Long-Term Plan – Background and Assumptions

2018 - 2028

Prepared for Melissa Short, Manager – Strategy and Policy
The Local Government Act 2002 is the legislation that provides powers to councils to decide what activities they undertake and the manner in which they will undertake them.

There is a robust process per Part 6 of the Act which requires the Council to prepare a long-term plan every three years, and annual plans in the other two years of the Council cycle. This must be undertaken in consultation with the community.

The Long-Term Plan is the key planning tool for councils. Its purpose is to:

- Describe the Council’s activities and the community outcomes it aims to achieve.
- Provide integrated decision-making and coordination of the council’s resources.
- Provide a long-term focus.
- Show accountability to the community.

The Long-Term Plan must include information on activities, goods or services provided by a council, and specific funding and financial management policies and information.

It outlines all the things a council does and how they fit together. They show what will be done over the plan’s 10 year period (30 year infrastructure period), why the council is doing certain things and what the costs will be.

Amendments to the legislation in recent years have sought to enable more efficient and focused consultation on Long-Term Plans; remove unnecessary duplication between annual plans and Long-Term Plans; as well as requiring the disclosure of rating bases.

People can express their views on the Long-Term Plans when they are reviewed every three years. In addition as part of their Long-Term Plan development process, councils may talk with other parties about how they can help promote identified local outcomes in which those parties have an interest.

This Background Paper is to set the Scene for Preparing a Long-Term Plan

The Long-Term Plan, prepared in accordance with the Local Government Act, covers the 10 years from 2018 to 2028. Its legal purposes are to describe our activities and community outcomes, to provide for integrated decision making and coordinated use of resources, show a long-term focus and provide a sense of accountability. The plan will reflect Council’s intention at the time of adoption.
**SIGNIFICANT PLANNING ASSUMPTIONS - NGA WHAKAAROAROTANGA**

In order to plan for the long-term, it is important that assumptions are made regarding various Council-related business and activities in the future. The significant assumptions made about the future form an important part of the planning framework.

It is important to note and assess any levels of uncertainty that arise within the assumptions, so that the risk can be mitigated and appropriate interventions identified in order for the planning to be carried out in a coherent manner.

Schedule 10 of the Local Government Act 2002 requires that for any high level of uncertainty, Council is to state the fact of the uncertainty and provide an estimate to potential effects of such uncertainty provided in their Long-Term Plan. Where there is a significant variation between the assumption and the realised future an Annual Report or Annual Plan will identify this.

The main contributions of risk are identified as arising from:

- Central Government changes to legislation and policy that influences the role and compliance costs of local government.
- The rate, location and funding of growth within the City.
With the land surveyed in 1856, and sites purchased in 1857, Invercargill was set to become a popular city in New Zealand. Separating from Otago and being so close to the Gold Rush boosted the population in the 19th century. It further increased during the 1870 Government-promoted immigration and the late 1880's saw the gasworks and waterworks opening, with the Water Tower still a prominent feature in the City to this day. It was the last decade of the 19th Century where farming developed rapidly and the Freezing Works opened – Invercargill saw their population double between 1891 and 1916.

Invercargill gained City status in 1930, and the pastoral economy thrived after World War II. In 1971, the population was 47,000 and this was the year Tiwai Point aluminium smelter opened. However, the rose tinted glasses began to fade in the 1980’s with the population dropping from 53,868 (in 1981) to 46,311 (2001). Schools were merged and the Christchurch-Invercargill ‘Southerner’ passenger rail service ceased. Bluff, only 27 km south of Invercargill, thrived on its productivity. A former trading post and whaling station became a customs port and hub for kai moana.

Invercargill has identified the need to revitalise the City and create the vibrant, busy atmosphere that existed in the 70’s. A number of methods have been introduced such as the creation of the ‘Zero Fees’ scheme with the Southern Institute of Technology being a way to draw young people to Invercargill to study. The Invercargill Licensing Trust has been working to improve the City also, with Stadium Southland and the Velodrome being draw cards.

Whilst these factors have gone a long way to encourage growth in the region, there is still more that can be done to ensure that the population growth continues upward and that households remain in the City. The City Council’s role is to ensure that the City remains in good stead for current and future generations. At present there are a number of factors that need particular focus and attention to ensure the viability of the community over the upcoming years.

The Long-Term Plan will highlight specific areas to be targeted over the next decade to ensure that Invercargill forever remains a City on the map, and for life.

**COUNCIL’S VISION**

*To Enhance our City and Preserve its Character while Embracing Innovation and Change.*
EXECUTIVE SUMMARY

INTERNAL FACTORS

It is anticipated that our population will increase over the life of the Long-Term Plan. As the baby boomer era continues, the ageing population will double come 2031, making up a quarter of the Invercargill demographic.

Further, the number of households in Invercargill is also likely to grow by a small percentage over the life of the Long-Term Plan, this will have an impact on the demand for services and may increase the number of consents processed through Council as there will be a demand for further housing.

Resource consents will be obtained with applicable conditions and expiring consents will be renewed with similar conditions during the life of the Plan.

Council will work alongside other partners to progress the Southland Regional Development Strategy and aid in its implementation. Council will continue to work alongside the New Zealand Transport Agency to redevelop services as required and prepare for technological advancements that may arise.

Further, Council will continue their efforts to rejuvenate the Central Business District.

FINANCIAL FACTORS

Financial factors are important to consider throughout the life of the Long-Term Plan as these influence the other factors and will require amendments if they vary from the assumption.

Inflation rates will remain steady over the life of the Plan, in line with the LGCI forecasts. There is a level of susceptibility where council relies on imported items, particularly in the roading department, where changes in prices are likely to vary.

The local economy is assumed to remain steady or grow over the life of the Plan and it is further assumed that the economy will diversify over this period. Assets will be reassessed on a three-yearly basis to ensure that services will be continued and the infrastructure is fit for purpose. In-line with the three-yearly assessment, the level of depreciation will also be assessed as it reflects a cyclical trend and will ensure the asset value disclosed is not materially different to the fair value.

The Revenue and Financing Policy alongside the Financial Strategy (to be updated in 2017) will outline the sources of funds for operating and capital expenditure. Further, the Strategy will outline Council’s investments and loans that are used to fund large capital projects of a service improvement or growth nature.
EXTERNAL FACTORS

There are a number of external factors that Council must take into account when preparing for the future ten years. Of note in particular, is Government’s ability to change legislation – any legislative changes that affect local government are incredibly difficult to predict this far out and plan for. It is assumed that over the life of this Long-Term Plan there will be no amalgamation of Councils in the Southland area. Shared services that currently exist across Southland Councils (Southland District, Gore District and Southland Regional) are likely to continue, such as Maori capacity and partnership, heritage and emergency management.

It is difficult to foresee what legislative advancements will be made by future Parliaments. It is unlikely that any large legislative frameworks will be imposed upon Council, however Council must be wary that Parliament does have the ability to force greater decisions onto territorial authorities. It will likely cost Council a great deal of time and financial investment to ensure the proper consultation process required by legislation is carried out in circumstances like this.

It is assumed that if an unforeseeable natural disaster were to occur Council would be prepared to respond to this in an appropriate manner and that any emergency work that would be required could be funded through Council’s budgetary provisions.

Climate change will have significant effect over the 30 year future life of roading and infrastructure, but in the medium ten year tenure there will not be any significant changes that Council will need to prepare for. Council may, however, start preparing for these impacts and look to introduce policies or encourage services that are in keeping with lowering the effects of climate change.

What is likely to evolve the most over the next decade is how technology is used to deliver services and what innovations will occur. This will be important in predicting where services need to be delivered or grow, or what services may be rendered less useful. For instance self-driving cars and drone deliveries may become prevalent in future years impacting delivery of Council’s Roading Activity.

It is assumed that there will be no major changes to education over the period of 2018-2028 and that SIT will continue to encourage international students to study in Invercargill. Further it is assumed that the world economy will continue to grow at a steady rate, however it is of note that whilst the global economy does not have a direct material bearing on the quantum and quality of the majority of services provided by Council, there are other services that are relatively elastic such as tourism, that are directly affected by the world economy.
## SUMMARY OF ASSUMPTIONS

### INTERNAL FACTORS

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Level of Uncertainty</th>
<th>Area of Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
<td><strong>Moderate</strong></td>
<td>Infrastructure and Housing. Significant increases in population may create a demand for infrastructure and services beyond existing capacity. Significant decrease in population would adversely impact on the community’s ability to fund current levels of infrastructure and services.</td>
</tr>
<tr>
<td>The population will increase to 56,300 by 2028.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Household Growth</strong></td>
<td><strong>Moderate</strong></td>
<td>Infrastructure and Housing. Significant increases in the number of households may create a demand for infrastructure and services beyond existing capacity.</td>
</tr>
<tr>
<td>An average of 2.3 people per household in 2038, requiring 2,300 more homes from 2013.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ageing Population</strong></td>
<td><strong>Low</strong></td>
<td>Council Services and Recreation Assets. An increase in the number of those people 65 years and older will increase the number of ratepayers on fixed incomes and may have an impact on the ability of the community to afford infrastructure and services.</td>
</tr>
<tr>
<td>Those 65 years and older will make approximately 22% of Invercargill’s population by 2028.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Resource Consents</strong></td>
<td><strong>Moderate</strong></td>
<td>3 Waters Capital expenditure may be required if the conditions attached to resource consents require changes to how Council delivers its services.</td>
</tr>
<tr>
<td>Resource consents will be obtained with reasonable conditions and negligible impact on how Council provides its services.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tourism &amp; Visitor Numbers</strong></td>
<td><strong>Low</strong></td>
<td>Venture Southland, SMAG, Council Services and Recreation Assets. Significant increases in the number of tourists may create a demand for infrastructure and services beyond existing capacity. Significant decrease in the number of tourists would adversely impact on the commercial community’s ability to fund current levels of infrastructure and services.</td>
</tr>
<tr>
<td>Tourism numbers will increase over the Long-Term Plan period.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>New Zealand Transport Agency</strong></td>
<td><strong>Moderate</strong></td>
<td>Roading. Lower than anticipated subsidies can result in service delivery costs needing to be met by other means or a decrease in the level of service.</td>
</tr>
<tr>
<td>That the NZTA Funding Assistance Rate will reduce by 1% each year of the life of the plan.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Commercial Property</strong></td>
<td><strong>Moderate</strong></td>
<td>Infrastructure, Housing and Roading. Significant decrease in the number of commercial ratepayers would adversely impact on the commercial community’s ability to fund current levels of infrastructure and services.</td>
</tr>
<tr>
<td>The CBD will remain in the Esk Street area and will become more vibrant.</td>
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</tbody>
</table>
## FINANCIAL FACTORS

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Level of Uncertainty</th>
<th>Area of Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inflation</strong></td>
<td><strong>Moderate</strong></td>
<td>Cost change factors are based on information developed for Council’s by Business and Economic Research Limited (BERL). Significant variations from these adjustments will be identified in future Annual Plans and Annual Reports.</td>
</tr>
<tr>
<td>Inflation will occur at the rates set by BERL as LGCI forecasts.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Local Economy</strong></td>
<td><strong>Moderate</strong></td>
<td>Composition of local economy may diversify offering greater employment opportunities. Significant change to the economy, such as a large employer choosing to locate in the District, may require Council to review and change its current activities and levels of service. These demands will need to be quantified and an amendment to the Long-term Plan developed if the costs are significant.</td>
</tr>
<tr>
<td>The local economy will grow and diversify.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Useful Life of Significant Assets</strong></td>
<td><strong>Moderate</strong></td>
<td>A shorter useful life for assets would create a financial burden on the community.</td>
</tr>
<tr>
<td>Assets will reach the useful life indicated when supplied.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td><strong>Low</strong></td>
<td>Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.</td>
</tr>
<tr>
<td>Council will fully fund renewal depreciation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Asset Revaluation</strong></td>
<td><strong>Moderate</strong></td>
<td>Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.</td>
</tr>
<tr>
<td>Council will use national standards in asset revaluation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Vested Assets</strong></td>
<td><strong>Low</strong></td>
<td>Level of vested assets fluctuates yearly. Historical levels have not been material.</td>
</tr>
<tr>
<td>Vested assets will have a negligible impact on Council’s overall infrastructure and finances.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial – Existing Funding Renewal</strong></td>
<td><strong>Moderate</strong></td>
<td>Council’s terms and conditions for its borrowing facility have mirrored market trends in recent times.</td>
</tr>
<tr>
<td>Council borrowing facility will be renewed (three-yearly) with the terms and conditions mirroring market trends.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial – Expected Interest Rates on Borrowing</strong></td>
<td><strong>Moderate</strong></td>
<td>Higher than expected interest rates on borrowing will require Council to consider collecting a greater amount in rates to cover the additional interest costs or reducing the amount borrowed (and level of service provided).</td>
</tr>
<tr>
<td>Interest on future borrowing has been calculated at 4.75% for 2018/19, 5.00% for 2019/20, 5.50% for 2020/21 – 2022/23, 6.00% for 2023/24 – 2025/26 and then 6.50% for the remaining years. This is based on Council’s current borrowing rates which are hedged for a number of years into the future, as well as consideration of economic forecasts.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial – Forecast on Return on Investments</strong></td>
<td><strong>Low</strong></td>
<td>Lower than expected returns on investments will require Council to</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Return on cash investments is calculated on the borrowing rate less 2%. Dividends and subvention payments from Invercargill City Holdings Limited are assumed to be at 11% of the total rates requirement. Consider collecting a greater amount in rates, reduce spending or increase borrowings to cover any reduction in income.

Asset revaluation for Property, Plant and Equipment
Assets will increase by the accumulated Local Government Cost Index inflation on the last valuation value. Moderate – inflation forecasts are not always accurate. Cost change factors are based on information developed for Council’s by Business and Economic Research Limited (BERL). Significant variations from these adjustments will be identified in future Annual Plans and Annual Reports.

EXTERNAL FACTORS

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Level of Uncertainty</th>
<th>Area of Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Governance</td>
<td>Low – continue shared services, although amalgamation is low risk.</td>
<td>Shared Services, Policy and Governance Boundary changes would require a review of the Long-term Plan with its associated community consultation.</td>
</tr>
<tr>
<td>Legislation</td>
<td>Moderate – difficult to know what central government will implement particularly if a change in government.</td>
<td>Services, Finances and Governance Significant legislative change can impose significant financial and service delivery costs on Council.</td>
</tr>
<tr>
<td>Natural Disasters</td>
<td>High – it is certain the Alpine Fault will rupture in the future but uncertain as to when and the impact.</td>
<td>Infrastructure, Services, Housing and Population A Civil Defence emergency in the District would impact financially on Council and the community. The financial risk to Council is reduced by maintaining insurance cover for emergency events.</td>
</tr>
<tr>
<td>Climate Change</td>
<td>Moderate – Long-Term trend of rising temperatures and more frequent intense weather events is reasonably certain, short to medium term impacts are less certain.</td>
<td>Water availability, coastal hazards (roading and infrastructure), services, air quality, agriculture, farming and biosecurity. The effect of Climate Change occurring more quickly than anticipated may require Council to review and change its current activities and levels of service. This could have a significant financial impact on the community.</td>
</tr>
<tr>
<td>Technology</td>
<td>High – certainty of diversification in technology is ever-growing. Impact of changing technology cannot be quantified.</td>
<td>Employment, Local Economy and Services (delivery) New technologies will likely have an increased financial cost in the short term.</td>
</tr>
<tr>
<td>Education</td>
<td>Moderate – education systems that exist are likely to remain stable.</td>
<td>Infrastructure, Services, Population and Housing</td>
</tr>
</tbody>
</table>

S.I.T will continue to promote Invercargill to international students.
**World Economy**  
The world economy will not have a significant negative effect on the Invercargill City District.

**Moderate** – future financial changes are unforeseeable.

**Infrastructure and Tourism**  
A major event in the World Economy could affect Tourism and the implications of lower / higher tourist numbers would occur.

**External Funding for Projects**  
External funding for the Art Centre, Additional Pool and Living Dinosaurs projects will be received at the levels included in the preliminary budget work.

**High** – Although preliminary investigations have been started, there are no signed agreements or commitment to funding from the external parties.

If external funding is not received the projects will not go ahead. This will decrease both the rates required and the levels of service provided.

**Regional Storage Facility and Southland Museum and Art Gallery Redevelopment**  
The Council will provide $8.5 million as a grant towards the capital development of the Regional Storage Facility in 2024/25 and $10.8 million toward the Southland Museum and Art Gallery Trust for the redevelopment of the museum in 2027/28.

**High** – The $8.5 and $10.8 million estimates are subject to change. They are very preliminary figures that have been used for planning purposes. Prior to these projects proceeding, feasibility studies and further investigation into cost, and the level of Invercargill City Council’s contribution, will occur. When these processes are undertaken it is likely that the figures will change.

If these projects do not go ahead, or there are significant changes in either proposed development, there will be a financial impact and an impact on the levels of service provided. These changes will be subject to the community engagement process.
INTERNAL FACTORS

POPULATION GROWTH OR DECLINE

ASSUMPTION

Council assumes that the population will increase to 56,300 by 2028, in line with Statistics New Zealand’s medium forecast.

Further this is in line with the Council supported initiative, Southland Regional Development Strategy, which seeks to attract 10,000 people to the region within the next ten years. Whilst this is not within the City alone, it is anticipated that a large majority of those will settle within the city.

IMPLICATION

This will impact existing Council infrastructure and services. If the population increases then there will be a demand for increased housing, there will be increased traffic and in turn, there may be an increased demand for public transport. Further, there will be greater demand for Council supplied services.

Council will need to find ways of raising additional extra revenue required to meet the increased level of service due to growth or consider lower levels of service.

If the population decreases, particularly by a significant amount, it would mean a smaller ratepayer base will be expected to meet the increasing infrastructure cost or Council may need to reduce the level of service provided in order to maintain rates at an affordable level.

<table>
<thead>
<tr>
<th>Population at 30 June</th>
<th>Population change 2013–43</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2018</td>
</tr>
<tr>
<td>53,200</td>
<td>55,300</td>
</tr>
</tbody>
</table>

SOURCE

Statistics provided by Statistics New Zealand.

Population target provided by the Southland Regional Development Strategy.
LEVEL OF UNCERTAINTY

Moderate  There is a risk that actual numbers will vary. This is mitigated by utilising predictions from Statistics New Zealand.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

Growth
Higher than expected growth will mean Council’s rating base will increase allowing Council to collect more rates. Council’s current infrastructure has sufficient capacity to meet increased service due to growth.

Decline
Council, as part of its economic development activity, has budgeted for several projects to bring businesses and people into the City (see also: Southland Regional Development Strategy). Should the population decline as predicted by Statistics New Zealand following Year 2043 then a number of Council services will be decreased or diminished, alternatively rates may need to be increased to cover the running costs.

QUESTIONS TO CONSIDER WHEN PLANNING

- What are the major pull factors to draw people to the City, permanently?
- What age group, if any, should be the focal point of the Council push to grow the population?
HOUSEHOLD GROWTH

ASSUMPTION
It is assumed that the household size (number of people in a house) will decrease over the period the Long-Term Plan encompasses; this will increase the number of households in the City District.

IMPLICATION
With the number of households set to increase over the next decade, the City District will need to ensure that there is sufficient housing available for residents. There is a probability that people will build new homes and in this case the Council will need to process consents quickly, especially if there is a high demand for new housing to meet the market.

SOURCE
Invercargill City Demographic Projections provided by Proposed District Plan: Economic Assessment
Statistics New Zealand

LEVEL OF UNCERTAINTY
Moderate - Most recent projections from Statistics New Zealand indicate that just over 53,000 people live in the Invercargill City District in an estimated 22,700 households. The projections show, that over the course of the Long-Term Plan, slow growth is anticipated with the peak population predicted to be in 2028 - 2033 with 56,300 residents. The peak number of households occurs in 2038 at 24,400 households in the City District, which is growth of 10%.

Invercargill City Demographic Projections

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2018</th>
<th>2023</th>
<th>2028</th>
<th>2033</th>
<th>2038</th>
<th>Growthn</th>
<th>2013-2038 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>53,200</td>
<td>55,300</td>
<td>55,900</td>
<td>56,300</td>
<td>56,300</td>
<td>56,000</td>
<td>2,800</td>
<td>5%</td>
</tr>
<tr>
<td>Households</td>
<td>22,100</td>
<td>23,100</td>
<td>23,600</td>
<td>24,000</td>
<td>24,300</td>
<td>24,400</td>
<td>2,300</td>
<td>10%</td>
</tr>
<tr>
<td>Pop/ household</td>
<td>2.4</td>
<td>2.3</td>
<td>2.3</td>
<td>2.3</td>
<td>2.2</td>
<td>2.2</td>
<td>-0.2</td>
<td>-9%</td>
</tr>
</tbody>
</table>

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN
The 10% growth in households (and therefore housing) is a positive thing for Southland. This is a somewhat faster rate than the population growth. The projected ageing population as they are one of the core drivers of the declining average household size. This will require more households to accommodate the same number of people in the future due to the changing housing demands of the population.

QUESTIONS TO CONSIDER WHEN PLANNING
• What would an increase of 2,300 households mean for the Council?
AGEING POPULATION

ASSUMPTION

The average age in Invercargill makes us one of the oldest populations in New Zealand. It is assumed the median age of the City residents will increase over the long-term leading to changes in the way Council delivers services. The number of residents aged 65+ has been steadily increasing from 7,500 in 2006 and is expected to be 12,500 come 2028. This makes the 65+ demographic around 22% of the Invercargill population.

IMPLICATION

Affordability may become an issue for ratepayers and threaten the ability of Council to fund the forecast levels of service.

A major shift towards older people is likely to change the type of services demanded from Council and the ability to pay for those services. This is unlikely to result in new activities but rather changes to the types of services and facilities.

SOURCE

Statistics provided by Statistics New Zealand.

Professor Natalie Jackson

LEVEL OF UNCERTAINTY

Low  The long-term trend to an increasingly older population is reasonably certain. The actual outcomes are highly dependent on the migration trends.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

Changes in demands for Council services are not new and are part of the political process. The range of Council services utilised by older people is not significantly different from younger people. There may be a decline in such services like playgrounds or, an increased demand for open spaces, walkways, halls etc.

Council will accommodate in the Long-Term Plan projects and service performance measures to meet the increased demand and service expectations where required. All decision making by Council will need to consider use by elderly.

QUESTIONS TO CONSIDER WHEN PLANNING

• What are some specific implications that the ageing population would have on Council’s services?
## RESOURCE CONSENTS

### ASSUMPTION

Resource consents will be obtained with applicable conditions and expiring resource consents will be renewed with similar conditions during the period of the Long-Term Plan.

### IMPLICATION

If a resource consent is not obtained or renewed, or conditions imposed are unacceptable, this could result in a significant impact on how Council delivers its services.

### SOURCE

3 Waters Managers

### LEVEL OF UNCERTAINTY

**Moderate**  
Appropriate planning for resource consent applications/renewals will ensure that they are obtained.

### IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

Resource consents due for renewal can be found within the relevant Asset Management Plan for individual activities (largely 3 Waters).

Stormwater has five consents, one for each of the fresh waterways through the City. These expire in December 2016 with applications lodged for new consents. There are currently no consents for discharge to Coastal Marine area, as these are not required by the current ES Coastal Marine Plan, however this is likely to change and potentially will occur during the life of this LTP. There are a range of consents for discharges to water, air and land – these have varying expiring dates from 2025 to 2034, some of which will fall in the LTP duration. Consent for the Bluff closed landfill is due for renewal in 2017, and Invercargill’s in 2033. Currently there are consultants working to renew the Bluff consent.

Water treatment has two consents – both of which do not expire in the lifetime of the LTP (2038).

Monitoring of compliance with existing resource consent conditions will provide a record of compliance for future processes. The renewal of consents is dependent upon the legislative and environmental standards and expectations that exist at that time. If a resource consent was not granted, or failed to be renewed for a major Council activity, this would have significant impacts on both costs and the ability to provide that activity. A major non-renewal may mean an entirely new approach to the activity would be required.

### QUESTIONS TO CONSIDER WHEN PLANNING

- What impact would it have on Council if a consent was failed to be renewed?
TOURISM/VISITOR NUMBERS

ASSUMPTION

It is assumed that the Invercargill City Council will continue to support the work currently undertaken by Venture Southland, a shared service of all the Southland councils, and their endeavours to boost tourism in Invercargill and Southland, alike. This work will continue to be undertaken either by Venture Southland or by a Southland Regional Development Agency, established as a Council Controlled Organisation. It is further assumed that Council will encourage local businesses and entities to lift tourism through their separate endeavours. This will result in an increase in tourism numbers over the life of the LTP.

IMPLICATION

In line with the Southland Regional Development Strategy, and generally just to better Invercargill by fully utilising all our available resources, Council should encourage tourism, particularly overnight tourist guests within the City region. By doing so we reap a number of benefits, particularly economic ones. A number of entities around the City are doing their best to encourage tourism through offering different deals and attractions to bring more visitors to the area, this must be encouraged as we are in the tourist hub of the South Island (Queenstown, Milford, Fiordland, Te Anau) and have a lot to offer.

SOURCE

Venture Southland, Business Plan

LEVEL OF UNCERTAINTY

Low  With the planned increase in measures to encourage tourism, it is considered likely that tourist numbers will continue to grow.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

The greater the tourism within the region, the more cash flow within the community and Council thrives on local business doing well. The more visitors we have through our region utilising our Council services, such as the Museum, Library, Pool, the greater importance for grasping feedback and understanding the needs of our visitors. Council actively encourages higher visitor numbers through the City, as everyone benefits from increased tourism.

Venture Southland is focused on maximising the benefits of increasing the number of visitors to the region. It undertakes various promotional initiatives including digital material, brochures, trade, special interest, and local campaigns and events. It also engages with Tourism New Zealand, participates in the Regional Tourism Organisation network (RTONZ), Tourism Industry Association New Zealand, Tourism Export Council and i-SITE network activities.

The benefits for Invercargill and the Council, alike, from the promotion by Venture Southland are substantial – significant economic benefits, a strong tourism sector encourages greater diversification of the economy,
Invercargill will benefit from the attraction of services, as well as the increased visitor numbers helping Invercargill to create a more vibrant, bustling city.

The tourism package encourages Invercargill and Southland as a destination full of experiences and attractions, largely unique to our region.

Venture Southland seeks to work with Council to develop trade channels which direct business to Southland in return for commission payment. It believes, a goal for the region is to facilitate the development of trade product to increase total revenue, Council will be involved with this as well as any existing or potential businesses. Venture works alongside Statistics NZ, Ministry of Business, Innovation and Employment (MBIE) and project based consultants to best forecast visitor flow and ensure the visitor experience and benefits to Invercargill, and Southland alike, are reaped.

Another tourist attraction that is largely under-publicised is Te Araroa Trail, this trail is a walking track across the whole country with Bluff as the starting point/finishing point and the walkers being navigated through Invercargill and Oreti. This is an area that Council could utilise to promote Bluff, our city and natural beauty – as well as a healthy, family friendly activity.

QUESTIONS TO CONSIDER WHEN PLANNING

- What are some areas that Council could be working on to improve the tourism attractions and boost visitor numbers across the City?
NEW ZEALAND TRANSPORT AGENCY

ASSUMPTION

It is assumed that Council will continue to work alongside NZTA to redevelop services such as the bus service. It is further assumed that no unforeseen technological “game changers” will emerge over the course of the LTP and render any of NZTA’s intelligent transport investment decisions moot.

It is further assumed that over the life of the Plan, the funding assistance rate (FAR) will decrease 1% per annum until it reaches a total of 51% funding where it will remain. In the 2017/18 year the FAR will be 58%.

IMPLICATION

Lower than anticipated subsidies can result in service delivery costs needing to be met by other means or a decrease in the level of service.

SOURCE

New Zealand Transport Agency and the Ministry of Transport

LEVEL OF UNCERTAINTY

Moderate

NZTA have signalled the FAR rate for the future. The technologies have already started being trialled in New Zealand so it is likely that they will become more mainstream.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

With the increasing likelihood of driverless cars becoming the norm over the life of the LTP, NZTA and local authorities alike will see an increased need to spend more money on roading. NZTA will encompass a variety of roles such as an investor, regulator, facilitator and influencer. At present New Zealand’s roads are very underdeveloped compared to an international level where intelligent transport systems are currently being tested. New Zealand, and Southland, alike have a large network of poor quality roads (rural, in particular) with variable quality markings, plus a lot of gravel roads where the edges are not well defined. We also have uncontrolled level crossings and other dangers.

The Government has indicated it will invest $3.4 billion next year and plans to grow spending on land transport to $4.4 billion a year by 2024/2025. Our expenditure on roads is above the OECD average as a proportion of GDP and has been so since 2007.
With the phasing system that is currently mooted by NZTA and the Ministry of Transport, the first phase will allow for the user to take control where the roads are challenging and this will most likely be anywhere that’s outside of the major urban areas, at least to start with. The second phase will ensure that the technology is seriously robust to deal with many places in New Zealand and there will most likely be large exclusion zones when first introduced as it will not require a licence and the user will not be able to have control. Electric and intelligent transport systems are the future of New Zealand with a move from petrol and diesel to low emission transport being a natural evolution and the switch to this will occur sooner rather than later.


NZTA have only projected out unto the medium term (2013-2022) with objectives and phase timelines. Whilst these are being tested at present, it’s approximately another 20 years until it is assumed that these cars will dominate the New Zealand roads. In developing their approach they have made a number of assumptions. These include the pressure that will exist on their urban networks over the next 25 years with a rising aggregate demand for travel and greater personalisation, and a requirement for them to get more out of the existing network whilst minimising costs. NZTA believe the intelligent transport systems will reduce dangers and real risks on the road and prevent road deaths or serious injuries. They note that whilst it is highly desirable to introduce common standards for certain aspects of intelligent transport systems, it’s unlikely that these will be retrofitted to existing investments so will need to accommodate diversity in the short to medium term.
These transport systems offer a myriad of potential advantages and opportunities; however the environment is complex with many different solutions attempting to address a plethora of problems.

QUESTIONS TO CONSIDER WHEN PLANNING

- How likely are the technological advancements to occur in Invercargill over the life of the LTP?
- What impact would new technology have on our road network?
- How will Council meet the costs of the decreasing FAR?
**COMMERCIAL PROPERTY**

**ASSUMPTION**

It is assumed the Central Business District will become a rejuvenated, smaller CBD with a mix of older and new development including shopping area and green park areas.

**IMPLICATION**

The risk of this assumption being incorrect is that there would be deterioration of existing buildings, higher vacancies within the current CBD (particularly retail and first floor office space) and increasing numbers of abandoned earthquake prone buildings.

Esk Street rents have dropped to about 60% of 2006 levels, yet still not filled the properties. A variety of factors can be attributed to this.

- Online shopping is likely the number one cause in regional sales drops, with the online marketplace offering greater variety and lower prices it is appealing to consumers; further, most of the Invercargill population works 8-5 or similar hours which is when the shops are also open, making it difficult for people to purchase in person.
- A lack of sufficient free inner city parking is cited as another relevant factor. Some members of the community have suggested that if there was greater parking, much like the Warehouse’s car park that was free (with monitored hours) it may encourage people to shop locally in the CBD.
  - The complaints about lack of parking in the CBD seem to be a common complaint that was also raised in 2010 in the Blumsky Report.
- Earthquake related issues mean that a lot of the businesses premises do not meet the level required under the Building Act 2004, because of this huge cost many retailers are moving out or consequently the property owners are leaving the buildings empty, unoccupied with no intention to improve the building quality.
  - This causes issues with Heritage New Zealand, as many buildings on Esk (and others in the city) are heritage-protected, so they cannot be knocked down without consent.

**SOURCE**

David McKillop, Commercial Realtor with Harcourts  
Robert Todd, Registered Property Valuer with Thayer Todd Valuations

**LEVEL OF UNCERTAINTY**

**Moderate**  
Council has recently adopted a Retail Strategy to rejuvenate the CBD area.

**IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN**
Implications of progressing the Retail Strategy need to be considered and provided for in the Long-Term Plan.

**QUESTIONS TO CONSIDER WHEN PLANNING**

- How should we approach Heritage in the CBD or Invercargill as a whole?
FINANCIAL FACTORS

INFLATION

ASSUMPTION

It is assumed that inflation will remain steady over the life of the Long-Term Plan.

Council adjusts its financial projections to reflect the estimated impact of inflation. Council uses the Local Government Cost Index (LGCI) forecasts of price level changes to calculate a weighted average inflation rate for each year of the plan. BERL inflation adjusters will be used in the Long-Term Plan.

<table>
<thead>
<tr>
<th>Year</th>
<th>LGCI % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019/20</td>
<td>2.2</td>
</tr>
<tr>
<td>2020/21</td>
<td>2.2</td>
</tr>
<tr>
<td>2021/22</td>
<td>2.2</td>
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<tr>
<td>2022/23</td>
<td>2.3</td>
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<td>2023/24</td>
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<tr>
<td>2024/25</td>
<td>2.4</td>
</tr>
<tr>
<td>2025/26</td>
<td>2.5</td>
</tr>
<tr>
<td>2026/27</td>
<td>2.6</td>
</tr>
<tr>
<td>2027/28</td>
<td>2.7</td>
</tr>
</tbody>
</table>

IMPLICATION

There is a risk that actual inflation will be significantly different to the assumed inflation. Council is often exposed to cost increases based on international oil prices (i.e. pipes) – Council has no control over these and they are often volatile due to shifts in exchange rates and international oil prices.

SOURCE

Society of Local Government Managers (SOLGM), BERL and Trading Economics

LEVEL OF UNCERTAINTY

Moderate There is medium-risk likelihood of incorrectly assuming some of the costs in the budgeted financial statements. Council is particularly susceptible to changes in the price of imported items. Using BERL mitigates some of this risk.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

It is predicted a higher inflation rate will occur around 2019/2020 with stronger GDP growth and sustained domestic momentum.
Council chooses not to use the Consumer Price Index (CPI) as an indicator of our inflationary costs. Whilst CPI can offer transparency and simplicity for rate increases, it does not take into account capital expenditure on projects that the community may consider important.

Further the Council’s cost for service provision does not increase at the same rate as the CPI as the method used for CPI measurement does not take into account the management of infrastructure which is a primary factor for Council.

The LGCI forecasts are usually greater than the CPI (based on actual outcomes over the 10 years prior). However, this is not always the case. Individual indices will at times vary from what will be included in the Long-Term Plan.

QUESTIONS TO CONSIDER WHEN PLANNING

• Should all Council activities use the same inflation rate cost adjustor?
LOCAL ECONOMY

ASSUMPTION
It is assumed that the local economy of Invercargill City and Bluff will remain steady, or grow at a steady rate, over the life of the Long-Term Plan.

It is assumed that the local economy will diversify over the course of the Long-Term Plan.

IMPLICATION
If the local economy does not diversify and change in trends and grow with areas such as high tech as well as continue in traditional areas such as agriculture, then there may be challenges to the local economy. This would have an impact on the Community’s ability to pay for Council services.

SOURCE
BERL and Infometrics

LEVEL OF UNCERTAINTY
Moderate  The SoRDS and other Council initiatives are investigating and implementing measures to diversify the local economy.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN
The largest areas of the economy are tourism, primary production and processing, education and research. Council will need to keep a watching brief to see if this breakdown diversifies over the coming years with new technologies changing the way we do business.

QUESTIONS TO CONSIDER WHEN PLANNING
- What areas do you see within the local economy that could grow within the next decade?
- What can Council do to encourage Invercargill to become a high tech hub, and grow in this area?
### USEFUL LIFE OF SIGNIFICANT ASSETS

#### ASSUMPTION

It is assumed that there will be a three-yearly reassessment of useful lives of assets throughout the life of the Plan.

It is assumed that assets will be replaced at the end of their useful life.

Planned asset acquisitions (as per the capital expenditure programme) shall be depreciated on the same basis as existing assets.

#### IMPLICATION

Costs may be increased or decreased if assets wear out at a different rate than estimated.

#### SOURCE

The useful lives of significant assets will be shown in the Statement of Accounting Policies (refer to Annual Report or Long-Term Plan).

#### LEVEL OF UNCERTAINTY

**Moderate**  
Asset lives are based upon estimates made by engineers and registered valuers.

#### IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

Council is already aware that some of the pipe network is deteriorating at a faster rate than was initially assumed. Council will now take this into account and ensure that it plans to meet the potential increase in cost.

The risk will always be that Council activities change and this could result in decisions not to replace existing assets. However, Council has a comprehensive asset management planning process and if a decision is made not to replace an asset then this will be factored into capital projections.

#### QUESTIONS TO CONSIDER WHEN PLANNING

- What can Council do to mitigate the risk of assets useful lives being less than assumed?
DEPRECIATION

ASSUMPTION

That Council will work towards fully funding depreciation by 2028.

IMPLICATION

Further works on planned capital works may alter the depreciation expense. Rates will increase to cover depreciation, in the short term but this will lead to less rating spikes for future renewals.

SOURCE

Independent valuations based on life of the assets.

LIKELIHOOD

Low  Methods to achieve will be included in the Financial Strategy.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

Depreciation reflects a cyclical trend consistent with the requirements to forecast asset revaluations. Asset revaluations are required to be done regularly enough to ensure that the asset value disclosed is not materially different to the fair value.

Should Council determine not to fully fund depreciation by 2028 there is a risk of increased funding requirements when assets require renewal.

QUESTIONS TO CONSIDER WHEN PLANNING

- To what extent does Council wish to fund renewal depreciation on infrastructural assets?
## ASSET REVALUATION (EXCLUDING PROPERTY, PLANT AND EQUIPMENT)

### ASSUMPTION

It is assumed that the value of all other assets (e.g. investment properties) accounted for at fair/market value will grow at a steady rate, in line with the Local Government Cost Index, across the ten year plan.

### IMPLICATION

There will be a financial impact if actual revaluation movements are significantly different from those forecast.

### SOURCE

Third party valuations and BERL

### LEVEL OF UNCERTAINTY

**Moderate**  
Property prices and commodity prices are fluctuating and can be unpredictable due to the world economic situation and also local demand.

### IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

For assets valued at market value (based on sales evidence), values have been assumed to grow at a steady rate. This reflects the wide disparity in views on the sustainability of current residential market prices as well as some uncertainty with national and international log prices.

This assumption has no impact on depreciation as these assets are not depreciated.
VESTED ASSETS

ASSUMPTION
There will be vesting of assets forecast across the life of the Long-Term Plan, but the impact of this will not be material.

IMPLICATION
That Council will have assets vested thereby increasing the depreciation expense in subsequent years.
The quantum of vested assets are somewhat unpredictable and can vary from year to year.

SOURCE
District Plan

LEVEL OF UNCERTAINTY
Low  As further development occurs throughout the District, it is likely assets will be vested in Council, but based on historical data this is unlikely to be material.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN
The level of vested assets fluctuates considerably from year to year.
Historical levels have not been material. The recognition of vested assets in the income statement is non-cash in nature and will have no effect on rates.
The financial effect of the uncertainty is expected to be low.
EXISTING FUNDING RENEWAL

ASSUMPTION
Council’s borrowing facility will be renewed (three yearly) with the terms and conditions mirroring market trends.

IMPLICATION
The interest rates on borrowing may fluctuate which has an impact on Council’s financial position and expenditure.

SOURCE
Financial Strategy 2018 - 28

LEVEL OF UNCERTAINTY
Moderate Potential changes in the terms and conditions of the renewed facility would be minor against the overall cost of borrowings.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN
Low impact on the integrity of the Long-term plan, as any changes within the term and conditions would be minor. Potentially could be higher interest rates on borrowing which require Council to collect a greater amount in rate to cover additional interest costs or reducing the amount borrowed (and level of service provided)
LOANS

ASSUMPTION

Council will continue to use loans to fund large capital projects of a service improvement or growth nature. Interest on future borrowing has been calculated at 4.75% for 2018/19, 5.00% for 2019/20, 5.50% for 2020/21 – 2022/23, 6.00% for 2023/24 – 2025-26 and then 6.50% for the remaining years. This is based on Council’s current borrowing rates which are hedged for a number of years into the future, as well as consideration of economic forecasts.

IMPLICATION

Interest rates on borrowing may fluctuate which has an impact on the Council’s financial position.

SOURCE


LEVEL OF UNCERTAINTY

Moderate  Low interest rates with minimal fluctuation in the current market and for current forecasts.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

Higher than expected interest rates on borrowing will require Council to consider collecting a greater amount in rates to cover the additional interest costs or reducing the amount borrowed (and level of service provided).

QUESTIONS TO CONSIDER WHEN PLANNING

- Council will need to consider on a case by case basis what funding source (loan, rates, reserve) is the most appropriate.
RETURN ON INVESTMENTS

ASSUMPTION
Return on cash investments is calculated on borrowing rate less 2%. Dividends and subvention payments from Invercargill City Holdings Limited are assumed to be at 11% of the total rates requirement.

IMPLICATION
Income from investment may fluctuate which has an impact on Council’s financial position and its revenue and expenditure.

SOURCE
Financial Strategy 2018-28

LEVEL OF UNCERTAINTY
Low - Lower returns on investments for cash based investment in line with borrowing rates. Minimal fluctuations in the current market and for current forecasts.

Low – Dividend and subvention payments from Invercargill Holdings Limited are forecast to increase steadily over the life of the plan and remain in line with 11% of Rates.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN
Lower than expected return on investment will require Council to consider collecting a greater amount in rates to cover the loss of revenue. Lower return will also effect the growth of cash investments, which will have an impact on Council’s net asset position.
## Asset Revaluation for Property, Plant and Equipment

### Assumption

It is assumed that the value of assets will increase by the accumulated Local Government Cost Index inflation on the last valuation value, as shown in the table below.

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
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<th>2026</th>
<th>2027</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revaluation</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>LGCI</td>
<td>-</td>
<td>1.8%</td>
<td>2.0%</td>
<td>2.2%</td>
<td>2.2%</td>
<td>2.3%</td>
<td>2.3%</td>
<td>2.4%</td>
<td>2.5%</td>
<td>2.6%</td>
<td>2.7%</td>
<td></td>
</tr>
<tr>
<td>Accumulated</td>
<td>-</td>
<td>3.8%</td>
<td>6.7%</td>
<td>7.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8.0%</td>
</tr>
</tbody>
</table>

### Implication

There will be a financial impact if actual revaluation movements are significantly different from that forecast.

### Source

Cost change factors are based on information developed for Council's by Business and Economic Research Limited (BERL).

### Level of Uncertainty

**Moderate**  
A number of variables impact the value of assets when revalued.

### Impact on the Integrity of the Long-Term Plan

Cost change factors are based on information developed for Council’s by Business and Economic Research Limited (BERL). Significant variations from these adjustments will be identified in future Annual Plans and Annual Reports. Any difference would affect the asset value in our Statement of Financial Position and may result in the cost to fund infrastructure depreciation increasing or decreasing.
EXTERNAL FACTORS

LOCAL GOVERNANCE

ASSUMPTION

Amalgamation will not occur with neighbouring Councils during the life of the Long-Term Plan.

The Council will continue to work closely alongside Gore District, Southland District and Environment Southland. With the proposed amendment to the Local Government Act encouraging further collaboration, it is likely that the conversation will continue.

Over the ten years the Long-Term Plan encompasses there is the possibility that legislation may come into effect where Council amalgamation is forced, rather than encouraged.

The Southland-based Councils, as well as other councils within close proximity, have worked successfully on a number of initiatives in recent years. These are commonly referred to as “shared services”, where Councils aim to deliver to their respective communities for a lesser cost at their ratepayers’ expense. There are a number of benefits to working together on select projects such as the cost-effectiveness, avoiding duplication and having a larger team with more ideas.

The following table indicates where Council is working alongside other councils and in what areas:

<table>
<thead>
<tr>
<th>Baseline 2015/16</th>
<th>Maori capacity &amp; partnerships</th>
<th>Emergency Management</th>
<th>Heritage Strategy</th>
<th>Transport Planning</th>
<th>Regional Strategy</th>
<th>Information Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gore District</td>
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<tr>
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<tr>
<td>Queenstown Lakes District</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Section 14(1)(e) of the Local Government Act 2002 requires local authorities to collaborate and cooperate.

The Council needs to be ready to take up opportunities and manage any change required as a result of amalgamation proposals.
IMPLICATION

At present the Southland Councils and their communities are working alongside one another on matters that are important and affect all areas. They do so in order to be cost-effective and efficiently manage and utilise staff and resources.

SOURCE


Better Local Services Bill 2016

LEVEL OF UNCERTAINTY

Low  It is likely there would be limited support at present for the amalgamation of Councils. This is evident through numerous submissions to Parliament on the Local Government Amendment Bill and polling organised by Council.

Likelihood that shared services will continue across Council where it is deemed appropriate.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

The Government continues to reform local government with the first phase being the Amendment Act that was enacted in August 2014. Part of this was enabling Local Government to establish local bodies as part of unitary authorities and create council-controlled organisations and joint committees as part of a reorganisation scheme.

Overall, the amendment has not made large changes to the structure of Invercargill City Council and its ability to function, but this is only the first step in the Government’s long-term package to have “better local government”. Invercargill City Council must be aware of this and keep up to date with the various implementations.

Invercargill City Council has a good relationship with other councils in the area and it is assumed that they will continue to do so over the length of the Long-Term Plan.

QUESTIONS TO CONSIDER WHEN PLANNING

• In what areas would it be beneficial to Council to introduce greater shared services across the Region?
LEGISLATION

ASSUMPTION

It is assumed that no major legislation will be enacted that will impact Council.

The Council’s work will continue to be influenced by national policy, strategy and legislative changes during the period of the Long-Term Plan 2018-2028. The role and function of local government is set out by law. The Council has responsibilities prescribed by many Acts and regulations (eg Local Government Act 2002, Resource Management Act 1991; Building Act 2004). There is a regular Parliamentary cycle of statute development, review and amendment that affects the Council.

Legislative changes are expected to have a minor effect on Council’s finances and/or levels of service.

It is assumed that any change to that legislation that is introduced can be complied with within current budgets.

IMPLICATION

Amendments to the Local Government Act or any other statute that directs local government may result in increasing the levels of service or activities that Council is required to deliver. Likely areas are regulatory and compliance such as Health and Safety, Resource Management processes, or building standards.

Roading, Water Supply, Wastewater and Stormwater are also subject to ongoing reviews that may impact how Council delivers such services.

Recent changes in the Health and Safety legislation has increased the risks and liability bestowed upon Council and senior Council staff.

Changes to the Building Act and the Resource Management Act, and associated policies, could result in significant additional costs to Council above those built into existing operational budgets.

Environment Southland has introduced their Water and Land 2020 and Beyond Plan. This will have implications across the District. In particular it may require that all storm water is treated – this could place a serious financial strain on Council.

SOURCE

NZ Parliament and Legislature

Department of Internal Affairs - https://www.dia.govt.nz/better-local-government

Environment Southland
LEVEL OF UNCERTAINTY

Moderate  Central Government has signalled potential amendments to many of the Acts that affect Council.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

Specific requirements from new legislation can be partially addressed through changes to fees and charges, or through additional targeted rates.

Council will make submissions on government Bills where the impacts are substantial to ensure government policy makers are aware of the potential impacts.

QUESTIONS TO CONSIDER WHEN PLANNING

- What impact will the Environment Southland Water and Land Policy have on Invercargill City Council and how best does Council address this?
NATURAL DISASTERS

ASSUMPTION

It is assumed that Council will be prepared to respond to any natural disaster/hazard including floods, storms and earthquakes that occur during the life of the Long-Term Plan.

It is further assumed that there will be no natural disasters requiring emergency work that cannot be funded out of Council’s budgetary provisions.

IMPLICATION

Natural disasters can cause significant damage to infrastructure and disruption of service. An increasing number of natural disasters including earthquakes and flooding have occurred in New Zealand in the last decade.

The Invercargill Community may not be adequately prepared or resourced to respond to a major natural disaster, or to a succession of natural disasters.

A major natural event would impact on Council by requiring immediate funding. This would reduce the resilience of the Council for meeting future unforeseen costs. Additional borrowing would impact on future rating levels. Council services such as water (treatment), roading services, sewerage and stormwater could be disrupted for considerable periods of time.

Depending on the severity or timing of any disaster, Council may not have enough staff to rapidly manage recovery and response.

SOURCE

Civil Defence, Emergency Management Southland and Environment Southland

LEVEL OF UNCERTAINTY

High  Council considers that a natural disaster event many occur during the life of the Long-Term Plan, however the impact and timing of such an event is extremely uncertain.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

The Council utilises an Emergency Lifelines Programme in accordance with Environment Southland and Emergency Management Southland. This is in alignment with Civil Defence emergency planning. This ensures that the Council and Emergency Management Southland are prepared for natural disasters and are able to co-ordinate a response and support recovery.

Any major natural disaster that occurs and results in significant repair costs to Council will be largely funded through insurance and/or government assistance.
At present Council does not have a specific disaster reserve fund put aside in case of a one-off disaster. However, Council does have a Civil Defence Fund that would be able to be drawn on in a situation of a disaster. Council protects its assets by insurance and ensuring there are some reserves available to sustain any upgrade or urgent replacements that may be required.

At present there is a 60:40 split between central government and local government which covers certain disaster funding such as the underground pipework. There are discussions taking place that would potentially bring the split closer to 50:50.

Further, there has been a proposition to establish a Local Government Risk Agency (LGRA). This would be a national body to govern risk management at a local government level and prepare for unforeseeable situations. It is expected to be six-yearly planning with funding from the Government for the first three years of the LGRA’s existence.

It is possible that an earthquake along the Alpine Fault presents risk; there is a 50% chance of a magnitude 8 plus earthquake occurring along this fault over the next 50 years. This would be a significant South Island wide event particularly noticeable in Fiordland and northern Southland. It is not unrealistic to expect that such an earthquake could occur within the lifetime of at least 80% of the current Southland population.

QUESTIONS TO CONSIDER WHEN PLANNING

- What further planning should Council consider for the impact of a natural disaster?
It is assumed that climate changes will occur over the life of Long-Term Plan, and that Council will prepare for future significant changes and future plan. More detail of specific climate impacts is included in the body of this section of the report. It is assumed:

- Temperature increase of 0.8°C by 2040.
- Annual rainfall increase of 4% by 2040.
- Mean sea level rise of 0.2 m by 2040 and 0.8 m by 2090.
- Increased number and intensity of storms.

There is an increasing risk of climate related event(s) of growing intensity. This may require emergency work that cannot be funded out of normal budgetary provisions.

The effects of climate change on Southland and Invercargill alike are likely to mean more intense periods of rain, and also more severe droughts; both of which will impact on local business within the region (i.e. farming).

Unexpected pressures may come on infrastructure requiring new capital developments such as increased stormwater control.

Whilst such an impact may not be significant in terms of the overall Council activities, there is expected to be impacts to the way activities allocate resources and the type of proactive projects that are taken on board. For example:

a) Roading – increased frequency and intensity of rainfall may require excess draining works in the road network that may reduce long-term maintenance costs that result.

b) Water – longer period of drought result in increased demand whilst flood events create turbidity.

c) Wastewater – increased frequency and intensity of rainfall events results in infiltration and inflows that increase volumes to be treated.

d) Stormwater – increased frequency and intensity of rainfall events results in service levels falling.

Invercargill’s climate is maritime and dominated by a westerly influence that generally supplies reliable and plentiful rainfall, alongside a small annual temperature range. At times influences from the Antarctic region will bring chilling, strong Southerly winds. Topographic influence largely shields Invercargill with the Fiordland region receiving the greatest influences, particularly due to El Niño and Interdecadal Pacific Oscillation (IPO).
A single El Niño–Southern Oscillation event can last between 6-18 months and have significant impact on the climate and agriculture. For Invercargill, El Niño phase results in wetter than normal conditions, whereas the La Niña phase leads to drier than normal conditions. Whilst the IPO has a cycle of 15-30 years, and is characterised by a warm, positive phase in which El Niño conditions are prevalent and a cool, negative phase which favours La Niña conditions.

**Temperature:**

The Ministry for the Environment anticipates that Invercargill will be 0.8°C warmer by 2040, and 1.9°C warmer come 2090, compared to the temperatures recorded in 1990 (not so dissimilar to now). By the end of the century Invercargill is projected to have 30 extra days per year where the temperature exceeds 25°C combined with around 20-70 fewer frosts per year.

![Temperature Table]

It is assumed that these climate movements will be taken into account in future Long-Term planning; however there is nothing urgent that will need to be addressed in the current Plan. Opportunities for diversification of the Invercargill economy will take into account the impacts of climate changes and warmer temperatures.

**Rainfall:**

As stated earlier, Southland is expected to get wetter, particularly in Winter and Spring. Annual rainfall is to increase 4% by 2040 and 7% by 2090. Winter rainfall will increase by 10% by 2040 and 18% by 2090. Little change is expected in Summer and Autumn rainfall to 2090. Very heavy rainfall events will increase in frequency across all of Southland.

During periods of positive phase IPO, Southland rainfall total, rainfall intensity and river figures for flood size and low flood magnitude tend to be significantly greater during periods of negative phase IPO.

It is assumed that Council will plan in advance for heavy rainfall, and that the monitoring of the floodzone will continue over the life of the Long-Term Plan.

**Sea Level Rise:**

There has been an average rise in relative mean sea level of 1.7mm per year over the 20th century, this is expected to increase in the future. The Ministry for the Environment recommend planning for future sea level rise of 0.5m, along with consideration of the consequences of a mean sea-level rise of at least 0.8m by the 2090’s.

Parliamentary Commissioner for the Environment has also reported that sea levels have risen by ~20cm over the last century. In the report the Commissioner warns that a further 30cm rise by 2050 is now inevitable.
The rise in sea level attributable to storm surge can further increase water levels, which can threaten coastal stop bank systems, especially in Invercargill City.

_Council recognises the severity that sea level rise may have, in particular around certain areas of Bluff, and will incorporate this future proof planning over the life of the Plan._

**Storms:**

The number of storms impacting Southland are set to increase in Winter and decrease in Summer, by the end of century. The intensity of these storms will again, increase in Winter and decrease in Summer.

_Council recognises the risk of the increase in potential storms and will plan accordingly._

**Wind:**

Frequency of extreme winds over this century is likely to increase by between 2% and 5% in almost all regions of New Zealand in winter, and decrease by a similar amount in summer. Changes in wind directions may lead to an increased frequency of westerly winds over the South Island. The mean westerly wind component across New Zealand is expected to increase by 10% of its current value over the next 50 years; however it is not yet possible to quantify the likely change in the extreme wind change/hazard.

Severe windstorms across the Southland region are characterised by weather patterns where a blocking high pressure is situated to the north of the North Island a low pressure system tightens up isobars over the country causing high winds initially from the Nor-West and more recently from South-West as the low pressure and associated frontal system pass over. Wet, westerly winds drop most of their moisture on the western side of the partial barrier formed by Fiordland mountain range. Coastal Southland near Foveaux Strait can experience periods of strong and persistent westerly winds, combined with regular rainfall.

_Council recognises the severity of damage these windstorms may cause for Invercargill residents however the increase will be unlikely to make a significant difference over the life of this Long-Term Plan._

**Snow:**

Invercargill can get ~5cm of snow on the ground while inland areas, particularly Western or Northern Southland, can receive up to 50cm.
Should the following predictions play out, Invercargill and Southland alike will be exposed to an increased likelihood of natural hazards such as the table below demonstrates.

Climate Change Predictions for 2040, relative to 1990 for Southland (from MFE Guidelines, May 2008)

<table>
<thead>
<tr>
<th>2040 Prediction</th>
<th>Comments</th>
<th>Natural Hazard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily temperature</td>
<td>↑</td>
<td>Higher temperature, less frosts</td>
</tr>
<tr>
<td>Annual temperature</td>
<td>↑</td>
<td>Higher temperature (0.8°C – 0.9°C) increasing annually on average</td>
</tr>
<tr>
<td>Rainfall events</td>
<td>↑</td>
<td>More frequent heavy rainfall events, increasing in size of event</td>
</tr>
<tr>
<td>Annual rainfall</td>
<td>↑</td>
<td>Higher (3-5%) average annual rainfall</td>
</tr>
<tr>
<td>Wind</td>
<td>↑</td>
<td>Increase in annual westerly wind flow and peak wind speeds</td>
</tr>
<tr>
<td>Tropical cyclones</td>
<td>↑</td>
<td>More storms</td>
</tr>
<tr>
<td>Sea temperature</td>
<td>↑</td>
<td>Higher sea temperatures, similar increase to annual temperature</td>
</tr>
<tr>
<td>Sea level</td>
<td>↑</td>
<td>Increase in sea levels (0.2m)</td>
</tr>
</tbody>
</table>

Projected annual temperature changes from the 1980’s (°C) for Invercargill for 2030’s and 2080’s for the lowest, mid-range and highest temperature change scenarios

<table>
<thead>
<tr>
<th>2030’s</th>
<th>2080’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest</td>
<td>0.13</td>
</tr>
<tr>
<td>Middle</td>
<td>0.55</td>
</tr>
<tr>
<td>Highest</td>
<td>1.33</td>
</tr>
</tbody>
</table>

**EXPECTATIONS AS AT 2090**

- **Spring**: 1.6°C temperature rise, 13% more rainfall in Invercargill
- **Summer**: 2.0°C temperature rise, Little rainfall change in Invercargill
- **Autumn**: 2.0°C temperature rise, Little rainfall change in Invercargill
- **Winter**: 2.1°C temperature rise, 18% more rainfall in Invercargill

The above climate change predictions are for future planning for the City. They will be of limited impact over the life of the immediate 2018-2028 Long-Term Plan, but must be taken into account now to plan for long-term change.
LEVEL OF UNCERTAINTY

**Moderate**  Whilst the long-term trend of rising temperatures and more frequent intense weather events is reasonably certain, the short to medium term impacts are less certain. Natural hazards are infrequent and present a huge amount of uncertainty in terms of predicting how often and extreme they may be. Predictability varies from hazard to hazard – some are easier to record than others.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

**Flooding:**

Climate change will likely increase the risk of flooding, landslides and erosion in Invercargill and Southland, alike. The capacity of stormwater systems may be exceeded more frequently due to heavy rainfall events which could lead to surface flooding damage to infrastructure and road closures.

Certain areas of Invercargill remain at risk of flooding from various or combined riverine sources, despite a major upgrade of flooding protection works and the adoption of non-structural flood alleviation methods or measures following the big floods of 1984. There are major components to the Invercargill flood protection scheme that include protection works and detention dams on the Kingswell, Otepuni, Waihopai and Waikiwi streams.

As stated earlier, the chance of flooding greatly increases during a negative IPO phase.

**Water availability:**

Water security is most likely to be an issue that impacts Southland, where drought is already a major constraint. In certain areas, drought severity and irrigation demand may decrease slightly as average annual rainfall increases.

Council will need to investigate the influence of the sea level rise on the salinity at the Branxholme water treatment plant. At present, the Branxholme intake is well above the tidal influence, but consideration should be given to what increase in sea level would pose a threat to salt water entering our intake.

**Coastal Hazards:**

Coastal roads and infrastructure will face increased risk from coastal erosion and inundation, increased storminess and sea level rise.
Such risk of living on the coast have become readily apparent, besides impacts of tsunami, regular but episodic storms regularly erode the coastline and create storm surges. This process of erosion, whilst it is natural, creates a demand for sea defence when it interferes with human occupation (which it will do more so increasingly in Bluff).

Preserving the coast’s natural characteristics which encompasses landform, vegetation, scenery and ecology is a matter of national importance under the Resource Management Act 1991.

Coastal erosion is natural and cannot be stopped, but it can be planned for and processes can be put in place to safeguard and record historical sites and associations, or continue viability of the Bluff Port.

**Agriculture, Farming and Biosecurity:**

Warmer temperatures, a longer growing season and significantly fewer frosts could provide opportunities to grow new crops. Farmers might benefit from faster growth of pasture and potentially better growing conditions. However, these benefits may be limited by negative effects of climate change such as increased flood risk or greater frequency and intensity of storms.

Climate change could have significant impact on overland flow in Southland, depending on the location. Further it may provide opportunities of land use change and grazing intensification in some parts of Southland. It will not alter the land slope, however climate change associated changes to land use activities on sloping land could increase overland flow, and also erosion.

Southland has nationally important high class soils which are likely to support a wider range of crops under a scenario of increased average temperatures, without any limitation on rainfall. It may result in opportunities for new crops to be grown in some parts of Southland resulting in changes to vegetation type. Any development that reduces vegetation cover, in particular tall vegetation cover, will increase overland flow potential. It may result in some parts of Southland being drier, in which case demand for irrigation may increase. Conversely some parts may become wetter, reducing the need for irrigation.

Predictions of a warmer, wetter climate are likely to increase the invasion, abundance, and distribution of ecological weeds, pest animals, pathogens and vectors in Southland.

**Ngai Tahu:**

Strong links between Maori economic, social, cultural systems and the environment can make Maori vulnerable to climate change. There is tangible value placed for Ngai Tahu within the ecological system, not limited to but including indigenous flora and fauna that is deemed to be taonga. Across local government there has been heightened recognition of the customary relationship between Maori people and particular areas of the coastal environment, this is evident through the Southland Regional Council’s publications with Te Ao Marama Incorporated.

There are Resource Management Act 1991 provisions for iwi-management plans, the local Southland iwi has adopted “Te Tangi a Tauira” for Ngai Tahu ki Murihuku. This has already been adopted by the Invercargill City Council through the District Plan and any future resource management decisions.

Increasing erosion and flooding can impact on sites such as wahi tapu which can affect matauranga and the ability to pass it onto future hapu. There is also a notable trend in relation to El Nino and La Nina cycles and impacts on environmental correlation with tio (oysters) and titi (muttonbirds).
Other Implications:

Financial impacts can be mitigated by use of insurance where necessary and applicable, as well as undertaking appropriate maintenance as a preventative measure. Climate change is not an exact science and unusual weather patterns are becoming more common at present. Much more rapid change is possible and could result in frequent storm damage. It is assumed the Council will work closely alongside Environment Southland and Emergency Management Southland to ensure that it is prepared.

The areas most at risk are located on floodplains, this is because the “old man floods” have set a benchmark and have now protected areas from floods of historic proportions. This does not alleviate risk entirely, but the likelihood is considerably less.

Not all climate change will be a “threat”, some changes will be welcome and some will present opportunities. Either way it will require adaptations and adjustments at not just a local council level, but also regional and national.

“The challenge is not to find the best policy today for the next 100 years, but to select a prudent strategy and to adjust it over time in light of new information”

- International Panel for Climate Change, 1996

QUESTIONS TO CONSIDER

- To what extent does future planning need to take into account prediction of sea level rise and intense rainfall?
TECHNOLOGY

ASSUMPTION

There will be a greater reliance on technology and that the use of technology will be priority for staff in finding efficiencies.

IMPLICATION

It is recognised that advances in technology over the life of this Long-Term Plan may change the way that activity is carried out; the forecasts are based on known technology as currently applied within the Council.

New technology may change the way an activity is carried out and affect both financial estimates and levels of service.

SOURCE

World Economic Forum
New Zealand Institute for Economic Research
Venture Southland

LEVEL OF UNCERTAINTY

High  Impact of changing technology is not quantifiable.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

It is difficult to predict the extent that new technology will have on the Invercargill economy and to what extent globalisation will have an impact.

The contribution of ICT to economic growth had been higher in New Zealand than in any other country in the OECD between 2001 and 2013. As a result a number of high tech manufacturers and information technology firms now employ more than 100,000 kiwis. This leaves New Zealand and Southland, in a stable position to market itself as a viable tech hub for the future.

At a local government level, Invercargill City Council is keeping up with technological advancements.

The impact of driverless cars and drone deliveries in New Zealand is going to occur within the immediate to medium term future. This will have an impact on what Council is required to provide through, in particular, its Roading Activity.

The benefits from the new technologies will arrive well inside the 40-year planning horizon of road investments we make today. The technologies have the potential to significantly affect the expected returns from these investments.
The impact of changing technology is unknown but is reviewed on an ongoing basis and would be taken into account in the following Long-Term Plan. The effects in the interim would be considered in Annual Plans and provided for where necessary.

### QUESTIONS TO CONSIDER WHEN PLANNING

- To what extent should Council activities budget to provide for new technologies.
### EDUCATION

#### ASSUMPTION

It is assumed that the education system will remain the same in Invercargill over the course of the Long-Term Plan, both through tertiary and other institutes within the District.

#### IMPLICATION

If the numbers of enrolled SIT students changes from what is anticipated it may affect housing, population and services in the City.

#### SOURCE

Penny Simmonds, Southern Institute of Technology

#### LEVEL OF UNCERTAINTY

Moderate

#### IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

It is assumed that international students will continue to attend SIT and move to Invercargill for this purpose, over the course of the Long-Term Plan. Double figure growth is anticipated over the length of the Plan. After that, it is anticipated there will be a gradual decrease in international students as other institutes closer to their home country start to offer similar schemes or programmes. Developing countries such as China and India have increasing credibility with respect to their tertiary institutes. At present international students are pushed to get a qualification in an English speaking country, like New Zealand.

So long as the “pull” factors remain in New Zealand such as it being peaceful, clean, green and reasonable it is likely that we will continue to see international growth compared to our European competitors. At present SIT have a number of partner institutes that will send students here on exchange. These include China and the greater Asian region, North America and Europe. This is likely to expand, but is largely a one-way partnership whereupon they are sent to Invercargill, but we do not send students there.

#### QUESTIONS TO CONSIDER WHEN PLANNING

- Is there more that Council should be doing to encourage students to move to Invercargill?
- What are the implications of increasing international student numbers on how Council provides its activities?
**WORLD ECONOMY**

**ASSUMPTION**

It is assumed that the world economy will proceed to grow at a steady rate.

**IMPLICATION**

New Zealand’s economy is influenced by the world economy. The global economic outlook is uncertain; however New Zealand’s outlook remains positive for growth driven by residential investment, positive migration inflows and high terms of trade.

**SOURCE**

NZ Treasury

**LEVEL OF UNCERTAINTY**

Moderate

**IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN**

The world economy could worsen and have a significant negative impact on Invercargill City Council’s ability to access necessary goods and services.
EXTERNAL FUNDING FOR PROJECTS

ASSUMPTION

The Art Centre, Additional Pool and Living Dinosaurs projects are all dependant on external funding. Preliminary investigations into available external funding have started and the budgeted cost of the projects and level of external revenue anticipated has been based on these investigations.

It is assumed that the level of external funding for these projects will be received at the levels contained within our ten year budgets.

IMPLICATION

The viability of the Art Centre, Additional Pool and Living Dinosaurs projects are dependent on the external funding, or a commercial partner for the Living Dinosaurs project. Should funding not become available the project would not be undertaken. This would decrease the amount of rates required in the years of the project, but would also decrease the level of service provided to the community.

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<tbody>
<tr>
<td>Living Dinosaur Experience</td>
<td>100,384</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Arts and Creativity Invercargill</td>
<td>367,736</td>
<td>267,324</td>
<td>373,505</td>
<td>721,650</td>
<td>1,269,457</td>
<td>1,307,606</td>
<td>1,324,756</td>
<td>1,344,759</td>
<td>1,384,680</td>
<td>1,407,281</td>
</tr>
<tr>
<td>Additional Pool</td>
<td>129,021</td>
<td>190,212</td>
<td>194,587</td>
<td>199,062</td>
<td>203,840</td>
<td>208,936</td>
<td>214,368</td>
<td>220,156</td>
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<td></td>
</tr>
</tbody>
</table>

SOURCE

Venture Southland.

Tim Walker and Associates

LEVEL OF UNCERTAINTY

High  Although preliminary investigations have been started, there are no signed agreements or commitment to funding from the external parties.

IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN

Council has based its preferred options on obtaining external funding for the Art Centre, Additional Pool and Living Dinosaurs Experience projects. The funding will only be applied for if Council receives community support for each project. There is still a level of uncertainty around whether Council will receive the funding when applied for. If Council does not receive the funding for any particular project, the project will not go ahead.
**REGIONAL STORAGE FACILITY / SMAG REDEVELOPMENT**

**ASSUMPTION**

The Council will provide $8.5 million as a grant towards the capital development of the Regional Storage Facility in 2024/25 and $10.8 million toward the Southland Museum and Art Gallery Trust for the redevelopment of the museum in 2027/28.

**IMPLICATION**

The Council has based its cost for these projects on preliminary calculations as to the likely cost of the developments and the likely contribution from external funders. More substantive development of the concept will be required prior to a final cost being understood. Further, the design and development of the Regional Storage Facility and the Southland Museum and Art Gallery redevelopment projects are dependent on the outcome of the Art Centre and Living Dinosaurs projects. As an example, should the Art Centre not proceed, the museum would need to provide for the extensive art collections.

Should developments not proceed as planned, the project would either not be undertaken, or be significantly amended. These options could either increase or decrease requirements of the ratepayer and would be subject to further community engagement prior to a decision being made.

**SOURCE**

Venture Southland.

Southland Museum and Art Gallery Trust

**LEVEL OF UNCERTAINTY**

**High**  No detailed plans have been developed for the projects, and no external funding applied for or received. As the Regional Storage Facility and the SMAG redevelopment are interdependent on the Art Centre and Living Dinosaurs Experience projects there is a particular order in which they must be carried out. Amendments to any one project will have a flow on effect to others. Prior to these projects proceeding, feasibility studies and further investigation into cost, and the level of Invercargill City Council’s contribution, will occur. When these processes are undertaken it is likely that the figures will change.

**IMPACT ON THE INTEGRITY OF THE LONG-TERM PLAN**

If these projects do not go ahead, or there are significant changes in either proposed development, there will be a financial impact and an impact on the levels of service provided. It is not possible to determine what these impacts may be. These changes will be subject to the community engagement process.