

# Growing Invercargill 2014/2015



## ANNUAL REPORT SUMMARY

### Mayor's Comment

Despite the sudden collapse in the international value of milk, Invercargill is in relatively good shape. Stage 1 of the airport terminal rebuild is complete. The inner city upgrade is starting to take shape and the Tiwai Smelter has survived another round of negotiations. The Invercargill City Council has generally achieved the goals we set out to complete in our Annual Plan. Where those objectives have not been reached we have developed a Plan B and worked out alternative options. Many Councillors and residents were opposed to Council taking over Rugby Park. I'd like to congratulate the Stags for initiating open days that will help both opponents and rugby fans understand how complex modern day sport has become. I believe a positive relationship can be formed between the City (as landlords) and the Stags (as tenants) from which we will both benefit. Whenever we face controversial

issues Council makes a genuine and innovative attempt to consult with the public.

The construction of a consultation caravan is just one example of Council reaching out to the people in a way that has never happened before. Although we have over 200 pensioner flats Council have never really considered being involved in social housing. Times have changed with Central Government abandoning its State Houses; Council is holding meetings with other stake holders such as Ngai Tahu to consider alternatives. Regardless of the future challenges Invercargill may face this Council will try its best to make a positive impact on behalf of our community.



- Mayor Tim Shadbolt

## CE's Comment

Council has had to make some hard choices in the 2014/15 year. We still face the ongoing challenges that all regions in New Zealand face including an ageing population, how to maintain affordable rates and how to maintain low debt levels and provide a financial approach that is sustainable.

The Council continues to work on our vision, "creating an exciting, innovative, safe, caring and friendly City offering lifestyles based on a healthy environment and diverse growing economy." The first major plan in the City Centre Rejuvenation Project is almost finished with the completion of the Esk Street Pocket Park and an upgrade of the entire street from Dee Street to Kelvin Street. The Urban Rejuvenation Project has also seen success this year with the installation of a Bluff sign to welcome visitors as well as South City seeing a number of improvements.

We made the decision to save Rugby Park, helping to ensure our provincial rugby team and grass roots rugby clubs have a suitable location to showcase the local talent Invercargill and

Southland have to offer.

This decision meant a slight rates increase, but we must invest in our heritage and culture to ensure facilities are available for future generations.

Council will continue to face challenges, just as the rest of New Zealand's smaller cities do. It is the innovation, and skill that we use to face future challenges that set Invercargill apart. Together we can continue to make Invercargill a great place to live and work. I would like to thank Councillors, Staff and the Community for their contributions to the City. I look forward to facing the next year together and am sure that we will continue to make the city a success.



A handwritten signature in black ink, which appears to be 'Richard King'. The signature is written in a cursive style and is positioned above the printed name.

*Richard King*  
**CHIEF EXECUTIVE**

In the opinion of the Council and management of Invercargill City Council, this Summary Annual Report represents fairly and consistently the financial position and operations of Council as detailed in the Annual Report 2014/15. This Summary Annual Report is authorised for release by the undersigned on 30 October 2015.

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

Tim Shadbolt, Mayor

A handwritten signature in black ink, which appears to be 'Richard King'. The signature is written in a cursive style and is positioned above the printed name.

Richard King, Chief Executive Officer

A handwritten signature in black ink, which appears to be 'Dean Johnston'. The signature is written in a cursive style.

Dean Johnston, Director of Finance and Corporate Services

## 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 (October 2012 update) a District population of 53,400 (medium projection) is estimated by 2031.

The District's median age is 38 years which is also the New Zealand median age.

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

Home ownership in the Invercargill District (66%) is higher than the New Zealand average.

Invercargill houses are older with only 13% having been built since 1980.

Personal income is increasing, with the median income in Invercargill increasing 24% from 2006.

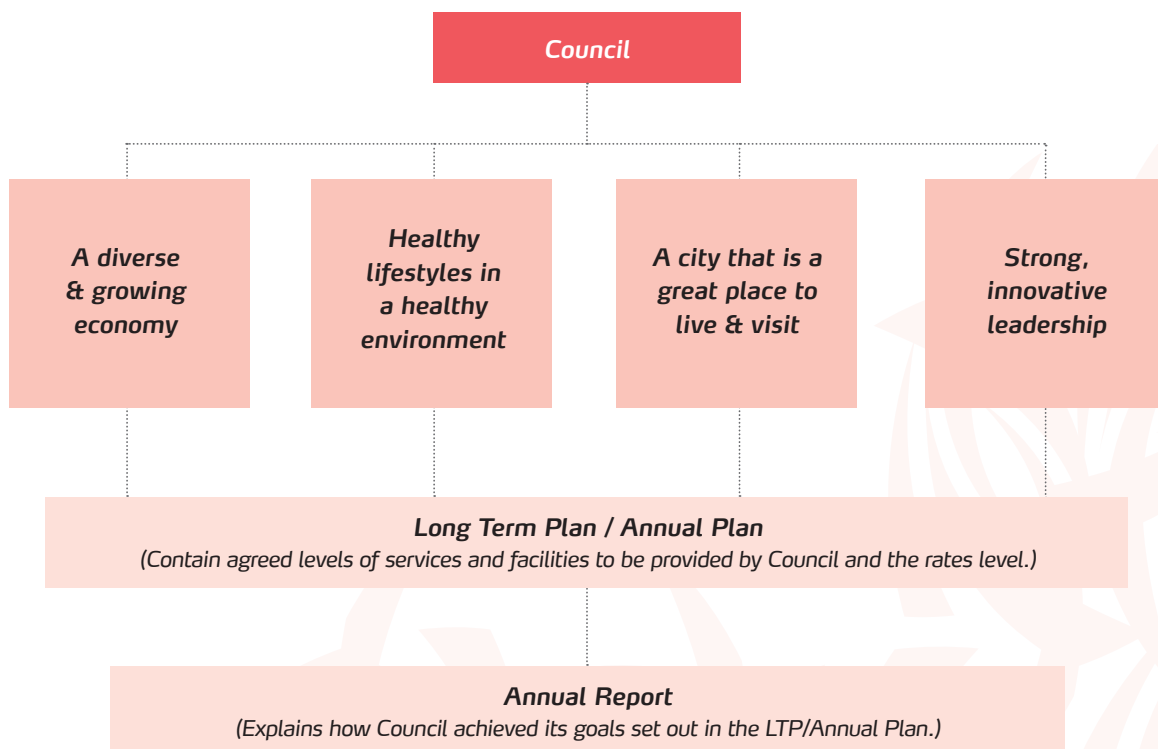
Invercargill City's regional performance growth ranking for 2012 was 39. The ranking is developed by BERL (Business and Economic Research

Limited) for all local authorities with 1 being the local authority with the greatest growth and 66 the lowest. The ranking includes changes in population, employment, GDP and business units.

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 1,661 sunshine hours. Rainfall averages 1081.7mm/year and is spread evenly throughout the year.

## Community Outcomes

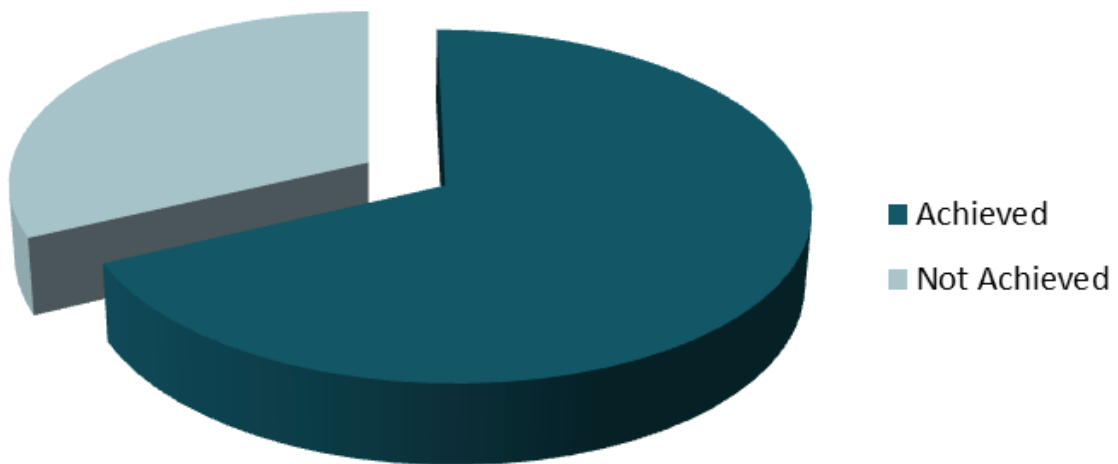


# Summary of Activities & Levels of Performance

## **SUMMARY OF ACTIVITIES AND LEVELS OF PERFORMANCE**

The 2014/15 Annual Plan identified 71 levels of service against which its performance would be measured for its activities. The levels of service were what Council wanted to provide to its community and the actual measurement indicates whether or not it has been delivered.

Council achieved 49 of its 71 measures



In the graph above, "Achieved" means that the 2014/15 performance measure was met or exceeded. "Not Achieved" means the 2014/15 performance measure was not undertaken or not provided to the target level.

This Annual Report details the performance measures and their achievement for the activities. A summary of how these activities positively contributed towards Council's four Community Outcomes is detailed below.

<i>Community Outcome</i>	<i>Activity and Performance Measure</i>	<i>2014/15 Target</i>	<i>2014/15 Actual</i>
Healthy lifestyle in a healthy environment.	Civil Defence - Percentage of residents who have a plan for coping with a civil defence emergency.	55%	Achieved - 61% (2013/14 - Not Achieved - 47%)
	Solid Waste - Increasing trend in kerbside recycling.	Increasing trend	Not Achieved - 3,584 tonnes (3% decrease) (2013/14 - Not Achieved)
	Water Supply - Total accumulated time of water shutdown to any consumer not to exceed 36 hours per annum (99.6% availability).	Total accumulated time of water shutdown to any consumer not to exceed 36 hours per annum (99.6% availability).	Achieved - 99.7% availability (2013/14 - Achieved)
	Water Supply - Number of complaints of taste and smell.	No more than ten per month.	Achieved - Maximum of 4 which occurred in January. (2013/14 - Achieved)
	Animal Control - Suitably trained staff are available to respond to requests for service	Suitably trained staff are available 24 hours per day, seven days a week.	Achieved. (2013/14 - Achieved)
	Resource Management - Statutory timeframes for processing consents are met.	100%	Not Achieved - 99.5% (2013/14 - Achieved - 100%)



<i>Community Outcome</i>	<i>Activity and Performance Measure</i>	<i>2014/15 Target</i>	<i>2014/15 Actual</i>
A diverse and growing economy.	Roading - Invercargill's urban and rural roads are smoother than the New Zealand average.	Achieve.	Achieved - 89% (2013/14 - 89% -Achieved)
	Compliance - Parking patrols of Council managed parking spaces.	Average 80 hours patrolling per week.	Achieved - 94 hours. (2013/14 - Not Achieved - 55 hours)
	Water Supply - Hydrants meet fire fighting standards.	At least 97.5% of hydrants tested by NZFS exceed 12.5 litres per second flow rate.	Achieved. (2013/14 - Achieved)
	Passenger Transport - Homes in the Invercargill urban area are within 400m of a serviced bus route.	90%	Achieved - 90% (2013/14 - Achieved - 90%)
	Enterprise - Number of Strategic Projects facilitated	6	Achieved -10 (2013/14 - Achieved - 8)
	Investment Property - Rate of return is at least equal to the current market interest rate.	Achieve.	Achieved - 5.66% (2013/14 - 5.37%)

<i>Community Outcome</i>	<i>Activity and Performance Measure</i>	<i>2014/15 Target</i>	<i>2014/15 Actual</i>
A city that is a great place to live and visit.	Building Control - Council's 'Building Sector News' is regularly published.	Published 12 times per year.	Achieved. (2013/14 - Achieved)
	Community Development - Number of groups and households involved in Neighbourhood Support.	Increasing number of 10 groups.	Not Achieved - 4 new groups formed and 3 closed. (2013/14 - Not Achieved - 5 groups)
	Housing - Rental levels maintained up to a maximum of 30% of gross superannuation	A maximum of 30%	Achieved - All rents are below 30%. (2013/14 - 19.2 - 23.2%)
	Parks and Reserves- Queens Park is accredited as a "Garden of National Significance".	Accreditation retained.	Achieved - Accreditation retained. (2013/14 Achieved)
	Public Toilets - Automated toilets are available 24 hours a day.	95%	Achieved - 97% (2013/14 - 98%)
	Destinational Marketing - Number of Media and Famil* opportunities facilitated.	8 per year.	Achieved - 23 (2013/14 - Achieved - 20)

\* Famil - A free or low-cost trip for travel agents or consultants, provided by a travel wholesaler as a means of promoting their service.



<i>Community Outcome</i>	<i>Activity and Performance Measure</i>	<i>2014/15 Target</i>	<i>2014/15 Actual</i>
Strong, innovative leadership.	Civil Defence - Advocacy by EMS to appropriate Councils on appropriate resources and policy to mitigate effects of natural disaster.	3	Achieved - 6 (2013/14 - Achieved - 5)
	Library and Archives - Membership as a percentage of total population.	65-75%	Achieved - 71% (2013/14 - Achieved - 75%)
	Pools - Percentage of Swim School customers who rate their experience as 'good' or 'very good' when surveyed.	80%	Achieved - 95.6% (2013/14 - Achieved - 90%)
	Democratic Process - Unmodified audit report received for Long Term Plan, Annual Report and any Long Term Plan amendments.	Achieve.	Achieved. (2013/14 - Achieved)



## Project Highlights

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### **Animal Control De-Sexing Project**

De-sexing of dogs and cats at the animal care facility was undertaken throughout the year. Approximately 500 animals have been de-sexed. An audit of the service is to be undertaken and the findings will be used to support decisions relating to the future direction of this service.

### **City Centre Revitalisation**

Council has commenced work on the first project of the City Centre Revitalisation which involves improving the amenities and appeal of Esk Street. This work includes new seating, garden and landscaping areas, two shelters and a pocket park by Cambridge Place Arcade. New pavers have been installed giving the street a beautiful look and a dramatic upgrade.

### **Bluff Reticulation Improvements**

A water main was laid in Lee Street to replace undersized galvanised pipe work. The two pressure zone network was made operational. This effectively divides the Bluff distribution network into two and brings pressures back to minimise losses due to leakage.

### **Urban Rejuvenation**

Council has continued to support neighbourhoods with the Urban Rejuvenation Fund. Some of the highlights are as follows:

Bluff completed the "Beneath the sea the oysters rock gently in their beds" mosaic wall mural on Slaney Street, Bluff.

SouthAlive established a Community Art Space within the South City Mall which incorporates "The Gallery" and "The Hub" where community art classes are held, as well as assisting the Council with consultation and design input into the redevelopment of the South City Shopping Centre.

Glengarry Community Action Group completed the installation of a "snakes and ladders" board fronting Yarrow Street and final design of the Glengarry Shopping Centre business sign.

Windsor Business Group began work on consultation with representatives from the Windsor community on the future of the Windsor shopping area and the development of the Windsor Concept Plan.



### **Queens Park Toilet**

Queens Park has installed a new toilet in the north area of the park. This is a project that has been in the works for sometime and is now up and running. The new toilet will be a huge benefit to walkers and people who use the park's exercise circuit.

### **Consultation Caravan**

Council commissioned the building of a consultation caravan this year. The caravan is portable - so we can go to where the people are, rather than expecting them to come to us. It can go into local communities and suburbs; or be set up at a special event, the side of a road, or in the CBD.

The caravan has been out consulting on the Long-Term Plan, the Representation Review, the Dog Control Bylaw and Policy and used outside one of our housing complexes when our housing staff wanted to help organise a neighbourhood watch with tenants.

## Uncompleted Projects

Not all projects planned and funded in 2014/15 were completed. Projects valued over \$100,000 which will now be completed or undertaken in 2015/16 are:

<b>Regulatory Services</b>	
Scanning of Property Files	\$500,000 (funded from Special Funds)
<b>Finance and Policy</b>	
Corporate Service - Phone System	\$203,000 (funded from Special Funds)
Urban Rejuvenation - South City Rejuvenation	\$159,964 (funded from Loans)
CBD Redevelopment - Planned Projects	\$1,400,000 (funded from Loans)
<b>Infrastructure and Services</b>	
Drainage - Clifton Waste Water Treatment Plant - PLC Controller	\$273,000 (funded from Rates)
Drainage - Sewerage - Conon Street Renewals	\$196,000 (funded from Rates)
Drainage - Sewerage - Otepunu Gardens	\$260,000 (funded from Rates)
Drainage - Stormwater renewals - Beatrice Street Pump Station	\$201,000 (funded from Loans)
Drainage - Stormwater renewals - Beatrice Street Treatment Pond	\$100,000 (funded from Loans)
Drainage - Stormwater renewals - Prestonville Pump Replacement	\$188,000 (funded from Loans)
Drainage - Stormwater renewals - Ward Street	\$110,000 (funded from Rates)
Water - Branxholme Duplicate Pipeline completion	\$280,000 (funded from Rates)
Water - Bluff Pipeline Replacement	\$875,000 (funded from Loans)
Water - Tower / Control Room Seismic Strengthening	\$1,427,000 (funded from Rates)
Water - Branxholme Upgrades	\$6,808,000 (funded from Rates and Loans)
Water - Emergency Water Supply	\$202,000 (funded from Loans)
Water - Bluff Reticulation Upgrade	\$176,400 (funded from Loans)
Water - Leak Detection and Backflow Programme	\$175,000 (funded from Rates)
Water - Reservoirs and Pump Stations - Waikiwi	\$251,000 (funded from Rates)
Water - Reservoirs and Pump Stations - Doon Street	\$364,900 (funded from Rates)
Pools - Family Change Rooms	\$420,427 (funded from Loans)
Pools - Dry Gym	\$430,456 (funded from Loans)
Pools - Building Bunker Extension	\$284,456 (funded from Loans)
Library - Building renewal of Lift and Elevators	\$450,000 (funded from Loans)
Library - Building RFID	\$400,858 (funded from Loans)
New Asset Management System Resourcing	\$236,700 (funded from Rates)
Parks and Reserves - Sports Fields Upgrades	\$137,000 (funded from Rates)
Parks and Reserves - Anderson Park Building Strengthening	\$100,000 (funded from Special Funds)

## Financial Overview

<i>Financial Performance Summary</i>	2013/14	2014/15
	\$000	\$000
Rates Revenue	45,781	46,022
Other Revenue, Other Gains & Losses and Interest Revenue	33,403	31,245
Operating Expenditure including Interest Expenditure	76,314	78,104
Operating Surplus/(Deficit)	2,870	(837)
Working Capital (excluding loan facility)	4,675	3,923
Total Assets	740,095	739,944
External Debt	29,716	28,861
Fixed Assets (Net Book value)	675,548	670,117

<i>Financial Statistics Summary</i>	2013/14	2014/15
	\$000	\$000
Proportion of rates to Total Operating Revenue	59.24%	59.03%
Average rate revenue per rateable property	\$1,830.00	\$1,837.28
External Term Debt (as a percentage of total assets)	4.02%	3.90%
External Term Debt (per rateable property)	\$1,187.83	\$1,152.18

<i>Ratepayer Data</i>	2013/14	2014/15
Total Rateable Properties	25,017	25,049

# Financial Prudence Benchmarks

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

The Council is required to include the Statement in its Annual Report 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.

Please note, prior to the 2012 - 2022 Long Term Plan, these benchmarks were not required, and therefore are missing from the following graphs.

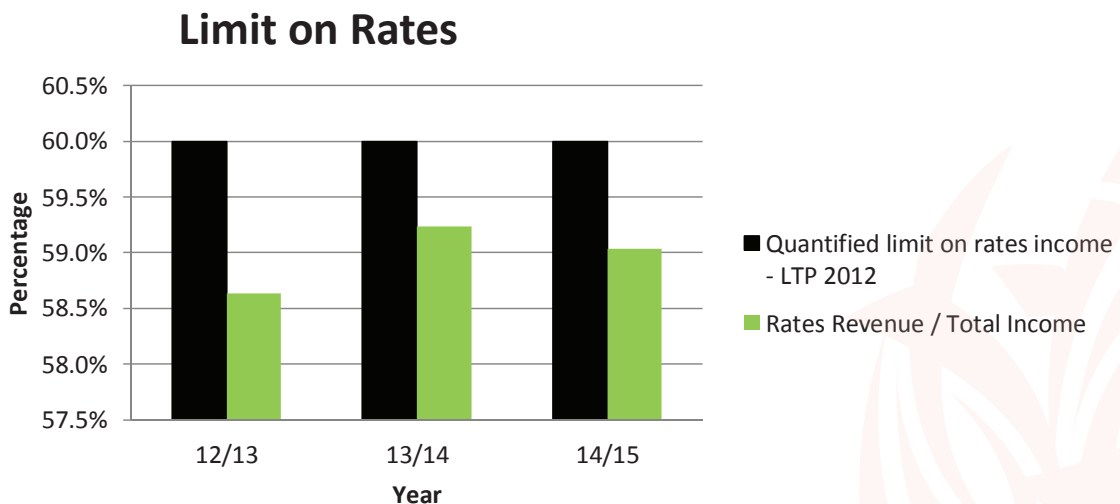
**KEY**  Benchmark Met  Benchmark Not Met  Benchmark

## Rates (Income) Affordability Benchmark

The Council meets the rates affordability benchmark if -

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

The following graph compares the Council's actual rates income with the limit imposed in the 2012-22 Long Term Plan being "Rates revenue as a source will not exceed 60% of its total revenues".



Council aims to maintain the rates collected at a maximum of 60% of the total Council revenue. During the past two years increasing other sources of revenue has been a challenge due to some unfavourable market and economic conditions. This has meant that rates revenue as a proportion of Total Revenue has been higher due the 13/14 & 14/15 years than in prior years.

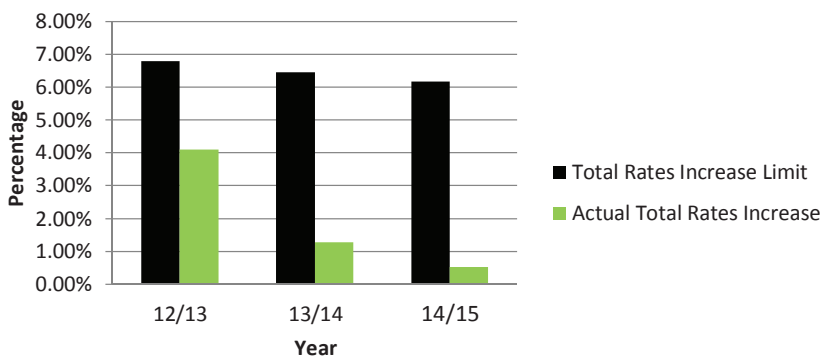
## Total Rates Increase

The Council meets the rates affordability benchmark if -

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

The following graph compares the Council's actual rates increases with the limit imposed in the 2012-22 Long Term Plan being "total rates increase will be limited to LGCI + 3.0%".

### Total Rates Increase



Since the 2012-2022 Long Term Plan Council has per the financial strategy aimed to limit rates increases to forecast LGCI +3.0%. As seen above Council has achieved this goal over the last three financial years.

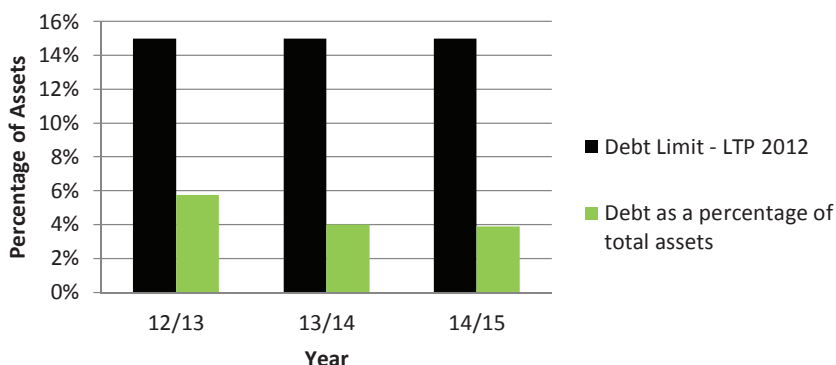
## Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowings is within each quantified limit on borrowing.

Council's current limit per the 2012-22 Long Term Plan is that borrowing of external funds is limited to 15% of Total Assets.

The following graph compares the Council's actual borrowing with this limit.

### Debt affordability

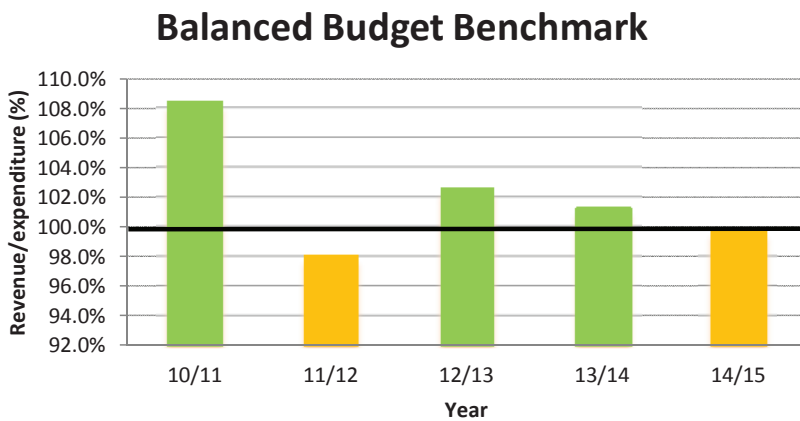


The Council has a low percentage of debt in relation to total assets, and is mindful of keeping debt to a manageable level. Council considers that setting a borrowing limit of 15% of assets will assist in prudently managing Council's borrowing activities to ensure the ongoing funding of Council.

### Balanced Budget Benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

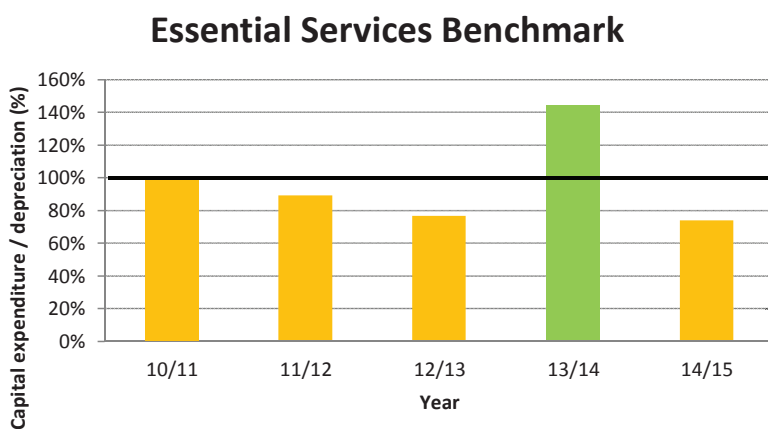
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Council is aware of the issue of affordability and financial sustainability. Council revenue has been greater than its operating expenses for three of the past five years. Council continues to investigate efficiencies to reduce expenditure and in doing so reduce the revenue needed from rates.

### Essential Services Benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on the network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



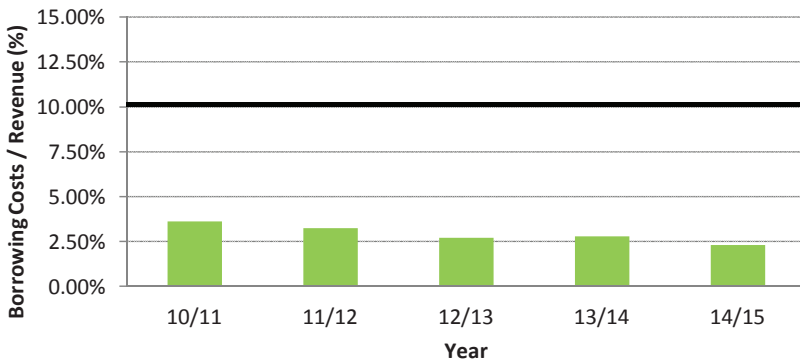
Over time Council's capital expenditure should equal its depreciation, which will mean Council is replacing its assets as they deteriorate, however due to some projects being large it is hard to assess this on a year by year basis. During 2014/15 Council spent less on capital expenditure than depreciation, this expenditure gap is expected to be closed in the 2015/16 year as larger capital projects are completed. An example of this was the large water treatment plant upgrade at Branhholme, with completion being delayed until 2015/16.

### Debt Servicing Benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

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

### Debt Servicing Benchmark



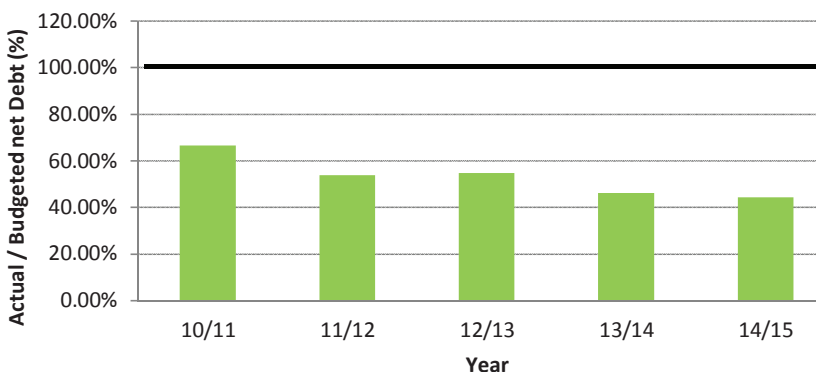
Council currently has minimal debt and the associated cost is well under the legislative threshold of 10% of revenue.

### Debt Control Benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

### Debt Control Benchmark



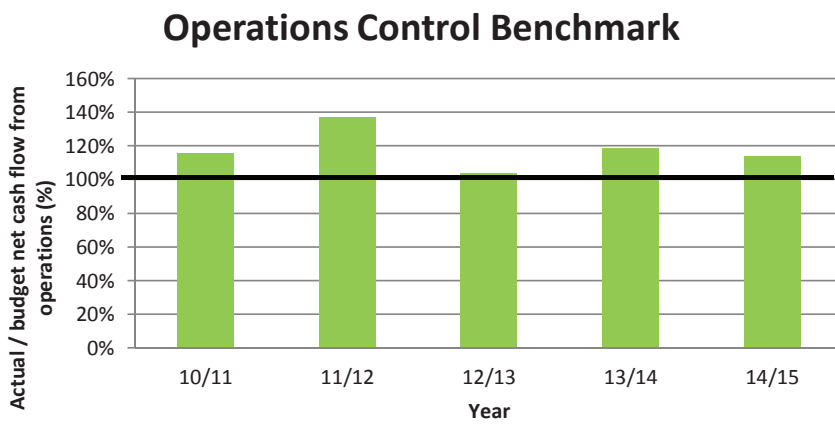
Council's actual net debt position has consistently been below its planned net debt position for the past five years. Council net debt has remained lower than planned net debt due to the deferral of a large debt funded capital project. Internal borrowings have also been used (2013/14) to reduce the Council's overall net debt position.



### Operations Control Benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Council has consistently met the operations control benchmark, with actual net cashflows from operations slightly higher than planned net cashflows in all five years.

## Summary Statement of Financial Position

As at 30 June 2015

	<i>Council</i>	<i>Council</i>	<i>Council</i>	<i>Group</i>	<i>Group</i>
	<i>Actual</i>	<i>Budget</i>	<i>Restated</i>	<i>Actual</i>	<i>Restated</i>
	<i>2015</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>(\$000)</i>	<i>(\$000)</i>	<i>(\$000)</i>	<i>(\$000)</i>	<i>(\$000)</i>
<b>Equity</b>	<b>696,108</b>	<b>711,121</b>	<b>697,370</b>	<b>763,762</b>	<b>760,573</b>
<i>Represented by</i>					
Current assets	16,626	13,111	15,635	26,434	18,581
Non-current assets	723,318	773,923	724,460	888,283	871,837
Total Assets	739,944	787,034	740,095	914,717	890,418
Current liabilities	12,703	16,142	10,960	23,299	18,772
Non-current liabilities	31,133	59,771	31,765	127,656	111,073
Total Liabilities	43,836	75,913	42,725	150,955	129,845
<b>Net Assets</b>	<b>696,108</b>	<b>711,121</b>	<b>697,370</b>	<b>763,762</b>	<b>760,573</b>

## Summary Statement of Changes in Equity

For the year ended 30 June 2015

	<i>Council</i>	<i>Council</i>	<i>Council</i>	<i>Group</i>	<i>Group</i>
	<i>Actual</i>	<i>Budget</i>	<i>Restated</i>	<i>Actual</i>	<i>Restated</i>
	<i>2015</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>(\$000)</i>	<i>(\$000)</i>	<i>(\$000)</i>	<i>(\$000)</i>	<i>(\$000)</i>
<b>Balance at 1 July</b>	697,370	711,483	641,494	760,573	701,390
Total comprehensive revenue and expense for the year	(1,262)	(362)	55,876	3,189	59,183
<b>Balance at 30 June</b>	<b>696,108</b>	<b>711,121</b>	<b>697,370</b>	<b>763,762</b>	<b>760,573</b>
<i>Attributable to:</i>					
Invercargill City Council	696,108	711,121	697,370	760,911	757,743
Minority interest	-	-	-	2,851	2,830
Balance at 30 June	696,108	711,121	697,370	763,762	760,573
<b>Components of Equity</b>					
Retained earnings	398,212	404,800	401,939	438,323	439,049
Restricted reserves	26,193	17,082	23,303	26,740	23,850
Hedging reserve	(568)	(764)	(143)	(2,178)	(368)
Asset revaluation reserve	272,271	290,003	272,271	300,877	298,042
	696,108	711,121	697,370	763,762	760,573

# Summary Statement of Comprehensive Revenue & Expense

For the year ended 30 June 2015

	Council Actual 2015 (\$000)	Council Budget 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Total revenue	77,521	79,326	76,629	105,892	105,422
Operating expenditure on activities	76,303	78,102	74,160	101,544	102,457
Results from operating activities	1,218	1,224	2,469	4,348	2,965
Net finance costs	1,360	2,372	1,498	4,158	3,626
Operating surplus (deficit) before tax	(142)	(1,148)	971	190	(661)
Other gains/(losses)	(695)	786	1,899	2,206	4,488
Share of associate and joint ventures surplus (deficit)	-	-	-	2,842	3,493
Surplus (deficit) before tax	(837)	(362)	2,870	5,238	7,320
Income tax expense	-	-	-	3,125	1,776
<b>Surplus (deficit) after tax</b>	<b>(837)</b>	<b>(362)</b>	<b>2,870</b>	<b>2,113</b>	<b>5,544</b>
<b>Attributable to:</b>					
Invercargill City Council	(837)	(362)	2,870	2,092	5,547
Minority interest	-	-	-	21	(3)
	(837)	(362)	2,870	2,113	5,544
<b>Other comprehensive revenue and expense</b>					
Property, plant and equipment revaluation gains/(losses)	-	-	52,385	2,886	52,385
Cash flow hedges	(425)	-	621	(1,810)	1,254
Total other comprehensive revenue and expense	(425)	-	53,006	1,076	53,639
<b>Total comprehensive revenue and expense</b>	<b>(1,262)</b>	<b>(362)</b>	<b>55,876</b>	<b>3,189</b>	<b>59,183</b>
<b>Total comprehensive revenue and expense attributable to:</b>					
Invercargill City Council	(1,262)	(362)	55,876	3,168	59,186
Minority interest	-	-	-	21	(3)
	(1,262)	(362)	55,876	3,189	59,183

## Summary Statement of Cashflows

For the year ended 30 June 2015

	Council Actual 2015 (\$000)	Council Budget 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Net cash from operating activities	20,906	18,526	20,248	26,294	25,679
Net cash from investing activities	(20,660)	(22,007)	(4,607)	(36,958)	(17,152)
Net cash from financing activities	(855)	3,481	(10,615)	16,913	(5,497)
<b>Net (decrease) increase in cash, cash equivalents and bank overdrafts</b>	(609)	-	5,026	6,249	3,030
Cash, cash equivalents and bank overdrafts at the beginning of the year	5,078	1,435	52	8,502	5,472
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	4,469	1,435	5,078	14,751	8,502

## Explanation of Major Variances

For the year ended 30 June 2015

### Actual 2015 against Budget 2015

#### Statement of Financial Position

1. Non-current assets are lower than budget due to the deferral of some larger capital projects into future years. Also the 3 yearly revaluation of Infrastructure assets completed on the 30 June 2014 was lower than anticipated.
2. Non-current liabilities are lower than budget due to a number of loan funded capital project that have been deferred until future years or do not require loan funding at this stage. Also council has reduced external debt via the use of internal loans.

#### Statement of Comprehensive Revenue and Expenses

3. Total revenue is lower than budget due to external revenue such as milk solids, transfers station income, building consents and other external income being lower than anticipated
4. Operating expenditure on activities is lower than budget due to maintenance, consultants and contractor expenses were lower than anticipated, particularly across infrastructure activities.
5. Net finance cost were lower than budget due to market interest rates remaining lower for a longer period than was anticipated, as well as some loan funded capital projects being delayed.
6. Other gains/(losses) were lower than budget due to revaluations of councils investment property being lower than anticipated. These valuations were provided by independent valuers.

## Explanation of Major Variances continued

For the year ended 30 June 2015

### Actual 2015 against Actual 2014

#### Statement of Comprehensive Revenue and Expenses

1. Total revenue is higher than 2014 due to increased revenue from rental properties and dividend payments received in 2015.
2. Operating expenditure on activities is higher than 2014 due to increased depreciation expenses. This resulted from infrastructure assets being revaluation upwards on 30 June 2014.
3. Other gains/(losses) is lower than 2014 due to Investment property being revalued down during 2015, while being revalued upwards during 2014.

## Notes to the Financial Statements

For the year ended 30 June 2015

The full financial statements are contained in the Annual Report, which can be viewed on the Council website at [www.icc.govt.nz](http://www.icc.govt.nz). Annual Report hard copies are available from the Civic Administration office at 101 Esk Street, Invercargill.

### Basis of preparation

The Council is a public benefit entity for financial reporting purposes. The financial statements have been prepared in accordance with Tier 1 PBE accounting standards and comply with Public Benefit Entity standards and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The Annual Report 2014/15 includes a Statement of Compliance to this effect.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards.

The summary financial statements are in compliance with PBE FRS 43 - Summary Financial Statements.

Audit New Zealand has audited Council's full Annual Report and Summary and has issued an unmodified report on both.

The disclosures included in the summary financial statements have been extracted from the full financial information in the Annual Report 2014/15 which was adopted by the Council on 30 October 2015.

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements.

The summary financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars.

The Council has adopted new Tier 1 PBE Accounting Standards for the period ended 30 June, 2015. There have been no significant changes to accounting policies as a result of applying the new accounting standards in the current year. Council has changed its accounting policy relating to the method of consolidation of its joint ventures. Council has changed from the proportionate method to the equity method of consolidation. Amounts for the 2014 year have been restated to account for this change in policy. For further details, refer to the full set of Financial Statements.

**Independent Auditor's Report**

**To the readers of  
Invercargill City Council's summary annual report  
for the year ended 30 June 2015**

The summary annual report was derived from the annual report of the Invercargill City Council (the City Council) for the year ended 30 June 2015. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 4 to 8 and 18 to 21:

- the summary statement of financial position as at 30 June 2015;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2015;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision referred to as Summary of Activities & Levels of Performance.

We expressed an unmodified audit opinion on the City Council's full audited statements in our report dated 30 October 2015.

**Opinion**

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

**Basis of opinion**

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements, from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 30 October 2015 on the full audited statements.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the City Council and Group.

### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Other than in our capacity as auditor we have no relationship with, or interest in, the City Council and Group.



Ian Lothian  
Audit New Zealand  
On behalf of the Auditor-General  
Dunedin, New Zealand  
12 November 2015

