



NOTICE OF MEETING

**Notice is hereby given of the Meeting of the
Finance and Policy Committee
to be held in the Council Chamber,
First Floor, Civic Administration Building,
101 Esk Street, Invercargill on
Tuesday 31 October 2017 at 3.00 pm
Please note earlier start time.**

His Worship the Mayor Mr T R Shadbolt JP
Cr D J Ludlow (Chairman)
Cr G D Lewis (Deputy Chair)
Cr R L Abbott
Cr R R Amundsen
Cr I R Pottinger
Cr L S Thomas

EIRWEN HARRIS MITCHELL
MANAGER, SECRETARIAL SERVICES

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7. **REPORT BY COUNCILLOR DARREN LUDLOW**

7.1 **OPERATIONAL EXPENDITURE REVIEW**

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11. **PUBLIC EXCLUDED SESSION**

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting; namely

- (a) *Report of the Director of Works and Services*
- (b) *Report of the Director of Finance and Corporate Services*
- (c) *Report of the Chief Executive*

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1)(d) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
(a) Living Dinosaurs	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 7(2)(i)
(b) Consultation Document for Elected Member Remuneration	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 7(2)(i)
66 Dee Street	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 7(2)(i)

- | | | |
|---|---|------------------------|
| (c) Invercargill City
Holdings
Limited
Directors
Appointments | Enable any local authority
holding the information to
carry on, without prejudice
or disadvantage,
negotiations (including
commercial and industrial
negotiations | Section 7(2)(i) |
|---|---|------------------------|

TO: FINANCE AND POLICY COMMITTEE

FROM: DIRECTOR OF FINANCE AND CORPORATE SERVICES

MEETING DATE: TUESDAY 31 AUGUST 2017

LEVELS OF SERVICE REPORT – 1 JULY 2017 TO 31 AUGUST 2017

Report Prepared by: Melissa Short – Strategy and Policy Manager

SUMMARY

Reporting on the Corporate Services levels of service measures for the period comprising 1 July 2017 to 31 August 2017.

RECOMMENDATIONS

That the report be received.

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> The report monitors performance in relation to levels of service measures identified in the Long Term Plan and Annual Plan.
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> No
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> No
6.	<i>Has the Child, Youth and Family Friendly Policy been considered?</i> No – not relevant

FINANCIAL IMPLICATIONS

No financial implications result from this report.

DEMOCRATIC PROCESS

Consultation:

- Smokefree Areas Policy
- Significant Events Bylaw
- Imagine Invercargill Forum
- Trade Waste Bylaw
- Southland Regional Development Agency Consultation (undertaken by Environment Southland)
- Environmental Health Bylaw
- Water Supply Bylaw
- Urupa (Maori Burial Site) Te Hau Mutunga Bylaw
- Cemeteries and Crematorium Bylaw

INVESTMENT PROPERTY

	1 July 2017 to 31 August 2017
Investment Property Activity	
August 2017	No Purchase or Sale Transactions
July 2017	No Purchase or Sale Transactions

TO: FINANCE AND POLICY COMMITTEE
FROM: DIRECTOR OF FINANCE AND CORPORATE SERVICES
MEETING DATE: TUESDAY 31 OCTOBER 2017

MONITORING OF FINANCIAL PERFORMANCE

Report Prepared by: Mr Dale Booth – Manager, Financial Services

SUMMARY

Finance and Policy are \$196,477 under budget for the two months to 31 August 2017.

RECOMMENDATIONS

That the report be received.

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Yes.
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> No
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> No
6.	<i>Has the Child, Youth and Family Friendly Policy been considered?</i> Yes

FINANCIAL IMPLICATIONS

Financial commentary and financial accounts are provided for information.

Business Unit **200000 - Finance and Corporate Services**

	Aug YTD			2017 / 18	
	Actual	Budget	Variance	Remaining Budget	Budget
Internal Revenue	1,156,504	1,097,339	59,165	5,427,529	6,584,034
Fees & Charges Revenue	378,764	299,303	79,460	2,848,037	3,226,801
Grants & Subsidies Revenue	275,649	266,667	8,981	1,348,991	1,624,640
Rates Revenue	182,281	212,857	(30,576)	447,719	630,000
Financial Revenue	91,865	81,774	10,091	9,110,102	9,201,967
Total Revenue	2,085,063	1,957,940	127,122	19,182,378	21,267,441
Internal Expenditure	707,386	693,049	14,337	3,450,909	4,158,295
Staff Expenditure	1,067,425	1,133,637	(66,212)	6,312,861	7,380,286
Administration Expenditure	427,591	404,607	22,985	1,490,129	1,917,721
Financial Expenditure	305,939	369,069	(63,130)	2,058,474	2,364,412
Grants & Subsidies Expenditure	1,194,156	1,256,403	(62,247)	4,228,719	5,422,875
Repairs & Maintenance Expenditure	11,903	49,698	(37,795)	291,288	303,191
Operational Expenditure	421,350	347,171	74,179	1,700,674	2,122,024
Depreciation Expenditure	68,586	64,742	3,844	319,865	388,451
Total Expenditure	4,204,335	4,318,375	(114,040)	19,852,919	24,057,254
Operating Surplus / (Deficit)	(2,119,272)	(2,360,435)	241,163	(670,540)	(2,789,812)
Capital Expenditure	1,080,615	1,121,011	(40,396)	1,205,286	2,285,901
Capital Funding	85,003	0	85,003	(1,719,250)	(1,634,247)
Cash Back Depreciation	69	148	(79)	822	891
Rates Required	3,284,820	3,481,297	(196,477)	155,754	3,440,575

Commentary:

Finance and Corporate Services are \$196,477 under budget for the first two months of the year. A departmental breakdown and commentary follows -

Business Unit **150000 - Museum Operations**

	Aug YTD			2017 / 18	
	Actual	Budget	Variance	Remaining Budget	Budget
Fees & Charges Revenue	186,436	211,827	(25,391)	1,084,524	1,270,960
Grants & Subsidies Revenue	205,320	191,607	13,713	944,320	1,149,640
Financial Revenue	303	1,867	(1,564)	10,897	11,200
Total Revenue	392,058	405,300	(13,241)	2,039,741	2,431,800
Internal Expenditure	114,192	114,192	0	570,958	685,149
Staff Expenditure	174,658	171,757	2,901	938,648	1,113,306
Administration Expenditure	14,952	16,331	(1,379)	83,032	97,983
Financial Expenditure	0	149	(149)	894	894
Grants & Subsidies Expenditure	15,000	2,500	12,500	0	15,000
Repairs & Maintenance Expenditure	4,477	2,794	1,683	12,287	16,765
Operational Expenditure	51,758	75,095	(23,337)	398,812	450,570
Depreciation Expenditure	2,174	2,212	(38)	11,098	13,272
Total Expenditure	377,211	385,029	(7,818)	2,015,728	2,392,939
Operating Surplus / (Deficit)	14,848	20,271	(5,423)	24,013	38,861
Capital Expenditure	0	0	0	38,861	38,861
Cash Back Depreciation	0	(0)	0	(0)	(0)
Rates Required	(14,848)	(20,271)	5,423	14,848	0

Commentary:

Museum operation is slightly overspent to the end of August because one outwards payment of \$15,000 in August is scheduled over 12 equal months.

Business Unit **210000 - Finance and Corporate Services Director**

	Aug YTD			2017 / 18	
	Actual	Budget	Variance	Remaining Budget	Budget
Internal Revenue	(28,333)	(28,333)	0	(141,667)	(170,000)
Grants & Subsidies Revenue	70,329	75,060	(4,732)	404,671	475,000
Rates Revenue	182,281	212,857	(30,576)	447,719	630,000
Financial Revenue	18,185	17,643	543	6,031,815	6,050,000
Total Revenue	242,461	277,227	(34,765)	6,742,539	6,985,000
Internal Expenditure	108,115	108,115	0	540,575	648,690
Staff Expenditure	53,154	71,920	(18,766)	420,793	473,947
Administration Expenditure	3,414	2,600	814	12,186	15,600
Repairs & Maintenance Expenditure	0	417	(417)	2,500	2,500
Operational Expenditure	82,464	8,750	73,714	(29,964)	52,500
Depreciation Expenditure	3,034	2,622	412	12,700	15,733
Total Expenditure	250,181	194,424	55,757	958,790	1,208,970
Operating Surplus / (Deficit)	(7,719)	82,803	(90,522)	5,783,749	5,776,030
Capital Expenditure	0	0	0	5,000	5,000
Capital Funding	(80,003)	0	(80,003)	(124,997)	(205,000)
Cash Back Depreciation	(0)	(0)	0	0	0
Rates Required	(72,283)	(82,803)	10,519	(5,903,746)	(5,976,030)

Commentary:

Finance Directorate is \$10,519 over budget for the first two months of the year.

Business Unit **219000 - Finance and Corporate Services - Human Resources**

	Aug YTD			2017 / 18	
	Actual	Budget	Variance	Remaining Budget	Budget
Internal Revenue	153,310	153,310	0	766,552	919,862
Financial Revenue	0	333	(333)	2,000	2,000
Total Revenue	153,310	153,644	(333)	768,552	921,862
Internal Expenditure	3,585	3,585	0	17,925	21,510
Staff Expenditure	106,658	116,319	(9,661)	630,315	736,972
Administration Expenditure	6,965	5,769	1,196	27,649	34,614
Repairs & Maintenance Expenditure	0	516	(516)	3,097	3,097
Operational Expenditure	10,242	19,414	(9,171)	106,239	116,481
Depreciation Expenditure	1,620	1,531	89	7,568	9,188
Total Expenditure	129,071	147,134	(18,063)	792,792	921,863
Operating Surplus / (Deficit)	24,240	6,510	17,730	(24,241)	(1)
Capital Expenditure	0	0	0	1,549	1,549
Capital Funding	0	0	0	(1,549)	(1,549)
Rates Required	(24,240)	(6,510)	(17,730)	24,240	0

Commentary:

The Human Resources Department is \$17,730 under budget for the first two months of the year. This is due to some recent staff turnover, leading to reduced staff and operational expenditure.

Business Unit **220000 - Finance and Corporate Services - Investment Property**

	Aug YTD			2017 / 18	
	Actual	Budget	Variance	Remaining Budget	Budget
Internal Revenue	4,167	4,167	(0)	20,833	25,000
Fees & Charges Revenue	156,079	50,389	105,691	1,584,970	1,741,049
Financial Revenue	15,650	10,984	4,666	881,604	897,254
Total Revenue	175,896	65,540	110,357	2,487,407	2,663,303
Internal Expenditure	11,613	0	11,613	(11,613)	0
Staff Expenditure	18,357	20,949	(2,592)	117,379	135,735
Administration Expenditure	83,694	95,547	(11,853)	55,877	139,571
Financial Expenditure	115,757	156,378	(40,621)	822,508	938,265
Repairs & Maintenance Expenditure	3,563	36,530	(32,967)	220,618	224,181
Operational Expenditure	69,514	96,271	(26,757)	508,115	577,629
Depreciation Expenditure	3,008	3,992	(984)	20,944	23,951
Total Expenditure	305,505	409,667	(104,161)	1,733,827	2,039,332
Operating Surplus / (Deficit)	(129,609)	(344,127)	214,518	753,580	623,971
Capital Expenditure	1,052,711	1,098,344	(45,633)	815,633	1,868,344
Capital Funding	178,121	0	178,121	(1,750,525)	(1,572,404)
Cash Back Depreciation	69	148	(79)	822	891
Rates Required	1,360,373	1,442,323	(81,950)	(1,689,294)	(328,922)

Commentary:

Investment property is \$81,950 under budget for the year. This relates to the early timing variance and as the Don Street Development is completed. Awarua Dairy Farm is also contributing to this under budget figure due to higher than expected production levels at the beginning of the new season.

Business Unit **230000 - Finance and Corporate Services -
Accounting and Finance**

	Aug YTD			2017 / 18	
	Actual	Budget	Variance	Remaining Budget	Budget
Internal Revenue	206,231	206,231	0	1,031,157	1,237,388
Financial Revenue	40,118	39,583	535	197,382	237,500
Total Revenue	246,349	245,815	535	1,228,539	1,474,888
Internal Expenditure	1,667	1,667	(0)	8,333	10,000
Staff Expenditure	141,210	145,297	(4,087)	809,993	951,203
Administration Expenditure	35,747	43,103	(7,355)	142,327	178,074
Financial Expenditure	14,469	25,967	(11,498)	291,331	305,800
Grants & Subsidies Expenditure	0	0	0	5,000	5,000
Repairs & Maintenance Expenditure	0	500	(500)	3,000	3,000
Operational Expenditure	6,534	21,958	(15,425)	124,216	130,750
Depreciation Expenditure	4,536	6,010	(1,474)	31,525	36,061
Total Expenditure	204,163	244,501	(40,338)	1,415,725	1,619,888
Operating Surplus / (Deficit)	42,187	1,314	40,873	(187,186)	(145,000)
Capital Expenditure	14,787	22,667	(7,880)	11,213	26,000
Capital Funding	0	0	0	(171,000)	(171,000)
Cash Back Depreciation	0	0	(0)	(0)	0
Rates Required	(27,400)	21,353	(48,753)	27,399	(0)

Commentary:

Accounting and Finance is \$48,753 under budget for the first two months of the year. This is mainly due to lower than budgeted operational expenses which are anticipated will even out as we progress through the year.

Business Unit **236000 - Accounting and Finance - Treasury**

	Aug YTD			2017 / 18	
	Actual	Budget	Variance	Remaining Budget	Budget
Internal Revenue	27,363	(24,667)	52,030	(175,363)	(148,000)
Financial Revenue	2,364	5,285	(2,921)	1,957,636	1,960,000
Total Revenue	29,728	(19,382)	49,109	1,782,272	1,812,000
Staff Expenditure	0	0	0	1,000	1,000
Administration Expenditure	364	392	(27)	636	1,000
Financial Expenditure	166,165	168,750	(2,585)	846,335	1,012,500
Operational Expenditure	52,742	1,250	51,492	(5,242)	47,500
Total Expenditure	219,272	170,392	48,880	842,728	1,062,000
Operating Surplus / (Deficit)	(189,544)	(189,773)	229	939,544	750,000
Capital Funding	0	0	0	750,000	750,000
Rates Required	189,544	189,773	(229)	(189,544)	0

Commentary:

Treasury is on budget for the first two months of the year.

Business Unit **240000 - Finance and Corporate Services - Corporate Services**

	Aug YTD			2017 / 18	
	Actual	Budget	Variance	Remaining Budget	Budget
Internal Revenue	447,597	440,462	7,135	2,195,174	2,642,772
Fees & Charges Revenue	34,623	32,272	2,351	151,272	185,895
Financial Revenue	5,433	421	5,012	(1,368)	4,065
Total Revenue	487,653	473,155	14,498	2,345,078	2,832,731
Internal Expenditure	169,755	169,824	(69)	849,190	1,018,945
Staff Expenditure	194,506	207,853	(13,347)	1,162,551	1,357,058
Administration Expenditure	38,466	35,400	3,066	173,936	212,402
Financial Expenditure	0	86	(86)	516	516
Repairs & Maintenance Expenditure	422	1,511	(1,089)	8,643	9,065
Operational Expenditure	27,814	31,372	(3,558)	160,417	188,231
Depreciation Expenditure	12,221	7,752	4,469	34,293	46,514
Total Expenditure	443,184	453,799	(10,615)	2,389,547	2,832,731
Operating Surplus / (Deficit)	44,469	19,356	25,113	(44,469)	(0)
Capital Expenditure	0	0	0	3,500	3,500
Capital Funding	0	0	0	(3,500)	(3,500)
Cash Back Depreciation	(0)	0	(0)	0	0
Rates Required	(44,469)	(19,356)	(25,113)	44,469	0

Commentary:

Corporate Services is under budget by \$25,113 for the first two months of the year but this is expected to even out as we progress through the year.

Business Unit **250000 - Finance and Corporate Services - Information Services**

	Aug YTD			2017 / 18	
	Actual	Budget	Variance	Remaining Budget	Budget
Internal Revenue	238,680	238,680	(0)	1,193,398	1,432,078
Fees & Charges Revenue	39	4,816	(4,777)	28,858	28,897
Financial Revenue	3,339	5,655	(2,316)	28,661	32,000
Total Revenue	242,057	249,151	(7,094)	1,250,918	1,492,975
Staff Expenditure	88,162	80,541	7,621	440,313	528,475
Administration Expenditure	140,513	111,667	28,847	529,487	670,000
Repairs & Maintenance Expenditure	3,760	4,417	(657)	22,740	26,500
Operational Expenditure	13,505	23,833	(10,329)	129,495	143,000
Depreciation Expenditure	28,776	20,833	7,942	96,224	125,000
Total Expenditure	274,716	241,291	33,425	1,218,259	1,492,975
Operating Surplus / (Deficit)	(32,659)	7,860	(40,519)	32,659	0
Capital Expenditure	13,116	0	13,116	258,884	272,000
Capital Funding	(13,116)	0	(13,116)	(258,884)	(272,000)
Rates Required	32,659	(7,860)	40,519	(32,659)	0

Commentary:

Information Services is over budget by \$40,519 this is due to the timing of payment of various licences and fees. This will even out as we progress throughout the year.

Business Unit **260000 - Finance and Corporate Services - Secretarial Services**

	Aug YTD			2017 / 18	
	Actual	Budget	Variance	Remaining Budget	Budget
Internal Revenue	107,489	107,489	(0)	537,445	644,934
Fees & Charges Revenue	1,587	0	1,587	(1,587)	0
Financial Revenue	6,048	3	6,045	1,900	7,948
Total Revenue	115,124	107,492	7,633	537,758	652,882
Internal Expenditure	8,793	8,193	600	40,364	49,157
Staff Expenditure	132,103	147,238	(15,135)	822,914	955,017
Administration Expenditure	52,415	49,900	2,515	246,985	299,400
Repairs & Maintenance Expenditure	159	1,833	(1,674)	10,841	11,000
Operational Expenditure	9,629	29,000	(19,371)	164,371	174,000
Depreciation Expenditure	6,432	10,495	(4,064)	56,540	62,971
Total Expenditure	209,530	246,660	(37,130)	1,342,015	1,551,545
Operating Surplus / (Deficit)	(94,406)	(139,168)	44,762	(804,257)	(898,663)
Capital Expenditure	0	0	0	40,000	40,000
Capital Funding	0	0	0	(40,000)	(40,000)
Rates Required	94,406	139,168	(44,762)	804,257	898,663

Commentary:

Secretarial Services is under budget for the first two months of the year. This is mainly due to staff changes and also the impact this has on operational expenditure, this is expected to even out in the coming months.

Business Unit **280000 - Hall and Theatre Operations**

	Aug YTD			2017 / 18	
	Actual	Budget	Variance	Remaining Budget	Budget
Internal Expenditure	184,539	184,539	(0)	922,693	1,107,232
Grants & Subsidies Expenditure	9,609	8,662	946	42,364	51,973
Repairs & Maintenance Expenditure	(478)	0	(478)	478	0
Depreciation Expenditure	2,099	4,129	(2,030)	22,677	24,776
Total Expenditure	195,768	197,330	(1,562)	988,213	1,183,982
Operating Surplus / (Deficit)	(195,768)	(197,330)	1,562	(988,213)	(1,183,982)
Capital Expenditure	0	0	0	20,647	20,647
Capital Funding	0	0	0	(21,008)	(21,008)
Rates Required	195,768	197,330	(1,562)	987,852	1,183,620

Commentary:

Hall and Theatre Operations are on budget for the first two months of the year.

Business Unit **300000 - Finance and Corporate Services -
Democratic Responsibility**

	Aug YTD			2017 / 18	
	Actual	Budget	Variance	Remaining Budget	Budget
Financial Revenue	424	0	424	(424)	0
Total Revenue	424	0	424	(424)	0
Internal Expenditure	52,777	52,777	0	263,887	316,664
Staff Expenditure	154,966	169,247	(14,281)	957,509	1,112,475
Administration Expenditure	48,581	33,521	15,060	155,044	203,625
Grants & Subsidies Expenditure	21,142	29,617	(8,475)	121,358	142,500
Repairs & Maintenance Expenditure	0	1,164	(1,164)	6,983	6,983
Operational Expenditure	74,985	23,250	51,735	64,515	139,500
Depreciation Expenditure	3,569	3,817	(247)	19,331	22,900
Total Expenditure	356,020	313,393	42,628	1,588,626	1,944,647
Operating Surplus / (Deficit)	(355,596)	(313,393)	(42,203)	(1,589,051)	(1,944,647)
Capital Expenditure	0	0	0	10,000	10,000
Capital Funding	0	0	0	(55,000)	(55,000)
Cash Back Depreciation	0	(0)	0	0	0
Rates Required	355,596	313,393	42,203	1,544,051	1,899,647

Commentary:

Democratic Responsibility is \$42,203 over budget due to a \$30,000 contribution being made for the SORD's initiative and additional legal fees being incurred.

Business Unit **313000 - Finance and Corporate Services -
Corporate Planning**

	Aug YTD			2017 / 18	
	Actual	Budget	Variance	Remaining Budget	Budget
Internal Expenditure	42,374	42,374	(0)	211,871	254,245
Staff Expenditure	3,651	2,516	1,134	11,448	15,098
Administration Expenditure	2,480	10,378	(7,898)	62,971	65,451
Financial Expenditure	0	3,333	(3,333)	20,000	20,000
Repairs & Maintenance Expenditure	0	17	(17)	100	100
Operational Expenditure	22,163	16,977	5,186	79,700	101,862
Depreciation Expenditure	894	1,347	(453)	7,190	8,084
Total Expenditure	71,561	76,943	(5,382)	393,279	464,840
Operating Surplus / (Deficit)	(71,561)	(76,943)	5,382	(393,279)	(464,840)
Capital Funding	0	0	0	(20,000)	(20,000)
Rates Required	71,561	76,943	(5,382)	373,279	444,840

Commentary:

Corporate Planning is under budget by \$5,382 for the first two months of the year.

Business Unit **350000 - Finance and Corporate Services - Grants**

	Aug YTD			2017 / 18	
	Actual	Budget	Variance	Remaining Budget	Budget
Internal Expenditure	9,977	7,784	2,193	36,726	46,703
Financial Expenditure	9,548	14,406	(4,858)	76,889	86,437
Grants & Subsidies Expenditure	1,148,405	1,215,623	(67,219)	4,059,997	5,208,402
Depreciation Expenditure	224	0	224	(224)	0
Total Expenditure	1,168,153	1,237,813	(69,660)	4,173,389	5,341,542
Operating Surplus / (Deficit)	(1,168,153)	(1,237,813)	69,660	(4,173,389)	(5,341,542)
Capital Funding	0	0	0	(22,786)	(22,786)
Rates Required	1,168,153	1,237,813	(69,660)	4,150,603	5,318,756

Commentary:

Grants are under budget for the first two months of the year.

TO: FINANCE AND POLICY COMMITTEE
FROM: DIRECTOR OF FINANCE AND CORPORATE SERVICES
MEETING DATE: TUESDAY, 31 OCTOBER 2017

SMOKEFREE AREAS POLICY

Report Prepared by: Anna Goble, Policy Analyst

SUMMARY

<p>Council has undertaken consultation on the Draft Smokefree Areas Policy; this was undertaken from the 16th August and it ended on the 15th September 2017.</p> <p>Council received 72 submissions to this Draft Policy. These submissions and staff comments are attached at Appendix One and Two.</p> <p>Following these submissions, Council staff have made recommendations of changes to the Draft Policy.</p>
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RECOMMENDATIONS

That this report be received.

AND THAT

The submissions are received and considered by the Finance and Policy Committee.

AND THAT

The Draft Policy including amendments arising from submissions be adopted.

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Yes.
2.	<i>Is a budget amendment required?</i> No.
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No.
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> Would develop a new Council Policy.
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> Public consultation has been undertaken.
6.	<i>Has the Child, Youth and Family Friendly Policy been considered?</i> Yes.

FINANCIAL IMPLICATIONS

No financial implications arise from this report.

SMOKEFREE AREAS POLICY

Council has drafted this Smokefree Areas Policy following both the Invercargill City Youth Council and WellSouth conducting surveys in late 2015 that supported a Smokefree Esk Street.

Council staff determined that a policy would be suitable as opposed to a bylaw as it would work as an educative manner through the use of signage targeting areas that are to be smokefree.

Following a report to Council in July, it was determined that a policy would be developed that would encompass the entire CBD based on the District Plan's definition and that 'smokefree' would be defined to include any smoking device like a vaporizer and e-cigarette.

The recommendations of the Smokefree Murihiku coalition were taken into account during the process and drafting of this policy.

Rather than calling it a CBD Policy, a Smokefree Areas Policy allows scope for Council to add other areas over time and futureproofs the policy, as opposed to having a collection of numerous smokefree policies for various areas within the District.

If this policy is adopted the following sponsors have offered to contribute toward signage:

Public Health South	\$3000
Healthy Families	\$2000
Cancer Society	\$350

Signage would be developed following the adoption of a policy.

A total of 72 submissions were received on this policy. The following are the submitters who wish to be heard:

Submitter	Hearing Time
Ray Willett	3.00pm
Cassandra Pokoney on behalf of Healthy Families	3.10pm
Bridget Forsyth on behalf of Smokefree Murihiku	3.20pm
Bridget Forsyth on behalf of the Otago Southland Division of the Cancer Society	3.30pm
Invercargill City Youth Council	3.40pm
Jo-Anne Grimwood	3.50pm
Janice Burton on behalf of the Southland District Health Board	4.00pm

The following recommendations have arisen from submissions and staff would recommend these be adopted in the final version of the Policy:

- To designate areas within the CBD to be a 'smoking area' for those who wish to smoke would be a very difficult task for Council to undertake as it would involve creating and installing a bus-shelter like area and liaising with businesses to determine what area would be an appropriate space. Instead of doing this, Council staff recommend minimising the area that this policy would encompass at first to the area of Tay Street to Spey Street/Deveron Street to Dee Street, including Wachner Place.
- Council staff also acknowledge that some businesses currently allow their staff members to smoke at the back of their shop if this is out of the public eye, this is an appropriate mechanism and aligns with this policy as if it is out of sight it denormalises it in the public eye.
- Council staff would recommend reviewing this policy yearly to ensure that the area that the policy encompasses could extend to other areas of the community over time.
- Council staff would recommend including the Smokefree Parks and Reserves Policy in this Draft Smokefree Areas Policy, in time.
- Council staff would recommend including vaporizer and e-cigarette as part of the policy definition for 'smokefree'.
- Council staff would recommend that they work with the Smokefree Murihiku Coalition to contact all businesses in the affected area to make them aware of what help is available to any staff members who are smokers.
- Council staff would develop a Communication Strategy and provide smokefree signage alongside members of the Smokefree Murihiku Coalition.
- Council would undertake the offer from Keep New Zealand Beautiful to receive free cigarette butt bins that could be installed in areas around the CBD to help remove litter. Businesses that are also affected could receive one should they wish to install one.

SUBMISSIONS BEING HEARD

043	Ray Willett	<p>Submitter applauds ICC for the Smokefree proposal. Submitter states that we have not smoked in planes, buses and trains for years nor in pubs and restaurants since Helen Clark banned it. However we can still smoke in cars with children on board exposing children to the “toxic filth”. Submitter suggests that Invercargill endeavour to be the first whole city to ban smoking in cars with children and start the ban rolling. Submitter states that many countries, even Bahrain have banned it. Submitter further states that the biggest challenge they have faced is knocking off smoking and that it is a terrible addiction. Submits to Council that they keep up the good work.</p>	<p>Submission noted. Council has the ability to review this policy yearly, if it is adopted, to roll the ‘smokefree area’ out into bigger areas or other areas of the City. Council staff would work with the Smokefree Murihiku Coalition to develop a communication plan that would include signage and help for people in affected areas should they wish to quit. Council may choose to install more cigarette butt bins around the CBD.</p>	Yes
021	Cassandra Pokoney on behalf of <i>Healthy Families Invercargill</i>	<p>Submitter is proud to have a strong working relationship with ICC and look forward to developing that partnership further in the future. Submitter strongly supports the adoption of the policy. States that the percentage of smokers within Invercargill is higher than the national average. States implementing a policy would go a long way in taking smoking out of the public eye and denormalising it in the eyes of the next generation. Submitter conducted a survey within the community and attaches the full results. 84% were supportive of becoming increasingly smokefree and 85% were in favour of a smokefree CBD. Submitter set up in front of an empty shop window</p>	<p>Submission noted. Council acknowledge their partnership with Healthy Families Invercargill and thank them for their submission in support of the adoption of this draft Smokefree Areas Policy. The policy seeks to denormalise smoking within the CBD area, particularly in areas where children are prevalent. As an example of this, Council has a Smokefree Parks and Reserves Policy that has been in place since August 2010. Council applauds the submitters</p>	Yes.

		<p>on Esk St and asked the public to write their comments on the window with only one person disagreeing that places and spaces where children were likely to go should be smokefree.</p> <p>Submits there is precedent within in New Zealand with the Lower Hutt City Council implementing a policy that is considered one of the most comprehensive in the country.</p> <p>Submits that given the size of the CBD there should be designated smoking areas out of the public eye with previous surveys stating people would be more willing to support this kind of policy if there were areas for staff to smoke so this did not impact on their ability to work. Further states that the provision of smoking cessation should be promoted through the implementation of this policy.</p> <p>States this is the chance for ICC to lead the way to healthy change in the community, to take up a challenge and do something extremely positive and beneficial for its people.</p>	<p>undertaking of research, and the results are indicative of a community supportive of such policy development.</p> <p>Council staff consider designating specific areas to be a 'smoking zone' to be a very difficult task. This would involve liaising with business owners, and staff consider that most owners would not want a group of smokers outside of their business place. At present, a number of businesses allow their staff members to smoke behind the building if it is out of the public view.</p> <p>Council will work alongside Smokefree Murihiku to promote smoking cessation, as well as review the policy within a year to determine whether it is achieving the goal that was sought and whether there is the ability to extend this policy and roll it out to other areas of the community.</p>	
017	Bridget Forsyth on behalf of the <i>Smokefree Murihiku Coalition</i>	<p>Submitter represents a coalition of wide membership. States that our children deserve a smokefree future.</p> <p>The Smokefree Murihiku is a collation of groups within Southland working to achieve the objective of a Smokefree Aotearoa by 2025. States that the Council has encouraged them to dream big and</p>	<p>Submission noted.</p> <p>Council acknowledges the work and support of the Smokefree Murihiku coalition to date.</p> <p>Council is aware of other cities Smokefree Policies, Council already has a Smokefree Parks and</p>	Yes.

		<p>that they dream of having a smokefree future for our children and community.</p> <p>Submitter states that across New Zealand there have been a number of City Councils already introduce a Smokefree Area Policy that either comprises of the CBD or outdoor dining areas. Further states there is a clear precedent for Invercargill to dream big and make the Invercargill CBD smokefree.</p> <p>States that while statistics show that 14.2% of people over the age of 15 in New Zealand smoke, this is higher in Southland with figures showing 19.2%. Submits that adopting approaches such as smokefree policies will help promote and protect public health and wellbeing.</p> <p>Submitter notes that a Smokefree Invercargill CBD would create a legacy for future generations and removes smoking from the city's image and provides an opportunity to brand the city as a family-oriented destination. States that we owe it to our children to have environments that model non-smoking as the norm and to help reduce smoking related illnesses.</p> <p>States that there is no 'safe-level' of second-hand smoke exposure outdoors. And that significant tobacco effects can occur from more than 10 metres away from a group of people smoking.</p> <p>Commends that the Invercargill City Council has already taken some great steps toward smokefree policies with their outdoor spaces like playgrounds and reserves.</p>	<p>Reserves Policy that has been in force since August 2010.</p> <p>Council's draft Smokefree Areas Policy seeks to reduce the visibility of smoking as inferred in the submission.</p> <p>Council would work to administer the draft policy, should it be adopted, through the use of signage, communication, education and support of groups such as the Smokefree Murihiku coalition.</p> <p>Council staff consider that designating specific areas to be a 'smoking zone' would be a very difficult task. This would involve liaising with business owners, and staff consider that most owners would not want a group of smokers outside of their business place. At present, a number of businesses allow their staff members to smoke behind the building if it is out of the public view.</p> <p>Further, Council staff agree with the submitter's alternative proposal that this policy should reduce the smokefree area to encompass the area being Tay – Spey/Deveron – Dee as it is a smaller area to cover with signs and educate. Council</p>	
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		<p>Submits that smokefree environments make it clear that smoking is not normal through providing positive smokefree role modelling for children and young people, encouraging people to quit, supporting those who have and reducing exposure.</p> <p>States policy can lead to compliance through the use of signage, communication, education and support.</p> <p>Recommends designating some discrete areas for people who smoke within the CBD as it is impractical to expect workers to leave the area during break times.</p> <p>Submits the alternative would be to begin with a smaller smokefree area (included in submission detailed on map), from Tay St to Spey St and Deveron St to Dee St including Wachner Place.</p> <p>The Smokefree Murihiku Coalition surveyed 87 businesses within the CBD with 84% being supportive with the same percentage thinking there would be no change or a positive change if any.</p> <p>Recommendations from the coalition:</p> <ul style="list-style-type: none"> • Clear and positive communication strategy • Staged roll out for further areas such as South City, Windsor, Waikiwi and Glengarry • Providing information and education for tourist market places • Facilitating support and training for businesses within the CBD 	<p>could then review the policy and its purpose after a year of it being in place, and extend the smokefree area further should it be working well and achieving the desired outcomes.</p>	
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		<ul style="list-style-type: none"> • Providing smokefree signage with positive messaging • Promoting support for people who want to quit • Providing designated areas for people who want to smoke within the CBD if the District Plan definition of CBD is used 		
001	Invercargill City Council Youth Council Members	As a Youth Council member is supportive of the policy. States it will be beneficial to support the Central Government goal of a smokefree New Zealand by 2025. States this culture change is necessary to achieve the goal.	Submission noted.	Yes (on behalf of Youth Council)
024	Jo-Anne Grimwood	<p>Submitter states it is pleasing to see ICC taking the step towards creating smokefree spaces in the inner city area and creating a legacy for the future. Further applauds the Council for the purpose of the policy and taking in the consideration of health impacts that arise from second hand smoke.</p> <p>The submitter has concerns about the practicalities of the proposed area of the policy. As it includes streets that are dominated by traffic with very low numbers of pedestrians or areas for sitting and as a result will place less value on the directives of the policy. States that starting with a smaller area means a streamlined and workable policy can ensure behaviour change.</p> <p>States the policy for a smokefree area in the CBD should be implemented alongside a clear communication strategy utilising positive and supportive language such as signage, clear</p>	<p>Submission noted.</p> <p>Council staff used the Council's District Plan definition of CBD for the development of the Policy, whilst it is a large area to encompass it is the true definition of CBD.</p> <p>Council staff agree with the submitter and recommend that Council make this area smaller in order to concentrate signage and a communication strategy across the most affected areas of pedestrians and businesses.</p> <p>Council would develop a communication strategy alongside this policy to ensure its full potential can be utilised and that all businesses affected by the policy</p>	Yes.

		<p>information, training for businesses, media releases, information for tourist market places and access to support for quitting or remaining smokefree.</p> <p>Submitter states that it is disappointing ICC has not introduced the recommendations from the Smokefree Murihiku Coalition report to provide designated areas for people who smoke within the CBD. This was because employees would not have anywhere to go during break times and there was resounding support for the policy to include designated areas for people to smoke which would help allay concerns.</p> <p>States that consideration of business owners and operators is critical to the success of this policy.</p> <p>Recommendations provided:</p> <ul style="list-style-type: none"> • The definition of the CBD is changed to include only Tay St to Spey St and Deveron St to Dee St • Provide designated areas within the CBD for people who smoke • Hold a review after one year with the scope to expand smokefree areas throughout the ICC boundaries • Develop a robust communication strategy • Consider Smokefree Murihiku as an ally who holds vast smokefree knowledge and resources. 	<p>are aware. Council would work with Smokefree Murihiku to develop this.</p> <p>Council considered all the recommendations from the Smokefree Murihiku Coalition report but considered designating specific areas to be a 'smoking zone' to be a very difficult task. Although it appears simple in theory, staff consider that to implement this in practice would be difficult. This would involve liaising with business owners, and staff consider that most owners would not want a group of smokers outside of their business place. At present, a number of businesses allow their staff members to smoke behind the building if it is out of the public view.</p> <p>Council have also had submissions from business owners in the CBD who state their staff members who smoke do so out the back of their business out of the public eye at present anyway.</p> <p>Council will review the policy after one year to determine how well it has been working and whether it should roll out to other areas of the community.</p> <p>Council already consider Smokefree</p>	
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			Murihiku as an ally and have been working alongside them for the development of this policy.	
025	Janice Burton on behalf of <i>Southern District Health Board</i>	<p>Submitter applauds the decision by Council to develop a policy for consultation; the Council is demonstrating leadership by supporting the national Smokefree Aotearoa 2025 goal. States that creating smokefree environments can help de-normalise smoking, reduce the uptake of smoking by youth and increase quit rates for current smokers.</p> <p>States that from surveys undertaken in early 2017 on behalf of Smokefree Murihiku Coalition 84% of affected businesses in the CBD were supportive of a smokefree policy. However 53% identified they had staff that smoked and some had practical concerns about how staff would manage to smoke within the scheduled break times if the CBD were smokefree. This issue could impact on public support if using the definition proposed.</p> <p>Public Health South are willing to facilitate support and training for businesses within the CBD to assist with communication of the policy to the public.</p> <p>States that for those who do not wish, or are unable to stop smoking, the establishment of discrete designated smoking areas is an option if these are located away from street frontages, smoking visibility in public places would be reduced. An example of this can be seen at Stadium Southland (see picture in formal</p>	<p>Submission noted.</p> <p>Council appreciate the work that the Smokefree Murihiku Coalition has done for Council towards this policy development.</p> <p>Council staff acknowledge the practical issues that come with having staff who smoke and work within the proposed area. Council have spoken with some affected businesses with most stating that these staff members already smoke out of the public eye out the back of the business. This could continue through the proposed policy.</p> <p>Council thank the support from Public Health South and should this policy be adopted, support and training for affected businesses would be a key aspect of a communication strategy that would be rolled out with the policy.</p> <p>This policy would be an educative one through the use of signage, as well as education and support of the businesses within the proposed affected areas.</p> <p>Thanks the submitter for their</p>	Yes.

		<p>submission).</p> <p>States it is important that the policy is seen as educative rather than punitive and designated smoking areas can be a step towards the policy's acceptance by the public.</p> <p>Submitter is supportive of the policy stance. State that young people are targeted by tobacco companies and therefore the youth population should be considered when smokefree messaging is developed. Submitter suggests a street art mural may be an effective and attractive way of providing supportive messaging. Public Health South has already committed \$3,000 towards smokefree signage in the CBD.</p> <p>Recommendations provided:</p> <ul style="list-style-type: none"> • Adopt the Smokefree Areas Policy • Develop a positive communications strategy including consideration of a street art mural • Consider discrete designated smoking areas within the CBD <p>Submitter can support ICC by:</p> <ul style="list-style-type: none"> • Promoting a support pathway for those who wish to stop smoking • Offering support and training to CBD business owners to give them the skills and confidence to communicate the smokefree policy to customers if required. 	<p>generous contribution towards the creation of signage, should this policy be adopted by Council.</p>	
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**SUMMARY OF SUBMISSIONS ON THE SMOKEFREE AREAS POLICY
WRITTEN SUBMISSIONS**

No.	Name	Submission	Staff Comment	Speak to Council
001	Madison Flannery	As a Youth Council member is supportive of the policy. States it will be beneficial to support the Central Government goal of a smokefree New Zealand by 2025. States this culture change is necessary to achieve the goal.	Submission noted.	Yes (on behalf of Youth Council)
002	TJ Smith	As a Youth Council member is supportive of the policy. States it will be beneficial to support the Central Government goal of a smokefree New Zealand by 2025. States this culture change is necessary to achieve the goal.	Submission noted.	Yes (on behalf of Youth Council)
003	Hayden Scott-Chambers	As a Youth Council member is supportive of the policy. States it will be beneficial to support the Central Government goal of a smokefree New Zealand by 2025. States this culture change is necessary to achieve the goal.	Submission noted.	Yes (on behalf of Youth Council)
004	Michael Crichton	As a Youth Council member is supportive of the policy – states that it is good.	Submission noted.	No.
005	Ronan McNeill	As a Youth Council member is supportive of the policy. States it will be beneficial to support the Central Government goal of a smokefree New Zealand by 2025. States this culture change is necessary to achieve the goal.	Submission noted.	Yes (on behalf of Youth Council)
006	Caitlin Smith	As a Youth Council member is supportive of the policy. States it will be beneficial to support the	Submission noted.	Yes (on behalf of Youth Council)

		Central Government goal of a smokefree New Zealand by 2025. States this culture change is necessary to achieve the goal.		
007	Sam Kelly-shanks	As a Youth Council member is supportive of the policy. States it will be beneficial to support the Central Government goal of and is a good idea and will impact positively on the health of the nation's people.	Submission noted.	No
008	Tom Kennedy	As a Youth Council member is supportive of the policy. States it will be beneficial to support the Central Government goal of a smokefree New Zealand by 2025. States this culture change is necessary to achieve the goal.	Submission noted.	Yes (on behalf of the Youth Council)
009	Keiren Perkins	As a Youth Council member is supportive of the policy. States it will be beneficial to support the Central Government goal of a smokefree New Zealand by 2025. States this culture change is necessary to achieve the goal.	Submission noted.	Yes (on behalf of the Youth Council)
010	Mackenzie Fallow	Is supportive of the principle of the policy but fears it will fail at carrying the intended weight at a practical level and fears this will be counter-productive to normalising smoking as those who would normally smoke openly in the CBD would begin to look ostracised and be viewed as rebellious.	Submission noted. The intended weight of the policy is to be an educative one through the use of signage to influence smokers to go elsewhere to smoke; this has been requested by a number of public health organisations. The success of the policy will be down to the signs, and members of the community who are able to point out that it is a smokefree area if someone does smoke in the CBD.	No.

Finance and Policy Agenda - DEVELOPMENT OF POLICIES/BYLAWS

011	Laura McDonald	States it would be beneficial for the CBD to be smokefree by 2025 and that they are against the culture that smoking creates.	Submission noted.	No
012	Calvin Jenkins	States that this is a great idea for youth but if it cannot be enforced then does not believe it will be well supported. States it is a great start in support of a Smokefree New Zealand.	Submission noted. Although there will not be formal enforcement, there will be signage around the CBD. This will allow an educative type of enforcement that would allow for members of the public to acknowledge it is a smokefree environment.	No.
013	Jack Shaw	As a Youth Council member is supportive of the policy. States it will be beneficial to support the Central Government goal of a smokefree New Zealand by 2025. States this culture change is necessary to achieve the goal.	Submission noted.	Yes (on behalf of the Youth Council)
014	Phoebe Lee	As a Youth Council member is supportive of the policy. States it will be beneficial to support the Central Government goal of a smokefree New Zealand by 2025. States this culture change is necessary to achieve the goal.	Submission noted.	No.
015	Meg O'Connell	As a Youth Council member is supportive of the policy. States it will be beneficial to support the Central Government goal of a smokefree New Zealand by 2025. States this culture change is necessary to achieve the goal.	Submission noted.	Yes (on behalf of the Youth Council)
016	Hamish Muhl	As a Youth Council member is supportive of the policy. States it will be beneficial to support the	Submission noted.	No.

		Central Government goal of a smokefree New Zealand by 2025. States this culture change is necessary to achieve the goal.		
017	Bridget Forsyth on behalf of the <i>Smokefree Murihiku Coalition</i>	<p>Submitter represents a coalition of wide membership. States that our children deserve a smokefree future.</p> <p>The Smokefree Murihiku is a collation of groups within Southland working to achieve the objective of a Smokefree Aotearoa by 2025. States that the Council has encouraged them to dream big and that they dream of having a smokefree future for our children and community.</p> <p>Submitter states that across New Zealand there have been a number of City Councils already introduce a Smokefree Area Policy that either comprises of the CBD or outdoor dining areas. Further states there is a clear precedent for Invercargill to dream big and make the Invercargill CBD smokefree.</p> <p>States that while statistics show that 14.2% of people over the age of 15 in New Zealand smoke, this is higher in Southland with figures showing 19.2%. Submits that adopting approaches such as smokefree policies will help promote and protect public health and wellbeing.</p> <p>Submitter notes that a Smokefree Invercargill CBD would create a legacy for future generations and removes smoking from the city's image and provides an opportunity to brand the city as a family-oriented destination. States that we owe it to our children to have environments that model</p>	<p>Submission noted.</p> <p>Council acknowledges the work and support of the Smokefree Murihiku coalition to date.</p> <p>Council is aware of other cities Smokefree Policies, Council already has a Smokefree Parks and Reserves Policy that has been in force since August 2010.</p> <p>Council's draft Smokefree Areas Policy seeks to reduce the visibility of smoking as inferred in the submission.</p> <p>Council would work to administer the draft policy, should it be adopted, through the use of signage, communication, education and support of groups such as the Smokefree Murihiku coalition.</p> <p>Council staff consider that designating specific areas to be a 'smoking zone' would be a very difficult task. This would involve liaising with business owners, and staff consider that most owners would not want a group of smokers outside of their business place. At present, a number of businesses</p>	Yes.

		<p>non-smoking as the norm and to help reduce smoking related illnesses.</p> <p>States that there is no 'safe-level' of second-hand smoke exposure outdoors. And that significant tobacco effects can occur from more than 10 metres away from a group of people smoking.</p> <p>Commends that the Invercargill City Council has already taken some great steps toward smokefree policies with their outdoor spaces like playgrounds and reserves.</p> <p>Submits that smokefree environments make it clear that smoking is not normal through providing positive smokefree role modelling for children and young people, encouraging people to quit, supporting those who have and reducing exposure.</p> <p>States policy can lead to compliance through the use of signage, communication, education and support.</p> <p>Recommends designating some discrete areas for people who smoke within the CBD as it is impractical to expect workers to leave the area during break times.</p> <p>Submits the alternative would be to begin with a smaller smokefree area (included in submission detailed on map), from Tay St to Spey St and Deveron St to Dee St including Wachner Place.</p> <p>The Smokefree Murihiku Coalition surveyed 87 businesses within the CBD with 84% being supportive with the same percentage thinking there would be no change or a positive change if</p>	<p>allow their staff members to smoke behind the building if it is out of the public view.</p> <p>Further, Council staff agree with the submitter's alternative proposal that this policy should reduce the smokefree area to encompass the area being Tay – Spey/Deveron – Dee as it is a smaller area to cover with signs and educate. Council could then review the policy and its purpose after a year of it being in place, and extend the smokefree area further should it be working well and achieving the desired outcomes.</p>	
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		<p>any.</p> <p>Recommendations from the coalition:</p> <ul style="list-style-type: none"> • Clear and positive communication strategy • Staged roll out for further areas such as South City, Windsor, Waikiwi and Glengarry • Providing information and education for tourist market places • Facilitating support and training for businesses within the CBD • Providing smokefree signage with positive messaging • Promoting support for people who want to quit • Providing designated areas for people who want to smoke within the CBD if the District Plan definition of CBD is used 		
018	Louise Morgan	<p>Submitter endorses a smokefree Invercargill. States that Council must ensure retailers and Council consider how to deal with miscreant smokers. Questions what plans ICC has in place to support safe compliance with a Smokefree Aotearoa.</p> <p>Questions whether the bans would affect parks and recreation grounds.</p>	<p>Submission noted.</p> <p>As this is a policy rather than a bylaw, there is not a way for Council to deal with those choosing to smoke; rather it is an educative policy where it is up to members of the public to advise people that it is a smokefree area. However there will be signs within the areas that are smokefree.</p> <p>Council would support public health groups working with the affected areas/shops/businesses toward</p>	No.

			<p>achieving a smokefree goal.</p> <p>As it presently stands Council has a policy that encourages all playgrounds and reserves to be smokefree – this has been the case since August 2010.</p>	
019	Carolyn Weston	<p>Submitter agrees with the draft policy although there was confusion about what areas were discussed given the colour was not printed in the map.</p> <p>Due to the submitters medical condition they have great difficulty with people smoking in a facility. States the smell can be overpowering and does not believe it is a good look for the City.</p> <p>Questions why the policy is restricted only to the CBD, the Submitter would like to see this extended to other shopping and parking areas within the City. Suggests that Council trial the CBD for 12 months then evaluate the policy, identify issues and resolve them then extend the policy to other areas.</p> <p>Suggests a more educational approach should be used to change behaviours before punishing people for smoking in a smokefree area however it is important that people are reported for smoking in these areas by the public require a fine or stronger message that they should not smoke there.</p> <p>Suggests the following messages are similar to what be used: “Remember other people walk here too, they don’t want to breathe your smoky odour”</p>	<p>Submission noted.</p> <p>Council apologises for the lack of colour in the policy that the submitter refers to. Council hold coloured copies of the map for members of the public to take, as well as it being online should the submitter wish to access a copy.</p> <p>The policy is restricted to the CBD as an initial starting point; this policy can be reviewed again after a year of its enactment to see whether it has been successful, and if so, could be extended to include other areas of the City. This is in addition to the reserves and parks that are already smokefree areas.</p> <p>As this is a policy, Council cannot enforce fines on those who decide not to follow the policy. This is an educative decision by Council, and would be administered through messages, communication and signs within areas that are smokefree.</p>	No.

		or “By smoking here you leave your bad smell for someone else” or “Your smoking can cause your friends to get lung cancer as well”.	Thanks the submitter for the message suggestions.	
020	Bridget Forsyth on behalf of <i>Otago Southland Division of the Cancer Society</i>	<p>Submitter congratulates ICC for consulting the community about the proposed Smokefree Areas Policy. Further states that Council is well placed to support the community to reach the national 2025 smokefree goal.</p> <p>States that we want the future to have less cancer and other smoking related illnesses and that a local smokefree stance would enhance the reduction of smoking within the communities and contribute to reducing inequalities in health.</p> <p>States that ICC is encouraging Invercargill residents to Dream Big with the launch of new branding and that a smokefree Invercargill CBD is an important step along the path towards future generations smokefree lifestyles and environments.</p> <p>States that by increasing the number of smokefree areas makes it clear that smokefree is “normal”.</p> <p>Commends Council on the decision to include e-cigarettes in the Policy and urges the caution on the use and promotion of e-cigarettes as there is limited evidence of the safety and the suitability as a long-term smoking cessation aid.</p> <p>States that clear and appropriate signage, Council leadership, sound communication for community education and support will all be needed for this to be successful.</p>	<p>Submission noted.</p> <p>Staff have included the e-cigarette in the definition of ‘smoking’ of the Policy as it prima facie appears as if someone is smoking, irrespective of what it is they are smoking. This is important, particularly for children, who this policy seeks to reduce the visibility of smoking for.</p> <p>Council would utilise a communication plan and work alongside Smokefree Murihiku to develop this, should this policy be adopted.</p> <p>Council would look to use positive signage and incorporate the new CBD branding, in doing so.</p> <p>If Council adopt this policy it would be reviewed again after a 12 month period to see if it is working well, look for areas of improvement and potentially roll it out to other areas if it is successful.</p>	Yes.

		<p>Recommendations:</p> <ul style="list-style-type: none"> • Provide signage with positive messaging such as “Thank you for not smoking” being received more favourably than “No Smoking” • Develop a communication strategy for local residents • Provide information and education for tourists to tourist operators and hotspots • Supply clear positive information to businesses who deal with public within the CBD area • Make information about smoking cessation easily accessible • Provide designated areas for people who wish to smoke within the CBD, particularly staff who work in the area • Initiate a staged roll out to other areas within Invercargill 		
021	<p>Cassandra Pokoney on behalf of <i>Healthy Families Invercargill</i></p>	<p>Submitter is proud to have a strong working relationship with ICC and look forward to developing that partnership further in the future. Submitter strongly supports the adoption of the policy.</p> <p>States that the percentage of smokers within Invercargill is higher than the national average.</p> <p>States implementing a policy would go a long way in taking smoking out of the public eye and denormalising it in the eyes of the next generation.</p> <p>Submitter conducted a survey within the</p>	<p>Submission noted.</p> <p>Council acknowledge their partnership with Healthy Families Invercargill and thank them for their submission in support of the adoption of this draft Smokefree Areas Policy.</p> <p>The policy seeks to denormalise smoking within the CBD area, particularly in areas where children are prevalent. As an example of this, Council has a Smokefree Parks</p>	<p>Yes.</p>

		<p>community and attaches the full results. 84% were supportive of becoming increasingly smokefree and 85% were in favour of a smokefree CBD.</p> <p>Submitter set up in front of an empty shop window on Esk St and asked the public to write their comments on the window with only one person disagreeing that places and spaces where children were likely to go should be smokefree.</p> <p>Submits there is precedent within in New Zealand with the Lower Hutt City Council implementing a policy that is considered one of the most comprehensive in the country.</p> <p>Submits that given the size of the CBD there should be designated smoking areas out of the public eye with previous surveys stating people would be more willing to support this kind of policy if there were areas for staff to smoke so this did not impact on their ability to work. Further states that the provision of smoking cessation should be promoted through the implementation of this policy.</p> <p>States this is the chance for ICC to lead the way to healthy change in the community, to take up a challenge and do something extremely positive and beneficial for its people.</p>	<p>and Reserves Policy that has been in place since August 2010.</p> <p>Council applauds the submitters undertaking of research, and the results are indicative of a community supportive of such policy development.</p> <p>Council staff consider designating specific areas to be a 'smoking zone' to be a very difficult task. This would involve liaising with business owners, and staff consider that most owners would not want a group of smokers outside of their business place. At present, a number of businesses allow their staff members to smoke behind the building if it is out of the public view.</p> <p>Council will work alongside Smokefree Murihiku to promote smoking cessation, as well as review the policy within a year to determine whether it is achieving the goal that was sought and whether there is the ability to extend this policy and roll it out to other areas of the community.</p>	
022	Bridget Forsyth on behalf of <i>Public Health Association</i>	Submits this policy would be an important step towards achieving the Government goal of Aotearoa being Auahi Kore by 2025. This would demonstrate ICC carrying out its duty to improve,	Submission noted. Council is encouraged to work toward achieving the 2025 goal of being smokefree (Auahi Kore).	No.

	<p><i>Otago/Southland Branch</i></p>	<p>promote and protect public health.</p> <p>Submitter recommends local government use their powers under Section 23 of the Health Act 1956, Section 5 of the Resource Management Act 1991 and Sections 3 and 10 of the Local Government Act 2002 to promote and protect the health of their communities by extending smokefree environments.</p> <p>States smoking is harmful to the health of both the user and others. It is the single most preventable cause of premature mortality in New Zealand and second-hand smoke is a significant health risk for non-smokers. Tobacco use also contributes significantly to inequalities in health between Maori and Pacific people and Pakeha. The rate of smoking in the most deprived areas is more than four times greater than in the least deprived areas.</p> <p>States normalising smokefree behaviours is a crucial aspect to reduce smoking and related harm in Aotearoa. It has three main benefits; it reduces the number of children and young people starting smoking; it removes temptation for people who are trying to quit smoking; and reduces triggers for people who have already stopped smoking so they can successfully remain Smokefree.</p> <p>PHA support making the Invercargill CBD Smokefree.</p> <p>Recommendations provided:</p> <ul style="list-style-type: none"> • Information provided to businesses within the smokefree area about what the policy means, what area is covered and why it is 	<p>Council agree that affected businesses should be provided with information relating to the policy and why it is important, as well as ensure a communication strategy is developed.</p> <p>Council would work with Smokefree Murihiku to develop signage in line with the new CBD branding that contains positive messaging.</p> <p>There is the potential that this policy could roll out to other areas of the community and this would be considered upon review of the policy, should this be adopted.</p> <p>Council staff consider designating specific areas to be a 'smoking zone' to be a very difficult task. This would involve liaising with business owners, staff consider that most owners would not want a group of smokers outside of their business place. At present, a number of businesses allow their staff members to smoke behind the building if it is out of the public view.</p>	
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		<p>important</p> <ul style="list-style-type: none"> • Communication strategy for local residents is developed • Clear signage with positive messaging is provided e.g. “Thank you for not smoking” is received more favourably than “No Smoking” • Information for people wanting to stop smoking is readily available • A strategy for communicating with tourists and tourist operators is developed • Areas are allocated for staff from the businesses within the Smokefree Area who smoke • Smokefree Areas are extended to other public areas of Invercargill. 		
023	<p>Bridget Rodgers on behalf of <i>WellSouth Primary Health Network</i></p>	<p>Submitter states that local government has a huge part to play in creating and promoting smokefree environments, facilities and events. ICC has already taken some great steps by implementing smokefree policies in a number of outdoor spaces including around children’s playgrounds, parks, reserves and sports fields.</p> <p>States that creating smokefree environments is important in areas where young people congregate like the City Centre and Esk Street as evidence indicates that the more often young people are around smokers the more likely they are to become smokers themselves.</p> <p>Recommendations provided:</p> <ul style="list-style-type: none"> • Providing designated smoking areas within 	<p>Submission noted.</p> <p>Council staff agree that focusing a policy in an area such as the CBD would be a good test to see how well a policy of this kind would work in an area where smoking is potentially the most prevalent.</p> <p>Council staff consider that designating specific areas to be a ‘smoking zone’ would be a very difficult task. This would involve liaising with business owners, and staff consider most owners would not want a group of smokers outside of their business place. At present, a</p>	No.

		<p>the larger CBD area, or beginning with the smaller area highlighted on the map (attached to submission)</p> <ul style="list-style-type: none"> • Staged roll out of further areas in Invercargill for example South City, Windsor, Waikiwi and Glengarry • Providing information and education for tourist marketplaces, WellSouth would encourage the use of the international smokefree symbol in these areas to avoid confusion • Facilitating support and training for businesses within the Smokefree Invercargill CBD • Promoting support services for people wanting to quit smoking • Development of a clear and positive communication strategy for local residents 	<p>number of businesses allow their staff members to smoke behind the building if it is out of the public view.</p> <p>Council staff believe it is preferable to have a smaller area at first.</p> <p>There is the potential to review this policy after one year of its implementation to test how it is working and if it is proving to be an effective tool, it could then be rolled out to other areas.</p> <p>Council would work with Smokefree Murihiku to develop a communication strategy and provide support for affected businesses.</p>	
024	Jo-Anne Grimwood	<p>Submitter states it is pleasing to see ICC taking the step towards creating smokefree spaces in the inner city area and creating a legacy for the future. Further applauds the Council for the purpose of the policy and taking in the consideration of health impacts that arise from second hand smoke.</p> <p>The submitter has concerns about the practicalities of the proposed area of the policy. As it includes streets that are dominated by traffic with very low numbers of pedestrians or areas for sitting and as a result will place less value on the directives of the policy. States that starting with a smaller area means a streamlined and workable</p>	<p>Submission noted.</p> <p>Council staff used the Council's District Plan definition of CBD for the development of the Policy, whilst it is a large area to encompass it is the true definition of CBD.</p> <p>Council staff agree with the submitter and recommend that Council make this area smaller in order to concentrate signage and a communication strategy across the most affected areas of pedestrians and businesses.</p>	Yes.

		<p>policy can ensure behaviour change.</p> <p>States the policy for a smokefree area in the CBD should be implemented alongside a clear communication strategy utilising positive and supportive language such as signage, clear information, training for businesses, media releases, information for tourist market places and access to support for quitting or remaining smokefree.</p> <p>Submitter states that it is disappointing ICC has not introduced the recommendations from the Smokefree Murihiku Coalition report to provide designated areas for people who smoke within the CBD. This was because employees would not have anywhere to go during break times and there was resounding support for the policy to include designated areas for people to smoke which would help allay concerns.</p> <p>States that consideration of business owners and operators is critical to the success of this policy.</p> <p>Recommendations provided:</p> <ul style="list-style-type: none"> • The definition of the CBD is changed to include only Tay St to Spey St and Deveron St to Dee St • Provide designated areas within the CBD for people who smoke • Hold a review after one year with the scope to expand smokefree areas throughout the ICC boundaries • Develop a robust communication strategy • Consider Smokefree Murihiku as an ally 	<p>Council would develop a communication strategy alongside this policy to ensure its full potential can be utilised and that all businesses affected by the policy are aware. Council would work with Smokefree Murihiku to develop this.</p> <p>Council considered all the recommendations from the Smokefree Murihiku Coalition report but considered designating specific areas to be a 'smoking zone' to be a very difficult task. Although it appears simple in theory, staff consider that to implement this in practice would be difficult. This would involve liaising with business owners, and staff consider that most owners would not want a group of smokers outside of their business place. At present, a number of businesses allow their staff members to smoke behind the building if it is out of the public view.</p> <p>Council have also had submissions from business owners in the CBD who state their staff members who smoke do so out the back of their business out of the public eye at present anyway.</p> <p>Council will review the policy after</p>	
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		<p>who holds vast smokefree knowledge and resources.</p>	<p>one year to determine how well it has been working and whether it should roll out to other areas of the community.</p> <p>Council already consider Smokefree Murihiku as an ally and have been working alongside them for the development of this policy.</p>	
025	<p>Janice Burton on behalf of <i>Southern District Health Board</i></p>	<p>Submitter applauds the decision by Council to develop a policy for consultation; the Council is demonstrating leadership by supporting the national Smokefree Aotearoa 2025 goal. States that creating smokefree environments can help de-normalise smoking, reduce the uptake of smoking by youth and increase quit rates for current smokers.</p> <p>States that from surveys undertaken in early 2017 on behalf of Smokefree Murihiku Coalition 84% of affected businesses in the CBD were supportive of a smokefree policy. However 53% identified they had staff that smoked and some had practical concerns about how staff would manage to smoke within the scheduled break times if the CBD were smokefree. This issue could impact on public support if using the definition proposed.</p> <p>Public Health South are willing to facilitate support and training for businesses within the CBD to assist with communication of the policy to the public.</p> <p>States that for those who do not wish, or are unable to stop smoking, the establishment of</p>	<p>Submission noted.</p> <p>Council appreciate the work that the Smokefree Murihiku Coalition has done for Council towards this policy development.</p> <p>Council staff acknowledge the practical issues that come with having staff who smoke and work within the proposed area. Council have spoken with some affected businesses with most stating that these staff members already smoke out of the public eye out the back of the business. This could continue through the proposed policy.</p> <p>Council thank the support from Public Health South and should this policy be adopted, support and training for affected businesses would be a key aspect of a communication strategy that would be rolled out with the policy.</p> <p>This policy would be an educative</p>	<p>Yes.</p>

		<p>discrete designated smoking areas is an option if these are located away from street frontages, smoking visibility in public places would be reduced. An example of this can be seen at Stadium Southland (see picture in formal submission).</p> <p>States it is important that the policy is seen as educative rather than punitive and designated smoking areas can be a step towards the policy's acceptance by the public.</p> <p>Submitter is supportive of the policy stance. State that young people are targeted by tobacco companies and therefore the youth population should be considered when smokefree messaging is developed. Submitter suggests a street art mural may be an effective and attractive way of providing supportive messaging. Public Health South has already committed \$3,000 towards smokefree signage in the CBD.</p> <p>Recommendations provided:</p> <ul style="list-style-type: none"> • Adopt the Smokefree Areas Policy • Develop a positive communications strategy including consideration of a street art mural • Consider discrete designated smoking areas within the CBD <p>Submitter can support ICC by:</p> <ul style="list-style-type: none"> • Promoting a support pathway for those who wish to stop smoking • Offering support and training to CBD business owners to give them the skills and confidence to communicate the smokefree 	<p>one through the use of signage, as well as education and support of the businesses within the proposed affected areas.</p> <p>Thanks the submitter for their generous contribution towards the creation of signage, should this policy be adopted by Council.</p>	
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		policy to customers if required.		
026	Jo Sharp on behalf of Vodafone Invercargill	Submitter is supportive of the policy. States that they prefer their staff members who smoke do so out the back away from the CBD street front.	Submission noted. Staff note that this would be a good alternative for staff who do smoke in the affected area. Smokefree Murihiku Coalition would also offer support to businesses with staff members who smoke.	No.
027	Linda McGaw on behalf of The Grand Invercargill	Submitter is supportive of this policy. States it is so often littered with cigarette butts and that this would be a great improvement if this can be implemented.	Submission noted. Council has been offered free cigarette butt bins from Keep New Zealand Beautiful. Council will be taking these up and looking to areas outside the scope of the policy where these can be installed in areas where smoking is prevalent to ensure that the litter is not visible on the footpath.	No.
028	Vince Vandergoes on behalf of Spark Store Invercargill	Submitter is supportive of this policy and states it is a fantastic idea.	Submission noted.	No.
029	Graeme McMillan on behalf of GM Designs Ltd	Submitter is supportive of this policy and states it is a very bold move but they are totally behind it.	Submission noted.	No.

SUMMARY OF SURVEY MONKEY SUBMISSIONS ON THE SMOKEFREE AREAS POLICY

No.	Name	Submission	Staff Comment	Speak to Council
001	Bonnie Mager	Submitter states that they do not agree with the way smokers are treated and that there should be designated smoking areas if this policy is to be implemented. States there should be accommodating features in the policy for cafes and bars so not to decrease their patronage.	<p>Submission noted.</p> <p>Council cannot impose a policy over private land, and whatever features exist in cafes and bars are at the discretion of the owner.</p> <p>The majority of changes imposed to date have been done through legislation which is the role of Central Government.</p> <p>Council may decrease the area that would be used in the policy, and as a result this would mean smokers could leave the area covered by the policy to smoke should they wish – however this may be reviewed in the future.</p> <p>Staff members who are affected by the introduction of such a policy would be working alongside the Smokefree Murihiku Coalition or with their management to find a reasonable compromise should this policy be enacted.</p>	No.
002	Shane	Submitter states this is ICC being controlling and they should concentrate on rates cuts.	Submission noted.	No.
003	Julie Tippett	Submitter states that from their travels there are	Submission noted.	No.

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		always designated areas for smokers.	Designating smoking areas is a difficult role for Council, and a compromise is to reduce the area that is to be 'smokefree' initially.	
004	Grace Zyskowski	Submitter states that for people working 9-5 it is not always practical to leave the area to smoke elsewhere and suggests that designated smoking areas may be the answer. Provides an example of this as Wellington Midland Park on Lambton Quay.	Submission noted. Designating smoking areas is a difficult role for Council, and a compromise is to reduce the area that is to be 'smokefree' initially.	No.
005	Lesley Ann McGrath	Submitter does not mind smokers outside in the city.	Submission noted.	No.
006	Aurora Grant	Submitter supports a smokefree CBD.	Submission noted.	No.
007	Kerstyn Dolamore	Submitter would love a smokefree CBD so that her family do not have to be subjected to smoke clouds when they go shopping. States that specific areas should be provided for smokers to smoke in as it is a difficult addiction to overcome.	Submission noted. Designating smoking areas is a difficult role for Council, and a compromise is to reduce the area that is to be 'smokefree' initially.	No.
008	Victoria	Submitter supports a smokefree CBD.	Submission noted.	No.
009	Rebecca Burns	Submitter states that the CBD should not be a smokefree area.	Submission noted.	No.
010	Nicola Gay	Submitter states the status quo is fine, and that people should merely move away from smokers if they are annoyed by smoking. Alternatively submitter suggests that there should be a no smoking within 3-4 feet of a store door, as a happy median.	Submission noted. The proposed policy seeks to ensure that all members of the community are able to enjoy a smokefree environment in any area of the CBD, not just store doors. If people wish to smoke they are able to go to an area not provided for in	No.

			the policy.	
011	Elizabeth Furr	Submitter states the CBD area per the Policy is too large. Suggests that a designated smoking area or areas within the CBD with others to later become smokefree is more pragmatic.	Submission noted. Designating smoking areas is a difficult role for Council, and a compromise is to reduce the area that is to be 'smokefree' initially.	No
012	Nick Trounson	Submitter states that the area defined as CBD is "laughable". Further states that it grossly oversteps boundaries by stating e-cigarettes and cigarettes are similar.	Submission noted. The area defined as the CBD is per Council's District Plan. The policy seeks to denormalise smoking, Health advocates have advised Council that for children seeing people with both cigarettes and e-cigarettes in their mouth with smoke coming out is difficult to distinguish. Whilst adults can notice the difference between the device as well as the smoke, it is not so easy for children – this is why it is included.	No.
013	Kathryn Macgregor	Submitter states the policy does not go far enough and that it should be only be done at their place rather than anywhere public at all. Submitter is an asthmatic and cannot walk past smokers without choking and causes her to be unable to breathe.	Submission noted. Council will review the policy after a year to determine how it has been working, at this stage Council could determine to increase the area the policy seeks to include and roll this out over other areas in Invercargill.	No.
014	Scott Buchanan	Submitter does not believe that this policy goes far enough. Submitter would like to see other public	Submission noted. Council already has a Smokefree	No.

		areas such as parks, council facilities and suburban retail areas totally smokefree.	Parks and Reserves Policy; this extends to areas such as Rugby Park. Should this draft Smokefree Areas Policy be adopted, Council could review it at any time to amend the areas covered and extend it to other areas of Invercargill.	
015	Paul Hurley	Submitter states we should not exclude smokers from our community. Notes we should allow smoking but install wet butt bins and display signs reminding smokers to be responsible and provides examples.	Submission noted. Council intends to install cigarette butt bins outside of the area covered by the policy.	No.
016	Clare Van der Lem	Submitter supports the smokefree policy and states that the CBD should be smokefree, with Esk Street being the minimum requirement. States that it has been outlawed in restaurants and bars and while it is still allowed outside on footpaths it can be very unpleasant for passer-by's. States that NZ has committed to be smokefree by 2025 and that this would be a very tangible sign of commitment to this goal.	Submission noted. Council seek to work toward the Smokefree 2025 goal. Esk Street would be included under the CBD definition in the draft Smokefree Areas Policy.	No.
017	Renee Brown	Submitter is supportive of the policy in an effort to change the normality of smoking.	Submission noted.	No.
018	Anne McSoriley	Submitter supports the introduction of the policy and believes that retail areas in the inner city, Windsor and South City should be included. Submitter further states that all tobacco products,	Submission noted. Should the Draft Smokefree Areas Policy be adopted, Council would have the ability to amend the areas	No

		<p>vaping and e-cigarettes should be included.</p> <p>Submitter states that the use of tobacco costs families in many ways both their health and monetary impact.</p> <p>States this policy can be enforced through clear signage and it will empower others to gently remind smokers that it is a smokefree area.</p> <p>Submitter notes that only 15% of the NZ adult population smokes so that this will recognise the majority of people who do not smoke or want to be around an area where smoke may drift.</p> <p>Further there are services available for those hoping to quit smoking with a lot of support in Invercargill. This policy would also assist in reducing pollution.</p>	<p>encompassed upon a yearly review and assessment of how the policy is working.</p> <p>All tobacco products including vaping and e-cigarettes are included in an effort to denormalise how smoking looks and what children perceive to be smoking.</p> <p>Council intend to develop a communications plan and work alongside Smokefree Murihiku to develop signage for the affected areas. Council will also contact all affected businesses to inform them of services that are available to them/their staff who may be affected.</p>	
019	Stella O'Connor	<p>Submitter would like to see Invercargill spaces and places where children are likely to go become a smokefree area. States they should not be subjected to the unnecessary behaviour and believes this would stop a generation from starting.</p>	<p>Submission noted.</p> <p>Council has a Smokefree Parks and Reserves Policy that has been in force since 2010.</p>	No.
020	Michael Brader	<p>Submitter objects to the inclusion of ELV devices (Electronic Liquid Vaporiser) in the definition of smokefree.</p> <p>This is because vaping is not smoking and there is no negligible risk from second hand exposure to ELV vapour. Submitter further states that forcing ex smokers who vape into smoking areas is like forcing alcoholics to drink their lemonade in a pub.</p>	<p>Submission noted.</p> <p>Council staff have included ELV devices in the draft policy as the purpose is to 'denormalise smoking'. Whilst staff understand that ELV devices are separate to tobacco cigarettes, Health Advocates have advised that to children it is difficult to distinguish as both are in</p>	No.

		Notes that no studies have been able to establish a gateway effect from vaping to smoking; and that equating vaping with smoking amounts to an official discouragement of vaping and gives the impression that Council views the two activities as equally harmful.	someone's mouth causing smoke, or vape to come out. This can be distinguished by older people but for the purpose of the policy it has been included for children.	
021	Andrew Thompson	Submitter objects to the inclusion of e-cigarettes or vaporizer. States that vape produces clouds that are consistent with a 'clean air environment'. Further states that available evidence is that seeing people use e-cigarettes adds to the denormalisation of smoking. Vapour devices look different to cigarettes and the clouds produced are easily distinguishable.	Submission noted. Council staff have included ELV devices in the draft policy as the purpose is to 'denormalise smoking'. Whilst staff understand that ELV devices are separate to tobacco cigarettes, Health Advocates have advised that to children it is difficult to distinguish as both are in someone's mouth causing smoke, or vape to come out. This can be distinguished by older people but for the purpose of the policy it has been included for children.	No.
022	Wayne Duncan	Submitter thinks that the idea of the policy sends the correct message to the community. States that we need to push forward to have the opportunity to reduce the exposure of harmful behaviours, for instance it was a brave move at the time to make bars and cafes smokefree and now it is widely accepted by the public. Further states that it is a behaviour that has an impact on other people and that this policy is a step for our children toward a smokefree NZ.	Submission noted.	No.

Finance and Policy Agenda - DEVELOPMENT OF POLICIES/BYLAWS

023	Chris Dawson	<p>Submitter states the policy is vague and yet to be in a fit state for genuine public consultation.</p> <p>Submitter states that there is no mention of how bars and restaurants with designated smoking areas would address this. Nor is there any mention of how any smoker working within the area is supposed to smoke on their breaks.</p> <p>Further notes that if Council is genuinely committed they would have introduced a bylaw rather than this policy.</p>	<p>Submission noted.</p> <p>Council does not want to introduce a bylaw for this issue, as it is an educative rather than punitive matter.</p> <p>The policy seeks to educate members of the public of the harm of smoking, whilst educating those who do smoke to consider others, particularly children.</p> <p>Council intend to develop a communications plan and work alongside Smokefree Murihiku to develop signage for the affected areas. Council will also contact all affected businesses to inform them of services that are available to them/their staff who may be affected.</p> <p>Council cannot impose a policy over private land, and whatever features exist in cafes and bars are at the discretion of the owner.</p>	No.
024	Bri Lindsay	<p>Submitter is supportive of the policy as it is a great approach to making the CBD and wider city a healthier and more welcoming place for everyone.</p>	<p>Submission noted.</p>	No.
025	Lana Osborne	<p>Submitter states that making a smokefree area would be detrimental to the business sectors as people often need stress relief.</p> <p>States this policy is going too far in imposing other</p>	<p>Submission noted.</p> <p>Council staff note that whilst some people may consider smoking to be 'stress relief', that there is nothing in</p>	No.

		people's ideals onto an individual and that there is the risk of causing fires if people are trying to smoke and hide their butts.	the policy that would stop those who wish to smoke from leaving the area covered by the policy and smoking, or arranging with their business owners to see if they are able to smoke at the back of their business out of the public eye. Council may consider placing cigarette butt bins in areas where smoking is prevalent to reduce any apparent fire risks.	
026	Evelyn Mann	Submitter states that to work positively towards a smokefree country is important as we have an obligation to support anything that benefits the health of our young people.	Submission noted.	No.
027	A Fraser	Submits that there are not many people smoking now anyway as it is too expensive to buy cigarettes. Questions what is next?	Submission noted.	No.
028	Danelle Harris	Submitter does not believe this policy should go ahead as adults should be able to do what they like where they like. States that she does not smoke next to people such as children or elderly, and that smoking in the fresh air would not affect them unless you smoked right next to them.	Submission noted. Council staff note that some smokers are considerate of where they choose to smoke, and who around but not all people are. This policy seeks to address this issue.	No.
029	Nancy Sutthoff on behalf of the Aotearoa Vape Community Advocacy (AVCA)	Submitter objects to the inclusion of ELV (Electronic Liquid Vaporisers) in the definition of 'Smokefree' in the Policy. For the following reasons: - Vaping is not smoking. ELV does not produce smoke and there is no negligible risk from second	Submission noted. Council staff have included ELV devices in the draft policy as the purpose is to 'denormalise smoking'. Whilst staff understand that ELV devices are separate to tobacco	No.

		<p>hand exposure to ELV vapour.</p> <ul style="list-style-type: none"> - Forcing ex-smokers who vape into smoking areas is like forcing alcoholics to drink their lemonade in the pub. - No studies have been able to establish a gateway effect from vaping to smoking. - Equating vaping with smoking amounts to official discouragement of vaping and gives the impression that Council views the two activities as equally harmful. - Stating that children do not know the difference between tobacco smoking and the use of ELV is wildly inaccurate and could be reasonably classed as an effort by the Big Tobacco to prevent the uptake of ELVs over their own combustible tobacco products. 	<p>cigarettes, Health Advocates have advised that to children it is difficult to distinguish as both are in someone's mouth causing smoke, or vape to come out. This can be distinguished by older people but for the purpose of the policy it has been included for children.</p>	
030	Katie Owen	Submitter is supportive of the policy.	Submission noted.	No.
031	Felix Riedel	Submitter cannot see an issue with smoking in the CBD/public places except for playgrounds or kindergartens. Believes it should be up to the individual.	Submission noted. Council has operated under a Smokefree Parks and Reserves Policy since 2010.	No.
032	Bridget Forsyth	<p>Submitter supports making the CBD smokefree, as the more smokefree areas there are the more likely it is to help reducing the number of children who start as it prevents them from being exposed to second hand smoke.</p> <p>Submitter states there should be specific areas where people who work within the CBD can go to smoke, and hopefully they will successfully quit but</p>	<p>Submission noted.</p> <p>Designating smoking areas is a difficult role for Council, and a compromise is to reduce the area that is to be 'smokefree' initially.</p> <p>Council staff would work with the Smokefree Murihiku Coalition to develop a communication plan that</p>	No.

		<p>until then they will have an area to go to. Submitter suggests that this be an area that is out of sight from children, with clear signage, information about how to quit and disposal units for tobacco related litter.</p> <p>Submitter suggests as an alternate proposal that you start with a smaller entirely smokefree area and then expand it to the full area that was encompassed by the "CBD Definition". The smaller area suggested is Tay St to Don St and Dee St to Kelvin St. Then making it a larger area from Tay St to Spey St and Deveron St to Dee St including Wachner Place.</p> <p>Submitter also recommends a clear and positive communication strategy be utilised to gain support from the public and business areas. Including why it is important to have smokefree areas, what these areas are, where you can smoke and where people can get support to stop smoking.</p>	<p>would include signage and help for people in affected areas should they wish to quit. Council may choose to install more cigarette butt bins outside of the policy's area.</p>	
033	Deborah Snogross	<p>Submitter states that the area is very wide to be smokefree. The Submitter states that as a non-smoker their biggest concern is that they will not have to walk through smoke to enter a doorway of a shop or office, but does not mind casual smoking on the street.</p> <p>Submitter is concerned when they see non-smoking signs with people smoking underneath these and believes that there is not enough man power to police the areas that need attention and that these areas are a farce.</p> <p>Submitter states that public seating or bus stops</p>	<p>Submission noted.</p> <p>Designating smoking areas is a difficult role for Council, and a compromise is to reduce the area that is to be 'smokefree' initially.</p> <p>Council staff would work with the Smokefree Murihiku Coalition to develop a communication plan that would include signage and help for people in affected areas should they wish to quit. Council may choose to install more cigarette butt bins</p>	No.

Finance and Policy Agenda - DEVELOPMENT OF POLICIES/BYLAWS

		<p>and the inside of public parks should be non-smoking. That if you want to smoke you should stand somewhere away from a door or at the exterior of the park surround.</p> <p>Submitter states that if the area were to be smaller it would be better policed. That fines should be work-related such as beautification schemes, cleaning schemes, gardening/weeding work, as not many as half the people who get a fine will be able to pay the money.</p>	<p>outside of the policy's area.</p> <p>Council does not have the ability to fine people nor police this and enforce punitive actions. This is an educative policy.</p>	
034	Robyn Flowers	Submitter is in support of a Smokefree CBD for Invercargill.	Submission noted.	No.
035	Trish Clark	<p>Submitter is supportive of Invercargill being smokefree. States that any way to help young people not to start smoking is important and that not being able to smoke on the city streets is a step in the right direction.</p> <p>Submitter thanks Council for helping the health of the community.</p>	Submission noted.	No.
036	Ellyn Robertson	Submitter is supportive of the ICC Smokefree Areas Policy to denormalise smoking, reduce exposure to second-hand smoke and the burden of smoking related disease.	Submission noted.	No.
037	Ian Horsham	Submitter believes we need to have a Smokefree Invercargill as the submitter has had 3 family members pass away from smoking, and believe it needs stopped.	Submission noted.	No.
038	John Mooij	Submitter believes things should be left the way they are with smoking outside only. States it is all	Submission noted.	No.

		about the choices that people make for themselves.		
039	Lynette Lewin	Submitter states that this policy should apply to all public areas including the CBD, and in particular any doorways.	Submission noted.	No.
040	Leanne Hartstonge	Submitter states that as a Mother of two young children they support the desire of ICC to discourage smokers within the CBD. States that the proposed area of the map is acceptable and logical. States that if we do not advance our actions we will never reach our goal for a Smokefree New Zealand. Further states that if people wish to still smoke they do have choices and will need to be more organised to leave the area when they need their fix. Submits that maybe Council could promote some of the many services that are available to help people give up.	Submission noted. Council staff would work with the Smokefree Murihiku Coalition to develop a communication plan that would include signage and help for people in affected areas should they wish to quit. Council may choose to install more cigarette butt bins around the CBD.	No.
041	Susanne Staples	Submitter states that all public areas and buildings should be smokefree, further this should apply to all the spaces around these areas and buildings. States that this would mean no smoking just outside the gates.	Submission noted.	No.
042	Cain Braithwaite	Submitter opposes the policy. States that as a ratepayer they are entitled to enjoy the freedom of the City whether you are a smoker or a non-smoker. By encouraging the persecution of smokers this goes against the friendly image Invercargill is trying to sell to the rest of our country. "Think Big" we should be encouraging people and businesses to utilise the inner City not	Submission noted. Council is working towards the Central Government's target of a Smokefree New Zealand by 2025.	No.

		discourage them. Submitter states they would do their shopping in Dunedin, Queenstown or online should this come into force.		
043	Ray Willett	Submitter applauds ICC for the Smokefree proposal. Submitter states that we have not smoked in planes, buses and trains for years nor in pubs and restaurants since Helen Clark banned it. However we can still smoke in cars with children on board exposing children to the “toxic filth”. Submitter suggests that Invercargill endeavour to be the first whole city to ban smoking in cars with children and start the ban rolling. Submitter states that many countries, even Bahrain have banned it. Submitter further states that the biggest challenge they have faced is knocking off smoking and that it is a terrible addiction. Submits to Council that they keep up the good work.	Submission noted. Council has the ability to review this policy yearly, if it is adopted, to roll the ‘smokefree area’ out into bigger areas or other areas of the City. Council staff would work with the Smokefree Murihiku Coalition to develop a communication plan that would include signage and help for people in affected areas should they wish to quit. Council may choose to install more cigarette butt bins around the CBD.	Yes

TO: FINANCE AND POLICY SUB-COMMITTEE
FROM: THE DIRECTOR OF WORKS AND SERVICES
MEETING DATE: TUESDAY 31 OCTOBER 2017

SOUTHLAND MUSEUM AND ART GALLERY – MAINTENANCE EXPENDITURE

Report Prepared by: Paul Horner – Manager, Building Assets and Museum

SUMMARY

The Building Assets Manager requests the release of part of a Reserve Fund held by Invercargill City Council (ICC) for museum purposes. This would be applied to maintenance of the Southland Museum and Art Gallery (SMAG) building. It will address an identified health and safety concern and an identified risk of deterioration to objects in the Collection Store.

RECOMMENDATIONS

It is recommended that Council approve the release of \$215,000 from Reserve Fund No. 120 for maintenance work on the Southland Museum and Art Gallery building.

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> No.
2.	<i>Is a budget amendment required?</i> No.
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No.
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> No.
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> No.
6.	<i>Has the Child, Youth and Family Friendly Policy been considered??</i> No.

FINANCIAL IMPLICATIONS

There are no financial implications to rates from this action.

BACKGROUND

The SMAG operation has an urgent need to seal the roof of the pyramid. This is maintenance expenditure and within the scope of the Contract between ICC and SMAG.

ICC has a contract with SMAG for the operation of the museum service. An annual payment is made to the "Contractor", the Director of Works and Services, to employ staff, provide museum curatorial and collection functions, and carry out maintenance work on the museum building. All aspects of this work are managed by the Manager of Building Assets and Museum.

The contract excludes funding and management of capital renewal and development works.

CURRENT MAINTENANCE ISSUE

The roof of the pyramid building leaks. This is:

- a) An identified health and safety concern if rainwater drips on electrical equipment in the museum.
- b) An identified risk of deterioration or loss of objects in the Museum if rainwater drips into the Collection Store.

Several solutions have been investigated for solving this problem however the fundamental issue has been the future of the building.

- If the life is short, the problem can be coped with by short term measures.
- If the life is in the 8 to 12 year length it is worth painting or sealing the roof as most of the life and value of the product used will be realised.
- The proper solution is to re-roof the building but this cannot be done until the collection can be removed. This requires an 8 to 10 year lead time. The goal is to re-roof during a redevelopment of the building in about 10 years.

TRUST BOARD RESOLUTION

The SMAG Trust Board has recently resolved to carry out a 10 year plan to prepare for and carry out a re-development of the pyramid building on its present site. This means that medium term solutions for sealing the leaking roof can now be chosen and implemented.

ROOF SEALING

Several medium term solutions have been investigated. The best solution is a bandage system to cover the roof joints, then over-painting. The lowest quotation received for this solution is \$211,680 + GST. A budget of \$215,000 will be sufficient to carry out this work.

This has not been budgeted in the Building Assets budget for the current year because of the previous lack of clarity of the building life.

FUNDING PROPOSAL

A Reserve Fund No. 120 held by ICC of \$355,000 for "Redevelopment" is available to be used for the roof sealing project.

CONCLUSION

If Council approve the transfer of \$215,000 from the Reserve Fund No. 120 to the Building Assets budget, then the roof sealing can be carried out in the current year without affecting rates or the annual budget.

Additionally, this would address a health and safety problem and a collection risk problem.

Urgent attention to this approval will allow sufficient lead time for the work to be arranged in February or March 2018.

TO: FINANCE AND POLICY COMMITTEE

FROM: DIRECTOR OF FINANCE AND CORPORATE SERVICES

MEETING DATE: TUESDAY, 31 OCTOBER 2017

IMAGINE INVERCARGILL - UPDATE

Report Prepared by: Anna Goble, Policy Analyst

SUMMARY

<p>This is an update on Council's website – imagineinvercargill.nz – that has been used as pre-engagement for the Long-term Plan.</p> <p>Council have 160 signed-up members on the website with over 80 submissions being received.</p> <p>Council staff have now disabled the submission function but will continue to use the website.</p>
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RECOMMENDATIONS

That this report is received.

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Yes.
2.	<i>Is a budget amendment required?</i> No.
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No.
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> This is considered pre-engagement for Council's Long-term Plan 2018 – 2028.
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> Consultation has been undertaken with the public.
6.	<i>Has the Child, Youth and Family Friendly Policy been considered?</i> Yes.

FINANCIAL IMPLICATIONS

No financial implications arise from this report.

IMAGINE INVERCARGILL

This website was crafted to allow members of the public to submit ideas that they had for the City. These ideas have been reviewed by staff and comments will be provided to the submitters soon. There is the potential that some of these ideas will be used in the Council's 2018 – 2028 Long-term Plan.

Council staff are pleased with the amount of engagement the website has had. Staff hope the use of this site will continue as the Long-term Plan progresses.

Council staff are now in the process of creating a rates calculator – this would mean that members of the community could see a pie chart that would breakdown where the rates draw goes. They could also have the function to move money into certain areas or take money out to see what effect this would have.

This is to be developed so that it will be a tool for consultation with the Long-term Plan Consultation Document early next year.

Further, the website would also have the consultation items available for those who wish to vote up or down the consultation ideas and provide comments as an example of open forum communication.

In the meantime, users are still able to comment or vote on the ideas that have been submitted but are unable to submit any new ideas.

TO: FINANCE AND POLICY COMMITTEE
FROM: DIRECTOR OF FINANCE AND CORPORATE SERVICES
MEETING DATE: TUESDAY, 31 OCTOBER 2017

SIGNIFICANCE AND ENGAGEMENT POLICY

Report Prepared by: Melissa Short – Manager, Strategy and Policy

SUMMARY

The Significance and Engagement Policy is due for review by December 2017. As the Council intends to develop an Engagement Strategy in 2018 staff recommend that the existing policy be rolled over and reviewed in line with the Strategy.

RECOMMENDATIONS

That the Significance and Engagement Policy review be postponed to align with the development of an Engagement Strategy in 2018 and that this be highlighted in the Long-term Plan.

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> No
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> This report recommends delaying a review of this policy.
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> No
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> No
6.	<i>Has the Child, Youth and Family Friendly Policy been considered?</i> Yes

FINANCIAL IMPLICATIONS

No financial implications arise from this report.

SIGNIFICANCE AND ENGAGEMENT POLICY REVIEW

Council's Significance and Engagement Policy (**Appendix 1**) is due for review by December this year. Council is also obliged to have a summary of the Significance and Engagement Policy in its Long-term Plan.

The Local Government Act 2002 states that a Significance and Engagement Policy may be amended from time to time, but requires that if Council chooses to amend the Policy it must consult in accordance with section 82 unless it considers on reasonable grounds that it has sufficient information about community interests and preferences to enable the purpose of the policy to be achieved.

As Council has determined to implement an Engagement Strategy next year, Council staff suggest that the Policy be continued without review at this time and is reviewed in line with the development of the Engagement Strategy. Staff consider that undertaking consultation of how we engage the community twice in relatively quick succession risks the Community becoming consultation fatigued and not becoming involved in the process.

The summary required in the Long-term Plan would cover the current Significance and Engagement Policy criteria but would also have commentary included that highlighted how Council was intending to review the Policy alongside the development of the Engagement Strategy.



SIGNIFICANCE AND ENGAGEMENT POLICY

Effective from 1 December 2014

Purpose

To let the Community know when and how they can expect to be engaged in Council's decision-making processes.

To act as a guide to Council and Council staff as to what extent, form and type of engagement is required from the beginning of a decision-making process.

To identify Council's approach to determining the significance of proposals and decisions in relation to issues, assets, or other matters.

Definitions

Community	May be a community of place or a community of issue. The 'community / communities' to be engaged with on any particular decision will be identified in light of the issue being discussed.
Significance	In relation to any issue, proposal, decision, or other matter that concerns, or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter as assessed by Council, in terms of its likely impact on, and likely consequences for: <ul style="list-style-type: none">• Invercargill City.• Any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision or matter.• The capacity of the Invercargill City Council to perform its role, and the financial and other costs of doing so.
Significant	In relation to any issue, proposal, decision, or other matter, means that it has a high degree of significance.
Strategic Asset	Is an asset or group of assets that Invercargill City Council needs to retain if it is to maintain its capacity to achieve or promote any outcome that it has determined to be important to the current or future wellbeing of the community. The assets that Council considers 'strategic' are listed in Schedule 1.

Approach to Determining Significance

The decision on a matter's significance rests with Council.

If the issue, proposal, decision, or other matter concerned involves a significant decision in relation to land or a body of water, Council will take into account the view of Māori and their culture and traditions, recognising their cultural values and their relationship to land and water.

When undertaking a process to determine the extent to which issues, proposals, decisions or other matters are significant; staff will prepare a report against the thresholds and criteria listed below for consideration by and presentation to Council.

Council will evaluate the significance of each proposal or decision it makes on a case-by-case basis. Decisions of low significance, including some decisions made under delegated authority, may not explicitly state the degree of significance.

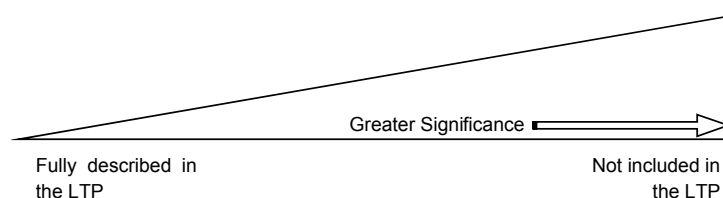
Significance and engagement will be considered in the early stages of a proposal before decision making occurs and, if necessary, reconsidered as the proposal develops. Differing levels of engagement may be required during the varying phases of decision-making on an issue, and for different stakeholders.

Thresholds and Criteria

(a) Contribution to Community Outcomes or Key Project

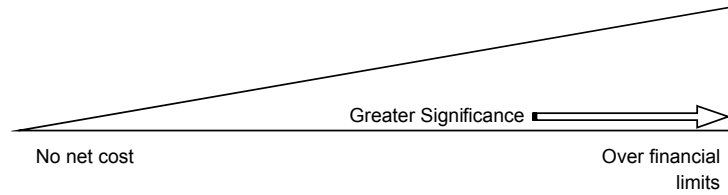
Council will consider the extent to which the decision contributes to its Community Outcomes or any key project. If a matter clearly contributes to several Community Outcomes or a key project and is borderline in regards to the other thresholds and criteria for determining significance, this will mitigate in favour of the decision being treated as "less significant". If, however, a decision does not clearly contribute to Community Outcomes or a key project and is borderline in regards to the other thresholds and criteria for determining significance, Council will adopt a precautionary approach and treat the issue as being "more significant".

(b) Consistency with the LTP



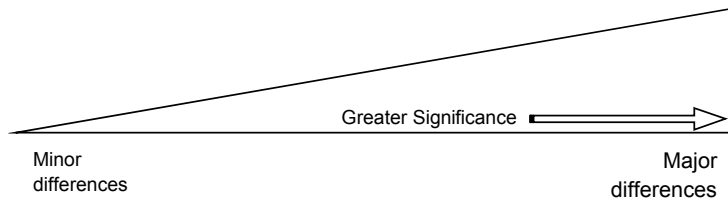
Council will consider the extent to which the decision flows logically and consequentially from a decision already made in the LTP or Annual Plan.

(c) **Net Cost to Council**



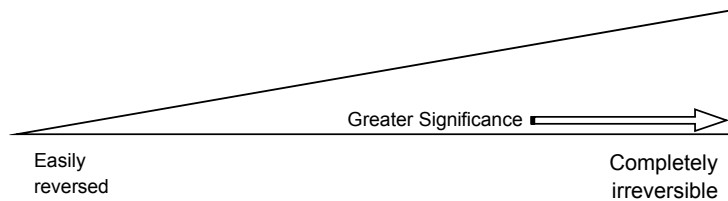
Council will consider the magnitude of the decision in terms of its net cost to Council. Most major spending decisions will be made in the context of the LTP or Annual Plan. As a general guide, any individual decision involving more than \$5 million of unbudgeted capital expenditure or \$500,000 of unbudgeted annual operating costs may be regarded as significant.

(d) **Variation of Options**



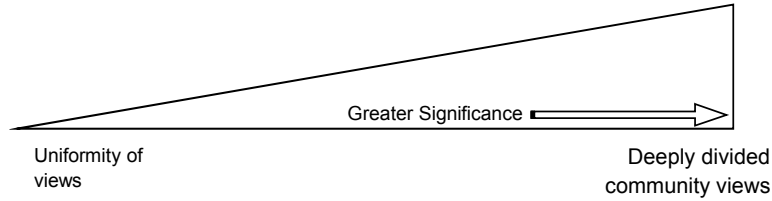
Council will consider the variation in impact of the options identified (including a “do nothing” option) on the community. The greater the variation, the greater the degree of significance.

(e) **Reversibility**



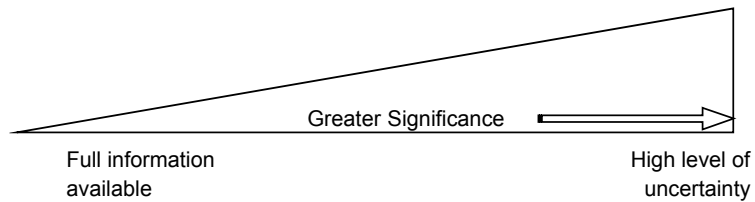
Council will consider the reversibility of the outcomes arising from the decision. In general, the degree of significance will increase as the difficulty of reversing a decision’s outcome increases.

(f) **Level of Controversy**



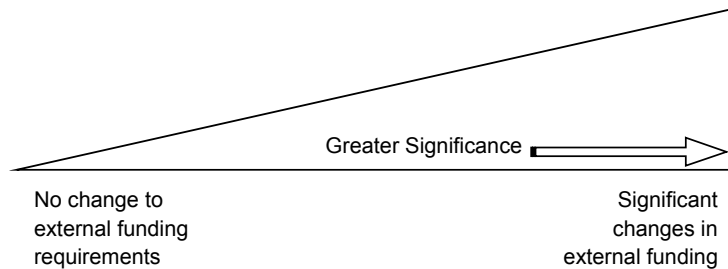
Council will consider the extent to which the matter under consideration may be controversial within the community. A high level of controversy indicates a greater degree of significance of the matter.

(g) **Precautionary Approach**



Where there is a level of uncertainty as to the outcomes or significance of a decision, Council will adopt a precautionary approach and treat the issues as being “more significant”.

(h) **Impact on Funders**



Council will consider the extent to which a decision impacts on general rates, targeted rates, and user fees / charges. A decision requiring an increase of 2% or more to general or targeted rates will be treated as significant. Likewise, a decision requiring an increase in user fees / charges of 10% or more will be considered significant.

Approach to Engagement

Council is committed to engaging with our communities in a way that is effective, meaningful and timely. When making decisions Council will give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter. To ensure that our approach to engagement is targeted at the right level Council will consider:

- the extent to which the current views and preferences of persons who will or may be affected by, or have an interest in, the decision or matter are known to the local authority;
- the nature and significance of the decision or matter, including its likely impact from the perspective of the persons who will or may be affected by, or have an interest in, the decision or matter;
- if any circumstances exist in which there is good reason for withholding local authority information (in accordance with the Local Government Official Information and Meetings Act 1987); and
- the costs and benefits of any consultation process or procedure.
- that Maori are a stakeholder in any engagement and we will work with Maori to determine the level of engagement required on each issue or matter.

Council requires that an Engagement Plan is prepared for any significant decision. If a decision is not deemed to be significant an Engagement Plan may still be prepared, but is not mandatory. An Engagement Plan will be developed by the Council Department responsible for the decision or matter, in collaboration with Council's Communications Team.

An Engagement Plan will outline the:

- engagement objectives – the feedback that is sought from communities,
- timeframe and completion date,
- communities that are to be engaged with,
- engagement tools and techniques to be used,
- resources, including budget, needed to complete the engagement,
- communication planning needed,
- basis of assessment and feedback to the communities involved,
- team roles and responsibilities.

Engagement Assessment Criteria

Community engagement occurs across a spectrum at differing levels, Council has adapted the IAP2 Spectrum of Engagement for our use. Council will determine what level of engagement is appropriate for each decision or matter on a case by case basis using the approach to engagement above. The five levels Council will consider are:

Level	Goal	Council's Promise
Inform	To provide the public with balanced and objective information to assist them in understanding the problems, alternatives, opportunities or solutions.	At this level, Council's promise is that we will keep the Community informed.
Consult	To obtain public feedback on analysis, alternatives or decisions.	At this level, Council's promise is that we will keep the Community informed, listen to and acknowledge concerns and provide feedback on how public input influenced the decision.
Involve	To work directly with the public throughout the process to ensure the public concerns and aspirations are consistently understood and considered.	At this level, Council's promise is that we will work with the Community to ensure that their concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.
Collaborate	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	At this level, Council's promise is that we will look to the Community for direct advice and innovation in formulating solutions and incorporate the Community's advice and recommendation in to the decisions to the maximum extent possible.
Empower	To place final decision-making in the hands of the public.	At this level, Council's promise is that we will implement what the Community decides.

It will not always be appropriate or practicable to conduct processes at the participatory / empower end of the consultation continuum. Many minor issues will not warrant a participatory approach and constraints of time and money will also limit what is possible on some occasions.

There are a range of situations where engagement is necessary or desirable and a wide selection of approaches to choose from for any given situation. Council will assess each situation and determine the appropriate engagement tools. The range of tools that Council will consider using at each level of the spectrum is included in Schedule 2.

Mandatory Consultation

In certain circumstances, Council is legislatively required to consult using the Special Consultative Procedure prescribed in Section 83 of the Local Government Act. One example of circumstances where the Special Consultative Procedure must be used is when making decisions on transferring the ownership or control of strategic assets, as listed in Schedule 1.

When using the Special Consultative Procedure, Council prepares a proposal and advertises it for public submission. Submissions on the proposal can be received from anybody and the time period for receiving submissions is at least a month. People who have submitted can also request to speak to the Council regarding their submission and this is done through a Hearing Process. After considering all submissions the Council then makes a decision to adopt, amend or reject the proposal.

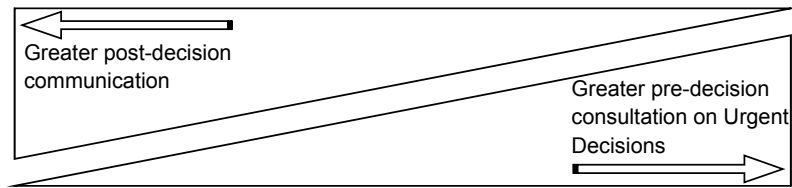
Exception to Procedure for Determining Significance and Undertaking Engagement

The Local Government Act provides for Council to consider the practicality of undertaking extensive consultation, considering the range of options, and obtaining the views and preferences of other people. In some circumstances, failure to make an urgent decision would result in an inability to achieve the intended outcomes and a loss of opportunity.

Where an urgent decision must be made, Council will tailor its decision-making process to include as much consultation and evaluation as is practicable within the specified timeframe. If, due to time limitations, a potentially significant decision is made without extensive consultation, Council will communicate the details of the decision to the public at a level appropriate to the nature of the matter.

Where a decision is made or is to be made that is significantly inconsistent with this policy, Council when making the decision will identify the inconsistency and the reason for the inconsistency.

Practicality and Urgency



Revision History:	NIL
Reference Number:	A1156356
Effective Date:	1 December 2014
Review Period:	This Policy will be reviewed every three (3) years, unless earlier review is required due to legislative changes, or is warranted by another reason requested by Council.
Supersedes:	Significance Policy 2012
New Review Date:	1 December 2017
Associated Documents/References:	Nil
Policy Owner:	Invercargill City Council



Schedule 1

Strategic Assets

- Civic Theatre Complex
- Electricity Invercargill Limited
- Invercargill Airport Limited (97.2% Council ownership)
- Invercargill City Holdings Limited
- Invercargill Public Library and Archive – Buildings and Collections
- Invercargill Waste Transfer Station
- Parks and Reserves
- Public Toilets
- Roothing Network and Connected Infrastructure
- Sewerage Networks and Treatment Plants
- Splash Palace
- Stormwater Networks in Invercargill and Bluff
- Stormwater system in Otatara
- Water Treatment, Storage and Supply Network

Under Section 97 of the Local Government Act, any decision to transfer the ownership or control of a strategic asset to or from Council can only be made if the decision has been explicitly provided for by a statement of proposal in Council's Long Term Plan. The strategic assets defined above are the asset in total and not any individual element of the asset. Section 97 will only apply to any decision being made on the strategic asset as a whole or a major sub-part of the asset. The strategic asset is the asset that is listed as a strategic asset in the above list. For example, Council's strategic asset for Electricity Invercargill Limited (EIL) is the shareholding in the parent company (EIL) and not its shareholdings in its associates or joint ventures (for example PowerNet, Otago Power Services Limited).



Schedule 2

Types of Engagement

Please note: This is not a definitive list. Techniques not listed here may be used in addition to those listed below:

Inform

- Social media
- Newspapers / public notice / noticeboard
- Websites / internet / facebook
- Radio
- Flyers / posters
- Letter drop
- Public meetings
- City Talk Back
- Telephone Information Service
- Press statements

Consult / Involve

- Written submissions
- Oral submissions
- Written surveys
- Telephone surveys
- Face-to-face interview surveys
- Referenda
- Formal public meetings
- Focus groups / working panels / Local action groups / task groups

Collaborate / Empower

- Interactive web sites
- Multi Stakeholder Processes such as:
 - Open house events
 - Meetings with existing groups
 - World cafes
- Citizens Juries / Panels / Charette (Group of 12-25 people representative of a community, brought together for three to five day to consider an issue)

Please Note: Techniques listed as appropriate in one level may be used in any of the other levels where this will best achieve the purpose of the engagement.



Schedule 3

International Association of Public Participation (IAP2)

The International Association of Public Participation (IAP2) is an association that works with different groups whom undertake public consultation and engagement. They are involved in the public participation process by supporting clients, colleagues and citizen's decision-making process.

The Invercargill City Council has determined to base its Engagement on the core values established by IAP2 as outlined below:

- Public participation is based on the belief that those who are affected by a decision have a right to be involved in the decision-making process.
- Public participation includes the promise that the public's contribution will influence the decision.
- Public participation promotes sustainable decisions by recognising and communicating the needs and interests of all participants, including decision makers.
- Public participation seeks out and facilitates the involvement of those potentially affected by or interested in a decision.
- Public participation seeks input from participants in designing how they participate.
- Public participation provides participants with the information they need to participate in a meaningful way.
- Public participation communicates to participants how their input affected the decision.

Council has adapted the IAP2 Spectrum of Engagement for its use (included in the main Policy). IAP2's Public Participation Spectrum is designed to assist with the selection of the level of participation that defines the public's role in any community engagement process. The Spectrum shows that differing levels of participation are legitimate depending on the goals, time frames, resource and levels of concern in the decision to be made.

You can find out more about IAP2 by visiting their website - www.iap2.org.

TO: FINANCE AND POLICY COMMITTEE
FROM: DIRECTOR OF FINANCE AND CORPORATE SERVICES
MEETING DATE: TUESDAY 31 OCTOBER 2017

ACTIVITY MANAGEMENT PLANS

Report Prepared by: Melissa Short – Manager, Strategy and Policy

SUMMARY

Activity managers have prepared draft Activity Management Plans for adoption for the 2018-28 years. These plans take into account updated significant forecasting assumptions and knowledge about the activity that has been gained since the 2014 versions.
--

RECOMMENDATIONS

That the draft Activity Plans be adopted.

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> The Activity Management Plans inform the Long-term Plan.
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council’s Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> No
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> No
6.	<i>Has the Child, Youth and Family Friendly Policy been considered?</i> N/A

FINANCIAL IMPLICATIONS

The Activity Management Plans include the forecast budgets for the 2018-28 years. These are subject to change through the Long-term Plan consultation and decision-making process.

ACTIVITY MANAGEMENT PLANS

Activity managers have prepared draft Activity Management Plans for adoption for the 2018-28 years. These plans take into account updated significant forecasting assumptions and knowledge about the activities that has been gained since the 2014 versions. The Activity plans take into account discussions held with Councillors during Workshops, as well as information gained as part of the 2016 Levels of Service research undertaken last year.

The Activity Management Plans are living documents and will be updated to remain in line with future decisions Council makes regarding the Long-term Plan. These versions of the Plans are to inform the Consultation Document for the draft Long-term Plan and will be utilised by Audit NZ as part of their audit of the underlying information informing the Long-term Plan.

The following Activity Management Plans are circulated with this report:

- Democratic Process
- Investment Property



DEMOCRATIC PROCESS

ACTIVITY MANAGEMENT PLAN 2017



Activity Management Plan

Activity			
	Name	Signature	Date
Prepared By	Melissa Short		
Chief Executive Review	Richard King		
Peer Review			
Council Adoption			

Changes to be Incorporated in Next Review		
Number	Date of Change	Reason for Change

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Executive Summary

The Invercargill City Council's Democratic Process Activity involves ensuring that the community has the opportunity to be involved in decision-making and understands how this process works. The Activity also supports the elected members and their processes to ensure that decision-making is open, transparent, effective and democratically accountable.

The fundamental challenge for the Democratic Process Activity remains legal compliance with the Local Government Act and in ensuring that the community perceive that the issues they raise have been fairly considered by the elected representatives.

The Council is under increased scrutiny and pressure in its decision-making processes. This Activity underpins the legislative compliance aspects of Council decision-making and at present the Activity is struggling to ensure that Council meets its requirements. In order to deliver expected levels of service within an increasingly complex and growing environment, additional staff resource is required. A Community Engagement Co-ordinator is to be employed in the 2018/19 year.

The Council's Funding Policy for the Democratic Process Activity is that 100% of the cost is of benefit to the public in general and these costs are recovered from the General Rate. This means that any increase in resourcing required by the Activity will be met by ratepayers. There is no off-setting revenue for an increase in services required from the Activity.

This Activity Management Plan is based on the assumptions that due to the changing nature of Local Government legislation there will be a slow but steady increase in the services and programmes to be provided by the Democratic Process Activity and that the addition of a further staff member to the Strategy and Policy department will ensure adequate resourcing for the activity and no further staff will be required in the ten year period.

1. Introduction

1.1 ABOUT THIS PLAN

The Democratic Process Activity Management Plan (AMP) covers one of the many activities addressed in the Invercargill City Council Long-Term Plan (LTP). This Plan is, therefore, strongly linked to the overall strategic direction for the District. The LTP is the document and process that alerts the Community to the key issues and strategies contained in this document.

The purpose of this Plan is to outline and to summarise in one place, the Council's strategic approach for the delivery of the Democratic Process Activity.

The AMP demonstrates responsible management of the function on behalf of ratepayers and stakeholders and assists with the achievement of community outcomes and statutory compliance. The AMP combines management, financial, and technical practices to ensure that the level of service required by the law and expected by the Community is provided in the most operationally effective and sustainable manner.

The target audience of the front section of this AMP document is Council staff, Councillors and the community. The appendices provide more in-depth information for the management of the activity and are therefore targeted at the Activity Managers. The entire document is available within the public domain.

This AMP is based on existing levels of service, currently available information, and the existing knowledge/judgement of the Council staff.

This AMP is a key component in the Council's strategic planning function. Among other things, this plan supports and justifies the financial forecasts and the objectives laid out in the LTP. It also provides a guide for the preparation of each Annual Plan and other forward work programmes.

1.2 ACTIVITY OVERVIEW

The overarching goal of the Democratic Process Activity is to support the implementation of the Local Government Act within the Invercargill district.

The activity includes the following services:

- Ensuring that the Invercargill City Council has quality plans and plan monitoring in place (LTP, Annual Plans, Activity Plans and Annual Report).
- Implementing and evolving the Invercargill City Council's performance framework.
- Conducting research on Residents' perceptions, analysing and providing results to Council and staff.
- Facilitating group and unit planning and budgeting.
- Preparation and implementation of engagement and consultation plans and materials for significant or high-interest projects and decisions made across Council.
- Providing advice, leadership and support for engagement and consultation planning processes.
- Consulting and engaging with interested parties to enable Council to consider the Community's views when making decisions.
- Proactively anticipating issues of interest and advocating on behalf of the Invercargill community.

- Providing information, advice and support to the Chief Executive and Mayor's Office.
- Engaging with the local community and interest groups to support their engagement with local decision making.
- Holding of elections of Elected Members to the Council and Community Board, polls and representation reviews.

2. Strategic Context

2.1 ALIGNMENT WITH STRATEGIC GOALS

2.1.1 Community Outcomes

Everything that the Council does is focused on achieving Community Outcomes. The reason for each of Council's activities is to achieve the outcomes, meet legislative requirements or further advance Council's strategies. The Community Outcomes have been derived from Council's vision: "To enhance our City and preserve its character while embracing innovation and change".

Community Outcomes		
Enhance our City	Preserve its Character	Embrace Innovation and Change
We will know success when:		
Invercargill's population is over 1.2% of the New Zealand population.	Invercargill is celebrated for preserving its heritage character.	Invercargill's culture is embraced through Community projects.
New residents feel welcomed and embraced by Invercargill culture.	Ease of access throughout the City is maintained.	The development of future industry is encouraged.
Healthy and active residents utilise space, including green space, throughout the City.	Our natural and existing points of difference are celebrated.	Technology is utilised in both existing and new City services.
Invercargill's economy continues to grow and diversify.	The building blocks, including water supply, sanitation and roading, for a safe, friendly City is provided for all members of the community.	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.
Invercargill's business areas are bustling with people, activities and culture.	Strong, collaborative leadership of the City is demonstrated.	Invercargill has the 'wow factor' with the right facilities and events to enjoy.

2.1.2 Rationale for the Activity

The Democratic Process Activity is a statutory requirement of the Local Government Act 2002. The core purpose of local government is "to enable democratic local decision-making and action by, and on behalf of, communities." To achieve this purpose, the Council needs to be involved in fostering public participation in local government processes. The Democratic Process Activity involves ensuring that the community has the opportunity to be involved in decision-making and understands how this process works. The Activity also supports the elected members and their processes to ensure that decision-making is open, transparent, effective and democratically accountable.

2.1.3 Activity Objectives

The principle objectives of the Democratic Process Activity are:

- Full compliance with all statutes and regulations relating to local government;
- To take a lead role in Shared Services' activities and to explore ways in which greater economies of scale can be achieved through a joint approach to Council services;
- To promote Invercargill and Southland as a great place in which to work, live and bring up a family;
- To speak out, on behalf of the Community, on issues affecting the health and well-being of our citizens;
- To ensure all citizens are informed about Council activities and their rights to contribute to the decision-making process.

The alignment of the Democratic Process Activity and the Community Outcomes is demonstrated in the table below.

Community Outcome	Council's Role	How the Activity Contributes
Preserve its Character	Strong, collaborative leadership of the City is demonstrated.	The Democratic Process activity supports elected representatives with training and information. This enables representatives to make robust decisions to implement the Local Government Act incorporating the widespread views of the community.
Embrace Innovation and Change	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.	The Democratic Process activity provides opportunities for the community to share its views with Council. Elections and Representation Reviews also provide the community with opportunities to contribute towards democracy.

Council will know that it is achieving the above outcomes when the following results are realised:

- The Long-Term Plan, Annual Plan and Activity Management Plans are adopted.
- The implementation of the Long-Term/Annual Plans is monitored. The Annual Report is adopted with an unmodified Audit Report.
- The Community is informed about and understands engagement processes and how to be involved.
- Engagement processes meet the Local Government Act requirements and communities are actively engaged as part of Council decision-making. Community views are taken into account during decision-making.
- Appropriate engagement processes with Maori are undertaken, allowing for opportunities to participate in Council decision-making on issues of mutual interest.
- The Mayor, Councillors and Community Board members have the information, advice and support to carry out their duties effectively and efficiently.

2.2 BUSINESS DRIVERS

2.2.1 Regulatory Framework

Council operates under a number of legislative frameworks. The Local Government Act 2002 and the Health and Safety at Work Act 2015 are the most prevalent to Council core business.

The Local Government Act sets the overarching framework that establishes Council's scope of business and authorises its ability to conduct its day-to-day business.

The Health and Safety at Work Act ensures that as an employer we are meeting all requirements to care for our employees in a safe manner at all times.

2.2 District Plan and Council Policies

The District Plan is derived through the Resource Management Act 1991. It gives effect to National Policy Statements on a variety of environmental issues, and is about managing the use, development, and protection of natural and physical resources in a way that enables the community to provide for their holistic wellbeing. The District Plan has highlighted what Council considers to be appropriate development in the Invercargill District. The Democratic Process Activity works alongside the District Plan to ensure a consistent approach to development throughout the District.

Council has the jurisdiction to develop policies, bylaws and plans through several different pieces of legislation. The Democratic Process Activity is responsible for a number of strategic policies which need to be constantly reviewed to reflect changes in legislation, the Community and Council's priorities. They include:

- Triennial Agreement with other Southland local authorities.
- Local Governance Statement.
- Code of Conduct.
- Standing Orders.
- Significance and Engagement Policy.

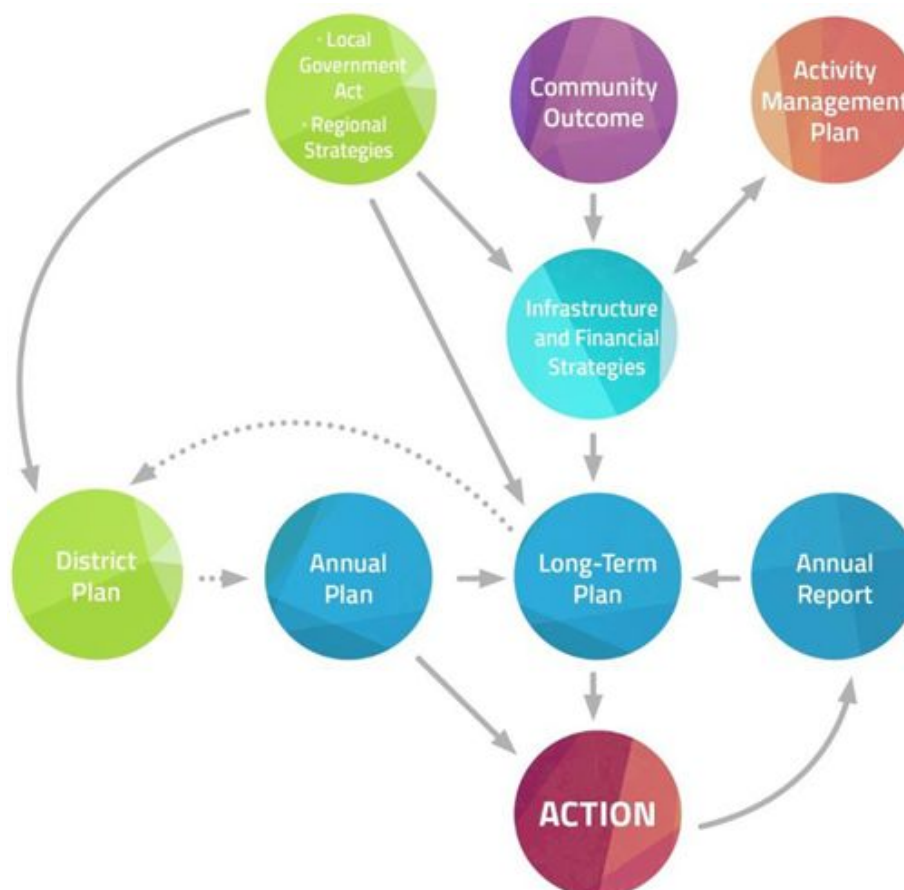
2.2.3 Long-Term Plan

The Local Government Act requires the development of ten-year Long-Term Plans. Activity Management Plans are the foundations for providing a robust basis for the long-term forecasts.

The Activity Management Plan records the current and desired levels of service and determines the operational and capital work programmes and associated Activity budgets required to meet the desired levels of service. This plan underpins the Long-Term Plan and is combined with Council's other Activity Plans to give a holistic picture of Council's operations over the coming 10 years. The Long-Term Plan process confirms the programme of works and budgets through engagement with the Community. Changes to the budgets and programmes included within the Activity Management Plan may occur during the consultation process and adoption of the Long-Term Plan.

Audit NZ specifically checks the consistency of linkages between the Long-Term Plan and Activity Management Plans.

The figure below illustrates how Activity Plans fit into the overall Council planning framework. The Local Government Act provides the primary regulatory framework for Activity Management Plans and Activity Management Plans provide the input into the Long-Term Plan.



2.3 STRATEGIC ISSUES AND CHALLENGES

The key corporate strategic issues and challenges facing the Invercargill City Council are:

- Meeting our long-term renewal expectations for infrastructure.
- Encouraging growth projects whilst ensuring financial and operational sustainability for future generations.
- Ensuring that Council works in a financially prudent manner that promotes the current and future interests of the community.
- The City's changing demographic profile and its ability and willingness to pay.
- Responding to the changing environment (both natural and technological) and retaining Invercargill's character including its built environment.

2.4 KEY ASSUMPTIONS

This Activity Plan is based on a number of assumptions and predictions about the future. Assumptions are a "best guess" based on the information currently available. Included as Appendix 1.01 are the assumptions that Activity Managers have utilised in preparing their plans.

The following high-level assumptions have set the overall direction for the development of this Plan.

Assumption	Level of Uncertainty	Area of Impact and Potential Financial Impact
<p>Population</p> <p>The population will increase to 56,300 by 2028.</p>	<p>Moderate – risk that actual numbers will vary.</p>	<p>Infrastructure and Housing.</p> <p>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.</p>
<p>Household Growth</p> <p>An average of 2.3 people per household in 2038, requiring 2,300 more homes from the 2013.</p>	<p>Moderate – risk that actual numbers will vary.</p>	<p>Infrastructure and Housing.</p> <p>Significant increases in the number of households may create a demand for infrastructure and services beyond existing capacity.</p>
<p>Ageing Population</p> <p>Those 65 years and older will make up approximately 22% of Invercargill's population by 2023.</p>	<p>Low – increasingly older population is reasonably certain.</p>	<p>Council Services and Recreation Assets.</p> <p>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.</p>
<p>Resource Consents</p> <p>Resource consents will be obtained with reasonable conditions and negligible impact on how Council provides its services.</p>	<p>Moderate – change is imminent but extent of which is unknown.</p>	<p>3 Waters</p> <p>Capital expenditure may be required if the conditions attached to resource consents require changes to how Council delivers its services.</p>

<p>Tourism and Visitor Numbers</p> <p>Tourism numbers will increase over the Long-Term Plan period.</p>	<p>Low – various city-wide endeavours to boost tourism.</p>	<p>Venture Southland, SMAG, Council Services and Recreation Assets.</p> <p>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.</p>
<p>New Zealand Transport Agency</p> <p>That the NZTA Funding Assistance Rate will reduce by 1% each year until a low of 51%.</p>	<p>Low – NZTA have stated in plans that this will occur.</p>	<p>Roading.</p> <p>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.</p>
<p>Commercial Property</p> <p>The CBD will remain in the Esk Street area and will become more vibrant.</p>	<p>Low – risk exists due to uncertainty of CBD future, but Council has recently adopted a Retail Strategy and there has been recent investment in the CBD area both by Council and private investors.</p>	<p>Infrastructure, Housing and Roothing.</p> <p>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.</p>
<p>Inflation</p> <p>Inflation will occur at the rates set by BERL as LGCI forecasts.</p>	<p>Moderate – inflation forecasts are not always accurate.</p>	<p>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.</p>

<p>Local Economy</p> <p>The local economy will grow and diversify.</p>	<p>Moderate – financial impact difficult to forecast.</p>	<p>Composition of local economy may diversify offering greater employment opportunities.</p> <p>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.</p>
<p>Useful Life of Significant Assets</p> <p>Assets will reach the useful life indicated when supplied.</p>	<p>Moderate – asset lives based on estimates by Engineers and Registered Valuers.</p>	<p>A shorter useful life for assets would create a financial burden on the community.</p>
<p>Depreciation</p> <p>Council will fully fund renewal depreciation by year 10 of the Plan.</p>	<p>Low – asset depreciation rates will not change and the value of assets will remain constant.</p>	<p>Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.</p>
<p>Asset Revaluation</p> <p>Council will use national standards in asset revaluation.</p>	<p>Moderate – value will remain somewhat constant over ten years.</p>	<p>Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.</p>
<p>Vested Assets</p> <p>Vested assets will have a negligible impact on Council's overall infrastructure and finances.</p>	<p>Low – financial effect of uncertainty.</p>	<p>Level of vested assets fluctuates yearly. Historical levels have not been material.</p>
<p>Financial – Existing Funding Renewal</p> <p>Council borrowing facility will be renewed (three-yearly) with the terms and conditions mirroring market trends.</p>	<p>Medium</p>	<p>Council's terms and conditions for its borrowing facility have mirrored market trends in recent times.</p>

<p>Financial – Expected Interest Rates on Borrowing</p> <p>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.</p>	<p>Medium</p>	<p>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).</p>
<p>Financial – Forecast on Return on Investments</p> <p>Return on cash investments is calculated on the borrowing rate less 2%.</p> <p>Dividends and subvention payments from Invercargill City Holdings Limited are assumed to be at 10% of the total rates requirement.</p>	<p>Medium</p>	<p>Lower than expected returns on investments will require Council to consider collecting a greater amount in rates, reduce spending or increase borrowings to cover any reduction in income.</p>
<p>Local Governance</p> <p>Amalgamation will not occur during the life of the Plan.</p>	<p>Low – to continue shared services, although amalgamation is low risk.</p>	<p>Shared Services, Policy and Governance</p> <p>Boundary changes would require a review of the Long-Term Plan with its associated community consultation.</p>
<p>Legislation</p> <p>There will be changes to legislation that have an impact on what and how Council provides services.</p>	<p>Moderate – difficult to know what central government will implement particularly if a change in government.</p>	<p>Services, Finances and Governance</p> <p>Significant legislative change can impose significant financial and service delivery costs on Council.</p>

<p>Natural Disasters</p> <p>There will be no major catastrophes that impact on Invercargill or its economy.</p>	<p>High – it is certain the Alpine Fault will rupture in the future but uncertain as to when and the impact.</p>	<p>Infrastructure, Services, Housing and Population</p> <p>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.</p>
<p>Climate Change</p> <p>Climate change impacts will arise over the life of the Long-Term Plan and current trends will be allowed for when planning infrastructure and services.</p>	<p>Moderate – Long-term trend of rising temperatures and more frequent intense weather events is reasonably certain, short to medium term impacts are less certain.</p>	<p>Water availability, coastal hazards (roading and infrastructure), services, air quality, agriculture, farming and biosecurity.</p> <p>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.</p>
<p>Technology</p> <p>Changes in technology will affect how Council carries out its activities. This will have a financial implication over the 10 year plan.</p>	<p>High – certainty of diversification in technology is ever-growing. Impact of changing technology cannot be quantified.</p>	<p>Employment, Local Economy and Services (delivery)</p> <p>New technologies will likely have an increased financial cost in the short term.</p>
<p>Education</p> <p>SIT will continue to promote Invercargill to international students.</p>	<p>Moderate – education systems that exist are likely to remain stable.</p>	<p>Infrastructure, Services, Population and Housing</p>
<p>World Economy</p> <p>The world economy will not have a significant negative effect on the Invercargill City District.</p>	<p>Moderate – future financial changes are unforeseeable.</p>	<p>Infrastructure and Tourism</p> <p>A major event in the World Economy could affect Tourism and the implications of lower / higher tourist numbers would occur.</p>

The Assumptions document outlines the risk to the Council if the assumption is incorrect or does not eventuate as stated, the level of any uncertainty associated with assumptions and the potential impact on the Long-Term Plan if the assumption proves to be invalid. Assumptions are monitored and reviewed annually. Where significant changes occur, our work programmes and budgets will be amended and changes signalled in future annual plans or through amendments to the Long-Term Plan.

3. The Service We Provide

3.1 CUSTOMER PROFILE

3.1.1 Our Stakeholders and Community

The Council has identified the following stakeholders within the larger Community:

External Stakeholders	Area of Interest	Engagement	Stakeholder Expectations
The Office of the Auditor General - Audit New Zealand	Governance and operation.	Audit of financial and non-financial information.	Provision of legislatively compliant documents in a timely manner.
Regional or Territorial Authorities - Environment Southland - Southland District Council - Gore District Council	The elected members and staff have formed a very good working relationship with their counterparts of the three other local authorities in Southland and have over 40 joint initiatives operational.	Southland local authorities have a philosophy of working together wherever possible to improve the efficiency and effectiveness of local government in the region.	Open and honest communication on areas of shared interest. Cooperation through shared services.
Funding Organisations - Community Trust of Southland - Invercargill Licensing Trust	Partnerships are generally formed to fund the capital requirements of major facilities.	Liaise when considering community projects.	Positive working relationships and collaboration on projects for the benefit of the Community.
Maori - Te Ao Marama Inc - Te Roopu Taio	To enable the Council and Tangata Whenua relationship to develop in a way that assists both parties, Te Ao Marama Incorporated was developed. This organisation represents the four Runanga within Southland on matters relating to the Resource Management and the Local Government Acts.	Invercargill City Council has an excellent open relationship with Tangata Whenua with issues discussed openly, honestly and with respect.	Open and honest communication on areas of shared interest. Positive working relationships and collaboration on projects for the benefit of the Community.

<p>The Private Sector</p> <ul style="list-style-type: none"> - Ratepayers - Professional Service Providers - Special Interest Groups - Dignitaries 	<p>The development of the City and the financial impact that it has on ratepayers.</p>	<p>Consult when developing plans, policies and strategies. Enable groups to effectively communicate with the Council prior to decisions being made.</p>	<p>Transparent decision-making processes and the ability to engage in the decision-making process.</p>
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3.1.2 How We Engage our Communities

Council is currently developing an Engagement Strategy that will shape how each area of Council, including elected members and staff, will engage with our Community in the future. It is anticipated that the Engagement Strategy will assist in delivering positive outcomes to the Community by identifying how the different groups within our Community wish to be engaged on different topics.

Although developing an Engagement Strategy, Council already engages with the District's ratepayers on a number of levels:

- Imagine Invercargill is a new engagement website where members of the public can submit ideas on how to improve Council services.
- Consult South is a website that highlights any current or up and coming consultation items.
- Regular use of the Consultation Caravan where members of the public can pop in to ask questions of elected members and staff.
- Public Forums at Council and Committee meetings.
- Public requests to be heard as a specific Agenda item.
- Regular features in the newspapers and rates newsletters which inform ratepayers of issues.
- The City Focus Radio show that highlights current topics that the Council is addressing.
- The Mayor holds appointments with residents who wish to raise issues of concern.
- Community Engagement processes when Council is considering making a significant decision.
- Formal consultation through the Special Consultative Procedure for issues such as the Long-Term Plan and some Bylaws.
- Facebook page where individuals can ask questions and express opinions to Councillors and staff.

Consultation with the Community on significant issues and Council being open to listen to people and their concerns are key to the successful function of Democratic Process within the Invercargill District. The Democratic Process Activity is the leading activity in providing and improving engagement throughout Council.

3.1.3 Community Research

In 2014 the Council carried out a Customer Service Satisfaction Survey (Appendix 1.02), to provide information on ratepayers and residents' assessment of Councils services. In 2016 a second research project (Appendix 1.08) was undertaken to understand:

- What residents want from Council activities;
- How they perceive the value for money of those activities; and
- The level of service desired.

Although the 2016 project had a slightly different focus to the 2014 survey, where possible progressive results have been documented, both from the customer survey and from the research project. These results, when combined with expert knowledge of the service to be provided, help provide a foundation on which Council can establish levels of service statements and appropriate measures for determining success.

Customer requests for service are logged by customer service staff and attend to by the activity. This information is another platform which can be used to understand the community requirements.

The Democratic Process Activity also undertakes Community Research specific to the activity. For the past two years, Council has carried out research to determine to what extent the Community is satisfied with its opportunities to be involved in the Council decision-making processes. This research has highlighted areas of potential improvements and was instrumental in determining to develop a community influenced Engagement Strategy. The 2017 research is appended as Appendix 6.01.

3.1.4 Key Service Attributes Valued by Customers

The Invercargill Community expects Council to be democratically elected and to undertake its functions under the Local Government Act positively. In line with the Local Government Act, the Community expects that Council will enable democratic local decision-making and action by, and on behalf of its communities, and that it will do so in a transparent manner.

The Democratic Process Activity endeavours to represent the Community in making decisions and in representations to central government.

3.2 SERVICE DRIVERS

3.2.1 Community Expectations

The Democratic Process Activity provides services to the Elected Representatives of the Invercargill City Council. These expectations are detailed in the Chief Executive's annual performance review.

The Democratic Process Activity also provides services to the Community such as undertaking Representation Reviews, running Local Government Elections and ensuring that the meetings of Council meet the requirements of the Local Government Official Information and Meetings Act 1987. No successful challenges to these processes mean that this service has been professionally provided.

The Democratic Process Activity, alongside Council's Financial departments, assist the Elected Representatives in their development of Council's statutory documents, for example, the Annual Report and Annual Plan. Council's auditors provide Council and the Community with a comment or report on the Long-Term Plan and Annual Report. The comment or report provides the community with assurance that the service is being professionally provided.

3.2.2 Legislative Requirements

The Democratic Process Activity is subject to a number of different legislative requirements. The main responsibility of the Democratic Process Activity is to ensure compliance with legislation that relates to the running of the Council. In particular, the Democratic Process Activity ensures compliance with:

Legislation	Relevant Requirements	Impacts on Levels of Service
Local Government Act 2002	States the purpose of local government; and Provides a framework and powers for Council to decide which activities it will undertake and the manner in which it will undertake them; and Promotes the accountability of Council to its communities; and Provides for Council to play a broad role in meeting the current and future needs of its communities for good-quality local infrastructure, local public services, and performance of regulatory functions.	Sets out processes for decision-making, community engagement and establishes requirements for how Council operates.
Local Government Act 1974	Infrastructure management.	Establishes processes around infrastructure management.
Local Government Official Information and Meetings Act 1987	Requires the availability to the public of official information held by Council, and promotes the open and public transaction of business at Council and Committee meetings.	Establishes processes for providing information to the public and establishes processes for the management of Council meetings, including availability of agendas and reports.

Local Electoral Act 2001	Requires that Council enables fair and effective representation for individuals and communities, including the provision of transparent electoral systems and voting methods and the adoption of procedures that produce certainty in electoral outcomes.	Establishes processes around management of the triennial elections, including representation reviews and the ability of the community to determine how they wish to be represented.
Local Authorities (Members' Interests) Act 1968	Establishes rules around potential conflicts of interest and the duties of elected members when considering matters on issues in which they may have an interest.	A member of the Council must not vote on, or take part in the discussion of, a matter before the authority in which they have a pecuniary interest other than an interest in common with the public. When the matter is raised at a meeting, the member must declare that they have a pecuniary interest in it, and the minutes must record the fact of the disclosure and abstention.

3.2.3 Industry Standards and Guidelines

The Society of Local Government Managers (for management issues) and Local Government New Zealand (for governance issues) provide a number of industry good practice guideline documents and training opportunities.

Council is assured that it is meeting current industry standards through the use of the audit process. Matters that are raised by Audit New Zealand on the Council's processes and services are addressed.

3.3 CURRENT LEVELS OF SERVICE

3.3.1 Current Customer Levels of Service, Performance Measures and Targets

The focus of the Democratic Process Activity is on the effective leadership of the Invercargill City District and on utilising new technologies to encourage community engagement with Council's processes. The Activity assists in achieving the Community Outcomes as demonstrated below.

Community Outcome	Council's Role	How the Democratic Process Activity Contributes	Customer Level of Service	Measure of Service
Preserve its Character	Strong, collaborative leadership of the City is demonstrated.	The Democratic Process activity supports elected representatives with training and information. This enables representatives to make robust decisions to implement the Local Government Act incorporating the widespread views of the community.	Council's decision-making processes meet community expectations for opportunities to participate.	Percentage of residents' survey respondents who provide a rating of satisfied or greater with the opportunities Council provides for community involvement in decision-making.
Embrace Innovation and Change	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.	The Democratic Process activity provides different opportunities and methods for the community to share its views with Council.	The Community is well informed about and contribute to Council's plans and progress.	Alternative methods of communicating to, and receiving information from, the Community are utilised.

The previous measures of service levels remain relevant, although targets have been reassessed in light of further information received since when they were first set.

Baseline (2016/17)	Measure	2018/19	2019/20	2020/21	2021-28
34%	Percentage of residents' survey respondents who provide a rating of satisfied or greater with the opportunities Council provides for community involvement in decision making.	50%	50%	55%	60%
Achieved.	Alternative methods of communicating information are utilised.	Alternative method introduced	Alternative method introduced	Alternative method introduced	Alternative method introduced

3.3.2 Current Technical Levels of Service, Performance Measures and Targets

Technical Measure	Target
Representation Review undertaken.	Completed before September 2021.
Local Government Elections effectively managed.	No successful challenges to 2019 election results.
Long-Term Plan adopted and completed within statutory timeframes.	Long-Term Plan adopted before 30 June 2018.

3.4 LEVELS OF SERVICE ISSUES AND CHALLENGES

The fundamental challenge for the Democratic Process Activity remains legal compliance with the Local Government Act and in ensuring that the community perceive that the issues they raise have been fairly considered by the elected representatives.

3.4.1 Current Levels of Service Gaps

The majority of the services delivered by this activity relate to legislative compliance and at present we are struggling to meet our compliance requirements. What has changed is both the volume and complexity of the work required, particularly in relation to the processes for planning, reporting, the financial and infrastructure strategies, as well as additional decision-making and engagement support to Council and Managers.

Further, Council has identified that the number of those who are satisfied with the opportunities Council provides for community involvement in decision making is below the identified target. Council has identified increasing engagement with the community as a priority for the 2016 – 2019 term.

3.4.2 Possible Responses to Gaps

The Council is under increased scrutiny and pressure in its decision-making processes. This Activity underpins the legislative compliance aspects of Council decision-making and at present we are struggling to ensure that we meet our requirements. In order to deliver expected levels of service within an increasingly complex and growing environment, additional staff resource is required.

Council has begun work on the development of an Engagement Strategy. The Council anticipates that this will assist in raising the percentage of people who are satisfied with the opportunities made available for community involvement in decision-making. Council is also considering establishing a Community Engagement Coordinator role within the Strategy and Policy department to assist in supporting the Community Engagement responsibilities of the Council.

4. Demand For Our Services

4.1 DEMAND FORECAST

4.1.1 Factors Influencing Demand

The demand for this activity is relatively stable no matter the changes that occur in the Invercargill City District's environment.

Advances in technology, and the corresponding changes in how the Council and Community choose to engage with each other, is likely to have a significant effect on how some elements of the Activity are delivered and will impact on the resources required for delivery.

Changes to legislation and an increasing devolution of responsibilities from Central Government to Local Authorities will also have an impact on resources required for the Activity.

4.1.2 Projected Growth or Decline in Demand for the Service

Statistics New Zealand predict that Invercargill's population will increase to 56,300 by 2028, an increase of approximately 5.5% over the 2013 number (source: Statistics New Zealand).

The gradual increase in the population will result in the Democratic Process Activity servicing a greater number of people. With the changing demographic and an ageing population, the Activity will need to balance the use of new technologies with ensuring that all members of the community have access to Elected Representatives and have access to participate in the decision-making processes of Council.

Changing expectations of Elected Representatives and the Community has meant that staff within the Democratic Process Activity have needed to begin to develop expertise in the use of business case modelling when developing policies and projects for public consultation. Staff are also increasing their skills within the Community Engagement sphere.

4.2 CHANGES IN SERVICE EXPECTATIONS

Over the next ten year period the following changes in service expectations are anticipated:

- Increased volume and complexity of work required.
- Increasing engagement with the Community.
- Implementation of new technology.
- Business-case approach to Council decision-making.

4.3 EXPECTED IMPLICATIONS FOR THE ACTIVITY

It is anticipated that the current resourcing of the Democratic Process Activity will need to increase to meet the changes in demand over the next 10 years. Continued changes to Council's requirements under legislation, adapting to the changes to technology and meeting the demands of the Community for differing methods of engagement will result in a need for further staffing resources. Staff resources have remained unchanged for some time, while the requirements and the complexity of Council operations have increased.

4.4 FUTURE DEMAND ISSUES AND CHALLENGES

Satisfaction with the opportunity to participate in decision-making processes remains below the Council's set target of 50% satisfaction. It is important that members of our Communities trust the Council, are engaged, and get involved in its decision-making. Awareness of methods to participate and an increased understanding of Council's decision-making processes are necessary to ensure democratic accountability.

4.4.1 Possible Demand-Related Responses

Following Community research, the following methods are recommended for improving satisfaction with the opportunities to participate in Council's decision-making processes.

Broaden the Scope of Ways to Participate

Residents indicated that they are interested in participating online, particularly in a forum based setting where they can communicate with both Council and other residents about issues and solutions. Council has recently developed its "Imagine Invercargill" website forum where these discussions can take place.

Increase Awareness of the Consultation Caravan

Further advertising of the Consultation Caravan should be undertaken. This needs to be targeted at those members of the Community who are 65+ years. This sector of the Community has indicated that it is not as interested in online participation and would prefer to be engaged through a face to face or one on one delivery method, which the Consultation Caravan lends itself to.

4.4.2 Possible Non-Asset Solutions

The employment of further staffing resources within the Strategy and Policy department would assist to enable Council to meet its legislative and community engagement requirements.

4.4.3 Managing Expectations

Many of those surveyed who gave dissatisfied results mentioned that this stemmed from unhappiness with previous Council decisions. Some dissatisfied residents mentioned that there is no point in participating as Council does not take into account residents' feedback. Raising awareness of reasons to participate as well as supplying more information around the democratic process and the impact participating will have could reduce the levels of dissatisfaction.

Good governance is a critical success factor of the Democratic Process Activity and a core element of the activity is to support Council to make good decisions. Using a business case approach to Council's decision-making processes will reduce the risk of making decisions that do not deliver value and will provide Council and the Community with confidence in Council decisions. Staff from the Strategy and Policy department of Council are currently completing training in the Better Business Cases model to enable them to assist managers in completing business case proposals for major decisions.

5. Asset Profile

5.1 ASSET OVERVIEW

The Democratic Process Activity is a non-asset based activity.

6. Sustainability, Risk and Resilience

6.1 SUSTAINABILITY

The Local Government Act requires Council to take into account the social, economic and cultural interests of people and communities, the need to maintain and enhance the quality of the environment and the reasonably foreseeable needs of future generations by taking a sustainable development approach. Sustainability can be defined as:

Development which meets the needs of the present generation without compromising the future generation from meeting their own needs
(Brundtland Report, 1987).

The Council recognises that sustainability is a journey, not a destination. It is not a point that is reached, but a process of continual improvement, where society adapts and responds to changes over time, in a way that recognises the fundamental relationships of the three elements detailed below.

6.1.1 Social and Cultural

The Democratic Process Activity assists with social and cultural sustainability by holding a long-term view, being proactive in addressing issues and considering the needs of future generations. Central to any sustainable approach is the need to engage the community throughout the process. Council holds vigorous debate on issues and its Code of Conduct ensures that the debate does not become personal.

There is the potential for negative effects to be generated from:

- Qualified audit reports.
- Unhelpful comments from elected representatives being published by the local media.
- Election procedures not being accurately followed.

Having a stable political and senior management environment assists in reducing the likelihood of negative effects because there is considerable corporate knowledge that can be drawn on.

6.1.2 Environmental

The Democratic Process Activity assists with environmental sustainability by determining ways of decreasing our reliance on print media and increasing the use of digital communication which is more cost efficient and in many cases more effective.

6.1.3 Economic and Financial

The Democratic Process Activity assists with economic and financial sustainability by facilitating a high-level overview of the issues, options and implications, particularly in regard to expenditure when setting Council's Strategic Plans.

6.1.4 Summary of Sustainability Challenges and Issues

There is a well-documented business case for wanting to be a more sustainable organisation. A sustainable organisation is better able to:

- Motivate and empower staff.
- Innovate and adapt.
- Attract and retain staff.
- Enhance stakeholder relationships.
- Reduce risks.
- Reduce costs.

The Democratic Process Activity will continue to identify options for increasing the sustainability of Council's functions.

6.2 RISK

The Council recognises that it is obliged to manage effectively and to review regularly its risks at a strategic, operational and project level. The Council has done this by developing a Risk Management Framework and a range of risk management processes that apply across the organisation. Risk assessment is a major consideration in planning and budgeting processes at all levels within the Council. Risks must be considered and documented as part of the justification for undertaking our activities. Risk assessment and monitoring must form part of the management of operational activities. The Chief Executive and the Council encourage the taking of controlled risks to better improve the effectiveness and efficiency of the services and functions that the Council provides on behalf of the community, provided the resultant exposures are acceptable.

6.2.1 Risk Framework/Standard

Council has previously adopted a risk management process that is consistent with Australian/New Zealand Standard AS/NZ 4360 which defines risk assessment and management. The key risk criteria adopted for assessing the consequences of identified risks are:

- Community Health and Safety.
- Loss of Service – Extent/Duration.
- Service Delivery – Customer Impact.
- Invercargill City Council Financial Impact.
- Financial Community.
- Corporate Image and Reputation.
- Legal Compliance.

The Corporate Framework for assessing Risk is included in Appendix 1.09.

It should be noted that Council is undertaking an organisation wide review of risk management practices in the 2018/19 financial year and this may impact on how risk is assessed and managed. Results from this review will be included in Management Plans where necessary and risk assessments will be updated as required.

6.2.2 Risk Identification and Assessment

Level of Service Indicator	Caused By	Consequence							Weighted Averaged Consequences Score	Likelihood	Risk Severity	Controls	
		Health and Safety (0.20)	Service Delivery – Customer Impact (0.15)	ICC Financial Impact (0.20)	Financial – Community (0.15)	Corporate Image and Reputation (0.10)	Legal Compliance (0.20)	Current Practice				Recommended Actions	
Failure to comply with statutory requirements	Administrative oversight/ inaction										Elected representatives, Chief Executive and staff receive training in local government administration to increase corporate knowledge.	Continue current practice.	
Litigation (Defamation)	Inappropriate/ inadvertent comments which are actionable, made by an elected representative or the Chief Executive	1	4	2	1	5	4	2.65	E	Low	Media training provided to elected representatives and all staff that are likely to represent Council in the media. Use of “In Committee” status to discuss sensitive issues.	Continue current practice.	

Finance and Policy Agenda - OTHER BUSINESS

Consultation Fatigue	The Community feeling over-consulted and cynical about Council planning and decision-making.	1	4	1	1	2	1	1.55	C	Low	Council's Significance and Engagement Policy directs the Council and staff to the appropriate form of engagement for the issue at hand.	Development of an Engagement Strategy would assist in determining how and when different sectors of the community wish to be engaged.
Failure to comply with statutory requirements	Low staffing levels	1	3	3	2	4	2	2.35	D	Low	Achieve legislative minimum.	Review current resourcing arrangements and set staff levels appropriate to desired levels of service.

6.2.3 Summary of Key Risk Issues

The key risk to the Democratic Process Activity is the low staffing levels. The concentration of business-critical skills and activities across two Strategy and Policy department staff could result in a significant loss of institutional knowledge, putting the successful completion of projects and strategic planning requirements at risk. There is also a health and safety risk to staff working under sustained stress and pressure.

6.2.4 Possible Approaches to Risk Mitigation

By reviewing its current resourcing arrangements for the Democratic Process Activity, Council will be able to map its current democratic process activities, set desired levels of service and staff these appropriately.

A risk management approach alone is not sufficient and needs to be complemented by a resilience approach to events that fall outside of the realms of predictability and where failure may be inevitable.

6.3 RESILIENCE

The working definition of resilience to Invercargill City Council is the ability of the organisation to survive a crisis and thrive in a world of uncertainty. Resilience includes both planned risk management (Section 6.2) and adaptive capacity. In this context resilience refers to our capacity to adapt, rather than preparedness or recovery, which is the capacity of people, the community and systems to adapt in the face of unpredictable change the 'unknown unknowns'.

*100 Resilient Cities** has four dimensions and three drivers within each:

- **Health and Well-being**
 - Meet basic needs
 - Support livelihoods and employment
 - Ensure public health services
- **Economy and Society**
 - Foster economic prosperity
 - Ensures social stability, security and justice
 - Promote cohesive and engaged communities
- **Infrastructure and Environment**
 - Provide reliable communication and mobility
 - Ensure continuity of critical services
 - Provide and enhance natural and man-made assets
- **Leadership and Strategy**
 - Promote leadership and effective management
 - Empower a broad range of stakeholders
 - Foster long-term and integrated planning

* <http://www.100resilientcities.org/resilience>

6.3.1 Business Continuity and Emergency Response Arrangements

The Invercargill City Council is part of shared services for Civil Defence and Emergency Management, which is delivered through Emergency Management Southland (EMS). The priority hazard events that EMS plans and responds to are earthquakes, flooding, biosecurity incursion and tsunamis. EMS produces an Annual Business Plan that outlines its proposed activity for each year. Through EMS the Council promotes the need for individual and communities to prepare for emergencies and assists in building capacity to effectively respond to and recover from emergency events. Council also has in place systems and processes to help coordinate and respond to emergency events.

The Democratic Process Activity is not an asset based activity and as such can continue to function following a significant emergency event.

6.3.2 Current and Desired Resilience Assessment

Resilience is a topic that we are learning about from events such as the Christchurch, Kaikoura and Wellington earthquakes, Invercargill City Council is seeking to make our organisation and infrastructure more resilient. Resilience will be part of the review of risk management being undertaken in the 2018-19 financial year.

6.3.3 Summary of Resilience Issues and Challenges

The Democratic Process Activity promotes resilient communities, but has identified that this is an area that requires further work corporately.

7. Managing Our Activities

7.1 RESPONDING TO THE ISSUES AND CHALLENGES

As it works towards achieving Council's vision, the Democratic Process Activity faces a number of issues and challenges.

Key Issue	Discussion
Increased volume and complexity of work required.	The majority of the services and activities that are delivered as a part of this Activity relate to legislative compliance. There has been a notable increase in both the volume and complexity of work required, in particular in relation to the processes for planning, reporting, the financial and infrastructure strategies, as well as additional decision-making and engagement support to Council and Managers.
Methods for increasing engagement with the Community.	Community research has identified that residents are interested in participating in Council's decision-making processes via online methods. Of particular interest was a forum where residents can communicate with both Council and other residents about issues and solutions. The online forum appeals as it is perceived as easy, flexible, and convenient and will allow residents to see other responses before responding themselves.
Implementation of new technology.	Technology is advancing at a rapid rate. Individual members of the community can adapt and utilise this technology at a faster rate than the Council can corporately. This can lead to the community wishing to engage with Council in a way that Council is not yet able to provide.
Business-case approach to Council decision-making.	Many Central Government departments already require a business-case approach to decision-making. It is important that Council staff are equipped to develop Better Business Case approaches to future projects and services. Using a Better Business Case approach will reduce the risk of making decisions that do not deliver value and will provide Council and the Community with confidence in Council decisions.

7.1.1 Alternative Investment Approaches

As part of the Local Government Act mandated section 17A Service Delivery Review, Council has been provided with an independent assessment on the Democratic Process Activity (*Appendix 6.02*). The review has highlighted that the Invercargill City Council is understaffed when assessed against comparable councils. The assessment suggests that the Strategy and Policy department should have approximately six staff members.

Council has determined to increase the staff resourcing in the Strategy and Policy department. The employment of a Community Engagement Officer will decrease the workload currently being met by the two existing staff.

Council could determine to further increase the staff resource in the Democratic Process Activity. Monitoring the impact of the new staff member and determining future staffing requirements following their employment would be a more cost-effective method of addressing staffing issues.

7.1.2 Do-Minimum Programmes

Council's current approach to the Democratic Process Activity is considered a do-minimum programme. Staff are currently just meeting all legislative requirements, but as is discussed in Section 6.2, there is an ongoing risk to both Council's legislative compliance and to the health and safety of Council staff should this approach continue.

7.1.3 Programmes Evaluation

The introduction of a further staff member to the Strategy and Policy department is anticipated to assist in the workload of existing staff and reduce the pressure currently being faced by the department. The Director of Finance and Corporate Services as well as the Finance and Policy Committee will continue to monitor the workload and quality of work being produced by the Strategy and Policy department as an indicator of the success of the increased staff resourcing.

7.2 OPERATIONS

7.2.1 Operation Strategy

The Activity continues to provide support services to the Elected Representatives through both the Chief Executive, and the Strategy and Policy department staff (two FTEs increasing to three FTEs in 2018/19). Support is provided to the Chief Executive through their Personal Assistant and support to the Mayor through their Executive Assistant.

The Democratic Process activity supports elected representatives in their endeavours to provide open representative governance which addresses the needs of the Community. The Democratic Process Activity endeavours to comply with all aspects of the Local Government Act and to meet best practice.

The Strategy and Policy department continue to provide good practice processes and advice for the statutory requirements of Council, particularly in regard to decision-making.

7.2.3 Operation/Maintenance Options and Alternatives

Refer to Section 7.1.1

7.3 RECOMMENDED PROGRAMME

The recommended programme is that the Democratic Process Activity continues to be resourced by the current staffing levels with an increase of one Full Time Equivalent in the 2018/19 year. It is anticipated that the activities undertaken within the Democratic Process Activity will gradually increase over the next 10 years and that current resources will adapt to meet this requirement. This is based on the assumption that there will be no increase or decrease in the requirements of the Local Government Act that would lead to a significant change in resources necessary to meet legislative requirements.

7.4 HOW THE ACTIVITY WILL BE RESOURCED

Democratic Process functions are generally unsuitable for amalgamation across different organisations. Politically sensitive and locally tailored, policy and strategic planning are not repetitive, standardised or transaction-based. Shared services are considered and undertaken within this Activity.

As an in-house activity, governance is provided by the Finance and Policy Committee of Council. Policies, bylaws and strategic plans are approved for adoption by the appropriate Committee of Council.

7.4.1 Internal Resourcing

The service is delivered in-house, often in partnership with other Council departments. Specific projects are outsourced to external consultants on an as required basis and shared policy initiatives with other local authorities within the Southland Region occur from time to time.

The Democratic Process Activity is currently staffed by the following positions

Position Title	Number in Role
Chief Executive	1
Chief Executive's Executive Assistant	1
Mayor's Personal Assistant	1
Manager – Strategy and Policy	1
Policy Analyst	1

A Community Engagement Officer will be employed in the 2018/19 year, resulting in three Full Time Equivalents in the Strategy and Policy department.

All staff of the Democratic Process Activity receive an annual performance review.

Delegations continue to be reviewed with changes to legislation. The Delegations Register was adopted in September 2016 and is updated as required.

8. Financial Management

8.1. OVERVIEW

The Council's Funding Policy for the Democratic Process Activity is that 100% of the cost is of benefit to the public in general and these costs are recovered from the General Rate. This means that any increase in resourcing required by the Activity will be met by ratepayers. There is no off-setting revenue for an increase in services required from the Activity.

8.2 FINANCIAL SUMMARY - WHAT THE ACTIVITY COSTS

8.2.1 Council Funded Programmes

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
Internal Revenue	0	0	0	0	0	0	0	0	0	0	0
Fees & Charges Revenue	0	0	0	0	0	0	0	0	0	0	0
Grants & Subsidies Revenue	0	0	0	0	0	0	0	0	0	0	0
Rates Revenue	0	0	0	0	0	0	0	0	0	0	0
Financial Revenue	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0	0	0	0	0
Internal Expenditure	570,909	654,627	667,379	680,456	695,239	708,876	723,144	739,240	755,696	771,491	790,560
Staff Expenditure	1,127,573	1,175,106	1,198,728	1,222,825	1,247,406	1,272,546	1,298,193	1,324,424	1,351,255	1,378,701	1,406,779
Administration Expenditure	269,076	205,988	211,542	255,364	219,884	224,942	274,242	235,638	241,529	294,126	255,735
Financial Expenditure	20,000	0	0	188,007	0	0	201,084	0	0	216,545	0
Grants & Subsidies Expenditure	142,500	142,500	145,635	148,839	152,113	155,612	159,191	163,012	167,087	171,431	176,060
Repairs & Maintenance Expenditure	7,083	8,000	8,176	8,356	8,540	8,736	8,937	9,152	9,380	9,624	9,884
Operational Expenditure	241,362	244,800	250,186	255,690	261,315	267,325	273,474	280,037	287,038	294,501	302,452
Depreciation Expenditure	30,984	20,811	38,185	28,289	38,621	53,979	39,558	49,249	65,466	47,913	58,600
Total Expenditure	2,409,487	2,451,832	2,519,830	2,787,825	2,623,119	2,692,016	2,977,822	2,800,752	2,877,452	3,184,332	3,000,071
Operating Surplus / (Deficit)	(2,409,487)	(2,451,832)	(2,519,830)	(2,787,825)	(2,623,119)	(2,692,016)	(2,977,822)	(2,800,752)	(2,877,452)	(3,184,332)	(3,000,071)
Capital Expenditure - to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure - to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure - to replace existing assets	10,000	75,000	5,110	57,447	80,060	5,460	61,442	85,796	5,863	66,166	92,663
Proceeds from Asset Disposal	0	(23,000)	0	(15,667)	(24,552)	0	(16,757)	(26,311)	0	(18,045)	(28,417)
Capital Expenditure	10,000	52,000	5,110	41,779	55,508	5,460	44,685	59,485	5,863	48,121	64,246
Debt movements	0	0	0	0	0	0	0	0	0	0	0
Reserve movements	(75,000)	(14,331)	33,219	(190,782)	(11,456)	39,328	(200,227)	(7,985)	46,495	(211,393)	(5,000)
Cash Back Depreciation	0	0	0	(0)	(0)	0	0	(0)	0	0	0
Rates Required	2,344,487	2,489,501	2,558,159	2,638,822	2,667,171	2,736,805	2,822,280	2,852,252	2,929,810	3,021,060	3,059,318

8.2.2 Programme Implications

To be added following adoption of LTP.

8.3 FINANCIAL POLICIES

Council activities are supported by the Finance and Corporate Services Directorate of Council who undertake all accounting practices. This is consistent with good accounting practice.

The Invercargill City Council uses a product called TM1 for the preparation and aggregation of the financial aspects of the Long-Term Plan. The product is Excel based and is particularly user friendly to carry out the modelling required for a ten year period. It is also able to accommodate variables such as inflation and other pricing movements. Council has used 2016/17 sectional budgets as a base for the Long-Term Plan, with specific variations as required by section managers for succeeding years.

The financial section of the Long-Term Plan will be prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice. The financial statements will be prepared under Tier 1 PBE International Public Sector Accounting Standards.

The Local Government Act 2002 requires Council to manage its finances prudently and in a manner which promotes the current and future needs of the community. Council must ensure that each year's projected operating revenues are set at a level sufficient to meet the years projected operating expenses.

The Revenue and Financing Policy establishes Council's policy on the funding of its operating and capital expenditure and the sources of those funds.

Council for each activity must give consideration to who benefits from the activity and the appropriate level of private versus public benefit when funding the activity. Public benefit is gained from having access to activities provided by Council. Private benefit is gained from receiving goods or services provided by Council, ie a Building Consent for work carried out by private residents.

8.4 HOW WE PAY FOR THE ACTIVITY

Council's Revenue and Financing Policy states the Council's policies on the funding of its operating and capital expenditure and the sources of those funds.

The Council's Funding Policy for the Democratic Process Activity is that 100% of the cost is of benefit to the public in general and these costs are recovered from the General Rate.

A significant part of the Democratic Process Activity involves consultation and it is neither practical nor desirable to charge for this. An exception to the above is the discretion to make reasonable charges for information supplied under the Local Government Official Information and Meetings Act 1987. This provision is rarely used and income derived from this source is insignificant.

The cost centres comprising the Democratic Process Activity are:

- Mayor
- Councillors
- Chief Executive
- Corporate Planning (Strategy and Policy)
- Bluff Community Board.

8.5 CONFIDENCE LEVELS IN PROGRAMMES

The vast majority of the programmes and services delivered by the Democratic Process Activity are mandated by legislation. There is a steady increase in the services or programmes needing to be provided by the Democratic Process Activity. Provided that there is no significant change in legislative requirements, the programmes planned over the next ten years will be adequate.

8.6 RELIABILITY OF FINANCIAL FORECASTS

Staff related costs comprise the majority of operational expenditure within the Democratic Process Activity. An increase in the staff related budget has been included in the 2018/19 year. No further increase for additional staff is included within the budget, should the workload require further staffing an amendment to the budget would be required.

The budget for the Democratic Process Activity does not include any significant increases for operational requirements.

8.7 SUMMARY OF PROGRAMME ASSUPMTIONS

This plan is based on the following assumptions:

- Due to the changing nature of Local Government legislation there will be a slow but steady increase in the services and programmes to be provided by the Democratic Process Activity.
- The addition of a further staff member to the Strategy and Policy department will ensure adequate resourcing for the activity and no further staff will be required in the ten year period.

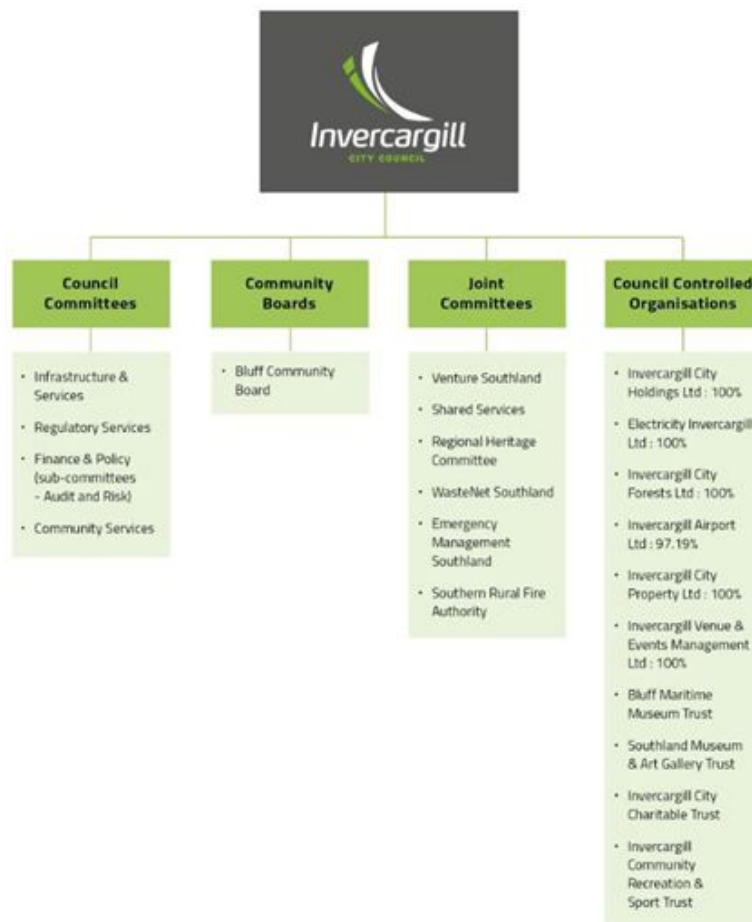
9. Delivering and Monitoring the Programme

9.1 PROGRAMME GOVERNANCE AND REPORTING

Council operates on a six-weekly cycle with four Committees meeting before a full Council meeting. These Committees accept and receive reports from their relevant Directorate. Management Staff are at these meetings to answer any questions that arise.

This reporting process ensures accountability to Councillors and allows for transparency to the public. Further to the four Directorate Committees, there are smaller sub-committees such as Audit that meet to discuss issues relating to the Annual Report, Annual Plan, Long-Term Plan processes and any other audit related issues.

The Bluff Community Board is established as an elected Community Board which reports to Council on behalf of the Bluff area and deals with any issues relating to that area. Council provides direction to this Community Board and has a representative sitting on it.



Councillors are elected on a triennial basis through local government elections with the community voting for 12 Councillors and a Mayor. The Chief Executive role is reviewed every five years. In addition to this, Council undertakes a Representation Review every six years to ensure that the community is aware and accepting of the current Council structure.

Council develops their Long-Term Plan every three years in line with their obligations under the Local Government Act 2002, every second and third year Council will adopt an Annual Plan which will make any amendments to the existing Long-Term Plan and allows for members of the community to submit on this process.

Further, Council will provide an Annual Report, which is a full year financial snapshot of Council's activities for that financial year. The Annual Report also identifies if Council achieved its intended levels of service within the year. The Report also compares actual results to the financial projections in Council's Long-Term Plan.

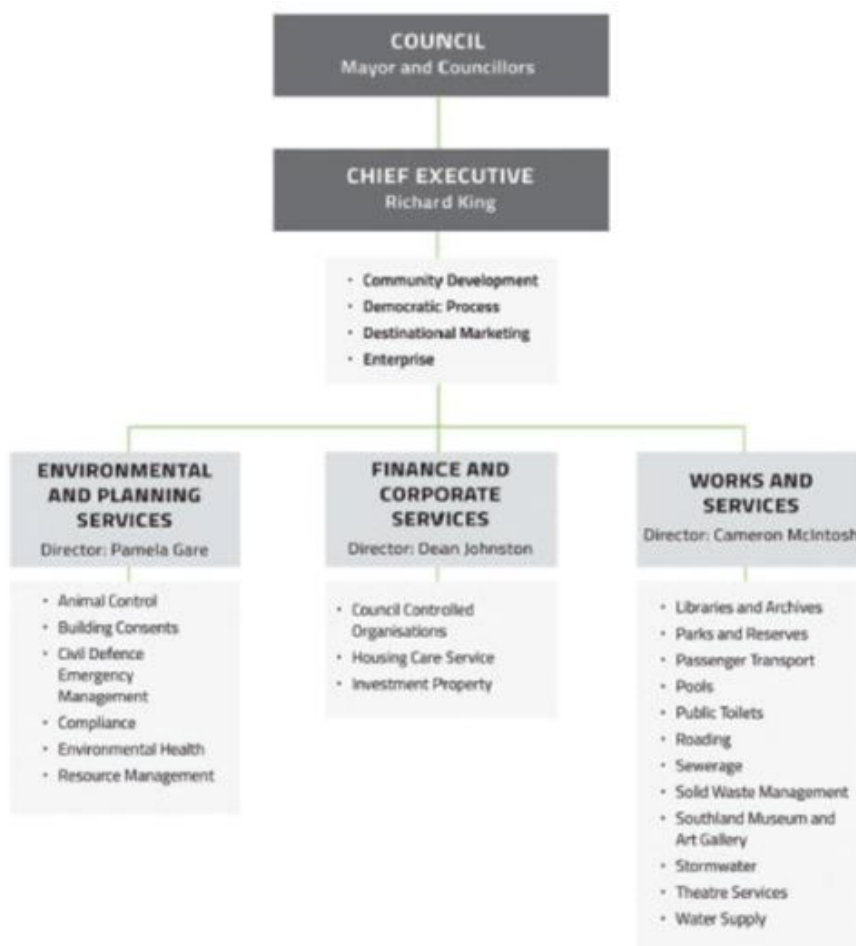
9.2 STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS

Council currently utilises many methods to engage and consult with members of the community. The Local Government Act 2002 states specific methods of consultation to be utilised by Council for certain processes, Council adds to this through innovative and community-tailored engagement techniques. The following are examples of current Council consultation methods:

- Imagine Invercargill is a new engagement website where members of the public can submit ideas on how to improve Council services.
- Consult South is a website that highlights any current or up and coming consultation items.
- Regular use of the Consultation Caravan where members of the public can pop in to ask questions of elected members and staff.
- Public Forums at Council and Committee meetings.
- Public requests to be heard as a specific Agenda item.
- Regular features in the newspapers and rates newsletters which inform ratepayers of issues.
- The City Focus Radio show that highlights current topics that the Council is addressing.
- The Mayor holds appointments with residents who wish to raise issues of concern.
- Community Engagement processes when Council is considering making a significant decision.
- Formal consultation through the Special Consultative Procedure for issues such as the Long-Term Plan and some Bylaws.
- Facebook page where individuals can ask questions and express opinions to Councillors and staff.

9.3 BUSINESS PROCESSES

The management structure of the Invercargill City Council is as follows:



Council staff operates under a Delegations Register (appendix 1.10) that is adopted by Council; this Register lists every department with specific delegations that are required under legislation or Council policies so that staff members are able to carry out their specific job requirements.

9.4 INFORMATION SYSTEMS AND DATA

Geographical Information Systems (GIS)

Provides mapping and spatial analysis tools for Council to graphically determine and understand where Council facilities or assets are located. This includes geocoding our data, putting it on a map, and symbolising it in ways that can help visualise and understand the data. The software display how places are related which help make more informed decisions about the best locations and paths for infrastructure and planning. Utilising these attributes, we can use the software to help make predictions and better understand our environment.

Microsoft AX Dynamics

This programme is the main accounting software; this system records all accounting entries, inventory entries, account payable entries and fixed asset data. Fixed assets held within the infrastructure area are revalued every three years and data from the revaluation is held with the AX dynamic system. The system then generates depreciation figures that are used for reporting purposes and also for the funding of depreciation in relation to Council's capital renewal programmes. During the period between revaluations assets are capitalised into the AX Dynamics system as purchased. The AX system also provides the council reconciliation control environment, maintaining such control as GST and FBT obligations, bank reconciliations, as well of all other balance sheet reconciliations of the Council.

MYOB PayGlobal

Provides a workforce management with the payroll and human resources management software provides the analytical, planning and operational tools to monitor staff activities and performance. There is a self-service platform (Ernie) where employees and managers access leave, personal info, payslips, and timesheet data online. Allowing employee attendance, management and tracking.

Objective

Delivers an Electronic Document and Records Management (EDRMS) service across all of Council providing information management processes and business process automation with robust security, version control and audit management to ensure Council complies with recordkeeping standards; this reduces the risk associated with managing information in multiple locations.

Opal 3

This programme is utilised by all departments who monitor their levels of service for activity; this programme requires specific data to be entered six weekly or monthly (as required). Third tier managers enter this data, with the Director or Manager to approve this entry. The data required is updated in line with the Long-Term Plan.

TM1 Cognos

This is the financial reporting and budgeting system for Council. Information is taken from the AX dynamics system and downloaded into the TM1 system, allowing Council to report on actual performance against budget. Council budgets for both the Long-Term Plan and Annual Plan are completed within the TM1 Cognos system.

9.5 PROGRAMME PERFORMANCE MONITORING AND REVIEW

The Chief Executive, Director of Finance and Corporate Services and Manager - Strategy and Policy all have differing but complementary roles in the monitoring and review of the Democratic Process Activity.

9.5.1 Monitoring Approach

Staff responsible for the budgets included within the Democratic Process Activity receive monthly budget updates. This allows a chance to review the performance of the activity and highlight any areas of over or underachievement. The Manager – Strategy and Policy also completes non-financial reporting on the programme being undertaken by the Strategy and Policy department.

Council operates on a six-weekly cycle with meetings of the four Committees of Council that oversee each department at Council. The Committees are provided with extensive monitoring and reporting on levels of services for activities and assets that come out of that Directorate, alongside monthly financial accounts for each department. The Committee will question these reports with Managers present to answer any questions that arise. The Democratic Process Activity reports to the Finance and Corporate Services Committee and also to the Audit Sub-Committee on audit related matters.

The information to produce the reports to Council's committees is entered into various software systems as detailed in Section 9.4. This monitors the performance both fiscal, and service based against targets and budgets from Council's Long-Term Plan. Targets can be key performance indicators, internally driven targets or provided from a Ministry that oversees that area, ie Department of Internal Affairs. At a full Council meeting these reports are then received. Democratic Process reports not only on its performance measures as included in the Long-Term Plan, but also on the different plan/policy/bylaw proposals that have been subject to community engagement over the previous period.

9.5.2 Frequency of Review

Every financial year Council prepares an Annual Report that is the key document in ensuring the expenditure for the year was efficient and is pertinent in ensuring accountability to the Community and ratepayers.

The Annual Report does not just show the current financial status, but also shows the levels of service for all Council activities and assets measured against the yearly targets set in the Long-Term Plan. As noted in 9.1, these are measured and reported six weekly in the Council meetings. The Annual Report is a holistic overview of their performance.

10. Continuous Improvement

10.1 CURRENT ACTIVITY MANAGEMENT PRACTICE

	Quite Inadequate	Needs a Lot of Improvement	Quite Good, But Could Be Improved in Some Areas	Very Good	Comments
Management <ul style="list-style-type: none"> Of the Department (Leadership) Of the staff on a daily basis All work planned for the year completed within the year, to the predetermined standard required, within the predetermined timeframe, for not more than the budgeted cost 			X		Chief Executive acts as link between Council and Management. Executive Leadership team meets weekly.
Technical Competence <ul style="list-style-type: none"> New works' design Project Management Management of contractors (especially Network Maintenance Contractors) Maintenance organisation and management Other technical skills required by this service 			X		Ongoing review of policies to meet SOLGM good practice.
Forward Planning and the Setting of Priorities <ul style="list-style-type: none"> The completeness and overall quality of the priority setting and financial forecasts and assumptions for the next 10 years 			X		Management is focused on ensuring issues raised by Audit are addressed.
Communications/Relationships <ul style="list-style-type: none"> With Customers Written (letter writing) Verbal (phone) Verbal (personal contact) With elected representatives (where relevant) With other departments Within the department 				X	Few customer complaints about not receiving a fair hearing.

	Quite Inadequate	Needs a Lot of Improvement	Quite Good, But Could Be Improved in Some Areas	Very Good	Comments
Financial Management <ul style="list-style-type: none"> Budgets' preparation (quality, completeness, and timeliness) Adherence to budgets once approved Always aware of costs against budget throughout the year 			X		Unexpected costs are accommodated.
People <ul style="list-style-type: none"> Job breakdowns/job instructions/work guidelines/practice notes available for all relevant tasks and all up-to-date All staff delegations up-to-date All warrants up-to-date 			X		A new warrant registration system is being implemented. The delegations document is up to date.
Support Services <ul style="list-style-type: none"> Administrative support Financial support Office accommodation Office furniture and equipment (work tools) Transport Record keeping (completeness and easily accessible) Complete and up-to-date policy manual 			X		Review needed to ensure that the support services are meeting requirements. Policy manual is under continual review.

	Quite Inadequate	Needs a Lot of Improvement	Quite Good, But Could Be Improved in Some Areas	Very Good	Comments
Performance Management <ul style="list-style-type: none"> • Sufficient and appropriate performance measures • Sufficient and appropriate performance targets • All measures and targets being monitored • Monitoring results promptly reported (at all relevant levels) • Performance trends (over several years) clear and understood • Performance results actually used to improve performance • All employees regularly being given “true” feedback about their performance 				X	Performance Reviews undertaken on an annual basis.
Business Continuity <ul style="list-style-type: none"> • Disaster Plans up-to-date 			X		The Democratic Process Activity can be carried out without needing a physical site.
Legislative Compliance <ul style="list-style-type: none"> • No known areas where legislative requirements not being fully complied with 			X		Council continues to address any Audit issues. Review of Policies and Bylaws is necessary to meet statutory timeframes and review requirements.
Strategic Advice <ul style="list-style-type: none"> • The general quality (and timeliness) of strategic advice (and the extent to which the strategic policy approach for this activity is clearly specified, continues to be appropriate, and is up-to-date) • The quality and timeliness of reporting to the elected Council and its Committees 				X	Council is kept well informed of strategic issues in a workshop environment.

10.2 IMPROVEMENT PROGRAMME

Item	Appendix Relative Urgency						Smart Objective	*Activity Improvement Type	Responsible Person	Target Date for Completion	* Status	Completion Date
	1	2	3	4	5	6						
Representation Review			X				Robust representation review completed before November 2021.	CS	Chief Executive	October 2021	NS	
Triennial Agreement				X			Revised agreement adopted.	OP	Chief Executive	December 2019	NS	
Local Governance Statement				X			Reviewed Local Governance Statement adopted.	OP	Chief Executive	December 2019	NS	
Code of Conduct				X			Review Code to ensure it remains current.	OP	Chief Executive	October 2018	NS	
Long-Term Plan, Annual Plans and Annual Reports	X						Unmodified reports received from Audit.	SA	Chief Executive	Ongoing	IP	
Policy Review			X				Develop Manual of reviewed policies.	SA	Chief Executive	December 2018	IP	
Corporate Risk and Resilience Review					X		Robust review and update of current Risk Management Framework including Council's approach to resilience.	OP	Chief Executive	December 2018	IP	

Status Key:

OH = On Hold
NS = Not Started
IP = In Progress

Activity Improvement Key:

OP = Organisational Performance
CS = Customer Service
SA = Strategic Advice
PD = People Development

10.3 IMPROVEMENTS FROM PREVIOUS ACTIVITY MANAGEMENT PLAN

The delegations manual has been reviewed, updated and adopted by Council. It is now under a programme of continuous review.

The 2015 Representation Review was completed with a continuation of the current representation arrangements.

10.4 MONITORING AND REVIEW

The completion of the tasks above will be delegated from the Chief Executive to the Strategy and Policy department. Progress and successful completion of the improvement programme will be monitored through the staff performance management systems Council utilises.

The success of the improvement programme will be further monitored through ongoing reporting to the Finance and Policy Committee of Council, and where appropriate through the Annual Report process.

11. Glossary

12. Appendices

The Appendices for all of Council's Activity Management Plans are kept separate. The list below highlights the appendices that relate to this Activity Management Plan and where to find them in the Corporate Appendices Register.

Number	Type	Title
1.01	Corporate	Long Term Plan – Background and Assumptions 2018-2028
1.02	Corporate	Community and Regulatory Services: 2014 Residents' Survey
1.03	Corporate	2013 Service Level Survey: Parks, Reserves and Cemeteries Report
1.04	Corporate	2013 Service Level Survey: Roading Report
1.05	Corporate	2013 Service Level Survey: Solid Waste Report
1.06	Corporate	2013 Service Level Survey: Stormwater and Sewerage Report
1.07	Corporate	2013 Service Level Survey: Water Supply Report
1.08	Corporate	Levels of Service Research Report 2016
1.09	Corporate	Corporate Risk Framework/Standard
1.10	Corporate	Delegation Register September 2016
1.11	Corporate	Asset Data Confidence Report
2.01	Policies and Strategies	Asset Management Policy
2.02	Policies and Strategies	Asset Management Strategy



INVESTMENT PROPERTY

ACTIVITY MANAGEMENT PLAN 2017



Activity Management Plan

Activity	Investment Property		
	Name	Signature	Date
Prepared By	M Greenfield		
Activity Manager	D Booth		
Director Review	D Johnston		
Peer Review			
Council Adoption			

Changes to be incorporated in next Review		
Number	Date of Change	Reason for Change

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Executive Summary

The Investment property Activity manages property owned by the Invercargill City Council. This includes monitoring financial returns and all maintenance, capital and tenant requirements of leased properties. The department also oversees all Council related insurance activities and other property transactions.

Investment property operates within a strong regulatory and legislative environment while maintaining a focus of the Council's Community Outcomes, with particular importance being placed on the outcome:

Invercargill's economy continues to grow and diversify

Investment Property has a range of key stakeholders with emphasis placed on Invercargill ratepayers and tenants or lessees. This allows the department to be attentive to the service expectation valued by our customers and deliver to the level of service, performance measures and targets set by the Council.

The key challenges for delivering this Activity are:

- Deriving commercial returns from leases held under the 21 year Glasgow perpetual lease arrangements.
- Vacant land not returning income and having holding costs associated with them.
- Exploring and investigating future uses and viable opportunities for strategic property.
- Maintaining strategic land and buildings to an acceptable level whilst endeavouring to minimise holding costs.
- Overseeing known contaminated land sites – strategy for future investigations, costs and site management.

These key challenges are to be met in the following ways:

- Creation of a disposal plan for vacant land or land where performance evaluation is below requirements.
- Periodic review of strategic properties to identify non-strategic and poor performing assets.
- Greater use of professional consultancy.

Investment Property expects the demand for our service to remain relatively stable, with attention on the profile of our asset portfolio to ensure improvement over the life of the plan. This will be achieved by divesting of uneconomic land and/or buildings while reinvesting in more modern buildings. Sound investment decisions will be supported by a Better Business Case approach.

The management of the activity will continue to focus on good lease management practices and maintenance requirements on a mainly reactive basis with established contractors, while continuing to provide insurance and other property services.

The reporting and monitoring of the activity is done via the Finance and Policy Committee and continued Governance direction will be sought from this Committee on key strategic decisions over the life of the plan.

1. Introduction

1.1 ABOUT THIS PLAN

The Investment Property Activity Management Plan (AMP) covers one of many activities addressed in the Invercargill City Council Long-Term Plan (LTP). This Plan is, therefore strongly linked to the overall strategic direction for the District. The LTP is the document and process that alerts the Community to the key issues and strategies contained in this document.

The purpose of this Plan is to outline and to summarise in one place, the Council's strategic approach for the delivery of the Investment Property Activity.

The AMP demonstrates responsible management of the function on behalf of ratepayers and stakeholders and assists with the achievement of community outcomes and statutory compliance. The AMP combines management, financial, and technical practices to ensure that the level of service required by the law and expected by the Community is provided in the most operationally effective and sustainable manner.

This AMP is based on existing levels of service, currently available information, and the existing knowledge/judgement of the Council staff.

1.2 ACTIVITY OVERVIEW

Investment Property manages and controls the activities of Investment Property owned by the Invercargill City Council including monitoring and reviewing returns being achieved on individual investment properties.

This Activity adheres to recognised commercial property management principles in the administration of Council properties, including leasing, management, acquisition and disposal of land and buildings. There is an emphasis on establishing and maintaining a good liaison with tenant occupiers and also ensuring properties are maintained to an acceptable standard.

The Investment Property Activity ensures that other Council departments have at their disposal the assistance required to undertake property transactions and projects. In addition, this Activity facilitates all Council related insurance functions, oversees the dairy farm operation at Awarua and carries out projects as required, including such things as sub-divisions and development sites.

2. Strategic Context

2.1 ALIGNMENT WITH STRATEGIC GOALS

2.1.1 Community Outcomes

Council has developed its own Council-focused “Community Outcomes” for the Long-Term Plan that will fulfil the requirements of ‘Community Outcomes’ under the Local Government Act. The Community Outcomes have been derived from Councils vision:

“To enhance our City and preserve its character while embracing innovation and change.”

Community Outcomes		
Enhance our City	Preserve its Character	Embrace Innovation and Change
We will know success when:		
Invercargill’s population is over 1.2% of the New Zealand population.	Invercargill is celebrated for preserving its heritage character.	Invercargill’s culture is embraced through Community projects.
New residents feel welcomed and embraced by Invercargill culture.	Ease of access throughout the City is maintained.	The development of future industry is encouraged.
Healthy and active residents utilise space, including green space, throughout the City.	Our natural and existing points of difference are celebrated.	Technology is utilised in both existing and new City services.
Invercargill’s economy continues to grow and diversify.	The building blocks, including water, sanitation and roading, for a safe, friendly City is provided for all members of the community.	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.
Invercargill’s business areas are bustling with people, activities and culture.	Strong, collaborative leadership of the City is demonstrated.	Invercargill has the ‘wow factor’ with the right facilities and events to enjoy.

2.1.2 Rationale for the Activity

In June 1879 Conveyance 12863 Deed 28/690 allocated land in the original subdivision of the Town of Invercargill to be set aside as Municipal Endowments with the income generated to be used to lower the rate burden on the ratepayers. Additional endowment properties were created in 1956 by the Municipal Corporations Act.

Investment properties, together with rating sale land (land being prepared for disposal) form the Investment Property portfolio.

There are four groups of investment properties:

1. Strategic properties which are held for purposes other than immediate return (potential future development).
2. Endowment properties which have been either allocated (per above) or purchased from endowment funds.
3. Trading properties (fee simple, no classification on title, currently leased).
4. Other properties (land) being prepared for disposal, usually acquired through rating sale or abandonment.

2.1.3 Activity Objectives

The overarching objective of the Investment Property Activity is to maximise the investment returns from properties. Its principal objectives are:

- a) To ensure that Council's Investment Property is maintained to an appropriate standard and in order to improve the quality of the portfolio.
- b) To promote appropriate development around the Invercargill area for industrial and commercial purposes.
- c) To provide a continuing source of income to Council.

This Activity reports to the Finance and Policy Committee of Council which reports to Council.

Investment properties are reviewed in the light of current market trends and anticipated potential capital gains. Investment properties purchased for strategic purposes are held to enable the City to develop in a positive way. The financial return on these investments is a secondary consideration.

The alignment of the Investment Property Activity and the Community Outcomes is demonstrated in the table below.

Community Outcome	Council's Role	How the Activity contributes
Invercargill's economy continues to grow and diversify	Attract diverse range of business and industry to Invercargill, targeting business that offers high skills job opportunities.	Investment property supports appropriate commercial and economic development in the District environs through the acquisition, disposal and/or lease of land and buildings.

How this activity achieves the community Outcomes above is further developed in Section 3.3 – Levels of Service.

2.2 BUSINESS DRIVERS

2.2.1 Regulatory Framework

Council operates under a number of legislative frameworks, the Local Government Act 2002 and Health and Safety at Work Act 2015 are the most prevalent to Council core business.

The Local Government Act is the overarching framework that regulates what Council's scope is as well as their ability to conduct day-to-day business.

The Health and Safety at Work Act ensures that as an employer we are meeting all requirements to care for our employees in a safe manner at all times.

Both aspects of legislation are paramount to the day to day running of business and most departments within Council will operate under specific provisions of both Acts, alongside any other relevant legislation.

2.2.2 District Plan and Council Policies

Under provisions provided in the Local Government Act 2002, Council has the ability to create policies, bylaws and plans. Council operates under a number of policies, some internal. These policies are reviewed regularly in line with legislative requirements.

Council currently operates under a number of bylaws, some that were created out of need to resolve nuisance and others that are requirements under the Local Government Act or were resolved to become a bylaw through Central Government.

Further, Council operates under a District Plan. This Plan is derived through the Resource Management Act 1991. It gives effect to national policy statements on a variety of environmental issues, and is about managing the use, development and protection of natural and physical resources in a way that enables the community to provide for their holistic wellbeing.

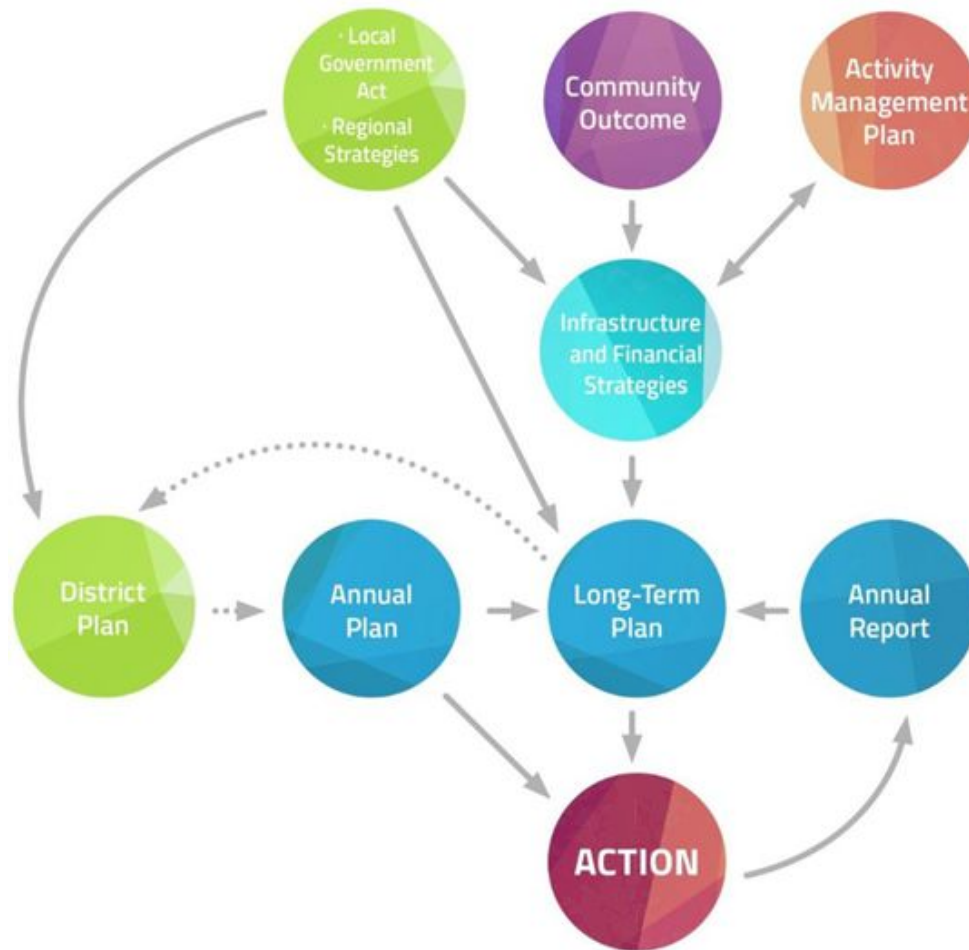
2.2.3 Long-Term Plan

The Local Government Act 2002, Schedule 10 requires the development of a ten-year Long-Term Plans. Activity Management Plans are the foundation to providing a robust basis for the long-term forecasts.

The Activity Management Plan records the current and desired Levels of Service and determines the Maintenance and Capital Works Programmes and their associated budgets required to make assets meet their desired Levels of Service.

- The Long-Term Plan confirms Maintenance and Capital Works Budgets that are approved by Council to meet Community outcomes.
- Activity Management Plan underpins the activities in the Long-Term Plan and is implemented through expenditure programmes in asset areas. Adoption of the budgets for these programmes is carried out through the Long-Term Plan process. Changes to budgets for programmes may occur during the consultation process and adoption of Long-Term Plan budgets.

Variations between this Plan and the most recently adopted Long-Term Plan/Annual Plan are recorded in the "Table of Changes to be Incorporated in Next Review" at the beginning of the Plan. The consequences of any variations will be reflected in subsequent reviews of the Long-Term Plan/Annual Plan.



2.3 STRATEGIC ISSUES AND CHALLENGES

The key corporate strategic issues and challenges facing the Invercargill City Council are:

- Meeting our long-term renewal expectations for infrastructure.
- Encouraging growth projects whilst ensuring financial and operational sustainability for future generations.
- Ensuring that Council works in a financially prudent manner that promotes the current and future interests of the Community.
- The City's changing demographic profile and its ability and willingness to pay.
- Responding to the changing environment (both natural and technological) and retaining Invercargill's character including its build environment.

2.4 KEY ASSUMPTIONS

This Activity Plan is based on a number of assumptions and predictions about the future. Assumptions are a "best guess" based on the information currently available. Included as Appendix 1.01 are the assumptions that Activity Managers have utilised in preparing their plans.

The following high-level assumptions have set the overall direction for the development of this Plan.

Assumption	Level of Uncertainty	Area of Impact and Potential Financial Impact
<p>Population</p> <p>The population will increase to 56,300 by 2028.</p>	<p>Moderate – risk that actual numbers will vary.</p>	<p>Infrastructure and Housing.</p> <p>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.</p>
<p>Household Growth</p> <p>An average of 2.3 people per household in 2038, requiring 2,300 more homes from the 2013.</p>	<p>Moderate – risk that actual numbers will vary.</p>	<p>Infrastructure and Housing.</p> <p>Significant increases in the number of households may create a demand for infrastructure and services beyond existing capacity.</p>
<p>Ageing Population</p> <p>Those 65 years and older will make up approximately 22% of Invercargill's population by 2023.</p>	<p>Low – increasingly older population is reasonably certain.</p>	<p>Council Services and Recreation Assets.</p> <p>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.</p>
<p>Resource Consents</p> <p>Resource consents will be obtained with reasonable conditions and negligible impact on how Council provides its services.</p>	<p>Moderate – change is imminent but extent of which is unknown.</p>	<p>3 Waters</p> <p>Capital expenditure may be required if the conditions attached to resource consents require changes to how Council delivers its services.</p>
<p>Tourism and Visitor Numbers</p> <p>Tourism numbers will increase over the Long-Term Plan period.</p>	<p>Low – various city-wide endeavours to boost tourism.</p>	<p>Venture Southland, SMAG, Council Services and Recreation Assets.</p> <p>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.</p>

Assumption	Level of Uncertainty	Area of Impact and Potential Financial Impact
<p>New Zealand Transport Agency</p> <p>That the NZTA Funding Assistance Rate will reduce by 1% each year until a low of 51%.</p>	<p>Low – NZTA have stated in plans that this will occur.</p>	<p>Roading.</p> <p>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.</p>
<p>Commercial Property</p> <p>The CBD will remain in the Esk Street area and will become more vibrant.</p>	<p>Low – risk exists due to uncertainty of CBD future, but Council has recently adopted a Retail Strategy and there has been recent investment in the CBD area both by Council and private investors.</p>	<p>Infrastructure, Housing and Rooding.</p> <p>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.</p>
<p>Inflation</p> <p>Inflation will occur at the rates set by BERL as LGCI forecasts.</p>	<p>Moderate – inflation forecasts are not always accurate.</p>	<p>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.</p>
<p>Local Economy</p> <p>The local economy will grow and diversify.</p>	<p>Moderate – financial impact difficult to forecast.</p>	<p>Composition of local economy may diversify offering greater employment opportunities.</p> <p>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.</p>
<p>Useful Life of Significant Assets</p> <p>Assets will reach the useful life indicated when supplied.</p>	<p>Moderate – asset lives based on estimates by Engineers and Registered Valuers.</p>	<p>A shorter useful life for assets would create a financial burden on the community.</p>

Assumption	Level of Uncertainty	Area of Impact and Potential Financial Impact
<p>Depreciation</p> <p>Council will fully fund renewal depreciation by year 10 of the Plan.</p>	<p>Low – asset depreciation rates will not change and the value of assets will remain constant.</p>	<p>Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.</p>
<p>Asset Revaluation</p> <p>Council will use national standards in asset revaluation.</p>	<p>Moderate – value will remain somewhat constant over ten years.</p>	<p>Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.</p>
<p>Vested Assets</p> <p>Vested assets will have a negligible impact on Council's overall infrastructure and finances.</p>	<p>Low – financial effect of uncertainty.</p>	<p>Level of vested assets fluctuates yearly. Historical levels have not been material.</p>
<p>Financial – Existing Funding Renewal</p> <p>Council borrowing facility will be renewed (three-yearly) with the terms and conditions mirroring market trends.</p>	<p>Medium</p>	<p>Council's terms and conditions for its borrowing facility have mirrored market trends in recent times.</p>
<p>Financial – Expected Interest Rates on Borrowing</p> <p>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.</p>	<p>Medium</p>	<p>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).</p>

Assumption	Level of Uncertainty	Area of Impact and Potential Financial Impact
<p>Financial – Forecast on Return on Investments</p> <p>Return on cash investments is calculated on the borrowing rate less 2%.</p> <p>Dividends and subvention payments from Invercargill City Holdings Limited are assumed to be at 10% of the total rates requirement.</p>	Medium	Lower than expected returns on investments will require Council to consider collecting a greater amount in rates, reduce spending or increase borrowings to cover any reduction in income.
<p>Local Governance</p> <p>Amalgamation will not occur during the life of the Plan.</p>	Low – to continue shared services, although amalgamation is low risk.	<p>Shared Services, Policy and Governance</p> <p>Boundary changes would require a review of the Long-Term Plan with its associated community consultation.</p>
<p>Legislation</p> <p>There will be changes to legislation that have an impact on what and how Council provides services.</p>	Moderate – difficult to know what central government will implement particularly if a change in government.	<p>Services, Finances and Governance</p> <p>Significant legislative change can impose significant financial and service delivery costs on Council.</p>
<p>Natural Disasters</p> <p>There will be no major catastrophes that impact on Invercargill or its economy.</p>	High – it is certain the Alpine Fault will rupture in the future but uncertain as to when and the impact.	<p>Infrastructure, Services, Housing and Population</p> <p>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.</p>
<p>Climate Change</p> <p>Climate change impacts will arise over the life of the Long-Term Plan and current trends will be allowed for when planning infrastructure and services.</p>	Moderate – Long-term trend of rising temperatures and more frequent intense weather events is reasonably certain, short to medium term impacts are less certain.	<p>Water availability, coastal hazards (roading and infrastructure), services, air quality, agriculture, farming and biosecurity.</p> <p>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.</p>

Assumption	Level of Uncertainty	Area of Impact and Potential Financial Impact
<p>Technology</p> <p>Changes in technology will affect how Council carries out its activities. This will have a financial implication over the 10 year plan.</p>	<p>High – certainty of diversification in technology is ever-growing. Impact of changing technology cannot be quantified.</p>	<p>Employment, Local Economy and Services (delivery)</p> <p>New technologies will likely have an increased financial cost in the short term.</p>
<p>Education</p> <p>SIT will continue to promote Invercargill to international students.</p>	<p>Moderate – education systems that exist are likely to remain stable.</p>	<p>Infrastructure, Services, Population and Housing</p>
<p>World Economy</p> <p>The world economy will not have a significant negative effect on the Invercargill City District.</p>	<p>Moderate – future financial changes are unforeseeable.</p>	<p>Infrastructure and Tourism</p> <p>A major event in the World Economy could affect Tourism and the implications of lower / higher tourist numbers would occur.</p>

The Assumptions document outlines the risk to the Council if the assumption is incorrect or does not eventuate as stated, the level of any uncertainty associated with assumptions and the potential impact on the Long-Term Plan if the assumption proves invalid. Assumptions are monitored and reviewed annually. Where significant changes occur, our work programmes and budgets will be amended and changes signalled in future annual plans or through amendments to the Long-Term Plan.



INVESTMENT PROPERTY ASSUMPTIONS

It is Council's experience that there are fewer rating sales during periods of economic growth. It is anticipated that these Investment properties (predominantly vacant land) which have a nil return will be disposed of during the life of the current Long-Term Plan.

It is anticipated that as future rent reviews fall due on Investment land lease sites, predominantly industrial and commercial land, there will be increasing requests for freeholding of the land by the Lessee's. Proceeds from the sale of Endowment land must continue to be invested in property, as per the original purpose of the land.

It is assumed that disposal of the following Investment Property, as indicated in Section 5 Asset Profile, will proceed with sale proceeds being allocated per purpose as stated on Certificates of Title. These properties are:

- 2 Deveron Street
- 10 Deveron Street
- 13 Clyde Street
- 17 Clyde Street
- 21 Clyde Street
- 26 Liddel Street

(To be reviewed before June 2018).

3. The Service We Provide

3.1 CUSTOMER PROFILE

3.1.1 Our Stakeholders and Community

External Stakeholders	Area of Interest	Engagement
Invercargill Ratepayers	Positive rates impact and general property enquiries	Consult through plans and upon request
Tenants/Lessees (including Community Groups)	Occupiers of Council land and/or buildings	Rent reviews, rent renewals and as required
Awarua Farm Committee and Sharemilkers	Management and operation of Awarua Dairy Farm	Quarterly meetings plus regular contact
Insurance Brokers/Providers	Council Insurances	Liaise and facilitate
Contractors and Consultants	Building maintenance and assessments	Liaise when required
Audit New Zealand	Governance and operation	Audit
Internal Stakeholders	Area of Interest	Engagement
Councillors, CEO, Directors	Governance/leadership	Report
Infrastructure	Internal landowners	Lease management, project work, property transactions and advice
Regulatory and Planning	Compliance	Liaise
Finance and Corporate	Financial assistance and direction	Liaise and assist
Staff	Enquiries and information	Liaise and assist

The Investment Property department has established friendly, professional relationships with other staff within the Invercargill City Council as well as all occupiers of Council property. These relationships enable the department to undertake duties with an understanding of Council's overall role and responsibilities. In addition, the department provides professional assistance to other Council departments who wish to undertake property transactions.

3.1.2 How We Engage Our Communities

Council consultation is undertaken in a number of ways such as the Annual Plan and Long-Term Plan submission process, the consultation caravan, Image Invercargill website, Council Facebook page, amongst other forums.

The Investment Property Activity specifically engages with the community via tenants and lessees through the management of leases and enquiries from members of the public regarding Council property and land parcels. This can include unformed/paper roads, rights of way, fencing requests (as a neighbouring property), vacant land etc.

3.1.3 Community Research

In 2014 the Council carried out a Community and Regulatory Services Residents Survey (Appendix 1.02) to provide information on ratepayers and residents' assessment of Council services. A 2016 Levels of Service Research project (Appendix 1.08) was undertaken to understand:

- What residents want from Council activities;
- How they perceive the value for money of those activities; and
- The level of service desired.

Although the 2016 project had a slightly different focus where possible the progressive results have been documented, from both the customer survey and research project, combined with expert knowledge of the service individual activity managers have to help establish a foundation of levels of service statements.

Customer requests for service are logged by customer service staff and attend to by the activity. This information is another platform which can be used to understand the community requirements.

The Investment Property Activity has a positive impact on rates; therefore specific consultation with ratepayers has not been undertaken. Engagement is undertaken as and when required with interested parties as to specific property transactions (process of lease renewals, rent reviews, freeholding requests).

3.1.4 Key Service Attributes Valued by Customers

- Lease management; clear communication regarding renewals, transfers, rent reviews and freeholding processes.
- Understanding of property industry, LINZ requirements, endowment process and relevant legislations.
- Proactive and responsive towards repairs, maintenance and all property issues.
- Professional and knowledgeable advice relating to property transactions.
- Strategic land purchases to enable the ongoing development of the City.
- Sound knowledge of insurance policies, wordings, renewal and claims process.
- Good customer service and timely response/follow up to general enquiries.
- Strategic Land including income generated from the Awarua Farm to offset the holding costs relating to this property.

These key services attributes are not measured by formal survey – can be measured through performance at meeting deadlines with regard to lease renewals, rent reviews, insurance renewals, relationship with external and internal customers, successful completion of property acquisitions/disposals and net income generated from department profit centres.

3.2 SERVICE DRIVERS

3.2.1 Community Expectations

The community expectations on Investment Property have not been specifically surveyed however there is an expectation that this Activity will:

- Comply with all relevant statutory codes and legislative requirements.
- Ensure that all leases are current with reviews/renewals completed in required timeframes.
- Ensure properties are maintained to safe and reasonable standard.
- Knowledgeable and responsive to all general property related enquiries.
- Income generated from the Investment Property Activities to offset the rates burden for ratepayers.

This Activity is considered to meet community expectations through contribution to Invercargill's population, economy and business areas, displaying strong leadership of the City with encouragement and development of future industry leading to a bustling centre with positive visitor feedback.

Rentals charged for Endowment and Trading properties are commercially driven in most cases (excluding some leases to Community Groups). This Activity also oversees other property such as land which has been purchased for strategic purposes and that which has been acquired through rating sales.

Per Legislation endowment funds have to be reinvested into property, as per the original "purpose" of the property. Council is able to report globally on the success of this Activity but privacy issues prevent Council disclosing information on individual properties. Funds generated through the management of this activity are used to offset the rating requirements of the City.

3.2.2 Legislative Requirements

The Investment Property Activity works within the law of the land with respect to property transactions and the processes prescribed by relevant legislation.

Legislation	Relevant Requirements	Impact on Service Levels
Local Government Act 2002	Restrictions on disposal of and conditions applying to disposal or exchange of endowment property.	Process ensuring that endowment property continues to adhere to its original purpose or obtain approval for additional or different purposes.
Property Law Act 1952	All property transactions executed within legislative requirements.	Process ensuring general rules affecting property are adhered to including purchases, leases and tenancies, easements and covenants on property.
Heritage New Zealand Pouhere Taonga Act 2004	Conservation of sites and features of buildings which are deemed to be of heritage significance.	Consultation as required in relation to demolition of pre 1900 buildings and preservation of historic sites.

Resource Management Act 1991	Compliance with regional and district plans taking into account the principles of the Treaty of Waitangi and Managing Contaminants in Soil to Protect Human Health, Regulations 2011 (National Environmental Standard).	Framework around facilitating specific projects, demolition, development, sub-divisions. Ensure land affected by contaminants in soil is appropriately identified and assessed when soil disturbance and/or land development activities take place.
Public Bodies Leases Act 1969	Powers of leasing authorities to grant perpetual leases including specific rules on covenants and conditions of lease, renewals etc.	Process for management of perpetual leases.
Health and Safety at Work Act 2015	Ensure the safety of the public and all workers (including contractors) when carrying out work on Council owned sites.	Protocols required to ensure that Council property sites and contractors meet health and safety standards by way of hazard identification, site inductions, personal protection equipment, training and site management plans etc.
Privacy Act 1992	Controls how agencies collect, use, disclose, store and give access to personal information (about identifiable, living people).	Applies to all leases and commercial activities to protect the privacy of natural persons.
Invercargill City Council (Reclamations) Empowering Act 1973	Authority to carry out reclamation, to develop and dispose of reclaimed land.	Primarily land relating to industrial leases and sub-division of vacant reclaimed land for disposal purposes.
Building Act 2004	Compliance with building consents and warrant of fitness regulations and standards.	Process to comply with building code standards. This restricts building use if not being met, causing impact on the activity.

3.2.3 Industry Standards and Guidelines

Registered Valuers are engaged to provide current market valuation and rental assessments relating to individual properties whenever necessary. Real Estate professionals are occasionally consulted for assistance with acquisitions, disposals and leasing matters.

Legal Advisors are engaged to ensure lease documents; sale and purchase agreements and contracts are drafted and completed correctly. Surveyors assist with boundary and sub-division title issues. Engineers, Quantity Surveyors, Project Managers and Construction Companies are engaged with regard property development.

Investment Property staff are members of the Local Authority Property Association (LAPA) and regularly attend annual conferences and regional workshops.

Organisation or Body	How We Work with the Organisation
Professionals in the fields of law, valuation, surveying, architecture, real estate and trades, engineering, environmental science and insurance as well as developers.	Firm but friendly professional relationships have been developed over time.

3.3 CURRENT LEVELS OF SERVICE

3.3.1 Current Customer Levels of Service, Performance Measures and Targets

How Investment Property Activity Contributes	Customer Level of Service	Measure of Service
Investment Property supports appropriate commercial and economic development in the District environs through the purchase, sale and/or lease of land.	A commercial return is received on Endowment and Trading properties (excluding land purchased for strategic purposes and land acquired through rating sales).	Net rate of return is at least equal to current market interest rate throughout the financial year.

3.3.2 Current Technical Levels of Service, Performance Measures and Targets

Technical Levels of Service	Performance Targets
All properties, excluding those prepared for sale, are leased.	95%
Lease agreements are current at market rental levels.	100%
Net rate of return.	Market interest rate (historic and current)

3.4 LEVELS OF SERVICE ISSUES AND CHALLENGES

A challenge for the Investment Property Activity is to meet the required measure of service (net rate of return is at least equal to current market interest rate throughout the financial year) given the make-up of the current property portfolio.

Not all leased land is able to derive a current market rental due to perpetual 21 year leases, a proportion of vacant land (being prepared for disposal) and buildings being held for strategic development but unable to be occupied therefore not deriving an income.

There are legislative restraints on the management of Council's properties. Two pieces of legislation restrict the Council's ability to deal freely in an open market environment with its land holdings. This legislation comprises of the Public Bodies Leases Act 1969 and the Local Government Act 2002 (Sections 140 and 141).

Other issues:

- Exploring and investigating future uses and viable opportunities for strategic property.
- Maintaining strategic land and buildings to an acceptable level whilst endeavouring to minimise holding costs.
- Overseeing known contaminated land sites - strategy for future investigations, costs and site management.

3.4.1 Current Levels of Service Gaps

- Increasing holding costs of vacant land (rates/mowing/maintenance).
- Internal skills and competency in an evolving environment.
- Investigating “other” Council land (unformed road, right of ways, paper roads, road reserves) to establish locality, current use, future potential closures and potential disposals.
- Performance evaluation of all individual investment properties – based on this evaluation prepare recommendations on individual asset retention, rationalisation and disposal or re-development.
- Investigating future uses of strategic land and buildings including future marketing opportunities.

3.4.2 Possible Responses to Gaps

- Greater use of professional consultancy.
- Creation of a disposal plan for vacant land or land where performance evaluation is below requirement (historic assessment of how and why Council acquired the land).
- Periodic review of strategic properties prepared for assessment to identify non-strategic and poor performing assets.

4. Demand for Our Services

4.1 DEMAND FORECAST

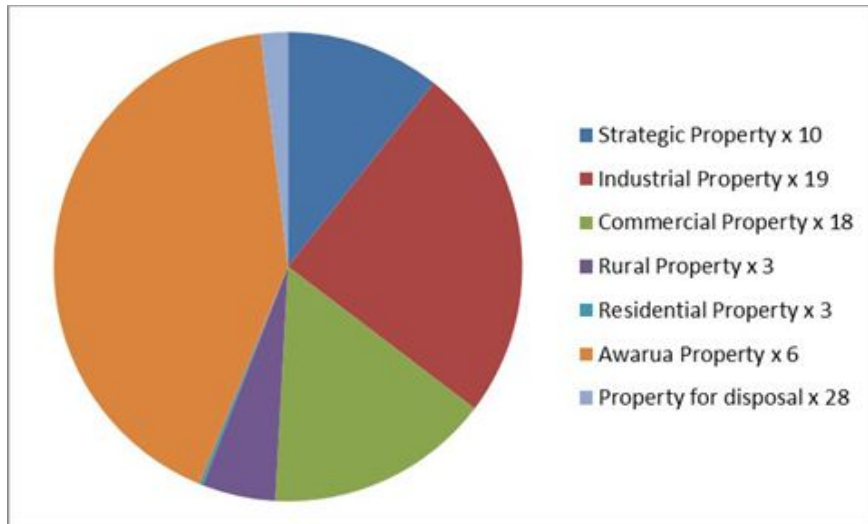
4.1.1 Factors Influencing Demand

Demand on this activity will be influenced by a changing portfolio through a number of issues but predominantly potential future freeholding of land lots to lessees creating increased endowment funds for reinvestment, the sale of land for development projects and divesting of non-income earning parcels of land.

Although demand for services will be impacted by decline or growth in the City, influencing demographics, population, economy it is not anticipated that these factors will have a significant impact on endowment property, but could have an effect on demand for strategic and vacant land. Potential development opportunities may exist however this would be difficult to quantify.

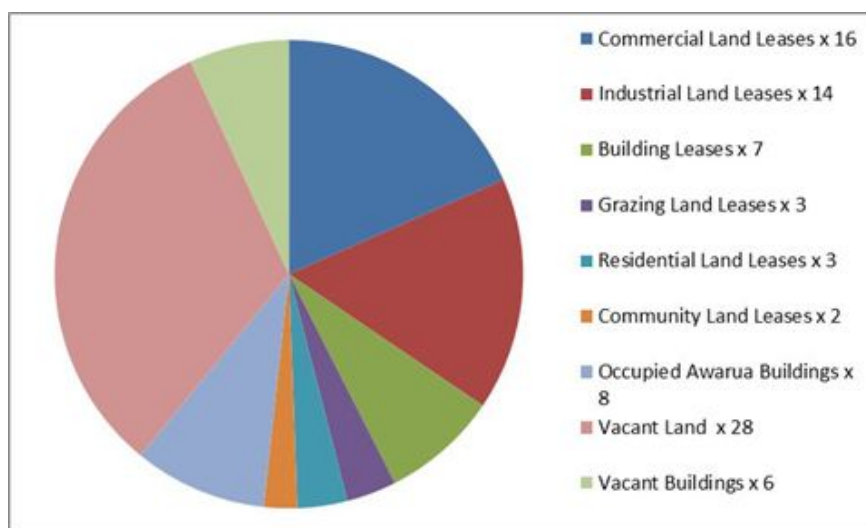
At 30 June 2017, the Investment Property portfolio is summarised as follows:

Current Investments per Property Group/Asset Class:



(To be reviewed at June 2018)

Current Investment Property Lease Breakdown:



(To be reviewed at June 2018)

4.1.2 Projected Growth or Decline in Demand for the Service

Investment property returns should remain stable. As leasehold land is divested, funds are utilised and reinvested back into land and investment opportunities. In the case of Endowment property this will be for the future benefit and improvement of the City of Invercargill.

The final completion of the multi tenanted commercial building at 20 Don Street will see increased demand on the activity in respect of facility management and responsibilities.

Future growth could be attributed to the Southland Regional Development Strategy (SoRDS) and Awarua Industrial Estate demand.

4.2 CHANGES IN SERVICE EXPECTATIONS

Future investments are likely to be a mix of properties with established buildings and new, modern buildings. The development and completion of the Don Street business house adds a modern, multi tenanted commercial investment to the current portfolio.

These properties provide sound returns but require increased staff time and resource for facility management (multiple tenant demands, programmed maintenance etc.)

Council purchased rural land at Awarua with the intention of developing it for industrial activity. This was based on the assumption that there would be an ongoing demand for large industrial properties within the district. This site is currently operating as a dairy farm and grazing block. There are also four residentially leased houses at this location returning current market rentals.

Council will continue to promote the Industrial Estate for sale and future development.

In an environment whereby improved transparency is expected, it is a balancing act to provide pertinent information whilst protecting the privacy of natural persons, or enabling Council to carry out commercial and industrial negotiations without prejudice or disadvantage.

4.3 EXPECTED IMPLICATIONS FOR THE ACTIVITY

The Investment Property Activity is undertaken with a commercial focus and is profit driven however also within the activity is provision of strategic property for future development as well as sites being utilised by non-profit organisations on a peppercorn rental for the benefit of the Community.

It is expected that over the life of this plan the number of properties with nil return will reduce. Council becomes the ultimate owner of nil return properties when the previous owner has abandoned the property or as the result of a rating sale. As property prices have increased there have been fewer of these properties reverting to Council ownership.

Resource available to manage diversified Investment property portfolio as well as historic issues, individual projects, commercial management and future development along with facilitating all insurance related functions for Council.

Balancing core property/lease requirements and insurance responsibilities within a changing environment of legislative, community, project and development demands also puts increased strain on current staff resources.

4.4 FUTURE DEMAND ISSUES AND CHALLENGES

4.4.1 Possible Demand-Related Responses

Effort continues to concentrate on the reshaping of Council's property portfolio from an inherited assortment of miscellaneous properties to a balanced mixture of properties which provide an economic return as well as meet the City's social needs, whilst being mindful of preserving the historic integrity of the City.

Continued freeholding of leased properties will see the Investment Property portfolio decrease, creating funding for future investment for the long term betterment of the City.

Sourcing equitable investments which meet market demand from the stock of current (and aging) buildings in Invercargill will provide a challenge and this may mean that future investments are focussed on development of modern, fit for purpose buildings, which meet all ergonomic, environmental, earthquake and technological expectations.

5. Asset Profile

5.1 ASSET OVERVIEW

The assets that relate to this Activity are land and buildings.

The Investment Property portfolio consists of 87 separate parcels of land and 25 buildings. The total land area is 770.0678 hectares. In general terms the buildings are in fair to good condition with maintenance undertaken as required, with the exception of the new building at 20 Don Street which is a new build. The buildings situated at Esk Street West and 66 Dee Street are considered to be in very poor condition.

There are currently 21 sites containing buildings:

- 1276 Bluff Highway, Awarua (5)
- 141 Bond Street, Invercargill
- 136-150 Colyer Road, Awarua (2)
- 167 Colyer Road, Awarua
- 5 Hamilton Road, Awarua
- 2 Deveron Street, Invercargill Subject to potential disposal
- 10 Deveron Street, Invercargill Subject to potential disposal
- 20 Spey Street, Invercargill
- 13 Clyde Street, Invercargill Subject to potential disposal
- 17 Clyde Street, Invercargill Subject to potential disposal
- 21 Clyde Street, Invercargill Subject to potential disposal
- 26 Liddel Street, Invercargill Subject to potential disposal
- 4 Tay Street, Invercargill
- 6 Esk Street West, Invercargill
- 8 Esk Street West, Invercargill
- 10 Esk Street West, Invercargill
- 12-16 Esk Street West, Invercargill
- 18 Esk Street West, Invercargill
- 66 Dee Street, Invercargill
- 69 Don Street, Invercargill
- 20 Don Street, Invercargill

There are currently 50 leases in place, half of which contain 21 year terms with no rent reviews and rights of renewal in perpetuity. Upon expiry these lessees are encouraged to renew with rent reviews assessed every five to seven years with the incentive of a discounted rental for the first five or seven year period. Other arrangements include those with community groups involving a peppercorn rental and monthly permits for use.

The majority of land holdings are located within sought after commercial and industrial areas of the town and are leased to tenants who own the buildings. In January 2008 Council amended its Long-Term Plan to include a list of Endowment properties. This was to enable Council to freehold or sell the properties and reinvest the proceeds without further consultation.

5.2 ASSET DESCRIPTION

Property Group/Asset Class	Number of Properties
Strategic Development Properties including Kew Bowl, Don Street, Grace and Ness Street	10
Industrial properties including 141 Bond Street, 20 Spey Street and 69 Don Street	19
Commercial properties including 2 Deveron Street, 10 Deveron Street, 71 Barrow and 72 Barrow Streets	18
Rural properties	3
Residential properties	3
Awarua industrial properties	6
Properties being prepared for disposal	28
	87

The above figures at 30 June 2017 do not include the multi-tenanted commercial building at 20 Don Street which partially opened in October 2017. This had a build value of \$10,788,000 plus professional fees of \$900,000 and site improvements \$2,000,000. This will be revalued at 30 June 2018.

Date of the last revaluation: 30 June 2017
Registered Valuation firm: Telfer Young
Next revaluation date: 30 June 2018

Refer Appendix 8.01 for an overview of all properties managed and controlled by the Investment Property Activity

5.3 CRITICAL ASSETS

Operational assets (milking shed, effluent tank, lanes, fencing) are at the Awarua Farm are actively managed and maintained by the Sharemilkers in partnership with Council affecting farming income.

Investment property does not have any critical assets that would have an adverse effect on the city.

5.4 ASSET CONDITION

5.4.1 Summary of Current Asset Condition

The following table relates to Council owned buildings which are managed by the Investment Property Activity.

Asset	Circa Year Built	Description	Condition	Replacement or Indemnity Value
1276 Bluff Highway	1920 - 1940	4 tenants – residential	1 3	1,513,000
141 Bond Street	1976	1 tenant – industrial	3	5,050,000
136-150 Colyer Road	1965 - 2002	2 tenants – agricultural	2	690,000
167 Colyer Road	1980	1 tenant – agricultural	2	490,000
5 Hamilton Road	1920	1 tenant – agricultural	3	290,000
2 Deveron Street	1956	1 tenant – recreational/community	3	3,550,000
10 Deveron Street	1971	1 tenant – commercial/community	2	2,830,000
20 Spey Street	1946 - 1964	2 tenants – commercial	2	1,060,000
13 Clyde Street	1961	1 tenant – commercial	2	750,000
17 Clyde Street		1 tenant – commercial	3	
26 Liddel Street	1940	1 tenant - commercial	3	
4 Tay Street	1971	Multiple tenants – parking permits	2	310,000
6 Esk Street West		Vacant	4	1,220,000
8 Esk Street West		Vacant	5	
10 Esk Street West	1956	Vacant	5	
12-16 Esk Street West	1880	Vacant	4	
18 Esk Street West	1952	Vacant	4	
66 Dee Street		Vacant	5	
69 Don Street		1 x tenant – commercial	1	550,000
20 Don Street	2017	Commercial (open October 2017)	1	

Condition Grade	Definition	Proportion of Consumed Life	Description
1	Very Good	Between new – 45% Not Critical	Sound structure with no evidence of deterioration
2	Good	Between 45% - 60% Low Criticality	Functional, sound and showing minor deterioration of surfaces
3	Moderate	Between 60% - 75% Moderate Criticality	Affected appearance and operation. Deteriorating or damaged surfaces
4	Poor	Between 75% - 90% High Criticality	Fabric damage and operational performance affected breakdowns or ongoing maintenance required
5	Very Poor	Between 90% - 100% Very High Criticality	Badly damaged, operation unreliable, immediate or imminent replacement required

5.4.2 Condition Monitoring

Condition of the above assets is assessed through regular property inspections, feedback from tenants and advice from suitably qualified contractors (electricians, plumbers, builders, engineers etc.)

5.5 ASSET CAPACITY AND PERFORMANCE

5.5.1 Capacity and Utilisation

The buildings at Lower Esk Street and 66 Dee Street, which are held for strategic purposes are not utilised, therefore not deriving an income. These buildings are not used as they fail to meet building regulations.

All other buildings are utilised by either the farm operation (including residential houses) or occupied under commercial and/or industrial leases.

5.5.2 Performance

The buildings at Lower Esk Street and 66 Dee Street are not performing due to not meeting building regulations for safe occupation or use.

5.6 SUMMARY OF ASSET TRENDS, ISSUES AND CHALLENGES

The trend for Investment buildings is moving towards modern, concrete slab, earthquake proof buildings which are environmentally sound, however there remains demand for well maintained, safe and affordable older style buildings.

There is a challenge to meet expectations and demand of a variety of tenants, whilst maintaining affordability and acceptable standards with building stock meeting earthquake and building codes.

A number of vacant strategic development buildings are not currently meeting building regulations.

To consider the heritage of the City – balancing preservation of historically significant buildings with the development of modern, fit for purpose builds.

Constant review of Investment Property risk management framework, creating a business case template for all significant investments.

6. Sustainability, Risk and Resilience

6.1 SUSTAINABILITY

The Local Government Act requires Council to take into account the social, economic and cultural interests of people and communities, the need to maintain and enhance the quality of the environment and the reasonably foreseeable needs of future generations by taking a sustainable development approach. Sustainability can be defined as:

Development which meets the needs of the present generation without compromising the future generation from meeting their own needs
(Brundtland Report, 1987).

Investment Property assets have ability to influence sustainability outcomes during planning, development and design phase. Future development type, location and design can significantly impact sustainability outcomes, for example accessibility, urban form, land-use, heritage, health and wellbeing. Good planning and design can lead to improved economic and social benefits.

Investment land leases have ongoing impact, particularly by lessees running industrial and commercial operations that have an effect on energy use and emissions, runoff, noise, ecological impacts, safety etc. These businesses provide ongoing employment and economic benefit as well as having impact on material use, energy, water and waste. The farming operation at Awarua is managed and run in line with consent conditions from Environment Southland.

6.1.1 Social and Cultural

Investment Property assets are occupied by a portion of community groups, providing an emphasis on equality, social cohesion and inclusiveness, free from any prejudice, promoting intergenerational equality, meeting the needs of the present generation without compromising the needs of future generations.

6.1.2 Environmental

Investment Property strives to be a responsible land owner by being aware of all issues relating to its sites and taking all steps to appropriately manage environmental impacts such as land contamination, sustainability, heritage, health and safety etc. The farming operation at Awarua is managed and run in line with consent conditions from Environment Southland.

6.1.3 Economic and Financial

Investment Property provides economic and financial benefit to the wider community by providing land and building locations for Invercargill businesses to conduct their ventures. This provides opportunities for employment and other social betterment for the citizens of Invercargill and extended district.

The purpose of Investment Property is to provide the desired level of service in the most cost effective manner through optimal management of the portfolio for present and future benefit of the ratepayers and community. This is monitored by reporting on financial performance.

6.1.4 Summary of Sustainability Challenges and Issues

It is an on-going challenge to balance social, cultural and environmental expectations against economic and financial requirements. These can be impacted by cost of meeting compliance requirements and global milk prices, affecting the farming operation.

6.2 RISK

The Council recognises that it is obliged to manage effectively and to review regularly its risks at a strategic, operational and project level. The Council has done this by developing a Risk Management Framework and a range of risk management processes that apply across the organisation. Risk assessment is a major consideration in planning and budgeting processes at all levels within the Council. Risks must be considered and documented as part of the justification for undertaking our activities. Risk assessment and monitoring must form part of the management of operational activities. The Chief Executive and the Council encourage the taking of controlled risks to better improve the effectiveness and efficiency of the services and functions that the Council provides on behalf of the community, provided the resultant exposures are acceptable.

6.2.1 Risk Framework/Standard

Council has previously adopted a risk management process that is consistent with Australian/New Zealand Standard AS/NZ 4360 which defines risk assessment and management. The key risk criteria adopted for assessing the consequences of identified risks are:

- Community Health and Safety.
- Loss of Service – Extent/Duration.
- Service Delivery – Customer Impact.
- Invercargill City Council Financial Impact.
- Financial Community.
- Corporate Image and Reputation.
- Legal Compliance.

The Corporate Framework for assessing Risk is included in Appendix 1.09.

It should be noted that Council is undertaking an organisation wide review of risk management practices in the 2018/19 financial year and this may impact on how risk is assessed and managed. Results from this review will be included in Management Plans where necessary and risk assessments will be updated as required.

6.2.2 Critical Assets Decision-Making

The Investment Property portfolio does not comprise of critical assets that will have an impact on the overall infrastructure or running of the City and community as a whole.

The Activity typically administers proactive management to minimise any negative impact on a case by case basis. Essential farm infrastructure (such as the milking shed and effluent tank), are subject to an annual inspection by suitably qualified consultants and incur regular maintenance to prevent failure.

There are currently no formal Asset Management Plans in place for buildings held under the Investment Property portfolio.

6.2.3 Risk Identification and Assessment

Level of Service Indicator	Caused By	Consequence							Weighted Averaged Consequences Score	Likelihood	Risk Severity	Controls	
		Health and Safety (0.20)	Service Delivery – Customer Impact (0.15)	ICC Financial Impact (0.20)	Financial – Community (0.15)	Corporate Image and Reputation (0.10)	Legal Compliance (0.20)	Current Practice				Recommended Actions	
Global Dairy Price Drops	World community price for milk products	1	1	5	4	2	1	2.35	D	M	Maintain knowledge of the future market and purchase fixed price contracts for a portion of sales where appropriate	Maintain awareness and continue with current practice	
Rental Returns (market rates)	Drop in demand and returns achievable from commercially leased properties	1	2	5	3	2	2	2.55	E	M	Maintain knowledge of the leasing and rental market. Use industry experts and valuers to keep up to date with market conditions.	Maintain awareness and continue with current practice	
Un-usable Land for Lease	Presence of ground contaminants within Council owned investment land	5	4	4	2	4	4	3.9	E	H	Engage consultants to sample and test land for contaminates as required	Continue to use consultants to test land as the need arises	

Level of Service Indicator	Caused By	Consequence							Weighted Averaged Consequences Score	Likelihood	Risk Severity	Controls	
		Health and Safety (0.20)	Service Delivery – Customer Impact (0.15)	ICC Financial Impact (0.20)	Financial – Community (0.15)	Corporate Image and Reputation (0.10)	Legal Compliance (0.20)	Current Practice				Recommended Actions	
Vacant Tenancies	Current tenants exiting their leases and no replacement tenants being available for a period of time	1	1	3	1	2	1	1.5	C	L	Development of good relationships with current tenants to meet their needs within the tenancy arrangement	Continue with current practice and maintain lease buildings to a standard attractive for tenancing	
Building Failure	Fire	5	5	3	1	3	1	3	F	H	Ensure all investment buildings have current Building Warrant of Fitness certificates. Where buildings fall below required standards ensure buildings are secured and make as safe as possible for the public	Continue with current practice wherever possible. Where buildings fail to meet required standards investigate repair or demolition options	
	Earthquake or other natural disaster	5	4	3	1	2	1	2.75	F	H			

Risk identification and assessment on Investment Property sites are carried out as per requirements of the Health and Safety at Work Act 2015 and per the Resource Management Act 1991, with regard to Managing Contaminants in Soil to Protect Human Health Regulations 2011. These assessments are carried out by both Council personnel and suitably qualified consultants, as required.

As part of the process of managing all Insurance related functions for Council, regular inspections are carried out by Insurance Risk Assessors in relation to status of pre-1935 buildings, earthquake, electrical and fire assessment. This relates to all relevant buildings owned by Council, not just Investment Property.

Management of this Activity is undertaken from the Civic Administration Building in Esk Street, Invercargill. This building has an operational security system and all records are held on Council's computer system. Data is backed regularly and stored in a fireproof container. Original agreements/legal documents are held at the City Solicitors (Preston Russell Law). While damage to all of some of these systems would be inconvenient, it would not directly impact on the income stream from this Activity.

In the event of a disaster property with a nil return may be left in a state where remedial work may have to be undertaken. In the event of a disaster where land and buildings are leased, it would be the responsibility of the Investment Property Activity to undertake and pay for any clean up or remedial work. In a situation where buildings are damaged and cannot be occupied there may be a negative impact on income. To mitigate against this situation, Loss of Profit Insurance cover is held by Council.

6.3 RESILIENCE

The working definition of resilience to Invercargill City Council is the ability of the organisation to survive a crisis and thrive in a world of uncertainty. Resilience includes both planned risk management (Section 6.2) and adaptive capacity. In this context resilience refers to our capacity to adapt, rather than preparedness or recovery, which is the capacity of people, the community and systems to adapt in the face of unpredictable change the 'unknown unknowns'.

100 Resilient Cities* have four dimensions and three drivers within each:

- **Health and Well-being**
 - Meet basic needs,
 - Support livelihoods and employment,
 - Ensure public health services
- **Economy and Society**
 - Foster economic prosperity
 - Ensures social stability, security and justice
 - Promote cohesive and engaged communities
- **Infrastructure and Environment**
 - Provide reliable communication and mobility
 - Ensure continuity of critical services
 - Provide and enhance natural and man-made assets
- **Leadership and Strategy**
 - Promote leadership and effective management,
 - Empower a broad range of stakeholders,
 - Foster long-term and integrated planning

6.3.1 Business Continuity and Emergency Response Arrangements

Emergency Management Southland (EMS) is a shared service between Invercargill City Council, Southland District Council, Environment Southland and Gore District Council. It focuses on ensuring communities are prepared for emergencies and that they are able to respond to and recover from these when they do happen. Specific actions include public education and ensuring a pool of trained personnel. Having this combined organisation results in streamlined decision making, faster response times and cost savings.

As Investment Property does not comprise of critical assets that will have an impact on the overall infrastructure or running of the City and community as a whole there are no formal business continuity plans in place. All building and farm assets are fully insured and response would be on a reactive basis.

6.3.2 Current and Desired Resilience Assessment

Resilience is a topic that we are learning about from events such as the Christchurch, Kaikoura and Wellington earthquakes. Invercargill City Council is seeking to make our organisation and infrastructure more resilient. Resilience will be part of the review of risk management being undertaken in the 2018-19 financial year.

7. Managing Our Activities

7.1 RESPONDING TO THE ISSUES AND CHALLENGES

Topic	Issue or Challenge	Potential Responses
Levels of Service	Engagement with all stakeholders and customers	<ul style="list-style-type: none"> ➤ Maintaining good working relationships ➤ Meeting regularly to have open discussions about the expectations around service delivery
	Meeting (or exceeding) Levels of Service with an evolving portfolio and other responsibilities in a demanding environment	<ul style="list-style-type: none"> ➤ Clear communication on the impact of increased Levels of Service ➤ Management of expectations ➤ Increased engagement of Professional consultancy
Demand	Performance evaluation of all individual properties to provide recommendations on individual asset retention, rationalisation, disposal or re-development	<ul style="list-style-type: none"> ➤ Periodic review of properties for assessment to identify non-strategic and poor performing properties
	A portion of existing buildings are well through their useful life and require either capital renewals or re-development, creating an increased demand on the Investment Property Team	<ul style="list-style-type: none"> ➤ Manage timing of all projects ➤ Increase staff level to match demand ➤ Outsource project investigation and management
Asset Profile	Future potential development projects	<ul style="list-style-type: none"> ➤ Assume business as usual until the strategic direction from Council is confirmed ➤ Use a better business case approach to any project that may develop from the strategic direction
Sustainability	Balancing social, cultural and environmental expectations against economic and financial requirements.	<ul style="list-style-type: none"> ➤ Managing property as a responsible landowner to ensure an acceptable and sustainable balance is met
Resilience	No documented contingency plans	<ul style="list-style-type: none"> ➤ Work with service activity managers to develop contingency plans for their service
	Rate of change of technology	<ul style="list-style-type: none"> ➤ Start reserve funds to renew technology as it becomes mainstream or Loan fund to keep up with changes ➤ Keep educated on what is on the horizon and being developed in the industry
	The 'unknown unknowns'	<ul style="list-style-type: none"> ➤ Research many possible scenarios, reduce the number of 'unknown unknowns'

7.1.1 Alternative Investment Approaches

Current property investments are funded primarily from endowment property and other reserves. These funds are generated through the freeholding and disposal of endowment sites which have been vested (gifted) to the City for the either municipal purposes or for the future benefit of the City.

Other investment in property is funded through loan funds and rental returns, which go back towards paying the debt. Residual profit is used to off-set rates.

Alternative investment approaches could include:

- Public/private partnerships for future development which ensures that the funding and expertise of each sector (public and private) are shared in delivering a quality investment for the benefit of the City.
- Investment in Proportionate Ownership Schemes as an effective and affordable way to participate in the commercial property market, enjoy the benefits and returns from high performing real estate assets without having to deal with day to day property management issues.

7.1.2 Do-Minimum Programmes

In the present climate and with current commitments a “do nothing” approach will give the opportunity to consolidate and rebuild endowment reserves whilst carrying out strategic assessment and re-shaping of the current portfolio. Properties not currently deriving an income but incurring holding costs will remain at status quo in the interim.

7.1.3 Programmes Evaluation

Invercargill City Council is developing a greater understanding of the business case approach developed by Treasury. This approach is used to make better informed investment decisions, better value for money and better outcomes for the community. More training for staff will be sought in this principle.

7.2 OPERATIONS AND MAINTENANCE

7.2.1 Operation/Maintenance Strategy

With residential tenancies there is an annual programme in place for heat pump servicing and chimney cleaning, as well as reminders to tenants for gutter clearing and changing of smoke alarm batteries. Programmes are in place for section mowing and maintenance, as well as annual hedge trimming etc.

Our strategy is otherwise to continue on a mainly reactive maintenance basis in most cases and appointing approved contractors to have any repairs and maintenance undertaken, as and when required. Buildings are regularly inspected for either building warrant of fitness purposes or on a quarterly basis. Lessees/Tenants are in contact as and when issues arise, which require attention. Funds are allocated annually for anticipated maintenance requirements.

Lease renewals and rent reviews are actioned per the process set out in each individual Deed of Lease, which requires a current market rental to be advised to the lessee within a specific period, allowing time for further negotiation/mediation prior to due date.

The annual insurance renewal commences approximately three months prior to due date to ensure that all relevant information is received and reviewed before forwarding to the Insurers. All acquisitions and disposals (buildings, vehicles, plant) are advised to insurers as they occur.

Operational and maintenance requirements for the dairy farm are reviewed at a quarterly Farm Committee meeting, attended by the Investment Property staff, the Sharemilkers and two dairy industry consultants. Any urgent matters are dealt with my communication as and when required to all parties.

7.2.2 Operation/Maintenance Standards and Specifications

Standards and regulations are those applicable to industry standards per qualified person (builders, plumbers, electricians, farm consultants) and are per current regulations:

- Building Regulations
- Hazardous Substances Regulations 2001
- Electricity Regulations 203
- Health and Safety at Work Act 2015

7.2.3 Operation/Maintenance Options and Alternatives

There are currently three property departments in Council – Investment Property, Building Assets and Parks Assets. There could be the opportunity to pool resources, knowledge and expertise into one property division of Council. It is an assumption that the current structure will remain.

For building maintenance management most breakdown and scheduled maintenance work is carried out by small local contractors at their normal charge rates. There is insufficient volume of work to necessitate use of maintenance contracts. This provides flexibility to use a range of contractors and is also expected to help maintain a number of contactors in the small pool of contractors available in Invercargill.

An alternative could be for all building related/facilities management to be outsourced and for Council insurance management activities to be repositioned within Council.

7.3 ASSET RENEWAL/REPLACEMENT

Management of Capital and Special Projects is presently carried out in a variety of ways, which are chosen to suit the budget and circumstances of each project:

- Invercargill City Council Staff (Investment Property Administrator or Advisor), acting as Project Manager.
- Project Management consultants employed for specific projects.
- Architects and Quantity Surveyors employed to design and manage specific projects.

Assets within Investment Property are not generally subject to a renewal strategy however it would be beneficial to investigate further in development of an Asset Management Plan.

7.4 CAPITAL DEVELOPMENT PLAN

7.4.1 Asset Development Strategy

The strategy for development or growth is assessed and prioritised by Council on a case by case basis.

7.4.2 Capital Development Selection Criteria

Capital Development is currently selected on a case by case basis, with internal assessment.

7.4.3 Capital Development Options and Alternatives

Establish set criteria when considering capital development.

Detailed business case/feasibility study to be carried out prior to any capital development taking place, utilising the services of suitably qualified consultants.

7.5 DISPOSAL PLAN

There is no formal disposal plan in place for Investment Property. The portfolio currently consists of 50 land leases and lessees are able to request “freeholding” of the land that they occupy. This is dealt with on an as and required basis with any decision resolved by full Council.

Prior to any property transaction, a comprehensive historical search is required to ascertain how Council acquired the land and for what reason. This involves researching the intent of each specific purpose and adhering to conditions of the corresponding legislation.

7.5.1 Forecast Future Disposal of Assets

There are currently 28 vacant land lots which have been acquired either through rating sales or the taking of abandoned land which could be prepared for disposal. These sites are not seen as highly desirable or high yielding.

7.5.2 Forecast of Income/Expenditure from Asset Disposal

Proceeds from the disposition of property investments are used for the retirement of debt relating to such property, or allocated to the general rates, endowment funds or other special reserves.

The Local Government Act 2002 strictly controls the disposal of endowment property and details conditions applying to sale or exchange of endowment property and application of disposal proceeds. The Minister may approve additional or different purposes for which the property may be used, or for which income derived from the property may be used.

Proceeds from the sale of 28 vacant land lots would be allocated to rates or special reserved (if deemed appropriate). The combined total current land value is \$604,900 (as per the Investment Portfolio Audit Report, dated 30 June 2017). Although it is not anticipated that these sections would achieve this combined value in the current real estate market, Council will benefit through savings on holding costs (rates/maintenance).

7.6 RECOMMENDED PROGRAMME

Over the course of the Long-Term Plan it is not anticipated that significant Capital Expenditure will be required on this Asset. In the event of any major requirements, loan funding will be used.

It will be a priority to formulate an Asset Management Plan to evaluate capital renewal and programmed maintenance of Investment Property buildings, in particular at 20 Don Street.

7.7 HOW THE ACTIVITY WILL BE RESOURCED

7.7.1 Internal Resourcing

The Investment Property department currently employs two full time staff – Investment Property Advisor and Investment Property Administrator. This activity also includes management of day-to-day insurance activities, claim and annual revaluation and premiums assessments as well overseeing management of the Awarua Dairy Farm. The department also carries out project work relating to property transactions within the wider Council portfolio.

Sustained development and project work will create a situation whereby the current staffing levels will not be sufficient to meet core responsibilities and the day to day operation of the Investment Property Activity.

7.7.2 Procurement Strategy

The Investment Property department does not have a formal procurement procedure however follows the general rule of obtaining quotes specific to each requirement (where possible) and assessing contractors based on value for money, continuity of service, emergency response and ability to meet Council's Health and Safety requirements (as an approved Contractor).

Typical Investment Property procurement of goods and services include:

- Purchase of chattels/white ware for residential houses.
- Residential house re-fit (carpeting, painting, installation of spouting/gutters/windows).
- Repair and maintenance of chattels (bathrooms, kitchen, laundry, office).
- Programmed maintenance (gutter clearing, chimney sweeping, heat pump servicing, re-painting).
- Driveway, pothole and slumping repairs and additions.
- Fence construction and/or repair.
- Roof Leaks/water leaks.
- Insulation and mould issues/vermin control.
- Service of sewerage field/septic tank/effluent tank.
- Mowing and section/tree/hedge maintenance.
- Electrical and power issues.
- BWOFF/IQP requirements

With the acquisition/disposal of property, services are requested by appropriate professionals such as the City Solicitor, Registered Valuer, Geotechnical Scientist, Surveyor, and Land Information Services on an as and when required basis. These consultants are chosen for their appropriate skills, knowledge and experience.

Moving forward (from late 2017) with the completion of the Don Street Business House, there will be a requirement to procure provision of services such as cleaning, hygienic disposal of wastes from toilets, IPQ services, electricity supply, programmed maintenance etc. and it is anticipated that an open tender process will be used, wherever possible.

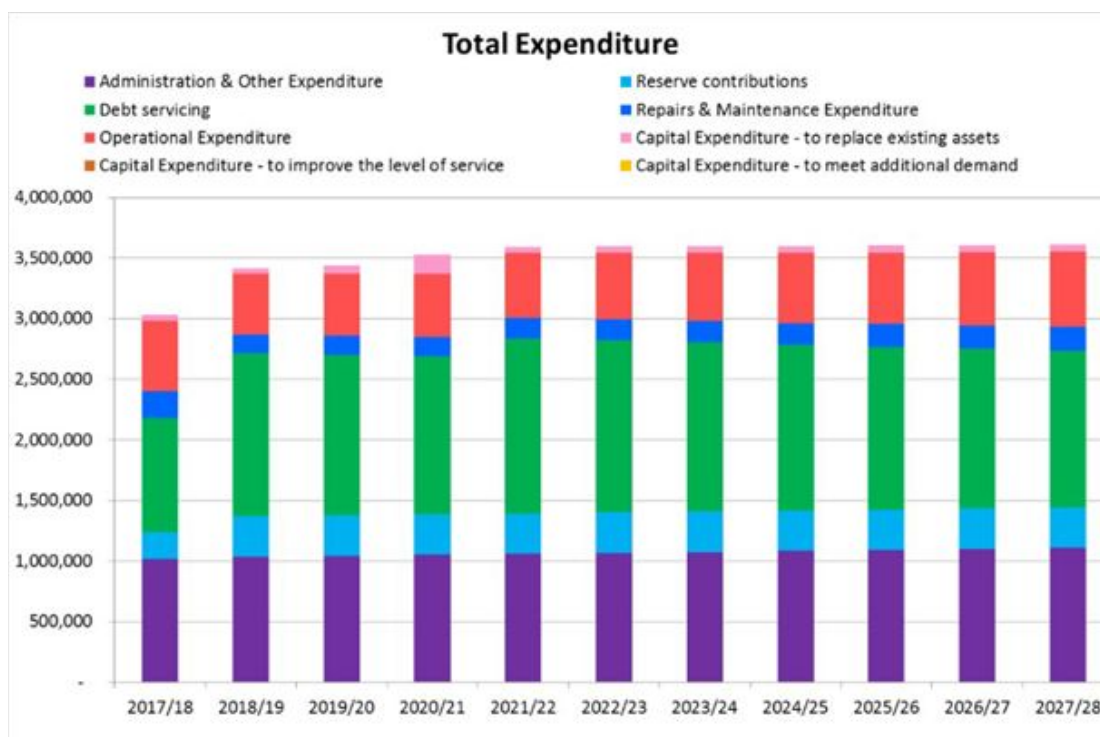
8. Financial Management

8.1. OVERVIEW

8.2 FINANCIAL SUMMARY - WHAT THE ACTIVITY COSTS **JAIMEE PROVIDING UPDATED?**

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
Internal Revenue	25,000	65,000	66,625	68,291	69,998	71,748	73,542	75,380	77,265	79,196	81,176
Fees & Charges Revenue	1,741,049	2,320,296	2,354,903	2,389,300	2,419,119	2,457,222	2,496,278	2,536,309	2,577,342	2,619,401	2,662,511
Grants & Subsidies Revenue	0	0	0	0	0	0	0	0	0	0	0
Rates Revenue	0	0	0	0	0	0	0	0	0	0	0
Financial Revenue	897,254	841,700	841,705	841,710	841,715	841,721	841,726	841,732	841,738	841,744	841,750
Total Revenue	2,663,303	3,226,996	3,263,233	3,299,300	3,330,832	3,370,691	3,411,545	3,453,421	3,496,345	3,540,341	3,585,437
Internal Expenditure	0	40,000	41,000	42,025	43,076	44,153	45,256	46,388	47,547	48,736	49,955
Staff Expenditure	135,735	139,781	143,246	146,798	150,439	154,171	157,996	161,917	165,935	170,055	174,277
Administration Expenditure	139,571	115,506	118,394	121,353	124,387	127,497	130,684	133,952	137,300	140,733	144,251
Financial Expenditure	938,265	933,916	912,386	890,866	1,034,930	1,009,305	985,251	956,519	932,430	906,805	882,587
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	224,181	155,642	159,533	163,521	167,609	171,800	176,095	180,497	185,009	189,635	194,376
Operational Expenditure	577,629	497,292	509,724	522,467	535,529	548,917	562,640	576,706	591,124	605,902	621,050
Depreciation Expenditure	23,951	23,600	23,600	23,600	23,600	23,600	23,600	23,600	23,600	23,600	23,600
Total Expenditure	2,039,332	1,905,737	1,907,883	1,910,632	2,079,571	2,079,442	2,081,523	2,079,578	2,082,947	2,085,465	2,090,095
Operating Surplus / (Deficit)	623,971	1,321,259	1,355,350	1,388,669	1,251,262	1,291,248	1,330,023	1,373,843	1,413,398	1,454,875	1,495,342
Capital Expenditure - to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure - to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure - to replace existing assets	50,000	50,000	70,725	157,594	53,845	55,191	56,570	57,985	59,434	60,920	62,443
Capital Expenditure	770,000	770,000	790,725	877,594	773,845	775,191	776,570	777,985	779,434	780,920	782,443
Debt movements	0	410,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000
Reserve movements	(474,060)	(233,001)	(224,599)	(316,201)	(294,823)	(284,823)	(275,659)	(264,000)	(254,823)	(244,823)	(235,595)
Cash Back Depreciation	(891)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Rates Required	328,922	374,760	379,724	417,776	362,740	391,381	419,611	450,359	479,287	509,278	538,994

8.2.1 Council Funded Programmes



8.3 FINANCIAL POLICIES

The Local Government Act 2002 requires Council to manage its finances prudently and in a manner which promotes the current and future needs of the community. Council must ensure that each year projected operating revenues are set at a level sufficient to meet the years projected operating expenses.

The Revenue and Financing Policy states Council's policy on the funding of its operating and capital expenditure and the sources of those funds.

Council for each activity must give consideration to who benefits from the activity and the appropriate level of private versus public benefit when funding the activity. Public benefit is gained from having access to activities provided by Council. Private benefit is gained from receiving goods or services provided by Council, ie Building consent for work carried out by private residents.

8.4 HOW WE PAY FOR THE ACTIVITY

The following Sources of funding are used by Council:

- General Rate
- Targeted Rate
- Fees and Charges
- Other Sources of funding
- Loans and Reserves

Investment property is funded from fees and charges; these are mainly via lease/rental income, dairy income and commissions from property transactions.

Who Benefits	Funding Sources and Proportions	Demand Generators
Public: Net income used to offset rates	Fees/Charges: 100%	Change in property values

8.5 ASSET VALUATION

Annual figures from the valuation of investment property are suitable for including in annual financial statements and have been carried out in accordance with the appropriate Australia and New Zealand Valuation Property Standards; and the New Zealand accounting standard on Investment Property (PBE IPSAS 16) issued by the External Reporting Board.

The annual valuation is carried out in accordance with the NZIV/PINZ and International Valuation Standards by a Registered Public Valuer. These reports are prepared annually for review by Audit New Zealand.

8.6 RELIABILITY OF FINANCIAL FORECASTS

8.6.1 Revenue Forecasts

- Global dairy fluctuations affect milk prices, a 10% price movement can have a \$75,000 positive or negative effect.
- Biggest influence on sensitivity is occupancy/variability in tenancies.
- Other revenue (leasing) is not sensitive to movements in market price due to long term contracts and lease terms.

8.6.2 Operational Forecasts

- Investment Property expenses are generally stable in relation to market prices therefore budget forecasts are not sensitive to change however are still exposed to general inflationary type movements.
- The exception being interest rates, whilst forecast to remain stable over the life of the plan, these are driven by outside forces outside of Council's control.
- Operational budgets are created based on actual expenditure from previous years plus CPI adjustments, taking into consideration acquisitions or disposals that will have an impact on costs such as rates, insurance, maintenance etc.

8.7 SUMMARY OF PROGRAMME ASSUMPTIONS

This plan is based on the following assumptions:

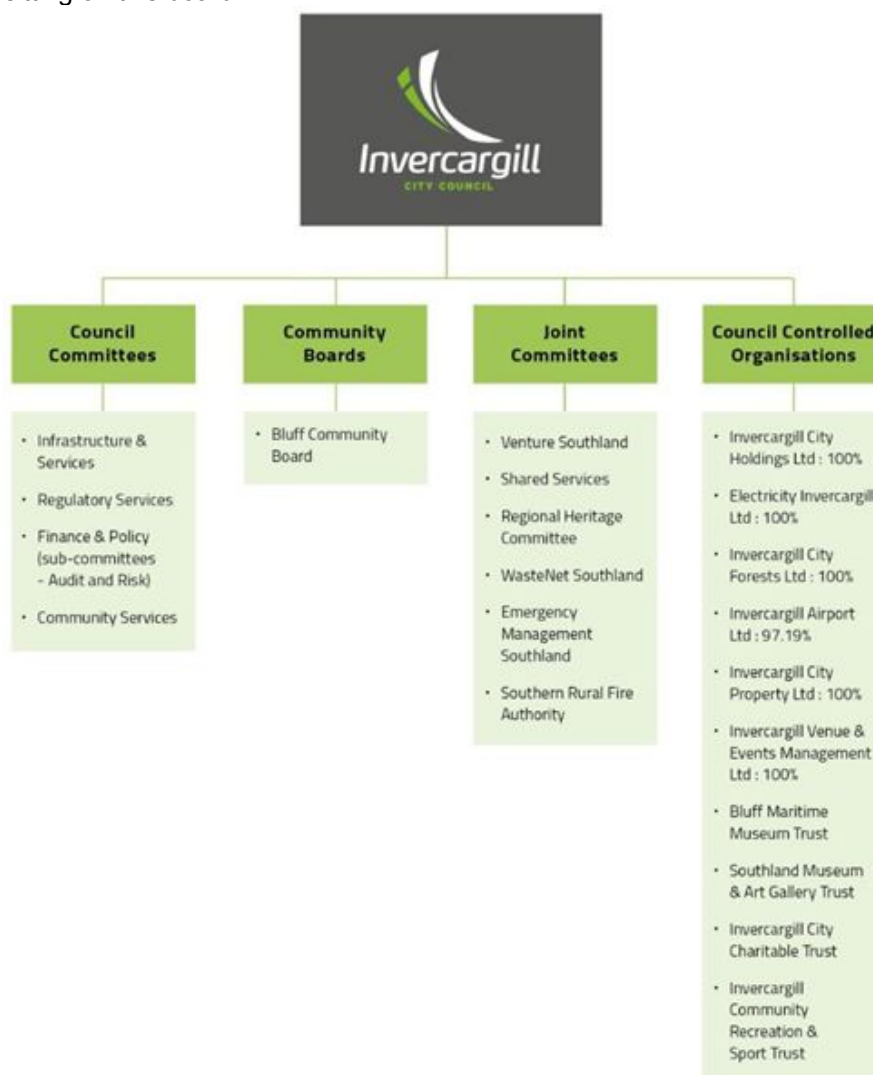
- Requirement for performance evaluation of all current properties for recommendations on asset retention, rationalisation and disposal or re-development. Potential to divest of sites with a nil return.
- Predicted future freeholding requests from Lessees will see Endowment proceeds increase for further investment in property.
- Requirement for greater use of professional consultancy to provide specialist services in relation to the Investment Property assets

9. Delivering and Monitoring the Programme

9.1 PROGRAMME GOVERNANCE AND REPORTING

Council operates on a six-weekly cycle with four Committees meeting before a full Council meeting. These Committees accept and receive reports from their relevant Directorate and Management Staff are at these meetings to answer any questions that arise. This reporting process ensures accountability to Councillors and allows for transparency to the public. Further to the four Directorate Committees, there are smaller sub-committees such as Audit that meets to discuss issues relating to the Annual Report, Annual Plan, Long-Term Plan processes and any other audit related issues.

The Bluff Community Board is established as a Committee who reports to Council on behalf of the Bluff area and deals with any issues relating to their area. Council provides direction to this Committee and has a representative sitting on this board.



Councillors are elected on a triennial basis through local government elections with the community voting for 12 Councillors and a Mayor. The Chief Executive role is reviewed every five years. In addition to this, Council undertakes a Representation Review every six years to ensure that the Community is aware and accepting of the current Council structure.

Council develops their Long-Term Plan every three years in line with their obligations under the Local Government Act 2002, every year following this Council will adopt an Annual Plan which will make any amendments to the existing Long-Term Plan and allows for members of the community to submit on this process.

Further, Council will provide an Annual Report, which is a full year financial snapshot of Council's activities for that financial year. This is also compared to the financial projections in Council's Long-Term Plan.

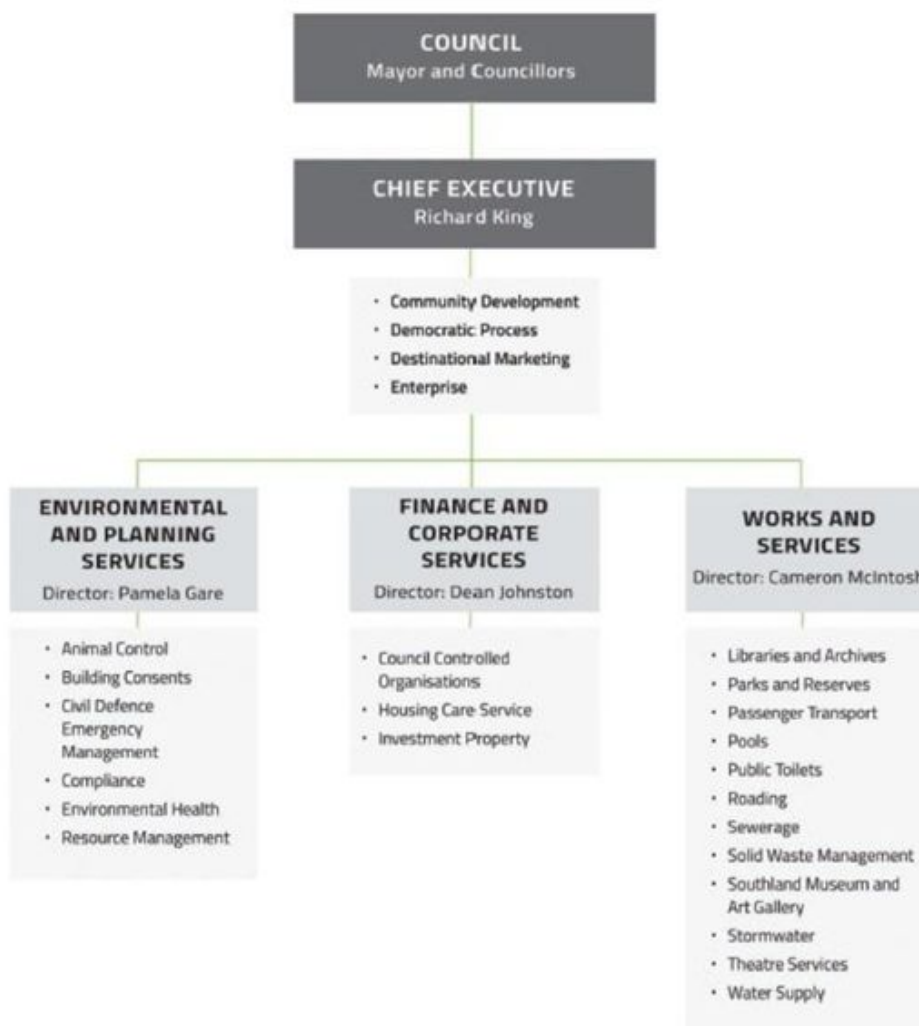
9.2 STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS

Council currently utilises a myriad of methods to engage in consultation with members of the community. The Local Government Act 2002 states specific methods of consultation to be utilised by Council for certain processes, Council adds to this through innovative and community-tailored engagement techniques. The following are examples of current Council consultation methods:

- Imagine Invercargill is a new engagement website where members of the public can submit ideas on how to improve Council services.
- Consult South is a website that highlights any current or up and coming consultation items.
- Regular use of the Consultation Caravan where members of the public can pop in to ask questions of elected members and staff.
- Public Forums at Council and Committee meetings.
- Public requests to be heard as a specific Agenda item.
- Regular features in the newspapers and rates newsletters which inform ratepayers of issues.
- The City Focus Radio show that highlights current topics that the Council is addressing.
- The Mayor holds appointments with residents who wish to raise issues of concern.
- Community Engagement processes when Council is considering making a significant decision.
- Formal consultation through the Special Consultative Procedure for issues such as the Long-Term Plan and some Bylaws.
- Facebook page where individuals can ask questions and express opinion to Councillors and staff.

9.3 BUSINESS PROCESSES

The management structure of the Invercargill City Council is as follows:



Council staff operates under a Delegations Register (Appendix 1.10) that is adopted by Council; this Register lists every department with specific delegations that are required under legislation or Council policies so that staff members are able to carry out their specific job requirements.

9.4 INFORMATION SYSTEMS AND DATA

Geographical Information Systems (GIS)

Provides mapping and spatial analysis tools for Council to graphically determine and understand where Council facilities or assets are located. This includes geocoding our data, putting it on a map, and symbolising it in ways that can help visualise and understand the data. The software display how places are related which help make more informed decisions about the best locations and paths for infrastructure and planning. Utilising these attributes we can use the software to help make predictions and better understand our environment.

Infor Pathway

Delivers a comprehensive offering of fully integrated functionality for managing council related business processes including:

- Customer Service and People Management - central name/address register and customer request management;
- Land and Property Management - administration tools to assist with land and property management;
- Revenue Management - capabilities such as rates accounting, property valuations, debtors and water billing;
- Regulatory Management - a comprehensive range of workflow-driven modules to ensure that local and national regulatory legislation for consents processing, parking and animals, and health and liquor licensing are complied with;
- Internet-enabled customer self-service - ePathway enables Council customers to conduct local government e-commerce online.

Microsoft AX Dynamics

This programme is the main accounting software; this system records all accounting entries, inventory entries, account payable entries and fixed asset data. The AX system also provide the council reconciliation control environment, maintaining such control as GST and FBT obligations, bank reconciliations, as well of all other balance sheet reconciliations of the Council.

MYOB PayGlobal

Provides a workforce management with the payroll and human resources management software provides the analytical, planning and operational tools to monitor staff activities and performance. There is a self-service platform (Ernie) where employees and managers access leave, personal info, payslips, and timesheet data online. Allowing employee attendance, management and tracking.

Objective

Delivers an Electronic Document and Records Management (EDRMS) service across all of Council providing information management processes and business process automation with robust security, version control and audit management to ensure Council complies with recordkeeping standards; this reduces the risk associated with managing information in multiple locations

Opal 3

This programme is utilised by all departments who monitor their levels of service for activity; this programme requires specific data to be entered six weekly or monthly (as required). Third tier managers enter this data, with the Director or Manager to approve this entry. The data required is updated in line with the Long-Term Plan.

TM1 Cognos

This is the financial reporting and budgeting system for Council. Information is taken from the AX dynamics system and downloaded into the TM1 system, allowing Council to report on actual performance against budget. Council budgets for both the Long-Term Plan and Annual Plan are completed within the TM1 Cognos system.

9.5 PROGRAMME PERFORMANCE MONITORING AND REVIEW

The Director of Finance and Corporate Services, Manager – Financial Services and Investment Property Advisor all have differing but complementary roles in monitoring and review of the Investment Property Activity.

9.5.1 Monitoring Approach

Staff who oversee the budgets in relation to the Investment Property Activity receive monthly budget updates. This allows the opportunity to review the performance of the activity and highlight any areas of over or underachievement.

Council operates on a six-weekly cycle with meetings for the four Committees of Council that look into each department at Council and are provided with extensive monitoring and reporting of levels of services for activities and assets that come out of that department, alongside monthly financial accounts for each department. The Committee will question these reports with Managers present to answer any questions that arise from the reports.

The information for these reports is entered into various software systems as detailed in Section 9.4. This monitors the performance both fiscal, and service based against targets and budgets from Council's Long-Term Plan. Targets can be key performance indicators, internally driven targets or provided from a Ministry that oversees that area, ie Department of Internal Affairs. At a full Council meeting these reports are then received.

9.5.2 Frequency of Review

Every financial year Council prepares an Annual Report that is the key document in ensuring the expenditure for the year was efficient and is pertinent in ensuring accountability to the community and ratepayers.

The Annual Report does not just show the current financial status, but also shows the levels of service for all Council activities and assets measured against the yearly targets set in the Long-Term Plan. As noted in 9.1, these are measured and reported six weekly in the Council meetings. The Annual Report is a holistic overview of their performance.

10. Continuous Improvement

10.1 CURRENT ACTIVITY MANAGEMENT PRACTICE

	Type	Quite Inadequate	Needs a lot of improvement	Quite Good, But Could be Improved in Some Areas	Very Good	Comments
Management <ul style="list-style-type: none"> Of the Department (Leadership) Of the staff on a daily basis All work planned for the year completed within the year, to the predetermined standard required, within the predetermined timeframe, for not more than the budgeted cost 	PD PD OP			X		Direction for activity needs to be clarified
Technical Competence <ul style="list-style-type: none"> New works design Project Management Management of contractors (especially Network Maintenance Contractors) Maintenance organisation and management Other technical skills required by this service 	OP OP OP OP PD				X	Signed contracts for significant contracts. Contracts with professional service providers.
Forward Planning and the Setting of Priorities <ul style="list-style-type: none"> The completeness and overall quality of the priority setting and financial forecasts and assumptions for the next 20 years For maintenance and operations (for the next 10 years) For new capital (for the next 20 years) For renewals (for the next 10 years) 	OP OP OP		X			Direction for Activity needs to be clarified

	Type	Quite Inadequate	Needs a lot of improvement	Quite Good, But Could be Improved in Some Areas	Very Good	Comments
Communications/Relationships <ul style="list-style-type: none"> • With customers • Written (letter writing) • Verbal (phone) • Verbal (personnel contact) • With elected representatives (where relevant) • With other departments • Within the department 	CS CS CS CS CS CS PD				X	Professional, firm and fair relationships developed with clients.
Financial Management <ul style="list-style-type: none"> • Budgets preparation (quality, completeness, and timeliness) • Adherence to budgets once approved • Always aware of costs against budget throughout the year 	OP OP OP				X	Investment Property activity has performed well against budget targets.
People <ul style="list-style-type: none"> • Job breakdowns, job instructions, work guidelines practice notes available for all relevant tasks and all up-to-date • All staff delegations up-to-date • All warrants up-to-date 	PD PD PD			X		Two people employed in this activity.
Knowledge of the Physical Assets <ul style="list-style-type: none"> • How well the physical assets that have to be managed are understood • Location • Material type 	OP OP OP			X		Asset Management Plan to be developed. Performance evaluation of all individual investment properties to be carried out.

	Type	Quite Inadequate	Needs a lot of improvement	Quite Good, But Could be Improved in Some Areas	Very Good	Comments
<ul style="list-style-type: none"> • Condition • Capacity • Age and remaining life • Performance • Criticality 	OP OP OP OP OP					Investigation future uses of strategic land and buildings to be implemented.
Support Services <ul style="list-style-type: none"> • Administrative support • Financial support • Office accommodation • Office furniture and equipment (work tools) • Transport • Record keeping (completeness and easily accessible) • Complete and up-to-date policy manual 	PD PD PD PD PD PD PD				X	Modern office furniture and office space are provided.
Performance Management <ul style="list-style-type: none"> • Sufficient and appropriate performance measures • Sufficient and appropriate performance targets • All measures and targets being monitored • Monitoring results promptly reported (at all relevant levels) • Performance trends (over several years) clear and understood • Performance results actually used to improve performance 	OP OP OP OP OP OP			X		Annual Performance Reviews held.

	Type	Quite Inadequate	Needs a lot of improvement	Quite Good, But Could be Improved in Some Areas	Very Good	Comments
<ul style="list-style-type: none"> All employees regularly being given “true” feedback about their performance 	PD					
Business Continuity <ul style="list-style-type: none"> Disaster Plans up-to-date 	OP				X	Loss of profit insurance cover held.
Legislative Compliance <ul style="list-style-type: none"> No known areas where legislative requirements not being fully complied with 	OP				X	None known.
Strategic Advice <ul style="list-style-type: none"> The general quality (and timeliness) of strategic advice (and the extent to which the strategic policy approach for this activity is clearly specified, continues to be appropriate, and is up-to-date) 	SA			X		Clarification of the direction for this activity required.
<ul style="list-style-type: none"> The quality and timeliness of reporting to the elected Council and its Committees 	CS					Timely reporting to Council.

Status Key: CS = Customer Service
 OP = Organisational Performance
 PD = People Development
 SA = Strategic Advice

10.2 IMPROVEMENT PROGRAMME

Item	Appendix Relative urgency						Smart Objective	Activity Improvement Priority and Type		Responsible Person	Target Date for Completion	* Status	Completion Date
	1	2	3	4	5	6							
Development of an Asset Management Plan for Investment Property buildings.			X				Asset Management Plan adopted by June 2020	SA	5	Investment Property Department	30 June 2020	NS	
Performance Evaluation of all individual Investment Properties (recommendations on individual asset retention, rationalisation and disposal or re-development).			X				Performance Evaluation completed by June 2020	SA	5	Investment Property Department	30 June 2020	NS	
Continuation of a Marketing Plan for Awarua Industrial Estate.		X					Marketing Plan to be developed by June 2021	OP	1	Chief Executive	30 June 2021	IP	
Service Level Agreements.				X			To be developed, agreed and completed with internal clients	SA	4	Investment Property Department	30 June 2020	NS	

Activity Improvement Key: OP = Organisational Performance
 CS = Customer Service
 SA = Strategic Advice
 PD = People Development

10.3 IMPROVEMENTS FROM PREVIOUS ACTIVITY MANAGEMENT PLAN

- Recruitment of a highly experienced Sharemilker to enhance Awarua dairy farm operation and output.
- Improved systems in relation to core responsibilities (insurance, property inspections, inspection maintenance, lease renewals/reviews).
- Focus on consolidating Investment Property portfolio to maximise yields/returns.
- Ensuring income stream for future endowment through development and tenanting of 20 Don Street development.

10.4 MONITORING AND REVIEW

Progress and successful completion of the improvement programme will be monitored through the staff performance management systems Council utilises. The success of the improvement programme will be further monitored through ongoing reporting to the Finance and Policy Committee of Council and where appropriate through the Annual Report process.

11. Glossary

Term	Definition
BWOF	Building Warrant of Fitness
Conveyance	Transfer of the legal title on a property from one party to another
Covenant	Restriction registered on the Certificate of Title to a piece of land which may affect future plans or resale of the property
Deed	A legal document which states ownership of a property
Easement	A right to cross or otherwise use someone else's land for a specified purpose
Endowment	Awarded or donated to provide permanent income (<i>proceeds from the sale of Endowment land must be invested in property as per the original purpose of the land</i>)
Fee Simple	Freedom to dispose of property at will
Freeholding	Tenure of land for life without restriction (ownership)
Geotechnical Scientist	Specialist who investigates subsurface conditions and materials
In Perpetuity	Forever
IQP	Independently Qualified Person
Leasehold	A form of property ownership where you own the buildings and any other improvements on the site, but you lease the land from a land owner
LINZ	Land Information New Zealand
Municipal	Relating to a city or town
Peppercorn	A very low or nominal rent
Perpetual Lease	Also referred to as a 'Glasgow Lease'. This usually lasts for 21 years; once the lease expires the tenant has a right of renewal on the same terms and conditions as the original lease
Reclaimed land	Land that was previously under water, or that was unusable, made suitable for occupation/building
Strategic	Advantageous/overall plan
Trading	Buy, sell or exchange

12. Appendices

The Appendices for all of Council's Activity Management Plans are kept separate. The list below highlights the appendices that relate to this Activity Management Plan and where to find them in the Corporate Appendices Register.

Refer to Appendix 8.01 for an overview of properties currently managed and controlled by the Investment Property Activity.

Number	Type	Title
1.01	Corporate	Long-Term Plan – Background and Assumptions 2018-2028
1.02	Corporate	Community and Regulatory Services: 2014 Residents' Survey
1.03	Corporate	2013 Service Level Survey: Parks, Reserves and Cemeteries Report
1.04	Corporate	2013 Service Level Survey: Roading Report
1.05	Corporate	2013 Service Level Survey: Solid Waste Report
1.06	Corporate	2013 Service Level Survey: Stormwater and Sewerage Report
1.07	Corporate	2013 Service Level Survey: Water Supply Report
1.08	Corporate	Levels of Service Research Report 2016
1.09	Corporate	Corporate Risk Framework / Standard
1.10	Corporate	Delegation Register September 2016
1.11	Corporate	Asset Data Confidence Report
8.01	Investment Property	Property managed and controlled by the Investment Property Activity

TO: FINANCE AND POLICY COMMITTEE
FROM: CR DARREN LUDLOW
MEETING DATE: TUESDAY 31 OCTOBER 2017

OPERATIONAL EXPENDITURE REVIEW

Report Prepared by: Cr Darren Ludlow

SUMMARY

<p>To establish savings over the life of the Long-term Plan, the Finance and Policy Committee, working alongside the Finance Department, should undertake a review of the operational expenditure in each Council department.</p>

RECOMMENDATIONS

That the Finance and Policy Committee work alongside the Finance Department to undertake a review of the operational expenditure in each Council department.

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> No
2.	<i>Is a budget amendment required?</i> No – but it is anticipated that savings will be found.
3.	<i>Is this matter significant in terms of Council’s Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> Nil
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> Not required
6.	<i>Has the Child, Youth and Family Friendly Policy been considered?</i> Yes

FINANCIAL IMPLICATIONS

It is anticipated that this review will find savings in the operational budgets of Council’s departments.

OPERATIONAL EXPENDITURE REVIEW

During the Council workshop to give staff direction for developing the Long-term Plan, Council staff advised Councillors that in some years of the 10 year Plan there was a possibility of breaching the benchmark caps for rate increases. One method for addressing these breaches would be to find savings within the years' where there is a potential breach.

To find savings it is recommended that the Finance and Policy Committee work alongside the Finance Department to review the operational expenditure in each of the departments. It is anticipated that this review would be similar to an internal efficiency audit, where recommendations for efficiencies and associated savings are presented to Council.

Councillors can recommend which departments they wish to begin with. Unless there is a strong recommendation from Councillors for a different department, it is recommended that, as the departments within the Finance Directorate are overhead charges to other departments, they begin the review.
