investment in its subsidiaries are carried at deemed cost in the Council's own "parent entity" financial statements. Deemed cost is based on the net asset value of the subsidiary on conversion to NZ IFRS.

ASSOCIATES

The Council accounts for investments in associates in the group financial statements using the equity method. An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The

investments in associates is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council's share of the surplus or deficit of the associates after the date of acquisition. The Council's share of the surplus or deficit of the associates is recognised in the Council's Statement of Comprehensive Revenue and Expense at the group level. Distributions received from associates reduce the carrying amount of the investment.

The Council's share in the associate's surplus or deficit resulting from unrealised gains on transactions between the Council and its associates is eliminated.

The Council investments in associates are carried at cost in the Council's own financial statements.

JOINT VENTURES

Joint ventures are those entities over which the Council has joint control, established by contractual agreement. The consolidated financial statements include the Council's proportionate share of the joint venture entities' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis, from the date joint control commences until the date joint control ceases.

REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Council and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

PBE IPSAS 23.106(a) requires, either in the statement of financial position or the notes, that entities disclose the amount of revenue from non-exchange transactions by major classes, showing separately: i) taxes, showing separately major classes of taxes; and ii) transfers, showing separately major classes of transfer revenue. Due to the difficulty in classifying revenue as either an exchange or non-exchange transaction and the separate labelling of revenue as exchange or non-exchange generally does not provide any additional useful information (and is therefore unlikely to be material), we have decided to not label revenue as exchange or non-exchange in the prospective Statement of Comprehensive Revenue and Expense.

Revenue from non-exchange transactions:

General and targeted rates

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Government grants and funding

The Council receives government grants from the New Zealand Transport Agency, which subsidises part of the Council's costs in maintaining the local roading infrastructure.

Revenues from non-exchange transactions with the Government and government agencies is recognised when the Council obtains control of the transferred asset (cash, goods, services, or property), and:

- it is probable that the economic benefits or service potential related to the asset will flow to the Council

and can be measured reliably; and

- the transfer is free from conditions that require the asset to be refunded or returned to the Government if the conditions are not fulfilled.

Revenue from government grants and funding is measured at the fair value of the assets (cash, goods, services, or property) transferred over to the Council at the time of transfer.

To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only when the Council has satisfied these conditions.

New Zealand Units (NZU's) allocated by the Crown represent non-monetary government grants and are initially recognised at nil value. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These are included in the surplus/deficit in the Statement of Comprehensive Revenue and Expense.

Fines

Traffic and parking infringements are recognised when tickets are issued.

Direct charges - subsidised

- (i) Rendering of services - subsidised

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as resource consents, building consents, water connections, dog licensing, etc.), and where the shortfall is subsidised by revenue from other activities, such as rates. Generally there are no conditions attached to such revenue.

Revenue from such subsidised services is recognised when the Council issues the invoice or bill for the service. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from the Council for the service) if the service is not completed.

Contributions from customers in relation to the construction of new lines for the network are accounted for as revenue in the year which they have been received.

(ii) Sale of goods - subsidised

The sale of goods at a price that is not approximately equal to the value of the goods provided by the Council is considered a non-exchange transaction. This includes the sale of goods where the price does not allow the Council to fully recover the cost of producing the goods, and where the shortfall is subsidised by revenue from other activities such as rates.

Revenue from the sale of such subsidised goods is recognised when the Council issues the invoice or bill for the goods. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the goods.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in the Council are recognised as revenue when control over the asset is obtained.

Revenue from exchange transactions:

Direct charges - full cost recovery

(i) Rendering of other services - full cost recovery
Revenue from the rendering of services is recognised by reference to the stage of completion of the

transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

(ii) Sale of goods - full cost recovery

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be reliably estimated and there is no continuing management involvement with the goods.

Interest revenue

Interest revenue is recognised using the effective interest method.

Dividends

Dividends are recognised when the right to receive payment has been established.

CONSTRUCTION CONTRACTS

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the Statement of Comprehensive Revenue and Expense.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

GRANT EXPENDITURE

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

INCOME TAX

Income tax expense in relation to the surplus or deficit 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 the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

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 recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date. Current tax and deferred tax is charged or credited to the statement of comprehensive 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.

LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset, or assets, or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases

A finance lease is a lease that 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 commencement of the lease term, the Council recognises finance leases as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council 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.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

INVENTORIES

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The write down from cost to current replacement cost or net realisable value is recognised in the Statement of Comprehensive Revenue and Expense.

FINANCIAL ASSETS

The Council classifies its financial assets into the following four categories: available for sale investments, loans and receivables, held-to-maturity investments and financial assets at fair value through surplus or deficit. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, net asset backing, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

- **Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Revenue and Expense. Loans and receivables are classified as “other financial assets” in the Statement of Financial Position. Investments in this category include fixed term deposits and loans to associates.

- **Hold-to-maturity investments**

Hold-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

- **Financial assets at fair value through surplus or deficit**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on remeasurement are recognised in the Statement of Comprehensive Revenue and Expense.

- **Available for sale investments**

Available for sale investments are those that are designated as being held to maturity or are not classified in any of the other categories above. This category encompasses investments that the Council intends to hold long-term but which may be realised before maturity. After initial

recognition these investments are measured at their fair value. Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the Statement of Comprehensive Revenue and Expense. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in Statement of Comprehensive Revenue and Expense even though the asset has not been derecognised. Investments in this category include shares in Local Government Insurance Corporation.

Shareholdings that Invercargill City Council holds for strategic purposes

Invercargill City Council's investments in its subsidiaries and associate companies are not included in this category as they are held at cost (as allowed by PBE IPSAS 6 Consolidated and Separate Financial Statements and PBE IPSAS 7 Investments in Associates) whereas this category is to be measured at fair value.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Impairment of financial assets

At each balance sheet date the Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Statement of Comprehensive Revenue and Expense.

FINANCIAL INSTRUMENTS

- **Trade and other receivables**

Trade and other receivables are initially measured at fair value and subsequently measured at

method, less any provision for impairment.

Loans, including loans to community organisations made by the Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the Statement of Comprehensive Revenue and Expense as a grant.

A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

- **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, and bank overdrafts.

Bank overdrafts are shown separately in current liabilities in the Statement of Financial Position.

- **Borrowings**

Borrowings are initially recognised at their fair value, net of any transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability at least 12 months after the balance date.

- **Trade and other payables**

Trade and other payables are initially measured

at fair value, and subsequently measured at amortised cost using the effective interest method.

Accounting for derivative financial instruments and hedging activities

The Council uses derivative financial instruments to hedge exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date. However, where derivatives qualify for hedge accounting, recognition for any resultant gain or loss depends on the nature of the hedging relationship.

- **Cash flow hedge**

Changes in the fair value of the derivatives hedging instruments designated as a cashflow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in surplus or deficit.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity will be reclassified into surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects surplus or deficit.

However, if Invercargill City Council expects that all or a portion of a loss recognised directly in equity will not be recovered in one or more future periods, it will reclassify into surplus or deficit the amount that is not expected to be recovered.

When a hedge of a forecast transaction subsequently results in the recognition of a

non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the associated gains and losses that were recognised directly in equity will be included in the initial cost or carrying amount of the asset or liability.

For cash flow hedges other than those covered above, amounts that had been recognised directly in equity will be recognised in surplus or deficit in the same period or periods during which the hedged forecast transaction affects surplus or deficit (for example, when a forecast sale occurs).

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. The amount recognised in equity is transferred to surplus or deficit in the same period that the hedged item affects the surplus or deficit.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of:

- Operational assets - These include land, buildings, library books, plant and equipment, and motor vehicles.
- Restricted assets - Restricted assets are parks and reserves owned by the Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- Infrastructure assets - Infrastructure assets are the fixed utility systems owned by the Council.

Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

- Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

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 Council 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 as at the date of acquisition.

DISPOSALS

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset.

Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

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 Council and the cost of the item can be measured reliably.

DEPRECIATION

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) 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:

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

Buildings		Buildings
▪ Structures		2% - 3% SL
▪ Roof		2% - 3% SL
▪ Electrical		2% - 3% SL
▪ Plumbing		2% - 3% SL
▪ Internal Fitout		2% - 3% SL
▪ Plant		2% - 3% SL
Furniture and Fittings		
▪ Furniture and Fittings		6.7% - 50% DV
Office Equipment		
▪ Office Equipment		14.4% - 60% SL/DV
Infrastructural Assets		
Drainage		2.96% - 7.14% SL
Bridges		1.3% SL
Traffic Services		4.98% - 22.22% SL
Footpaths and Crossings		8.96% - 13.95% SL
Features and Structures		5.75% - 6.28% SL
Roads		
▪ Formation		0%
▪ Shoulder and Pavements		3.17% - 6.74% SL
▪ Top Surface		11.54% SL
Drainage and Stormwater		
▪ System		1.7% - 2.65% SL
▪ Plant		5.15% - 5.83% SL
▪ Buildings		2.65% - 5.83% SL
Water		
▪ System		1% - 11.34% SL
▪ Plant and Buildings		4.21 - 5.63% SL

Plant	
Plant	5% - 50% SL/DV
Tools	
Tools	10% SL where applicable
Motor Vehicles	
Motor Vehicles	12.0% - 33.0% SL/DV
Library Collections	
Library Collections	14.28% - 30.68% SL
<i>The non fiction collection is not depreciated.</i>	

REVALUATION

Those asset classes that are revalued are valued on a valuation cycle as described below on the basis described below. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

VALUATION

All assets are valued at historic cost less accumulated depreciation and impairment costs, except the following:

- Operational land and buildings have been valued at fair value. Valuations are completed three yearly.
- Investment land and buildings have been valued annually at net realisable value. Any adjustment to the values has been accounted for as an increase (decrease) in the Statement of Comprehensive Revenue and Expense.
- Restricted land (excluding forestry land) and buildings have been valued at net current value by Quotable Value New Zealand (Registered Valuers) as at 30 June 1992.

- Library collections are valued at depreciated replacement cost. Valuations are completed three yearly.

- Infrastructural Assets**

- Land under Roads**

Land under roads has been valued at deemed cost at transition to NZIFRS. Deemed cost is the fair value being the current valuation at 30 June 2005.

- Roads and Bridges**

Roads and Bridges are valued at depreciated replacement cost, being gross replacement cost less accumulated depreciation to date, based on the Current Age Profile compared to Useful Life. Valuations are completed three yearly.

- Stormwater, Wastewater and Water Systems**

Assets are valued at depreciated replacement cost, being gross replacement cost less accumulated depreciation to date, based on the Current Age Profile compared to Useful Life. Valuations are completed three yearly.

- Forestry Land**

Forestry Land is revalued with sufficient regularity to ensure carrying value does not differ materially

- from that which would be determined as fair value. It is anticipated that the Forestry Land revaluation will occur with the revaluation of other Property Plant and Equipment assets that are revalued every three years, unless circumstances require otherwise. Land has been revalued based on its best use. In determining the highest and best use consideration is given as to whether the land has been registered under the New Zealand Emissions Trading Scheme and hence whether there are restrictions on the land use. New Zealand units received from the government are recognised at cost in the financial statements, which is nil value.

Accounting for revaluations

The Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluating are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Revenue and Expense.

Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expense will be recognised first in the Statement of Comprehensive Revenue and Expense up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

INTANGIBLE ASSETS

Software

Other intangible assets that are acquired by the Group, which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the Statement of Comprehensive Revenue and Expense on a straight-line basis over the estimated useful economic lives of the intangible assets. The amortisation rates for the current period are as follows:

Software 20-48% Straight Line/Diminishing Value

FORESTRY ASSETS

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the Statement of Comprehensive Revenue and Expense.

The costs to maintain the forestry assets are included in the Statement of Comprehensive Revenue and Expense.

INVESTMENT PROPERTY

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, the Council measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the Statement of Comprehensive Revenue and Expense.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets 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 amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Statement of Comprehensive Revenue and Expense.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve.

However, to the extent that an impairment loss for that class of asset was previously recognised in Statement of Comprehensive Revenue and Expense, a reversal of the impairment loss is also recognised in the Statement of Comprehensive Revenue and Expense.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

EMPLOYEE BENEFITS

SHORT-TERM BENEFITS

Employee benefits that the Council expects to be settled within 12 months of balance date are measured at nominal values 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, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

LONG-TERM BENEFITS

Long service leave and retirement leave

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

Superannuation schemes

Defined contribution schemes:

- Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Revenue and Expense as incurred.

Defined benefit schemes:

- The Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

PROVISIONS

The Council 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 losses.

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 an interest expense.

LANDFILL POST CLOSURE COSTS

The Council has a legal obligation under the Resource Consent to provide ongoing maintenance and monitoring services at the landfill site after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

EQUITY

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Retained earnings
- Council reserves (includes sinking funds, special reserves and endowment reserves)
- Fair value and hedging reserves
- Asset revaluation reserves

GOODS AND SERVICES TAX (GST)

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

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

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

COST ALLOCATION

The Council has derived the cost of service for each significant activity of the Council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements Invercargill City Council 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 within the next financial year are discussed below:

Properties

Invercargill City Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of Invercargill City Council's Housing Care Services Activity. These properties are accounted for as property, plant and equipment.

Infrastructural Assets

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth.
- If useful lives do not reflect the actual consumption of the benefits of the asset, then Invercargill City Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense.

To minimise this risk, Invercargill City Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Invercargill City Council's asset management planning activities, which gives Invercargill City Council further assurance over its useful life estimates.

Experienced independent valuers review the Council's infrastructural asset revaluations.

Classification of non-financial assets as cash-generating assets or non-cash-generating assets
For the purpose of assessing impairment indicators and impairment testing, the Council classifies non-financial assets as either cash-generating or non-cash-generating assets. The Council classifies a non-financial asset if the primary objective of the asset is to generate a commercial return. All other assets are classified as non-cash-generating assets.

All property, plant and equipment and intangible assets (excluding goodwill) held by Council are classified as non-cash-generating assets, except for rental properties that are earning a market rental. This includes assets that generate fee revenue or other cash flows for Council as these cash flows are generally not sufficient to represent commercial return on the assets.

PROSPECTIVE FINANCIAL INFORMATION

The financial information contained within this document is prospective financial information in terms of accounting standard FRS42 and complies with this standard. The purpose for which it has been prepared is to enable ratepayers, residents and any other interested parties to obtain information about the expected future financial performance, position and cash flow of the Invercargill City Council. The actual results achieved for any particular financial

year are also likely to vary from the information presented and may vary materially depending on the circumstances that arise during the period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

CHANGES IN ACCOUNTING POLICIES

There have been no significant changes to accounting policies.

Rating Policy

This Rating Policy should be read in conjunction with the Revenue and Financing Policy and the funding principles included in the Long-Term Plan. Figures in this Policy are GST inclusive.

The following rates will be set by Council for the financial year commencing 1 July 2017 and ending 30 June 2018.

The following are the details for each of the rates to be set for each financial year. All rates set by way of a rate in the dollar are based on capital value. All rates are charged on the basis of Rating Unit, except for the Residential Multi Unit category where it is stated in the policy following as charged on the basis of separately used or inhabited part of the rating unit (SUIP).

SUIP is defined as any part of a rating unit separately occupied by the owner or any other person who has the right to occupy that part by virtue of a tenancy, lease, licence or other agreement.

DIFFERENTIALS APPLIED IN SETTING GENERAL AND TARGETED RATES

In order to maintain an equitable rating impact and preserve the relationship which exists between residential, rural, commercial, utilities and large industrial rating units, differentials have been applied to the residential rating unit base rate, as follows:

Differentials applied in setting Rates		%
Residential	Base Rate	100.00
Residential - Multi Units		
• For the first unit	Base Rate	100.00
• For each additional unit	Base Rate	- 25.00
Commercial	Base Rate	100.00
Industrial	Base Rate	100.00
Rural-Farming	Base Rate	- 30.00

GENERAL RATE

The general rate is to fund the activities of Environmental Health, Building Control, Emergency Services, Grants, Total Mobility, Civic Theatre, Democratic Process, Destination Marketing, Enterprise and 15% of both street lighting and

footpaths. It is based on the capital value of that rating unit. This is the base rate.

Differentials will be applied to the general rate as outlined above. No uniform annual general charge is applied.

	2016/17 \$	2017/18 \$
General Base Rate	0.00110183	0.00101215

UNIFORM ANNUAL CHARGE AND TARGETED RATE

A uniform annual charge on all ratepayers will be levied for both the Parks and Reserves Activity and the Pools Activity. The remaining revenue required from rates will be gathered from a targeted rate on residential and lifestyle properties only.

- **Parks and Reserves Rate** is to fund provision of Parks and Reserves in the District.
- **Pools Rate** is to fund provision of Aquatic Facilities in the District.

	2016/17 \$	2017/18 \$
Parks and Reserves Uniform Annual Charge	57.50	57.50
Parks and Reserves Base Rate	0.00107317	0.00106817
Pools Uniform Annual Charge	28.75	28.75
Pools Base Rate	0.00034411	0.00035944

TARGETED RATES

Targeted Rates Payable on All Rating Units

The following rates are payable on all rateable land by applying a rate in the dollar based on the capital value of the rating unit and are subject to the differentials as outlined.

- **Resource Management Rate** is to fund the function of Resource Management.
- **Roading Rate** is to fund the provision of Roothing Services.
- **Cemeteries Rate** is to fund the operation of Council's Cemeteries.

	2016/17 \$	2017/18 \$
Resource Management Base Rate	0.00020797	0.00021095
Roothing Base Rate	0.00088111	0.00088018
Cemeteries Base Rate	0.00004031	0.00004807

The following rates are set on all rating units by applying a fixed charge with differentials applied as outlined.

- **Residential** - Multi units are charged on the basis of SUIP.
- **Libraries Rate** is to fund provision of Library Services in the District.
- **Regional Heritage Rate** is to fund Council's contribution to the operation of Southland museums and heritage.
- **Regional Facilities Rate** is to fund Council's contribution to the operation of Southland regional facilities.

	2016/17 \$	2017/18 \$
Libraries Base Rate	186.58	188.04
Regional Heritage Base Rate	39.10	40.36
Regional Facilities Base Rate	0	0

The following rate applies to those rating units which have a land use as shown in the Rating Information Database of commercial only. This differential has the objective of applying a nil rate to all other categories of land use.

The rate is detailed below:

- **Business Development Rate** is to fund all costs associated with the redevelopment of commercial areas.

	2016/17 \$	2017/18 \$
Business Development Base Rate	0.00064869	0.00060448

The following rate applies to those rating units which have a land use as shown in the Rating Information Database of commercial or industrial only. This differential has the objective of applying a nil rate to all other categories of land use.

The rate is detailed below:

- **Economic Development Rate** is to fund economic, sporting and cultural development initiatives.
- **City Centre Rejuvenation Rate** (Map H).

	2016/17 \$	2017/18 \$
Economic Development Base Rate	0.00019070	0.00018415
City Centre Rejuvenation Base Rate	0.00020873	0.00031042

• **Targeted Rates Payable by Groups of Ratepayers**

Payable by Ratepayers Within a Specified Location

The following rates are payable on all rateable land within a specified location. A general description of the area is given in each case. Maps defining the areas are attached as Maps A - G and I.

1. **Rateable Land Within the Invercargill City and Bluff Urban Areas** (Map A). These targeted rates will be set for each rating unit by applying a rate in the dollar based on the capital value of the rating unit. Differentials will be applied to these targeted rates as outlined earlier. 85% of the rates for footpaths and street lighting will be targeted and 15% general rate.
 - **Footpaths Rate** to fund provision of footpaths in the Invercargill City and Bluff areas.
 - **Street Lighting Rate** to fund provision of street lighting in Invercargill City and Bluff.

	2016/17 \$	2017/18 \$
Footpaths Base Rate	0.00039872	0.00038129
Street Lighting Base Rate	0.00012209	0.00010847

2. **Rateable Land within the Invercargill City Area Only** (Map B). This targeted rate will be set for each rating unit by applying a rate in the dollar based on the capital value of the rating unit. Differentials will be applied to these targeted rates as outlined.

- **Transport Rate** to fund the cost of subsidised passenger transport in the Invercargill City area.

	2016/17 \$	2017/18 \$
Transport Base Rate	0.00013261	0.00011052

3. **Rateable Land Within the Makarewa Drainage Area** (Map C). The Makarewa targeted drainage rate will be set for each rating unit on a fixed charge per rating unit basis.

- **Drainage - Makarewa Rate** to fund costs in the Makarewa Drainage area.

	2016/17 \$	2017/18 \$
Drainage Makarewa Base Rate	82.58	79.93

1. **Rateable Land Within the Myross Bush Drainage Area** (Map D). The Myross Bush targeted drainage rate will be set for each rating unit on a fixed charge per rating unit basis.

- **Drainage - Myross Bush Rate** to fund costs in the Myross Bush Drainage area.

	2016/17 \$	2017/18 \$
Drainage Myross Bush Base Rate	80.73	79.49

2. **Rateable Land Within the Specified Locations for Community Centres** (Map E). These targeted rates will be set for each rating unit on a fixed charge per rating unit basis to fund the cost of operating a Community Centre in each location.

- **Community Centre - Myross Bush Rate**
- **Community Centre - Otatara Rate**
- **Community Centre - Awarua Rate**
- **Town Hall - Bluff Rate**

	2016/17 \$	2017/18 \$
Community Centre - Myross Bush Rate	30.00	30.00
Community Centre - Awarua Rate	30.00	30.00
Community Centre - Otatara Rate	15.00	15.00
Town Hall - Bluff Rate	15.00	16.50

3. **Rateable Land Within the Bluff Ward** (Map F). This targeted rate will be set for all rateable land by applying a rate in the dollar based on the capital value of the rating unit. Differentials will be applied to this rate as outlined.

- **Community Board - Bluff Rate** to fund costs within the Bluff Community Board.

	2016/17 \$	2017/18 \$
Bluff Community Board Base Rate	0.00036286	0.00035754

1. *Land Within the Redmayne Road Drainage District* (Map G).

- *Drainage Rate - Redmayne Road* to fund drainage operational costs.

	2016/17 \$	2017/18 \$
Drainage Redmayne Road Board Base Rate	80.15	80.30

2. **Land Within the Inverurie Rating Area** (Map I).

- *Inverurie Maintenance Rate*. Requested by developer of Inverurie Subdivision.

	2016/17 \$	2017/18 \$
Inverurie Maintenance Rate	0	0

▪ **Targeted Rates Payable Where a Service is Provided or Available for Provision by Council**

The following rates are payable on all rateable land where the service is provided or available to be provided. In the provision of water, sewerage and refuse disposal services these rates also apply to those non-rateable rating units as specified in Section 9 and Parts 1 and 2 of Schedule 1, Local Government (Rating) Act 2002. There are two categories for each rate - Residential and Non-Residential.

Non-residential means rateable land included in the Rating Information Database as rating units being used for Commercial, Industrial or Other purposes. Rest Homes, Hospitals, Schools, Kindergartens and Playcentres, Halls, Services and Sports facilities are included in the Non-residential category. Residential Multi Units are charged on the basis of SUIP.

	2016/17 \$	2017/18 \$
Water Base Rate	313.19	370.19
Sewerage Base Rate	200.82	232.46
Drainage Base Rate	141.91	146.05

The following differentials will be applied to these targeted rates:

- **Water** - those rating units designated residential will meet 84% of the total water rate. Non-residential rating units will meet 16%.
- **Sewerage** - those rating units designated residential will meet 75% of the total sewerage rate. Non-residential rating units will meet 25%.
- **Drainage** - those rating units designated residential will meet 75% of the total drainage rate. Non-residential rating units will meet 25%.
- **All rateable land designated residential** will be set a fixed charge for each of the water, sewerage and drainage rates.
- **Vacant rating units** which are able to be connected to a water, sewerage or drainage system but have not been connected will be charged half the amount of the above charge.
- **All rateable land designated as non-residential** will be set a fixed charge for each of the water, sewerage and drainage rates based on a range of capital values as follows:

			%
Less Than \$50,000	= Base Fixed Charge		-20
From \$50,001 - \$100,000	= Base Fixed Charge		100
\$100,001 - \$200,000	= Base Fixed Charge		+ 20
\$200,001 - \$400,000	= Base Fixed Charge		+ 40
\$400,001 - \$1,000,000	= Base Fixed Charge		+ 100
\$1,000,001 - \$3,000,000	= Base Fixed Charge		+ 200
\$3,000,001 - \$5,000,000	= Base Fixed Charge		+ 300
\$5,000,001 +	= Base Fixed Charge		+ 400

Refuse Collection Rate is to fund the provision of refuse removal and kerbside recycling services in the serviced area. This targeted rate will be set by applying a fixed charge for each rate on all rateable land within the serviced area which receives or is able to receive the service.

The **General Waste Management Rate** is 17% of the total solid waste service cost and is the education and administration service provided to all ratepayers. This rate is borne by all ratepayers. Differentials will be applied to these targeted rates as outlined. Each additional wheelie bin provided for refuse or recycling costs \$191.73 per annum.

	2016/17 \$	2017/18 \$
Refuse Collection Base Rate	186.17	191.67
Additional Wheelie Bin	186.17	191.67
General Waste Management Rate	33.87	34.90

ADDITIONAL RATING POLICIES

In addition to the Policy and method of collecting rates as outlined above the following additional policies will also be applied.

Rating of Utilities

Utilities as specified in the Rating Information Database will be charged only the following rates:

- *General Rate*
- *Resource Management Rate*
- *Roading Rate*
- *Parks and Reserves Rate*
- *Cemeteries Rate*
- *Libraries Rate*
- *Pools Rate*
- *Regional Heritage Rate*

All utilities are rated as industrial properties at their full capital value.

Rating of Non-Rateable Land

Rating units which are deemed to be non-rateable under the Local Government (Rating) Act 2002 will be rateable for water, sewerage and refuse collection where these services are provided (Section 9 of that Act).

These rating units will be assessed in the same manner as other ratepayers and according to their residential or non-residential status. Churches, community groups, residential homes and pensioner housing will be classified as residential for this purpose. All other non-rateable rating units will be classified as non-residential.

Water Charge

Water user charges based on metered consumption may also be made for water consumed by rating units, other than private residential rating units. This targeted rate will be charged by invoice, on a three monthly basis.

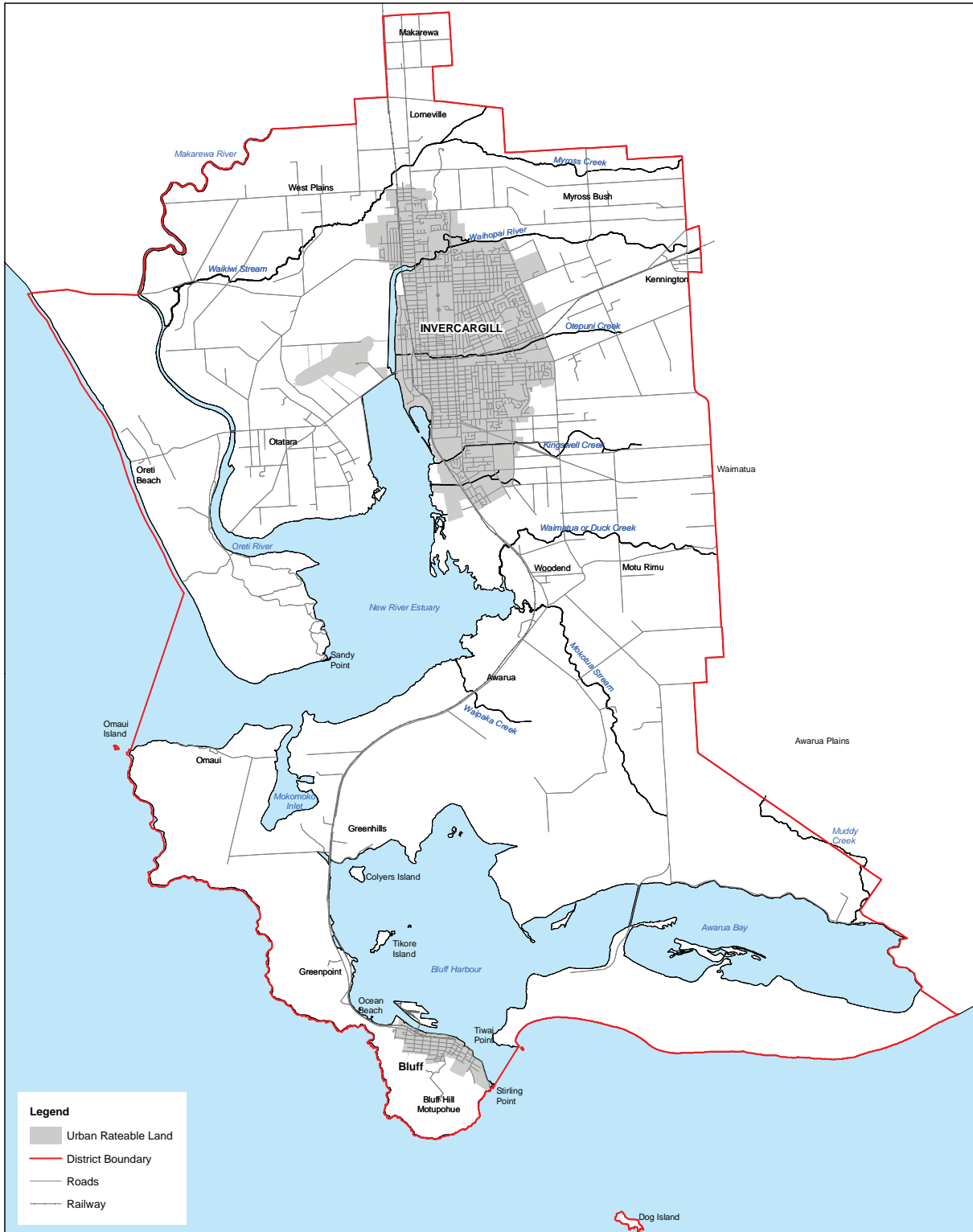
Industrial

The maximum value on which an industrial property is rated is \$21,000,000.

TOTAL RATES TO BE COLLECTED

The table below shows the total rates to be collected for Council's activities for 2017/18 compared to 2016/17

Total increase in rates	2016/17 (\$ GST inclusive)	2017/18 (\$ GST inclusive)
General Rate	7,219,759	6,723,621
Resource Management	1,362,703	1,401,327
Roading	5,773,479	5,846,982
Parks and Reserves	6,748,676	6,789,793
Cemeteries	264,149	319,310
Libraries	4,599,233	4,640,356
Pools	2,411,778	2,510,992
Regional Heritage	963,759	995,841
Footpaths	1,928,341	1,866,145
Street Lighting	587,461	527,977
Transport	633,046	533,970
Sewerage	5,561,231	6,450,642
Drainage	3,865,543	3,987,177
Drainage - Makarewa	13,213	12,869
Drainage - Myross Bush	10,011	9,777
Drainage - Redmayne Road	2,645	2,730
Refuse Collection	3,972,675	4,099,517
General Waste Management	813,680	839,660
Water	7,330,212	8,680,355
Economic Development	230,000	230,000
Business Development	866,862	828,996
City Centre Co-ordinator	92,000	137,762
Community Centres		
• Awarua	3,541	3,510
• Myross Bush	15,780	15,780
• Otatara	19,221	19,260
Bluff Town Hall	19,410	21,219
Bluff Community Board	82,890	82,634
Net Rates	55,391,298	57,578,202



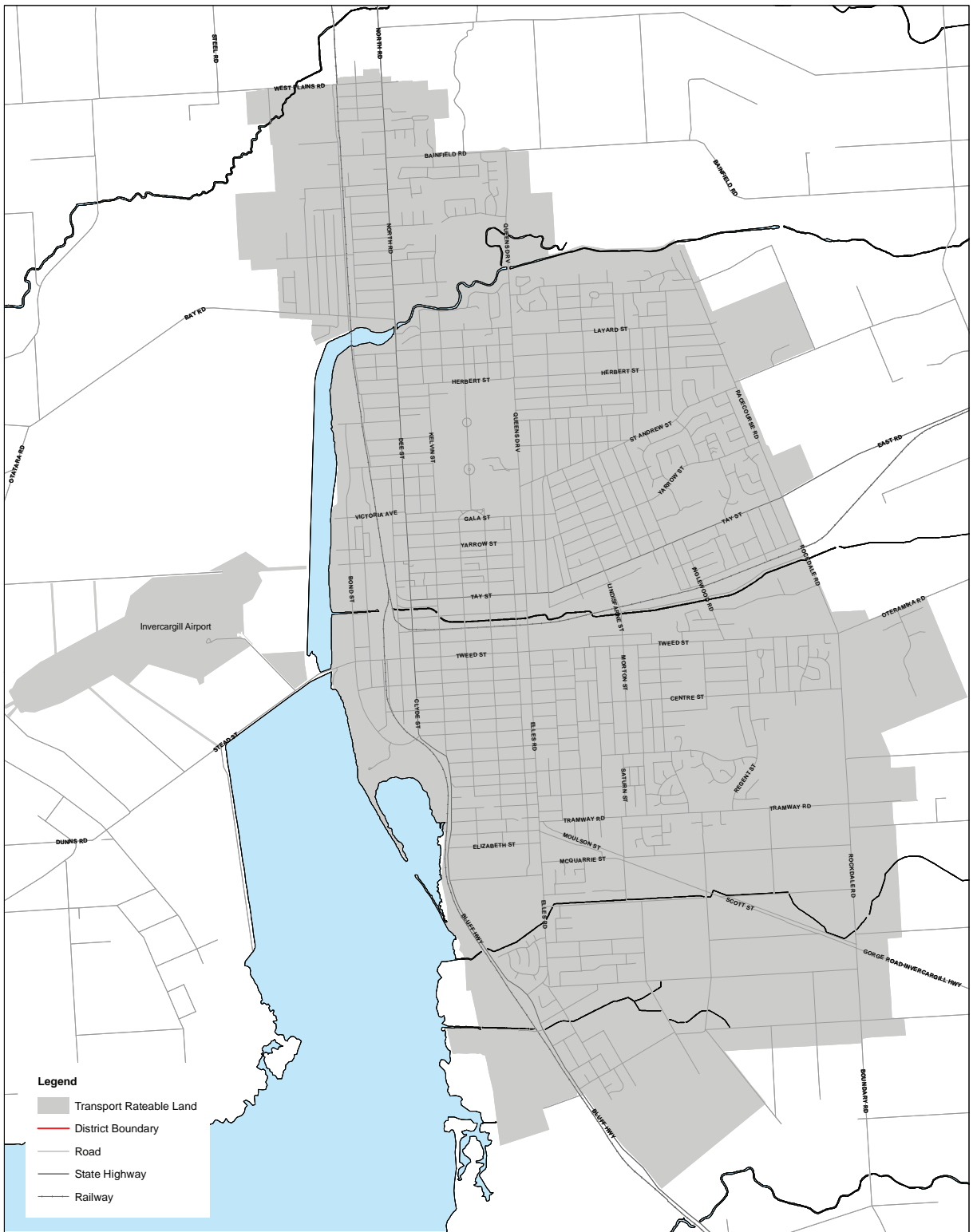
Legend

- Urban Rateable Land
- District Boundary
- Roads
- Railway



Map A
Urban Rateable Land - Invercargill and Bluff
Current as at : 1/3/2009

N
Information shown is the currently assumed knowledge as at Date Printed. If information is vital, confirm with the Authoritative Owner. E & O.E



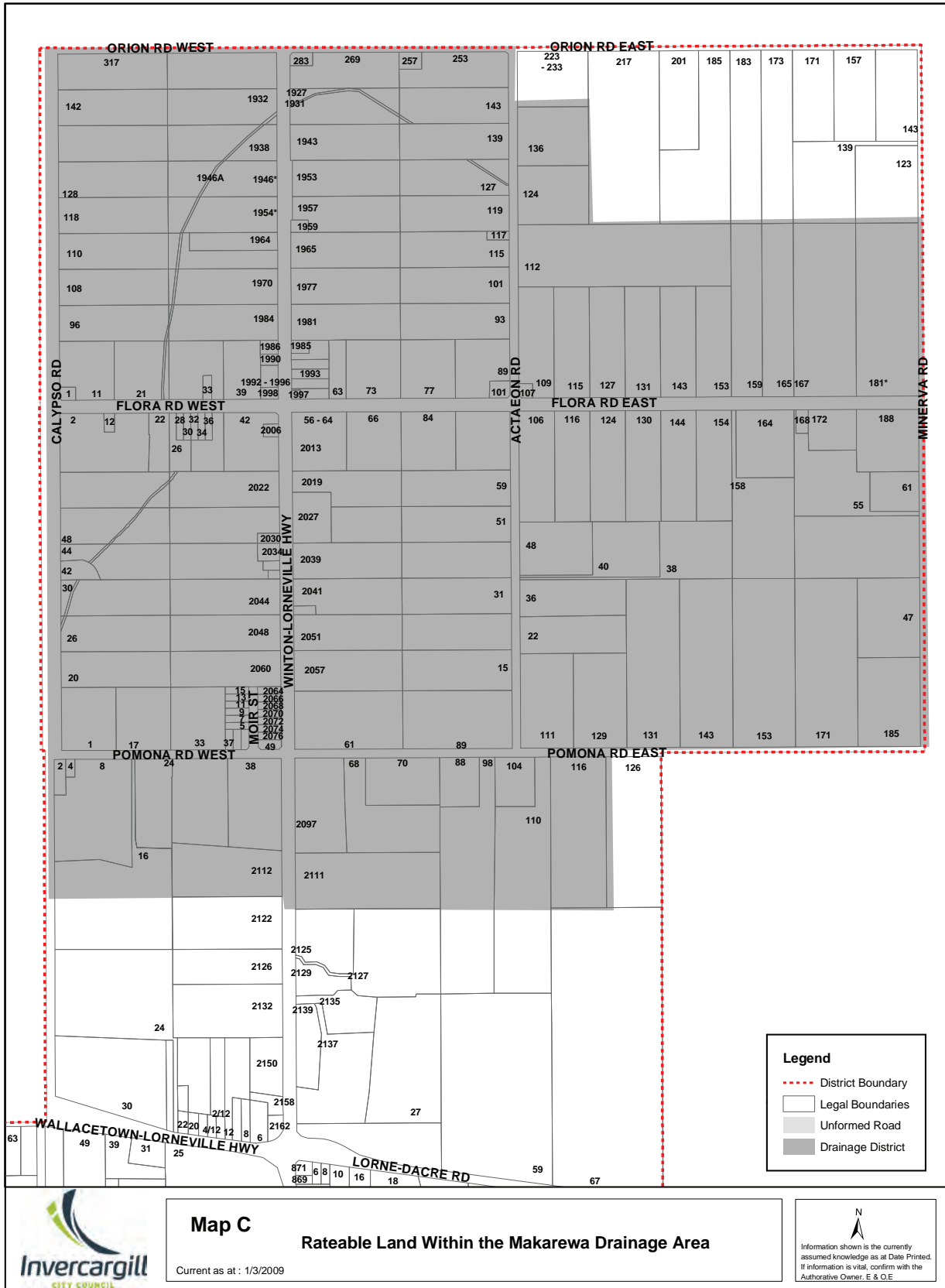
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- Transport Rateable Land
- District Boundary
- Road
- State Highway
- Railway



Map B
Transport Rateable Land
 Current as at : 1/3/2009

N
 Information shown is the currently assumed knowledge as at Date Printed. If information is vital, confirm with the Authoritative Owner, E & O.E.



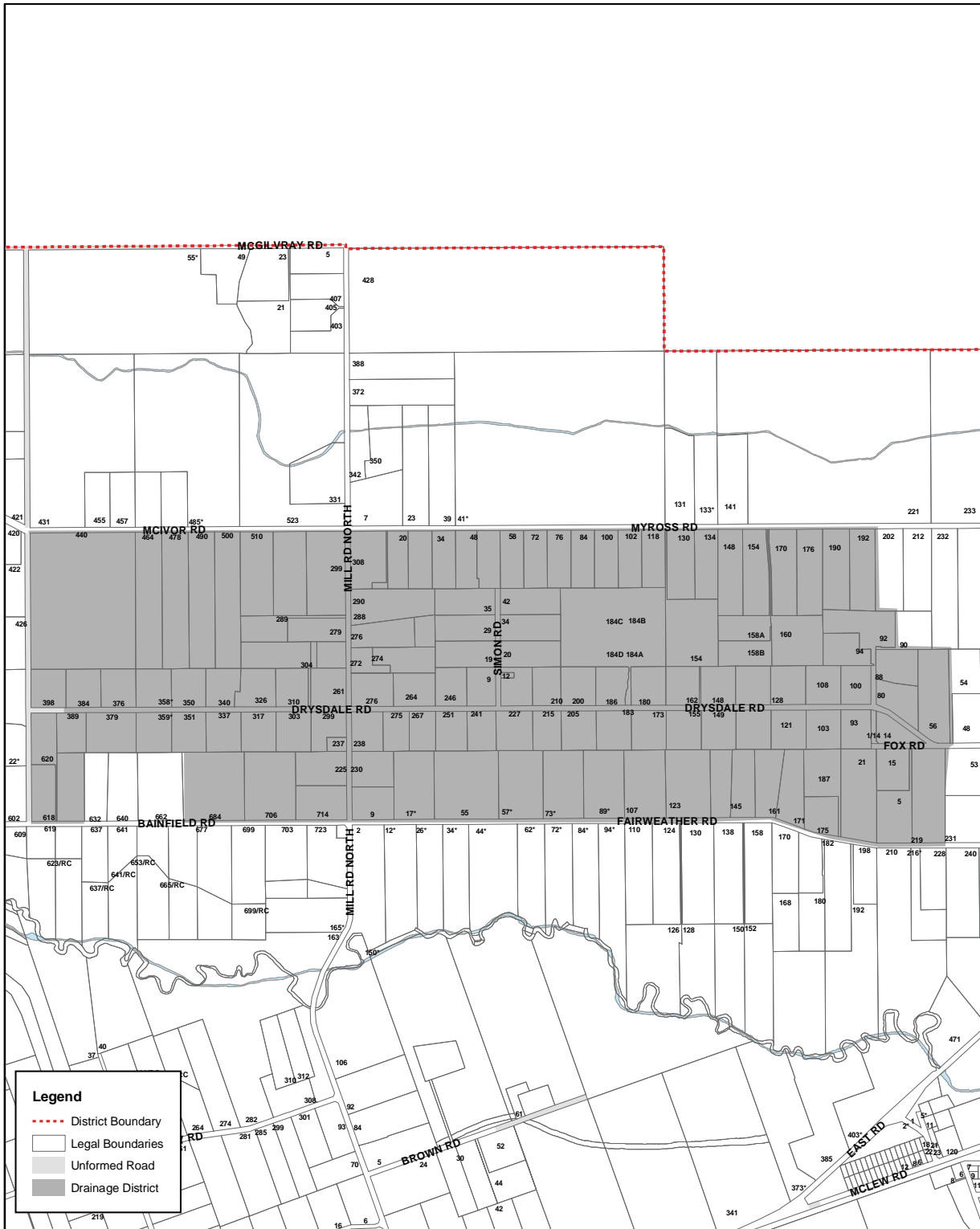
Map C
Rateable Land Within the Makarewa Drainage Area
 Current as at : 1/3/2009

Legend

- District Boundary
- Legal Boundaries
- Unformed Road
- Drainage District

N

Information shown is the currently assumed knowledge as at Date Printed. If information is vital, confirm with the Authoritative Owner, E & O.E.



Legend

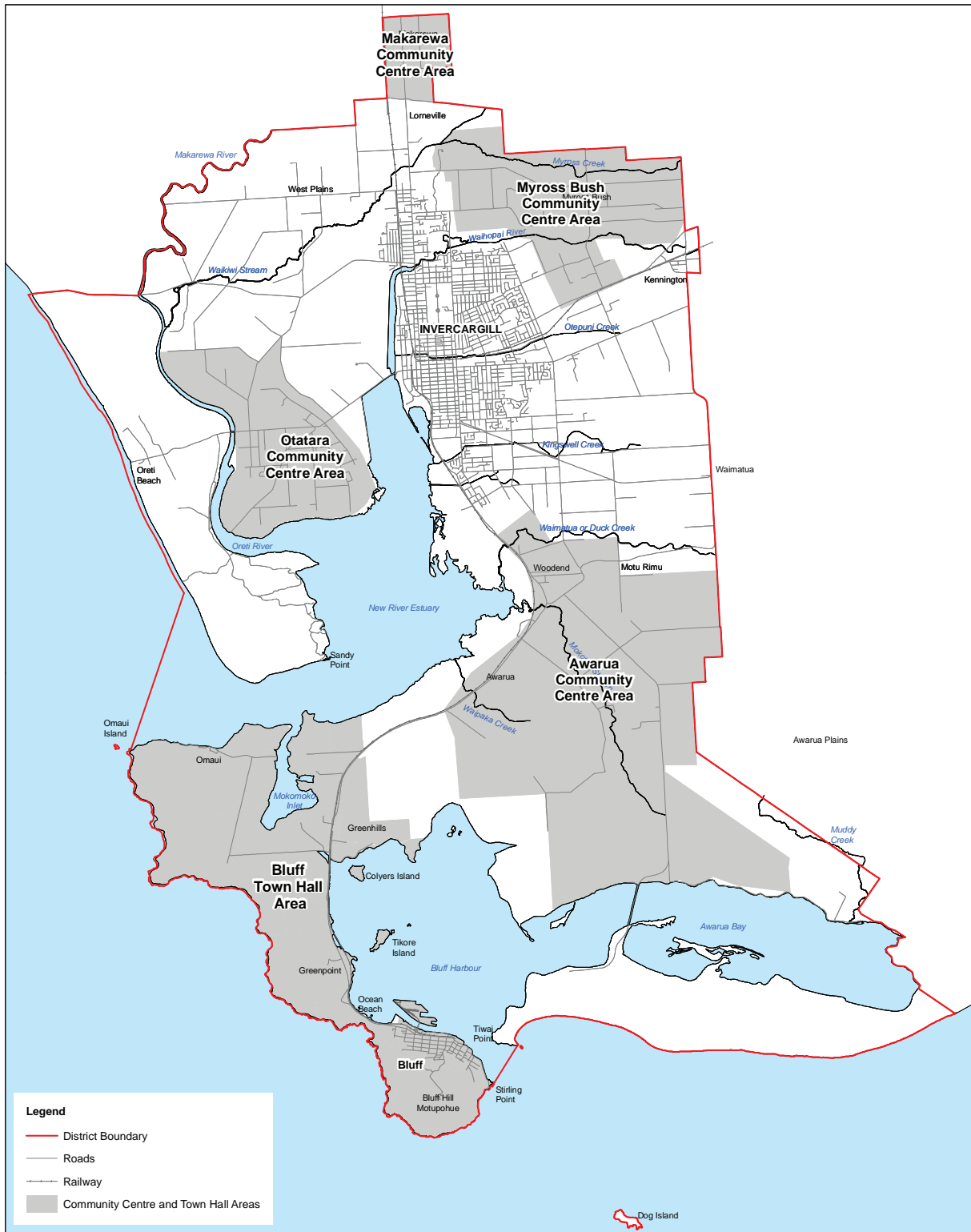
- District Boundary
- Legal Boundaries
- Unformed Road
- Drainage District



Map D
Rateable Land Within the Myross Bush Drainage Area
 Current as at : 1/3/2009

N

Information shown is the currently assumed knowledge as at Date Printed. If information is vital, confirm with the Authorative Owner, E & O.E



Legend

- District Boundary
- Roads
- Railway
- Community Centre and Town Hall Areas

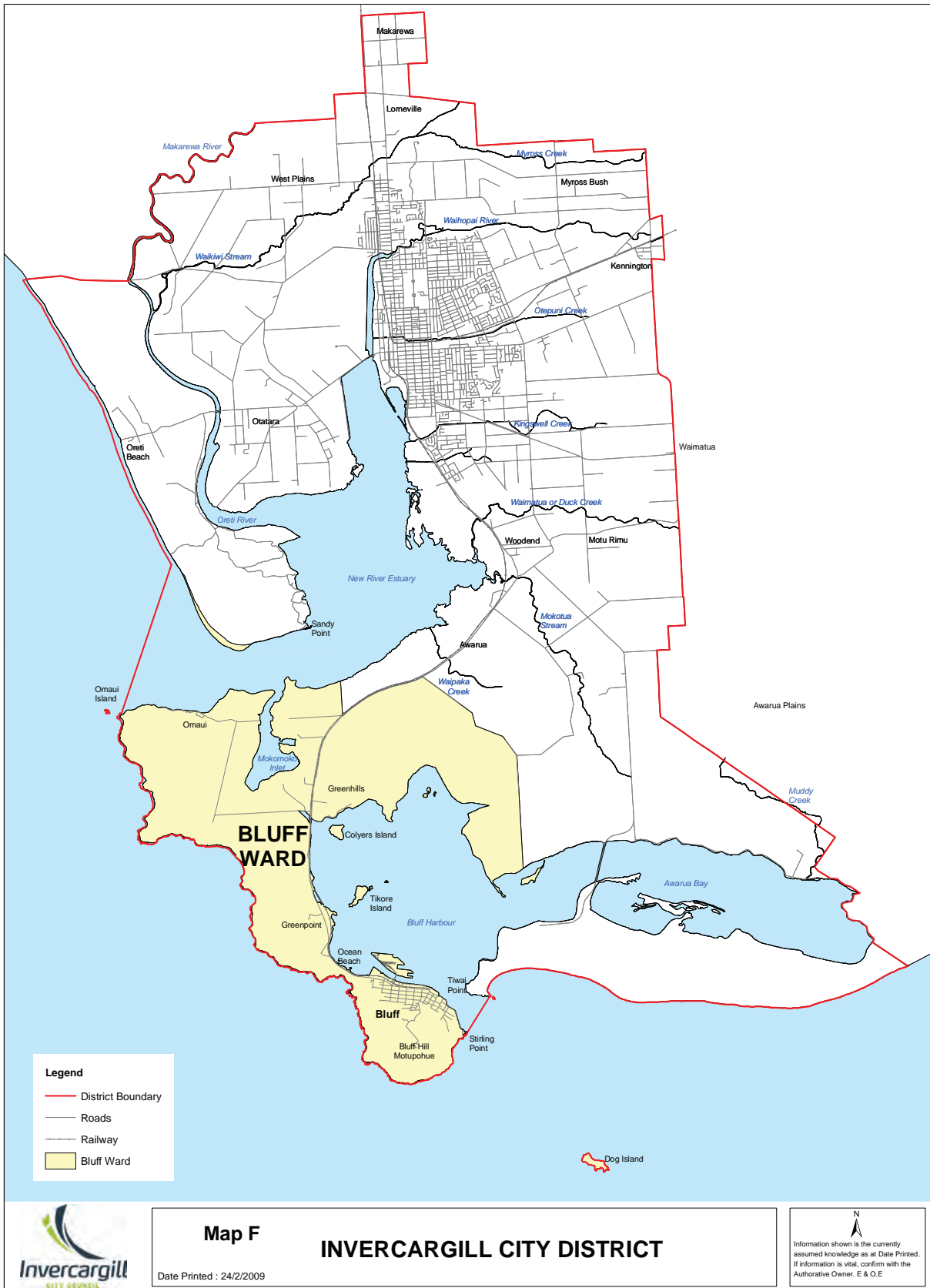


Map E **Rateable Land Within the Specified Locations For Community Centres and Bluff Town Hall**

Current as at : 1/3/2011

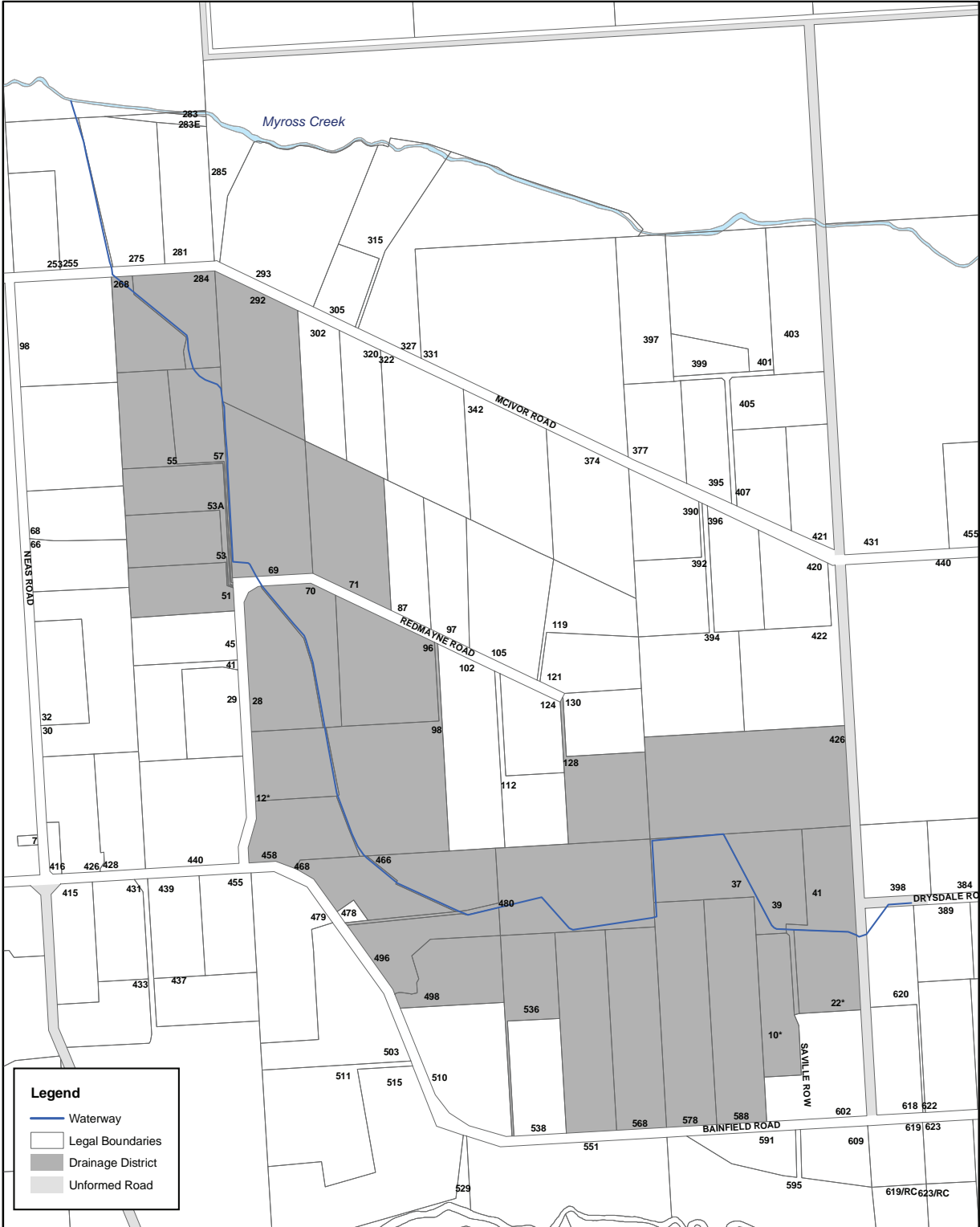
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Map F
INVERCARGILL CITY DISTRICT
 Date Printed : 24/2/2009

Information shown is the currently assumed knowledge as at Date Printed. If information is vital, confirm with the Authorative Owner. E & O.E





Map G
Rateable Land Within the Redmayne Road Drainage Area
Current as at : 1/3/2009

N
Information shown is the currently assumed knowledge as at Date Printed. If information is vital, confirm with the Authoritative Owner, E & O.E.



Legend

-  Legal Boundaries
-  Vibrant Rateable Land



Map H

City Centre Rateable Land

Current as at : 1/3/2009

N

Information shown is the currently assumed knowledge as at Date Printed. If information is vital, confirm with the Authoritative Owner, E & O.E

