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## **NOTICE OF MEETING**

**Notice is hereby given of an  
Extraordinary Meeting of the  
Invercargill City Council  
to be held in the Council Chamber, First Floor  
Civic Administration Building,  
101 Esk Street, Invercargill  
On Tuesday 6 March 2018 at 5.00 pm**

His Worship the Mayor Mr T R Shadbolt JP  
Cr R R Amundsen (Deputy Mayor)  
Cr R L Abbott  
Cr A J Arnold  
Cr K F Arnold  
Cr T M Biddle  
Cr A H Crackett  
Cr I L Esler  
Cr G D Lewis  
Cr D J Ludlow  
Cr I R Pottinger  
Cr L F Soper  
Cr L S Thomas

RICHARD KING  
CHIEF EXECUTIVE

## **Council's Values:**

- Responsibility      Take ownership of decisions and outcomes, both collectively and individually.
- We willingly share our knowledge.
  - We acknowledge our mistakes, work to resolve them and learn from them.
  - We give and receive feedback in a constructive manner to resolve issues.
  - We do our job with total commitment.
- Respect              Everyone is important, as are their views.
- We support and care for each other.
  - We stop to listen, learn and understand.
  - We communicate in an honest, up-front and considerate manner.
  - We maintain confidences and avoid hurtful gossip.
- Positivity            Always look on the bright side of life.
- We are approachable, interested and friendly.
  - We are open and receptive to change.
  - We acknowledge and praise the efforts of others.
  - We work together as a team to get the job done.
- Above and Beyond    Take opportunities to go the extra mile.
- We take the initiative to improve our work practices to get the best results.
  - We challenge ourselves and each other to make it better.
  - We take pride in providing the best possible outcomes.
  - We are ambassadors for our Council at all times.

## **Council's Vision for the City:**

Enhance our City and preserve its character, while embracing innovation and change.

## **Council's Vision:**

We are an energised, fun and innovative team that makes it better for each other and our community.

## **Council's Mission:**

Making it better by making it happen.

# A G E N D A

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**TO: EXTRAORDINARY COUNCIL**

**FROM: CHIEF EXECUTIVE**

**MEETING DATE: TUESDAY 6 MARCH 2018**

<b>REVENUE AND FINANCING POLICY</b>
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**Report Prepared by:** Melissa Short – Manager, Strategy and Policy

**SUMMARY**

The Revenue and Financing Policy establishes Council's approach to financing each activity and will need to be consulted on concurrently with the Long-term Plan.
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**RECOMMENDATIONS**

**That the Revenue and Financing Policy is adopted by Council for public consultation to occur concurrently with consultation on the Long-term Plan.**

**IMPLICATIONS**

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> The Policy has been amended to align with Council's approach to funding its activities. This alignment flows through into the proposed financial statements for 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> This assists to develop the policy.
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> The public will have the opportunity to make submissions on the Revenue and Financing Policy during its consultation period that will run concurrently with the Long-term Plan process.
6.	<i>Has the Child, Youth and Family Friendly Policy been considered?</i> N/A

**FINANCIAL IMPLICATIONS**

No financial implications arise from this report.

**REVENUE AND FINANCING POLICY**

On 30 January 2018, Council adopted the Revenue and Financing Policy in its draft form for audit purposes. Following the audit a number of minor amendments have been made to the Policy.

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

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 year's projected operating expenses.

The Revenue and Financing Policy is attached as **Appendix 1**.

The Policy must be consulted on before finalising. Staff recommend that consultation on the policy be undertaken concurrently with the LTP consultation.

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## **REVENUE AND FINANCING POLICY**

### **Introduction**

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

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 year's projected operating expenses.

### **General Principles**

In considering the sources of its funding, consideration was given to the following in relation to each activity.

- The Community Outcome to which it primarily contributes.
- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.
- The period in or over which those benefits are expected to occur.
- Identification of issues which would change demand for the activity.
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.
- The extent to which an individual's or group's action contributes to the need to undertake a service.

After giving consideration to the above the Council then considered "the overall impact of any allocation of liability for revenue needs on the community".

Invercargill City Council's funding policy is to treat both operating and capital expenditure in the same way. That is to say, the extent to which the provision of a service by the Council is a public or private good will largely determine the extent to which rates or fees and charges fund capital expenditure.

For example, the revenue funding policy for Parks and Reserves is 45–65% public good; 35-55% private benefit. Funding the capital expenditure would be proportioned the same way, ie 45-65% by rates and 35-55% by fees and charges.

### **Period of Benefit**

Three periods of benefit have been identified:

#### **1. Short term**

- Activities which have an immediate, short term benefit/impact (1-5 years) on a client or organisation.

**2. Medium term**

- Activities undertaken to implement legislation which, if amended, may alter the activity's areas of responsibility and focus.
- Activities which contribute significantly to the needs of the community.

**3. Long term**

- Activities which rely on Council's strategic assets listed in the Significance and Engagement Policy.
- Activities which rely on structures/buildings having a lifespan of at least 25 years.

***Identification of Who Benefits From the Activity***

Consideration of who benefits is unique for each activity. Individuals, when they obtain a consent / registration / licence / certification which allows them to undertake an activity, receive a personal benefit. Applicants pay the full costs associated with processing applications, once lodged.

Public benefit is gained from having access to activities provided by Council and the opportunity to be involved in the development of policies which will guide their operation.

The public benefit by having confidence in Council implementing policy and standards fairly and efficiently. Complaints are investigated and resolved.

***Funding Sources***

The following sources of funding are used by Council:

***General Rate***

General rates are used to fund activities where it is not possible to clearly identify customers or users.

The general rate is also used to fund activities where, for reasons of fairness and equity, consideration of the wider community good indicates that this is the most appropriate way to fund an activity. Differentials detailed in the Funding Impact Statement are applied to this rate. Differentials have been applied to the residential rating unit base rate in order to maintain an equitable rating impact.

***Targeted Rates***

Targeted rates are used where an activity benefits an easily identifiable group of ratepayers and where it is appropriate that only this group be targeted to pay for some or all of a particular service, for example, water supply. Differentials detailed in the Funding Impact Statement are applied to this rate.

Differentials have been applied to the residential rating unit base rate in order to maintain an equitable rating impact.

***Fees and Charges***

These are direct charges to individuals or organisations who use certain activities such as pools and building consents.

***Other Sources of Funding***

Other sources of funding received by Council include dividends, interest, proceeds from asset sales and income from external agencies. These are used to support an activity e.g. government assistance such as the New Zealand Transport Agency for the roading activity.

***Loans and Reserves***

Activities which rely on assets to provide services use reserve funds for capital renewals and improvements as well as loans. Reserves are developed and reserves and loans repaid on the same proportion as the benefits received from the activity.

While borrowing may be used from time to time, usually to give effect to the principles of intergenerational equity, the repayment and servicing of the debt is funded by rates, fees and charges and other sources. In short, the actual borrowing is a mechanism only; the revenue and financing policy applies to its repayment and servicing.

***Rating Basis***

Council has elected to use capital value as the basis for apportioning rates charges against the rating units where applicable. All fixed charges are based on rating units.

***Demand Generators***

The Long-term Plan is based on assumptions which identify potential growth/demand generators. Greater detail and explanation is provided in the Long-term Plan.

***Community Outcomes to Which the Activity Significantly Contributes***

The Community Outcomes are identified in this policy. Greater detail and explanation is provided in the Community Outcomes section of that Long-term Plan.

Infrastructural Services Groups of Activities				
Community Outcomes	Period of Benefit	Who Benefits?	Funding Sources and Proportion*	Demand Generators
<b>Roading</b>				
Enhance our City. Preserve its Character. Embrace Innovation and Change.	Long	<b>Public:</b> Ability to travel effectively, efficiently and safely through the district	General & Targeted rates 50-65% Fees/Charges 0-15% NZTA funding 30-40%	Change in vehicle ownership and number of vehicle trips. Change in the industrial activity.
<b>Sewerage</b>				
Enhance our City. Preserve its Character. Embrace Innovation and Change.	Long	<b>Consent holders:</b> Council approved to discharge trade waste into Council's sewerage network <b>Public:</b> Sewage is collected, treated and appropriately disposed of	Targeted rates 83-93% Fees/Charges 7-17%	Change in strength and quantities of trade waste. Change in number of properties connected to sewerage networks.
<b>Solid Waste Management</b>				
Preserve its Character.	Long	<b>Collection service:</b> Waste is regularly collected and disposed of. <b>Public:</b> Council Transfer Stations accept solid waste for disposal	Uniform charge 40-55% Targeted rates 0-15% Fees/Charges 45-55%	Change in legislation. Change in number of properties receiving the collection service. Change in total tonnage and its components.
<b>Stormwater</b>				
Enhance our City. Preserve its Character. Embrace Innovation and Change.	Long	<b>Public:</b> Stormwater is collected and discharged to prevent flooding	Targeted rates 90-100% Fees/Charges 0-10%	Change in legislation. Change in level of development.
<b>Water Supply</b>				
Enhance our City. Preserve its Character.	Long	<b>Reticulated service:</b> A safe, reliable water supply is provided <b>Public:</b> Tankered water supply is available for sale <b>Private:</b> Commercial users can be metered.	Targeted rates 80-90% Fees/Charges 10-20%	Change in legislation. Change in demand for water supply.

\*Funding proportions may vary within set range on an annual basis.

<b>Development and Regulatory Services Groups of Activities</b>				
<b>Community Outcomes</b>	<b>Period of Benefit</b>	<b>Who Benefits?</b>	<b>Funding Sources and Proportion*</b>	<b>Demand Generators</b>
<b>Building Consents</b>				
Enhance our City. Preserve its Character. Embrace Innovation and Change.	Medium	<b>Consent holders / applicants:</b> Council approval to build. Certification that building meets minimum standards. <b>Public:</b> Buildings are safe	Targeted rates 20-30% Fees/Charges 70-80%	Change in legislation. Change in level of development.
<b>Civil Defence Emergency Management</b>				
Enhance our City. Preserve its Character. Embrace Innovation and Change.	Medium	<b>Public:</b> Council is prepared to lead in an emergency. Community informed of their responsibilities.	General rates 90-100% Fees/Charges 0-10%	Change in legislation. Change in frequency of emergencies.
<b>Environmental Health and Compliance</b>				
<b>Environmental Health</b>				
Enhance our City. Preserve its Character. Embrace Innovation and Change.	Medium	<b>Licence holders / applicants:</b> Council approval to operate business within standards <b>Public:</b> Business premises are clean and healthy.	Targeted rates 80-90% Fees/Charges 10-20%	Change in legislation. Change in level of development.
<b>Animal Services</b>				
Enhance our City. Preserve its Character. Embrace Innovation and Change.	Short	<b>Dog Owners:</b> Permission to keep dogs. Ensures population of dogs remains well controlled. Impounded animals are well cared for. <b>Public:</b> Stray animals are controlled. Education.	Targeted rates 5-15% Fees/Charges 85-95%	Change in legislation. Change in level of animal husbandry. Shared services with the Pound facility.
<b>Compliance</b>				
Enhance our City. Preserve its Character. Embrace Innovation and Change.	Short	<b>Public:</b> Turnover of parking in Council provided spaces. Poor parking behaviour is discouraged	Fees/Charges 100%	Change in legislation. Change in vehicle usage and parking behaviour.
<b>Resource Management</b>				
<b>Resource Management</b>				
Enhance our City. Preserve its Character. Embrace Innovation	Medium	<b>Consent holders / applicants:</b> Council approval to undertake activities	Targeted rates 85-95% Fees/Charges	Change in legislation. Change in level of development.

and Change.		subject to conditions. <b>Public:</b> Environment is protected.	5-15%	
<b>Alcohol Licensing</b>				
Enhance our City. Preserve its Character. Embrace Innovation and Change.	Medium	<b>Licence holders / applicants:</b> Council approval for the sale of alcohol. <b>Public:</b> A safe service	Targeted Rates: 0-10% Fees/Charges 90-100%	Changes in legislation. Change in level of development.

*\*Funding proportions may vary within set range on an annual basis.*

<b>Community Services Groups of Activities</b>				
<b>Community Outcomes</b>	<b>Period of Benefit</b>	<b>Who Benefits?</b>	<b>Funding Sources and Proportion*</b>	<b>Demand Generators</b>
<b>Provision of Specialised Community Services</b>				
Enhance our City. Preserve its Character. Embrace Innovation and Change.	Short	<b>Public:</b> Events and services provided for the well-being of the Community.	General rates 90-100% Other Sources 0-10%	Change in demand for specialised community services.
<b>Community Development</b>				
Enhance our City. Preserve its Character. Embrace Innovation and Change.	Medium	<b>Public:</b> The provision of advice and information to strengthen community empowerment.	General rates 90-100% Fees/Charges 0-10%	Change in community demand for service.
<b>Housing Care Service</b>				
Preserve its Character.	Long	<b>Tenants:</b> The provision of affordable housing to people with limited means.	Fees/Charges 100%	Change in facilities within the units available for rental. Change in rental levels.
<b>Libraries and Archives</b>				
Enhance our City. Preserve its Character. Embrace Innovation and Change.	Long	<b>Public:</b> Access to quality and affordable library and archives services.	Uniform Charge 90-100% Fees/Charges 0-10%	Change in legislation. Change in services available for clients.
<b>Parks and Reserves</b>				
Enhance our City. Preserve its Character. Embrace Innovation and Change.	Long	<b>Sports clubs and organisations:</b> Hire of grounds for sporting activities. <b>Public:</b> Safe, inviting and attractive parks and open spaces throughout the district. Burial and cremation services available.	Targeted rates 40-50% Uniform Charge 5-15% Fees/Charges 35-55%	Change in demand for open space. Change in level of development.
<b>Passenger Transport</b>				
Enhance our City. Preserve its Character. Embrace Innovation and Change.	Short	<b>Public:</b> Access to public bus and Total Mobility services.	Targeted rates 30-40% Fees/Charges 60-70%	Change in vehicle usage and running costs
<b>Pools</b>				
Enhance our City. Preserve its Character. Embrace Innovation and Change.	Long	<b>Sports clubs and organisations:</b> Hire of grounds for sporting activities. <b>Public:</b> Provision of aquatic facilities.	Uniform Charge 10-20% Targeted rates 30-50% Fees/Charges 40-60%	Change in services available to clients
<b>Public Toilets</b>				
Preserve its Character.	Medium	<b>Public:</b>	General rates	Change in population

Community Services Groups of Activities				
Community Outcomes	Period of Benefit	Who Benefits?	Funding Sources and Proportion*	Demand Generators
Embrace Innovation and Change.		Provision of facilities in the main retain area and Stirling Point, Bluff.	95-100% Fees/Charges 0-5%	and visitor numbers.

\*Funding proportions may vary within set range on an annual basis.

Corporate Services Groups of Activities				
Community Outcomes	Period of Benefit	Who Benefits?	Funding Sources and Proportion*	Demand Generators
<b>Democratic Process</b>				
Preserve its Character. Embrace Innovation and Change.	Medium	<b>Public:</b> Local decision making about local issues.	General rates 95-100% Other Sources 0-5%	Change in legislation.
<b>Investment Property</b>				
Enhance our City.	Medium	<b>Public:</b> Net income used to offset rates.	Fees/Charges 100%	Changes in property values.

\*Funding proportions may vary within set range on an annual basis.

**TO: EXTRAORDINARY COUNCIL**

**FROM: CHIEF EXECUTIVE**

**MEETING DATE: TUESDAY 6 MARCH 2018**

<b>ADOPTION OF LONG-TERM PLAN 2018-28 SUPPORTING DOCUMENTS</b>
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**Report Prepared by:** Melissa Short – Manager Strategy and Policy

**SUMMARY**

This report presents the supporting information to the Long-Term Plan 2018-28 for adoption by the Council.
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**RECOMMENDATION**

It is recommended that Council:

Adopt the Financial Strategy, Infrastructure Strategy and Assumptions Document;

AND

Adopt the Activity Management Plans, the Activity Statements, the Living Dinosaurs Report, the Anderson House report, the Arts and Creativity Invercargill Report, the Statement of Accounting Policies, the Rating Policy and the Financial Statements as supporting documentation;

AND

Note that the list of supporting information contained within the body of the report will be provided on the website as supporting information;

**IMPLICATIONS**

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> This forms part of the development of the Long-term Plan.
2.	<i>Is a budget amendment required?</i> The Long-term Plan process is used to set the proposed budgets for Council's activities.
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> The adoption of the Consultation Document for the Long-term Plan 2018-28 for public consultation initiates the process under the Local Government Act 2002.

## **FINANCIAL IMPLICATIONS**

No new financial implications arise from this report.

## **INFRASTRUCTURE AND FINANCIAL STRATEGIES**

The draft Infrastructure Strategy and draft Financial Strategy and draft assumptions document were adopted for audit purposes. Following review from Council's auditors a number of changes have been made. The amended strategies and assumptions document are attached in **Appendix 1** and need to be adopted by Council.

## **SUPPORTING INFORMATION**

The draft Activity Management Plans, the Living Dinosaurs Report, the Statement of Accounting Policies, the Rating Policy and the Financial Statements are included as **Appendix 2** and need to be adopted as supporting documentation for the Consultation Document.

Below is the full list of supporting information that has been (or is recommended to be through this report) adopted by Council to be available on the website to assist the community when making submissions to the Long-term Plan:

- Financial Strategy
- Infrastructure Strategy
- Community Outcomes
- Activity and Asset Management Plans
- Activity Statements
- Financial Statements
- Statement of Accounting Policies
- Significance and Engagement Policy and summary
- Funding Impact Statement
- Rating Policy
- Significant Forecasting Assumptions
- Development of Maori Capacity to Contribute to Council Decision-making Processes
- Variation between the Long Term Plan and Assessment of Water and Sanitary Services and Waste Management Plans
- Unbalanced Budget Report
- Living Dinosaurs Report
- Anderson House Report
- Arts and Creativity Invercargill Report

The Schedule of Fees and Charges and the Revenue and Financing Policy will also be available on the website as supporting information. These two documents will be open for submission at the same time as the Consultation Document.

# Infrastructure Strategy: 2018 - 2048

## *Introduction*

Infrastructure provides a foundation for building strong and resilient communities. This Strategy sets out how the Invercargill City Council's existing infrastructure base for roading, water supply, sewerage, stormwater, solid waste, building assets, parks and cemeteries will be continued into the near future. The Local Government Act requires that the Council include Roading and 3 Waters, including flood protection, in its Infrastructure Strategy. Solid Waste, Building Assets, and Parks and Cemeteries have also been included to provide the full picture of planned Infrastructure spending over the next 30 years.

Invercargill City Council is required under legislation to plan for the next thirty years and identify what issues relating to infrastructure may be experienced over this timeframe, and how Council intends to manage these issues and what implications may arise. It will further outline how Council will renew or replace their infrastructure assets and respond to varying levels of service for these assets.

This document is supplied under section 101B of the Local Government Act 2002.

The Strategy identifies how Council will meet their long-term renewals for significant assets, adapting to the changing environment and demographic trends while embracing growth projects aligned with Council's vision.

A key purpose of this strategy is to set out how Council is going to manage the renewal funding for Invercargill's infrastructure over the next 30 years within a constrained funding environment.

Invercargill City Council provides residents with services that are essential to the community. The Long-term Plan (LTP) sets out the services, the standard to which they are provided and what they will cost. Some of these services are provided by using assets that form part of the City's infrastructure.

The Infrastructure Strategy is the document that summarises the way in which Invercargill City Council will adapt its infrastructure to meet the challenges ahead.

## Infrastructure Strategy Overview

### Who are we?

Invercargill City is a relatively small and compact City extending from Makarewa in the north to Bluff in the south, Kennington in the east and Oreti Beach in the west. The Invercargill City District encompasses an area of 49,142 hectares. Generally we cover a land area 33.8km by 20.1km. Landscape features of importance to the community include Bluff Hill (Motupohue) and four major waterways which thread through the City (Makarewa, Waihopai, Otepunui, and Kingswell rivers). These, along with the Oreti River all flow into the New River Estuary. The urban areas of Invercargill and Bluff contain extensive areas of open space as well as distinct heritage buildings.

Invercargill has many extensive parks and recreational areas that are both close and accessible to residents. Queens Park is a centrally located, nationally recognised premier park offering wide and varied recreational use. Sandy Point area is a large environment and recreational area and is close to the city residents.

Road networks are generally formed on a grid layout and with relatively flat terrain, which makes mobility and accessibility easy for all modes of transport. The roading network has plenty of capacity. This ensures that travel reliability is a given for all road users.

Piped networks are compact and generally contained within road reserve and not located in residents private property where access is more difficult. They are well structured and historically well sized to provide for the City's requirements with only short travel distances to and from treatment facilities, with the exception of drinking water. Water is sourced and treated at Branxholme to the north of the City and piped 16.5km to reservoirs within the urban areas of Invercargill and Bluff

This map outlines the territorial boundaries of the Invercargill City Council.



### Council's Vision and Direction

Council's vision is to *“enhance the city and preserve its character while embracing innovation and change.”* Council must provide sound management of its infrastructure to realise this vision.

### Challenges faced by Council

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

### What is our Strategy to achieve this?

- Maintain our current asset base while responding to the challenges.
- Focus on critical aging assets and allow non-critical assets to experience limited failure before renewal (more specifically water piped assets).

- Look to not expanding the existing infrastructure networks (at our own cost), only improve levels of service to meet consent and legislated requirements, utilise the networks current capacity to meet forecast growth.
- Focus on sound evidence based activity investment decisions, rather than just the management of assets.
- Incrementally increase the dollar amounts allocated to renewal of assets to meet the calculated level of annual depreciation (as a baseline measure).
- Should unplanned failures occur, use a mix of Council's financial "good health", accumulated reserves and/or insurances (where appropriate) to manage risks.
- Ensure growth is focused on social, financial and operational sustainability and aligned to the vision.
- Better understand our community's needs, through consultation and agreed levels of service.
- Utilise subsidies, user payments, rates and loans to ensure that both current and future communities pay for the asset they are using.
- When arranging contracts or significant activities, consider how investment decisions may impact a viable competitive supplier market in the Region.

*The tools we are going to use:*

- Strengthen our Asset Management, to improve cost-efficiency and make better informed decisions.
- Improve business decisions when investing by using an evidence based business case approach.
- Engage our customers to better understand their needs and desires.

*Our Assumptions at a glance:*

<b>Assumption</b>	<b>Level of Uncertainty</b>
Economic Climate and Growth	Moderate
Population Growth	Moderate
Climate Change	Moderate
Resource Consents	Moderate
Catastrophes	High
Delivery of Service	Moderate
Asset Valuations and Useful Lives	Moderate
Cost Change Factors	Moderate
Interest Rates on Borrowing	Moderate
External Funding for Projects	High

*Where will we be in 30 years?*

- Infrastructure in Invercargill will continue to meet the needs of the community.
- The CBD will be a vibrant hub and have Community Facilities which support it.
- Assets will have had sufficient maintenance and renewal, and will operate by meeting the agreed community levels of service. Council will have good knowledge on how to sustain and support the assets over their lives.

# OUR INFRASTRUCTURE SUMMARY

We own and manage \$780m (value as at 30 June 2017) of public infrastructure.

## CORE INFRASTRUCTURE



### ROADING \$271M

- Urban sealed roads 294km
- Rural sealed roads 178km
- Rural unsealed roads 123km
- Kerb and Channels 555km
- Bridges 51
- Footpaths 500km
- Street lighting
- Off street carparks 6



### STORMWATER \$159M

- Pipe Network 419km
- Pumping Station 9
- Open Drains 15km
- Tidal Protection Banks 3km
- Stead Street and Rifle Range



### SEWERAGE \$114M

- Pipe Network 368km
- Pumping Stations 31
- Treatment Plants 3



### WATER \$124M

- Pipe Network 419km
- Pump Stations 6
- Branxholme Water Treatment Plant
- Reservoirs 7

## OTHER INFRASTRUCTURE

### BUILDING ASSETS \$78M



- Corporate Buildings 2
  - Civic Admin
  - Bluff Service Centre
- Community Facilities 6
  - Civic Theatre
  - Splash Palace
  - Eve Poole Library and Archives Building
  - Scottish Hall
- Animal Care Facility
- Southland Museum and Art Gallery (facility managed but not owned by Council)
- Housing Care Flats 215
- Public Toilets 9
- Other Infrastructure 3

### PARKS AND CEMETERIES \$27M



- Premier Parks 4
  - Queens Park 54.7ha
  - Otepuni Gardens 4.7ha
  - Anderson Park 5.5ha
  - Gala Street 5.1ha
- Amenity Parks 17
- Environmental Parks 24
- Linkage Reserves 27
- Neighbourhood Parks 61
- Outdoor Adventure Parks 3
- Sports Fields Reserves 20
- Special Purpose 11
- Civic Space 4
- Cultural Heritage 7
- Undeveloped Parks 8
- Non-Council Owned 4



### SOLID WASTE \$7M

- Closed landfills 2
- Transfer Stations 2
- Kerbside Bins 42,869

This information has been developed from the valuations undertaken for 30 June 2017, for more detail please see individual Activity Management Plans.

***What do we deliver?***

*Roading* – The Roothing activity provides a safe, convenient and efficient transport system in the city including streetlights, traffic signs and signals, footpaths, drainage, kerbing, bridges, culverts, street furniture, parking facilities, vehicle access crossings and cycle tracks.

*Water Supply* – The Water Supply activity owns and maintains assets, and supplies potable water to residential, industrial and commercial properties to protect public health, support city growth and contribute to the general well-being of the community.

*Sewerage* – The Sewerage activity owns and maintains assets which include pipes, pump stations and treatment plants for the removal of sewage from residential, industrial and commercial properties in urban areas of Invercargill, Bluff, parts of Otatara and Omaui. Treated effluent is discharged to Foveaux Strait at Bluff, to the New River Estuary at Invercargill, and to land at Omaui.

*Stormwater including Tidal Protection Banks* – The Stormwater activity owns and maintains assets which include pipes and pump stations to provide for the removal of stormwater from residential, industrial and commercial properties to reduce the risk of property damage by flooding. Stormwater is discharged to natural waterways including the Waikiwi Stream, Waihopai River, Kingswell Creek, Clifton Channel, Otepunu Stream, the New River Estuary and Bluff Harbour.

The City is protected by a series of flood protection schemes on the main waterways through the City which includes walls, banks and detention dams. The majority of these schemes are owned and managed by Environment Southland, with Invercargill City Council managing tide protection banks at the Waihopai Arm at Stead Street. These banks protect against the sea tidal movements rather than river flooding.

*Other Infrastructure* – Community Infrastructure where Council anticipates significant expenditure has also been included within this strategy. These community assets provide a key and significant connection to the community, and include building assets such as the Invercargill Public Library and the Southland Aquatic Centre (Splash Palace), Civic Theatre, Parks and Reserve areas and Solid Waste Services.

## **Background**

In the coming years, Invercargill City will experience greater pressures on infrastructure renewals as the existing networks age towards their end of life. During the periods of the 1920s, 1960s and 1970s, large areas of our city and associated infrastructure were developed over short periods reflecting the growth of the City. These assets will require renewal as they reach end of life and the strategies deployed to manage this work will reflect in the cost to the Community.

Council has built good quality asset data over the last 30 years and this is included in its asset management plans. This has enabled Council to establish budgets that work to ascertain the level of expenditure necessary to ensure a reliable and consistent level of service in our infrastructure areas. Council has maintained its assets well and believes that there is not a large deferred risk on assets from the past but recognise that renewals are essential for service continuity as assets have a finite life.

Roading, Water Supply, Stormwater and Sewerage activities account for 23% of Council's operating expenditure and 62% of Council's capital renewal expenditure. Council is also proposing to invest in new Community projects.

Council is seen to be in good financial health with a debt ratio of 9.2% as at 30 June 2017, (External Borrowing over Total Assets). Council currently maintains an AA- credit rating which is one of the highest ratings available in New Zealand to a Council.

Council has renewal programmes in place; however these programmes are expected to increase. The increase is to enable Council to meet the end of life needs of the assets which were installed in the growth periods. During these times Central Government supported and assisted development and growth, however under current funding structures the renewals are now the financial responsibility of Council (apart from the New Zealand Transport Agency Funding Assistance). These development peaks need careful and structured renewal strategies to renew assets at the right time to meet well understood future demand. The Water Supply Activity has highlighted an area of pipe network where pipes may have to be renewed before their expected scheduled end of life, but have served more than 50 years currently. These pipe materials are widely used across New Zealand and most Councils will be experiencing similar responses as pipes become older and failure more likely.

For some of Council's infrastructure activities a decision has been made to reduce the rate of renewal against which depreciation forecasts. This 'sweating of the asset' is now more widely accepted as getting value for money, but has the potential for more risk. This will enable Council to manage change and extend the predicted life cycle of the asset and use better data and optimisation approaches to predict a just-in-time renewal of the asset. The use of criticality, resilience and risk to balance decisions with experienced practitioners mitigates the risk the community is exposed to.

For example, Council is proposing to under fund the renewal of the footpath programme as it can be done with low risk and has high visibility for future monitoring. In doing so, Council is hoping to extend the overall life of all of the footpath assets beyond what has been earlier planned for and signalled in its Roding Activity Management Plan. The opposite approach has been taken with critically important parts of the water reticulation network where replacement is programmed to coincide with scheduled end of life.

Council needs to ensure that it is delivering the right level of infrastructure at a sustainable cost the community can afford, both now and into the future. Investment needs to be managed through business cases which support current evidence and future demands including possible shifts in demand.

To do this Council has looked closely at the renewals and maintenance of existing infrastructure as well as any planned new infrastructure projects; details of these options are expanded in the Activity Management Plans. This strategy sets out what Council believes to be the most likely scenario for infrastructure needs in the future and assesses the options available to Council and the Community for addressing these needs.

## Key Assumptions

Having suitable and relevant assumptions is a solid foundation for the Strategy. The following assumptions and potential impacts have been considered while developing and preparing Activity Management Plans and are seen to be the best and most likely influencing factors to consider and where appropriate develop into the strategy and Activity Management Plan. Assumptions are fully developed in the Long-term Plan Background and Assumptions 2018-28 document.

### Economic Climate and Growth

It is Council's assumption that the local economy of Invercargill and Bluff will grow and diversify at a steady rate, over the life of the Long-term Plan. Any significant change to the economy would require Council to review and change its current activities and levels of service. Council has determined this to have a moderate level of uncertainty.

### Population Growth

Council assumes that the population will increase from 53,200 (estimate 2013) to a peak of 56,300 by 2028 before decreasing to 55,500 five years before the end of the strategy in line with Statistics New Zealand's medium forecast. This is in line with the Council supported initiative, Southland Regional Development Strategy, which seeks to attract 10,000 people to the Southland region within the next ten years. Council has determined that this assumption has a moderate level of uncertainty.

This increase will impact existing Council infrastructure and services. If the population increases then there will be a demand for increased housing, there will be increased traffic and in turn, there may be an increased demand for public transport. If the population decreases, particularly by a significant amount, it would mean a smaller ratepayer base will be expected to meet the increasing infrastructure cost or Council may need to reduce the level of service provided in order to maintain rates at an affordable level.

Population at 30 June							Population change 2013-43	
2013	2018	2023	2028	2033	2038	2043	Number	Average annual (percent)
53,200	55,300	55,900	56,300	56,300	56,000	55,500	2,300	0.1

### Climate Change

Council has made the assumption that climate changes will occur over the life of the Long-term Plan. It is assumed that:

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

Climate Change will impact the way activities are carried out, for example:

- a) Roading – increased frequency and intensity of rainfall may require extra draining works in the road network that may alter long-term maintenance costs;
- b) Water – longer period of drought may result in increased demand whilst flood events create turbidity and increase the cost to treat for consumption;

- c) Wastewater – increased frequency and intensity of rainfall events results in infiltration and inflows that increase volumes to be treated;
- d) Stormwater – increased frequency and intensity of rainfall events result in service levels falling.
- e) Flood Banks – more events which would test the structures.

### **Resource Consents**

Council has made the assumption that resource consents for discharging of stormwater and sewerage will be obtained with conditions which are reasonable and achievable, expiring resource consents will be renewed with similar conditions during the period of the Long-term Plan. Council has assessed the level of uncertainty of this assumption as moderate.

### **Catastrophes**

Council has made the assumption that there will be no major catastrophes that will impact on Invercargill or its economy. Council has assessed the level of uncertainty of this assumption as high. This is because the Alpine Fault is regularly reported as likely to rupture but the uncertainty lies in when and what level of impact this will have on Invercargill. A Civil Defense 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 and by ensuring there are some reserves available to sustain any upgrade or urgent replacements that may be required.

### **Delivery of Service**

Council has made the assumption that there will be no significant changes to the way that it delivers its services – in-house or contractors. This assumption has been assessed as having a moderate level of uncertainty. Service delivery will be reviewed consistently in accordance with the requirements of the Local Government Act 2002.

### **Fixed Asset Valuations and Useful Lives of Assets**

Council assumes there will be a three-yearly reassessment of useful lives of assets throughout the life of the Long-term Plan; the next assessment will be earlier than planned, being 2019. Council operates on the assumption that assets will be replaced at the end of their useful life. Any planned asset acquisitions (per Council's Capital Expenditure Programme) would be depreciated on the same basis as existing assets. The useful lives of significant assets will be shown in Council's Statement of Accounting Policies.

Asset lives and valuations are based upon estimates made by experienced Engineering Professionals and Registered Valuers aligned to industry knowledge and are peer reviewed independently of Council. There is a risk that these estimates do not match the actual asset life and are not accurate, for instance that these assets deteriorate at a faster or slower rate than predicted. Council is already aware that some of the pipe network is deteriorating at a faster rate than was initially assumed.

The risk will always be that Council activities direction and or demands change and this could result in decisions not to replace existing assets in their current location and size. Council has a comprehensive asset management planning process and if a decision is made not to replace an asset then this will be factored into capital projects.

### **Confidence Level in Data and Programmes**

Our infrastructure data and programmes were assessed as confidence level B or have an accuracy of  $\pm 10\%$ , as independently assessed and peer reviewed by AECOM.

There is a low level of uncertainty for this assumption. The impact of this assumption is high, if the assumption is not reliable then council has options to utilise its good financial health.

### **Cost Change Factors**

Council has made the assumption that the rate of inflation will remain steady over the life of this Long-term Plan and will follow the Local Government Cost Index (LGCI). There is a moderate level of uncertainty surrounding this assumption. Please see Financial Strategy for more details.

### **Expected Interest Rates on Borrowing**

Council has assumed borrowing rates beginning at 4.75% and gradually increasing to 6.50% from the 2026/27 financial year. This has been assessed as having a moderate level of uncertainty. Higher than expected interest rates on borrowing will require Council to consider collecting a greater amount from rates to cover the additional interest costs or reducing the amount borrowed. Please see Financial Strategy for more details.

### **External Funding for Projects**

There is an underlying assumption that external funding for the Art Centre Invercargill, Additional Pool and Living Dinosaurs projects will be received at the levels included in the preliminary budget work

There is a high level of uncertainty for this assumption. Although preliminary investigations have been started, there are no signed agreements or commitment to funding from the external parties. If external funding is not received the projects will not go ahead. This will decrease both the rates required and the levels of service provided.

## ***Significant Challenges and Issues***

Like many parts of New Zealand, the area served by Invercargill City Council faces a number of strategic challenges in the years ahead.

### **Meeting our long-term renewal expectations for Infrastructure**

Past investment cycles in the 1920's, particularly in piped networks, have created an echo of renewal requirements, which means that a significant part of Council's infrastructure will require renewal within the term of the Long-term Plan. These forecasts are in line with the assessed industry life expectation of the materials used.

The services provided from the piped network assets, namely water supply, stormwater and wastewater, will be subject to larger expenditure increases in coming years to meet demand. These increases are due to the pipes reaching the end of their useful life and the need to renew them before significant failure occurs.

The magnitude of renewals expected from within the Invercargill City District, the Southland Region and the South Island exceeds the capacity for the work to be undertaken in the market place. Work has, therefore, been planned so as to smooth both the financial and supplier impact. This means that higher risk assets, assessed by condition and criticality, will be replaced as a priority and non-critical pipes in networks will be replaced potentially after their nominated useful lives. To achieve this there could be an increase to maintenance costs and also an increase in complaints regarding breaks in supply.

Council's building infrastructure is also reaching half its useful life with significant renewals required.

### **Responding to the changing environment (both natural and technological) and retaining Invercargill's character including its built environment**

Climate change is a significant issue for most activities. The most likely immediate risk to assets is the rise in sea level, the increased risk of flooding will need to be managed and costs to mitigate the impact will be significant. There will also be a need to review Invercargill's tidal flood protection with wider consultation on the future provision or renewal of flood banks alongside Environment Southland on the waterways through the City, or decide whether it is no longer viable to protect parts of the City.

Policy setting from Central Government will have the possibility for the most volatility. Responding to regulation can place extra cost pressures on Council, for example in the costs of meeting increasing environmental standards in fresh water or new Discharge Consent Conditions requiring improved discharge water quality.

Council has a good road network but has higher safety risks (when considered against national peers) particularly for cycling and pedestrians and at intersections, investment will be focused on intersection and safety improvements to reduce crashes, deaths and serious injuries, especially to vulnerable users.

More recent trends in technology, particularly around retail, accommodation and vehicle use will have the potential to change our society. This has already been seen in the use of community facilities which are changing to be more social and open spaces.

Monitoring the compliance of existing resource consent conditions will provide a record of compliance for future processes. The renewal of consents is dependent upon the legislative and environmental standards and expectations that exist at that time. If a resource consent was not granted, or failed to be renewed for a major Council activity, this would have significant impacts on

both costs and the ability to provide that activity. A major non-renewal may mean an entirely new approach to the activity would be required.

### **The City's changing demographic profile and its ability and willingness to pay**

Council's network assets have sufficient capacity to manage the projected demographic profile; the continued and increasing investment required in our renewal programmes to maintain levels of service appropriately makes up a significant proportion of Council expenditure. The impact of this is that a relatively static ratepayer base (which is aging) is required to pay for a wave of infrastructure renewals on limited means. Council's debt to revenue ratio and Council's good "financial health" will be used to smooth out renewal expenditure. The Council's Financial Strategy sets out how we plan to fund our capital and operational expenditure long-term.

Longstanding and slowly advancing issues like population aging are progressively being felt. This can drive increased demand on community infrastructure such as housing care and pools, including accessibility and capacity at facilities. There is no longer adequate space at Splash Palace due to the current demand on the facility; there is also an increase in disabled users at the facility. As the population ages, Council considers that demand, particularly demand from disabled users, will continue to increase.

### **Encouraging growth projects whilst ensuring financial and operational sustainability for future generations**

The Southland Regional Development Strategy action plan has two transformational projects noted for Invercargill. Their purpose is to rejuvenate the City. They are an art gallery and redevelopment of the museum. These projects are in the feasibility phase to establish if they will be viable. Other growth project options include increasing pool capacity at Splash Palace and the future use of Anderson House.

An option for operational sustainability of our provision of water is to investigate an alternative water supply and in turn increase the resilience of the network.

### **Ensuring Council works in a financially prudent manner that promotes the current and future interests of the community**

The biggest challenge of all is one of funding; the changing demographic will mean a high percentage of our population will be on a fixed income. Based on the best information available, this document, in conjunction with the Financial Strategy, aims to provide a transparent response to the strategic challenges and ensure that the financial cost of providing the necessary infrastructure is predictable.

In the past Council has funded renewals as and when required. Council plans to increase the level of funding over the next 10 years to the rate of consumption of assets (renew at a rate equal to depreciation). Council aims to fully fund sewerage and stormwater by 2022 to 2028 using loan funding, and all core infrastructure to be fully funded by 2028. In some cases the work is not yet required or unachievable in a current year, and in these instances Council plan to put the difference of unspent rates into reserves to ensure the funds are available when required.

Assets are to be revalued in June 2019 and each three years thereafter, which requires a review of the amount of depreciation which is to be allocated each year. Each valuation considers the latest costings and understanding. In the last valuation the replacement cost and depreciation rose sharply as new information has been learnt from the Christchurch earthquakes and other experiences, which impact renewal cost.

One important funding source is a subsidy from New Zealand Transport Agency (NZTA) for roading activities; this is the Funding Assistance Rate (FAR). Council's 2017 rate was 58% but is

reducing to 51% by financial year 2023-2024. This will mean more ratepayer funding is necessary as less is contributed by NZTA.

## ***Our Strategic Response to the Challenges and Issues***

Council has recognised a number of important challenges and issues which will impact the community over the next 30 years and potentially longer given the expected lives of some asset components.

Council has developed a number of key responses which will be utilised in making decisions in day to day operations and the long-term planning for assets. The Strategy for the delivery of Activity Management is listed below.

### **Maintain Our Current Asset Base**

Council sees that it is important not to encourage wider expansion in providing the core services beyond that which is currently serviced or outlined in the Activity Management Plans or District Plan. By limiting future growth of services, the long-term financial responsibility can be better managed. Invercargill has, through the district planning process, clearly set where planned growth is desirable and required. Limiting expansion to align with these processes is appropriate.

### **Focus on Asset Criticality**

In a move to reduce large and sudden increases in rates on the Community, the strategy looks to balance the risks of failure of some elements of a system (e.g. water pipes). Simply put, pipes with a lower criticality rating will have their replacement delayed. This strategy will enable a reduced financial demand in the short-term but clearly needs to be understood that this approach increases potential failure risks which must have supporting financial mechanisms. These risks need to be understood and managed.

### **Focus on Sound Evidence based Activity Decision Making**

Council has identified that making better investment decisions is an important response for managing long-term assets. Using tools such as the better business case approach are another way of supporting good asset decisions.

### **Incrementally Increase the Amounts of Renewal of Assets**

Council has considered the impact of moving immediately to a fully funded depreciation model but has considered the appropriate strategic response is to take an incremental approach. This approach will allow the ratepayers managed increases in their rates over a period but this is balanced by increased risk that the earlier renewals of some infrastructure may be required. Improved asset management and its development are important to better understand and have better knowledge to reduce as many uncertainties as is possible.

### **Understand Our Community**

Council has recognised that a better understanding and improved communication with the community will enhance how assets are delivered. It is key to align the communities expectation and its needs, given the assets which are managed are long life assets. The assumptions made in any planning process create the tangible to inputs in future designs and decision making. Council is developing an engagement strategy to assist with this understanding.

Other considerations are:

- Should unplanned failures occur, use a mix of Council's financial "good health", accumulated reserves and/or insurances (where appropriate) to manage risks.
- Ensure growth is focused on social, financial and operational sustainability, and aligned to the vision.

- Utilise subsidies, user payments, rates and loans to ensure that both current and future communities pay for the asset they are using.
- When arranging contracts or significant activities, consider how investment decisions may impact a viable competitive supplier market in the Region.

## ***Our Tools to Deliver the Strategy***

### **Strengthen our Asset Management**

Council has recognised that strengthening its asset management delivery will produce more robust long term impacts on asset management.

Responding to this Council has established a whole of organisation approach to Asset Management, and aligned outcomes with the Asset Management Policy and Strategy.

Council continues to utilise the International Infrastructure Management Manual 2015 (IIMM) to identify what is achievable through adopting best international practice and also strengthen internal knowledge and expertise.

Having a strong platform for delivering asset management will allow robust plans to be developed and then delivered. Without this knowledge and ability to know and analyse the networks and assets, how future renewals are managed is less than optimal. The long term understanding (in its widest context) of the renewal of assets is the key to ensuring assets are delivered at the right level in the most appropriate way.

The Asset Management Policy confirms for Council, the asset management objectives and responsibilities, with the high level commitment of Councillors ensuring the appropriate stewardship decisions are developed, understood and through business case investment decisions processes are being made. Asset management is not now just how well the asset is managed but also understanding your assets and ensuring you are utilising an investment focused approach to the decision making for the community in both the short and long term.

The Asset Management Strategy defines a detailed approach to how Council will advance the management of infrastructure assets to appropriate levels of maturity, how the objectives in the Policy will be achieved, and the approach for developing and implementing Activity Management Plans. Council will continue to develop the quality of our asset data, better understand how the assets need to be managed and these improvements will be ongoing for the life of the strategy.

Using independent peer reviews of Activity Management Plans, the Asset Managers development work has been assessed by independent expertise to ensure that the future delivery plans meet the legislative requirements and where gaps in best practices expectations have been identified in the activity, improvements have been noted within the Improvement Plan section which highlights those future actions needed to strengthen the development of the activity.

The following diagram shows how each of the sections of asset management contributes to the successful delivery.



### **Better Investment Decision Making**

Decisions within asset management have both short and long term impacts on the community. This strategy looks to ensure that these decisions are made with the best knowledge available and use current thinking about how investment is best understood, communicated and decisions made.

Government, through Treasury has accepted the "The Better Business Case (BBC) approach" as being a way to ensure that investment is well considered and appropriate decision making can occur.

The previous Asset Plans have now all been redeveloped in the form of an Activity Management Plan which has a focus on investment and is aligned to the Better Business Case approach.

This new format and approach has asked questions of the asset areas - what is the problem, what are the benefits of solving it and how would this occur (options available). This is a significant and important shift in thinking for asset management and this strategy looks to strengthen this approach through all levels of participation which includes how customers are involved and informed, Councillors understand the stewardship responsibility and making investment decisions, senior management accept and monitor policy and strategies.

### **Engage our Customers to better understand their needs and wants**

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.

## Linking the Long-term Plan to Activity Plans

### Core Infrastructure

Community Outcome	Council's Role	How the Activity Contributes
Enhance our city	Invercargill's economy continues to grow and diversify	Roading provides the vital connections with state highways for the freight task distributing the goods needed for a city and throughout the city. The stormwater activity protects urban areas from flooding. The sewerage activity receives and treats trade waste. The Water activity provides a water network with sufficient capacity to meet demand and firefighting requirements.
	Invercargill's business areas are bustling with people, activities and culture.	Roading (pavements) contributes to accessibility, via integrated networks of connected roads and footpaths. Safe roads allows freedom of movement for residents including appropriate lighting.
Preserve its character	The building blocks for a safe, friendly city are provided for all members of the community	Safe roads allows residents to select a mode of transport they wish to use with confidence. Street lighting allows residents to feel safe at nights. Roading corridor management contributes to make events have safe road and pedestrian access to use. Wide streets and low traffic allows ease of movement, together with networks resilient and reliable for all events. Properties are protected from flooding damage, and receiving waters are not adversely affected by contaminated discharge. The sewerage activity protects public health by the safe collection of sewage. The water activity provides a safe reliable supply of water.
	Ease of access throughout the City is maintained.	Roading provides roads to connect people, signs to direct, footpaths for pedestrians, street furniture for streetscape usage. CBD areas have high amenity values.
	Strong, collaborative leadership of the City is demonstrated.	Good asset management delivers a core infrastructure in leading the City.
Embrace innovation and change	The development of future industry is encouraged	The stormwater activity protects urban areas from flooding. The sewerage activity receives and treats trade waste.
	Technology is utilised in both existing and new City services.	Street facilities such as visitor signs, streetscape, seating, and car charging etc offer high value people space and have flexibility to quickly adapt.

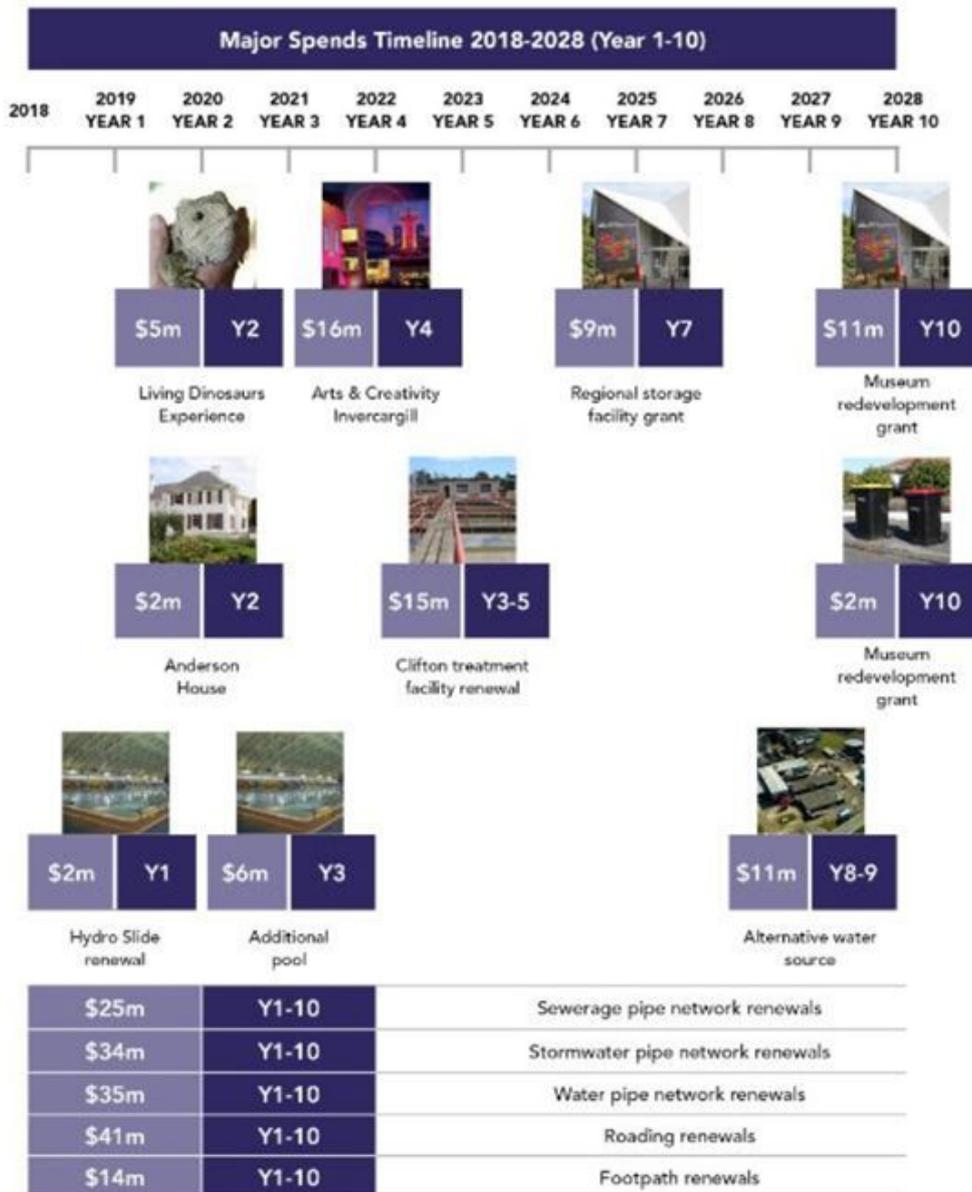
**Other Infrastructure**

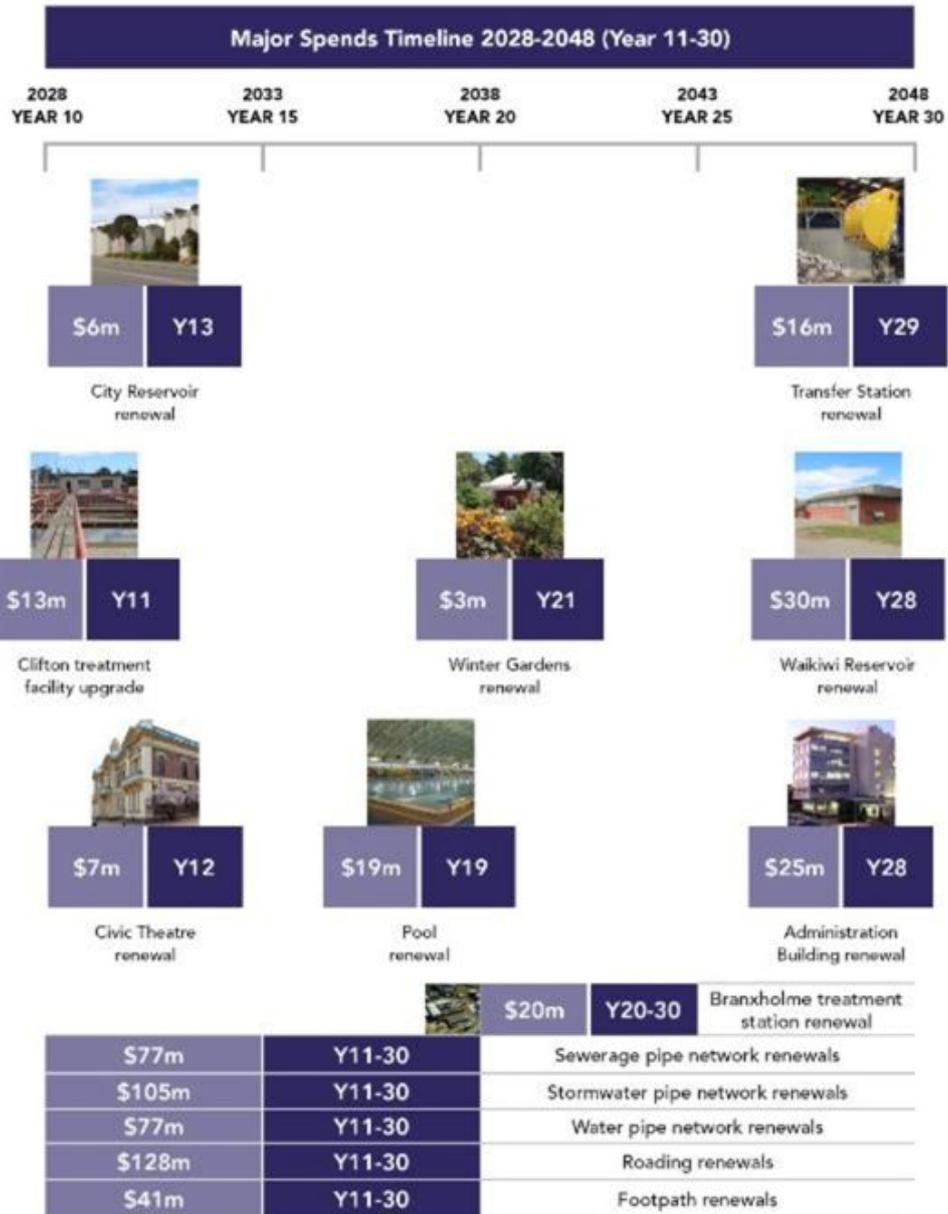
<b>Community Outcome</b>	<b>Council's Role</b>	<b>How the Activity Contributes</b>
Enhance our city	Invercargill has the 'wow factor' with the right facilities and events to enjoy	Parks and Cemeteries enhance the aesthetic value of the City and usability of reserve land.
	Healthy and active residents utilise space, including green space, throughout the City	Parks and Cemeteries encourage residents and visitors to our green spaces of the City.
Preserve its character	The building blocks for a safe, friendly city are provided for all members of the community	The building assets are safe to use, accessible for those with disabilities and well maintained. Council owned buildings on Parks, Cemeteries and Crematorium land are provided and maintained in a safe condition. Parks, Cemeteries and crematorium are provided and maintained in a safe condition. Burial, interment and bereavement needs of the community are met with sensitivity and professionalism. Provision of solid waste facilities and services for the sorting, collection and disposal of waste.
	Our natural and existing points of difference are celebrated	Parks and Cemeteries are managed in such a way as to protect important natural habitats, scenic landscapes and other environmental features.
	Invercargill is celebrated for preserving its heritage character.	Our heritage building assets are maintained well and keep their heritage status. Parks and Cemeteries assist in protecting Invercargill's history and heritage.
	Strong, collaborative leadership of the City is demonstrated.	Good asset management delivers a core infrastructure in leading the City. Collaboration with other Local Territorial Authorities for the coordinated delivery of waste management and minimisation in Southland.
	Technology is utilised in both existing and new City services.	New innovations are investigated during the building asset renewal process. Parks and Cemeteries endeavour to utilise technology in order to engage effectively with the community through communication methods.
	Invercargill's culture is embraced through Community projects	Parks and Cemeteries endeavour to provide Council facilities and resources for community based activities, including the best utilisation of volunteers.
	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences	Parks and Cemeteries enhance the aesthetic value of the City and usability of reserve land.

## Priority Projects and Options

The focus of Council's Infrastructural Strategy over the next 30 years is to maintain and renew its current assets to ensure that the assets remain in such a condition as to continue to deliver a reliable and similar level of service to that currently being provided. They will be upgraded where appropriate to enable Council to meet increasingly higher environmental standards. The levels of service and how they are provided will also reflect the changing needs of our ageing population.

Council does not anticipate any significant expansion of the infrastructure networks.





The Priority Projects are as follows:

**Water – Alternative Water Source**

Issue and Consequence	Option	Implication	Cost
Invercargill City is at high risk being reliant on one open source water supply. If this water supply is contaminated or not useable as a result of a catastrophic event, the City could be without access to water for a significant time.	Develop a new secondary water source.	Invercargill has a resilient supply of water, any event of significance will have a reduced risk to the community.	\$ 10,700,000
	Increase water storage. Either untreated water at the Branxholme Water Treatment Plant or within the City.	Level of protection will be limited to size of storage. And is likely to mitigate only for short term events. Any storage structure will be subject to being managed as any other constructed asset, i.e. maintenance and renewal plus exposure to damage during seismic events.	Not costed but likely to exceed that for option above.
	Do nothing.	Invercargill is vulnerable to the potential of having limited water after a catastrophic event. Should there be no water supply then evacuation of the city may become necessary.	\$0

**Water – Renewal Pipe Network**

Issue and Consequence	Option	Implication	Cost
The asbestos cement (a/c) pipe within the water pipe network is reaching the end of useful life. The timing of their renewal will influence reliability of supply as well as have cost implications. Options identified relate to the level of risk exposure associated with the rate of renewal of non-critical pipes (those that if fail, will have a low impact on the likes of public health and amount of damage caused). All options identified allow for renewal of critical pipes by their nominated conservatively assessed asset life but vary according to the commitment in timing of renewal of non-critical pipes.	All a/c pipes renewed by expiry of the shortest expected pipe life.	Maintains high network reliability and low risk but quantum of work larger than local contracting resources could complete within a very short timeframe.	\$63,000,000 varying from \$1 to \$40 million per annum.
	Critical a/c pipe renewed by expiry of the shortest expected pipe life.	Network reliability slightly reduced and risk elevated but quantum of work is still larger than local contracting resources could complete within the short timeframe.	\$48,200,000 varying from \$2.2 to \$16 million per annum.
	Non critical a/c pipe renewed by expiry of the longest expected pipe life.		
	Critical a/c pipe renewed by expiry of the shortest expected pipe life. Non-critical pipe renewed according to a budget set by affordability as set down within the parameters of the Financial Strategy.	Expect the occurrence of pipe failure to increase, thus network reliability will further reduce and risk exposure increase.	\$34,900,000 varying from \$2.2 to \$5.9 million per annum.

### Stormwater – Renewal Pipe Network

Issue and Consequence	Option	Implication	Cost
The oldest parts of the Invercargill stormwater network are reaching the end of their useful life, and renewal of these assets will reduce risk of failure, improve capacity and reduce the risk of stormwater contamination.	Prioritise pipe renewals by material, criticality, capacity and condition. Renewal of non-critical pipes may be delayed until maintenance requirements and disruption to the end user become unacceptable.	Critical, aging, high cost infrastructure is renewed and overall quality of the network is maintained or improved.	Increase renewals spend to \$3,520,000 per annum (depreciation allocation) by 2022.
	Replace pipe network on age or condition factors alone.	Structural integrity and maintenance requirement would remain at current levels. Capacity issues and stormwater quality would take longer to resolve.	Increase renewal spend to \$3,520,000 per annum by 2022.
	Replace pipe network at twice rate of depreciation to address contamination problems more quickly.	Would require significant additional expenditure, and place high demand on the supply market which could inflate prices. Would not address contamination issues within private properties.	Increase renewal expenditure to \$7,039,000 per annum by 2022.

### Stormwater – Investigate Infiltration Sources

Issue and Consequence	Option	Implication	Cost
The stormwater network receives stormwater from properties which are susceptible to contamination prior to entering the stormwater network. This may result in failure to comply with discharge consent conditions.	Increase monitoring of system to trace infiltration to the source, and require property owners to repair.	Improved data on the sources of contamination to the system. Improvement of water discharge quality in to the environment over time.	\$200,000 per annum for monitoring and investigation programmes. Additional costs of repair to property owners.
	Accept infiltration will happen in the system, put post collection treatment in place.	This option comes at an extremely high financial cost to Council and will not encourage the correct behaviours at the source of the issue. This also increases the cost to all ratepayers when it is not the fault of the community but sporadic private properties.	\$42,000,000 per annum for capital and financing costs, and maintenance of treatment systems, over the life of the treatment devises. (Based on “Southland Industrial and Municipal Water Values” Invercargill Case Study, 2013)
	Do nothing.	Failure to comply with consent conditions would result in regulatory action by Environment Southland, and directive to fix.	Unknown cost to defend regulatory action, and for fines imposed by courts. Court imposed costs to correct may also apply.

### Sewerage – Renewal Pipe Network

Issue and Consequence	Option	Implication	Cost
The oldest parts of the Invercargill sewerage network are reaching the end of useful life, and have increased risk of failure, public health issues, and of contamination of stormwater.	Prioritise pipe renewals by material, criticality, capacity and condition, at rate of depreciation. Renewal of non-critical pipes may be delayed until maintenance requirements and disruption to the end user become unacceptable.	High risk, high cost infrastructure is renewed and overall quality of the network is maintained or improved.	Increase renewal expenditure to \$2,563,000 per annum (depreciation allocation) by 2022.
	Replace pipe network on age and condition factors alone.	Structural integrity and maintenance would be maintained at current levels, or improved. Capacity issues and cross contamination of stormwater may take longer to resolve.	Increase renewal spend to \$2,563,000 per annum by 2022.
	Replace pipe network at twice the rate of depreciation to address contamination issues.	Additional cost to ratepayers would be a significant burden, and higher demand on the supply market may inflate prices. Cross contamination issues within private properties would not be addressed.	Increase renewal spend to \$5,126,000 per annum by 2022.

### Sewerage – Discharge Consent Renewal 2029

Issue and Consequence	Option	Implication	Cost
Wastewater Treatment Plant Discharge Consents require renewal in 2025 for Bluff, and 2029 for Clifton.	Negotiate new consents for discharge to Coastal Marine Area.	Bluff: Impacts on receiving environment are low. Quality improvement may not be required.  Invercargill: Nutrient removal likely to be required to reduce load on estuary.	Bluff: \$500,000 for consent renewal.  Invercargill: \$10,000,000 plus for nutrient removal.
	Remove discharges from Coastal Marine Area. Pump Bluff effluent to Clifton (2025), and discharge Clifton effluent to land (2029).	Bluff: Discharge Consent not required. Receiving water improvement at Bluff, and additional effects at Clifton would both be minor. Clifton: Effects on estuary would reduce, and may be transferred to catchment in which land disposal area is located. Suitable disposal site has not been identified.	Bluff: \$3,100,000 capital plus \$164,000 per annum operational. Clifton: \$28,000,000 capital plus \$3,100,000 per annum operational.
	Do nothing.	Failure to renew consents would result in regulatory action by Environment Southland, and directive to fix.	Unknown cost to defend legal action, and for fines imposed by courts. Court imposed directives to upgrade may also apply.

**Community Facilities – New Pool 2022**

Issue and Consequence	Option	Implication	Cost
There is no longer adequate space at Splash Palace due to current demand on the facility; there is also an increase in disabled users at the facility. In consideration of population and demographic projections, the demand will only continue to increase with special regard to the ageing and disabled users.	Build additional FINA standard pool space, a 25m x 25m and 2m deep, with accessibility ramp and stair access.	This will increase the available space in the water at the facility and improve accessibility. It will reduce tension between pool users as space is currently at a premium. Potential to engage more national water based competitions and meets to the City with FINA approved competition area.	Capital Cost \$ 6,266,000 – \$3,3,133,000 loan funded by Council and \$3,000,000 of proposed grant funding.  Ongoing operational increase required from rates of \$129,000 in 2020/2021 increasing to \$220,000 by 2027/28.
	Increase opening hours of the current facility.	May reduce overall demand, but demand peak times would remain the same (due to competing time demands on the customer).	Operational cost increase
	Increase admission costs.	This would reduce the demand for the facility, but would shift affordability to a wealthier demographic.	Unknown – could increase or decrease revenue to the facility.

**Community Facilities – Anderson House 2019**

Issue and Consequence	Option	Implication	Cost
Issue: Not up to EQ standard. Issue: Council has responsibility of stewardship for grounds, bush and buildings – expectations are that we continue to use the building for the public. Consequence: engage in public consultation to find out what the public want and what they are prepared to pay for.	Make the building safe to look at from the outside but not useable inside.	Public cannot use the inside of the building but it will be aesthetically pleasing as a background.	\$194,000
	Earthquake strengthen buildings to 33% - 67% and minimal work to open ground floor only.	Restricted use.	\$954,000 Capital Cost
	Strengthen, provide toilets, lift and regress but no fit out for restaurant and heritage displays.	Restricted use.	\$1,717,000 Capital Cost
	Complete all work as per Venture Southland's Report.	Very high cost and continual subsidisation.	\$1,916,000 Capital Cost

### Roading – Safety

Issue and Consequence	Option	Implication	Cost
Invercargill has a number of unsafe road layouts and together with unsafe driving behaviours continues to cause too many fatal and serious crashes occurring, especially to vulnerable drivers.	A low-budget around 5% of the road renewals budgets and limit the projects which can be completed typically to one lane projects.	Limits to the speed in response to issues and problems wait until they are prioritised. Public do not see any improvements. Some major projects once identified can take 10 years to be enacted. A limited response to a key problem. Current budget range.	\$400,000 per annum increasing with inflation.
	A mid-range budget where two significant improvements are targeted each year.	A more proactive response. Still has limitations on budget but has greater ability to increase improvements in key areas, deliver two big improvements per year and reduce the deficiency listings.	\$600,000 per annum increasing with inflation.
	A high-range budget where the deficiencies identified are completed over 10 years with some projects having a lower priority.	A significant shift in project work needing skills and resources to ensure sound investment. Would require NZTA to also agree that the safety projects meet a national threshold of importance. Identified deficiencies would be removed in a more responsive manner.	\$1,200,000 per annum increasing with inflation.

### Roading – Accessibility

Issue and Consequence	Option	Implication	Cost
Current infrastructure together with changing land use is restricting choices of travel for people around the city.	Low Budget Model \$4.0M – for resurfacing including chip sealing, asphaltting and rehabilitation works.	The renewals of the road pavement model has suggested that the optimum investment is the low model and that given the available budget that less can be wisely invested to achieve the output of roughness and road gutting required from the model. The users however seek smoother roads and this option continues to deliver similar statistical indicators (STE) results.	\$3,400,000 per annum increasing with inflation.
	Normal Budget Model \$4.3M – for resurfacing including chip sealing, asphaltting and rehabilitation works.	More investment would mean some roads are smoother earlier. NZTA are unlikely to agree to invest beyond the optimum model output.	\$4,300,000 per annum increasing with inflation.
	High Budget Model \$5.0M – for resurfacing including chip sealing, asphaltting and rehabilitation works.	Smoother roads in some targeted places which would allow wider access for heavier trucks earlier. Higher costs are not an optimum solution but potentially more aligned to customer wants (which may change when the cost impacts are tested). NZTA are unlikely to support or fund at the higher level making the extra investment much more expensive.	\$5,000,000 per annum increasing with inflation.

**Special Project – Arts Centre Invercargill 2019**

Issue and Consequence	Option	Implication	Cost																												
The Art Gallery was identified by the Southland Regional Development Strategy as a driver of inner city rejuvenation. The project identified there was a strong community interest in a dedicated Arts Centre with the opportunity to include and house the various local art collections.	Build a new art centre using a mixture of council, local and central government funds with the operation being delivered by council.	A new Art Centre would allow the collections to be better stored and would also assist the Southland Museum to refine its redevelopment to focus on areas other than art.	Council's estimated capital contribution Year 1 = 2019/20: <table border="1"> <tr><td>Year 1</td><td>\$200,000</td></tr> <tr><td>Year 2</td><td>\$1,300,000</td></tr> <tr><td>Year 3</td><td>\$1,200,000</td></tr> <tr><td>Year 4</td><td>\$13,300,000</td></tr> </table> Ongoing operational costs: <table border="1"> <tr><td>Year 1</td><td>\$168,000</td></tr> <tr><td>Year 2</td><td>\$267,000</td></tr> <tr><td>Year 3</td><td>\$374,000</td></tr> <tr><td>Year 4</td><td>\$722,000</td></tr> <tr><td>Year 5</td><td>\$1,269,000</td></tr> <tr><td>Year 6</td><td>\$1,308,000</td></tr> <tr><td>Year 7</td><td>\$1,325,000</td></tr> <tr><td>Year 8</td><td>\$1,345,000</td></tr> <tr><td>Year 9</td><td>\$1,385,000</td></tr> <tr><td>Year 10</td><td>\$1,407,000</td></tr> </table>	Year 1	\$200,000	Year 2	\$1,300,000	Year 3	\$1,200,000	Year 4	\$13,300,000	Year 1	\$168,000	Year 2	\$267,000	Year 3	\$374,000	Year 4	\$722,000	Year 5	\$1,269,000	Year 6	\$1,308,000	Year 7	\$1,325,000	Year 8	\$1,345,000	Year 9	\$1,385,000	Year 10	\$1,407,000
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Status quo.		Non co-ordinated art activity and a regional missed opportunity.	No increased costs.																												

**Special Project – Living Dinosaurs 2020**

Issue and Consequence	Option	Implication	Cost
The tuataras current facility within the museum has a couple of issues. The presence of tuatara are a risk to the required environment of the museum collection which is significantly different to that of the tuatara and therefore they require separation. The current space that the tuatara are in requires significant renewals to improve appearance and prevent corrosion. DOC are looking for a permanent home for the kakapo chick rearing, the current temporary lab is not fit for purpose. The foyer at SMAG requires development for a seamless flow from SMAG reception to Living Dinosaur experience. Create tourism attractions in Invercargill. More tourists will visit Invercargill and stay for multiple days.	Renew current tuatara enclosure remaining in the Museum Building.	The tuatara roof requires renewal as it is believed that the degrading of the roof surface is reducing the success of the breeding programme. The climatic atmosphere and feeding requirements of the tuatara are in conflict with requirements for the Museum collection, posing a higher risk than desired.	Estimated cost is \$400,000.
	Build an enclosure beside the Southland Museum and Art Gallery suitable for an enhanced tuatara experience. Tuataras have a purpose built facility and continued success of the tuatara breeding programme.	<ul style="list-style-type: none"> <li>Create tourism attractions in Invercargill.</li> <li>More tourists will visit Invercargill and stay for multiple days.</li> <li>A significant taonga species whose 'home' is Murihiku are celebrated.</li> <li>Risk to the tuatara and museum collection is reduced.</li> <li>The feasibility study indicates this can be cash positive from year one if partly co-funded or from year six if fully loan funded.</li> </ul>	Estimated capital cost is \$5M loan funded. Ongoing operational impact to the rates in Year 2019/20 – \$100,000. From Year 2020/21 there is an estimated \$260,000 contribution to the Museum Activity.
	Build an enclosure beside the Southland Museum and Art Gallery suitable for an enhanced tuatara	<ul style="list-style-type: none"> <li>Create tourism attractions in Invercargill.</li> <li>More tourists will visit</li> </ul>	Estimated capital cost is \$5M loan funded. Ongoing operational impact to the rates in Year 2019/20

Issue and Consequence	Option	Implication	Cost
	<p>experience; include facilities for rearing kakapo chicks which will also be a highly desirable attraction.</p> <p>Tuataras and Kakapō have a purpose built facility, continued success of the tuatara breeding programme.</p>	<p>Invercargill and stay for multiple days.</p> <ul style="list-style-type: none"> <li>Two significant taonga species whose 'home' is Murihiku are celebrated.</li> <li>Risk to the tuatara and museum collection is reduced.</li> <li>The feasibility study indicates this can be cash positive from year one if partly co-funded or from year six if fully loan funded.</li> <li>Purpose build facility for rearing of Kakapo chicks – they currently have no fixed facility. The chick will be present 10 weeks of the year every second, third or fourth year, dependant on their natural food source and success of breeding.</li> </ul>	<p>– \$100,000.</p> <p>From Year 2020/21 - there is an estimated \$260,000 contribution to the Museum Activity.</p> <p>Cost of Kakapō funded by others (Sponsorship of project, income and ongoing operational cost responsibility of DOC)</p>

### Special Project – Storage Facility 2025 and SMAG Re-development 2028

Issue and Consequence	Option	Implication	Cost
Southland Museum and Art Gallery has identified a need to provide better public areas and exhibition space, seismic strengthening and a weatherproof roof.	Remove the museum collection and art collection to a nearby purpose built building for separate storage of regional museum collections.	<p>Reduced risks to heritage of Southland by storing collection objects in optimum conditions.</p> <p>Heritage of Southland is catalogued in a common system.</p>	Estimated Council Capital Grant contribution \$8,600,000.
The Museum and collection is needed to be relocated to a facility designed for purpose.	Redevelop the existing pyramid building.	<p>Building will be more functional, attractive to visit and increase seismic capacity.</p> <p>Storage of collection will be off current site, allowing the Pyramid to have increased display and operational space.</p>	Estimated Council Capital Grant contribution \$10,800,000 (not including Storage Facility).
	Build additional areas associated with the development of an Arts Centre in the Invercargill.	One facility delivering a number of outcomes co-located. Additional costs in an Inner City location where land is more expensive.	Costs yet to be identified.

## ***Changes to Levels of Service***

Levels of Service (LOS) for asset groups included within this Strategy are not planned to have significant changes implemented unless noted below. During the Long-term Plan (10 years) and the Activity Management Plan (AMP) (30 years), ongoing consideration of the LOS will be undertaken and where changes are sought these will be included in future plans. This strategy looks to manage our existing assets at the same level of service. As Options are selected within the LTP process, some changes can occur. Where these are different from the recommended programmes within the AMP this document would need adjustment.

Council intends to maintain and renew its infrastructure assets to ensure that the assets remain in such a condition to continue to deliver a reliable and similar level of service to that currently being provided.

Required significant LOS adjustment

- For stormwater the proposed Southland Water and Land Plan will require improvements to stormwater quality

Propose options for LOS changes

- Additional pool at Splash Palace
- Alternative water supply
- Living Dinosaurs display
- ACI (Art Centre) development – museum changes

## ***Our Approach to Asset Management***

Council has recognised that to provide a better service to the community we must strengthen our approach to asset management and the systems we use. It must have sound evidence based information for decision making, the risks faced must be quantified in a consistent and formal way, and we must work closely as a coordinated team within Council across all departments.

We will deliver asset management by:

### **Statutory and regulatory requirements**

Asset Managers ensure that all Statutory and Legislative requirements are known and are covered by the set levels of service which are monitored. Regular reports on performance against these targets are made through the Council Committees and Council structures.

Corporate wide approach to Health and Safety systems for all employees and contractors working on assets is in place and managed outside this strategy.

### **Asset Management Policy and Asset Management Strategy**

Council must continue to maintain suitable governance and guidance documents in the form of policies and strategies to direct the delivery of asset management. These documents are considered by Council and when adopted they set the forward governance framework for staff to operate within. These documents also provide a high level plan which Council should expect itself to meet and exceed through having systems and processes which aid the delivery. These areas may include the level of maturity Council sets for each asset group, how it is resourced, and the level of expertise it holds in-house. These documents will also set the commitment to funding renewals and other activities, and need to be aligned and referenced when reviewing budgets or financial decision making.

### **Asset Management Information Systems (AMIS)**

Council will have systems which are capable of storing asset information and data in a coordinated and managed way, which is able to assist with the stewardship of owning assets.

These systems will be nationally recognised and have a low Information Management operational risk.

Currently two systems are utilised being Infor IPS (for piped network, buildings and Parks) and RAMM for roading. Both are recognised systems and are capable of delivering analytical processes to assist in the development of advanced asset management solutions.

RAMM has been used by Council for nearly 30 years and has high data availability. Infor IPS is a suitable product which is currently being implemented and data is now being consolidated into the package.

Systems such as this need to be adequately resourced and funded.

### **Progressively improve asset evidence**

All assets are collected and maintained accurately using Asset Management Information Systems (AMIS) which includes:

- Asset condition
- Performance
- Age and expected life
- Value and cost to replace
- Criticality

A common criticality framework is planned to be developed which considers risk and resilience in decisions. The future use of predictive modelling will be developed and used to implement preventative maintenance, improving predictable renewal programmes when and where data is available, and if it is not available, start to gather the data which is required.

### **Operate in a prudent manner**

When assets are added to existing portfolios, lifecycle management including operational costs are considered.

Service will be regularly reviewed to ensure that they are being delivered effectively, efficiently and to best practice. Structures will also be reviewed (Section 17A of LGA) to ensure that any opportunities are understood and changes implemented.

When procuring operational and/or maintenance services (in house and outsourced) or renewal works, value for money is attained through competitive procurement processes aligned to best practice. Generally an open market process is used for contracts with key outcomes being whole of life cost, contractor performance, and Health and Safety.

Financial performance will be monitored and reported against Annual Plan Budgets aligned with six weekly reports to Council.

### **Renew in a financially prudent manner**

Existing assets are maintained and networks are only extended in accordance with the District Plan, Activity Management Plans, or where Council resolves on a case by case basis. The strategy suggests that we need to maintain and manage existing assets and not look to grow or expand those services.

Risk, cost, whole of life operating costs and benefits will be considered before accepting any new privately funded assets constructed in association with property development.

Financial inputs are a key element to decision making and working closely with Council's finance teams is important. Making evidence driven sound investment decisions through the use of advanced asset management and business case analysis is the direction planned.

An organisational approach is taken to prepare for the Long-term, Annual and Activity Management Plans. This preparation prioritises renewal projects based on optimised decision making, major expenditure decisions prioritised in order from the highest benefit cost ratio with consideration to condition, criticality, performance and non-asset solutions are considered.

Valuations of all assets is planned to be undertaken during or prior to the review of the Activity Management Plans.

This strategy in conjunction with the Financial Strategy looks to develop the renewal funding level over a 10 year window to a level which is consistent with the calculated depreciation (unless

agreed otherwise such as in footpaths). This approach utilises increasing rates funding, loan and risk to balance the financial demands.

The approach taken in Water is to focus renewals around criticality. Supply pipelines which are specific assets delivering the water in bulk and are not networked or have alternatives are key to being able to deliver a service and if they fail they disrupt thousands of users and a “system” failure occurs. Their renewals are significant and large expensive projects are planned to occur and be complete no later than end of expected life. Some repairs take days and could have consequences if multiple simultaneous failures occurred, meaning no water to distribute and reservoirs run dry. The risk of a failure in these assets is too high and an unacceptable community risk. Non critical infrastructure however have many connected options and when a failure occurs, typically disrupts only a few customers, is easily repaired and have low cost impacts. These would be monitored and only renewed after evidence of pending significant (rendering wider level of service disruptions) failure. This evidence may be several small failures in a street, area or specific material type. Pipes would be run to their most optimistic life age and beyond, which delivers maximum use of the asset and best value for money. This is a significant shift in strategy from the past. This approach allows for a better balanced depreciation funded focus but develops an understood and acknowledged risk profile for Council which can then be assessed and managed through financial and investment tools and techniques.

### **Levels of service and demand**

Levels of service are consulted on and agreed through the Long-term Plan. This is the best time to review demand forecasts, and these are documented in AMPs. We seek to understand the customer and community requirements for level of service and identify any gaps or demands for change by:

- Monitoring requests for service
- Understanding the utilisation and capacity of our infrastructure
- Using satisfaction surveys and/or specific focus groups

Council endeavour to ensure that levels of service are set at agreed sustainable levels and moving forward any change to level of service will have an evidence based decision (benefit cost ratio or similar assessment factor) developed to demonstrate the impact of the changes.

### **Improve the asset management system**

Activity Management Plans are developed to agreed maturity levels as outlined within the Asset Management Policy. This Policy is reviewed as part of the Long-Term Plan development and more frequently if required.

Each activity plan has been developed using a consistent framework approach with similar sections and layouts. This has been based on Treasury Better Business Case Model. This approach assists to ensure all components are developed consistently, has similar and high visibility of key areas for readers to compare activities and uses techniques developed for evidence based decision making. This is the first cycle of the plans in this format and will improve with future iterations.

Activity Plans have a 30 year minimum horizon for planning, particularly for renewals. The piped networks, bridges and kerbing, and building assets however have assets which have lives in excess of the plan length of 30 years. These assets, sometimes up to 100 years are considered (through analysis) over their whole of life periods and the AMP generally only reports the 30 year window. Technical analysis over the whole of life is used and wherever possible modelled for impacts. Should a significant impact be identified just beyond the AMP minimum report period, it will be included to show that material aspect of the future planning cycle.

Each plan has an improvement plan and proposed actions are a key area where future advancement is recognised to occur. The Improvement Plans and Actions are reviewed and ideally reported to the Executive Leadership Team.

The wider Asset Teams co-ordinate to ensure common direction and actions are known and best practice is acknowledged and shared. Where available resources are shared. Each plan has a specific owner and responsibility.

The Corporate Risk framework is under review with all plans having a specific risk register which is actively maintained and evaluated to reduce impacts.

### **Sustainability and Resilience**

Environmental effects are considered in operational and renewal considerations to reduce negative impacts throughout the process where possible. Emerging technologies will be considered when appropriate for sustainability and if they can deliver service improvements. Both resilience and vulnerability are considered through corporate lifeline projects and as these plans are strengthened the inputs will be added to current AMPS.

Resilience is planned to be reviewed and improved along with the Corporate Risk framework, which includes contingency planning.

## ***How Are We Going To Fund Infrastructure?***

This Strategy develops the asset activities which are needed to be planned for and delivered over at least the next 30 years. This strategy needs to work and interact with the Financial Strategy and through these connections develop methods and options for the planned works to be funded in the short and long term in a sustainable way.

Council looks to use a mix of annual rates funding, dividends from investments, user pays, subsidies and other sources to balance the financial demands from assets with the ability and willingness from ratepayers and users to pay for them.

By getting infrastructure spending right, Council can assist our community and economy in continuing to thrive. This strategy will assist both Council and the Community to make well-informed decisions regarding the future development of any assets, as well as the maintenance and renewal of our existing assets.

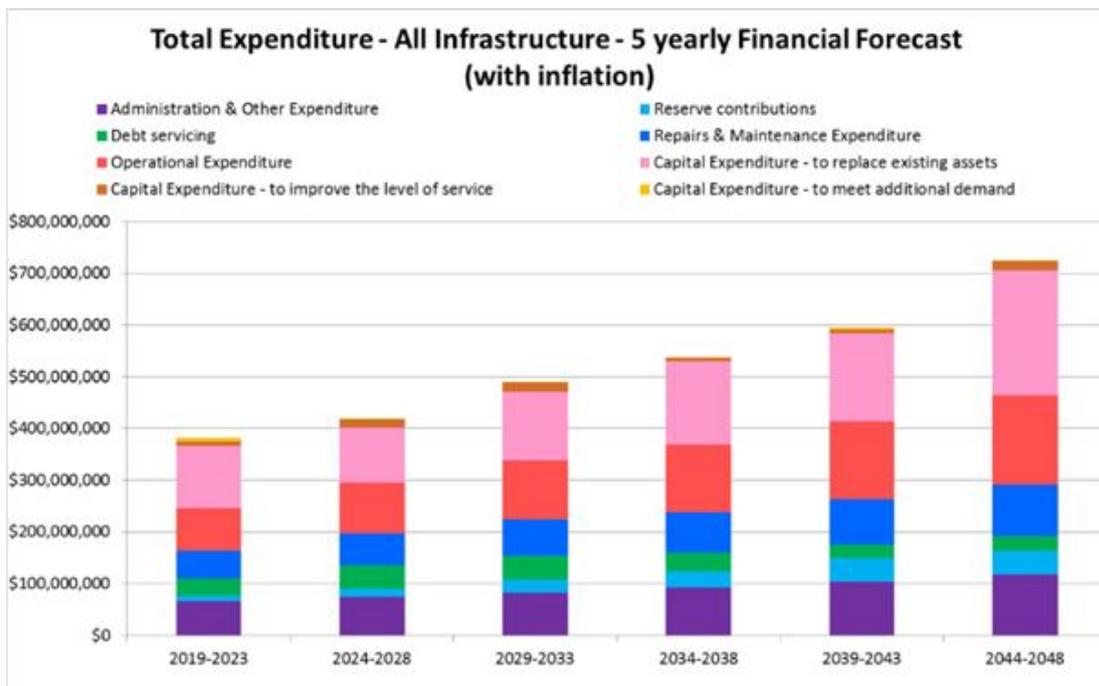
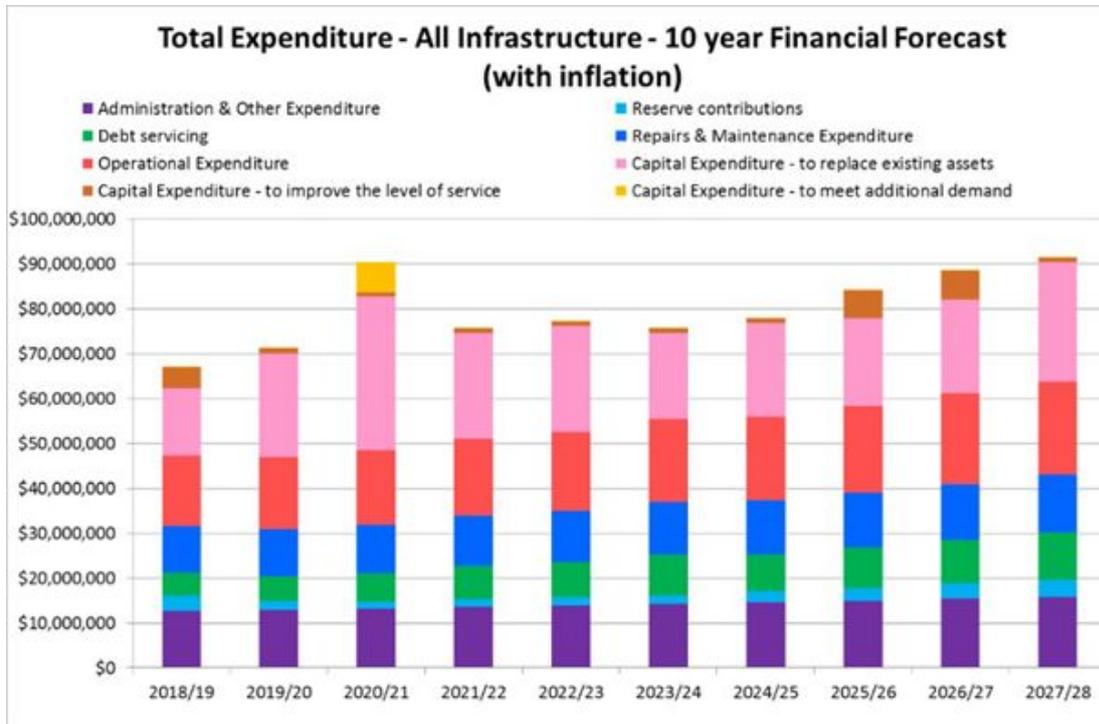
The Financial Strategy and Long-term Plan sets out which of the options are selected for each asset to pay for their activity.

Council believes it has a strong financial position which allows a 'safety net' if renewals demands are required sooner than anticipated and planned by the strategy timing. Council can increase debt in the short term to meet increasing costs.

## Long Term Financial Estimates

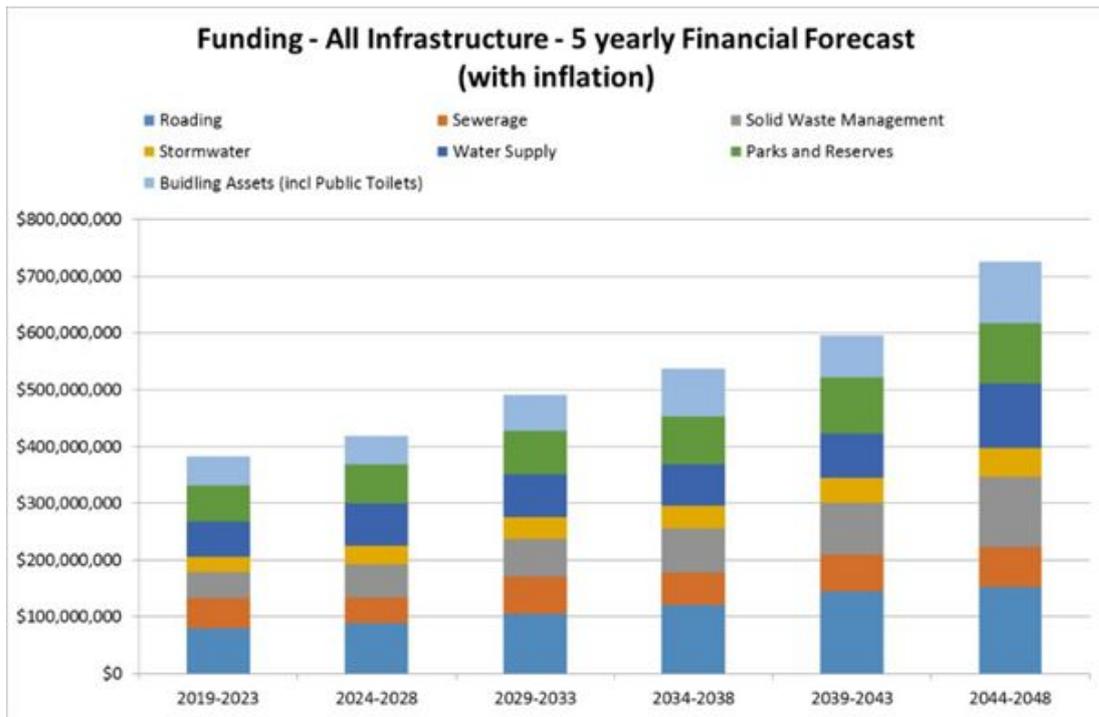
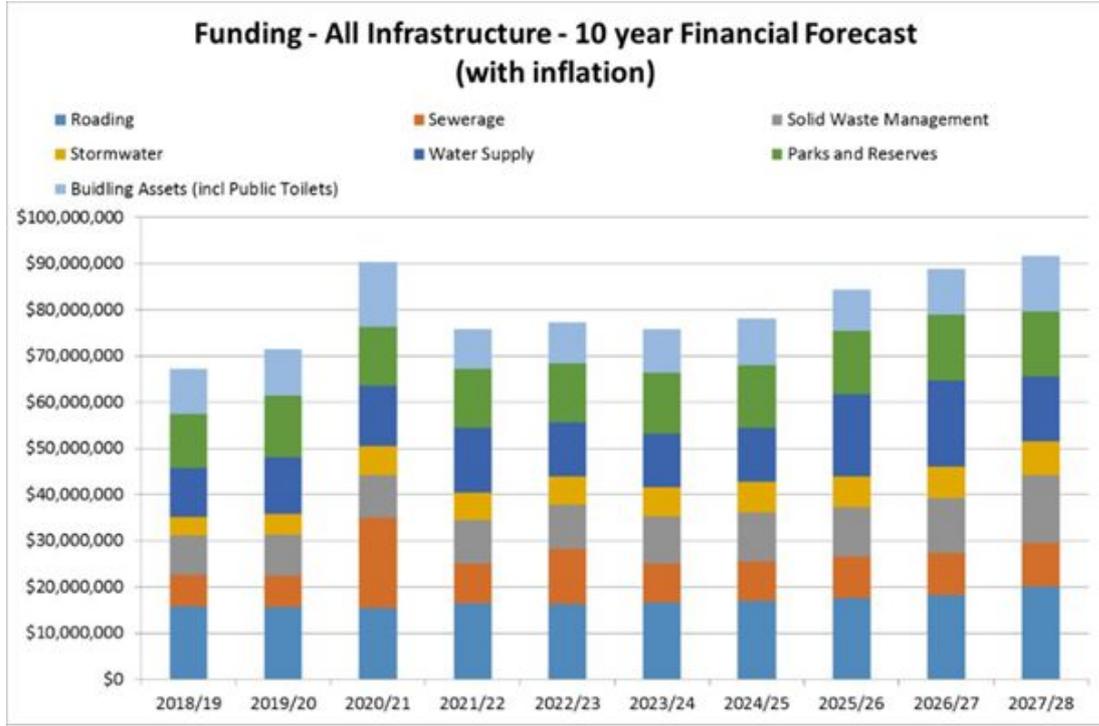
### Total Infrastructure Expenditure by Type

The two graphs below show, in detail for the first 10 years and then in five year blocks, the total infrastructure expenditure anticipated (excluding Special Projects) over the next 30 years.



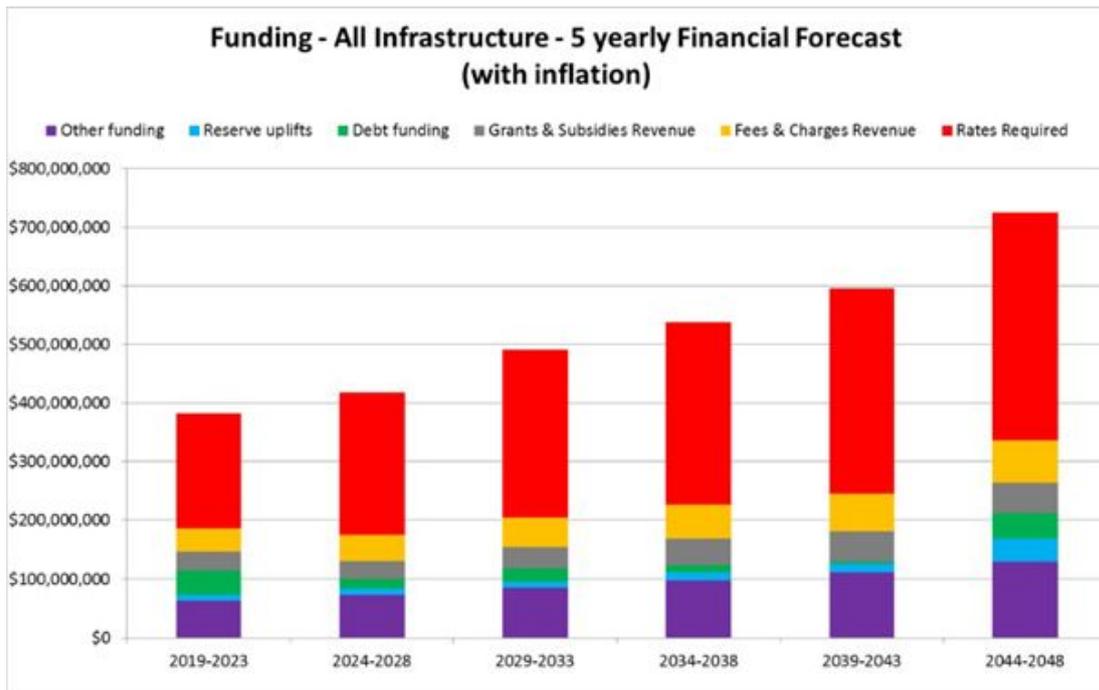
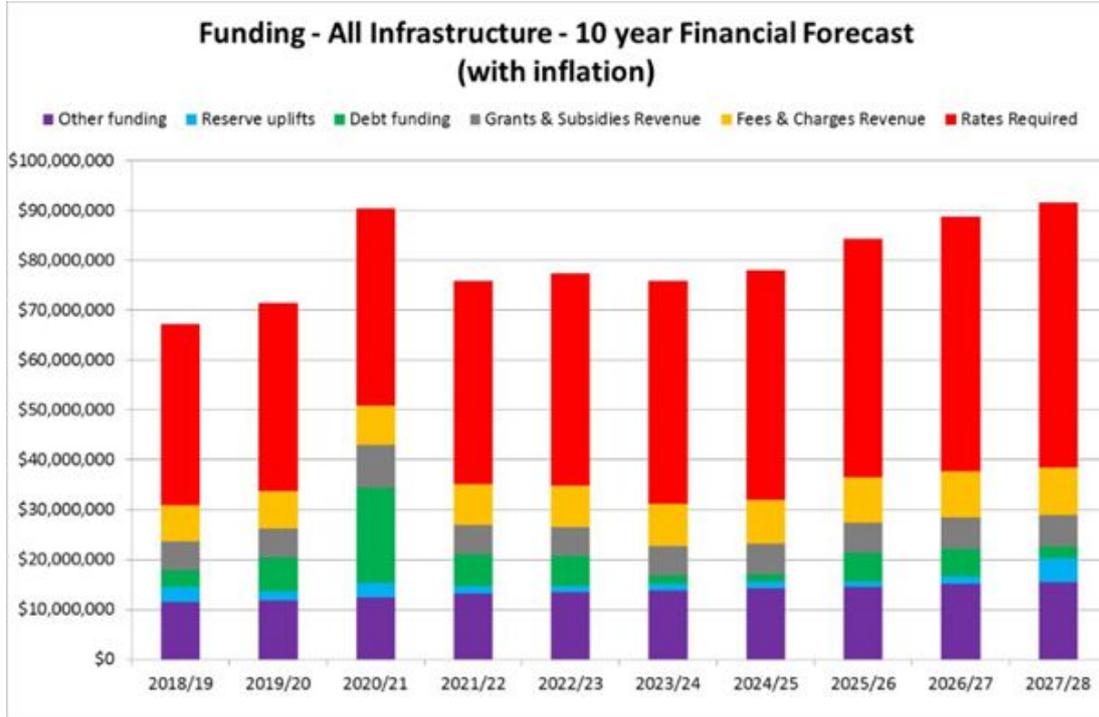
**Total Infrastructure Expenditure by Asset Group**

The two graphs below (in detail for the first 10 years and then in five year blocks) show the total infrastructure funding anticipated (excluding Special Projects) over the next 30 years.



**Total Infrastructure Funding Forecast**

The two graphs below (in detail for the first 10 years and then in five year blocks) show the total infrastructure funding anticipated (excluding Special Projects) over the next 30 years.



Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

**Total Infrastructure Financials**

Below are details for the first 10 years, of the total infrastructure financials anticipated (excluding Special Projects) over the next 10 years.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	LTP									
Internal Revenue	11,175,799	11,433,961	12,027,105	12,676,655	13,071,686	13,374,298	13,699,077	13,981,754	14,575,009	14,968,535
Fees & Charges Revenue	7,365,407	7,620,448	7,883,146	8,153,714	8,341,250	8,577,784	8,783,650	9,003,242	9,237,326	9,486,734
Grants & Subsidies Revenue	5,741,152	5,749,861	8,742,580	5,999,345	5,777,551	5,796,974	5,953,604	6,084,504	6,275,183	6,411,254
Rates Revenue	0	0	0	0	0	0	0	0	0	0
Financial Revenue	403,323	438,799	450,590	463,305	475,873	488,765	500,503	513,016	526,354	540,566
<b>Total Revenue</b>	<b>24,685,681</b>	<b>25,243,069</b>	<b>29,103,421</b>	<b>27,293,019</b>	<b>27,666,359</b>	<b>28,237,820</b>	<b>28,936,834</b>	<b>29,582,515</b>	<b>30,613,872</b>	<b>31,407,088</b>
Internal Expenditure	9,318,423	9,474,721	9,727,071	9,945,838	10,169,335	10,399,203	10,646,800	10,906,598	11,343,394	11,641,744
Staff Expenditure	1,322,310	1,348,843	1,375,908	1,403,516	1,431,725	1,460,501	1,489,905	1,519,950	1,550,653	1,582,030
Administration Expenditure	2,161,857	2,165,503	2,210,060	2,270,752	2,324,891	2,380,318	2,437,446	2,498,382	2,563,340	2,632,550
Financial Expenditure	2,015,971	2,219,230	3,022,547	3,583,331	3,723,234	4,025,858	3,824,147	3,744,594	4,032,214	3,840,855
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	10,373,776	10,633,885	10,867,831	11,130,141	11,401,422	11,648,015	11,927,567	12,237,482	12,543,626	12,882,304
Operational Expenditure	15,679,580	16,007,954	16,596,704	17,208,768	17,682,212	18,541,340	18,711,787	19,244,071	20,349,298	20,849,309
Depreciation Expenditure	25,353,250	25,919,770	26,549,002	27,620,514	28,260,671	28,915,044	29,620,293	30,372,321	31,168,171	32,013,797
<b>Total Expenditure</b>	<b>66,225,167</b>	<b>67,769,906</b>	<b>70,349,124</b>	<b>73,162,860</b>	<b>74,993,490</b>	<b>77,370,280</b>	<b>78,657,945</b>	<b>80,523,398</b>	<b>83,550,698</b>	<b>85,442,589</b>
<b>Operating Surplus / (Deficit)</b>	<b>(41,539,486)</b>	<b>(42,526,837)</b>	<b>(41,245,703)</b>	<b>(45,869,841)</b>	<b>(47,327,131)</b>	<b>(49,132,460)</b>	<b>(49,721,111)</b>	<b>(50,940,883)</b>	<b>(52,936,826)</b>	<b>(54,035,501)</b>
Capital Expenditure - to meet additional demand	238,303	171,662	6,804,184	170,333	131,835	166,531	182,536	110,783	290,473	197,148
Capital Expenditure - to improve the level of service	4,736,152	1,193,948	866,405	916,804	937,891	959,462	982,489	6,284,861	6,448,267	1,061,132
Capital Expenditure - to replace existing assets	15,010,361	23,183,233	34,189,781	23,668,892	23,665,428	19,147,644	20,920,895	19,665,447	20,740,325	26,494,756
<b>Capital Expenditure</b>	<b>19,984,816</b>	<b>24,548,844</b>	<b>41,860,370</b>	<b>24,756,029</b>	<b>24,735,153</b>	<b>20,273,637</b>	<b>22,085,921</b>	<b>26,061,091</b>	<b>27,479,065</b>	<b>27,753,036</b>
Proceeds from Asset Disposal	(25,500)	(26,061)	(26,634)	(27,220)	(27,846)	(28,487)	(29,171)	(29,900)	(30,677)	(31,505)
Debt movements	(248,273)	(3,552,694)	(15,747,189)	(2,453,080)	(2,111,047)	3,418,501	2,935,837	(509,824)	184,698	4,405,600
Reserve movements	455,956	127,167	(1,312,648)	105,470	777,856	639,129	1,056,155	1,778,904	1,743,608	(911,756)
Cash Back Depreciation	(25,353,250)	(25,919,770)	(26,549,002)	(27,620,514)	(28,260,671)	(28,915,044)	(29,620,293)	(30,372,321)	(31,168,171)	(32,013,797)
<b>Rates Required</b>	<b>36,353,235</b>	<b>37,704,323</b>	<b>39,470,600</b>	<b>40,630,526</b>	<b>42,440,576</b>	<b>44,520,197</b>	<b>46,149,561</b>	<b>47,868,832</b>	<b>51,145,348</b>	<b>53,237,079</b>

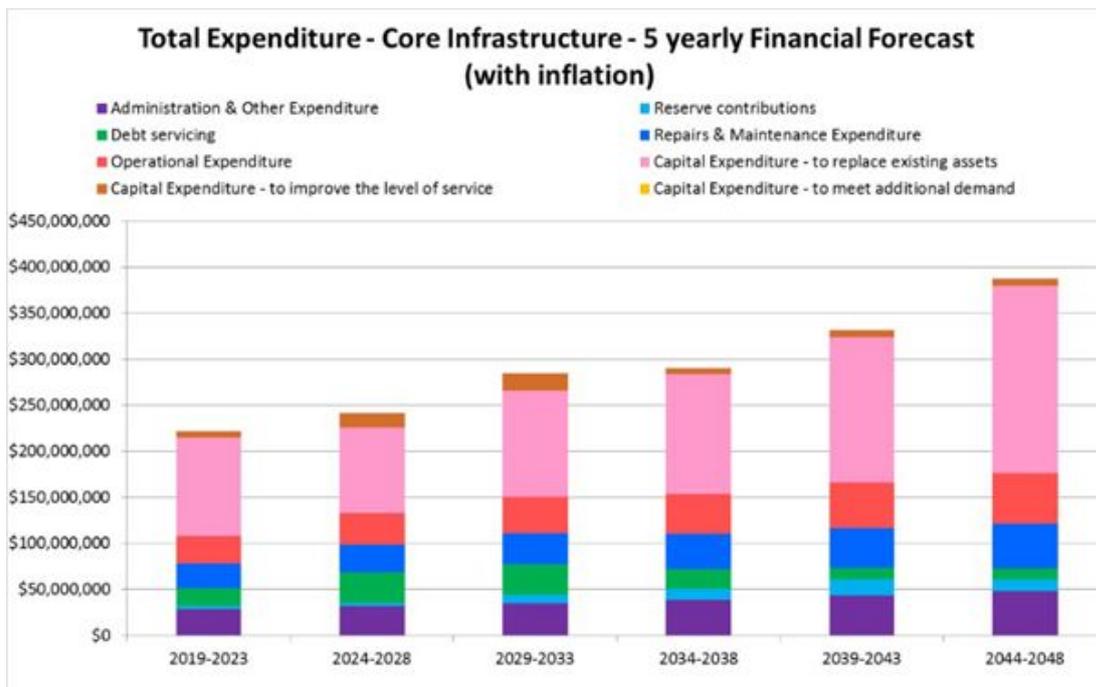
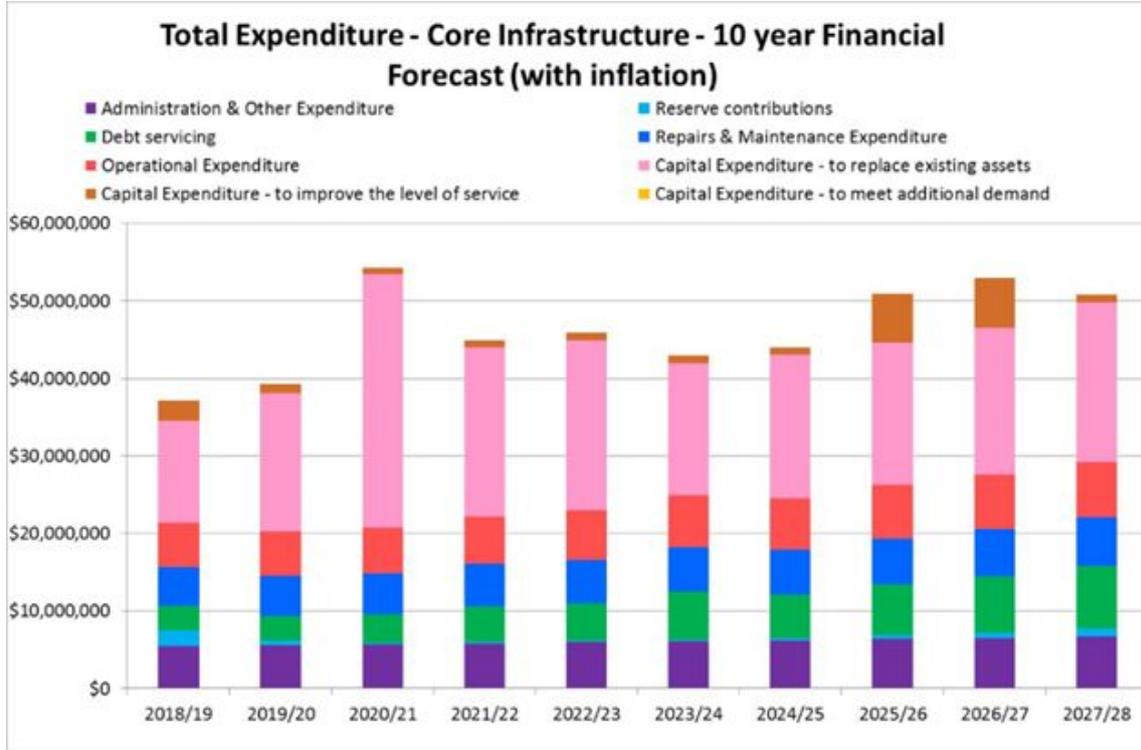
Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Below are details in five year blocks, of the total infrastructure financials anticipated (excluding Special Projects) over the next 30 years.

	2019-2023	2024-2028	2029-2033	2034-2038	2039-2043	2044-2048
	LTP	LTP	LTP	LTP	LTP	LTP
Internal Revenue	60,385,206	70,598,672	81,916,236	94,067,455	107,656,964	125,147,270
Fees & Charges Revenue	39,363,965	45,088,735	50,960,166	57,376,046	64,599,685	72,732,779
Grants & Subsidies Revenue	32,010,488	30,521,518	36,092,233	45,730,972	51,858,406	52,034,795
Rates Revenue	0	0	0	0	0	0
Financial Revenue	2,231,890	2,569,203	2,903,772	3,269,357	3,680,969	4,144,403
<b>Total Revenue</b>	<b>133,991,549</b>	<b>148,778,129</b>	<b>171,872,407</b>	<b>200,443,830</b>	<b>227,796,024</b>	<b>254,059,246</b>
Internal Expenditure	48,635,389	54,937,740	60,624,079	67,966,447	76,482,611	86,913,789
Staff Expenditure	6,882,302	7,603,040	8,401,007	9,281,653	10,254,744	11,330,004
Administration Expenditure	11,133,063	12,512,036	14,141,347	15,921,741	17,926,287	20,183,205
Financial Expenditure	14,564,313	19,467,669	18,657,254	12,029,248	10,677,091	9,528,694
Grants & Subsidies Expenditure	0	0	0	0	0	0
Repairs & Maintenance Expenditure	54,407,055	61,238,994	69,585,186	78,345,954	88,209,702	98,765,898
Operational Expenditure	83,175,217	97,695,806	113,989,438	131,472,756	151,321,279	172,807,766
Depreciation Expenditure	133,703,208	152,089,626	172,052,163	193,875,542	218,502,208	246,261,016
<b>Total Expenditure</b>	<b>352,500,547</b>	<b>405,544,910</b>	<b>457,450,473</b>	<b>508,893,340</b>	<b>573,373,922</b>	<b>645,790,371</b>
<b>Operating Surplus / (Deficit)</b>	<b>(218,508,998)</b>	<b>(256,766,781)</b>	<b>(285,578,067)</b>	<b>(308,449,510)</b>	<b>(345,577,899)</b>	<b>(391,731,125)</b>
Capital Expenditure - to meet additional demand	7,516,317	947,471	1,149,513	1,591,354	4,753,469	1,038,073
Capital Expenditure - to improve the level of service	8,651,200	15,736,211	18,351,717	6,417,759	7,225,754	18,549,234
Capital Expenditure - to replace existing assets	119,717,695	106,969,068	133,469,810	160,334,130	169,602,474	241,642,096
<b>Capital Expenditure</b>	<b>135,885,212</b>	<b>123,652,749</b>	<b>152,971,041</b>	<b>168,343,243</b>	<b>181,581,696</b>	<b>261,229,403</b>
Proceeds from Asset Disposal	(133,262)	(149,740)	(169,239)	(190,546)	(214,536)	(241,546)
Debt movements	(24,112,283)	10,434,812	4,779,603	11,672,436	10,913,054	(25,372,813)
Reserve movements	153,800	4,306,040	14,485,030	16,420,077	30,760,452	7,074,153
Cash Back Depreciation	(133,703,208)	(152,089,626)	(172,052,163)	(193,875,542)	(218,502,208)	(246,261,016)
<b>Rates Required</b>	<b>196,599,259</b>	<b>242,921,017</b>	<b>285,592,339</b>	<b>310,819,178</b>	<b>350,116,358</b>	<b>388,159,307</b>

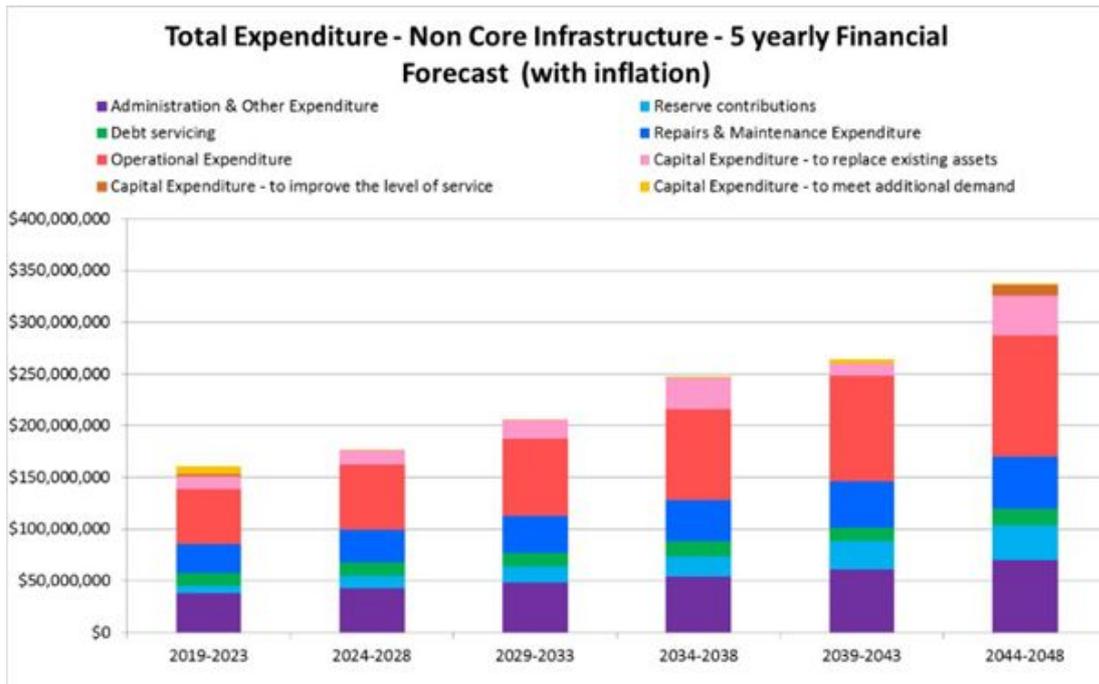
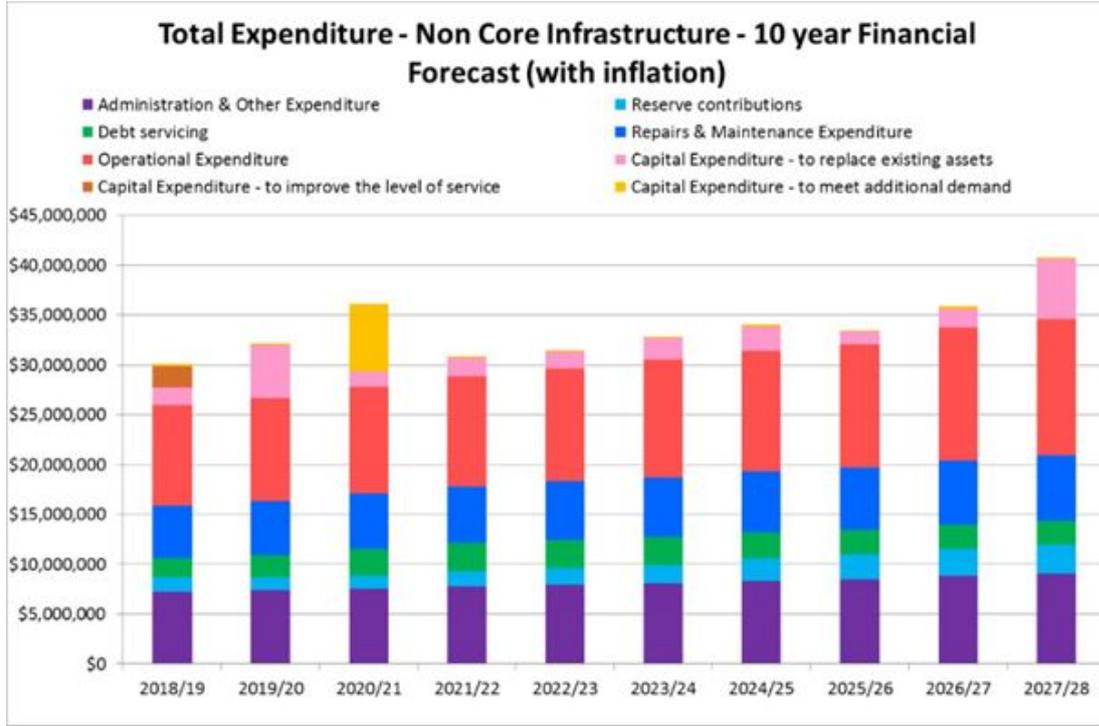
**Core Infrastructure Expenditure by Type**

The two graphs below show, in detail for the first 10 years and then in five year blocks, the core infrastructure expenditure anticipated over the next 30 years.



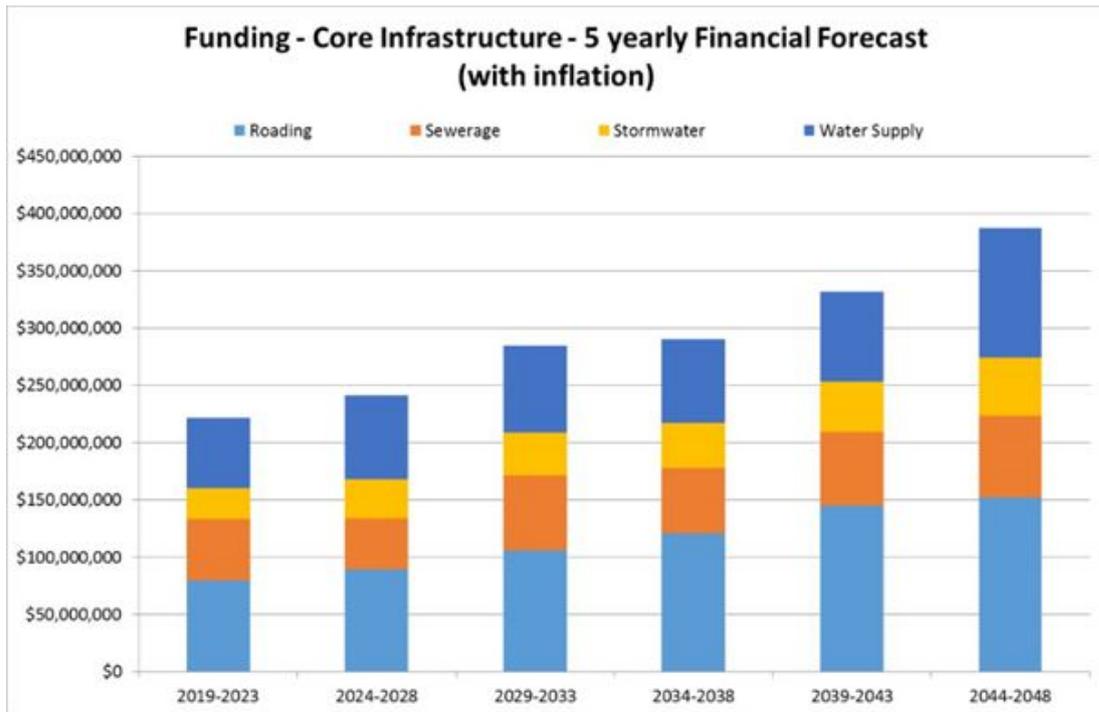
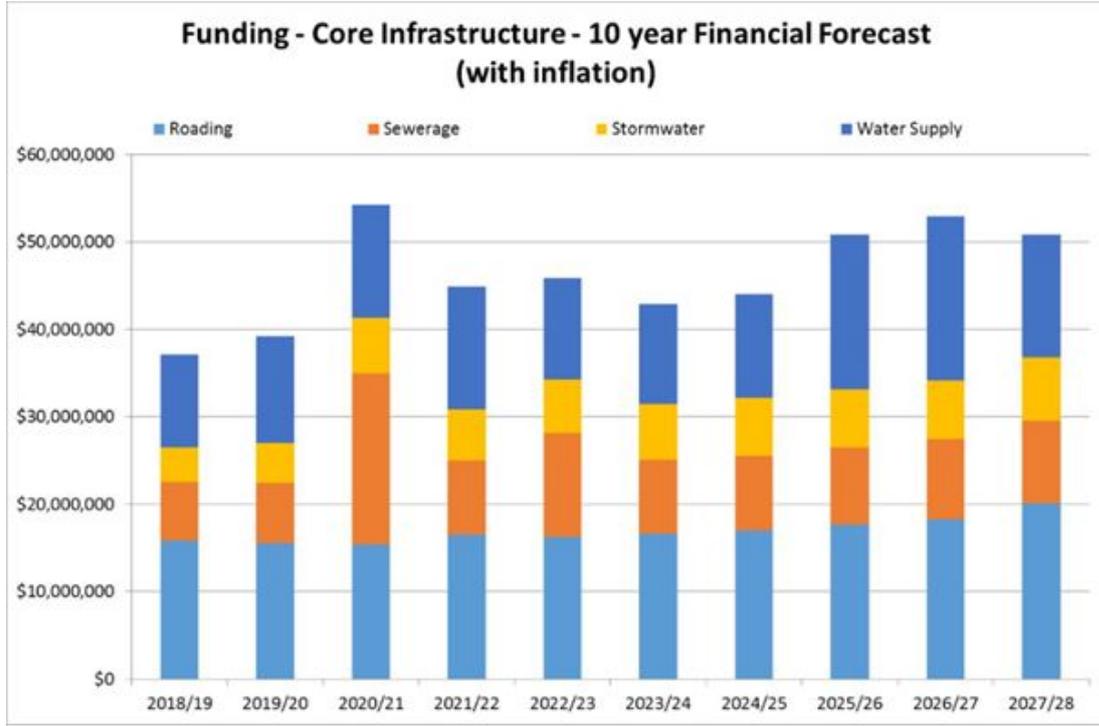
**Other Infrastructure Expenditure by Type**

The two graphs below show, in detail for the first 10 years and then in five year blocks, the other infrastructure expenditure anticipated (excluding Special Projects) over the next 30 years.



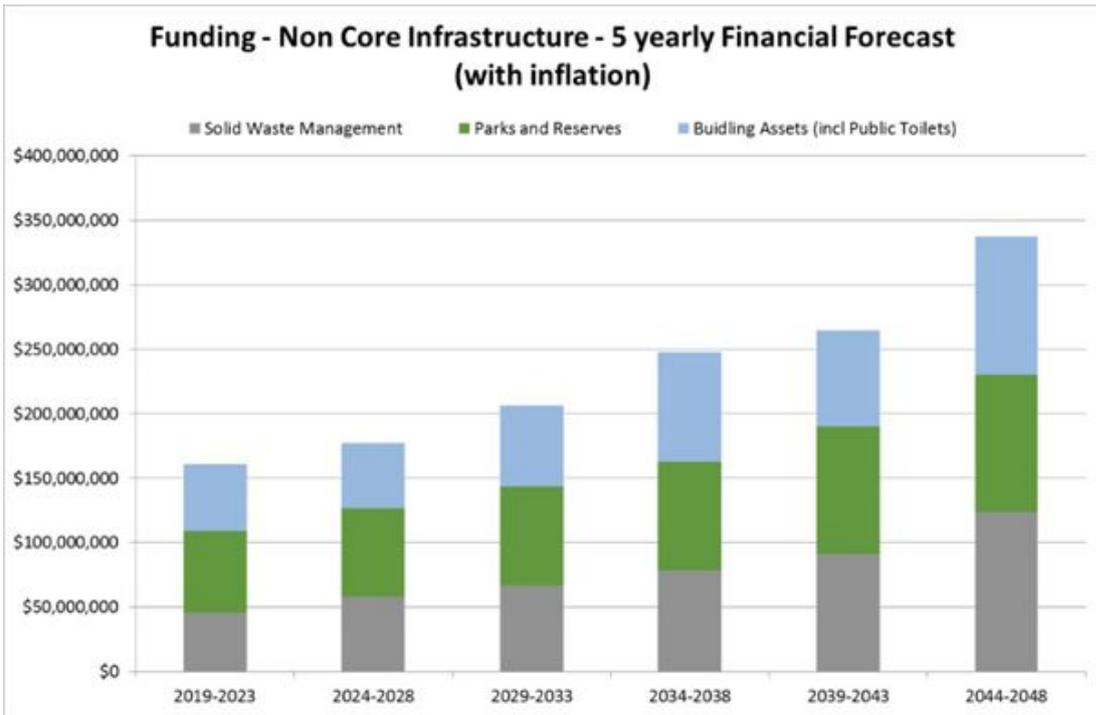
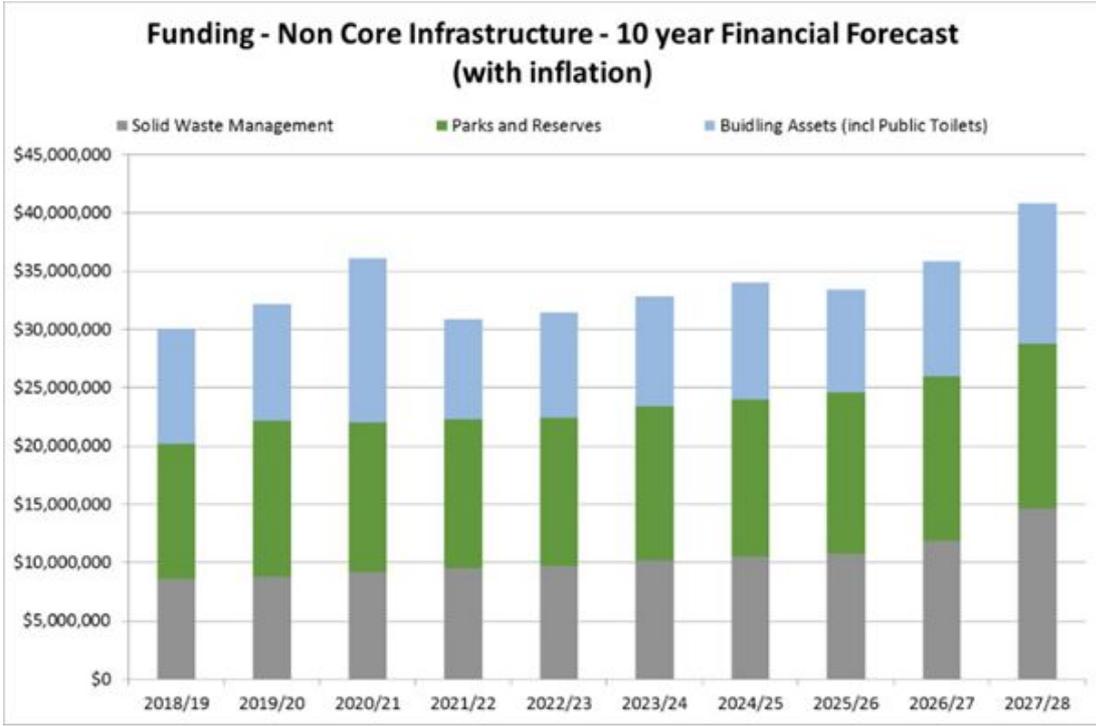
**Core Infrastructure Expenditure by Asset Group**

The two graphs below (in detail for the first 10 years and then in five year blocks) show the core infrastructure funding anticipated over the next 30 years.



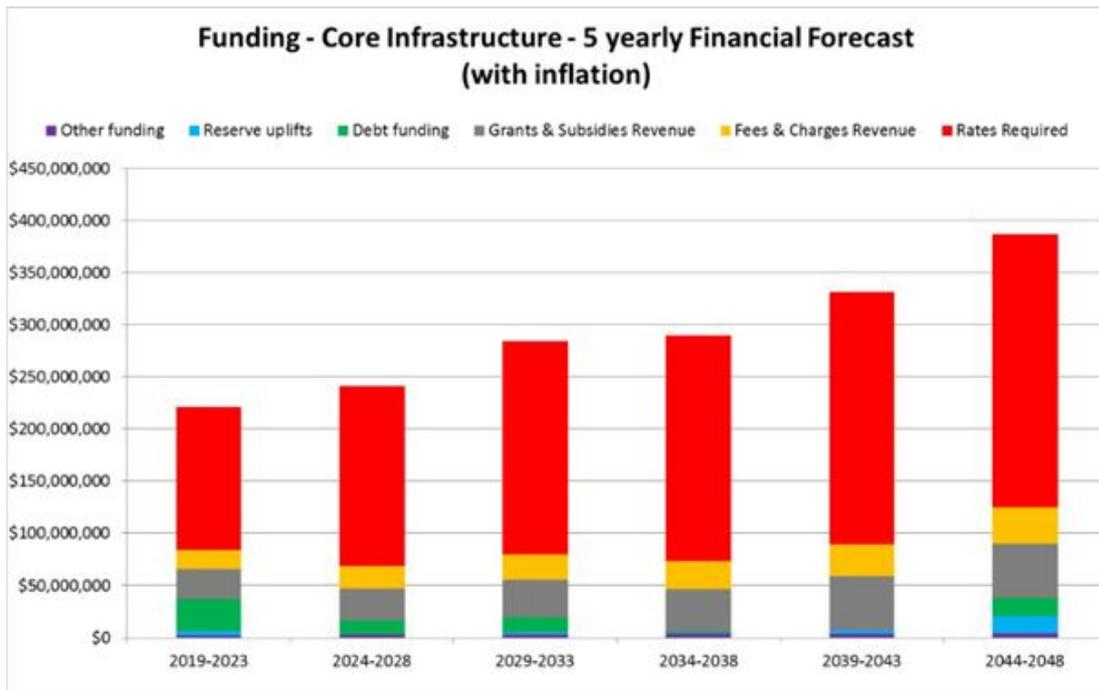
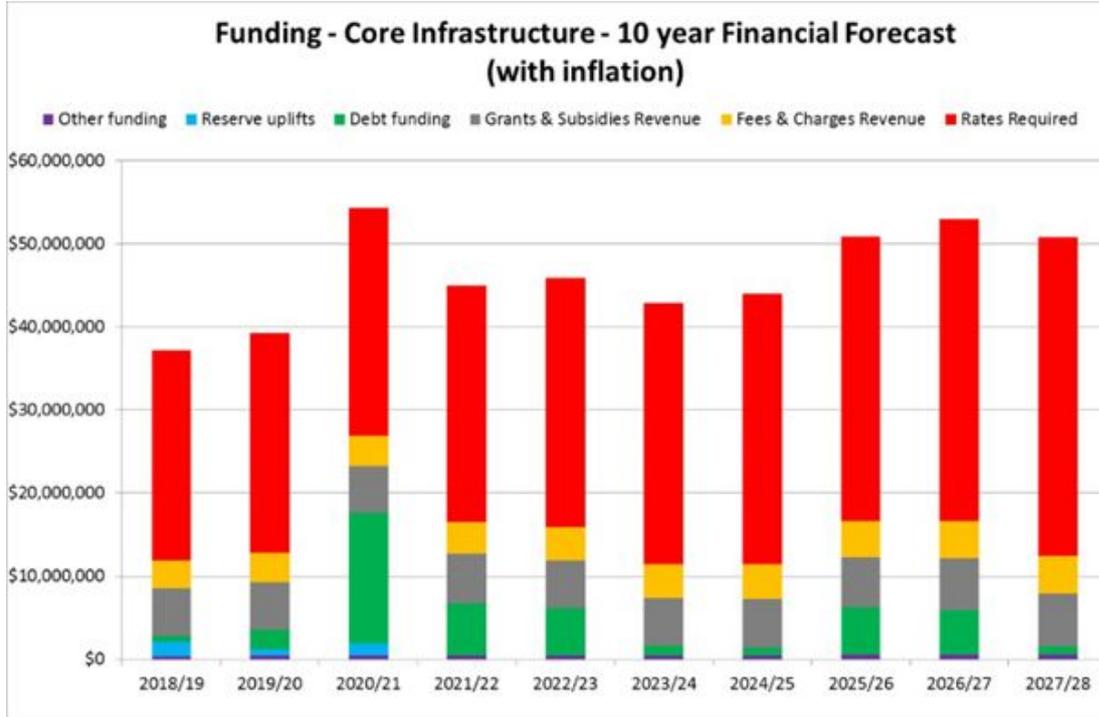
**Other Infrastructure Expenditure by Asset Group**

The two graphs below (in detail for the first 10 years and then in five year blocks) show the other infrastructure funding anticipated (excluding Special Projects) over the next 30 years.



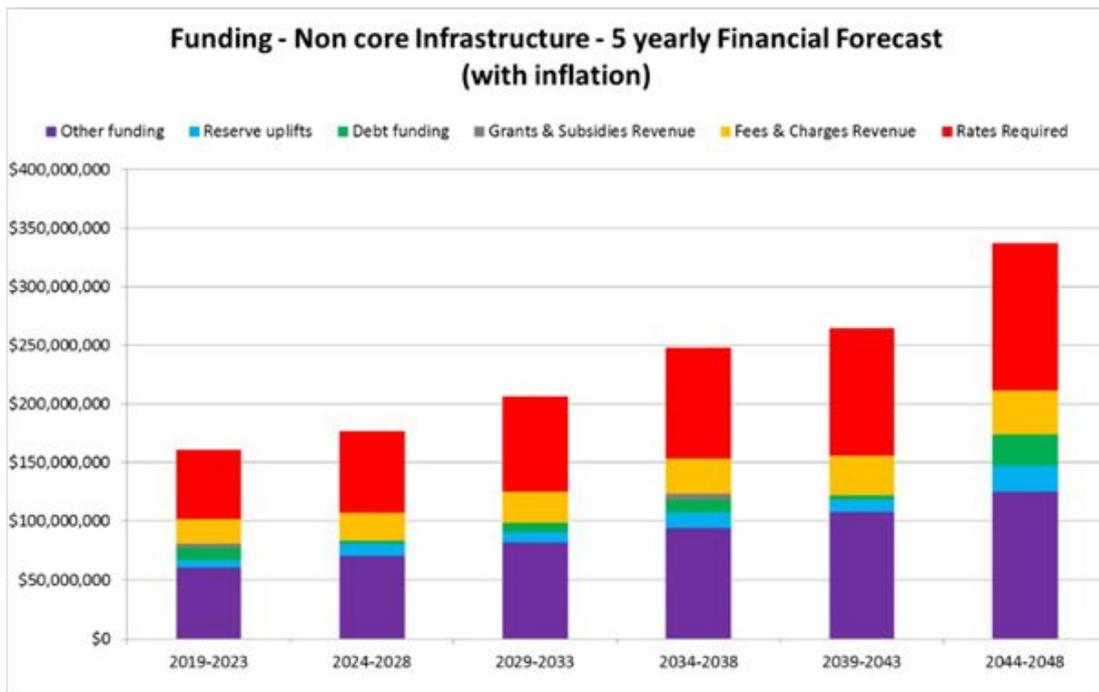
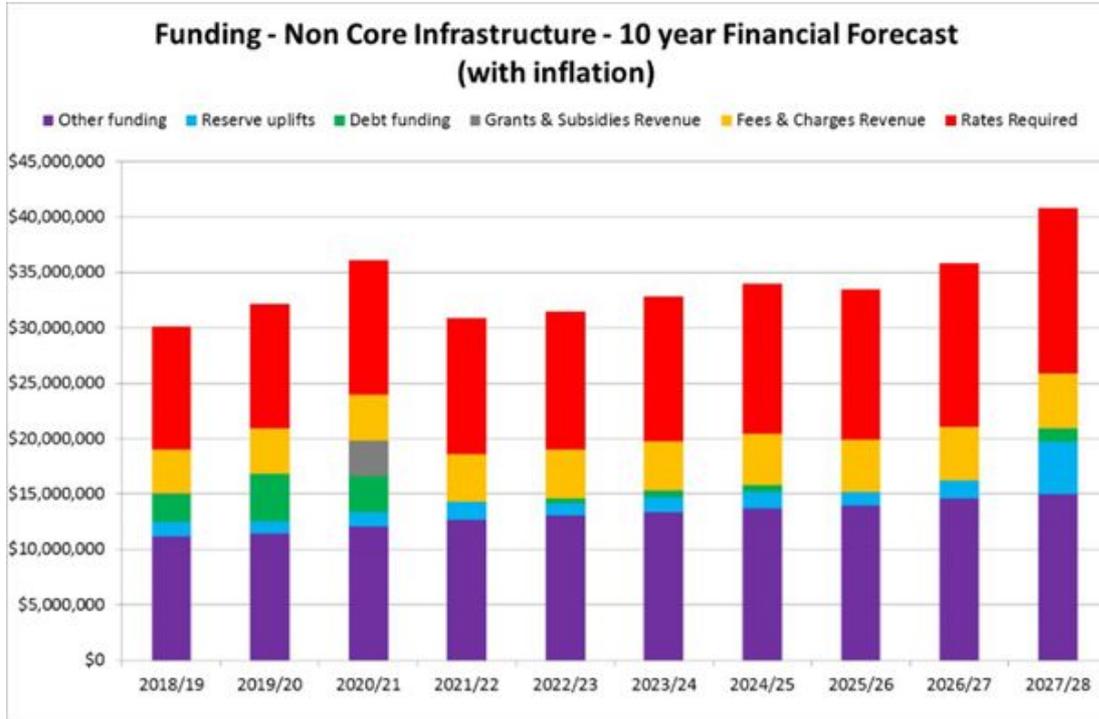
**Core Infrastructure Funding Forecast**

The two graphs below (in detail for the first 10 years and then in five year blocks) show the core infrastructure funding anticipated over the next 30 years.



**Other Infrastructure Funding Forecast**

The two graphs below (in detail for the first 10 years and then in five year blocks) show the other infrastructure funding anticipated (excluding Special Projects) over the next 30 years.





# Long-Term Plan – Background and Assumptions

2018 - 2028

Prepared for Melissa Short, Manager – Strategy and Policy



## PURPOSE OF THE LONG-TERM PLAN

The Local Government Act 2002 is the legislation that provides powers to councils to decide what activities they undertake and the manner in which they will undertake them.

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

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

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

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

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

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

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

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

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

## SIGNIFICANT PLANNING ASSUMPTIONS - NGA WHAKAAROAROTANGA

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

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

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

The main contributions of risk are identified as arising from:

- Central Government changes to legislation and policy that influences the role and compliance costs of local government.
- The rate, location and funding of growth within the City.

## MURIHIKU: THE TAIL END OF THE COUNTRY

With the land surveyed in 1856, and sites purchased in 1857, Invercargill was set to become a popular city in New Zealand. Separating from Otago and being so close to the Gold Rush boosted the population in the 19<sup>th</sup> century. It further increased during the 1870 Government-promoted immigration and the late 1880's saw the gasworks and waterworks opening, with the Water Tower still a prominent feature in the City to this day. It was the last decade of the 19<sup>th</sup> Century where farming developed rapidly and the Freezing Works opened – Invercargill saw their population double between 1891 and 1916.

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

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

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

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

## COUNCIL'S VISION

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

## EXECUTIVE SUMMARY

### INTERNAL FACTORS

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

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

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

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

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

### FINANCIAL FACTORS

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

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

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

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

## EXTERNAL FACTORS

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

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

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

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

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

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

# SUMMARY OF ASSUMPTIONS

## INTERNAL FACTORS

Assumption	Level of Uncertainty	Area of Impact
<b>Population</b> The population will increase to 56,300 by 2028.	<b>Moderate</b> – risk that actual numbers will vary.	Infrastructure and Housing. Significant increases in population may create a demand for infrastructure and services beyond existing capacity. Significant decrease in population would adversely impact on the community's ability to fund current levels of infrastructure and services.
<b>Household Growth</b> An average of 2.3 people per household in 2038, requiring 2,300 more homes from 2013.	<b>Moderate</b> – risk that actual numbers will vary.	Infrastructure and Housing. Significant increases in the number of households may create a demand for infrastructure and services beyond existing capacity.
<b>Ageing Population</b> Those 65 years and older will make approximately 22% of Invercargill's population by 2028.	<b>Low</b> – increasingly older population is reasonably certain.	Council Services and Recreation Assets. An increase in the number of those people 65 years and older will increase the number of ratepayers on fixed incomes and may have an impact on the ability of the community to afford infrastructure and services.
<b>Resource Consents</b> Resource consents will be obtained with reasonable conditions and negligible impact on how Council provides its services.	<b>Moderate</b> – change is imminent but extent of which is unknown.	3 Waters Capital expenditure may be required if the conditions attached to resource consents require changes to how Council delivers its services.
<b>Tourism &amp; Visitor Numbers</b> Tourism numbers will increase over the Long-Term Plan period.	<b>Low</b> – various city-wide endeavours to boost tourism.	Venture Southland, SMAG, Council Services and Recreation Assets. Significant increases in the number of tourists may create a demand for infrastructure and services beyond existing capacity. Significant decrease in the number of tourists would adversely impact on the commercial community's ability to fund current levels of infrastructure and services.
<b>New Zealand Transport Agency</b> That the NZTA Funding Assistance Rate will reduce by 1% each year of the life of the plan.	<b>Moderate</b> – technological advancements will occur.	Roading. Lower than anticipated subsidies can result in service delivery costs needing to be met by other means or a decrease in the level of service.
<b>Commercial Property</b> The CBD will remain in the Esk Street area and will become more vibrant.	<b>Moderate</b> – risk exists due to uncertainty of CBD future, but Council has recently adopted a Retail Strategy.	Infrastructure, Housing and Roading. Significant decrease in the number of commercial ratepayers would adversely impact on the commercial community's ability to fund current levels of infrastructure and services.

## FINANCIAL FACTORS

Assumption	Level of Uncertainty	Area of Impact
<b>Inflation</b> Inflation will occur at the rates set by BERL as LGCI forecasts.	<b>Moderate</b> – inflation forecasts are not always accurate.	Cost change factors are based on information developed for Council's by Business and Economic Research Limited (BERL). Significant variations from these adjustments will be identified in future Annual Plans and Annual Reports.
<b>Local Economy</b> The local economy will grow and diversify.	<b>Moderate</b> – financial impact difficult to forecast.	Composition of local economy may diversify offering greater employment opportunities. Significant change to the economy, such as a large employer choosing to locate in the District, may require Council to review and change its current activities and levels of service. These demands will need to be quantified and an amendment to the Long-term Plan developed if the costs are significant.
<b>Useful Life of Significant Assets</b> Assets will reach the useful life indicated when supplied.	<b>Moderate</b> – asset lives based on estimates by Engineers and Registered Valuers.	A shorter useful life for assets would create a financial burden on the community.
<b>Depreciation</b> Council will fully fund renewal depreciation.	<b>Low</b> – asset depreciation rates will not change.	Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.
<b>Asset Revaluation</b> Council will use national standards in asset revaluation.	<b>Moderate</b> – value will remain somewhat constant over ten years.	Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.
<b>Vested Assets</b> Vested assets will have a negligible impact on Council's overall infrastructure and finances.	<b>Low</b> – financial effect of uncertainty.	Level of vested assets fluctuates yearly. Historical levels have not been material.
<b>Financial – Existing Funding Renewal</b> Council borrowing facility will be renewed (three-yearly) with the terms and conditions mirroring market trends.	<b>Moderate</b>	Council's terms and conditions for its borrowing facility have mirrored market trends in recent times.
<b>Financial – Expected Interest Rates on Borrowing</b> 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.	<b>Moderate</b>	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).
<b>Financial – Forecast on Return on Investments</b>	<b>Low</b>	Lower than expected returns on investments will require Council to

Return on cash investments is calculated on the borrowing rate less 2%. Dividends and subvention payments from Invercargill City Holdings Limited are assumed to be at 11% of the total rates requirement.		consider collecting a greater amount in rates, reduce spending or increase borrowings to cover any reduction in income.
<b>Asset revaluation for Property, Plant and Equipment</b>  Assets will increase by the accumulated Local Government Cost Index inflation on the last valuation value.	<b>Moderate</b> – inflation forecasts are not always accurate.	Cost change factors are based on information developed for Council’s by Business and Economic Research Limited (BERL). Significant variations from these adjustments will be identified in future Annual Plans and Annual Reports.

### EXTERNAL FACTORS

Assumption	Level of Uncertainty	Area of Impact
<b>Local Governance</b> Amalgamation will not occur during the life of the Plan.	<b>Low</b> – continue shared services, although amalgamation is low risk.	Shared Services, Policy and Governance Boundary changes would require a review of the Long-term Plan with its associated community consultation.
<b>Legislation</b> There will be changes to legislation that have an impact on what and how Council provides services.	<b>Moderate</b> – difficult to know what central government will implement particularly if a change in government.	Services, Finances and Governance Significant legislative change can impose significant financial and service delivery costs on Council.
<b>Natural Disasters</b> There will be no major catastrophes that impact on Invercargill or its economy.	<b>High</b> –It is certain the Alpine Fault will rupture in the future but uncertain as to when and the impact.	Infrastructure, Services, Housing and Population A Civil Defence emergency in the District would impact financially on Council and the community. The financial risk to Council is reduced by maintaining insurance cover for emergency events.
<b>Climate Change</b> 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.	<b>Moderate</b> – Long-Term trend of rising temperatures and more frequent intense weather events is reasonably certain, short to medium term impacts are less certain.	Water availability, coastal hazards (roading and infrastructure), services, air quality, agriculture, farming and biosecurity. The effect of Climate Change occurring more quickly than anticipated may require Council to review and change its current activities and levels of service. This could have a significant financial impact on the community.
<b>Technology</b> Changes in technology will affect how Council carries out its activities. This will have a financial implication over the 10 year plan.	<b>High</b> – certainty of diversification in technology is ever-growing. Impact of changing technology cannot be quantified.	Employment, Local Economy and Services (delivery) New technologies will likely have an increased financial cost in the short term.
<b>Education</b> S.I.T will continue to promote Invercargill to international students.	<b>Moderate</b> – education systems that exist are likely to remain stable.	Infrastructure, Services, Population and Housing

<p><b>World Economy</b> The world economy will not have a significant negative effect on the Invercargill City District.</p>	<p><b>Moderate</b> – future financial changes are unforeseeable.</p>	<p>Infrastructure and Tourism A major event in the World Economy could affect Tourism and the implications of lower / higher tourist numbers would occur.</p>
<p><b>External Funding for Projects</b> External funding for the Art Centre, Additional Pool and Living Dinosaurs projects will be received at the levels included in the preliminary budget work.</p>	<p><b>High</b>—Although preliminary investigations have been started, there are no signed agreements or commitment to funding from the external parties.</p>	<p>If external funding is not received the projects will not go ahead. This will decrease the rates required.</p>
<p><b>Regional Storage Facility and Southland Museum and Art Gallery Redevelopment</b> The Council will provide \$8.5 million as a grant towards the capital development of the Regional Storage Facility in 2024/25 and \$10.8 million toward the Southland Museum and Art Gallery Trust for the redevelopment of the museum in 2027/28.</p>	<p><b>High</b> – The \$8.5 and \$10.8 million estimates are subject to change. They are very preliminary figures that have been used for planning purposes. Prior to these projects proceeding, feasibility studies and further investigation into cost, and the level of Invercargill City Council’s contribution, will occur. When these processes are undertaken it is likely that the figures will change.</p>	<p>If these projects do not go ahead, or there are significant changes in either proposed development, there will be a financial impact and an impact on the levels of service provided. These changes will be subject to the community engagement process.</p>

## INTERNAL FACTORS

### POPULATION GROWTH OR DECLINE

#### ASSUMPTION

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

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

#### IMPLICATION

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

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

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

Population at 30 June							Population change 2013–43	
2013	2018	2023	2028	2033	2038	2043	Number	Average annual (percent)
53,200	55,300	55,900	56,300	56,300	56,000	55,500	2,300	0.1

#### SOURCE

Statistics provided by Statistics New Zealand.

Population target provided by the Southland Regional Development Strategy.

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#### LEVEL OF UNCERTAINTY

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

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

**Growth**

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

**Decline**

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

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#### QUESTIONS TO CONSIDER WHEN PLANNING

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

## HOUSEHOLD GROWTH

### ASSUMPTION

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

### IMPLICATION

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

### SOURCE

Invercargill City Demographic Projections provided by Proposed District Plan: Economic Assessment

Statistics New Zealand

### LEVEL OF UNCERTAINTY

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

**Invercargill City Demographic Projections**

	2013	2018	2023	2028	2033	2038	Growth <i>n</i>	2013- 2038 %
<b>Population</b>	53,200	55,300	55,900	56,300	56,300	56,000	2,800	5%
<b>Households</b>	22,100	23,100	23,600	24,000	24,300	24,400	2,300	10%
<b>Pop/household</b>	2.4	2.3	2.3	2.3	2.2	2.2	- 0.2	-9%

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

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

### QUESTIONS TO CONSIDER WHEN PLANNING

- What would an increase of 2,300 households mean for the Council?

## AGEING POPULATION

### ASSUMPTION

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

### IMPLICATION

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

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

### SOURCE

Statistics provided by Statistics New Zealand.

Professor Natalie Jackson

### LEVEL OF UNCERTAINTY

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

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

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

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

### QUESTIONS TO CONSIDER WHEN PLANNING

- What are some specific implications that the ageing population would have on Council's services?

## RESOURCE CONSENTS

### ASSUMPTION

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

### IMPLICATION

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

### SOURCE

3 Waters Managers

### LEVEL OF UNCERTAINTY

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

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

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

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

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

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

### QUESTIONS TO CONSIDER WHEN PLANNING

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

## TOURISM/VISITOR NUMBERS

### ASSUMPTION

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

### IMPLICATION

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

### SOURCE

Venture Southland, Business Plan

### LEVEL OF UNCERTAINTY

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

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

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

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

The benefits for Invercargill and the Council, alike, from the promotion by Venture Southland are substantial – significant economic benefits, a strong tourism sector encourages greater diversification of the economy,

Invercargill will benefit from the attraction of services, as well as the increased visitor numbers helping Invercargill to create a more vibrant, bustling city.

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

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

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

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#### QUESTIONS TO CONSIDER WHEN PLANNING

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

## NEW ZEALAND TRANSPORT AGENCY

### ASSUMPTION

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

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

### IMPLICATION

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

### SOURCE

New Zealand Transport Agency and the Ministry of Transport

### LEVEL OF UNCERTAINTY

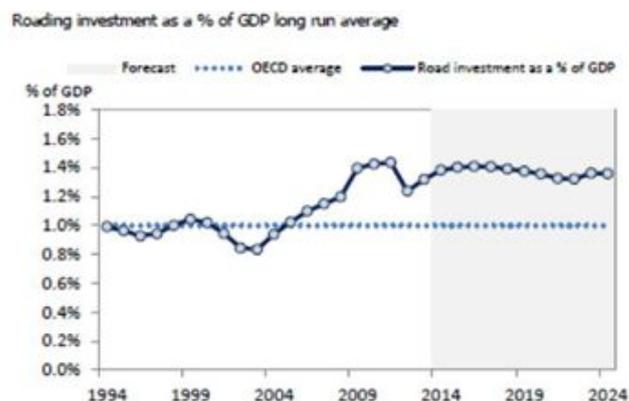
**Moderate** NZTA have signalled the FAR rate for the future. The technologies have already started being trialled in New Zealand so it is likely that they will become more mainstream.

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

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

The Government has indicated it will invest \$3.4 billion next year and plans to grow spending on land transport to \$4.4 billion a year by 2024/2025. Our expenditure on roads is above the OECD average as a proportion of GDP and has been so since 2007.

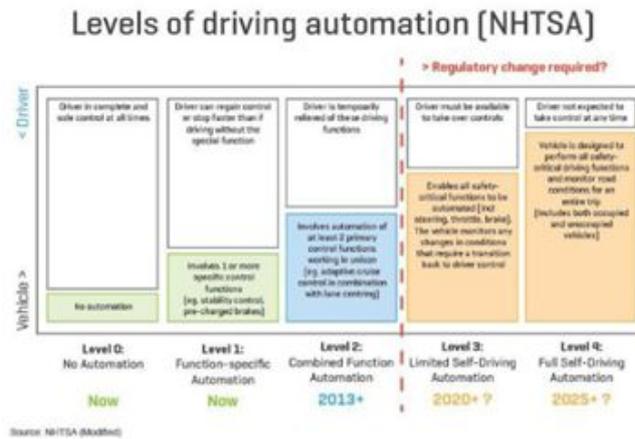
With the phasing system that is currently mooted by NZTA and the Ministry of Transport, the first phase will allow for the user to take control where the roads are challenging and this will most likely be anywhere that's outside of the major urban areas, at least to start with. The second phase will ensure that the technology is seriously robust to deal with many places in New Zealand and there will most likely be large exclusion zones when first introduced as it will not require a licence and the user will not be able to have control. Electric and intelligent transport systems are the future of New Zealand with a move from petrol and diesel to low emission transport being a natural evolution and the switch to this will occur sooner rather than later.



Source: OECD, NZIER, draft GPS on land transport 2015/16 – 2024/25, Treasury Long-Term Fiscal Model 2013.

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

These transport systems offer a myriad of potential advantages and opportunities; however the environment is complex with many different solutions attempting to address a plethora of problems.



#### QUESTIONS TO CONSIDER WHEN PLANNING

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

## COMMERCIAL PROPERTY

### ASSUMPTION

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

### IMPLICATION

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

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

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

### SOURCE

David McKillop, Commercial Realtor with Harcourts

Robert Todd, Registered Property Valuer with Thayer Todd Valuations

### LEVEL OF UNCERTAINTY

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

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

Implications of progressing the Retail Strategy need to be considered and provided for in the Long-Term Plan.

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#### QUESTIONS TO CONSIDER WHEN PLANNING

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

# FINANCIAL FACTORS

## INFLATION

### ASSUMPTION

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

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

Year	LGCI % Change
2019/20	2.2
2020/21	2.2
2021/22	2.2
2022/23	2.3
2023/24	2.3
2024/25	2.4
2025/26	2.5
2026/27	2.6
2027/28	2.7

### IMPLICATION

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

### SOURCE

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

### LEVEL OF UNCERTAINTY

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

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

It is predicted a higher inflation rate will occur around 2019/2020 with stronger GDP growth and sustained domestic momentum.

Council chooses not to use the Consumer Price Index (CPI) as an indicator of our inflationary costs. Whilst CPI can offer transparency and simplicity for rate increases, it does not take into account capital expenditure on projects that the community may consider important.

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

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

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#### QUESTIONS TO CONSIDER WHEN PLANNING

- Should all Council activities use the same inflation rate cost adjustor?

## LOCAL ECONOMY

### ASSUMPTION

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

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

### IMPLICATION

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

### SOURCE

BERL and Infometrics

### LEVEL OF UNCERTAINTY

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

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

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

*Summary Table 1 Composition of the Southland Regional economy by sector, 2013*

Sectors (2013)	FTEs	% of Southland	% of NZ	GDP (2013\$m)	% of Southland	% of NZ	Business units	% of Southland	% of NZ
Primary	10,019	21%	7.6%	970	22%	8.6%	4,677	35%	14.1%
Manufacturing	8,365	18%	11.6%	1,112	25%	16.4%	454	3%	4.3%
Construction	3,750	8%	6.4%	251	6%	6.6%	504	7%	9.9%
Wholesale and Distribution	4,141	9%	10.0%	556	12%	13.4%	661	5%	7.1%
Retail Trade and Services	7,904	17%	17.7%	444	10%	10.0%	1,635	12%	14.6%
Business Services	4,330	9%	19.3%	496	11%	27.9%	4,100	31%	41.1%
Arts and Recreation Services	610	1%	1.6%	43	1%	1.1%	349	2%	2.0%
Social Services	8,374	18%	23.6%	672	13%	16.6%	731	6%	6.7%
Sub-total (excluding O.O.D.)	47,494	100%	100.0%	4,445	100%	100.0%	13,431	100%	100.0%
Owner-Occupied Dwellings (O.O.D.) <sup>*</sup>				695					
<b>Total</b>	<b>47,494</b>		<b>2.6%</b>	<b>5,140</b>		<b>2.4%</b>	<b>13,431</b>		<b>2.6%</b>

<sup>\*</sup> Imputed value, included in Total GDP only

Source: BRFL Regional Database, 2013

### QUESTIONS TO CONSIDER WHEN PLANNING

- What areas do you see within the local economy that could grow within the next decade?
- What can Council do to encourage Invercargill to become a high tech hub, and grow in this area?

## USEFUL LIFE OF SIGNIFICANT ASSETS

### ASSUMPTION

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

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

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

### IMPLICATION

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

### SOURCE

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

### LEVEL OF UNCERTAINTY

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

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

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

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

### QUESTIONS TO CONSIDER WHEN PLANNING

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

## DEPRECIATION

### ASSUMPTION

That Council will work towards fully funding depreciation by 2028.

### IMPLICATION

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

### SOURCE

Independent valuations based on life of the assets.

### LIKELIHOOD

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

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

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

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

### QUESTIONS TO CONSIDER WHEN PLANNING

- To what extent does Council wish to fund renewal depreciation on infrastructural assets?

## ASSET REVALUATION (EXCLUDING PROPERTY, PLANT AND EQUIPMENT)

### ASSUMPTION

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

### IMPLICATION

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

### SOURCE

Third party valuations and BERL

### LEVEL OF UNCERTAINTY

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

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

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

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

## VESTED ASSETS

### ASSUMPTION

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

### IMPLICATION

That Council will have assets vested thereby increasing the depreciation expense in subsequent years.

The quantum of vested assets are somewhat unpredictable and can vary from year to year.

### SOURCE

District Plan

### LEVEL OF UNCERTAINTY

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

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

The level of vested assets fluctuates considerably from year to year.

Historical levels have not been material. The recognition of vested assets in the income statement is non-cash in nature and will have no effect on rates.

The financial effect of the uncertainty is expected to be low.

## EXISTING FUNDING RENEWAL

### ASSUMPTION

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

### IMPLICATION

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

### SOURCE

Financial Strategy 2018 - 28

### LEVEL OF UNCERTAINTY

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

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

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

## LOANS

### ASSUMPTION

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

### IMPLICATION

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

### SOURCE

Financial Strategy 2015-2025.

### LEVEL OF UNCERTAINTY

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

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

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

### QUESTIONS TO CONSIDER WHEN PLANNING

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

## RETURN ON INVESTMENTS

### ASSUMPTION

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

### IMPLICATION

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

### SOURCE

Financial Strategy 2018 -28

### LEVEL OF UNCERTAINTY

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

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

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

Lower than expected return on investment will require Council to consider collecting a greater amount in rates to cover the loss of revenue. Lower return will also effect the growth of cash investments, which will have an impact on Council's net asset position.

## ASSET REVALUATION FOR PROPERTY, PLANT AND EQUIPMENT

### ASSUMPTION

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

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revaluation	X		X			X			X			X
LGCI	-	1.8%	2.0%	2.2%	2.2%	2.2%	2.3%	2.3%	2.4%	2.5%	2.6%	2.7%
Accumulated	-		3.8%			6.7%			7.2%			8.0%

### IMPLICATION

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

### SOURCE

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

### LEVEL OF UNCERTAINTY

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

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

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

## EXTERNAL FACTORS

### LOCAL GOVERNANCE

#### ASSUMPTION

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

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

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

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

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

Baseline 2015/16	Maori capacity & partnerships	Emergency Management	Heritage Strategy	Transport Planning	Regional Strategy	Information Services
<i>Gore District</i>	✓	✓	✓		✓	
<i>Southland District</i>	✓	✓	✓		✓	✓
<i>Invercargill City</i>	✓	✓	✓		✓	✓
<i>Southland Region</i>	✓	✓	✓	✓	✓	✓
<i>Otago Region</i>	✓			✓		
<i>Queenstown Lakes District</i>	✓					
<i>Clutha District</i>	✓					

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

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

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## IMPLICATION

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

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## SOURCE

<https://www.beehive.govt.nz/release/council-amalgamations-possible-under-reform>

Better Local Services Bill 2016

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## LEVEL OF UNCERTAINTY

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

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

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

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

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

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

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## QUESTIONS TO CONSIDER WHEN PLANNING

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

## LEGISLATION

### ASSUMPTION

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

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

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

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

### IMPLICATION

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

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

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

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

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

### SOURCE

NZ Parliament and Legislature

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

Environment Southland

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#### LEVEL OF UNCERTAINTY

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

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

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

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

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#### QUESTIONS TO CONSIDER WHEN PLANNING

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

## NATURAL DISASTERS

### ASSUMPTION

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

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

### IMPLICATION

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

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

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

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

### SOURCE

Civil Defence, Emergency Management Southland and Environment Southland

### LEVEL OF UNCERTAINTY

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

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

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

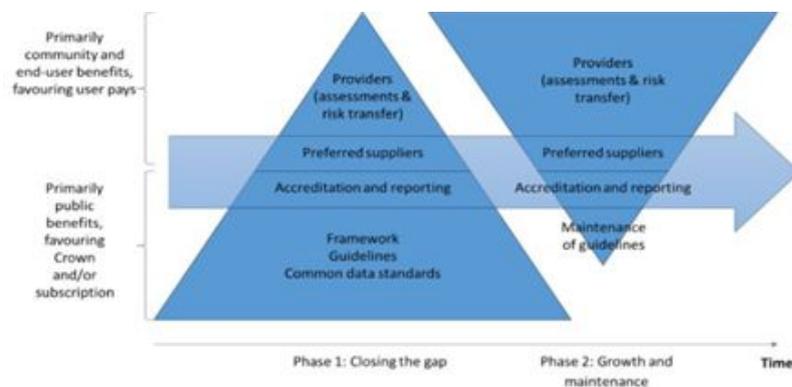
Any major natural disaster that occurs and results in significant repair costs to Council will be largely funded through insurance and/or government assistance.

At present Council does not have a specific disaster reserve fund put aside in case of a one-off disaster. However, Council does have a Civil Defence Fund that would be able to be drawn on in a situation of a disaster. Council protects its assets by insurance and ensuring there are some reserves available to sustain any upgrade or urgent replacements that may be required.

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

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

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



How the LGRA phases would roll out.

QUESTIONS TO CONSIDER WHEN PLANNING

- What further planning should Council consider for the impact of a natural disaster?

## CLIMATE CHANGE

### ASSUMPTION

It is assumed that climate changes will occur over the life of Long-Term Plan, and that Council will prepare for future significant changes and future plan. More detail of specific climate impacts is included in the body of this section of the report. It is assumed:

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

### IMPLICATION

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

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

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

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

- a) Roading – increased frequency and intensity of rainfall may require excess draining works in the road network that may reduce long-term maintenance costs that result.
- b) Water – longer period of drought result in increased demand whilst flood events create turbidity.
- c) Wastewater – increased frequency and intensity of rainfall events results in infiltration and inflows that increase volumes to be treated.
- d) Stormwater – increased frequency and intensity of rainfall events results in service levels falling.

#### **Climate Patterns:**

Invercargill's climate is maritime and dominated by a westerly influence that generally supplies reliable and plentiful rainfall, alongside a small annual temperature range. At times influences from the Antarctic region will bring chilling, strong Southerly winds. Topographic influence largely shields Invercargill with the Fiordland region receiving the greatest influences, particularly due to El Niño and Interdecadal Pacific Oscillation (IPO).

A single El Niño–Southern Oscillation event can last between 6-18 months and have significant impact on the climate and agriculture. For Invercargill, El Niño phase results in wetter than normal conditions, whereas the La Niña phase leads to drier than normal conditions. Whilst the IPO has a cycle of 15-30 years, and is characterised by a warm, positive phase in which El Niño conditions are prevalent and a cool, negative phase which favours La Niña conditions.

**Temperature:**

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

	El Niño	La Niña
Above normal	30%	40%
Normal	30%	30%
Below normal	40%	30%

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

**Rainfall:**

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

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

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

**Sea Level Rise:**

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

Parliamentary Commissioner for the Environment has also reported that sea levels have risen by ~20cm over the last century. In the report the Commissioner warns that a further 30cm rise by 2050 is now inevitable.

The rise in sea level attributable to storm surge can further increase water levels, which can threaten coastal stop bank systems, especially in Invercargill City.

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

**Storms:**

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

*Council recognises the risk of the increase in potential storms and will plan accordingly.*

**Wind:**

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

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

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

**Snow:**

Invercargill can get ~5cm of snow on the ground while inland areas, particularly Western or Northern Southland, can receive up to 50cm.

Should the following predictions play out, Invercargill and Southland alike will be exposed to an increased likelihood of natural hazards such as the table below demonstrates.

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

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

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

	2030's	2080's
Lowest	0.13	0.42
Middle	0.55	1.62
Highest	1.33	3.01

EXPECTATIONS AS AT 2090	
Spring	1.6°C temperature rise 13% more rainfall in Invercargill
Summer	2.0°C temperature rise Little rainfall change in Invercargill
Autumn	2.0°C temperature rise Little rainfall change in Invercargill
Winter	2.1°C temperature rise 18% more rainfall in Invercargill

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

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## SOURCE

Ministry for Environment, NIWA, Environment Southland

Preparing for New Zealand Rising Seas: Certainty and Uncertainty, Parliamentary Commissioner for the Environment (November 2015)

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## LEVEL OF UNCERTAINTY

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

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

### **Flooding:**

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

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

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

### **Water availability:**

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

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

### **Coastal Hazards:**

Coastal roads and infrastructure will face increased risk from coastal erosion and inundation, increased storminess and sea level rise.

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

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

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

**Agriculture, Farming and Biosecurity:**

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

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

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

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

**Ngai Tahu:**

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

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

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

**Other Implications:**

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

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

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

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

**- International Panel for Climate Change, 1996**

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**QUESTIONS TO CONSIDER**

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

## TECHNOLOGY

### ASSUMPTION

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

### IMPLICATION

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

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

### SOURCE

World Economic Forum

New Zealand Institute for Economic Research

Venture Southland

### LEVEL OF UNCERTAINTY

**High** Impact of changing technology is not quantifiable.

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

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

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

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

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

The benefits from the new technologies will arrive well inside the 40-year planning horizon of road investments we make today. The technologies have the potential to significantly affect the expected returns from these investments.

The impact of changing technology is unknown but is reviewed on an ongoing basis and would be taken into account in the following Long-Term Plan. The effects in the interim would be considered in Annual Plans and provided for where necessary.

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#### QUESTIONS TO CONSIDER WHEN PLANNING

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

## EDUCATION

### ASSUMPTION

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

### IMPLICATION

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

### SOURCE

Penny Simmonds, Southern Institute of Technology

### LEVEL OF UNCERTAINTY

**Moderate**

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

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

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

### QUESTIONS TO CONSIDER WHEN PLANNING

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

## WORLD ECONOMY

### ASSUMPTION

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

### IMPLICATION

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

### SOURCE

NZ Treasury

### LEVEL OF UNCERTAINTY

**Moderate**

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

The world economy could worsen and have a significant negative impact on Invercargill City Council's ability to access necessary goods and services.

## EXTERNAL FUNDING FOR PROJECTS

### ASSUMPTION

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

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

### IMPLICATION

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

Year impact	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Living Dinosaur Experience		100,384								
Arts and Creativity Invercargill	167,736	267,324	373,505	721,650	1,269,457	1,307,606	1,324,756	1,344,759	1,384,680	1,407,281
Additional Pool			129,021	190,212	194,587	199,062	203,840	208,936	214,368	220,156

### SOURCE

Venture Southland.

Tim Walker and Associates

### LEVEL OF UNCERTAINTY

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

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

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

## REGIONAL STORAGE FACILITY / SMAG REDEVELOPMENT

### ASSUMPTION

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

### IMPLICATION

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

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

### SOURCE

Venture Southland.

Southland Museum and Art Gallery Trust

### LEVEL OF UNCERTAINTY

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

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

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



## **FINANCIAL STRATEGY 2018 - 2028**

This Financial Strategy seeks to maintain our assets at an effective and efficient level, alongside minimising the risk to criticality of the City's infrastructure assets that allow the City to continue to operate in a productive manner.

The balance that the Council seeks to achieve is dependent on many factors, the following are key:

- A focus on core infrastructure looking to maintain existing levels of service, renewing this in a cyclic fashion and improving the quality of service provided to users;
- Ensuring core Council debt remains below \$140 million;
- Receiving increasing dividends from Invercargill City Holdings Limited (ICHL);
- Researching other avenues for funding outside of rates and loan funding.
- Continuously reviewing operational expenditure for short and long term cost savings.

### **Background**

Invercargill City Council seeks to enhance the City and preserve its character while embracing innovation and change. The Council continues to work in the belief that Invercargill is a very special place with a distinctive character; however this is not to say that the City will not face challenges. The Council acknowledges that Invercargill will be exposed to a number of challenges with a significant one being that we are experiencing a demographic change toward an ageing population with less growth than forecast. However, acknowledgment of this challenge is the first hurdle to overcome and the Council is looking to the future as to how we can disrupt this demographic change, by attracting both more and younger people to live in our City.

There is a consistent theme within the Council's Community Outcomes. The Outcomes demonstrate that the Council will maintain a strong, safe and well-utilised City with an increased, more diverse and active population who encourage the development of future technology and embrace the facilities offered to them.

The Council seeks to encourage this through the development of growth projects and sustainability of existing services. However, it is not anticipated that land use will change to an extent that would have an impact on debt over this course.

With growth anticipated to occur, the Council notes that the current infrastructure network is set to service the community, provided it is renewed when required. The Council's infrastructure network has been built to service a population much larger than what currently resides within the City so, provided the necessary renewal work is undertaken when recommended, the City will be prepared to receive and welcome new members to the community over the next decade. Given that a number of the Council's assets were built at the same or a similar time, and therefore generally require renewal at a similar time, there will be peaks in renewal costs that are evident in this Strategy.

This Strategy operates in line with the Infrastructure Strategy, and observes that over the next ten years the cost to the Invercargill Community to preserve, renew and maintain our

infrastructure assets will be significantly higher than previous renewal costs. As a consequence of this the rates increase will be higher than in previous years. This Strategy details that any new growth projects over this period of increased focus on our infrastructure, will be loan-funded in order to reduce the real cost to the community during the ten years.

When looking at this Strategy it is important to understand where we are starting from and where we want to get to in ten years. As at 30 June 2017 the financial situation of Council is one of good health. Council was meeting seven of the eight prudence benchmarks, has a relatively low level of debt compared to other New Zealand Councils and low level of debt compared to its Rate revenue. Council asset position showed total assets of over \$900 million and investments of \$55 million with no significant liabilities outside of term debt. Council also had its credit rating from Fitch Rating upgraded from AA negative to AA stable, which further supports Council's strong financial position.

The ten year period cover by the Long Term plan does present the Council with challenges financially. The Council goal by the end of the ten year period is to be funding capital renewal to 100% of depreciation. This is in response to the Council's increasing knowledge of its infrastructural assets and the increasing demand for improving infrastructure. This is of particular importance for Water Supply and Stormwater, as communities within New Zealand are becoming more concerned about drinking water quality and reducing contaminant entering our water ways via stormwater runoff.

Council is also focused on growing Invercargill's community assets and reinvigorating Invercargill's CBD. A number of large community projects are planned throughout the ten years, all part of making Invercargill a more desirable place to live and work. These initiatives are also designed to complement and support the Southland Regional Development Strategy. The main projects that fall within this category include a new Art Centre within the CBD, Living Dinosaurs attraction within Queens Park and a Museum Redevelopment. Our Aquatic Centre is planning a new pool and upgraded hydroslide attraction. The Council via its subsidy company Invercargill City Property Limited has created a joint venture that is planning a major upgrade of the inner city area.

The end goal for Council is to provide its citizens with a City that is maintaining and improving its key infrastructure assets while understanding that a City needs to also be a vibrant, entertaining and an interesting place to live, work and play. Financially this does mean that the Council will be increasing its debt over the life of the plan in order to achieve what it has set out to do. With debt currently sitting at \$95 million, it is forecast to increase to approximately \$135 million over the life of the plan. This increased debt will be offset by increased asset value and given Council strong financial position this is considered prudent and stays within the Council's shelf imposed debt benchmarks.

### **Key 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.

### **Capital Expenditure**

Invercargill City Council is heading into a period of increased expenditure on capital assets particularly renewal of existing assets within the 3 Waters area of infrastructure. This capital expenditure is planned to increase over the next five years before levelling out over the last five years of the Long-term Plan.

Ordinarily, renewal work would be funded from rates rather than borrowings as this avoids the significant long-term cost of borrowing annually. But, as some of these renewal programmes present significant capital expenditure, Council will, where appropriate, use debt funding to spread the cost. This is particularly required for the 3 Waters infrastructure area where this strategy is solidly employed due to the renewal work of our pipe network being needed earlier than what was forecast.

The Council is also looking to upgrade community assets. This is being accomplished through the addition of a new pool and hydroslide at Splash Palace, funding contributions to the redevelopment of our existing Museum, and exploring the possible future use of Andersons House.

In addition to this, the Council is also seeking to grow the City with new assets being planned within the life of the Long-term Plan, namely a new living dinosaur exhibition, a new Arts Centre, a Regional Storage Facility for museum and art collections and an additional Water Supply.

New and growth capital expenditure, such as the Arts Centre, would be funded by debt.

Further information on the Council's core capital expenditure can be found in the Invercargill City Council Infrastructure Strategy.

### **Funding Core Infrastructure Assets Renewals**

The Council has previously funded core infrastructure asset renewals on a when-required basis. The Council now, over the course of the Long-term Plan, aims to fund these assets to 100% of depreciation.

Council aims to fund core infrastructure assets by the following dates:

- Stormwater systems to be funded at 100% of depreciation by 2027/28
  - Capital expenditure to 100% by 2021/22 (funding difference via loans)
- Wastewater systems to be funded at 100% of depreciation by 2027/28
  - Capital expenditure to 100% by 2021/22 (funding difference via loans)
- Water Supply systems to be funded at 100% of depreciation by 2027/28
- Roads, Bridges and Footpaths to be funded at 100% of depreciation by 2027/28.

Some of the capital construction of roads and footpaths is funded by subsidies received from the New Zealand Transport Agency. This means that the Council does not need to fund 100% of the depreciation of these activity areas solely from rates.

Depreciation is calculated on an annual basis and currently represents 16% of total operating expenditure. Charging depreciation each year spreads the cost of an asset over its useful life. Generally, depreciation is funded by income (including rates) in the same year that the depreciation is incurred.

This funding will be applied to pay for the current capital renewal programme and any related outstanding debt. Excess funds will be held in depreciation reserves which will earn interest and provide funding for the replacement of relevant infrastructure assets in the future.

When the cost of infrastructure capital renewals exceed the rate funding of depreciation and exhausts depreciation reserves, the Council will need to borrow funds to cover the short fall.

### **Intergenerational Equity**

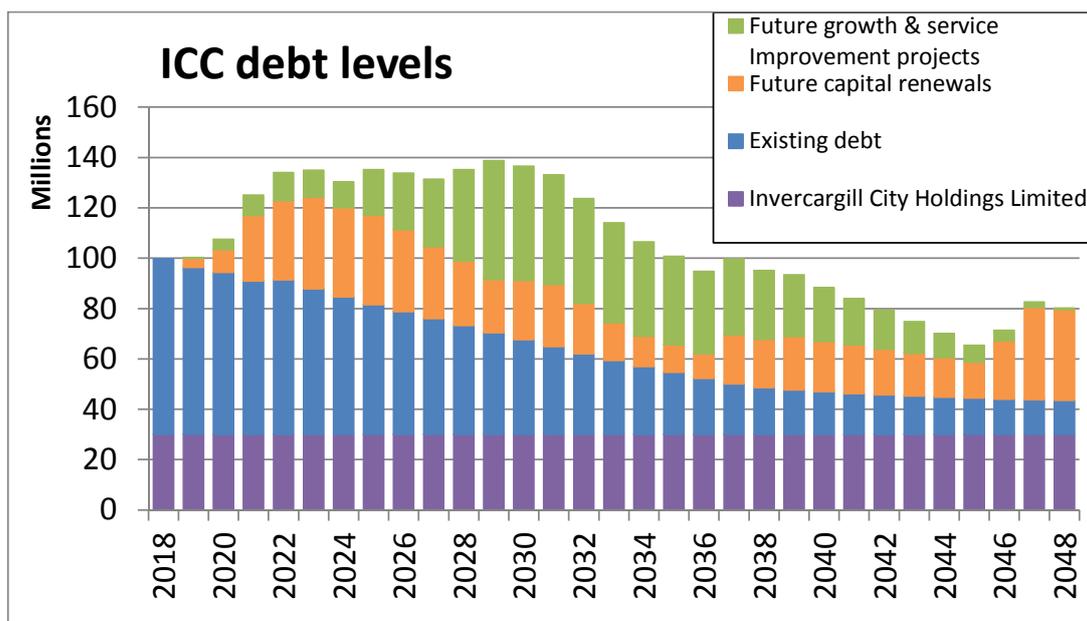
The services that the Council provides are costly due to the value and amount of assets that are used. The Council's strategy is to ensure that both current and future ratepayers pay their fair share of the cost of providing services. Intergenerational equity is achieved through loan funding long-term assets and drawing rates to pay for the loan over an extended period of time. This ensures that both current and future users pay for the assets. Examples of this can be found in the Invercargill City Council Infrastructure Strategy.

### **Debt**

Over the course of the last three years, the Council's debt has grown modestly. This has been largely due to the Branxholme Water Treatment Plant upgrade and the Don Street Business House development.

The Council's debt (excluding Invercargill City Holdings Limited (ICHL) bond) remains relatively low against the Council's total assets base (6% as at 30 June 2017). While the Council remains focused on keeping debt to a manageable level over the course of the Long-term Plan, large infrastructure projects as well as future growth projects necessitate the need for the Council to take on an increased level of debt.

Over the course of the Long-term Plan, the Council's debt is forecast to peak at \$135 million in 2024/25. However, following this peak, the debt is forecast to slowly decrease over the next twenty years to as low as \$65 million. It should be noted that this forecast excludes future growth projects beyond the 2027/28 year.



**Security for Borrowings**

It is the Council’s policy to give rates as security. The Council also gives assets as security; however, it is not legal to give water assets, including wastewater and stormwater, as security.

The Council currently maintains an AA- credit rating.

**Operating Surpluses and Cashflow**

The Council must ensure that each year’s projected operating revenues are set at a level sufficient to meet that year’s operating expenses, unless the local authority resolves that it is financially prudent not to do so.

The Council aims to operate a surplus for the duration of the Long-term Plan. However, due to underfunding depreciation on some assets, deficits may result in early years. With the Council’s aim to fund 100% of the depreciation of core infrastructure assets by 2027/28, surpluses may occur in the later years of the Long-term Plan.

If an area of the Council has an operating surplus it is applied to carry-forwards, where applicable, in the first instance, otherwise is used to repay debt or placed in a reserve.

The Council holds two different types of reserves:

- Restricted; and
- Non-restricted.

Restricted reserves are held for a specific purpose and money is only available to be removed for that reason. In contrast a non-restricted reserve can be for a variety of reasons. These reserves build up or reduce over time as a result of operating surpluses or deficits.

The Council will ensure that there are sufficient cash resources available to meet its obligations. The Council's current assets need to outweigh current liabilities, where current assets include cash on hand and available lines of credit. The Council has access to credit facilities of up to \$50 million, and short-term investments.

Council reviews operational expenditure for short and long-term cost savings and has established operational savings targets for the first three years of the Long-term Plan. These savings are intended to improve efficiencies within activities and services without impacting the current level of service being provided.

The targets for each year are:

Year	Savings Target	Cumulative Target
2018/19	\$500,000	\$500,000
2019/20	\$300,000	\$800,000
2020/21	\$200,000	\$1,000,000

### Managing Financial Investments and Equity Securities

The Council holds investments in companies, property and cash.

#### *Investments in Companies/Trusts*

The Council is an equity holder in two companies and has a controlling influence over two trusts. The principal reason for holding an equity interest in these investments is to achieve efficiency and community outcomes, as well as providing a financial return on investment for ratepayers. The Council's interest in the companies and trusts are as follows:

COMPANY	SHAREHOLDING/INTEREST	PRINCIPAL REASON FOR INVESTMENT	BUDGETED RETURN
Invercargill City Holdings Ltd	100%	To undertake commercial opportunities and provide dividend returns to the City.	\$5,850,000 for 2018/19 year
Invercargill Venue and Events Management Ltd	100%	To provide venue management and events promotion for the City, in line with community outcomes.	Nil.
Southland	Controlling interest	To provide	Nil.

Museum and Art Gallery Trust Board		specialised governance for the Museum.	
Bluff Maritime Museum Trust	Controlling interest	To provide specialised governance for the Museum.	Nil.
Invercargill City Charitable Trust	100%	To provide access to recreational and cultural events within the City, in line with community outcomes.	Nil.
Invercargill Community Sports and Recreation Trust	100%	To increase Invercargill residents' active participation in sports and physical activities and arts and cultural activities.	Nil.

The Council has no plans to change its shareholding, although in accordance with good practice this is reviewed regularly.

#### *Property Investments*

The Council's Investment Property Department oversees the development and undertaking of investment in property within the City. The properties are divided into four categories:

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.

The Council's objective is to maximise return from endowment and trading properties, however due to historic lease arrangements (21 year Glasgow leases) the return from these properties is below market rates. The objective for the net return on investment from both endowment and trading properties is at least equal to current market interest rates.

Strategic property is held for purposes other than a return on investment. These parcels of land and/or buildings have been purchased as a site earmarked for future development.

#### *Cash Investments*

The Council holds cash for two main reasons:

1. To ensure strong lines of liquidity and access to cash remains available to Council.
2. To support the balance of reserves through short-term investments (90 to 360 days) to maximise return on investment.

### **Rates and Affordability**

The Council has come through a period of medium-level rates rises over the previous three years (2015/16: 3.89%, 2016/17: 2.32% and 2017/18: 3.95%). This was due to the Council focusing on ensuring that rates were low and consistent from year to year.

For future years there are some key challenges that will present themselves in relation to affordability. This will occur as the Council enters a period of accelerated capital expenditure to develop our services, whilst looking to be a growing and innovative City.

Increasing costs of providing council services is likely to intensify the affordability issues in the future. In certain years of the Long-term Plan, pressure from required infrastructure renewals has led to rates increases that are less affordable than what the Council would like.

Below is a table of key growth projects that the Council intends to undertake over the course of the Long-term Plan and the year that will be heavily impacted:

<b>Project</b>	<b>Year impacted</b>
Art Centre	Operating and capital loan funding from 2023 Design and set-up costs between 2019 - 2022
Living Dinosaurs	Operating from 2020
Regional Storage Facility	Operating from 2025
Additional Water Supply	Capital loan funding from 2026
Museum Development	Operating from 2028

*You can read more about these projects in our Infrastructure Strategy.*

A larger rates increase will not necessarily occur in these years as growth projects are loan-funded and will be paid back over time so as not to unfairly unburden the current ratepayers with the large costs associated with these projects.

The Council seeks to embrace innovation and change over the upcoming years, and with the constant evolution and growth of technology we are witnessing and experiencing the change first-hand. The Council will seek to uphold their vision and utilise any improvements in the delivery of services and improvement of internal services. The Council has been slowly undertaking changes in light of this with the development of the MyInvercargill app which offers a forum for the community to pay rates or register their dog amongst a number of other services. Further, the Imagine Invercargill website allows for increased engagement and a community focus with members of the community able to suggest a change for the community at the touch of a keypad.

### Invercargill City Holdings Limited (ICHL)

Invercargill City Holdings Limited is a 100% owned subsidiary of Invercargill City Council. ICHL was formed to provide a clear differentiation between Council's core ratepayer orientated activities and its commercial trading enterprises and investments. It was established for the purpose of consolidation and management of existing Council companies, with the responsibility of control and oversight of the performance of the Council Owned Companies activities on behalf of the ultimate shareholder, Invercargill City Council.

Companies that sit within the ICHL group include, Invercargill City Forests Limited, Invercargill City Property Limited, Invercargill Airport Limited and Electricity Invercargill Limited (EIL). Within EIL sits a number of utility based entities. One of the main purposes of ICHL is for these individual companies to trade profitably in order for ICHL to return a dividend to Council and help offset the rates demand as a result.

ICHL has historically given a dividend to Council since 1999.

Below is a graph that outlines the history of the ICHL dividend. This dividend is forecast to increase over the next ten years with \$5,850,000 predicted for the 2018/19 year. Should this dividend fail to increase as predicted, Council would have less income received to minimise the impact on the general rates draw.



Council has noted that they cannot be financially reliant on an increasing dividend to match 10% of the general rates draw every year. Whilst ICHL strives to produce greater dividends year on year this is not necessarily going to be in line with the anticipated rates requirement increase. With significant rates rises anticipated over the next ten years Council will need to utilise other strategies to subsidise the rates, such as the use of fees and charges or decreasing operational expenditure where possible.

### Disclosure Statement

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

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

For the year ended 30 June 2017, the Council met seven of the eight prescribed financial benchmarks (further information is available on page 9-17 of the Council's 2016/17 Annual Report).

Three of the eight benchmarks are used as Financial Parameters within the Financial Strategy, limit on rates, limit on rates increases and limit on borrowing. Two of the Financial Benchmarks compare actual performance against planned performance, so therefore cannot be used in the Long-term Plan document.

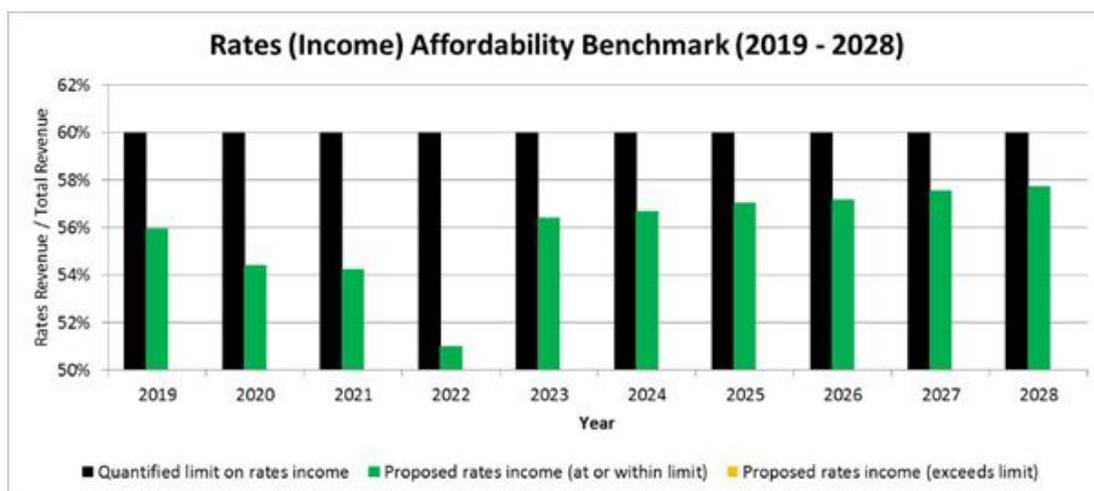
### **Limits on Rates**

The Council is required under the Local Government Act to include a statement on quantified limits on rates. The Local Government Rates Inquiry suggests that around 50% of a council's operating revenue should be taken from rates. Currently the Council draws about 57% of its operational revenue from rates and proposes to limit the rates collected each year to a maximum of 60% of total Council revenue.

The Council aims to maintain the rates collected to between the range of 50% and 60% of total Council revenue and intends to increase user-pays methods to enable the income required from rates to maintain steady without significant rates increases. The Council will also seek efficiencies in how services are delivered to assist with maintaining rates revenue at a steady level.

Rates are an important source of funding for the Council, but they are not the only source available. You can see more about how the Council funds its services in the Financial Management section of the Long-term Plan. The Council's Revenue and Financing Policy sets out the funding of its operational and capital expenditure and the sources of those funds on an individual activity basis.

Throughout the Long-term Plan rates fund between 51% and 58% of the Council's total revenue. The 2021/22 year has a significantly lower rates funded component due to a large amount of non-rate revenue being received for the development of the proposed Art Centre. The rates funded proportion of Council's revenue consists of approximately 13% of general rates and 87% of targeted rates. Uniform annual charges (meaning every ratepayer in the district pays the same amount) are also used for services supplied that can be used equally by all members of the community.



**Limits on Rates Increases**

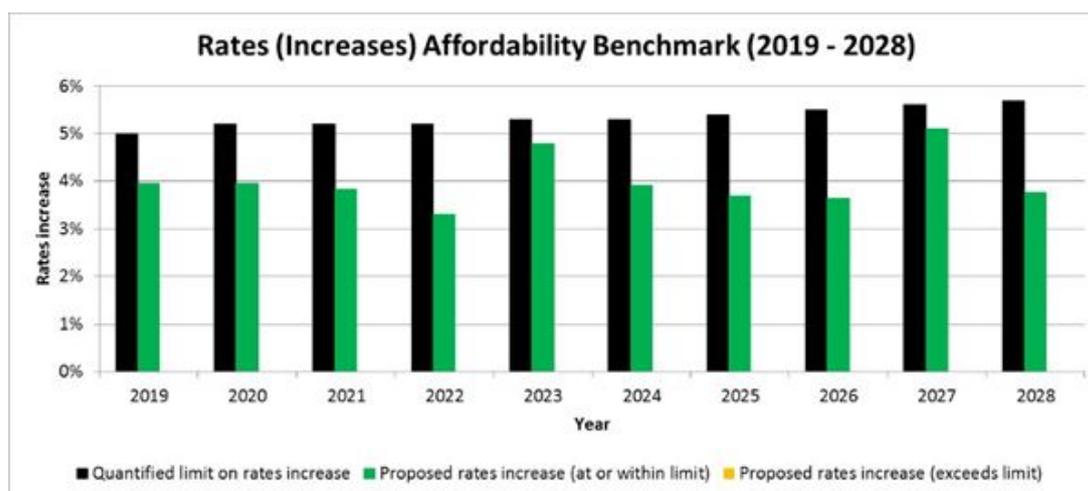
The Council recognises that the cost of providing council services (LGCI) is rising at a higher rate than the Consumer Price Index (CPI). The Council is also mindful of affordability issues amongst our ratepayers. The Council continues to investigate cost-cutting methods to ensure that the revenue required to run the Council is kept relatively steady. The rates increases reflect the money required each year.

The Council is setting a maximum limit on rates increases at the Local Government Cost Index (LGCI) plus 3%. The forecast LGCI increases for the next ten years are shown in the table below, but for example, if the LGCI change was 2.20%, the Council’s rates increase would be no more than 5.20%. The Council recognises that this increase could potentially be higher than household income, so although a maximum limit has been set, the Council will endeavour to achieve lower increases when planning projects and services that rely on rates revenue.

*Local Government Cost Index (LGCI)*

<i>Year</i>	<i>Local Government Cost Index % Adjustment</i>
<i>2018/19</i>	<i>2.0</i>
<i>2019/20</i>	<i>2.2</i>
<i>2020/21</i>	<i>2.2</i>
<i>2021/22</i>	<i>2.2</i>
<i>2022/23</i>	<i>2.3</i>
<i>2023/24</i>	<i>2.3</i>
<i>2024/25</i>	<i>2.4</i>
<i>2025/26</i>	<i>2.5</i>
<i>2026/27</i>	<i>2.6</i>
<i>2027/28</i>	<i>2.7</i>

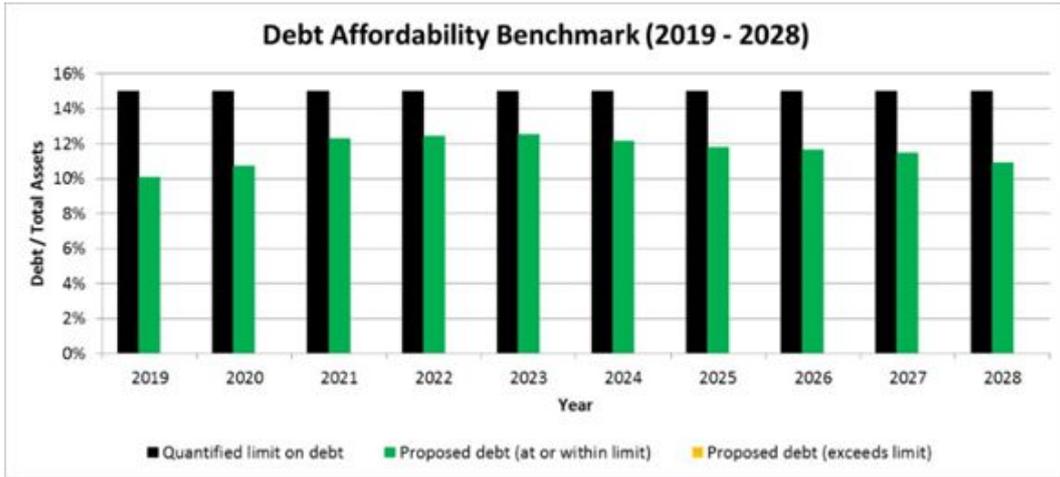
Changes in the consumer price index (CPI) are used as the basis for measuring the inflation faced by households. It gives a picture of how the prices of the goods and services purchased by the typical New Zealand household are changing over time. It is therefore heavily represented by food, accommodation and transport costs, which collectively make up over 50 percent of the index. The Council however purchases a different mix of goods and services. The Council's 'basket' is dominated by changes in the Local Government cost adjustors such as labour costs, land and materials associated with assets. There is therefore a difference between changes in CPI and the Council's cost (LGCI). To enable the Council to best predict what the future cost of providing its services will be, we have based future inflationary costs on the LGCI rather than CPI. The additional 3% is to allow the Council to undertake new projects, for example the Art Centre.



### Limits on Borrowing

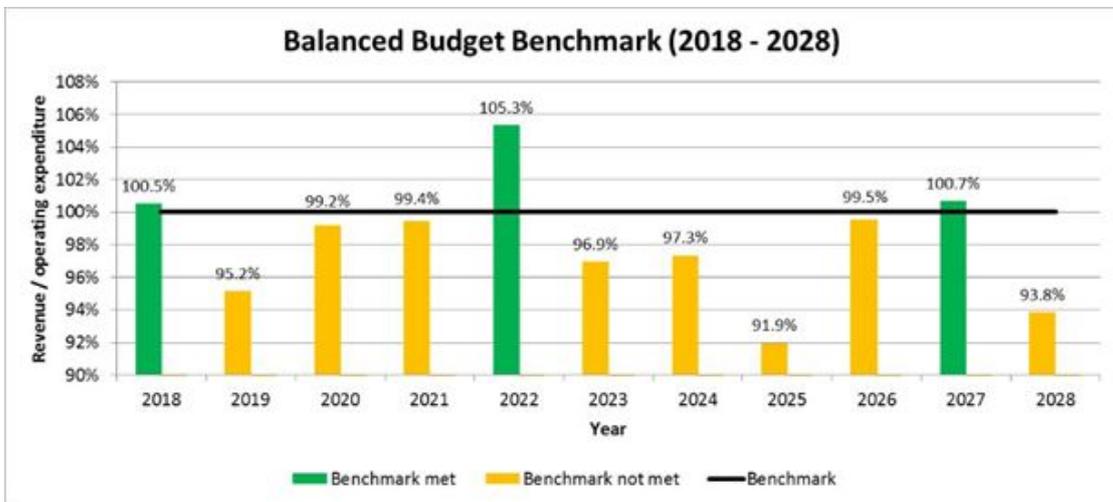
The two most common measures of limits on the borrowing of Council are as a percentage of assets or a percentage of income. The level of borrowings is 9.16% of total assets or interest expense is 3.18% of total income (as at 30 June 2017). During the Long-term Plan period, limits on borrowings are anticipated to increase from current levels, but remain below 13% (debt over total assets).

The Council considers that setting a borrowing limit of 15% of assets will assist in prudently managing Council's borrowing activities to ensure the ongoing funding of Council. Council will continue to consider and approve the borrowing requirement for each financial year in the Annual Plan or Long-term Plan recognising that borrowing capacity does not have to be fully utilised.



**Balanced Budget Benchmark**

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



*Unbalanced Budget*

Section 100(2) of the Local Government Act 2002 (LGA) sets out the matters that Council must have regard to when determining that it is prudent to operate an unbalanced budget.

These matters are:

- (a) the estimated expense of achieving and maintaining the predicted levels of service provision set out in the Long-term Plan, including estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
- (b) the projected revenue available to fund the estimated expense associated with maintaining the service capacity and integrity of assets throughout their useful life; and

- (c) the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and
- (d) the funding and financial policies adopted under section 102.

The proposed Long-term Plan has set projected operating revenues for some years at levels less than would be required to meet projected operating costs. This occurs in all years with the exception of 2021/22 & 2027/28 where operating surpluses are recorded. The key reason for the unbalanced budget deficits in these years is that the full cost of depreciation within the infrastructure areas of Council is not being fully met. Over the course of the ten year plan the gaps between depreciation and funding decreases. The Council moves towards 100% funding by the end of the long-term plan period. Council has decided that it is prudent to take this approach as it allows Council to achieve its long-term goal but in a way and pace that is affordable to our ratepayers.

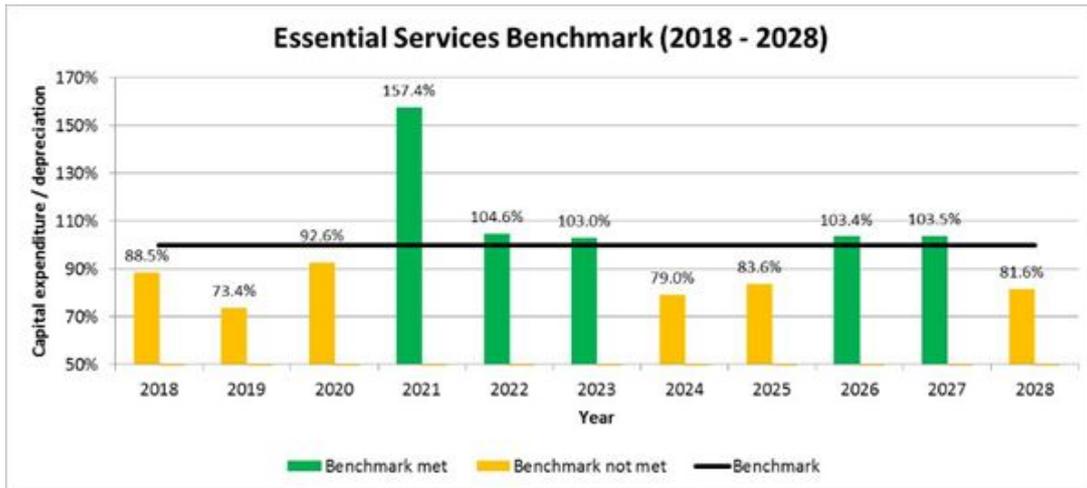
In certain years the depreciation gap deficit is somewhat offset by the receiving of subsidies and grants for capital projects. This occurs in the 2019/20 and 2020/21 years with a grant being received for the Living Dinosaurs Experience project and for the new pool at Splash Palace. Both grants will be used for capital development rather than for operating expenditure, resulting in reduced deficits in those years. The 2021/22 year proposes a large grant (\$9.7 million) being received for the proposed new Art Centre, this results in a surplus being recorded in that year.

The 2022/23 and 2023/24 years again see deficits being recorded due to underfunding of depreciation, although the deficit is steadily decreasing. The 2024/25 year sees a large deficit due to Council paying a significant grant for the Regional Storage Facility. The grant will be funded by a loan. Although a grant is considered operating expenditure, the nature of the work proposed is capital in nature, it is therefore considered prudent to loan fund the work to ensure intergenerational equity rather than have current ratepayers fund the entire \$8.5 million in one year.

The 2025/26 year sees a smaller deficit as the depreciation funding gap is now reducing. The 2027/28 year has a large deficit; this is due to the payment of a grant to the Southland Museum and Art Gallery Trust Board for the redevelopment of the Museum facility. The grant will be funded by a loan. As above, although a grant is considered operating expenditure, the nature of the work proposed is capital in nature, it is therefore considered prudent to loan fund the work to ensure intergenerational equity rather than have current ratepayers fund the entire \$10.8 million in one year.

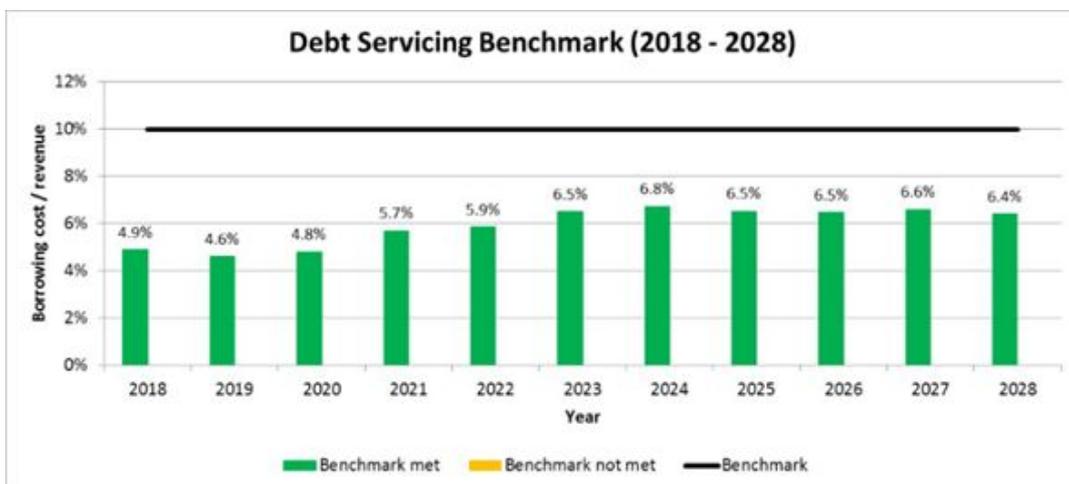
### **Essential Services Benchmark**

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Although not reaching the target in every financial year, over time Council's capital expenditure should equal its depreciation. This will mean Council is replacing its assets as they deteriorate, however due to some projects being large it is hard to assess this on a year by year basis.



### Debt Servicing Benchmark

The Council meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.





# **SOLID WASTE**

# **ACTIVITY MANAGEMENT**

# **PLAN 2017**





## Activity Management Plan

<b>Activity</b>	Solid Waste		
	<b>Name</b>	<b>Signature</b>	<b>Date</b>
<b>Prepared By</b>	Donna Peterson		
<b>Asset Manager</b>	Malcolm Loan		
<b>Director Review</b>	Cameron McIntosh		
<b>Peer Review</b>			
<b>Council Adoption</b>			

<b>Changes to be Incorporated in Next Review</b>		
<b>Number</b>	<b>Date of Change</b>	<b>Reason for Change</b>
1	22/11/2017	Update to financial section 8.2 due to Financial Team amending the financial assumptions following Council feedback.
2	02/02/2018	Update to sections 7.6.2; 7.6.3; 8.2; 8.2.1 and 8.5.1 following update from Finance Team.

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## Executive Summary

The purpose of this document is to outline the Invercargill City Councils strategic approach for the delivery of the Solid Waste Activity.

The Councils role in waste management and minimisation is to oversee, facilitate and manage a range of programmes and actions to:

- met legislative requirements;
- protect human health; and
- protect the environment.

The Solid Waste Activity (section 1.2) is responsible for the management of solid waste services in the Invercargill District. The responsibilities include:

- Kerbside recyclables collection service delivery.
- Kerbside landfill-rubbish collection service delivery.
- Solid Waste Transfer Station (resource recovery) service delivery.
- Landfill operations (open and closed).
- Enforcement activities.
- Public Place and Event waste management and minimisation service delivery (e.g. street litter bins, street recycling bins).
- Education, behaviour change and advocacy.

The Waste Minimisation Act 2008 (section 2.2.1) requires Council to adopt a Waste Management and Minimisation Plan that includes methods for reducing waste. The Act also requires Councils to spend funding received from the waste disposal levy according to the priorities set out in the waste management and minimisation plans.

Council works in collaboration with Southland District Council and Gore District Council to achieve its solid waste management and minimisation actions, and does so under the banner of WasteNet Southland (a shared service).

The key challenges for this activity (section 2.3) are managing customer satisfaction while enforcing correct use of service (i.e. recycling right) and effectively encouraging waste minimisation behaviours.

Council will know that it is achieving its outcomes (section 3.3.1) when the following results are achieved:

- Operation of the shared service – WasteNet Southland.
- Maintain a regional discarded materials rate of 650kg per person per annum (as per the Southland Waste Management and Minimisation Plan 2012-218).

Demand for solid waste services is highly dependent on the public's perception and level of awareness of the impact solid waste has on our environment, health, and economy. To a certain extent the service expectations will remain consistent whether there is population growth or decline (section 4.2). It is assumed that the customer will continue to desire regular kerbside collection services, appropriate facility hours and cost effective services.

The Solid Waste Activity assets (section 5) comprise of:

- Closed Landfills
  - Bluff Closed Landfill
  - New River Estuary Closed Landfill
- Bluff Transfer Station
  - Compactor
  - Shipping Container
  - Mobile Bins
  - Infrastructure – roading, signage, drainage, fencing and other associated infrastructure
- Invercargill Waste Transfer Station – which includes
  - Weighbridges
  - Kiosk building
  - The Garage Reuse Shop buildings
  - Transfer Station main building
  - Hazardous waste building
  - Composting area
  - Infrastructure – roading, signage, drainage, fencing and other associated infrastructure
- Kerbside Collection Assets
  - Mobile Bins
- Public Place and Event Receptacles
  - Street receptacles, mobile bins

The Southland Regional Landfill is privately owned and operated, therefore there is no Council Asset associated with this activity.

The main Risks (section 6.2) for the Solid Waste Activity are mechanical breakdown, contamination, vandalism and theft. These risks are managed through contractual obligations, enforcement, education and/or behaviour change programmes.

In December 2016, WasteNet Southland on behalf of the WasteNet Councils' carried out an independent service delivery review (section 7.1.1) as part of achieving the Local Government Acts section 17A clause. The outcome of the review confirmed that the WasteNet Southland shared service was an effective solid waste service delivery mechanism for the WasteNet Councils.

The Solid Waste Activity sources (section 8) of funding are:

- Rates (45-55%)
- Fees and Charges on those who use the service (45-55%)
- Waste Disposal Levy Territorial Authority

The Waste Advisory Group (WAG) is the Committee made up of elected members from the WasteNet Councils'. This Committee meets a minimum of four times per year and is the governing body for the shared service (section 9.1.1). The minutes from WAG Committee are submitted to the Infrastructure Committee for acceptance.

Every year the WAG Committee adopts an Annual Action Plan which documents the 12-month forward work programme. The year's achievements are documented in the associated Year in Review Report.

Council has adopted a continuous improvement procedure to ensure that this Activity Management Plan remains useful and relevant (section 10). To ensure that this document is a living document, it includes an action for an annual internal review which will document changes to work programmes and new knowledge resulting from improvement programmes. Where significant changes occur, the public will be consulted.

# 1. Introduction

## 1.1 ABOUT THIS PLAN

The Solid Waste Activity is a core infrastructural service activity addressed in the Invercargill City Council Long Term Plan (LTP). This document 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 document is to outline and summarize in one-place, the Councils strategic approach for the delivery of the Solid Waste Activity.

The Activity Management Plan (AMP) demonstrates responsible management of the functions on behalf of ratepayers and stakeholders, and assists with the achievement of community outcomes and statutory compliance. The AMP combines the 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, efficient and sustainable manner.

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

## 1.2 ACTIVITY OVERVIEW

The Councils role in waste management and minimisation is to oversee, facilitate and manage a range of programmes and actions to:

- Met legislative requirements;
- Protect human health; and
- Protect the environment.

The Solid Waste Activity is responsible for the management of solid waste services in the Invercargill District. The responsibilities include:

- Kerbside recyclables collection service delivery.
- Kerbside landfill-rubbish collection service delivery.
- Solid Waste Transfer Station (resource recovery) service delivery.
- Landfill operations (open and closed).
- Enforcement activities.
- Public Place and Event waste management and minimisation service delivery (e.g. street litter bins, street recycling bins).
- Education, behaviour change and advocacy.

### 1.2.1 WasteNet Southland

The Invercargill City Council works in collaboration with Southland District Council and Gore District Council to achieve its solid waste management and minimisation actions, and does so under the shared services banner of WasteNet Southland.

The shared service – WasteNet Southland – is formally established under the Joint Waste Management Agreement (Appendix 15.10.02). The purpose of the shared service is to provide the coordinated delivery of solid waste services on

behalf of and in collaboration with the WasteNet Councils (Invercargill City Council, Gore District Council, and Southland District Council).

## 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 the 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 total 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

The rationale for Councils’ involvement in the Solid Waste Activity, and ownership of the associated assets is contained in:

- The Health Act 1956, which requires Council to provide sanitary works, the definition of which includes the collection and disposal of refuse; and
- The Waste Minimisation Act 2008 (WMA), which requires Council to promote effective and efficient waste management and minimisation. It also requires the Council to prepare and review (at no more than 6-year intervals) a Waste Management and Minimisation Plan (WMMP).

Invercargill City Council maintains a ‘hands-on’ approach to this Activity, as it believes that solid waste can be most effectively and efficiently managed by local

authorities, where the long term social, cultural, economic and environmental factors can be balanced for the benefits to the wider community.

Given these legislative requirements, under the shared services banner of “WasteNet Southland” the Invercargill City Council, Gore District Council and Southland District Council have developed a strategic Waste Management and Minimisation Plan (WMMP) (Appendix 15.09) to ensure:

- A holistic approach to waste management and minimisation – a common vision and direction;
- Consistent policy across the Councils;
- Simplified consultation with stakeholders and the Community; and
- Strengthened collaboration between Councils’.

The Southland Waste Management and Minimisation Plan 2012-2018 has the target - *“as a result of our actions by 1 July 2018, Southland will maintain a materials discarded per capita figure of 650 kilograms comprising 40 percent diverted materials.”* The next review for this Plan is scheduled for 2018.

### 2.1.3 Activity Objectives

The primary objectives of the Solid Waste Activity are:

- Work together to improve the efficient use of resources;
- Use the waste hierarchy to guide decision making; and
- Reduce the harmful effects of waste to our health and environment.

It is noted that the above objectives align to the principal objectives of the Southland Waste Management and Minimisation Plan 2012-2018 (Appendix 15.09).

The alignment of the Solid Waste Activity and the Community Outcomes is demonstrated in the below table:

Community Outcome	Council’s Role	How the Activity Contributes
Preserve its Character	The building blocks, including water, sanitation and roading, for a safe, friendly city is provided for all members of the community.	Provision of solid waste facilities and services for the sorting, collection and disposal of waste.
	Strong, collaborative leadership of the City is demonstrated.	Collaboration with other Local Territorial Authorities for the coordinated delivery of waste management and minimisation in Southland.

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

- Operation of WasteNet Southland as a shared service
  - WasteNet Southland produces an Annual Plan, and reports yearly on its outcomes.
- Maintain a regional materials discarded rate of 650kg per person per annum (as per the Southland Waste Management and Minimisation Plan 2012-2018 – Appendix 15.09).

## **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 Councils 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.

The Solid Waste Activity is underpinned by central governments core policy – the New Zealand Waste Strategy – which provides high level direction to guide the use of the tools available to manage and minimise waste in New Zealand.

Further, the Waste Minimisation Act 2008 requires all territorial authorities to adopt a Waste Management and Minimisation Plan (WMMP) that includes methods for reducing waste. The Act also requires territorial authorities to spend funding received from the waste disposal levy according to the priorities set out in their WMMPs, which in turn must have regard to the New Zealand Waste Strategy.

### **2.2.2 District Plan and Council Policies**

Under provisions in the Local Government Act 2002 and the Waste Minimisation Act 2008, 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.

The Solid Waste Activity is responsible for a number of strategic policies, bylaws and plans which need to be constantly reviewed to reflect changes in legislation, the Community, Council and Regional priorities. They include:

- Southland Waste Management and Minimisation Plan 2012-2018.
- Southland Solid Waste Bylaw.
- WasteNet Southland Annual Action Plan 2017-2018.
- Waste is a Resource: a communication and education strategy 2013.

### 2.2.3 Long Term Plan

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

In 2014, an amendment to the Act inserted a statement that asset management planning be a fundamental part of Council's prudent stewardship of community resources over the long term, a requirement to produce a 30-year infrastructure plan for core assets. The Infrastructure Strategy is required to address:

- Identification of strategic issues and options.
- Outline how infrastructure assets will be managed.
- Indicative capital and operating expenditure forecasts.
- Significant CAPEX decisions – cost options for each.
- Assumptions on lifecycle, demand, levels of service.

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 the Maintenance and Capital Works Budgets that are approved by Council to meet Community Outcomes.
- Activity Management Plans underpin the activities in the Long Term Plan 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 this Plan. The consequences of any variations will be reflected in subsequent reviews of the Long Term Plan / Annual Plan.

## 2.2.4 Activity Management Framework



The Asset Management System is the set of people, processes, tools and other resources involved in the delivery of asset management.

The Asset Management Policy (Appendix 2.01) outlines the principles, requirements and responsibilities for asset management.

The Asset Management Strategy (Appendix 2.02) sets the asset management objectives, practices and audit and review processes.

## 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 Councils 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.

The challenges for the Solid Waste Activity are managing customer satisfaction while:

- Enforcing correct use of services i.e. recycling right.
- Encouraging waste minimisation behaviours.

**2.4 KEY ASSUMPTIONS**

The Long Term Plan Background and Assumptions 2018-28 document (Appendix 1.01) lists the key assumptions which have been assumed are as follows.

**INTERNAL FACTORS**

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and potential Financial Impact</b>
<p><b>Population</b></p> <p>The population will increase to 56,300 by 2028.</p>	<p><b>Moderate</b> – 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><b>Household Growth</b></p> <p>An average of 2.3 people per household in 2038, requiring 2,300 more homes from the 2013.</p>	<p><b>Moderate</b> – 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><b>Ageing Population</b></p> <p>Those 65 years and older will make up approximately 22% of Invercargill's population by 2023.</p>	<p><b>Low</b> – 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>

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and potential Financial Impact</b>
<p><b>Resource Consents</b></p> <p>Resource consents will be obtained with reasonable conditions and negligible impact on how Council provides its services.</p>	<p><b>Moderate</b> – 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><b>Tourism &amp; Visitor Numbers</b></p> <p>Tourism numbers will increase over the Long-Term Plan period.</p>	<p><b>Low</b> – 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><b>New Zealand Transport Agency</b></p> <p>That the NZTA Funding Assistance Rate will reduce by 1% each year until a low of 51%.</p>	<p><b>Low</b> – 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><b>Commercial Property</b></p> <p>The CBD will remain in the Esk Street area and will become more vibrant.</p>	<p><b>Low</b> – 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>

**FINANCIAL FACTORS**

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and potential Financial Impact</b>
<p><b>Inflation</b> Inflation will occur at the rates set by BERL as LGCI forecasts.</p>	<p><b>Moderate</b> – 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><b>Local Economy</b> The local economy will grow and diversify.</p>	<p><b>Moderate</b> – financial impact difficult to forecast.</p>	<p>Composition of local economy may diversify offering greater employment opportunities.  Significant change to the economy, such as a large employer choosing to locate in the District, may require Council to review and change its current activities and levels of service. These demands will need to be quantified and an amendment to the Long-term Plan developed if the costs are significant.</p>
<p><b>Useful Life of Significant Assets</b> Assets will reach the useful life indicated when supplied.</p>	<p><b>Moderate</b> – 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><b>Depreciation</b> Council will fully fund renewal depreciation by year 10 of the Plan.</p>	<p><b>Low</b> – 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><b>Asset Revaluation</b></p>	<p><b>Moderate</b> – value will remain somewhat</p>	<p>Changes in the valuation of Council assets</p>

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
Council will use national standards in asset revaluation.	constant over ten years.	may have a significant impact on the cost of fully funding depreciation.
<p><b>Vested Assets</b></p> <p>Vested assets will have a negligible impact on Council's overall infrastructure and finances.</p>	<b>Low</b> – financial effect of uncertainty.	Level of vested assets fluctuates yearly. Historical levels have not been material.
<p><b>Financial – Existing Funding Renewal</b></p> <p>Council borrowing facility will be renewed (three-yearly) with the terms and conditions mirroring market trends.</p>	<b>Medium</b>	Council's terms and conditions for its borrowing facility have mirrored market trends in recent times.
<p><b>Financial – Expected Interest Rates on Borrowing</b></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>	<b>Medium</b>	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><b>Financial – Forecast on Return on Investments</b></p> <p>Return on cash investments is calculated on the borrowing rate less 2%.</p>	<b>Medium</b>	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.

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
Dividends and subvention payments from Invercargill City Holdings Limited are assumed to be at 10% of the total rates requirement.		

**EXTERNAL FACTORS**

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
<p><b>Local Governance</b></p> <p>Amalgamation will not occur during the life of the Plan.</p>	<p><b>Low</b> – 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><b>Legislation</b></p> <p>There will be changes to legislation that have an impact on what and how Council provides services.</p>	<p><b>Moderate</b> – 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><b>Natural Disasters</b></p> <p>There will be no major catastrophes that impact on Invercargill or its economy.</p>	<p><b>High</b> – 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><b>Climate Change</b></p>	<p><b>Moderate</b> – Long-Term trend of rising temperatures and more frequent intense weather</p>	<p>Water availability, coastal hazards (roading and infrastructure), services, air quality, agriculture,</p>

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
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.	events is reasonably certain, short to medium term impacts are less certain.	farming and biosecurity.  The effect of Climate Change occurring more quickly than anticipated may require Council to review and change its current activities and levels of service. This could have a significant financial impact on the community.
<b>Technology</b>  Changes in technology will affect how Council carries out its activities. This will have a financial implication over the 10 year plan.	<b>High</b> – certainty of diversification in technology is ever-growing. Impact of changing technology cannot be quantified.	Employment, Local Economy and Services (delivery)  New technologies will likely have an increased financial cost in the short term.
<b>Education</b>  S.I.T will continue to promote Invercargill to international students.	<b>Moderate</b> – education systems that exist are likely to remain stable.	Infrastructure, Services, Population and Housing
<b>World Economy</b>  The world economy will not have a significant negative effect on the Invercargill City District.	<b>Moderate</b> – future financial changes are unforeseeable.	Infrastructure and Tourism  A major event in the World Economy could affect Tourism and the implications of lower / higher tourist numbers would occur.

As assumptions deal with matters of uncertainty and complexity, actual results will likely vary, but are based on the best information available. If actual future events differ from the assumptions, it will result in material variances to this Plan. The Long Term Plan Background and Assumptions 2018-28 document (Appendix 1.01) identifies the risks that underlie those assumptions, the reason for that risk and an estimated potential impact if the assumption is not realised.

### 3. The Service We Provide

#### 3.1 CUSTOMER PROFILE

##### 3.1.1 Our Stakeholders and Community

The Solid Waste Activity engages with all sectors of the community, as almost every activity using materials and energy generates waste – from mining to manufacturing to cooking dinner. The Solid Waste Activity aims to provide a Level of Service that meets the needs of many user groups including:

- Residential
- Rural Residential
- Rural
- Central Business District (CBD)
- Commercial / Industrial
- Public Areas

The main external and internal stakeholders are listed below:

<b>External Stakeholders</b>	<b>Area of Interest</b>	<b>Engagement</b>
WasteNet Southland	Governance, Operation	Shared Service
Community (individual, businesses, customers)	How to use services	Liaise, education, enforcement
Education facilities and schools	Waste management and minimisation education	Education
Contractors	Contractual obligations	Liaise, Reporting, Financial
Ratepayers	Rates impact	Liaise, education, enforcement
Territorial Authorities	Best practice	Networking, collaboration
Waste Management Institute of New Zealand (WasteMINZ)	Waste industry, best practice, national initiatives	Networking, collaboration
Ministry for the Environment	Governance, Policy, Legislation	Liaise, Reporting, Lobbying
Iwi	Governance, Operation	Liaise
Environment Southland	Regional development, operation (consents and compliance)	Liaise, applications
Venture Southland	Best practice	Collaborative

<b>Internal Stakeholders</b>	<b>Area of Interest</b>	<b>Engagement</b>
Departmental Managers and Staff	Leadership, Operation	Report, Liaise
Waste Management Group	Leadership, Operation	Report
Councillors	Governance	Committee Meetings
Waste Advisory Group	Governance	Committee Meetings
Internal Auditors	Governance, Operation	Audit, Report

### 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:

- 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.

WasteNet Southland developed a communication and education strategy (Appendix 15.8) in 2013 which provides direction for the communication and education programmes that support the Southland Waste Management and Minimisation Plan. The Strategy is based on the behaviour change principles of:

- Enable – make it easier.
- Engage – get people involved.
- Encourage – give the right signals.
- Exemplify – take the lead.

WasteNet Southland engages with the Southland community on a number of levels:

- Community Outreach Campaigns.
- Provision of website ([wastenet.org.nz](http://wastenet.org.nz)) to distribute information.
- Formal consultation on annual work programmes.
- Facebook page where individuals can directly engage with us.
- Provision of learning opportunities (both inside and outside of the classroom) for all ages and audiences/sectors.
- Direct communication through visual bin inspection programme.
- Regular radio, digital and print advertising.

### 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 Council's 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 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 attended by Councils Solid Waste Team or the Contractor. This information is another platform which can be used to understand the community requirements.

### **3.1.4 Key Service Attributes Valued by Customers**

In 2013, Council carried out a Service Level Survey specifically for the Solid Waste Activity (Appendix 1.05). The respondents saw the following as the most important attributes:

- Provision of a weekly landfill-rubbish kerbside collection service.
- Provision of a fortnightly recyclables kerbside collection service.
- Disposal of electrical waste (e.g.TV, computers, appliances).
- Information available for waste services.
- Affordability of collection services.

The respondents saw the following as the most important attributes for the solid waste transfer station services:

- Hours of operation.
- Affordability of garden waste disposal services.
- Customer service.
- Affordability of solid waste disposal services.
- Location of facility.

## **3.2 SERVICE DRIVERS**

### **3.2.1 Community Expectations**

The 2013 Service Level Survey (Appendix 1.05) did not specifically identify community expectations. The below list of expectations is developed from staff experience:

- Kerbside recyclable and landfill-rubbish bins are emptied on schedule
- Damaged mobile bins are repaired/replaced in a timely manner
- Council returns to empty missed mobile bins in a timely manner
- Affordability of service provision
- Transfer Stations will be open at convenient times
- Garden waste disposal services are available at Transfer Stations
- Information is available on waste services

### 3.2.2 Legislative Requirements

Legislation	Relevant Requirements	Impacts on Levels of Service
National Legislation		
New Zealand Waste Strategy	<p>To convey the high-level direction the Strategy has two goals:</p> <ul style="list-style-type: none"> <li>➤ Reducing the harmful effects of waste.</li> <li>➤ Improving the efficiency of resource use.</li> </ul>	Strategy, Guidance
Waste Minimisation Act 2008	<ul style="list-style-type: none"> <li>➤ To encourage waste minimisation and a decrease in waste in order to (a) protect the environment from harm; and (b) provide environmental, social, economic, and cultural benefits.</li> <li>➤ Provision of Product Stewardship schemes.</li> <li>➤ Waste Disposal Levy on every tonne of solid waste disposed to the Landfill.</li> <li>➤ Documents the responsibilities and requirements for Territorial Authorities e.g. compulsory for the Council to have a Waste Management and Minimisation Plan.</li> <li>➤ Provision of bylaws.</li> <li>➤ Reporting and Audit requirements.</li> </ul>	Compliance, Strategy, Enforcement, Reporting
Local Government Act 2002	<ul style="list-style-type: none"> <li>➤ Levels of service and performance targets in the Long Term Plan.</li> <li>➤ Consultation requirements.</li> <li>➤ Provision of bylaws.</li> </ul>	Compliance
Hazardous Substances and New Organisms Act 1996	<ul style="list-style-type: none"> <li>➤ Relates to waste management primarily through controls on the import or manufacture of new hazardous materials, the handling and dispose of such substances.</li> </ul>	Compliance
Climate Change and Response Act 2002	<ul style="list-style-type: none"> <li>➤ Places a price on greenhouse gas emissions to provide financial incentive to reduce emissions and met the Governments international climate change commitments.</li> </ul>	Compliance

<b>Legislation</b>	<b>Relevant Requirements</b>	<b>Impacts on Levels of Service</b>
Resource Management Act 1991	<ul style="list-style-type: none"> <li>➤ Promotes the sustainable management of natural and physical resources.</li> <li>➤ To avoid, remedy or mitigate any adverse effect on the environment and structures.</li> <li>➤ Provision of National Environmental Standards.</li> <li>➤ District and Regional Plans and resource consents.</li> </ul>	Compliance
Health Act 1956	<ul style="list-style-type: none"> <li>➤ Section 25 requires Territorial Authorities to provide sanitary works, the definition of which includes the collection and disposal of waste</li> </ul>	Compliance
Health and Safety at Work Act 2015	<ul style="list-style-type: none"> <li>➤ Ensure the safety of public and all workers (including contractors) when carrying out works.</li> </ul>	Compliance
Building Act 2004	<ul style="list-style-type: none"> <li>➤ Set standards for building and construction e.g. waste management facilities.</li> </ul>	Compliance
Litter Act 1979	<ul style="list-style-type: none"> <li>➤ Sets controls for litter and illegal waste disposal occurrences.</li> </ul>	Enforcement
<b>Regulations</b>		
Regional Policy Statement and Regional Plans	<ul style="list-style-type: none"> <li>➤ Regional Policy Statements and Discharge Plan.</li> </ul>	Compliance
Invercargill District Plan	<ul style="list-style-type: none"> <li>➤ Requirements to sustainably manage Invercargill District's natural and physical resources</li> </ul>	Compliance
Southland Waste Management and Minimisation Plan 2012-2018	<ul style="list-style-type: none"> <li>➤ Requirements to promote the effective and efficient waste management and minimisation.</li> <li>➤ Documents the regional strategic direction (vision, goals, objectives), actions and funding policy for the Council to meet its health protection issues and legislative requirements.</li> </ul>	Strategy
Invercargill Solid Waste Bylaw 2008	<ul style="list-style-type: none"> <li>➤ Operational rules and enforcement requirements for solid waste services.</li> </ul>	Compliance, enforcement

Legislation	Relevant Requirements	Impacts on Levels of Service
WasteNet Southland Joint Waste Management Agreement	<ul style="list-style-type: none"> <li>➤ The formal agreement between the Southland Territorial Authorities to procure and operation: (a) a Regional Landfill (b) Recyclables Acceptance and (c) Collection and Transfer Station services and; form the joint committee titled WasteNet Southland.</li> </ul>	Governance
National Environmental Standards	<ul style="list-style-type: none"> <li>➤ Are regulations issued under section 43 of the Resource Management Act and apply nationally.</li> <li>➤ National Environmental Standards for Air Quality.</li> <li>➤ Proposed National Environmental Standard for the outdoor storage of tyres.</li> </ul>	Compliance

### 3.2.3 Industry Standards and Guidelines

Standard/ Specification	Content/Purpose	Impacts on Levels of Service
Health and Safety Guidelines for the Solid Waste and Resource Recovery Sector ( <i>WasteMINZ, 2017</i> ).	The guidelines aim to provide practical advice and assist organisations to provide "bottom line" compliance with the Health and Safety at Work Act 2015.	Guidance, Health and Safety
Waste Assessment and Waste Management and Minimisation planning: A guide for Territorial Authorities ( <i>Ministry for the Environment, December 2015</i> )	A non-statutory guide for territorial authorities on reviewing a waste management and minimisation plan.	Guidance, Policy
Waste Levy Spending: Guidelines for Territorial Authorities ( <i>Ministry for the Environment, October 2013</i> )	Guidelines for good practice to territorial authorities on how to use Waste Disposal Levy funding received under section 31 of the Waste Minimisation Act 2008.	Guidance, Policy
A Guide to the management of closing and closed landfills in New Zealand ( <i>Ministry for the Environment, May 2001</i> )	Guidance aiming to increase awareness of the risks associated with closed landfills and to outline the best practical methods to manage closed landfill sites effectively, so that adverse environmental effects are minimised.	Guidance, Policy

### 3.3 LEVELS OF SERVICE

This section defines the Level of Service or the qualities of the service that the Council intends to deliver based on the services of most interest to the Community and measures used to monitor this. These measures are the focus for community consultation in the Long Term Plan and are reported on in the Annual Plan.

The Levels of Service are intended to apply for the term of the Activity Management Plan. Amendments to the measures may be initiated by change in:

- Customer expectation
- Legislative or resource consent
- Contract requirements
- Or analysis indicates that the measures are unrealistic

#### 3.3.1 Customer Levels of Service, Performance Measures and Targets

How the Activity Contributes	Customer Level of Service	Measure of Service
Provision of solid waste facilities for the collection and disposal of recycling and rubbish.	<ul style="list-style-type: none"> <li>➤ Ensure regular kerbside collection services.</li> <li>➤ Appropriate facility operating hours.</li> <li>➤ Encourage waste minimisation.</li> </ul>	Comparing trends in solid waste data: <ul style="list-style-type: none"> <li>➤ Kerbside recycling</li> <li>➤ Kerbside landfill-rubbish</li> <li>➤ Solid waste to landfill</li> <li>➤ Diverted Material</li> <li>➤ Materials Discarded Rate</li> </ul>
Collaboration with other local Territorial Authorities for the coordinated delivery of waste management and minimisation in Southland.	Operation of WasteNet Southland as a shared service for the benefit of Southland.	WasteNet Southland produces an Action Plan.

Measure of Service	2018-2028 Target	2016/17 Result
Trend in kerbside recycling.	Increasing trend.	Not achieved. 3,312 tonnes (5% decrease)
Trend in landfill-rubbish.	Decreasing trend.	Not achieved. 10,649 tonnes (maintained).
Trend in solid waste to landfill.	Decreasing trend.	Achieved. 20,073 tonnes (6% decrease).
Trend in diverted material.	Increasing trend.	Not achieved. 8,950 tonnes (maintained).
Maintain a regional materials discarded rate of 650kg per person per annum.	Maintain this level.	Not achieved. 678 kg.

#### 3.3.2 Technical Levels of Service, Performance Measures and Targets

WasteNet Southland adopts an Action Plan annually which details all the projects, activities and performance measures to be undertaken during the financial year (Appendix 15.10). It is noted that each year an Annual Report is produced which details the outcomes for the financial year.

The Technical Levels of Service and performance measures will be as identified in the WasteNet Southland annual Action Plan (Appendix 15.10).

### **3.4 LEVELS OF SERVICE ISSUES AND CHALLENGES**

#### **3.4.1 Levels of Service Gaps**

The desired targets are not being met. This may be due to the measures being largely based on solid waste data and trends which are heavily influenced by external factors such as economy, industry growth, commercial waste operators, environment and population.

Services levels and their targets may not be representative of customer expectations, as the most recent customer service survey for solid waste was undertaken in 2013.

#### **3.4.2 Possible Responses to Gaps**

Undertake a specific Solid Waste Activity customer service survey to gauge the communities desired level of service, expectations, awareness and support for waste minimisation initiatives. Use the results of this survey to establish baselines and more appropriate/applicable performance measures.

## 4. Demand for Our Services

### 4.1 DEMAND FORECAST

Legislation requires Council to undertake a Waste Assessment every 6-years as part of the review of the WMMP. The Waste Assessment must contain a forecast of future demands and how the Council will meet that forecast demand. In 2012, the WasteNet Councils completed the Southland Waste Assessment (Appendix 15.07). The next Waste Assessment is scheduled for 2018.

#### 4.1.1 Factors Influencing Demand

The Southland Waste Assessment (Appendix 15.07) identified the following key drivers for future demand of solid waste services:

- demographic change e.g. population, household changes
- change in commercial and industrial activity/economic conditions
- land use changes
- impact of waste flows from other regions
- consumption patterns and product quality
- the occurrence of natural disaster events
- national policy and legislation e.g. product stewardship schemes, emission trading scheme, waste levy
- impact of waste minimisation behaviour change programmes, future initiatives
- community expectations
- continued pressure on existing waste management and minimisation infrastructure and services (Health and Safety, cost-effectiveness)
- adequate landfill disposal capacity

#### 4.1.2 Projected Growth or Decline in Demand for the Service

The Southland Waste Assessment considered three population scenarios to forecast future growth and demand for waste services ranging from high growth-low diversion to low growth-high diversion.

Regardless of which scenario eventuates, there are no major landfill capacity issues in the region as the Southland Regional Landfill has significant future capacity. All three scenarios predict the tonnage of diverted materials (i.e. recyclables, greenwaste) to continue to rise in the short to medium term.

Refer to Appendix 15.07 Southland Waste Assessment for further details.

### 4.2 CHANGES IN SERVICE EXPECTATIONS (FUTURE LEVELS OF SERVICE)

To a certain extent the service expectations will remain consistent whether there is population growth or decline. It is assumed that the customer will continue to desire regular kerbside collection services, appropriate facility hours and cost effective services.

It is anticipated that there will be greater community environmental awareness that will increase demand for alternative disposal methods (i.e. Resource recovery park; recycling/recovery of organics, electrical and hazardous waste).

Technological innovation may allow Council to improve its ability to service the community, for example:

- Ability to weigh mobile bins and therefore charge participants on actual use of service.
- Ability to provide a regional facility for the cost-effective processing of organic waste for beneficial use.
- Ability to economically process recovered glass for beneficial use.

#### **4.3 EXPECTED IMPLICATIONS FOR THE ACTIVITY**

There will be continued pressure on existing waste management and minimisation infrastructure and services.

While there is adequate landfill disposal capacity in the medium to long term future, it is WasteNet Councils' desire to see the best use made of the Districts natural and physical resources.

Consideration will need to be given to ensure that infrastructure is in place to meet the communities demand for diverted materials e.g. Resource recovery park; recycling/recovery of organics, electrical and hazardous waste.

Projected population growth and demand for consistent levels of service from the semi-rural/rural and CBD areas may impact on kerbside collection services. These implications can generally be met through expansion of fleet and collection routes. It is noted that extending the service to a further 500 households would trigger the capital investment of another collection vehicle and mobile bins.

Consideration will need to be given to providing an appropriate level of service (both economically and socially) for the projected aging population e.g. bin size, frequency, door-to-door services.

**4.4 FUTURE DEMAND ISSUES AND CHALLENGES**

Area	Future Demand Issues and Challenges	Possible Demand-related Responses
Transfer Station	Council will need to consider changes to the operation of the Transfer Station services to be ensure they are cost-effective for the customers (households) and are able to provide alternative disposal options.	<p>It is anticipated that the increased environmental awareness of the Community will increase demand for alternative solid waste disposal options i.e. kerbside organic waste services, construction and demolition waste recovery, electrical waste recovery services. A possible response to this would be the development of a centralised "Resource Recovery Park" (RRP). A RRP could be established to collect, separate and transfer recyclable materials and residual waste (landfill-rubbish). They can also include the following activities:</p> <ul style="list-style-type: none"> <li>➤ Collection, separation and selling of dry-recyclables / electrical waste</li> <li>➤ Reprocessing of plastics, glass, timber</li> <li>➤ Collection, separation, processing of organic waste for beneficial use</li> <li>➤ Commercial-scale materials recovery (accept commercial volumes of recoverable materials)</li> <li>➤ Concrete crushing for aggregate and recovery of reinforcing steel</li> <li>➤ Tyre recovery and shredding or reprocessing for beneficial user</li> <li>➤ Consolidation of hazardous waste for appropriate disposal</li> <li>➤ Business support activities</li> <li>➤ Education</li> <li>➤ Consolidation of residual waste for transfer to landfill</li> </ul> <p>By centralising the above activities, it enables the participating services to share: space (including warehousing); operating equipment (e.g. forklifts, loaders, trucks, balers, shredders), preventative maintenance and repair services, pollution control equipment and services, administrative services (e.g. office space and equipment, breakrooms, shower and toilet facilities,</p>

Area	Future Demand Issues and Challenges	Possible Demand-related Responses
		management and technical expertise, promotions and advertising costs, communications and education services). While also allowing customers a convenient, safe, easily accessible and cost effective facility.
Kerbside collections	<p>It is assumed that the main future demand issues for the solid waste activity will be the cost effective provision of the desired service and increased level of service for semi-rural/rural areas.</p> <p>Expansion of collection routes will mean:</p> <ul style="list-style-type: none"> <li>➤ increased fleet (in individual vehicle size as well as number)</li> <li>➤ potential changes to collection days</li> <li>➤ additional mobile bins (more assets)</li> <li>➤ more education</li> </ul>	<p>Response to projected population growth can generally be met through expansion of fleet and collection routes. This will result in a contract variation, to cover the costs associated with providing the service to additional properties.</p> <p>Additional mobile bins will need to be purchased, and a review of the current bin inspection programme will be required to gauge if there is capacity for additional inspections.</p>
Enforcement	<p>Legislation requires the Solid Waste Activity to give consideration (in order of priority) to the reduction, reuse, recycle, recovery, treatment and disposal of waste. Demand for solid waste services is highly dependent on the public's perception and level of awareness of the impact that solid waste has on our environment, our economy and our health.</p> <p>There will continue to be challenges for encouraging waste minimisation behaviours, however it is hoped that over time these will decrease as it become more of a social-norm or business-as-usual and services are developed to make it more convenient and cost-effective.</p> <p>It will be the norm to provide bin inspection services. Public can see this as a waste of ratepayer funding; however it is valuable service.</p>	<p>Behaviour change, communication and education are significant components in that success of this approach. For all parties to participate fully, they need to know clearly what their services are, what their service rules are, why they should participate and what happens afterwards.</p> <p>Possible non-asset solutions include:</p> <ul style="list-style-type: none"> <li>➤ Increasing the behaviour change and community engagement initiatives e.g. numbers of workshops and campaigns</li> <li>➤ Survey the community to understand the levels of awareness, barriers and test possible solutions</li> </ul>

#### 4.4.1 Managing Expectations

The Waste Minimisation Act 2008 requires territorial authorities to undertake a Waste Assessment (every 6-years) and have regard to it in reviewing and preparing for their Waste Management and Minimisation Plan (WMMP). The Waste Assessment compiles and analyses information on waste and diverter materials produced in the Southland region and is used to determine a logical set of priorities to inform their future solid waste needs including:

- Review the current situation with respect to the generation of waste, and
- Consider the future demand for waste services, and
- How the WasteNet Councils' can best achieve their waste objectives.

Under the banner of WasteNet Southland, Council in collaboration with Gore District Council and Southland District Council completed a Waste Assessment in January 2012 (Appendix 15.07). This document is scheduled to be reviewed in 2018.

Council will continue to manage demand for solid waste management facilities and services by ensuring that:

- Services are charged on a user-pays bases (where appropriate and practicable).
- Rates charged will be full cost-recovery for the treatment of waste, its disposal and after-care.

Council continues to work with the shared service, WasteNet Southland, and its partners on a coordinated approach to waste management and minimisation for the Southland region

## 5. Asset Profile

### 5.1 ASSET OVERVIEW

This section provides the detail of the key asset components comprising the Solid Waste Activity including a description of the assets, their condition, performance and capacity, together with individual asset management strategies for the maintenance, renewal and development of these assets.

### 5.2 ASSET DESCRIPTION

The Solid Waste Activity assets comprise:

- Closed Landfills
  - Bluff Closed Landfill
  - New River Estuary Closed Landfill
- Bluff Transfer Station
  - Compactor
  - Shipping Container
  - Mobile Bins
  - Infrastructure – roading, signage, drainage, fencing and other associated infrastructure
- Invercargill Waste Transfer Station – which includes
  - Weighbridges
  - Kiosk building
  - The Garage Reuse Shop buildings
  - Transfer Station main building
  - Hazardous waste building
  - Composting area
  - Infrastructure – roading, signage, drainage, fencing and other associated infrastructure
- Kerbside Collection Assets
  - Mobile Bins
- Public Place and Event Receptacles
  - Street receptacles, mobile bins

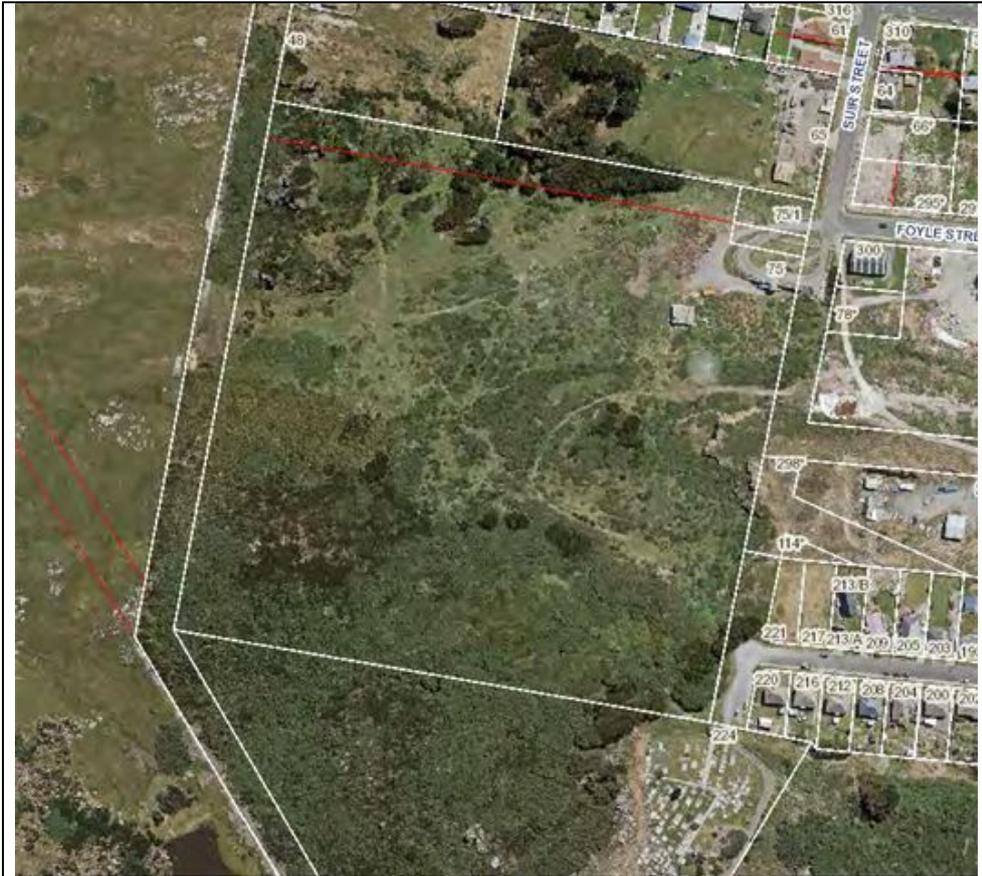
The Southland Regional Landfill is privately owned and operated, therefore there are no Council Assets associated with this activity.

#### 5.2.1 Closed Landfills

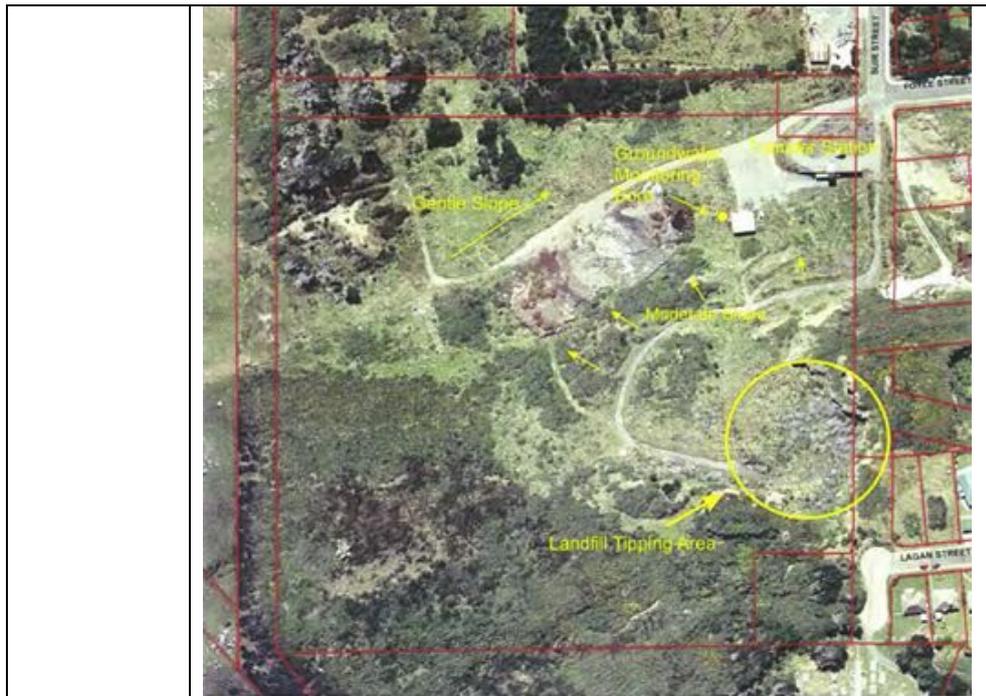
The Council owns two closed landfills:

- Bluff Closed Landfill
- New River Estuary Closed Landfill

**Bluff Closed Landfill**



Address	75 Suir Street, Invercargill.
Ownership	Invercargill City Council
Description	<p>The site is located on the corner of Foyle and Suir Streets Bluff, on the western edge of the Bluff Township. The site is bounded by pasture on the northern, eastern and southern sides. A wetland is present along the western boundary of the site.</p> <p>Only a portion of the site was used for landfill. The closed landfill is located in an old quarry in the south-eastern corner of the site. The southern half of the site is situated on a moderately sloping hill. The northern half of the site is generally flat and at the same level as the road. This portion of the site was used for cleanfill deposition and was accessed by a vehicle access track.</p> <p>Refer to Appendix 15.05 Bluff Closed Landfill Post Closure Landfill Management Plan October 2007.</p>



Caption: Bluff Closed Landfill Site Plan

Resource Consents	Discharge permit No 20169950. To discharge leachate to landfill, where it may enter groundwater from a closed landfill. Expiry date: 19 May 2027.
Monitoring	Consent compliance is measured by Council staff. The site is operating in compliance with resources consents.
Capacity	The facility closed to receiving solid waste in 1998.
Performance	The key landfill management issue is compliance with the after-care consent requirements post landfill closure and management of the waste transfer station that now occupies a portion of the site.
Utilisation	The Bluff Transfer Station operates out of the northern corner of the site. The remainder of the site is not used.

**New River Estuary Closed Landfill**



Address	303, 351, 383 Bond Street Invercargill
Ownership	Invercargill City Council
Description	<p>The New River Estuary Closed Landfill is located in the area known originally as Pleasure Bay and is bordered on the North by Bond Street, on the East by the New Zealand Railways Bluff Line, and on the West by an estuary embankment. A lagoon is located along the southern boundary of the site.</p> <p>There are two vehicle access roads to the site off Bond Street.</p> <p>The landfill was closed in June 2004, following the opening of the Southland Regional Landfill located at Kings Bend, Winton.</p> <p>In 2007 the Invercargill City Council was awarded a Ministry for</p>

	<p>the Environment Green Ribbon Award for the restoration of the former New River Estuary landfill into a serene recreation area.</p> <p>The majority of the post-closure works are complete, with only minor works (replanting) expected to continue for the next couple of years.</p> <p>Refer to Appendix 15.06 New River Estuary Landfill Post Closure Management Plan March 2011 for more information.</p>
Resource Consents	<ul style="list-style-type: none"> <li>➤ Discharge Permit (No. 94457). To discharge solid wastes and leachate from a landfill onto and into land. Expiry date: 29 April 2033.</li> <li>➤ Coastal Permit (No 204270). To occupy a coastal marine area with a structure in the form of a wooden boardwalk, and to deposit rock rip rap and crystal sand. Expiry date: 26 March 2042.</li> </ul>
Monitoring	<p>Consent compliance is measured by Council staff. The site is operating in compliance with resource consents.</p>
Capacity	<p>The facility closed to receiving solid waste in June 2004.</p>
Performance	<p>The key landfill management issue is compliance with the after-care consent requirements post landfill closure and management of the waste transfer station that now occupies a portion of the site.</p>
Utilisation	<p>The site now comprises of two activities:                      (1) Recreation area and,                      (2) Invercargill Waste Transfer Station.</p> <p>The Recreation area covers approximately 80% of the site. This part of the site has been transformed into an attractive wildlife and recreational area, which includes the Roger Sutton Walkway, and is used by pedestrians and cyclists. The Recreation Area is managed by Parks. Refer to the Parks Asset Management Plan for more information.</p> <p>The Invercargill Waste Transfer Station is located in the Northwestern part of the site. This facility is currently managed by Council Contractor as per Contract 550 Collection and Transfer Station Services. More information on the Transfer Station asset is included in this document.</p>

**5.2.2 Bluff Transfer Station**



Address	75 Suir Street, Bluff
Ownership	Invercargill City Council
Description	<p>This facility is a remote/satellite station to allow the Bluff Community a bulk disposal point for their solid waste. It is designed for households or residential waste volumes only.</p> <p>The facility is open 5 days a week:</p> <ul style="list-style-type: none"> <li>➤ Monday, Wednesday and Friday from 2pm to 4pm,</li> <li>➤ Saturday from 11am to 2pm and</li> <li>➤ Sunday from 10am to 12:30pm.</li> </ul> <p>The facility is closed all public holidays.</p> <p>Customers are met by the Attendant, who accepts payment (where applicable) and directs them where to dispose of their materials. Payment is by eftpos or token. Tokens can be purchased from the Councils Bluff Service Centre.</p> <p>The facility accepts household quantities of: garden waste, landfill-rubbish and has limited capacity for dry-recyclables. It does not accept commercial waste volumes, liquid waste or hazardous waste.</p> <p>The facility has a compactor with a loading chute into which solid</p>

	<p>waste is directly loaded from vehicles.</p> <p>Refer to Appendix 15.02 for further information.</p>
Condition	<p>No formal condition rating has been undertaken. It is noted that the facility has the following assets: compactor, 40-foot shipping container, building, boundary fence, gates (entrance/exit), signage, roading.</p> <p>The contractor has identified that the Compactor is no-longer cost effective to repair.</p> <p>The 40-foot shipping container was supplied by the Ministry for the Environment as part of the TV TakeBack Programme. The intent is to use the container as dry-storage for collected electrical waste.</p>
Monitoring	<p>Contractor as per Contract 550 Collection and Transfer Station Services.</p>
Capacity	<p>No recent capacity studies have taken place, however Contractor and Staff estimate that the facility is underutilised. This assessment is based on the lower than expected revenue received.</p>
Performance	<p>No recent performance monitoring has taken place.</p>
Utilisation	<p>The facility is currently managed by Councils Contractor as per Contract 550 Collection and Transfer Station Services.</p>

**5.2.3 Invercargill Transfer Station**



Address	303 Bond Street, INVERCARGILL
Land Area	480,471
Ownership	Invercargill City Council
Description	<p>This facility is designed to “bulk-up” solid waste as preparation to transport it, to the Southland Regional Landfill.</p> <p>The Invercargill Transfer Station is open:</p> <ul style="list-style-type: none"> <li>➤ Summer Hours (October 1 to March 31) <ul style="list-style-type: none"> <li>▪ Monday – Saturday 8am to 6pm</li> <li>▪ Sunday – 9am to 6pm</li> </ul> </li> <li>➤ Winter Hours (April 1 to September 30) <ul style="list-style-type: none"> <li>▪ Monday – Saturday 8am to 5pm</li> <li>▪ Sunday – 9am to 5:30pm.</li> </ul> </li> </ul> <p>The facility is closed 3-days per year: Christmas Day; New Year's Day; and Good Friday.</p> <p>Customers drive onto a weighbridge, where they are greeted by an Attendant who weighs the vehicle and directs them where to dispose of their waste materials. When the customer comes to exit, they drive onto the second weighbridge and payment is calculated by the weigh and type of product disposed of. Payment is by eftpos, cash or account.</p> <p>The facility accepts:</p> <ul style="list-style-type: none"> <li>➤ Household quantities of: garden waste, tyres, used oil, hazardous waste, cleanfill and landfill-rubbish.</li> <li>➤ Commercial quantities of: garden waste and landfill-rubbish.</li> </ul> <p>A reuse and recovery facility is located at the entrance of the facility – The Garage Reuse Shop. The property, carpark and associated buildings are leased to a private commercial operator.</p>

	<p>The Solid Waste Transfer Station was constructed in 1997. Design was by Royds Consulting and constructed by Naylor Love Construction. It is constructed on landfill waste material therefore has significant piling beneath the pit and building foundations. It is also close to high tide level and significant drainage and tanking has been included in the collection pit and compactor pit construction. Considerable settlement of the paved areas around the Transfer Station has occurred over time and paving has been built up to provide level access to the dump face of the pit. The pit floor was recoated with concrete during Labour Weekend, 2014</p> <p>It is the contractor's responsibility to prepare an asset management plan for the facility as per clause 8.1 of Contract 550. The individual assets that make up this facility are owned by Council or the Contractor. For further information refer to Appendix 15.01 and 15.01.</p> <p>The Building Assets team are contracted to Solid Waste for advice and assistance, as and when required. Refer to Building Asset Management Plan for further information.</p>  <p>Caption: Aerial Image of Invercargill Waste Transfer Station, 303 Bond Street Invercargill.</p>		
Resource consents	Air Discharge Permit (No. 200038). To discharge contaminants to air from a composting operation. Expiry date 30 June 2021.		
Capacity	3 days storage		
Performance	100%		
Utilisation	Contractor as per Contract 550 Collection & Transfer Station.		
Materials	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Walls</td> <td>Corrugated Coloursteel</td> </tr> </table>	Walls	Corrugated Coloursteel
Walls	Corrugated Coloursteel		

	Joinery	Aluminium
	Roof	Corrugated Coloursteel
	Structure	Steel
Energy Supply	Electricity	

#### 5.2.4 Mobile Bins

Properties receiving the kerbside recycling and rubbish collection service are provided with mobile bins (wheelie bins) for sorting their waste into dry recyclables and landfill-rubbish.

The Council purchased the mobile bins in June 2011, with an estimated useful life of 16-years.



Caption: A red rubbish bin (140-litre) and yellow recycling bin (240-litre) at the kerbside waiting to be emptied.

The standard service provided to participating properties is:

- One yellow recycling bin: 240-litres
- One red rubbish bin: 140-litres

360-litre mobile bins are available (upon request) for servicing commercial properties such as motels, hotels, student accommodation.

Tactile symbols are moulded into lids of the mobile bins to allow customers with visual impairments to identify the two types (recycling or landfill-rubbish).

The mobile bin asset consists of:

Mobile Bin	Size	Number in Service
Yellow Recycling Bin is made up of: black body, yellow lid, 2 wheels and an axle	140-litres	2,942
	240-litres	18,302
	360-litres	58
Red Rubbish Bin is made up of: Black body, red lid, 2 wheels and an axle	140-litres	21,031
	240-litres	238
	360-litres	28



Figure: What happens to the contents of the yellow-recycling bin



Figure: What happens to the contents of the red-rubbish bin

### 5.2.5 Public Place Receptacles and Event Mobile Bins

Council provides public place receptacles for the disposal of rubbish (litter) created by the public. The majority of these receptacles are located in the central business areas of Invercargill, Bluff and Windsor. Smaller shopping Centres and Dairy's in residential areas may also be provided with this service.

It is noted that Council received national funding to trial public place recycling during the Rugby world Cup 2011, which resulted in 5 receptacles for recycling being installed in Esk Street and Dee Street. In 2016 Council upgraded the City Centre and installed new recycling receptacles.

For more information on this asset see the Roding Asset Management Plan.

It is also noted that there can be public place receptacles in the Parks and Reserves, managed by the Parks Team. For more information on these assets, see the Parks Asset Management Plan.

WasteNet Southland has a small supply of equipment available to assist events to manage their solid waste. This equipment is stored by the Contractor (Bond Contracts) and is available upon request.

Infrastructure	Number
Mobile Bin Hoods – Yellow Plastic Bin hood that can be placed over an open 140/240-litre mobile bin.	12
Mobile Bin Hoods – Red Plastic Bin hood that can be placed over an open 140/240-litre mobile bin.	12

Infrastructure	Number
Mobile Bins – Green 80-litre mobile bins made up of black body, green lid, 2-wheels and an axle.	6



Caption: The 2012 International Junior World Cycling Championships held at the ILT Velodrome used the event bin hoods to assist participants in sorting their waste.

### 5.3 CRITICAL ASSETS

#### 5.3.1 Asset Criticality Criteria

Criticality Rating	Asset Importance	Consequence of Failure
<b>5</b>	<b>Extremely important.</b> The asset serves the most important city-wide function for this network or asset portfolio and is essential to ongoing operation (e.g. single water treatment plant, a single bridge link to the city, regionally significant park, Council HQ building, etc).	<b>Catastrophic.</b> Failure would have severe and long-lasting adverse impacts on many if not most of ICC's customers and stakeholders, affecting outcomes such as public health and safety, economic well-being, and environmental sustainability. Availability of suitable alternatives is limited.
<b>4</b>	<b>Very important.</b> The asset serves a major function within the network (e.g. an arterial road, large trunk main, one of a small number of water reservoirs in the city, Museum, etc).	<b>Extreme.</b> Failure would have major adverse impacts on many customers and stakeholders; and/or significant adverse impacts on the economy and/or the environment.
<b>3</b>	<b>Important.</b> The asset serves an important suburban function (e.g. a Collector road, minor	<b>Major.</b> Failure would have some adverse impacts on significant numbers of customers, and/or

Criticality Rating	Asset Importance	Consequence of Failure
	pumping station, distribution main, suburban pool, park, housing or community building).	some adverse impacts on the local economy or the environment.
<b>2</b>	<b>Minor importance.</b> The asset serves a primarily local function (e.g. a local road, pipe serving several streets, small community facility).	<b>High.</b> Failure would have minor adverse impacts on some customers; and/or minor adverse effects on the local economy or the environment.
<b>1</b>	<b>Not important.</b> The asset serves a minor local function (e.g. a water pipe serving a single street, small local reserve, etc).	<b>Moderate.</b> Failure would have little to no adverse impacts on customers and no impact on the local economy or environment.

### 5.3.2 Identification of Critical Assets

Asset	Criticality	Comment
Closed Landfill ➤ Bluff ➤ New River Estuary	4	Closed landfills can be monitored for 30+ years for adverse environmental effects. If adverse environmental effects are found the financial and environmental cost of mitigation could be significant.
Bluff Transfer Station	2	Failure of the Bluff Transfer Station could place pressure on the kerbside recycling and rubbish bin service, and inconvenience customers as they would need to drive to Invercargill to dispose of large products. It could encourage customers to inappropriately burn or bury their solid waste.
Invercargill Transfer Station	4	Failure of the Invercargill Station could have high adverse environmental, health, social and financial implications e.g. solid waste would be unable to be collected or transported to the Landfill.
Mobile Bins	2	Failure of the Mobile bins could have high adverse environmental, health and social implication as they are provided to allocated properties for sorting waste into recyclable and residual waste. It would place pressure on Transfer Station facilities, and could encourage customers to inappropriately burn or bury their solid waste.
Public Place Receptacles and Event mobile bins	1	The failure of public place receptacles and event mobile bins is not important, as the other facilities will be able to manage this waste.

## 5.4 ASSET CONDITION

### 5.4.1 Summary of Current Asset Condition

Condition Grade	Definition	Proportion of Consumed Life	Description
1	Very good	Between New- 45%	Sound structure with no evidence of deterioration

2	Good	Between 45 - 60%	Functional, sound and showing minor deterioration of surfaces.
3	Moderate	Between 60 - 75%	Affected appearance and operation. Deterioration or damaged surfaces.
4	Poor	Between 75 – 90%	Fabric damage and operational performance affected, breakdowns or ongoing maintenance required.
5	Very poor	Between 90-100%	Badly damaged, operation unreliable immediate or imminent replacement required.

Asset	Condition	Comment
Closed Landfill ➤ Bluff ➤ New River Estuary	2	Both closed landfills are fully capped and monitoring systems are in place.
Bluff Transfer Station	4	A basic facility for the bulk disposal of some types of solid waste. The compactor has reached the end of its useful life, and consideration needs to be made on the facilities level of service moving forward for the Bluff Community.
Invercargill Transfer Station	3	The Transfer Station was built in 1997 and is currently 20-years into its assumed 50-year lifespan. As expected maintenance costs are rising, and there are issues with the main pit floor (e.g. large cavity underneath the floor, and the surface is deteriorating). There are issues of subsidence on the site, with maintenance works taking place on both weighbridges and road surfaces.
Mobile Bins	2	The mobile bins are 7 years into their expected 16-year life. No formal condition surveys have been undertaken however they are believed to be in good condition for this stage of their lifecycle.  Council Contractors are required to monitor and maintain the mobile bins as per the specifications set out in Contract 550. Customers contact Council with repair request. Minimal repairs are undertaken due to manufacturing faults.
Public Place Receptacles and Event mobile bins	-  1	Refer to the Roading Asset Management Plan for condition rating of the Public Place Receptacles.  The Event Mobiles bins are in a good condition and are available to event organisers on the basis that they pay for repair/replacement for damage or loss.

#### 5.4.2 Condition Monitoring

Condition monitoring is undertaken either by Council staff or by Council Contractor as per Contract 550.

## 5.5 ASSET CAPACITY AND PERFORMANCE

### 5.5.1 Capacity and Utilisation

Asset	Capacity and Utilisation	Comment
Closed Landfill ➤ Bluff ➤ New River Estuary	50%	The Bluff Closed Landfill site is not fully utilised as the only activity taking place on site is the Bluff Transfer Station.
	100%	The New River Estuary is fully utilised as it has been developed into a Recreational Area and Invercargill Transfer Station. Refer to the Parks Asset Management Plan for more information on the Recreational Area.
Bluff Transfer Station	50%	Not fully utilised and there are times when no customers use the facility when it is open.
Invercargill Transfer Station	100%	3 days storage.
Mobile Bins	100%	The current mobile bins were designed to provide the service for the full 16-year term of Contract 550. The 3 bins sizes available allow for some flexibility for customers e.g. elderly wanting smaller more manageable bins, and accommodation outlets with limited storage space.  Mobile bins are provided to new properties when residents are permanently living at the address (and they are within the refuse collection area).
Public Place Receptacles and Event mobile bins	-	Refer to the Roding Asset Management Plan for condition rating of the Public Place Receptacles.
	20%	The event mobile bins are used 1-2 times per year. Venture Southland is a regular user for the annual ILT Kidzone Festival.

### 5.5.2 Performance

Asset	Performance	Measure	Comment
Closed Landfill ➤ Bluff ➤ New River Estuary	100%	Compliance with Resource Consents.	Both closed landfills are operating in accordance to their current resources consents conditions.
			Refer to the Parks Asset Management Plan for more information on Pleasure Bay Reserve activity that takes place on a portion of the New River Estuary Closed Landfill.
Bluff Transfer Station	70%	Hours/year	This facility is open 5-days per week, closed on public holidays and is able to provide the designated

			<p>services to customers.</p> <p>The facility is not well used as it can be open and not receive any customers.</p> <p>It is noted that design of this facility (open chute into a compactor) is no longer a best practice method. Modern facilities are using "same-level" off-loading areas.</p>
Invercargill Transfer Station	100%	Code of compliance, Warrant of fitness, Fire Alarm, Potable Water, Security = all achieved.	<p>This facility is open every day but 3 public holidays and is able to safely provide the designated services to its customers.</p> <p>It is noted that design of this facility (drop onto a pit floor) is no longer a best practice method. Modern facilities are using "same-level" off-loading areas.</p> <p>At times the facility does not have sufficient capacity to safely manage customer demand, which can result in traffic jams backing into Bond Street.</p>
Mobile Bins	100%	Collections/year	<p>When used correctly the mobile bins performance is highly effective. The performance does reduce when customers incorrectly use the receptacles i.e. hot ashes are placed in the bins, or the bins are left in the path of vehicles.</p> <p>It is noted that on average the red rubbish bins are presented for collection 70-80% of the time, and the yellow recycling bins are presented for collection 60-70% of the time.</p>
Public Place Receptacles and Event Mobile Bins	-	Usage	<p>Refer to the Rooding Asset Management Plan for more information.</p> <p>When the event mobile bins are used, they perform their functions in a safe manner.</p>

**5.6 SUMMARY OF ASSET TRENDS, ISSUES AND CHALLENGES**

Asset	Specific Asset	Comment
Bluff Transfer Station	Compactor	Reached the end of it useful life. Need to consider the overall level of service for the Bluff Community.
Invercargill Transfer Station	Weighbridge	Identified issue of damage to end walls of weighbridge pit.

	Main Building Pit Floor	The surface deteriorated requiring repair in October 2014. The repair did not last and Council is working with all parties to resolve the issue.
	Cavity beneath the main building pit floor	Contractor identified a large cavity beneath the main building pit floor when repairing a water leak.
	Site Subsidence	Continual building up of road surfaces to reduce the trip hazards.
	Peak capacity	Contractor has identified capacity issues during peak times. This issue needs to be further explored.

## 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 Solid Waste Activity is strongly influenced by sustainability, being lead from the top with Central Governments Waste Minimisation Act 2008 and the New Zealand Waste Strategy.

The purpose of the Waste Minimisation Act 2008 (section 3) is to “*encourage waste minimisation and decrease waste disposal in order to protect the environment from harm; and to provide environmental, social, economic and cultural benefits*”. The key tools for achieving this vision include the National Waste Disposal Levy and Product Stewardship schemes.

The National Waste Disposal Levy is a financial disincentive to dispose of waste to landfill. For every tonne of waste disposed to landfill, a \$10 plus GST charge is paid by Landfill operators to the Ministry for the Environment. The levy is used to fund waste minimisation projects as it will be partly (50%) distributed to territorial authorities on a population basis, with the rest provided to a contestable Waste Minimisation Fund.

Product Stewardship describes the process through which those involved in the lifecycle of a product or service (designers, manufacturers, retailers, consumers) all take responsibility for the health, safety and environmental impacts produced by the good or service.

The Southland Waste Management and Minimisation Plan vision is that “waste is a resource”. Beneath this vision are three goals:

- Work together to improve the efficient use of resources.
- Use the waste hierarchy to guide decision making.
- Reduce the harmful effects of waste to our health and environment.

Refer to Appendix 15.09 for more details.

#### 6.1.1 Social and Cultural

The key social and cultural drivers for the Solid Waste Activity are:

- Meeting the obligations of the Health Act 1956 and Health & Safety at Work Act 2015.
- Provide behaviour change programmes to increase participation in waste minimisation initiatives and inform customers on how to use services.

- Promote the principle of Kaitiakitanga/Stewardship – all Southlanders are responsible for looking after the environment, and for the impact of products and wastes they make, use and discard. Kaitiakitanga expresses an integrated view of the environment and recognises the relation between all things. It represents the obligation of current and future generations to maintain the life sustaining capability of the environment for present and future generations.

Refer to Appendix 15.09 for more details.

### **6.1.2 Environmental**

The Southland Waste Management and Minimisation Plan identifies five key strategic objectives:

- Reduce the amount of material entering the waste stream
- Reuse or repurpose material so it has a life before recycling or disposal
- Reduce the amount of materials sent to final disposal by maximising recycling
- Make the best use of recoverable waste as a renewable resource.
- Appropriate treatment and disposal of waste for the protection of our health and environment.

Under each of these objectives, actions have been developed to achieve the objective, resulting in movement towards achieving the overarching vision – waste is a resource.

Refer to Appendix 15.09 (Southland Waste Management and Minimisation Plan) for more details.

### **6.1.3 Economic and Financial**

Solid Waste is a significant infrastructural activity that looks to provide the desired level of service in the most cost effective manner while meeting the health, safety, social, cultural and environmental interests.

We do this by:

- Recognising the consumption of assets and appropriately funding it.
- Categorising capital versus operational expenditure and understanding how each influences the community.
- When procuring goods and services, take into account market sustainability, best practice and smart buying processes.
- Reporting on financial performance.
- Where appropriate and practicable apply full-cost pricing/user pays principle e.g. the environmental effects for disposal of goods is consistently costed and charged as closely as possible to the point they occur.
- Undertaking projects which are affordable and justified under the Better Business Case.
- Work collaboratively with WasteNet Councils and other Territorial Authorities/Organisations to reduce cost and achieve shared objectives.

### **6.1.4 Potential Significant Negative Effects**

The amount of waste we produce is directly linked to how many goods and services we consume – the greater our wealth the more we waste. By its nature,

waste can be bad for our environment, bad for our health and bad for our economy.

The inappropriate disposal of waste can lead to significant environmental effects. International reports show a clear correlation between waste disposal to landfill and climate change.

Potential negative effects associated with the Solid Waste Activity Management Plan are:

Consideration	Effect	Significant (Yes / No)
<b>Social wellbeing</b>		
Public Image	Excess residual waste and/or recyclables falling out of receptacles is unsightly and can be the source of windblown litter.	No
Community Welfare	Collection causes more heavy traffic usage on roading network.	No
	Illegal disposal of "hot" material within a receptacle has the potential to start a fire.	No
	Windblown litter and littering is unsightly and potential health risk and/or pollute the environment.	No
	Actual physical effect of decomposing waste generates odour, leachate and methane gas emissions.	No
Lifestyle	Noise generated by vehicles emptying mobile bins.	No
	Noise generated by vehicles entering the site and operating equipment at the Transfer Stations.	No
	Pests and rodents.	No
<b>Cultural wellbeing</b>		
Customer Services	Elderly or disabled residents may have difficulty placing mobile bins out for collection.	No
<b>Economic wellbeing</b>		
Future capital requirements	New technology for separating and sorting waste is expensive.	No
<b>Environmental wellbeing</b>		
Energy efficiency	Vehicle fuel and emissions.	No
	Compostable material disposed to landfill could have been beneficially used.	No
	Recyclable materials disposed to landfill could have been beneficially used, saving energy and raw materials to generate new materials.	No

There are no significant negative environmental effects identified for the Solid Waste Activity.

### 6.1.5 Summary of Sustainability Challenges and Issues

The key sustainability challenge for the Solid Waste Activity is community buy-in. The vision of the Southland Waste Management and Minimisation Plan – waste is a resource – requires radical changes in our collective behaviour. This

challenge is addressed through the implementation of the Southland Waste Management and Minimisation Plan.

## **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**

Critical assets are “those which have a high consequence of failure, but not necessarily a high probability of failure”. This is important as it draws attention to those assets which are the most important, irrespective of the likelihood of failure of the asset. Critical assets typically require more proactive management to minimise or eliminate this risk.

The likelihood of failure of an asset is often difficult to assess, however condition and age are parameters that provide an indication. The worse the condition of the asset, the more likely it is to fail.

Assets which are both extremely critical and more likely to fail should have higher priority and be replaced or rehabilitated earlier in their lifecycle than others, and at lower levels “run to failure” may be perfectly acceptable.

6.2.3 Risk Identification and Assessment

Level of Service Indicator	Caused By	Consequence							V e	L	R	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	
Contractors unable to provide agreed levels of service	Mechanical breakdown	1	1	2	1	3	1	1.4	D	L	Contractor has spare collection vehicle. Minimum of 3-days storage capacity at Transfer Stations and Material Recycling Facility.	Continue current practice.	
	Fire in collection vehicle or at transfer station e.g. hot ashes in receptacles	1	1	2	1	3	1	1.4	D	L	Customers regularly reminded on how to use the service (e.g. advertising). Contractor has procedures to manage fires i.e. call NZ Fire Service, remove public from area, notify Council.	Continue current practice.	
	Hazardous waste spill at Transfer Station or in collection vehicle	1	1	2	1	3	1	1.4	D	L	Contractor has procedures to manage spills i.e. use emergency spill kit, notify Environment Southland, notify Council.	Continue current practice.	
	Business failure	1	5	4	4	3	1	2.85	F	L	WasteNet Southland (and Council) has good working relationships with its contractors. All issues are openly discussed	Continue current practice.	

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Level of Service Indicator	Caused By	Consequence							V	L	R	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	
												and resolved for the benefits of all parties.	
	Unable to gain required resource consents	1	5	4	4	3	3	3.25	E	L	WasteNet Southland (and Council) has good working relationships with its contractors. Council work with contractors to ensure that they applying early to renewal of resource consents, therefore there is sufficient time to resolve any outstanding issues that affect the consent.	Continue current practice.	
	Load rejected at Southland Regional Landfill or Materials Recovery Facility	1	1	1	1	4	2	1.5	E	L	Contractor is required to make the load compliant and find alternative disposal options for the non-compliant material.	Continue current practice.	
	Mobile bin participant places wrong material in mobile bin.	3	3	1	1	1	2	1.9	A	H	WasteNet Southland educates the community on how to use the service. And where necessary apply enforcement actions.	Continue current practice.	
	Mobile bins vandalised or stolen while out for	1	1	1	1	1	1	1	C	L	Customers advised to place their mobile bin/s out on collection day (not the night before), and return them to their property as soon as	Continue current practice.	

Level of Service Indicator	Caused By	Consequence						V	e	L	R	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
	collection.											practicable after emptying.	
Ensure the health and safety of customers, public and contractors.	Traffic accident	4	1	3	3	2	3	2.8	C	M	Contractor has health and safety procedures in place i.ge. check health of all parties, notify emergency services, investigate, implement recommendations.	Continue current practice.	
	Mobile bin collection truck has a near miss with a pedestrian.	3	1	3	3	2	3	2.6	D	L	Customer/pedestrians and footpath users awareness of their own health and safety.  WasteNet Southland works with schools to advice students of risks.	Continue current practice.	

#### 6.2.4 Summary of Key Risk Issues

The main risks for the Solid Waste Activity are circumstances where the contractor cannot meet the level of service due to mechanical issues, fire, contamination, traffic accident, theft or vandalism. These risks are managed through Contractual obligations, enforcement, public awareness, education/behaviour change programmes.

#### 6.2.5 Possible Approaches to Risk Mitigation

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.

Refer to section 6.2.4 for further information.

### 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

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.

Contracts for this Activity include contractual obligations for the provision and implementation of Emergency Planning.

### **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 resilience challenge for the solid waste activity is how to manage/mitigate the unknown “unknowns”. This is an issue that other activities will also be facing. Councils’ risk management review being conducted in 2018-19 will include work on resilience. In the meantime the solid waste team keep up-to-date with current waste industry best practice and how resilience’s issues are managed by others.

## 7. Managing Our Activities

### 7.1 RESPONDING TO THE ISSUES AND CHALLENGES

Area	Issue or Challenge	Potential Responses
Levels of Service (section 3.4)	Community desire for extending the kerbside recycling and rubbish collection service i.e. central business district, semi-rural and rural areas, district wide.	Overall solid waste customer service delivery review to gauge the communities desired level of service, expectations, awareness and support for waste minimisation initiatives.
	The current measures are not being met, as they are heavily influenced by external factors such as economy, industry growth, commercial waste operators, environment and population. (section 3.4.1)	Based on the above service delivery review outcomes, review the current Level of Service Measures to be more appropriate.
Demand (section 4.4)	Demand for solid waste services is highly dependent on the community's perception and level of awareness of the impact solid waste has on our environment, economy and health.	Review and adoption of Southland Waste Management and Minimisation Plan (as per Waste Minimisation Act 2008).
	How the waste services are used by the community i.e. sorting waste, recycling right, diverting materials, appropriate disposal.	Work in collaboration with WasteNet Southland to provide waste education and communication for behaviour change programmes.
	New River Estuary closed Landfill – potential change in regulation/monitoring following the adoption of the Regional Water and Land Plan.	Work in collaboration with Environment Southland to effectively and efficiently meet the regulatory changes.
	Transfer Station – as environmental awareness increases, the Community's desire for better access to alternative disposal options will increase.	Investigate the development of a "Resource Recovery Park" which will provide a centralised waste management and minimisation activities i.e. dry-recycling, textiles, electrical waste, construction and demolition materials and residual waste.
	Contract right of renewal processes for: <ul style="list-style-type: none"> <li>➤ Contract 550 - Collection and Transfer Station services</li> <li>➤ Contract 650 - Recyclables Acceptance</li> </ul>	In collaboration with WasteNet Southland, work through the right of renewal process and if necessary procurement of new service delivery.

Area	Issue or Challenge	Potential Responses
	Procuring new service delivery contracts <ul style="list-style-type: none"> <li>➤ Contract 270 - Landfill expires in 2039</li> <li>➤ Contracts 550 and 650 expire in 2027 (assuming the right of renewal process is accepted in 2018).</li> </ul>	In collaboration with WasteNet Southland, work through the procurement process for these services. It is recommended that Landfill procurement commences 10-years prior to contract expiry (by 2029).
Asset (section 5.6)	Bluff Transfer Station – the waste compactor has reached the end of its useful life.	Need to consider the overall level of service for the Bluff Community.
	Invercargill Transfer Station – The facility has issues with subsidence; is operating at 100% performance and at times can be oversubscribed; and has limited capacity for additional services.	Asset Management Plan for the Invercargill Transfer Station.
	Kerbside recycling and rubbish bin service – the mobile bins will reach the end of their useful life in 2027.	Start building a funding reserve to purchase new mobile bins in 2027.
Sustainability (section 6.1.4)	Community buy-in that “waste is a resource”.	Implementation of the: <ul style="list-style-type: none"> <li>➤ Shared Service - WasteNet Southland</li> <li>➤ Southland Waste Management and Minimisation Plan.</li> </ul>
Resilience	The unknown “unknowns”	Keep up-to-date with current waste industry best practice, i.e. how resilience issues are managed by others.

### 7.1.1 Alternative Investment Approaches

Capital works involving asset renewals are committed to and undertaken purely on their own individual merits. Their funding is influenced by their individual cost with timing set up by the expiry of their nominal service life.

A different approach is taken for service level improvements. Council works in collaboration with WasteNet Southland. Proposals are put forward to the governance committee – Waste Advisory Group. When the delegated Authority of this committee is exceeded, the preferred recommendation is forwarded to the individual WasteNet Council for approval.

With regard to the Shared Service, in December 2016, WasteNet Southland on behalf of the WasteNet Councils carried out a service delivery review of the solid waste services delivered through the shared service WasteNet Southland. This review was undertaken as part of achieving the Local Government section 17A clause, which states: “A local authority must review the cost-effectiveness of current arrangements for meeting the needs of the communities within its district

*or regional for good-quality local infrastructure, local public services and performance of regulatory functions.”*

The Service Delivery Review outcome confirmed that the WasteNet Southland Shared Service was an effective solid waste service delivery mechanism for the Territorial Authority Councils in Southland. Refer to Appendix 15.04 for further information.

### **7.1.2 Do-Minimum Programmes**

Do minimum programmes reduce the initial maintenance and repair costs on an asset. This approach may save money in the short term however it can impact and ultimately reduce the expected life of the asset if not carefully managed, leading to increased costs in the future. The strategy currently undertaken is working collaboratively with Contractors to identify specific maintenance requirements within budget parameters.

There may be more flexibility for do-minimum programmes when it comes to non-asset activities depending on the purpose of that activity and its relevance to operational objectives and levels of service. For example a research project into Organic Waste Management for Southland could be rescheduled to take place in another financial year (if there are no implications due to a delayed outcome).

### **7.1.3 Programmes Evaluation**

Councils are required conduct a Waste Assessment as per section 51 of the Waste Minimisation Act 2008. Waste Assessments must contain:

- A description of the collection, recycling, recovery, treatment and disposal service provided within territorial authorities district (whether by the territorial authority or otherwise); and
- A forecast of future demand for collection, recycling, recovery, treatment and disposal services within the district, and
- A statement of options available to meet the forecast demands of the district with an assessment of suitability for each option; and
- A statement of the territorial authority’s intended role in meeting the forecast demands; and
- A statement of the territorial authority’s proposals for meeting the forecast demands, including proposals for new or replacement infrastructure; and
- A statement about the extent to which the proposals will:
  - Ensure that public health is adequately protected;
  - Promote effective and efficient waste management and minimisation.

Appendix 15.07 contains the current Southland Waste Assessment undertaken in 2012. The next assessment is programme to take place 2017/2018.

## **7.2 OPERATIONS AND MAINTENANCE**

### **7.2.1 Operation/Maintenance Strategy**

Invercargill City Council takes a collaborative approach to the provision of solid waste services. Council is a key stakeholder in the shared service – WasteNet Southland (section 1.2.1). The Southland Waste Management and Minimisation Plan (Appendix 15.09) is the strategic document which records the vision, objectives, actions and funding policy.

Each financial year WasteNet Southland adopts an Action Plan which documents the 12-month work programme based on the Southland Waste Management and Minimisation Plan. The Action Plan categorises activities into four groups – Education, Community, Regulatory, Administration and Contract Management. Refer to Appendix 15.10 for further information.

Outside of the WasteNet Southland shared service Agreement there are Activities and Assets that are managed solely by the Invercargill City Council i.e. Closed Landfills. The Strategy for these operations is the same as WasteNet Southland which is to meet the legislative requirements of the Waste Minimisation Act 2008.

### 7.2.2 Operation/Maintenance Standards and Specifications

The Solid Waste Activity is primarily managed and operated to meet levels of service. Day-to-day operational activities are carried out to achieve the following:

- Maintain the quality of the service to protect the health of the community
- Ensure the service is accessible to the community within the serviced area
- Ensure the service is reliable with minimal service disruptions
- Ensure the activities are operated safely for public and operational staff
- Operate to maximise the sustainability of the activities
- Operate to minimise the overall cost of the activities

Other factors that directly influence the operation of the solid waste activity include:

- Meeting the requirements specified in Council policies and strategies
- Compliance with Resource Consents
- Compliance with national legislation (section 3.2.2)
- Compliance with industry standards and guidelines (section 3.2.3)

The three key Contracts for the services delivered through WasteNet include:

Contract	Description
Contract 279 Waste Disposal Services (approximately \$2.8 million regional value)	<p>This contract is for regional Landfill services. The WasteNet Councils have a 30 year contract with the owner/operator – AB Lime. The Contract commenced in July 2004 and is entering its 14<sup>th</sup> year of operation.</p> <p>The facility is also an active lime quarry and dairy farm. Lime is mined and refined on site. The landfill cells are built where the lime quarry is no-longer operating. The dairy farm surrounds the lime and landfill operations.</p> <p>Under the Contract, WasteNet manages/administers the fees and charges for the Southland account holders. (It is noted that waste entering the landfill from outside of the region is not controlled by WasteNet). The revenue generated from the fees and charges is used to fund services provided by WasteNet including waste education, behaviour change, enforcement and contract administration.</p>
Contract 550 Collection and Transfer Station services	<p>This contract is for the provision of:</p> <ul style="list-style-type: none"> <li>➤ Kerbside collection of recycles and landfill-rubbish service</li> <li>➤ Operation of transfer station services</li> <li>➤ Transport of deposited materials to nominated facilities</li> </ul>

Contract	Description
(approximately \$5.6 million regional value)	(e.g. Material Recovery Facility, Transfer Station, Landfill, scrap metal merchants etc).  The WasteNet Councils have an 8+8 year contract with the operator – Bond Contracts Limited. The Contract commenced in July 2011 and is entering its 7 <sup>th</sup> year of operation. The WasteNet Councils are currently entering a negotiation phase for the right of renewal (eight year term).
Contract 650 Recyclables Acceptance (approximately \$1.3 million regional value)	This contract is for the operation of a Material Recovery Facility (MRF). A MRF receives, sorts, bales and sells dry-recyclables.  The WasteNet Councils have an 8+8 year contract with the owner/operator – Southland disAbility Enterprises. The Contract commenced in July 2011 and is entering its 7 <sup>th</sup> year of operation. The WasteNet Councils are currently entering a negotiation phase for the right of renewal (eight year term).

**Education and Behaviour Change Programmes**

The key strategy document behind the Education and Behaviour Change programmes is the “Waste is a Resource: A communication and Education Strategy” (Appendix 15.08). The goals of this strategy are for participants to:

- Recognise the waste is a resource
- Take action to improve our use of resources

**7.2.3 Operation/Maintenance Options and Alternatives**

In 2016 WasteNet contracted an independent consultant to perform a Service Delivery Review as per section 17A of the Local Government Act 2002. WasteNet elected to complete this review to coincide with the mid-contract review for two of their regional contracts (i.e. Contract 550 Collection and Transfer Station, and Contract 650 Recyclables Acceptance).

The process for the review included:



Key assessment criteria relating to the delivery of waste services were determined, including both financial and non-financial benefits of service delivery. The options were scored against the assessment criteria and ranked based on their score in order of effectiveness.

Furthermore, neighbouring Councils were contacted to gain a high-level understanding of their current waste services, whether they were currently considering shared services or had the potential to work with WasteNet.

Refer to Appendix 15.04 for further information. See Section 7.6.2 for recommended Operation Programme.

### 7.3 ASSET RENEWAL/REPLACEMENT

#### 7.3.1 Renewal Strategy

The on-going preventative maintenance programme is largely based on the contractors experience and manufacturer's recommendation rather than any specific analysis to determine the most cost effective strategy of the assets associated with the Solid Waste Activity. Council has identified a need for higher level Renewal Strategy.

Reactive maintenance is carried out when preventative maintenance fails to catch the deterioration of the asset.

With regard to the mobile bins, these are allocated to participating properties and ownership is retained by Council. Council will repair or replace mobile bins that are damaged while out for collection, on collection day (typically between 6am and 6pm). It is noted that the customer is responsible for its renewal when damaged outside of collection day. Maintenance issues are recorded by both the Council and Contractor operators.

#### 7.3.2 Renewal Criteria/Intervention Standards

The general renewal strategy is to maintain or replace assets when justified by:

- Asset performance
- Economics
- Risk/Condition
- Criticality

Planned and reactive replacement works are prioritised in accordance with the following priority ranking table and then programmed or, in urgent cases, undertaken immediately

Capital expenditure for renewal is used to renew assets where processes such as net present value calculation indicate the renewal is more appropriate than ongoing maintenance.

Programmes are developed in each asset area and prioritised to establish the annual programmes which are submitted to Council for their consideration and approval.

#### 7.3.3 Renewal Options and Alternatives

Asset Area	Renewal Option and Alternatives
Closed Landfill	<p>The options available are:</p> <ul style="list-style-type: none"> <li>➤ <i>Do Minimum</i>: meet resource consent conditions</li> <li>➤ <i>Optimum</i>: achieve resource consent conditions, and apply further monitoring if results are undesirable.</li> <li>➤ <i>Over Invest</i>: Exceed the required resource consent conditions and have an extensive monthly monitoring schedule.</li> </ul> <p>Given the size of the budget these options have not been further evaluated as best asset practice is that Optimum is appropriate.</p>
Transfer Stations ➤ Bluff ➤ Invercargill	<p>The options available are:</p> <ul style="list-style-type: none"> <li>➤ <i>Do Minimum</i>: meet resource consent conditions and level of service</li> </ul>

Asset Area	Renewal Option and Alternatives
	<ul style="list-style-type: none"> <li>➤ <i>Optimum</i>: meet resource consent conditions and review level of service.</li> <li>➤ <i>Over Invest</i>: This would involve upgrading the facility to provide full recovery options for the community.</li> </ul> <p>It is recommended a review of the current levels of service be undertaken for these facilities.</p>
Mobile Bins	The only option available for this asset is based around technology e.g. RFID tags and/or GPS tracking. This approach is likely to be evaluated at the end of life for the current mobile bins).
Public Place and Event Receptacles	<p>Refer to the Roding Asset Management Plan for information on the public place (street) receptacles.</p> <p>The options available for the Event Receptacles are an area where further improvement is required.</p>

#### 7.4 CAPITAL DEVELOPMENT PLAN

##### 7.4.1 Asset Development Strategy

Asset Area	Asset Development Strategy
Closed Landfills	No asset development is planned at this time.
Transfer Stations	The outcome of the proposed level of service review will determine the asset development strategy for these assets.
Mobile Bins	The strategy is to extend the kerbside collection area over time in response to customer demand.
Public Place and Event Receptacles	<p>Refer to the Roding Activity Management Plan for further information on the public place (street) receptacles.</p> <p>No asset development is planned at this time for the event receptacles.</p>

##### 7.4.2 Capital Development Selection Criteria

Each growth or decrease to service level project is required to fill in an assessment case. The assessment case documents the problem the project is solving, the benefits, the risks, estimated capital and operational costs and how it aligns with Community Outcomes.

##### 7.4.3 Capital Development Options and Alternatives

Council would consider each proposal on its merits. Council may decide to be supportive of development that contributes to progressing the Southland Waste Management and Minimisation Plan vision and target, and benefits the effective and efficient management and minimisation of solid waste.

## **7.5 DISPOSAL PLAN**

### **7.5.1 Forecast Future Disposal of Assets**

There is no forecast disposal of assets other than the mobile bins, which can be recycled at the end of the useful life.

### **7.5.2 Forecast of Income/Expenditure from Asset Disposal**

Contract 550 includes provision for the Contractor to appropriately dispose of the mobile bin asset when it has reached the end of its useful life, this includes the bulk disposal of mobile bins when new receptacles/services are required.

## **7.6 RECOMMENDED PROGRAMME**

A collaborative approach is taken when developing the asset renewal and maintenance programmes. Ownership of the solid waste activity assets are shared between Council and Contractors. This leads naturally to a collaborative approach for their renewal/maintenance.

### **7.6.1 Recommended Operation/Maintenance Programmes**

As detailed in Section 7.2.3, WasteNet Southland performed a Service Delivery Review as per section 17A of the Local Government Act 2002. This review concluded that that WasteNet Southland Shared Service is an effective waste service delivery mechanism for the WasteNet Councils'. And that the WasteNet Councils will continue to benefit from the pooling of resources and economies of scale that this arrangement provides. Refer to Appendix 15.04 WasteNet Service Delivery Review for additional information.

### **7.6.2 Recommended Renewal Programmes**

For the solid waste activity it is recommended that \$100,000 (plus inflation) funding is budgeted per year for renewal programmes at the Invercargill Transfer Stations.

### **7.6.3 Recommended Capital Development Programme**

#### ***Mobile Bins***

Mobile Bins have an approximately 16-year life-expectancy. The current mobile bins are 7-years (44%) into their useful life. It is recommended that funding is put into Reserves commencing 2021/2022 to fund the purchase of new mobile bins in 2027 and again in 2043.

#### ***Resource Recovery Park***

The Invercargill Transfer Station was built in 1997 with an estimated 50-year design life. In 2047, it will have been operating for 50-years. It is noted that the design of the facility (dropping waste into a pit) is no-longer best practice and there are issues with ground subsidence.

It is recommended that a modern Resource Recovery Park be established to provide industry, businesses and residents with a modern, safe, convenient and efficient facility to dispose of their unwanted materials and shop for reused/recovered items. The intention is for the Districts reuse, recycling,

recovery and disposal facilities to be located in one-facility (one-stop-shop) making it convenient and easy way to appropriate manage waste.

## **7.7 HOW THE ACTIVITY WILL BE RESOURCED**

### **7.7.1 Internal Resourcing**

The current service delivery for this activity is a collaborative approach through the shared service – WasteNet Southland. WasteNet provides the coordinated delivery of solid waste services on behalf (and in collaboration) with the WasteNet Councils.

The Waste Advisory Group (WAG) is the governing body for the shared service. Committee members are appointed every 3-year's following local authority elections. The body consists of 2 elected members from each WasteNet Council and its role is to govern WasteNet activities including making decisions on priorities, policies and spending.

Beneath the WAG is the Waste Management Group (WMG). The WMG is made up of senior staff members from the respective WasteNet Councils. Their duties are to manage the daily operations of the regional contracts, project manage regional activities and carry out the data gathering and reporting responsibilities of the WasteNet Councils.

The Invercargill City Council is contracted by WasteNet Southland to provide the shared services deliverables. Refer to Appendix 15.10 (WasteNet Southland Action Plan 2017-2018) for further details.

The Solid Waste Team consists of:

- Drainage and Solid Waste Manager, and WasteNet Representative (1)
- Senior Waste Officer (1)
- Waste Minimisation Officers (2)

### **7.7.2 Procurement Strategy**

The procurement strategy for the Solid Waste Activity is to work in collaboration with the shared service – WasteNet Southland.

## 8. Financial Management

### 8.1 OVERVIEW

The Local Government Act 2002 requires local authorities to manage their finances “*prudently and in a manner that promotes the current and future interests of the community*”. This implies compliance with Generally Accepted Accounting Practice (GAAP).

In determining how activities will be funded local authorities are required to take the following into consideration:

- The contribution to the achievement of Community Outcomes (strategic alignment).
- Beneficiaries of each activity (beneficiary / user pays principles).
- The period over which benefits from the activity will occur (intergenerational equity issues).
- The costs and benefits of funding the activity compared to other activities (cost / benefit, prioritisation principles).
- The impact of funding the activity on the wellbeing of the community (ability to pay principles).

### 8.2 FINANCIAL SUMMARY – WHAT THE ACTIVITY COSTS

The following graphs show the forecast in categories over the first 10 years of the plan, and summarised in five year blocks over the 30 years of the plan.

Expenditure categories are identified as follows:

- *Operational* - Rates, Insurance, contract data management system costs, investigations and monitoring, daily attendance to plant operation.
- *Maintenance* - Recurrent expenditure, periodically or regularly required as part of the anticipated schedule of works required to keep assets operating, e.g. maintenance of mechanical and electrical plant, clearance of blockages, repair of leaking pipes.
- *Capital Development* - Expenditure, which creates a new asset to meet additional service level requirements or which improves an existing asset to provide a higher level of service.
- *Capital Renewals/Rehabilitation* - Expenditure on an existing asset which restores, rehabilitates, replaces existing asset to its original capacity, e.g. replacing parts of the pipe network, or pump station / treatment plant machinery at the end of economic life.
- *Asset Disposal* - Costs associated with the removal or disposal of decommissioned assets.
- *Management* - Asset Management Planning, Contract Management, Corporate overheads and Financing.

Figure: Solid Waste Total Expenditure – 10 years

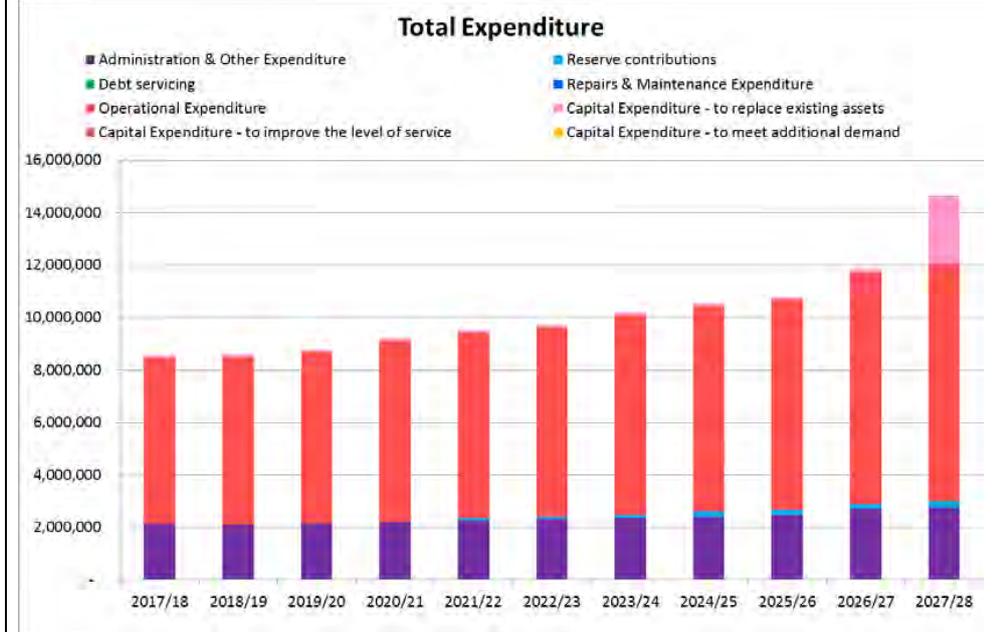
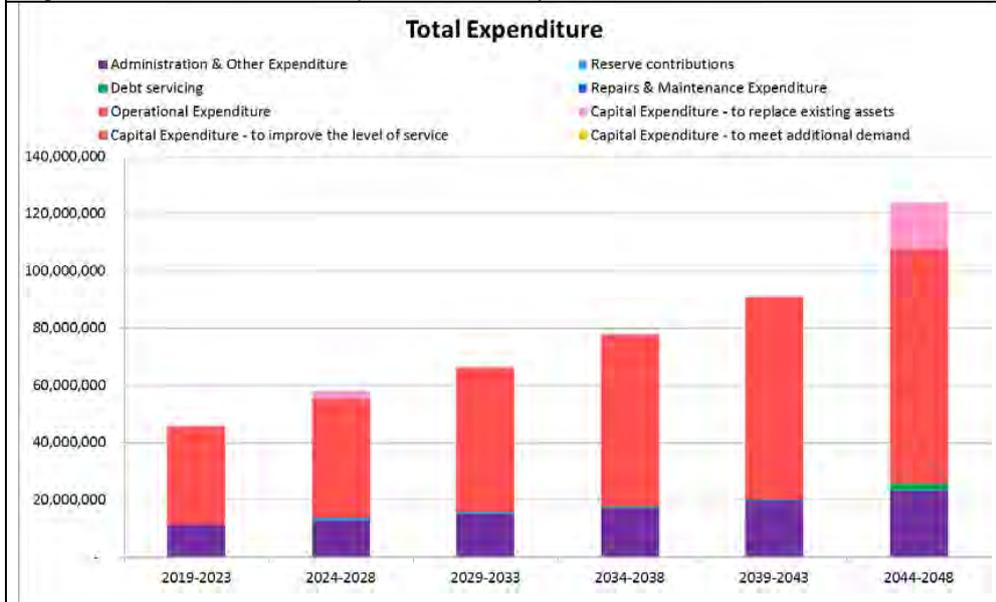


Figure: Solid Waste Total Expenditure – 30-years



**8.2.1 Council Funded Programmes (10-years)**

	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									
Internal Revenue	1,762,000	1,762,000	1,800,764	1,840,381	1,880,869	1,924,129	1,968,384	2,015,625	2,066,016	2,289,311	2,351,122
Fees & Charges Revenue	2,492,400	2,480,900	2,535,480	2,591,260	2,648,268	2,709,178	2,771,489	2,838,005	2,908,955	2,984,588	3,065,172
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	20,000	20,000	20,440	20,890	21,349	21,840	22,343	22,879	23,451	24,061	24,710
<b>Total Revenue</b>	<b>4,274,400</b>	<b>4,262,900</b>	<b>4,356,684</b>	<b>4,452,531</b>	<b>4,550,487</b>	<b>4,655,148</b>	<b>4,762,216</b>	<b>4,876,509</b>	<b>4,998,422</b>	<b>5,297,960</b>	<b>5,441,005</b>
Internal Expenditure	2,074,680	2,060,613	2,106,065	2,152,532	2,200,544	2,251,048	2,302,831	2,358,426	2,417,465	2,648,182	2,719,925
Staff Expenditure	0	0	0	0	0	0	0	0	0	0	0
Administration Expenditure	66,872	50,583	51,696	52,833	53,995	55,237	56,508	57,864	59,311	60,853	62,496
Financial Expenditure	0	0	0	0	0	0	0	0	0	0	9,154
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	0	0	0	0	0	0	0	0	0	0	0
Operational Expenditure	6,327,783	6,387,000	6,527,514	6,895,683	7,047,388	7,209,478	7,621,065	7,803,971	7,999,070	8,829,973	9,068,382
Depreciation Expenditure	338,923	384,461	392,919	401,563	410,398	419,837	429,493	439,801	450,796	462,517	475,005
<b>Total Expenditure</b>	<b>8,808,258</b>	<b>8,882,657</b>	<b>9,078,194</b>	<b>9,502,612</b>	<b>9,712,325</b>	<b>9,935,600</b>	<b>10,409,897</b>	<b>10,660,061</b>	<b>10,926,642</b>	<b>12,001,525</b>	<b>12,334,961</b>
<b>Operating Surplus / (Deficit)</b>	<b>(4,533,858)</b>	<b>(4,619,757)</b>	<b>(4,721,510)</b>	<b>(5,050,081)</b>	<b>(5,161,839)</b>	<b>(5,280,453)</b>	<b>(5,647,680)</b>	<b>(5,783,552)</b>	<b>(5,928,220)</b>	<b>(6,703,565)</b>	<b>(6,893,957)</b>

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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	100,000	100,000	102,200	104,448	106,746	109,201	111,713	114,394	117,254	120,303	2,594,567
<b>Capital Expenditure</b>	<b>100,000</b>	<b>100,000</b>	<b>102,200</b>	<b>104,448</b>	<b>106,746</b>	<b>109,201</b>	<b>111,713</b>	<b>114,394</b>	<b>117,254</b>	<b>120,303</b>	<b>2,594,567</b>
<b>Proceeds from Asset Disposal</b>	<b>0</b>										
<b>Debt movements</b>	<b>0</b>	<b>(280,728)</b>									
<b>Reserve movements</b>	<b>0</b>	<b>(40,000)</b>	<b>(40,880)</b>	<b>(41,779)</b>	<b>57,301</b>	<b>56,319</b>	<b>55,315</b>	<b>154,242</b>	<b>153,098</b>	<b>151,879</b>	<b>(2,036,147)</b>
<b>Cash Back Depreciation</b>	<b>(338,923)</b>	<b>(384,461)</b>	<b>(392,919)</b>	<b>(401,563)</b>	<b>(410,398)</b>	<b>(419,837)</b>	<b>(429,493)</b>	<b>(439,801)</b>	<b>(450,796)</b>	<b>(462,517)</b>	<b>(475,005)</b>
<b>Rates Required</b>	<b>4,294,936</b>	<b>4,295,296</b>	<b>4,389,911</b>	<b>4,711,187</b>	<b>4,915,488</b>	<b>5,026,136</b>	<b>5,385,215</b>	<b>5,612,387</b>	<b>5,747,776</b>	<b>6,513,230</b>	<b>6,696,643</b>

### 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's 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, i.e. a 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

The Solid Waste Activity sources of funding are:

- Rates (45-55%)
- Fees and Charges on those who use the service (45-55%)
- National Waste Disposal Levy

#### **National Waste Disposal Levy**

A key tool of the Waste Minimisation Act 2008 is the creation of the National Waste Disposal Levy. The Levy is \$10 per tonne (excluding GST) on all waste sent to landfill. Disposal operators must pay the levy based on the weight of material disposed of at their facility. However they pass the cost on to the waste producer such as Councils' and businesses.

Half of the levy money goes to Territorial Authorities to spend on promoting or achieving the waste minimisation activities set out in their waste management and minimisation plans. The remaining levy money (minus administration costs) is put into the Waste Minimisation Fund. The fund is for waste minimisation activities in New Zealand.

The Ministry for the Environment administers the Levy in accordance with section 30 of the Waste Minimisation Act 2008. Council receives quarterly payments from the Ministry. This funding is used to subsidise the ratepayer costs associated with the Kerbside Recycling Collection Service.

**WasteNet Southland**

WasteNet costs the Councils approximately \$10.1 million per year, with Contract costs totalling \$9.7 million and Service Delivery (i.e. communication, education, enforcement and administration) costing approximately \$400,000.

The Contracts and Services are funded through revenue from the landfill administration fee, transfer station revenue, targeted rates and general rates. Refer to Appendix 15.04 (WasteNet Southland Section 17A Review) for more information.

**8.5 ASSET VALUATION FORECASTS**

**8.5.1 30-Year Valuation and Depreciation Forecast**

The depreciate and capital requirements are consistent until:

- In 2027 and again 2043 when Council anticipates the purchase of new mobile bins for provision of kerbside recycling and rubbish collection services; and
- In 2047 when Council anticipates the development of a Resource Recovery Park to replace the current Invercargill Waste Transfer Station which will have reached the end of its useful life.

Figure: Solid Waste Depreciation vs Capital Requirements – 10 years

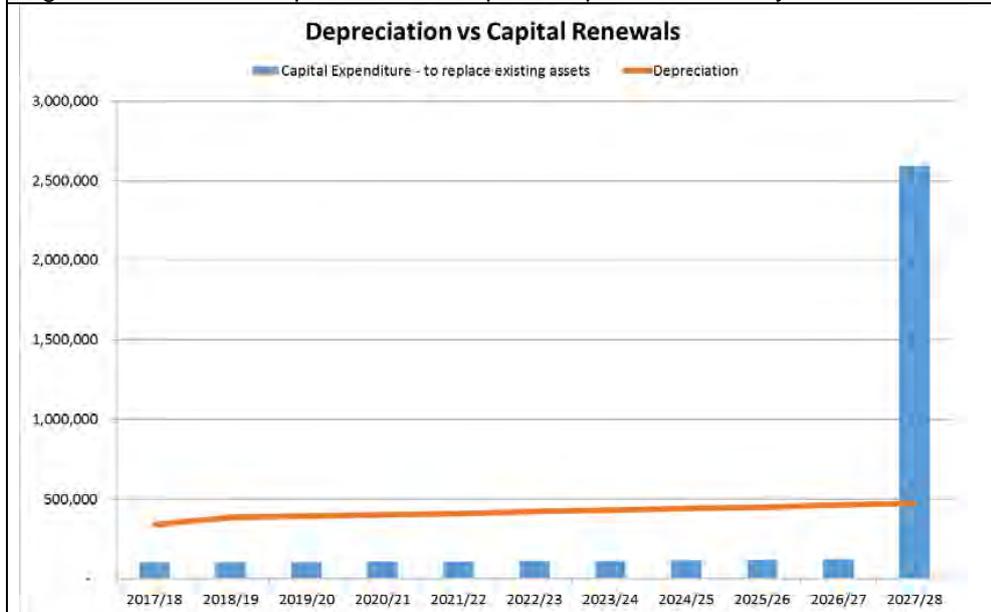
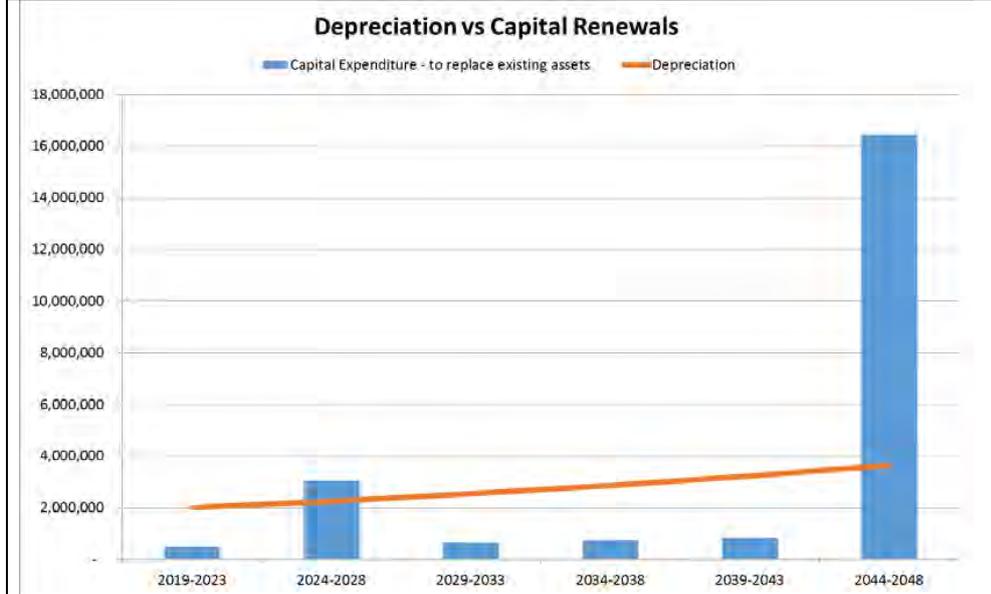


Figure: Solid Waste Depreciation vs Capital Requirements – 30-years



## 8.6 SUMMARY OF PROGRAMME ASSUMPTIONS

The solid waste activity is susceptible to the following assumptions:

- **Population:** significant increases in populations may create a demand for services beyond existing capacity.
- **Housing Growth:** significant increases in housing growth may create a demand for services beyond existing capacity.
- **Ageing population:** an increase in the number of people 65 years and older will place pressure on cost efficient solid waste services and may increase demand for alternative services i.e. door to door collection service, monthly pick-ups.
- **Resource Consents:** new consents for closed landfills and transfer station service may require increased expenditure for remedial or monitoring conditions.
- **Legislation:** potential changes to the rate of the Waste Disposal Levy would have a flow effect for collection and transfer station services.
- **Climate Change:** The Southland Regional Landfill activity is influenced by the New Zealand Emission Trading Scheme, which places a tax on waste disposed to landfill. This financial incentive is market driven.

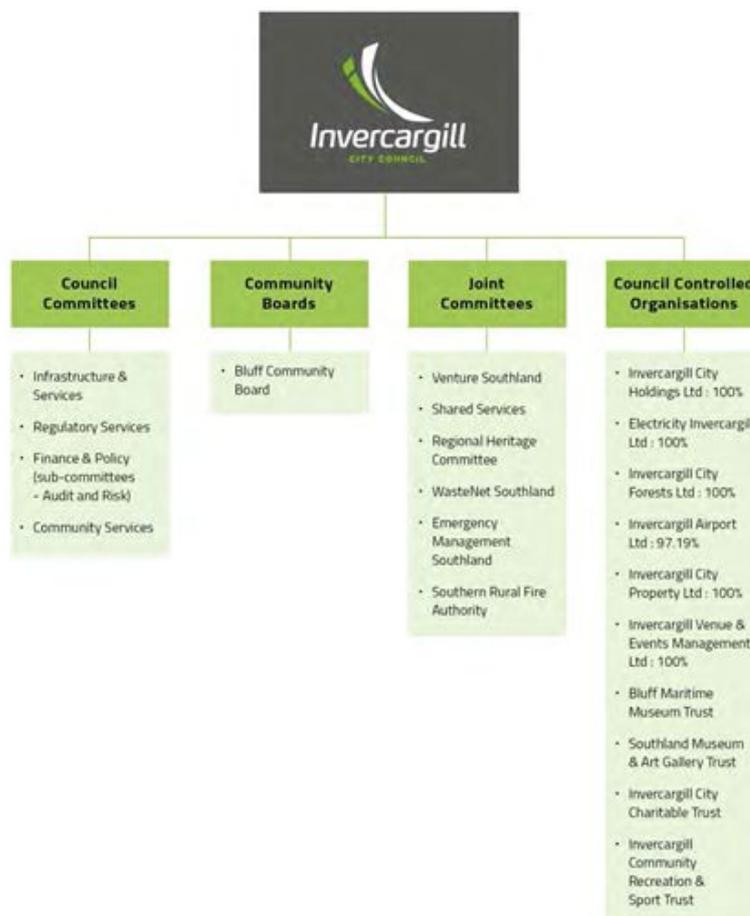
## 9. Delivering and Monitoring the Programme

### 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.

#### **9.1.1 WasteNet Southland Shared Service**

The Waste Advisory Group (WAG) is the committee for the shared service. This Committee meets a minimum of four times per year or as required to accept and receive reports from the Waste Management Group. The Waste Management Group is present at these meetings to answer any questions that arise.

Every six years the Committee reviews the Southland Waste Management and Minimisation Plan, in line with the WasteNet Councils' obligations under the Waste Minimisation Act 2008. Every year following this, the Committee adopt an Annual Action Plan which documents the 12-month forward work programme and allows for public consultation.

Further, the Committee provides an Annual Year in Review Report, which is a full year financial and operational review of WasteNet Southland activities for that financial year.

#### **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.

No specific delegations are held by the Solid Waste Activity.

### 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 symbolizing it in ways that can help visualize 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. 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 Councils capital renewal programmes. During the period between revaluations assets are capitalised into the AX Dynamics system as purchased. The AX system also provide the council reconciliation control environment, maintaining such control as GST & 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.

### **Landfill 3000**

The Landfill3000 is a Weighbridge software programme sourced from Way Forward Technologies. The programme collects transactions scale weigh management data allowing for invoicing, reporting, audit and analysis of weighbridge transactions. The information is backed up daily to the Councils servers.

### **Wastedge**

This programme is a modern cloud based suite of software as a web service with integrated Google Mapping, route optimisation and mobile software apps that supports a variety of waste and service industry sectors.

For the Solid Waste Activity, the programme provides the following functionality:

- Real time GPS monitoring of collection routes
- Real time recording of compliance issues
- Mobile Field Inspector App
- Mobile Truck Tracker App
- Reporting compliance issues

The system has the ability to become a centralised asset management information system that allows for the effective management of the mobile bin asset.

### **Site Core**

This is the content management system (CMS) for the WasteNet Southland websites:

- Wastenet.org.nz
- Orangepages.org.nz

The CMS is a software application that allows users to collaborate in the creation, editing, and production of digital content: web pages, blog posts etc. Important functions of the system include: content management; presentation; integration; personalisation; and analytics.

## **9.5 PROGRAMME PERFORMANCE MONITORING AND REVIEW**

### **9.5.1 Monitoring Approach**

Council operates on a six-weekly cycle with meeting for the four committees of Council that look into each department at council and are provided with

extensive monitoring and reporting of levels of service 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 question 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 Councils Long Term Plan, Targets can be key performance indicators, internally driver targets or provided from a Ministry that oversees that area i.e. Department of Internal Affairs. At a full Council meeting these reports are then received.

### **WasteNet Southland**

The draft and adopted minutes from the Waste Advisory Group Committee are submitted to the Infrastructure Committee for their acceptance and receipt.

## **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 level of service for all Council activities and assets measured against the yearly targets set in the Long-Term Plan. As noted in Section 9.1, these are measured and reported six-weekly in the Council meetings. The Annual Report is a holistic overview of their performance.

### **WasteNet Southland**

Every financial year WasteNet prepares a Year in Review Report that is the 12-month forward work programme. The outcomes from this report are incorporated into the WasteNet Councils' Annual Report.

Further, as noted in Section 9.1.1, these are measured and reported quarterly in the Waste Advisory Group Committee Meetings. The Year in Review Report is a holistic overview of the shared services performance.

## 10. Continuous Improvement

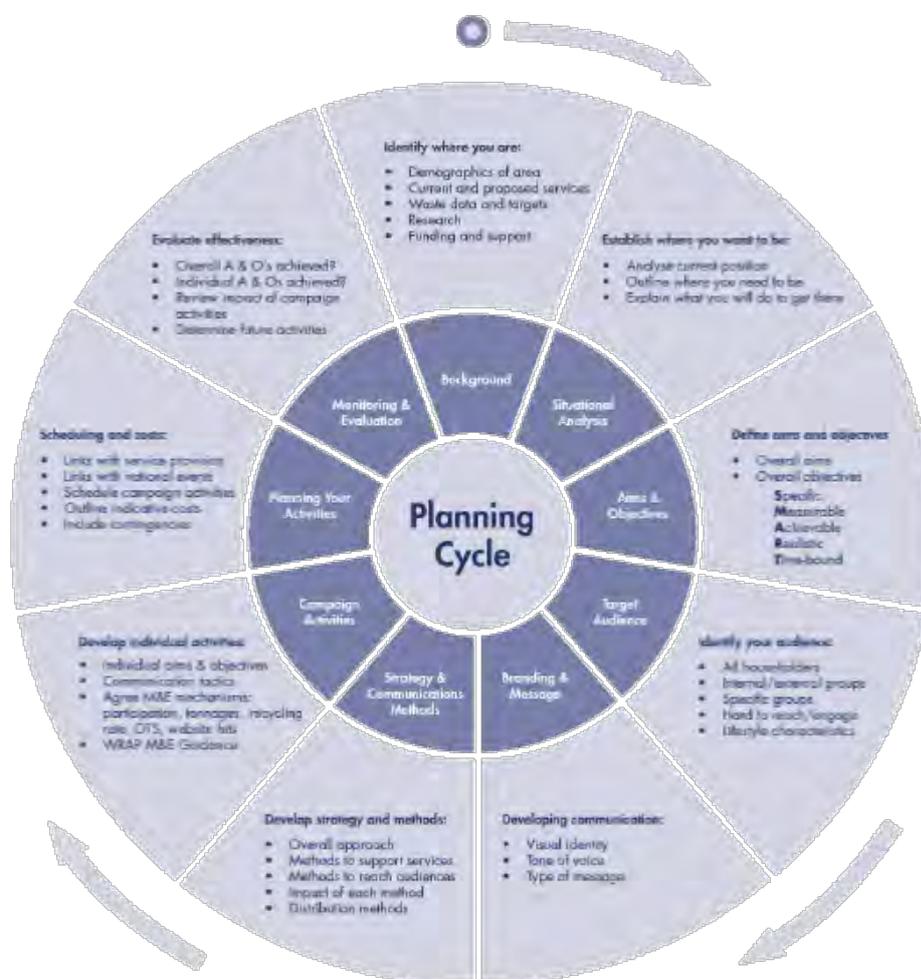
### 10.1 CURRENT ACTIVITY MANAGEMENT PRACTICE

The Solid Waste Activity Management Plan is a living document, which is integrated to short and long-term asset management activities. Council has adopted a continuous improvement procedure to ensure that this Activity Management Plan remains useful and relevant.

#### WasteNet Southland

WasteNet Southland utilises a continuous improvement loop to assess the performance of behaviour change programmes against their outcomes. Each programme has their own set of measureable indicators that will be monitored over the term of the programme and reported on annually.

Figure: The Zero Waste Scotland Community Planning Cycle used by WasteNet Southland to plan, monitor and evaluate behaviour change programmes.



Refer to Appendix 15.08 (Waste is a resource – a communication and education strategy) for further information.

**10.2 IMPROVEMENT PROGRAMME**

The following programme has been prepared to assist with improvement to this Plan:

Area	Objective	Assigned	Due Date	Status	Completion Date
Level of Service	Customer Service survey to gauge the Bluff community's desired level of service, expectations, awareness and support for waste minimisation initiatives.	Senior Waste Officer	June 2018		
	<ul style="list-style-type: none"> <li>➢ Customer service survey to gauge the communities desired level of service, expectations, awareness and support for waste minimisation initiatives. (Section 3.4.2).</li> <li>➢ Review the service delivery outcomes and technical measures based on the outcomes of the customer service survey.</li> </ul>	Senior Waste Officer	June 2018		
Demand	Adopt a joint Solid Waste Bylaw.	Senior Waste Officer	December 2018		
	In collaboration with WasteNet Southland, undertake a regional Waste Assessment as per the Waste Minimisation Act 2008.	Senior Waste Officer	June 2018		
	In collaboration with WasteNet Southland, review the Southland Waste Management and Minimisation Plan 2012-2018 as per the Waste Minimisation Act 2008.	Senior Waste Officer	June 2018		
	In collaboration with WasteNet Southland, write an Issues and Options Paper for the establishment of a Resource Recovery Park in Invercargill.	Senior Waste Officer	June 2020		
	In collaboration with WasteNet Southland, perform a right of renewal process for Contracts 550 and 650.	Senior Waste Officer	June 2018		
	In collaboration with WasteNet Southland, work through the procurement process for the Southland Regional Landfill.	Senior Waste Officer	(commence 2029) December 2037		
	In collaboration with WasteNet Southland, undertake procurement process for collection, transfer station and recycling processing service delivery.	Senior Waste Officer	December 2026		
Asset	Asset Management Plans for the Invercargill Transfer Station.	Senior Waste Officer	December 2018		

### 10.3 IMPROVEMENTS FROM PREVIOUS ACTIVITY MANAGEMENT PLAN

A number of changes to the levels of service have been introduced over the past three years:

- Introduction of a “Kerbside Recycling and Rubbish Collection Policy”. The propose of this policy is to (a) reduce the contamination in the recycling and residual waste collection streams and, (b) to educate participants on how to use the kerbside recycling and rubbish collection service. This has resulted in enforcement activities including visual inspections, issuing compliance notices, and short term removal of recycling bin services.
- New Resource Consents has been accepted for the Bluff Closed Landfill.
- Operational and maintenance activities at the Invercargill Transfer Stations, included:
  - Safety barriers installed to the residual waste and greenwaste disposal areas at the Invercargill Transfer Station.
  - Repairs to the main buildings pit floor during October 2014 resulted in the facility being closed for 3 days.
  - Change of leaseholder at the second-hand recovery facility (located inside the gates).
  - Investigation into the inward and outward weighbridge subsidence issues
  - Internal road maintenance work (2017)
- WasteNet Southland has established regular behaviour change campaign schedule:
  - Waste Awareness Week (March)
  - Love Food Hate Waste Week (June)
  - Clean Up Week (September)
  - Recycle Week (November)

### 10.4 MONITORING AND REVIEW

Monitoring and review of the Activity Management Plan is required to:

- Ensure compliance with the proposed improvement programme and milestones;
- Ensure compliance with adopted standards and procedures for condition and performance.

The following actions will be undertaken:

- Three-yearly review and adoption of the Activity Management Plan by Council as part of Long Term Plan preparation.
- Annual review and amendments to the Solid Waste Activity Management Plan documenting changes to works programmes and new knowledge resulting from improvement programmes.
- Public consultation on significant changes (as required).

## 11. Glossary

Term	Definition
Behaviour Change	An interactive process of any interventions with individuals, communities and/or societies (as integrated with an overall programme) to promote, maintain and reinforce positive behaviours.
Diverted Material	Discarded material collected for recycling, composting and recovery that are diverted from landfill, e.g. greenwaste, scrap metal, cleanfill, recyclables.
Discarded Materials Rate	This is a calculation generated by adding the total amount of solid waste disposed to landfill to the total amount of diverted material. E.g. Discarded Material Rate = Landfill + Diverted Material.
Recyclables	Materials collected for recycling e.g. clean food and beverage containers, plastic packaging, non-food grade polystyrene, paper and cardboard.
Territorial Authority	As defined by the Local Government Act, as a city council or district council
Transfer Station	A facility which accepts waste materials for disposal.
Waste Assessment	As defined by section 51 of the Waste Minimisation Act 2008.
WasteNet Councils	Invercargill City Council, Gore District Council, Southland District Council.
Waste Management and Minimisation Plan	As defined by section 43 of the Waste Minimisation Act 2008.
WasteNet Southland	Shared Service between the WasteNet Councils.

## 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
1.05	Corporate	2013 Service Level Survey: Solid Waste Report
1.08	Corporate	Levels of Service Research Report 2016
1.09	Corporate	Corporate Risk Framework / Standard
2.01	Policies and Strategies	Asset Management Plan
2.02	Policies and Strategies	Asset Management Strategy
15.01	Solid Waste	Aerial Photo – Invercargill Waste Transfer Station (2010)
15.02	Solid Waste	Information Sheet – Bluff Transfer Station (2010)
15.03	Solid Waste	Information Sheet – Invercargill Waste Transfer Station (2010)
15.04	Solid Waste	WasteNet Southland Section 17A Review (2016)
15.05	Solid Waste	Bluff Landfill post closure management plan (2007)
15.06	Solid Waste	Post closure New River Estuary Landfill Management Plan (2011)
15.07.01	Solid Waste	Southland Waste Assessment (2012)
15.07.02	Solid Waste	Southland Waste Assessment – Appendix A
15.07.03	Solid Waste	Southland Waste Assessment – Appendix B
15.07.04	Solid Waste	Southland Waste Assessment – Appendix C
15.08.01	Solid Waste	Waste is a resource – a communication and education strategy (2013)
15.08.02	Solid Waste	Waste is a resource – a communication and education strategy: Appendix C
15.08.03	Solid Waste	Waste is a resource – a communication and education strategy: Appendix D
15.08.04	Solid Waste	Waste is a resource – a communication and education strategy: Appendix E
15.09	Solid Waste	Southland Waste Management and Minimisation Plan 2012-2018
15.10.01	Solid Waste	WasteNet Southland Action Plan 2017-2018
15.10.02	Solid Waste	WasteNet Southland Action Plan – Appendix A

## Activity Management Plan Appendices Index

Type	Title	
1.01	Corporate	Long Term Plan – Background and Assumptions 2018-2028
1.02	Corporate	Community & 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
3.01	Aquatic Services	Not applicable
4.01	Building Assets	Building Assets Portfolio 2017 (Work in Progress 12-10-2017)
4.02.1	Building Assets	Service Level Agreement Animal Care Facility
4.02.2	Building Assets	Service Level Agreement Aquatic Services
4.02.3	Building Assets	Service Level Agreement Corporate
4.02.4	Building Assets	Service Level Agreement Housing Care
4.02.5	Building Assets	Service Level Agreement Invercargill Venues and Events Management
4.02.6	Building Assets	Service Level Agreement Library and Archive
4.02.7	Building Assets	Service Level Agreement Museum
4.02.8	Building Assets	Service Level Agreement Roading 2016-17 (A1864141)
4.03	Building Assets	Building Asset Criticality Criteria (12-10-2017)
4.04	Building Assets	Building Asset Condition Criteria (12-10-2017)
4.05.1	Building Assets	LTP Property Financials and Graphs
4.05.2	Building Assets	LTP Public Toilets Financials and Graphs
4.06	Building Assets	Building Self-Assessment Asset Management Maturity
5.01	Community Development	Child Youth and Family Friendly Policy

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	Type	Title
5.02	Community Development	Equity and Access for People with Disabilities Policy Review April 2021
6.01	Democratic Process	2016 Decision Making Processes Research
6.02	Democratic Process	Democratic Process 17A Review
7.01	Housing Care	Housing Care Service Information for people wishing to apply for housing.
7.02	Housing Care	Tenant Information Booklet
8.01	Investment Property	Property managed and controlled by the Investment Property Activity
9.01	Library and Archives	Invercargill City Library and Archives Collection Development Statement
9.02	Library and Archives	Standards NZ Public Libraries 2004
9.03	Library and Archives	Invercargill City Library and Archives Collection Recovery Plan 2014
10.01	Parks and Cemeteries	ICC Parks Strategy (2013)
10.02	Parks and Cemeteries	Parks and Cemetery Customer Activity Measures and Levels of Performance (AMP 2014)
10.03	Parks and Cemeteries	Parks and Cemetery Technical Activity Measures and Levels of Performance (AMP 2014)
10.04	Parks and Cemeteries	Playground Strategy (2014)
10.05	Parks and Cemeteries	Invercargill City Council Parks and Cemeteries (2017)
10.06	Parks and Cemeteries	Invercargill City Council Recreational Walking and Cycling Trails on Reserves (2017)
10.07	Parks and Cemeteries	List of Parks and Cemetery Major Assets (2017)
10.08	Parks and Cemeteries	Parks 30 Year Capital Development New (2017)
10.09	Parks and Cemeteries	Parks 30 Year Capital Development Renewals (2017)
10.10	Parks and Cemeteries	Parks 30 Year Financial Plan (2017)
10.11	Parks and Cemeteries	Parks Major Valuations Spreadsheet External (2017)
10.12	Parks and Cemeteries	Parks Valuations Spreadsheet Internal (2017)
11.01	Passenger Transport	Existing Bus Smart Routes (2017)
11.02	Passenger Transport	Proposed New Routes
11.03	Passenger Transport	PT Improvement Plan
11.04	Passenger Transport	RITS Business Process Diagram
11.05	Passenger Transport	New Coverage Areas
12.01	Regulatory Services	Not Applicable
13.01	Roading	Investment Logic Mapping Exercise
13.02	Roading	Stantec dTIMS Report
13.03	Roading	Network Classifications Maps
13.04	Roading	dTIMS Forward Work Report

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	Type	Title
13.05	Roading	ICC Programmes for 18-21 Roads and Footpaths
13.06	Roading	One Network Roading Classification Performance Measures
13.07	Roading	ONRC Summary Report
13.08	Roading	NZTA Maintenance Cost Comparison
13.09	Roading	ONRC Technical Performance Measures
13.10	Roading	Summary of Asset Lives from 2017 Valuation
13.11	Roading	ICC Asset Valuations Roading Infrastructure assets June 2017
13.12	Roading	AECOM review of 2017 Asset Valuations of Roading Infrastructure
13.13	Roading	ICC Financial Reports by Business Unit Department
13.14	Roading	2014 Customer Levels of Service
13.15	Roading	RKCL LGA 17A Review
13.16	Roading	NZTA Community At Risk Register 2017
13.17	Roading	Low Cost Low Risk Improvement Activity
13.18	Roading	Road Safety Promotions Activity
13.19	Roading	ICC Deficiency Database
13.20	Roading	Roading Risk Register
13.21	Roading	NZTA Communities at Risk Register Analysis
13.22	Roading	Department of Internal Affairs Roading Non Performance Measures Rules 2003
13.23	Roading	Review of 2014 Improvement Plan
13.24	Roading	Smart Buyer Assessment Guide
13.25	Roading	Bridge Schedule
13.26	Roading	Asset Maturity Table
13.27	Roading	Evaluation Prioritisation – Operations and Maintenance
13.28	Roading	2018-2021 Improvement Programme
13.29	Roading	Roading AM Maturity
13.30	Roading	Roading Procurement Strategy (A14811611)
13.31	Roading	Asset Lives
13.32	Roading	Programme Case Summaries
14.01	Sewerage	Sewerage System Maps – Major Pipes, Rising Mains and Pump Stations, and, Reticulation

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	Type	Title
14.02	Sewerage	Pipe Schedule – Diameter and Material, and, Decade and Material
14.03	Sewerage	Pump Station Register
14.04	Sewerage	Wastewater Treatment Plant Discharge Consents
14.05	Sewerage	Wastewater Treatment Plant Maintenance and Renewals Schedule
14.06	Sewerage	Lifecycle Management Strategies
14.07	Sewerage	Asset Inspection Grading Standards
15.01	Solid Waste	Aerial Photo – Invercargill Waste Transfer Station (2010)
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15.07.03	Solid Waste	Southland Waste Assessment – Appendix B (2012)
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# DEMOCRATIC PROCESS

# ACTIVITY MANAGEMENT PLAN 2017





## Activity Management Plan

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

<b>Changes to be Incorporated in Next Review</b>		
<b>Number</b>	<b>Date of Change</b>	<b>Reason for Change</b>

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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.

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
<p><b>Population</b></p> <p>The population will increase to 56,300 by 2028.</p>	<p><b>Moderate</b> – 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><b>Household Growth</b></p> <p>An average of 2.3 people per household in 2038, requiring 2,300 more homes from the 2013.</p>	<p><b>Moderate</b> – 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><b>Ageing Population</b></p> <p>Those 65 years and older will make up approximately 22% of Invercargill's population by 2023.</p>	<p><b>Low</b> – 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><b>Resource Consents</b></p> <p>Resource consents will be obtained with reasonable conditions and negligible impact on how Council provides its services.</p>	<p><b>Moderate</b> – 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><b>Tourism and Visitor Numbers</b></p> <p>Tourism numbers will increase over the Long-Term Plan period.</p>	<p><b>Low</b> – 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><b>New Zealand Transport Agency</b></p> <p>That the NZTA Funding Assistance Rate will reduce by 1% each year until a low of 51%.</p>	<p><b>Low</b> – 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><b>Commercial Property</b></p> <p>The CBD will remain in the Esk Street area and will become more vibrant.</p>	<p><b>Low</b> – 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><b>Inflation</b></p> <p>Inflation will occur at the rates set by BERL as LGCI forecasts.</p>	<p><b>Moderate</b> – 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><b>Local Economy</b></p> <p>The local economy will grow and diversify.</p>	<p><b>Moderate</b> – 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><b>Useful Life of Significant Assets</b></p> <p>Assets will reach the useful life indicated when supplied.</p>	<p><b>Moderate</b> – 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><b>Depreciation</b></p> <p>Council will fully fund renewal depreciation by year 10 of the Plan.</p>	<p><b>Low</b> – 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><b>Asset Revaluation</b></p> <p>Council will use national standards in asset revaluation.</p>	<p><b>Moderate</b> – 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><b>Vested Assets</b></p> <p>Vested assets will have a negligible impact on Council's overall infrastructure and finances.</p>	<p><b>Low</b> – financial effect of uncertainty.</p>	<p>Level of vested assets fluctuates yearly. Historical levels have not been material.</p>
<p><b>Financial – Existing Funding Renewal</b></p> <p>Council borrowing facility will be renewed (three-yearly) with the terms and conditions mirroring market trends.</p>	<p><b>Medium</b></p>	<p>Council's terms and conditions for its borrowing facility have mirrored market trends in recent times.</p>

<p><b>Financial – Expected Interest Rates on Borrowing</b></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><b>Medium</b></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><b>Financial – Forecast on Return on Investments</b></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><b>Medium</b></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><b>Local Governance</b></p> <p>Amalgamation will not occur during the life of the Plan.</p>	<p><b>Low</b> – 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><b>Legislation</b></p> <p>There will be changes to legislation that have an impact on what and how Council provides services.</p>	<p><b>Moderate</b> – 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><b>Natural Disasters</b></p> <p>There will be no major catastrophes that impact on Invercargill or its economy.</p>	<p><b>High</b> – 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><b>Climate Change</b></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><b>Moderate</b> – 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><b>Technology</b></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><b>High</b> – 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><b>Education</b></p> <p>SIT will continue to promote Invercargill to international students.</p>	<p><b>Moderate</b> – education systems that exist are likely to remain stable.</p>	<p>Infrastructure, Services, Population and Housing</p>
<p><b>World Economy</b></p> <p>The world economy will not have a significant negative effect on the Invercargill City District.</p>	<p><b>Moderate</b> – 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
<b>The Office of the Auditor General</b> - Audit New Zealand	Governance and operation.	Audit of financial and non-financial information.	Provision of legislatively compliant documents in a timely manner.
<b>Regional or Territorial Authorities</b> - 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.
<b>Funding Organisations</b> - 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.
<b>Maori</b> - 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><b>The Private Sector</b></p> <ul style="list-style-type: none"> <li>- Ratepayers</li> <li>- Professional Service Providers</li> <li>- Special Interest Groups</li> <li>- Dignitaries</li> </ul>	<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
<b>Preserve its Character</b>	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.
<b>Embrace Innovation and Change</b>	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	Alternative method introduced	Alternative method introduced	Alternative method introduced	Alternative method introduced

	utilised.				
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**3.3.2 Current Technical Levels of Service, Performance Measures and Targets**

<b>Technical Measure</b>	<b>Target</b>
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.

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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									
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
<b>Total Revenue</b>	<b>0</b>										
Internal Expenditure	570,909	719,628	735,783	752,333	770,663	788,095	806,247	826,487	847,364	867,875	891,954
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	142,500	142,500	142,500	142,500	142,500	142,500	142,500	142,500	142,500
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
<b>Total Expenditure</b>	<b>2,409,487</b>	<b>2,516,833</b>	<b>2,585,099</b>	<b>2,853,363</b>	<b>2,688,929</b>	<b>2,758,123</b>	<b>3,044,234</b>	<b>2,867,487</b>	<b>2,944,533</b>	<b>3,251,785</b>	<b>3,067,905</b>
<b>Operating Surplus / (Deficit)</b>	<b>(2,409,487)</b>	<b>(2,516,833)</b>	<b>(2,585,099)</b>	<b>(2,853,363)</b>	<b>(2,688,929)</b>	<b>(2,758,123)</b>	<b>(3,044,234)</b>	<b>(2,867,487)</b>	<b>(2,944,533)</b>	<b>(3,251,785)</b>	<b>(3,067,905)</b>
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
<b>Capital Expenditure</b>	<b>10,000</b>	<b>75,000</b>	<b>5,110</b>	<b>57,447</b>	<b>80,060</b>	<b>5,460</b>	<b>61,442</b>	<b>85,796</b>	<b>5,863</b>	<b>66,166</b>	<b>92,663</b>
Proceeds from Asset Disposal	0	(23,000)	0	(15,667)	(24,552)	0	(16,757)	(26,311)	0	(18,045)	(28,417)
Debt movements	0	0	0	0	0	0	0	0	0	0	0
Reserve movements	(75,000)	(14,331)	34,188	(188,866)	(8,612)	43,120	(195,509)	(2,322)	53,117	(203,799)	3,578
Cash Back Depreciation	0	0	0	(0)	(0)	0	0	(0)	0	0	0
<b>Rates Required</b>	<b>2,344,487</b>	<b>2,554,502</b>	<b>2,624,397</b>	<b>2,706,277</b>	<b>2,735,825</b>	<b>2,806,704</b>	<b>2,893,411</b>	<b>2,924,650</b>	<b>3,003,513</b>	<b>3,096,107</b>	<b>3,135,729</b>

### 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.

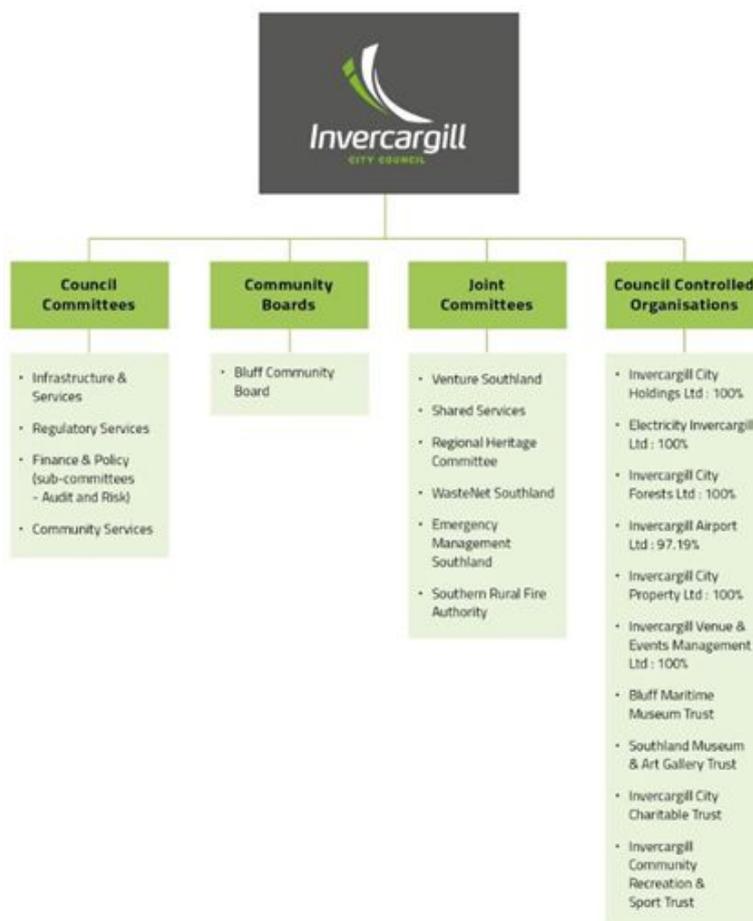
## 9. Delivering and Monitoring the Programme

### 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.

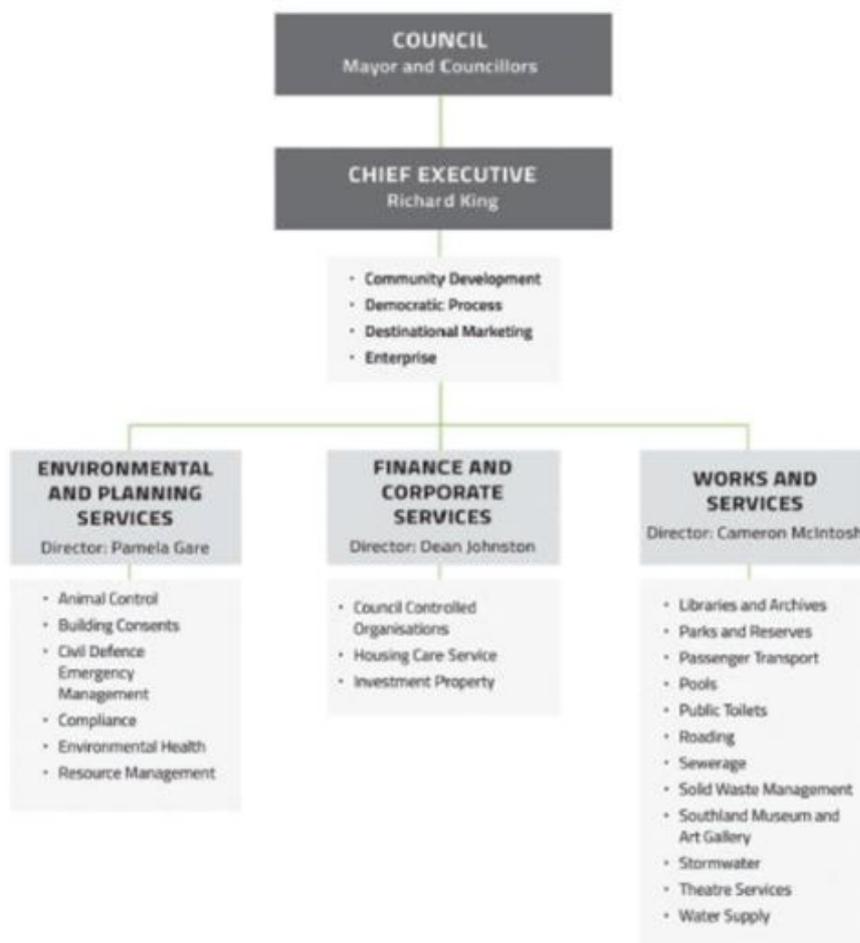
## **9.2 STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS**

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
<b>Management</b> <ul style="list-style-type: none"> <li>Of the Department (Leadership)</li> <li>Of the staff on a daily basis</li> <li>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</li> </ul>			X		Chief Executive acts as link between Council and Management. Executive Leadership team meets weekly.
<b>Technical Competence</b> <ul style="list-style-type: none"> <li>New works' design</li> <li>Project Management</li> <li>Management of contractors (especially Network Maintenance Contractors)</li> <li>Maintenance organisation and management</li> <li>Other technical skills required by this service</li> </ul>			X		Ongoing review of policies to meet SOLGM good practice.
<b>Forward Planning and the Setting of Priorities</b> <ul style="list-style-type: none"> <li>The completeness and overall quality of the priority setting and financial forecasts and assumptions for the next 10 years</li> </ul>			X		Management is focused on ensuring issues raised by Audit are addressed.
<b>Communications/Relationships</b> <ul style="list-style-type: none"> <li>With Customers</li> <li>Written (letter writing)</li> <li>Verbal (phone)</li> <li>Verbal (personal contact)</li> <li>With elected representatives (where relevant)</li> <li>With other departments</li> <li>Within the department</li> </ul>				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
<b>Financial Management</b> <ul style="list-style-type: none"> <li>Budgets' preparation (quality, completeness, and timeliness)</li> <li>Adherence to budgets once approved</li> <li>Always aware of costs against budget throughout the year</li> </ul>			X		Unexpected costs are accommodated.
<b>People</b> <ul style="list-style-type: none"> <li>Job breakdowns/job instructions/work guidelines/practice notes available for all relevant tasks and all up-to-date</li> <li>All staff delegations up-to-date</li> <li>All warrants up-to-date</li> </ul>			X		A new warrant registration system is being implemented. The delegations document is up to date.
<b>Support Services</b> <ul style="list-style-type: none"> <li>Administrative support</li> <li>Financial support</li> <li>Office accommodation</li> <li>Office furniture and equipment (work tools)</li> <li>Transport</li> <li>Record keeping (completeness and easily accessible)</li> <li>Complete and up-to-date policy manual</li> </ul>			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
<b>Performance Management</b> <ul style="list-style-type: none"> <li>• Sufficient and appropriate performance measures</li> <li>• Sufficient and appropriate performance targets</li> <li>• All measures and targets being monitored</li> <li>• Monitoring results promptly reported (at all relevant levels)</li> <li>• Performance trends (over several years) clear and understood</li> <li>• Performance results actually used to improve performance</li> <li>• All employees regularly being given “true” feedback about their performance</li> </ul>				X	Performance Reviews undertaken on an annual basis.
<b>Business Continuity</b> <ul style="list-style-type: none"> <li>• Disaster Plans up-to-date</li> </ul>			X		The Democratic Process Activity can be carried out without needing a physical site.
<b>Legislative Compliance</b> <ul style="list-style-type: none"> <li>• No known areas where legislative requirements not being fully complied with</li> </ul>			X		Council continues to address any Audit issues. Review of Policies and Bylaws is necessary to meet statutory timeframes and review requirements.
<b>Strategic Advice</b> <ul style="list-style-type: none"> <li>• 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)</li> <li>• The quality and timeliness of reporting to the elected Council and its Committees</li> </ul>				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



# **REGULATORY SERVICES**

# **ACTIVITY MANAGEMENT PLAN 2017**





## Activity Management Plan

Activity			
	Name	Signature	Date
<b>Prepared By</b>			
<b>Asset Manager</b>			
<b>Director Review</b>			
<b>Peer Review</b>			
<b>Council Adoption</b>			



<b>Changes to be Incorporated in Next Review</b>		
<b>Number</b>	<b>Date of Change</b>	<b>Reason for Change</b>
1	22 November 2017	Updated financial data (table and graphs) – inflated and up-to-date
2	23 January 2018	Updated financial data (table and graphs) 8.2 and 8.2.1 (Liz)
3	23 January 2018	Comment under 8.2.1 added (Liz)
4	24 January 2018	Updated graphs in 3.3.3 correctly labels on axis to include '%' (Liz)



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## Executive Summary

This Regulatory Services Activity Plan encompasses all of Council's regulatory functions that are provided by the Council's Environmental and Planning Services Group. Over the life of this Plan, it is intended that there will be an increasing commonality in the service provided to applicants, regardless of the application type. There will be greater opportunity for applicants and the community to engage electronically with Regulatory Services. Applicants and the community have an expectation that legislation is consistently implemented and plans and documents reflect the Invercargill community and environment.

A key way of measuring progress with this plan will be the reporting on levels of service on a regular basis to the Regulatory Services Committee.

# 1. Introduction

## 1.1 ABOUT THIS PLAN

The Regulatory Services 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 Regulatory Services 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 / judgment of the Council staff.

## 1.2 ACTIVITY OVERVIEW

Council's Regulatory Services Activity implements and interprets legislation imposed by Central Government. The Activity encompasses three broad groups of responsibilities.

### 1. Planning Services

Planning Services key piece of legislation is the Resource Management Act 1991 (RMA) which Council interprets in the Invercargill environment. The Activity includes:

- (a) The ongoing development of the District Plan to ensure that it reflects the current environment and changes in legislation.
- (b) The processing of applications for building consents to ensure compliance with the provisions of the District Plan.
- (c) The processing of applications under the Resource Management Act.
- (d) The promotion of sustainable management of the environment by non-regulatory means.
- (e) The monitoring of the environment, resource consents and complaints.
- (f) Enforcement of the provisions of the District Plan where necessary to ensure compliance with the provisions of the District Plan.
- (g) Offering quality advice to clients on their options and responsibilities under the Resource Management Act.
- (h) Maintaining Council's property identification database and issuing road names and numbers.
- (i) Maintaining Council's rating valuation roll.
- (j) Support services for the District Licensing Agency under the Sale and Supply of Alcohol Act 2012.
- (k) Digitisation of Council's property files.

## 2. **Building Services**

Building Services is charged with carrying out the Council's responsibilities under the Building Act 2004 and related legislation.

Section 212 of the Act provides that a Territorial Authority must act as a Building Consent authority within its district in relation to any application for a Building Consent, and any consent granted in response to that application.

The Building Control Activity includes:

- (a) Providing assistance to the general public, tradespeople and designers on proposed building work.
- (b) Receiving and processing applications under the Building Act 2004. This includes PIMs, inspections, issuing Code Compliance Certificates and Compliance Schedules.
- (c) Policing the requirements of the Building Act and responding to requests for service to investigate problems.
- (d) Promotion of knowledge of regulatory requirements.

## 3. **Environmental Health and Compliance**

### *Environmental Health*

Environmental Health is a term often used in Territorial Local Authorities in relation to the work of Environmental Health Officers. Environmental Health is a subset of public health focusing on environmental conditions and hazards which affect, or have the potential to affect, human health, either by direct or indirect means.

The Food Act 2014 and the Sale and Supply of Alcohol Act 2012 are key pieces of legislation in addition to the Health Act 1956 and Council Bylaws.

### *Parking Compliance*

Parking Compliance manages parking enforcement services.

The provision of car parking facilities and collection of parking meter revenue is managed by Council's Roding Division. The public car parking facilities are owned, managed and enforced by Council.

The goal of the Parking Compliance team is to provide equitable parking enforcement for all.

The Parking Compliance component involves:

- (a) Enforcement of car parking in the District.
- (b) Monitoring and removing vehicles left abandoned on roads or non roadworthy within its jurisdiction.
- (c) Promoting good driver behaviour around schools and offering education to those schools willing to participate.
- (d) Registering and monitoring sandwich boards/signs.

The enforcement component of the Activity operates on the public road. Parking on private property is the responsibility of the property owner.

*Animal Services*

Animal Services activities within Territorial Local Authorities are largely dictated by government statutes. The Dog Control Act 1996 and Regulations, the Animal Welfare Act 1999 and the Impounding Act 1955 are the primary pieces of legislation involved.

The demand for Animal Services has climbed in recent years, but additional resourcing of this service is reversing the trend of complaints received about dog related nuisances. Controlling wandering, barking and aggressive dogs is an important area of the Animal Service.

## 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 2018-2028 Long Term Plan that will fulfil the requirements of “Community Outcomes” under the Local Government Act.

The Community Outcomes have been derived from Council’s vision:

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 are provided for all members of the community.	Residents of, and 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

Council is required by legislation to undertake a range of regulatory functions.

##### 1. Planning Services

###### (a) Resource Management

The reason for regulation in relation to Planning comes down to the public good of knowing that all activities in the District are coordinated in such a manner so as to not offend the greater public good. This has been so at least since the writing of the Epic of Gilgamesh describing the City Planning for the City of Uruk in 2000BCE.

Resource Management is predominantly involved in carrying out the Council’s functions set out in the Resource Management Act 1991. This government legislation is focused on sustainable management of natural and physical resources. This involves a balancing act of enabling people to do what they wish with their land, but ensuring that the effects of those activities do not significantly affect the environment and the wider community. The Resource Management team aids in the development of the District Plan which involves developing policies and rules for the Invercargill environment within the legislative context.

For example, the District Plan uses the approach of zoning. There has been considered a social good to grouping activities in certain areas or listing certain activities that can occur as of right on properties in areas of a district and other activities that cannot occur and require permission to do so. This provides better social outcomes for all citizens of a district. For example, a freezing works is not able to be set up in a residential area without appropriate considerations being provided. Zoning also provides protection for other activities such as the freezing works being able to establish in areas designated for them without them having to worry about potential impacts on neighbours and the wider community.

The District Plan also introduces environmental standards that control the effects of activities, such as levels of permitted noise, lightspill, signage, and density of development. This document sets out the community's expectations about the state of the environment that they feel is appropriate within the different zones.

Resource Management has the role of processing any resource consents to manage activities that fall outside the District Plan's provisions, and enforcing the Plan and any consents. Monitoring the environment is also part of the role. Offering advice on options and responsibilities under the Resource Management Act 1991 and promoting sustainable management through non-regulatory means is also a vital part of the role of this team.

Aside from the Resource Management Act 1991, there is other legislation, including regulations and bylaws that the Resource Management team have to consider in their work, such as the Heritage New Zealand Pouhere Taonga Act 2014.

**(b) *DLC Support***

DLC is the District Licensing Committee of Invercargill. The DLC has been charged with the issuing of alcohol licences. The Support Officer is the administrator for the DLC and coordinates the applications, prepares meetings, and assists the Committee in its day-to-day administration.

Again, it has long been held desirable by the public that the sale and supply of alcohol is restricted to appropriate venues with appropriate and approved people being able to serve it. It is a public good to have appropriate controls placed on the sale and supply of alcohol. It assists in managing the location of facilities where alcohol is sold, such as controlling the scale and functioning of taverns like the Northern and other Invercargill Licensing Trust facilities located in residential areas. The controls also ensure that those people who gain a licence to sell alcohol are appropriately vetted and that they have the necessary understanding of the rules and responsibilities.

**(c) *Property Valuation Database***

The Property Valuation Database team has two key focus areas. Firstly, this team is responsible for the administration of the property database. The other aspect of the Property Database Team is the digitisation of Council's property files.

Having a centralised administration of property information in the city has strong benefits. The property database needs to be up to date to ensure that there is accurate information available to all of Council to ensure that information is provided to the appropriate people and there are no issues of privacy.

The administration of the property database includes updating the Council's database on property sales. This information is an important resource for determining rating valuations. Ensuring the property database reflects any subdivisions or property amalgamations is also a key role of this team, not just for rating purposes. Much of this work is required of Council by the Rating Valuations Act 1998.

The property valuation database role also involves the administration of the street numbering system and ensuring that Council's records are up to date. Streets have been numbered for many years (indeed the use of even numbering for houses on one side and odd numbering for houses on the other dates back to the time of the Emperor Napoleon Bonaparte of France). The provision of this service comes back again to the public good, such as for emergency management where there is an accurate description of a property so that emergency services can immediately access a property in the event of an emergency.

The digitisation of the property files is part of the greater good to enable better access to all the files and is part of Council's process in modernising our services.

## **2. Building Services**

Building is broken into two teams - the building inspectors and the customer service/administrators.

The service is provided for a number of reasons. Minimum standards for buildings seek to ensure that they perform to the required standard to ensure that they can be used by the occupants and the wider public.

The nature of New Zealand's geography and geology is a good reason for managing the quality of buildings. The geography of the Invercargill City District includes flood plains, meaning that parts of the city are susceptible to flooding. The different structures of the District's soils means that the buildings need to address different foundation standards. High Wind Zones can make some areas more susceptible to wind hazards. There are also wider issues throughout Invercargill and New Zealand of earthquakes. There is both public and private good in the control of building.

The public good of building control is that when you are out visiting another person's property or are walking in a public space, the risk that a building is likely to fail and injure you is reduced. In New Zealand, we only have to look at Christchurch and the more recent earthquakes as well as our own experience with snow related collapses to see the risks buildings can pose to the public.

Building regulations are continually developing over time to ensure public and private safety.

The Building Control team implements the requirements of the Building Act 2004 to ensure that buildings are constructed in accordance with the Building Code. Council acts as a Building Consent Authority within the Invercargill area in relation to any application for a building consent, and any consent granted in response to that application.

This role includes:

- (a) Providing advice and education to the general public, tradespeople and designers on proposed building work.
- (b) Receiving and processing applications under the Building Act 2004.
- (c) Enforcing the requirements of the Building Act and responding to the requests for service to investigate problems.
- (d) Promotion of knowledge of regulatory requirements.

### **3. Environmental Health and Compliance Services**

The Environmental Health and Compliance Team is also broken into a number of teams. There are two teams and each team has sub sets.

The roles that the Environmental Health Team provides are essentially public health roles focusing on environmental conditions and hazards, which affect, or have the potential to affect, human health either by direct or indirect means. This is provided through education, auditing, inspection, enforcement and response to emergency incidents. The Environmental Health aspect is broken into Food, Alcohol Inspector and Environmental Health.

The Compliance aspect is broken into Animal Control and Parking. This role is carried out through a mix of education, inspection and enforcement.

#### **(a) Food**

The regulation of food suppliers is for the public benefit as there is a wide interest in ensuring that food made available for people to purchase and restaurants to dine in is safe and will not cause the consumer to become ill because of poor hygiene or poor quality of the food used.

To aid in ensuring that minimum standards are met, the Council Officers' roles involve activities such as auditing premises where food is sold, issuing permits for roadside food sales and general education. This role is mandated in part through the Food Act 2014.

#### **(b) Alcohol Inspector**

The alcohol inspectorate role is linked to that of the DLC Support Officer but includes the monitoring and reporting on licensees to ensure that they are complying with their licence conditions and the Sale and Supply of Alcohol Act 2012.

#### **(c) Environmental Health**

Environmental Health covers a wide range of activities, providing the community with the assurance that minimum standards are met to ensure the safety of people when undertaking activities, and to manage the effects of these activities on those in the wider environment. This role covers activities as diverse as having their hair cut, staying at a public camping ground, and tattoos. Other areas that Environmental Health is involved in include responding to noise complaints, overgrown sections, and unlawful dumping of rubbish. It is beneficial to the public to ensure that minimum standards are applied across the board as this means that members of the public are protected from harm and nuisance.

**(d) Parking**

Parking compliance is a reality of a modern city. There is public interest in parking. This includes the interest of residents who wish to be able to park within the city to ensure that they can access the facilities they need to, whether they be for commercial, financial, leisure, medical or their residence.

Business owners also have an interest in ensuring that there is a parking supply and in ensuring that vehicles are not parked and blocking accessways, or parked in front of a store for hours at a time when the owner of the vehicle has moved on to another area of the City.

Council has chosen to provide the public with both on and off street parking. Enforcement of these facilities ensures that there is equitable parking for all. This service is provided to ensure that there is a constant flow and supply of parking within the city. Good parking practices are also encouraged and enforced, particularly around schools.

**(e) Animal Control**

The owning of pets is something that has occurred for many years across all nations and ethnic origins. However, there has also been a need for controls around the suitability of animals in urban areas and controls around animals that can injure or cause harm to other people.

Collective learnings over hundreds of years of history have shown that having animals in close proximity to large urban populations can cause disease and pollution. For this reason there needs to be a level of regulation to keep the public safe from these "old world" diseases. Domestic animals, such as dogs, can cause harm to people, for example through dog attacks. For this reason there has been an interest in controlling and monitoring dogs to ensure that the dogs are registered, that the owners have appropriate licences and have taken appropriate steps to ensure that they can enjoy the company of the animals while the wider public is protected.

The key roles of the Animal Services Activity include:

- Enforcing animal control legislation, such as the Dog Control Act 1996, in an efficient and fair manner.
- Maintaining a register of dogs within the City.
- Providing a service and facility for the impounding and care of stray and seized animals.
- Providing public education on dog control, ownership and safety.

**2.1.3 Activity Objectives**

The key objectives of this Activity are the implementation of national legislation, with particular focus on achieving Council's Community Outcomes.

**1. Planning Services**

The principal objectives for Planning Services are:

- (a) To review the District Plan to ensure that it provides opportunities for the community to develop and enhance their lifestyle, whilst taking a sustainable development approach. This will include the development of

an E-Plan on Council's website once the Proposed District Plan 2016 becomes operative.

- (b) To review environmental issues and standards to ensure they remain consistent with the community's desires.
- (c) To implement the District Plan in an efficient and fair manner.
- (d) To provide environmental information and advice in a form that is both relevant and appropriate.
- (e) To support the District Licensing Committee in deciding applications under the Sale and Supply of Alcohol Act.
- (f) To digitise Council's property files.
- (g) To enable applicants to electronically lodge their applications via Council's website.
- (h) To maintain the rating valuation roll for the District.

## **2. Building Services**

The principal objectives of the Building Services Activity are:

- (a) To ensure all building work complies with the Building Code.
- (b) To enforce the requirements where necessary.
- (c) To provide a friendly, efficient and timely service to clients.
- (d) To enable applicants to electronically lodge their applications via Council's website.
- (e) To implement the earthquake prone building legislation within the District.

## **3. Environmental Health and Compliance**

The principal objectives for Environmental Health are:

- (a) To provide environmental health services (including food and alcohol) to the community in a positive and sustainable manner.
- (b) To provide support to emergency services in respect of public health incidents.
- (c) To enable applicants to electronically lodge their applications via Council's website.

The principal objectives for the Parking Activity are:

- (a) To ensure all legislation is adhered to.
- (b) To ensure all contact with the public is delivered in a friendly and efficient way.

The principal objectives for Animal Services are:

- (a) To provide for the control of dogs and stock.
- (b) To minimise the harm done by dogs.
- (c) To promote good dog care and welfare in the community through education.

A secondary objective is to promote good animal care and welfare in the community through education and raising awareness about legal obligations and duties for owners of domestic animals and the general public.

<b>Community Outcome</b>	<b>Council's Role</b>	<b>How the Activity contributes</b>
<b>Enhance our City</b>	Invercargill's businesses are bustling with people, activities and culture.	Promote development that occurs in a way that provides for effective and sustained economic growth, while meeting minimum environmental and health standards.
<b>Preserve its Character</b>	The building blocks, including water, sanitation and roading, for a safe, friendly city are provided for all members of the community.	The community's compliance with legislation and Council policies and bylaws enables people to live closely together in a safe environment.
	Invercargill is celebrated for preserving its heritage character.	The District Plan prioritises key heritage buildings across the District and earthquake-prone building legislation is implemented.
<b>Embrace innovation and change</b>	The development of future industry is encouraged.	Providing opportunities for development across the District.
	Technology is utilised in both existing and new City services.	An increasing utilisation of technology to enable stakeholders to more easily engage with our services.

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. The Proposed District Plan 2016 has been developed in conjunction with the community and is a reflection of its priorities of matters detailed in the Resource Management Act. This Plan 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 well-being and gives effect to national policy statements and the regional policy statement on a variety of environmental issues. This plan is reviewed at least every 10 years and more frequently in response to changes in legislation and community expectations.

Other Council policies and bylaws are developed by Regulatory Services in conjunction with the community and where practicable with adjoining local authorities.

These include:

	<b>Effective from</b>	<b>Review date</b>
Bylaw 2015/1 – Dog Control	1 July 2015	July 2020
Bylaw 2008/1 – Environmental Health	1 July 2008 (Amendments made 2014 and 2016)	Under review
Bylaw 2013/2 – Keeping of Animals, Poultry and bees	2 September 2013	September 2018
Bylaw 2015/2 – Parking Control (Enforcement)	7 March 2016 (Amended 2017)	March 2021
Dog Control Policy 2015	1 July 2015	July 2018
Class 4 Gaming Venues Policy 2015	16 September 2015	September 2018
Board Venues Policy 2015 (TAB Venues)	16 September 2015	September 2018
Combined Local Alcohol Policy 2014	31 May 2016	May 2018
Combined Local Approved Products Policy 2014 (Psychoactive Substances)	22 December 2014	Under review
Dangerous Buildings Policy 2013	11 March 2013	December 2017
Insanitary Buildings Policy 2013	11 March 2013	March 2018
Invercargill City Council Pandemic Management Plan 2005	2005	No date specified
Noise Control Policy 2015	28 October 2015	October 2018
Parking Exemptions – Elected Representatives Policy 2017	15 August 2017	August 2020
Parking Exemptions – Drivers Over the Age of 80 Years Policy 2017	15 August 2017	August 2020
Resource Management Infringement Offence Policy 2015	28 October 2015	October 2018
Rural and Urban Addressing Policy	To be developed	

### 2.2.3 Long Term Plan

The Local Government Act 2002, Schedule 10 requires the development of a ten-year Long Term Plan. 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 built environment.

Both the Council and the community have indicated that the Regulatory Services Activities need to make greater use of technology in the way the service is provided. There is also a wish from applicants to be able to track the progress of their applications through the use of technology.

Changes in legislation require Regulatory Services to review its existing plans and the way it provides its service. We need to engage our community on changes to legislation so that they are aware of changes in responsibilities.

The Council needs to regularly review its fees and charges for services provided to ensure that the applicant pays for the private good associated with the service, e.g. a building consent application is viewed as a private good, whereas the development of the District Plan is seen as a public good.

The Council is seeking through the community outcomes to preserve the heritage character of the City. The Council is therefore subject to balancing the responsibilities in terms of protecting heritage and the obligations under the earthquake prone buildings legislation.

Section 7.1 expands on how the Regulatory Services Activity may respond to these strategic issues and challenges.

### 2.4 KEY ASSUMPTIONS

The Long Term Plan Background and Assumptions 2018-28 document (**Appendix 1.01**) lists the key assumptions which have been assumed are as follows.

Assumption	Level of Uncertainty	Area of Impact and Potential Financial Impact
<p><b>Population</b> The population will increase to 56,300 by 2028.</p>	<p>Moderate – risk that actual numbers will vary.</p>	<p>Infrastructure and Housing. Significant increases in population may create a demand for infrastructure and services beyond existing capacity. Significant decrease in population would adversely impact on the community's ability to fund current levels of infrastructure and services.</p>
<p><b>Household Growth</b> 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. Significant increases in the number of households may create a demand for infrastructure and services beyond existing capacity.</p>
<p><b>Ageing Population</b> 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. 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><b>Resource Consents</b> 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 Capital expenditure may be required if the conditions attached to resource consents require changes to how Council delivers its services.</p>
<p><b>Tourism &amp; Visitor Numbers</b> 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. 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><b>New Zealand Transport Agency</b> 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. 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>

Assumption	Level of Uncertainty	Area of Impact and Potential Financial Impact
<p><b>Commercial Property</b> 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. 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><b>Inflation</b> 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><b>Local Economy</b> 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. 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><b>Useful Life of Significant Assets</b> 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><b>Depreciation</b> 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><b>Asset Revaluation</b> 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><b>Vested Assets</b> 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><b>Financial – Existing Funding Renewal</b> 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>

Assumption	Level of Uncertainty	Area of Impact and Potential Financial Impact
<p><b>Financial – Expected Interest Rates on Borrowing</b> 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><b>Financial – Forecast on Return on Investments</b> Return on cash investments is calculated on the borrowing rate less 2%. Dividends and subvention payments from Invercargill City Holdings Limited are assumed to be at 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><b>Local Governance</b> 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 Boundary changes would require a review of the Long Term Plan with its associated community consultation.</p>
<p><b>Legislation</b> 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 Significant legislative change can impose significant financial and service delivery costs on Council.</p>
<p><b>Natural Disasters</b> 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 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>

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
<b>Climate Change</b> 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.	Moderate – Long Term trend of rising temperatures and more frequent intense weather events is reasonably certain, short to medium term impacts are less certain.	Water availability, coastal hazards (roading and infrastructure), services, air quality, agriculture, farming and biosecurity. The effect of Climate Change occurring more quickly than anticipated may require Council to review and change its current activities and levels of service. This could have a significant financial impact on the community.
<b>Technology</b> Changes in technology will affect how Council carries out its activities. This will have a financial implication over the 10 year plan.	High – certainty of diversification in technology is ever growing. Impact of changing technology cannot be quantified.	Employment, Local Economy and Services (delivery). New technologies will likely have an increased financial cost in the short term.
<b>Education</b> S.I.T. will continue to promote Invercargill to international students.	Moderate – education systems that exist are likely to remain stable.	Infrastructure, Services, Population and Housing.
<b>World Economy</b> The world economy will not have a significant negative effect on the Invercargill City District.	Moderate – future financial changes are unforeseeable.	Infrastructure and Tourism A major event in the World Economy could affect Tourism and the implications of lower / higher tourist numbers would occur.

As assumptions deal with matters of uncertainty and complexity, actual results will likely vary, but are based on the best information available. If actual future events differ from the assumptions, it will result in material variances to this Plan. The Long Term Plan Background and Assumptions 2018-28 document (**Appendix 1.01**) identifies the risks that underlie those assumptions, the reason for that risk and an estimated potential impact if the assumption is not realised.

Should the key assumptions in this Long Term Plan not be realised, the Regulatory Services Activity will need to respond to the changes in the community e.g. should the population significantly increase or decrease the staff resource would need to be reviewed to reflect the change in demand for the service.

If there are wholesale changes to legislation which currently directs the Regulatory Services Activity, there will be a need for Council to review how it implements the changes and the resourcing required.

The Long Term Plan assumes that there will be ongoing changes in technology. For example, changes to the way parking compliance is undertaken is likely to change as Council moves away from parking meters to Pay and Display type technology. Building inspections are likely to become more photos based rather than written commentary as digital technology in the field becomes more reliable.

### 3. The Service We Provide

#### 3.1 CUSTOMER PROFILE

##### 3.1.1 Our Stakeholders and Community

The activities of Regulatory Services impact on all members of the Invercargill community – its ratepayers, its residents and developers. The Regulatory Services Activity has a special relationship with Ngāi Tahu.

The four local authorities of Southland and the majority of Otago local authorities whose areas come within the Murihiku Rohe work in partnership with the four Murihiku Rūnanga. Te Ao Marama Incorporated is the organisation that represents the rūnanga. A Charter of Understanding has been entered into by the councils with Te Ao Marama Incorporated and Rūnanga o Ngāi Tahu to work together in the context of both the Resource Management Act and Local Government Act. The governance group, called Te Roopu Taiao, meets a minimum of four times a year to discuss RMA and Local Government issues.

The Council also meets with Te Ao Marama Inc on Local Government and RMA issues as they specifically pertain to the Invercargill District.

The Council, along with the other council signatories to the Charter of Understanding, contributes financially to the funding of Te Ao Marama Incorporated.

The customers and stakeholders are listed below:

<i>External Stakeholders</i>	<i>Area of Interest</i>	<i>Engagement</i>
Government Departments (Ministry for the Environment, Ministry of Business, Innovation and Employment, Ministry for Primary Industries, and Ministry of Local Government).	Compliance with legislation. Development of Policy.	Liaise with Activity Manager, consult through surveys and plans, exchange of data and information, issue of determinations.
Ministry of Justice (Courts Division).	Consideration of Appeals, enforcement, prosecution, and infringements.	Mediation and Court hearings.
Non-Government Organisations e.g. Heritage New Zealand Pouhere Taonga, New Zealand Transport Agency, Public Health South	Plan and policy development and impact of activities and applications on their field of interest.	Applications, consultation and advice, and sharing of information. Consultation on policy development.

<b>External Stakeholders</b>	<b>Area of Interest</b>	<b>Engagement</b>
Other Local Authorities (Environment Southland, Southland and Gore District Councils).	Developing commonality of approach across the Southland region (Shared Services).	Consultation, liaison, compliance with plans and provision of services.
Iwi Groups Te Ao Marama Inc.	Environmental impact and sustainability.	Consult, communicate, cooperate and engage on RMA functions.
Southland Regional Development Strategy (Ease of Doing Business).	Regional development.	Liaise with Executive.
Applicants.	Lodgement, issuing of decisions and inspections of applications.	Pre consultation and liaising with applicants
Community Groups e.g. Otatara Landcare Group, South Alive Dog Park sub-group.	Regulatory activities that impact on a community group's field of interest.	Communication, cooperation and provision of grants.
Residents.	Requests for information and service on regulatory activities and resolution of nuisance complaints.	Investigations and information.

The graphs in Section 4.1.2 indicate the number of applications lodged per year which is an indication of the number of direct contacts the service has on an annual basis. In addition to these there is significant although unquantifiable interaction with the community where they are seeking information and advice on proposed developments.

<b>Internal Stakeholders</b>	<b>Area of Interest</b>	<b>Engagement</b>
Activity Managers and their staff.	Assessing impact of applications and policy documents on managers' areas of responsibility.	Communication and cooperation.
Elected representatives and Community Board members.	Development of policy documents and bylaws.	Direction setting and decision making.
Finance and Corporate Services.	Provision of financial and communication services.	Provision of service.
Works and Services Directorate.	Assessing impact of applications on infrastructural networks.	Communication and cooperation.
Directorate staff.	Ensuring that an applicant receives a Directorate wide approach to their application or enquiry.	Communication and cooperation.

### 3.1.2 How We Engage our Communities

Regulatory Services has legislative requirements to consult with our community when developing strategies, plans, bylaws and the setting of fees. For example, in reviewing the District Plan the Resource Management Act details consultative procedures for pre-consultation engagement, submission and further submission processes as well as mediation through the Environment Court.

Council has adopted a Significance and Engagement Policy. The Policy lets the public know what decisions or matters the Council, and the community, consider to be particularly important, how Council will go about assessing the importance of matters and when the community can expect to be consulted on different matters. The Policy identifies criteria for determining significance and Regulatory Services staff consider these criteria in reports to Council when making recommendations.

The Regulatory Services Information Officer ensures that information on regulatory activities is current and easily understood, and staff respond to requests for speaking engagements. Our staff engage on a day-to-day basis with the general public on all manner of issues from pre-application discussions, Help Desk enquiries and phone and email enquiries and discussions.

### 3.1.3 Community Research

The Invercargill City Council Community & Regulatory Services: 2014 Residents' Survey engaged the community on Animal Services, Environmental Health, Parking, Resource Management, and Building Consents (**Appendix 1.02**).

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, 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. The 2016 survey investigated service performance for Building Control, Environmental Health, Derelict and Overgrown Sections and Animal Services.

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

### 3.1.4 Key Service Attributes Valued by Customers

The 2014 and 2016 research identified the following as the most important attributes for Regulatory Services:

Animal Services	Enforcement of legislation and bylaws. Holding dog owners responsible for their dog's behaviour. Preventing uncontrolled dog behaviour. Education about responsible dog care. Reducing the number of issues with dogs.
Building Services	Public buildings are safe and of a good standard. Private buildings are safe and of a good standard. Timeliness of processing consents.

Environmental Health	Ensuring that places where alcohol is sold are safe. Monitoring and enforcing legislation around alcohol. Regulating hours of operation for places where alcohol is sold Ensuring that all places where food is sold are safe. Protection from pollution and noise. Timeliness of processing consents.
Parking Compliance	Patrolling parking spaces throughout the District. Patrolling disabled persons' parking spaces.
Planning Services	We take care of the environment. New businesses and residential developments integrate well into the City. Consultation with residents about Resource Management issues. Timeliness of processing consents.

### 3.2 SERVICE DRIVERS

#### 3.2.1 Community Expectations

Applicants have an expectation that their application will be processed professionally, efficiently and effectively and that they will be kept informed of its progress.

There is an increasing expectation that Requests for Service will be responded to efficiently and, where appropriate, parties informed of the outcome.

The community expectations are that the service will progressively use technology and that the community will have multiple options to engage, for example web based, face to face, and paper.

In providing Regulatory Services the Activity uses the EVADE (educate, voluntary compliance, assisted compliance, directed compliance, enforcement) model to work with the community.

#### 3.2.2 Legislative Requirements

The key pieces of legislation that impact on the Levels of Service provided by Regulatory Services are:

Legislation	Relevant Requirements	Impacts on Levels of Service
Animal Welfare (Dogs) Code of Welfare 2010	Care of dogs in Animal Care Facilities.	Details minimum standards for animal care facilities.
Building Act 2004	Section 3 sets out the key purpose of the Act as it relates to our services, being to provide for the regulation of building work, the establishment of a licensing regime for building practitioners, and the setting of performance standards for buildings (Section 3).	The Building Act details the processes for applications and investigation of non-compliance with the Building Code.
Dog Control Act 1996	Section 4 requires Council to make provision for the care, control and damage caused by dogs.	The registration of dogs and their care and control. Implementation of the dog control policy and bylaw.

Legislation	Relevant Requirements	Impacts on Levels of Service
Food Act 2014	Section 3 details the purpose of the Food Act which for Territorial Authorities focuses on the suitability and safety of food for sale.	The registration and verification of Food Control Plans and premises under the National Food Programme.
Heritage New Zealand Pouhere Taonga Act 2014	Section 3 of the Act is to promote the identification, protection, preservation, and conservation of the historical and cultural heritage of New Zealand.	The recognition of buildings and sites of significance within the District Plan and processing of applications where modification is proposed.
Land Transport Act 1998 and associated Regulations	The Land Transport Act and associated Regulations relate to the issuing of infringements for stationary vehicle offences.	
Litter Act 1979	This Act provides enforcement powers in relation to litter offences.	The investigation of littering offences and enforcement where possible.
Local Government Act 1974 and 2002	Section 3 states the purpose of the Local Government Act 2002 is to provide for democratic and effective local government that recognises the diversity of New Zealand communities.	The development and enforcement of bylaws, the setting of fees in addition to Council wide functions such as development of the Long Term Plan and setting of rates.
Rating Valuations Act 1998	Section 7 requires each territorial authority to prepare and maintain a district valuation roll for rating purposes.	The Level of Service is a clear audit of the three-yearly revaluation including the opportunity for ratepayers to object to their proposed valuations.
Resource Management Act 1991	The purpose of this Act is to promote the sustainable management of natural and physical resources (Section 5).	The Resource Management Act details the process for applications and investigation of non-compliance with plans, nuisance and resource consents. Ensuring fulfilment of obligations for National Environmental Standards and National Policy Statements within the District.
Sale and Supply of Alcohol Act 2012	Section 4 details the object of the Sale and Supply of Alcohol Act 2012. (a) the sale, supply, and consumption of alcohol should be undertaken safely and responsibly; and (b) the harm caused by the excessive or inappropriate consumption of alcohol should be minimised.	The development of a Local Alcohol Policy and the lodgement and processing of managers' certificates and licences in a way that promotes the objects of the Act.

### 3.2.3 Industry Standards and Guidelines

There are a number of industry standards and guidelines that are relevant to the Regulatory Services Activity. The majority of these standards, policies, procedures and guidelines are set by government departments, such as the Ministry for Primary Industries and the Ministry of Business, Innovation and Employment.

The Regulatory Services Activity also utilises a number of New Zealand and International Standards. For example, New Zealand Noise standards are utilised to measure and enforce breaches of noise rules or to respond to noise complaints.

There are also a number of best practice principles and guidelines utilised in the work of the Regulatory Services Activity, such as the Urban Design Protocol, and Crime Prevention Through Environmental Design guidelines.

The Building Control Authority's service is assessed through IANZ and the food activity is audited by the Ministry for Primary Industries.

**3.3 LEVELS OF SERVICE**

**3.3.1 Customer Levels of Service, Performance Measures and Targets**

<b>How the Activity Contributes</b>	<b>Customer Level of Service</b>	<b>Regulatory Function</b>	<b>Measure of Service</b>	<b>Target</b>
Promote development that occurs in a way that provides for effective and sustained economic growth, while meeting minimum environmental and health standards.	Development applications are assessed against Council's regulatory responsibilities	Building Services Planning Services Environmental Health (food and alcohol)	Building, resource consent, food and alcohol applications are processed in accordance with the quality manual and statutory timeframes.	1. 100% building, non-notified resource consents not requiring a hearing and food applications are issued within 20 working days of receipt.  2. 100% alcohol applications not requiring a hearing are issued within 30 working days of receipt.
The community's compliance with legislation and Council policies and bylaws enables people to live closely together in a safe environment.	The community's requests for service are investigated and substantiated issues resolved	Planning Services (Resource Management, DLC Support, Property Valuation Database) Building Services Environmental Health and Compliance Services (Food, Alcohol Inspector, Environmental Health, Animal Control and Parking)	The efficient and effective processing of requests for service relating to environmental compliance.	3. 80% requests for service are investigated and responded to within 20 working days.

How the Activity Contributes	Customer Level of Service	Regulatory Function	Measure of Service	Target
The District Plan prioritises key heritage buildings across the District and earthquake-prone building legislation is implemented.	Significant heritage is protected within Invercargill.	Building Services	Identification of potentially earthquake prone buildings.  Promotion of incentives to owners of heritage buildings, especially when undertaking earthquake strengthening.	4. Priority, potentially earthquake prone buildings identified by 1 July 2022.  5. Non-priority, potentially earthquake prone buildings identified by 1 July 2027.  6. Earthquake prone buildings incentives are developed and implemented.
Providing opportunities for development across the District.	The community is able to engage with the development and review of plans relating to development in the City.	Planning Services (Resource Management, DLC Support) Building Services Environmental Health and Compliance Services (Alcohol Inspector, Environmental Health, Animal Control and Parking)	The regular review of plans and bylaws relating to Regulatory Services, including the opportunity for public consultation.	7. Plans and Bylaws detailed in 2.2.2 are reviewed regularly.
An increasing utilisation of technology to enable stakeholders to more easily engage with our services.	Customers have options on how they engage the staff and lodge their applications.	Planning Services (Resource Management, DLC Support) Building Services Environmental Health and Compliance Services (Food, Alcohol Inspector, Environmental Health, Animal Control)	Increasing percentage of applications lodged, processed and inspected electronically.	8. 80% of applications are lodged, processed and inspected electronically within five years of the service being offered.

How the Activity Contributes	Customer Level of Service	Regulatory Function	Measure of Service	Target
		Planning Services (Resource Management, DLC Support) Building Services Environmental Health and Compliance Services (Food, Alcohol Inspector, Environmental Health, Animal Control)		9. 100% of Regulatory Services application types can be lodged electronically within 10 years.

**3.3.2 Technical Levels of Service, Performance Measures and Targets**

<b>Technical Measure</b>	<b>Target</b>	<b>Regulatory Function</b>
Changes to the District Plan are undertaken in a timely manner.	Six monthly report of issues to Regulatory Services Committee for their consideration.	Resource Management
Digitisation of property files.	100% of files digitised by 2028.	Planning Services
Retention of IANZ accreditation for Building Services.	Accreditation retained July 2018 and every two years thereafter.	Building Services
Building Warrants of Fitness remain current with respect to timeframes and compliance schedules.	100% of occupied buildings containing specified systems are maintained and audited.	Building Services
Consideration of engineering assessments for earthquake-prone buildings	100% of assessments considered within 20 working days.	Building Services
On site inspections undertaken within two working days of request	95%	Building Services
Retention of Notification of Recognition under Section 35, Food Act 2014. Verification of staff competencies	Notification retained February 2019 and every two years thereafter. Competencies verified in 2017 and every two years thereafter.	Food
Respond to complaints regarding aggressive dogs within 60 minutes.	95%	Animal Control
Promotion of good animal welfare practices.	Update message on Animal Control vehicles quarterly. Annual animal education programme.	Animal Control
Noise complaints are investigated.	95% complaints responded to within one hour.	Environmental Health
Information on Council's website remains current.	Website content reviewed annually and reflects changes to legislation and changes to Council policy and plans.	Planning Services (Resource Management, DLC Support, Property Valuation Database) Building Services Environmental Health and Compliance Services (Food, Alcohol Inspector, Environmental Health, Animal Control and Parking)

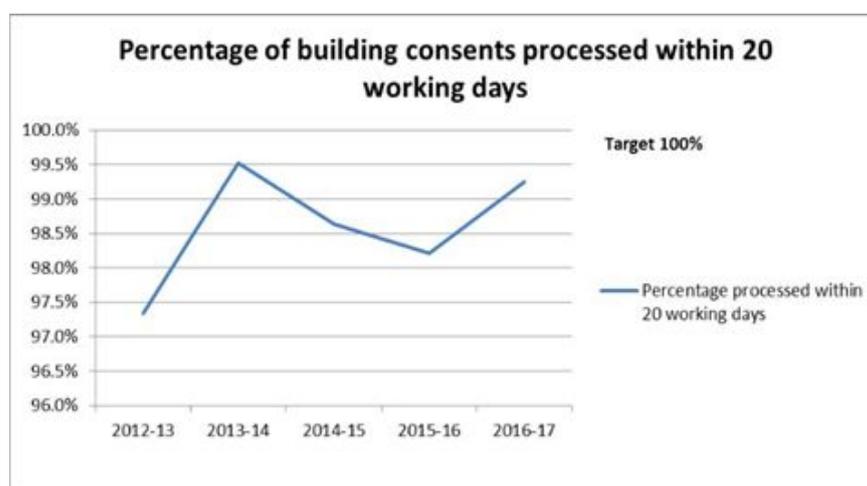
Technical Measure	Target	Regulatory Function
Cases that go to Court are procedurally robust	100%	Planning Services (Resource Management, DLC Support, Property Valuation Database) Building Services Environmental Health and Compliance Services (Food, Alcohol Inspector, Environmental Health, Animal Control and Parking)
Parking patrols of Council managed parking spaces undertaken.	Service provided six days per week.  Average hours of patrolling per week to be reviewed.	Parking

### 3.3.3 Performance Reporting

Key Levels of Service are presented to Council's Regulatory Services Committee which meets six-weekly. The Levels of Service and how this information is presented is set out below using the Target numbers detailed in Section 3.3.1. In some areas, current information is not being collected and reports have yet to be developed. This is a matter that will be addressed as a continuous improvement over the life of this Activity Management Plan.

1. 100% building, non-notified resource consents not requiring a hearing and food applications are issued within 20 working days of receipt.
- (a) Building consents lodged and processed within 20 working days.

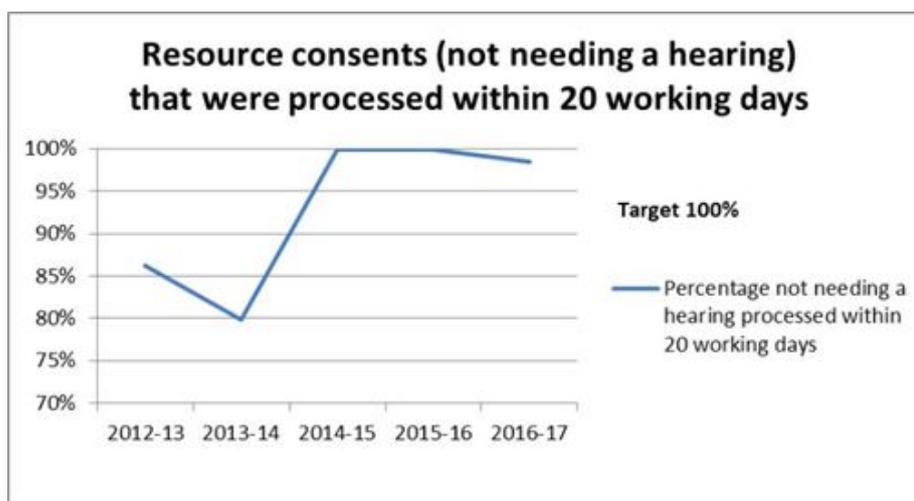
Year	% processed within 20 working days
1/07/2012 – 30/06/2013	97.34%
1/07/2013 – 30/06/2014	99.52%
1/07/2014 - 30/06/2015	98.64%
1/07/2015 - 30/06/2016	98.22%
1/07/2016 - 30/06/2017	99.25%



- (b) Non Notified Resource Consents not needing a hearing processed within 20 working days.

01/07/2012 – 30/06/2013*	86.2%
01/07/2013 – 30/06/2014*	79.8%
01/07/2014 – 30/06/2015	99.94%
01/07/2015 – 30/06/2016	99.93%
01/07/2016 – 30/06/2017	98.48%

\* prior to electronic recording of s37

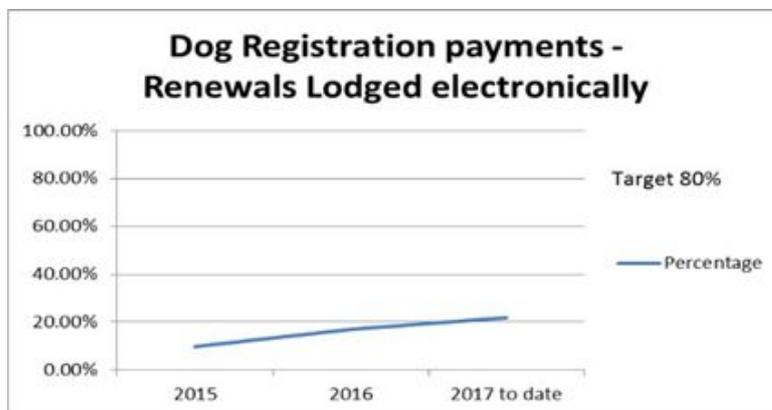


- (c) Food applications issued within 20 working days  
Currently unable to retrieve this data. Identified in Section 10.1.
2. 100% alcohol applications not requiring a hearing are issued within 30 working days of receipt.  
This data is currently not recorded. Identified in Section 10.1.
  3. 80% requests for service are investigated and responded to within 20 working days.  
The requests for service procedure is not universally used within Council and the Directorate. These statistics are currently unreliable. Identified in Section 10.1.
  4. Priority, potentially earthquake prone buildings identified by 1 July 2022.  
Annual Report to Regulatory Services Committee.
  5. Non-priority, potentially earthquake prone buildings identified by 1 July 2027.  
Annual Report to Regulatory Services Committee.
  6. Earthquake prone buildings incentives are developed and implemented.  
Annual Report to Regulatory Services Committee.
  7. Plans and Bylaws detailed in 2.2.2 are reviewed regularly.

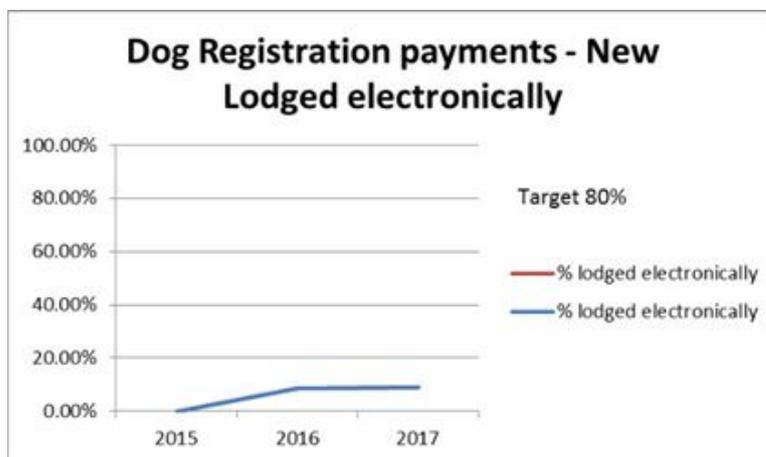
Annual Report to Regulatory Services Committee.

8. 80% of applications are lodged, processed and inspected electronically within five years of the service being offered.

- (a) Dog Registration Payments – Renewals lodged electronically



- (b) Dog Registration Payments - New



On line registration of New dogs has only been available since the middle of 2016.

- (c) Resource Consent applications

Applications have been able to be lodged electronically since 1 November 2016.

- (d) Land Information Memorandum (LIM) applications

Applications have been able to be lodged electronically since 1 July 2017.

9. 100% of Regulatory Services application types can be lodged electronically within 10 years.

There are currently 59 application types. Eleven application types were able to be lodged electronically as at 1 November 2017.

### **3.4 LEVELS OF SERVICE ISSUES AND CHALLENGES**

#### **3.4.1 Current Levels of Service Gaps**

Currently, Council operates a paper-based system for the receipt, processing and inspection of the majority of its applications. Electronic lodgement is currently only available for two application types (Land Information Memorandums and resource consents). Therefore, currently the proportion of applications lodged electronically is low. The community's expectation is that all applications will be able to be received, processed and inspected electronically within the foreseeable future.

Currently 2,228 (7.14%) of the 31,217 property files have been digitised (including historical files). The digitisation of files is a prerequisite to enable the efficient electronic processing of applications.

Ratepayers currently access Council's website looking for up-to-date information on the services we provide and copies of Council's policies and procedures, as well as seeking the opportunity to lodge and pay for applications. There is the expectation that this information is available and regularly updated.

Earthquake prone building legislation took effect from July 2017. This legislation requires Council to undertake assessments to identify potentially earthquake prone buildings, to consider engineering assessments and to determine whether a building or part of a building is earthquake prone, and if it is what its earthquake rating is.

#### **3.4.2 Possible Responses to Gaps**

Over the next 10 years, it is anticipated that all application types will be able to be lodged electronically.

It is anticipated that all property files will be digitised. Four staff have been engaged to undertake this project as well as the purchase of scanning equipment.

Additional resource may be required to ensure that information on the website remains current.

To assist the strengthening of earthquake prone buildings, particularly those having heritage values, Council has indicated that it will develop a range of financial incentives to encourage strengthening instead of demolition.

## 4. Demand for Our Services

### 4.1 DEMAND FORECAST

#### 4.1.1 Factors Influencing Demand

Demand for the Regulatory Services activity is largely a reflection of Government legislation and Council policies and bylaws. Some change in legislation increases the demand for Council services (e.g. earthquake-prone building legislation) while others can have the opposite impact (e.g. changes to fencing requirements for spa pools).

Recent changes to the Resource Management Act have introduced some new procedures where simple resource consent applications can be granted with minimal processing. If similar changes are implemented for other key pieces of legislation, this will have an impact on the demand for Regulatory Services and how these are provided.

The Long Term Plan assumes that the local economy of Invercargill City and Bluff will remain steady or grow at a steady rate. Growth in the economy is directly reflected in the number of applications received by Regulatory Services e.g. building and resource consent applications.

Technological changes will impact on the way the Regulatory Services Activity provides its service and the way stakeholders engage with us. Regulatory Services has started to provide stakeholders with the opportunity to lodge applications electronically and it is anticipated by the end of this Long Term Plan, which is 2028, the majority of our applications will be lodged electronically. Maximising technology to assist stakeholders in understanding our processes will also provide an improved service. For example, rather than having the District Plan on Council's website in a PDF format, the revised plan will be interactive in that stakeholders will be able to click on a property in the planning maps and the user will be referred to the appropriate Plan provisions. It is also anticipated that the parking service will be provided in a different way. Currently, most parking spaces in the city centre are metered using a parking meter, and it is likely that a form of Pay and Display will be introduced which will alter the way parking compliance is undertaken.

Over the next 10 years, Regulatory Services will move from a predominantly paper based service to an electronic service. The first step in this process is the digitisation of property records. There are approximately 31,217 paper property records for the District and a programme of works has commenced which should have these properties scanned electronically by 2028. In conjunction with this project is the processing of applications electronically. Resource management currently processes all resource consents electronically and it is anticipated that over the period of the Plan food and alcohol applications will be processed electronically, followed by building consents.

Staff who provide our services receive ongoing training to ensure their approach to clients is professional, their knowledge is up to date, and they are aware of their health and safety responsibilities.

Regulatory Services operates within a Quality Management system based on ISO17020. The Building Consent Authority Quality System is audited two-yearly in accordance with the Building (Accreditation of Building Consent Authorities) Regulations 2006. In order to undertake Food Verifications for premises under

the Ministry for Primary Industries National Programme, Council's Quality System is externally audited every three years. It is anticipated that these systems will merge as one over the next 10 years.

The Quality System details the core competencies for the roles in the Directorate, their assessment and training to maintain/improve core competencies. Competencies range from technical knowledge to problem solving to interpersonal skills.

#### **4.1.2 Projected Growth or Decline in Demand for the Service**

Graphs 1 to 5 below illustrate the last five years demand for Regulatory Services. Indicative changes in the service are shown by a dotted line.

Resource consents are expected to remain static or decrease in response to changes in legislation.

Given the relatively static number of properties within the Invercargill District, it is anticipated that the current rating revaluation contractor will have the resources to continue providing this service with no significant increase in fees.

It is anticipated that the number of building consent applications will increase slightly in response to the implementation of the Earthquake Prone Building legislation and the revitalisation of the City Centre and population growth.

It is anticipated that the number of alcohol and food related premises will increase slightly to reflect the changes in population growth and the increasing numbers of tourist stays within the District. It is anticipated that most new premises will be located in the rejuvenated City Centre. The Invercargill Licensing Trust has indicated that over the life of this Plan it will be developing a new five-star, 60-bed, hotel within the City Centre.

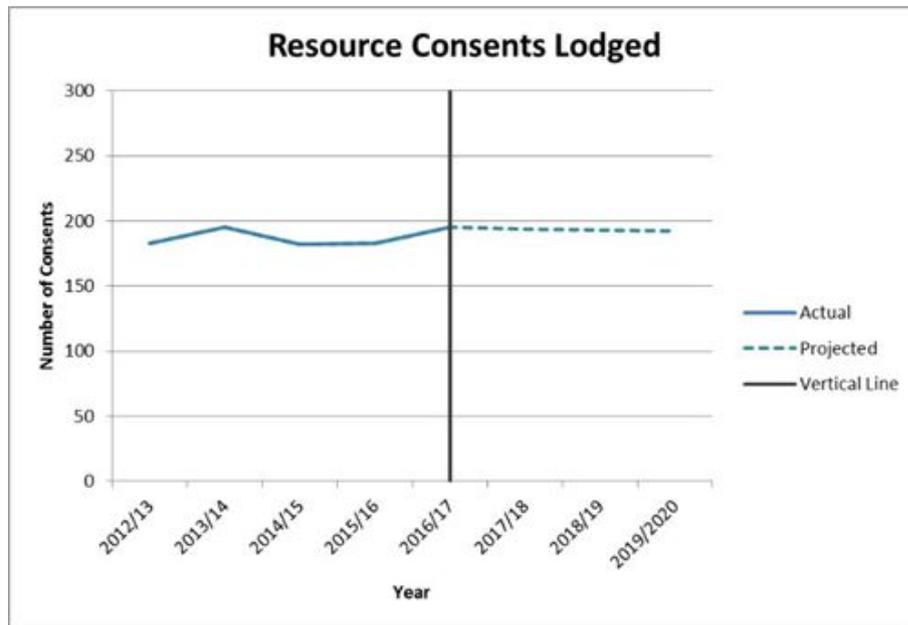
Changes in technology are likely to alter the way Council provides its parking compliance service. It is anticipated over the life of this Plan that the coin operated meters will be replaced with electronic parking meters. This change in technology will provide for card payment and alert parking officers when a vehicle remains in a car park after the expiry of the allotted time. For this reason a review of the patrolling hours for Parking Services has been identified in Section 3.3.2.

The number of dog registrations has been increasing and it is unclear whether this is a reflection of previously unregistered dogs becoming registered or an increase in the overall dog population.

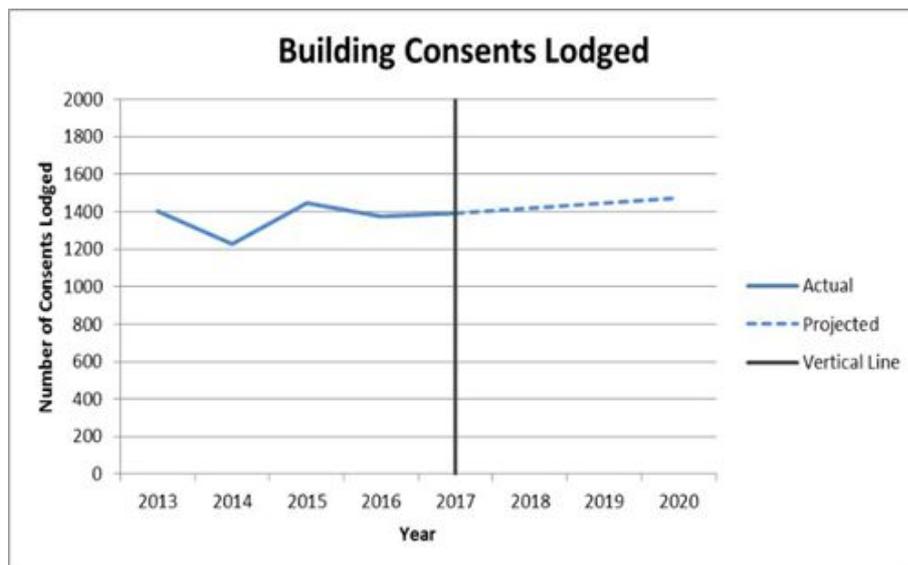
The community has identified a concern over the high level of Hepatitis C within the Invercargill community. The spread of Hepatitis C is often linked to the sharing of needles including needles associated with skin piercing and tattooing. The Environmental Health team is currently consulting the business community to see whether a Bylaw is an appropriate regulatory response to this issue. Should a Bylaw be implemented it is anticipated that there will be sufficient resource within the team to undertake an annual inspection.

It is anticipated that the current resourcing of Regulatory Services Activity will be sufficient to respond to changes in the demand for service during the period of the Long Term Plan.

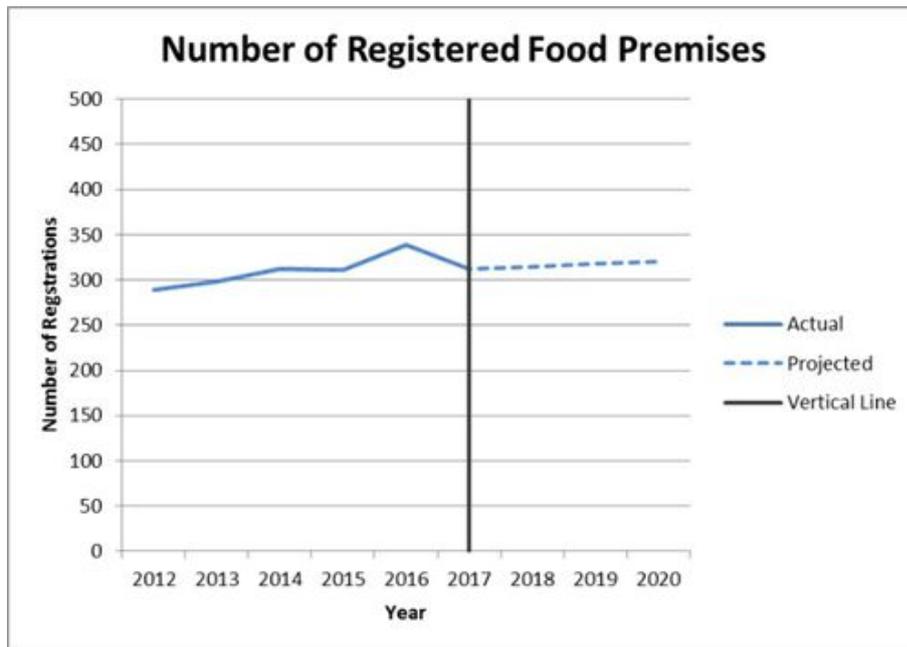
**GRAPH 1**



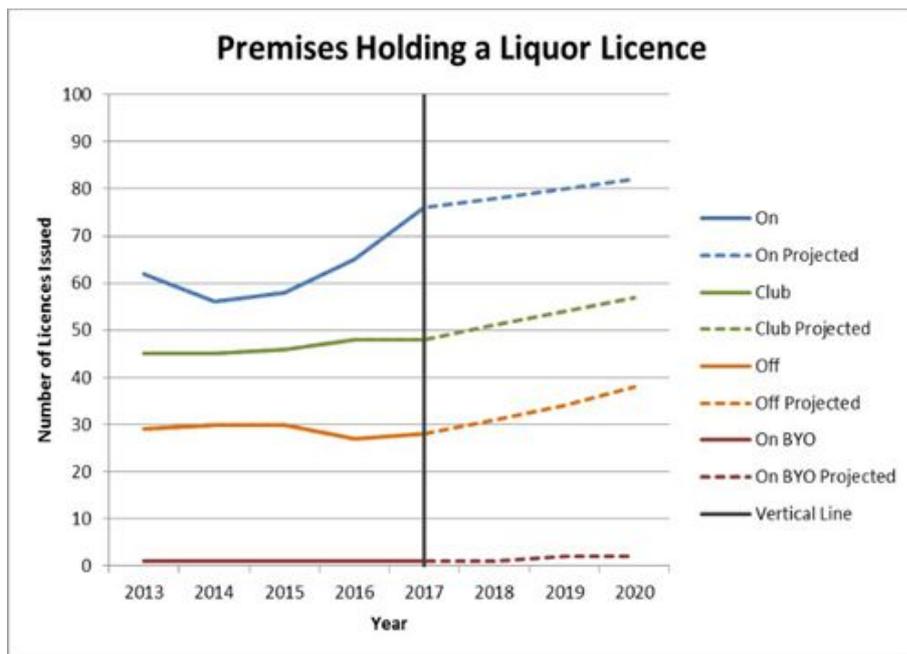
**GRAPH 2**

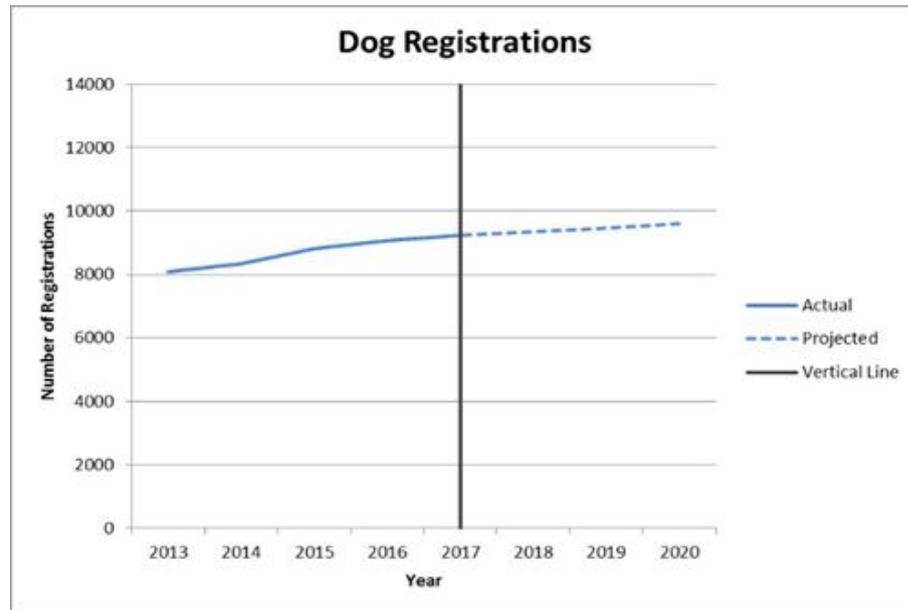


**GRAPH 3**



**GRAPH 4**



**GRAPH 5**

#### 4.2 CHANGES IN SERVICE EXPECTATION

There is an increasing expectation from members of the community that they can engage with Regulatory Services via electronic means. This expectation is especially prominent with businesses who lodge applications with Invercargill and other Councils who offer a greater range of electronic services.

There is a community expectation that Council will take a lead in preserving and protecting the heritage features of the inner city.

#### 4.3 EXPECTED IMPLICATIONS FOR THE ACTIVITY

It is anticipated that greater use of technology will enable greater efficiency and effectiveness in the processing of applications. This is because electronic lodgement of applications includes required fields to be completed and therefore a minimum level of detail needs to be lodged to enable processing to occur.

Council has indicated that it wants to establish financial incentives for heritage building owners who need to strengthen their buildings to comply with earthquake legislation. It is assumed that the community is willing to fund the financial incentives to assist heritage buildings to be strengthened and retained.

The greater use of technology and up to date information being available on Council's website are expected to improve the customer satisfaction of clients and improvements in the levels of service should result in improved customer service for our activities. It is anticipated that satisfaction levels will improve in Council's next customer satisfaction survey.

#### 4.4 FUTURE DEMAND ISSUES AND CHALLENGES

Regulatory Services needs to respond to the community's demand for electronic processes and data. The property digitisation, electronic lodgement project and

development of an E-plan District Plan are key projects which have been identified to meet future demand.

Changes in legislation may require Regulatory Services to review both the service it provides and the way it is provided. For example, recent changes to the Resource Management Act indicate that a 10 day, fast track consent process will become available in October 2017 and minor projects may no longer need a resource consent application.

Invercargill City Council continues to work closely with adjacent local authorities to deliver a similar service and Council has contracts in place with some neighbouring authorities to provide them with professional services e.g. food and alcohol services for Clutha District and animal services to cover periods of leave for Southland District. Further opportunities to share services will continue to be explored.

To assist the Council to gain an understanding of the Invercargill economy and demand for Regulatory Services, the following data will be presented to the Regulatory Services Committee.

- Number of applications received (building consents and resource consents)
- Number of earthquake-prone building notices sent
- The number of property sales within the District.
- The number of LIM applications.
- Number of parking infringements issued
- Number of enforcement/prosecutions undertaken

#### 4.4.1 Possible Demand-related Responses

It is anticipated that Council's property files will be digitised by 2028 and that the electronic lodgement of all types of applications will also be available by 2028. If, however, the demand from the community for these electronic based services is greater than anticipated, the resourcing of these projects may need to be increased so that they are available sooner.

Response	Pro (Outcome)	Contra (Outcome)
Increase resource for digitising property files	Electronic property files are available ahead of current schedule	Additional staff resource allocation for this project
Increase resource for developing electronic processes	Electronic lodgement, processing and inspection is implemented ahead of current schedule	Additional staff resource allocation for this project
Development of a combined RMA plan for Southland before 2028	A consistency of approach for development across Southland	The investment in the reviewed District Plan (which has a life of 10 years) will not be fully realised Political commitment to this process will be required

#### 4.4.2 Managing Expectations

Regulatory Services is responding to community expectations with respect to processing times for applications and greater use of digital technology. The expectations relating to earthquake-prone buildings and heritage are yet to be clarified and public consultation on options will be developed towards the end of 2017/early 2018.

## 5. Asset Profile

### 5.1 ASSET OVERVIEW

With respect to assets, the Regulatory Services Activity relies on the Finance and Corporate Services Directorate of Council providing it with a building and technology suitable for the operation of our Activities. The Activity owns vehicles, which are purchased and maintained in accordance with Council's Vehicle Policy. Other incidentals, such as mobile phones, iPads, noise monitors and moisture meters, are managed and calibrated by individual managers.

The Environmental Health and Compliance Manager has entered into a Service Level Agreement with the Building Assets Team of the Works and Services Directorate of the Invercargill City Council to manage the Animal Care Facility at 11 Lake Street. The Assets Team is responsible for the buildings and plant maintenance. Contractors are engaged to carry out electrical, mechanical and specialty maintenance work. The Animal Care Facility is owned by Invercargill City Council and a Licence to Occupy five bays with Southland District Council. In 2017 an outdoor exercise area was developed with four separate enclosures.

## 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).*

#### 6.1.1 Social and Cultural

The Regulatory Services Activity sets, implements and enforces minimum standards for development and activity within the District which enables the community to operate with a low level of nuisance e.g. the District Plan contains maximum limits for noise which ensures the community is not subject to excessive noise throughout the day. The Animal Services Activity also controls wandering dogs and places additional responsibility on owners of dogs which are aggressive and dangerous. Premises where food and alcohol are served are audited to ensure businesses provide the services in a safe and responsible manner.

The enforcement of legislation and Council policies can be viewed by some members of the community as having a negative impact on their lifestyle. For example, the owner of a dangerous or menacing dog may feel that it is an imposition to adequately fence their property, desex their dog or for the dog to wear a muzzle in public. Likewise, the manager of a licensed premises may feel that the imposition of closing hours may have a negative impact on their business's profitability.

#### 6.1.2 Environmental

Minimum environmental standards for development are detailed in the Building Act. The District Plan promotes sustainable development through a range of methods such as containment of stormwater in rural areas for domestic irrigation, the promotion of renewable energy sources and the protection of indigenous biodiversity. A significant sustainability discussion occurring in the Central Business District is the sustainability of heritage buildings given increasing building maintenance costs and the potential need to strengthen masonry buildings against earthquake damage.

Developers may feel that adherence to legislation may slow the progress of their development and incur additional costs that they feel are not value for money. For example, a development may require a resource consent because it does not comply with the car parking environmental standard. The ongoing need for a current Warrant of Fitness for a commercial building to ensure that all life safety systems have been regularly checked and maintained can also be seen as a procedural as well as a financial impediment.

### **6.1.3 Economic and Financial**

Regulatory Services is funded both via rates and through user charges. The ongoing operational expenditure of the Activity also includes expenditure for service and loans which have been raised to fund the Animal Care Facility.

The philosophy for Regulatory Services is for the ratepayers to fund the development of policies and plans and the resourcing of customer enquiries. Fees and charges have been structured to enable applicants to pay the full cost of the processing and inspection of their applications.

Councillors recognise this tension between the public and private good of the services offered, and this is often realised in submissions to the proposed fees and charges.

An overarching sustainability matter for the Regulatory Services Activity is the ongoing ability to attract and retain professional staff. Retaining contracts with other councils is one way of ensuring there is a critical mass of professional and technical expertise.

### **6.1.4 Summary of Sustainability Challenges and Issues**

Council is constantly recalibrating the balance between the community's expectations for enforcement of its regulatory powers and what is acceptable community behaviour e.g. dog ownership versus barking dog nuisance and dog attacks.

## **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.

In order to achieve the objectives for the Regulatory Services Activity there are some common risks across this Activity:

- Securing and maintaining a work force who have the appropriate technical, professional and customer service attributes. This risk is experienced by some smaller local authorities but is not our current experience.
- The move to greater utilisation of technology is unable to be realised either through a lack of resourcing or the unavailability of corporate computer systems such as Council's website. Corporate support services are available to enable the website to be regularly updated and applications to be lodged electronically.
- Adherence to legislation. The employment of an in-house solicitor reduces the risk associated with officers undertaking functions beyond their

responsibilities under legislation and reduces the risk of inadequate investigations.

#### **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

Activity	Risk Event	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					
Planning Services (Objectives (a) and (b))	District Plan becomes outdated	District Plan Changes not being undertaken.	1	3	3	2	4	2	2.35	E	L	Undertake District Plan review. Present issues to Regulatory Services Committee for direction.	No change.		
Planning Services (Objective (h))	Implementation for triennial revaluation not passed by the Office of the Valuer General	Inconsistencies with revaluation process and non-compliance with the legislation and rules applying to revaluation	1	5	5	4	5	4	3.85	D	M	Engage external consultants experienced in mass appraisal for rating valuations.	No change		
Building Services (Objectives (a), (b) and (e))	Accreditation as a Building Consent Authority is not retained	Non-compliance with adopted quality system	1	5	1	2	5	1	2.15	E	L	Retaining accreditation and addressing issues raised during the IANZ accreditation process.	Continuous Improvement of the Quality Management System is undertaken through staff input and internal audits.		

Activity	Risk Event	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	
Environmental Health and Compliance (Environmental Health Objective (a), Parking Activity Objective (b), Animal Services Objectives (a) and (b))	Serious harm to staff members	Violence during site investigations and visits.	5	1	1	1	3	4	2.60	D	M	External contractors provide high risk services, e.g. Noise control Staff receive training on how to keep themselves safe during visits to private property.	No change.	
Environmental Health and Compliance (Environmental Health Objective (a))	Accreditation under the Food Act 2014 is not retained	Non-compliance with adopted quality system	1	5	1	2	5	1	2.15	E	L	Retaining accreditation and addressing issues raised during the MPI accreditation process.	Continuous Improvement of the Quality Management System is undertaken through staff input and internal audits.	

### 6.2.3 Summary of Key Risk Issues

The key risk for Regulatory Services is the adequate resourcing of the activity to enable the service to provide the levels of service, detailed in this activity plan, and to respond to any significant changes to legislation.

### 6.2.4 Possible Approaches to Risk Mitigation

Risk Caused By	Current Practice	Recommended Actions
Changes to legislation	Undertake the development of responses in-house	To engage external consultants when the demand exceeds in-house resource capacity
Significant increase in applications lodged	To engage external consultants or other territorial authorities to assist with processing of applications	No change to current practice

## 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**

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.

The Regulatory Services Activity does not currently have a business continuity plan and this is a matter that needs to be addressed Council wide.

**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. (Add to Improvement Plan)

**6.3.3 Summary of Resilience Issues and Challenges**

Training and retaining competent staff, along with the implementation of the Quality Manual, are the key resilience matters facing Regulatory Services.

## 7. Managing Our Activities

### 7.1 RESPONDING TO THE ISSUES AND CHALLENGES

Topic	Issue or Challenge	Potential Responses
Greater use of technology	Community demand for digitised property files	<ul style="list-style-type: none"> <li>To undertake digitisation process in-house.*</li> <li>To contract out the digitisation process.</li> <li>To not provide the service.</li> </ul>
	An increasing number of application types that can be lodged electronically.	<ul style="list-style-type: none"> <li>Develop a shared service for electronic lodgement with other Southland councils.</li> <li>Develop an ICC electronic lodgement process.*</li> <li>To not provide the service.</li> </ul>
	An increasing proportion of applications lodged electronically	<ul style="list-style-type: none"> <li>Promotion of the electronic lodgement service.*</li> <li>Changes in the fee structure to encourage electronic lodgement.*</li> <li>To not accept paper based applications after a specified date.</li> </ul>
	Tracking progress of applications lodged with Council.	<ul style="list-style-type: none"> <li>Enable applicants to check the status of their application on line.*</li> <li>Respond to telephone requests regarding the progress of applications.*</li> </ul>
Response to legislative change.	Amending Council's plans and processes to reflect legislative changes.	<ul style="list-style-type: none"> <li>Develop a shared service approach to policy and plan development with other Southland councils.*</li> <li>Council develops its own policy.*</li> <li>Don't respond to changes in legislation and potentially lose accreditation.</li> </ul>

Topic	Issue or Challenge	Potential Responses
Fees and charges	Balance of public/private good associated with Regulatory Services.	<ul style="list-style-type: none"> <li>• Council rates subsidise the cost associated with processing and inspecting applications.</li> <li>• There is a profit margin associated with fees for applications.</li> <li>• Costs associated with applications equal Council fees.*</li> </ul>
Heritage initiatives for earthquake prone buildings	Developing incentives that building owners want to apply for because they are seen as sufficient value.	Incentives yet to be developed by Council.

\* Indicates Council's current preference.

### 7.1.1 Programmes Evaluation

Council has previously determined to undertake digitisation of property files in-house to be funded in part from reserves. Resources have been purchased and staff engaged to undertake this function.

Council currently accepts electronic lodgement for resource consents and LIM applications. Council's Pathway computer system can be expanded to accept other regulatory applications.

Electronic lodgement of applications is currently being promoted. Some Councils offer a fee reduction for applications that are lodged electronically, which reflects the reduction in administrative time associated with lodgement of applications. Council is yet to determine whether it will offer a fee reduction.

Applicants currently phone to ascertain progress with applications. Some Councils allow applicants to track their application's progress through their websites. Council has indicated that it would like to provide this service.

Where possible, plans are jointly developed with other Southland Councils. Where there is a unique set of circumstances, an issue affecting only one Council, or Councils have a different direction, individual Council plans are developed.

Council currently operates a User-Pays philosophy for regulatory services fees and charges. The Ease of Doing Business workstream of the Southland Regional Development Strategy identified the need for all Councils to have the same building consent fees. There is ongoing discussion with the Southland Councils on this matter.

Council has indicated that it wishes to develop financial incentives for owners of earthquake prone buildings with heritage values.

## 7.2 OPERATIONS

### 7.2.1 Operation Strategy

Council currently provides its services in-house and it is its intention to continue with this service delivery model. When applications are lodged for processing they are entered into Council's corporate computer system which enables information on processing and inspections to be stored in a manner that is easily retrievable and data is saved in a robust document management system. There is an increasing desire to provide customers with options on how they engage with us, and over the next 10 years there will be an increasing opportunity for people to access our services on line.

Council's Pathway computer system enables data associated with applications to be stored and there is opportunity for extensive reporting on the data contained within this system. The Regulatory Services Activity has no control over the number of applications or registrations lodged. The Activity does need to be able to efficiently and effectively record tasks undertaken within the computer system so that the community and Council can rely on the data required for key performance indicators. For example, it is essential that staff processing building and resource consents use the computer system to identify when an application has been placed on hold while awaiting further information. This practice enables activity managers to have confidence when reporting the number of working days required to process individual consents. The internal auditor has a programme of audits of staff groups to ensure that the processes detailed in the Directorate's Quality Manual are being consistently applied.

Where possible Southland councils work together to share services and align policies e.g. local alcohol policy and dog control bylaws.

### 7.2.2 Operation Standards and Specifications

Standards and regulations that support Regulatory Services include:

Standard or Regulation	Application
Section 39B Resource Management Act 1991	Hearings Panel members and Chairs are accredited and accreditation renewed.
Building (Accreditation of Building Consent Authorities) Regulations 2006	IANZ accreditation maintained.
Rating Valuations Regulations 1998	A clear audit by the Auditor General obtained for three-yearly revaluation.
Food verification, Section 35 of the Food Act 2014	Notice of Recognition by Ministry for Primary Industries obtained and retained.
Animal Welfare (Dogs) Code of Welfare 2010	Processes have been developed to ensure adherence to the Code.

### 7.2.3 Operation Options and Alternatives

As part of its 17A review, Council explored contracting out, contracting in, and the in-house delivery of Regulatory Services. Because of the specialised nature of this activity and the need to retain corporate knowledge in-house, Council's preference is to provide this service in-house. Contractors are engaged for specialist services e.g. rating valuations, or where the service is intermittent

e.g. hearing commissioners or for after-hours services e.g. animal control and noise complaints.

### **7.3 ASSET RENEWAL/REPLACEMENT**

Council has a memorandum for service with Council's building assets team who maintain the Animal Care Facility at Lake Street.

### **7.4 RECOMMENDED PROGRAMME**

The Regulatory Services Activity has identified a number of changes to the service it wishes to deliver and these have been confirmed by the business community and elected representatives and incorporate the recommendations of the Southland Regional Development Strategy Ease of Doing Business workstream. These have been incorporated into the Activity Plan and are reflected in the levels of service proposed for this activity.

### **7.5 HOW THE ACTIVITY WILL BE RESOURCED**

#### **7.5.1 Internal Resourcing**

The Regulatory Services activity comprises three specialist teams and associated support services. These services are provided Monday to Friday from 8.00 am to 5.00 pm with animal services also provided in-house on Saturdays from 8.00 am to 5.00 pm and parking compliance services Saturdays from 10.00 am to 3.00 pm. The three specialist teams are:

- Building Services who implement the Building Act.
- Planning Services who provide resource management services, property maintenance and rating valuation services, as well as support for the District Licensing Committee.
- Environmental Health and Compliance Services who provide animal control, parking compliance, environmental health (including food and alcohol services) and environmental compliance.

Council's 17A Review concluded that Council would continue to provide and undertake the performance of regulatory functions in-house.

#### **7.5.2 Procurement Strategy**

Council has contracts in place with other service providers for the delivery of Regulatory Services not provided in-house, and for the provision of services to neighbouring councils.

Regulatory Services has developed written contracts for the following services:

- Provision of after-hours animal services to the SPCA
- Assessment of building inspectors for competencies under the Building Code
- Noise control response contract with Armourguard.
- Rating valuation contract with Quotable Value.

Invercargill City Council provides the following services to neighbouring councils:

- Animal services as required to Southland District Council
- Licence to occupy (5 bays) by Southland District Council at the Lake Street animal care facility.

- Food Act services to Gore District Council.
- Environmental health and alcohol services to Clutha District Council.
- The Southern Cluster Building Control Group agrees to support other councils with the processing and inspection of building consents as required.

## 8. Financial Management

### 8.1. **Overview**

Regulatory Services is funded from a mix of rates contribution and fees and charges.

The Southland Regional Development Strategy includes a workstream called Ease of Doing Business, which includes a review of building consent fees region-wide with a view to having a consistent fees structure across Southland for building services. The results of this review will be incorporated into the next Long Term Plan.

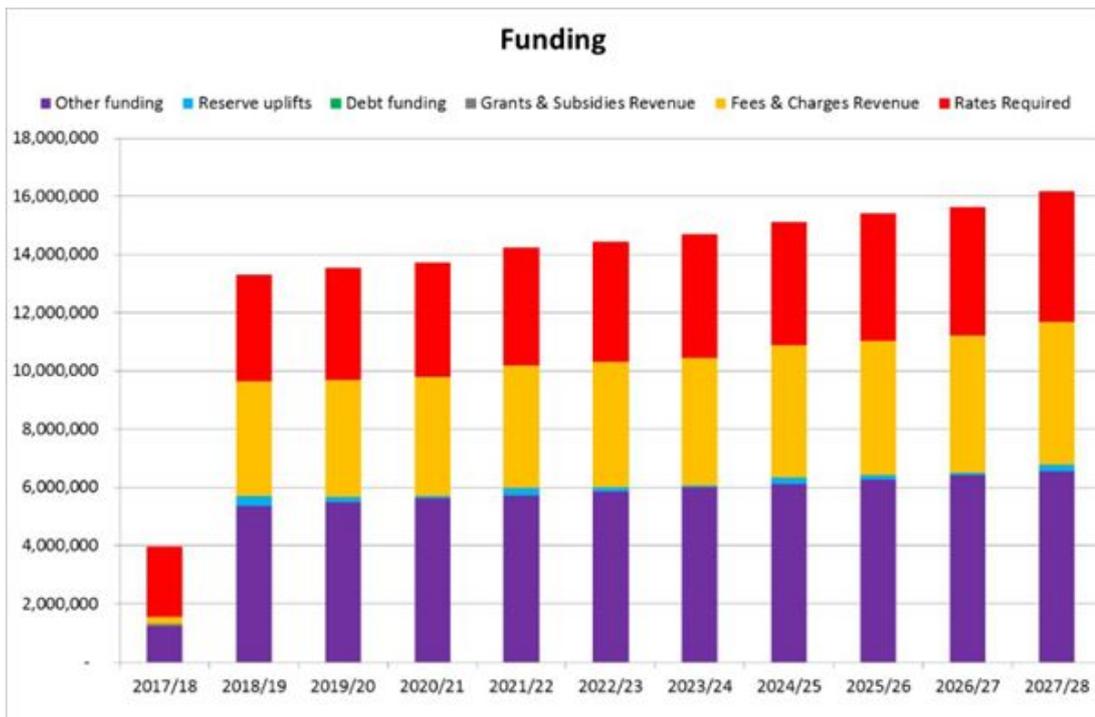
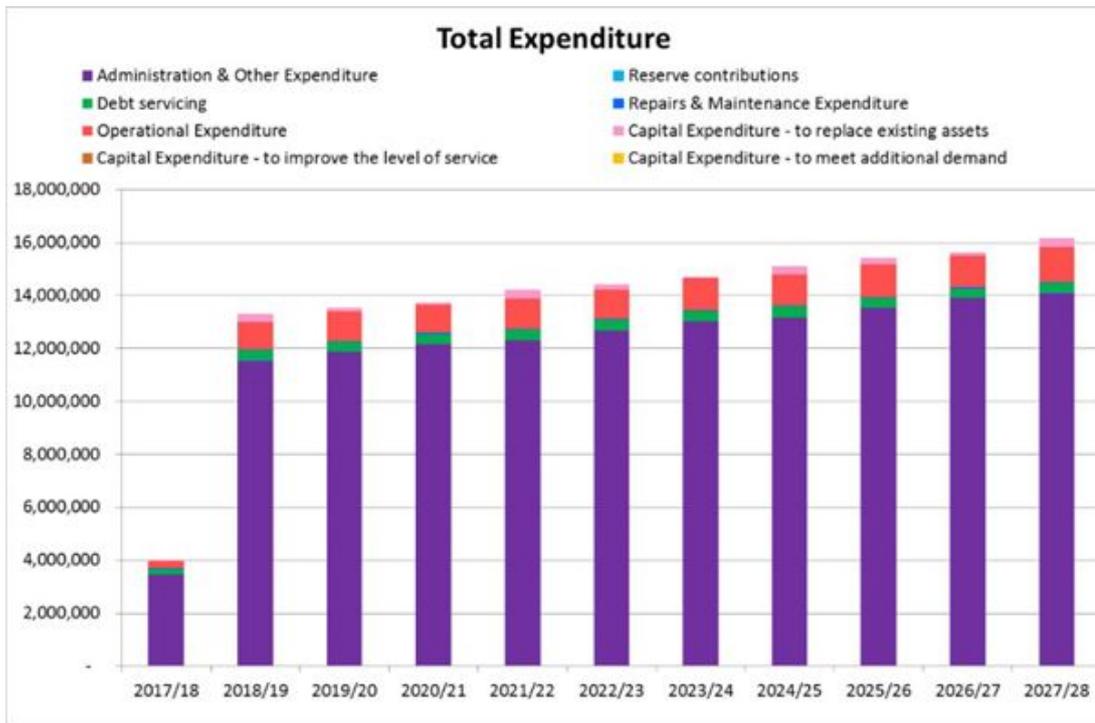
**8.2 FINANCIAL SUMMARY - WHAT THE ACTIVITY COSTS**

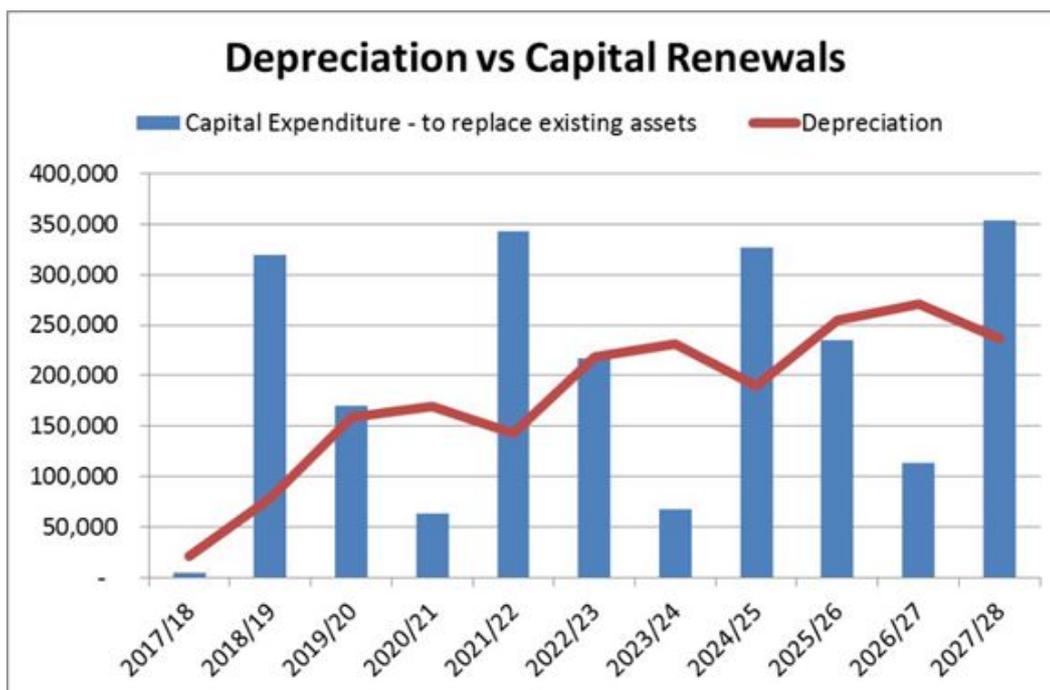
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Annual Plan	LTP									
Internal Revenue	1,243,942	4,818,971	4,926,871	5,037,291	5,141,536	5,255,221	5,372,974	5,483,274	5,610,813	5,737,766	5,860,411
Fees & Charges Revenue	222,472	3,955,917	4,016,069	4,104,422	4,222,794	4,291,198	4,389,895	4,525,339	4,607,634	4,727,433	4,887,567
Grants & Subsidies Revenue	70,000	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	2,065	552,782	564,842	585,440	595,526	607,153	629,054	639,826	652,645	678,035	690,741
<b>Total Revenue</b>	<b>1,538,479</b>	<b>9,327,670</b>	<b>9,507,782</b>	<b>9,727,153</b>	<b>9,959,856</b>	<b>10,153,573</b>	<b>10,391,923</b>	<b>10,648,438</b>	<b>10,871,093</b>	<b>11,143,234</b>	<b>11,438,720</b>
Internal Expenditure	1,281,070	6,537,147	6,684,045	6,834,484	6,984,921	7,139,903	7,301,093	7,460,990	7,638,770	7,812,762	7,993,882
Staff Expenditure	1,890,949	4,591,453	4,687,337	4,777,715	4,873,662	4,975,669	5,071,788	5,174,063	5,282,841	5,385,514	5,494,807
Administration Expenditure	172,164	304,016	315,049	334,200	330,131	336,632	357,445	353,783	361,455	384,929	382,102
Financial Expenditure	142,776	314,056	318,881	324,252	327,744	331,516	335,913	339,571	345,048	353,344	362,885
Grants & Subsidies Expenditure	104,577	128,400	90,345	71,443	73,014	74,694	76,412	78,246	80,202	82,287	84,509
Repairs & Maintenance Expenditure	9,183	38,000	38,632	39,481	40,350	41,278	42,228	43,241	44,322	45,474	46,702
Operational Expenditure	284,508	1,032,700	1,092,211	1,074,461	1,145,067	1,106,975	1,177,121	1,164,190	1,235,506	1,219,508	1,306,797
Depreciation Expenditure	21,259	79,083	159,088	169,332	142,664	218,846	231,807	189,973	255,242	270,509	236,812
<b>Total Expenditure</b>	<b>3,906,487</b>	<b>13,024,855</b>	<b>13,385,587</b>	<b>13,625,368</b>	<b>13,917,554</b>	<b>14,225,513</b>	<b>14,593,805</b>	<b>14,804,057</b>	<b>15,243,386</b>	<b>15,554,327</b>	<b>15,908,496</b>

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

<b>Operating Surplus / (Deficit)</b>	<b>(2,368,008)</b>	<b>(3,697,185)</b>	<b>(3,877,805)</b>	<b>(3,898,215)</b>	<b>(3,957,698)</b>	<b>(4,071,940)</b>	<b>(4,201,882)</b>	<b>(4,155,618)</b>	<b>(4,372,293)</b>	<b>(4,411,094)</b>	<b>(4,469,776)</b>
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	4,329	319,000	169,652	63,714	342,656	217,311	68,145	327,167	235,681	113,084	353,355
<b>Capital Expenditure</b>	<b>4,329</b>	<b>319,000</b>	<b>169,652</b>	<b>63,714</b>	<b>342,656</b>	<b>217,311</b>	<b>68,145</b>	<b>327,167</b>	<b>235,681</b>	<b>113,084</b>	<b>353,355</b>
<b>Proceeds from Asset Disposal</b>	<b>0</b>	<b>(98,000)</b>	<b>(59,276)</b>	<b>(18,801)</b>	<b>(106,746)</b>	<b>(74,257)</b>	<b>(20,108)</b>	<b>(100,667)</b>	<b>(82,078)</b>	<b>(33,685)</b>	<b>(108,725)</b>
<b>Debt movements</b>	<b>57,605</b>	<b>53,214</b>	<b>55,454</b>	<b>57,877</b>	<b>61,104</b>	<b>64,511</b>	<b>68,647</b>	<b>70,340</b>	<b>19,279</b>	<b>0</b>	<b>0</b>
<b>Reserve movements</b>	<b>(4,129)</b>	<b>(308,729)</b>	<b>(188,281)</b>	<b>(78,604)</b>	<b>(216,480)</b>	<b>(151,534)</b>	<b>(56,343)</b>	<b>(204,417)</b>	<b>(161,162)</b>	<b>(86,368)</b>	<b>(218,358)</b>
<b>Cash Back Depreciation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>
<b>Rates Required</b>	<b>2,425,814</b>	<b>3,662,670</b>	<b>3,855,354</b>	<b>3,922,401</b>	<b>4,038,231</b>	<b>4,127,971</b>	<b>4,262,223</b>	<b>4,248,042</b>	<b>4,384,013</b>	<b>4,404,125</b>	<b>4,496,048</b>

### 8.2.1 Council Funded Programmes





Note: from 2018/2019 onwards, Earthquake Buildings and Urban Rejuvenation now forms part of Regulatory Services. These were previously separate projects.

### 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's projected operating revenues are set at a level sufficient to meet the year's 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, for example a 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

The general philosophy is that policy development and public enquiries and monitoring of the environment are funded from rates, and applications are

funded on a user-pays basis. Fees and charges are reviewed annually along with public consultation on proposed changes.

Activity Area	Sub-Grouping	Activity	Who benefits	Funding Sources	Overall Proportion
<b>Planning Services</b>	Resource Management	Policy Development	Public through policy development.	Rates	Rates 80-90%
		Public enquiries	Public advice	Rates	
		Consents	Public through knowledge that environmental effects of activities are managed.  Private through knowledge that an activity is legally established.	Rates and User Charges	User Charges 10-20%
	Property Valuation Database	Rating revaluation	Public through consistent valuation values	Rates	Rates 100%
<b>Building Services</b>		Public enquiries	Public advice	Rates	Rates 20-30%
		Consents	Public through knowledge that buildings are safe.  Private through owners assured minimum standards have been achieved.	Rates and User Charges	User Charges 70-80%

Activity Area	Sub-Grouping	Activity	Who benefits	Funding Sources	Overall Proportion
Environmental Health and Compliance Services	Food	Licensing	Public through knowledge that food premises are safe.  Private through independent review of safe food practices.	Rates and User Charges	Rates 80-90%  User Charges 10-20%
	Environmental Health	Registrations	Public through knowledge that premises are safe.  Private through owners assured minimum standards have been achieved.	Rates and User Charges	
		Public Enquiries	Public advice	Rates	
	Animal Control	Dog Control	Public education on dog related matters.  Dog owners meet minimum dog behaviour standards.	Rates and User Charges	Rates 0-10%  User Charges 90-100%
		Non-Dog Control	Public enquiries are investigated and resolved	Rates	
	Parking Compliance		Public have access to public parking spaces in high demand areas.	User charges	User Charges 100%
Alcohol	District Licensing Committee Support		Public through policy development  Private through processing of licence applications.	Rates and User Charges	Rates 0-10%  User Charges 90-100%
	Inspectorate		Public through knowledge that licensed premises are safe.  Private through consideration of applications and inspection of premises.	User Charges	

In 2017 Council appointed a Reserve Task Force to review the reserves held. As at June 2017 the Regulatory Services Activity had nine reserves totalling \$1,572,285.41 which are summarised as follows:

<b>Reserve Name</b>	<b>Balance (\$)</b>	<b>Reserve Purpose</b>
Plant replacement and loss of service potential	508,760.62	Depreciation Reserve
Environmental legal proceedings	222,044.34	Consultants
Civil Defence	33,083.66	For future Civil Defence requirements.
Liquor licencing	(47,117.22)	Operational Surplus(deficit) 3-yearly equalisation
Dog control	204,315.93	Operational Surplus
Valuation services	137,000.00	Valuation contract 3-yearly equalisation
Urban renewal	71,474.09	Urban Rejuvenation projects
Digitisation project	342,724.00	Property File Scanning Project.
Earthquake prone buildings	100,000.00	Financial incentives for heritage buildings
<b>Total</b>	<b>1,572,285.41</b>	

## 8.5 CONFIDENCE LEVELS IN PROGRAMMES

Section 4.1.2 identified the change in demand for Regulatory Services. Because there is limited projected change Council has a level of confidence that the projected income and expenditure is reliable. It is accepted, however, that within the Building Services area the make-up of the number of applications does have a significant impact on the fees generated. For example, the fees generated from 10 building consents for replacement of heaters is significantly different to the fees generated from 10 building consents for new dwellings. There is no reliable way that staff can project with any accuracy the number and type of applications that will be lodged in any one year.

## 8.6 RELIABILITY OF FINANCIAL FORECASTS

### 8.6.1 Revenue Forecasts

Income for Regulatory Services is almost entirely development driven. Building and resource consent applications, as well as registration of food and licensed premises, are all reflectors of the economic conditions within the District. Changes in the economy directly impact on the number of applications being lodged as well as their complexity/value. During periods of slow economic growth the number and value of new buildings being erected is lower than in periods of prosperity.

Dog registrations are a reflection of the community's desire for animal ownership. Whilst the number of dog registrations has increased over the last three years, staff believe that this is a reflection of active education and enforcement resulting in previously unregistered dogs being registered; as opposed to an increase in the overall dog population.

### **8.6.2 Operational Forecasts**

Staff related costs comprise the majority of operational expenditure within Regulatory Services. Any increases in expenditure would be reflected in the fees and charges associated with the services offered.

### **8.7 SUMMARY OF PROGRAMME ASSUMPTIONS**

Section 2.4 identified key assumptions for this Long Term Plan. It is assumed that the local economy will continue to grow and diversify. Changes in the local economy are directly reflected in the number of building and resource consent applications received. While the assumption implies ad growth in the economy, changes in legislative requirements for both the Resource Management Act and Building Act will mean that numbers are likely to remain static even if there is a small growth in the economy. Amendments to the RMA, which became effective in October 2017, mean that for some minor developments a resource consent application is no longer required. Schedule 1 of the Building Code details exempt building work, and amendments to this schedule may mean that activities, such as strengthening of buildings for earthquake reasons, may be exempt.

The Regulatory Services Activity is relying on the technology assumption, which implies that there will be an ever growing demand for electronic services. This assumption forms the basis for the projects associated with customers being able to lodge applications and staff being able to process, issue and inspect applications. The digitisation of property files project will support the move to being able to provide electronic services to our customers.

## 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.

The Bluff Community Board is established as a smaller committee who reports to Council on behalf of the Bluff area and deals with any issues relating to their area. The Board provides input into the development of Council policies and resource consent applications located within the Board area.

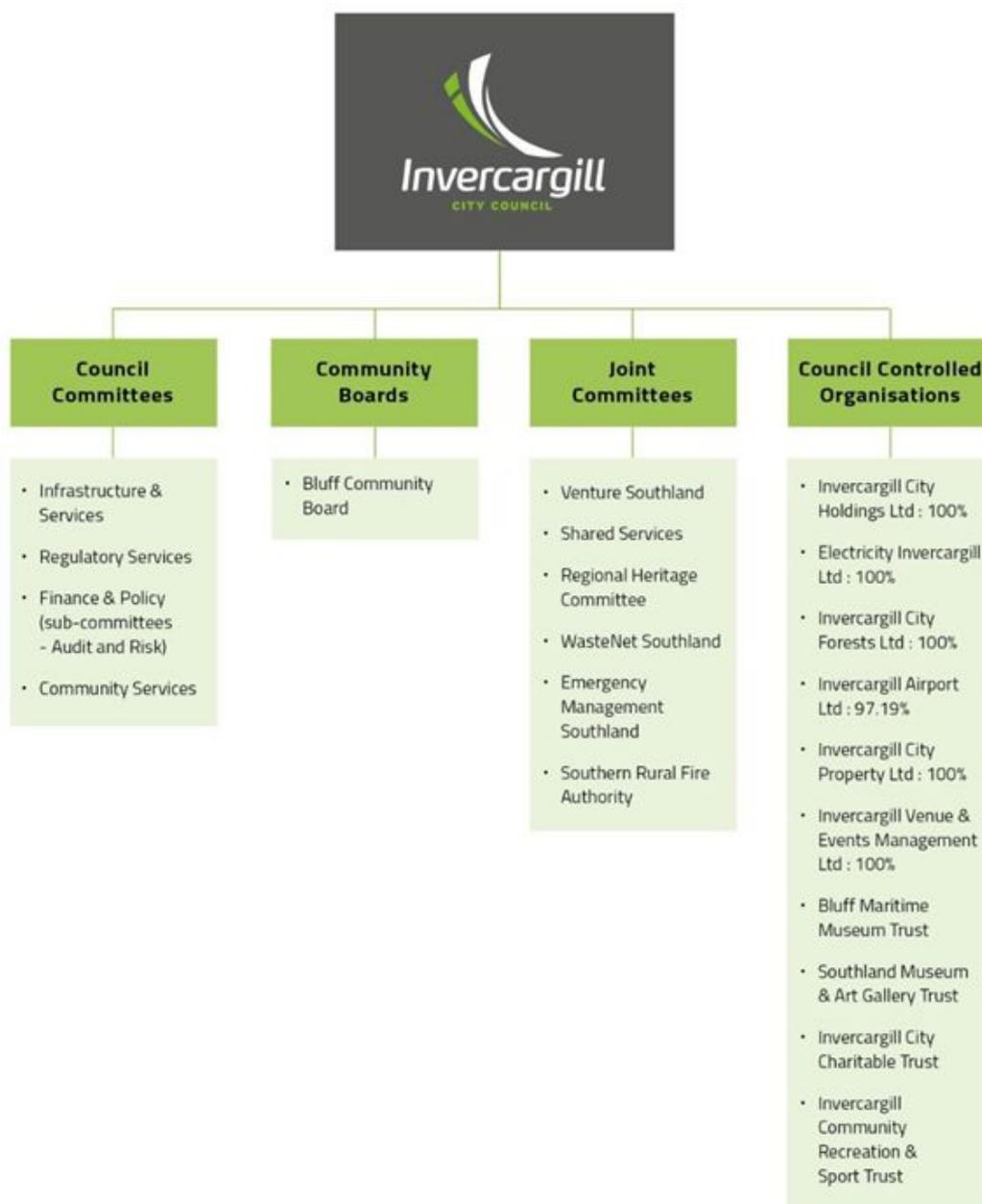
The Regulatory Services Committee is responsible for services which implement and enforce minimum standards for development and behaviour. Its objectives are to provide and monitor development and regulatory services which implement Government legislation in the Invercargill environment. This is achieved through information and promotion followed by enforcement.

*The Regulatory Services Standing Committee:*

- Monitors performance against the Long Term Plan.
- Reviews existing activity plans, policies, bylaws and strategies and, if no longer fit for purpose, refers these back to the full Council for consideration.
- Develops new or revises activity plans, policies, bylaws and strategies for consideration by the full Council.
- Liaises with relevant stakeholders.

Council's Hearings Panel is responsible for hearing, considering and deciding applications under the Resource Management Act 1991, Dog Control Act 1996, and Gambling Act 2003. Its objective is to provide quality decision making through equitable, efficient hearings and the drafting of robust decisions by trained panel members. Independent commissioners are used where a conflict of interest is identified, or on the request of an applicant.

The Invercargill District Licensing Committee is responsible for considering and determining licence applications, renewals, variations, suspensions and cancellations in accordance with the Sale and Supply of Alcohol Act 2012. It is also responsible for considering and determining applications for temporary authority and conducting enquiries and making reports to the Alcohol Regulatory and Licensing Authority under that Act.



## 9.2 STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS

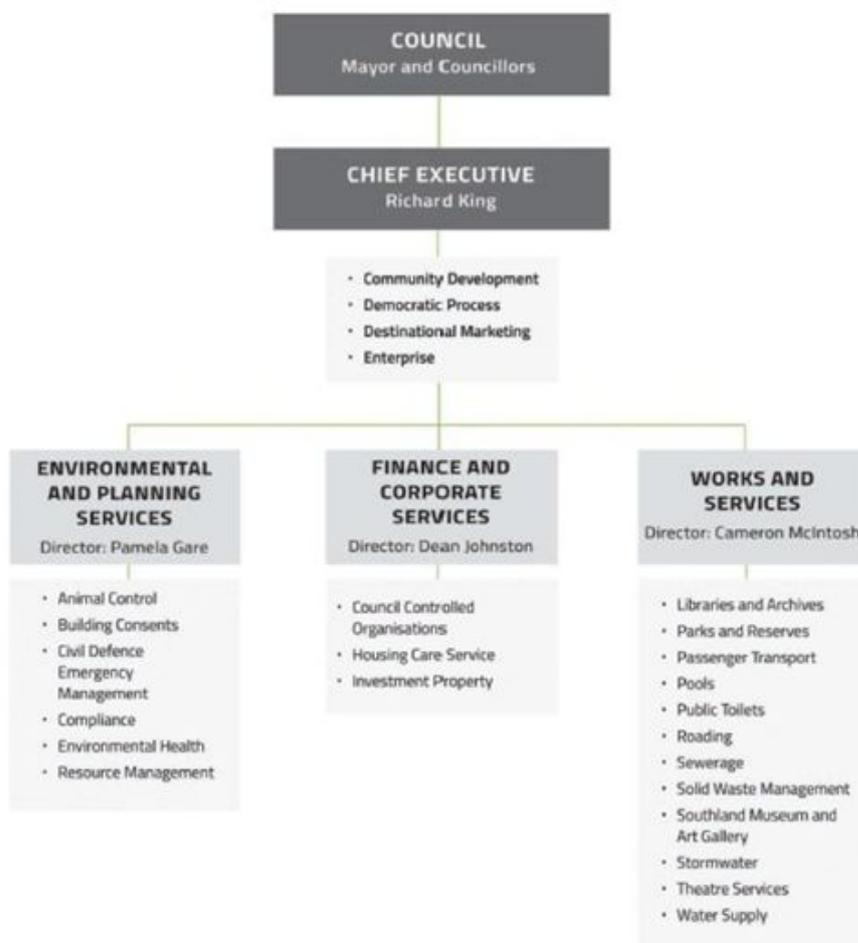
Council currently utilises a myriad of methods to engage in consultation with members of the community. The Local Government Act 2002 states specific methods of consultation to be utilised by Council for certain processes, Council adds to this through innovative and community-tailored engagement techniques.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

Section 3.1.2 of this Plan details how the Regulatory Services Activity specifically engages with the community over environmental issues.

### 9.3 BUSINESS PROCESSES



The Regulatory Services Activity is a function of Council which reports directly to it via the Regulatory Services Committee. There are no Council organisations or Council Controlled Organisations within this Activity.

Council staff operates under a Delegations Register (**Appendix 1.10**) that is adopted by Council. The 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.

The Regulatory Services Activity operates a quality management system. The Building Consent Authority quality system is externally audited by IANZ on a two-yearly basis and the food quality system is externally audited by MPI in early 2018, with subsequent audits determined thereafter.

### 9.4 INFORMATION SYSTEMS AND DATA

#### 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 is complied with;
- *Internet-enabled customer self-service* - ePathway enables Council customers to conduct local government e-commerce online.

### **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.

### **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 displays how places are related which helps 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. The AX system also provides the Council reconciliation control environment, maintaining such control as GST and FBT obligations, bank reconciliations, as well as 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.

### **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

### 9.5.1 Monitoring Approach

The Regulatory Services Committee receives six weekly reports, which monitor the levels of service for activities through a combination of software systems and data analysis. The financial performance, key performance indicators and levels of service are monitored and measured against those from the Long Term Plan.

Under the Directorate's quality system an annual report is presented to the Executive, which identifies the technical objectives for the previous 12 months, achievement of these objectives and setting new objectives for the following 12 months.

Annual reports on activity are also provided to the Ministry for the Environment, Alcohol Regulatory and Licensing Authority, Ministry of Building, Innovation and Employment, Department of Internal Affairs, and Ministry for Primary Industries.

The Regulatory Services Activity relies heavily on policies, plans and bylaws. Ensuring that these remain current is key to providing a service that reflects the community's expectations (through the submission process) and can be robustly enforced.

Key document	Responsible Person	Target Date for Completion
Bylaw 2015/1 – Dog Control	Corporate Planner and Manager of Environmental Health and Compliance	July 2020
Bylaw 2008/1 – Environmental Health	Corporate Planner and Manager of Environmental Health and Compliance	January 2018
Bylaw 2013/2 – Keeping of Animals, Poultry and Bees	Corporate Planner and Manager of Environmental Health and Compliance	September 2018
Bylaw 2015/2 – Parking Control (Enforcement)	Corporate Planner and Manager of Environmental Health and Compliance	March 2021
Dog Control Policy 2015	Corporate Planner and Manager of Environmental Health and Compliance	July 2018
Class 4 Gaming Venues Policy 2015	Corporate Planner and Manager of Environmental Health and Compliance	September 2018
Board Venues Policy 2015 (TAB Venues)	Corporate Planner and Manager of Environmental Health and Compliance	September 2018
Combined Local Alcohol Policy 2014	Corporate Planner and Planning Manager	May 2018
Combined Local Approved Products Policy 2014 (Psychoactive Substances)	Corporate Planner and Manager of Environmental Health and Compliance	January 2018
Dangerous Buildings Policy 2013	Corporate Planner and Building Services Manager	January 2018
Insanitary Buildings Policy 2013	Corporate Planner and Building Services Manager	March 2018
Invercargill City Council Pandemic Management Plan 2005	Corporate Planner and Manager of Environmental Health and Compliance	To be confirmed
Noise Control Policy 2015	Corporate Planner and Manager of Environmental Health and Compliance	October 2018
Parking Exemptions – Elected Representatives Policy 2017	Corporate Planner and Manager of Environmental Health and Compliance	August 2020
Parking Exemptions – Drivers Over the	Corporate Planner and Manager of	August 2020

Age of 80 Years Policy 2017	Environmental Health and Compliance	
Resource Management Infringement Offence Policy 2015	Corporate Planner and Planning Manager	October 2018
Invercargill City District Plan	Planning Manager	July 2018
Rural and Urban Addressing Policy	Corporate Planner and Planning Manager	January 2018
Asbestos Liaison Protocol Southland 2017	Corporate Planner and Planning Manager alongside Worksafe	August 2019
Oreti Beach Memorandum 2016	Corporate Planner and Manager of Environmental Health and Compliance	August 2019
Contaminated Land Protocol 2013	Manager of Environmental Health and Compliance alongside Environment Southland	June 2018

### 9.5.2 Frequency of Review

These measures are published yearly in the Annual Report with commentary from Managers as to the level of service against the estimated measure.

## 10. Continuous Improvement

### 10.1 IMPROVEMENT PROGRAMME

Item – Level of Service Improvement	Relative Urgency						Smart Objective	Responsible Person	Target Date for Completion	*Status
	1	2	3	4	5	6				
Annual review of Directorate Quality Manual	X						Annual review received by Chief Executive	Director of Environmental and Planning Services	November 2017	IP
Review of Risk Management Practices		X					Council-wide review undertaken	Corporate Planner	June 2019	NS
Business Continuity Plan		X					Council-wide plan developed	Corporate Planner	June 2019	NS
Review fees and charges		X					Annual review and adoption of Fees and Charges	Corporate Planner and Director of Environmental and Planning Services	June 2018	NS
Annual customer service training		X					Training undertaken annually	Director of Environmental and Planning Services, Human Resources Manager	November 2017	IP
Reporting on Levels of Service			X				Processes refined for consistent reporting and staff training undertaken	Director of Environmental and Planning Services	November 2028	NS
Digitisation of property files			X				All property files digitised	Planning Manager	2028	IP
Digital lodgement of applications		X					Applications can be lodged electronically	Director of Environmental and Planning Services	2027	IP

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Item – Level of Service Improvement	Relative Urgency						Smart Objective	Responsible Person	Target Date for Completion	*Status
	1	2	3	4	5	6				
Amended data collection and reporting from Pathway computer system		X					Reports developed for levels of Service	Director of Environmental and Planning Services and Information Technology Manager	June 2018	NS
Review of requests for service procedure				X			Council wies review of procedure	Executive	2020	NS

**10.2 IMPROVEMENTS FROM PREVIOUS ACTIVITY MANAGEMENT PLANS**

Section	Item from 2014 Activity Plans	Target Completion Date	Progress
Planning Services	Development of plan changes and review of District Plan	Started 2011	Consideration of appeals 2017/2018
	Ensure all people hearing and deciding resource consents and plan changes have appropriate qualifications	Annual Review	All Hearing Panel members certified as Hearing Commissioners
	Increasing community's awareness of sustainable management	Annually	Annual review of website content and employment of information officer in 2017
	Implementation of electronic lodgement for applications	2016	Electronic lodgement available in 2017
Building Services	Retain accreditation as a building control authority	2016 IANZ Audit	Accreditation retained and next audit 2018
	Review Fees and Charges	2015/2016	Ease of Doing Business Project
	Maintaining client relationships	Annual meeting held	Respond to requests to address professional groups
	Review earthquake prone building policy	2015	Earthquake prone building legislation took effect from 1 July 2017
	Review dangerous and insanitary building policies	2015	Policies reviewed
	Sharing of forms with southern Councils	2014	Achieved
	Improved quality control of applications	Ongoing	Application vetting undertaken at lodgement
	Eco-design advice	Ongoing	Service no longer offered
	Electronic property files	2016	Ongoing
Environmental Health and Compliance	Respond to changes in food legislation	Unknown	Accreditation gained under Food Act 2014
	Respond to smoky chimney complaints and implement sustainable policy	Unknown	Environment Southland lead agency
	Respond to issues associated with on-site waste water disposal	Ongoing	Kennington Community sewer scheme

			under construction and complaints investigated
	Health Act review	Unknown	Procedures under Food Act 2014 developed and implemented
	Contaminated land	Ongoing	Environment Southland lead agency
	Air Quality	Ongoing	Environment Southland lead agency
	Review Environmental Health and electronic gaming policies	Ongoing	Policies reviewed
	Review prostitution policy	Ongoing	Decision made to not have a policy

### 10.3 MONITORING AND REVIEW

Ongoing monitoring and review of Regulatory Services takes place through Levels of Service reporting to Council and the Annual Report process. The Annual report relating to the Directorate's quality management system also highlights progress of achieving the Directorate's goals and levels of service detailed in this plan.

## 11. 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.

- 1.01 Long Term Plan - Background and Assumptions 2018-2028
- 1.02 Community and Regulatory Services 2014 Residents Survey
- 1.08 Levels of Service Research Report, 2016
- 1.09 Corporate Risk Framework / Standard
- 1.10 Delegations Register, September 2016





# SEWERAGE

# ACTIVITY MANAGEMENT PLAN 2017





## Activity Management Plan

<b>Activity</b>			
	<b>Name</b>	<b>Signature</b>	<b>Date</b>
<b>Prepared By</b>			
<b>Asset Manager</b>			
<b>Director Review</b>			
<b>Peer Review</b>			
<b>Council Adoption</b>			

<b>Changes to be Incorporated in Next Review</b>		
<b>Number</b>	<b>Date of Change</b>	<b>Reason for Change</b>
1	23 Nov. 17	Update Financial Tables and graphs in Executive Summary and Section 8
2	25 <sup>th</sup> January 2018	Update Financial Tables and graphs in Executive Summary and Section 8
3	23 February 2018	Exec Sum.- Add comment on plant renewals Sec1.1-Statement on prep by qualified person Sec 1.2 Update Asset Data Sec 4.1.2 Pop growth comment Sec.3.2.5 Add statement on negative effects Sec 5.3 Add ref to Criticality Appendix Sec 6.1 Add sustainability definition Sec 7.3.1 Expand deprec vs budget comment

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## Executive Summary

### OVERVIEW

The Works and Services Directorate manages the sewerage network of pipes, pumping stations and treatment plants for the collection, treatment and disposal of sewage in order to enhance the health and wellbeing of Invercargill residents. The network has a total replacement valuation as detailed below:

Date of Valuation: June 2017

Asset Group	Optimised Replacement Cost	Optimised Depreciation Replacement Cost	Annual Depreciation
Pipe Fittings (manholes, cleaning eyes, etc)	\$26,555,843	\$11,342,706	\$274,672
Pipes	\$190,504,068	\$75,239,154	\$2,081,685
Pumping Stations – 31	\$10,173,448	\$4,212,116	\$236,814
Treatment Plants – 3	\$47,736,002	\$22,198,377	\$951,781
<b>Total</b>	<b>\$274,969,361</b>	<b>\$112,992,353</b>	<b>\$3,544,951</b>

The Invercargill City Council's role in providing the sewerage network is:

***“The building blocks, including water, sanitation and roading, for a safe, friendly city is provided for all members of the community.”***

The Asset Management Plan is the tool for the Works and Services Directorate to demonstrate responsible asset stewardship and achieve compliance with statutory financial reporting requirements.

### LEVEL OF SERVICE

The Community has been consulted in relation to key performance measures through analysis of customer service requests and complaints, the Long Term Plan process and in relation to specific contracts. Community desires for the sewerage network are:

- A safe sewage collection and disposal system.
- Continuity of operation of the sewerage activity.
- Assurance that sewage is adequately treated so that the receiving environment is protected.
- Community input on the level of the sewerage service.

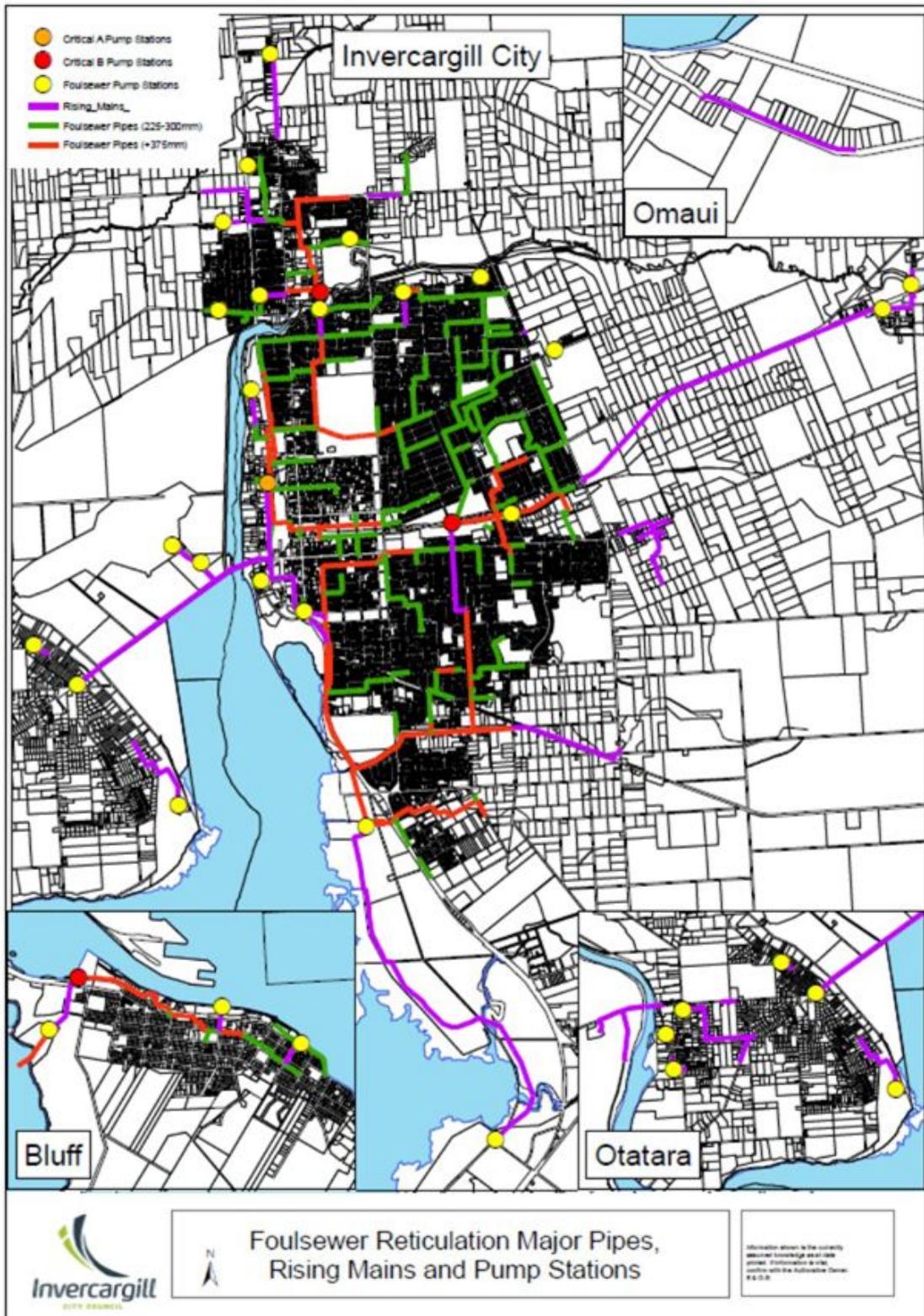
The Sewerage Activity contributes to these desires in the following ways:

Community Outcome	Council's Role	How the Activity Contributes
Enhance our city	Invercargill's economy continues to grow and diversify	The sewerage activity receives and treats trade waste
Embrace innovation and change	The development of future industry is encouraged	
Preserve its character	The building blocks (including sanitation) is provided for all members of the community	The sewerage activity protects public health by the safe collection of sewage

### **Asset Information**

The city has three sewerage networks consisting of a total of 368 kilometres of pipe in a variety of materials and in sizes ranging from 50 millimetres diameter to 1500 millimetres diameter. The largest material category is earthenware, comprising 64% of the network and the largest size category is 150 millimetres diameter, comprising 69% of the pipe network. The separate sewerage networks are located at Omaui, Bluff and Invercargill, serving populations of approximately 30, 2,000 and 48,000 respectively and each having its own treatment plant.

The sewerage system includes 31 pumping stations ranging in size from those serving only a few households, to the Mersey Street station, serving a population of about 26,000.



The three treatment plants produce high quality effluent, and Council holds discharge consents which will expire in 2025 for the Bluff plant, and 2029 for the Omaui and Clifton (Invercargill) plants.

The pipe network is aging with the oldest parts of the network now over 100 years of age, which is the assumed economic life of the pipes. The Plan includes funding for renewal of aging pipelines, and a start has been made to the investigation and prioritisation of renewal needs, including CCTV inspection of 8% of the network, and a flow monitoring survey. The CCTV inspection shows the network to be in good condition structurally, and analysis of maintenance records shows low numbers of system blockages and collapses, confirming the generally good condition of the pipe network. However, a flow monitoring survey has revealed high levels of stormwater infiltration in some areas, and it is likely renewal work will focus on these areas to address the impact of sewage overflows.

Pump Stations and Treatment Plants are in good condition, and programmes are in place to ensure ongoing maintenance and renewal as items of mechanical and electrical plant reach the end of their economic lives.

### **RISK MANAGEMENT**

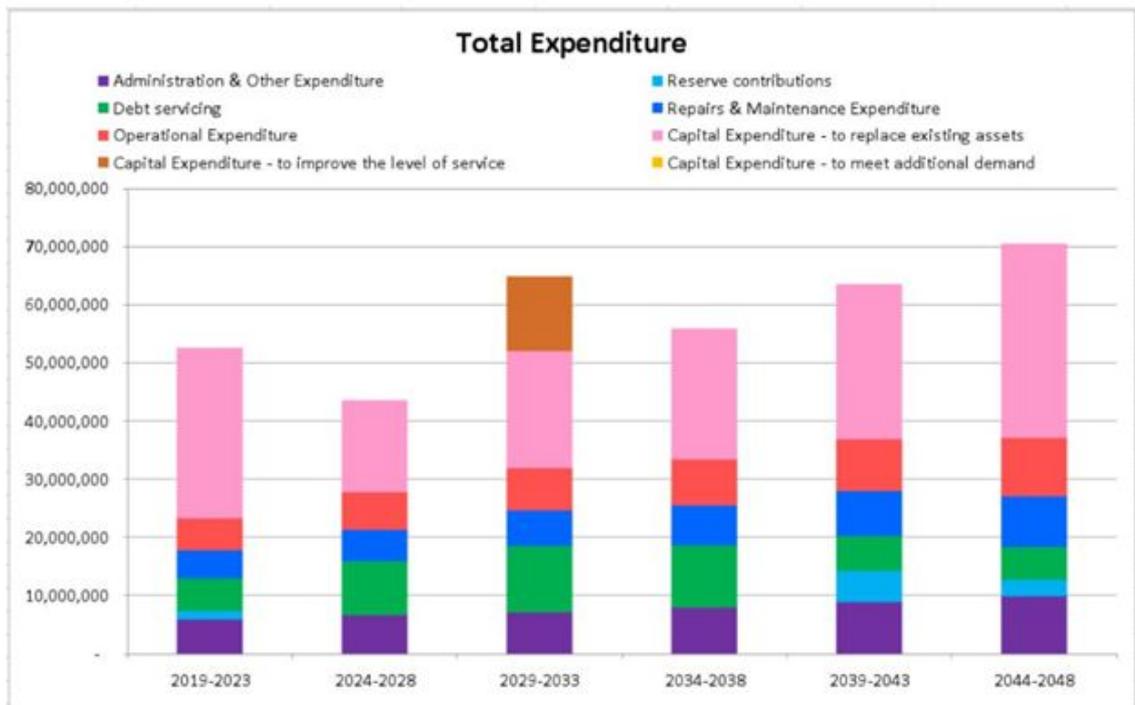
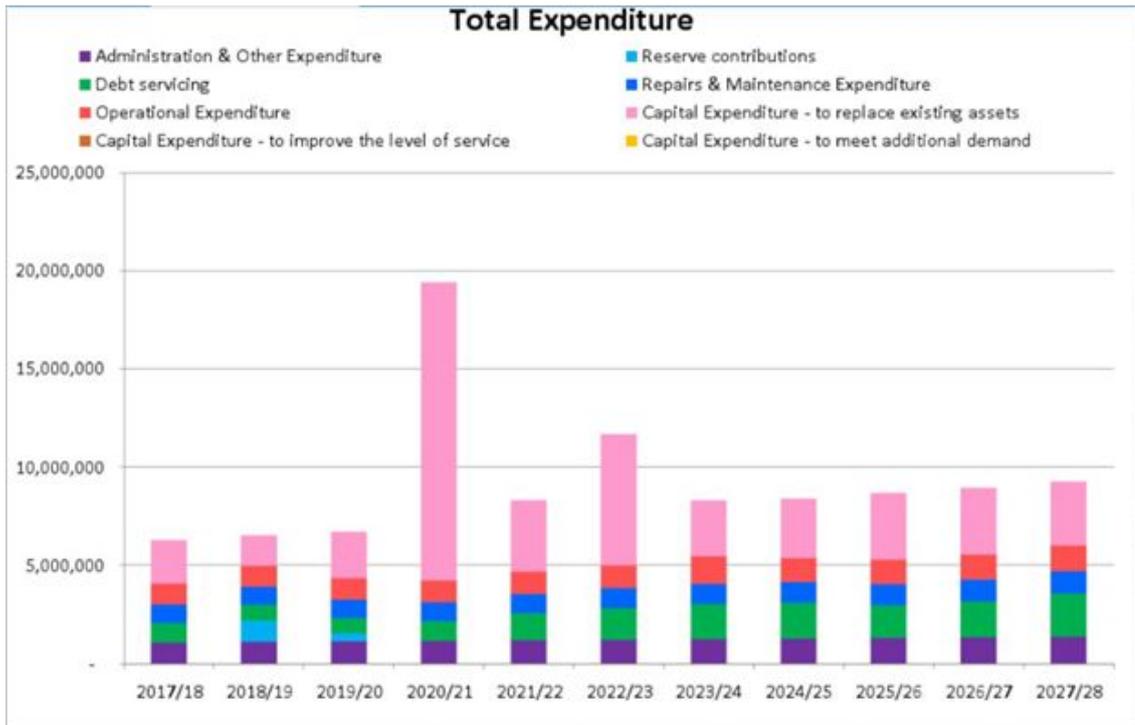
Management practices focus on ensuring the reliability of critical assets. Generally pipelines of 225 millimetres diameter or larger and pump stations and treatment plants are considered to be critical assets, as failure can cause serious disruption to service delivery over a substantial area and raise public health and safety concerns. The immediate concerns of failure of mechanical and electrical plant at pump stations and of blockage or collapse of pipelines, causing surcharge of sewage, are addressed by Council operation of a 24 hour emergency call centre, and 24 hour on call emergency response crews.

As part of the development of the asset renewal programme, the Works and Services Directorate uses a risk management process consistent with Standard AS/NZ 4360 to identify critical assets and specific risks associated with the Sewerage Asset.

In prioritising and programming capital works, consideration is given to risk and benefits, affordability, and existing performance with respect to levels of service and life cycle.

### **FINANCIAL FORECAST**

30 year forecasts for both the operating and capital budgets are shown in Section 8. Figure 8.2.1. The following graphs summarise this information. The financial information is based on 2017 dollars, adjusted for inflation.



The renewals programme for pipelines is based on an assumed optimum pipe asset life of up to 100 years, and further assessment is required to confirm this life. Asset renewal  
 Sewerage Activity Management Plan 2017

budgets may require review to reflect confirmed optimum pipe asset life. The renewal budget is based on the annual depreciation allocation for pipe assets. The assets are valued every three years, most recently in June 2017, and depreciation measures in financial terms the deterioration of asset condition over the life of the asset, based on the Optimised Replacement Value. The Asset Management Plan proposes to increase the renewal budget closer to the depreciation allocation by 2021/22, to fund renewal of pipes coming due for renewal during the life of the Asset Management Plan. As pipe assets are renewed they will be sized to current design standards.

The renewals programme for electric and mechanical equipment within pump stations and treatment plants is based on assumed asset lives, and these are reassessed annually, and renewal priorities adjusted, depending on performance, and records of past maintenance requirements to ensure ongoing high performance of these facilities.

## **DEVELOPMENT**

Population growth projections for Invercargill during the next 20 years are low, although some subdivisional development and new housing is foreseen. It is anticipated that any extensions to the sewerage network as a result of subdivisional development will be funded by the developers.

The Council has purchased land at Awarua for industrial development, and provision has been made for extension of the sewerage network to this area.

## **KEY ASSET MANAGEMENT ASSUMPTIONS**

### *Growth*

- Population change will follow the Statistics New Zealand high growth projection.
- There will be no significant change in per capita sewage generation.
- The majority of infrastructure required to service new developments will be funded by developers.

### *Levels of Service*

- There will be no significant changes in levels of service.
- No upgrading of existing infrastructure will be required as a result of urban development or the development, provided the anticipated development is evenly spread across the urban area.
- Future condition assessments will not indicate additional remedial/replacement works to those scheduled in work programmes.

### *Natural Disasters*

No provisions have been made in the Asset Management Plan for the cost of repairing damage or other additional costs consequent upon a natural disaster such as a major flood or substantial earthquake.

### *Financial*

- Financial forecast expenditure and revenue items are in 2014 dollars. These are then adjusted for inflation in Table 8.3 and in the graph in this Executive Summary.
- Asset renewals will be funded by rates revenue.
- Capital expenditure will be primarily funded from loans with localised infrastructure costs to service new development to be funded by developers.
- Loan interest of 4.75% - 6.50% per annum has been applied.

- Inflation adjusted financial summaries have been prepared in accordance with LGCI provisions with annual inflation varying from 2.0% - 2.7%.

### **IMPROVEMENTS TO PLANNING**

This Asset Management Plan highlights a need for improved quality of management practices to ensure optimum operation of the sewerage system.

Improvements will focus on:

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	Current Practice	Areas for Improvement	Timeframe	Budget	Responsibility
Knowledge of Assets / Data Management	Pipe Network Data – knowledge of pipe age, materials, sizes and location is very good.	Continue to update records.	Ongoing	Within existing budgets	ICC Engineering Services Group
	Condition – knowledge of pipe condition from 6.48% of asset record on CCTV and graded in accordance with pipe inspection manual.	Continue pipe inspection programme to improve knowledge of asset condition.	Ongoing	\$50,000 p.a.	ICC Engineering Services Group
	Electro Mechanical Plant Condition regular maintained and inspected. Condition assessed annually. Rated 3 yearly.	Current practice adequate.	Ongoing	\$20,000 p.a.	Drainage Operations Group – Maintenance Contractor
	Structures (Buildings, Manholes, etc) Buildings and manholes maintained and assessed regularly – upgrading needs assessed for Asset Management Plan.	Current practice adequate.	On going	Within existing budgets	Drainage Manager
Valuation, Depreciation and Effective Lives	Valuation guidelines.	Reassess effective lives of pipe network based on improved condition assessment.	Ongoing	Within existing budgets	ICC Engineering Services Group
Asset Costing	Replacement costs based on continuing records of renewal contracts.	Current practice adequate.	Ongoing	Within existing budgets	ICC Engineering Services Group
Asset Renewal and New Works Strategy	Forward 30 year plan based on age and condition. Annual Plans consider: Condition Age Capacity Co-ordination with other asset upgrades / renewals	Improve asset condition assessment to better identify renewal needs.	On going	Within existing budgets	ICC Engineering Services Group Drainage Manager
Service Level Specification and Measurement	Meeting most performance measures. Customer focussed service levels only recently measured. Surveys used to assess customer needs.	Continue to measure and assess performance against service levels.	Ongoing	Within existing budgets	Drainage Manager
Review, Audit and Continuous Improvement	Annual financial audit. Annual service level audit. Peer review of Asset Management Plans.	Current practice adequate.	Ongoing	Within existing budgets	ICC Finance Director
Operations and Maintenance Strategy	Contract in place for major maintenance and operational items. Quality contract management procedures in place.	Current practice adequate.	Ongoing	Within existing budgets	Drainage Operations Group
Consent Compliance	Discharge consents for three treatment plants fully compliant.	Monitor and implement identified improvements.	Ongoing	Within existing budgets	Drainage Manager

	Current Practice	Areas for Improvement	Timeframe	Budget	Responsibility
Risk Plans	Lifelines Project identifies risk and response strategies for major events. Asset Management Plan identifies asset failure risk and response strategies.	Current practice adequate.	Ongoing	Within existing budgets	Drainage Manager
		Improve risk management strategies to align with AS/NZS ISO 13000. Identify high value risk assets.	June 2020	Within existing budgets	Drainage Manager
Sustainability	Develop strategy.		June 2020	Within existing budgets	Works and Services Directorate
Resilience	Develop strategy.	Community dialogue.	June 2020	Within existing budgets	Works and Services Directorate
Sensitivity		Develop sensitivity analysis.	June 2020	Within existing budgets	Drainage Manager

**Table 10.1 – Improvement Programme 2017**

# 1. Introduction

## 1.1 ABOUT THIS PLAN

The sewerage activity is one of the core Infrastructural Service activities addressed in the Invercargill City Council Long Term Plan (LTP). This Sewerage Asset Management Plan (AMP) is, therefore, strongly linked to the overall strategic direction for the City. The LTP is the document that alerts the community to the key issues and strategies of the activity.

The purpose of this AMP is to outline Council's tactical planning response to the stormwater activity. The AMP outlines the long term management approach for the provision and maintenance of the sewerage activities services. Under Council's significance and engagement policy, the sewerage networks in Invercargill, Bluff, Omaui and Otatara are deemed to be a strategic asset and therefore are significant in ensuring Council's capacity to contribute towards the Community Outcomes, and the current and future needs of the community. The AMP demonstrates responsible management of the assets on behalf of customers and stakeholders, and assists with the achievement of strategic goals and statutory compliance. The AMP combines management, financial, engineering and technical practices to ensure that the level of service required by the customers is provided, and is delivered in a sustainable and efficient manner. This AMP is based on existing levels of service, currently available information and existing knowledge, and judgement of Council staff.

A programme of Asset Management improvement is planned to improve the quality of decision making and to improve the knowledge of Council's assets and customer expectations. These future enhancements will enable council to optimise life cycle asset management activities and provide a greater degree of confidence in financial forecasts.

This asset management plan has been prepared by Invercargill City Council's Drainage and Solid Waste Manager, who has fifteen years experience in the preparation of asset management plans, with the support of experienced asset management and engineering staff. The plan has been peer reviewed by Asset Management consultants, AECOM. The plan is reviewed every three years, and is next scheduled for review in 2020.

## 1.2 ACTIVITY OVERVIEW

Council owns and maintains assets on behalf of the community, providing a sewage disposal service to each property in Invercargill, Bluff, Otatara and Omaui residential areas. Treated effluent is discharged from the Clifton Wastewater Treatment Plant to the New River Estuary, from the Bluff Wastewater Treatment Plant to Foveaux Strait, and from the Omaui Oxidation Pond to land adjacent to the community.

Invercargill City Council holds consents issued by Environment Southland for these discharges.

Legislation requires that the Council manage its sewerage assets in an efficient and effective manner. This Asset Management Plan provides a strategy for the Council to do so.

The city has three sewerage networks consisting of a total of 368 kilometres of pipe in a variety of materials and in sizes ranging from 50 millimetres diameter to 1500 millimetres diameter. The largest material category is earthenware, comprising 64% of the network and the largest size category is 150 millimetres diameter, comprising 69% of the pipe network. The separate sewerage networks are located at Omaui, Bluff and Invercargill, serving populations of approximately 30, 2,000 and 48,000 respectively and each having its own treatment plant.

The sewerage system includes 31 pumping stations ranging in size from those serving only a few households, to the Mersey Street station, serving a population of about 26,000.

The most recent valuation of the activity, dated June 2017 assessed the total Optimised Replacement Value of the assets at \$274,969.392

The sewerage activity is managed and operated by staff employed directly by Council, and maintenance and capital works are carried out by contract under supervision by Council staff.

No other communities within the Council's territory are supplied with a sewage disposal service other than the urban communities of Invercargill, Otatara, Omaui and Bluff. Property owners outside of these areas are responsible for the provision and maintenance of on-site wastewater treatment and disposal systems within their own properties.

## 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 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, 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 removal of sewage from residential, industrial and commercial properties protects public health, supports city growth, and contributes to the general wellbeing of the community. In urban areas, sewage disposal is most effectively achieved by means of reticulated (piped) sewerage systems. This allows the costs associated with maintaining high standards and efficient infrastructure to be spread over the community.

#### 2.1.3 Activity Objectives

The objectives of the sewerage activity are:

- To safeguard public health and the environment.
- To support economic growth of the community.
- To provide a cost effective sewage collection service.

- To provide a service meeting the requirements of the Local Government Act 2002, and maintain its capacity to do so.
- To meet the requirements of the Health Act 1956 which requires the Council to improve, promote and protect public health within the district.

The alignment of the sewerage activity and the Community Outcomes are:

Community Outcome	Council's Role	How the Activity Contributes
Enhance our city	Invercargill's economy continues to grow and diversify	The sewerage activity receives and treats trade waste
Embrace innovation and change	The development of future industry is encouraged	
Preserve its character	The building blocks (including sanitation) is provided for all members of the community	The sewerage activity protects public health by the safe collection of sewage

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

- Industry can establish in Invercargill, with access to effective and economic trade waste disposal systems.
- Community public health and environmental values are protected.
- Levels of service (as developed in section 3.3) are achieved.

## 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's 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.

The sewerage activity controls trade waste discharges through a trade waste bylaw (Invercargill Bylaw 2017/1 Trade Waste). The bylaw is modelled on a New Zealand Model Bylaw and provides for Council to control and limit the discharge of trade waste to the sewerage network.

The District Plan includes provision in its Code of Land Development to ensure that new sewerage infrastructure is constructed to adequate standards to meet community needs.

### **2.2.3 Long Term Plan**

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

In 2014, an amendment to the Act inserted a statement that asset management planning should be a fundamental part of Council's prudent stewardship of community resources over the long term, a requirement to produce a 30 year infrastructure strategy for core assets. The Infrastructure Strategy is required to address:

- Identification of strategic issues and options
- Outline how infrastructure assets will be managed
- Indicative capital and operating expenditure forecasts
- Significant CAPEX decisions – cost options for each
- Assumptions on lifecycle, demand, levels of service

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.

The diagram below shows how the Asset Management Plan feeds into the Council's Infrastructure and Financial Strategies, and relates to Council's other plans.



**2.2.4 Activity Management Framework**



The Asset Management System is the set of people, processes, tools and other resources involved in the delivery of asset management.

The Asset Management Policy (appendix 2.01) outlines the principles, requirements and responsibilities for asset management.

The Asset Management Strategy (appendix 2.02) sets the asset management objectives, practices and audit and review processes.

## 2.3 STRATEGIC ISSUES AND CHALLENGES

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

- The City's changing demographic profile.
- The community's willingness and ability to pay.
- An expectation from the community to provide and retain services in a more effective manner at a lower cost.
- 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.
- Responding to the changing natural environment.
- Retaining Invercargill's character within its built environment.
- How Council will adapt to technology changes.
- Balancing Council's regulatory obligations with customer service.

## 2.4 KEY ASSUMPTIONS

### 2.4.1 Internal Factors

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
<p><b>Population</b></p> <p>The population will increase to 56,300 by 2028.</p>	<p><b>Moderate</b> – 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><b>Household Growth</b></p> <p>An average of 2.3 people per household in 2038, requiring 2,300 more homes from the 2013.</p>	<p><b>Moderate</b> – 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><b>Ageing Population</b></p> <p>Those 65 years and older will make up approximately 22% of Invercargill's population by 2023.</p>	<p><b>Low</b> – 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</p>

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
		number of ratepayers on fixed incomes and may have an impact on the ability of the community to afford infrastructure and services.
<p><b>Resource Consents</b></p> <p>Resource consents will be obtained with reasonable conditions and negligible impact on how Council provides its services.</p>	<p><b>Moderate</b> – 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><b>Tourism and Visitor Numbers</b></p> <p>Tourism numbers will increase over the Long Term Plan period.</p>	<p><b>Low</b> – 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><b>New Zealand Transport Agency</b></p> <p>That the NZTA Funding Assistance Rate will reduce by 1% each year until a low of 51%.</p>	<p><b>Low</b> – 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><b>Commercial Property</b></p> <p>The CBD will remain in the Esk Street area and will become more vibrant.</p>	<p><b>Low</b> – 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>

As assumptions deal with matters of uncertainty and complexity, actual results will vary, even though they are based on the best information available. If events differ significantly from the assumptions, material variances to this plan may result. The sewerage activity is particularly susceptible to the following assumptions:

➤ **Resource Consents**

Future resource consents are expected to have more strict consent conditions requiring action by Council to improve discharge quality. If greater improvements taken anticipated are required, Council could incur significant cost to comply. Consent renewals for the Bluff Wastewater Treatment Plant in 2025, and the Clifton Plant in 2029 may require significant upgrades.

➤ **Useful Life of Significant Assets**

Asset life has been assigned to stormwater assets, ranging up to 100 years for some pipe categories. Renewal expenditure is the greatest single cost item for the activity. Significant variance in asset life will increase or decrease the activity's budget requirement.

➤ **Asset Valuation**

The 2017 valuation has seen a significant increase in pipe valuations, and this has fed through to a major budget increase requirement.

**2.4.2 Financial Factors**

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and potential Financial Impact</b>
<p><b>Inflation</b></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 Councils by Business and Economic Research Limited (BERL). Significant variations from these adjustments will be identified in future Annual Plans and Annual Reports.</p>
<p><b>Local Economy</b></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</p>

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
		quantified and an amendment to the Long Term Plan developed if the costs are significant.
<p><b>Useful Life of Significant Assets</b></p> <p>Assets will reach the useful life indicated when supplied.</p>	Moderate – asset lives based on estimates by Engineers and Registered Valuers.	A shorter useful life for assets would create a financial burden on the community.
<p><b>Depreciation</b></p> <p>Council will fully fund renewal depreciation by year 10 of the Plan.</p>	Low – asset depreciation rates will not change and the value of assets will remain constant.	Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.
<p><b>Asset Revaluation</b></p> <p>Council will use national standards in asset revaluation.</p>	Moderate – value will remain somewhat constant over 10 years.	Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.
<p><b>Vested Assets</b></p> <p>Vested assets will have a negligible impact on Council's overall infrastructure and finances.</p>	Low – financial effect of uncertainty.	Level of vested assets fluctuates yearly. Historical levels have not been material.
<p><b>Financial – Existing Funding Renewal</b></p> <p>Council borrowing facility will be renewed (three-yearly) with the terms and conditions mirroring market trends.</p>	Medium	Council's terms and conditions for its borrowing facility have mirrored market trends in recent times.
<p><b>Financial – Expected Interest Rates on Borrowing</b></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</p>	Medium	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).

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
future, as well as consideration of economic forecasts.		
<p><b>Financial – Forecast on Return on Investments</b></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.

### 2.4.3 External Factors

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
<p><b>Local Governance</b></p> <p>Amalgamation will not occur during the life of the Plan.</p>	<b>Low</b> – 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><b>Legislation</b></p> <p>There will be changes to legislation that have an impact on what and how Council provides services.</p>	<b>Moderate</b> – 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><b>Natural Disasters</b></p> <p>There will be no major catastrophes that impact on Invercargill or its economy.</p>	<b>High</b> – 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><b>Climate Change</b></p> <p>Climate change impacts will arise over the life of</p>	<b>Moderate</b> – long term trend of rising	Water availability, coastal hazards (roading and

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
the Long Term Plan and current trends will be allowed for when planning infrastructure and services.	temperatures and more frequent intense weather events is reasonably certain, short to medium term impacts are less certain.	infrastructure), services, air quality, agriculture, farming and biosecurity.  The effect of Climate Change occurring more quickly than anticipated may require Council to review and change its current activities and levels of service. This could have a significant financial impact on the community.
<p><b>Technology</b></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><b>High</b> – 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><b>Education</b></p> <p>S.I.T will continue to promote Invercargill to international students.</p>	<p><b>Moderate</b> – education systems that exist are likely to remain stable.</p>	<p>Infrastructure, Services, Population and Housing.</p>
<p><b>World Economy</b></p> <p>The world economy will not have a significant negative effect on the Invercargill City District.</p>	<p><b>Moderate</b> – 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>

### 3. The Service We Provide

#### 3.1 CUSTOMER PROFILE

##### 3.1.1 Our Stakeholders and Community

Council recognises there are a wide range of customers and stakeholders with an interest in how the Sewerage Activity supply is managed. The resident Community, specific interest groups within the Community and regulators are just some of the groups that Council needs to engage with to ensure they are delivering the right service at an affordable cost. The identified stakeholders are:

<b>External Stakeholders</b>	<b>Area of Interest</b>	<b>Engagement</b>
Invercargill Community	Service provision to customer	Liaise
Invercargill Ratepayers	Rates impact	Consult through AMP, Annual Plans and surveys
Environment Southland	Governance	Discharge Consents – negotiation / compliance
Contractors, Consultants	Service provision to Council	Liaise
Southland District Health Board Ministry of Health	Community Health	Liaise
Ministry for Environment Department of Conservation Iwi Fish and Game Southland Environmental Group	Environmental impact Sustainability	Liaise
Audit New Zealand	Governance and Operation	Audit

<b>Internal Stakeholders</b>	<b>Area of Interest</b>	<b>Engagement</b>
Councillors, Directors	Governance and leadership	Report
Works Directorate Managers	Common service goals	Liaise
Engineering Services Group Information Technology	Technical support	Liaise
Financial and Corporate	Financial assistance and Director	Liaise
Planning and Regulatory	Compliance	Liaise

### **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:

- 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.

For significant sewerage projects which may affect a section of the community, public meetings are held, and specific information mailed to households who may benefit or be affected by the project to provide an opportunity for feedback, and for residents to communicate their desired outcomes. For example, for the Kennington sewerage extension, public meetings were held during the planning stage, and letters mailed to households were key points during the project implementation.

Annual meetings are held with residents in the area surrounding the Clifton Wastewater Treatment Plant to understand how the plant impacts on their properties, particularly in regard to odour. The Key Performance Indicators include a record of odour complaints from this area.

### **3.1.3 Community Research**

In 2013 the Council carried out a Customer Service Satisfaction Survey (appendix 1.06), to provide information on ratepayers and residents' assessment of Council's services and to understand:

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

In 2016 a second research project (Appendix 1.08) was undertaken. This project had a slightly different focus. The results from both the customer survey and research project, combined with the expert knowledge of staff working within the sewerage activity have helped establish a foundation of levels of service statements.

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

### **3.1.4 Key Service Attributes Valued by Customers**

Council's 2013 Service Level Survey told Council that the Community assessed the three most important aspects of the Sewerage Activity as:

1. Treatment and disposal
2. The uninterrupted collection
3. Community impact of disposal

The results of this survey are contained in Appendix 1.06

The 2016 Levels of Service Survey showed that most residents (98%) consider drainage (stormwater and sewerage) to be essential services, and that rates funding should be maintained (67%) or increased (32%) to ensure the level of service is maintained or improved. (Results contained in Appendix 1.08).

## **3.2 SERVICE DRIVERS**

### **3.2.1 Community Expectations**

The 2013 survey told Council that the most important aspect of the activity to the community was the treatment and disposal of sewerage. The Community (90% of respondents) also told Council that they considered the quality of sewerage treatment and disposal to be good or very good.

Customers of the Sewerage Activity expect that sewage will be collected and disposed of in a safe manner, the collection will be continuous and that sewage will be adequately treated so that the receiving environment is protected.

The Local Government Act 2002 requires Council to consult with affected and interested parties in making decisions. To implement level of service changes, options analysis and the selection of the best practicable and preferred option, has to be done by a coherent, integrated and transparent process.

Council ensures that all interested stakeholders have an opportunity to influence level of service decisions by:

- Asset Management Plans available on the Council Website and on request.
- Engagement with key stakeholders throughout the development of significant capital proposals.
- Public opportunity to make submissions on strategic targets through the Long Term Plan process.
- Consulting with affected persons on specific projects (as required by the Resource Management Act 2001).
- Community consultation utilising focus groups.

### **3.2.2 Legislative Requirements**

The following documents are referred to as a guide to generally accepted industry practices:

- Resource Management Act – The guiding legislation for all activities which will have an impact on the natural and human environments.
- Regional Water Plan for Southland – Resource Consents for treated effluent discharges to surface water are granted by Environment Southland under the provisions of this Plan.
- Proposed Southland Water and Land Plan – This plan was notified by Environment Southland in 2016, and seeks to update the provisions of the current Regional Water Plan for Southland. Submissions have been received, with hearings programmed until December 2017, after which decisions will be made, and the plan will become operative.

### **Key Legislation**

- **Local Government Act 2002 Schedule 10** requires that the Long Term Plan contain information on the assessment and management of the implications of changes in demand or service levels. This means that Local Authorities should disclose:
  - Whether they intend to change the service levels for an asset over the life of the Plan
  - What they expect will happen either to demand for the service and/or consumption of the service
  - Demonstrate how risks are to be managed
- **Resource Management Act 1991 and 2001** requires Council to:
  - Sustain the potential of natural and physical resources to meet the reasonable foreseeable needs of future generations
  - Comply with the District and Regional Plans
  - Avoid, remedy or mitigate any adverse effect on the environment
  - Take into account the principles of the Treaty of Waitangi in exercising functions and powers under the Act relating to the use, development, and protection of natural and physical resources
  - Comply with resource consents issued for sewerage discharges
- **Health Act 1956** Under the Health Act 1956, the Council must promote and conserve the public health within the city. The Sewerage Activity ensures that sewage is removed from properties and adequately treated before discharge to the environment to minimise the risk of disease.
- **Hazardous Substances and New Organisms Act 1996** requires Council to ensure that hazardous materials are stored, transported, and disposed of in a compliant manner. Within the sewerage activity, Council controls discharges of hazardous substances to the sewerage system through the Trade Waste bylaw
- **Health and Safety at work Act 2015** requires Council to provide safe and healthy work places, identify and document work place hazards, and take steps to eliminate, isolate, and minimise hazards.

### **3.2.3 Industry Standards and Guidelines**

The following documents are included as generally accepted industry practices:

- Resource Management Act – The guiding legislation for all activities which will have an impact on the natural and human environments. Resource Consents to discharge treated effluent from Wastewater Treatment Plants

are granted by Environment Southland under the provisions of the Resource Management Act.

- New Zealand Infrastructure Management Manual – The accepted industry practices on which this plan is developed
- Guidelines for the Safe Application of Biosolids to Land in New Zealand.
- New Zealand Building Code
- Invercargill City Council Code of Practice for Land Development, and associated technical specifications, standards and guidelines, ensure that sewerage infrastructure is developed in a manner which protects both the public and the environment, and which can be cost effectively maintained with the appropriate design life of the various components of the system. The Code of Practice for Land Development refers to a range of New Zealand Standards for construction techniques and materials.
- Invercargill Trade Waste Bylaw – modelled on the New Zealand Model Trade Waste Bylaw, sets requirements for discharge of trade waste from industry to the sewerage network.

Key industry practice considerations included within these documents are:

- Pipe materials and design lives
- Installation details
- Testing and monitoring
- Procurement of services or goods
- Standards for Treatment and Disposal of Sewerage
- Standards for Beneficial use of Biosolids

### **3.2.4 Potential Significant Negative Effects**

The sewerage activity protects the public health of the community by the safe removal of sewage from the community to wastewater treatment plants, and adequate treatment prior to discharge of effluent to ensure that receiving environments are protected from contamination. The activity does however carry a risk of potential adverse effects due to inadequate operational, maintenance, and renewal strategies, as a result of inappropriate material being discharged to the network, or as a result of extreme natural events including flooding and earthquakes.

The potential negative effects of the Sewerage Activity are:

- **Environmental**
  - Disposal of poorly treated effluent can cause environmental degradation.
  - Discharge of sewage from sewerage network reticulation due to blockage or overloading can contaminate waterways.
  - Discharge of prohibited materials, or over strength or excessive volumes of tradewaste can cause failure of treatment systems, and non compliance with treatment plant discharge consents
  - Inappropriate disposal of treatment bi-products (Biosolids) can cause environmental degradation.
- **Sustainability**
  - Currently the Invercargill City Council has no sustainability strategy.

**Social**

- Odours from the sewerage activity (Reticulation or Treatment Plants).
- Health and safety risks associated with operation of the activity.
- Property damage resulting from activity failures.

➤ **Cultural**

- No potential negative effects identified.

➤ **Economic**

- The cost to the community as a result of property damage caused by system failures.

The potential negative effects of odour, reticulation overflow due to blockages and effluent and biosolids disposal are considered significant by Council and are mitigated by ensuring:

- Treatment Plant Effluent Discharges are regulated by conditions of resource consents issued by Environment Southland, and monitored to ensure contaminants are within consented limits
- Biosolids are produced and applied to land in accordance with the "Guidelines for Safe Application of Biosolids to Land in New Zealand" and are regulated by conditions of resource consents issued by Environment Southland. Soils within the disposal area are monitored to ensure contaminants are within consented limits.
- The reticulation network and treatment plants are managed to minimise the occurrence of odour and to reduce the risk of blockage or overloading. Asset Renewal programmes are carried out to industry standards. Despite these measures, asset or operational failures leading to odour and/or overflow cannot be entirely eliminated. Council has contracted maintenance services to ensure prompt response and repair in accordance with defined standards.
- Tradewaste Consents are issued to major tradewaste dischargers, with conditions limiting the strength and volume of waste able to be discharged to the network. Council laboratory staff monitor discharges to ensure compliance with consent conditions.
- Council will develop a Sustainability Strategy.

### **3.3 CURRENT LEVELS OF SERVICE**

#### **3.3.1 Current Customer Levels of Service, Performance Measures and Targets**

Measures of the overall Activity, covering the aspects of service of most interest to the Community. These measures are the focus for community consultation in the Long Term Plan and are reported on in the Annual Report.

The current activity measures and the target levels of performance are shown in Table 3.1.

The target levels of service are intended to apply for the initial eight to ten years of the Asset Management Plan. Changes to target levels of service may be initiated by:

- Customer expectation
- Legislative or Resource Consent change
- Changes to contract key performance indicators
- Analysis of performance indicating target levels are unrealistically high or low

### 3.3.2 Current Technical Levels of Service, Performance Measures and Targets

The technical measures are used by the asset managers in the day to day management of the assets and are reported on in this asset management plan. These measures are aligned with, and support the achievement of, the activity measures.

The current technical and operational measures used for monitoring asset management performance are shown in Table 3.3.

### 3.3.3 National Non-financial Performance Measures

From 30 July 2014, in accordance with the Local Government Act 2002, Section 261B, mandatory performance measures been applied for sewerage and the treatment and disposal of sewage. These are shown in Table 3.2, with linkages to the technical target levels of service in Table 3.3.

## 3.4 LEVELS OF SERVICE ISSUES AND CHALLENGES

### 3.4.1 Current Levels of Service Gaps

#### ➤ **Environmental Standards**

Council monitors the quality of effluent from each of the three treatment plants as required by the Discharge Consents, and consistently achieves the required discharge quality. However, due to the condition of the sewerage network, and the private drains connecting into it from properties, there is some contamination of stormwater, which will require correction as a condition of the stormwater discharge consent.

#### ➤ **Reliability**

While service level targets for reliability are currently satisfactory, assets are aging, with 17% of the pipe network reaching its assigned service life in the 2020s. Asset condition will deteriorate with age, and compromise reliability.

#### ➤ **Availability and Timeliness**

Maintenance contractors have at times struggled to meet continuity of service, and timeliness targets for removal of blockages affecting service to included properties.

### 3.4.2 Possible Responses to Gaps

#### ➤ **Environmental Standards**

- Where stormwater contamination source is identified as sewerage network, repair defects.
- Target maintenance and renewal of sewerage network to reduce contamination of stormwater.

#### ➤ **Reliability**

- Target Renewal Programme to maintain performance standards.

➤ ***Availability and Timeliness***

- Work with contractor to ensure timeframe are achieved.

Community Outcome	Council's Role	How Sewerage Activity Contributes	Customer Level of Service	Measure of Service
Healthy lifestyle in a healthy environment.	Provide or ensure provision of services that include a quality water supply and reliable effective sanitation.	The sewerage network efficiently removes sewage from urban areas for treatment.	Low levels of interruption from the sewerage network.	Service disruptions for individual property are less than 12 hours.
		Sewerage is treated and discharged in a manner that minimises health risks.	Receiving waters are not adversely affected by effluent discharges.	Comply with effluent quality standards as defined in current discharge consents for Clifton and Bluff facilities.
A diverse and growing economy.	Ensure that the building blocks for sustainable business are in place.	Acceptance of tradewaste effluent compliant with Tradewaste Bylaw.	Applications for tradewaste discharges are processed efficiently.	Tradewaste consent applications are responded to within 10 working days.

Measure	Baseline	2017/18	2018/19	2019/20	2020-48	Link to Technical Measure
Service disruptions for individual properties are less than 12 hours.	2016/17 90%	90%	90%	90%	90%	Target level of service measure 10
Comply with effluent quality standards as defined in current discharge consents for Clifton and Bluff facilities.	Bluff 100% Clifton 100%	100%	100%	100%	100%	Target level of service measure 1
Tradewaste consent applications are responded to in 10 working days.	80%	80%	80%	80%	80%	Target level of service measure 17

**Table 3.1: Current and Future Activity Measures**

**NATIONAL NON FINANCIAL PERFORMANCE MEASURES**

The following mandatory performance measures for the Sewerage activity are required to be reported on annually from July 2014. The related Invercargill Technical Target Levels of Service are listed.

Performance Measure	Measure	Performance Measure Procedure	Related Technical Levels of Service
1. System and adequacy	The number of dry weather sewerage overflows from the Invercargill City Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	Record number of dry weather overflows.	3, 4, 5, 6
2. Discharge compliance	Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of: <ul style="list-style-type: none"> <li>• Abatement notices</li> <li>• Infringement notices</li> <li>• Enforcement orders</li> <li>• Convictions,</li> </ul> Received by Council in relation to those resource consents.	Record number of notices enforcement orders and convictions.	1, 2
3. Fault response times	Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following median response times measured: <ul style="list-style-type: none"> <li>• Attendance time – from the time that Council receives notification to the time that service personnel reach the site; and</li> <li>• Resolution time – from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault</li> </ul>	Analysis of customer service records and contractors reports.	15, 16
4. Customer satisfaction	The total number of complaints received by Council about any of the following: <ul style="list-style-type: none"> <li>• Sewage odour</li> <li>• Sewerage system faults</li> <li>• Sewerage system blockages; and</li> <li>• The Council's response to issues with its sewerage system, expressed per 1000 connections to Council's sewerage system.</li> </ul>	Record number of complaints through Request for Service database.	2, 15, 16, 19

**Table 3.2: National Non-financial Performance Measures**

**TARGET TECHNICAL LEVEL OF SERVICES**

**Service Statement:** *“Invercargill City Council provides a waste water system to protect the health and safety of the community and minimise adverse effects on the environment”.*

Target levels of service are consistent with Resource Consents, and contract documents, and intended to apply for the first 8 to 10 years of the Asset Management Plan.

Key Service Criteria	Service Characteristic	Performance Indicator	Target Level of Service	Current Performance	Performance Measurement Procedure
Environmental Standards	Quality of effluent discharged from treatment facilities	Comply with effluent quality standards as defined in current discharge consent issued for Clifton and Bluff facilities	1. 100% compliance	<b>Clifton</b> - Achieved 2014/15 2015/16; 2016/17 (Note 1) <b>Bluff</b> – Achieved 2014/15; 2015/16; 2016/17	A testing and monitoring programme is in place as required by Southland Regional Council
	Odour control at treatment facilities	Number of complaints re odour at treatment facilities	2. No odour complaints assessed as offensive or objectionable by Environment Southland	Achieved	Analysis of service request records, and Southland Regional Council reports of complaints.
Reliability	Continuous and adequate collection	Frequency of system blockages.	3. <4 blockages annually per 1000 properties connections	Achieved 2016/17 – 0.86	Analysis of contract reports and service complaints
		Frequency of overflows affecting a single property.	4 .No property affected more than once in any year	Achieved	Record number of overflows and households affected for all service failures
		Percentage of all properties protected from system related overflows during any year	5. >99.5% of properties	Achieved	Record number of overflows and households affected for all service failures
		Number of pump station overflows.	6. No overflows per year	No overflows in 2014/15, 2015/16 and 2016/17.	Analysis of contract reports
Availability	Continuity of service	Percentage of time available to any property  - over any 12- month period  - over any 5-year period	7. >99.6% availability	Achieved	Analyse service records and contract reports
			8. >99.9% availability		

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Key Service Criteria	Service Characteristic	Performance Indicator	Target Level of Service	Current Performance	Performance Measurement Procedure
Quality		Length of service disruption to individual properties	9. <4 hours - 95% success 10. < 12 hours - 100% success 11. <24 hours in any 5-day period	Not Achieved Not Achieved Achieved	Analyse service records and contract reports Analyse service records and contract reports
		Maximum duration of one disruption to individual properties			
	Compliance with relevant standards	Percentage compliance with maintenance standards	12. 90% compliance with contract specification	Achieved	Measured by audit of monthly contract claim
Responsiveness	Compliance with Tradewaste Consent Conditions	Percentage Compliance with Quality and Quantity limits	13. 100% Compliance	2014/15, 2015/16, 2016/17 – 100% (Note 2)	Analyse as detailed in individual consents
	Success in undertaking repairs and maintenance	Percentage of jobs for which repeat service requests are received.	14. <0.5% of jobs	No current assessment	Analysis of customer service records and contractor reports.
	Timeliness of response to emergency system blockages	Percentage of blockages rectified within the specified time	15. Contractor arrives at site within 1 hour (90% success)	Not Achieved 2014/15 89% 2015/16 88% 2016/17 87%	Analysis of customer service records and contractor reports.
	Timeliness of response to public enquiries	Percentage of written enquiries responded to within the specified time	16. Reply within 5 working days	Not currently assessed	Analysis of customer service records
	Tradewaste consent applications	Percentage of response to consent application within required timeframe.	17. Reply within 10 working days (80% success)	2014/15 2015/16, 2016/17 – 100%	Audit of correspondence
Health and Safety	Safety of waste water assets	Absence of significant health hazards	18. All significant site hazards identified and removed or mitigated where possible.	Achieved – Contractor maintains Health and Safety Plans which are reviewed at all contract meetings.	Audit of safety reports and Health and Safety plans
Courtesy/ Assurance	Customer notification of planned system disruptions	Percentage customers given prior notice of planned interruptions.	19. 100%	Achieved – Maintenance leaves customer satisfaction card on all jobs. Construction contractor delivers letter with response form to all adjacent residents.	Customer satisfaction responses recorded and discussed at contract meetings.

Table 3.3: Targeted Level of Service – Waste Water

Notes:

1. Clifton Wastewater Treatment Plan discharge consent conditions were amended in December 2009, and since then the discharge has been compliant.
2. Compliance with Tradewaste Consent Conditions. This is a measure of the performance of Tradewaste Consent Holders, rather than Council. Council will respond by requiring consent holders to meet conditions.

## 4. Demand For Our Services

### 4.1 DEMAND FORECAST

#### 4.1.1 Factors Influencing Demand

This Activity Plan reflects Council's assumptions for the Long Term Plan as set out in the background paper: Long Term Plan – Background and Assumption 2018-28.

Factors affecting the sewerage activity are:

- Population and household growth, and aging population
- Legislation and resource consents
- Inflation
- Growth in local economy
- Depreciation, asset revaluation, and useful life of significant assets
- Natural disasters
- Climate change
- Technology

#### 4.1.2 Projected Growth or Decline in Demand for the Service

##### ➤ ***Population and Household Growth, and Aging Population***

Population in Invercargill is expected to increase remain static until 2043, based on Statistic New Zealand medium population projections ( see appendix xx This is appendix 17.02 in Water AMP), with the Low projection showing a decrease over this time period, and the high projection indicating an increase. A demographic shift towards an older population is predicted.

**Insert Graph of Population projections based on Appendix 17.02 numbers**

This is expected to result in an increase in the number of households, as more people live alone, but is not expected to result in a significant increase in the volume of domestic sewage.

The Invercargill City District Plan 2013 provides for limited extension of the urban zone to provide for residential development, and it is expected a further increase in households will result from infill development, as large existing urban properties are subdivided to provide additional residential sites. The trunk sewerage pipes, and treatment plants are of sufficient capacity to accept sewage from a significantly larger population than is expected, and a need for upgrading due to population growth is not anticipated.

There will remain a demand for rural residential options, but Council does not intend to extend the sewerage network to service these properties, and will expect them to provide suitable on-site effluent disposal systems.

##### ➤ ***Growth in Local Economy***

The local economy is expected to grow and diversify and this is likely to result in additional industries with a need to dispose of trade wastes. The sewerage activity has some capacity to accept trade waste from new development industrial zones within the city, including the Awarua

Industrial Estate. Trade wastes are regulated and controlled by the Trade Waste Bylaw to ensure that trade wastes do not compromise the operation of the activity.

➤ ***Inflation, Depreciation, Asset Valuation and Useful Life of Significant Asset***

As an asset based activity, it is critical to meeting the desired Levels of Service that asset life is carefully monitored, and that assets are renewed before failure. A significant number of assets are now at, or near, the end of their assigned service life and renewal programmes are part of this asset management plan.

Council has resolved to fund asset renewals through depreciation to ensure that the correct level of funding is raised, asset are valued every three years, and renewal budgets are adjusted by inflation, and by the latest construction indices for particular asset classes.

## **4.2 CHANGES IN SERVICE EXPECTATIONS (FUTURE LEVELS OF SERVICE)**

### **4.2.1 Anticipated Changes in Demand for Service**

The following are likely to affect the demand for the sewerage activity:

➤ ***Legislative Change***

Legislative changes can significantly affect the Council's ability to meet minimum levels of service, and may require improvements to infrastructure assets. Changes in environmental standards and the Resource Management Act 1991 may affect sewage disposal standards and options.

Invercargill City Council holds consents issued by Environment Southland to discharge treated effluent from the Bluff Wastewater Treatment Plant until 2025 and from the Clifton and Omaui Plants until 2029.

Environment Southland's proposed Southland Water and Land Plan is likely to place more pressure on Council to improve the reliability of the Sewerage and Stormwater networks to ensure that discharge of contaminants to waterways is avoided.

➤ ***Technological Change***

Technological advances applicable to the life cycle management of sewerage assets are being made in the following areas:

- 'Trenchless' technology - repair and rehabilitation techniques which do not require the excavation of pipelines offer savings in both direct and indirect (disruption to traffic, property owners and commerce) costs.
- Treatment systems - new techniques to improve cost effectively and reliability of sewerage treatment.
- Asset management systems - software which allows the more effective storage, analysis and reporting of asset information.
- Invercargill City Council will monitor and investigate advances in technology, and introduce them as appropriate.

➤ ***Industrial Development***

Invercargill has an objective to encourage industries to the district. Some industries, particularly those servicing the rural sector, have high water and effluent treatment demands. If effluent is accepted into the sewerage system, impacts on the reticulation and treatment systems need to be considered.

➤ ***Rural Residential Communities***

Invercargill has a number of small rural residential clusters with onsite wastewater treatment systems, some of which are failing, and on sites with limited options for replacement systems. In some cases the extension of the sewerage network or the provision of small sewerage treatment systems to service these communities may be an economic solution.

#### **4.3 EXPECTED IMPLICATIONS FOR THE ACTIVITY**

##### **4.3.1 Legislative Change**

Environment Southland's proposed 'Southland Water and Land Plan' is expected to have some significant implications for the sewerage activity, relating to the quality of effluent discharges, and cross contamination between sewerage and stormwater. While the plan is expected to be adopted in 2017, the full implications for the sewerage activity will not be known for several years, when the limit setting process on the various Southland waterways is completed.

However it is expected that the discharge consents will be affected as follows:

➤ ***Bluff Waste Water Treatment Plant Discharge (expires 2024)***

This discharge is high quality, with very low impacts on receiving waters. It is anticipated that upgrade will not be required.

➤ ***Omaui Oxidation Pond Discharge (expires 2029)***

This discharge is to land, adjacent to the coastal marine area, and impacts on CMA have not been observed. An upgrade requirement is not anticipated for consent renewal.

➤ ***Clifton Waste Water Treatment Plant Discharge (expires 2029)***

This discharge is to the New River estuary, and adds to high nutrient loading from other sources. It is likely that a significant treatment upgrade will be required at significant cost.

➤ ***Stormwater Discharge Consent***

Application has been made for renewal of these consents, with expiry date subject to conditions. Council has proposed monitoring to identify cross contamination of stormwater with sewerage, and proposes to address issues identified as part of the pipe network renewal programme for both networks.

##### **4.3.2 Technology Change**

Council will monitor and investigate advances in technology where appropriate to improve performance against Levels of Service and cost effectiveness.

**4.3.3 Rural Residential Communities**

Where appropriate, Council will consider options to extend the sewerage network, or apply small scale community sewerage schemes to address issues with failing onsite effluent systems.

#### 4.4 FUTURE DEMAND ISSUES AND CHALLENGES

##### 4.4.1 Possible Demand-related Responses

No specific programmes are proposed for growth and demand related works, as low levels of growth are expected in Invercargill during the life of the plan.

However, provision has been made for growth in the following areas:

➤ **Residential Growth**

The District Plan provides for residential growth in several areas of the urban area, and in Otatara. The Plan specifically identifies Retreat Road as an area for residential development, although budgets and timelines for this development have not yet been determined. The provision of sewerage reticulation will be part of the subdivision development and funded by the developer. As part of subdivision assessment, the adequacy of infrastructure into which the subdivision feeds will be considered, and, if necessary, upgraded as part of development. Because the overall population is not expected to increase significantly, it is expected that capacity of trunk sewers and treatment systems will not be compromised

➤ **Awarua Industrial Development**

The Council has rezoned land at Awarua for Industrial Development, and it is expected that Industry wishing to establish in the area will require effluent treatment. Council intends to collect and convey effluent to the Clifton Treatment Plant, and, depending on strength, effluent may be pre-treated at Awarua either by the industry or by Council. Because industry requirements vary considerably, it is intended to consider and provide services in negotiation with industry as they establish, with funding to be recovered as a cost against the development, including the costs of pretreatment systems at Awarua, or of capacity upgrades of the Clifton Treatment Plant

##### 4.4.2 Possible Non-Asset Solutions

Demand Management involves implementing non-asset related solutions to manage the demand for a service. Non-asset solutions include:

- Control of trade waste discharges
- Onsite disposal versus reticulation system
- Reduction in infiltration

Invercargill City Council will implement the following demand management strategies to minimise the need for investment into sewerage assets:

➤ **Trade Waste**

The quantity and type of trade waste that enters public systems can considerably affect costs and treatment options. The Invercargill City Council Bylaw 2017/1- Trade Waste provides for review and control of trade waste discharges and requires trade waste consent holders to consider cleaner production pathologies. As the Council has an objective to encourage industries to the district, trade waste volumes may increase,

requiring changes to treatment plants. Trade waste charges have been developed to recover costs.

➤ ***Onsite Disposal Versus Reticulated System***

While the major urban areas of the city have a reticulation system, smaller townships and rural properties use onsite disposal systems. The issue of choosing between systems will apply to new subdivisions and lifestyle block development. It may be more economical for properties to be serviced by onsite disposal rather than extending the public reticulation system. Any onsite disposal system will need to meet the environmental standards for discharge required by the operative regional water plan.

➤ ***Reduction in Infiltration***

As the reticulated systems age, the need to control the quantity of infiltration and inflow becomes more important in order to reduce the need to increase the capacity of the sewerage system. Invercargill City Council has been conducting flow monitoring and infiltration surveys, and video inspections of sewers to identify pipes which are deteriorating structurally, or which are subject to high levels of infiltration. The results of these surveys and of maintenance records will be used to identify maintenance issues to improve performance, or renewal programme priorities for future years.

#### **4.4.3 Managing Expectations**

Customers of the sewerage network activity expect:

- Adequate sewerage drainage to remove sewage from the properties and to protect the health of the community.
- Prompt response to requests for service relating to maintenance issues.
- Protection of receiving water from contamination through cross contamination of stormwater.
- Manage treatment plant effluent discharges to avoid adverse effects on the receiving water.

There is no intention to try to change customer expectations.

## 5. Asset Profile

### 5.1 ASSET OVERVIEW

The city has three sewerage networks consisting of a total of 364 km of pipe in a variety of materials and in sizes ranging from 50 mm diameter to 1500 mm diameter. The largest material category is earthenware, comprising 79% of the network and the largest size category is 150 mm diameter, comprising 72% of the pipe network. The separate sewerage networks are located at Omaui, Bluff and Invercargill, serving populations of approximately 30, 2,000 and 48,000 respectively and each having its own treatment plant.

The sewerage system includes 31 pumping stations ranging in size from those serving only a few households, to the Mersey Street station, serving a population of about 26,000.

The three treatment plants produce high quality effluent, and Council has discharge consents which will be current until 2025 for the Bluff plant and 2029 for the Omaui and Clifton (Invercargill) plants.

As the population of Invercargill is not expected to significantly increase during the next thirty years, expansion of the sewerage system is not planned, although some extensions are possible as a result of subdivision, and will be funded by the developer.

The pipe network is aging with the oldest parts of the network now 100 years of age, which is the assumed economic life of the pipes. The Asset Management Plan includes funding for renewal of ageing pipelines, and some investigation and prioritisation of renewal needs has been initiated, including CCTV inspection of 8.04% of the network, and a flow monitoring survey. The CCTV inspection shows the network to be in good condition structurally, and analysis of maintenance records shows low numbers of system blockages and collapses, confirming the generally good condition of the pipe network. However flow monitoring surveys have revealed high levels of stormwater infiltration in some areas, and it is likely renewal work will focus on these areas to address the incidence of sewage overflows.

Pump Stations and Treatment Plants are in good condition, and programmes are in place to ensure ongoing maintenance and renewal of mechanical and electrical plant at the end of their economic lives.

The following Asset information is contained within Appendices:

- Sewerage System Map - Appendix 14.01
- Pipe Age, Material, Size Profiles - Appendix 14.02
- Pump Station Register - Appendix 14.03
- Resource Consents Wastewater Treatment Plants - Appendix 14.04
- Wastewater Treatment Plants and Renewal and Maintenance Schedule - Appendix 14.05

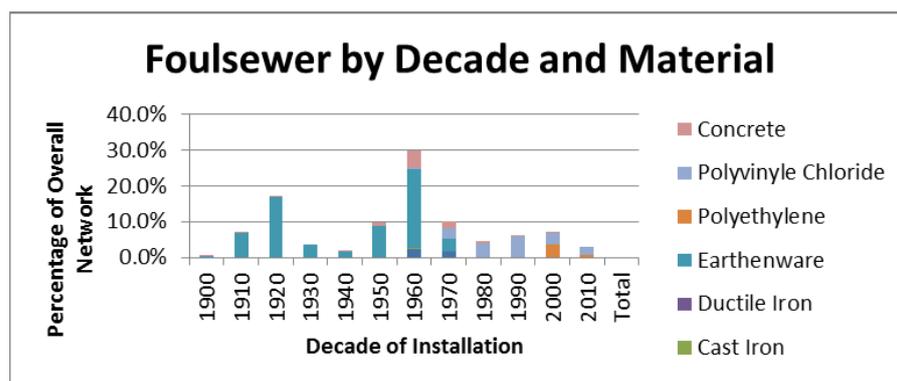
**Location of Detailed Information**

Invercargill City Council retains detailed pipe, pump station and treatment plant asset data and maintenance records on an in-house Asset Management Database. This is accessed through a GIS database and CityMap.

**5.2 ASSET DESCRIPTION**

➤ **Sewerage Pipe Network**

The pipe network consists of 364 km of pipe in the Invercargill Urban area, Otatara and Bluff, and serves a connected population of approximately 48,000 people as well as a number of trade waste discharges.



Maps of the areas served and major drains are included in Appendix 14.01. Age, size and material profiles of the pipe network are shown in Appendix 14.02. Major features are:

- Pipe ranges in size from 40mm diameter to 1500mm diameter, with 69% being 150mm diameter.
- 64% of pipe is earthenware.
- Pipe laid prior to 1980 is mostly earthenware, and since 1980 mostly PVC. Some asbestos cement pipe was laid between 1960 and 1980, and larger pipes, generally 525 mm diameter and larger are reinforced concrete.

➤ **Pump Stations**

Invercargill has a total of 31 sewage-pumping stations as listed in the Sewerage Pumping Station schedule. The stations vary in size from those with less than 10 connected properties to the Mersey Street Pumping Station which serves the major part of Invercargill, including the Commercial and Business Centre, with an estimated connected population of 26,000.

All stations are equipped with electric pumps and have sufficient capacity to deal with peak infiltration flows, and stand-by capacity to deal with pumps being out of service due to breakdown, or maintenance requirement. The major stations (Mersey Street, Preston Street, Lindisfarne Street, and Bluff main sewage pumping stations) are equipped with stand-by generators which will operate the stations at full capacity in the event of power failure.

In the event of power failure at the smaller stations, wet wells can be emptied by a suction tanker while power supply is restored, or power can be supplied by a mobile power generator.

Pumping stations are designed to deal with the expected sewage flows from their respective catchments and also with significant amounts of groundwater and stormwater inflow and infiltration. However, as the pumping stations are generally located in the lowest part of catchments and often close to waterways, they are susceptible to stormwater flooding during extreme rainfall condition (greater than five year return period rainstorm) or as a result of stopbank damage due to flooding.

➤ **Wastewater Treatment Plants**

Invercargill has the following sewage treatment and discharge facilities (see Appendix 14.05 for a detailed schedule of assets):

- **Clifton Waste Water Treatment Plant**

The Clifton Waste Water Treatment Plant receives and treats sewage from the urban area of Invercargill, servicing a population of approximately 46,000 people and a number of trade waste discharges. An average daily inflow of 25,000 m<sup>3</sup> is received, and treated in primary sedimentation tanks, secondary trickling filters and tertiary facultative ponds. The primary treatment plant was built in 1969 and the secondary plant in 1992 and the tertiary facultative ponds in 2004. Aerated basins were built in 2006 to treat industrial effluents.

The discharge is to the New River Estuary, and is covered by a discharge consent which expires in 2029.

The Treatment Plant also holds consents to discharge stormwater and leachate to land at the Biosolids drying area, and for air discharges, and a consent expiring in 2027 to discharge Biosolids to land at Sandy Point.

Discharge consent conditions were reviewed in 2010 and since then the plant has fully complied with consent conditions.

- **Omaui Oxidation Pond**

The Omaui Oxidation Pond was constructed in 1989 and receives domestic sewage from approximately 30 people. The discharge is to land adjacent to the pond, and has a consent which will expire in 2029.

- **Bluff Wastewater Treatment Plant**

The Bluff sewage reticulation collects sewage from approximately 2,000 people, and a number of trade waste dischargers who are predominately fish processors. Sewage is treated at the Bluff Wastewater Treatment Plant. An average daily inflow of 1800 m<sup>3</sup> is received and treated in an aerated lagoon, followed by clarification and UV disinfection. The plant was constructed in 2000.

The discharge is to Foveaux Strait at Ocean Beach and is covered by a consent which will expire in 2025.

### 5.3 CRITICAL ASSETS

Criticality of 3 water assets have been reviewed by Council in a study led by Paul Utting of Project Max. The results of the review are contained in the report "Invercargill City Council: Defining Asset Criticality for Water Services, June 2017" (reference to new Appendix. Same as Appendix 17.13).

Criticality reflects the consequences of failure irrespective of whether the asset is new, or nearing the end of its useful working life. Typically, as an asset ages it moves from a low likelihood of failure to a higher likelihood.

Some risk factors such as earthquake or flooding are independent of asset age or condition.

The asset's criticality, as measured by the consequence of failure, does not usually change with time.

#### 5.3.1 Asset Criticality Criteria

The following considerations were identified as covering all reasonably conceivable consequences of failure:

Rank	Consideration	Description
1 =	Health (sickness)	Causing sickness for individuals or groups within the community. Typically, this might be gastro-intestinal arising from contamination of drinking water or contact with polluted water.
1 =	Health (injury)	Causing injury or death due to circumstances associated with the asset failure. Usually occurring suddenly.
3 =	Loss of Service (Domestic)	The water service is not available to the household. Initially this causes inconvenience but rapidly escalates into major health issues and disruption to normal life for the affected consumers.
3 =	Key Customers and Business Impacts	This is also related to a water services not being available to business customers and reflects impact on their ability to trade and the longer term economic welfare of the city.
5	Environment	Impacts on the natural environment, particularly flora and fauna. Also intended to reflect disruption to water based recreation when pollution occurs.
6	Damage (Property)	This is primarily associated with damage to private property e.g. houses vehicles, landscaping. Damage to business premises would typically be considered under Key Customers and Business Impacts as the key issue is the time to recover and any impacts on overall business viability.
7	Damage and disruption to other utilities	The failure of a water services asset might have relatively little impact on water services customers. However, if it takes out another major utility asset in the process the impact might still be significant. This would include railways, arterial roads, bulk power transmission, key fibre-optic routes, etc.
8	Compliance	Most major compliance breaches will be accompanied by health or environmental consequences that would take priority at the time. This consideration is intended to

Rank	Consideration	Description
		capture multiple, lower level breaches that ultimately reflect adversely on the Council.
9	Financial (on council)	If an asset needs to be replaced its cost will inevitably fall on council and this is not an avoidable consequence. However if the cost is significant and has not been predicted then this can be very disruptive to council's programme. It can also apply to situations where a large repair cost is incurred that could have been avoided with a pro-active renewal prior to failure.
	Image / Legal / Reputation	These are often included in corporate risk strategies and can be relevant at the corporate level. However they are unlikely to occur in relation to water services in the absence of a consequences occurring in one of the above considerations. As they do not occur in isolation they are not included as 'stand-alone' considerations. However they will inevitably occur when high criticality failures occur and need to be planned for as part of the response.

The general definitions of Levels of Criticality are included in the following table:

Criticality Level	General Description
<b>Insignificant / Minor 1 &amp; 2</b>	<p>Insignificant' is at a level of incidents affecting only a few customers and causing minor inconvenience. Failure of the asset quite site-specific.</p> <p>'Minor' is similar but affecting groups of customers but with the response completed within the target Levels of Service. Failure of these assets may be indicative of overall deterioration.</p>
<b>Low 3</b>	<p>This group includes several types of assets that justify management at a more intense level than 1 or 2. This would include situations where adverse effects justify an escalation of the provider's normal response.</p> <p>It also includes assets that receive regular (or event specific) inspections for security, graffiti, maintenance, cleaning, operational status, etc. Such inspections may be augmented by SCADA monitoring for status and operational purposes.</p> <p>Asset failures can occur but are expected to have relatively minor Consequences.</p>
<b>Moderate 4</b>	<p>Assets in this group are likely arterial with significant impacts when failure occurs.</p> <p>Monitoring and pro-active management would be in place but not to the 'avoid at all costs' level of Major. Single failures might occur and this would trigger an urgent response to avoid re-occurrence.</p>
<b>Major 5</b>	<p>This is likely to be the highest Consequence of Failure that a provider would choose to adopt.</p> <p>The asset involved would be highly monitored and pro-actively renewed with a strong focus on avoidance of any failure occurring.</p>
<b>Extreme</b>	This column is intended to indicate the most extreme

Criticality Level	General Description
<b>(Catastrophic) 6</b>	outcomes that could conceivably occur. Ideally assets would be re-configured to avoid this possibility even if the Likelihood of Failure is considered to be very low.

### 5.3.2 Identification of Critical Assets

Assets identified as having the highest criticality are included in the following table:

Criticality	Assets Falling Into that Category
<b>Extreme</b>	<ul style="list-style-type: none"> <li>Mersey pump station rising main</li> </ul>
<b>Major</b>	<ul style="list-style-type: none"> <li>Large, deep pipes</li> <li>Pipes under buildings</li> <li>Gravity stream crossings (aerial and syphon)</li> <li>Clifton WWTP</li> <li>Major pump stations – Mersey, Preston, Lindisfarne, Bluff Main and Kekeno</li> <li>Rising mains for above</li> <li>Bluff WWTP pond bank</li> <li>SCADA</li> </ul>
<b>Moderate</b>	<ul style="list-style-type: none"> <li>Deep pipes (any diameter not included above)</li> <li>Suburban pump stations</li> <li>Suburban rising mains</li> <li>Bluff WWTP</li> </ul>

## 5.4 ASSET CONDITION

### 5.4.1 Summary of Current Asset Conditions

#### ➤ **Pipe Networks**

Information on the condition of the pipe networks is limited, with knowledge of condition based on maintenance records, the knowledge and experience of staff, and on CCTV and physical inspection of parts of the system. The relatively low number of blockages, and high availability of the system indicate that for its age, it is in reasonable condition. Approximately 7.98% of the system has been recorded on CCTV and graded in accordance with the New Zealand Pipe Inspection Manual, which indicates good structural condition of pipes. The flow monitoring programme however, indicates high infiltration and potential for overflow in parts of the system.

#### ➤ **Pump Stations**

The pump stations and their mechanical and electrical plant vary in age up to approximately 30 years, with condition of plant at each station detailed in Appendix 14.03. A comprehensive maintenance and renewal strategy assist to maintain the stations in good operating condition.

#### ➤ **Treatment Plants**

Buildings, structures and plant at each of the three Treatment Plants are regularly inspected, and an assessment made of maintenance and renewal requirements made on an annual basis (see Appendix 14.05). Subject to the continuing maintenance and renewal programme, the plants are in good operating condition.

## 5.4.2 Condition Monitoring

The following strategies are used to monitor the condition of sewerage assets to feed into upgrading and renewal programmes, and to ensure that levels of service are maintained, and assets upgraded or renewed in the most timely and cost effective manner.

Monitoring of the various assets classes include:

### ➤ **Pipe Networks**

- Maintenance Records: Request for service, records of maintenance activities, and inspections of pipes during repair are analysed to assist in rating of pipe condition.
- CCTV Inspections: Critical assets are inspected by CCTV and condition is graded in accordance with the guidelines in the New Zealand Pipe Inspection Manual.
- Pipe Material Testing: Samples of pipe are physically tested to determine condition and decay rates.

### ➤ **Pump Stations**

- Alarm Monitoring: Most pump stations are connected by telemetry to Council's 24 hour call centre with faults recorded. Where necessary, repair crews attend to faults, and alarm records assist in condition rating.
- Operator Inspection: Operators visit pump stations at least once a week to attend to operational issues, and to check mechanical and electrical systems.
- Annual Inspection: All pump stations are inspected annually to determine maintenance and renewal needs.

### ➤ **Treatment Plants**

- Operation Monitoring: The Bluff and Clifton Treatment Plants are automatically operated and performance is continually monitored. Data so collected feeds operational maintenance and renewal strategies. During times when the plants are unmanned, they are connected by telemetry to Council's 24 hour call centre, and alarms are raised in event of plant failure or operation outside of normal ranges.
- Operator Inspection: Operators are on duty 7 days a week to attend to operational duties, and to check mechanical and renewal needs.
- Annual Inspection: All equipment is inspected and assessed annually to determine maintenance and renewal needs.

## 5.5 ASSET CAPACITY AND PERFORMANCE

### 5.5.1 Capacity and Utilisation

Capacity in parts of the sewerage network is compromised by high levels of infiltration which can cause pipes to overflow during high intensity rain events. Council has started a flow monitoring programme to identify areas most affected by infiltration, and will address these issues in the pipe renewal programme.

The system includes constructed overflows as detailed in Table 5.1 below, which operate at times of high flows.

While inflow infiltration studies and analysis of pumping station and treatment plant records show a high incidence of inflow / infiltration, there is no evidence of reduced service to residential or business users as a result .

Number	Location	Pipe Size (mm)
1.	48 Ross Street	300
2.	Corner Moana and Waihopai Streets	200
3.	Opposite 182 Lamond Street	150
4.	Roseburn Place	150
5.	Lindisfarne Street and Otepunu Creek	150
6.	Corner Tweed and Conyers Streets	300
7.	Corner Iona and Christina Streets	250
8.	Opposite 96 Moulson Street	225
9.	Ness Street and Otepunu Creek	150
10.	Corner Forth and Nith Streets	150
11.	Mersey Street, north bank Otepunu Creek	450 x 225
12.	Clyde Street Pump Station	150
13.	Bay Road and Pump Station	150
14.	106 Chelmsford Street	150
15.	442 Tay Street	150

**Table 5.1: Location of emergency foulsewer overflows**

## 5.5.2 Performance

### Environmental

#### ➤ **Pipe Network**

Flow monitoring has confirmed that parts of the sewerage network suffer from excessive amounts of stormwater infiltration / inflow. The model will be further extended to assist in prioritising sewerage renewal and upgrading projects.

The 15 known emergency sewerage overflows are listed in Table 5.1 which are regularly monitored to ensure sewerage is not overflowing as a result of network blockages. The overflows have been monitored since 2011, and only two overflows have operated in that time, with each operating twice due to sewerage blockage.

#### ➤ **Pump Stations**

In the interests of public safety and in recognition of Councils responsibilities under the Resource Management Act to avoid discharge of sewage to land or waterways, pump stations have the following facilities:

- Standby gensets for major pump stations, and mobile gensets for smaller stations to maintain pump capacity in the event of power supply failures.
- Spare pump capacity to ensure design flows can be maintained if a pump is out of service for breakdown or maintenance.
- Telemetry connection to alert Councils 24 hour monitoring centre in the event of station failure.
- On call service providers to attend to station failure at any time.

➤ **Treatment Plants**

Council holds discharge consents for each of the three treatment plants and is fully compliant with consent conditions. Details of the consents are included as Appendix 14.04. The treatment plants have similar provisions to pump stations to provide back up in the event of electro / mechanical failure.

➤ **Reliability / Availability**

The sewerage pipe network has a high degree of reliability and availability, with maintenance records showing a low number of blockages (less than 20 per year for 100km of pipe) and few incidents of repeat blockage. The performance targets for service availability to individual properties have fallen short of the Level of Service targets.

➤ **Responsiveness**

In order to maintain levels of service to users of the foulsewer network, Council's maintenance contract requires a 24-hour response crew to be available, and attendance within an hour of instruction for emergency work. Work is defined as emergency work where there is a danger to public health and safety, the potential for damage, or loss to property or environment, or the service itself is compromised.

Council employed staff are available on 24 hour call to attend to Treatment Plant and Pump Station equipment failures. Council's maintenance contract requires a fitter and electrician to be available on 24 hour call for emergency repair work.

➤ **Maintenance**

Maintenance contracts provide for assets to be maintained to a high standard to ensure continuity of service.

➤ **Health and Safety**

Issues of worker and public health and safety are dealt with in accordance with the requirements of the Health and Safety in Employment Act 1992. Contractors working on the assets, and Council employed work groups are required to identify and regularly review potential hazards to public and staff, and to maintain health and safety plans and hazard registers detailing means of protection from hazards. Accidents and health and safety incidents are required to be reported in accordance with the Act.

## 5.6 SUMMARY OF ASSET TRENDS, ISSUES AND CHALLENGES

The measured Levels of Service show the sewerage activity to be performing at a high level, consistently meeting the target levels of service. However, Levels of Service may be compromised in future years by the following issues:

➤ **Asset Service Life**

The renewal plan has been developed based on assumed service lives of assets, with deterioration of asset condition measured approximately by depreciation. As over 17% of assets will reach their renewal age in the 2020's, it is important that renewal expenditure is increased to ensure that asset performance levels are maintained.

➤ ***Environmental Standards***

The new stormwater discharge consent, and the limit setting process within the proposed Southland Water and Land Plan is expected to require significantly improved quality in Invercargill's stormwater discharges. Where stormwater is being contaminated from the sewerage network, defects will need to be remedied.

When Wastewater Treatment Plant discharge consents come due for renewal in 2025 and 2029, quality improvement on these discharges are also likely to be required.

## 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 ability to improve the sustainable outcomes in the provision of infrastructural services is highest during the planning and design phase. Asset 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.

The operation of infrastructure has ongoing impacts - particularly as they relate to energy use and emissions, runoff, noise, light, ecological impacts, safety etc. Operation can provide ongoing employment and economic benefit.

The construction of infrastructure impacts on material use, energy, water, waste, etc. Construction can provide employment, with potential to target 'social' procurement.

The sewerage activity contributes to the sustainable development of the city by provision of:

- Safe sewage collection and disposal system to enhance public health within the community.
- Trade and industrial waste collection to provide employment and economic benefits.
- Treatment systems to reduce impacts of the city on the environment.

#### 6.1.1 Social and Cultural

The sewerage activity provides one of the building blocks for a safe, friendly city. This asset management plan aims to provide a system that is continuously available to residents through maintenance and renewal plans to replace asset prior to failure, and to minimise times when the service is unavailable to any property.

The treatment plants ensure that natural areas are available for recreational activities without risks to public health, and that ecological values are sustained.

#### 6.1.2 Environmental

Council hold consents for discharges from each of its three treatment plants. The consents include conditions limiting contaminants in the discharges to air,

water and land to protect the receiving environments from unsustainable drainage.

Council seeks to operate the activity in ways that minimise the use of resources, and effects on the environment.

Strategies include:

- Selection of plant and pipe materials to maximise useful service life.
- Minimisation of wastage during construction.
- Selection of energy efficient plants and energy audits of operating plant.
- Use of biogas for plant energy needs where appropriate and economic.
- Reduction of greenhouse gases, e.g. by flaring surplus biogas.
- Design for adaption and resilience to hazards and climate change.

### **6.1.3 Economic and Financial**

Council's goal is to continue to provide the sewerage activity which achieves the desired levels of service in the most effective manner by:

- Recognising the consumption of assets over their lifetime and funding their renewal through depreciation.
- Categorising capital versus operational expenditure.
- Allocating costs and preparing forecasts over the long term (30 years and beyond).
- Reporting on financial performance.
- Researching and identifying practical and cost effective alternative service delivery options.

### **6.1.4 Summary of Sustainability Challenges and Issues**

#### **➤ *Population and Demographics***

Population is expected to remain static, or to grow by a small amount over the planning period, and to age, with a trend to a larger number of smaller households. There may be affordability issues as a smaller number of working age people are expected to fund increasing standards of service provision.

#### **➤ *Tradewaste Users***

Businesses seeking to establish or increase their activities in Invercargill will contribute additional tradewaste to the sewerage system. Council will need to monitor tradewaste through the tradewaste bylaw, and set contamination limits on individual businesses to ensure treatment capacity is not compromised. Council may be able to provide additional treatment systems for tradewaste, and recover costs through tradewaste charges.

#### **➤ *Increasing Environmental Standards for Effluent Discharges***

The proposed Southland Water and Land Plan is expected to set higher standards for effluent discharges from wastewater treat plant, and is likely to involve more complex and expensive treatment systems.

#### **➤ *Serviceability of Aging Pipe Network***

As both public pipe networks, and on property wastewater systems age, leakage and cross contamination between sewerage and stormwater networks can be expected to increase, and may result in failure to comply with stormwater discharge consent conditions. As part of the strategy to improve stormwater quality, Council will need to continue to improve the integrity of both the stormwater and sewerage networks, and to require property owners to address issues with on property cross contamination.

## **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**

Critical assets are “those which have a high consequence of failure, but not necessarily a high probability of failure”. This is important as it draws attention to those assets which are the most important, irrespective of the likelihood of failure of the asset. Critical assets typically require more proactive management to minimise or eliminate this risk.

The likelihood of failure of an asset is often difficult to assess, however condition and age are parameters that provide an indication. The worse the condition of the asset, the more likely it is to fail.

Assets which are both extremely critical and more likely to fail should have higher priority and be replaced or rehabilitated earlier in their lifecycle than others, and at lower levels of criticality “run to failure” may be perfectly acceptable.

### **6.2.3 Risk Identification and Assessment**

The highest ranked risk events are developed in accordance with the procedures in section 6.2.1 and detailed in Table 7.6 below.

Causation of risk events result from the exposure of the various individual assets of the sewerage system to threats which have been categorised as below:

- Natural Disasters
  - Flood
  - Earthquake
  - Wind
  - Lightning
- Asset Feature
  - Condition
  - Performance (insufficient capacity, leakage, backflow)
- Other
  - Legislative change
  - Poor practice

Key risks are summarised in section 6.2.4.

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Strategic Outcome	Level of Service Failure Indicators	Asset Sub Group	Caused by	Consequences							Weighted Averaged Consequence Score	Likelihood	Risk Severity	Control	
				Legal Compliance (0.20)	Corporate Image and Reputation (0.10)	Service Delivery – Customer Impact (0.15)	ICC Financial Impact (0.20)	Financial – Community (0.15)	Health and Safety (0.20)	Current Practice				Recommended Actions	
Preserve its character	Sewerage Discharge to land / water request for service increase	Pipe Network	Rising main burst	3	3	2	2	2	2	2.3	C	M	Reactive maintenance renewal plan emergency response		
			Major pipe blockage / collapse	3	3	3	3	2	1	2.5	D	M	Emergency response inspection / renew deteriorating assets		
			Minor pipe blockage / collapse	1	1	2	1	1	1	1.15	A	H	Reactive maintenance emergency response renewal plan		
		Pipe Network Pump Stations	Subsidence over pipe	2	1	1	1	1	1	1.2	C	L	Reactive maintenance		
			Flooding – larger than five year return period	1	3	3	3	2	2	2.3	E	L	Emergency response – lifelines		
			Major earthquake	6	5	5	6	5	3	5	F	H	Emergency response - lifelines		
			Pump Failure	2	2	3	2	1	1	1.8	D	L	Inspect / maintain 24 hour emergency response standby pumps		
			Power failure major stations	3	4	3	2	2	3	3.1	C	H	Standby electrical genset emergency 24 hour response		

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Strategic Outcome	Level of Service Failure Indicators	Asset Sub Group	Caused by	Consequences							Weighted-Averaged Consequence Score	Likelihood	Risk Severity	Control	
				Legal Compliance (0.20)	Corporate Image and Reputation (0.10)	Service Delivery – Customer Impact (0.15)	ICC Financial Impact (0.20)	Financial – Community (0.15)	Health and Safety (0.20)	Current Practice				Recommended Actions	
			Power failure – small stations	2	3	3	1	1	1	1.4	C	L	Asset management planning / maintenance mobile standby genset 24 hour emergency response		
Enhance our City	Discharge of inadequately treated sewerage	Treatments	Treatment Plant overload	4	4	1	4	4	3	3.35	D	M	Asset management plan for population growth – control tradewaste with Bylaw	Consider additional treatment processes	
			Mechanical / electrical equipment failure	1	1	2	2	2	1	1.5	B	M	Standby plant 24 hour maintenance crew response		
			Power supply failure	1	1	2	1	1	1	1.15	C	L	Standby genset		
	Discharge to air / water fails to meet consent standards			Earthquake damage	3	3	3	6	3	3	3.6	F	H		Lifelines response
	Floor – larger than 5 year return			1	1	3	2	2	2	1.85	D	H	Lifelines response		
	Consent quality conditions not met			4	4	3	4	4	1	3.35	B	H	Consent review		
Embrace innovation and	Tradewaste quality and	Treatment plants	Treatment plant overloaded	4	4	1	4	4	3	3.35	D	M	Asset management plan – plan for industrial load		

Strategic Outcome	Level of Service Failure Indicators	Asset Sub Group	Caused by	Consequences							Likelihood	Risk Severity	Control	
				Legal Compliance (0.20)	Corporate Image and Reputation (0.10)	Service Delivery – Customer Impact (0.15)	ICC Financial Impact (0.20)	Financial – Community (0.15)	Health and Safety (0.20)	Weighted-Averaged Consequence Score			Current Practice	Recommended Actions
change	quantity fail to meet tradewaste consent limits	Pipe network	Pipe network overload due to tradewaste	3	3	3	3	2	1	2.5	D	High	Control tradewaste discharge with Bylaw – require quality improvement	Plan for industrial volumes
												Low	Tradewaste Bylaw – require volume reduction	

Table 7.6 – Risk Assessment

#### 6.2.4 Summary of Key Risk Issues

- Pipe blockage or collapse causing backup and sewage overflow
- Pump station failure causing backup and sewage overflow
- Pipe network overload due to tradewaste
- Treatment plant mechanical and electrical failure
- Discharge non-compliant with quality requirements
- Flooding greater than five year return, causing sewer overload
- Earthquake causing network damage

#### 6.2.5 Possible Approaches to Risk Mitigation

- **Pipe blockage or collapse**
  - Maintain response to clear blockage / repair pipes
  - CCTV inspection and condition rating to feed into renewal programme
- **Pipe network overload**
  - Flow monitoring to improve understanding of system condition and performance, feeding into renewal priority
  - Flow metering of large tradewaste discharges to understand impact on sewerage network
- **Treatment plant / pump station mechanical and electrical failure**
  - Schedule maintenance activities to ensure optimum performance and feed into renewal programme
  - Standby gensets, or sucker trucks available during failure
- **Flooding greater than five year return**
  - Emergency lifelines response
  - Maintain attendance at pump station to return to duty
  - Maintenance response to sewage spillages
- **Earthquake**
  - Emergency lifelines response
  - Maintenance attendance to return pump station / treatment plants to duty
  - Maintenance response to network issues

### 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**

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.

Catastrophic events such as extreme weather events like earthquakes, tsunamis, etc. are likely to damage the sewerage infrastructure and compromise its ability to continue to provide the service for which it is designed. Damage to other infrastructural services, particularly power and roading, can compromise the recovery strategies. Some of the strategies in the risk mitigation section will assist in the recovery of the service (e.g. availability of the 24 hour response crews and standby gensets at pump stations), but resilience includes the ability of the community to continue to function while services return to normal. It is unlikely in these events that the sewerage activity would be able to rely on its own resources, and the assistance of the wider community may be required. It is likely the resources will be rationed, and the community may decide that recovery in other areas should take precedence over the sewerage activity. The protection of human health and safety will be of paramount importance.

### **6.3.2 Current and Desired Resilience Assessment**

The need to build a resilient community is learning from events such as the earthquakes in Christchurch, Kaikoura and Wellington, and recent major storm events in New Zealand and across the world. Invercargill City Council is seeking to make the city and its infrastructure more resilient as part of the review of risk management being undertaken in the 2018-2019 year.

### **6.3.3 Summary of Resilience Issues and Challenges**

- Recovery of the sewerage activity may require resources from other areas of the community.
- Risk mitigation strategies will be a start to recovery but may not be sufficient.
- Community health and safety is of prime importance.
- Resilience requires the community to work in unity.

## 7. Managing Our Activities

### 7.1 RESPONDING TO THE ISSUES AND CHALLENGES

Topic	Issue or Challenge	Potential Response
<b>Population Growth</b>	Growth greater than forecast – demand for new development	<ul style="list-style-type: none"> <li>- Extend sewerage to new greenfields development</li> </ul>
<b>New Technology</b>	Opportunity for improved performance at reduced cost	<ul style="list-style-type: none"> <li>- Willing to adapt and change in procurement of services, and use of innovation</li> <li>- Research and assess new products and methodologies</li> <li>- Monitor developments and respond quickly where possible</li> </ul>
<b>Levels of Service</b>	Environmental standards – compliance with resource consent conditions	<ul style="list-style-type: none"> <li>- Maintenance and renewal programme to fix network leakages so stormwater discharge consents are not compromised</li> <li>- Maintenance, operation and renewal programmes to ensure optimum performance of treatment plants</li> <li>- Monitoring treatment plant performance to identify emerging risks</li> <li>- Monitor large tradewaste discharges to ensure tradewaste consent are compliant</li> </ul>
	Reliability	<ul style="list-style-type: none"> <li>- Maintenance and renewal programmes to ensure reliability</li> <li>- Improve knowledge of asset condition and performance to lead decision making for renewal programmes</li> </ul>
	System adequacy	<ul style="list-style-type: none"> <li>- Review network design standards to ensure adequate capacity</li> </ul>
	Service response times	<ul style="list-style-type: none"> <li>- Monitor contractor performance to ensure time frames are achieved</li> </ul>
	Quality	<ul style="list-style-type: none"> <li>- Monitor contractor performance to ensure quality standards are achieved</li> </ul>
	Health and safety	<ul style="list-style-type: none"> <li>- Check quality of services and products when purchased</li> <li>- Audit sewerage features to ensure safety, or restrict public access</li> <li>- Review contractors and employees health and safety plan,</li> </ul>

<b>Resilience</b>	No documented contingency plans	and ensure they are complied with - Develop contingency plans on Council wide basis
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**The Problem (Why)**

Invercargill has good quality sewerage systems which protect its residents from health issues and the receiving environments of its discharges from adverse effects due to poorly treated wastewater discharges.

The pipe network and pump stations are aging and investment in maintenance and renewal programmes are required if they are to continue to operate effectively and for contamination of stormwater to be reduced.

The treatment plants currently operate within the conditions of their resource consents, but continued investment in operations, maintenance and renewal programmes are required to ensure this level of performance continues.

**The Benefits (What)**

Investment in network maintenance and renewals will reduce contamination of stormwater, and therefore help to meet the requirements of the stormwater discharge consent, and to improve the quality of natural waterways adjacent to the city.

Continued investment in treatments will ensure that they continue to operate within the requirements of their resource consent, particularly in regard to discharges to water.

These investments contribute to social wellbeing, and to the economic growth and productivity of the city.

**The Strategic Responses (How)**

Strategies would include:

- Adequate maintenance and renewal of infrastructure.
- Identification and remedy of cross contamination of stormwater.

**7.1.1 Alternative Investment Approaches**

Operational expenditure including maintenance and renewal activities are funded by rates. Major capital expenditure for growth or improved level of service may be funded by loans, generally over a 20 year period. Capital servicing charges are recovered through rates.

As part of subdivisional development, new sewerage assets are funded by the developer and built to Councils “Code of Land Development” standards, and are taken over by Council at no cost.

Alternative investment are considered as a standard part of procurement of services and products, to ensure that the activity’s objectives are met at lowest cost. For new capital development, alternatives are routinely considered to ensure effective and economic life time performance.

### **7.1.2 Do-Minimum Programmes**

A key assumption of this asset management plan is that maintenance and renewal programmes will ensure that the activity continues to meet the level of service targets. The work programmes are designed to meet the targets at the least possible cost, and to ensure that asset life is extended to the fullest extent possible.

### **7.1.3 Programmes Evaluation**

The areas which are considered when evaluating programmes:

- Meets sound asset management principles.
- Best value for money.
- Meets demands.
- Delivers customer Levels of Service.
- Is integrated with the requirements of other infrastructural services.
- Complies with Regional Council Requirements and consent conditions.
- Is delivered in a timely fashion.
- Is affordable within the life cycle budgets of this plan.

## **7.2 OPERATIONS AND MAINTENANCE**

### **7.2.1 Operation/Maintenance Strategy**

The sewerage network is operated and maintained to ensure the efficient utilisation of the assets and to achieve the stipulated levels of service. Operational strategies include the efficient control and monitoring of mechanical and electrical plant and the pipe network to ensure continuity and quality of service. Maintenance strategies aim to ensure efficient operation over the useful service life of assets, to ensure target standards are met, and to prevent premature asset failure or deterioration. Operation and maintenance strategies are detailed in Appendix 14.06.

### **7.2.2 Operation/Maintenance Standards and Specifications**

The following are the major documents specifying the standards of service provisions for the sewerage asset. Included as part of these documents are a wide range of New Zealand and International standards and code of practice which regulate aspects of the activity, and which will be updated on a regular basis.

Sewerage assets will be operated and maintained in compliance with:

- Long Term Plan for Invercargill.
- This Asset Management Plan.
- Contract 630: Piped Network Utility Maintenance.
- Contract 631: Water and Drainage Network – Electrical and Mechanical Maintenance.
- Invercargill City District Plan 2005.
- Resource Management Act 1991.
- Regional Water Plan for Southland.
- Resource Consents.
- Local Government Act 2002.
- Construction Act 1959.
- Building Act 2004.
- Health and Safety in Employment Act 1991.

- Invercargill City Council Code of Land Development.
- Invercargill City Council Specification for Laying Stormwater and Foul Sewers.
- Invercargill City Council Standard Conditions for Excavation and Reinstatement of Trenches.

### 7.2.3 Operation/Maintenance Options and Alternatives

The sewerage activity is operated and maintained with the goal of minimising service disruptions to ratepayers and ensuring the maximum protection of public and environmental health. Alternative maintenance options are routinely considered and will be adopted if they are more cost effective, and the target service levels are not compromised.

Alternative maintenance options include:

- ***Reduction of Planned Maintenance Activities***

Within the pipe network, most maintenance is reactive to reported faults or blockages, with planned maintenance activities including checking of overflow structures, and cleaning syphons and air valves and other assets which have a higher incidence of blockage.

Within the new pump stations and treatment plants, operators and maintenance contracts routinely inspect, clean, adjust and monitor items of plant to ensure that they continue to operate at optimum performance levels, and that significant maintenance issues are identified early, to ensure appropriate maintenance is undertaken and service life is maximised.

While reduced maintenance activities may initially reduce cost, it is likely that levels of service will be compromised, and that service lives of mechanical and electrical plant would be reduced. These possibilities need to be considered in any decision to reduce maintenance actively.

- ***Data Collection Programmes***

Collection of data on condition, performance, and remaining service life of assets is necessary for the optimum performance and renewal of assets, but can be expensive. These programmes need to be carefully considered to ensure they are cost effective and consistent with business needs.

- ***System Control and Monitoring***

Electronic systems can provide continuous control and surveillance of mechanical plant, and can effectively warn of plant failure requiring operator intervention, thus reducing the need for scheduled attendance. The sewerage activity incorporates sophisticated telemetry systems that can improve response times to maintenance issues. For the treatment plants, these have been upgraded over the last two years, and for pumping stations, upgraded systems are now being considered.

## 7.3 ASSET RENEWAL/REPLACEMENT

### 7.3.1 Renewal Strategy

This renewal programme is intended to maintain the overall standard of the sewerage system at a level which reflects its age profile by providing for the rehabilitation or replacement of individual assets as they reach the end of their useful life. It must be funded adequately to maintain current levels of service and the overall quality of the network. The level of expenditure on cyclic asset renewal will vary from year to year reflecting the remaining life profile of the assets within the sewerage network. Life cycle management strategies are included in Appendix 14.06.

Major renewal projects are subject to competitive tendering, using 'lowest cost conforming' or 'Weighted Attributes' assessment procedures in accordance with the New Zealand Transport Agency Competitive Pricing Procedures Manual.

Failure to maintain an adequate cyclic renewal programme will be reflected in a decline in the overall standard of the system of assets.

The overall decline in service standards is approximately measured in financial terms by the depreciation rate, and Council intends, over the next ten years, to increase renewal expenditure closer to the rate of depreciation. Service lives of assets are continually being reviewed, and increases or decreases in predicted asset service life will be reflected in the depreciation rate. A shortfall in renewal expenditure will be reflected in additional depreciation of the network. Asset revaluations are programmed at three yearly intervals, and take into account inflationary influences on new plant or construction costs, and any changes that have been made to predicted lives of assets. The updated valuation will feed into the annual depreciation allocation, and renewal expenditure will be adjusted to match.

This level of expenditure will provide for pipes coming due for renewal during the life of the Asset Management Plan, based on age profiles indicated on the graph below. Subsequent Asset Management Plans may need to increase funding for pipes laid between 1950 and 1980, and coming due for renewal between 2050 and 2080.

The predicted service life of assets, used to calculate depreciation rates for individual assets, and to develop long term renewal programmes are:

#### ➤ ***Pump Stations and Treatment Plants***

- Building and Structure (60-80 years)
- Pipe and Fittings (30-60 years)
- Mechanical Plant (5-40 years)
- Electrical Motors and Switchgear (20 years)
- Electronic Control and Telemetry Systems (10-15 years)

Detailed asset data, including age and programmed renewal times are included in Appendix 14.05 for Treatment Plants and Appendix 14.03 for Pump Stations.

#### ➤ ***Pipe Network***

- Earthenware Pipes (100 years)
- Concrete Pipes (100 years)
- uPVC Pipes (85 years)
- Asbestos Cement Pipes (65 years)

Pipe age and material profiles are contained in Appendix 14.02.

Individual assets are assessed as they come near the predicted service life, and depending on conditions, may be replaced earlier or later than the assigned life.

Further work on determination of predicted service life is planned as part of the Improvement Plan (Section 10) including CCTV inspection, and analysis of maintenance records. It is possible that predicted service lives listed above will be adjusted, and this would increase or decrease the depreciation rate for pipe assets, and may lead to an adjustment in renewal expenditure.

### 7.3.2 Renewal Criteria / Intervention Standards

The general renewal strategy is to rehabilitate or replace assets when justified by:

#### ➤ **Asset Performance**

An asset is renewed when it fails to meet the required level of service. Non-performing assets are identified by the monitoring of asset reliability, capacity and efficiency during planned maintenance inspections and operational activity. Indicators of non-performing assets include:

- Repeated asset failure.
- Repeated pipe blockages or overflows.
- Ineffective and/or uneconomic operations.
- Inefficient energy consumption.

#### ➤ **Economics**

An asset is renewed when it can no longer be economically repaired (i.e. the annual cost of repairs exceeds the annualised cost of its renewal). Council will actively research the effectiveness of new technology which may improve the overall performance of the assets.

#### ➤ **Risk**

An asset is renewed when the risk of failure has increased to the point that the environmental, public health, financial and social impacts are no longer acceptable to the Community.

#### ➤ **Criticality**

Assets identified within the major and extreme criticality categories in Section 5.2 carried an increased risk of impacts on the community. These assets will be replaced before failure is imminent.

Planned and reactive replacement works are prioritised in accordance with the following priority ranking table (Figure 7.3) and then programmed or, in urgent cases, undertaken immediately.

A more detailed renewal strategy is included in Appendix 14.06.

Priority 1 (High)	<ul style="list-style-type: none"> <li>➤ Asset failure has occurred and renewal is the most cost-effective treatment.</li> <li>➤ Asset failure is imminent and failure is likely to have major impact on the environment, public health or property.</li> <li>➤ Asset performance is non-compliance with resource consent requirements.</li> </ul>
Priority 2	<ul style="list-style-type: none"> <li>➤ Asset failure is imminent, but failure is likely to have only a minor impact on the environment, public health or property.</li> <li>➤ Asset failure is imminent and proactive renovation is justified economically.</li> <li>➤ Associated work scheduled for the current financial year.</li> <li>➤ Asset renewal is justified on the basis of minimal life cycle costs and deferment would result in significant additional costs.</li> </ul>
Priority 3 (Low)	<ul style="list-style-type: none"> <li>➤ Asset failure is imminent but failure is likely to have a negligible impact on the environment, public health of property.</li> <li>➤ Asset renewal is justified on the basis of minimal life cycle costs but deferment would result in minimal additional costs.</li> </ul>

**Figure 7.3: Priority Ranking Table for Planned and Reactive replacement Works**

The renewal strategy will be reviewed at least annually, and any deferred works reprioritised alongside new renewal projects. Indirect costs such as disruptions to traffic or business, temporary denial of access, or nuisance are currently not considered in the evaluation of renewal options.

The standards and specifications for renewal work are generally the same as listed in section 7.2.2.

### 7.3.3 Renewal Options and Alternatives

#### ***Pump Stations and Treatment Plants***

Mechanical and Electrical renewals for pump stations and treatment plants are scheduled over the 30 year Asset Management Plan period, based on predicted service life, in Appendix 14.05 and 14.03. Renewal requirements are assessed annually, and scheduled renewals can be brought forward, or extended based on criteria set out in section 7.3.2. Alternative renewal strategies are:

- *Replace at failure* – Mechanical and electrical equipment would continue to be maintained until ultimate failure and then replaced. Possible consequences are poor performance as assets require more frequent and urgent maintenance, additional costs of maintenance, difficulty in obtaining parts, and decreased reliability.
- *Replace at predicted service life* – Asset would be maintained until they reach their predicted service life and then replaced irrespective of performance. Some assets may incur significant maintenance costs, and others would be replaced while still in very good condition.

The recommended renewal strategy gives a better assurance of serviceability, and is likely to be the most economic option.

#### ***Pipe Network***

Pipes are assigned service lives depending on pipe material. Individual pipes are assessed as they come near renewal age, depending on the criteria set out

in section 7.3.2. The recommended renewal strategy is to increase expenditure to match the depreciation allocation for pipe networks by 2022. This will provide a budget to renew pipes at the appropriate rate of deterioration of asset condition, when a significant percentage of the network reached its assigned service life.

Alternative renewal strategies are:

- *Maintain renewal budget at the current rate* – Approximately 80% of depreciation. The network would continue to deteriorate over time, and performance would reduce. It would be difficult to fund renewals that would help to meet the discharge consent conditions requiring quality improvement.
- *Increase budget above the depreciation allocation* – This would provide additional funds for renewal projects, and would tend to replace the pipe network at a greater rate than its condition is deteriorating. Quality improvement as required by the discharge consent would be achieved at a greater rate, as would the upgrading of the network to the current design standard. However, the additional cost would be a significant burden on ratepayers.

#### 7.4 CAPITAL DEVELOPMENT PLAN

The asset development plan provides for extensions to the sewerage system or increases in capacity to provide for growth in the city, or to meet higher service standard targets.

Assets are acquired as a result of:

- Taking over new reticulation constructed as part of sub-divisional development (constructed at the developer's expense).
- Extensions constructed by Council to service new areas.
- Asset upgrading constructed by Council to provide additional system capacity to overcome inadequacies or provide for growth (eg larger drains or pumps).

Over the life of this Asset Management Plan, the following development priorities have been identified:

##### ➤ **Residential Development**

Due to slow population growth anticipated for Invercargill, there is a low demand for the extension of sewerage services to new areas over the life of this Asset Management Plan. However, the District Plan does identify potential residential development areas to the north of the urban area, Retreat Road, Rockdale Road, Tramway Road area and in Otatara. It is anticipated that any new sewerage infrastructure, or required upgrading within the existing infrastructure as a result of new residential development, will be funded by the developers. Council will take over and manage such assets as part of the sewerage infrastructure when they have been developed in accordance with the Invercargill Code of Land Development and conditions of subdivision consents. Council staff will have input into and approve the design of infrastructure built for new subdivisions, and have checking and approval systems in place to ensure infrastructure is completed in accordance with the Code of Land Development prior to its acceptance as sewerage assets.

#### 7.4.1 Capital Development Selection Criteria

The sewerage network will be developed during the life of the plan to meet community expectations, technical and environmental standards and community growth projections.

Additional new development projects will be identified on the basis of:

- *Growth* - Where development is needed to meet projected increased demand.
- *Regulatory* - Development of systems, or to reduce contamination of stormwater with sewerage may be required to meet conditions of stormwater discharge consents, or the quality requirements of the Regional Water Plan for Southland.
- *Operational Efficiency* - New projects will be considered when annual costs are reduced by improving efficiencies.

The selection, prioritising and programming of sewerage asset development projects will take into account:

- Council preference
- Risk analysis
- Cost and benefits
- Affordability
- Ranking and co-ordination with other projects

For new development projects, Council will consider all available options, including new technologies, and renovation techniques, lifecycle costs and replacement of existing assets to achieve the most cost effective options.

#### 7.4.2 Capital Development Options and Alternatives

Clifton Waste Water Treatment Plant upgrade, 2029. (Service Level improvement). This upgrade is expected to be required when the treatment plant discharge consent is renewed in 2029. It is expected that an improvement to discharge quality will be required as a consequence of the Southland Water and Land Plan, and is likely to require nutrient removal from the discharge. Because limits for discharges have not yet been set, required quality can not be determined, and a tentative budget of \$10,000,000 ( \$12,700,000 with inflation) is proposed.

#### 7.5 DISPOSAL PLAN

Because the sewerage asset is intended to operate in perpetuity to provide a continuing service to the developed areas of the city, it is intended that individual assets will only be disposed of at the end of their service life, at which time they will be replaced with new assets, or become obsolete as part of new development projects. In general, where assets are in the same location, the old asset will be removed as part of the renewal project.

Where new assets are placed in a new location, or the asset becomes obsolete due to new development, the old asset may be left in place, but will be made

safe so as not to become a future liability, as part of the renewal or development project.

#### **7.5.1 Forecast Future Disposal of Assets**

Apart from individual assets which will be disposed of as part of development or renewal projects, there are no sewerage assets planned for disposal during the period of this Asset Management Plan.

#### **7.5.2 Forecast of Income / Expenditure from Asset Disposal**

Specific funding is not allocated to disposal of assets, but is included in development and renewal projects.

### **7.6 RECOMMENDED PROGRAMME**

The recommended programme is designed to ensure that the activity is operated effectively and efficiently to ensure that Levels of Service are achieved over the 30 years of this Asset Management Plan life.

#### **7.6.1 Evaluation of Options / Alternative Programmes**

The evaluation of a range of options is standard practice within the design and procurement phases of projects. For example, a range of pump types and brands may be considered for a pump renewal project, with performance and life cycle costs taken into account.

#### **7.6.2 Recommended Operation/Maintenance Programmes**

The recommended programme is to continue current maintenance and operational activities for the pipe network, pump stations and treatment plants. The procedures include attendance to reported faults at the pump stations and pipe network, and to remedy these.

Operational and maintenance programmes for pump stations and treatment plants include regular inspections to ensure operational efficiency and maintenance of electro mechanical plant to ensure optimal life time performance. Operational programmes include annual inspections of all plant items to optimise maintenance requirements, and to inform renewal programmes.

#### **7.6.3 Recommended Renewal Programmes**

##### **➤ *Pipe Networks***

The recommended renewal programme is to fully fund pipe asset renewals at the rate of depreciation in order to maintain the overall standard of the pipe network.

##### **➤ *Pump Stations and Treatment Plants***

The detailed recommended programme for mechanical and electrical equipment is detailed in Appendix 14.05 for treatment plants, and Appendix 14.03 for pump stations.

The recommended programme provides for replacement at end of optimal service life as determined by maintenance and operational programmes.

#### **7.6.4 Recommended Capital Development Programme**

The only capital development project recommended in this Asset Management Plan is the Clifton Waste Water Treatment Plant Service Level Upgrade proposed in 2029.

It is anticipated that new assets may be added to the activity as a result of extensions to the network which will be funded by developers.

### **7.7 HOW THE ACTIVITY WILL BE RESOURCED**

#### **7.7.1 Internal Resourcing**

The activity is resourced from the Council Asset Team, the Engineering Services Group, and the 3 Waters Operational Team.

The Asset team provides for programming activities, budget supervision, programme and performance monitoring, asset management, bylaws, advice for planning, resource and subdivisional activity, negotiation of resource consents for the activity and council reporting.

The Engineering Services Group (ESG) is Council's in-house consulting team, providing engineering advice for maintenance and construction as the role of contract engineer and engineers representative, direct liaison with the contractor in the delivery of contracts. Where needed in specialist areas, ESG will subcontract these resources on an as and when needed basis, such as for pump station design or structures associated with the network.

The 3 Waters Operational Team provides Council's in-house management and operation of the three waters activities. They provide laboratory services to monitor treatment plant processes as required by the treatment plant discharge consents, and operators to manage the wastewater treatment plants and sewage pump stations.

#### **7.7.2 Procurement Strategy**

Council procures its physical works via the open tender market.

The maintenance contracts are:

➤ ***Mechanical and Electrical Maintenance***

This contract provides for the maintenance of the mechanical and electrical plant across the three water activities for the pump stations and treatment plants.

➤ ***Pipe Network Maintenance***

This contract provides for the operational and maintenance of pipe networks across the three waters activities.

Renewal contracts for pipe network and pumping stations are typically tendered on a project basis, in accordance with the Financial Delegations Manual.

## 8. Financial Management

### 8.1. OVERVIEW

The Local Government Act 2002 requires local authorities to manage their finances "*prudently and in a manner that promotes the current and future interests of the community*". This implies compliance with Generally Accepted Accounting Practice (GAAP). Of particular relevance is International Public Sector Accounting Standard (IPSAS17) Property, Plant and Equipment.

In determining how activities will be funded local authorities are required to take the following into consideration:

- The contribution to the achievement of Community Outcomes (strategic alignment).
- Beneficiaries of each activity (beneficiary / user pays principles).
- The period over which benefits from the activity will occur (intergenerational equity issues).
- The costs and benefits of funding the activity compared to other activities (cost / benefit, prioritisation principles).
- The impact of funding the activity on the wellbeing of the community (ability to pay principles).

Asset Management Plans provide the basis for meeting these requirements for infrastructure based activities.

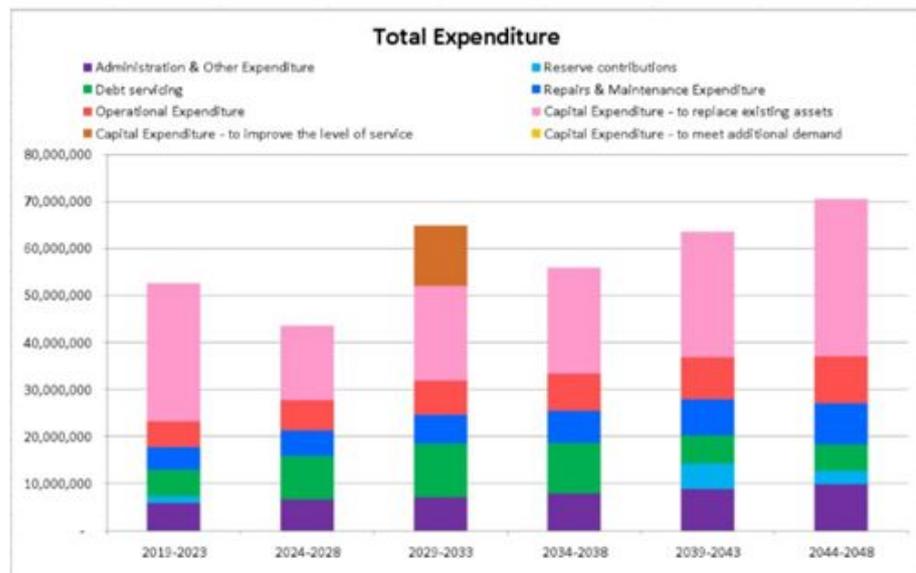
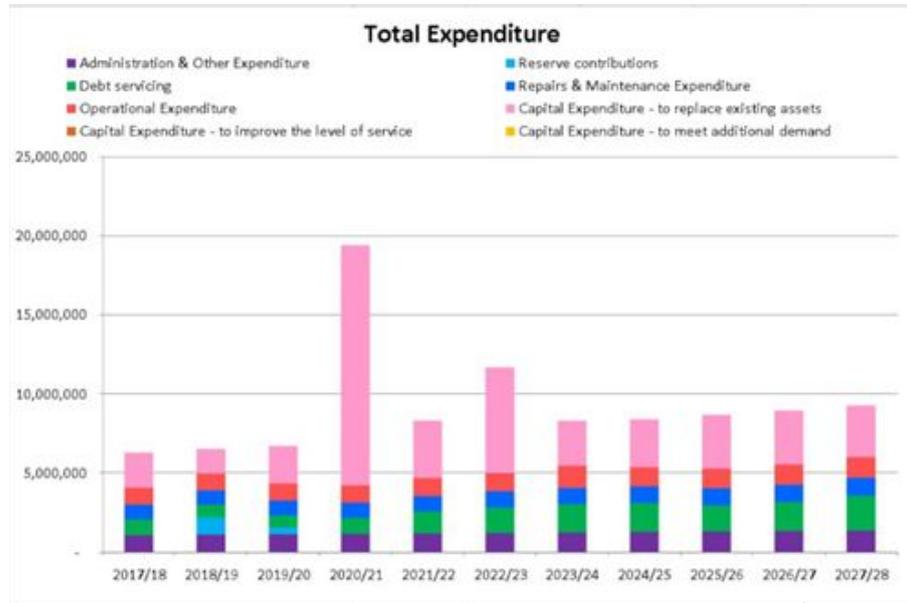
### 8.2 FINANCIAL SUMMARY – WHAT THE ACTIVITY COSTS

The following graphs show the forecast in categories over the first 10 years of the plan, and summarised in five year blocks over the 30 years of the plan.

Expenditure categories are identified as follows:

- *Operational* - Rates, Insurance, contract data management system costs, investigations and monitoring, daily attendance to plant operation.
- *Maintenance* - Recurrent expenditure, periodically or regularly required as part of the anticipated schedule of works required to keep assets operating, e.g. maintenance of mechanical and electrical plant, clearance of blockages, repair of leaking pipes.
- *Capital Development* - Expenditure, which creates a new asset to meet additional service level requirements or which improves an existing asset to provide a higher level of service.
- *Capital Renewals/Rehabilitation* - Expenditure on an existing asset which restores, rehabilitates, replaces existing asset to its original capacity, e.g. replacing parts of the pipe network, or pump station / treatment plant machinery at the end of economic life.
- *Asset Disposal* - Costs associated with the removal or disposal of decommissioned assets.

- *Management* - Asset Management Planning, Contract Management, Corporate overheads and Financing.



### 8.2.1 Council Funded Programmes

The table below shows the 30 year financial summary in spreadsheet form.

**DRAINAGE – Sewerage 10YEAR PLAN**

	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									
Internal Revenue	0	0	0	0	0	0	0	0	0	0	0
Fees & Charges Revenue	675,000	675,000	689,850	705,027	720,537	737,110	754,063	772,161	791,465	812,043	833,968
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
<b>Total Revenue</b>	<b>675,000</b>	<b>675,000</b>	<b>689,850</b>	<b>705,027</b>	<b>720,537</b>	<b>737,110</b>	<b>754,063</b>	<b>772,161</b>	<b>791,465</b>	<b>812,043</b>	<b>833,968</b>
Internal Expenditure	805,493	858,769	877,019	895,676	915,455	935,064	955,261	976,841	999,068	1,021,438	1,045,991
Staff Expenditure	0	0	0	0	0	0	0	0	0	0	0
Administration Expenditure	307,970	302,369	309,021	315,820	322,768	330,191	337,786	345,893	354,540	363,758	373,579
Financial Expenditure	343,003	198,435	181,403	434,398	621,539	760,165	822,992	740,802	667,255	622,302	485,843
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	954,814	918,000	938,196	958,836	979,931	1,017,757	1,025,526	1,050,139	1,076,392	1,104,378	1,134,196
Operational Expenditure	1,060,551	1,060,500	1,083,831	1,107,675	1,132,044	1,158,081	1,408,143	1,213,150	1,243,479	1,275,809	1,310,256
Depreciation Expenditure	2,356,995	3,616,227	3,695,642	3,776,821	3,859,802	3,948,482	4,039,214	4,136,082	4,239,420	4,349,589	4,466,978
<b>Total Expenditure</b>	<b>5,828,827</b>	<b>6,954,300</b>	<b>7,085,112</b>	<b>7,489,226</b>	<b>7,831,539</b>	<b>8,149,741</b>	<b>8,588,921</b>	<b>8,462,906</b>	<b>8,580,154</b>	<b>8,737,274</b>	<b>8,816,844</b>
<b>Operating Surplus / (Deficit)</b>	<b>(5,153,827)</b>	<b>(6,279,300)</b>	<b>(6,395,262)</b>	<b>(6,784,199)</b>	<b>(7,111,002)</b>	<b>(7,412,632)</b>	<b>(7,834,858)</b>	<b>(7,690,745)</b>	<b>(7,788,690)</b>	<b>(7,925,232)</b>	<b>(7,982,876)</b>
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-Treatment Plant Assets	468,065	0	195,345	10,084,296	990,287	3,932,134	23,625	92,378	480,219	385,084	97,971
Capital Expenditure - to replace existing assets-Pump Station Assets	312,703	0	286,893	2,851,500	32,067	68,255	85,103	145,189	49,908	75,718	144,465
Capital Expenditure - to replace existing assets-Pipeline Assets	1,376,608	1,500,000	1,839,600	2,193,416	2,563,114	2,622,066	2,682,374	2,746,751	2,815,419	2,888,620	2,966,613
<b>Capital Expenditure</b>	<b>2,157,375</b>	<b>1,500,000</b>	<b>2,321,838</b>	<b>15,129,212</b>	<b>3,585,468</b>	<b>6,622,455</b>	<b>2,791,102</b>	<b>2,984,318</b>	<b>3,345,546</b>	<b>3,349,423</b>	<b>3,209,049</b>
Proceeds from Asset Disposal	0	0	0	0	0	0	0	0	0	0	0
Debt movements	655,047	595,498	586,099	(10,110,419)	(256,392)	(2,884,385)	967,150	1,085,574	993,834	1,207,021	1,710,744
Reserve movements	0	1,089,065	415,924	(1,504,989)	0	0	0	0	0	0	0
Cash Back Depreciation	(2,356,995)	(3,616,227)	(3,695,642)	(3,776,821)	(3,859,802)	(3,948,482)	(4,039,214)	(4,136,082)	(4,239,420)	(4,349,589)	(4,466,978)
<b>Rates Required</b>	<b>5,609,254</b>	<b>5,847,636</b>	<b>6,023,481</b>	<b>6,521,183</b>	<b>6,580,276</b>	<b>7,202,219</b>	<b>7,553,896</b>	<b>7,624,555</b>	<b>7,888,649</b>	<b>8,132,087</b>	<b>8,435,691</b>

**DRAINAGE – Sewerage 30 YEAR PLAN**

	2019-2023	2024-2028	2029-2033	2034-2038	2039-2043	2044-2048
	LTP	LTP	LTP	LTP	LTP	LTP
Internal Revenue	0	0	0	0	0	0
Fees & Charges Revenue	3,527,524	3,963,699	4,479,850	5,043,863	5,678,885	6,393,856
Grants & Subsidies Revenue	0	0	0	0	0	0
Rates Revenue	0	0	0	0	0	0
Financial Revenue	0	0	0	0	0	0
<b>Total Revenue</b>	<b>3,527,524</b>	<b>3,963,699</b>	<b>4,479,850</b>	<b>5,043,863</b>	<b>5,678,885</b>	<b>6,393,856</b>
Internal Expenditure	4,481,984	4,998,600	5,266,244	5,838,482	6,476,819	7,186,675
Staff Expenditure	0	0	0	0	0	0
Administration Expenditure	1,580,169	1,775,555	2,006,767	2,259,419	2,543,879	2,864,154
Financial Expenditure	2,195,940	3,339,194	4,576,729	3,257,885	2,284,708	998,850
Grants & Subsidies Expenditure	0	0	0	0	0	0
Repairs & Maintenance Expenditure	4,812,720	5,390,631	6,092,596	6,859,653	7,723,283	8,695,644
Operational Expenditure	5,542,132	6,450,838	7,291,374	7,924,469	8,922,159	10,045,458
Depreciation Expenditure	18,896,974	21,231,282	23,994,822	27,015,152	30,416,040	34,245,253
<b>Total Expenditure</b>	<b>37,509,919</b>	<b>43,186,100</b>	<b>49,228,532</b>	<b>53,155,060</b>	<b>58,366,889</b>	<b>64,036,033</b>
<b>Operating Surplus / (Deficit)</b>	<b>(33,982,395)</b>	<b>(39,222,401)</b>	<b>(44,748,682)</b>	<b>(48,111,198)</b>	<b>(52,688,004)</b>	<b>(57,642,178)</b>
Capital Expenditure - to meet additional demand	0	0	0	0	0	0
Capital Expenditure - to improve the level of service	0	0	12,651,602	0	0	0
Capital Expenditure - to replace existing assets - Treatment Plants Assets	15,202,062	1,079,276	3,129,722	2,551,367	4,853,522	5,182,397
Capital Expenditure - to replace existing assets-Pump Station Assets	3,238,714	500,384	1,081,354	1,833,084	1,453,233	5,326,731
Capital Expenditure - to replace existing assets-Pipeline Assets	10,718,197	14,099,777	15,935,842	17,942,163	20,201,080	22,744,394
<b>Capital Expenditure</b>	<b>29,158,973</b>	<b>15,679,437</b>	<b>32,798,520</b>	<b>22,326,614</b>	<b>26,507,835</b>	<b>33,253,522</b>
<b>Proceeds from Asset Disposal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Debt movements</b>	<b>(12,069,599)</b>	<b>5,964,323</b>	<b>(5,801,598)</b>	<b>7,450,662</b>	<b>3,682,928</b>	<b>4,647,006</b>
<b>Reserve movements</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,585,947</b>	<b>975,772</b>
<b>Cash Back Depreciation</b>	<b>(18,896,974)</b>	<b>(21,231,282)</b>	<b>(23,994,822)</b>	<b>(27,015,152)</b>	<b>(30,416,040)</b>	<b>(34,245,253)</b>
<b>Rates Required</b>	<b>32,174,795</b>	<b>39,634,879</b>	<b>47,750,782</b>	<b>50,873,322</b>	<b>56,048,674</b>	<b>62,273,224</b>



### **8.2.2 NZTA Assisted Programmes**

Not applicable to the Sewerage Activity.

### **8.2.3 Programme Implications**

Council approved budgets at its December 2017 meeting, with no changes to recommended sewerage expenditure 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's 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, i.e. a 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

The sewerage activity draws revenue from:

- Rates – 89%
- Tradewaste charges – 11%

In addition there is a small component of fees and charges, related to work done by Council contractors for private property owners. In general these fees are applied to unbudgeted items of expenditure.

## **8.5 ASSET VALUATION FORECASTS**

Council sewerage assets were revalued as at 30 June 2017 in accordance with the Financial Reporting Standard NZIAS 16 and the New Zealand Infrastructure Valuation Guidelines.

The pipe network was valued by Council staff and audited by AECOM NZ Ltd. Treatment Plants and Pump Stations were valued by AECOM NZ Ltd and reviewed by Council staff.

The unit costs applied to the pipe network assets were derived from Council analysis of previous contracts with comparison to those experienced in other

Councils, plus comparison to those stated in the New Zealand Infrastructure Valuation Guidelines. Asset lives are generally those stated in the valuation guidelines with some modification by Council Asset Management staff.

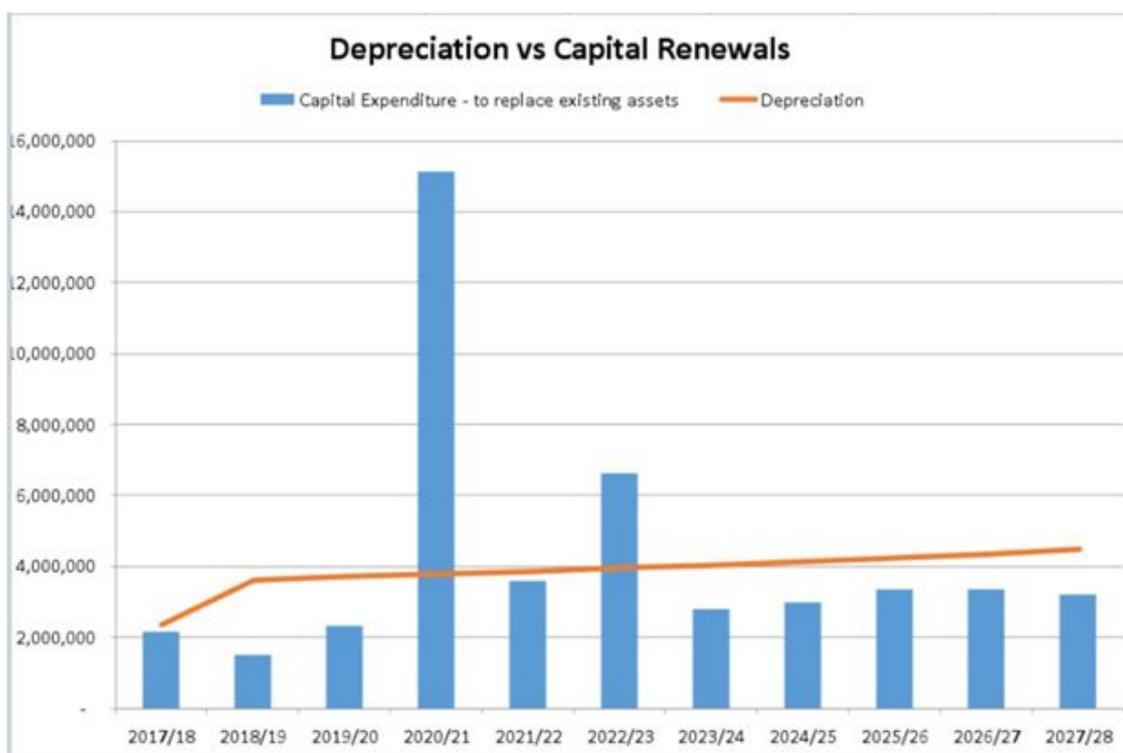
Depreciation is calculated on all costs except land to allocate their costs (less residual value) over their expected economic life. Details of the basis and rates of various categories of asset are as follows:

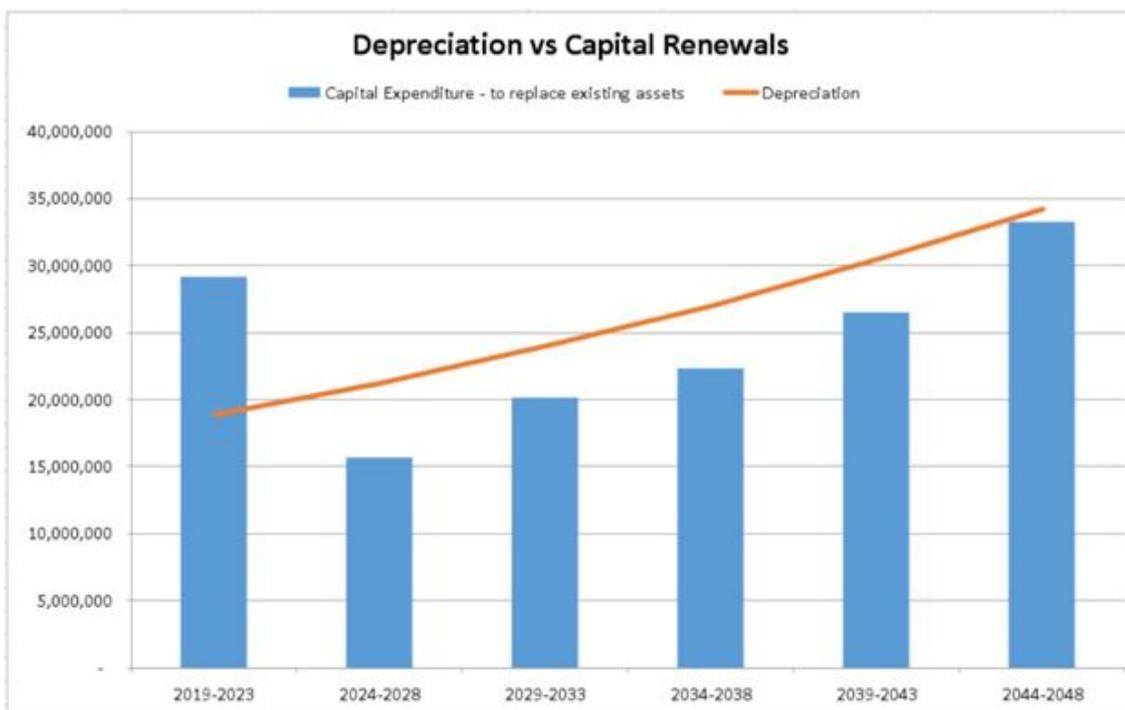
- Pipe Network 1% - 2% Straight Line
- Mechanical and Electrical Plant - 6.67% Straight Line
- Buildings - 1%-2% Straight Line

The valuation is as follows:

Asset Group	Optimised Replacement Cost	Optimised Depreciation Replacement Cost	Annual Depreciation
Pipe Fittings (manholes, cleaning eyes, etc)	\$26,555,843	\$11,342,706	\$274,672
Pipes	\$190,504,068	\$75,239,154	\$2,081,685
Pumping Stations – 31	\$10,173,448	\$4,212,116	\$236,814
Treatment Plants – 3	\$47,736,002	\$22,198,377	\$951,781
<b>Total</b>	<b>\$274,969,361</b>	<b>\$112,992,353</b>	<b>\$3,544,951</b>

### 8.5.1 30-year Valuation and Depreciation Forecast





### 8.6 CONFIDENCE LEVELS IN PROGRAMMES

The confidence in the programmes in this asset management plan has been assessed in terms of the data on which the programmes are based and in terms of the programmes themselves.

Confidence Grade	General Meaning
<b>A</b>	<b>Highly Reliable</b> Data based on sound records, procedures, investigations and analysis which is properly documented and recognised as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$ .
<b>B</b>	<b>Reliable</b> Data based on sound records, procedures, investigations and analysis which is properly documented but has minor shortcomings' for example the data is old, some documentation is missing and reliance is place on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$ .
<b>C</b>	<b>Uncertain</b> Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolation from a limited sample for which grade A & B data is available. Dataset is substantially complete but up to 50% is extrapolated data and accurately estimated $\pm 30\%$ .
<b>D</b>	<b>Very Uncertain</b> Data is based on unconfirmed verbal reports and/or cursory inspection and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accurately $\pm 40\%$ .

The assessment of confidence levels is based on the following assumptions:

**Growth**

- Population change will follow the Statistics New Zealand high population projection.
- There will be no significant change in per capita sewerage generation.
- The majority of infrastructure required to service new developments will be funded by developers.

**Levels of Service**

- There will be no significant changes in levels of service.
- No upgrading of existing infrastructure will be required as a result of urban development, provided the anticipated development is evenly spread across the urban area. If development of new dwellings is concentrated in part of the urban area, or one of the areas identified for growth of the urban area, some upgrading of existing infrastructure is likely to be required.
- Future condition assessments will not indicate additional remedial / replacement works to those scheduled in work programmes.
- Remedial work required as a result of the Stormwater Discharge consent to fix sewage discharges to stormwater will be accommodated within maintenance or renewal programmes.

**Natural Disasters**

No provisions has been made in programmes for the cost of repairing damage or other additional costs consequent upon a natural disaster such as a major flood or substantial earthquake. It is anticipated that costs associated with these disasters will be covered by Council’s participation in the LAPP scheme (Local Authority Protection Programme Disaster Fund) and insurance of assets excluded from coverage by the LAPP scheme.

**Assessment of Confidence in Key Inputs to Programmes**

Programme	Grade	Programme	Grade
<i>Pipe Networks</i>		<i>Pump Stations</i>	
Unit Replacement Cost	B+	Structural Condition	A
Condition/Remaining Life	B-	Pump Description	A
Diameter	A	➤ Date Installation	A
Material	A	➤ Performance	A
Age	A	➤ Condition/Remaining Life	B
Length	A	➤ Replacement Cost	B+
Infiltration Rates	C	Switchboard/Telemetry	
		➤ Condition	A
		➤ Date Installation	A
		➤ Performance	A
		➤ Replacement Cost	B+

<i>Treatment Plants</i>			
Structural Conditions	A		
Plant (Mechanical and Electrical)			
➤ Description	A		
➤ Date Installation	A		
➤ Performance	A		
➤ Condition/Remaining Life	B		
➤ Replacement Cost	B+		

**Table 8.1: Confidence Assessment Grades of Pipe Network and Pump Stations**

Confidence in asset attributes are rated as very reliable (A grade).

For pipe network attributes confidence is based on comprehensive construction records maintained through the life of the network. When work is done on individual assets, information is checked for accuracy and corrected when found to be inaccurate. A small number of records require correction in any year, representing a high level of confidence in the data.

For mechanical and electrical plant (pump stations and treatment plants) inspections are scheduled annually to determine maintenance requirements and to update condition and performance ratings, providing a high level of confidence in the data.

**Assessment of Confidence in Financial Programmes**

Parameter	Confidence Grade
Management Costs	A
Asset Management	A-
Treatment Plants – Maintenance Costs	B
Replacement Costs	B
Pump Stations – Maintenance Costs	B
Replacement Costs	B
Pipe Network – Maintenance Costs	B-
Replacement Costs	B-
Depreciation	B-
Capital Costs – Asset Renewals	B
Asset Development	B
Overall Confidence in Financial Programme	B

**Table 8.2: Confidence in Financial Programmes Grades**

**8.7 RELIABILITY OF FINANCIAL FORECASTS**

A full sensitivity analysis has not been completed and this will be an item in the improvement plan. Assumptions that will affect the activity are identified below.

**8.7.1 Maintenance and Renewal Forecasts**

- Population
- Household growth

➤ Aging population

The activity relies predominately on rates with 89% of revenue coming from rates on residential and commercial properties connected to the sewerage network. Significant variance in the population related assumptions may affect the community's ability to pay, or require significant development expenditure.

***Local Economy***

The activity draws 11% of revenue from a small number of primary industries producing large volumes of tradewaste. Variance in the composition and size of these industries may reduce the revenue from tradewaste producers, or, if these industries were to increase in size, require upgrading of treatment plant capacity, or of the pipe network servicing the industries.

**8.7.2 Development Forecasts**

➤ ***Resource Consents***

Invercargill City Council was issued a new consent for stormwater discharges in September 2017. The consent conditions require investigations to identify and rectify sewerage contamination, and if the sewerage network is found to be a source of contamination, additional operational expenditure could result.

Wastewater treatment plant consents will require renewal in 2025 for Bluff Treatment Plant, and 2029 for the Clifton plant. Requirements for treatment plant upgrades have not yet been determined, and depending on the upgrade required, additional operational expenditure may result.

This plan assumes that a treatment upgrade will not be required for the Bluff Treatment Plant in 2025, but that the Clifton treatment plant will require additional processes for nutrient reduction when the consent comes due for renewal in 2029.

➤ ***Natural Disasters***

Significant flood events or earthquakes are expected to require significant operational expenditure for clean-up, and to assist the community to return to normal functionality.

**8.7.3 Maintenance and Renewal**

➤ ***Resource Consents***

The new Stormwater Discharge Consent monitoring requirement may identify a need for additional projects to be included in renewal programmes. It is assumed that these projects can be prioritised within the planned renewal budgets, but the extent of this work requirement has not yet been determined.

Treatment Plant effluent discharge consent is due for renewal in 2025 and 2029. It is expected that upgrade will not be required for the Bluff Treatment Plant consent renewal in 2025, and a budget of \$10,000,000

(\$12,700,000 with inflation) has been included for upgrade of the Clifton Treatment Plant in 2029.

This budget is sensitive to the level of upgrade which will be required when the consent is renewed.

➤ ***Useful Life of Significant Assets / Depreciation***

If the useful life of assets varies significantly from the assumptions of section 7.3.1, renewal programmes will require adjustment, potentially with significant positive or negative effects on budgets, and in the annual depreciation costs.

➤ ***Asset Valuations***

Asset valuations are based on contract prices for renewal projects, and variation of prices will lead to variation in renewal budgets.

#### **8.7.4 Development Forecasts**

Apart from the Clifton Treatment Plant upgrade proposed in 2029, as a predicted result of discharge consent renewal, no development plans are included in this Activity Management Plan.

If population increases at a greater rate than assumed, or new industry is established in the city, development programmes will need to be considered.

#### **8.8 SUMMARY OF PROGRAMME ASSUMPTIONS**

The stormwater activity is particularly susceptible to the following assumptions:

➤ ***Resource Consents***

A new stormwater resource consent may require remedial work on the sewerage network found to be contaminating stormwater.

➤ ***Useful Life of Significant Assets / Asset Valuation***

Asset renewals accounts for over 60% of activity budget. Changes in useful life and valuation of assets will significantly affect the overall budget.

➤ ***Natural Disasters***

Floods or earthquakes have the potential to cause significant damage to sewerage infrastructure.

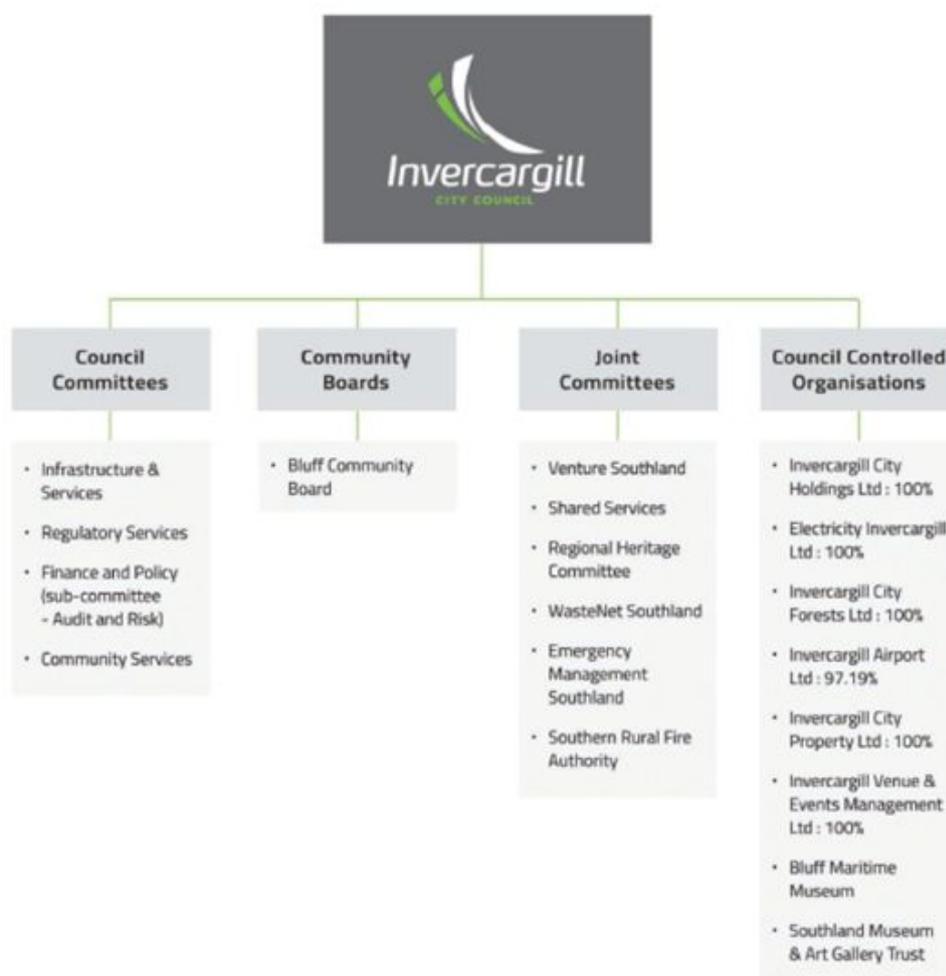
## 9. Delivering and Monitoring the Programme

### 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.

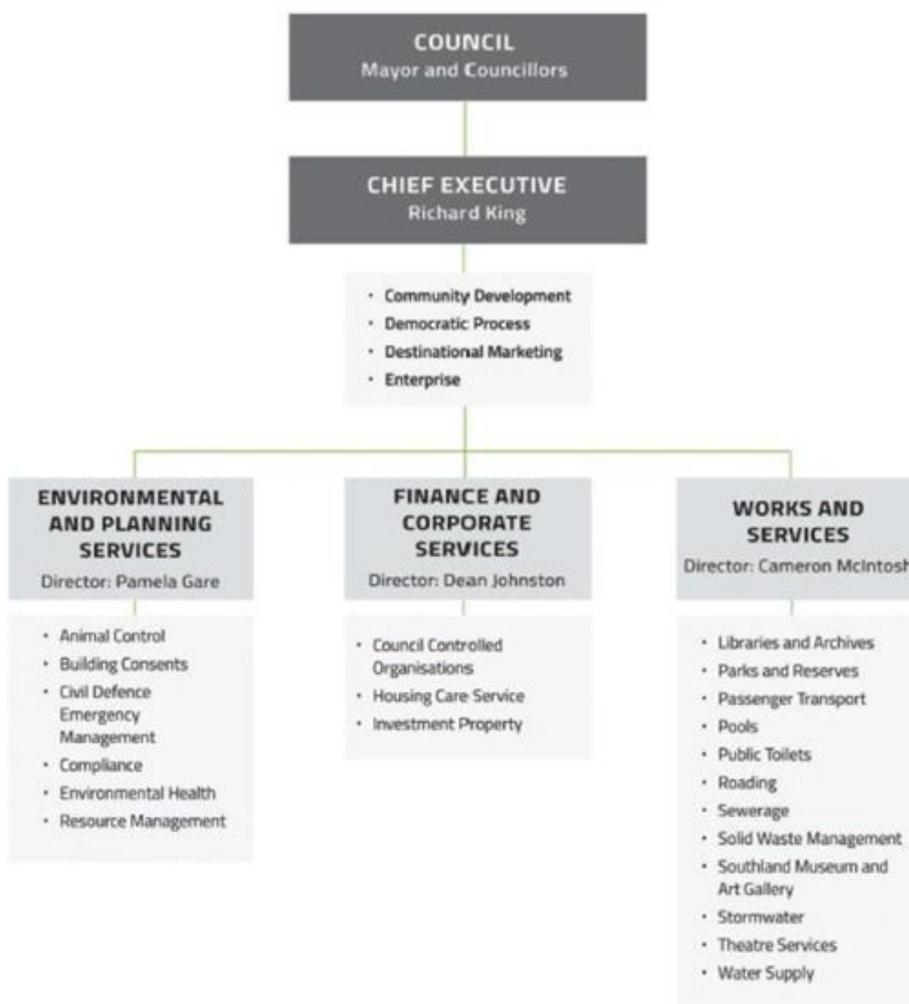
## **9.2 STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS**

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 symbolizing it in ways that can help visualize and understand the data. The software displays how places are related which helps 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.

### **Infor Public Sector (IPS)**

IPS is a centralised Asset Management Information System (AMIS) that allows for the effective management of infrastructure assets. IPS provides tools to improve asset efficiency, conduct planned and unplanned maintenance, manage work costs, provide asset inspection scheduling, and assists in optimising assets life cycles. Asset needs analysis in IPS can be used to determine and recommend which maintenance and renew programmes are likely to be needed, to assist with long term maintenance and budgeting plans.

### **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 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 information, 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.

### **SCADA / InTouch**

SCADA (supervisory control and data acquisition) is a control system installed at the Clifton Wastewater Treatment Plant and the City Control room. It includes electronic devices networked to a computer to allow remote control and record keeping of all actions, faults and alarms.

InTouch is the computer programme which allows human interfacing with SCADA to facilitate the exercising of control and access of data (a form of human / machine interface referred to as HMI).

### **Telemetry**

Telemetry is the communication system that allows communication between the Clifton Wastewater Treatment Plant and City Control room to all remote sites including the Bluff Wastewater Treatment Plant and pump stations. Communication technology currently in service is a combination of several direct point to point radio links and micro wave / fibre optic network links. The telemetry systems reports alarms from remote sites to the Treatment Scada system which can then be actioned by operators, or by Council's 24 hour Water Control Centre.

## **9.5 PROGRAMME PERFORMANCE MONITORING AND REVIEW**

### **9.5.1 Monitoring Approach**

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, i.e. 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

The Asset Management Improvement Plan is set over a three year period from July 2014 to June 2017 and is designed to produce an ongoing improvement to Asset Management processes. Current practice and areas for improvement are tabulated below.

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	Current Practice	Areas for Improvement	Timeframe	Budget	Responsibility
Knowledge of Assets / Data Management	<b>Pipe Network</b>	Continue to update records.	Ongoing	Within existing budgets	ICC Engineering Services Group
	<ul style="list-style-type: none"> <li>➤ Data – knowledge of pipe age, materials, sizes and location is very good.</li> <li>➤ Condition – knowledge of pipe condition from 6.48% of asset record on CCTV and graded in accordance with pipe inspection manual.</li> </ul>	Continue pipe inspection programme to improve knowledge of asset condition.	Ongoing	\$50,000 p.a.	ICC Engineering Services Group
	<b>Electro Mechanical Plant</b>	Current practice adequate.	Ongoing	\$20,000 p.a.	Drainage Operations Group – Maintenance Contractor
	<ul style="list-style-type: none"> <li>➤ Condition regular maintained and inspected.</li> <li>➤ Condition assessed annually.</li> <li>➤ Rated 3 yearly.</li> </ul> Structures (Buildings, Manholes, etc) <ul style="list-style-type: none"> <li>➤ Buildings and manholes maintained and assessed regularly – upgrading needs assessed for Asset Management Plan.</li> </ul>	Current practice adequate.	On going	Within existing budgets	Drainage Manager
Valuation, Depreciation and Effective Lives	<ul style="list-style-type: none"> <li>➤ Valuation guidelines.</li> </ul>	Reassess effective lives of pipe network based on improved condition assessment.	Ongoing	Within existing budgets	ICC Engineering Services Group
Asset Costing	<ul style="list-style-type: none"> <li>➤ Replacement costs based on continuing records of renewal contracts.</li> </ul>	Current practice adequate.	Ongoing	Within existing budgets	ICC Engineering Services Group
Asset Renewal and New Works Strategy	<ul style="list-style-type: none"> <li>➤ Forward 30 year plan based on age and condition.</li> <li>➤ Annual Plans consider:                             <ul style="list-style-type: none"> <li>▪ Condition</li> <li>▪ Age</li> <li>▪ Capacity</li> <li>▪ Co-ordination with other asset upgrades / renewals</li> </ul> </li> </ul>	Improve asset condition assessment to better identify renewal needs.	On going	Within existing budgets	ICC Engineering Services Group Drainage Manager
Service Level and Specification	<ul style="list-style-type: none"> <li>➤ Meeting most performance measures.</li> <li>➤ Customer focussed service levels only recently</li> </ul>	Continue to measure and assess performance against service levels.	Ongoing	Within existing budgets	Drainage Manager

	Current Practice	Areas for Improvement	Timeframe	Budget	Responsibility
Measurement	<p>measured.</p> <ul style="list-style-type: none"> <li>➤ Surveys used to assess customer needs.</li> </ul>				
Review, Audit and Continuous Improvement	<ul style="list-style-type: none"> <li>➤ Annual financial audit.</li> <li>➤ Annual service level audit.</li> <li>➤ Peer review of Asset Management Plans.</li> </ul>	Current practice adequate.	Ongoing	Within existing budgets	ICC Finance Director
Operations and Maintenance Strategy	<ul style="list-style-type: none"> <li>➤ Contract in place for major maintenance and operational items.</li> <li>➤ Quality contract management procedures in place.</li> </ul>	Current practice adequate.	Ongoing	Within existing budgets	Drainage Operations Group
Consent Compliance	<ul style="list-style-type: none"> <li>➤ Discharge consents for three treatment plants fully compliant.</li> </ul>	Monitor and implement identified improvements.	Ongoing	Within existing budgets	Drainage Manager
Risk Plans	<ul style="list-style-type: none"> <li>➤ Lifelines Project identifies risk and response strategies for major events.</li> <li>➤ Asset Management Plan identifies asset failure risk and response strategies.</li> </ul>	Current practice adequate.	Ongoing	Within existing budgets	Drainage Manager
		<p>Improve risk management strategies to align with AS/NZS ISO 13000.</p> <p>Identify high value risk assets.</p>	June 2020	Within existing budgets	Drainage Manager
Sustainability	<ul style="list-style-type: none"> <li>➤ Develop strategy.</li> </ul>		June 2020	Within existing budgets	Works and Services Directorate
Resilience	<ul style="list-style-type: none"> <li>➤ Develop strategy.</li> </ul>	Community dialogue.	June 2020	Within existing budgets	Works and Services Directorate
Sensitivity		Develop sensitivity analysis.	June 2020	Within existing budgets	Drainage Manager

**Table 10.1 – Improvement Programme 2017**

	Current Practice	Areas for Improvement	Progress Towards Achievement
Knowledge of Assets / Data Management	<p><b>Pipe Network</b></p> <ul style="list-style-type: none"> <li>➤ Data – knowledge of pipe age, materials, sizes and location is very good.</li> <li>➤ Condition – knowledge of pipe condition from 10% of asset record on CCTV and graded in accordance with pipe inspection manual.</li> </ul> <p><b>Electro Mechanical Plant</b></p> <ul style="list-style-type: none"> <li>➤ Condition regular maintained and inspected.</li> <li>➤ Condition assessed annually</li> <li>➤ Rated 3 yearly</li> </ul> <p>Structures (Buildings, Manholes, etc)</p> <ul style="list-style-type: none"> <li>➤ Buildings and manholes maintained and assessed regularly – upgrading needs assessed for Asset Management Plan.</li> </ul>	<p>Current knowledge adequate</p> <p>Continue pipe inspection programme to improve knowledge of asset condition.</p> <p>Current practice adequate.</p> <p>Current practice adequate.</p>	<p>Data has been transferred (migrated) to Infor IPS Improved data fed into 2017 Asset Management Plan.</p> <p>Data migrated to Infor IPS. Improved Treatment Plant and Pump Station Asset Data and Condition Ratings fed into 2014 Asset Management Plan. Annual programme to inspect manholes and upgrade where required.</p>
Valuation, Depreciation and Effective Lives	<ul style="list-style-type: none"> <li>➤ Valuation guidelines.</li> </ul>	<p>Reassess effective lives of pipe network based on improved condition assessment.</p>	<p>Records updated.</p>
Asset Costing	<ul style="list-style-type: none"> <li>➤ Replacement costs based on continuing records of renewal contracts.</li> </ul>	<p>Current practice adequate.</p>	<p>Replacement costs updated based on recent contract costs.</p>
Asset Renewal and New Works Strategy	<ul style="list-style-type: none"> <li>➤ Forward 30 year plan based on age and condition.</li> <li>➤ Annual Plans consider: <ul style="list-style-type: none"> <li>▪ Condition</li> <li>▪ Age</li> <li>▪ Capacity</li> <li>▪ Co-ordination with other asset upgrades / renewals</li> </ul> </li> </ul>	<p>Improve asset condition assessment to better identify renewal needs.</p>	<p>Asset condition continues to be assessed to improve renewal needs forecasting.</p>
Service Level and Specification	<ul style="list-style-type: none"> <li>➤ Meeting most performance measures.</li> </ul>	<p>Continue to measure and assess performance</p>	<p>New and previous service levels were monitored and</p>

	Current Practice	Areas for Improvement	Progress Towards Achievement
Measurement	<ul style="list-style-type: none"> <li>➤ Customer focussed service levels only recently measured.</li> <li>➤ Surveys used to assess customer needs.</li> </ul>	against service levels.	documented in Opal 3. Most targets met.
Review, Audit and Continuous Improvement	<ul style="list-style-type: none"> <li>➤ Annual financial audit.</li> <li>➤ Annual service level audit.</li> <li>➤ Peer review of Asset Management Plans.</li> </ul>	Current practice adequate.	Audits completed.
Operations and Maintenance Strategy	<ul style="list-style-type: none"> <li>➤ Negotiated contract in place for major maintenance and operational items (to terminate in November 2011).</li> <li>➤ Quality contract management procedures in place.</li> </ul>	Competitively tendered maintenance contract planned to commence November 2011. Some operational and maintenance items in house.	New contract in place.
Consent Compliance	<ul style="list-style-type: none"> <li>➤ Discharge consents for three treatment plants fully compliant.</li> </ul>	Current practice adequate.	Continued compliance achieved.
Risk Plans	<ul style="list-style-type: none"> <li>➤ Lifelines Project identifies risk and response strategies for major events.</li> <li>➤ Asset Management Plan identifies asset failure risk and response strategies.</li> </ul>	Current practice adequate. Improve risk management strategies. Identify high value risk assets.	Further work required.

**Table 10.2 – Improvements from 2017 Asset Management Plan**

## 10.2 IMPROVEMENT PROGRAMME

Areas for improvement of Asset Management system are identified in Section 10.1, and will be addressed by the following programmes:

➤ ***Pipe Asset Condition Assessment***

Part of the network has been inspected by CCTV and graded in accordance with the New Zealand Pipe Inspection Manual. This inspection programme will continue, and along with maintenance records, will be used to determine effective lives of pipe assets, and renewal programmes.

➤ ***Operational and Maintenance Strategies***

Along with the maintenance contractors Veolia and Wallace Murray Ltd, Council continues to review operational and maintenance strategies to ensure that the delivery of sewerage service continues to improve.

➤ ***Risk Management***

Asset risks have been tabulated in Section 7 of this plan, and response strategies identified. Further work is intended to identify risks, particularly those associated with deteriorating asset condition and serviceability, and to improve response strategies.

## 10.3 IMPROVEMENTS FROM PREVIOUS ACTIVITY MANAGEMENT PLAN

### 10.3.1 Pipe Asset Condition Assessment

Progress has been made in condition assessment of pipe assets, and further work is intended.

## 10.4 MONITORING AND REVIEW

The improvement plan will be assessed annually by reporting on progress towards the goals listed in Section 10.2.

## 11. Glossary

The following terms and acronyms (in brackets) are used in this asset management plan.

<b>Activity</b>	An activity is the work undertaken on an asset or group of assets to achieve a desired outcome.
<b>Advanced Asset Management</b>	Asset management which employs predictive modelling, risk management and optimised renewal decision-making techniques to establish asset lifecycle treatment options and related long-term cash flow predictions (see Basic Asset management).
<b>Annual Plan</b>	The Annual Plan provides a statement of the direction of Council and ensures consistency and co-ordination in both making policies and decisions concerning the use of Council resources. It is a reference document for monitoring and measuring performance for the community, as well as the Council itself.
<b>Asset</b>	A physical component of a facility that has value, enables services to be provided and has an economic life of greater than 12 months.
<b>Asset Management</b>	The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner.
<b>Asset Management System)</b>	A system (usually computerised) for collecting, analysing and reporting data on the utilisation, performance, lifecycle management and funding of existing assets.
<b>Asset Management Plan</b>	A plan developed for the management of one or more infrastructure assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to provide a specified level of service. A significant component of the plan is a long-term cash flow projection for the activities.
<b>Asset Management Strategy</b>	A strategy for asset management covering, the development and implementation of plans and programmes for asset creation, operation, maintenance, renewal, disposal and performance monitoring to ensure that the desired levels of service and other operational objectives are achieved at optimum cost.
<b>Asset Management Team</b>	The team appointed by an organisation to review and monitor the corporate asset management improvement programme and ensure the development of integrated asset management systems and plans consistent with organisational goals and objectives.
<b>Asset Register</b>	A record of asset information considered worthy of separate identification including inventory, historical, financial, condition, construction, technical and financial information about each.

<b>Basic Asset management</b>	Asset management which relies primarily on the use of an asset register, maintenance management systems, job/resource management, inventory control, condition assessment and defined levels of service, in order to establish alternative treatment options and long-term cash flow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than risk analysis and optimised renewal decision making).
<b>Benefit Cost Ratio (B/C)</b>	The sum of the present values of all benefits (including residual value, if any) over a specified period, or the lifecycle of the asset or facility, divided by the sum of the present value of all costs.
<b>Business Plan</b>	A plan produced by an organisation (or business units within it) which translates the objectives contained in an Annual Plan into detailed work plans for a particular, or range of, business activities. Activities may include marketing, development, operations, management, personnel, technology and financial planning.
<b>Capital Expenditure (CAPEX)</b>	Expenditure used to create new assets or to increase the capacity of existing assets beyond their original design capacity or service potential. CAPEX increases the value of an asset.
<b>Cash flow</b>	The stream of costs and/or benefits over time resulting from a project investment or ownership of an asset.
<b>Components</b>	Specific parts of an asset having independent physical or functional identity and having specific attributes such as different life expectancy, maintenance regimes, risk or criticality.
<b>Condition Monitoring</b>	Continuous or periodic inspection, assessment, measurement and interpretation of resulting data, to indicate the condition of a specific component so as to determine the need for some preventive or remedial action.
<b>Critical Assets</b>	Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than non-critical assets.
<b>Current Replacement Cost</b>	The cost of replacing the service potential of an existing asset, by reference to some measure of capacity, with an appropriate modern equivalent asset.
<b>Deferred Maintenance</b>	The shortfall in rehabilitation work required to maintain the service potential of an asset.
<b>Demand Management</b>	The active intervention in the market to influence demand for services and assets with forecast consequences, usually to avoid or defer CAPEX expenditure. Demand management is based on the notion that as needs are satisfied, expectations rise automatically and almost every action taken to satisfy demand will stimulate further demand.
<b>Depreciated Replacement Cost (DRC)</b>	The replacement cost of an existing asset after deducting an allowance for wear or consumption to reflect the remaining economic life of the existing asset.

<b>Depreciation</b>	The wearing out, consumption or other loss of value of an asset whether arising from use, passing of time or obsolescence through technological and market changes. It is accounted for by the allocation of the historical cost (or revalued amount) of the asset less its residual value over its useful life.
<b>Disposal</b>	Activities necessary to dispose of decommissioned assets.
<b>Economic Life</b>	The period from the acquisition of the asset to the time when the asset, while physically able to provide a service, ceases to be the lowest cost alternative to satisfy a particular level of service. The economic life is at the maximum when equal to the physical life, however, obsolescence will often ensure that the economic life is less than the physical life.
<b>Facility</b>	A complex comprising many assets (e.g. a hospital, water treatment plant, recreation complex, etc) which represents a single management unit for financial, operational, maintenance or other purposes.
<b>Geographic Information System (GIS)</b>	Software which provides a means of spatially viewing, searching, manipulating, and analysing an electronic database.
<b>Infrastructure Assets</b>	Stationary systems forming a network and serving whole communities, where the system as a whole is intended to be maintained indefinitely at a particular level of service potential by the continuing replacement and refurbishment of its components.
<b>Life</b>	A measure of the anticipated life of an asset or component, such as time, number of cycles, distance intervals, etc.
<b>Level of Service</b>	The defined service quality for a particular activity (i.e. sewerage) or service area (i.e. sewage disposal) against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.
<b>Life Cycle</b>	Life cycle has two meanings: (a) The cycle of activities that an asset (or facility) goes through while it retains an identity as a particular asset, i.e. from planning and design to decommissioning or disposal. (b) The period of time between a selected date and the last year over which the criteria (e.g. costs) relating to a decision or alternative understudy will be assessed.
<b>Life Cycle Cost</b>	The total cost of an asset throughout its life, including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
<b>Maintenance</b>	All actions necessary for retaining an asset as near as practicable to its original condition but excluding rehabilitation or renewal.
<b>Maintenance Plan</b>	Collated information, policies and procedures for the optimum maintenance of an asset, or group of assets.
<b>Maintenance Standards</b>	The standards set for the maintenance service, usually contained in preventative maintenance schedules, operation and maintenance manuals, codes of practice, estimating criteria, statutory regulations and mandatory requirements, in accordance with maintenance quality objectives.

<b>Objective</b>	An objective is a general statement of intention relating to a specific output or activity. They are generally longer-term aims and are not necessarily outcomes that managers can control.
<b>Operation</b>	The active process of utilising an asset which will consume resources such as manpower, energy, chemicals and materials. Operation costs are part of the lifecycle costs of an asset.
<b>Optimised Renewal Decision Making (ORDM)</b>	An optimisation process for considering and prioritising all options to rectify performance failures of assets. The process encompasses NPV analysis and risk assessment.
<b>Performance Measure</b>	A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.
<b>Performance Monitoring</b>	Continuous or periodic quantitative and qualitative assessments of the actual performance compared with specific objectives, targets or standards.
<b>Pipeline Asset Management System (PAMS)</b>	The computerised utilities asset management software system (Hansen IMS) supplied by MITS-Hansen under a bulk supply agreement with ALGENZ for use by New Zealand local authority asset managers.
<b>Planned Maintenance</b>	Planned maintenance activities fall into three categories: <ul style="list-style-type: none"> <li>(a) Periodic - necessary to ensure the reliability or sustain the design life of an asset.</li> <li>(b) Predictive - condition monitoring activities used to predict failure.</li> <li>(c) Preventive - maintenance that can be initiated without routine or continuous checking (e.g. using information contained in maintenance manuals or manufacturer's recommendations) and is not condition-based.</li> </ul>
<b>Rehabilitation</b>	Works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification. Generally involves repairing the asset using available techniques and standards to deliver its original level of service (i.e. heavy patching of roads, slip-lining of sewer mains, etc) without resorting to significant upgrading or replacement.
<b>Renewal</b>	Works to upgrade, refurbish, rehabilitate or replace existing facilities with facilities of equivalent capacity or performance capability.
<b>Renewal Accounting</b>	A method of infrastructure asset accounting which recognises that infrastructure assets are maintained at an agreed service level through regular planned maintenance, rehabilitation and renewal programmes contained in an asset management plan. The system as a whole is maintained in perpetuity and, therefore, does not need to be depreciated. The relevant rehabilitation and renewal costs are treated as operational rather than capital expenditure and any loss in service potential is recognised as deferred maintenance.

<b><i>Repair</i></b>	Action to restore an item to its previous condition after failure or damage.
<b><i>Replacement</i></b>	The complete replacement of an asset that has reached the end of its life, so as to provide a similar, or agreed alternative, level of service.
<b><i>Risk Management</i></b>	The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.
<b><i>Routine Maintenance</i></b>	Day-to-day operational activities to keep the asset operating (replacement of light bulbs, cleaning of drains, repairing leaks, etc) and which form part of the annual operating budget, including preventative maintenance.
<b><i>Service Potential</i></b>	The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset.
<b><i>Sewage</i></b>	Water or other liquid, including waste matter in solution or suspension, discharged from a premise.
<b><i>Strategic Plan</i></b>	Strategic planning involves making decisions about the long-term goals and strategies of an organisation. Strategic plans have a strong external focus, cover major portions of the organisation and identify major targets, actions and resource allocations relating to the long-term survival, value and growth of the organisation.
<b><i>Trade Waste</i></b>	Trade waste is any liquid, with or without matter in suspension or solution, that is or may be discharged from trade premises to the sewerage system.
<b><i>Unplanned Maintenance</i></b>	Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.
<b><i>Upgrading</i></b>	The replacement of an asset or addition/replacement of an asset component which materially improves the original service potential of the asset.
<b><i>Valuation</i></b>	Estimated asset value which may depend on the purpose for which the valuation is required, i.e. replacement value for determining maintenance levels or market value for lifecycle costing.

## 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
1.06	Corporate	2013 Service Level Survey: Stormwater and Sewerage 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
14.01	Sewerage	Sewerage System Maps – Major Pipes, Rising Mains and Pump Stations, and, Reticulation
14.02	Sewerage	Pipe Schedule – Diameter and Material, and, Decade and Material
14.03	Sewerage	Pump Station Register
14.04	Sewerage	Wastewater Treatment Plant Discharge Consents
14.05	Sewerage	Wastewater Treatment Plant Maintenance and Renewals Schedule
14.06	Sewerage	Lifecycle Management Strategies



# STORMWATER

# ACTIVITY MANAGEMENT PLAN 2017





## Activity Management Plan

Activity			
	Name	Signature	Date
<b>Prepared By</b>			
<b>Asset Manager</b>			
<b>Director Review</b>			
<b>Peer Review</b>			
<b>Council Adoption</b>			

<b>Changes to be Incorporated in Next Review</b>		
<b>Number</b>	<b>Date of Change</b>	<b>Reason for Change</b>
1	22 Nov. 17	Update Financial Tables in Executive Summary and Section 8
2	Feb. 18	Update financial tables following Council adoption
3	27 Feb 2018	Update financial tables in Exec Summary and Section 8 to include Stead St. Stopbank renewal

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## Executive Summary

### THE ACTIVITY

The Works and Services Directorate manages the stormwater network of pipes, open drains and pumping stations for the collection and disposal of stormwater to protect property from flood damage. This network has a total value as detailed below:

Asset Group	Optimised Replacement Cost	Optimised Depreciation Replacement Cost	Annual Depreciation
Fittings (manholes, cleaning eyes, etc)	\$25,707,834	\$15,041,562	\$259,043
Pipes	\$290,338,851	\$141,517,190	\$2,976,756
Pumping Stations – 9	\$4,650,076	\$2,569,324	\$104,989
<b>Total</b>	<b>\$320,696,761</b>	<b>\$159,128,076</b>	<b>\$3,340,788</b>

The Invercargill City Council role in providing the stormwater network is:

The building blocks, including water, sanitation and roading for a safe, friendly city is provided for all members of the community.

The Asset Management Plan is the tool for the Works and Services Directorate to demonstrate responsible asset stewardship and achieve compliance with statutory financial reporting requirements.

### LEVEL OF SERVICE

The Community has been consulted in relation to key performance measures through analysis of customer service requests and complaints, the Long Term Plan process and in relation to specific contracts. Community desires for the stormwater network are:

- A safe and effective network which protects the city from stormwater flooding.
- Continuity of operation of the Stormwater Activity.
- Assurance that receiving water quality is not compromised by stormwater.
- Community input on the levels of the stormwater service.

The Asset Management Plan includes both activity measures formulated to measures against the Community desires, and operational measures to provide technical support to achievement of the activity measures.

The Stormwater Activity contributes to these desires in the following way:

Community Outcome	Council's Role	How Stormwater Activity Contributes	Customer Level of Service	Measure of Service
Healthy lifestyle in a healthy environment.	Provide or ensure provision of services that include a quality water supply and reliable effective sanitation.	The stormwater network reduces the impact of flooding on the built environment.	Low levels on stormwater ponding on roads during rainfall events.	Complaints of stormwater blockage are responded to within 1 hour.
			Reliable removal of stormwater where there are Council managed network.	No flooding in living areas of houses in a five year return period storm.

Measure	Baseline	2016/17	2017/18	2018/19	2019-28	Link to Technical Measure
Complaints of emergency stormwater blockage responded to within 1 hour.	2014/15, 2015/16 & 2016/17– 100% success	90%	90%	90%	90%	Target level of service measure 5
No flooding in living areas of houses during a five year return period storm.	No flooding in 2014/15, 2015/16 & 2016/17.	0	0	0	0	Target level of service measure 2

**Current and Future Activity Measures and Level of Performance**

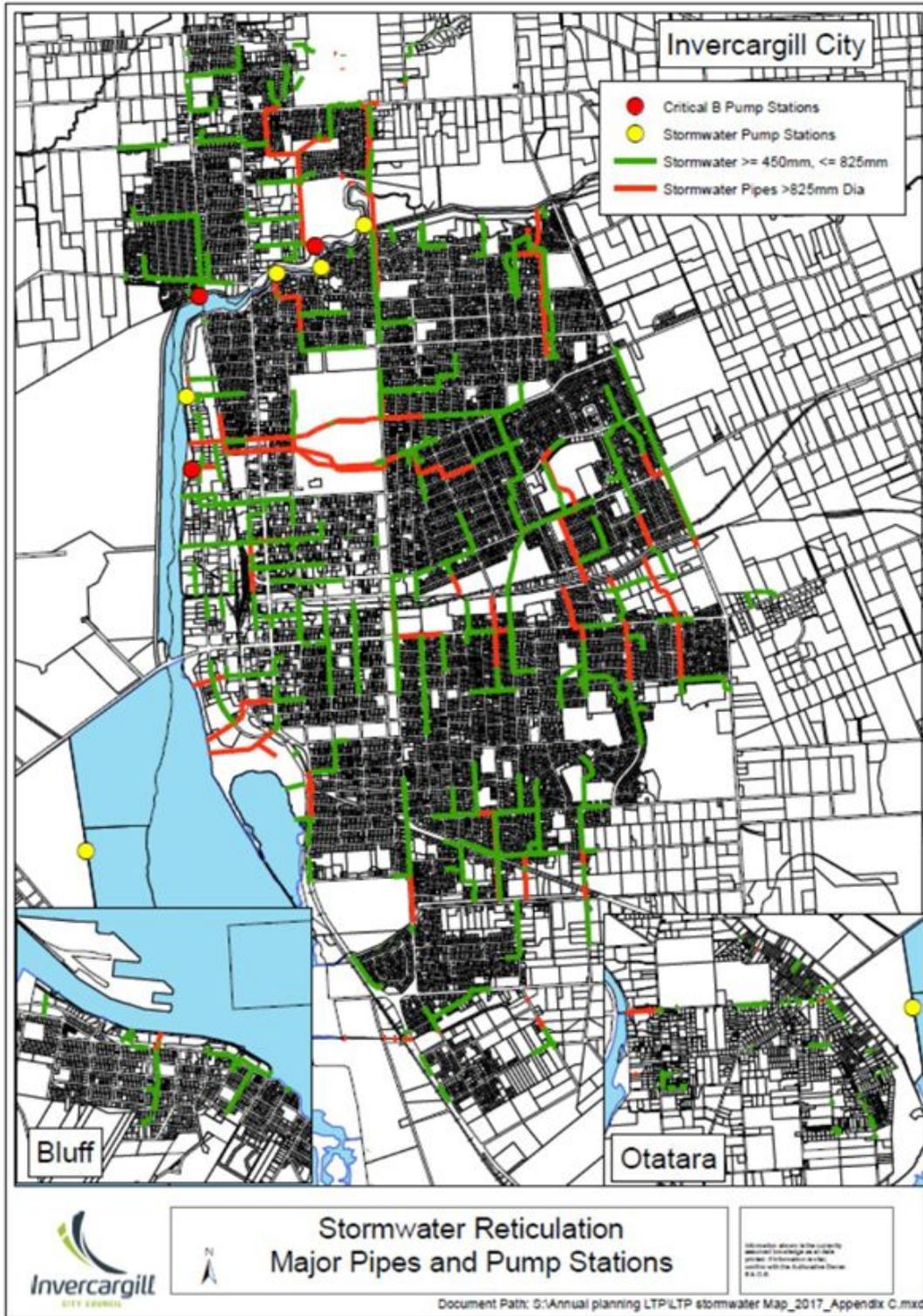
The Stormwater Activity is meeting these performance measures to a high standard.

### **ASSET INFORMATION**

The city has a stormwater network consisting of 419 kilometres of pipe, most of which is earthenware or reinforced concrete, and estimated to have a service of life up to 100 years. In addition there is approximately 15 kilometres of open drains, mostly situated in the rural residential area of Otatara.

Stormwater sumps on roads are managed and funded as part of the Rooding Activity and are not included as stormwater assets.

The City is also protected by a series flood protection schemes on the main waterways through the city and around the Waihopai Arm of the New River Estuary. The majority of these schemes are managed by Environment Southland, with Invercargill City Council managing tide protection banks around the Waihopai Arm.



In 1985, following widespread flooding in 1984, a new design standard was adopted and a major upgrading of the stormwater system began. The adopted design standard was for a five year return period storm, and the focus of upgrading has been on areas flooded in 1984, and the major stormwater outlets to natural waterways. Although the stormwater upgrading programme ended in 2005, pipes serving a large part of the city are still sized at old design standards, and it is intended that these be upgraded progressively as part of the asset renewal programme. As the piped stormwater catchments in the city are short, with the largest catchment having a maximum flow time of less than forty minutes, the system has been designed for short duration high intensity storms.

While the five year design standard may be exceeded for such storms, and some surface flooding result, flooding inside homes is not expected. Long duration, low intensity storms similar to those which have caused flooding in the past, and of greater return period than the five year design standard will be easily accommodated within the upgraded system.

Assessment and inspection of the stormwater system using tools such as CCTV and inspections during maintenance work detailed knowledge of the condition of the stormwater system. Spot inspections, especially during maintenance work, and inspection of specific pipelines to assess whether the pipeline should be repaired or replaced ahead of major roading upgrades indicate that the stormwater network is in moderate condition. The low number of system blockages and collapses tends to confirm this assessment.

The 1984 floods also led to the development of comprehensive flooding protection schemes on all the major waterways through Invercargill. These schemes are managed and funded by Environment Southland.

The following table summarising material type and condition are based on construction and maintenance records, and the above CCTV inspections.

Pipe Diameter	Material	Condition	Comment
100 mm to 300 mm (68.9% of Network)	76% Earthenware 15% Plastic 8% Concrete	Generally sound structurally. Open joints on earthenware and concrete pipe allow ingress of groundwater and formation of cavities in surrounding ground.	Older pipes. Capacity upgrade required.
375 mm to 450 mm (11.4% of Network)	24% Earthenware 9% Plastic 6% Brick 60% Concrete	Brick and earthenware in poor condition, cracked and deformed. Concrete and plastic generally newer and in good condition.	Renewal of brick and earthenware a priority.
525 mm to 1,800 mm (19.6% of Network)	Reinforced Concrete	Mostly laid since 1984. Rubber ring jointed. Excellent condition.	No renewals planned within 30 years.
2,100 mm (0.1% of Network)	Aluminium Hi-Flo	Structurally sound. Welded joints. Deformed during construction. Laid 1987.	No renewals planned within 30 years.

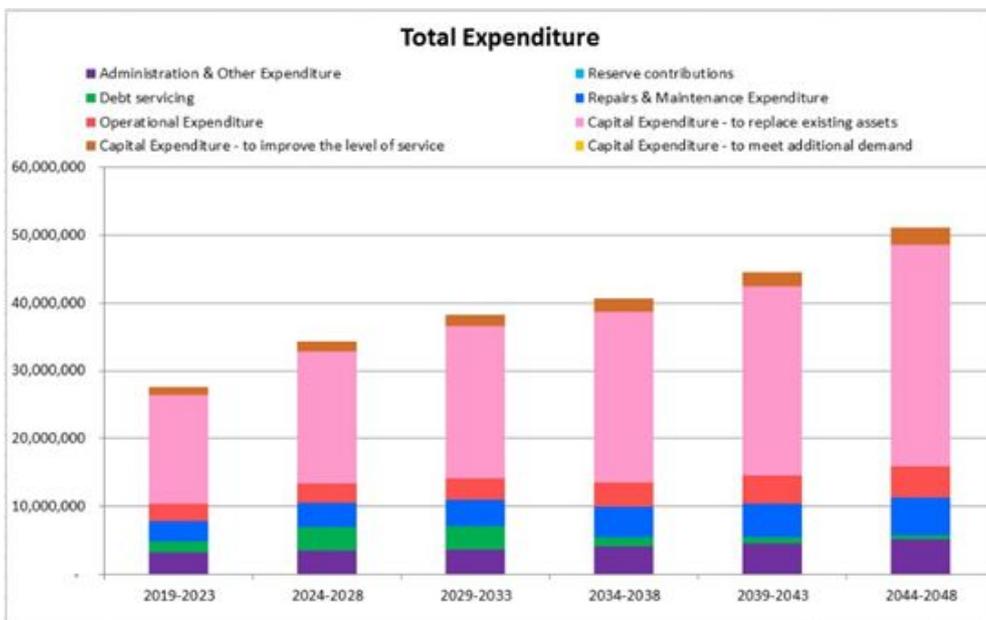
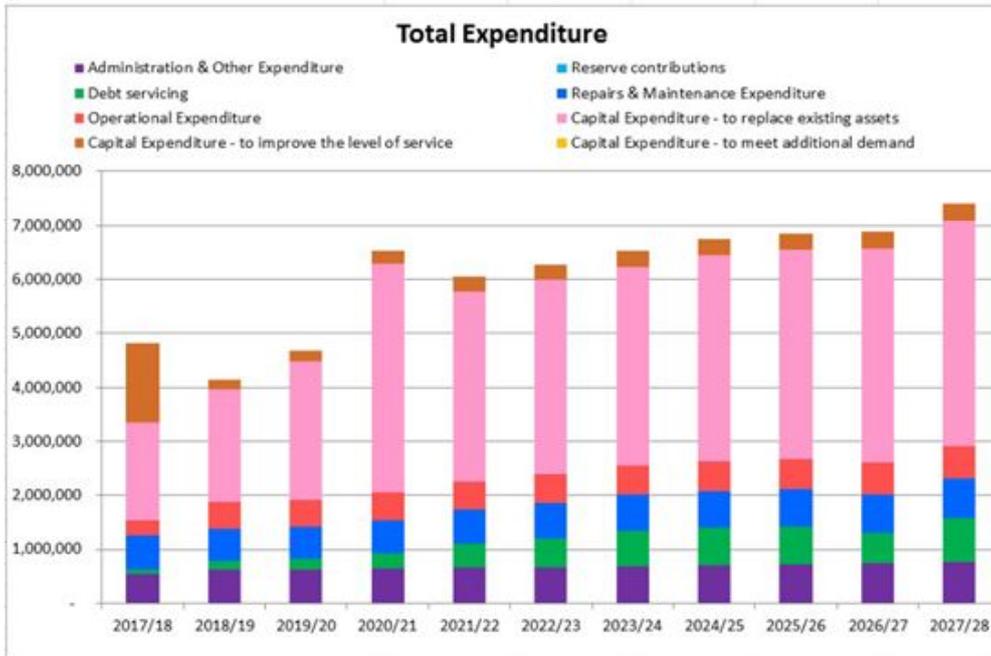
## RISK MANAGEMENT

Management practices focus on ensuring the reliability of critical assets. Generally pipelines of 600 mm diameter or larger and pump stations are classified as extreme or major criticality assets, as failure can cause serious disruption to service delivery over a substantial area and raise public safety concerns. As the Works and Services Directorate prepare an asset renewal programme, a risk management process consistent with Standard AS/NZ 4360 will be used to identify critical assets and specific risks associated with the stormwater asset. In prioritising and programming capital works, consideration is

given to risk and benefits, affordability, and existing performance with respect to levels of service and life cycle.

**FINANCIAL FORECAST**

Total budgeted expenditure for 2017/18 is \$3,448,601, including \$1,950,321 for capital expenditure of pipe and pump station assets. The 30 year projections are shown in Section 8.25, adjusted for annual inflation. The following graphs summarise this information, adjusted for annual inflation, annually for the 2018-28 period, and in five yearly blocks over the term of this Asset Management Plan.



Significant trends are:

- *Administration and Internal expenditure* – expenditure of \$532,717 rising by inflation over the planning period.
- *Operation* – expenditure of \$277,296 in 2017/18 rising to \$477,300 in 2018/19 to fund additional costs associated with the stormwater discharge consent, and then rising by inflation.
- *Maintenance* – expenditure of \$608,832 in 2017/18 will initially decrease in 2018/19, then rise by inflation through the planning period.
- *Renewals* – expenditure is budgeted at \$1,808,888 for pipe renewals with an additional 8% (\$141,432) for level of service improvement in 2017/18, then increasing to \$3,519,722 plus 8% additional (\$276,327) for improved level of service in 2021/22. Pump assets will be renewed throughout the period. These amounts include allowance for inflation.

The budget is based on an assumed optimum pipe asset life of up to 100 years, and detailed asset condition assessment is required to confirm this life. Asset renewal budgets may require review to reflect confirmed optimum pipe asset life. The renewal budget is based on the annual depreciation allocation for pipe assets. The assets are valued every three years, most recently in June 2017, and depreciation is based on the Optimised Replacement Value of these assets. The Asset Management Plan proposed to increase the renewal budget close to the depreciation allocation by 2020/21. This will provide funding to renew pipes due for renewal during the term of the Plan. As pipe assets are renewed, they will be sized to current design standards.

Pump station renewals vary throughout the plan period as pumps and electrical components reach the end of economic life.

## **DEVELOPMENT**

Council has zoned land at Awarua for industrial development, and has prepared preliminary concept plans for land drainage and sewerage. These plans require further development when more specific proposals are known. As there is no formal commitment to proceed with this development, budgets have not been included in this Plan.

No specific plans are included for residential development although the plan does highlight areas where such development is likely. Costs of stormwater infrastructure in new residential subdivisions will be met by developers.

## **KEY ASSET MANAGEMENT ASSUMPTIONS**

### ***Growth***

- Population change will follow the Statistics New Zealand medium population projection.
- There will be no significant change in rainfall intensity or duration.
- The majority of infrastructure required to service new developments will be funded by developers.

### ***Levels of Service***

- There will be no significant changes in levels of service.
- The proposed Southland Water and Land Plan will require improvements to stormwater quality, within the budget provisions of this plan.

- No upgrading of existing infrastructure will be required as a result of urban development provided the anticipated development is evenly spread across the urban area.
- Future condition assessments will not indicate additional remedial/replacement works to those scheduled in work programmes.

**Natural Disasters**

- This Plan is based on the assumption that there will be no natural disasters affecting the Council’s Stormwater Network.
- No provision has been made in the Asset Management Plan for the cost of repairing damage or other additional costs consequent upon a natural disaster such as a major flood or substantial earthquake.

**Financial**

- Financial forecast expenditure and revenues items are in 2017 dollars. These are then adjusted for inflation in Table 8.2 and in the graph in this Executive Summary.
- Asset Renewals will be funded predominantly by rates revenue, including additional allocation for greater capacity infrastructure.
- Capital Expenditure will be primarily funded from loans with localised infrastructure costs to service new development to be funded by developers.
- Loan interest of 4.75% - 6.50% per annum has been applied.
- Inflation adjusted financial summaries have been prepared in accordance with LGCI provisions with annual inflation varying from 2.2% to 2.7%.

**IMPROVEMENTS TO PLANNING**

This Asset Management Plan highlights a need for improved quality of management practices to ensure optimum operation of the stormwater system.

Improvements will focus on:

Item	Current Practice	Areas for Improvement
Knowledge of Assets / Data Management	<p><b>Pipe Network</b></p> <ul style="list-style-type: none"> <li>➤ Data – knowledge of pipe age, materials, sizes and location is very good.</li> <li>➤ Condition – knowledge of pipe condition from 5.2% of asset record on CCTV and graded in accordance with pipe inspection manual.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to update records.</li> <li>Continue pipe inspection programme to improve knowledge of asset condition.</li> </ul>
	<p><b>Electro Mechanical Plant</b></p> <ul style="list-style-type: none"> <li>➤ Condition regular maintained and inspected.</li> <li>➤ Condition assessed annually</li> <li>➤ Rated 3 yearly</li> </ul> <p>Structures (Buildings, Manholes, etc)</p> <ul style="list-style-type: none"> <li>➤ Buildings maintained and assessed regularly – upgrading needs assessed for Asset Management Plan.</li> </ul>	
Valuation, Depreciation and Effective Lives	<ul style="list-style-type: none"> <li>➤ Valuation guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>Reassess effective lives of pipe network based on improved condition assessment.</li> </ul>
Asset Costing	<ul style="list-style-type: none"> <li>➤ Replacement costs based on</li> </ul>	<ul style="list-style-type: none"> <li>Current practice adequate.</li> </ul>

Item	Current Practice	Areas for Improvement
Asset Renewal and New Works Strategy	<p>continuing records of renewal contracts.</p> <ul style="list-style-type: none"> <li>➤ Forward 30 year plan based on age and condition.</li> <li>➤ Annual Plans consider:                             <ul style="list-style-type: none"> <li>▪ Condition</li> <li>▪ Age</li> <li>▪ Capacity</li> <li>▪ Co-ordination with other asset upgrades / renewals</li> </ul> </li> </ul>	Improve asset condition assessment to better identify renewal needs.
Service Level Specification and Measurement	<ul style="list-style-type: none"> <li>➤ Meeting most performance measures.</li> <li>➤ Customer focussed service levels only recently measured.</li> <li>➤ Surveys used to assess customer needs.</li> </ul>	Continue to measure and assess performance against service levels.
Review, Audit and Continuous Improvement	<ul style="list-style-type: none"> <li>➤ Annual financial audit.</li> <li>➤ Annual service level audit.</li> <li>➤ Peer review of Asset Management Plans.</li> </ul>	Current practice adequate.
Operations and Maintenance Strategy	<ul style="list-style-type: none"> <li>➤ Competitively tendered maintenance contracts in place for major maintenance and operational items.</li> <li>➤ Quality contract management procedures in place.</li> </ul>	Continue current practice.
Consent Compliance	<ul style="list-style-type: none"> <li>➤ Discharge consents to five freshwater streams.</li> </ul>	Monitor and implement identified improvements.
Risk Plans	<ul style="list-style-type: none"> <li>➤ Lifelines Project identifies risk and response strategies for major events.</li> <li>➤ Asset Management Plan identifies asset failure risk and response strategies.</li> </ul>	<p>Current practice adequate.</p> <p>Improve risk management strategies.</p> <p>Identify high value risk assets.</p>
Sustainability	<ul style="list-style-type: none"> <li>➤ Develop strategy.</li> </ul>	

# 1. Introduction

## 1.1 ABOUT THIS PLAN

The stormwater activity is one of the core Infrastructural Service activities addressed in the Invercargill City Council Long Term Plan (LTP). This Stormwater Asset Management Plan (AMP) is, therefore, strongly linked to the overall strategic direction for the City. The LTP is the document that alerts the community to the key issues and strategies of the activity.

The purpose of this AMP is to outline Council's tactical planning response to the stormwater activity. The AMP outlines the long term management approach for the provision and maintenance of the stormwater activities services. Under Council's significance and engagement policy, the stormwater networks in Invercargill and Bluff and the drainage network in Otatara are deemed to be a strategic asset and therefore are significant in ensuring Council's capacity to contribute towards the Community Outcomes, and the current and future needs of the community. The AMP demonstrates responsible management of the assets on behalf of customers and stakeholders, and assists with the achievement of strategic goals and statutory compliance. The AMP combines management, financial, engineering and technical practices to ensure that the level of service required by the customers is provided, and is delivered in a sustainable and efficient manner. This AMP is based on existing levels of service, currently available information and existing knowledge, and judgement of Council staff.

A programme of Asset Management improvement is planned to improve the quality of decision making and to improve the knowledge of Council's assets and customer expectations. These future enhancements will enable council to optimise life cycle asset management activities and provide a greater degree of confidence in financial forecasts.

## 1.2 ACTIVITY OVERVIEW

Council owns and maintains assets on behalf of the community, providing a stormwater service to each property in the Bluff and Invercargill urban areas. Stormwater is discharged to natural waterways, including the Waikiwi Stream, Waihopai River, Kingswell Creek, Clifton Channel, Otepunu Stream, the new river Estuary, and Bluff Harbour.

The natural waterways into which the stormwater network discharges are managed by Environment Southland. Environment Southland manages flood protection schemes protecting the urban areas of Invercargill from flooding. These schemes are funded by Environment Southland through its rating system.

Legislation requires that the Council manage its stormwater assets in an efficient and effective manner. This Asset Management Plan provides a strategy for the Council to do so.

The stormwater system is managed and operated by staff employed directly by Council, and maintenance and capital works are carried out by contract under supervision by Council staff.

No other communities within the Council's territory are supplied with a stormwater disposal service other than the urban communities of Invercargill, Otatara, and Bluff. Property owners outside of these areas are responsible for the provision and maintenance of drainage systems through their property, and within roadways adjacent to the property.

## 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 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, 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 removal of stormwater from residential, industrial and commercial properties reduces the risk of property damage by flooding, and so protects public health, supports city growth, and contributes to the general wellbeing of the community. In urban areas stormwater disposal is most effectively achieved by means of reticulated (piped) stormwater systems. This allows the costs associated with maintaining high standards and efficient infrastructure to be spread over the community.

#### 2.1.3 Activity Objectives

The objectives of the stormwater activity are:

- To safeguard public health, and public and private property from damage from flooding.

- To support economic growth of the community.
- To provide a cost effective stormwater disposal system.
- To reduce the incidence of stormwater contamination in order to reduce adverse effects on the natural environment.

The alignment of the stormwater activity with the Community Outcomes is:

Community Outcome	Council's Role	How the Activity Contributes
Enhance our city	Invercargill's economy continues to grow and diversify	The stormwater activity protects urban areas from flooding
Embrace innovation and change	The development of future industry is encouraged	
Preserve its character	The building blocks for a safe, friendly city are provided for all members of the community	Properties are protected from flooding damage, and receiving waters are not adversely affected by contaminated discharge

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

- Industry can establish in Invercargill with access to effective stormwater drainage systems.
- Environmental values in the waters to which stormwater is discharged are protected.
- Levels of service as develop in section 3.3, including the requirements of the stormwater discharge consent, are achieved.

## 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's 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.

The District Plan includes provision in its Code of Land Development to ensure that new stormwater infrastructure is constructed to adequate standards to meet community needs, and to protect the receiving water from contaminated discharges. The Code of Land Development includes provision for Low Impact Stormwater Designs, for greenfields subdivisions, including the retention of high intensity storm flows, and the capture of some contaminants.

### **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.

In 2014, an amendment to the Act inserted a statement that asset management planning should be a fundamental part of Council's prudent stewardship of community resources over the long term, a requirement to produce a 30 year infrastructure strategy for core assets. The Infrastructure Strategy is required to address:

- Identification of strategic issues and options
- How infrastructure assets will be managed
- Indicative capital and operating expenditure forecasts
- Significant CAPEX decisions – cost options for each
- Assumptions on lifecycle, demand, levels of service

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.
- The 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.

The diagram below shows how the Asset Management Plan feeds into the Council's infrastructure and Financial Strategies, and relates to Council's other plans.



**2.2.4 Activity Management Framework**



The Asset Management System is the set of people, processes, tools and other resources involved in the delivery of asset management.

The Asset Management Policy (appendix 2.01) outlines the principles, requirements and responsibilities for asset management.

The Asset Management Strategy (appendix 2.02) sets the asset management objectives, practices and audit and review processes.

### 2.3 STRATEGIC ISSUES AND CHALLENGES

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

- The City's changing demographic profile
- The communities willingness and ability to pay
- An expectation from the community to provide and retain services in a more effective manner at a lower cost
- 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
- Responding to the changing natural environment
- Retaining Invercargill's character within its built environment
- How Council will adapt to technology changes
- Balancing Council's regulatory obligations with customer service

Specific Issues related to the Stormwater Activity are:

- Aging Infrastructure, requiring investment in maintenance and renewal programmes to continue to achieve Levels of Service.
- New Discharge Consents Conditions requiring improved discharge water quality.
- Climate change driven sea level rise, which will compromise stormwater functionality.

### 2.4 KEY ASSUMPTIONS

As assumptions deal with matters of uncertainty and complexity, actual results will vary, even though they are based on the best information available. If events differ significantly from the assumptions, material variances to this plan may result. The stormwater activity is particularly susceptible to the following assumptions:

- **Resource Consents**

Future resource consents are expected to have more strict consent conditions requiring action by Council to improve discharge quality. If greater improvements taken anticipated are required, Council could incur significant cost to comply.

- **Useful Life of Significant Assets**

Asset life has been assigned to stormwater assets, ranging up to 100 years for some pipe categories. Renewal expenditure is the greatest single cost item for the activity. Significant variance in asset life will increase or decrease the activity's budget requirement.

➤ **Asset Valuation**

Asset valuation are based on the costs of procurement averaged over previous projects. Significant changes in current costs will be reflected in valuations, depreciation provision, and in budgets for asset renewal. The 2017 valuation has seen a significant increase in pipe valuations, and this has fed through to a major budget increase requirement.

➤ **Climate Change**

The significant effect of climate change for the stormwater activity is sea level rise. The increased risk of flooding will need to be managed, and costs will be significant if the sea level increase is greater than forecast.

**2.4.1 Internal Factors**

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and potential Financial Impact</b>
<p><b>Population</b></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><b>Household Growth</b></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><b>Ageing Population</b></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><b>Resource Consents</b></p> <p>Resource consents will be obtained with reasonable</p>	<p>Moderate – change is imminent but extent of</p>	<p>3 Waters</p>

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
conditions and negligible impact on how Council provides its services.	which is unknown.	Capital expenditure may be required if the conditions attached to resource consents require changes to how Council delivers its services.
<p><b>Tourism and Visitor Numbers</b></p> <p>Tourism numbers will increase over the Long Term Plan period.</p>	Low – various city-wide endeavours to boost tourism.	<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><b>New Zealand Transport Agency</b></p> <p>That the NZTA Funding Assistance Rate will reduce by 1% each year until a low of 51%.</p>	Low – NZTA have stated in plans that this will occur.	<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><b>Commercial Property</b></p> <p>The CBD will remain in the Esk Street area and will become more vibrant.</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>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>

**2.4.2 Financial Factors**

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and potential Financial Impact</b>
<p><b>Inflation</b></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 Councils by Business and Economic Research Limited (BERL). Significant variations from these adjustments will be identified in future Annual Plans and Annual Reports.</p>
<p><b>Local Economy</b></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><b>Useful Life of Significant Assets</b></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><b>Depreciation</b></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><b>Asset Revaluation</b></p> <p>Council will use national standards in asset revaluation.</p>	<p>Moderate – value will remain somewhat constant over 10 years.</p>	<p>Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.</p>
<p><b>Vested Assets</b></p> <p>Vested assets will have a negligible impact on</p>	<p>Low – financial effect of uncertainty.</p>	<p>Level of vested assets fluctuates yearly. Historical</p>

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
Council's overall infrastructure and finances.		levels have not been material.
<p><b>Financial – Existing Funding Renewal</b></p> <p>Council borrowing facility will be renewed (three-yearly) with the terms and conditions mirroring market trends.</p>	Medium	Council's terms and conditions for its borrowing facility have mirrored market trends in recent times.
<p><b>Financial – Expected Interest Rates on Borrowing</b></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>	Medium	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><b>Financial – Forecast on Return on Investments</b></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.

**2.4.3 External Factors**

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
<p><b>Local Governance</b></p> <p>Amalgamation will not occur during the life of the Plan.</p>	Low – to continue shared services, although amalgamation is low risk.	Shared Services, Policy and Governance.

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
		Boundary changes would require a review of the Long Term Plan with its associated community consultation.
<p><b>Legislation</b></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><b>Natural Disasters</b></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><b>Climate Change</b></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>
<p><b>Technology</b></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>	High – certainty of diversification in technology is ever-growing. Impact of changing technology cannot be quantified.	<p>Employment, Local Economy and Services (delivery).</p> <p>New technologies will likely have an increased financial cost in the short term.</p>
<p><b>Education</b></p> <p>S.I.T will continue to promote Invercargill to international students.</p>	Moderate – education systems that exist are likely to remain stable.	Infrastructure, Services, Population and Housing.

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
<p><b>World Economy</b></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>

### 3. The Service We Provide

#### 3.1 CUSTOMER PROFILE

##### 3.1.1 Our Stakeholders and Community

Council recognises there are a wide range of customers and stakeholders with an interest in how the Stormwater Activity is managed. The resident Community, specific interest groups within the Community and regulators are just some of the groups that Council needs to engage with to ensure they are delivering the right service at an affordable cost. The identified stakeholders are:

<i>External Stakeholders</i>	<i>Area of Interest</i>	<i>Engagement</i>
Invercargill Community	Service provision to customer	Liaise
Invercargill Ratepayers	Rates impact	Consult through AMP, Annual Plans and surveys
Environment Southland	Governance	Discharge Consents – negotiation / compliance
Contractors, Consultants	Service provision to Council	Liaise
Southland District Health Board Ministry of Health	Community Health	Liaise
Ministry for Environment Department of Conservation Iwi Fish and Game Southland Environmental Group	Environmental impact Sustainability	Liaise
Audit New Zealand	Governance and Operation	Audit

<i>Internal Stakeholders</i>	<i>Area of Interest</i>	<i>Engagement</i>
Councillors, Directors	Governance and leadership	Report
Works Directorate Managers	Common service goals	Liaise
Engineering Services Group Information Technology	Technical support	Liaise
Financial and Corporate	Financial assistance and Director	Liaise
Planning and Regulatory	Compliance	Liaise

##### 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:

- 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.

For significant stormwater projects, which may affect a section of the community, Council may hold public meetings and specific information may be mailed to households who may benefit or be affected by the project to provide an opportunity for feedback, and for residents to communicate their desired outcomes. Where services or access to specific properties may be disrupted for a period, property owners are advised so that alternative arrangements can be made. Where traffic flows are disrupted motorists are advised by sign boards and/or advertising, and detour routes are advised.

### **3.1.3 Community Research**

In 2013 the Council carried out a Customer Service Level Survey (appendix 1.06), to provide information on ratepayers and residents' assessment of Councils services and to understand:

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

In 2016 a second research project was undertaken (Appendix 1.08) This project had a slightly different focus. The results from both the service level survey, and research project, combined with expert knowledge of staff working in the stormwater activity have helped establish a foundation of levels of service statements.

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

### **3.1.4 Key Service Attributes Valued by Customers**

Council's 2013 Service Level Survey told Council that the Community assessed the three most important aspects of the Stormwater Activity as:

1. Protection from stormwater ponding/flooding
2. Drain safety
3. Pollution level

The results of this survey are included in Appendix 1.06.

The 2016 Levels of Service Survey showed that most residents (98%) consider drainage (stormwater and sewerage) to be essential services, and that rates funding should be maintained (76%) or increased (32%) to ensure the level of service is maintained or improved (Results contained in Appendix 1.08).

## **3.2 SERVICE DRIVERS**

### **3.2.1 Community Expectations**

The 2013 survey told Council that the most important aspect of the stormwater activity to the community was the prevention of stormwater ponding or flooding. The Community (55% of respondents) considered the level of protection against ponding and flooding in urban areas was good or very good.

Customers of the Stormwater Activity expect that stormwater system blockages will be responded to in a timely manner and that drainage systems will be adequate so as to ensure that stormwater does not pond or flood after rainfall.

Stormwater ponding in roads often occurs because there is a build up of leaves in the roadside kerb and channel which prevent the stormwater entering the drains. This is particularly evident in autumn in suburbs which have deciduous street trees. Roads are regularly swept to minimise this risk. Council operates a 24 hour call out service to respond to reports of stormwater ponding. The Community told us that they wanted all stormwater ponding to be resolved within six hours of it being reported. Council endeavours to respond to all reports of stormwater ponding within an hour. Easily resolved problems are dealt with by the responding contractor.

Following major flooding in 1984 and 1987 Council initiated a programme of stormwater capacity improvement to the standard detailed in Appendix 16.01. All properties identified as having habitable areas flooded in 1984 are now connected to the upgraded network. The current stormwater renewal programme includes upgrading of the remainder of the network to the new standard over time.

The quality of natural receiving waters (streams/rivers, lakes, beaches) can be adversely affected by contaminants in discharges from stormwater drains. The sources of these contaminants range from natural mineral sources, plant and animals and from vehicles, and from commercial, industrial, farming and construction activities (including solvents, paints, cleaners, oil, floatables, pesticides, fertilisers and faecal matter). Analysis of sediments near some stormwater outfalls indicate levels of lead, mercury, and zinc which are elevated above ANZECC Interim Sediment Quality Guidelines (ISQM). The quality of stormwater in the first flush of a storm can typically exceed contaminant levels considered safe for contact recreation.

The Regional Water Plan for Southland includes legislative requirements and rules governing the quality and quantity of stormwater able to be discharged to surface water. A new regional water plan, the proposed Southland Water and Land Plan has recently been notified. Submissions on this plan have been received and will be heard by Environment Southland before the end of 2017. It is expected that the plan will then become operative, and supersede the current Regional Water Plan for Southland.

The Local Government Act 2002 requires Council to consult with affected and interested parties in making decisions. To implement level of service changes, options analysis and the selection of the best practicable and preferred option, has to be done by a coherent, integrated and transparent process.

Council ensures that all interested stakeholders have an opportunity to influence level of service decisions by:

- Asset Management Plans available on the Council Website and on request.
- Engagement with key stakeholders throughout the development of significant capital proposals.
- Public opportunity to make submissions on strategic targets through the Long Term Plan process.
- Consulting with affected persons on specific projects (as required by the Resource Management Act 2001).
- Community consultation utilising focus groups.

### 3.2.2 Legislative Requirements

The following documents are referred to as a guide to generally accepted industry practices:

- Resource Management Act – The guiding legislation for all activities which will have an impact on the natural and human environments.
- Regional Water Plan for Southland – Resource Consents for stormwater discharges to surface water are granted by Environment Southland under the provisions of this Plan.
- Proposed Southland Water and Land Plan- This plan was notified by Environment Southland in 2017, and seeks to updated the provisions of the current Regional Water Plan for Southland. Submissions have been received, with hearing programmed until December 2017, after which decisions will be made, and the plan will become operative.

#### Key Legislation

- **Local Government Act 2002 Schedule 10** requires that the Long Term Plan contain information on the assessment and management of the implications of changes in demand or service levels. This means that Local Authorities should disclose:
  - Whether they intend to change the service levels for an asset over the life of the Plan.
  - What they expect will happen either to demand for the service and/or consumption of the service.
  - Demonstrate how risks are to be managed.

- **Resource Management Act 1991 and 2001** requires Council to:
  - Sustain the potential of natural and physical resources to meet the reasonable foreseeable needs of future generations.
  - Comply with the District and Regional Plans.
  - Avoid, remedy or mitigate any adverse effect on the environment.
  - Take into account the principles of the Treaty of Waitangi in exercising functions and powers under the Act relating to the use, development, and protection of natural and physical resources.
  - Comply with resource consents issued for stormwater discharges.
- **Health Act 1956** Under the Health Act 1956, the Council must promote and conserve the public health within the city. The Stormwater Activity ensures that adequate levels of stormwater drainage is provided so that flooding is avoided and so that public health is not compromised by inflows of stormwater into the sewerage network..
- **Health and Safety at work Act 2015** requires Council to provide safe and healthy work places, identify and document work place hazards, and take steps to eliminate, isolate, and minimise hazards.

### 3.2.3 Industry Standards and Guidelines

The following documents are included as generally accepted industry practices:

- Southland Water and Land Plan – This plan has been produced by Environment Southland to meet their obligations under the Resource Management Act to manage all activities which will have an impact on the natural and human environments. Resource Consents to discharge stormwater are granted by Environment Southland under the provisions of this plan and the Resource Management Act.
- New Zealand Infrastructure Management Manual – The accepted industry practices on which this plan is developed.
- New Zealand Building Code.
- Invercargill City Council Code of Practice for Land Development, and associated technical specifications, standards and guidelines, ensure that stormwater infrastructure is developed in a manner which protects both the public and the environment, and which can be cost effectively maintained with the appropriate design life of the various components of the system. The Code of Practice for Land Development refers to a range of New Zealand Standards for construction techniques and materials.

Key industry practice considerations included within these documents are:

- Pipe materials and design lives.
- Installation details.
- Testing and monitoring.
- Procurement of services or goods.

### **3.3 CURRENT LEVELS OF SERVICE**

#### **3.3.1 Current Customer Levels of Service, Performance Measures and Targets**

Measures of the overall activity, covering the aspects of service of most interest to the Community. These measures are the focus for Community consultation in the Long Term Plan and are reported on in the Annual Report.

The current activity measures and the target levels of performance are shown in Figure 3.1.

The target levels of service are intended to apply for the initial eight to ten years of the Asset Management Plan. Changes to target levels of service may be initiated by:

- Customer expectation.
- Legislative or Resource Consent change.
- Changes to contract key performance indicators.
- Analysis of performance indicating target levels are unrealistically high or low.

The target levels of service are reflected in the Key Performance Indicators of Operation and Maintenance Contracts and Construction Contracts, and in conditions of consent held with Environment Southland.

#### **3.3.2 Current Technical Levels of Service, Performance Measures and Targets**

The technical measures are used by the asset managers in the day to day management of the assets and are reported on in this Asset Management Plan. These measures are aligned with, and support the achievement of, the activity measures.

#### **3.3.3 National Non-financial Performance Measures**

From 30 July 2014, in accordance with the Local Government Act 2002, Section 261B, mandatory performance measures have been applied to stormwater. These are shown in Table 3.3 with linkages to the technical levels of service in Table 3.2.

The current technical and operational measures used for monitoring asset management performance are shown in Figure 3.2.

### **3.4 LEVELS OF SERVICE ISSUES AND CHALLENGES**

#### **3.4.1 Current Levels of Service Gaps**

##### ➤ ***Environmental Standards***

Council has been monitoring stormwater quality as a requirement of its first stormwater discharge consent granted in 2011, and has identified levels of contamination which are required to be corrected as a condition of the new stormwater discharge consent granted in September 2016. As part of the ongoing development of the Southland Water and Land Plan, limit setting for discharges to receiving water is expected to be developed over the next two to three year period and this exercise is expected to require an improvement in stormwater discharge quality.

➤ **Reliability**

While Service level targets for reliability are currently satisfactory, assets are aging, with 15% of the network reaching its assigned service life in the 2020s. Asset condition will deteriorate with age.

➤ **System Adequacy**

Expected sea level rise as a result of climate change will compromise performance of the pipe network, resulting in increased risk of flooding.

**3.4.2 Possible Responses to Gaps**

➤ **Environmental Standards**

- Identify Contamination sources and require on-site correction of drainage defects.
- Education of public on behaviour change to reduce contamination.
- Target repair/renewal of drainage systems to reduce cross contamination.

➤ **Reliability**

- Asset Renewal Programme to maintain performance levels

➤ **System Adequacy**

- Review drainage design criteria to accommodate higher receiving water levels.
- Lobby Environment Southland to review Flood Protection Infrastructure.
- Consider retreat from areas most susceptible to flooding.

Community Outcome	Council's Role	How Stormwater Activity Contributes	Customer Level of Service	Measure of Service
Healthy lifestyle in a healthy environment.	Provide or ensure provision of services that include a quality water supply and reliable effective sanitation.	The stormwater network reduces the impact of flooding on the built environment.	Low levels on stormwater ponding on roads during rainfall events.	Complaints of stormwater blockage are responded to within 1 hour.
			Reliable removal of stormwater where there are Council managed network.	No flooding in living areas of houses in a five year return period storm.

Measure	Baseline	2016/17	2017/18	2018/19	2019-28	Link to Technical Measure
Complaints of emergency stormwater blockage responded to within 1 hour.	2014/15, 2015/16 & 2016/17– 100% success	90%	90%	90%	90%	Target level of service measure 5
No flooding in living areas of houses during a five year return period storm.	No flooding in 2014/15, 2015/16 & 2016/17.	0	0	0	0	Target level of service measure 2

**Figure 3.1: Current and Future Activity Measures and Level of Performance**

**TARGET TECHNICAL LEVEL OF SERVICES**

**Service Statement:** *“Invercargill City Council provides a stormwater system to deal with rainwater run-off and minimise property damage, disruption and danger to the community from flooding.”*

Target levels of service are consistent with resource consent conditions, and contract documents and are intended to apply for the first eight to ten years of the Asset Management Plan.

Key Service Criteria	Service Characteristic	Performance Indicator	Target Level of Service	Current Performance	Performance Measurement Procedure
<b>Environmental Standards</b>	Quality of stormwater discharged to surface water.	Comply with quality standards, as determined by Regional Water Plan for Southland, when consents are granted	1. Stormwater quality complies with quality standards with stormwater discharge consent – 100%	Consent conditions require monitoring of discharge quality, but do not set specific quality limits.	Testing and monitoring of discharge quality completed to consent requirements.
<b>Reliability</b>	Built up areas protected from five year return period storm.	No flooding in living areas of houses, but some surface flooding on properties and streets is accepted	2. No houses flooded during five year return period storm	No flooding in houses reported in 2014/15, 2015/16 or 2016/17	Assessment of reports of surface flooding against storm events.
<b>Quality</b>	Compliance with relevant contracted standards	Percentage compliance with maintenance standards	3. 90% compliance with contract specification	Achieved	Measured by monthly audit of contract claim.
	Success in undertaking repairs and maintenance	Percentage of jobs for which repeat service is required.	4. Repeated service requested received for less than .5% of jobs.		Analysis of customer service records and contractor reports.
<b>Responsiveness</b>	Timeliness of response to system blockages	Percentage of blockages responded to within the specified time	5. Response to emergency callouts – 1 hour (90% success)	2014/15 – 100% success 2015/16 – 100% success 2016/17-- 100% success	Analysis of customer contractor reports.
	Timeliness of response to public enquiries	Percentage of written enquiries responded to within the specified time	6. Reply within 5 working days	Not currently assessed	Analysis of customer service records
<b>Safety</b>	Safety of storm water assets	Absence of significant health hazards	7. All significant site hazards identified and removed or mitigated where possible.	Known hazards addressed in Health and Safety Plans which are reviewed at contract meetings.	Audit of safety reports and Health and Safety plans
<b>Courtesy/ Assurance</b>	Customer notification of planned system disruptions	Percentage customers given prior notice of planned interruptions.	8. All residents notified of planned capital projects adjacent to property by contractor.	Achieved	Letters on file

**Figure 3.2: Level of Service – Stormwater**

**NATIONAL NON FINANCIAL PERFORMANCE MEASURES**

The following mandatory performance measures for the Stormwater Activity are required to be reported on annually from July 2014.

The Council is required to monitor and record its performance against these measures, but national targets have not been set. The measures align with technical levels of service set by Council for the Stormwater Activity as indicated.

Performance Measure	Measure	Performance Measure Procedure	Related Technical Levels of Service
System Adequacy	<ul style="list-style-type: none"> <li>➤ The number of flooding events that occur in the Invercargill City district.</li> <li>➤ For each flooding event, the number of habitable floods affected (expressed per 1,000 properties connected to Council's stormwater system).</li> </ul>	Record number of flood events and houses with habitable floors flooded.	2
Discharge Compliance	Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of: <ul style="list-style-type: none"> <li>➤ Abatement notices,</li> <li>➤ Infringement notices,</li> <li>➤ Enforcement orders,</li> <li>➤ Convictions,</li> </ul> Received by the Council in relation to those resource consents.	Record number of notices, enforcement orders and convictions.	1
Response Times	<ul style="list-style-type: none"> <li>➤ The median response time to attend a flooding event, measured from the time that Council received notification to the time that service personnel reach the site.</li> </ul>	Analysis of customer service records and contractor reports.	5
Customer Satisfaction	<ul style="list-style-type: none"> <li>➤ The number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the Council's stormwater system.</li> </ul>	Record number of complaints through request for service database.	5, 8

**Figure 3.3: National Non-financial Performance Measure**

## 4. Demand for Our Services

### 4.1 DEMAND FORECAST

#### 4.1.1 Factors Influencing Demand

This Activity Plan reflects Council's assumptions for the Long Term Plan as set out in the background paper: Long Term Plan – Background and Assumption 2018-28.

Factors affecting the stormwater activity are:

- Population and household growth, and aging population
- Legislation and resource consents
- Inflation
- Growth in local economy
- Depreciation, asset revaluation, and useful life of significant assets
- Natural disasters
- Climate change
- Technology

#### 4.1.2 Projected Growth or Decline in Demand for the Service

##### ➤ ***Population and Household Growth, and Aging Population***

Population in Invercargill is expected to increase to 55,500 by 2028, with a demographic shift towards an older population.

This is expected to result in an increase in the number of households. The Invercargill City District Plan 2013 provides for limited extension of the urban zone to provide for residential development, and it is expected a further increase in households will result from infill development, as large existing urban properties are subdivided to provide additional residential sites. There will remain a demand for rural residential options, where the stormwater needs to be extended to service these areas, it is anticipated that new drainage will be developed in accordance with Low Impact Design principles, as set out in the Code of Land Development.

##### ➤ ***Growth in Local Economy***

The local economy is expected to grow and diversify and this is likely to result in additional industries with a need to establish within currently unserved areas, including the Awarua Industrial Estate. It is anticipated these sites will be developed in accordance with Low Impact Design principles, either directly to waterways, or to Council managed networks.

##### ➤ ***Inflation, Depreciation, Asset Valuation and Useful Life of Significant Asset***

As an asset based activity, it is critical to meeting the desired Levels of Service that asset life is carefully monitored, and that assets are renewed before failure. A significant number of assets are now at, or near, the end of their assigned service life and renewal programmes are part of this asset management plan.

Council has resolved to fund asset renewals through depreciation to ensure that the correct level of funding is raised, asset are valued every

three years, and renewal budgets are adjusted by inflation, and by the latest construction indices for a particular asset classes.

#### 4.2 CHANGES IN SERVICE EXPECTATIONS (FUTURE LEVELS OF SERVICE)

➤ **Legislation and Resource Consents**

New legislation and resource consent conditions can affect the Council's ability to meet minimum levels of service, and may require improvements to infrastructural assets. Changes in environmental standards, in particular as a result of the limit setting process which will result from the Southland Water and Land Plan, are expected to place greater pressure on Council to improve the reliability of the Sewerage and Stormwater network to ensure that discharge of contaminants to waterways is avoided.

➤ **Climate Change**

Standards for stormwater design capacity are specified in the Invercargill City Council Code of Practice for Land Development 2016, and as detailed in Appendix 16.01.

It is now widely accepted that sea levels will rise into the future as a consequence of global warming and that rainfall patterns will change, potentially with a trend towards more intense rainfall. Current design standards will require revision as a result of sea level rise and may require larger pipe sizes and additional pump stations. There will also be a need to review the stopbank protection systems managed by Environment Southland on the waterways through the City.

➤ **Technology Changes**

Technological advances applicable to the life cycle management of stormwater assets are being made in the following areas:

- Trenchless Technology – repair and rehabilitation techniques which do not require the excavation of pipelines offer savings in both direct and indirect costs.
- Treatment Systems – new systems are continually being developed to better assure the quality of stormwater discharges.
- Asset Management Systems – software development is providing for more effective storage, analysis and reporting of asset information.

The Council will monitor and investigate advances in technology, and will be expected to implement technologies which improve service levels and cost effectiveness.

➤ **Industrial Development**

Invercargill has an objective to encourage industries to the district. Some industries have processes which have a potential to contaminate stormwater discharges. The Council will need to ensure that appropriate stormwater and site management practices are in place to ensure contamination is avoided.

#### 4.3 EXPECTED IMPLICATIONS FOR THE ACTIVITY

The stormwater drainage network will need to continue to develop in order to achieve the current levels of service and to meet the additional service expectations.

The requirement for higher quality stormwater discharges will lead to a focus on sources of contamination and a resolve to reduce these effects both within the existing network and any new reticulation which may be added.

Climate change, and in particular rising sea levels will place pressure on stormwater capacity designs and stopbank protection.

#### 4.4 FUTURE DEMAND ISSUES AND CHALLENGES

##### ➤ ***Legislation and Resource Consents***

Environment Southland's "Southland Water and Land Plan" is expected to have significant implications for the stormwater activity, relating to the quality of stormwater discharges, and cross contamination between sewerage and stormwater.

While the Plan is expected to be adopted in 2017, the full implications for the stormwater activity will not be known for several years, when the limit setting process on the various Southland waterways is completed.

Invercargill City was granted a new consents for discharges of stormwater to freshwater streams in Invercargill in September 2017. The consent conditions require significant additional monitoring of discharges and audits of properties to identify and address sources of stormwater contamination. The stormwater renewal/upgrading programme will address sources of contamination within the stormwater network and where contamination sources are located within properties, Council will require property owners to correct the problem.

This is expected to add significant cost to the stormwater activity, and directly to property owners required to do corrective work.

##### ➤ ***Climate Change***

Depending on the extent of sea level rise and rainfall intensity variation, drainage system and flood protection standards will need to be reassessed. The Council will need to consider whether parts of the City can be adequately and economically protected, or whether it is no longer viable to protect parts of the City.

##### ➤ ***Population Growth***

Population is expected to grow by a small amount over the next ten years. This is expected to result in some demand for expansion of the urban area, and for intensification of development in some areas, as larger urban sites are subdivided to provide additional housing units.

#### 4.4.1 Possible Demand-related Responses

➤ **Legislation and Resource Consents**

- Renewal programme to reduce cross contamination of drainage networks
- Maintenance and Operations programmes to identify emerging issues with pump stations and pipe network
- Promote “Low Impact” Stormwater Design Features.

➤ **Climate Change**

- Lobby Environment Southland to improve flood protection infrastructure
- Review drainage design criteria to accommodate higher receiving water levels.

➤ **Population Growth**

- Provide for network extension with Greenfields subdivisional development.
- Review stormwater design to accommodate increased runoff from more dense residential development.

#### 4.4.2 Possible Non-Asset Solutions

➤ **Legislation and Resource Consents**

- Behaviour Change Programme to discharge deliberate contamination of stormwater.
- Industrial Property Audits to identify and correct practices causing stormwater contamination.

➤ **Climate Change**

- Consider retreat from areas susceptible to flooding as a result of sea level rise.

#### 4.4.3 Managing Expectations

Customers of the stormwater activity expect:

- Adequate stormwater drainage to protect property damage from flooding.
- Prompt response to request for service relating to maintenance issues.
- Protection of the receiving waters from contamination.

There is no intention to try to change expectation.

## 5. Asset Profile

### 5.1 ASSET OVERVIEW

The city has a stormwater network consisting of 419 kilometres of pipe, most of which is earthenware or reinforced concrete, and estimated to have a design life of 100 years. In addition there are approximately 15 kilometres of open drains, mostly situated in the rural residential area of Otatara.

Stormwater sumps on roads are managed and funded as part of the Rooding Activity and are not included as stormwater assets.

In 1985, following widespread flooding in 1984, a new design standard was adopted and a major upgrading of the stormwater system began. The adopted design standard was for a five year return period storm, with the focus of upgrading being on areas flooded in 1984, and the major stormwater outlets to natural waterways. Although the stormwater upgrading programme ended in 2005, pipes serving a large part of the city are still sized at old design standards, and these are being upgraded progressively as part of the asset renewal programme. As the piped stormwater catchments in the city are short, with the largest catchment having a maximum flow time of less than forty minutes, the system has been designed for short duration high intensity storms.

While the five year design standard may be exceeded for such storms, and some surface flooding result, flooding inside homes is not expected. Long duration, low intensity storms similar to those which have caused flooding in the past, and of greater return period than the five year design standard will be easily accommodated within the upgraded system.

Only limited assessment and inspection of the stormwater system using tools such as CCTV has been done to date and detailed knowledge of the condition of the stormwater system is limited. Spot inspections, especially during maintenance work, and inspection of specific pipelines to assess whether the pipeline should be repaired or replaced ahead of major rooding upgrades indicate that the stormwater network is in moderate condition. The low number of system blockages and collapses tends to confirm this assessment.

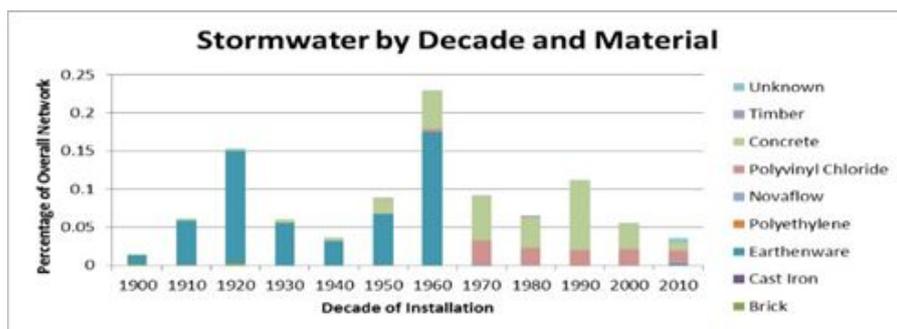
The 1984 floods also led to the development of comprehension flooding protection schemes on all the major waterways throughout Invercargill. These schemes are managed and funded by Environment Southland.

### 5.2 ASSET DESCRIPTION

#### ➤ **Stormwater Pipe Network**

The stormwater pipe network consists of 419 km of pipes in the Invercargill urban area, Otatara and Bluff, ranging in size from 50 mm diameter to 2,100 mm diameter.

Maps of the areas served are included in Appendix 16.02 and age, size, material profiles in Appendix 16.03 and summarised in Table 5.2:



- Pipe ranges in size from 50 mm diameter to 2,100 mm diameter.
- 58% of pipe is earthenware, with these pipes more than 50 years old, and in sizes up to 525 mm diameter.
- 31% of pipe is reinforced concrete, predominantly in larger sizes and laid since 1950.
- 10% of pipe is plastic (PVC, HDE, MPV or PE) predominantly in smaller sizes and laid since 1970.

➤ **Pump Stations**

The stormwater network includes eight pump stations located along the Waihopai Arm of the New River Estuary and the Waihopai River and including one pump station on the west side of the Waihopai Arm at the Rifle Range.

The pump station locations are shown on the Stormwater System Maps in Appendix 16.02, and asset details within Appendix 16.04. The pump stations are located in low lying areas which are protected by stopbanks ensuring that the stormwater service can continue to be provided in these areas when river levels are high due to flood flows or high tide.

➤ **Open Ditches**

In addition to the piped reticulated stormwater network approximately 15 km of open drains are administered within this Asset Management Plan. The majority of these open drains are within the Otatara residential area. They provide drainage to both residential areas and rural areas, and to areas of native bush within the residential area. The ditch locations are shown on Plans in Appendix 16.02. Information recorded in regard to depth, gradients and existing culvert size is poor, but as the open drains require a high level of maintenance, staff knowledge of the network and potential problem areas is good.

**5.3 CRITICAL ASSETS**

Criticality of three water assets have been reviewed by Council in a study led by Paul Utting of Project Max. The results of the review are contained in the report “Invercargill City Council: Defining Asset Criticality for Water Services, June 2017” (reference).

Criticality reflects the consequences of failure irrespective of whether the asset is new or nearing the end of its useful working life. Typically, as an asset ages it moves from a low likelihood of failure to a higher likelihood.

Some risk factors such as earthquake or flooding are independent of asset age or condition.

The asset's criticality, as measured by the consequence of failure, does not usually change with time.

**5.3.1 Asset Criticality Criteria**

The following considerations were identified as covering all reasonably conceivable consequences of failure:

Rank	Consideration	Description
1 =	<b>Health (sickness)</b>	Causing sickness for individuals or groups within the community. Typically, this might be gastro-intestinal arising from contamination of drinking water or contact with polluted water.
1 =	<b>Health (injury)</b>	Causing injury or death due to circumstances associated with the asset failure. Usually occurring suddenly.
3 =	<b>Loss of Service (Domestic)</b>	The water service is not available to the household. Initially this causes inconvenience but rapidly escalates into major health issues and disruption to normal life for the affected consumers.
3 =	<b>Key Customers and Business Impacts</b>	This is also related to a water service not being available to business customers and reflects impact on their ability to trade and the longer term economic welfare of the city.
5	<b>Environment</b>	Impacts on the natural environment, particularly flora and fauna. Also intended to reflect disruption to water based recreation when pollution occurs.
6	<b>Damage (Property)</b>	This is primarily associated with damage to private property, e.g. houses, vehicles, landscaping. Damage to business premises would typically be considered under Key Customers and Business Impacts as the key issue is the time to recover and any impacts on overall business viability.
7	<b>Damage and disruption to other utilities</b>	The failure of a water services asset might have relatively little impact on water services customers. However, if it takes out another major utility asset in the process, the impact might still be significant. This would include railways, arterial roads, bulk power transmission, key fibre-optic routes, etc.
8	<b>Compliance</b>	Most major compliance breaches will be accompanied by health or environmental consequences that would take priority at the time. This consideration is intended to capture multiple, lower level breaches that ultimately reflect adversely on the Council.
9	<b>Financial (on council)</b>	If an asset needs to be replaced, its cost will inevitably fall on council and this is not an avoidable consequence. However if the cost is significant and has not been predicted then this can be very disruptive

Rank	Consideration	Description
		to council's programme. It can also apply to situations where a large repair cost is incurred that could have been avoided with a pro-active renewal prior to failure.
	<b>Image / Legal / Reputation</b>	These are often included in corporate risk strategies and can be relevant at the corporate level. However they are unlikely to occur in relation to water services in the absence of a consequences occurring in one of the above considerations. As they do not occur in isolation they are not included as 'stand-alone' considerations. However they will inevitably occur when high criticality failures occur and need to be planned for as part of the response.

The general definitions of Levels of Criticality are included in the following table:

Criticality Level	General Description
<b>Insignificant/ Minor 1 and 2</b>	<i>Insignificant' is at a level of incidents affecting only a few customers and causing minor inconvenience. Failure of the asset is quite site-specific. 'Minor' is similar but affecting groups of customers but with the response completed within the target Levels of Service. Failure of these assets may be indicative of overall deterioration.</i>
<b>Low 3</b>	<i>This group includes several types of assets that justify management at a more intense level than 1 or 2. This would include situations where adverse effects justify an escalation of the provider's normal response. It also includes assets that receive regular (or event specific) inspections for security, graffiti, maintenance, cleaning, operational status, etc. Such inspections may be augmented by SCADA monitoring for status and operational purposes. Asset failures can occur but are expected to have relatively Minor consequences.</i>
<b>Moderate 4</b>	<i>Assets in this group are likely arterial with significant impacts when failure occurs. Monitoring and pro-active management would be in place but not to the 'avoid at all costs' level of Major. Single failures might occur and this would trigger an urgent response to avoid re-occurrence.</i>
<b>Major 5</b>	<i>This is likely to be the highest Consequence of Failure that a provider would choose to adopt. The asset involved would be highly monitored and pro-actively renewed with a strong focus on avoidance of any failure occurring.</i>
<b>Extreme (Catastrophic) 6</b>	<i>This column is intended to indicate the most extreme outcomes that could conceivably occur. Ideally assets would be re-configured to avoid this possibility even if the Likelihood of Failure is considered to be very low.</i>

### 5.3.2 Identification of Critical Assets

Assets identified as having the highest criticality are included in the following table:

Criticality	Assets Falling Into that Category
<b>Stormwater</b>	
<b>Extreme</b>	<ul style="list-style-type: none"> <li>• Top 4 pump stations – Prestonville, Drury Lane, Beatrice Street, Bill Richardson Drive</li> <li>• Floodbanks</li> </ul>
<b>Major</b>	<ul style="list-style-type: none"> <li>• Culverts under railways</li> <li>• Pipes under buildings</li> <li>• Sealed pipes &gt; 600mm</li> <li>• Mid size pump stations – Russell Street, Gladstone Terrace</li> <li>• Floodgates</li> <li>• Safety grilles</li> <li>• SCADA</li> </ul>
<b>Moderate</b>	<ul style="list-style-type: none"> <li>• Larger pipes with limited overland flowpath alternative</li> <li>• Crossings under roads / railway</li> <li>• Sealed pipes ≤ 600</li> <li>• Pump station rising mains</li> </ul>

#### 5.4 ASSET CONDITION

##### 5.4.1 Summary of Current Asset Condition

###### *Pipe Network*

Information on condition of the pipe network is limited, with knowledge of condition based on maintenance records, and the knowledge and experience of staff. There are a relatively small number of pipe system blockages (less than 20 per 100 km of pipe) indicating that for its age, the system is in reasonable condition. Approximately 8% of the network has been inspected by CCTV, and some visual inspection has been done from manholes and excavations during maintenance work. Parts of the network have no manhole access, and the only visual inspection of these pipe lengths have resulted from maintenance work. The parts of the asset so affected are throughout the older (pre 1950) parts of the inner city, but predominantly in South Invercargill and Bluff. Approximately 28 km of pipe, or 21% of the network has no manhole access. Pipe network schedules are contained in Appendix 16.03.

The following assumptions regarding material type and condition are based on construction and maintenance records, and CCTV inspections as indicated above.

Pipe Diameter	Material	Condition	Comment
100 mm to 300 mm (68.9% of Network)	76% Earthenware 15% Plastic 8% Concrete	Generally sound structurally. Open joints on earthenware and concrete pipe allow ingress of groundwater and formation of cavities in surrounding ground.	Older pipes. Capacity upgrade required.
375 mm to 450 mm (11.4% of Network)	24% Earthenware 9% Plastic 6% Brick 60% Concrete	Brick and earthenware in poor condition, cracked and deformed. Concrete and plastic generally newer and in good condition.	Renewal of brick and earthenware a priority.
525 mm to 1,800 mm (19.6% of Network)	Reinforced Concrete	Mostly laid since 1984. Rubber ring jointed. Excellent condition.	No renewals planned within 30 years.
2,100 mm (0.1% of Network)	Aluminium Hi-Flo	Structurally sound. Welded joints. Deformed during construction. Laid 1987.	No renewals planned within 30 years.

**Table 5.1: Parameters of Stormwater Pipe Assets**

The main causes of pipe failure are:

➤ **Root Intrusion**

Open joints on pipes laid prior to 1980 allow the intrusion of roots which can restrict capacity and eventually block the pipe, and is a major maintenance cost, particularly in areas with street trees and stormwater pipes laid in grass berms.

➤ **Manholes**

Many of the manholes constructed before 1950 were of brick construction, and some of these have partially collapsed, with subsequent slumping of road surfaces and have, therefore, required replacement. There is a potential of more of these manholes collapsing. A further liability exists with old style manhole lids, which were constructed with wooden inserts. The wooden inserts can be displaced, and can create a hazard to pedestrians. Manhole lids with wooden inserts are replaced as the inserts become displaced. Some manholes, particularly those in non-trafficked areas have light duty manhole lids, which have been recognised as a safety hazard due to the possibility of them becoming dislodged. As these lids are identified through programmed inspections, they will be replaced.

➤ **Pump Stations**

The pump stations and their mechanical and electrical plant range in age up to 40 years with condition of plant at each station detailed in Appendix 16.04. Pump Stations are inspected several times a week by a pump operator, and are regularly maintained by electricians and fitters as part of the service maintenance contracts. The condition ratings of Appendix 16.04 are therefore considered very reliable.

➤ **Open Drains**

The open drainage system is inspected regularly and maintained in good condition through an active operational maintenance programme which

includes control of vegetation by trimming or spraying, regular inspection and removal of rubbish, and annual programme to remove silt as necessary.

#### 5.4.2 Condition Monitoring

The following strategies are used to monitor the condition of stormwater assets to feed into upgrading and renewal programmes, and to ensure that levels of service are maintained, and assets upgraded or renewed in the most timely and cost effective manner.

Monitoring of the various assets clauses include:

##### ➤ **Pipe Networks**

- Maintenance Records: Request for service, records of maintenance activities, and inspections of pipes during repair are analysed to assist in rating of pipe condition.
- CCTV Inspections: Critical assets are inspected by CCTV and condition is graded in accordance with the guidelines in the New Zealand Pipe Inspection Manual.
- Pipe Material Testing: Samples of pipe are physically tested to determine condition and decay rates.

##### ➤ **Pump Stations**

- Alarm Monitoring: Most pump stations are connected by telemetry to Council's 24 hour call centre with faults recorded. Where necessary, repair crews attend to faults, and alarm records assist in condition rating.
- Operator Inspection: Operators visit pump stations at least once a week to attend to operational issues, and to check mechanical and electrical systems.
- Annual Inspection: All pump stations are inspected annually by the maintenance contractor to determine maintenance and renewal needs.

##### ➤ **Open Drains**

Repair crews inspect ditches on a fortnightly basis, and clear debris and repair damaged sections.

### 5.5 ASSET CAPACITY AND PERFORMANCE

#### 5.5.1 Capacity and Utilisation

##### ➤ **Pipe Network**

Current design standards for new stormwater systems are for a five year return period storm. However, the "time of concentration" for the longest stormwater system is forty minutes, and most are much shorter. The designed rainfall intensity varies inversely with time of concentration, so that short systems are designed for high intensity rainfall, and larger systems for shorter duration rainfall. In the Invercargill situation, with relatively small individual stormwater catchments, the designed intensity is high when compared with the intensities of the storms that have caused flooding in the city. The stormwater systems are, therefore, able to deal

with long duration storms of a much greater return period than five years. While some stormwater ponding is expected during short duration, high intensity rain storms of greater than five years return period, it is considered that the ponding so created would not cause a significant risk of flooding buildings, as the total amount of rain in these events is small.

Records of flood events since the 1984 flood are analysed to determine priorities for upgrading projects, and indicate the flood potential has been significantly reduced throughout the stormwater system since the upgrading programme was commenced in 1985.

The stormwater network has a high degree of reliability, with maintenance records showing a relatively low number of blockages. The major causes of blockages are tree root intrusion into older, mostly earthenware, open jointed pipes, and collapse of pipes.

➤ **Pump Stations**

Pump stations are designed for five year return period storm flows, and located in low lying areas protected by stop banks. The pump stations are of particular importance when stream and river levels are elevated by tidal storm surges, or by storm flows resulting from long duration low intensity rainstorms.

The following are considered in pump station design:

- The volume of stormwater ponding available.
- The levels at which adjacent buildings would flood.
- Availability of alternative storm flow paths.
- Public safety.

➤ **Open Drains**

Open drains provide and maintain a system to convey stormwater in conjunction with pipe networks, with sufficient capacity and reliability to meet projected demand.

The main open drainage network administered within this Plan is located at Otatara. Otatara is an area of low-density 'lifestyle' development. There is no water reticulation provided to Otatara, and household water is collected from roof catchments. Properties therefore have poorly developed or no on-site stormwater drainage. Streets are in general developed to a rural standard without footpaths or kerb and channelling. There are significant areas of native bush requiring reasonably high water tables for their health. It is intended that Otatara retain its 'rural lifestyle' attributes, and a predominantly open ditch drainage system is considered appropriate. However, drains are piped in areas of higher density development, or where safety considerations dictate. Piped sections of drains in Otatara are included within the pipe network sections of this Plan.

The open drainage network includes approximately 15 kilometres of ditches and consists of:

- *Ditches* – Collect stormwater from roads and private properties and convey it to waterways.
- *Culverts* – Provide access over ditches to properties.

- *Timber Supports* – Provide support to banks of ditches where required.
- The location of ditches is shown on plans but information recorded in regard to depths, gradients or existing culvert size is poor. As open drainage systems require a high level of maintenance, staff knowledge of the network and potential problem areas is good.

➤ ***Maintenance Standards***

Assets are maintained to a high standard to ensure that service levels are maintained and in order to effectively meet environmental standards.

### **5.5.2 Performance**

#### ***Environmental Standards***

Stormwater systems, with many ground surface entry points on roads and private properties are susceptible to accidental or deliberate discharge of contaminants. In order to reduce the incidence of contamination, mud sumps are required on all ground level entry points to the stormwater, and these have the ability to settle silts and a limited quantity of floatable liquids for collection during regular sump maintenance activities.

Invercargill City Council's new stormwater discharge consent requires extensive monitoring of discharge water quality, and where contaminants are identified, investigation programmes to identify sources, and have them corrected.

Discharges to the Coastal Marine Area, within the New River Estuary, and Bluff Harbour are permitted activities, but also require action by Council to ensure discharge quality.

### **5.6 SUMMARY OF ASSET TRENDS, ISSUES AND CHALLENGES**

The measured Levels of Service show the stormwater activity to be performing at a high level, consistently meeting the target levels of service. However, Levels of Service may be compromised in future years by the following issues

➤ ***Asset Service Life***

The renewal plan has been developed based on assumed service lives of assets, with deterioration of asset condition measured approximately by depreciation. Over 15% of assets will reach their renewal age in the 2020's, it is important that renewal expenditure is increased to ensure that asset performance levels are maintained

➤ ***Environmental Standards***

The new stormwater discharge consents requires increased levels of monitoring and investigation to identify and correct sources of contamination. The consent also provides for review of conditions when the limit setting process within the proposed Southland Water and Land Plan is completed, and this is expected to require significantly improved quality in Invercargill's stormwater discharges. Where sources of contamination are found within the stormwater network, Council will be required to have these corrected, at significant cost.

## 6. Sustainability, Risk and Resilience

### 6.1 SUSTAINABILITY

The stormwater activity contributes to the sustainable development of the City by provision of:

- Adequately sized stormwater collection system to ensure properties are protected from flooding.
- Adequate protection of stormwater from contamination with sewage and other contaminants to enhance public and environmental health.

#### 6.1.1 Social and Cultural

The stormwater activity provides one of the building blocks for a safe, friendly city.

This Asset Management Plan aims to provide a system that is continuously available for the drainage of stormwater. The Plan utilises maintenance and renewal strategies to replace assets prior to failure, and to upgrade capacity where required and to minimise times when the service is unavailable to any property.

#### 6.1.2 Environmental

The Council holds consents for the discharge of stormwater to rivers and streams passing through the City.

The consents include conditions requiring Council to monitor the discharges and where contamination is found, to trace this to source and to have corrected. Further conditions require industrial properties to be audited to ensure production practices are not contaminating stormwater and the hazardous substances are appropriately contained.

Council seeks to operate the activity in ways that minimise the use of resources and effects on the environment.

Strategies Include:

- Selection of plant and pipe material to maximise useful service life.
- Minimisation of wastage during construction.
- Selection of energy efficient plant and energy audits of operating plant.
- Use of low impact stormwater designs where appropriate to reduce the risk of stormwater contamination.

#### 6.1.3 Economic and Financial

Council's goal is to continue to provide the stormwater activity in ways which achieve the desired levels of service in the most effective manner by:

- Recognising the consumption of assets over their lifetime and funding renewal through depreciation.
- Separately itemising capital versus operational expenditure.
- Allocating costs and preparing forecasts over the long term (30 years and beyond).

- Reporting on financial performance.
- Researching and identifying practical and cost effective alternative service delivery options.

#### 6.1.4 Summary of Sustainability Challenges and Issues

##### ➤ **Population and Demographics**

Population is expected to grow by a small amount by 2028, and to age, with a trend to a larger number of smaller households. There may be affordability issues as a smaller number of working age people are expected to fund increasing standards of service provision.

##### ➤ **Increasing Environmental Standards for Effluent Discharges**

The proposed Southland Water and Land Plan is expected to set higher standards stormwater discharges and will require additional resources to monitor discharges and to remove sources of contamination.

##### ➤ **Serviceability of Aging Pipe Network**

As both public pipe networks, and on property drainage systems age, leakage and cross contamination between sewerage and stormwater networks can be expected to increase, and may result in stormwater discharge consent conditions being comprised. As part of the strategy to improve stormwater quality, Council will need to continue to improve the integrity of both the stormwater and sewerage networks, and to require property owners to address issues with on property cross contamination.

##### ➤ **Climate Change**

The stormwater activity will be significantly impacted over the next 80 to 100 years and beyond. Sea levels are expected to rise by at least 700 mm by 2100 and to continue to rise beyond this time. The ability to drain parts of the City will be comprised and areas will require improved flood protection. Council will need to adapt drainage systems if they are to continue to meet the desired service levels. It is likely that additional pump stations will be required and that stopbanks protecting areas from flooding will need to be raised.

In some cases, Council may need to consider retreating from areas of the City.

## 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.

### **6.2.3 Critical Assets Decision-Making**

Critical assets are “those which have a high consequence of failure, but not necessarily a high probability of failure”. This is important as it draws attention to those assets which are the most important, irrespective of the likelihood of failure of the asset. Critical assets typically require more proactive management to minimise or eliminate this risk.

The likelihood of failure of an asset is often difficult to assess, however condition and age are parameters that provide an indication. The worse the condition of the asset, the more likely it is to fail.

Assets which are both extremely critical and more likely to fail should have higher priority and be replaced or rehabilitated earlier in their lifecycle than others, and at lower levels “run to failure” may be perfectly acceptable.

6.2.4 Risk Identification and Assessment

Risk Criteria	Level of Service Failure Indicators	Asset Sub Group	Caused by	Consequences							Likelihood	Risk Severity	Control	
				Legal Compliance (0.20)	Corporate Image and Reputation (0.10)	Service Delivery – Customer Impact (0.15)	ICC Financial Impact (0.20)	Financial – Community (0.15)	Health and Safety (0.20)	Weighted Averaged Consequence Score			Current Practice	Recommended Actions
Community Health and Safety	Stormwater ponding on roads and properties	Pipe Network	Major pipe blockage / collapse	3	3	2	3	2	1	2.3	D	L	Renewal programme reactive maintenance emergency response	Review design standards
			Minor pipe blockage / collapse	1	1	2	1	1	1	1.15	A	H	Renewal programme reactive maintenance emergency response	
			Sumps blocked with debris / silt	1	1	2	1	1	1	1.15	A	H	Maintenance response 24 hour	
			Flood event – greater than 5 year return period	1	3	3	3	2	2	2.25	E	L	Emergency response lifelines	
			Earthquake	1	4	5	6	5	2	3.7	F	M	Emergency response	
			Sea Level rise	1	3	3	3	2	2	2.3	F	L	Inspect / maintain	
Legal Compliance	Contaminated discharge	Pipe networks	Flood gate failure	1	2	4	2	1	1	1.75	D	L	Asset Management Plan / renewal emergency 24 hour response	Consider treatment devices
			Pump failure	1	2	3	2	1	1	1.6	D	L	Asset Management Plan / renewal emergency 24 hour response	
Financial Impact	Stormwater ponding in buildings and on roads	Pipe network	Accidental or deliberate discharge of contaminants	4	3	2	2	2	1	2.3	C	M	Monitor / trace contaminants to source	Review design standards
			Flood event – greater than 5 years return period	1	3	3	3	2	2	2.3	E	L	Asset Management Plan – Renewal / development District Plan – Reticulation extension	
			Increased density of development	1	3	3	3	2	2	2.3	E	L		Review design standards

### 6.2.5 Summary of Key Risk Issues

Key Risks with the Stormwater Activity are:

- Pipe blockage or collapse causing back up and overflow of stormwater.
- Floodgate failure causing back flow from receiving water during flood events.
- Pump Station failure, causing flooding of low lying areas.
- Flood event greater than system design capacity
- Discharge of contaminants, causing environmental damage and non-compliance with consent conditions

### 6.2.6 Possible Approaches to Risk Mitigation

- **Pipe Blockage/Collapse**
  - Maintenance response to clear blockage/repair pipe.
  - CCTV inspection and condition rating to feed into renew programme.
  - Improved understanding of system condition and performance.
- **Floodgate Failure**
  - Scheduled maintenance to inspect and ensure structures in good condition.
- **Pump Station Failure**
  - Scheduled maintenance activities to ensure optimum operation and renewal programmes.
  - Standby Gensets and duplicate pumping capability.
- **Flood event greater than system design**
  - Emergency Lifelines Response.
  - Maintenance attendance to minimise damage.
  - Renewal Plan.
- **Discharge of Contaminants**
  - Identify through Monitoring Programme.
  - Identify source and repair defects.
  - Behaviour Change Programme.

## 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

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.

Catastrophic events such as extreme weather events like earthquakes, tsunamis, etc. are likely to damage the stormwater infrastructure, and compromise its ability to continue to provide the service for which it is designed. Damage to other infrastructural services, particularly power and roading can compromise the recovery strategies. Some of the strategies in the risk mitigation section will assist in the recovery of the service (e.g. Availability of the 24 hour response crews and Standby Gensets at pump stations), but resilience includes the ability of the community to continue to function while services return to normal. It is unlikely in these events that the stormwater activity would be able to rely on its own resources, and the assistance of the wider community may be required. It is likely the resources will be rationed, and the community may decide that recovery in other areas should take precedence over the stormwater activity. The protection of human health and safety will be of paramount importance.

### 6.3.2 Current and Desired Resilience Assessment

The need to build a resilient community is learning from events such as the earthquakes in Christchurch, Kaikoura and Wellington, and recent major storm events in New Zealand and across the world. Invercargill City Council is seeking to make the city and its infrastructure more resilient as part of the review of risk management being undertaken in the 2018-2019 year.

### 6.3.3 Summary of Resilience Issues and Challenges

- Recovery of the stormwater activity may require resources from other areas of the community.
- Risk mitigation strategies will be a start to recovery but may not be sufficient.
- Community Health and Safety is of prime importance.
- Resilience requires the community to work in unity.

## 7. Managing Our Activities

### 7.1 RESPONDING TO THE ISSUES AND CHALLENGES

Topic	Issue or Challenge	Potential Response
<b>Environmental Standards</b>	Meeting Resource Consent Conditions	<ul style="list-style-type: none"> <li>- Develop monitoring programme and investigation programme to identify contamination sources.</li> <li>- Require property owners to fix defects.</li> <li>- Maintenance and Renewal programmes to fix network defects.</li> <li>- Behaviour changes to reduce contaminant discharge.</li> <li>- Industrial Site Audits to promote cleaner production.</li> <li>- Low impact stormwater design features.</li> </ul>
<b>Climate Change</b>	Sea Level Rise	<ul style="list-style-type: none"> <li>- Lobby for Stopbank redesign.</li> <li>- Consider drainage improvements to areas susceptible to flooding (including pump stations).</li> <li>- Consider retreat from some areas.</li> </ul>
<b>Population Growth</b>	Demand for New Development	<ul style="list-style-type: none"> <li>- Extend Drainage Network to greenfields developments.</li> <li>- Promote Low Impact design to reduce runoff from infill development.</li> </ul>
<b>New Technology</b>	Opportunity for improved performance at less cost	<ul style="list-style-type: none"> <li>- Willingness to adopt and change in procurement of services and use of innovation.</li> <li>- Research and assess new products and techniques.</li> <li>- Monitor developments and respond quickly where possible.</li> </ul>
<b>Levels of Service</b>	Reliability	<ul style="list-style-type: none"> <li>- Maintenance and renewal programmes to ensure reliability.</li> <li>- Improve knowledge of asset condition and performance to lead decision making.</li> </ul>
	System Adequacy	<ul style="list-style-type: none"> <li>- Review network design standards to ensure adequate capacity.</li> <li>- Lobby Environment Southland to review Flood Protection Infrastructure.</li> </ul>
	Service Response Times	<ul style="list-style-type: none"> <li>- Monitor Contractor performance to ensure time frames are achieved.</li> </ul>
	Quality	<ul style="list-style-type: none"> <li>- Monitor Contractor performance to ensure quality standards are achieved.</li> <li>- Check quality of services and products when purchased.</li> </ul>

Topic	Issue or Challenge	Potential Response
	Health and Safety	<ul style="list-style-type: none"> <li>- Ensure all stormwater features are safe, or restrict public access.</li> <li>- Review contractors and employees Health and Safety Plan and ensure they are complied with.</li> </ul>
<b>Resilience</b>	No documented contingency plans	<ul style="list-style-type: none"> <li>- Develop contingency plans on Council wide basis.</li> </ul>

### The Problem (Why)

Invercargill has a good stormwater drainage system which protects its residents from flooding. The pipe network is aging and investment in maintenance and renewal is required if the activity is to continue to meet its objectives. A new Discharge Consent has recently been issued by Environment Southland, with conditions that require significant improvement in discharge quality. Climate change, with expected sea level rise through this century will compromise the current levels of protection from flooding.

### The Benefits (What)

Investment to address these problems would ensure that the pipe network continues to protect the community from flooding, and that quality of receiving waters is improved. It would contribute to social wellbeing and to economic growth and productivity of the city.

### The Strategic Responses (How)

Strategies would include:

- Maintenance and renewal of infrastructure.
- Identification of sources of contamination and remedial action.
- Consider Stormwater design standards and adequacy of River Flood Protection Infrastructure.

#### 7.1.1 Alternative Investment Approaches

Operational expenditure including maintenance and renewal activities are funded by rates. Major capital expenditures for growth or improved level of service may be funded by loans, generally over a twenty year period. Capital servicing charges are recovered through rates.

As part of subdivisional development, new stormwater assets are funded by the developer to Councils "Code of Land Development" standards, and are taken over by Council at no cost.

Alternative investment options are considered as a standard part of procurement of services and products, to ensure that the activities objectives are met at lowest cost. For new capital development, alternative designs, material, and methodologies are routinely considered to ensure effective and economic life time performance.

#### 7.1.2 Do-Minimum Programmes

A key assumption of this asset management plan is that maintenance and renewal programmes will ensure that the activity continues to meet the level of

service targets. The work programmes are designed to meet the targets at the least possible cost, and to ensure that asset life is extended to the fullest extent possible.

### **7.1.3 Programmes Evaluation**

The areas which are considered when evaluating programmes:

- Meets sound asset management principles.
- Best value for money.
- Meets demands.
- Delivers customer Levels of Service.
- Is integrated with the requirements of other infrastructural services.
- Complies with Regional Council Requirements and consent conditions.
- Is delivered on a timely fashion.
- Is affordable within the life cycle budgets of this plan.

## **7.2 OPERATIONS AND MAINTENANCE**

### **7.2.1 Operation/Maintenance Strategy**

The stormwater network is operated and maintained to ensure the efficient utilisation of the assets and to achieve the stipulated levels of service. Operational strategies include the efficient control and monitoring of mechanical and electrical plant at pump stations and ensuring the pipe network is free of obstructions to ensure continuity and quality of service. Maintenance strategies aim to ensure efficient operation over the useful service life of assets, to ensure target standards are met, and to prevent premature asset failure or deterioration. Operation and maintenance strategies are detailed in Appendix 16.05.

### **7.2.2 Operation/Maintenance Standards and Specifications**

The following are the major documents specifying the standards of service provisions for the stormwater asset. Included as part of these documents are a wide range of New Zealand and International standards and code of practice which regulate aspects of the activity, and which will be updated on a regular basis.

Stormwater assets will be operated and maintained in compliance with:

- Long Term Plan for Invercargill.
- This Asset Management Plan.
- Contract 630 – Piped Network Utility Maintenance.
- Contract 631 – Water and Drainage Network – Electrical and Mechanical Maintenance.
- Invercargill City District Plan 2005.
- Resource Management Act 1991.
- Regional Water Plan for Southland.
- Resource Consents.
- Local Government Act 2002.
- Construction Act 1959.
- Building Act.
- Health and Safety in Employment Act 1991.
- Invercargill City Council Code of Land Development.
- Invercargill City Council Specification for Laying Stormwater and Foul Sewers.

- Invercargill City Council Standard Conditions for Excavation and Reinstatement of Trenches.

### 7.2.3 Operation/Maintenance Options and Alternatives

The stormwater network is operated and maintained with the goal of assuming that it is always available for the drainage of stormwater, to ensure that residents are afforded the maximum possible protection from flooding of their properties.

Alternative maintenance options are routinely considered and will be implemented if they are more cost effective and level of service targets are not compromised.

Alternative maintenance options include:

- ***Reduction of Planned Maintenance Activities***

Within the pipe network, most maintenance is reactive to reported faults and blockages, with planned maintenance activities including the checking and repair of floodgates on discharges to receiving water, and the checking and cleaning of structures where debris and silt can accumulate and reduce the operational efficiency of the system.

Pumps stations are routinely visited by operators and maintenance contractors who inspect, clean, adjust and monitor pumps and other items of plant to ensure they continue to operate at optimum performance levels, and that significant maintenance issues are identified early to ensure appropriate maintenance is undertaken and service life is maximised.

The open channel drainage network is inspected every two weeks to ensure that culverts are clear of debris, and that banks are stable, so that drainage efficiency is maintained. Ditches are sprayed at least once a year (and more often if required) to control vegetation, and are mechanically cleaned as required, usually at four yearly intervals.

While reduced maintenance activities may initially reduce costs, it is likely that levels of service will be compromised, and that service lives of mechanical and electrical plant will be reduced. These possibilities need to be considered in any decision to reduce maintenance activities. Assets identified as critical need to be actively managed.

- ***Data Collection Programmes***

Collection of data on condition, performance, and remaining service life of assets is necessary for decisions on the optimum performance and renewal of assets, but can be expensive. These programmes need to be carefully considered to ensure they are cost effective and consistent with business needs.

- ***System Control and Monitoring***

Electronic monitoring systems can provide continuous control and surveillance of mechanical plant, and can effectively warn of plant failure requiring operator intervention, thus reducing the need for scheduled attendance. Stormwater pump stations are monitored by telemetry systems which can alert operators to system malfunction and improve

response times to maintenance issues. An upgraded system, including the water and sewerage activities is now being considered.

### 7.3 ASSET RENEWAL/REPLACEMENT

#### 7.3.1 Renewal Strategy

This renewal programme is intended to maintain the overall standard of the stormwater system at a level which reflects its age profile by providing for the rehabilitation or replacement of individual assets as they reach the end of their useful life. It must be funded adequately to maintain current levels of service and the overall quality of the network. The level of expenditure on cyclic asset renewal will vary from year to year, reflecting the remaining life profile of the assets within the stormwater network. Lifecycle management strategies are included in Appendix 16.05.

Failure to maintain an adequate cyclic renewal programme will result in a decline in the overall standard of the system of assets.

The overall decline in service standards is approximately measured in financial terms by the depreciation rate, and Council intends over the next ten years to increase renewal expenditure to equal the rate of depreciation. Service lives of assets are continually being reviewed, and increases or decreases in predicted asset service life will be reflected in the depreciation rate. A shortfall in renewal expenditure will be reflected in additional depreciation of the network.

The predicted service life of assets, used to calculate depreciation rates for individual assets, and to develop long term renewal programmes are:

##### ➤ **Pump Stations**

- |  |             |
|--|-------------|
| • Building and Structure                   | 60-80 years |
| • Pipe and Fittings                        | 30-60 years |
| • Mechanical Plant                         | 5-40 years  |
| • Electrical Motors and Switchgear         | 20 years    |
| • Electronic Control and Telemetry Systems | 10-15 years |

##### ➤ **Pipe Network**

- |   |           |
|---|-----------|
| • Earthenware Pipes (up to 300 mm diameter)       | 100 years |
| • Earthenware Pipes (greater than 300mm diameter) | 50 years  |
| • Concrete Pipes                                  | 100 years |
| • uPVC Pipes                                      | 85 years  |

Individual assets are assessed as they come near the predicted service life, and depending on conditions, may be replaced earlier or later than the assigned life.

#### 7.3.2 Renewal Criteria / Intervention Standards

The general renewal strategy is to rehabilitate or replace assets when justified by:

- **Asset Performance** – An asset is renewed when it fails to meet the required level of service. Non-performing assets are identified by the monitoring of asset reliability, capacity and efficiency during planned maintenance inspections and operational activity. Indicators of non-performing assets include:

- Repeated asset failure.
  - Repeated pipe blockages or overflows.
  - Ineffective and / or uneconomic operations.
  - Inefficient energy consumption.
- *Economics* – An asset is renewed when it can no longer be economically repaired (i.e. the annual cost of repairs exceeds the annualised cost of its renewal). Council will actively research the effectiveness of new technology which may improve the overall performance of the assets.
- *Risk* – An asset is renewed when the risk of failure has been increased to the point that the environmental, public health, financial and social impacts are no longer acceptable to the community.
- *Criticality* – Assets identified in the extreme and major criticality categories in Section 5.3.2 carry an increased risk of environmental, public health, financial and social impact to the community. These assets will be replaced before failure is imminent.

Planned and reactive replacement works are prioritised in accordance with the following priority ranking table and then programmed or, in urgent cases, undertaken immediately.

A more detailed renewal strategy is included in Appendix 16.05.

Priority 1 (High)	<p>Asset failure has occurred and renewal is the most cost-effective treatment.</p> <p>Asset failure is imminent and failure is likely to have major impact on the environment, public health or property.</p> <p>Asset performance is non-compliant with resource consent requirements.</p>
Priority 2	<p>Asset failure is imminent, but failure is likely to have only a minor impact on the environment, public health or property.</p> <p>Asset failure is imminent and proactive renovation is justified economically.</p> <p>Associated work scheduled for the current financial year.</p> <p>Asset renewal is justified on the basis of minimal life cycle costs and deferment would result in significant additional costs.</p>
Priority 3 (Low)	<p>Asset failure is imminent but failure is likely to have a negligible impact on the environment, public health or property.</p> <p>Asset renewal is justified on the basis of minimal life cycle costs but deferment would result in minimal additional costs.</p>

**Table 7.3.2: Priority Ranking Table for Planned and Reactive Replacement Works**

The renewal strategy will be reviewed at least annually, and any deferred works reprioritised alongside new renewal projects. Indirect costs such as disruptions to traffic or business, temporary denial of access, or nuisance are currently not considered in the evaluation of renewal options.

The standards and specifications for renewal work are generally the same as listed in section 7.2.2.

### 7.3.3 Renewal Options and Alternatives

#### ***Pump Stations***

Pump station renewals are scheduled over the 30 year Asset Management Plan period, based on predicted service life, in Appendix 16.04. Renewal requirements are assessed annually, and scheduled renewals can be brought forward, or extended based on criteria set out in section 7.3.2. Alternative renewal strategies are:

- *Replace at failure* – Mechanical and electrical equipment would continue to be maintained until ultimate failure and then replaced. Possible consequences are poor performance as assets require more frequent and urgent maintenance, additional costs of maintenance, difficulty in obtaining parts, and decreased reliability.
- *Replace at predicted service life* – Asset would be maintained until they reach their predicted service life and then replaced irrespective of performance. Some assets may incur significant maintenance costs, and others would be replaced while still in very good condition.

The recommended renewal strategy gives a better assurance of serviceability, and is likely to be the most economic option.

#### ***Pipe Network***

Pipes are assigned service lives depending on pipe material. Individual pipes are assessed as they come near renewal age, depending on the criteria set out in section 7.3.2. The recommended renewal strategy is to increase expenditure to match the depreciation allocation for pipe networks by 2022. This will provide a budget to renew pipes at the appropriate rate of deterioration of asset condition, when a significant percentage of the network reached its assigned service life.

Alternative renewal strategies are:

- *Maintain renewal budget at the current rate* – Approximately 80% of depreciation. The network would continue to deteriorate over time, and performance would reduce. It would be difficult to fund renewals that would help to meet the discharge consent conditions requiring quality improvement.
- *Increase budget above the depreciation allocation* – This would provide additional funds for renewal projects, and would tend to replace the pipe network at a greater rate than its condition is deteriorating. Quality improvement as required by the discharge consent would be achieved at a greater rate, as would the upgrading of the network to the current design standard. However, the additional cost would be a significant burden on ratepayers.

## 7.4 CAPITAL DEVELOPMENT PLAN

### 7.4.1 Asset Development Strategy

The asset development plan provides for extensions to the stormwater system or increases in capacity to provide for growth in the city, or to meet higher service standard targets.

Assets are acquired as a result of:

- Taking over new reticulation constructed as part of subdivisional development (constructed at the developer's expense).
- Extensions constructed by Council to service new areas.
- Asset upgrading constructed by Council to provide additional system capacity to overcome inadequacies or provide for growth (e.g. larger drains or pumps).

Over the life of this Asset Management Plan, the following development priorities have been identified:

➤ *Capacity Increase of Existing Network*

New capacity design flow rates were adopted by Council in 1985, and pipes laid since then have been designed to the new standards. However, much of the network remains at the previous lesser capacity designs, and will be upsized to the new capacity design as part of the pipe asset renewal programme. Overall, this upgrade will add approximately 8% to the cost of renewal in existing sizes.

➤ *Residential Development*

Due to slow population growth anticipated for Invercargill, there is a low demand for the extension of stormwater to new residential areas of Invercargill, and no specific development projects have been included in this Asset Management Plan. However, the District Plan does identify potential residential development areas to the north of the urban area, Retreat Road, Rockdale Road, Tramway Road area and in Otatara, and Council staff are developing scheme plans with preliminary budgets for residential development in the Retreat Road area. It is anticipated that any new stormwater infrastructure or required upgrading within the existing infrastructure as a result, will be funded by the developers. Council will take over and manage such assets as part of the stormwater infrastructure when they have been developed in accordance with the Invercargill Code of Land Development and conditions of subdivision consents. Council staff will have input into and approve the design of infrastructure built for new subdivisions, and have checking and approval systems in place to ensure infrastructure is completed in accordance with the Code of Land Development prior to its acceptance as stormwater assets.

#### **7.4.2 Capital Development Selection Criteria**

The stormwater network will be developed during the life of the plan to meet community expectations, technical and environmental standards and community growth projections.

Additional new development projects will be identified on the basis of:

- *Growth* – Where development is needed to meet projected increased demand.
- *Regulatory* – Development of systems to improve stormwater quality or to reduce contamination may be required to meet conditions of stormwater discharge consents, or the quality requirements of the Regional Water Plan for Southland.
- *Operational Efficiency* – New projects will be considered when annual costs are reduced by improving efficiencies.

The selection, prioritising and programming of stormwater asset development projects will take into account:

- Council preference.
- Risk analysis.
- Cost and benefits.
- Affordability.
- Ranking and co-ordination with other projects.

For new development projects, Council will consider all available options, including new technologies, and renovation techniques, lifecycle costs and replacement of existing assets to achieve the most cost effective options.

#### **7.4.3 Capital Development Options and Alternatives**

Apart from the service level improvement component of the pipe renewal budget, no capital development projects are proposed within this Asset Management Plan.

### **7.5 DISPOSAL PLAN**

#### **7.5.1 Forecast Future Disposal of Assets**

Because the stormwater asset is intended to operate in perpetuity to provide a continuing stormwater drainage service to the developed areas of the city, it is intended that individual assets will only be disposed of at the end of their service life, at which time they will be replaced with new assets, or become obsolete as part of new development projects. In general, where assets are in the same location, the old asset will be removed as part of the renewal project.

#### **7.5.2 Forecast of Income / Expenditure from Asset Disposal**

Because assets will usually be at the end of useful life at disposal, they are expected to have zero value. Specific funding is therefore not allocated to disposal of assets, but where costs are incurred in their removal, these will be included in development and renewal project costs.

### **7.6 RECOMMENDED PROGRAMME**

The recommended programme is designed to ensure that the activity is operated effectively and efficiently to ensure that Levels of Service are achieved over the thirty years of this Asset Management Plan life.

#### **7.6.1 Evaluation of Options / Alternative Programmes**

The evaluation of a range of options is standard practice within the design and procurement phases of projects. For example, a range of pump types and brands may be considered for a pump renewal project, with performance and life cycle costs taken into account.

#### **7.6.2 Recommended Operation/Maintenance Programmes**

The recommended programme includes significantly increased monitoring programmes for stormwater discharge quality, and investigation programmes to identify and correct sources of contamination. This is necessary to meet the conditions of the new stormwater discharge consent, granted in September

2017. Maintenance and Operational programmes for pump stations and network features include regular inspections to ensure operational efficiency, and maintenance as required at pump stations to ensure optimal over lifetime performance. Operational programmes include annual inspection of pumps and electrical equipment to optimise maintenance programmes.

### **7.6.3 Recommended Renewal Programmes**

#### ***Pump Stations***

A detailed renewal programme for pumps and associated electrical and control systems is included in the pump station schedule in Appendix 16.04. The renewal programme is assessed annually within the operational programme, and renewal programmes adjusted to ensure equipment is replaced when declining performance, or economy of operation warrants.

#### ***Pipe Network***

The proposed renewal programme is to provide funds equivalent to the rate of depreciation for the pipe assets. This would provide for pipes to be replaced at the rate of condition deterioration, and so, overall, would maintain the condition profile of the network.

Renewal projects would be selected based on maintenance serviceability and capacity issues, and where possible, projects would be co-ordinated with the development and renewal projects of other utilities.

### **7.6.4 Recommended Capital Development Programme**

No Capital Development projects are included within this Asset Management Plan.

It is anticipated that new assets may be added to the activity as a result of extensions to the network which will be funded by developers.

## **7.7 HOW THE ACTIVITY WILL BE RESOURCED**

### **7.7.1 Internal Resourcing**

The activity is resourced from the Council Asset Team, the Engineering Services Group and the 3 Waters Operational Team.

The Asset team provides for Programming activities, budget supervision, Programme and Performance Monitoring, Asset Management, Bylaws, advice for planning, Resource and Subdivisional Activity, negotiation of Resource Consents for the Activity and Council Reporting.

The Engineering Services Group (ESG) is Council's in house consulting team, providing engineering advice for maintenance and construction as the role of Contract Engineer and engineer's representative, direct liaison with the contractor in the delivery of contracts. Where needed in specialist areas, ESG will subcontract those resources on an as and when needed basis, such as for pump station design or structures associated with the network.

The 3 Waters Operational Team provides Council's in house management and operation of the three waters activities. They provide laboratory services to

monitor the stormwater discharges as required by the discharge consent, and operators to manage the stormwater pump stations.

### 7.7.2 Procurement Strategy

Council procures its physical works via the open tender market.

The maintenance Contracts are:

➤ ***Mechanical and Electrical Maintenance***

This contract provides for the maintenance of the mechanical and electrical plant across the three water activities for the pump stations and treatment plants.

➤ ***Pipe Network Maintenance***

This contract provides for the operational and maintenance of pipe networks across the three waters activities.

Renewal Contracts for Pipe Network and Pumping Stations are typically tendered on a project basis.

## 8. Financial Management

### 8.1. OVERVIEW

The Local Government Act 2002 requires local authorities to manage their finances “*prudently and in a manner that promotes the current and future interests of the community*”. This implies compliance with Generally Accepted Accounting Practice (GAAP). Of particular relevance is the International Public Sector Accounting Standard IPSAS17 (Property, Plant and Equipment).

In determining how activities will be funded local authorities are required to take the following into consideration:

- The contribution to the achievement of Community Outcomes (strategic alignment).
- Beneficiaries of each activity (beneficiary / user pays principles).
- The period over which benefits from the activity will occur (intergenerational equity issues).
- The costs and benefits of funding the activity compared to other activities (cost/benefit, prioritisation principles).
- The impact of funding the activity on the wellbeing of the community (ability to pay principles).

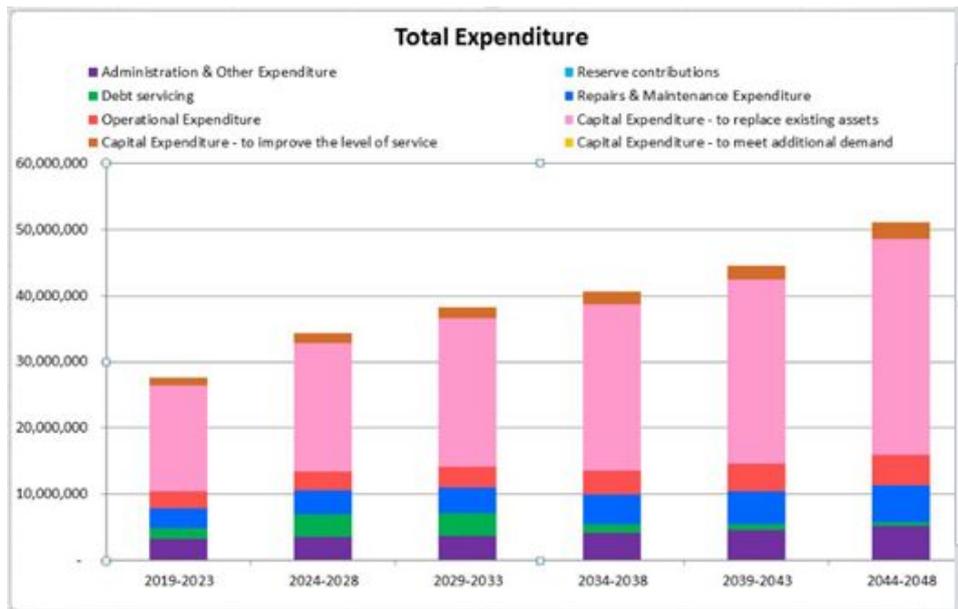
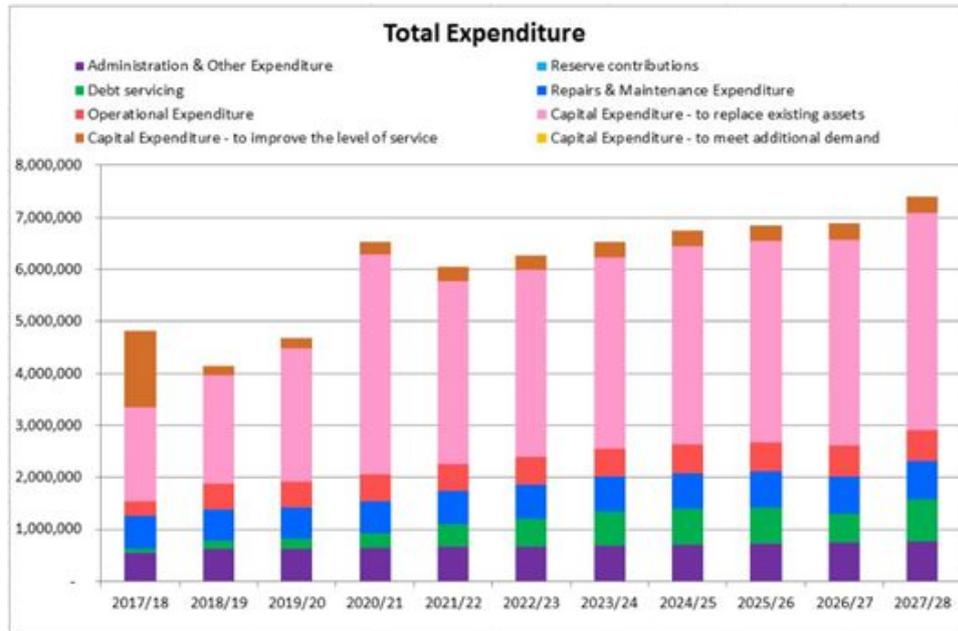
Activity Management Plans provide the basis for meeting these requirements for infrastructure based activities.

### 8.2 FINANCIAL SUMMARY – WHAT THE ACTIVITY COSTS

The following graphs show the forecast in categories over the first 10 years of the plan, and summarised in five year blocks over the 30 years of the plan.

Expenditure categories are identified as follows:

- *Operational* - Rates, Insurance, contract data management system costs, investigations and monitoring, attendance to pump stations operation requirements.
- *Maintenance* - Recurrent expenditure, periodically or regularly required as part of the anticipated schedule of works required to keep assets operating, e.g. maintenance of pump station mechanical and electrical plant, clearance of debris from structures and repair of drainage structures.
- *Capital Development* - Expenditure, which creates a new asset to meet additional service level requirements or which improves an existing asset to provide a higher level of service.
- *Capital Renewals / Rehabilitation* - Expenditure on an existing asset which restores, rehabilitates, replaces existing asset to its original capacity, e.g. replacing parts of the pipe network or replacement at the end of economic life, or the rehabilitation of assets to extend their life.



**8.2.1 Council Funded Programmes**

The table below shows the 30 year financial summary in spreadsheet form.

Drainage – Stormwater 10 Year Plan

	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									
<b>Total Revenue</b>	<b>0</b>										
Internal Expenditure	462,858	526,178	537,594	549,274	561,857	574,163	586,888	600,721	614,998	629,264	645,340
Staff Expenditure	0	0	0	0	0	0	0	0	0	0	0
Administration Expenditure	81,323	88,256	90,198	92,182	94,210	96,377	98,593	100,960	103,484	106,174	109,041
Financial Expenditure	47,009	102,614	107,687	172,964	277,667	332,809	427,144	444,229	442,343	451,196	395,150
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	629,396	593,400	606,455	619,797	633,432	648,001	662,905	678,815	695,785	713,876	733,150
Operational Expenditure	285,865	485,900	496,590	507,515	518,680	530,610	542,814	555,841	569,737	584,551	600,333
Depreciation Expenditure	2,252,073	3,404,263	3,479,157	3,555,698	3,633,924	3,717,504	3,803,006	3,894,279	3,991,636	4,095,418	4,205,994
<b>Total Expenditure</b>	<b>3,758,523</b>	<b>5,200,611</b>	<b>5,317,680</b>	<b>5,497,430</b>	<b>5,719,770</b>	<b>5,899,463</b>	<b>6,121,351</b>	<b>6,274,844</b>	<b>6,417,983</b>	<b>6,580,478</b>	<b>6,689,009</b>
<b>Operating Surplus / (Deficit)</b>	<b>(3,758,523)</b>	<b>(5,200,611)</b>	<b>(5,317,680)</b>	<b>(5,497,430)</b>	<b>(5,719,770)</b>	<b>(5,899,463)</b>	<b>(6,121,351)</b>	<b>(6,274,844)</b>	<b>(6,417,983)</b>	<b>(6,580,478)</b>	<b>(6,689,009)</b>
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	1,471,432	170,790	204,550	239,714	276,327	282,682	289,184	296,124	303,527	311,419	319,827
Capital Expenditure - to replace existing assets	1,808,888	2,100,000	2,568,243	4,232,813	3,519,722	3,600,676	3,683,491	3,826,347	3,866,192	3,966,714	4,172,112
<b>Capital Expenditure</b>	<b>3,280,321</b>	<b>2,270,790</b>	<b>2,772,793</b>	<b>4,472,527</b>	<b>3,796,049</b>	<b>3,883,358</b>	<b>3,972,675</b>	<b>4,122,471</b>	<b>4,169,720</b>	<b>4,278,133</b>	<b>4,491,939</b>
<b>Proceeds from Asset Disposal</b>	<b>0</b>										
<b>Debt movements</b>	<b>32,406</b>	<b>(27,588)</b>	<b>(325,225)</b>	<b>(1,895,521)</b>	<b>(1,480,799)</b>	<b>(1,132,801)</b>	<b>(884,307)</b>	<b>(583,547)</b>	<b>(194,133)</b>	<b>119,601</b>	<b>429,364</b>
<b>Reserve movements</b>	<b>(1,330,000)</b>	<b>0</b>									
<b>Cash Back Depreciation</b>	<b>(2,252,073)</b>	<b>(3,404,263)</b>	<b>(3,479,157)</b>	<b>(3,555,698)</b>	<b>(3,633,924)</b>	<b>(3,717,504)</b>	<b>(3,803,006)</b>	<b>(3,894,279)</b>	<b>(3,991,636)</b>	<b>(4,095,418)</b>	<b>(4,205,994)</b>
<b>Rates Required</b>	<b>3,489,177</b>	<b>4,039,550</b>	<b>4,286,091</b>	<b>4,518,738</b>	<b>4,401,096</b>	<b>4,932,516</b>	<b>5,406,713</b>	<b>5,919,490</b>	<b>6,401,934</b>	<b>6,882,794</b>	<b>7,404,318</b>

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	2019-2023	2024-2028	2029-2033	2034-2038	2039-2043	2044-2048
	LTP	LTP	LTP	LTP	LTP	LTP
Internal Revenue	0	0	0	0	0	0
Fees & Charges Revenue	0	0	0	0	0	0
Grants & Subsidies Revenue	0	0	0	0	0	0
Rates Revenue	0	0	0	0	0	0
Financial Revenue	0	0	0	0	0	0
<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Internal Expenditure	2,689,228	3,010,809	3,067,220	3,421,359	3,817,986	4,261,427
Staff Expenditure	0	0	0	0	0	0
Administration Expenditure	455,996	512,380	579,102	652,011	734,099	826,522
Financial Expenditure	672,200	1,854,272	968,527	44,416	0	0
Grants & Subsidies Expenditure	0	0	0	0	0	0
Repairs & Maintenance Expenditure	2,993,430	3,363,566	3,801,568	4,280,185	4,819,059	5,425,779
Operational Expenditure	2,494,351	2,802,776	3,167,752	3,566,571	4,015,602	4,521,166
Depreciation Expenditure	17,790,545	19,990,333	22,593,463	25,437,978	28,640,617	32,246,468
<b>Total Expenditure</b>	<b>27,095,752</b>	<b>31,534,136</b>	<b>34,177,631</b>	<b>37,402,520</b>	<b>42,027,365</b>	<b>47,281,362</b>
<b>Operating Surplus / (Deficit)</b>	<b>(27,095,752)</b>	<b>(31,534,136)</b>	<b>(34,177,631)</b>	<b>(37,402,520)</b>	<b>(42,027,365)</b>	<b>(47,281,362)</b>
Capital Expenditure - to meet additional demand	0	0	0	0	0	0
Capital Expenditure - to improve the level of service pipe assets	1,174,063	1,520,082	1,718,026	1,934,325	2,177,856	2,452,048
Capital Expenditure - to replace existing pump station assets	14,804,402	19,362,107	21,883,430	24,638,552	27,740,544	31,233,076
Capital Expenditure - to replace existing pipe assets	1,217,053	152,749	444,213	426,390	60,386	1,359,249
<b>Capital Expenditure</b>	<b>17,195,517</b>	<b>21,034,937</b>	<b>24,045,669</b>	<b>26,999,268</b>	<b>29,978,787</b>	<b>35,044,373</b>
<b>Proceeds from Asset Disposal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Debt movements</b>	<b>(5,078,675)</b>	<b>(1,383,077)</b>	<b>1,790,949</b>	<b>757,997</b>	<b>839,687</b>	<b>(345,856)</b>
<b>Reserve movements</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash Back Depreciation</b>	<b>(17,790,545)</b>	<b>(19,990,333)</b>	<b>(22,593,463)</b>	<b>(25,437,978)</b>	<b>(28,640,617)</b>	<b>(32,246,468)</b>
<b>Rates Required</b>	<b>21,422,049</b>	<b>31,195,663</b>	<b>37,420,786</b>	<b>39,721,806</b>	<b>44,205,221</b>	<b>49,733,411</b>

Drainage- Stormwater 30 Year Plan

	2019-2023	2024-2028	2029-2033	2034-2038	2039-2043	2044-2048
	LTP	LTP	LTP	LTP	LTP	LTP
Internal Revenue	0	0	0	0	0	0
Fees & Charges Revenue	0	0	0	0	0	0
Grants & Subsidies Revenue	0	0	0	0	0	0
Rates Revenue	0	0	0	0	0	0
Financial Revenue	0	0	0	0	0	0
<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Internal Expenditure	2,749,065	3,077,210	3,142,865	3,506,527	3,913,876	4,369,391
Staff Expenditure	0	0	0	0	0	0
Administration Expenditure	461,222	518,252	585,739	659,483	742,512	835,994
Financial Expenditure	993,741	2,160,062	1,188,022	124,717	0	0
Grants & Subsidies Expenditure	0	0	0	0	0	0
Repairs & Maintenance Expenditure	3,101,085	3,484,532	3,938,286	4,434,116	4,992,371	5,620,910
Operational Expenditure	2,539,294	2,853,276	3,224,828	3,630,834	4,087,956	4,602,629
Depreciation Expenditure	17,790,545	19,990,333	22,593,463	25,437,978	28,640,617	32,246,468
<b>Total Expenditure</b>	<b>27,634,954</b>	<b>32,083,666</b>	<b>34,673,203</b>	<b>37,793,655</b>	<b>42,377,332</b>	<b>47,675,392</b>
<b>Operating Surplus / (Deficit)</b>	<b>(27,634,954)</b>	<b>(32,083,666)</b>	<b>(34,673,203)</b>	<b>(37,793,655)</b>	<b>(42,377,332)</b>	<b>(47,675,392)</b>
Capital Expenditure - to meet additional demand	0	0	0	0	0	0
Capital Expenditure - to improve the level of service	1,174,063	1,520,082	1,718,026	1,934,325	2,177,856	2,452,048
Capital Expenditure - to replace existing assets	16,021,454	19,514,856	22,327,643	25,064,943	27,800,930	32,592,325
<b>Capital Expenditure</b>	<b>17,195,517</b>	<b>21,034,937</b>	<b>24,045,669</b>	<b>26,999,268</b>	<b>29,978,787</b>	<b>35,044,373</b>
Proceeds from Asset Disposal	0	0	0	0	0	0
Debt movements	(4,861,934)	(1,113,022)	2,157,275	1,234,874	839,687	(345,856)
Reserve movements	0	0	0	0	0	0
Cash Back Depreciation	(17,790,545)	(19,990,333)	(22,593,463)	(25,437,978)	(28,640,617)	(32,246,468)
<b>Rates Required</b>	<b>22,177,992</b>	<b>32,015,248</b>	<b>38,282,684</b>	<b>40,589,818</b>	<b>44,555,188</b>	<b>50,127,441</b>

### **8.2.2 NZTA Assisted Programmes**

Not applicable to the Stormwater Activity.

### **8.2.3 Programme Implications**

Council approved stormwater budgets at its December 2017 meeting, with no changes to the recommended expenditure 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's 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, i.e. a 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

The stormwater activity is funded predominantly from rates, with a small component from fees and charges, related to work done by Council contractors for private property owners. This includes fees for clean-up of contamination discharges from private properties, and which are not provided for in budgets.

## **8.5 ASSET VALUATION FORECASTS**

Council Stormwater Assets were revalued as at 30 June 2017 in accordance with the Financial Reporting Standard NZIAS 16 and the New Zealand Infrastructure Valuation Guidelines.

The pipe network was valued by Council staff and audited by AECOM NZ Ltd. Treatment Plants and Pump Stations were valued by AECOM NZ Ltd and reviewed by Council staff.

The unit costs applied to the pipe network assets were derived from Council analysis of previous contracts with comparison to those experienced in other Councils, plus comparison to those stated in the New Zealand Infrastructure Valuation Guidelines. Asset lives are generally those stated in the valuation guidelines with some modification by Council Asset Management staff.

Depreciation is calculated on all costs except land to allocate their costs (less residual value) over their expected economic life. Details of the basis and rates of various categories of asset are as follows:

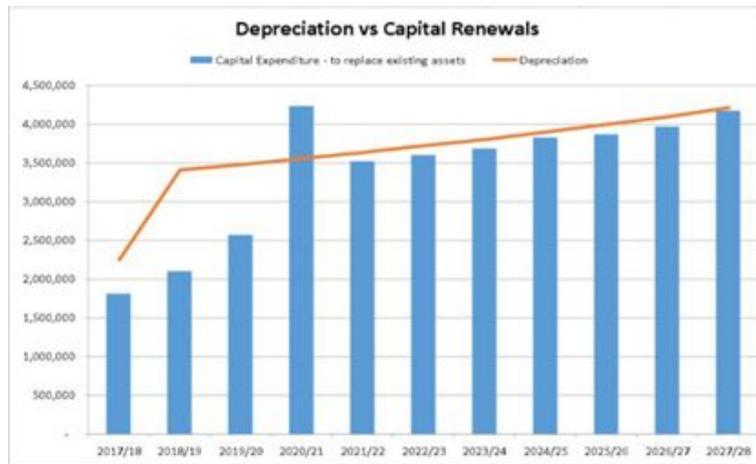
- Pipe Network - 1%-2% Straight Line
- Mechanical and Electrical Plant - 6.67% Straight Line
- Buildings - 1%-2% Straight Line

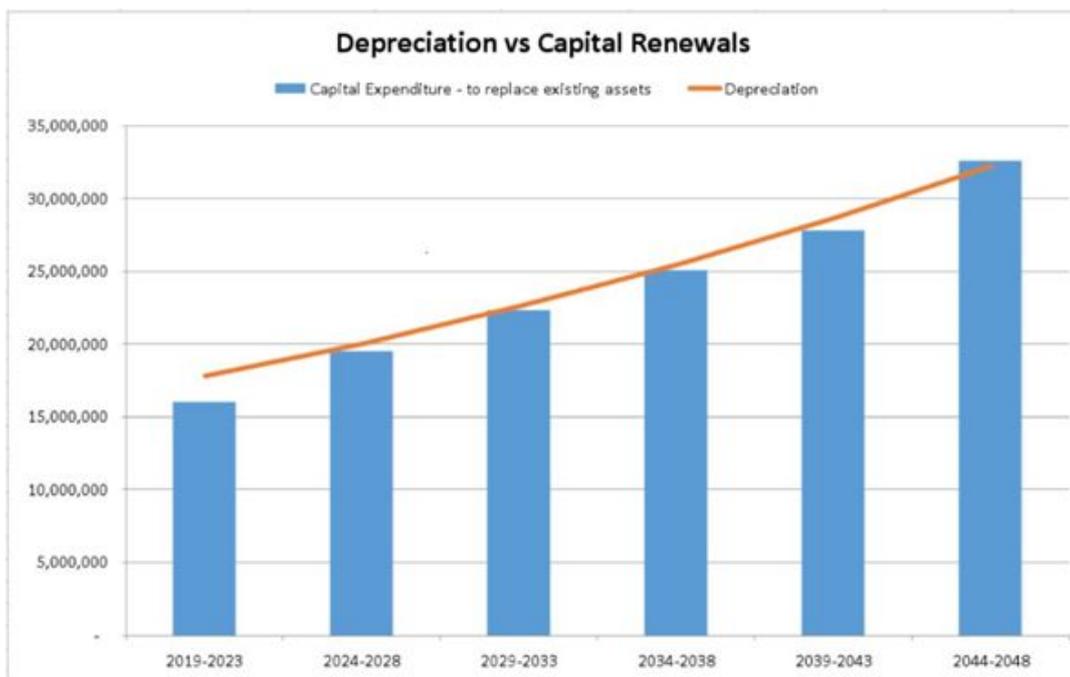
The valuation is as follows:

Asset Group	Optimised Replacement Cost	Optimised Depreciation Replacement Cost	Annual Depreciation
Fittings (manholes, cleaning eyes, etc)	\$25,707,834	\$15,041,562	\$259,043
Pipes	\$290,338,851	\$141,517,190	\$2,976,756
Pumping Stations – 9	\$4,650,076	\$2,569,324	\$104,989
<b>Total</b>	<b>\$320,696,761</b>	<b>\$159,128,076</b>	<b>\$3,340,788</b>

Figure 8.5 – Stormwater Valuation

### 8.5.1 30-year Valuation and Depreciation Forecast





### 8.6 CONFIDENCE LEVELS IN PROGRAMMES

The confidence in the programmes in this asset management plan has been assessed in terms of the data on which the programmes are based and in terms of the programmes themselves.

Confidence Grade	General Meaning
<b>A</b>	<p><b>Highly Reliable</b></p> <p>Data based on sound records, procedures, investigations and analysis which is properly documented and recognised as the best method of assessment. Dataset is complete and estimated to be accurate <math>\pm 2\%</math>.</p>
<b>B</b>	<p><b>Reliable</b></p> <p>Data based on sound records, procedures, investigations and analysis which is properly documented but has minor shortcomings' for example the data is old, some documentation is missing and reliance is place on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate <math>\pm 10\%</math>.</p>
<b>C</b>	<p><b>Uncertain</b></p> <p>Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolation from a limited sample for which grade A &amp; B data is available. Dataset is substantially complete but up to 50% is extrapolated data and accurately estimated <math>\pm 30\%</math>.</p>
<b>D</b>	<p><b>Very Uncertain</b></p> <p>Data is based on unconfirmed verbal reports and/or cursory inspection and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accurately <math>\pm 40\%</math>.</p>

The assessment of confidence levels is based on the following assumptions:

### ***Growth***

- Population change will follow the Statistics New Zealand medium population projection.
- There will be no significant change in rainfall intensity or duration.
- The majority of infrastructure required to service new developments will be funded by developers.

### ***Levels of Service***

- There will be no significant changes in levels of service.
- Quality improvements to stormwater discharges requiring network upgrades due to Resource Consent conditions or the proposed Southland Water and Land Plan will be accommodated within renewal programmes.
- No upgrading of existing infrastructure will be required as a result of urban development provided the anticipated development is evenly spread across the urban area. If development is concentrated in part of the urban area, or one of the areas identified for growth of the urban area, some upgrading of existing infrastructure is likely to be required.
- Future condition assessments will not indicate additional remedial / replacement works to those scheduled in work programmes.

### ***Natural Disasters***

- This plan is based on the assumption that there will be no natural disasters affecting the Council's stormwater network.
- No provisions has been made in programmes for the cost of repairing damage or other additional costs consequent upon a natural disaster such as a major flood or substantial earthquake. Costs associated with these disasters will be covered by Council's participation in the LAPP scheme (Local Authority Protection Programme Disaster Fund) and insurance of assets excluded from coverage by the LAPP scheme.

### ***Climate Change***

- Sea level rise resulting from climate change will not require significant upgrades to the stormwater network within the life of this Activity Management Plan.

**Assessment of Confidence in Key Inputs to Programmes**

Pipe Network Attributes	Grade	Pump Station Attributes	Grade
Unit Replacement Cost	B+	Structural Condition	A
Condition/Remaining Life	B-	Pump Description	A
Diameter	A	➤ Date Installation	A
Material	A	➤ Performance	A
Age	A	➤ Condition/Remaining Life	B
Length	A	➤ Replacement Cost	B+
		Switchboard/Telemetry	
		➤ Condition	A
		➤ Date Installation	A
		➤ Performance	A
		➤ Replacement Cost	B±

**Table 8.1: Confidence Assessment Grades of Pipe Network and Pump Stations**

Confidence in asset attributes are rated as highly reliable (A grade).

For pipe network attributes confidence is based on comprehensive construction records maintained through the life of the network. When work is done on individual assets, information is checked for accuracy and corrected when found to be inaccurate. A small number of records require correction in any year, representing a high level of confidence in the data.

For mechanical and electrical plant (pump stations and treatment plants) inspections are scheduled annually to determine maintenance requirements and to update condition and performance ratings, providing a high level of confidence in the data.

**Assessment of Confidence in Financial Programmes**

Parameter	Confidence Grade
Management Costs	A
Asset Management	A-
Pump Stations – Maintenance Costs	B
– Replacement Costs	B
Pipe Network – Maintenance Costs	B-
– Replacement Costs	B-
Depreciation	B-
Capital Costs – Asset Renewal	B
– Asset Development	B
<b>Overall Confidence in Financial Programme</b>	<b>B</b>

**Table 8.2: Confidence Assessment Grades of Financial Programmes**

**8.7 RELIABILITY OF FINANCIAL FORECASTS**

A full sensitivity analysis has not been completed and this will be an item in the improvement plan. Assumptions that will affect the activity are identified below.

#### 8.7.1 Renewal Forecasts

- Population
- Household growth
- Aging population

The activity relies predominately on rates for revenue. Significant variance in the population related assumptions may affect the community's ability to pay, or require significant development expenditure.

#### 8.7.2 Operational Forecasts

##### ➤ **Resource Consents**

Council was issued a new consent for stormwater discharge in September 2017. While budget allocations have been made for monitoring and investigations required by the consent, programmes still need to be agreed with the consenting authority and may lead to cost variances.

##### ➤ **Natural Disasters**

Significant flood events or earthquake may require significant increases in operational expenditure.

##### ➤ **Climate Change**

Sea level rise, if faster than anticipated, may require new operational programmes for the activity.

#### 8.7.3 Maintenance and Renewal Forecasts

##### ➤ **Resource Consents**

Significantly increased discharge quality requirements as a result of resource consent conditions may require upgraded renewal programmes.

##### ➤ **Useful Life of Significant Assets**

If the useful life of assets varies significantly from the assumptions of section 7.3.1, renewal programmes will require adjustment, potentially with significant positive or negative effect on budgets.

##### ➤ **Climate Change**

Faster increase in sea level than predicted will require adjustment to renewal programmes.

#### 8.7.4 Development Forecasts

No development plans are proposed by this Activity Management Plan. If population increases at a greater rate than assumed, or new industry is established in the city, development programmes will need to be considered.

### 8.8 SUMMARY OF PROGRAMME ASSUMPTIONS

The stormwater activity is particularly susceptible to the following assumptions:

➤ **Resource Consent**

The new stormwater resource consent will require significant improved stormwater quality. The extent of improvement required is not yet determined.

➤ **Useful Life of Significant Asset / Asset Valuation**

Asset renewals accounts for over 60% of activity budget. Changes in useful life and valuation of assets will significantly affect the overall budget.

➤ **Climate Change**

Sea level rise will need to be managed through this century, and variance from the predicted levels will significantly affect activity budgets.

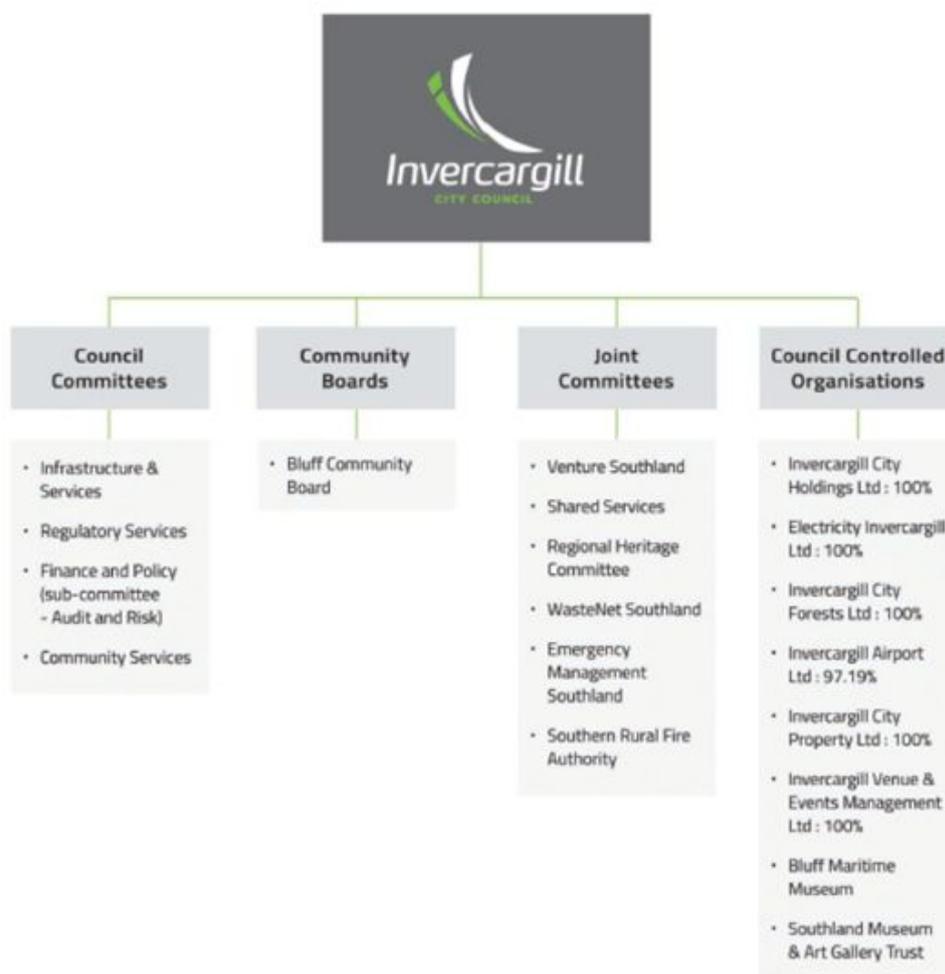
## 9. Delivering and Monitoring the Programme

### 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.

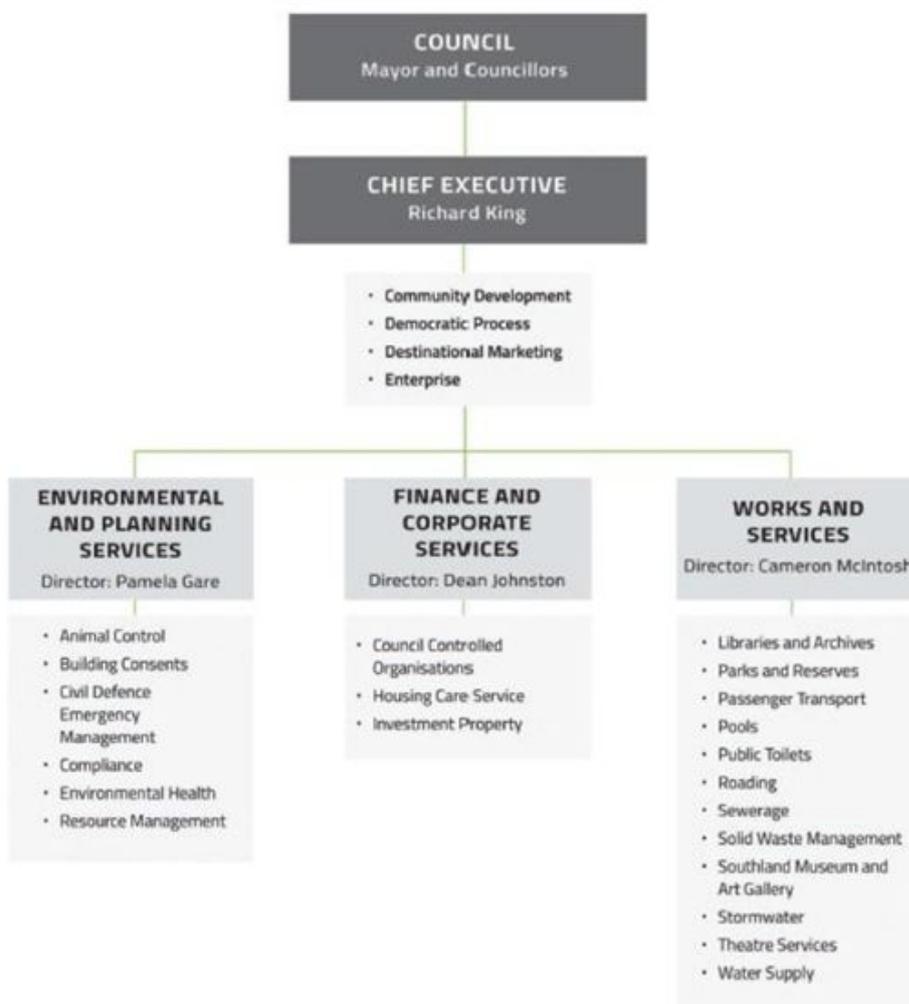
## **9.2 STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS**

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 symbolizing it in ways that can help visualize and understand the data. The software displays how places are related which helps 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.

### **Infor Public Sector (IPS)**

IPS is a centralised Asset Management Information System (AMIS) that allows for the effective management of infrastructure assets. IPS provides tools to improve asset efficiency, conduct planned and unplanned maintenance, manage work costs, provide asset inspection scheduling, and assists in optimising assets life cycles. Asset needs analysis in IPS can be used to determine and recommend which maintenance and renew programmes are likely to be needed, to assist with long term maintenance and budgeting plans.

### **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 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 information, 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.

### **SCADA / InTouch**

SCADA (supervisory control and data acquisition) is a control system installed at the Clifton Wastewater Treatment Plant and the City Control room. It includes electronic devices networked to a computer to allow remote control and record keeping of all actions, faults and alarms.

InTouch is the computer programme which allows human interfacing with SCADA to facilitate the exercising of control and access of data (a form of human / machine interface referred to as HMI).

### **Telemetry**

Telemetry is the communication system that allows communication between the Clifton Wastewater Treatment Plant and City Control room to all remote sites including the Bluff Wastewater Treatment Plant and pump stations. Communication technology currently in service is a combination of several direct point to point radio links and micro wave / fibre optic network links. The telemetry system reports alarms from remote sites to the Treatment Plant SCADA system which can then be actioned by operators, or by Council's 24 hour Water Control Centre.

## **9.5 PROGRAMME PERFORMANCE MONITORING AND REVIEW**

### **9.5.1 Monitoring Approach**

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, i.e. 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

The Asset Management Improvement Plan is set over a three year period from July 2017 to June 2020 and is designed to produce an ongoing improvement to Asset Management processes. Current practice and areas for improvement are tabulated below.

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	Current Practice	Areas for Improvement	Timeframe	Budget	Responsibility
Knowledge of Assets / Data Management	<p><b>Pipe Network</b></p> <ul style="list-style-type: none"> <li>➤ Data – knowledge of pipe age, materials, sizes and location is very good.</li> <li>➤ Condition – knowledge of pipe condition from 8% of asset record on CCTV and graded in accordance with pipe inspection manual.</li> </ul> <p><b>Electro Mechanical Plant</b></p> <ul style="list-style-type: none"> <li>➤ Condition regular maintained and inspected.</li> <li>➤ Condition assessed annually</li> <li>➤ Rated 3 yearly</li> </ul> <p>Structures (Buildings, Manholes, etc)</p> <ul style="list-style-type: none"> <li>➤ Buildings maintained and assessed regularly – upgrading needs assessed for Asset Management Plan.</li> </ul>	<p>Continue to update records.</p> <p>Continue pipe inspection programme to improve knowledge of asset condition.</p> <p>Current practice adequate.</p> <p>Current practice adequate.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>	<p>Within existing budgets</p> <p>\$50,000 p.a.</p> <p>\$20,000 p.a.</p> <p>Within existing budgets</p>	<p>ICC Engineering Services Group</p> <p>ICC Engineering Services Group</p> <p>3 Waters Operations Group – Maintenance Contract</p> <p>Drainage Manager</p>
Valuation, Depreciation and Effective Lives	<ul style="list-style-type: none"> <li>➤ Valuation guidelines.</li> </ul>	<p>Reassess effective lives of pipe network based on improved condition assessment.</p>	<p>Ongoing</p>	<p>Within existing budgets</p>	<p>ICC Engineering Services Group</p>
Asset Costing	<ul style="list-style-type: none"> <li>➤ Replacement costs based on continuing records of renewal contracts.</li> </ul>	<p>Current practice adequate.</p>	<p>Ongoing</p>	<p>Within existing budgets</p>	<p>ICC Engineering Services Group</p>
Asset Renewal and New Works Strategy	<ul style="list-style-type: none"> <li>➤ Forward 30 year plan based on age and condition.</li> <li>➤ Annual Plans consider: <ul style="list-style-type: none"> <li>▪ Condition</li> <li>▪ Age</li> <li>▪ Capacity</li> <li>▪ Co-ordination with other asset upgrades / renewals</li> </ul> </li> </ul>	<p>Improve asset condition assessment to better identify renewal needs.</p>	<p>Ongoing</p>	<p>Within existing budgets</p>	<p>Drainage Manager</p>
Service Level Specification and Measurement	<ul style="list-style-type: none"> <li>➤ Meeting most performance measures.</li> <li>➤ Customer focussed service levels only recently measured.</li> <li>➤ Surveys used to assess customer needs.</li> </ul>	<p>Continue to measure and assess performance against service levels.</p>	<p>Ongoing</p>	<p>Within existing budgets</p>	<p>Drainage Manager</p>
Review, Audit and Continuous Improvement	<ul style="list-style-type: none"> <li>➤ Annual financial audit.</li> <li>➤ Annual service level audit.</li> <li>➤ Peer review of Asset Management Plans.</li> </ul>	<p>Current practice adequate.</p>	<p>Ongoing</p>	<p>Within existing budgets</p>	<p>ICC Finance Director</p>
Operations and Maintenance Strategy	<ul style="list-style-type: none"> <li>➤ Competitively tendered maintenance contracts in place for major maintenance and operational items.</li> <li>➤ Quality contract management procedures in</li> </ul>	<p>Continue current practice.</p>	<p>Ongoing</p>	<p>Within existing budgets</p>	<p>3 Waters Operations Group</p>

	Current Practice	Areas for Improvement	Timeframe	Budget	Responsibility
Consent Compliance	<p>place.</p> <ul style="list-style-type: none"> <li>➤ Discharge consents to five freshwater streams.</li> </ul>	New Consent, issued in September 2017, requires more intensive monitoring programmes, and investigations to identify and correct sources of contamination to be implemented	March 2018 for programme development, then ongoing implementation	Within existing budgets	Drainage Manager 3 Waters Operations Group
Risk Plans	<ul style="list-style-type: none"> <li>➤ Lifelines Project identifies risk and response strategies for major events.</li> <li>➤ Asset Management Plan identifies asset failure risk and response strategies.</li> </ul>	Current practice adequate.	Ongoing	Within existing budgets	Drainage Manager
Sustainability	-	Improve risk management strategies. Identify high value risk assets. Strategy requires development	Ongoing	Within existing budgets	Drainage Manager
Resilience	<ul style="list-style-type: none"> <li>➤ Develop strategy.</li> </ul>	-	Further work required June 2020	Within existing budgets	Works and Services Directorate

**Table 10.1 – Improvement Programme 2017**

	Current Practice	Areas for Improvement	Progress Towards Achievement
Knowledge of Assets / Data Management	<p><b>Pipe Network</b></p> <ul style="list-style-type: none"> <li>➤ Data – knowledge of pipe age, materials, sizes and location is very good.</li> <li>➤ Condition – knowledge of pipe condition from 5.2% of asset record on CCTV and graded in accordance with pipe inspection manual.</li> </ul> <p><b>Electro Mechanical Plant</b></p> <ul style="list-style-type: none"> <li>➤ Condition regular maintained and inspected.</li> <li>➤ Condition assessed annually</li> <li>➤ Rated 3 yearly</li> </ul> <p>Structures (Buildings, Manholes, etc)</p> <ul style="list-style-type: none"> <li>➤ Buildings and manholes maintained and assessed regularly – upgrading needs assessed for Asset Management Plan.</li> </ul>	<p>Current practice adequate.</p> <p>Continue pipe inspection programme to improve knowledge of asset condition.</p> <p>Current practice adequate.</p> <p>Current practice adequate.</p>	<p>Data migrated to Infor IPS Improve data fed into 2017 Asset Management Plan.</p> <p>Data migrated to Infor IPS Pump Station Asset Data and Condition Ratings improved in 2017 Asset Management Plan.</p> <p>Annual programme to inspect manholes and upgrade continues.</p>
Valuation, Depreciation and Effective Lives	<ul style="list-style-type: none"> <li>➤ Valuation guidelines.</li> </ul>	<p>Reassess effective lives of pipe network based on improved condition assessment.</p>	<p>Records updated.</p>
Asset Costing  Asset Renewal and New Works Strategy	<ul style="list-style-type: none"> <li>➤ Replacement costs based on continuing records of renewal contracts.</li> <li>➤ Forward 30 year plan based on age and condition.</li> <li>➤ Annual Plans consider: <ul style="list-style-type: none"> <li>▪ Condition</li> <li>▪ Age</li> <li>▪ Capacity</li> <li>▪ Co-ordination with other asset upgrades / renewals</li> </ul> </li> </ul>	<p>Current practice adequate.</p> <p>Improve asset condition assessment to better identify renewal needs.</p>	<p>Replacement costs updated June 2017 based on contract costs.</p> <p>Asset condition continues to be assessed to improve renewal needs forecasting.</p>
Service Level Specification and Measurement	<ul style="list-style-type: none"> <li>➤ Meeting most performance measures.</li> <li>➤ Customer focussed service levels only recently measured.</li> <li>➤ Surveys used to assess customer needs.</li> </ul>	<p>Continue to measure and assess performance against service levels.</p>	<p>New and previous service levels were monitored. And documented on Opal 3. Most targets met..</p>
Review, Audit and Continuous Improvement	<ul style="list-style-type: none"> <li>➤ Annual financial audit.</li> <li>➤ Annual service level audit.</li> <li>➤ Peer review of Asset Management Plans.</li> </ul>	<p>Current practice adequate.</p>	<p>Audits completed.</p>

	Current Practice	Areas for Improvement	Progress Towards Achievement
Operations and Maintenance Strategy	<ul style="list-style-type: none"> <li>➤ Competitively tendered maintenance contracts in place for major maintenance and operational items.</li> <li>➤ Quality contract management procedures in place.</li> </ul>	Continue current practice.	New contracts in place.
Consent Compliance	<ul style="list-style-type: none"> <li>➤ Discharge consents to five freshwater streams.</li> </ul>	Monitor and implement identified improvements.	Compliance with consent conditions consistently achieved .Monitoring has identified some sources of contamination, and these have been rectified.
Risk Plans	<ul style="list-style-type: none"> <li>➤ Lifelines Project identifies risk and response strategies for major events.</li> <li>➤ Asset Management Plan identifies asset failure risk and response strategies.</li> </ul>	<p>Current practice adequate.</p> <p>Improve risk management strategies. Identify high value risk assets.</p>	Further work required.

**Table 10.2 – Improvement from 2014 Asset Management Plan**

## 10.2 IMPROVEMENT PROGRAMME

Areas for improvement of Asset Management system are identified in Section 10.1, and will be addressed by the following programmes:

➤ ***Pipe Asset Condition Assessment***

Parts of the network have been inspected by CCTV and graded in accordance with the New Zealand Pipe Inspection Manual. This inspection programme will continue, and along with maintenance records, will be used to determine effective lives of pipe assets, and renewal programmes.

➤ ***Operational and Maintenance Strategies***

A new maintenance contract was awarded to Downers for pipe network maintenance since 2016, and the contract with Wallace Murray for electrical and mechanical plant maintenance is now due for renewal. Council continues to review operational and maintenance strategies with its contractors to ensure delivery of stormwater services continues to improve.

➤ ***Risk Management***

Asset risks have been tabulated in Section 7 of this plan, and response strategies identified. Further work is intended to identify risks, particularly those associated with deteriorating asset condition and serviceability, and to improve response strategies.

➤ ***Stormwater Discharge Consent***

Council was awarded a new consent to discharge stormwater to five freshwater streams within Invercargill in September 2017, for a term of 15 years. The consent conditions require monitoring conditions intended to identify and reduce contamination of the stormwater from various sources. The monitoring programme will be developed over the first six months of the consent, and remedial actions will be included as part of maintenance and renewal programmes..

## 10.3 IMPROVEMENTS FROM PREVIOUS ACTIVITY MANAGEMENT PLAN

➤ ***Pipe Asset Condition Assessment***

Progress has been made in condition assessment of pipe asset and further work is intended.

➤ ***Consents for Stormwater Discharges***

Monitoring of stormwater discharges, and remedial work to reduce contamination, as required by the previous consent was undertaken. A new consent has recently been awarded.

## 10.4 MONITORING AND REVIEW

The improvement plan will be assessed annually by reporting on progress towards the goals listed in Section 10.2.

## 11. Glossary

The following terms and acronyms (in brackets) are used in this Asset Management Plan.

<b>Activity</b>	An activity is the work undertaken on an asset or group of assets to achieve a desired outcome.
<b>Advanced Asset Management</b>	Asset management which employs predictive modelling, risk management and optimised renewal decision-making techniques to establish asset lifecycle treatment options and related long term cashflow predictions. (See Basic Asset Management).
<b>Annual Plan</b>	The Annual Plan provides a statement of the direction of Council and ensures consistency and co-ordination in both making policies and decisions concerning the use of Council resources. It is a reference document for monitoring and measuring performance for the community as well as the Council itself.
<b>Asset</b>	A physical component of a facility that has value, enables services to be provided and has an economic life of greater than 12 months.
<b>Asset Management (AM)</b>	The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.
<b>Asset Management System (AMS)</b>	A system (usually computerised) for collecting analysing and reporting data on the utilisation, performance, lifecycle management and funding of existing assets.
<b>Asset Management Plan</b>	A plan developed for the management of one or more infrastructure assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset in the most cost effective manner to provide a specified level of service. A significant component of the plan is a long term cashflow projection for the activities.
<b>Asset Management Strategy</b>	A strategy for asset management covering, the development and implementation of plans and programmes for asset creation, operation, maintenance, renewal, disposal and performance monitoring to ensure that the desired levels of service and other operational objectives are achieved at optimum cost.
<b>Asset Register</b>	A record of asset information considered worthy of separate identification including inventory, historical, financial, condition, construction, technical and financial information about each.
<b>Basic Asset Management</b>	Asset management which relies primarily on the use of an asset register, maintenance management systems, job/resource management, inventory control, condition assessment and defined levels of service, in order to establish alternative treatment options and long term cashflow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than risk

	analysis and optimised renewal decision making).
<b>Benefit Cost Ratio (B/C)</b>	The sum of the present values of all benefits (including residual value, if any) over a specified period, or the life cycle of the asset or facility, divided by the sum of the present value of all costs.
<b>Business Plan</b>	A plan produced by an organisation (or business units within it) which translate the objectives contained in an Annual Plan into detailed work plans for a particular, or range of, business activities. Activities may include marketing, development, operations, management, personnel, technology and financial planning
<b>Capital Expenditure (CAPEX)</b>	Expenditure used to create new assets or to increase the capacity of existing assets beyond their original design capacity or service potential. CAPEX increases the value of an asset.
<b>Condition Monitoring</b>	Continuous or periodic inspection, assessment, measurement and interpretation of resulting data, to indicate the condition of a specific component so as to determine the need for some preventive or remedial action
<b>Critical Assets</b>	Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than non-critical assets.
<b>Current Replacement Cost</b>	The cost of replacing the service potential of an existing asset, by reference to some measure of capacity, with an appropriate modern equivalent asset.
<b>Deferred Maintenance</b>	The shortfall in rehabilitation work required to maintain the service potential of an asset.
<b>Demand Management</b>	The active intervention in the market to influence demand for services and assets with forecast consequences, usually to avoid or defer CAPEX expenditure. Demand management is based on the notion that as needs are satisfied expectations rise automatically and almost every action taken to satisfy demand will stimulate further demand.
<b>Depreciated Replacement Cost (DRC)</b>	The replacement cost of an existing asset after deducting an allowance for wear or consumption to reflect the remaining economic life of the existing asset.
<b>Depreciation</b>	The wearing out, consumption or other loss of value of an asset whether arising from use, passing of time or obsolescence through technological and market changes. It is accounted for by the allocation of the historical cost (or revalued amount) of the asset less its residual value over its useful life.
<b>Disposal</b>	Activities necessary to dispose of decommissioned assets.
<b>Economic life</b>	The period from the acquisition of the asset to the time when the asset, while physically able to provide a service, ceases to be the lowest cost alternative to satisfy a particular level of service. The economic life is at the maximum when equal to the physical life however obsolescence will often ensure that the economic life is less than the physical life.
<b>Facility</b>	A complex comprising many assets (eg a hospital, water

	treatment plant, recreation complex, etc.) which represents a single management unit for financial, operational, maintenance or other purposes.
<b>Geographic Information System (GIS)</b>	Software that provides a means of spatially viewing, searching, manipulating, and analysing an electronic database.
<b>Infrastructure Assets</b>	Stationary systems forming a network and serving whole communities, where the system as a whole is intended to be maintained indefinitely at a particular level of service potential by the continuing replacement and refurbishment of its components. The network may include normally recognised 'ordinary' assets as components.
<b>Life</b>	A measure of the anticipated life of an asset or component; such as time, number of cycles, distance intervals etc.
<b>Level of service</b>	The defined service quality for a particular activity (i.e. stormwater) or service area (i.e. stormwater disposal) against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.
<b>Life Cycle</b>	Life cycle has two meanings: (a) The cycle of activities that an asset (or facility) goes through while it retains an identity as a particular asset i.e. from planning and designs to decommissioning or disposal. (b) The period of time between a selected date and the last year over which the criteria (e.g. costs) relating to a decision or alternative under study will be assessed.
<b>Life Cycle Cost</b>	The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
<b>Maintenance</b>	All actions necessary for retaining an asset as near as practicable to its original condition, but excluding rehabilitation or renewal.
<b>Maintenance Plan</b>	Collated information, policies and procedures for the optimum maintenance of an asset, or group of assets.
<b>Maintenance Standards</b>	The standards set for the maintenance service, usually contained in preventive maintenance schedules, operation and maintenance manuals, codes of practice, estimating criteria, statutory regulations and mandatory requirements, in accordance with maintenance quality objectives.
<b>Objective</b>	An objective is a general statement of intention relating to a specific output or activity. They are generally longer term aims and are not necessarily outcomes that managers can control.
<b>Operation</b>	The active process of utilising an asset that will consume resources such as manpower, energy, chemicals and materials. Operation costs are part of the life cycle costs of an asset.
<b>Optimised Renewal</b>	An optimisation process for considering and prioritising all options to rectify performance failures of assets. The process encompasses

<b>Decision Making (ORDM)</b>	NPV analysis and risk assessment.
<b>Performance Measure</b>	A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.
<b>Performance Monitoring</b>	Continuous or periodic quantitative and qualitative assessments of the actual performance compared with specific objectives, targets or standards.
<b>Pipeline Asset Management System (PAMS)</b>	The computerised utilities asset management software system (Hansen IMS) supplied by MITS-Hansen under a bulk supply agreement with ALGENZ for use by New Zealand local authority asset managers.
<b>Planned Maintenance</b>	<p>Planned maintenance activities fall into three categories:</p> <p>(a) Periodic - necessary to ensure the reliability or sustain the design life of an asset.</p> <p>(b) Predictive - condition monitoring activities used to predict failure.</p> <p>Preventive - maintenance that can be initiated without routine or continuous checking (e.g. using information contained in maintenance manuals or manufacturers' recommendations) and is not condition-based.</p>
<b>Rehabilitation</b>	Works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification. Generally involves repairing the asset using available techniques and standards to deliver its original level of service (i.e. heavy patching of roads, slip-lining of stormwater mains, etc.) without resorting to significant upgrading or replacement.
<b>Renewal</b>	Works to upgrade, refurbish, rehabilitate or replace existing facilities with facilities of equivalent capacity or performance capability.
<b>Renewal Accounting</b>	A method of infrastructure asset accounting which recognises that infrastructure assets are maintained at an agreed service level through regular planned maintenance, rehabilitation and renewal programmes contained in an asset management plan. The system as a whole is maintained in perpetuity and therefore does not need to be depreciated. The relevant rehabilitation and renewal costs are treated as operational rather than capital expenditure and any loss in service potential is recognised as deferred maintenance.
<b>Repair</b>	Action to restore an item to its previous condition after failure or damage.
<b>Replacement</b>	The complete replacement of an asset that has reached the end of its life, so as to provide a similar or agreed alternative, level of service.
<b>Resilience</b>	The ability of the organisation to service a crisis, and thrive in a world of uncertainty.

<b>Risk Management</b>	The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.
<b>Routine Maintenance</b>	Day to day operational activities to keep the asset operating (replacement of light bulbs, cleaning of drains, repairing leaks, etc) and which form part of the annual operating budget, including preventative maintenance.
<b>Service Potential</b>	The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset.
<b>Sustainability</b>	The ability of the activity to continue to function at the desired Levels of Service.
<b>Strategic Plan</b>	Strategic planning involves making decisions about the long term goals and strategies of an organisation. Strategic plans have a strong external focus, cover major portions of the organisation and identify major targets, actions and resource allocations relating to the long term survival, value and growth of the organisation.
<b>Unplanned Maintenance</b>	Corrective work required in the short term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.
<b>Upgrading</b>	The replacement of an asset or addition/ replacement of an asset component that materially improves the original service potential of the asset.
<b>Valuation</b>	Estimated asset value which may depend on the purpose for which the valuation is required, i.e. replacement value for determining maintenance levels or market value for life cycle costing.

## 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
1.06	Corporate	2013 Service Level Survey: Stormwater and Sewerage 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
16.01	Stormwater	Stormwater Drainage Design Standards
16.02	Stormwater	Stormwater System Maps
16.03	Stormwater	Stormwater Pipe Schedule
16.04	Stormwater	Stormwater Pumping Station – Replacement and Maintenance Schedule
16.05	Stormwater	Management Strategies
16.06	Stormwater	Schedule of Stormwater Consents



# Southland Regional Public Transport Plan 2018 – 2021

12 October 2017

DRAFT



## Regional Public Transport Plan

Activity			
	Name	Signature	Date
<b>Prepared By</b>	Rachel Pinn - Russell Pearson		
<b>Asset Manager</b>	Russell Pearson		
<b>Director Review</b>			
<b>Peer Review</b>	Russell Hawkes - ES		
<b>Council Adoption</b>			

<b>Changes to be Incorporated in Next Review</b>		
<b>Number</b>	<b>Date of Change</b>	<b>Reason for Change</b>

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## Executive Summary

Regional Public Transport Plan (RPTP) for Southland is managed by the Invercargill City Council under delegation from Environment Southland. This delegation is considered appropriate for management of public transport services in the region, as the only publicly funded services are run within the Invercargill City Council area and predominately serve the ratepayers of the city.

In 2012 Invercargill's public transport system (including routes and fares) was substantially changed, but after a short period of limited growth the patronage has been steadily declining. In 2017, 198,826 passenger trips were undertaken which is a 24% reduction from 262,000 in 2012.

While patronage has declined in other New Zealand centres over this time, Invercargill's patronage decline has been greater than the national trend. No specific explainable reason for the decline has been identified. This suggests the current network could be improved with a goal to increase patronage.

Invercargill's current network is reasonably complex for a small network, with a series of one-way loops and a peak and off-peak fare structure. The Community and Council remain supportive of the public transport service but recognise the need to make improvements to turn the service around.

This RPTP considers three route options for consideration and proposes that a revised network layout, each having three connecting routes with increased timetabling (for morning and evening commuters) be considered. This would remove the current one-way loops and would provide a suitable outcome aligned with the customer feedback received. A change to a simplified fare structure is also suggested to make travel more easily understood, as cost effective as possible and encourage more travel to occur.

Council will also increase investment in bus shelters (including the Hub at Reading Cinemas) to improve comfort for passengers while they wait for their service to arrive, which again is what the customers have requested.

The RPTP also covers Council's Total Mobility services and whilst this continues to deliver quality services to the community, this plan is looking to move from the historical voucher system and deploy the RideWise card into Southland.

The Passenger Transport service will have the new integrated ticketing system in place by May 2018 and this will provide a wide range of benefits including being able to use the replaced Bus Smart card in eight other districts throughout New Zealand. Our Contractor GoBus will have replaced the current urban fleet with newer buses which will bring a fresh look and improved ride for our customers.

The proposed changes to the routes, timetables and fares all have tried to operate within the current budget scope. However, a small allowance has been made to anticipate additional costs which are incurred when changes are made.

During the next three years, the current passenger transport contract continues with GoBus which provides cost reliability with the most variable budget element being the revenue obtained from the farebox. This is one of the measures the New Zealand Transport Agency (NZTA) who co-invest look to closely monitor to ensure that a cost effective service is delivered.

Feedback during consultation is important to confirm that the direction this plan proposes is what its customers commonly desire.

# 1. Introduction

## 1.1 ABOUT THIS PLAN

The purpose of this plan is to outline and to summarise in one place, the Council's strategic approach for the delivery of the Public Transport activity. Public transport is one of many activities addressed in the Invercargill City Council's Long Term Plan (LTP).

Invercargill City Council (Council) under delegation from Environment Southland (the Southland Regional Council) is required by the Land Transport Management Act 2003 (LTMA) to prepare a RPTP (i.e. the Plan). The LTMA sets out the requirements regarding the Plan's content and the consultation process required in preparing the Plan.

The LTMA states that the purpose of a Plan is to provide:

- A means of encouraging Council and public transport operators to work together in developing public transport services and infrastructure; and
- An instrument in engaging with the public in the district on the design and operation of the public transport network; and
- A statement of:
  - The public transport services that are integral to the public transport network; and
  - The policies and procedures that apply to those services; and
  - The information and infrastructure that supports those services.

This Plan sets out Council's intentions and policies regarding public transport in Southland in the next three years. The Plan takes into account all relevant national and local policies, and the public transport funding from NZTA likely to be available to Council.

## 1.2 ACTIVITY OVERVIEW

The "public transport" referred to in this Plan is the subsidised bus service within Invercargill and any other council subsidised public transport service in the Southland region, and passenger service providers that relate to the Total Mobility scheme.

It does not include long-distance bus services; Ministry of Education funded bus services, privately funded bus services or train services.

### ***Southland Region***

At this stage no subsidised services (other than some Total Mobility services) operate in Southland other than in Invercargill. Council has no plans to introduce any new services, but will consider any requests from the wider Southland community for such services (subject to the policies set out below). The costs for such services will need to be borne by the local authority in whose territory the service operates and NZTA.

### ***Invercargill Public Transport Service***

In 2017, 198,826 passenger trips were undertaken on the four one-way loop services which is a 24% reduction from 262,000 in 2012. Prior to 2012 there were 10 bus routes. Some of the services were free for users and patronage is

estimated at approximately 400,000 as Council was reliant on returns from the contractor.

Council intends to continue to provide a bus service in the city.

In 2012 the city bus routes and timetables were substantially revised and a new contract introducing the revised bus service commenced on 3 December 2012. The existing contract provides services over four routes in Invercargill, running on weekdays between 6.45 am and 6.40 pm, with services on Saturdays between 10.30 am and 3.40 pm. There are also 11 school routes catering specifically for school students going to and from school plus a service (four routes) catering for Southland Enterprises.

Monitoring and analysis of the service demonstrates that these significant network changes have contributed to a decline in patronage. This RPTP proposes a revised network aimed at reversing the decline.

### ***Total Mobility Scheme***

Invercargill City Council provides administration support for the Total Mobility scheme with each council funding travel for registered users from their district. This scheme provides transport assistance to people with disabilities through the provision of half-priced taxi fares (up to a maximum subsidy of \$25 per one-way trip). Total Mobility operates in Invercargill, Gore, and Southland District areas.

Approximately 54,500 trips are made annually in Southland on the Total Mobility scheme. 50,000 of these are made by scheme members who reside in Invercargill, 4,500 by residents of Gore and 158 by residents of Southland District (when they visit Invercargill). Currently passenger service providers are only available in Invercargill and Gore.

The annual subsidy cost of this service (excluding GST) is approximately \$312,000 in Invercargill, \$21,000 in Gore, and \$1,100 in Southland District. These costs, as with the bus costs, are met by local ratepayers and NZTA. The average subsidy per trip is just above \$6.00 (i.e. \$6.12).

Currently about 1,460 people in Invercargill, 230 in Gore and 13 in the Southland District are registered for the Total Mobility scheme.

The scheme also subsidises vans capable of carrying people in wheelchairs, and provides for an extra \$10.00 (excluding GST) subsidy per trip for the use of these vans in recognition of the costs and time involved in carrying passengers using a wheelchair. Council provides assistance with the costs of installing the necessary equipment into the vans to enable them to carry wheelchairs and mobility scooters. The maximum subsidy available for these van conversions has been \$22,000 per van.

Council administers the scheme, including the distribution of vouchers for use on the taxis, and payments to the taxi companies. A Total Mobility Committee (which comprises representatives of the local authorities in whose areas the scheme operates, the taxi companies and disability organisations) has been established to manage the scheme.

## 2. Strategic Case

The Otago Southland Regional Land Transport Plan 2018/21 (RLTP 2018/21) includes a policy related to providing subsidised Public Transport Services, one of which is in Invercargill. Should services be proposed in Southland but outside the Invercargill City Council area then a strategic business case will need to be developed and incorporated into a future RPTP.

### 2.1 ALIGNMENT WITH COUNCIL STRATEGIC GOALS

#### 2.1.1 Community Outcomes

Council has developed its own Council-focused 'Community Outcomes' for the LTP that will fulfil the requirements of 'Community Outcomes' under the Local Government Act.

The new 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, 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.

Table 1 below sets out Council's current community outcomes and how these have been translated into levels of service for public transport which have been used since 2015.

Table 1 - Current Community Outcomes and Levels of Service

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
<b>Enhance our City:</b> <u>Invercargill's economy continues to grow and diversify. A diverse and growing economy.</u>	Ensuring that the building blocks for sustainable business are in place, including energy, water, communications and workforce.	Passenger Transport ensures that a quality public transport service is available, accessible and affordable for people to travel to work and education centres.	Bus routes are convenient.	Homes in the Invercargill urban area are within 400m of a serviced bus route.
<b>Enhance our City:</b> <u>Healthy and active residents utilise space, including green space, throughout the City</u> <u>Healthy lifestyle in a healthy environment.</u>	Provide or promote the provision of a diverse range of excellent quality and safe, indoor and outdoor recreational facilities, both natural and man-made.	Passenger Transport ensures that a quality public transport service is available, accessible and affordable for people to travel to recreational facilities.	The bus service is well utilised.	Farebox recovery and patronage.
<b>Enhance our City:</b> <u>Invercargill's business areas are bustling with people, activities and culture. A city that is a great place to live and visit.</u>	Ensure that all projects / services consider how best they can cater for people with disabilities, the elderly, youth and families.	Passenger Transport provides the Total Mobility service that is subsidised transport for people who are unable to use the bus service due to physical or mental impairment or condition.	Passenger Transport services are provided for all members of the Community.	All members of the community have the opportunity to use public transport.

Table 2 below sets out the current performance measures under the LTP. The LTP is updated annually through the Annual Plan process and a report is released annually on the targets and performance of Council against these.

*Table 2 - Current Community Outcomes*

Community Outcome	Activity and Performance Measure	2015/16 Target	2016/17 Actual
Healthy lifestyle in a healthy environment.	Passenger transport - homes in the Invercargill urban area are within 400m of a serviced bus route.	90%	Achieved 90%.  2014/15: Achieved 90%
A city that is a great place to live and visit.	Passenger transport - all members of the community have the opportunity to use public transport.	Total Mobility scheme is administered.	Achieved.  2014/15: Achieved – total mobility is administered and delivered to the community.

### 2.1.2 Rationale for the Activity

The basic objective of the Council-provided public transport network is to provide services which meet the basic needs of the community, particularly those without access to private transport.

### 2.1.3 Activity Objectives

#### **Strategic Fit**

The provision of public transport services is strongly aligned with the following outcomes:

- A diverse and growing economy
- Healthy lifestyle in a healthy environment
- A city that is a great place to live and visit

Car transport is the dominant mode of travel in Invercargill as 15 percent of households have three or more motor cars and nearly 90 percent of commuters drove to work, according to the 2013 Census. While it is challenging for public transport to compete in this environment, in terms of minimising transport energy use and greenhouse gas emissions to provide for a healthy environment, Invercargill needs to continue to support the provision of public transport.

Public transport provides choice for people to access work, education, social and health facilities. These factors demonstrate a strong strategic fit with the LTP community outcomes.

The Otago-Southland Regional Land Transport Plans (RLTP) is a document that the RPTP must also demonstrate a strategic fit with. The RLTP includes the following goals - *“the transport system in Otago and Southland provides adequately for mobility, economic activity and productivity while minimising road trauma.”*

These goals are underpinned by three aims or critical success factors:

- Transport enables and supports economic activity and growth.
- Transport system meets social needs adequately.
- Transport helps shape the future of Otago and Southland positively.

Public transport in Invercargill supports these aims by providing a transport option for accessing employment and commercial activity. Public transport and Total Mobility both fulfil important linkages to social and community facilities, enabling the community to meet its social needs and shaping a positive future.

Effectiveness for Invercargill's public transport services are currently measured by the proximity to public transport services, patronage and farebox recovery. Patronage is a key measure of the performance of the service and this is currently declining, which also impacts on farebox recovery. To be effective, patronage needs to become stable or preferably increase.

## **2.2 BUSINESS DRIVERS**

### **2.2.1 Regulatory Framework**

The Local Government Act (LGA) states the purpose of local government. In performing its role local government must have particular regard to the contribution to core services (including public transport services) that they make to their communities. The sustainable development role of local authorities should take into account the social, economic, and cultural interests of people and communities. There is a need to maintain and enhance the quality of the environment and the reasonably foreseeable needs of future generations (from Section 14(h) of LGA). The LGA also provides the framework for the LTP which local authorities use to decide what activities they will undertake and the manner in which they will undertake these. The Act promotes accountability of local authorities to their communities.

The LTMA provides the legal framework for managing and funding land transport activities. The purpose of the LTMA (Section 3) is *"to contribute to an effective, efficient and safe land transport system in the public interest."*

The Act:

- Provides an integrated approach to land transport funding and management that takes into account the views of affected communities.
- Improves social and environmental responsibility in land transport funding, planning and management.
- Provides the NZTA with a broad land transport focus.
- Ensures options and alternatives are given full consideration at an early stage in the development of programmes.
- Ensures that land transport funding is allocated in an efficient and effective manner.
- Improves the flexibility of land transport funding by providing for alternative funding mechanisms.

The LTMA also defines the function and the roles of:

- The NZTA.
- Regional councils for land transport planning, programming and funding.
- Auckland transport for land transport planning, programming and funding.
- Regional transport committees.

It also provides for:

- Regional land transport strategies.
- A Government Policy Statement on Land Transport.

## 2.2.2 District Plan and Council Policies

Invercargill City District Plan (section 2.17.1) identifies the following significant resource management issues for transport as:

1. Ineffective integration of land use and transport can have adverse effects on the safety, efficiency, effectiveness and accessibility of Invercargill's transport infrastructure.
2. Transport corridors and related transport movements can give rise to adverse public health and environmental effects.
3. There are pressures on Invercargill's transport infrastructure as a result of demographic changes, projections of increased freight and land use change, and there are limited transport options available to address these pressures.
4. The efficiency and convenience offered by the City's grid street pattern can be compromised by poor urban design.
5. Incompatible urban and rural development can adversely affect the transport network.

The transportation objective for the plan is to provide for the development and sustainable management of transportation networks. Methods for achieving this include information provision and advocacy alongside rules including parking rules.

Invercargill City Council Bylaw 2015/2 - Parking Control (incorporating amendments on 15 May 2017) sets the controls for parking within the city and shows the locations of bus stops. These Bylaws are available on Council's website.

## 2.2.3 Long Term Plan

This RPTP forms the activity management plan for Council's public transport services. The RPTP aligns Council's community outcomes, activity performance measures and targets.

## 2.2.4 Regional Land Transport Plan

The provision of public transport in Invercargill is guided by a number of policy documents including the Government Policy Statement on Land Transport (GPS), the Otago Southland Regional Land Transport Plan (RLTP), Invercargill City Council's Long Term and Annual Plan (LTP) and various guidelines issued by the NZTA.

The latest GPS outlines the Government's strategy to guide land transport investment over the next 10 years. It also provides guidance to decision-makers about where the Government will focus resources. The Land Transport Management Act 2003 sets out the scope and the requirements for the GPS.

The overall goals of the GPS remain unchanged and are:

- Road safety
- Economic growth and productivity
- Value for money

The latest draft GPS 2018 recognises public transport as necessary to enable more New Zealanders to participate in society. Public transport in urban areas provides transport choice to get to important destinations like work and education. Further transport choice is provided with off-peak public transport services and increasing the accessibility of services for disabled people.

GPS 2018 support increases in public transport capacity and economic growth which will also provide some transport choice. It includes the following objective and result areas that are particularly relevant for Southland as follows:

Objective: A land transport system that provides appropriate transport choices.

Result: Provide appropriate and accessible travel choices, particularly for people with limited access to a private vehicle.

The Otago Southland Regional Land Transport Plans 2015-2021 is a joint plan combining both strategic and project components. The long term goal set for land transport in Otago and Southland is:

To provide accessible transport connections, giving users an appropriate choice of modes and to gain improved performance from the land transport system, by focusing on:

- Road safety
- Economic growth and productivity
- Value for money

According to the RLTP public transport delivers on the following priorities:

- Users are able to access the network in a manner that is convenient and affordable to users and funders
- The network is reliable and resilient, helping community resilience
- Value for money

The RLTP envisage public passenger transport continuing to play a vital role in supporting community well-being by providing a means for those without cars, and those who choose not to travel by car, to travel longer distances. Public passenger transport will also remain important for those for whom active transport poses a physical challenge. As the regions' population ages, with younger generations being less reliant on the private motor vehicle, and as changes in the price and supply of petroleum oil fuel affect people's ability to travel by private vehicle, the role of public passenger transport (and shared transport) will grow.

## **2.2.5 NZTA Business Case Approach / Better Business Case**

In February 2017 an Investment Logic Mapping stakeholder workshop was held to focus on future investment. It was titled Adapting Invercargill Passenger Transport Services - 2018 to 2021 and beyond. The scope of the exercise focused on Invercargill's urban area, not including Bluff and Otatara. Predominantly it focused on buses, and looked at the next five years and then beyond.

**Two key themes were identified around customer information and route design.**

The following problem statements were developed:

1. Historical decisions based on funder and service constraints results in less convenient routes, timetables and reduced patronage (40 percent).
2. Lack of information on the needs of our existing and potential customers results in a risk of poor investment decisions and missed opportunities (60 percent).

The Problem Statements from the Investment Logic Mapping (ILM):

**1. Historical decisions based on funder and service constraints results in less convenient routes, timetables and reduced patronage (40 percent).**

Council undertook a major review of the city bus service in 2012 and as a result of that review made substantial changes to routes, timetables and fares. The new service was tendered in 2012 and the contracted service began in December 2012. The contract runs until 29 June 2022 with a mid-point review based on key performance indicators.

The current city service operates on four city routes which provide coverage of the entire city. The service starts each weekday at 6.45 am, with the last service leaving the central city at 6.00 pm. Services run every 45 minutes on each route. On Saturdays, six services operate every 45 minutes between the hours of 10.30 am and 3.40 pm. There is no Sunday or public holiday service. An additional service (on two separate routes) is provided on weekdays to and from Southland Disability Enterprises, morning and evenings only.

In addition, 11 school routes operate (five in the morning and six in the afternoon) within the city on school days.

The buses cover over 306,000 kilometres annually on these routes.

At the time Council thought that these current routes, timetables and fare structure would be suitable for Invercargill based on demand levels and the costs of providing the service.

The consequence of introducing these service changes has been less convenient routes and timetables, and declining patronage.

On 9 February 2017 Blind Citizens NZ Southland Branch tabled a bus route proposal to the Community Services Committee. This proposal used input from members to suggest route changes which have been considered through the network review. Their concerns include travel times, improving access to some key destination and simpler timetables.

**2. Lack of information on the needs of our existing and potential customers results in risk of poor investment decisions and missed opportunities (60 percent).**

Council has a number of mechanisms for seeking feedback from its community on the bus services including bus user surveys, Annual Plan and LTP submissions and complaints by contacting elected officials or staff directly. There are no customer satisfaction metrics in the RPTP. The customer level of service on 'bus routes are convenient' is measured using a 400m distance between homes and bus routes. Usually set (nationally) at 500m, this measure is typically used to measure accessibility rather than convenience.

The most recent user survey from December 2016 indicates a need for improved bus shelters, improvements to BusSmart Central and buses going both ways (i.e. removing the one way loops or reverting to the old routes). Services more suitable for commuting and Sunday services are also suggested through the survey feedback.

A component of the network review was to undertake a survey to better understand the outcomes of both existing and potential customers.

The Investment Benefits from the ILM:

1. Improved network performance and capability (55 percent)
2. Improved community access, connectivity and wellbeing (30 percent)
3. Better value for funders (15 percent)

These are further explained below:

1. **Improved network performance and capability (55 percent)**

The current operating network is designed as a series of one way loops and this significantly increases the travel time as passengers must travel indirect routes to access destinations. A more straightforward network would be an improvement to the network performance.

Council invests around \$465,000 (in 2017/18) per annum on Invercargill's public transport services. Success is currently measured in terms of outputs (patronage), coverage (distance a customer has to walk to a service) and the cost ratio recovered from passengers (as a ratio of fare revenue and operating cost).

To understand improved network performance and capability, measures should be translated into outcomes aligned with the LTP customer level of service – bus routes are convenient and the bus service is well utilised.

Measures could be focused on transport disadvantaged use – for example, percentage of transport disadvantaged who regularly use public transport.

Capacity is often discussed in terms of public transport – the ability to carry more passengers. Here in Invercargill the problem is framed as capability. Capability in this context can be interpreted as processes to increase the quality of outcomes and satisfaction of customers.

Revision of the network should identify key destinations, and improve network performance and customer satisfaction.

2. **Improved community access, connectivity and wellbeing (30 percent)**

The investment benefits for Invercargill's services are largely social – the buses enable those without other forms of transport to get where they need to go, in particular to places of work, education, healthcare, welfare and food shopping.

Improved community access, connectivity and wellbeing should be targeted in the parts of the community when transport disadvantage is highest. One indication of potential focus areas could be areas of social deprivation as shown in Figure 1 Social Deprivation Index and Scale, along with key destinations including Southland Hospital.

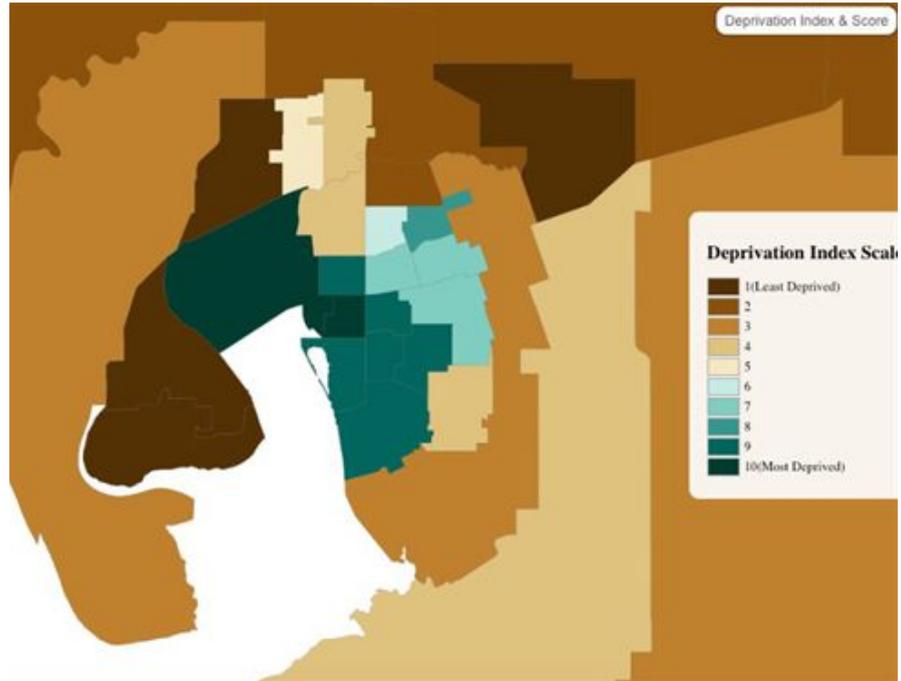


Figure 1 Social Deprivation Index and Scale

The recent submission to Council regarding rerouting services suggests that, even with the current coverage measure of 400m maximum walk from a stop which is a higher coverage than that nationally used at 500m travel, there are still some improvements to community access, connectivity and ultimately wellbeing that can be made.

Examples of how public transport can contribute to wellbeing include fostering childrens' independence and mobility, and concessionary bus travel for older people, both of which have associated increases in walking and benefits to public health.

International research suggests that using public transport, walking or cycling to work was associated with a 20 percent lower likelihood of being overweight<sup>1</sup>. Those who used public transport had about 25 percent reduced chance of being obese compared to those who did not.

3. **Better value for funders (15 percent)**

Value for money should not solely be focused on the subsidy provided per passenger. Value for money can be defined as *“the best outcome for the money spent”* or the *“optimum combination of whole of life costs combined with quality”*.

Cost alone is not a reliable indicator of value for money. The LTP uses – *“Passenger Transport ensures that a quality public transport service is available, accessible and affordable for people to travel to work and education centres”* as a performance measure. This performance measure can be translated into a value for money key performance indicator for this plan.

<sup>1</sup> “Active travel and bus passes: the impact on public health” Dr Elizabeth Webb, Epidemiology and Public Health, UCL.

The next section of the Plan sets out a series of policies and objectives which aim to address the problems, issues, constraints and benefits identified above.

### 2.3 STRATEGIC ISSUES AND CHALLENGES

In 2012 the Invercargill network was redesigned to cost substantially less than the previous service with a goal of passengers contributing substantially more to the cost of operating the service. The service also focused on providing transport choice for transport disadvantaged and has an unusually high coverage metric (400m to a serviced bus route) compared to the more common 500m measure.

Patronage has declined by nearly 25% since the 2012 service changes. This issue is not unique to Invercargill. Excluding Auckland, Wellington and Christchurch patronage nationally declined by 2 percent between 2014 and 2015, only to recover by 2 percent in 2016.

A high cost recovery service would typically focus on commuter trips and this is reflected in the fares differential for peak services. Focusing on the transport disadvantaged is consistent with reduced fares for off-peak and 400m routes metric, which also constrains the ability to make route changes without generating additional costs. The plan has conflicting priorities, and the outcome measures (particularly patronage and farebox) suggest this approach has been unsuccessful. The complexity of outputs measured and the lack of focus on the customer is constraining the success of the service.

The advent of driver-less cars and the expansion of the “service model” into transport will change the role of public transport in the future. There is much discussion around “mobility as a service” and the potential for much lower car ownership in the future. Cars are expensive assets and not used approximately 95 percent of the time. It is unlikely individual car ownership will completely disappear but the role of public transport could well change. The network needs to be flexible to adjust to these changes in technology and this could well be a key consideration for the next tender round.

The key Corporate Strategic Issues and Challenges (relating to Passenger Transport) 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 within its built environment.

Plus

- Developing new routes and timetables which meet customer expectations.
- Developing new fare structures which are easy to use and fair.

### 2.4 ASSUMPTIONS

Council has developed assumption corporately for developing activity plans. In Appendix 1.01 is a summary of these and a full outline is available on Council’s website.

The corporate assumptions which are seen to impact on this plan are:

**2.4.1 Internal Factors**

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and potential Financial Impact</b>
<p><b>Population</b></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><b>Household Growth</b></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><b>Ageing Population</b></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><b>NZTA</b></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>

**2.4.2 Financial Factors**

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and potential Financial Impact</b>
<p><b>Local Economy</b></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 LTP developed if the costs are significant.</p>

**2.4.3 External Factors**

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and potential Financial Impact</b>
<p><b>Local Governance</b></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 LTP with its associated community consultation.</p>
<p><b>Technology</b></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><b>Legislation</b></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>

Other activity assumptions are:

<b>Assumption Area</b>	<b>Level of Uncertainty</b>	<b>LTP Assumption</b>
Technology – Changes to how services are delivered through customer interactions such as Uber for Passenger Transport.	<b>High</b>	Technology change will enhance the use of the service and patronage will benefit from the change.
Bus Shelters – Obtaining approvals to locations which are convenient.	<b>Low</b>	Suitable locations are able to be found with reasonable installation costs.
Fare Changes – Adopting a fare structure which is easy to use and fair.	<b>Moderate</b>	Flat fare structures proposed will provide at worst a cost neutral situation.  Patronage will respond to a fare change positively.
Route Changes – Adopting new routes which customers accept.	<b>Moderate</b>	Patronage will respond positively to changes and a net increase in usage will result, stabilising the total usage numbers.
RideWise cards.	<b>Low</b>	Customers will positively adopt the card usage but total number of trips will not significantly rise.  Cost of Total Mobility remains consistent.  Improved travel control results from use of cards.  Process and overall cost of service administration decreases.
Operator Costs – Contractual agreements are similar to current costs.	<b>Moderate</b>	Operator costs due to any route change are close to cost neutral.
Local Governance – Both ICC and ES agree current delegation is acceptable.	<b>Low</b>	ICC continues to deliver the Passenger Transport services for Southland.

## 3. The Service We Provide

### 3.1 CUSTOMER PROFILE

#### 3.1.1 Our Stakeholders and Community

Invercargill's public transport service is open to the public, subject to users paying the required fare. The Total Mobility scheme is designed for people with mobility impairments that prevent them from using public transport. Total Mobility users are assessed for eligibility.

#### 3.1.2 How We Engage our Communities

Council engages with the community on a regular basis with public transport passengers. Passengers and Total Mobility users regularly provide compliments and complaints on the services that operate. This information forms part of the service reviews and discussions with operators regarding the performance of drivers and services.

Council also conducts an annual user survey, where passengers are asked questions regarding the service. Feedback on services is also obtained through community engagement processes including the development of the LTP.

#### 3.1.3 Community Research

A community survey was completed in 2017 with 95 responses and a good geographic spread.

This research identified the following positives:

- Friendliness of drivers
- Free wi-fi
- Smartcard system
- Track-a-bus
- Flexibility of the pick-up and drop-off
- Frequency
- Fare levels

The negative issues identified were:

- Travel times
- Links to key desintations, e.g. Smiths City, Farmers, Bond Street
- Timing of services and service span
- Frequency, especially on Saturdays
- Shelter provision at stops, particularly the central hub
- Peak fare differential
- Confusing timetables
- Driver attitudes and the condition of some vehicles

The previous resident's phone survey in 2014 found only 9 percent of respondents had used the bus in the last month. The key reasons given for not using public transport were inconvenient bus routes (21%) and inconvenient timetables (11%). The 2016 Bus Smart survey key requests were for more bus shelters (33%); Sunday bus service (26%); two way routes (25%); weather proof bus hub (18%) and more convenient times for workers (10%).

The key takeouts are there are some positives including driver friendliness; the application of technology; and the perception of value for money. But there is general dissatisfaction, particularly with the routes, running times, times of buses, and frequency of services and shelters.

### 3.1.4 Key Service Attributes Valued by Customers

Typically there are a number of desirable service attributes valued by public transport customers. These include:

- Reliability
- Frequency
- Legibility
- Safety and security

### 3.2 OBJECTIVES AND POLICIES

The following table sets out the service objectives, policies and measures:

Objective	Policy	By 2021
A fare system that attracts and retains customers.	Structure the fares and ticketing system in a way that: <ul style="list-style-type: none"> <li>a) is simple to understand, collect and administer</li> <li>b) is consistent across all users</li> <li>c) enables transfers within a reasonable timeframe</li> <li>d) is easy to access for all users</li> </ul>	85 percent of passengers are satisfied with the level of fares.  85 percent of passengers are satisfied that the fare system is easy to understand.
	Set fares at a level that is competitive with the costs of parking and private vehicle use. Report on the comparison costs between car parking, vehicle ownership and bus fares in Invercargill.	85 percent of passengers are satisfied with the level of fares.
	Fares are charged through the Regional Integrated Ticketing System.	85 percent of passengers are satisfied with the level of fares.
	Review fares annually with a preference for smaller regular adjustments rather than large infrequent changes.	85 percent of passengers are satisfied with the level of fares.
	Ensure all users pay the correct fares.	85 percent of passengers are satisfied that the fare system is easy to understand.
	Support the SuperGold card scheme during off peak times in accordance with NZTA guidelines and Government's provision policy <sup>2</sup> .	85 percent of passengers are satisfied with the level of fares.
Provide for the transport disadvantaged information, safe facilities,	Target service provision to areas with higher levels of social deprivation, lower car ownership rates and other indicators of transport	Network design principles focused on transport disadvantaged service provision are implemented and monitored.

<sup>2</sup> As the Government has limited the funds available for providing this scheme Council will review its involvement in the scheme in 2019.

Objective	Policy	By 2021
and services that are increasingly available to all members of the public.	disadvantage.	
All members of the community have the opportunity to use public transport.	Provide for trial services to test demand for new service proposals.	Local authority has ownership of progressing any proposal through to implementation.
	Continue to administer and support the Total Mobility scheme.	Council administers and supports the Total Mobility scheme.
	Manage the day-to-day operation of the Total Mobility Scheme through the Total Mobility Committee which is comprised of councils, service providers and disability organisations. The Committee will be responsible for setting local rules within the guidelines set by NZTA.	The Total Mobility Committee meets three times per year.
	All Total Mobility service providers are required to have contracts with Council which are based on the NZTA model contract, and set out service standards and conditions.	All Total Mobility contracts are reviewed and updated.
Total Mobility is well managed.	New services and existing services will provide consistent and clear management and payment mechanism for the Total Mobility service.	The RideWise system will be introduced to manage Total Mobility trips.
	Council will monitor and report on the availability of wheelchair hoists for Total Mobility Scheme users.	Council will identify and implement a suitable ration of wheelchair hoists compared to users.
An effective and efficient procurement approach that is fit for the scale of Southland's network.	Transition to the Public Transport Operating Model.	Public Transport Operating Model (PTOM) requirements continue to be implemented and are fully implemented by July 2022 (new contract commences).
	Maintain competition - units are competitively tendered when renewed.	The next Invercargill unit is competitively tendered upon completion of the current contract or in 2022.
	The delegation to ICC is not an impediment to new services in the Southland region.	An unallocated unit is included in the RPTP which may be used for a trial service.
	Adopt a partnering approach to network planning and service changes.	Annual business plan process is developed and implemented with the contractor.
Timely and effective monitoring that assists in the	Utilise technology and operator reporting to monitor on time performance.	Report on monthly patronage trends.
	Comply with the NZTA reporting requirements.	Regular updates in Transport Investment On-line (TIO).

Objective	Policy	By 2021
management of the network over time.	In conjunction with the contractor, regularly review the new city routes and timetables to ensure they continue to meet the needs of the community.	Annual business plan process is developed and implemented with the contractor.
Improve infrastructure.	Targeted improvements of bus shelters, seats and timetable information.	Council will develop a list of new bus stop shelter locations and a programme of works for improving infrastructure.
	Installation of new bus shelters and improving access and safety to bus stops for mobility impaired people.	
Vehicle quality.	All vehicles entering the fleet will comply with the NZTA's Requirements for Urban Buses.	Council considers and approves new vehicles before use on the network.

### 3.2.1 Units

Invercargill has four urban bus routes and a small number of supporting school bus services. This RTP supports the maintenance of one unit covering the current Invercargill City service and a second unspecified unit, for the purposes of making provisions for any future trial service.

This single unit / single contract system will continue for the Invercargill bus service. The unit will be procured (once the current contract expires) by tender based on the approach outlined in the Council Procurement Strategy. The Procurement Strategy will be reviewed before the next tender round is due.

The current contract for the city bus service runs until December 2017 and contains provision for an extension until June 2022. The next tender is not expected until 2021 (assuming the current contract runs the full term). The new PTOM unit contract would be expected to commence on or before 1 July 2022. The current contract includes many of the elements of the (PTOM). Where agreement can be reached with the operator more PTOM elements may be introduced during this contract.

The Council intends to continue to provide financial assistance to the Invercargill unit / contract.

Any new service will be deemed to be a separate unit in terms of the LTMA.

There are no exempt services within the meaning of the LTMA in Invercargill that are needed to be replaced by a unit.

### 3.2.2 Partnering with Contractors

Invercargill City Council already has a very close working relationship with its contractor. This is aided by the small size of the Invercargill district and there being only one bus contract. Council recognises that the contractor has a unique and close perspective on how the service is performing and on what improvements might be made.

Council recognises that the best way to improve passenger numbers is to have a high-quality service, both in terms of reliability and driver helpfulness. The contract includes requirements for the contractor to report regularly on certain performance indicators. These criteria will be based on those developed by

NZTA<sup>3</sup> and are likely to include service reliability and punctuality, patronage, customer satisfaction, reporting timeliness, and vehicle appearance. For the current contract these indicators will be used to determine if the contract qualifies for an automatic extension of the contract period.

NZTA requires that future contracts include a financial incentive mechanism. The financial incentive will provide for an annual payment to the contractor should certain targets be met. These targets are likely to be based on patronage levels, and involve a payment to the contractor for each passenger carried over and above a target figure. The financial incentive mechanism will be revised and will be contained in the Rooding Procurement Strategy.

### ***Assistance of the transport disadvantaged***

The Plan is designed to assist the transport disadvantaged. This Plan assists the transport disadvantaged, through supporting routes and timetables designed to take passengers from where they live to places they want to go at a reasonable fare.

### ***Fares***

Passengers using Invercargill's public transport are faced with a complex fare regime with peak and off-peak fares; cross city; and fares that vary by age.

The introduction of the new ticketing system provides an opportunity to simplify and increase the consistency of fares charged for passengers.

Council would consider a flat fare approach, where all customers travel is at the same cost (excluding children under five) to be a simple and effective approach, irrelevant of the time or type of customer.

## **3.3 TOTAL MOBILITY**

Council will continue to administer and support the Total Mobility Scheme and meet the NZTA requirements. Council will manage the day-to-day operation of the Scheme through the Total Mobility Committee which is comprised of councils, service providers and disability organisations.

The Committee will be responsible for setting local rules within the guidelines set by NZTA:

- All service providers are required to have contracts with Council which are based on the NZTA model contract, and set out service standards and conditions.
- Set budgets and guidelines to assist in the provision of wheelchair hoist vehicles where demand warrants it and funding permits.
- Review fares and the rules applying to the fares as part of the fare level and fare structure reviews.
- Admittance to become a service provider is at the discretion of Invercargill City Council.
- Each application to be a service provider will be considered on its merits and must meet the statutory requirements set together with the following requirements (agreed with Invercargill City Council):
  - Drivers must be appropriately licensed and trained.

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<sup>3</sup> This development process is on-going, but NZTA has set out its minimum requirements in section 11 *Measurement and Monitoring* in its Procurement Manual.

- Drivers must have an identification system and be of sound and appropriate character.
- Service availability hours are at least 7.00 am to 11.00 pm.
- Fare structure is clear, is for the transport component of travel only and has been approved by Invercargill City Council.
- No van, into which a subsidised wheelchair hoist is to be installed, shall be more than four years since first registered, at the time of installation of the hoist.
- The provision of a wheelchair service is required at commencement of the service, except where at Council's sole discretion it may allow an introduction period of up to three years of being an approved provider.
- All providers shall have available for audit purpose an approved vehicle tracking system.

### 3.4 SIGNIFICANCE POLICY

This policy is required, in accordance with section 120(4) of the Land Transport Management Act 2003, to set out how to determine the significance of proposed variations to this Plan. The level of significance determines the consultation regarding the proposed variation that must be undertaken.

#### ***Application***

This Plan can be varied at any time. However in accordance with section 126(4) of the Land Transport Management Act 2003, the usual consultation will not be required if the proposed variation is considered not significant under this policy.

The approach to consultation will reflect the level of significance of any proposed variation. Consideration will be given to the costs and benefits of any consultative process or procedure and the extent to which consultation has already taken place.

The implication of not meeting the significance threshold is that the full consultation requirements of the LTMA will not need to be followed. However, Council may undertake targeted consultation on matters affecting specific communities and stakeholders, even if the significance threshold outlined in this policy is not invoked.

#### ***General determination of significance***

The significance of variations to this Plan will be determined by Council on a case by case basis.

When determining the significance of a variation, consideration must be given to the extent to which the variation:

- Should services be proposed in Southland but outside the Invercargill City Council area then a strategic business case will need to be developed.
- Signals a material change to the planned level of investment in the public transport network.
- Impacts on the purpose of the LTMA.
- Affects residents (variations with a moderate impact on a large number of residents, or variations with a major impact on a small number of residents will have greater significance than those with a minor impact).
- Affects the integrity of this Plan, including its overall affordability.
- Has already been the subject of consultation with affected parties.

### **Significant and non-significant matters**

Matters that will always be considered 'significant' are:

- Any variation that amends this policy on significance.
- Major changes to existing services, or the introduction of new services, (other than changes to or the introduction of trial services), for which no consultation regarding the change or introduction has occurred.

Matters that will usually be considered 'significant' are:

- Changes to units that significantly affect the financial viability of the contractor of that unit.

Matters that will always be considered 'not significant' are:

- Minor editorial and typographical amendments to this Plan.
- Minor changes to fare levels in accordance with current policy and funding levels.

Matters that will usually be considered 'not significant' are:

- A matter that has already been consulted on, including the addition, removal or amendment of any matter or service.
- Minor changes to the description of services following a review of that service, e.g. changes to the frequency, route or hours of a service which result in the same or better level of service.
- Changes to the description of services or grouping of services as a result of an area wide service review, provided that there is no significant increase in cost.
- Minor changes of routes and/or timetables to existing services.
- The introduction, alteration or deletion of trial services.
- The introduction of a new unit provided the contractors of existing units are not affected.

### **Targeted consultation on non-significant variations**

Where Council determines that a proposed variation is not significant, it may still undertake targeted consultation as follows:

- a. *Consultation for minor changes in the delivery of existing public transport services*  
For minor changes in service delivery which are required to improve the efficiency of existing services, such as the addition or deletion of trips and minor route changes, and which have only a local impact, consultation will generally be undertaken at a low level with the operator(s) involved, the relevant territorial authority, and passengers who use the services. If consultation has already occurred as part of a service investigation or review, no additional consultation need occur.
- b. *Addition of new services*  
Where a new service is proposed and the new service has been the subject of community consultation, no additional consultation need occur.
- c. *Other non-significant variations*  
Any proposals for changes that affect only a sector of the community or the industry (e.g. a change in Total Mobility provision, or a change to specific vehicle quality standards) may be worked through with those most likely to be affected, as well as other relevant stakeholders.

## 4. Demand For Our Services

### 4.1 DEMAND FORECAST

#### 4.1.1 Factors Influencing Demand

For public transport to be attractive to potential users it must meet these customer expectations<sup>4</sup>:

1. It takes me where I want to go
2. It takes me when I want to go
3. It is a good use of my time
4. It is a good use of my money
5. It respects me in the level of safety, comfort and amenity it provides
6. I can trust it
7. It gives me freedom to change my plans

These factors have been taken into consideration when designing the proposed network.

The current route design is based on minimising cost to Council by being 'operationally efficient'. It is focused on 400m access to a bus route and assumes that users don't mind a circuitous route to their destination and/or home. Some destinations are difficult to reach, particularly on the edge of the CBD because of the routes. The one-way loops result in a longer than average travel time and are much longer than the comparative car trip. This has resulted in a significant trade-off in terms of the service provided to the customer.

#### 4.1.2 Projected Growth or Decline in Demand for the Service

Over the last five years patronage has declined by nearly 25 percent or on average 4.8% per year. The new network is intended to halt further decline and start to correct this decline by providing a more attractive service. It is difficult to predict the level of recovery as other factors including the cost of parking, car ownership and the cost of fuel all impact on patronage. Following the implementation of the proposed network and regional integrated ticketing system it is expected that patronage should show signs of recovering within the first two to three years.

### 4.2 CHANGES IN SERVICE EXPECTATIONS (FUTURE LEVELS OF SERVICE)

In order to rectify the services poor performance, changes in service design are needed. The following list sets out a series of service design criteria which will result in a changed operational environment.

The network has been designed according to the following best-practice principles:

- Routes will provide good residential coverage, so that the majority of residents are within a 400m buffer of a bus route (5-7 minute walk) and most are within at least a 600m buffer (7-10 minute walk), with priority being given to areas of greater density and/or deprivation where a trade-off is required.
- Routes will serve all parts of the CBD and key activity centres outside of it, including all suburban centres, the hospital, secondary schools, retirement

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<sup>4</sup> Human Transit, Jarret Walker  
Regional Public Transport Plan 2017

villages, supermarkets, and key tourist attractions. Routes will give residents access to local activity centres where possible.

- Routes will be direct and use key arterial roads where appropriate, to provide convenient (car competitive) travel times from as many residential areas as possible to the CBD. Duplication of routes will be minimised outside of the CBD so as to maximise coverage.
- Routes will utilise a two-way trunk for as much of their length as possible, to improve legibility and focus infrastructure investment.
- Services will have a through-route and operate to a 'pulse' timetable, to enable passengers to travel to destinations beyond the CBD and easily connect between services at that location.
- Services will be timed to allow passengers to arrive at key destinations (CBD and schools) at the most desired times.
- Running times will be realistic and include an additional small allowance for late running and connection.

### 4.3 NEW NETWORK

#### 4.3.1 Overview

The proposed new network, shown in the diagrams below, consists of the following:

- Three through-routes, each composed of a northern and southern leg (i.e. sub-route), each of which will link key suburbs and suburban activity centres with the CBD and each other.
- A 'public transport spine' (via Tay, Dee and Yarrow Streets) that is used by all routes through the CBD (joining / leaving at key points as appropriate), which will provide improved bus route legibility within the CBD and allow all passengers to reach most CBD destinations without needing to change buses.
- A northbound hub (located at the Library) and a southbound hub (located at the current Reading site) which will provide a point where services will come together and pause to facilitate connections in each direction, and allow for late running and driver change-over.

More detailed information is in Appendix 11.02

The proposed timetable for the A and B routes (which is the same for routes 1, 2 and 3).

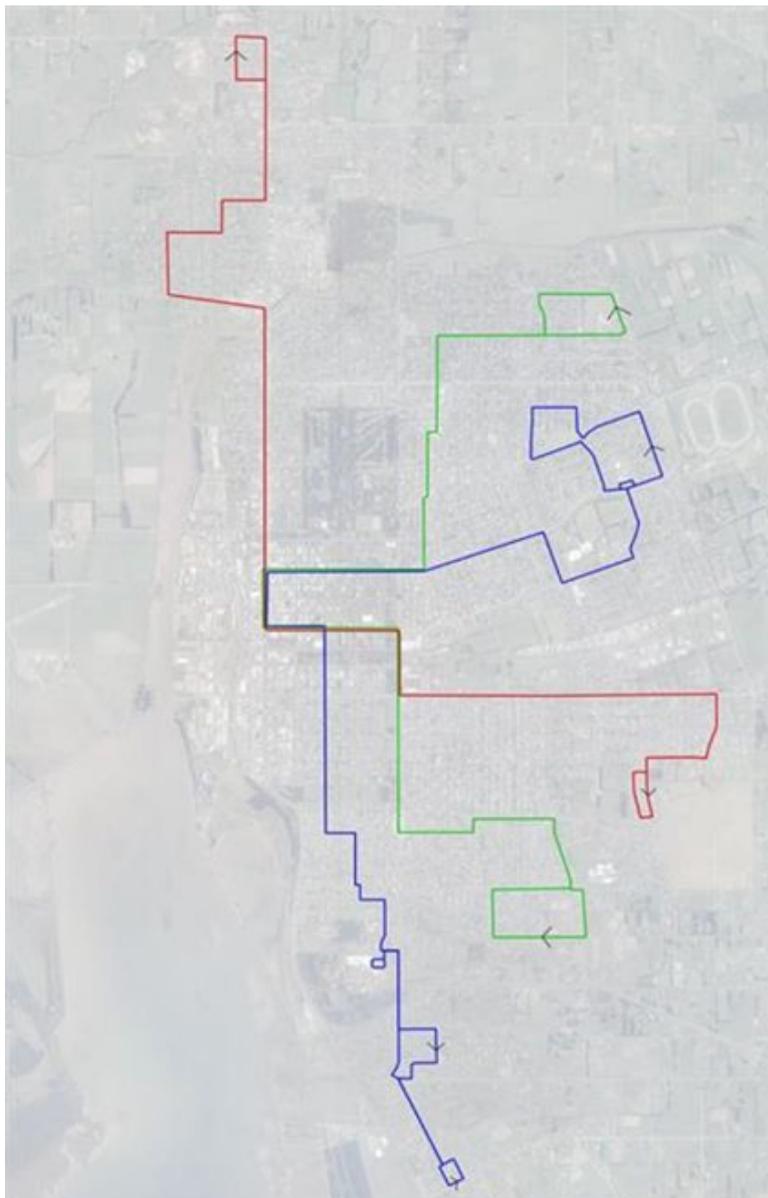
#### Monday to Friday

Depart from Hub	Return to Hub		Depart from Hub	Return to Hub
Route 1A (Northern)	Route 1A		Route 1B (Southern)	Route 1B
7:20	7:50		7:20	7:50
7:50	8:20		7:50	8:20
8:20	8:50		8:20	8:50
9:20	9:50		8:50	9:20
10:20	10:50		9:50	10:20
11:20	11:50		10:50	11:20
12:20	12:50		11:50	12:20
1:20	1:50		12:50	1:20
2:20	2:50		1:50	2:20
3:20	3:50		2:50	3:20
4:20	4:50		3:50	4:20

Depart from Hub	Return to Hub		Depart from Hub	Return to Hub
4:50	5:20		4:50	5:20
5:20	5:50		5:20	5:50
5:50	6:20		5:50	6:20

**Saturday**

Depart from Hub	Return to Hub		Depart from Hub	Return to Hub
<b>Route 1A (Northern)</b>	<b>Route 1A</b>		<b>Route 1B (Southern)</b>	<b>Route 1B</b>
9:50	10:20		10:20	10:50
10:50	11:20		11:20	11:50
11:50	12:20		1:20	1:50
1:50	2:20		2:20	2:50
2:50	3:20		3:20	3:50



*Overview of Proposed Option 3 - New Routes*

## 5. Wellbeing Assessment

### 5.1 WELLBEING ASSESSMENT

Well-being	Positive	Negative	How we are addressing these effects
<b>Social and cultural</b>	<ul style="list-style-type: none"> <li>• Provides for safe and easy travel around our city</li> <li>• Provides connectivity both within and between communities</li> <li>• Provides access to community, recreation and leisure facilities</li> <li>• Provides access to retail, commercial and professional services</li> <li>• Provides transport choice</li> <li>• Provides a link between integrated planning of the transport network and land use</li> <li>• Provides access to sites of cultural and historical significance</li> <li>• Provides access to parks and reserves</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for negative impacts from vehicle noise (idling) and vibration to properties adjoining bus routes.</li> <li>• Potential for emissions to affect health</li> <li>• Poor design of routes can limit access to key facilities e.g. Southland Hospital</li> <li>• Passengers may be unsafe when crossing the road to access bus stops</li> </ul>	<ul style="list-style-type: none"> <li>• Design routes in collaboration with the community</li> <li>• Continuing to plan to improve public transport infrastructure and pedestrian facilities</li> <li>• Continue to better identify sites of cultural significance</li> <li>• Continue to invest in good relationships with Tangata Whenua</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• Reduces emissions by reducing the number of individual vehicle trips</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for noise pollution from vehicles</li> <li>• Potential for air pollution from vehicle exhaust fumes</li> <li>• Potential for contamination from pollutants running off the road surface and/or at the depot during wet weather</li> </ul>	<ul style="list-style-type: none"> <li>• Continuing to investigate modern vehicle fleet, with higher emission standards</li> <li>• Continuing to investigate the potential to reduce contaminants from roads entering the surrounding environment</li> </ul>
<b>Economic</b>	<ul style="list-style-type: none"> <li>• Provides access to employment, education and services</li> <li>• Provides a service linking customers and businesses</li> <li>• Bus service contract provides local employment</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of bus service could be used to generate other economic activity</li> </ul>	<ul style="list-style-type: none"> <li>• Continuing to utilise NZTA funding for the bus contract</li> <li>• Continuing to achieve value for money when procuring services</li> </ul>

## 6. Risk Assessment

### 6.1 RISK

This section evaluates, in more detail, the risks associated with the activity.

Risks fall into five categories:

- **Patronage risks:** where the number of passengers using the system fails to meet expectations.
- **Financial risks:** where costs exceed expectation, or revenues are below expectation, or both.
- **Commercial, legal and institutional risks:** where legislative, contractual or organisational arrangements prevent or constrain the ability to successfully implement the planned changes.
- **Environmental and safety risks:** where the changes introduced result in adverse environmental or safety impacts.
- **Timing, transition and implementation risks:** where the implementation of changes is either too slow or too fast.

Many of these risks are inter-related. For example, the risk of lower than expected patronage will have a direct bearing on the financial risk through reduced fare revenue and increased subsidies. Resolution of commercial, legal and institutional risks will often have implications for timing.

A number of the risks create opportunities, in that the steps taken to manage or mitigate them may lead to improved outcomes.

While some of the risks identified will be borne by the operator(s), most relate to ICC or NZTA for which the risks are likely to have two types of impact:

- Financial impact, mainly as a result of the inability to deliver the expected level of improvements within a particular budgeted amount. This is a particular issue for the ICC and NZTA, who carry primary financial responsibility for public transport.
- Political or reputation impact as a result of perceived lack of delivery or lack of results. This could manifest itself in public and passenger complaints, which could in turn impact on the credibility of the wider service improvement process. This impact affects council and could also impact on NZTA, as an investment partner.

An assessment follows in *Table 3* showing key risks identified. The following information is included for each risk element:

- **Likelihood:** how likely is it that the risk will arise?
- **Severity:** how severe would the impact be if the risk arises?
- **Overall assessment:** combined rating of the likelihood and severity of the risk, to give the overall seriousness of the risk to the success of the project.
- **Ownership:** which parties bear the risk (ICC, NZTA or operator). Where the risk has mainly financial implications for that party, it is denoted by a '\$' symbol in the table. Reputation risk is denoted by an 'R' in the table.
- **Management and mitigation:** a summary of possible steps to manage or mitigate the risk.

**Table 3 - Assessment Risks**

Risk	Likelihood	Severity	Overall Rating	Owner			Management and mitigation
				ICC	NZTA	Operator	
Service improvements do not stimulate patronage growth	L	M-H	Low to moderate	\$ R	R		Ensure the network changes are well planned and well communicated
Fare revenues are less than anticipated	L	M-H	Low to moderate	\$ R	R		Consider adjustment to fare schedule
Bus delays particularly around Dee Street	L	L	Low to moderate	\$ R	R	R	Scheduling needs to include some recovery time
Safety issues for bus users accessing services	M	M-H	Moderate	\$ R	R	R	Identify unsafe crossing locations and plan to improve these

The suggested management options to address patronage risks focus mainly on ensuring a clear understanding of likely patronage impacts at a detailed level, communicating the changes to passengers, students, parents and schools, paying attention to promotional activity, and building in incentives to encourage all parties to grow patronage. As a worst-case, a back-up plan is sensible, where the councils can identify circumstances under which the implementation of the review could be revised or aborted if patronage was seriously below expectation.

The Activity is not seen to create any significant negative activity as it provides support for the transport disadvantaged. Loss of the service however would create a negative impact.

The changes proposed look to mitigate patronage loss and reduce the potential for the service to be considered to be not supported.

## 7. Managing Our Activities

### 7.1 RESPONDING TO THE ISSUES AND CHALLENGES

#### 7.1.1 Alternative Investment Approaches

The need for changes to the existing delivery of passenger transport are being signalled through customer feedback, the ILM problem statement developed and declining patronage.

The two problems (statements) for Passenger Transport noted are:

1. Lack of information on the needs of our existing and potential customers results in risk of poor investment decisions and missed opportunities (60 percent).
2. Historical decisions based on funder and service constraints results in less convenient routes, timetables and reduced patronage (40 percent).

Consideration has been given to what options are available to deliver this change and a review of the network has been undertaken by an external specialist.

Three route options have been identified from the review:

1. Existing one direction circular route with minor changes to timetabling.
2. Alternating route direction.
3. New route layout where more direct routes are provided.

Option 1 is the current routes and status quo.

Option 2 is alternating the one-way loops which would require every second trip to operate in reverse. This would require new bus stop infrastructure to accommodate the alternate direction. The services would become more confusing, as the services would sometimes operate in one direction and at other times in the alternate direction.

Option 3 is a route change outlined previously and has been developed to specifically assist to work towards reducing the impacts of the problem statements.

One impact worth noting is the change in the level of service provided by Option 3 where the maximum distance from a route is extended from the current 400m. Some of the existing coverage would be reduced and the new coverage is shown in Appendix 11.02.

The other options (1 and 2) have limitations of making significant impacts on these issues presented.

There would be a need to consider how we inform passengers when the bus is due to change direction and how this would affect the timetables. It could potentially result in a passenger boarding a bus only to find it turn around two stops later and travel back to where the passenger got on.

Options considered for the Fare Structure are:

- a. Current approach
- b. Flat fare approach

The flat fare approach would look to set a fare for all users at the same level (excluding children under five who would remain free). No distinction would occur between the old peak travel or class of users. This would allow a transfer to occur so that travel across the city could be achieved at one cost. It would allow ease of understanding and be helpful with ticketing opportunities when the tag on - tag off requirements are put in place. Super Gold travel would continue to be a free subsidised service for the travel period of after 9.00 am and before 3.00 pm and on Saturdays, and would require registration of their card for eligibility.

No peak or off peak periods would be necessary with a flat fare approach.

It is planned that there would be a cash fare and a Bus Smart (or its replacement) Card fare. If the tag on - tag off process was fully completed for the journey then the card fare would apply. Failing to tag on or tag off correctly would result in the cash fare being paid.

This process of a flat fare would reduce fare options and be simple to understand. In other Councils operations, flat fares have assisted in encouraging patronage increases.

The Flat fare cost options considered could be \$3.00 cash per trip or \$2.00 when paying by a Bus Smart Card per trip. These fares would be set through the Annual Plan Fees and Charges. It is anticipated that since no fare increases have occurred since February 2016 that if this approach is adopted from 1 July 2017 that a fare increase for the Card fare would be considered from February 2018.

Going to a flat fare is likely to reduce the total fare revenue and some future regular and gradual adjustments will be needed to ensure a suitable level of user pays continues to occur and that an acceptable farebox ratio can be obtained.

#### **7.1.2 Do-Minimum Programmes**

A do-minimum approach for public transport services would likely implement a few minor service changes. This would consider timetable changes to better align to business customer travel. This may change timetabling at the beginning of the day and could include removing one trip where patronage is very low.

This is unlikely to reverse the significant decline in patronage, and also does not address the concerns raised through the community consultation processes.

The current fare structure would require ongoing increases and this would not address the issues of cost separation between the peak and off peak travel in a service where there are no pressures to have a travel cost differential such is currently in place. If this option is accepted then a review of the fares will be undertaken to determine the future changes needed and what levels they should be at.

#### **7.1.3 Programmes Evaluation**

The preferred approach should be evaluated based on value for money. In this context value for money is assessed as being the approach that is most likely to result in the highest uptake of patronage.

It is important for the customers to communicate their desires through consultation. With any network route changes there is a degree of uncertainty

with patronage as it will disadvantage some but if successful provide more benefits to others. The changes should address the problems identified.

Whilst the fare structure is important to customers, the level of fees needs to be appropriate and make sense to customers. The current structure whilst relatively straight forward can be enhanced where a flat fare is utilised. Modelling of any change is needed to show that impacts are appropriate and aligned to assumption. It is noted that the new ticketing system will have tag on - tag off processes to provide data of travel for assisting in decisions.

This will also have a potential fare impact if the customer does not tag off as they will be charged with the full cash fare, even if paying with the smart card. This is one way to incentivise the behaviour sought. Setting the cost of flat fares or amending existing fares needs to be considered following input and consultation.

If benefits can be achieved without significant cost changes then change can be beneficial. A budget allowance of \$100,000 has been made to allow for any proposed route changes.

The programmes included in the budgets take consideration of flat fares and new routes.

## 8. Financial Management

### 8.1. OVERVIEW

The Local Government Act 2002 requires local authorities to manage their finances “prudently and in a manner that promotes the current and future interests of the community”.

This implies compliance with Generally Accepted Accounting Practice (GAAP). Of particular relevance is Financial Reporting International Accounting Standard (NZIAS16) New Zealand equivalent to “Accounting for Property, Plant and Equipment”.

In determining how activities will be funded, local authorities are required to take the following into consideration:

- The contribution to the achievement of Community Outcomes (strategic alignment).
- Beneficiaries of each activity (beneficiary / user pays principles).
- The period over which benefits from the activity will occur (intergenerational equity issues).
- The costs and benefits of funding the activity compared to other activities (cost / benefit, prioritisation principles).
- The impact of funding the activity on the wellbeing of the community (ability to pay principles).

Activity Management Plans provide the basis for meeting these requirements for infrastructure based activities.

### 8.2 FINANCIAL SUMMARY – WHAT THE ACTIVITY COSTS

The following section outlines the budgeted cost, however since NZTA co-invests to a significant level in Passenger Transport and Total Mobility, these costs are also separated for some clarity. Both Southland District and Gore District Councils also contribute to Total Mobility for services which are utilised within their areas.

Details of individual business unit level activity are available but not included in the plan.

**8.2.1 Council Funded Programmes (includes inflation)**

Business Unit 563440 - Bus and Transport - Passenger Transport

	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									
Internal Revenue	0	0	0	0	0	0	0	0	0	0	0
Fees & Charges Revenue	315,826	294,000	300,468	307,078	313,834	321,052	328,436	336,319	344,727	353,690	363,239
Grants & Subsidies Revenue	679,434	865,145	915,394	792,974	793,496	770,684	773,882	789,232	799,993	820,792	842,954
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
<b>Total Revenue</b>	<b>995,260</b>	<b>1,159,145</b>	<b>1,215,862</b>	<b>1,100,053</b>	<b>1,107,330</b>	<b>1,091,736</b>	<b>1,102,319</b>	<b>1,125,551</b>	<b>1,144,719</b>	<b>1,174,482</b>	<b>1,206,193</b>
Internal Expenditure	85,430	87,346	89,193	91,083	93,078	95,113	97,209	99,485	101,881	104,355	107,094
Staff Expenditure	0	0	0	0	0	0	0	0	0	0	0
Administration Expenditure	105,000	77,500	79,205	80,948	82,728	84,631	86,578	88,655	90,872	93,235	95,752
Financial Expenditure	0	0	0	0	0	0	0	0	0	0	0
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	0	183,000	23,506	24,023	24,552	25,116	25,694	26,311	26,968	27,670	28,417
Operational Expenditure	1,269,152	1,316,750	1,362,071	1,517,374	1,449,347	1,509,983	1,516,784	1,553,187	1,621,330	1,633,409	1,677,511
Depreciation Expenditure	34,205	24,229	24,762	25,307	25,864	26,458	27,067	27,717	28,409	29,148	29,935
<b>Total Expenditure</b>	<b>1,493,787</b>	<b>1,688,825</b>	<b>1,578,737</b>	<b>1,738,735</b>	<b>1,675,569</b>	<b>1,741,302</b>	<b>1,753,331</b>	<b>1,795,354</b>	<b>1,869,460</b>	<b>1,887,817</b>	<b>1,938,708</b>
<b>Operating Surplus / (Deficit)</b>	<b>(498,527)</b>	<b>(529,680)</b>	<b>(362,875)</b>	<b>(638,682)</b>	<b>(568,239)</b>	<b>(649,566)</b>	<b>(651,013)</b>	<b>(669,804)</b>	<b>(724,741)</b>	<b>(713,335)</b>	<b>(732,515)</b>
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	0	70,000	352,590	73,114	74,722	76,441	78,199	80,076	64,490	66,166	67,953
<b>Capital Expenditure</b>	<b>0</b>	<b>70,000</b>	<b>352,590</b>	<b>73,114</b>	<b>74,722</b>	<b>76,441</b>	<b>78,199</b>	<b>80,076</b>	<b>64,490</b>	<b>66,166</b>	<b>67,953</b>
Proceeds from Asset Disposal	0	0	0	0	0	0	0	0	0	0	0
Debt movements	0	0	0	0	0	0	0	0	0	0	0
Reserve movements	0	(60,000)	0	0	0	0	0	0	0	0	0
Cash Back Depreciation	(34,205)	(24,229)	(24,762)	(25,307)	(25,864)	(26,458)	(27,067)	(27,717)	(28,409)	(29,148)	(29,935)
<b>Rates Required</b>	<b>464,322</b>	<b>515,451</b>	<b>690,703</b>	<b>686,489</b>	<b>617,098</b>	<b>699,548</b>	<b>702,145</b>	<b>722,163</b>	<b>760,821</b>	<b>750,353</b>	<b>770,533</b>

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Business Unit 563540 - Bus and Transport - Mobility Services

	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									
Internal Revenue	0	0	0	0	0	0	0	0	0	0	0
Fees & Charges Revenue	19,538	32,220	21,056	22,366	23,309	24,307	25,339	25,987	26,637	27,329	28,067
Grants & Subsidies Revenue	371,145	443,290	431,095	434,416	438,085	437,155	441,049	450,990	462,265	474,284	487,089
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
<b>Total Revenue</b>	<b>390,683</b>	<b>475,510</b>	<b>452,151</b>	<b>456,781</b>	<b>461,394</b>	<b>461,462</b>	<b>466,388</b>	<b>476,977</b>	<b>488,901</b>	<b>501,613</b>	<b>515,156</b>
Internal Expenditure	63,136	63,743	65,092	66,473	67,929	69,415	70,946	72,608	74,358	76,167	78,166
Staff Expenditure	0	19,750	21,207	21,673	22,150	22,659	23,180	23,737	24,330	24,963	25,637
Administration Expenditure	2,860	42,900	13,184	13,474	13,770	14,087	14,411	14,757	15,126	15,519	15,938
Financial Expenditure	0	0	0	0	0	0	0	0	0	0	0
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	0	0	0	0	0	0	0	0	0	0	0
Operational Expenditure	516,070	531,000	563,122	575,511	588,172	601,700	615,539	630,312	646,070	662,868	680,765
Depreciation Expenditure	0	5,363	5,481	5,602	5,725	5,856	5,991	6,135	6,288	6,452	6,626
<b>Total Expenditure</b>	<b>582,066</b>	<b>662,756</b>	<b>668,086</b>	<b>682,732</b>	<b>697,746</b>	<b>713,718</b>	<b>730,068</b>	<b>747,548</b>	<b>766,172</b>	<b>785,968</b>	<b>807,132</b>
<b>Operating Surplus / (Deficit)</b>	<b>(191,383)</b>	<b>(187,246)</b>	<b>(215,934)</b>	<b>(225,951)</b>	<b>(236,352)</b>	<b>(252,255)</b>	<b>(263,680)</b>	<b>(270,572)</b>	<b>(277,271)</b>	<b>(284,355)</b>	<b>(291,976)</b>
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	24,830	55,500	28,105	28,723	29,355	0	0	31,458	32,245	0	0
<b>Capital Expenditure</b>	<b>24,830</b>	<b>55,500</b>	<b>28,105</b>	<b>28,723</b>	<b>29,355</b>	<b>0</b>	<b>0</b>	<b>31,458</b>	<b>32,245</b>	<b>0</b>	<b>0</b>
<b>Proceeds from Asset Disposal</b>	<b>0</b>										
<b>Debt movements</b>	<b>0</b>										
<b>Reserve movements</b>	<b>0</b>										
<b>Cash Back Depreciation</b>	<b>0</b>	<b>(5,363)</b>	<b>(5,481)</b>	<b>(5,602)</b>	<b>(5,725)</b>	<b>(5,856)</b>	<b>(5,991)</b>	<b>(6,135)</b>	<b>(6,288)</b>	<b>(6,452)</b>	<b>(6,626)</b>
<b>Rates Required</b>	<b>216,213</b>	<b>237,383</b>	<b>238,558</b>	<b>249,072</b>	<b>259,982</b>	<b>246,399</b>	<b>257,689</b>	<b>295,895</b>	<b>303,227</b>	<b>277,903</b>	<b>285,350</b>

## 8.2.2 NZTA Assisted Programmes

The above tables are drawn from the Councils Accounting and Budgeting system.

The NZTA requires Councils to prepare budgets for submission for the RLTP which is funded from the National Land Transport Programme (NLTP). NZTA co-invests with Council at an agreed Financial Assistance Rate (FAR). This rate is currently reducing but varies for both Passenger Transport and Total Mobility dependent on the activity.

The following table sets out the funding included in Council budgets (5634/35 00) but arranged in terms of the funding category used by NZTA.

The data is presented in a different manner but has the same core inputs. The values shown include inflation.

NZTA approve investment in an agreed programme on a three yearly cycle.

NZTA have a number of processes which are utilised to consider programmes which include frameworks such as their Investment Assessment Framework (IAF). These can be found on the NZTA website.

Work Programme	Cat	Project Description	2018/19	2019/20	2020/21	Total 2018/218	Total 2015-18
<b>Passenger Transport</b>	511	Bus Services	964,940	989,064	1,118,853	<b>3,072,857</b>	2,479,110
<b>and Total Mobility</b>	514	Public Transport Facilities Op Maint	263,590	109,180	108,834	<b>481,604</b>	229,405
	517	Total Mobility	527,820	531,791	545,085	<b>1,604,696</b>	1,202,098
	519	Wheel chair Joists	55,000	28,188	28,892	<b>112,080</b>	81,243
	521	Total Mobility Hoist Use Payments	129,390	132,625	135,940	<b>397,955</b>	307,005
	524	PT Information supply ops amint.	281,810	295,006	302,381	<b>879,197</b>	779,426
	522	Super Gold Payment	19,100	19,577	20,066	<b>58,743</b>	
	532	Low Roost Low Risk	15,000	290,375	15,759	<b>321,134</b>	

## 8.2.3 Programme Implications

The programme which has been included within the budgets makes consideration of the new planned route changes and the use of flat fares.

The consultation process is important to gauge the customers' responses to this proposal. However, it is from a technical view that there is sufficient foreseeable benefit to include the new routes within budgets. That being the case, the budgets are also capable of maintaining the current routes as any change is seen as being cost neutral with some hope that as patronage is stabilised and fare structures adjusted, the overall financial impact is not significantly different in either direction and relatively independent of the option selected.

The new ticketing scheme is included within the programmes.

No new units allocation is included within the budgets.

Total Mobility commitment and anticipated usage levels are similar to previous years.

## 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's 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, i.e. a 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

Community Outcome	Period of Benefit	Who Benefits	Funding Sources and Proportion	Demand Generators
<b>Passenger Transport</b>				
Invercargill’s economy continues to grow and diversify.  Healthy and active residents utilise space, including green space, throughout the City.  Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.	<b>Short</b>	<b>Public</b> Access to public bus and Total Mobility services.	Target/General rates 30-40%.  Fees/Charges (including NZTA) 60-70%.	Change in vehicle ownership and running costs.

#### 8.5 ASSET VALUATION FORECASTS

This plan is not responsible for the management of assets.

#### 8.6 CONFIDENCE LEVELS IN PROGRAMMES

The programmes proposed in the plan are considered to be (aligned to Council’s approach):

<b>C</b>	<p><b>Uncertain</b> Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolation from a limited sample for which grade A &amp; B data is available. Dataset is substantially complete but up to 50% is extrapolated data and accurately estimated ± 30%.</p>
----------	---

Whilst new routes are being considered, some uncertainty exists upon the effects and impacts these changes will have on patronage. The new routes seek to improve patronage but until they are implemented this is unknown. The cost impact of flat fares (whilst modelled) are very dependent on the patronage numbers and accordingly the reliability rating.

The Total Mobility service programme is rated as reliable although it is noted that a change to RideWise could bring issues to the delivery and customer satisfaction if the implementation is not appropriate.

<b>B</b>	<p><b>Reliable</b> Data based on sound records, procedures, investigations and analysis which is properly documented but has minor shortcomings' for example the data is old, some documentation is missing and reliance is place on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate <math>\pm 10\%</math>.</p>
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## 8.7 RELIABILITY OF FINANCIAL FORECASTS

### 8.7.1 Maintenance and Renewal Forecasts

Costings provided for the maintenance and operation are largely based on the current contracted delivery contract. This brings a degree of certainty to the cost of the operation. However, further uncertainty is always around the expected revenue recovery from farebox as this is an offset cost of delivery. With proposed changes this may have a positive or negative impact on budgets. Administration and operating costs for Passenger Transport are managed and considered against the overall allocations to closely meet the high level financial expectations.

Total Mobility is planned to move the RideWise card approach. There will be some cost uncertainty as the RideWise system allows unlimited access so customers can use the system as often as they please. The only limitation will be the customer's ability to pay for their share of the travel. The current ticket system limits the allocation of tickets although no control or limits have been needed. There is greater financial reliability on the charging and compliance aspects using RideWise.

### 8.7.2 Development Forecasts

The development items proposed relate to Bus Shelters and these are known in cost. The issues faced are finding agreed locations for their installation.

The Shelter at the Hub has limited development or scoping so far, but the costings provided are rated a B-C on the above scale. The funds allocated will be suitable but some limitations around arrangements for land and location still need to be developed and how this fits into a wider CBD scoping will need to be resolved.

## 8.8 SUMMARY OF PROGRAMME ASSUMPTIONS

The key programme assumptions are:

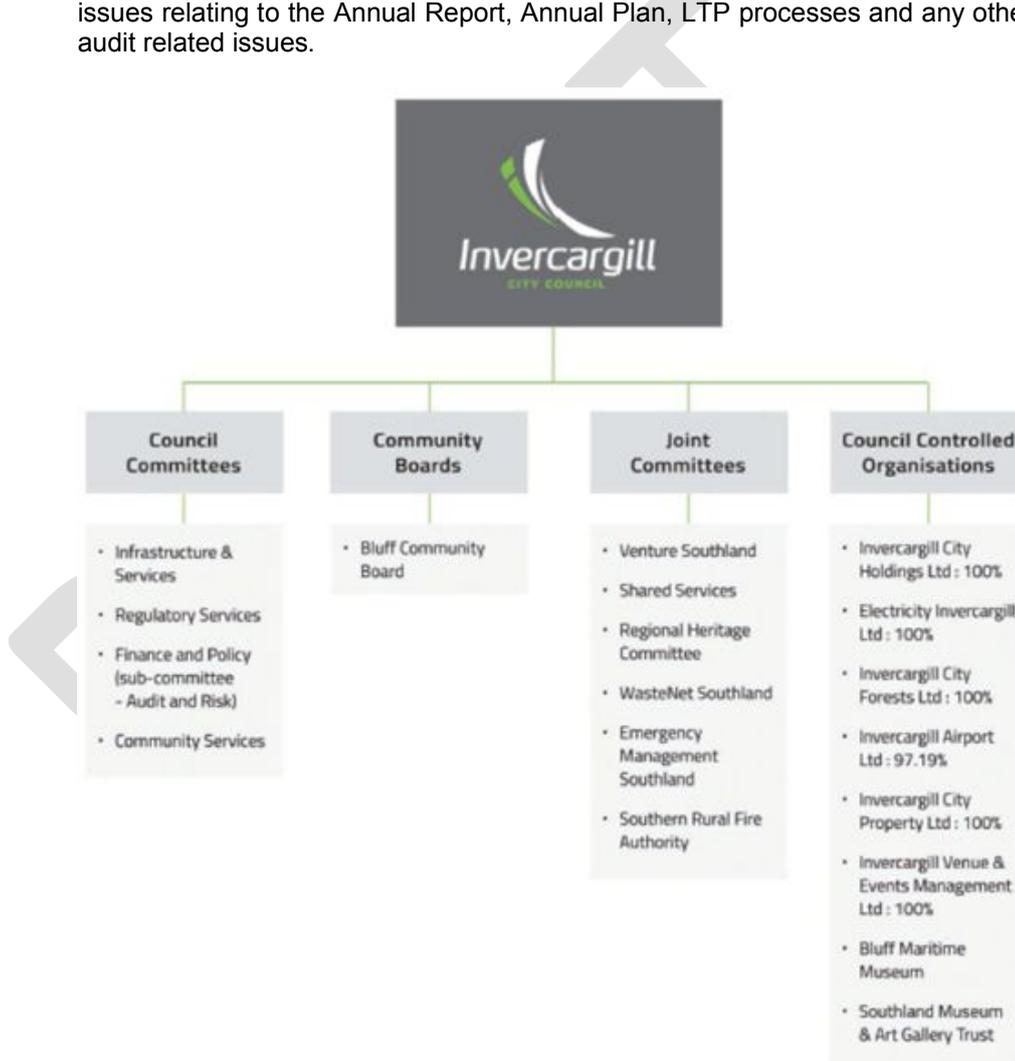
- Option 3's New Routes is agreed on after consultation and route changes have been implemented.
- Patronage levels post route change stabilise.
- Customers agree that changes are generally positive.
- A flat fare structure is adopted which provides a stable farebox platform.
- RideWise Total Mobility card is agreed by customers as a positive way forward.

## 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 semi-regularly to discuss issues relating to the Annual Report, Annual Plan, LTP processes and any other audit related issues.



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 LTP 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 LTP 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 LTP.

The governance for the public transport programme is overseen and reported to Invercargill City Council's Community Services Committee. This committee is provided with regular public transport performance updates.

The Total Mobility scheme is overseen by the Total Mobility Committee. This committee is comprised of Councils, service providers and disability organisations. The committee is responsible for setting local rules within the guidelines set by the NZTA. This agreement is then reported to Council for confirmation.

## **9.2 STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS**

Council currently utilises a number 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 LTP and some Bylaws.
- Facebook page where individuals can ask questions and express opinion to Councillors and staff.

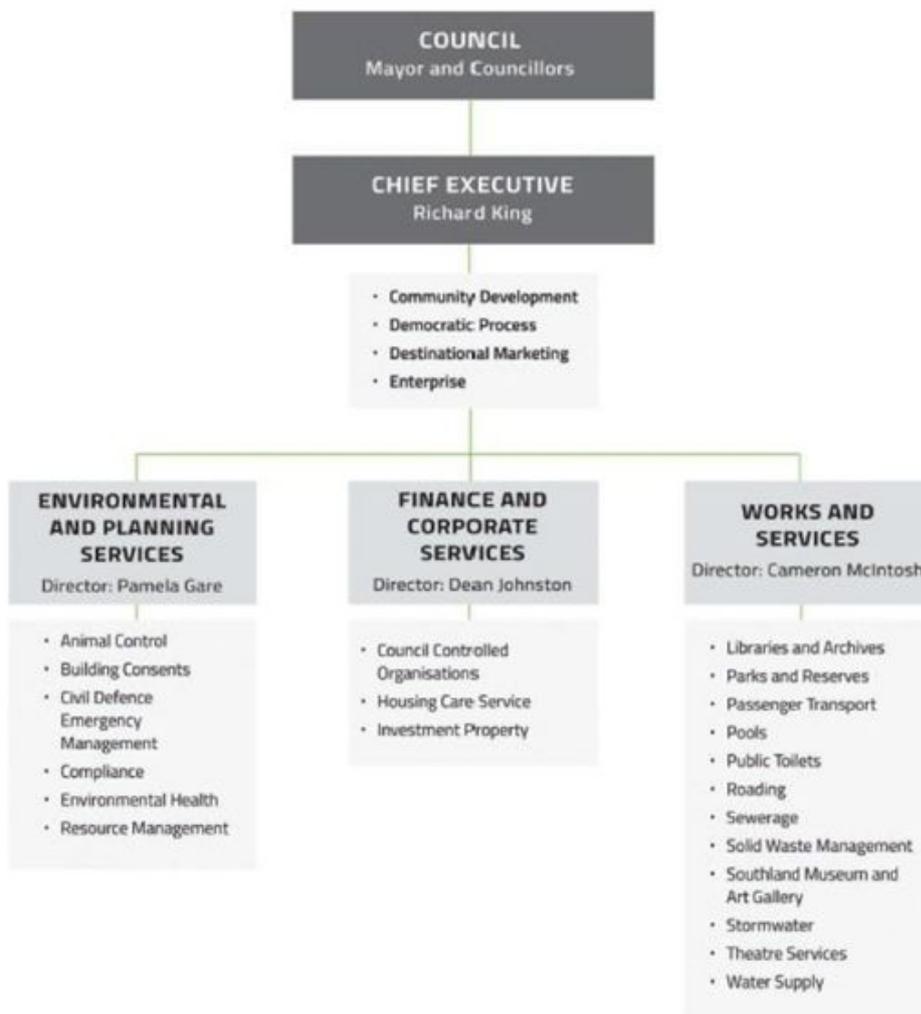
Public transport and the Total Mobility scheme have a strong community engagement and communications component. Passengers regularly provide compliments and complaints which offer a useful gauge for service performance. A mystery shopper survey is an ongoing check on the performance and a useful feedback tool.

Council also conducts three yearly surveys of ratepayers together with an annual Bus Smart User Survey. These surveys seek feedback on the service and the community's satisfaction with the services. These provide useful information for Council to monitor the success of the network changes along with continued monitoring of patronage.

Council also communicates service changes to the community; these changes may be short term for example route changes for road closures or new services. The public also have an ongoing need for timetable information which can be accessed either in hard copy or via the internet.

### 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.

Monthly accounts are prepared for both activities and these are monitored and reported to Council at the Community Services Meetings. Performance indicators are provided to Council on patronage and farebox recovery.

NZTA also collects monthly data on SuperGold patronage, peak and off peak travel and costs, together with Total Mobility travel and costs. Monthly claims are submitted for recovery of their co-investments share, along with three monthly financial performance monitoring spreadsheet which highlights the planned cash flow for the activities. NZTA staff are also in contact with Council

and discuss the progress and issues during any year. Additionally technical and financial audits are undertaken by NZTA, typically on a three yearly basis.

#### **9.4 INFORMATION SYSTEMS AND DATA**

Council uses the following systems to manage the activity:

##### **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.

##### **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.

##### **Objective**

Delivers an Electronic Document and Records Management (EDRMS) service across all of Council, providing information management processes.

##### **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).

##### **ETS- RITS**

Council operates a ticketing system under a sublicense with the Otago Regional Council. This system collects information on all fares and travel on the service. Reports are available to reconcile travel and use between cash and electronic paid fares. Council has a Bus Smart card offering a 10% discount on travel.

Council is also party to the Regional Ticketing System, as part of the consortium of nine councils delivering an integrated ticketing scheme (RITS). This system will be implemented in April or May 2018, and ETS retired. The new system is delivered by INIT from Germany. A number of policy and business plans are being developed to deliver the solution and included in the Appendix 11.04 is an example of the business flow of the revenue.

This is an interim solution (five years) with a goal of integrating with the other Councils (other than Auckland) through a project called GRETS, being managed by the Greater Wellington Regional Council.

New bus cards will be required and involves a tag on - tag off process.

##### **E3 Solutions**

Council has audio stop announcement as well as Wi-Fi available on the Bus Smart buses.

### **TrackaBus**

Council contracts TrackaBus to provide real time travel information for customers.

## **9.5 PROGRAMME PERFORMANCE MONITORING AND REVIEW**

The programme has been reviewed and this information forms this RPTP document.

### **9.5.1 Monitoring Approach**

Council will continue to monitor performance of the service in terms of patronage and farebox recovery. Three monthly reviews will be conducted by Staff and these discussed with the Operator.

### **9.5.2 Frequency of Review**

Patronage and revenue information will be collated monthly and reported to Council at each meeting (approximately six weekly).

## 10. Continuous Improvement

### 10.1 CURRENT ACTIVITY MANAGEMENT PRACTICE

The public transport system is under contract to Council. The activity is monitored to ensure it complies with the contractual requirements.

### 10.2 IMPROVEMENT PROGRAMME

Council has determined that two pieces of work will inform the future network. These are the review of the network and this RPTP.

### 10.3 MONITORING AND REVIEW

Council's Community Services Committee receives regular updates on the performance of the public bus services. The graphical data is supported by a clear and straightforward commentary. This monitoring at a governance level provides sound oversight to the programme. The commentary also provides suggested improvements which identify issues and proposes responses to these.

Environment Southland has a Councillor who sits on Council's Committee to provide oversight on the delegation provided to Council to run this activity.

An improvement plan is included in the Appendix 11.03 to assist with the further development of the activity.

## 11. Glossary

<b>Exempt service</b>	A public transport service that is exempt under Section 130(2) of the Act or deemed exempt under section 153(2) of the Act. Exempt services are not provided under contract to ORC and, unless specified otherwise, are not subject to the policies in this Plan.
<b>Farebox recovery</b>	A policy that provides for public transport operating costs to be shared equitably between users and funders, to reflect the private and public benefits received, having regard to the objectives and circumstances of the region.
<b>Farebox recovery ratio</b>	The proportion of the total operating costs recovered from users through fares and SuperGold car payments.
<b>Government Policy Statement</b>	A document that highlights the Government's outcomes and priorities for the land transport sector, and sets out its broad transport funding allocations over the next decade.
<b>Land Transport Management Act</b>	Land Transport Management Act 2003, including the 2008 and 2013 amendments.
<b>National Energy Efficiency and Conservation Strategy</b>	A strategy to promote energy efficiency, energy conservation and renewable energy in New Zealand.
<b>Public Transport Operating Model</b>	A framework for building a long-term public-private partnership between regional councils and public transport operators with two overarching objectives: to grow the commerciality of public transport services and create incentives for services to become fully commercial, and to grow confidence that services are priced efficiently and that competitors have access to public transport markets.
<b>Regional Land Transport Plan</b>	A statutory plan that ORC will prepare under the Act, which sets out the region's land transport objectives, policies and measures for at least ten years; includes a statement of priorities and provides a financial forecast of anticipated revenue and expenditure on activities. The plan forms the basis of Otago's request for funding from the National Land Transport Fund. It replaces the 2012-15 Regional Land Transport programme and the 2011 Regional Land Transport Strategy.
<b>Regional Land Transport Strategy</b>	A statutory document that sets regional objectives and policies for the region's transport system from 2011 for a 30-year period. Following the 2013 amendment to the Act, the Strategy will become incorporated into the Regional Land Transport Plan.
<b>Regional Public Transport Plan</b>	A statutory document describing how ORC will give effect to the public transport components of the Strategy. It also specifies the public transport services for the region, and the policies that apply to those services.
<b>Requirements for Urban Buses</b>	New Zealand's common standard for urban bus quality. It sets out the common dimensions and features of an urban bus and is used by ORC in all new bus contracts.
<b>SuperGold card</b>	A national identification card that provides free off-peak travel services to people aged 65 or older.
<b>Total Mobility</b>	A subsidised transport scheme for those with impaired mobility who are unable to use scheduled public transport services.
<b>Unit</b>	As defined in section 5 of the Act, a public transport service, or group of transport services: <ul style="list-style-type: none"> <li>• that ORC identifies as integral to the region's public transport networks and</li> <li>• that operates, or will operate, on the entire length of one or more routes specified in the Plan</li> <li>• that includes all of the public transport services operating to a timetable that applies to the entire route or routes specified for the unit.</li> </ul>

## 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 & Regulatory Services: 2014 Residents' Survey
1.04	Corporate	2013 Service Level Survey: Roading Report
1.08	Corporate	Levels of Service Research Report 2016
1.09	Corporate	Corporate Risk Framework / Standard
1.10	Corporate	Delegation Register September 2016
11.01	Passenger Transport	Existing Bus Smart Routes and Fares
11.02	Passenger Transport	Proposed New Routes
11.03	Passenger Transport	Improvement Plan
11.04	Passenger Transport	RITS Business Process Diagram (draft)
11.05	Passenger Transport	New Cover Areas



# **ROADING**

# **ACTIVITY MANAGEMENT**

# **PLAN 2017**

DRAFT



## Activity Management Plan

Activity			
	Name	Signature	Date
<b>Prepared By</b>	ICC Rooding Assets Team		
<b>Asset Manager</b>	Russell Pearson		
<b>Director Review</b>			
<b>Peer Review</b>			
<b>Council Adoption</b>			

<b>Changes to be Incorporated in Next Review</b>		
<b>Number</b>	<b>Date of Change</b>	<b>Reason for Change</b>
1	31/01/2018	Financial Updates

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## Executive Summary

This Activity Plan has been developed to ensure that the roading activity can be sustainably be delivered for Invercargill in a way which meets legislative requirements, seeks to meet levels of service expected by customers in a way where funders such as NZTA wish to also invest.

### Who are we?

The Invercargill roading network consists of 294km of urban sealed roads, 301km of rural roads with about 123km of the rural road being unsealed roads. Council provides and manages 51 bridges, 500 kilometres of footpaths (including off road cycle lanes) along with streetlights, six off street carparks and 780 metered parking spaces within the CBD of the City.

The assets have a replacement value of about \$646 million, and a current value of \$384 million. The assessed annual depreciation (or consumption of the assets) is \$9.4 million.

### About this plan

Input has been sought from a wide range of stakeholders and they investigated the issues facing roading. This was undertaken through a facilitated workshop using the Better Business Case Approach. This workshop identified the problem; the benefits addressing the issues would bring and looked at what the strategic response could be.

Council's vision is *"To enhance our City and preserve its character while embracing innovation and change"* and is delivered through Community Outcomes:

- Enhance our City
- Preserve its Character
- Embrace Innovation and Change

The Plan looks to align the Levels of Service provided to its customers within these Outcomes and those developed nationally through the One Network Road Classification. These outcomes set the performance standards appropriate for delivering work programmes.

Council's network and current levels of service align well with these performance standards. Meaning our current delivery programmes and investment are relatively consistent and do not need additional investment. The network and assets needs ongoing maintenance and renewals to occur at the right time.

This Plan develops those responses needed.

### The Investment Story

#### The Why (What are the problems) ...

Invercargill has good roading capacity which needs to be continually maintained and is relatively uncongested compared to other cities in New Zealand.

The city has one of the highest intersection crash rates in the country (relative to vehicle kilometres travelled) due to a combination of some unsafe road layouts and poor driving.

The current network infrastructure together with changing land use is also restricting people making trips around the city in alternative modes of transport i.e. walking, cycling etc.

It is against this backdrop that the plan has been developed.

### **What are the Benefits if we address the problems?**

Any investment to address these problems would primarily improve road user safety, improve community connectivity and social wellbeing. It would also contribute to the economic growth and productivity of the city.

### **How would this occur (The Strategic Responses)**

Investment would include:

- Maintenance and renewal of existing infrastructure
- Improvements to address safety issues
- Improvements to address accessibility issues

### **The key corporate strategic issues and challenges faced by Council are:**

- The City's changing demographic profile
- The communities' willingness and ability to pay
- An expectation from the community to retain services and provide them in a more effective manner, at a lower cost
- 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
- Responding to the changing natural environment
- Retaining Invercargill's character within its built environment
- How Council will adapt to technology change

### **And roading's specific challenges are:**

- Improving Safety for all transport mode users
- Improving Accessibility across the network for users
- The community capability and willingness (including fiscal) to respond to changing demands
- The changing nature of transport technology, both in capacity and technology
- Ongoing support of NZTA and the Government to align their investment with the needs of the provinces and the population
- The current Funding Assistance Rate (FAR) as it continues to reduce to 51%.
- Access and use of footpaths as mobility and technology change

In developing a response, advanced pavement deterioration modelling has been undertaken with the report providing key inputs into selecting the most suitable maintenance, resurfacing and renewal programmes. This detailed analysis shows that it is appropriate to select a low cost scenario but highlights that this strategy will utilise (and consume) some of the existing pavements' capacity and condition but with an acceptable level of risk.

Customer expectations from surveys have again highlighted that you are looking for smoother roads. Invercargill has reporting (such as ONRC peer group comparisons) shown that Invercargill roads are above the national average in such indicators as Smooth Travel Exposure (STE).

This is a gap in expectation with our customers, our co investors (NZTA) and potentially our elected representatives. The conversation needed is around what are these expectations and is there a willingness and ability to pay for more and get smoother roads. Our co investor, NZTA provides a substantial subsidy towards roading but if the community seeks to have roads better than those set at a national level, there is an expectation they would have to pay for them.

Invercargill is not exposed to high traffic growth nor other demands on the network. Invercargill has a well-structured grid network and low exposure in general, to resilience and sustainability issues. The network is well connected to the State Highway network and has many advantages of being linked closely to a nationally maintained arterial highway.

Council has a good road network but has higher safety risks (when considered against national peers) for cyclists and pedestrians together with drivers at intersections.

The network is in a good condition and is well placed to deliver the Community Outcomes at the ONRC standards without need for significant additional improvement.

Some investment (through Low Cost Low Risk projects) is to be focussed on intersections and safety improvements.

The current budget request established by this plan of around \$15 million annually is similar in order to that of previous years reflecting that Invercargill is in maintenance and renewal mode and not in a growth phase.

Our money is being spent in the following ways, based on the four principle activity areas:

		2017/18	2018/19	2019/20	2020/21
		\$ 2,018	\$ 2,019	\$ 2,020	\$ 2,021
		Annual Plan	LTP	LTP	LTP
<b>Footpaths</b>	<b>Total Revenue</b>	\$ -	\$ -	\$ -	\$ -
<b>Footpaths</b>	<b>Total Expenditure</b>	\$ 2,616,322	\$ 2,570,393	\$ 2,634,213	\$ 2,699,628
<b>Footpaths</b>	<b>Capital Expenditure</b>	\$ 1,330,000	\$ 1,340,000	\$ 1,373,500	\$ 1,407,838
<b>Footpaths</b>	<b>Rates Required</b>	-\$ 1,909,100	-\$ 1,873,193	-\$ 1,920,023	-\$ 1,968,023
<b>Streetworks</b>	<b>Total Revenue</b>	\$ 24,000	\$ 99,000	\$ 99,000	\$ 99,000
<b>Streetworks</b>	<b>Total Expenditure</b>	\$ 1,469,037	\$ 1,293,259	\$ 1,319,927	\$ 1,315,005
<b>Streetworks</b>	<b>Capital Expenditure</b>	\$ 243,763	\$ 45,000	\$ 308,525	\$ 47,278
<b>Streetworks</b>	<b>Rates Required</b>	-\$ 2,012,209	-\$ 1,959,411	-\$ 2,126,756	-\$ 1,620,992
<b>Parking</b>	<b>Total Revenue</b>	\$ 946,773	\$ 1,059,000	\$ 1,090,550	\$ 1,099,314
<b>Parking</b>	<b>Total Expenditure</b>	\$ 697,395	\$ 731,774	\$ 720,446	\$ 728,143
<b>Parking</b>	<b>Capital Expenditure</b>	\$ 170,000	\$ 909,500	\$ 23,575	\$ 110,316
<b>Parking</b>	<b>Rates Required</b>	\$ 262,688	\$ 286,567	\$ 315,503	\$ 329,436
<b>NZTA Subsidised</b>	<b>Total Revenue</b>	\$ 5,783,682	\$ 6,061,522	\$ 6,142,874	\$ 6,024,186
<b>NZTA Subsidised</b>	<b>Total Expenditure</b>	\$ 12,007,637	\$ 11,981,727	\$ 12,211,570	\$ 12,522,113
<b>NZTA Subsidised</b>	<b>Capital Expenditure</b>	\$ 5,458,500	\$ 6,072,100	\$ 6,377,653	\$ 6,376,243
<b>NZTA Subsidised</b>	<b>Rates Required</b>	-\$ 4,310,856	-\$ 4,451,005	-\$ 4,716,517	-\$ 4,951,091

\*Expenditure includes the depreciation.

Footpaths is an area where Council has selected to take a higher risk approach and has selected not to fully fund the consumption (depreciation) but to manage the renewal and maintenance whilst monitoring the condition.

Again, improving safety is one of the key issues and needs to be a strong focus, to reduce crashes and deaths and serious injuries, especially to vulnerable users, pedestrians and cyclists.

Council has good knowledge of its assets, it has corporate engineering and asset abilities along with a strong delivery contract (with its contractors) means it is able to develop programmes needed by the asset and deliver them.

It procures services in a robust, sustainable, effective and timely manner and at a cost appropriate and fair and a recent review of delivery (Section 17A (of the LGA) review) concluded the current structure and delivery mechanisms remain the most appropriate approach for Council.

This Plan highlights through using the Government's Asset Management Maturity Assessment Tool (from Treasury Better Business Case Approach) that the asset planning process is well placed and growing in maturity. It is reasonable to place confidence on the plan and its programmes that it will deliver the outcomes required and outlined.

A robust improvement programme has been highlighted and the resourcing needed to deliver it is understood, with some confidence that it can be delivered.

Council has developed and accepted a robust Asset Management Policy and Strategy and this Plan is aligned with that direction and the Infrastructural and Financial Strategy ensuring the information needed is able to flow into the Long Term Plan with some reliability.

# 1. Introduction

## 1.1 About This Plan

The Roding Activity is one of the core Infrastructural Services activities addressed in the Invercargill City Council Long Term Plan (LTP). This Roding Activity Management Plan (AMP) is strongly linked into 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 AMP is to outline Council's tactical planning response to the Roding Activity. The AMP outlines the long term management approach for the provision and maintenance of Roding Activity services. Under Council's significance policy, the Roding network and connected infrastructure is deemed to be a strategic asset and therefore significant in ensuring Council's capacity to contribute towards the Community Outcomes and well-being of the Community.

The AMP demonstrates responsible management of the District's assets on behalf of customers and stakeholders, and assists with the achievement of strategic goals and statutory compliance. The AMP combines management, financial, engineering and technical practices to ensure that the level of service required by customers is provided, and is delivered in a sustainable and efficient manner.

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

A programme of Asset Management improvements is planned to improve the quality of decision making and to improve the knowledge of both Council's assets and customer expectations. These future enhancements will enable Council to optimise life cycle asset management activities and provide a greater degree of confidence in financial forecasts.

## 1.2 Activity Overview

The Roding Activity provides a safe, effective and efficient transport system in the city and contributes to the social and economic well-being of the community.

When all the assets work together they provide access to the community in a safe and effective way.

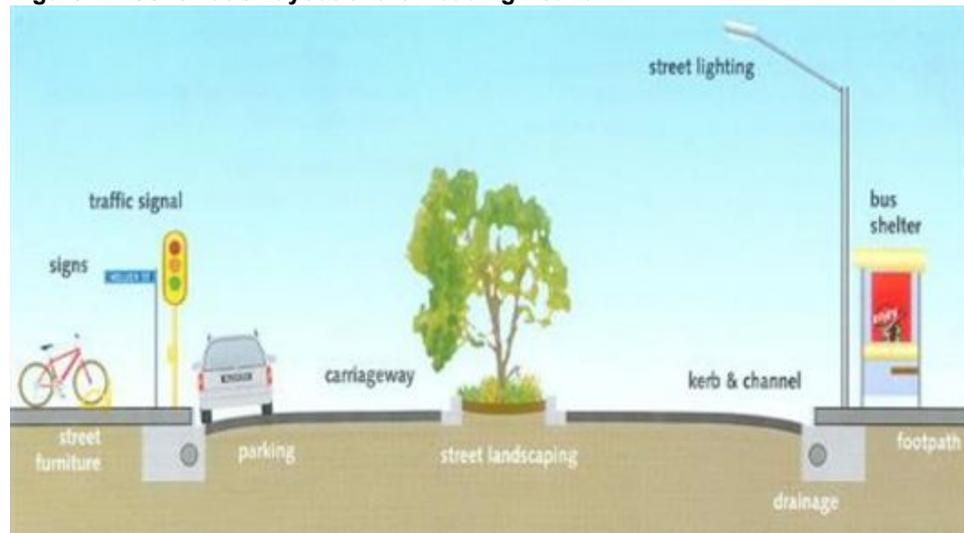
The City needs to grow and be supportive of the economy so trucks and freight can travel with reliability within the city. It needs to be sustainable and resilient to natural hazards and climatic changes but most importantly it needs to provide a safe environment for travel for everyone, pedestrians, cyclists and motorists.

The roading network and roading infrastructure comprises road pavements and surfacings, street lights, traffic signs and signals, footpaths, drainage, surface water channel systems, bridges, culverts, street furniture, parking facilities, vehicle access crossings and cycle tracks.

The challenge of the activity is to manage the assets in such a way that the right asset is in the right condition and when works are needed, it is undertaken at the right time in a coordinated way.

The following diagram illustrates the assets that are covered by this activity plan.

**Figure 1.1 Schematic Layout of the Roothing Network**



How we manage the asset is important and includes:

- Preparation and implementation of this Activity Management Plan.
- Research, long term planning and policy development relating to roading services.
- Understanding risks and evaluating ways to minimise their impact on users
- Understanding customers and delivering services to a level they agree to fund
- Working closely with NZTA to ensure they continue to co-invest and support the activities direction
- Leading teams of contractors, consultants and staff focussed on delivering the best possible service.
- Communicating with Councillors and key stakeholders to ensure they are a part of the decisions for the activity.

It is important that roading activities align with the Government expectations (which are outlined in the Government Policy Statement (GPS) for Transport) so that the opportunity for co-investment is created.

A snapshot of the assets which are managed follows:

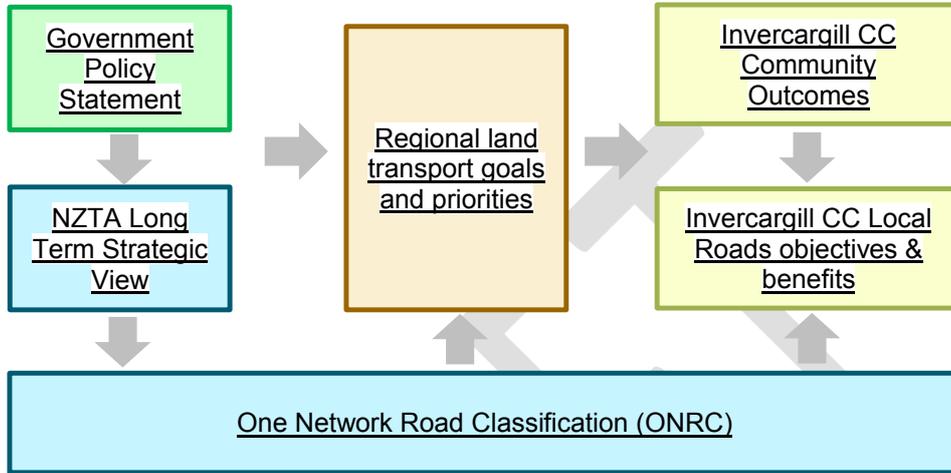
Table 1.1 List of Assets

Asset group	Asset Type	Purpose and Description	Number/ Length	Replacement Cost \$000s	Current Value \$000s
<b>Road Pavements</b>	Pavements and Road Surfacing	Roads owned and maintained by Council for use by motor vehicles and cycles. Pavements include the base gravels which provide the strength while the surfacing gives a smooth ride and stops water from entering and deteriorating the pavement layer.	472km	216,322	83,410
<b>Kerb and Channel</b>	Kerbing, dish channels or slot drains	Channels which form the road sides in urban areas used to drain water from the roads into the City's Stormwater drains.	555km	77,344	30,481
<b>Unsealed Pavements</b>	Gravel roads	Roads which have a gravel surface and are not chip sealed or asphalted. Typically in Rural areas.	125km	In Road Pavements	
<b>Footpaths</b>	Footpaths	Footpaths are used by pedestrians and selected low speed vehicles such as mobility scooters. Some footpaths are shared with cyclists.	500km	62,135	22,164
<b>Traffic Services</b>	Traffic Signals	Traffic signals and intelligent transport systems used for road intersections and pedestrian crossings to provide safe movement opportunity for conflicting traffic.	21	2,321	1,124
	Signs and Markings	Signs are regulatory or information to warn, inform and guide all road users. Road markings provide guidance and safety such as centrelines and edge lines, limit lines and triangles at give ways.	9737	2,353	1,002
	Streetlights	Streetlights owned and maintained by Council to improve road safety and personal security.	6039	16,486	8,655
<b>Structures and Drainage</b>	Bridges	Bridges and large culverts(.3.5m2) allow for roads to continue across waterways, railways and could include underpasses. Bridges vary from very large (400m) to small (3m.)	51	62,034	46,526
	Culverts and Minor Structures	Pipes which allow rural ditches to drain under roads. Minor structures include guard rails, barriers or fences which stop vehicles running off the road surface	6632	22,541	8,846
<b>Carparking</b>	Off Street Carparks	Areas assigned off the road surface managed and maintained by Council where vehicles can park for a fee, including permit or casual parking.	6		
	On Street Carparking	Areas marked on the road where parking is permitted by paying a fee into a meter or other equipment (pay and display).	780	1,494	246
<b>Other Assets</b>	Features	Assets that add to the amenity value of the road eg bollard, litter bins, seats	233	1,943	723
	Streetscape	Areas assigned to bring high amenity value including in islands and centre plots with plantings or being grassed.	113	1,393	1,016
			Subtotal	466,365	204,193
<b>Land Assets</b>	Land and Formation	Land items owned by Council for roads which is not depreciated		179,641	179,641
			<b>Total</b>	<b>646,005</b>	<b>383,834</b>

## 2. Strategic Context

This section describes the strategic context for Invercargill City's local roads network, linking the activity to national and regional land transport goals and outcomes. The following figure summarises this context, also highlighting how the ONRC influences network investment decisions from national to local levels.

**Figure 2.1 Strategic Context**



This section brings these all together and shows the linkages to the City's local roads benefits.

It then goes on to describe the issues and challenges facing the network today and in the near-term future, the problem statements, potential consequences, and the benefits that ongoing investment in maintaining, renewing and improving the network is expected to have. The Strategic Case does not provide the detailed supporting evidence to justify this investment, however linkages are provided to sections within the Programme Business Case containing this information.

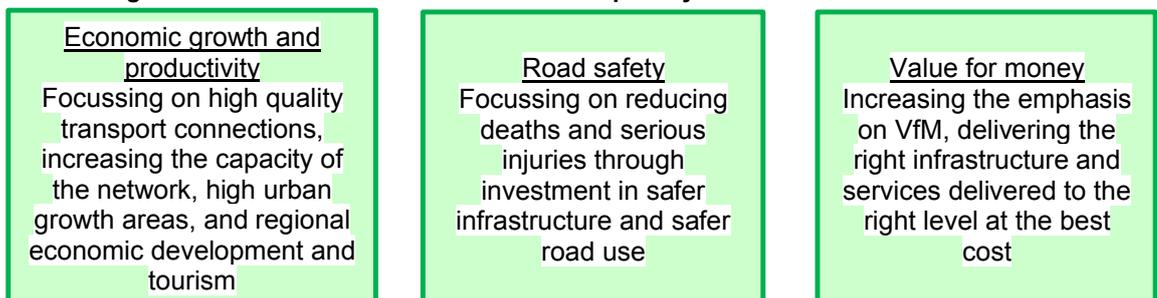
### 2.1 Alignment with strategic goals

#### 2.1.1 National Context

##### *Government Policy Statement*

The draft Government Policy Statement on Land Transport 2018/19-2027/28 requires our investment in the land transport system to support:

**Figure 2.2 Our Investment in the Land Transport System**

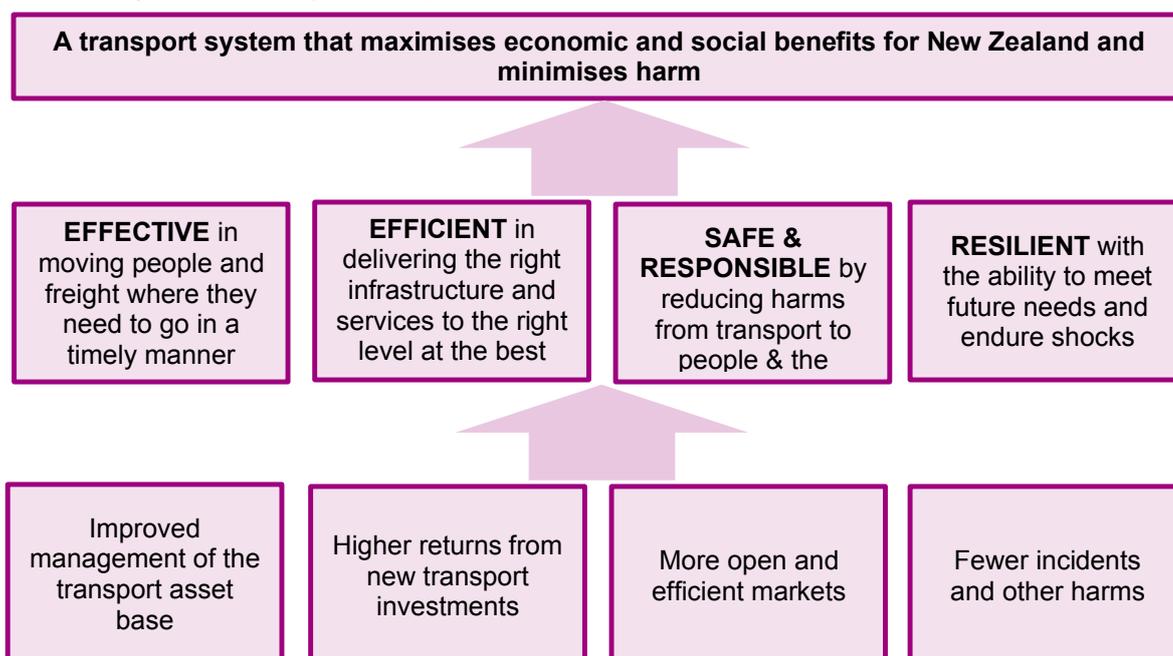


The GPS 2018 remains in a draft until completed and GPS 2015 has similar strategic direction applicable to this plan.

*Ministry of Transport Goals*

In its 2015-2019 Statement of Intent the Ministry of Transport defines the desired strategic direction for the overall transport sector, supporting the GPS and providing additional context. It describes an overarching sector agencies' goal, four long-term outcomes, and four results areas, as illustrated below:

**Figure 2.3 Ministry of Transport Goals**



*NZTA's Long Term Strategic View*

The LTSV identifies long term issues, opportunities and priorities providing a link between the GPS and investment proposals. It identifies transport's key contributions to national economic and social well-being as:

- A safer system
- An effective urban system
- Better connectivity
- A resilient system
- Key inter-regional journeys
- Regional economic development areas

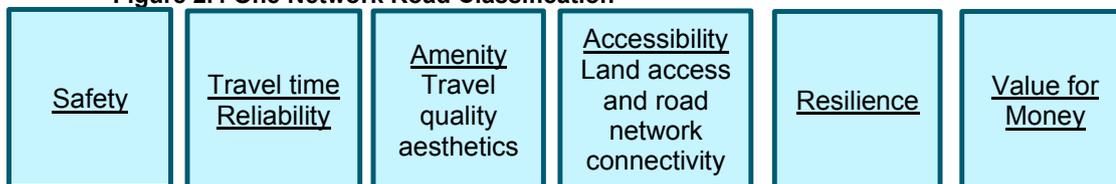
NZTA's proposed strategic responses to the issues and challenges expressed in the LTSV are to achieve:

- One connected transport system
- People-centred services
- Partnerships for prosperity

*One Network Road Classification (ONRC)*

The City’s road network has been categorised in accordance with the ONRC definitions. The ONRC defines five key customer outcomes for each category of road, as well as cost efficiency performance measures, as shown below:

**Figure 2.4 One Network Road Classification**



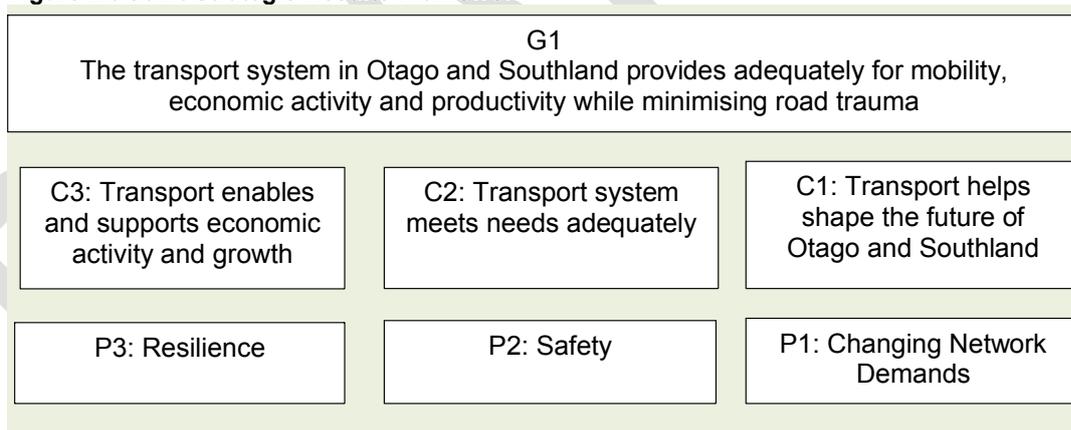
Within each of these outcome areas a range of technical outputs and performance measures are used. The ICC Programme Case is aligned with these outcomes and measures.

**2.1.2 Regional Context**

The Otago Regional Council and Environment Southland have produced a joint Strategic Results Framework which forms part of their Regional Land Transport Plans.

The primary goal and outcomes (“critical success factors”), problem areas and programme outcomes are summarised below:

**Figure 2.5 Joint Strategic Results Framework**



Programme outcomes and objectives are:

- O1: Enhance system performance and cost
- O2: Enhance community resilience and cohesion
- O3: Improve support of certain customer groups
- O4: Increase health, wellbeing and environmental management
- O5: Increase partnership and adaptive management
- O6: Increase communication and technology solutions
- O7: Improve safety
- O8: Increase economic growth and productivity
- O9: Enhance network performance and capability
- O10: Maintain current network

Environment Southland’s key focus areas are:

- Minimising serious road trauma
- Ensuring resilience
- Freight
- Visitors
- Providing for mode choice
- Managing the environmental effects of the transport system

### 2.1.3 ICC Context - 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.”***

**Table 2.1 Community Outcomes**

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, include 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.

### 2.1.4 Rationale for the Activity

The Roothing Activity is one of the core Infrastructural Services activities provided by the Invercargill City Council.

The roading network (and connected infrastructure) is a strategic asset and is significant in ensuring Council’s capacity to contribute towards Community Outcomes and the well-being of the Community.

The Roothing Activity provides a safe, effective and efficient transport “system” in the city.

Economic growth and productivity is assisted and managed through having a roading network capable of delivering access for both business and a growing and diverse local economy.

This Roothing Activity Plan is strongly linked to the overall strategic direction for the District and the wider province (for economic activity).

The network must provide a safe system which supports a healthy lifestyle which is safe to travel around and contributes to a great city to live in. It must also be affordable and value for money in how it is delivered.

There are also legislative requirements placed on Local Government which requires Councils to continue to maintain roading assets, once created to acceptable levels of service (and safety) as agreed with the Community through the LTP process.

#### **2.1.5 Activity Objectives and Investment Benefits**

The principal objectives of the Roothing Activity are:

- To provide a safe road environment.
- To provide an efficient, effective, reliable and resilient integrated road network.
- To be able to demonstrate that services that are delivered are value for money.
- To provide access for the pedestrians and cyclists (vulnerable users) in the community.
- To demonstrate that the assets are managed in a fiscally prudent manner for current and future generations.
- Full compliance with all statutes and regulations relating to territorial local government.

Achieving these objectives means delivering the investment benefits associated with the proposed programmes in this AMP.

#### **2.1.6 Strategic Fit – Alignment of Objectives**

This plan is aligned with the Government Policy Statement for Transport (GPS), the One Network Road Classification (ONRC), the Otago-Southland Regional Land Transport Plan and the ICC Community Outcomes. This is demonstrated in the table and diagram below.

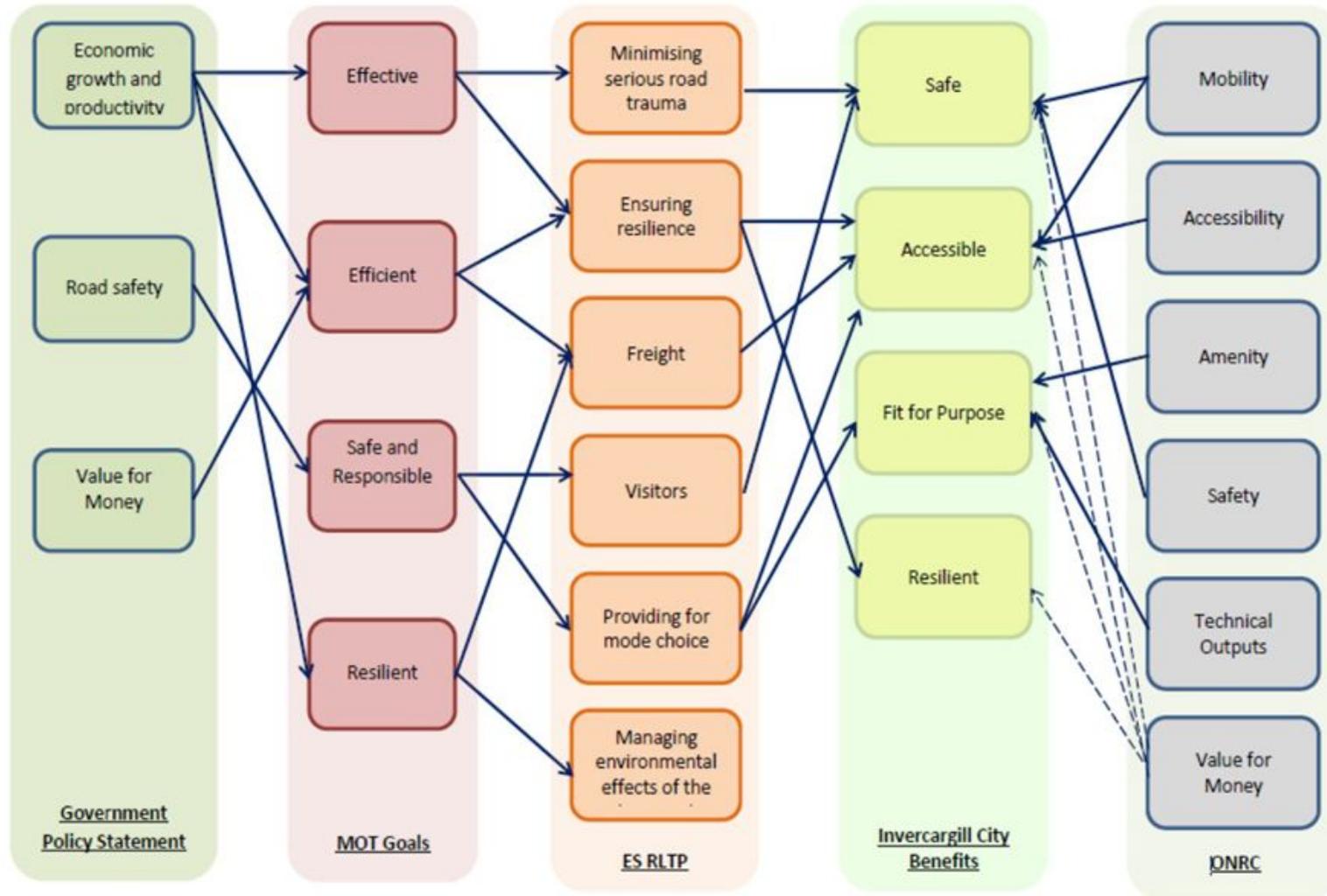
This is a key area where Council, Community and Funders are engaged and linked via the local and national approaches.

**Table 2.2 Strategic Fit – Alignment of Objectives**

Central Government	National	Regional	Council's Role	How the Activity Contributes
Government Policy Statement	One Network Road Classification Customer Outcomes	Regional Land Transport Outcomes	Community Outcome	Transportation Vision
<p><b>Economic growth and productivity</b> Support economic growth and productivity through provision of better access to markets, employment and business areas.</p> <p>Support economic growth of regional New Zealand through provision of better access to markets.</p> <p>Enable access to social and economic opportunities, particularly for people with limited access to a private vehicle.</p> <p>Improved network resilience and reliability at the most critical points.</p>	<p><b>Reliability</b> The consistency of travel times that road users can expect.</p> <p><b>Resilience</b> The availability and restoration of each road when there is a weather or emergency event, whether there is an alternative route available and the road user information provided.</p> <p><b>Accessibility</b> The ease with which people are able to reach key destinations and the transport networks available to them, including land use access and network connectivity.</p> <p><b>Amenity</b> The level of travel comfort experienced by the road user and the aesthetic aspects of the road environment (e.g. cleanliness, comfort / convenience, security) that impact on the travel experience of road users in the road corridor.</p>	<p>A transport system that supports and enables economic activity and growth</p> <p>Transport helps shape the future of Otago and Southland positively.</p>	<p><b>Enhance our City</b></p> <ul style="list-style-type: none"> <li>➤ Healthy and active residents utilise space, include green space, throughout the City.</li> <li>➤ Invercargill's economy continues to grow and diversify. Invercargill's economy continues to grow and diversify.</li> <li>➤ Invercargill's business areas are bustling with people, activities and culture.</li> </ul> <p><b>Preserve its Character</b> Ease of access throughout the City is maintained.</p>	<p><b>Roading (pavements) contributes to accessibility, via integrated networks of connected roads and footpaths. Safe roads allows freedom of movement for residents including appropriate lighting.</b></p> <p>Roading provides the vital connections with state highways for the freight task distributing the goods needed for a city and throughout the city.</p> <p><b>Roading provides roads to connect people, signs to direct, footpaths for pedestrians, street furniture for streetscape usage.</b></p> <p>CBD areas have high amenity values.</p>
<p><b>Road safety</b> Reduction in deaths and serious injuries at reasonable cost.</p> <p>Increased safe cycling through extension of the cycle networks.</p>	<p><b>Safety</b> How road users experience the safety of the road.</p>	<p>The Transport system meets social needs.</p>	<p><b>Preserve its Character</b></p> <ul style="list-style-type: none"> <li>➤ The building blocks, including water, sanitation and roading, for a safe, friendly city is provided for all members of the community.</li> <li>➤ Strong, collaborative leadership of the City is demonstrated.</li> </ul>	<p><b>Safe roads allows residents to select a mode of transport they wish to use with confidence</b> <b>Street lighting allows residents to feel safe at nights.</b> <b>Wide streets and low traffic allows ease of movement, together with networks resilient and reliable for all events</b></p>

				Good roading management delivers a core infrastructure in leading the City.
<p><b>Value for money</b>                  Delivery of the right infrastructure and services to the right level at the best cost.</p> <p>Improved returns from road maintenance.</p> <p>Improved returns from public transport.</p> <p>On-road enforcement of the road user charges regime at reasonable cost.</p> <p>Understand the costs associated with environmental mitigation.</p>	<p><b>Effectiveness</b>                  Value for money and whole of life cost will be optimized in the delivery of affordable customer levels of service.</p>	<p>A transport system that supports and enables economic activity and growth.</p> <p>The Transport system meets social needs</p> <p>Transport helps shape the future of Otago and Southland positively.</p>	<p><b>Embrace Innovation and Change</b></p> <ul style="list-style-type: none"> <li>➤ The development of future industry is encouraged.</li> <li>➤ Technology is utilised in both existing and new City services.</li> <li>➤ Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.</li> <li>➤ Invercargill has the 'wow factor' with the right facilities and events to enjoy.</li> </ul>	<p><b>Street facilities such as visitor signs, streetscape, seating, and car charging etc offer high value people space and have flexibility to quickly adapt.</b></p> <p>Roading corridor management contributes to make events have safe road and pedestrian access to use.</p>

Figure 2.6 Strategic Fit – Alignment of Objectives



The Rooding Activity use a district activity hierarchy based on ONRC principles ensuring the network is easy to get around, resilient and maintained appropriately.

Roads are managed to ONRC performance levels providing road surfaces, road signs, markings and traffic signals which allow people and vehicles to easily travel within the district in a safe and efficient manner for their business and leisure activity requirements.

The roads, footpaths and cycleway networks through timely maintenance and renewal works contribute and encourage people to be safe whilst on any mode of travel.

They provide access to open spaces and healthy activities.

Council provides street lighting, signs, road markings and signals on urban roads so that vehicles, cyclists and pedestrians can integrate safely during their travel.

Access for heavy vehicles is provided widely across the network for economic growth and productivity to allow business to benefit from changes in technology and legislation for moving the freight demand.

This Plan has strong strategic fit with the Community and the Government Policy direction through integrating the Better Business Case approach and adopting ONRC in delivering the right solution at the right time.

How this activity achieves the Community Outcomes, national, and regional objectives above is further developed in Section 3.3 – Levels of Service.

### **2.1.7 Effectiveness – Outcome Achievement**

This plan will demonstrate that the measures and options it establishes have been thoroughly tested for significant items, for example, through detailed advanced asset modelling of dTIMS for the pavement renewals.

The data knowledge held with the RAMM software is well proven and Council has experience and knowledge of the network through its engineering and asset team who have over 50 plus years combined knowledge of the networks operations, its strengths and its needs.

Council engages its contractors using Smart Buyer principles and has a robust understanding of the market to get best value for money. It works closely with its investment partners and contractors to do the right thing at the right time.

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

- The number of serious and fatal crashes is reducing.
- The transport network is always available for travel and travel times are regular and reliable.
- Pedestrian and Cyclists feel safe to travel on the roads and footpaths as one of the modes of transport available to them.

Further critical success factors include:

- 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.

It is believed that the programme recommended in this plan has at least a medium fit with the Investment Assessment framework from NZTA.

## **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.

There is a wide range of legislation specifically relating to road network management in New Zealand to assist in delivering these strategic outcomes. The significant legislation relevant to all Road Controlling Authorities and Local Authorities is as follows:

- Local Government Act 2002 Schedule 10
- Resource Management Act 1991
- Land Transport Management Act 2003
- Transport Act 1962
- Telecommunications Act 2001
- Electricity Act 2010
- Gas Act 1992
- Railway Safety and Corridor Management Act 1992
- Utilities Access Act 2010
- Health and Safety at Work Act 2015
- Building Act 2004 Public Works Act 1981

### **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.

The Local Government Act 2002 provides the primary regulatory framework for the Activity Management Plan and this Plan forms the basis for providing roading activity inputs to the Long Term Plan.

Council has the following Bylaws which are key to the delivery of the services and assist with control of activities within the network or how the community needs to act. The Bylaw also assists developers with how to build assets which will vest with Council:

- Bylaw 2015/1 Roading and Traffic
- Bylaw 2015/2 Traffic and Parking
- Bylaw 2016/1 Subdivision Code of Practices for Land Subdivision

### **2.2.3 Long Term Plan**

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

In 2014, an amendment to the Act inserted a statement that asset management planning should be a fundamental part of Council's prudent stewardship of community resources over the long term, a requirement to produce a 30 year infrastructure strategy for core assets. The Infrastructure Strategy is required to address:

- Identification of strategic issues and options.
- Outline how infrastructure assets will be managed.
- Indicative capital and operating expenditure forecasts.
- Significant CAPEX decisions – cost options for each.
- Assumptions on lifecycle, demand, levels of service.

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 Plans support and underpin the activities in the Long Term Plan. They are implemented through works programmes in asset areas. Adoption of the budgets for these programmes is carried out through the Long Term Plan process and subsequent annual plans. Changes to budgets for programmes may occur during the consultation process and adoption of Long Term Plan budgets or annual plans.

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.

The following diagram provides an overview of the context of this plan in relation to the above.

**Figure 2.7 Context of Long Term Plan**

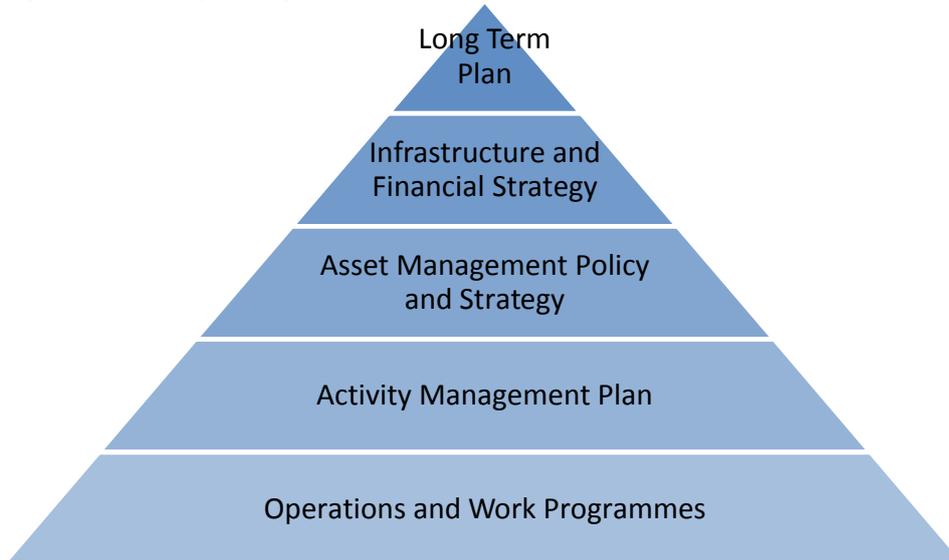


As described in Section 2.1, Council’s Rooding Activity Management Plan (AMP) also sits within a framework of national, regional and local strategies and planning documents that by working together signal the direction for the transport system.

**2.2.4 Activity Management Framework**

The framework in the following diagram shows the internal hierarchy of activity management plans, policies and programmes, an approach which is aligned with ISO 55001 Asset management standard.

**Figure 2.8 Activity Management Framework**



ISO 55001 defines the Asset Management System as the set of people, processes, tools and other resources involved in the delivery of asset management, and it includes the following which have been developed to span all ICC asset portfolios:

- The Asset Management Policy (Appendix 2.01) outlines the principles, requirements and responsibilities for asset management.
- The Asset Management Strategy (Appendix 2.02) set the asset management objectives, practices and audit and review processes.

The AMP is aligned with and gives effect to these documents.

### 2.2.5 NZTA Business Case Approach / Better Business Case

NZTA have developed the Business Case Approach (BCA) focused on the transport industry to assist with informed decision making. This is the agreed robust investment management approach for roading to be eligible for investment from NZTA, and is founded on the principles of Treasury's Better Business Case (BBC) approach.

The objectives of the BCA are:

- Enable efficiency
- Provide more confidence of investment and better value for money
- Enable quicker, more effective decisions from the NLTF

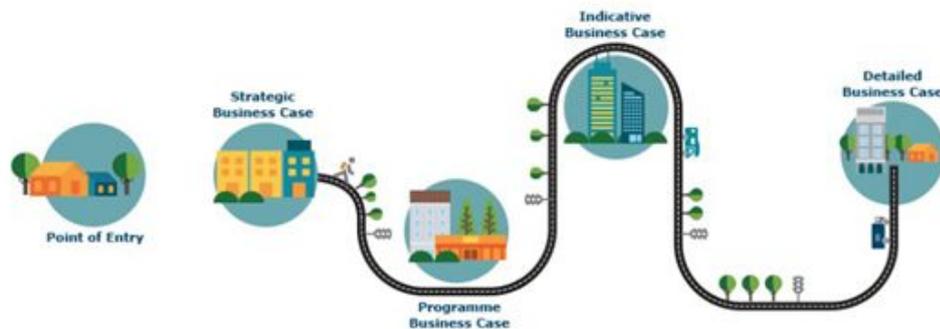
The BCA enables early decision making before committing significant resources.

The principles and desired behaviours of the BCA are illustrated below:

**Figure 2.8 Principles and Desired Behaviours of the BCA**



The process which is followed is:



The BCA looks to identify the right amount of effort for the complexity of the issue as follows:

**Figure 2.9 The Right Amount of Effort**



For this AMP it is anticipated that the effort would fit between light and moderate.

The key elements required include a Point of Entry discussion with NZTA to establish the likely complexity of the project, an ILM workshop to inform the Strategic Case and as this is a maintenance and renewal approach predominantly then programme case to consider the significant areas of the activity.

This AMP forms both the Strategic Case and the Programme Case.

### 2.3 Strategic issues and Challenges

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

- The City's changing demographic profile
- The community's willingness and ability to pay
- An expectation from the community to provide and retain services in a more effective manner at a lower cost
- 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
- Responding to the changing natural environment
- Retaining Invercargill's character within its built environment
- How Council will adapt to technology change

These issues are addressed within the AMP.

### 2.4 Problem Statements

Council has undertaken an Investment Logic Mapping exercise to focus on the key investment areas, described more fully in Appendix 13.01.

This can be summarised as follows:

#### The Problem (WHY) ...

Invercargill has good roading capacity which needs to be continually maintained and is relatively uncongested compared to other cities in New Zealand.

However, the city has one of the highest intersection crash rates in the country (relative to vehicle kilometres travelled) due to a combination of some unsafe road layouts and poor driving.

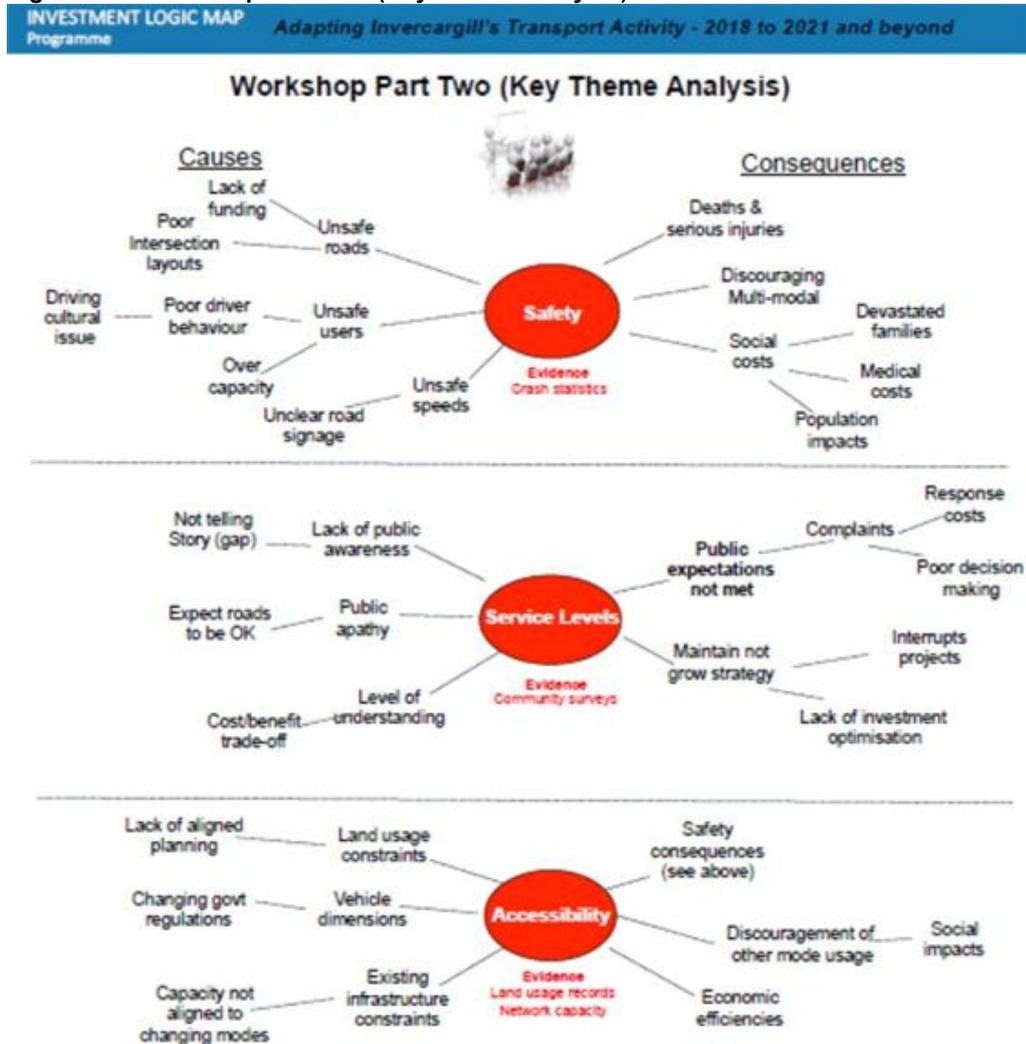
The current network infrastructure together with changing land use is also restricting people making trips around the city in alternative modes of transport i.e. walking, cycling etc.

**The Benefits (WHAT) ...**

Any investment to address these problems would primarily improve road user safety and improve community connectivity and social wellbeing. It would also contribute to the economic growth and productivity of the city.

The output of the ILM workshop is provided in the following diagram:

**Figure 2.10 Workshop Part Two (Key Theme Analysis)**



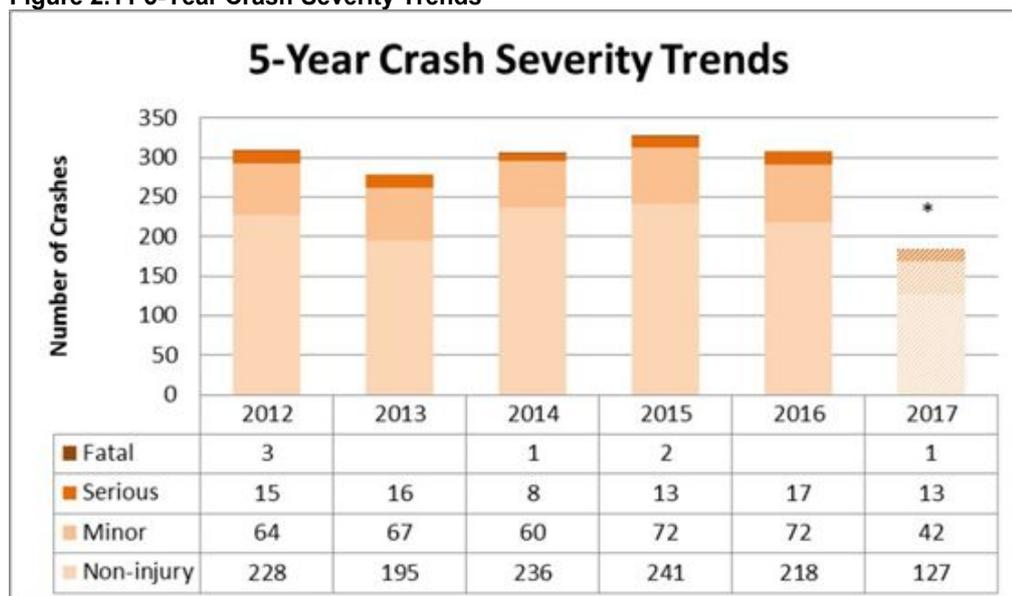
Key theme analysis led to the following problem statements being developed:

**Safety (60%)**

- A combination of some unsafe road layouts and poor driver behaviours results in too many fatal and serious crashes especially to vulnerable users

The following figure summarises the severity of crashes that have occurred in the City over the last 5 years, including 2017 YTD. They show a slight upward trend since a low in 2013.

Figure 2.11 5-Year Crash Severity Trends



**Accessibility (40%)**

- Current infrastructure together with changing land usage is restricting choices of travel for people around the city.

This is considered in several contexts:

- Freight movement – the inter-relationship between adjoining land-use, fitness for purpose of the road, vulnerable road users, and the volume of heavy vehicles.
- Current footpath dimensions do not always have sufficient width for new and larger scooters and the like.

Appendix 13.03 has maps which highlight the grid network, their hierarchy and corridors for transport which are accessible.

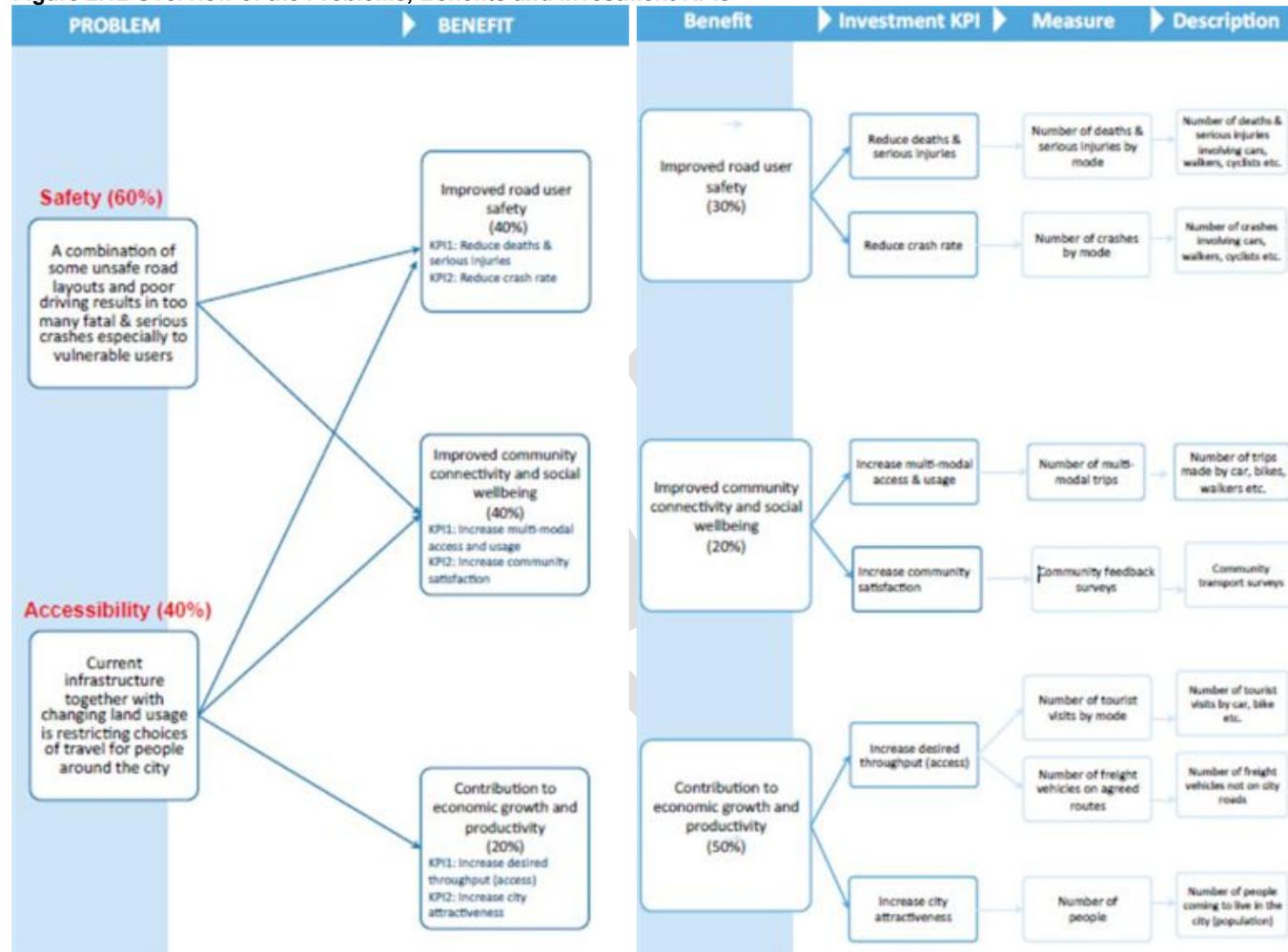
While these are the current key problems, the AMP must also respond to national and regional directions, in particular around resilience and amenity (which includes “fitness for purpose”). Roads which are not adequately maintained and renewed will over time become increasingly unfit for purpose and the level of resilience will likely decrease. Safety performance would also decline over time; for example, as pavement surfaces become less skid resistant and delineation and signs lose legibility and reflectivity.

Under the Local Government Act there is a requirement to maintain the assets which Council owns. Whilst the ILM did not develop a problem statement relating to maintenance and renewal, there remains the requirement to adequately manage it. The challenges this brings are:

- The community must have the capability and willingness (including fiscal) to be able to respond to changing demands on maintenance and renewals over time.
- The changing nature of transport technology and how the public use this (e.g. introduction of autonomous vehicles and the safety features requirements).
- The ongoing support of NZTA and the Government who align their investment policy with the needs of the provinces and the population
- The current Funding Assistance Rate (FAR) as it continues to reduce from 58% (2017) through to 51% and that this rate does not fall below 51%.

The diagram on the next page provides an overview of the problems, benefits and investment KPIs proposed to assess the effectiveness of the actions proposed in the AMP. In addition, targets relating to the ONRC performance measures have been established and are documented in Section 3.3.2.3 and Appendix 13.09.

Figure 2.12 Overview of the Problems, Benefits and Investment KPIs





**2.5 Performance Measures**

Customer and technical service performance measures from the ONRC and NZTA peer group comparison tables will be used to assess the ongoing effectiveness and efficiency of the City’s road network. In addition, the Department of Internal Affairs measures will be used as required by legislation.

**2.6 Peer Group Comparisons**

**2.6.1 Overall Financial Performance (Cost Efficiency)**

Outputs from the ONRC reporting tool are described below (also see Appendix 13.09).

The first two graphs provide an overall 5-year view and show that Invercargill is operating in a stable position relative and appropriate to its peer group given the demand and asset condition.

**Figure 2.13 Overall Network Cost (excluding emergency works)**

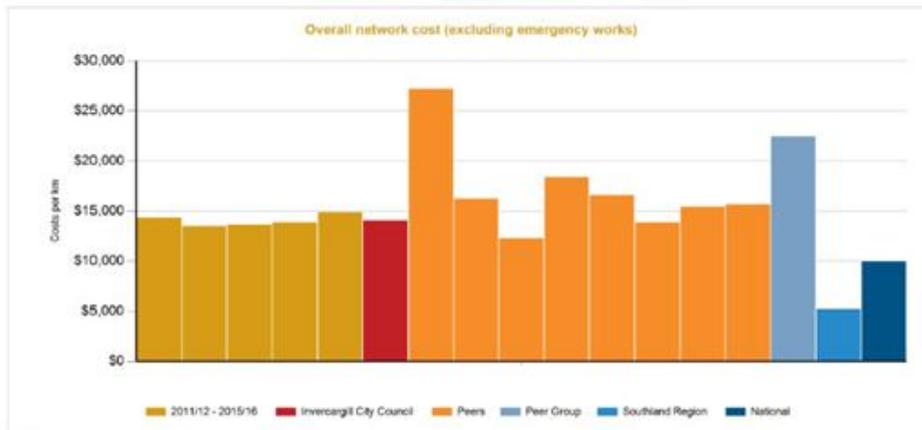


Figure 12: Overall network cost (excluding emergency works) per kilometre - Sourced from NZ Transport Agency T10 Work Category funding reports

**Figure 2.14 5-Year Average Annual Work Category Costs per Sealed Network Kilometre**

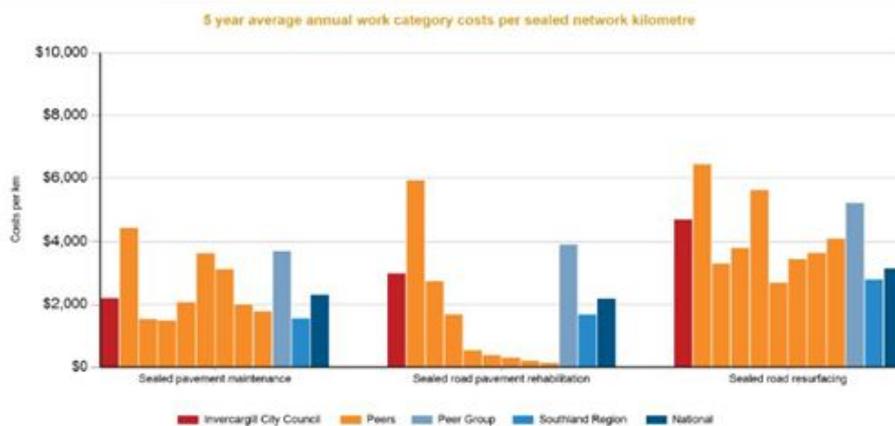


Figure 10: Sealed road maintenance costs per kilometre - Sourced from NZ Transport Agency T10 Work Category funding reports

Areas where closer consideration may be needed are rehabilitation projects and resurfacing costs. Both these areas are publically tendered and these costs could be a reflection of the market model rather than the quantum or style of work being

undertaken. Rehabilitation works will depend on where the roads are in their lifecycle and the extent of what work is needed.

Specific work category 3-year comparisons are shown in the next set of graphs below.

Routine drainage maintenance and renewal is at the higher end of the peer groups. This is likely due in large part to increased contract rates, however a reduction in the 3-year allocation is planned as shown later in the AMP.

Notably however, Invercargill is at the lowest end of the scale amongst its peer groups for expenditure per km on traffic services and environmental maintenance and renewal. Given the safety issues highlighted within the problem statements, this low level of expenditure could indicate an insufficient level of investment in signs, road markings, delineation, traffic signals and street lighting. This is further addressed later in the Plan.

Given the small amount of unsealed roads in the district, the low level of expenditure relative to peers in this area is not considered a significant concern.

**Figure 2.15 WC111 – Sealed Pavement Maintenance**



**Figure 2.16 WC212 – Sealed Road Resurfacing**



**Figure 2.17 WC214 – Sealed Road Pavement Rehabilitation**



Figure 2.18 WC113 & 213 – Routine Drainage Maintenance and Renewal



Figure 2.19 WC112 – Unsealed Pavement Maintenance



Figure 2.20 WC211 – Unsealed Road Metalling

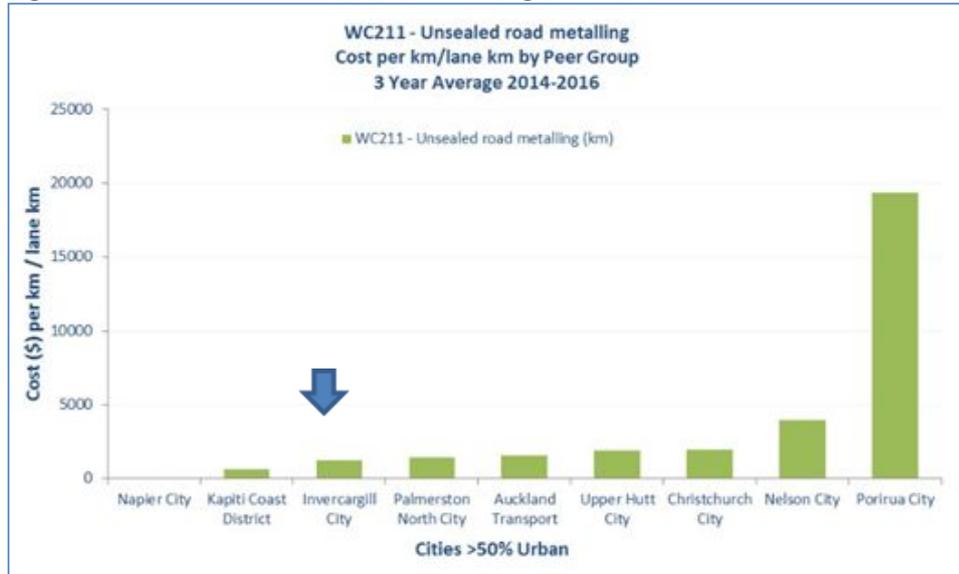


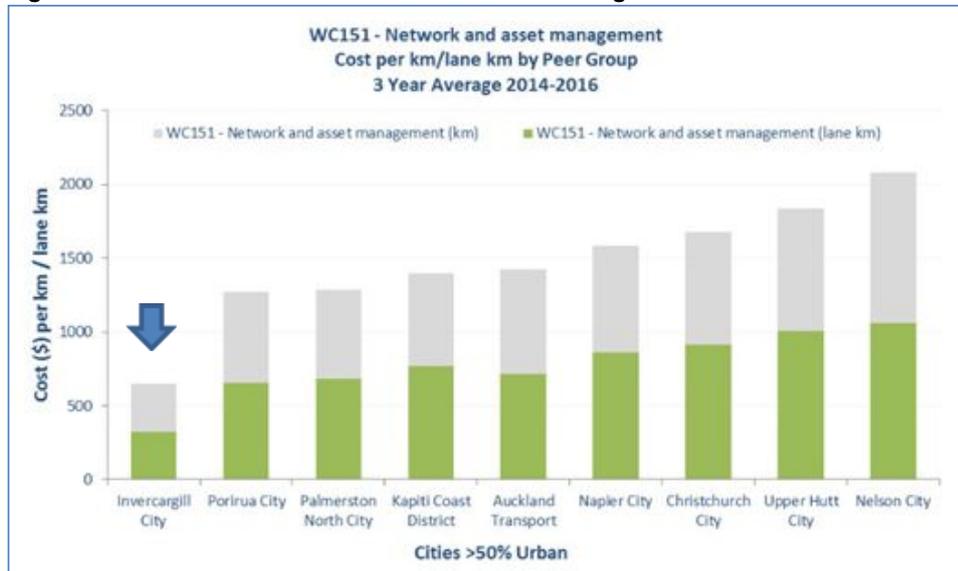
Figure 2.21 WC121 & 221 – Environmental Maintenance and Renewal



Figure 2.22 WC122 & 222 – Traffic Services Maintenance and Renewal



Figure 2.23 WC151 – Network and Assessment Management



**Figure 2.24 WC123 – Operational Traffic Management**



Overall Invercargill is demonstrating that it is financially performing reasonably well compared to its peers.

**2.7 Key Assumptions**

The Long Term Plan Background and Assumptions 2018-28 document (Appendix 1.01) lists the key assumptions which have been assumed as follows:

**Table 2.3 Key Assumptions**

**INTERNAL FACTORS**

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
<p><b>Population</b></p> <p>The population will increase to 56,300 by 2028.</p>	<p><b>Moderate</b> – 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><b>Household Growth</b></p> <p>An average of 2.3 people per household in 2038, requiring 2,300 more homes from the 2013.</p>	<p><b>Moderate</b> – 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><b>Ageing Population</b></p> <p>Those 65 years and older will make up approximately 22% of Invercargill's population by 2023.</p>	<p><b>Low</b> – 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</p>

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
		impact on the ability of the community to afford infrastructure and services.
<p><b>Resource Consents</b></p> <p>Resource consents will be obtained with reasonable conditions and negligible impact on how Council provides its services.</p>	<p><b>Moderate</b> – 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><b>Tourism &amp; Visitor Numbers</b></p> <p>Tourism numbers will increase over the Long-Term Plan period.</p>	<p><b>Low</b> – 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><b>New Zealand Transport Agency</b></p> <p>That the NZTA Funding Assistance Rate will reduce by 1% each year until a low of 51%.</p>	<p><b>Low</b> – 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><b>Commercial Property</b></p> <p>The CBD will remain in the Esk Street area and will become more vibrant.</p>	<p><b>Low</b> – 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>

### FINANCIAL FACTORS

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
<p><b>Inflation</b></p> <p>Inflation will occur at the rates set by BERL as LGCI forecasts.</p>	<p><b>Moderate</b> – 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><b>Local Economy</b></p> <p>The local economy will grow and diversify.</p>	<p><b>Moderate</b> – 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</p>

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
		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><b>Useful Life of Significant Assets</b></p> <p>Assets will reach the useful life indicated when supplied.</p>	<p><b>Moderate</b> – 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><b>Depreciation</b></p> <p>Council will fully fund renewal depreciation by year 10 of the Plan.</p>	<p><b>Low</b> – 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><b>Asset Revaluation</b></p> <p>Council will use national standards in asset revaluation.</p>	<p><b>Moderate</b> – 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><b>Vested Assets</b></p> <p>Vested assets will have a negligible impact on Council's overall infrastructure and finances.</p>	<p><b>Low</b> – financial effect of uncertainty.</p>	<p>Level of vested assets fluctuates yearly. Historical levels have not been material.</p>
<p><b>Financial – Existing Funding Renewal</b></p> <p>Council borrowing facility will be renewed (three-yearly) with the terms and conditions mirroring market trends.</p>	<p><b>Medium</b></p>	<p>Council's terms and conditions for its borrowing facility have mirrored market trends in recent times.</p>
<p><b>Financial – Expected Interest Rates on Borrowing</b></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><b>Medium</b></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><b>Financial – Forecast on Return on Investments</b></p> <p>Return on cash investments is calculated on the borrowing rate less</p>	<p><b>Medium</b></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>

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
2%.  Dividends and subvention payments from Invercargill City Holdings Limited are assumed to be at 10% of the total rates requirement.		

### EXTERNAL FACTORS

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
<b>Local Governance</b>  Amalgamation will not occur during the life of the Plan.	<b>Low</b> – to continue shared services, although amalgamation is low risk.	Shared Services, Policy and Governance  Boundary changes would require a review of the Long-term Plan with its associated community consultation.
<b>Legislation</b>  There will be changes to legislation that have an impact on what and how Council provides services.	<b>Moderate</b> – difficult to know what central government will implement particularly if a change in government.	Services, Finances and Governance  Significant legislative change can impose significant financial and service delivery costs on Council.
<b>Natural Disasters</b>  There will be no major catastrophes that impact on Invercargill or its economy.	<b>High</b> – It is certain the Alpine Fault will rupture in the future but uncertain as to when and the impact.	Infrastructure, Services, Housing and Population  A Civil Defence emergency in the District would impact financially on Council and the community. The financial risk to Council is reduced by maintaining insurance cover for emergency events.
<b>Climate Change</b>  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.	<b>Moderate</b> – Long-Term trend of rising temperatures and more frequent intense weather events is reasonably certain, short to medium term impacts are less certain.	Water availability, coastal hazards (roading and infrastructure), services, air quality, agriculture, farming and biosecurity.  The effect of Climate Change occurring more quickly than anticipated may require Council to review and change its current activities and levels of service. This could have a significant financial impact on the community.
<b>Technology</b>  Changes in technology will affect how Council carries out its activities. This will have a financial implication over the 10 year plan.	<b>High</b> – certainty of diversification in technology is ever-growing. Impact of changing technology cannot be quantified.	Employment, Local Economy and Services (delivery)  New technologies will likely have an increased financial cost in the short term.
<b>Education</b>  S.I.T will continue to promote Invercargill to international students.	<b>Moderate</b> – education systems that exist are likely to remain stable.	Infrastructure, Services, Population and Housing

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
<p><b>World Economy</b></p> <p>The world economy will not have a significant negative effect on the Invercargill City District.</p>	<p><b>Moderate</b> – 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>

Additional specific assumptions which are considered in the thinking of this plan include:

Assumption Area	LTP Assumption
Technology	Significant numbers of autonomous vehicles will be developed and introduced into the traffic fleet improving safety but not until 2037 or later.
Technology	Safety features will be introduced in affordable mainstream vehicles by 2027.
Ageing Population	Changing population demographics and technology will increase demand for mobility solutions, however asset availability and core service delivery are unlikely to be significantly affected.
Local Economy	Freight and the traffic still use the traditional roads.
Tourism & Visitor Numbers	Visitor numbers do not adversely influence the road safety issues.
Useful Life of Significant Assets	Data accuracy utilised in analysis continues to improve and is reliable.

As assumptions deal with matters of uncertainty and complexity, actual results will likely vary, but are based on the best information available. If actual future events differ from the assumptions, it may result in material variances to this Plan. The Long Term Plan Background and Assumptions 2018-28 document (Appendix 1.01) identifies the risks that underlie those assumptions, the reason for that risk and an estimated potential impact if the assumption is not realised.

### 3. The Service We Provide

This section defines the service Council delivers to its customers and the measures which are used to identify Council performance in delivering these.

It also identifies how the Levels of Service for Roading activities links the local outcomes, the Southland Regional Land Transport Plan, the Council Community Outcomes and the Government Policy Statement (GPS).

The One Network Roading Classification (ONRC) assists Council with defining levels of service.

The ONRC framework defines six Customer Outcomes: resilience, travel time reliability, accessibility, amenity, safety and cost efficiency.

The expected customer experience for each road classification is defined by the performance measures from nationally agreed ONRC measures and those which Council directly establishes and sets.

The ONRC framework provides a consistent means of investing in the right thing at the right time and the best price.

#### 3.1 Customer Profile

##### 3.1.1 Our Stakeholders and Community

The roading activity has a wide range of internal and external stakeholders. The following groups have been identified as the key stakeholders:

**Table 3.1 Our Stakeholders and Community**

External Stakeholders	Area of Interest	Engagement	Customer Needs and Expectation
Invercargill City ratepayers	Rates Impact	Customer Surveys	Value for money
Transport network users; car drivers, cyclists, pedestrians	Network performance	Surveys	Safe, reliable and accessible Network and amenity (smoothness)
Council Contractors	Network performance, safety for teams	Liaison	Safe road Network to work on
Utilities – Spark, PowerNet, Telecom, etc.	Corridor access programming	Liaison	Safe, and accessible Network
Transport and Freight Operators, Road Transport Association, AA	Network efficiency and time reliability, access to properties, resilience of networks	Liaison	Safe, resilient, travel time reliable Network
NZTA	Network performance and safety outcomes, Network standards, subsidy funding levels Value for Money	Direct liaison	Safety, Mobility, Amenity, Accessibility, Technical Outputs, Cost Efficiency
Business and commerce	Network efficiency and reliability, Amenity Values	Liaison	Safe and accessible Network, value for money, resilience,

External Stakeholders	Area of Interest	Engagement	Customer Needs and Expectation
			Technical Outputs
Passenger Transport Operators	Network performance and safety, reliability	Liaison	Safe, reliable and accessible Network
NZ Police	Safety Outcomes, Access, Resilience	Direct liaison	Safe, reliable and accessible Network
Environmental Groups	Operational Outcomes, resilience and amenity	Consult	Amenity for people and places, resilient
Southland District Health Board, MoH, MoE	Health Environmental and Recreation Issues	Consult	Safe Network for all modes of travel
Iwi Groups	Environmental Operation	Liaison	Resilient network , amenity values
Audit New Zealand	Governance and Operation	Audit	Value for money
Other Councils	Cross Boundary Journey consistency	Liaison	Accessible and resilient Network

Internal Stakeholders	Area of Interest	Engagement	Customer Needs and Expectations
Councillors, Directors	Governance, Value for money	Reporting	Safety, Mobility, Amenity, Accessibility, Technical Outputs, Cost Efficiency
Council Activity Managers	Activity Coordination, Accessibility, Resilience	Liaison	Safe and accessible Network, Resilience
Engineering Services Group	Technical and Operation	Reporting	Safe and accessible Network
Financial and Corporate	Financial Performance Corporate Service Support, Value for Money	Reporting and business support	Value for money

### 3.1.2 How We Engage our Communities

Council also engages the community on roading activities via:

- Long Term Plans
- Regional Land Transport Plans, Government Policy Statement GPS (for Transport), NZTA Long Term Strategic View
- Public Forums at Committee Meetings
- Newspaper articles, rates newsletters and media statements
- Mayoral appointments with residents
- Formal consultation through the Special Consultative Process (for use issues as the Long Term Plan)
- Service Request via Council's website, Facebook and similar mediums
- Letters to affected parties for projects
- Speaking to community and industry groups
- Participating in industry forums
- Signs and billboard

### 3.1.3 Community Research

In 2014 the Council carried out a Customer Service Satisfaction Survey to provide information on ratepayers and residents' assessment of Council's services.

In 2016 further research (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.

The key findings:

- Rooding is seen as a high priority
- A larger proportion of respondents wanted to see more rates spent to provide a better quality service
- Only 59% thought the road surface was good (with similar results for footpaths)
- Only 8% felt unsafe on roads
- Surfacing (road and footpaths) improvements was the most common improvement suggested

Customer service requests are also logged corporately and this information is another platform which can be used to understand the community requirements and where demand or issues are growing.

With the development of the Better Business Case approach for this Plan, an Investment Logic Mapping exercise was undertaken with key Rooding Stakeholders to better define the problems faced by the transport network. This process develops "Problem Statements" which are the basis for developing the case for change in this plan. These are outlined in the Section 2.4.

### 3.1.4 Key Service Attributes Valued by Customers

Customers see the most important aspects of the Rooding Activity:

- Safe roads with clear road signs, markings and traffic signals
- Connected roads and streets for all modes of transport
- Accessible footpaths with suitable access to properties
- Clean CBD streets and footpaths
- Clean Streets and Roads which drain after rain and free from debris
- Enough street lighting to feel safe
- Car parking easily available, easy to use and appropriately priced
- Roads assigned for high traffic use which trucks should use to efficiently and reliably have access through the city
- Unsealed roads which have less dust and are not potholed or corrugated

These attributes are well connected to the ONRC Customers Outcomes which are Safety, Resilience, Amenity, Accessibility, Travel Time Reliability and Cost Efficiency as shown in the next section.

## 3.2 Service Drivers

### 3.2.1 Community Expectations

Our community expectations are related to ONRC outcomes:

**Table 3.2 Community Expectations**

Outcome	Actions	Customer Group
Accessibility	<ul style="list-style-type: none"> <li>➤ Roads are well maintained free from potholes and are smooth to drive on</li> </ul>	<ul style="list-style-type: none"> <li>➤ Motorists &amp; Pedestrians</li> </ul>
Resilience	<ul style="list-style-type: none"> <li>➤ The overall condition of the sealed road network supports reliable and effective travel</li> <li>➤ Robust asset management practices to ensure ongoing service can be delivered</li> </ul>	<ul style="list-style-type: none"> <li>➤ Heavy Vehicles</li> <li>➤ Motorists</li> </ul>
Safety	<ul style="list-style-type: none"> <li>➤ Local roads are safe</li> <li>➤ Roads are becoming safer by reducing the number and severity of crashes</li> </ul>	<ul style="list-style-type: none"> <li>➤ All mode users</li> <li>➤ Councillors</li> </ul>
Reliability	<ul style="list-style-type: none"> <li>➤ The Roothing Activity will comply with relevant codes and legislation</li> <li>➤ High traffic use areas (including trucks and heavy traffic routes) use streets designed for them to get through the city</li> <li>➤ Traffic signals work together and help access across main streets</li> <li>➤ Efficient contractors are focused on service delivery</li> </ul>	<ul style="list-style-type: none"> <li>➤ Heavy Vehicles</li> <li>➤ Motorists</li> <li>➤ Emergency Services</li> <li>➤ Pedestrians</li> </ul>
Amenity- People, Places,& Environment	<ul style="list-style-type: none"> <li>➤ Council responses to customer requests in a timely manner</li> <li>➤ CBD areas free from litter, visually clean and maintained</li> <li>➤ Enough car parks which are easy to use and appropriately priced</li> <li>➤ Streets are safe around schools and high pedestrian areas</li> <li>➤ Footpaths which are easy to walk on</li> <li>➤ Clean streets and sumps that freely drain after rain</li> <li>➤ Street lighting provides sufficient light for pedestrians</li> <li>➤ Dust is minimised in dry weather and are suitable to drive on</li> </ul>	<ul style="list-style-type: none"> <li>➤ Ratepayers and Pedestrians</li> <li>➤ Commercial and Business Groups</li> <li>➤ IW1 and Environmental Groups</li> </ul>
Cost Efficiency	<ul style="list-style-type: none"> <li>➤ Work is undertaken in efficient manner</li> <li>➤ Works are coordinated and planned</li> <li>➤ Contracts are structured to deliver best value in a sustainable market</li> </ul>	<ul style="list-style-type: none"> <li>➤ Ratepayers</li> <li>➤ NZTA</li> <li>➤ Councillors</li> </ul>

It has been previously reported in earlier plans that the customer's expectation of smoother roads is not generally accepted with the funding partners. A performance measure is utilised to show how Invercargill rates against the national perspective. Historically Invercargill has had smoother roads than the national average.

A significant expectation gap exists between how our customers feel about the importance of roading and the surface of road currently being delivered. This plan seeks to recognise how better communication is required and the linking of smoother surfaces to the cost implications of that.

### 3.2.2 Legislative Requirements

The key legislation and Government policy documents relating to transport network management in New Zealand is:

**Table 3.3 Legislative Requirements**

Legislation	Requirements	Impacts on LOS
Local Government Act 2002 Schedule 10 - Land Transport Management Act 2003 -	Requires Council to prepare a Long Term Plan. Requires Council to contribute to an integrated, safe, responsive, and sustainable land transport system, reflecting the New Zealand Transport Strategy (NZTS) and the Government's Policy Statement on Land Transport.	Set legal requirements for LOS. Speed Limits, establishes need for safe roads and cost effective delivery, to contribute to an effective, efficient, and safe land transport system in the public interest.
Invercargill City Council Bylaws - Traffic Control; Parking; and Land Subdivision	Sets expectations of the community for the standards of behaviour.	Establishes controls for road management for accessibility and safety.
Transport Act 1962 -	Controls aspects of road and traffic operations, including Traffic Regulations, bylaws, enforcement.	
Telecommunications Act 2001, Electricity Act 2010, Gas Act 1992, Railway Safety and Corridor Management Act 1992, Utilities Access Act 2010 -	Provide utility operators and others with powers to use road corridors.	Establishes safe road working and operating environment.  Establishes process to manage how Roadway assets are reinstated.
Health and Safety at Work Act 2015 -	Requires safe work places for all activities undertaken by local authority's staff, consultants and contractors.	Establishes the safe work environment requirement.
Public Works Act 1981 -	Enables compulsory land purchases and defines the procedural and informational requirements.	Empowers road corridor management rules
Resource Management Act 1991 -	Requires Council to sustain the natural and physical resources and comply with the District and Regional Plans It also requires Council takes into account the principles of the Treaty of Waitangi in exercising functions and powers.	Establishes land use rules

### 3.2.3 Industry Standards and Guidelines

The following documents are generally accepted as industry practices:

**Table 3.4 Industry Standards and Guidelines**

Category	Standards and Guidelines	Impacts on LOS
a. Pavement and surfacing	Austroads Guide to Stabilisation in Roadworks, 1998	Sets technical specifications and best practice.
b. Pavement Design	A Guide to Structural Design of Road Pavements and the New Zealand supplement to the Guide (May 2000) Austroads standards: Rural road design; "Guide to Geometric Design of rural Roads Austroads. Guide to road design – Part 3: Geometric design	Sets technical specifications and best practice.
c. Traffic Management	NZTA Code of Practice for Traffic Management (CoPTM)	Establishes rule for operating safely in the network
d. Street Lighting and Traffic Signals	AS/NZS 1158.6:2010 Road Lighting Luminaries standard Guide to Traffic Engineering Practice, Part 7: Traffic Signals, Austroads, 2003	Establishes appropriate lighting levels for safety
e. Pedestrian Planning	Pedestrian planning and design guide, Wellington : NZTA 2009	Establishes best practices
f. Signs / Roadmarking	Manual of Traffic Signs and Markings ( MOTSAM ) Parts 1 – 4 Guidelines for marking multi-lane roundabouts,	Establishes best practices
g. Cycle network	Austroads, Part 14, including New Zealand supplement.	Establishes best practices
h. Safety	➤ Safe System in Practice Workshop Manual	Establishes best practices
i. Bridges and culverts (structures)	NZTA Bridge manual (SP/M/022	Ensures standards for resilience, access and safety
j. Maintenance Management Systems	RAMM Road Condition Rating and Roughness Manual, Transfund, 1997 (part 3 to 5)	Establishes measurement for measuring data for access and cost approaches
k. New Zealand Transport Agency Specifications	<ul style="list-style-type: none"> <li>➤ B/2:2005 Construction of unbound granular pavement layers</li> <li>➤ M/1:2011 Roding bitumen</li> <li>➤ M/4:2006 Crushed basecourse aggregate</li> <li>➤ M/3: 1986 Sub base aggregate</li> <li>➤ M/10:2010 Asphaltic concrete</li> <li>➤ P/3:1995 First coat sealing</li> <li>➤ P/4:1995 Resealing</li> <li>➤ P/9:1975 Construction of asphaltic concrete</li> </ul>	Establishes best practices

Category	Standards and Guidelines	Impacts on LOS
	<ul style="list-style-type: none"> <li>➤ T/10:2010 paving Skid resistance deficiency investigation and treatment selection</li> <li>➤ P23:2005 Hot mix Asphalt Wearing Course Surfacing</li> </ul>	
i. New Zealand International Infrastructure Management Manual	Asset Management Practice	Establishes best practices
m. NZS 3910 & 3917	Contract Documentation for tendering	Establishes best practices
n. NZTA Procurement Manuals	NZTA Manual in conjunction with ICC Procurement Strategy informs how to procure and evaluate tenders	Establishes procurement process to gain best cost approach
o. NZS 4404	Subdivisional standard read in conjunction with Council Bylaw	Sets standards for assets

### 3.3 Levels of Service

#### 3.3.1 Customer Levels of Service, Performance Measures and Targets

The Department of Internal Affairs (DIA) introduced a number of measures which Councils must report on.

The performance measures from DIA are intended to measure the major aspects of performance of the services concerned for roading and footpaths.

The performance measures cover the following key aspects of service delivery:

1. How safe are the local roads?
2. What is the overall condition of sealed roads in the local road network?
3. Is the sealed roads network being maintained adequately?
4. Are the footpaths that form part of the local road network being maintained adequately?
5. Does the local authority responsible for the service provide a timely response if there is a problem?

Only a local road network must be reported on using the measures. Other roads, such as state highways, which are funded and maintained by the New Zealand Transport Agency, and privately-owned roads, do not need to be reported on.

Measures are meant to provide information on services provided by local government rather than by other organisations or suppliers. In reporting on these performance measures, a territorial authority must specify its service level. The measures on maintenance and condition do not include unsealed roads. Not all territorial authorities have unsealed roads. Also, unsealed roads range from tracks with no pavements to roads with formed pavements.

The following table outlines how the Level of Service contributes to the outcomes of the activities. These are then followed by the Levels of Service and how they are measured.

**Table 3.5 How the Level of Service Contributes to the Outcomes**

How the Activity Contributes	Customer Level of Service Refer Section 3.3.2 and Appendix 13.09
Rooding (pavements) contributes to accessibility with access to space, via integrated networks of connected roads and footpaths. Safe roads allows freedom of movement for residents including appropriate lighting.	TMP 01 - The total number of fatal and serious injuries each year on your network. ICC-001 Street lighting ICC – 002 Respond to Vandalised signs ICC – 003 Traffic Signals Response DIA 4 Footpaths
Rooding provides the vital connections with state highways for the freight task distributing the goods needed for a city and throughout the city.	TPM 04 - The number of unplanned road closures and the number of vehicles affected by closures annually. TPM 05 - The number of unplanned road closures and the number of vehicles affected by closures where there was no viable detour.
Rooding provides roads to connect people, signs to direct, footpaths for pedestrians, street furniture for streetscape usage. CBD areas have high amenity values.	ICC 1 Street lighting ICC 2 Respond to Vandalised signs ICC 3 Traffic Signals Response
Safe roads allows residents to select a mode of transport they wish to use with confidence Street lighting allows residents to feel safe at nights. Wide streets and low traffic allows ease of movement, together with networks resilient and reliable for all events.	TPM 01 - The total number of fatal and serious injuries each year on your network. TPM 02 - The total number of fatal and serious injuries per kilometre each year on the network. TPM 03 - The total number of fatal and serious injuries by traffic volume each year on the network ICC 1 Street lighting ICC 2 Respond to Vandalised signs ICC 3 Traffic Signals Response
Good rooding management delivers a core infrastructure in leading the City.	TPM 12 - The overall cost per km and vkt of routine maintenance activities, and cost by work category on each road network for the financial year.
Street facilities such as visitor signs, streetscape, seating, and car charging etc offer high value people space and have flexibility to quickly adapt.	TPM 13 - The % response from customer feedback surveys TPM 14 - The % response from customer feedback surveys DIA 4 Footpaths - The percentage of footpaths that fall within the level of service set by this Asset Management Plan.
Rooding corridor management contributes to make events have safe road and pedestrian access to stadiums, clear signage and good road management.	

### 3.3.2 Customer Levels of Service

The following tables outline the Levels of Service for Rooding to measure and report on annually to demonstrate the performance which is being achieved. These measured are established to provide a view of the activity which the stakeholders can easily understand and be able to assess if the correct efforts are being input and delivered.

**3.3.2.1 DIA Measures**

These are the measures specifically required for roading and are mandatory to report.

**Table 3.6 DIA Measures**

No	Measure	Baseline
<b>DIA 1</b>	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	Decreasing annually
<b>DIA 2</b>	The average quality of ride on a sealed local road network, measured by smooth travel exposure.	Higher than the National Average
<b>DIA 3</b>	The percentage of the sealed local road network that is resurfaced.	The sealed area of surface is more than >= 6.25% of total surfaced area
<b>DIA 4</b>	The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan).	Less than 8% in very poor condition
<b>DIA 5</b>	The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan.	80% of requests are responded to five or less business days

**3.3.2.2 Council Measures**

These are measures which this plan considers as appropriate to demonstrate the services levels provided.

**Table 3.7 Council Measures**

No	Measure	Baseline
<b>ICC 1</b>	Invercargill Street lighting is compliant with AS/NZS 1158 to agreed levels within urban areas, adjusted for constraining factors.	>Increasing annually
<b>ICC 2</b>	Vandalised signs are promptly responded to and corrective actions commenced.	>85% of requests within 2 business days
<b>ICC 3</b>	Damaged traffic signals are attended to promptly.	>85% of emergency requests are responded to by attending site within 1 hour

**3.3.2.3 ONRC Measures**

These are measures which this plan considers as appropriate and a baseline assigned although ONRC has no set targets for these measures.

**Table 3.8 ONRC Measures**

No	Measure	Baseline
<b>ONRC 1</b>	The number of unplanned road closures and the number of vehicles affected by closures annually.	Number of Closures <=8 Affected vehicles – to be established
<b>ONRC 2</b>	The overall cost per km and vkt of routine maintenance activities, and cost by work category on each road network for the financial year.	<= Peer Group Average

**3.3.3 How Did We Measure Up in the Last Year**

The following table reports performance reporting for Roading for the 2016/17 year:

**Table 3.9 Performance Reporting for Roading**

Measure	2016/2017 Target	2016/2017 Result
Compliance with the New Zealand Street Lighting Standard.	Increasing percentage. >95% by June 2020.	Not Achieved.  (2015/16: Achieved – 87%)
Vandalised/missing signs and maps are promptly “responded to”.	Greater than 90% within 48 hours.	Achieved 94.2%  (2015/16: Achieved – 97%)
Traffic signals are “responded to” within one hour for emergency works, four hours for serious faults and 12 hours for minor faults.	90%	Not Achieved 82.8% ( based on emergency works only)  (2015/16: Achieved – 92%)
Council’s cycling network is fully marked.	Increasing percentage.	Achieved Additional Cycle network completed  (2014/15: Achieved – 84%)
<b>National Non Financial – Performance Measure</b>	<b>2016/2017 Target</b>	<b>2016/2017 Result</b>
<b>Road Safety</b>		
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	Reducing number	Not Achieved In 2016/17 – 21 ( 1 Fatal ; 20 Serious)  In 2015/16 16 ( 2 Fatal ; 14 Serious) ( Period Used - 1 Jan to 31 Dec)  (2015/16: Not Achieved - 16)
<b>Road Condition</b>		
The average quality of ride on a sealed local road network, measured by smooth travel exposure.	Urban > 81%  Rural > 93%	Achieved  Urban 88% Rural 96%

		(2015/16: Achieved, Urban: 87% and Rural: 96%)
<b>Road Maintenance</b> The percentage of the sealed local road network that is resurfaced.	Chipsealing 5.9%	Not achieved 4.1% (2015/16: Achieved – 6.1%)
<b>Footpaths</b> The percentage of footpaths within a Council's district that fall within the level of service or service standard for the condition of footpaths as set out in the Asset Management Plan.	Less than 8% of sealed footpaths have a condition of very poor.	Achieved Very Poor Condition Rated - 1.23% (Achieved – 1.36% condition of very poor)
<b>Response to Service Requests</b> The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the Long Term Plan.	80% within five days.	Not Achieved 64.8% (2015/16: Achieved - 77.1%)

A number of the targets have not been met during the year but often these have occurred due to data reporting by contractors or not being able to evidence compliance.

### 3.3.4 ONRC Performance and Technical Levels of Service

ONRC has developed through consultation with the industry a wide range of measures. These are both permanence and technical measures which are believed to assist the industry in understanding performance and a start of a basis for comparison.

These technical measures have been produced by the Road Efficiency Group as standard measures for New Zealand. The ONRC however has not nationally established targets for these measures. Council staff have undertaken an assessment of their current performance and established an indicative and suitable target to be used. These targets will be assessment in future years as most of these metrics have yet to be regularly captured and assessed.

The Technical Levels of Service are outlined in Appendix 13.09 and are not intended to be reported on. Part of the ONRC performance reporting tool will provide an opportunity to gather this data in future years and be able to measure these against peer groups as potentially another way to demonstrate evidence to support the business case for any change.

### 3.4 Levels of service Issues and Challenges

The challenge for Roothing is to align with the ONRC Performance Measures going forward.

The current measures of service levels remain relevant, although targets will be established for some ONRC measures and then reassessed in light of further information. A number of ONRC reports will assist with calculating these results.

#### 3.4.1 Current Levels of Service Gaps and Possible Responses

The following summary note the gaps identified with the levels of service planned to be delivered by this plan and potential responses:

**Table 3.10 Current Levels of Service Gaps and Possible Responses**

LOS Measure	Gap	Response Approach	LOS No
Smooth Travel Exposure (STE)	Roads not smooth enough	<ul style="list-style-type: none"> <li>Perceived issue</li> <li>More communication linking actual condition and services to cost implications</li> <li>Localised treatments driven by roughness data</li> <li>Better political understanding</li> <li>Maintenance works targeted at ONRC hierarchy and specific issues</li> </ul>	•
Street lighting	Some ICC Urban areas below standard	<ul style="list-style-type: none"> <li>Ongoing 11 year Upgrade Programme,</li> <li>Some areas poles are shared and standard cannot be reached.</li> <li>Consistency in design and delivery</li> </ul>	•
Road Surfacing Programmes	Programmes less than long run average target	<ul style="list-style-type: none"> <li>Optimised modelling (dTIMS) to predict long term approach</li> <li>Close onsite monitoring and validation of modelling</li> <li>Do the right treatment at the right time.</li> <li>Plan better and align works with utilities</li> <li>Improve data accuracy to establish appropriate programmes</li> <li>Use of depreciation reserve funds for future ability to pay when needed (local share)</li> </ul>	•
Road Safety Number of fatal and serious injuries	<p>Community At Risk Register ranking for Intersection and Pedestrian and Cyclists is too high</p> <p>Overall longer term trend is reducing but some years LOS have not achieved</p>	<ul style="list-style-type: none"> <li>Strategy with Southern Road Influencing Project (Any Number is Too Many project with NZTA)</li> <li>Programmes through The NZTA Community Programme using Road Safety Southland for better behaviours</li> <li>Develop a strategy for Road Risk Management including speed</li> <li>Localised traffic design</li> <li>Network management to reduce operating speed and risk areas</li> <li>Participate in Region wide Cycling Strategy to coordinate cycling</li> <li>Develop and Implement a Road Safety Action Plan</li> </ul>	•
Dust Suppression	Customers are expecting dust levels to be reduced for health, safety and environmental reasons	<ul style="list-style-type: none"> <li>Management of grading, material use and methodologies (walk and roll)</li> <li>Look to other technology (Otter Seals, dust suppressants)</li> <li>Encourage User investment for localised sealing</li> <li>District Planning actions to limit</li> </ul>	•

LOS Measure	Gap	Response Approach	LOS No
Carparking	Lack of carparking suitably located to CBD	households close to unsealed roads <ul style="list-style-type: none"> <li>• Better information on problem, supported by surveys and data</li> <li>• Use of technology to support business needs</li> <li>• Use charging (pay) regimes</li> <li>• Recognise value in parking and manage perceptions</li> <li>• Buy and develop carpark located suitably through onstreet funding charges</li> <li>• Divest underperforming activities</li> </ul>	•

Council has historically noted and accepted that the expectation of customers may not be always aligned to funding constraints. Technical data such as STE shows that Invercargill has better roads than the national average. This is not what the public perceive and is the gap which needs to be communicated. There will be a need to focus on and improve specific, localised issues to improve some areas. Council will need to have better communication to stakeholders to ensure a more robust understanding is achieved between the ONRC national expectations (Road Efficiency Group and NZTA) and the community. It is important to ensure the ratepayers understand the ONRC Customer Performance targets and aligning these to ONRC requirements. This will give the community a clearer understanding of the wider approach and the opportunity to consider if they wish to invest further (in areas where NZTA current also invest).

If there is a true community desire to have “smoother road” and higher roading standards they will understand the commitment to fund these and if support does truly exist

Safety is a key improvement area and is a specific problem statement which is similar to other Councils. Programmes need to be coordinated to focus on issues and working towards solutions. Having a community where the number of deaths and serious injury on roads is reducing is required.

Council has no policy on environmental sustainability and any projects are managed on a project by project basis.

Seal extensions have previously been an improvement area but due to funding criteria (e.g. FAR) and other budget pressure results in no allocation being available for extension unless fully funded by Council. Council has not signalled any desire to have these included but would encourage users investments. Council has historically decided not to fund seal extensions and reduce dust impacts. It does however allow dust suppressants to be used.

Further investigation in network operational planning is considered to be needed for Invercargill to refocus on how the freight demand can be better managed and aligned with the opportunities of the State Highway networks. There has been no development of additional bypass options through the city to assist with heavy traffic movements.

**3.4.2 Level of Service Target Trends**

The following table outlines the changes planned in the levels of service over the following years which should be delivered by this plan.

**Table 3.11 Changes Planned in the Level of Service**

LOS No	Baseline	Measure	2018/19	2019/20	2020/21	2021-28
DIA 1	Decreasing annually	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Decreasing annually	Decreasing annually	Decreasing annually	Decreasing annually
DIA 2	Higher than the National Average	The average quality of ride on a sealed local road network, measured by smooth travel exposure.	Higher than the National Average			
DIA 3	The sealed area of surface is more than >= 6.25% of total surfaced area.	The percentage of the sealed local road network that is resurfaced.	>6.25%	>6.25%	>6.25%	>6.25%
DIA 4	Less than 8% in very poor condition	The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan).	<8%	<8%	<8%	<10%
DIA 5	80% of requests are responded to five or less business days.	The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan.	80%	82%	84%	85%
ICC 1	>Increasing annually	Invercargill Street lighting is compliant with AS/NZS 1158 to agreed levels within urban areas, adjusted for constraining factors.	Increasing %	Increasing %	>95%	>95%
ICC 2	>85% of requests within 2 business days	Vandalised signs are promptly responded to and corrective actions commenced.	>85%	>85%	>85%	>85%
ICC 3	>85% of emergency requests are responded to by attending site within 1 hour	Damaged traffic signals are attended to promptly.	>85%	>85%	>85%	>85%
ONRC 1	Number of Closures <=8 Affected vehicles – to be established	The number of unplanned road closures and the number of vehicles affected by closures annually.	<8	<8	<8	<8
ONRC 2	<= Peer Group Average	The overall cost per km and vkt of routine maintenance activities, and cost by work category on each road network for the financial year.	<= Peer Group Average	<= Peer Group Average	Mid to top of Peer group	Mid to top of Peer group

Where specific targets are not included in the above table they target is not planned to be developed over the plan and will remain as noted.

## 4. Demand for Our Services

### 4.1 Demand Forecast

Council has developed a number of key assumptions for the Long Term Plan to set the strategic direction and these are in Appendix 1.01.

#### 4.1.1 Factors Influencing Demand

This Activity Plan is based on the Council key assumptions which are seen to impact demand on Rooding as follows:

**Table 4.1 Factors Influencing Demand**

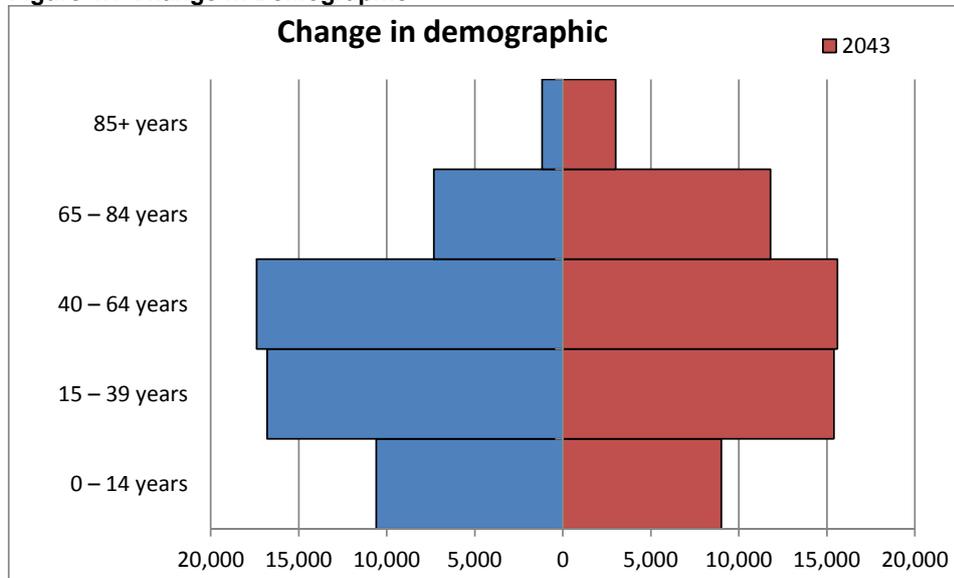
Demand Driver	What's Happening in the City	What does it mean
Population	The population assumption is to see the population increase to 55,000 by 2028.	Sufficient network capability exists. Safety needs to be a priority.
Ageing Population	The assumption is those 65 years and older will make up over 25% of Invercargill's population by 2023.	Priority changes for access, safety and mobility needs. Fixed incomes will affect the ability to pay.
Technology	Changes in technology will affect how Council carries out its activities.	Changes in demand for services, parking and access will change.
Customer Expectations	Increase in customer expectations of the services provided.	Unsealed road customers seeking methods to improve their service. More pressure on provided levels of service which are NZTA funded.
Economic – Land Use	Changing land use is requiring different access to areas. Freight movements are changing and seeking different routes. School growth is occurring in some locations.	Use of the ONRC routes to prioritise the network use for particularly heavy vehicles. Parking and other mode access around schools needs to be reviewed and changed.
Environmental	Increasing awareness to carefully manage stormwater runoff. Growing longer term consideration for sea level rise and impacts of natural disasters.	Disposal of waste more expensive and difficult. Potential treatment considerations. Inputs into future designs required.
Tourism & Visitor Numbers	Gradual increase in numbers.	Review parking and services provided.

#### Population and Demographics

Following is the change in demographics expected over the next thirty years. The key differences between 2013 and 2043 relate to the reduction in population of those between 0-64 years and increasingly higher growth rates with age above 65 years.

This change will shape a number of service levels over the years as the customer base ages.

**Figure 4.1 Change in Demographic**



**Technology**

Technology change will also occur, with autonomous vehicles in the long term impacting on what roads will be utilised for. Within the term of the plan roads will continue to provide an access corridor for the community. Road condition will continue to be at similar service levels as new vehicles may have the ability to minimise impact of road defects.

Road safety is expected to improve through the availability of better cars with more safety features. This will provide a higher level of service, however the community expectation will also grow accordingly as these features become more available.

More electric charging stations will be needed but the commercial sector will most likely provide these.

**Economic and Land Use Trends**

While the City’s economy is relatively stable, the growth in population and demographic change leading to smaller household sizes will result in the development of new residential subdivisions and extend the road network. New developments do however present the opportunity to improve local accessibility and safety.

There are no significant changes in rural or urban land-use within the City that could affect the demand on the assets.

**Heavy Vehicle Trends**

Economic growth within the wider Southland and Otago regions, particularly relating to agriculture, forestry and dairying, means more heavy vehicle use of

connecting roads through the City, for example to the Port, Airport, and other significant industrial destinations within the City and region.

Changes to allow larger and heavier vehicles (HPMVs) on roads throughout the country are expected to have longer term implications for pavement and bridge assets.

### **Environmental**

Climate change, natural hazard risk and wider sustainability issues are addressed in Section 6. Further to the potential implications of such risks, increasing pressures to improve the quality of stormwater discharges from road surfaces, energy use and the use of bituminous products will all have an effect on how the assets are maintained in the future.

### **Tourism**

Tourism is a significant industry within the wider Southland region. As visitor numbers continue to grow, and with local events such as the Oyster Festival, there will be increased expectations for more facilities such as rest areas, campervan discharge points, as well as information signage. Increased self-drive tourism means more drivers using the road network who may be unfamiliar with local driving conditions or requirements.

#### **4.1.2 Projected Growth or Decline in Demand for the Service**

The roading activity is not expecting any significant growth in demand for additional capacity on the network.

Invercargill has well-formed wide transport corridors and has been able to closely match the ONRC classifications with the available networks.

Cycle networks have also been successfully integrated with the existing road space available and are again well integrated with on and off road connections. However, cycleways lack connectivity with State Highway roads.

Population demographic changes as outlined above suggest an increase in demand for mobility and access issues predominantly on footpaths. The current network of footpaths will remain appropriate although some widths may need to be upgraded and be incorporated in planned renewal works.

Customer demands from residents on unsealed roads continue to grow with the desire to have less dust and a better road surface. The demand anticipated will be requests for additional seal extensions to occur.

Visitors to the City will seek more parking spaces. As numbers grow along with demands on spaces, the Parking Strategy will need to respond, whether that be more off street parks or use of price based demand management techniques.

Traffic growth is seen to continue to follow a low growth projection. Changes in autonomy of vehicles and ownership status are likely to have impacts at the later end of the plan but the impacts are unlikely to be rapid and some planned change can be managed. If long term infrastructure is planned (i.e. bridges with a 100 year life) then demand needs to be considered.

It is expected that demand patterns, much reflective of the population will be consistent with some small context growth.

#### 4.2 Changes in Service Expectations (Future Levels of Service)

It is expected that future customer expectations may include:

- Better environmental controls on Unsealed Roads, in particular dust management
- Smoother Travel in vehicles
- Safer travel
- Linking communication driven travel options, including coordinated controls such as traffic signals
- A more accessible community
- More effective network for freight vehicles
- New technology parking options
- Greater environmental awareness and consideration

#### 4.3 Expected Implications for the Activity

In summary the overall impact of these changes on the problem statements is expected to either be worse, neutral, or improve over time:

**Table 4.2 Expected Implications for the Activity**

Demand Factor	Safety	Accessibility	Asset Preservation
Population and Demographics	WORSEN Larger numbers of older drivers and road users may increase safety risk	WORSEN Increased demand for non-car modes – walking, mobility scooters, bus use	NEUTRAL There is little if any direct effect on existing assets
Technology	IMPROVE Safer vehicles should reduce crash risk	IMPROVE Better communications technology should improve how the network is used	NEUTRAL Potentially could improve asset data quality leading to better AM
Economic and Land-use Change	NEUTRAL Growth in network use probably offset by local safety improvements	NEUTRAL Growth in network use probably offset by local accessibility improvements	WORSEN More demand on existing assets
Heavy Vehicles	WORSEN Greater potential for conflicts between vulnerable road users and HVs	WORSEN Current problems will escalate with growth of HVs	WORSEN Increased pavement deterioration
Environmental	NEUTRAL Unlikely to be an issue – unless drainage LoS reduces with more surface stormwater on the road	NEUTRAL Unlikely to be any issues	WORSEN Increased costs to maintain current drainage provision
Tourism	WORSEN More drivers unfamiliar with local conditions, increased crash risk	WORSEN Could increase demand for particular facilities	NEUTRAL Unlikely to be any issues

As technology develops with less dependence on the driver, the journey will need to be more enjoyable and coordinated as the driver has to do less. This

could mean that the surfacing of the roads will need to be smoother and delays through roadworks minimised.

There will be a need to coordinate traffic equipment with the on board car technology to deliver safe travel and time reliability, identify and pay for parking and provide the best journey.

The total number of cars may decrease.

Controls for streetlights will likely be coordinated to maximise safety and be dormant when not needed for pedestrians or cars.

Heavier vehicles, linked by technology are likely to create pressures on the pavements as the freight load increases.

Road dimensions and maintenance demands may change as better optimisation of lane usage is achieved by technology.

The most likely implication is where people live and where they want to travel to by which means.

Responses to these implications are described in Section 4.4.

#### **4.4 Future Demand Issues and Challenges**

Future demand is not expected to place significant extra traffic volumes on the network as the population profile is relatively static. The road space will still need to be used for access and it may be cars look different, but the space will still be required. Traffic congestion in Invercargill is not likely.

However, increased heavy traffic loads will need to be managed, including the growing use of HPMVs which will need to be focused on the appropriate ONRC road hierarchy where pavements have sufficient strength to cope with them. This could include the need for restrictions on HPMV vehicles, particularly for load restricted bridges but potentially also on roads with lower strength pavements.

Car technology is developing rapidly with autonomous vehicles, including safety features such as lane divergence sensing and other changes being developed and potentially delivered during the full scope of the plan. This technology may change how roads are managed.

The need for accessibility will remain the common element and how this develops with technology will influence how change occurs.

A challenge to manage in rural areas will be the dust issue from unsealed roads and how the health aspects are understood by customers.

Environmental issues with stormwater runoff from roads are likely to be a more important aspect to manage in the future.

The potential to identify and utilise non bitumen based surfacing products may be required.

#### **4.4.1 Possible Asset-related Demand Responses**

The first set of options for demand response is to create new or different assets or modify the approach to the maintenance or renewal of existing assets.

Given the low level of growth expected, coupled with the nature of the City's expansive road network, no significant investments in new roads or additional capacity are envisaged. However, in order to address the safety and accessibility problem statements, smaller scale investment in some new assets is likely to be required (for example improved signage). Asset maintenance and renewal activities will also need to take demand factors into account when programming and carrying out work (for example, the physical needs of mobility scooters at road crossings).

Long term assets such as bridges will need to be carefully considered but the bridge stock held is a young average aged asset.

Autonomous car technology may require protocols in relation to how roads are configured, marked and delineated. The plan does not specifically make significant adjustments for changing technology whilst it is acknowledged they will occur.

New technology will provide much greater opportunity to understand the loads being applied to pavements, including where and how they respond; the use of this technology will enable better long term understanding of demands on the pavement.

Council does not propose to pursue a seal extension programme to address dust, but will monitor national developments. NZTA has determined a methodology for assessing the merits of undertaking dust mitigation, described in General Circular Investment: No 16/04. This process has been used to assess eleven factors and determine the relative level of risk of harm to human health from unsealed roads. Seal extensions may however be undertaken in association with lifestyle subdivisions.

Possible stormwater containment or treatment in conjunction with Council drainage plans may be needed to improve the quality of discharges to the environment.

#### **4.4.2 Possible Non-Asset Solutions**

The second set of options relates to actions which change the way assets are used.

Usually labelled "demand management", activities such as encouraging less car journeys or modal shift may be appropriate in reducing the need for investment in roads.

Many of the responses to future demand are likely to be non-asset solutions and provided within vehicles as they are manufactured. This will have a low cost impact on the plan.

#### **4.4.3 Managing Expectations**

A third option for responding to demand is to influence customer expectations, effectively reducing the demand. For example:

- Engagement and communication to reduce the level of community expectation for smooth roads
- Similarly, to reduce the expectation of rural lifestyle residents for the same level of amenity as provided on residential streets.
- Gaining acceptance of dust on low volume unsealed roads which would not qualify for treatment under NZTA's new criteria.

## 5. Asset Profile

### 5.1 Asset Overview

The Roothing Activity provides a safe, effective and efficient transport system in the city and contributes to the social and economic well-being of the community.

The roading network and roading infrastructure comprises road pavements and surfacings, street lights, traffic signs and signals, footpaths, drainage, surface water channel systems, bridges, culverts, street furniture, parking facilities, vehicle access crossings and cycle tracks.

When all the assets work together they provide access to the community in a safe and effective way.

The plan groups assets together and describes them and the way we manage them through grouping them into the following areas:

- Road Pavements
- Kerb and Channel
- Unsealed Pavements
- Footpaths
- Traffic Services
- Structures and Drainage
- Carparking
- Other Assets

### 5.2 Asset Description

This section provides an overview of asset information regarding the individual asset groups within the Roothing Activity.

Council uses the Roothing Assessment and Maintenance Management (RAMM) asset management software to record information regarding the roading assets.

A high level summary of the assets is shown in the following table.

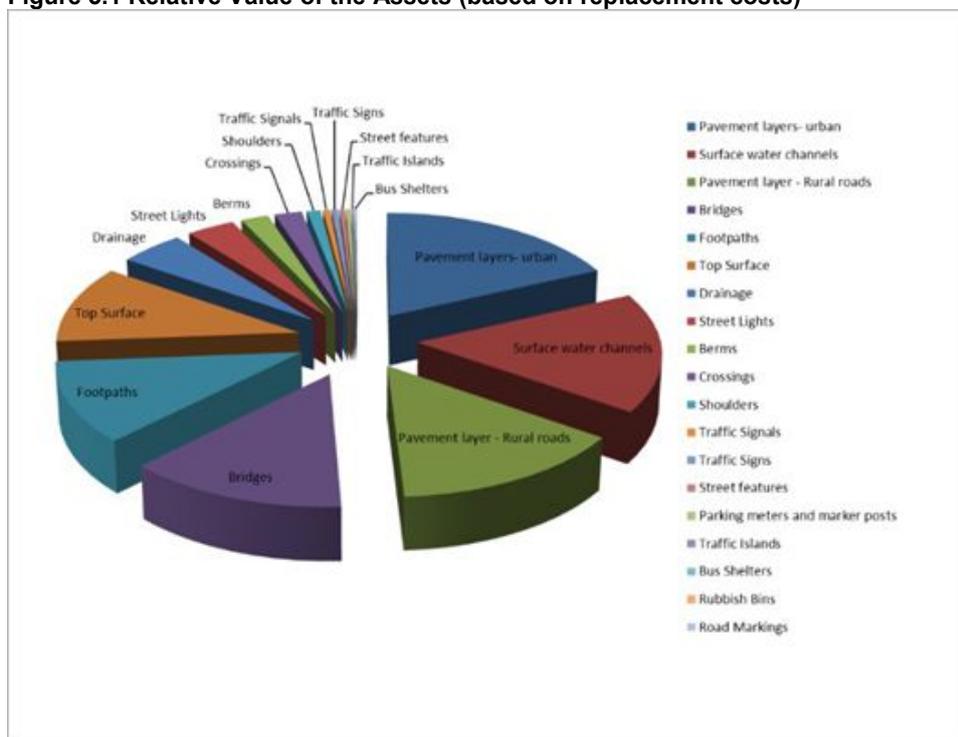
**Table 5.1 Asset Description**

Asset Area	Quantity	Replacement Cost Value \$ 000s	Current Value \$ 000
<b>Pavements</b>		216,322	83,410
Lane Length	1099 km		
Urban Sealed	293 km		
Rural Sealed	180 km		
Rural Unsealed	122 km		
<b>Footpaths</b>		62,135	24,164
Sealed	480 km		
Metal	19 km		
Walkways	71no – 63.8 km	In footpaths	
<b>Kerb and Channel</b>	555 km	77,344	30,481
<b>Bridges</b>	51	62,034	46,526
<b>Street Lighting</b>	7184	16,485	8,655
<b>Traffic Services</b>		1,124	
Signs	9250	2,353	1,124
Posts	3292		
Traffic Signals	18	2,321	

Asset Area	Quantity	Replacement Cost Value \$ 000s	Current Value \$ 000
Traffic Signals (Ped)	4	In above	
<b>Car Parking</b>			
Car Park Building	270 parks		
Off Street Parks	6 Parks		
Parking Meters	780	1,494	246
<b>Other Assets</b>			
Bus Shelters	64		
Litter Bins	164		
Street Amenities	Various		
<b>Total Asset Value</b>			

The replacement value of our roading assets is \$645 million. These assets are depreciating at the rate of \$9.4 million per annum.

**Figure 5.1 Relative Value of the Assets (based on replacement costs)**



This graph excludes the cost of road formation which accounts for 24% of the total value of the roading value. Formation is not depreciated or managed as a separate asset (such as land) and is therefore not included on the graph.

The major value of assets is within the pavement which is approximately 44 %, together with kerb and channel, footpaths and bridges. These account for 90% of the value. The plan is structured around these grouping as this is where the value is.

**5.2.1 Network Characteristics**

Invercargill has a relatively small network length and has a split of approximately 50% urban. As part of the ONRC development, there have been peer groups

established according to the percentage of urban roads in a network. This is being utilised to highlight how networks are being managed.

Invercargill City is within the “Cities with >50% Urban” and has other comparative cities including Napier City, Porirua City, Nelson City, Christchurch City, Upper Hutt City, Palmerston North City, Kapiti Coast District and Auckland Transport.

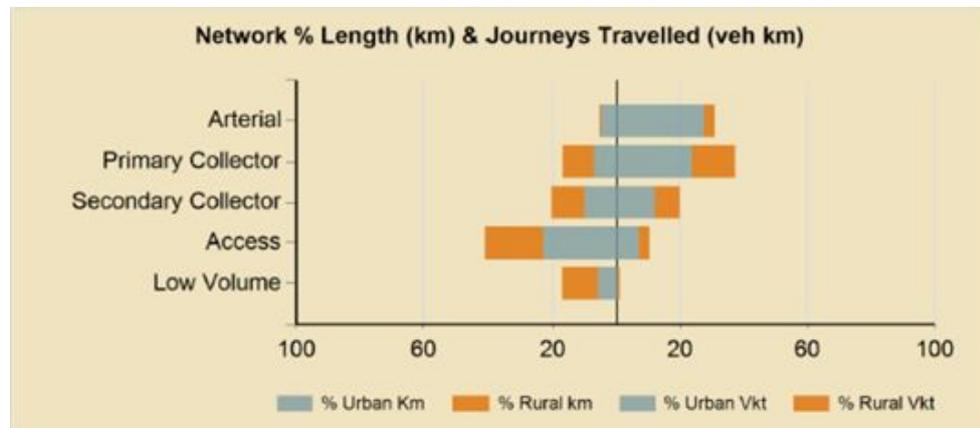
These peer groups are one view of cost and network related factors that should be considered when comparing cost and levels of service achieved.

The following table is an extract from the ONRC Performance tool and demonstrates the network characteristics and annual numbers of journeys across the hierarchy:

**Figure 5.2 Network Percentage Length and Journeys Travelled** (sourced from ONRC performance measures reporting tool)

ONRC Category	Urban (Km)	Rural (Km)	TOTAL LENGTH (Km)	Urban Journeys	Rural Journeys	ANNUAL TOTAL JOURNEYS TRAVELLED (M Veh Km)
Arterial	28	3	31	65	8	74
Primary Collector	42	58	100	57	32	89
Secondary Collector	59	62	121	29	19	48
Access	135	108	243	17	8	25
Low Volume	35	67	101	1	1	3
<b>TOTAL NETWORK</b>	<b>298</b>	<b>298</b>	<b>596</b>	<b>170</b>	<b>68</b>	<b>238</b>

Table 1: Network Statistics for network length (km) and journeys travelled (Million vehicle km) by ONRC Class - Sourced from ONRC performance measures reporting tool



The above figure shows visually that most of the urban vehicle kilometres travelled are on Arterial and Primary Collectors which together only represent about 28% of the sealed network length. This would be expected in a hierarchy where such roads are designed, built and maintained to cater for higher volumes of traffic. This also suggests that the classification of the network into the different classes is appropriate.

Also noted is the sealed – unsealed split by proportion. The network is primarily a sealed network as shown below. All of the unsealed roads are rural.

The Pavements section of the asset description includes Pavement Layers and Surfacing. The assets of Land and Formation, although making up a significant asset, are not considered to be consumed or depreciated and consequently are not considered further in the asset description.

**Figure 5.3 Sealed v Unsealed Proportion** (sourced from ONRC performance measures reporting tool)



**Table 5.2 Type of Surface Material and Useful Life**

Asset Area	Type of Surface Material	Useful Life (Years)
Pavements	Asphaltic concrete	20
Pavements	Interlocking Block	20
Pavements	Metal Running Course	5
Pavements	Slurry Seal	6
Pavements	Two Coat Chip Seal - Urban	16
Pavements	Two Coat Chip Seal - Rural	16
Pavements	Cape Seal	15
Bridges	Timber	70
Bridges	Concrete	100
Footpaths	Asphalt Concrete	30
Footpaths	Concrete (75mm thick)	40
Footpaths	Concrete (100mm thick)	50
Footpaths	Interlocking Block	25
Footpaths	Metal	10
Footpaths	Seal	30
Surface Water Channels	Kerb and Channel (concrete) - Access Road	85
Surface Water Channels	Kerb and Channel (concrete) - Arterial and Collectors Road	75

Also attached in Appendix 13.31 is a full listing of asset lives.

### 5.2.2 Sealed Pavements

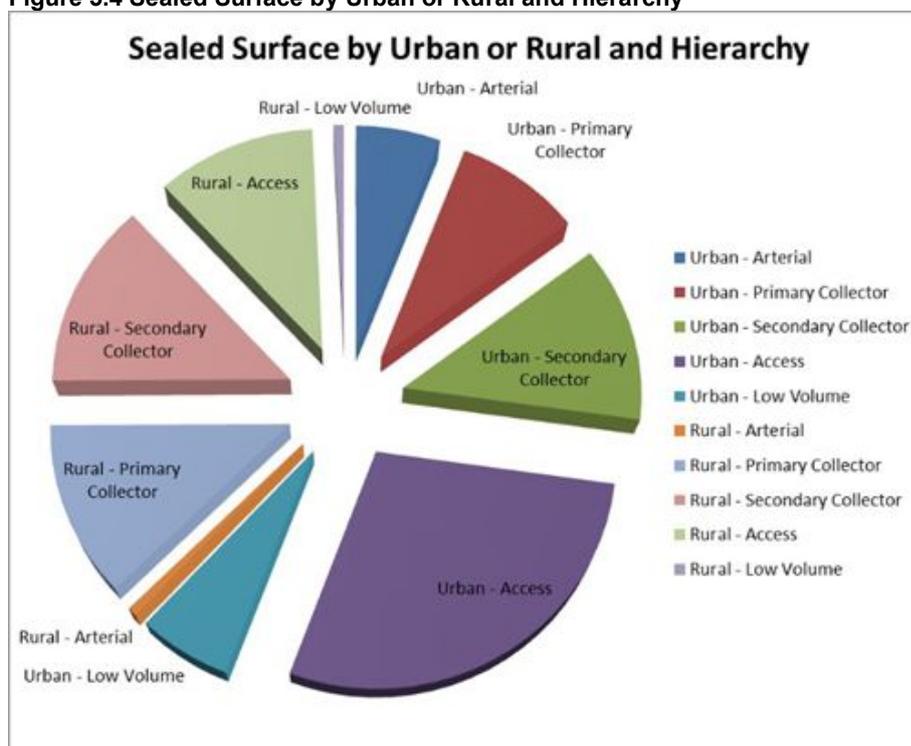
#### *Sealed Surfaces*

The lengths of sealed surfaces by ONRC classification are as follows:

**Table 5.3 Lengths of Sealed Surfaces by ONRC Classification**

ONRC	Urban (km)	Rural (km)	Total (km)	% of Network
Arterial	28	3	31	7%
Primary Collector	42	58	100	21%
Secondary Collector	59	62	121	26%
Access	135	52	187	40%
Low Volume	35	3	35	7%
<b>Totals</b>	<b>298</b>	<b>178</b>	<b>476</b>	

**Figure 5.4 Sealed Surface by Urban or Rural and Hierarchy**



**Surfacings**

The following asset detail is of the Top Surfacing and as the asset is approaching two full lifecycles it is considered to provide reliable and accurate information.

**Table of Surface Materials**

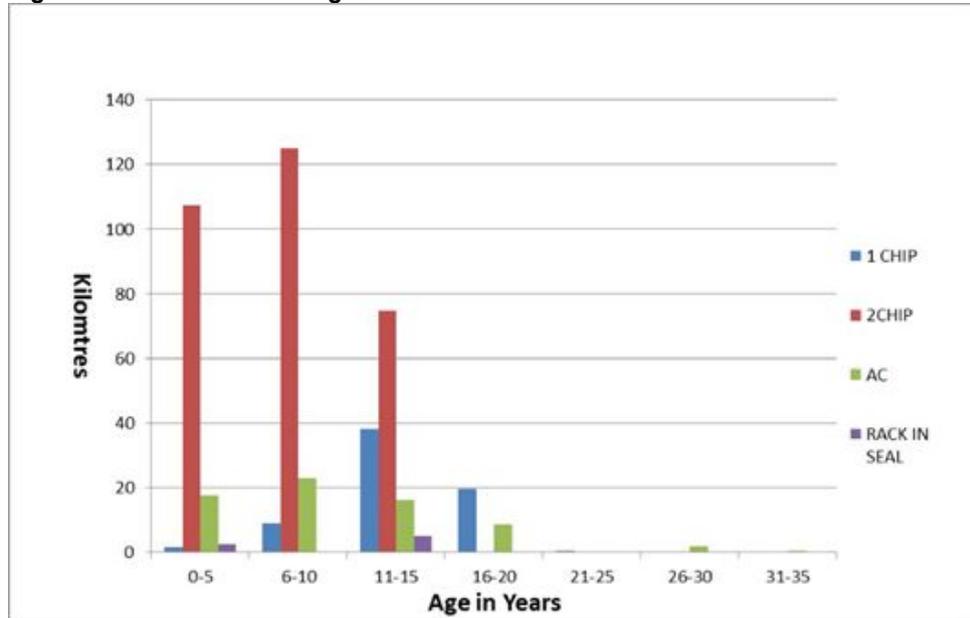
**Table 5.4 Surface Materials**

Material	Urban Km	Rural KM	% of Network
Asphaltic Concrete	66.7	1.7	14.7
Two Coat Seal	166.4	140.8	65.8
Single Coat Seal	38.1	30.6	14.7
Cape Seal	6.3	0.0	1.3
Void Fill Seal	4.5	0.0	1.0
Bitumen Bound Macadam	0.7	0.0	0.1
Racked in Seal	4.0	3.1	1.5
Slurry Seal	1.9	0.0	0.4
Texture Grade 5	2.1	0.0	0.4

The majority of surfacing in Invercargill is two coat seal (65.8%). Asphaltic Concrete (4.7%) is utilised predominantly on ONRC hierarchy Arterial and Primary collector roads, other than in high stress areas such as cul de sacs or where vehicles are turning.

**Sealed Surface Ages**

**Figure 5.5 Sealed Surface Ages**



The above graph shows the spread of seal age for the main seal types above, with the majority being less than 15 years old and evenly spread across the age bands. Operational experience shows that good seal life is being achieved across the network.

Seal age is also being extended through close monitoring and assessments of the asset. Chip seal surfaces are now being expected to last at least 16 years, with AC surfaces 20 years. Some recent renewals of AC surfaces have required earlier intervention and this has been identified as being contributed by other asset trench failures and not specifically due to materials or age of pavements. This is not a strong trend across the network.

Based on the age profile and assumed useful lives of the different seal types in RAMM, the following graphs provide more detail relating to when roads were last surfaced and the estimated remaining life as at 1 July 2018. This data is area based, which provides a more accurate representation than length.

Only a small number of sealed areas in the second graph are showing as “overdue” with an RSL less than zero years, however these are likely either very low volume roads, surfaces that are ageing well, or errors in the RAMM database. Their condition will be monitored going forward.

Figure 5.6 Year Sealed Histogram at Start of 2017/18

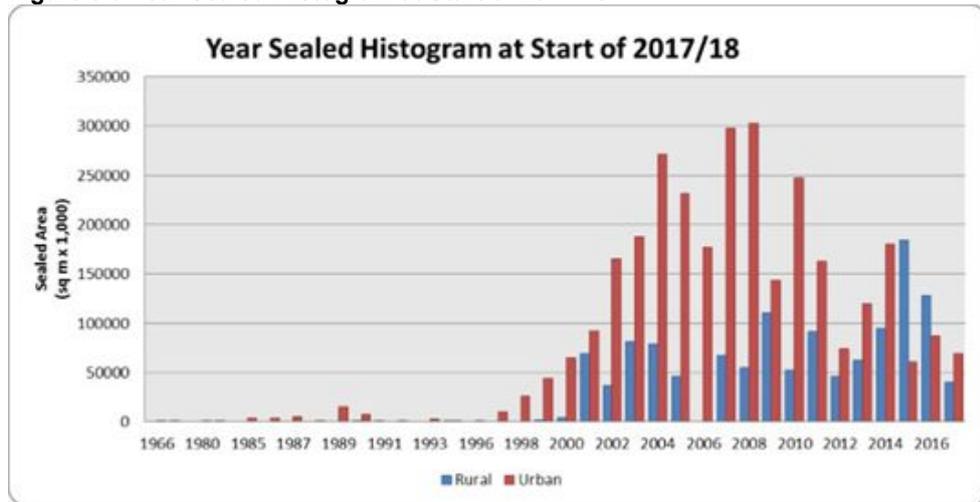


Figure 5.7 Remaining Seal Life at Start of 2018/19



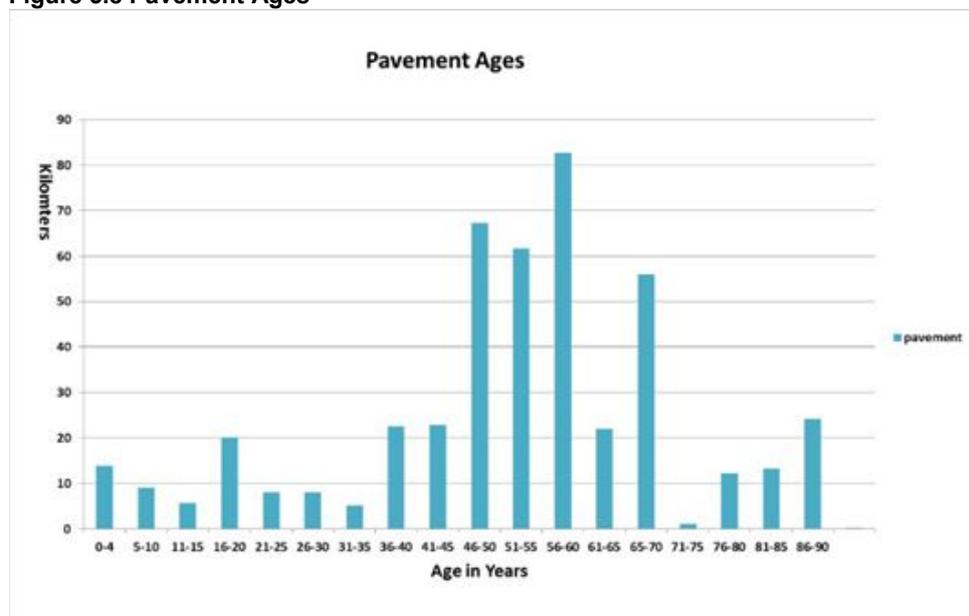
### Pavement Layers

Pavement data is also stored in RAMM and is reliant on the accuracy of the historical data input. In most cases this has proven to be reliable however some historical information has been estimated.

Council has an experienced team of staff who have over 70 years of experience with Council and with this knowledge complements RAMM to assist with understanding the available source information.

### Sealed Pavement Ages

Figure 5.8 Pavement Ages



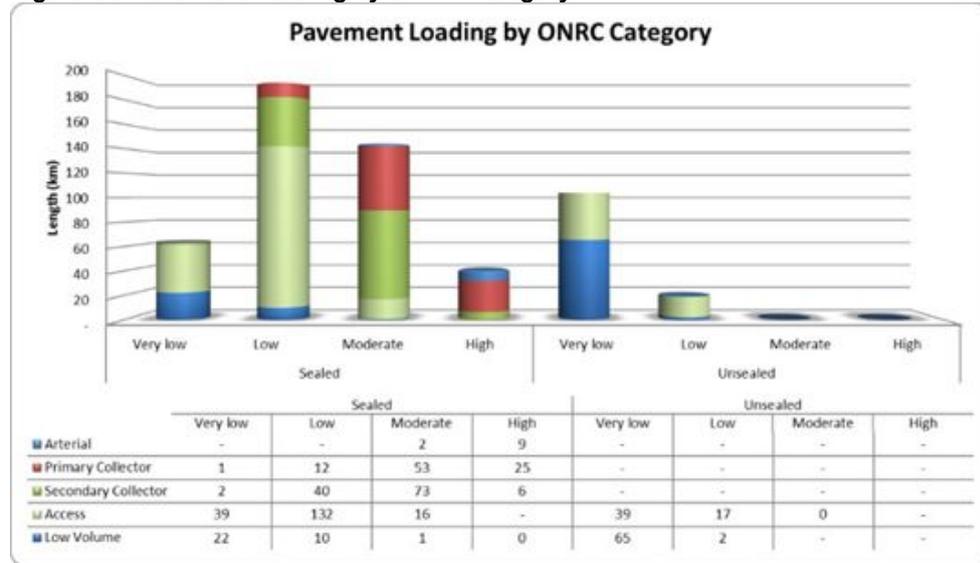
Pavement use in RAMM is defined by 7 categories as shown below. An EDA (Equivalent Design Axle) represents a single 8.2 tonne axle load. AADT is a measure of all vehicle types per day.

Table 5.4 Pavement Use in RAMM

Pavement Use Category	EDA/Lane/Day	AADT
1 – Very Low	< 2	<100
2 – Low	2 - 5	100 - 500
3 – Moderate	5 - 20	500 - 2,000
4 – High	20 – 40	2,000 – 4,000
5 – Very High	40 – 100	4,000 – 10,000
6 –	100 - 200	10,000 – 20,000
7 –	> 200	> 20,000

The traffic volumes recorded in ICC’s RAMM database are aligned with these categories and the ONRC road hierarchy as shown below.

**Figure 5.9 Pavement Loading by ONRC Category**



### 5.2.3 Unsealed Pavements

Unsealed pavements are an important link in the usability of the network, which provides the vital connection for users to all land areas. The length of unsealed roads, although not long comparative to other authorities, is a key element in the total network

A large portion of the unsealed network services areas populated by peri-urban developments who seek to have road surfaces of a higher standard and want conditions closer to a sealed environment to limit factors such as dust and wear on vehicles.

Unsealed road lengths by ONRC hierarchy are shown below:

**Table 5.5 Unsealed Road Lengths by ONRC Hierarchy**

ONRC Hierarchy	Length (km)	% Total Network
Access	55.6	9.3
Access Low Volume	64.8	10.8
<b>TOTAL</b>	<b>120.4</b>	<b>20.1</b>

### 5.2.4 Kerb and Channel/Surface Water Channels/Drainage Culverts

The Council manages:

- 555 km of concrete kerb and channel which incorporates 4,835 sumps, and has an asset replacement valuation \$75.980 million. Principally, urban drainage.
- Earthen surface water channels, largely for rural road drainage.
- Over 700 Culverts which have a waterway area of less than 3.4m<sup>2</sup>. Larger culverts are categorised as Bridges under NZTA funding requirements.

The following figures show details of kerb and channel and earthen surface water channels.

No construction dates were historically available for recording in the database and so in 2002 the construction dates were estimated using the construction dates of the pavements.

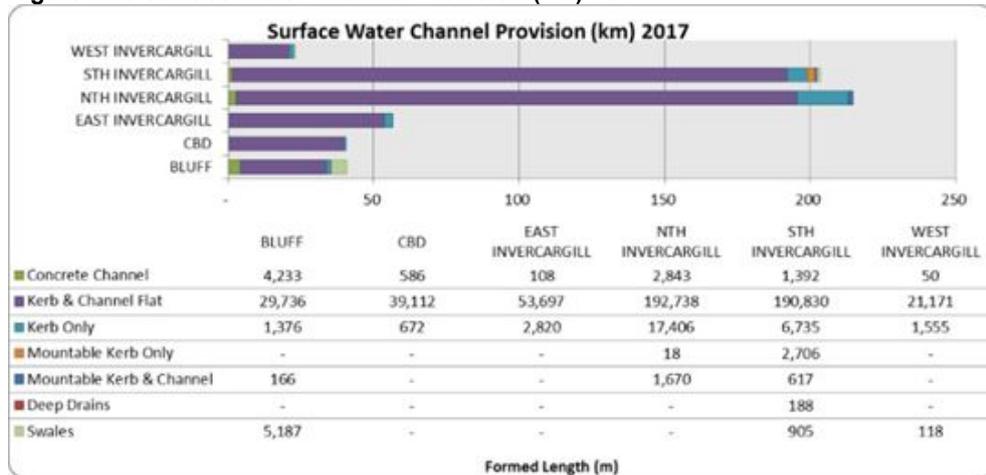
Reconstruction data is now entered into RAMM with actual construction dates.

**Channels**

**Table 5.6 Channels**

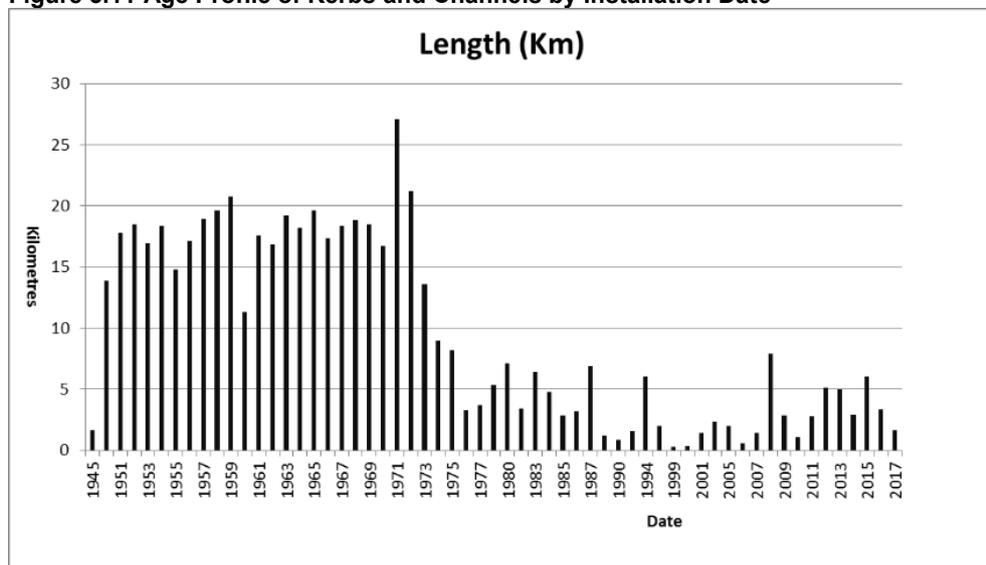
Item	Length(km)
<i>Concrete Channel</i>	
Kerb and Channel (concrete)	507.8
Mountable Kerb and Channels	6.8
Kerb only	34.3
<i>Dished Channel</i>	
Earthen Channel	5.8
SWC (Deep, >200 Below Seal Edge)	145
SWC (Shallow, <200 Below Seal Edge)	83

**Figure 5.10 Surface Water Channel Provision (km) 2017**



The age profile of kerbs and channels by installation date is shown below:

**Figure 5.11 Age Profile of Kerbs and Channels by Installation Date**



Whilst the installation date is not necessarily reflective of the renewal date it does however show the strong historical development phases of Invercargill and the move now into maintenance and renewal phases without development.

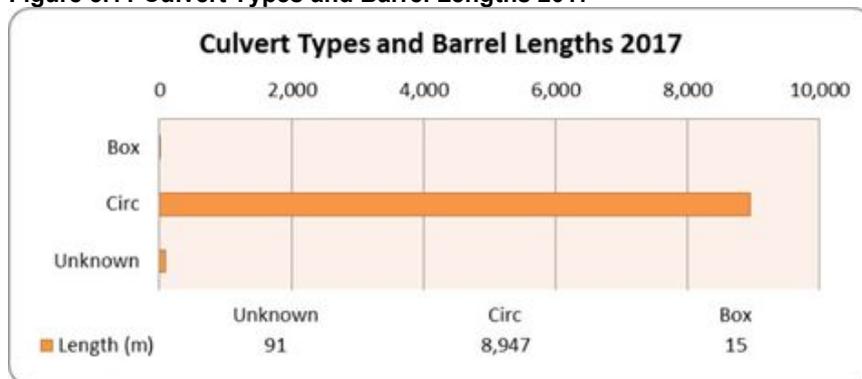
**Culverts**

The sizes and types of the culvert asset group are shown in the table below, with the figure providing the age distribution:

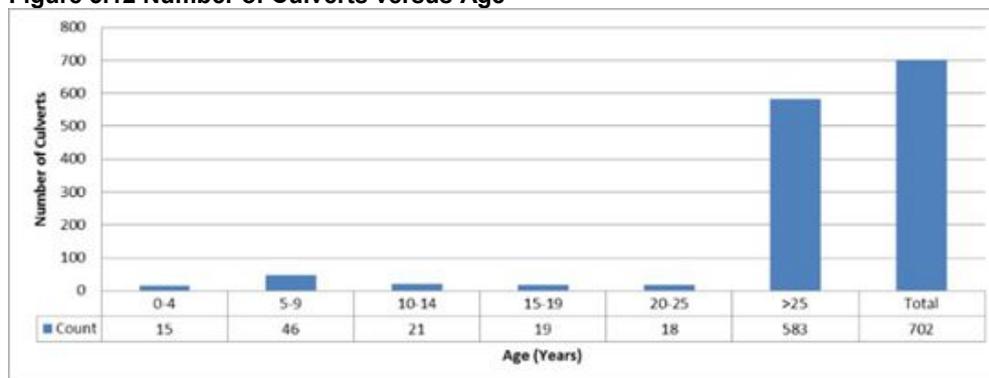
**Table 5.7 Sizes and Types of Culverts**

Diameter (mm)	AC	Conc	EW	HDPE	PE	PVC	Steel	Timb
<300	7	176	85	2		27		
300 - 400	3	154	25	8	1	25	1	
400-500	1	54	1			1	1	1
500-1000		92	1	1		9		1
1000-2000		23						1
>=2000		1						
<b>Total</b>	<b>11</b>	<b>500</b>	<b>112</b>	<b>11</b>	<b>1</b>	<b>62</b>	<b>2</b>	<b>3</b>

**Figure 5.11 Culvert Types and Barrel Lengths 2017**



**Figure 5.12 Number of Culverts versus Age**



Most of the culverts asset stock is over 25 years old.

**5.2.5 Footpaths**

There are approximately 500 km of footpaths with 19,200 vehicle crossings within the city.

The table below outlines the lengths of footpaths by surface material, and compares 2014 with 2017.

Council has designated part of the road pavement in some streets as cycleways and has a number of separated off road, cycle ways and manages the off road cycleways as part of the footpath network.

In 2014 Council changed its focus to renew footpaths in 100mm concrete footpath. This was a decision to increase the thickness from 75mm and also to replace using concrete rather than AC due to the better long term economic performance. Recent contract costings continue to support this decision.

A number of shared walkways are in place (77 sealed walkways of total length 7.3 kilometres), provided historically as part of subdivisions to allow users to connect between long 'blocks', improving accessibility.

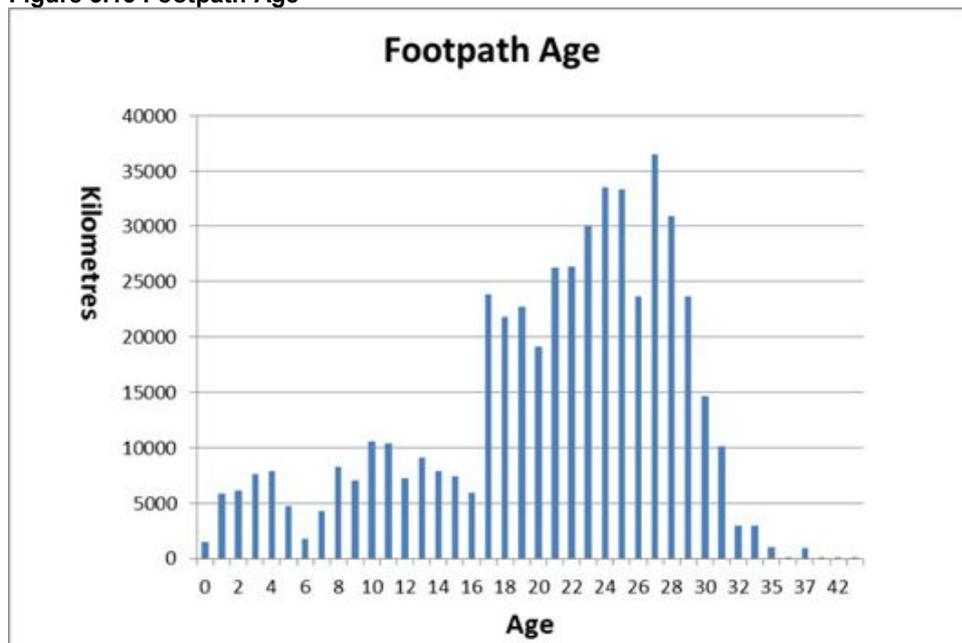
Invercargill City Council footpath network by materials is as shown below:

**Table 5.7 Footpath Network by Materials**

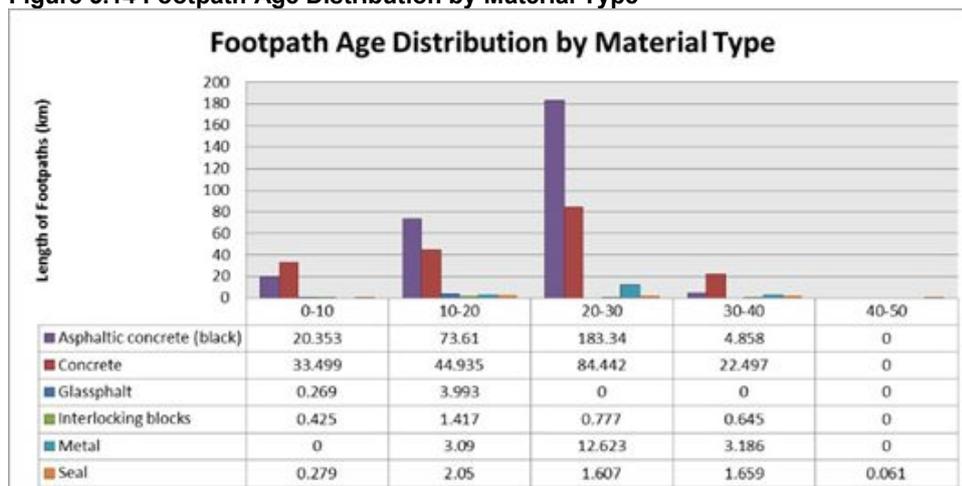
Material	2014		2017	
	Length (km)	Network Percentage	Length (km)	Network Percentage
Asphalt	305	61%	282.0	56.5%
Concrete	161.2	32.5%	185.0	37.0%
Metal	20.8	4.2%	19.0	3.8%
Other	10	2.0%	12.5	2.5%
Total	<b>497</b>		<b>500</b>	

The overall age profile and distribution by material type are shown in the figures below:

**Figure 5.13 Footpath Age**



**Figure 5.14 Footpath Age Distribution by Material Type**



The overall strategy to replace with concrete is evident, as is the bulge of AC footpaths now older than 20 years, suggesting ongoing replacement investment will be required in coming years.

### 5.2.6 Traffic Services

This asset group includes streetlights, traffic signals, signs, delineation, and railings all of which make an important contribution to road safety.

#### Streetlights

Council has a range of lighting assets which includes streetlights on poles owned by Council and by others including the Electricity Distribution Network. Under veranda lighting (mostly in the CBD) is owned and maintained by council but the electricity is paid by the shop owners. Various other amenity lighting is also utilised community applications and in carparks.

Various types of street lanterns have been in use in Invercargill and during the 2017-2018 it is planned to replace all luminaires with LED.

A number of lights are attached to poles owned by Electricity Invercargill and others. A good understanding of the ownership model has been agreed. Where electricity cabling network has been placed underground, these poles are Council owned. The cabling network for streetlights is not owned by Council but a clear demarcation point has been agreed at the pole fuse.

There is an equal mix of octagonal precast poles and galvanised steel ICC owned poles with most poles being a ground plant rather than shear based poles.

The following table reflects current ownership:

**Table 5.8 Current Ownership**

Owner of Poles	Quantity	ICC Lights	Under Veranda
Local Authority (ICC)	4467	4804	1124
PowerNet	1089	1089	0
NZTA Owned / ICC Maintain	644	733	0

The asset group is further described in the following tables:

**Table 5.9 Asset Type**

Asset Type	Asset Material	Quantity
Light Fittings	Flouro	343
	Incandesent	4
	HP Sodium	5,037
	HP Mercury	1,292
	Metal Halide	317
	LED	353
	<b>Total</b>	<b>7,346</b>
Poles	Concrete	2,461
	Other	27
	Steel	2,015
	Unknown	18
	Under Varanda	1,166
	Wood	24
	<b>Total</b>	<b>5,711</b>
Brackets	<b>Total</b>	<b>6,145</b>
<b>Total</b>		<b>19,202</b>

**Table 5.10 Lamp Type**

Lamp Type	Qty (each)	Installed load (kW)
Flouro	343	8,760
Incandesent	4	400
HP Sodium	5,037	603,900
HP Mercury	1,292	110,640
Metal Halide	317	74,150
LED	353	12,009
<b>Total</b>	<b>7,346</b>	<b>809,859</b>

**Figure 5.15 Quantity versus Age (Year)**

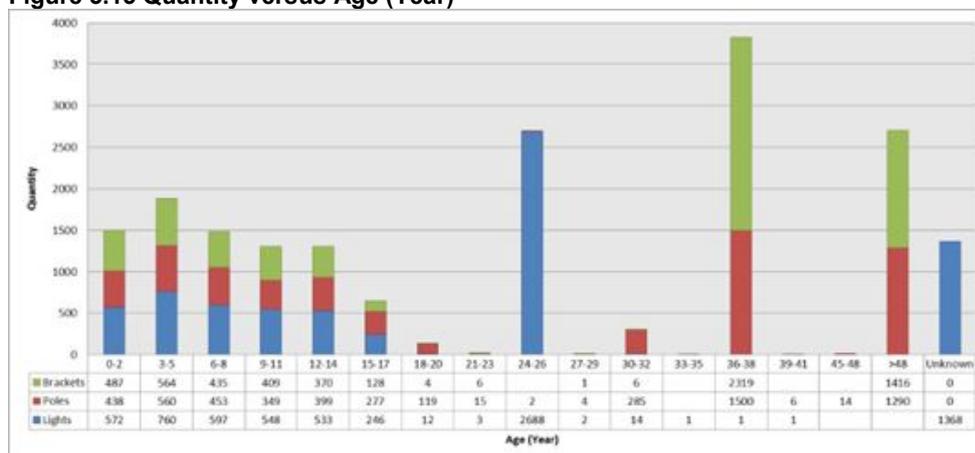
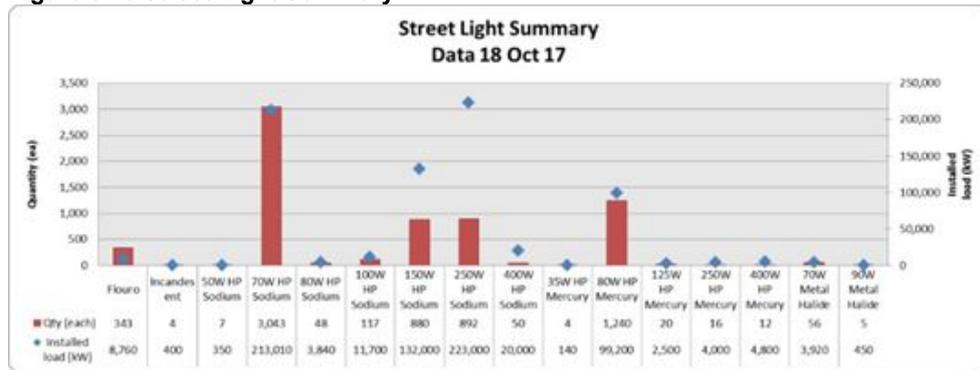


Figure 5.16 Street Light Summary



**Signs**

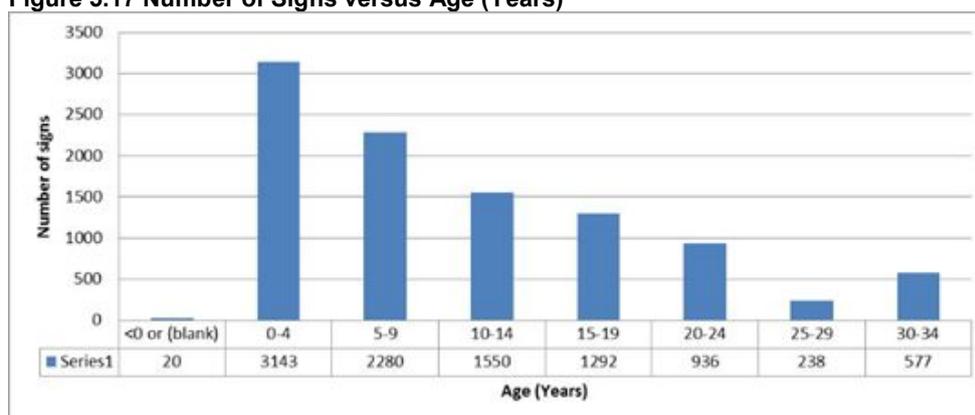
The sign assets consist of 4,870 sign posts and 8,957 signs. Many signs are located on fluted aluminium posts however there are about 580 on power poles or lamp columns.

Table 5.11 List of Sign Assets

Sign Class	Quantity	RC Value \$
Guide	19	\$2,801.14
Hazard Markings	296	\$50,557.77
Information General	2720	\$454,298.34
Information Miscellaneous	24	\$2,766.96
Miscellaneous	558	60737.06
Motorist Services	47	\$7,857.46
Permanent Warning	1659	\$220,124.77
Regulatory Chevrons	74	\$10,649.60
Regulatory General	2527	\$312,351.28
Regulatory Heavy Vehicle	10	\$1,508.80
Regulatory Parking	1187	\$65,838.43
Temporary Warning	6	\$327.68
Tourist	22	\$1,760.74
Warning Miscellaneous	101	\$8,464.55
Other		\$62,469.00
Poles		\$ 1,032,806.00
		<b>\$ 2,295,319.58</b>

The age profile of signs in the RAMM database is shown in the following diagram. Given the relatively short valuation life for signs (15 years) there are a significant number that could be considered “overdue” for replacement. Condition and performance (e.g. retro-reflectivity, legibility) will need to be assessed given that historical expenditure is very low compared to peers.

**Figure 5.17 Number of Signs versus Age (Years)**



### **Traffic Signals**

Council owns 17 signal controlled intersections and five signal controlled pedestrian crossings. An additional 17 state highways intersections are managed on behalf of NZTA and are connected via a common SCATS platform within council.

These sites are predominantly in the CBD area on Leven, Kelvin, Deveron, together with Queens Drive and Elles Road.

SCATS is an area wide software control system for traffic signals, including computer servers, modems and network switches. SCAT dynamically optimises the capacity and performance of individual signalised sites and the network as a whole. The SCATS computer equipment is housed in Councils IT suite and is jointly owned by ICC and NZTA.

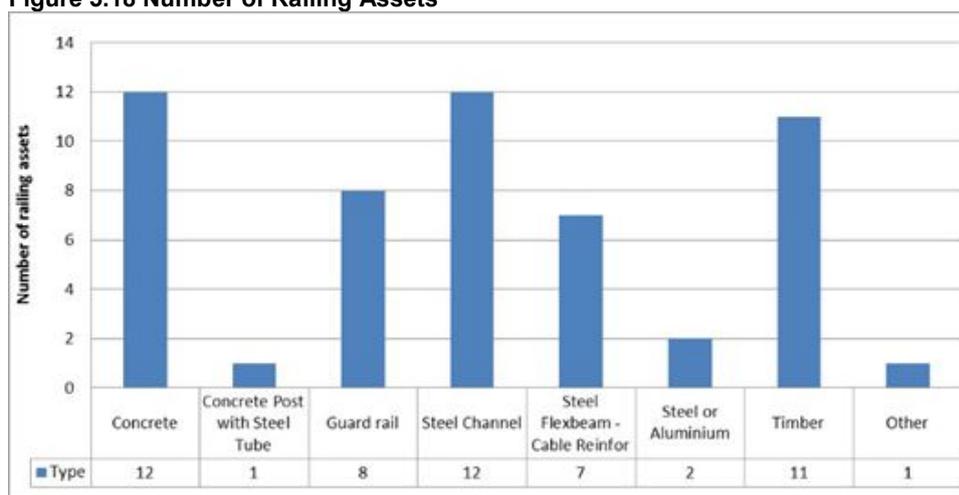
Local intersection signal controllers are connected to SCATS using Council owned copper cable and fibre optic cabling or leased data circuits (from Spark). Traffic signal coordination is used to minimise delays and stops within the roading network as well as minimising fuel consumption and pollutant emissions.

Coordination can also maximise the capacity of a roading network as well as reinforce the roading hierarchy where appropriate.

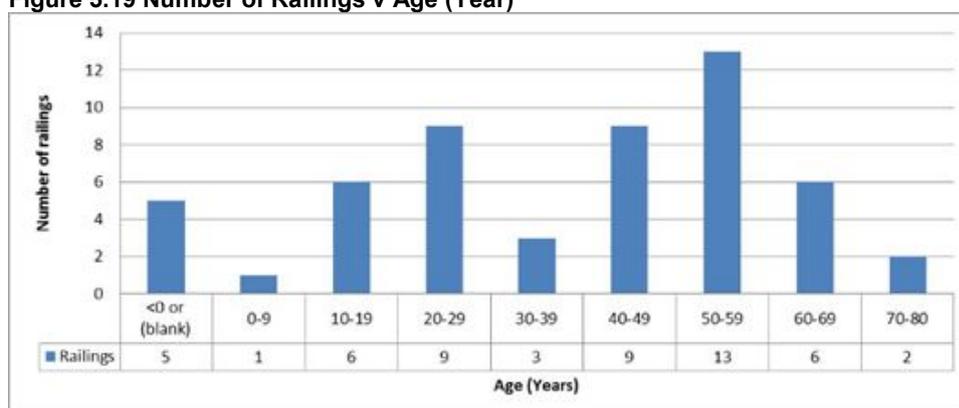
### **Railings**

Information for railings is provided below, which covers a wide range of railing types.

**Figure 5.18 Number of Railing Assets**



**Figure 5.19 Number of Railings v Age (Year)**



**5.2.7 Structures**

Invercargill City Council owns a total of 55 bridges including three large culverts, with a total value of approximately \$62.0 million ( including ramps).

Culverts included under the schedule of bridges have a waterway opening greater than or equal to 3.40 m<sup>2</sup> in accordance with NZTA policy.

Several bridges are on joint district boundary roads and replacement responsibilities are shared with the Southland District Council.

Tiwai Bridge is by far the longest and has the highest single proportion of the replacement cost. It is a 27 span bridge 491m in length with significant causeway accesses. The bridge has had significant repairs undertaken early in its life (30years) and had a full beams and deck renewal due to a deteriorated posttension slab which has cracked and failed.

Council has many box culverts which are relatively new (1990's) as part of flood retention schemes which provide a relatively new bridge stock, early in life and low risk construction.

The following is the construction types of the bridges.

**Table 5.11 Construction Type of Bridges**

Structure Type	No	Own and maintained by
Concrete Bridges	43	Invercargill City Council
Culverts (>3.4m2)	3	Invercargill City Council
Timber Bridges	6	Invercargill City Council
Concrete Bridges	3	Shared with SDC
Underpass	5	Private

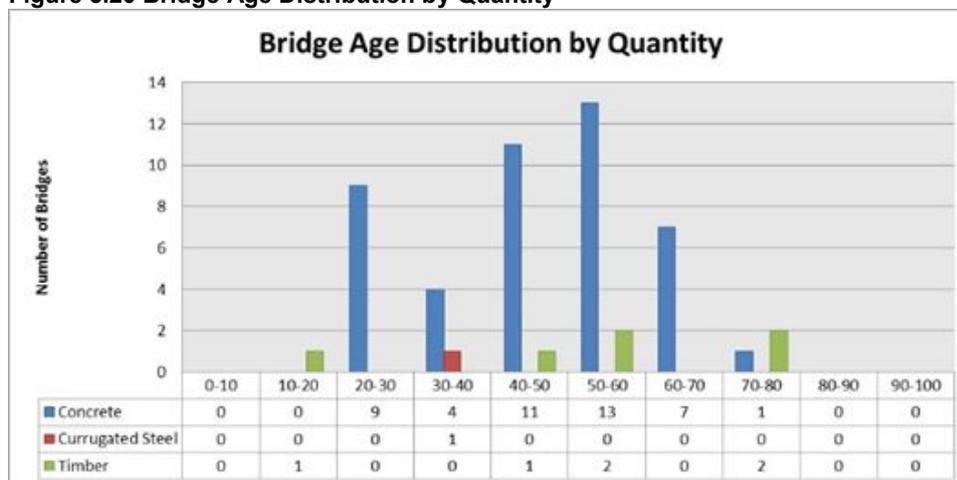
The following are the longest five structures which represents 63% of the total length.

**Table 5.12 Location of Bridges**

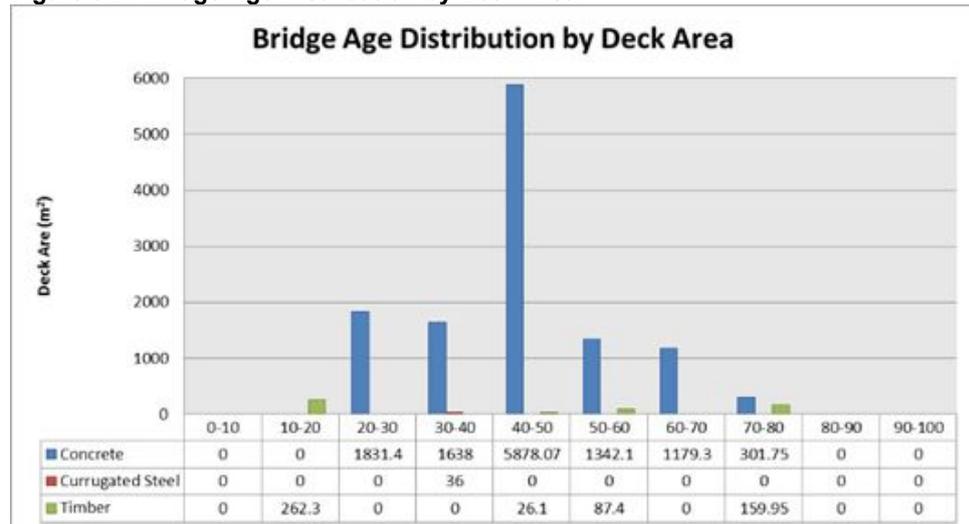
Name	Length	ONRC	Year Built	Lanes	RUL	Age	Expect Life
Tiwai Road	491	Secondary	1970	2	53	47	100
Dunns Road	174	Secondary	1987	2	70	30	100
Ferry Road	85	Access	1939	1	22	78	100
West Plains Road	61	Access	2002	1	55	15	70
Tweed North Street	56	Arterial	1972	4	55	45	100

The material types and age profile of the bridge stock are shown in the following figures.

**Figure 5.20 Bridge Age Distribution by Quantity**



**Figure 5.21 Bridge Age Distribution by Deck Area**



Five bridges have speed and/or weight restrictions in place and these bridges are all on access low volume roads.

Three bridges are jointly owned with Southland District Council.

### 5.2.8 Carparking

The Parking Asset comprises of 6 off-street car parks, (including Esk 1 & 2 , Don, Tay Central and Leven Street (a multi-storey car park building) and an undeveloped site at 116 Esk), and 780 on-street parking meters. The Leven Street building is maintained by Council's property section and an internal lease agreement is in place. Off street car parks are placed about the CBD area only. The Tay Central carpark is rented from the landowner and has a limited lease period.

Details of the car parks and their capacity are shown below:

**Table 5.13 Car Parks**

Location	Car Park Spaces	Fees
1. Esk Street No. 1	42	\$1.20 per hour
2. Esk Street No. 2	78	\$1.20 cents per hour
		Permit - \$55.00 per month
3. Don Street	38	\$1.20 cents per hour
4. Tay Central (rented)	51	\$1.20 per hour
1. Leven Street	136	Casual \$1.20 per hour
	134	Permit - \$75.00 per month
		P90 free
2. 116 Esk Street		Undeveloped - & part leased to Wilsons
3. On street	780	\$1.20 to \$1.50

The single and double head parking meters are planned to be replaced commencing during the 2017-2018 year with a parking app and pay by plate on street equipment. All equipment will be subsequently converted into this or similar modern technology and the old coin electronic meter heads disposed of.

### 5.2.9 Other Assets

This section covers a range of the remaining assets managed within this activity.

Council owns a total of 55 bus shelters which consists of:

**Table 5.14 Bus Shelters**

Type	Number	RC Value
Glass bus shelters	26	\$229,003.00
Wooden shelters	34	\$290,660.00
Old type metal bus shelters	5	\$44,039.00
Private Bus Advertising Shelters	8	0.00

Council has the delegation for managing the Public Transport Services and providing shelters is part of that service. In 2012 the routes were significantly changed and again in 2017 a review is currently under way which is likely to require further renewal thinking and potentially new locations for existing and new shelters.

Total replacement cost of bus shelters asset is \$563,702.

Invercargill City Council also manages \$1.7 million worth street features. These include CCTV cameras and cabling, bollards, columns, stonewalls, seating and other streetscape features

**Table 5.15 Other Assets**

Description	No	Replacement Cost \$	Current Value \$
Advertising board	2	8,690	2,781
Chain Bollards	49	201,097	64,351
City Maps	3	3	1
Council Monument	6	10,004	8,304
Cycle Stand	10	21,092	3,164
Featured Floor Tile	4	69,381	22,202
Heritage	12	187,163	59,892
Heritage Stone benches	16	128,128	41,001
Heritage Stone Columns	18	97,200	31,104
Heritage Stone fence	4	100,032	32,010
Heritage Stone flower bench	19	164,160	52,531
Heritage Stone wall	1	27,000	8,640
Hoop Barrier	11	10,589	3,388
Safety Fence	1	19,388	16,156
Steel Bollards	17	134,885	43,163
Stirling Point Lookout Platform	1	208,988	146,292
Tourist Gateway-Stirling Point	1	104,494	73,146
Tree Grid	56	142,927	45,736
Umbrella	1	46,066	19,962
<b>Total</b>		<b>1,681,288</b>	<b>673,825</b>

All these asset data are stored RAMM data base.

The asset descriptions provide only an overview of probably some of the more complex assets held by Council. The community has reasonably high expectations of these assets.

Some of the assets are poorly recorded and detailed analysis of the likely lifecycle costs is required to clearly identify if their future replacement will be required and

how this replacement would be funded. This valuation reflects the low level of asset information available. An improvement programme item is included to more clearly review this area.

### 5.3 Critical Assets

#### 5.3.1 Asset Criticality Criteria

Table 5.16 Asset Criticality Criteria

Criticality Rating	Asset Importance	Consequence of Failure
5	<b>Extremely important.</b> The asset serves the most important city-wide function for this network or asset portfolio and is essential to ongoing operation (eg single water treatment plant, a single bridge link to the city, regionally significant park, Council HQ building, etc.)	<b>Catastrophic.</b> Failure would have severe and long-lasting adverse impacts on many if not most of ICC's customers and stakeholders, affecting outcomes such as public health and safety, economic well-being, and environmental sustainability. Availability of suitable alternatives is limited.
4	<b>Very important.</b> The asset serves a major function within the network (e.g an arterial road, large trunk main, one of a small number of water reservoirs in the city, Museum, etc)	<b>Extreme.</b> Failure would have major adverse impacts on many customers and stakeholders; and/or significant adverse impacts on the economy and/or the environment.
3	<b>Important.</b> The asset serves an important suburban function (e.g. a Collector road, minor pumping station, distribution main, suburban pool, park, housing or community building)	<b>Major.</b> Failure would have some adverse impacts on significant numbers of customers, and/or some adverse impacts on the local economy or the environment.
2	<b>Minor importance.</b> The asset serves a primarily local function (e.g. a local road, pipe serving several streets, small community facility)	<b>High.</b> Failure would have minor adverse impacts on some customers; and/or minor adverse effects on the local economy or the environment.
1	<b>Not important.</b> The asset serves a minor local function (e.g. a water pipe serving a single street, small local reserve, etc)	<b>Moderate.</b> Failure would have little to no adverse impacts on customers and no impact on the local economy or environment.

#### 5.3.2 Identification of Critical Assets

The Transport Activity provides for mobility and access for the city for the various modes of transport. The road corridor also provides access corridors for the other utilities.

The One Network Road Classification (ONRC) provides the road hierarchy and the Arterial and Primary Collectors are more critical assets to ensuring access can be resilient. Council has an extensive grid network which provides many alternative routes making the network highly accessible.

State Highways also bisect the City and provide the regional links together with primary access to the Port. These assets are not managed by Council.

**Table 5.17 Identification of Critical Assets**

<b>Asset Group</b>	<b>Key Asset</b>	<b>Criticality Rating</b>
Road Pavements	Arterial and Primary Collectors	3
Kerb and Channel	Arterial, Primary and Secondary	2
Unsealed Pavements	Some Access LV roads are singular access but limited property access	2
Footpaths	CBD and shopping Areas	3
Traffic Services	Arterials and Primary Collectors	2
	All signals controllers or SACTS full failure	3
Structures and Drainage	Tiwai Bridge (sole access to the NZAS Smelter)	4
	Primary and Collector Bridges	3
	Lindisfarne Bridge (critical sewer pipe access)	4
	Mersey Street bridge (critical sewer pipe access)	4
	Queens Drive West (watermains)	4
Carparking	All assets	1
Other Assets	All assets	1

Safety and security are key community outcomes and the key assets assisting in delivering these are traffic services (including street lighting). Whilst the loss of any one asset is not critical in itself, a collective long term failure would deem them as more important.

#### **5.4 Asset Condition**

##### **5.4.1 Summary of Current Asset Condition**

The condition assessment of pavements is undertaken using RAMM visual rating inspections, high speed data collection (roughness, rutting and macrotexture), skid resistance surveys, and falling weight deflection (FWD) surveys.

The surveys are undertaken frequently to ensure accurate data is used for sealed surface and pavement modelling to develop renewal programmes to feed into the LTP cycle.

The surveys are based on the ONRC hierarchy with higher classifications having more complex and complete surveys undertaken.

The footpath condition is rated in accordance with the methodology developed by the New Zealand Institute of Highway Technology.

Footpaths are surveyed typically every five years with council staff undertaking more frequent reviews in the other years where needed, of the lowest condition footpaths to assess if they have changed category.

Detailed bridge inspections (full structural inspection) of all bridges are undertaken by a bridge consultant on a six year cycle in accordance with NZTA guidelines, considering factors such as structural integrity, defects, safety and appearance.

Council does not currently use any assessment tools other than visual inspections for unsealed roads, carparking or traffic services.

#### **Sealed Roads**

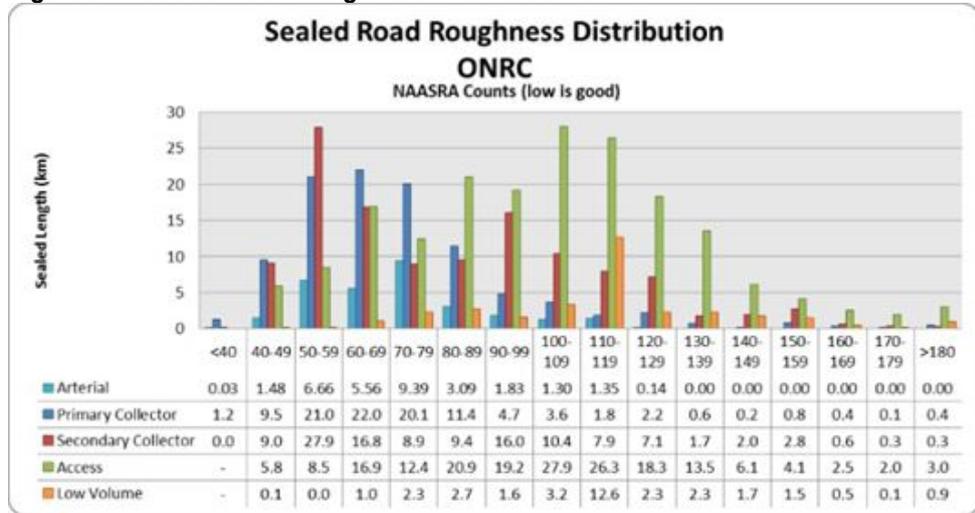
Sealed road condition relates to the surface and pavement layers, with data relating to condition parameters presented below.

**Roughness**

Data from the RAMM database is presented below. These show an appropriate pattern, with higher use roads being less rough than low volume roads. Urban roads are typically rougher than rural roads due to the effect of service trenches.

Smooth travel exposure is a measure of the amount of traffic “exposed” to roughness levels above a particular threshold, typically 150 NAASRA counts.

**Figure 5.22 Sealed Road Roughness Distribution ONRC**



**Figure 5.23 Sealed Road Roughness Distribution Urban / Rural**

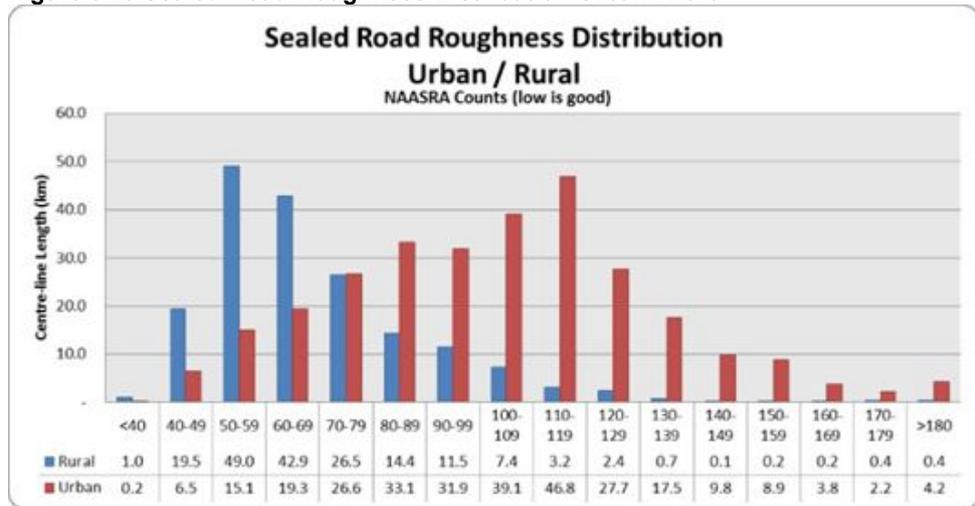
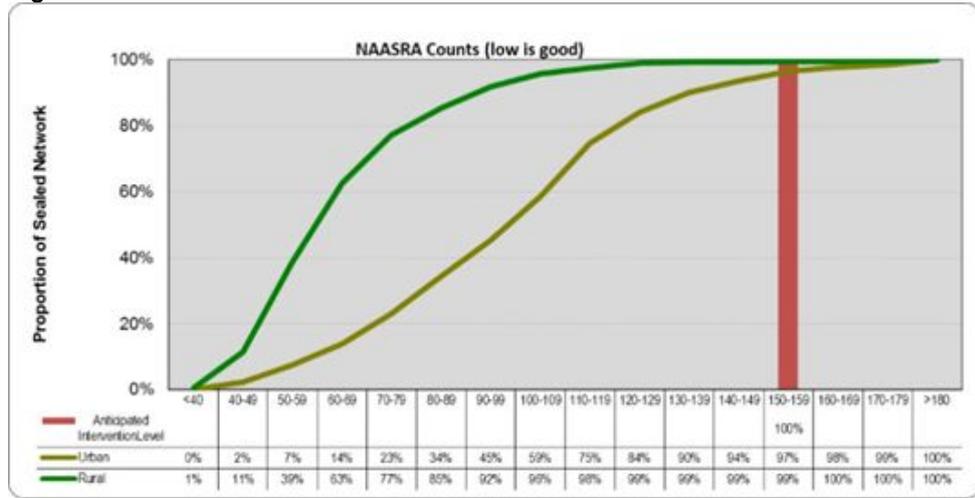


Figure 5.24 NAASRA Counts



Smooth Travel Exposure graphs below outline the road surface condition which customers experience.

These also show that Invercargill is performing well against its peer groups, as well as over time and across all hierarchy classes.

The pavements by each category of ONRC hierarchy show that Invercargill is performing well, however as noted elsewhere that is not the customer expectation. Peak roughness is also a good indicator and again Invercargill performs well against its peer. Longer term results show Invercargill has also had well performing assets for many years.

Figure 5.25 Smooth Travel Exposure

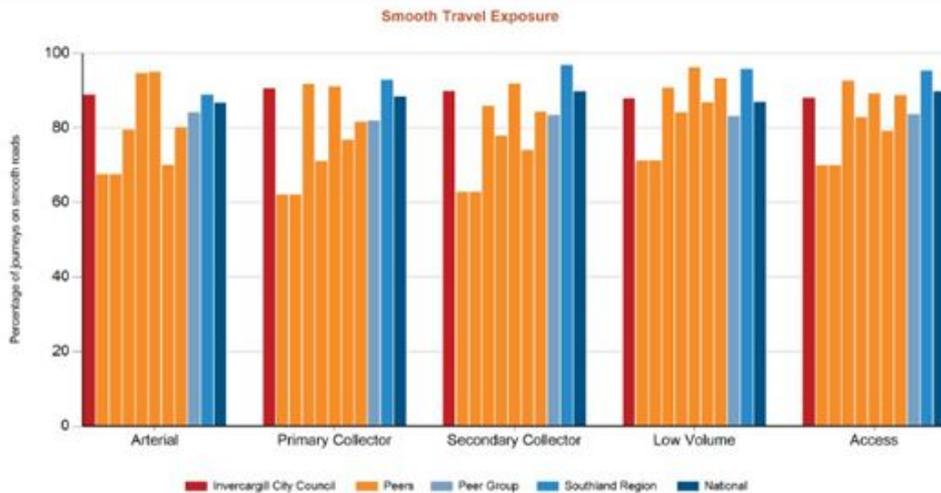


Figure 6: Smooth Travel Exposure by ONRC category (Higher percentage indicates smoother roads) - Sourced from ONRC performance measures reporting tool

**Figure 5.26 Amenity Customer Outcome 2: Peak Roughness – Urban Sealed Roads**

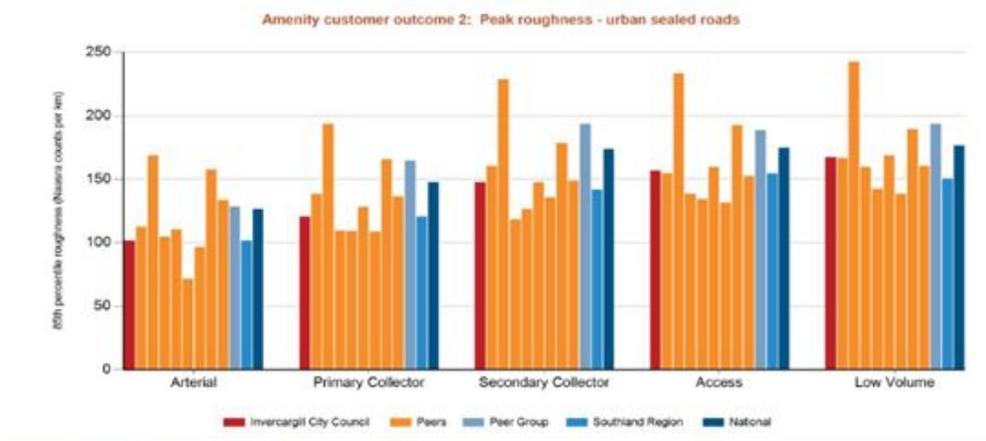
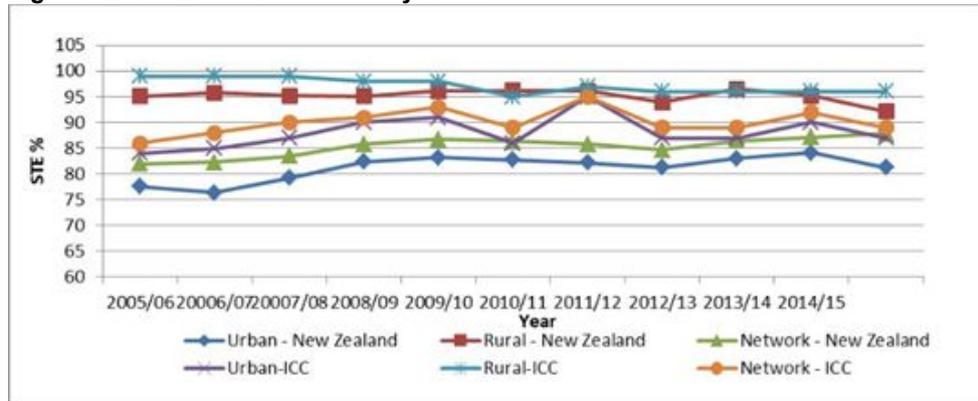


Figure 7: Peak Roughness - Urban - Sourced from ONRC performance measures reporting tool

**Figure 5.27 STE Condition Index by Years**



Customer Expectations communicated through the customer survey indicates that an expectation of smoother roads is seen as required by residents.

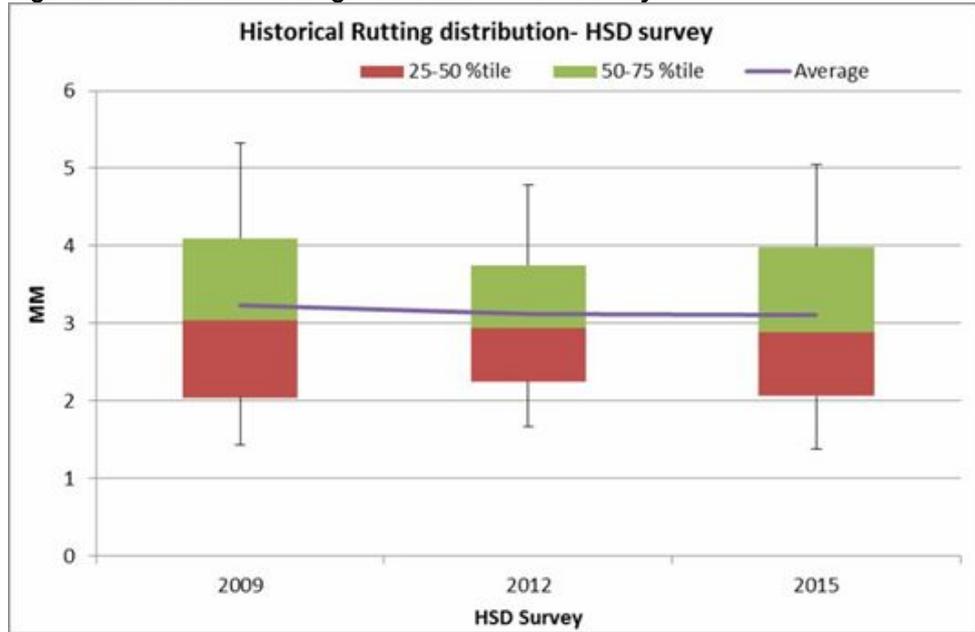
As shown above, Invercargill has good Smooth Travel Exposure (STE) results (being a recognised national measure for the roughness) and better than national averages the direction is to maintain not improve.

Better education and communication to residents is seen as one way to reduce the expectation gap that still exists and was highlighted in previous plans. Unfortunately customers focus on specific locations and this is understood to cloud the customer survey results.

**Rutting**

The existing rutting data from the latest survey does not indicate any major rutting issues on the network. The historical rutting data, from the available high speed surveys also show rutting to be in in a very stable stage, limiting the chance of a rapid increase in pavement failure in the near future.

**Figure 5.28 Historical Rutting Distribution – HSD Survey**

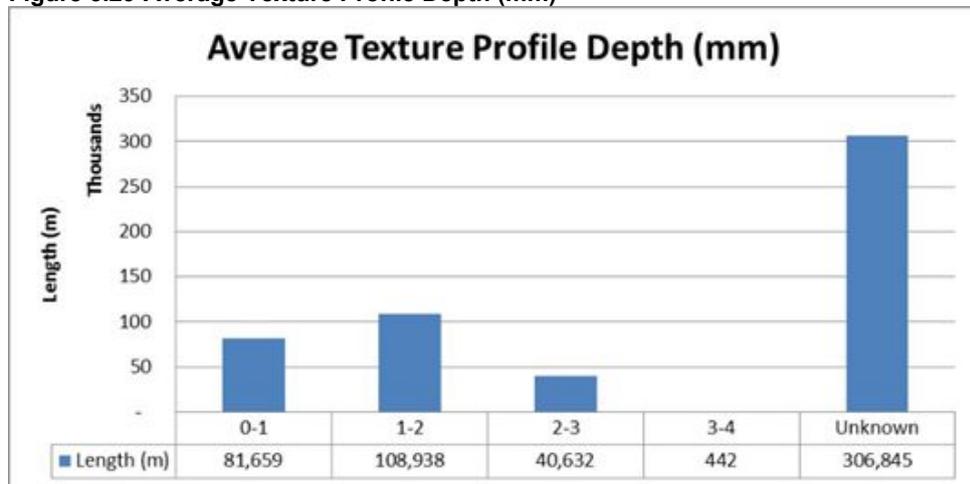


**Texture**

Macro texture is required to minimise the progressive loss of skid resistance with increasing speed on wet roads due to contact between vehicle tyres and the road surface. The minimum macro texture requirement is 1.0mm and 0.5mm respectively for chip seal and asphalt concrete finished surfaces

The following figure summarises average macro texture depths (MPD) on the sealed road network, while a significant proportion is not reported, MPD is generally at good levels.

**Figure 5.29 Average Texture Profile Depth (mm)**

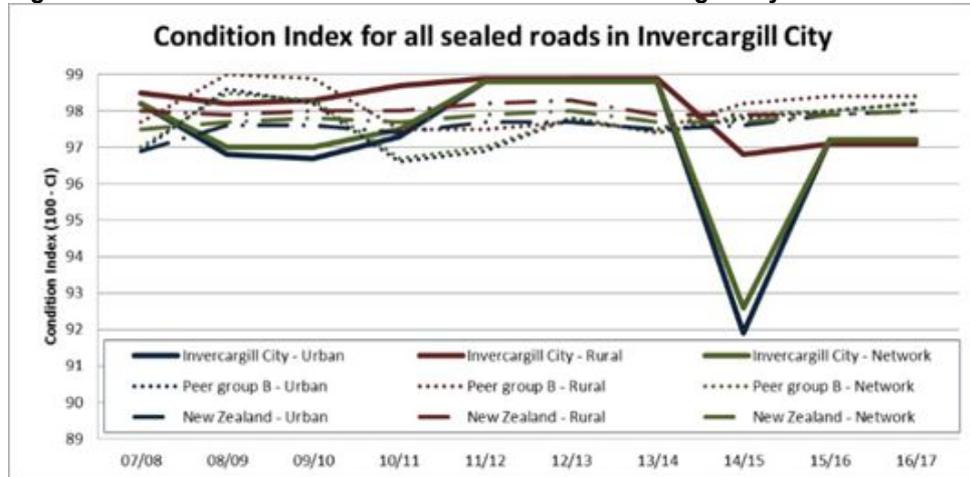


**Pavement Condition Index**

The Pavement Condition Index (CI) is a numerical index which is used to indicate the overall general condition of the pavement surface. The method is based on a visual survey of the number and types of distresses in a pavement. The result of the analysis is a numerical value between 0 and 100, with 100 representing the best possible condition and 0 representing the worst possible condition.

The next figure shows that the CI for all New Zealand and peer group B roads has improved slightly over the last ten years. While there appears to be a data inconsistency in 2014/15, the City's network does appear to be declining slightly in relation to national and peer group averages.

**Figure 5.30 Condition Index for all Sealed Roads in Invercargill City**



**Pavement Integrity Index**

The Pavement Integrity Index (PII) is a combined index of the pavement faults in sealed road surfaces used widely in New Zealand. It is a 'weighted sum' of the pavement defects divided by total lane length. PII combines surface faults (CI) with rutting and shoving. A High PII corresponds to high pavement integrity. This index combines the information gathered from the condition rating survey with the measurements recorded during the high speed data surveys.

The following figure provides a slightly different view to the CI above, as it takes into account a different range of parameters. Again, the data inconsistency on 2014/15 is evident, but otherwise the network is seen to be in a stable situation and in slightly better overall condition than the peer group and national averages. The conclusion that can be reached in reviewing these two graphs is that the surface is probably in worse condition than the pavement structure.

**Figure 5.31 Pavement Integrity for all Sealed Roads in Invercargill City**



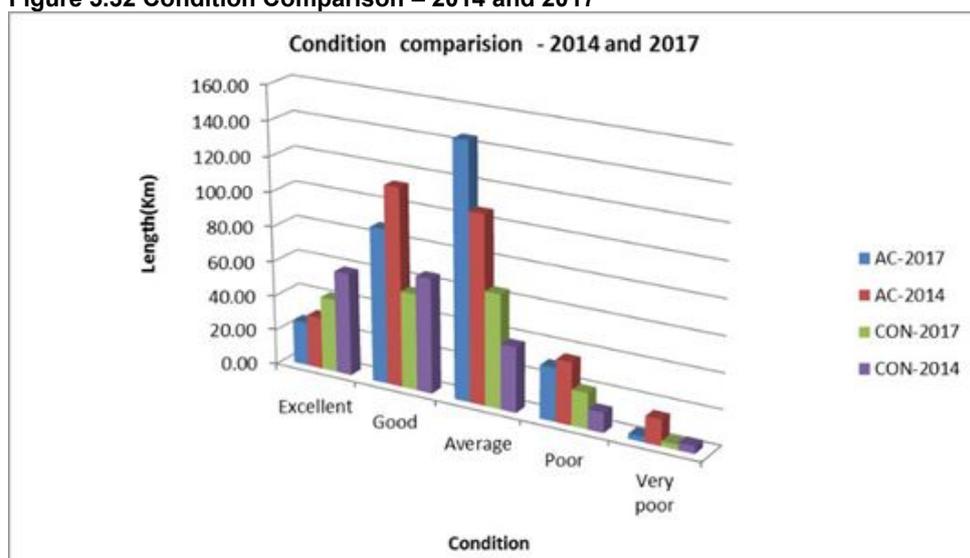
Note also that the dTIMS modelling of the network also provides reassurance that the network is in reasonable condition and well maintained.

### Footpaths

Invercargill's footpaths show good condition from the recent survey (2017) and similar when compared to 2014. The number of very poor indicates that the footpath does not have condition issues.

It is also expected that any renewals will also start to address the poor and much rated footpaths and be able to keep these within the level of service requirements. The ability to easily manage and maintain the condition, as it is easily viewed and can repair short lengths is one way to be able to limit renewal spending on the asset.

**Figure 5.32 Condition Comparison – 2014 and 2017**



### Structures

Bridge inspections have been undertaken and in general not indicated any significant condition issues with the maintenance demands being relatively routine and minor. They are inspected on a regular basis by trained Council staff and general inspection every two years.

A number of the bridges are twin box culverts and were installed in the 1990 and are simplistic in design. Tiwai Bridge is a bridge where regular detailed inspections have been undertaken and with a new deck is in good condition. The piles on Tiwai are an area where ongoing monitoring and inspections are planned. Some repairs have been undertaken and forward inspect and remediate programme is budgeted. The Tiwai bridge repair approach has been reasonably well defined as earlier repairs have successfully detailed the methodology for undertaking this work.

These inspection have not graded the bridges into classes.

Improved reporting of general condition is seen as a planned improvement.

## Traffic Services

No formal condition rating of these assets has been undertaken and again this is seen as an improvement.

The street light poles are still relative new compared to their asset lives with the only area where more inspection could be undertaken is the concrete spalling on precast concrete poles. Some splitting of the concrete where the cover is relatively low has been observed but this has not led to any failures but faster deterioration occurring. With the installation of LED being planned, each pole will be inspected and rated and recorded as an improvement during the installation process.

Traffic signals have regular maintenance and the major condition issue could be the controllers as significant items. These controllers have had a number of renewals and are relatively new, therefore condition is not seen as a significant issue.

During each routine maintenance observation, the lanterns are viewed to ensure they are not damaged.

### 5.4.2 Condition Monitoring

The dates of the last survey and frequency are:

**Table 5.18 Condition Monitoring Survey and Frequency Results**

Name	Method by Whom	Frequency	Last Survey
RAMM Rating Visual Inspections	RAMM Visual	Every Year	2015/16
Roughness Survey	Laser Profile Method	Two Yearly	2015/16
Skid Resistance Survey	SCRIM	Two Yearly	2015/16
Falling Weight Deflectometer (FWD) Survey	External Provider	Three yearly	2015/16
Footpaths - All	External Provider	Five yearly	2016/17
- Poor and very poor	ICC Staff	Two yearly	2015/16
Bridges			
• General Inspection	Bridge Inspector	Two Years	2016/17
• Detailed Inspection	Bridge Inspector	Five Years	2017/18
• Special Inspection for posted bridges	Bridge Inspector	As determined by the Engineer	
• Routine Inspection	Council Staff	Regular basis	2016/17
Carparking	Visual by Staff, contractors	Ongoing	2016/17
Traffic Services	Visual by Staff, contractors	Routine Contract Inspections	2016/17

## 5.5 Asset Capacity and Performance

### 5.5.1 Capacity and Utilisation

The road network (and other asset groups) has wide pavements and does not have traffic capacity issues even at peak periods. The grid network and lane configurations provide capacity well in excess of demand. Travel times and reliability of travel indicate that Invercargill is well serviced by the roading network layout. No problem statement was identified which related to capacity or reliability.

Bridges and culverts have sufficient strength on important transport routes allowing the use of 50Max vehicles across the network and HPMV on selected key corridors to access business. Further work is required to monitor pavement strength capacity of heavy vehicles are more access is utilised across the network. There has not been too much demand for heavy vehicles on unsealed pavements areas as good link roads are available so these pavements have not been overly tested by increased loads. Requests for travel form the transport industry have been mostly achieved. The State Highway provides a key through link for the City.

Drainage capacity has not been an issue and surface flood has been minimal and where this occurs most often associated with detritus over sump and entry grates. Some connections are identified as failing due to age but these are repairs as a maintenance item rather than as a system wide renewal. As the stormwater pipe renewals are undertaken, the sumps and connections are reviewed and replaced as required.

Carparking is provided in all the CBD and utilisation surveys indicate that parking is underutilised except for very short periods in specific locations. The perception of retailers is potentially different but Invercargill has an expectation that a carpark will be available outside any business. The Leven Street Buildings are underutilised by casual parking and this has been the shift to offer permit spaces to secure income.

#### **5.5.2 Network Performance**

The network performance is operating and offering a high level of service due to the relatively low traffic volumes.

Historic traffic modelling has indicated that most intersections operate at a high level of service with the greatest pressures where they join to State Highways. (Gabites Porter Modelling Reports 2011). An updated model is an improvement planned to continue to be able to monitor performance.

A network Operating Plan, which could be undertaken in conjunction with NZTA would be a useful and simple addition to establishing a clear functional approach for the network and make explaining the ONRC functions of roads more clear to the stakeholders. It would also assist with defining priority and input into establishing bypass roads and how the traffic, in particular the freight element can effectively access and pass through Invercargill to the Bluff Port and other commercial areas.

#### **5.5.3 Safety Performance**

Safety is a performance issue for the network where more focus is required.

Whilst a downward trend is being seen for many of the road classes, Invercargill has a high ranking in the Community at Risk register (from NZTA see Appendix 13.20). The following table highlights the areas where Invercargill needs to demonstrate significant improvement.

The excerpt shows Invercargill against the Otago Southland grouping with the number ranking being a national approach and the worst areas being ranked 1.

As can be seen these areas are at intersections and vulnerable (cyclists and pedestrians) users

The disappointing aspect about the safety record is that there has been very little community concern or recognition that improvements are needed and the performance are unacceptable.

The more difficult aspect is that the safety incidents are not occurring at a location but are more system wide and need behavioural inputs from the community to make improvements. This is possible as over the last ten years Invercargill and Southland has improved in young drivers and alcohol which does indicate with good local and national programmes it can be achieved.

The Southland Councils and NZTA re investing through the Southern Safety Influencing Group into a campaign – Any number is too many to start the community conversation to address this problem.

Exert from the Community AT Risk Register, produced by NZTA (2017). Council from the Southern region are shown across the top of the chart, with the numbers being the ranking assess. A ranking of 1 is the worst nationally and indicates a very high risk. These tables assist NZTA in how they invest in the Community Education Programmes.

For Invercargill Pedestrians:



**Table 5.18 Invercargill Pedestrians**

PEDESTRIANS	CDC	CODC	DCC	QLDC	WDC	GDC	ICC	SDC	MEAN
2009	41	48	6	40	43	54	19	59	
2011	36	44	2	26	30	55	12	51	23
2013	40	48	3	24	33	64	20	58	19
2014	47	58	2	28	42	65	18	31	21
2015	38	59	14	28	53	5	2	22	35
2017	54	67	10	43	24	40	1	28	19
<b>Risk</b>	Very low	Very low	High	medium	medium	medium	Very High	medium	

At intersections in Invercargill City:



**Table 5.19 Intersections in Invercargill City**

ALL INTERSECTIONS	CDC	CODC	DCC	QLDC	WDC	GDC	ICC	SDC	MEAN
2009	48	52	23	42	33	14	1	45	No data
2011	No data	No data	No data	No data	No data	No data	No data	No data	No data
2013	49	18	1	54	21	62	2	28	32
2014	41	22	1	45	24	68	3	39	28
2015	46	39	1	47	29	67	3	49	34
2017	31	63	2	39	9	67	3	52	30
<b>Risk</b>	Very low	Very low	Very High	Very low	High	Very low	Very High	Very low	

The following ONRC graphs show these trends and also the higher than expected Personal Risk for Access Roads. Invercargill has a higher profile than the national average and most of its peers.

This is also seen as the key problem statement in the ILM process.

**Figure 5.33 Customer Outcome 1: Number of Serious Injuries and Fatalities (DSI)**

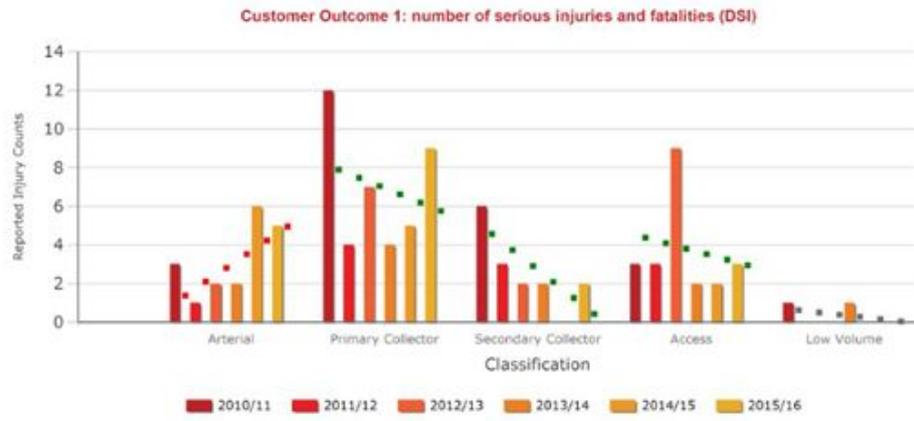


Figure 3: Serious injuries and fatalities (DSI) by ONRC category - Sourced from ONRC performance measures reporting tool

**Figure 5.34 Safety Customer Outcome 3: Personal Risk**



Figure 5: Serious injuries and fatalities (DSI) per 100 Million vehicle km by ONRC category (Low/medium/high ratings per KwiRAP) - Sourced from ONRC performance measures reporting tool

## 5.6 Summary of Asset Trends, Issues and Challenges

The trends which are seen in the network are:

- The network is well established and well structured.
- Good alignment exists with ONRC.
- Journeys are being undertaken on the hierarchy appropriately.
- Asset condition is reasonable and appropriate to the age and network use.
- Assets are performing well against peer group.
- Financial performance is appropriate compared to peer groups.
- Pavements are performing appropriately and modelling indicates capacity is available.
- Critical assets are generally bridges and support other asset groups.
- Critical assets are identified and managed.

- Safety risks are over represented.
- Some assets have spare capacity.

**The key issues are:**

- Safety improvements are needed particularly at intersections and for pedestrians and cyclists.
- Need to continue to manage maintenance and renewals to sustain the network.
- A focus is need to ensure access for heavy vehicle routes and may need to focus some renewals on ONRC hierarchy where the traffic is directed.

In summary, Invercargill has assets which in most parts are in good condition and are generally being underutilised due to historical layouts but are robust and well managed.

The asset approach is to maintain pavements and utilise methods for resurfacing and rehabilitation to minimise costs. Typically these approaches are only addressing travel lanes only.

**The key challenges are:**

- Develop and implement a safety strategy where a community behavioural change occurs which leads to improved and safer driving habits.
- Understand when and how technology will impact on the network and be able to respond accordingly , just in time

Safety at intersections is a trend which needs to be owned as a community responsibility and be addressed through further implementing the Safe System Approach.

Focussing on how maintenance and renewal can contribute to improvements is key to making more traction on having better outcomes. Utilising and focusing the Community programmes on the issues and align and collaborate with other Government Agencies (NZ Police, Worksafe , ACC etc) to ensure programmes connect and deliver suitable outcomes.

The future of vehicles (eV in particular) will change a number of national approaches to congestion and safety but the impacts of these technological advances are unlikely to require significant changes in the road layout or construction. As congestion is not an issue, autonomous travel will not deliver short term benefits.

## 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).***

Infrastructure assets ability to influence sustainability outcomes is highest during the planning and design phase. Asset 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.

The operation of infrastructure has ongoing impacts - particularly as they relate to energy use, and emissions, runoff, noise, light, ecological impacts, safety etc.

Operations can provide ongoing employment and economic benefit.

The construction of infrastructure impacts on material use, energy, water, waste, etc. Construction can provide employment, with potential to target 'social' procurement.

Natural resources for roading projects are still currently available in good quality and at reasonable costs. Council currently does not have specific policy requiring the reuse of removed materials.

A negative impact of ongoing renewals is the drawdown of the resource which is either quarried or from river run sources. Each of these areas both require resource consents and their future sustainability will be monitored.

Remetalling of unsealed roads is one area where wise use of resource need to be considered and monitored. The type of materials utilised is also key to the impacts on sustainability.

#### 6.1.1 Social and Cultural

Roading as part of the community will encourage the following to improve safety:

- Encourage a mode shift to walking and cycling.
- Promote the shift to electric vehicles.
- Encourage the community to manage road risk and utilise safer vehicles.
- Promote behaviour change to driving attitudes in Invercargill.

#### 6.1.2 Environmental

Roading seeks to reduce consumption of resources and the effects of development on the environment. Relevant aspects of sustainable design will be

considered and where appropriate incorporated into projects including but not exclusive to:

- Minimise materials and waste during construction, particularly those base on oil or derivatives.
- Adopt processes to minimise dust generation from unsealed roads.
- Sustainable materials used in construction and reuse where appropriate.
- Encourage and promote use of electric vehicles.
- Climate Change Gases – Carbon footprint.
- Minimise impacts of stormwater runoff and disposal.
- Design for adaption and resilience to hazards including climate change.

The environmental challenges of managing stormwater run-off are seen as an escalating challenge.

Freshwater Plans from the Regional Council will seek to better manage what comes off the road surface and this could introduce additional costs if this is required to be treated. Currently the detritus collected from the streets and stormwater runoff from sumps is expensive to dispose of to landfills and this is becoming a greater cost and concern.

Dust from gravel roads is more concerning for residents as it enters water supplies and this leads to unsustainable expectations and desire for roads to be sealed.

### **6.1.3 Economic and Financial**

Roading as a significant infrastructural asset looks to provide the desired level of service in the most cost effective manner through the management of assets for present and future customers. The changing demographics of the community will mean that the ability of some to be able to pay will change so having robust and appropriate activity management in place is essential for Invercargill being sustainable. All asset groups will have to work together and act cohesively to ensure success.

We do this by:

- Recognising the consumption of assets and appropriately funding it, at the right time using techniques.
- Categorising capital versus operational expenditure and understanding how each influences the community.
- Undertaking projects which are affordable and can be justified using a Better Business Case approach.
- Allocating costs and preparing forecasts over the long-term (30 years or more).
- Ensuring a whole of life approach is used for all assets.
- Reporting on financial performance.
- Procuring resources considering market sustainability utilising best practice contract smart buyer processes.

### **6.1.4 Summary of Sustainability Challenges and Issues**

Key Issues:

- Encourage the community to manage road risk.
- Promote behaviour change to driving attitudes in Invercargill.
- Adopt processes to minimise dust generation from unsealed roads.

- Minimise impacts of stormwater runoff and disposal.
- Undertake projects at the right time using a Better Business Case approach.

Key Challenges:

- Encourage a mode shift to walking and cycling.
- Encourage the community to manage road risk and utilise safer vehicles.
- Design for adaption and resilience to hazards including climate change.
- Recognising the consumption of assets and appropriately funding it, at the right time.
- Procuring resources considering market sustainability utilising best practice contract smart buyer processes.

## 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/NZS 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.

### 6.2.3 Critical Assets Decision-Making

Critical assets are “those which have a high consequence of failure, but not necessarily a high probability of failure”. This is important as it draws attention to those assets which are the most important, irrespective of the likelihood of failure

of the asset. Critical assets typically require more proactive management to minimise or eliminate this risk.

The likelihood of failure of an asset is often difficult to assess, however condition and age are parameters that provide an indication. The worse the condition of the asset, the more likely it is to fail.

Assets which are both extremely critical and more likely to fail should have higher priority and be replaced or rehabilitated earlier in their lifecycle than others, and at lower levels “run to failure” may be perfectly acceptable.

#### 6.2.4 Risk Identification and Assessment

A detailed risk analysis is included in the appendix. This utilises the corporate framework which is being reviewed.

The following are a summary of the high risks.

**Table 6.1 High Risks**

Asset Area	Risk description	Severity
Bridges	Structural Failure Due to Earthquake or Flood	High
Pavements	Unsafe Roads due to Ice or Spilled materials	High
Pavements	Unsafe roads due to insufficient or poorly timed interventions	High
Pavements	Unstable banks due to weather or flood conditions	High
Traffic Systems	Unsafe roads due to vandalised safety signs	High
Traffic Systems	Unsafe intersections due to failed traffic signals	High
Pavements	Unsafe roads due to underfunded maintenance and renewal programmes	High
Drainage	Unsafe roads due to sump grates being removed	High
Corporate	Loss of knowledge and Asset expertise or legislative change	High

The primary risk identified through the risk analysis is the need to be able to respond to climatic conditions such as ice and flooding and interventions through maintenance.

Bridges whilst important to other utilities also have importance in the risk profile as they link key and strategic assets like the hospital and airport. Events which damage the bridge stock are likely to have an impact on all bridges due to the events such as distant earthquakes or flooding.

Liquefaction following earthquakes could impact the accessibility of the City as large parts are on land recognised as being susceptible to liquefaction.

#### 6.2.5 Summary of Key Risk Issues

Key risks are:

- Bridge damage due to earthquake or flooding.
- Unsafe roads due to external actions such as vandalism or climatic.
- Unsafe roads due to underfunding maintenance and renewals and not responding.
- Legislative change or loss of corporate knowledge.

### 6.2.6 Possible Approaches to Risk Mitigation

**Table 6.2 Approaches to Risk Mitigation**

<b>Risk Caused By</b>	<b>Current Practice</b>	<b>Recommended Actions</b>
Bridge damage due to earthquake or flooding	Seismic investigation and assessments. Expert detailed inspections regime.	Structural improvement or route diversion plans. Monitor flood warning and protect if necessary.
Unsafe roads due to external actions such as vandalism or climatic	Inspections by contractors on regular basis. Respond to RFS request.	Maintain effective contractors and systems. Look to assets which mitigate issues.
Unsafe roads due to underfunding maintenance and renewals and not responding	Publically tender projects for cost effective programmes. Have informed governance. Identify works and reporting.	More information to Council. Detailed programmes, well modelled and monitored
Legislative change or loss of corporate knowledge	Have data systems and plans appropriately prepared. Have awareness of legal changes.	Value staff knowledge. Engage skilled contractors and consultants. Have input into legal change.

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**

Emergency Management Southland is a shared service with the Southland Council's in delivering a structured approach to emergency management. Each Council is responsible to provide trained staff into the team when requested and therefore have a wider resource base. A specifically designed venue has been setup for the operation at Price Street for all the Councils and has three to four full time staff coordinating the response.

Basic continuity planning has been started but further development is required to establish a robust and reliable set of processes to be able to respond and manage the Council assets in a sustainable manner in the event of a more significant event where potentially all of Southland is affected. Staff have the knowledge and have participated in national training exercises and understand what is needed. Further robust documentation is needed for the future.

Basic plans are in place with agreed establishment process, alternative base location and allocated positions but greater detail is needed.

Invercargill has a lifelines plan and continues to work at a Regional level to advance the planning provisions. These plans recognise the isolation Invercargill could experience in a black swan event.

Invercargill also is reliant on the State Highways to connect and whilst travel may be possible across the City, most consumable goods (food, fuel etc) are transported via the state Highway for Christchurch.

### **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.

No resilience assessment has been undertaken.

### **6.3.3 Summary of Resilience Issues and Challenges**

Key Issues:

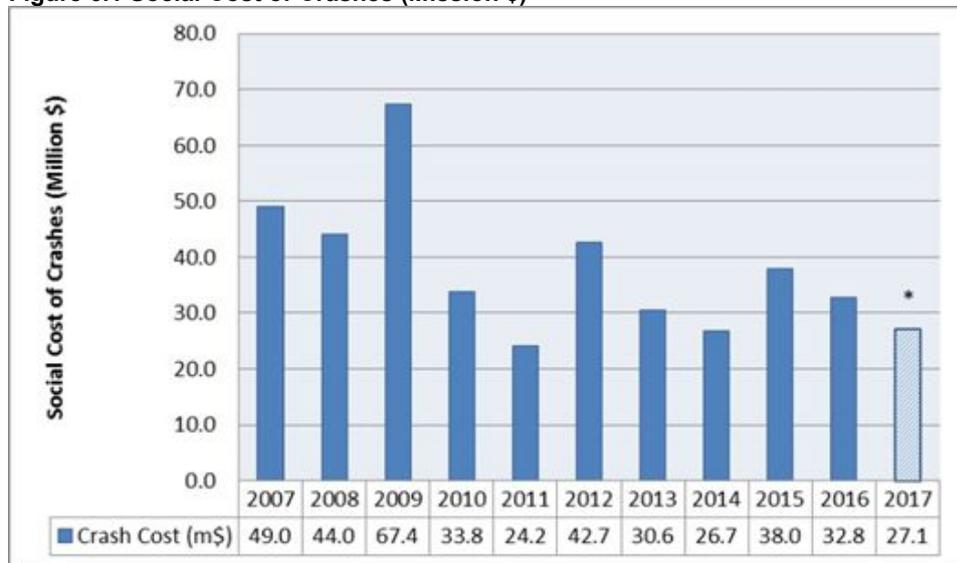
- Further detailed business planning is needed.
- Resources from EMS provide a Southland wide as the fall-back position.
- Southland is isolated and is susceptible to significant event natural disasters.
- Invercargill is reliant on the State Highway network to be operable for basic commodities.

**6.4 Road Safety**

**6.4.1 Crash Trends**

From 2007 the annual social cost of road crashes on Invercargill City’s local roads has averaged around \$39 million, as shown in the figure below.

**Figure 6.1 Social Cost of Crashes (Mission \$)**

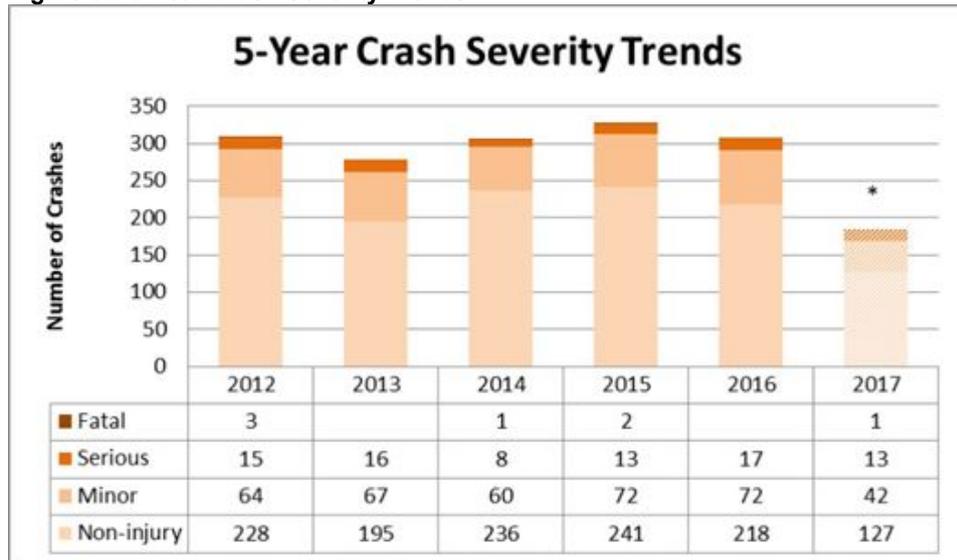


The social cost of a road crash includes a number of different elements:

- Loss of life and life quality;
- Loss of output due to temporary incapacitation;
- Medical costs;
- Legal costs;
- Property damage costs.

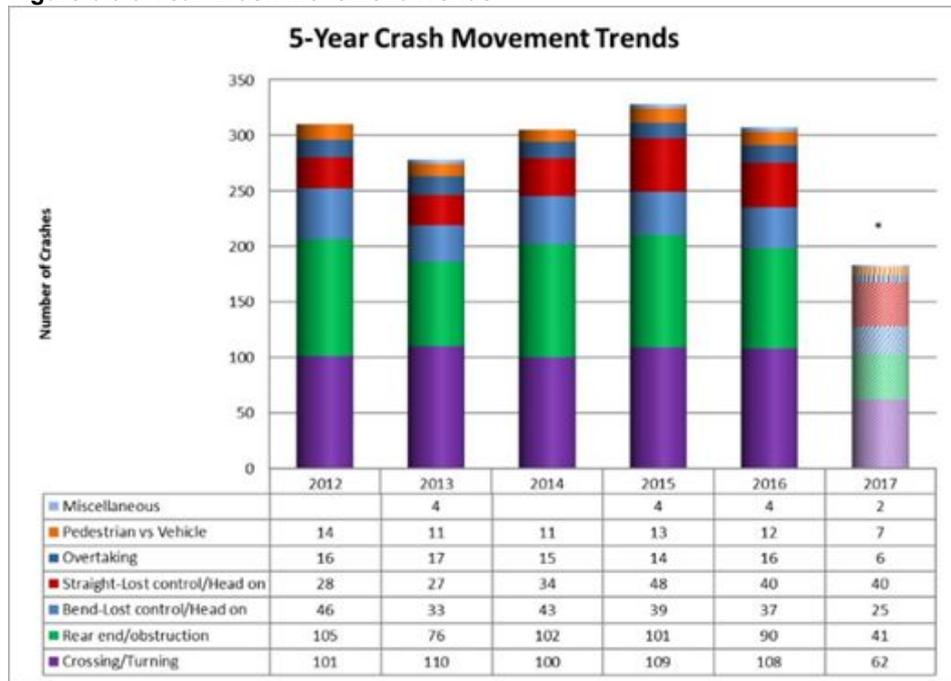
The numbers of crashes by severity are shown in the following graph, the majority are minor or non-injury.

Figure 6.2 5-Year Crash Severity Trends



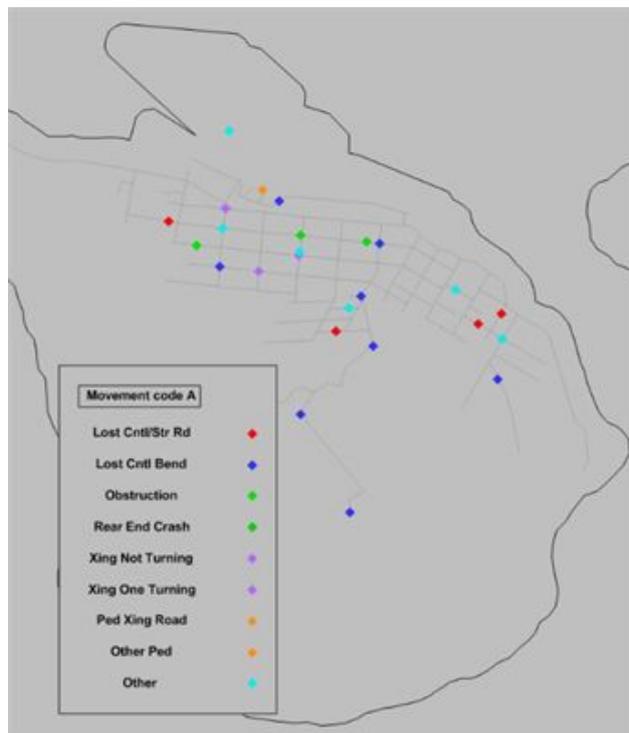
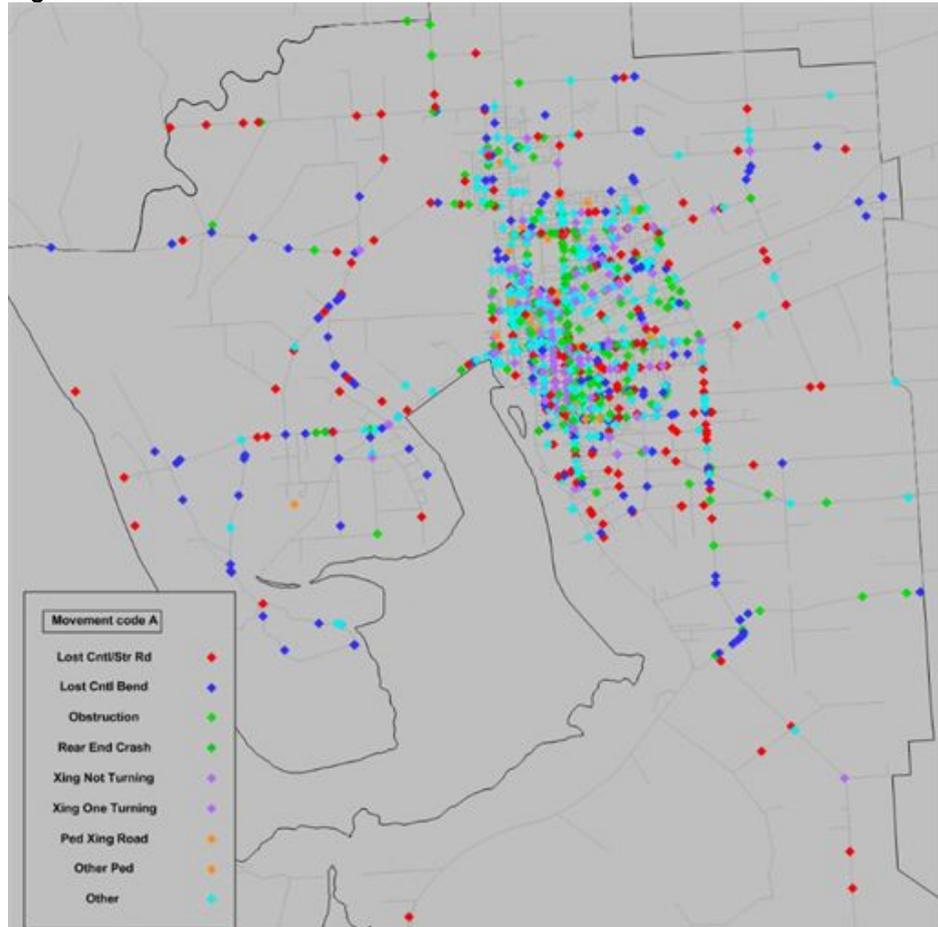
Crash numbers by type are shown in the figure below, highlighting the dominance of crashes likely to be at intersections (crossing / turning and rear end).

Figure 6.3 5-Year Crash Movement Trends



The locations of crashes on the ICC road network from 2007 to 2017 are shown below. The mapped crashes are colour-coded similarly to the crash movement trends diagrams above.

Figure 6.4 Location of Crashes on the ICC Road Network 2007-2017



### 6.4.2 Summary of Key Road Safety Issues

- Crashes associated with intersections
- The high ranking in the Community at Risk register – indicating a poor performance level
- Higher than expected Personal Risk for Access Roads.

### 6.5 Negative Effects

There are number of unavoidable consequences of the Road Network activity which are managed to ensure a sustainable service with minimal damage to the environment.

Negative effects that the transport activity may have on the social, economic, environmental or cultural wellbeing of the community include:

- The number (and cost) of people killed or injured on roads each year.
- Excessive noise from busy roads.
- The quality of the stormwater from roads that discharges into adjacent coastal or other waters.
- The economic cost to the community (or to the National or Regional economy) as a result of road congestion.
- The extent to which the roading network impacts on the quality of life of a particular community (or commercial area).
- Gaseous discharges from motor vehicles.
- The environmental degradation and / or the delay to travel times that can occur when new roads are built, or existing roads are upgraded.
- The excessive use by heavy motor vehicles of all types, on local roads.

The following table shows how we monitor and manage these negative effects within Invercargill City's roading activities. No potential negative effects are identified on cultural well-being.

**Table 6.3 Monitoring and Managing Negative Effects**

Negative Effects	Effects On	How we monitor and respond to these effects
Road deaths and injuries.	Social Economic	<p>Monitor: Annual NZTA report on crash statistics for Invercargill City.</p> <p>Response:</p> <ul style="list-style-type: none"> <li>➤ Maintain a road safety strategy and a road safety action plan.</li> <li>➤ Prepare a low cost low risk projects' plan each year.</li> <li>➤ Prepare renewals plans and maintenance plans to address potentially unsafe road surfaces (especially blackspots).</li> <li>➤ Manage a risk conversation with the community and manage appropriate speed limits.</li> <li>➤ Work closely with NZTA, the New Zealand Police and Road Safety Southland.</li> </ul>
Effects of poor quality roading assets and personal security when using city's roading network.	Social Environmental	<p><b>Monitor:</b> Survey of user satisfaction / perception of safety for infrastructure under direct Council control (e.g. footpath condition, road surface condition).</p> <p><b>Response:</b> Develop guidelines to manage the level of service (e.g. footpath upgrade policy), targeted level of service improvements (e.g. better lighting works, safety audits).</p>

Negative Effects	Effects On	How we monitor and respond to these effects
Delays and detours resulting from new construction, maintenance and utility works on the local road network.	Social Economic	<b>Monitor:</b> Complaints and call-centre queries. <b>Response:</b> Require approved traffic management plan for construction works, ongoing liaison with key utility operators.
Impacts of major transport infrastructure projects on adjacent residents and environment such as excessive noise and vibration.	Social Economic Environmental	<b>Monitor:</b> Survey of residents/businesses about the impact of major infrastructure under direct Council control. <b>Response:</b> <ul style="list-style-type: none"> <li>➤ Install noise barriers where appropriate.</li> <li>➤ Set appropriate speed limits.</li> <li>➤ Use appropriate surfacing on busy roads in residential areas.</li> <li>➤ Manage contracts to minimise effects.</li> </ul>
Dust nuisance on unsealed roads and contamination of waterways by storm water discharged from road surfaces.	Social Environmental	<b>Monitor:</b> Use dust traps to measure dust generation in sensitive areas. <b>Response:</b> <ul style="list-style-type: none"> <li>➤ Ensure proper attention is paid to water run-off / sediment control management when carrying out work on the roads.</li> <li>➤ Manage roadside draws</li> <li>➤ Clean sumps regularly.</li> <li>➤ Using innovative products to reduce dust generation in other areas.</li> <li>➤ Allow controlled oiling of roads outside residence.</li> </ul>
Hazardous material spills within the road corridor or transport facility.	Environmental	<b>Monitor:</b> Notification of spill by Call centre from Customer Contact or Emergency Services. <b>Response:</b> As set out in Emergency Response Maintenance Contractor is required to make safe within one hour of notification.
Cost escalations due to oil prices increases and inflation rates.	Social Economic Environmental	<b>Monitor:</b> NZTA monthly release of bitumen price indices. <b>Response:</b> Seek additional funding to maintain work programme, or reduce work programme to meet existing budget. Manage timing of works.
Health and safety risks associated with the construction, maintenance or operation of the transportation infrastructure.	Social Economic	<b>Monitor:</b> Complaints and call-centre queries. <b>Response:</b> Improve safety of the roading network to reduce the occurrence of crashes.
The impact on public health from the reliance on cars.	Social Economic	<b>Response:</b> Promote the active transport modes such as walking and cycling. Investigate the future demand for public transport services and infrastructure.
Impact on residents due to noise and other effects due to road classification	Social Economic	<b>Monitor:</b> Survey and traffic count roads to ensure the use is appropriate to the classification. <b>Response:</b>

Negative Effects	Effects On	How we monitor and respond to these effects
and use.		<ul style="list-style-type: none"> <li>➤ High priority roads have expectation of greater numbers of vehicles including heavy vehicles which is appropriate to the function of the road.</li> <li>➤ Use Bylaws to control use.</li> <li>➤ Develop traffic calming strategies to direct traffic.</li> </ul>

Particular issues which may become more problematic over the next 10 years involve road construction and upgrading works, and in particular:

- Use of hot cut back bitumen for sealing and resealing roads releases significant quantities of volatiles (petroleum products such as kerosene) into the atmosphere. It also requires significant energy to heat up. This may lead to an increased demand to use emulsion seals which release mainly water to the atmosphere, but tend to be more expensive. Both these issues have the potential to significantly increase costs of maintaining and reconstructing the network.
- The use of recycled materials for the pavements should be investigated to reduce the overall waste from maintenance and construction activities on the network.
- Unavailability of appropriate gravel aggregate from water courses.
- Light spill from street lights.
- Congestion (real or perceived) of traffic leading to alternative travel paths desirable to drivers but not residents.
- Use of oil for suppressing dust on unsealed roads may be environmentally acceptable.
- More truck movements on roads previously not used but with an appropriate “functional” classification. Residents may be dissatisfied but the road function may be appropriate.
- Further environmental difficulties and needs to better manage the capture, treatment and disposal of surface detritus and sump cleaning due to by-products deposited on roads.

Other issues related to the operation of the roading network include:

- Promote active transport modes such as walking and cycling that reduce vehicle emissions and improve the health of the Community.
- Investigate the future demand for public transport services and infrastructure.
- Improve the safety of the roading network for all road users to reduce the occurrence of crashes.
- Improve the roading network to provide a reliable and efficient network for the movement of people and freight.

## 7. Managing Our Activities

### 7.1 Responding to the Issues and Challenges

**Table 6.4 Responding to the Issues and Challenges**

<b>Topic</b>	<b>Issue or Challenge</b>	<b>Potential Response</b>
<b>Road Safety</b>	Reducing the number of fatal and serious injuries.	Develop Safety Action Plan focused on a safe system approach.
	Reducing the number of crashes.	Develop Safety Action Plan focused on a safe system approach.
	Influence drivers to improve driving behaviours.	<ul style="list-style-type: none"> <li>➤ Develop promotional and educational programmes targeted at the risk areas identified in the Community at Risk Register.</li> <li>➤ Continue existing programmes targeted at young people to influence behaviour as they become drivers.</li> <li>➤ Link and work with other agencies to coordinate programmes and information.</li> </ul>
	Improve road layouts including intersections.	<ul style="list-style-type: none"> <li>➤ Identify and record deficiencies in a register and prioritise improvement programmes.</li> <li>➤ Develop road layout improvements correcting current issues.</li> </ul>
	Improve vehicles fleets with new safety technology.	<ul style="list-style-type: none"> <li>➤ Develop programmes and link with RTA, ACC and AA to educate businesses and customers on opportunities in selecting vehicle.</li> <li>➤ Show community leadership by having and implementing a Council policy on vehicle which improves the safety of the fleet.</li> </ul>
	Cyclists and pedestrians are over represented in crashes.	<ul style="list-style-type: none"> <li>➤ Use the Southland Cycling Strategy to develop improvement projects to reduce involvement in crashes.</li> <li>➤ Incorporate promotional programmes to influence better and safer behaviours.</li> </ul>
<b>Improve transport access across the City</b>	Have access for HPMV and 50 Max vehicles. Have suitable and agreed heavy traffic bypasses. Coordinate and link access with the State Highway.	<ul style="list-style-type: none"> <li>➤ Work with the industry and community to agree on Roads suitable for heavy Transport.</li> <li>➤ Align travel with the ONRC hierarchy and traffic calm areas where traffic is less suitable.</li> <li>➤ Use maintenance strategies and renewal projects to provide suitable greater access to the network.</li> </ul>
	Ensure Land Use changes are connected to suitable transport route.	<ul style="list-style-type: none"> <li>➤ Use the District Plan to encourage appropriate development and oppose unsuitable development unless mitigated</li> </ul>
	Ensure the cycling and walking network is well structured, connected and accessible.	<ul style="list-style-type: none"> <li>➤ Review the cycling network and Identify unconnected cycling areas.</li> <li>➤ Develop and implement the cycling strategy for Southland</li> <li>➤ Have strategies for appropriate maintenance and renewals projects for cycling and footpath areas</li> </ul>
<b>Maintenance and Renewals Expenditure</b>	Ensuring that appropriate ongoing investment occurs for the existing network.	<ul style="list-style-type: none"> <li>➤ Use modelling tools such as dTIMS to demonstrate appropriate investment levels</li> <li>➤ Communicate with elected representatives, NZTA and the Community to ensure a robust understanding of levels of service.</li> <li>➤ Develop appropriate business cases to respond to changing network needs focusing on value for money and undertaking work at the right time</li> <li>➤ Having a Smart Buyer focus with contracts and projects</li> <li>➤ Identify efficiencies in all areas of the activity including improving data quality and use</li> <li>➤ Optimise planned renewals, collaborate with</li> </ul>

		other utilities to maximise opportunities, coordinate and organise when planning and delivering.
	Ensure appropriate funding is available for the activity.	<ul style="list-style-type: none"> <li>➤ Have appropriate asset policy and strategies which establish funding reliability (eg funded depreciation).</li> <li>➤ Continue to encourage NZTA to support regions and not impact the FAR any further.</li> </ul>
<b>Demand Changes</b>	Demographics change over time and the population ages.	<ul style="list-style-type: none"> <li>➤ Identify what access is needed for each sector and respond with changes to renewals such as in footpaths and parking etc</li> </ul>
	Road pavement usage by vehicles may change.	<ul style="list-style-type: none"> <li>➤ Consider demand changes when renewing assets in particular pavements and consider whole of life costs.</li> <li>➤ Focus heavy traffic to defined routes aligned to ONRC.</li> </ul>
<b>Levels of Service</b>	Smoother Roads required by customers.	<ul style="list-style-type: none"> <li>➤ Better education at political and customer level to ensure the best understanding is provided for decision and investment making.</li> </ul>
	Safer Roads required.	<ul style="list-style-type: none"> <li>➤ Utilise programmes listed above to develop and deliver better behaviour and road layouts</li> <li>➤ Participate in Safety Influencing Group</li> <li>➤ Focus Community education programmes</li> <li>➤ Engage community and empower them with the problem</li> </ul>
	Environmental standards change and impact on delivery of service such as stormwater.	<ul style="list-style-type: none"> <li>➤ Work closely with Drainage Team in developing mitigating measures</li> <li>➤ Look to encourage cleaner use vehicles where possible by Council policy and strategy (e.g. parking)</li> <li>➤ Better and specific contracting practices targeting environmental and sustainable improvements</li> <li>➤ Monitor use of new products and innovations to better manage the activity</li> </ul>
<b>New Technology</b>	Uncertainty in what technology will require or cause.	<ul style="list-style-type: none"> <li>➤ Monitor developments and be able to respond quickly where possible.</li> <li>➤ Look closely at what impacts long term assets investment will mean</li> <li>➤ Be willing to adapt and change both in procurement of services and use of innovation</li> <li>➤ Adopt technology at the right time and use to gain advantage in effectiveness and efficiencies (e.g. traffic signals, traffic services, lighting)</li> </ul>
<b>Sustainability and Resilience</b>	Some areas are vulnerable to climate change.	<ul style="list-style-type: none"> <li>➤ Work with Environment Southland to use stop banking to further protect low areas or abandon access if appropriate aligned to regional direction.</li> </ul>
	Some activities are reliant on long term unsustainable resources.	<ul style="list-style-type: none"> <li>➤ Monitor and look to adopt when appropriate innovative or product changes</li> </ul>
	Impacts of significant events such as flooding or earthquakes.	<ul style="list-style-type: none"> <li>➤ Detailed reviews of bridges look to secure by ONRC hierarchy access</li> <li>➤ Understand other utility resilience and if needed strengthen to improve Council risk</li> <li>➤ Adopt a risk based understanding to prepare for and respond to events, learning and communicating improvements.</li> </ul>

### 7.1.1 Alternative Investment Approaches

The Roothing Activity has two areas where investment occurs:

#### ***Subsidised Roothing***

NZTA is a co investor with Council through the Land Transport Programme and support this investment with a Financial Assistance Rate (FAR) currently 58% of the eligible costs. Council contributes the remaining costs through rates.

Works included in this area are pavements, drainage, traffic services (signs signals lighting, road marking), bridges, some environmental costs (part of sweeping (30% is the subsidised portion), vegetation and pest plant control and mowing), and network management.

### ***Unsubsidised Roding***

This area of the activity the community funds 100% of the costs through rates or user charging such as carparking or fees. Included in this area of works are footpaths, street features such as seating, sweeping of roads and inner city footpaths, mowing (other than as above), security cameras, under veranda lighting and amenity maintenance.

Council has undertaken an Investment Logic Mapping exercise to focus on the key investment areas as explained in Section 2.

The **Strategic Response (HOW)** from the ILM was that investment would include:

- Maintenance and renewal of existing infrastructure
- Improvements to address safety issues
- Improvements to address accessibility issues

Other Investment approaches could be seen as:

1. Council rates and undertakes Subsidised Works activities at a higher level of service and at its own Cost (ie ICC funds 100% on some projects).
2. Council uses revenue generating areas (e.g. carparking) to offset other expenditure
3. Investment at higher budget levels (e.g. pavement renewals) for Improvement focused outcomes where investment can be justified by a BBC
4. Community Focused Investment where funding is from others or as co-founders (e.g. a bridge may provide access for limited parties or similar)
5. Risk Driven Investment (Worst First) – where Council looks to corporately only invest where the risk is the highest and have corporate prioritisation.
6. Environmental Driven Investment- where Council focuses more heavily and allocates funding based on environmental issues which may not align with the GPS or other strategic outcomes
7. Political Focused Investment where investment is based on a development strategy which has community support but may not be supported by the BBC approach.
8. For carparking – options which could include
  - a. Provide In-house delivery
  - b. Provide Asset and externally manage enforcement

Each of these approaches may be appropriate to either subsidised or non-subsidised activities. NZTA co invests with Councils and they have a national approach which outlines the process and outcomes (e.g. BBC Approach, IAF etc) where they are willing and able to participate in projects and activities.

### **7.1.2 Do-Minimum Programmes**

One of the key assumptions of the plan has been to ensure that the do minimum programme for roading is such that insufficient maintenance and renewals do not start to over consume the asset capability and cause levels of service to decline. The ILM process did not identify a specific maintenance problem as the maintenance undertaken on the asset has it in a reasonable and appropriate condition to reliably deliver the levels of service. This also applies to the investment needed through the pavement renewals and footpaths programmes.

dTIMS modelling options have been established for pavements to enable the correct selection of do-minimum programmes. The modelling establishes a robust approach to what the impacts of various options are and how much investment is needed.

Traffic Services and Kerb and Channel are much more difficult to model. There has yet to be established a deterioration model for these assets.

The NZTA programmes are considered to be core programmes where the works planned represent that necessary to deliver the outcomes in the plan and no improvements to levels of service (other than that achieved directly when a renewal occurs).

Footpaths has been an area in past plans where Council has accepted a higher risk approach and consequently set renewals at levels that are lower than the average long term renewal cost (i.e. replacement over life or annual depreciation). This risk was seen as acceptable when balanced with a suitable reserve fund to manage unexpected renewal demand.

Other budget areas where there is no change in levels of services proposed, the current levels of expenditure are considered to be the do-minimum.

### **7.1.3 Programmes Evaluation**

An important aspect of this plan is the selection of the investment level for renewals of resurfacing and rehabilitations. This has the largest impact on the invest level.

The areas which will be considered when evaluating programmes are:

- Meets sound asset management principles
- Best value for Money
- Fit for purpose
- Addresses Risk
- Considers and incorporates Demand
- Use Smart Buyer focused processes
- Delivers customer levels of service consistent with the One Network Road Classification or other agreed measures
- Is integrated with and takes account of district, regional and transport management strategies
- Responds in a timely and efficient way to demand drivers
- Is affordable through the lifecycle of the programme and on a whole-of-life cost approach for all parties
- Meets compliance with the Transport Agency's procedural and monitoring requirements

NZTA have an Investment Assessment Framework which they will utilise on programmes to determine their level of investment.

### **7.1.4 Programme Work Categories**

The Council categorises its roading activities into two broad groups, subsidised and unsubsidised, based on the availability of NZTA financial assistance (subsidy), as listed in the following tables.

**Table 6.5 Subsidised Roading Activities**

<b>NZTA Activity</b>	<b>Work Category</b>	<b>NZTA Work Category No.</b>
<b>Investment Management (including Transport Planning)</b>	Activity Management Planning 2018-21 NLTP	003
	Programme Business Case Development	004
<b>Road Maintenance (local roads)</b>	Sealed Roads Pavement Maintenance	111
	Unsealed Pavement Maintenance	112
	Routine Drainage Maintenance	113
	Structures Maintenance	114
	Environmental Maintenance	121
	Traffic Services Maintenance	122
	Operational Traffic Management	123
	Cycle Path Maintenance	124
	Level Crossing Warning Devices	131
	Minor Events	140
	Emergency Works	141
	Network & Asset Management	151
	<b>Road Maintenance (renewal and improvement of local roads)</b>	Unsealed Road Metalling
Sealed Road Resurfacing		212
Drainage Renewals		213
Sealed Road Pavement Rehabilitation		214
Structures Component Replacements		215
Environmental Renewals		221
Traffic Services Renewals (includes street lighting)		222
Associated Improvements		231
Preventive Maintenance		241
<b>Road Improvements (local roads)</b>	New Traffic Management Facilities	321
	Replacement of Bridges and Structures <sup>1</sup>	322
	New Roads	323
	Road Improvements	324
	Seal Extension	325
	Property Purchase (local Roads)	332
	Advance Property Purchase	333

<sup>1</sup> NZTA classifies bridge renewal as a new work.

NZTA Activity	Work Category	NZTA Work Category No.
	Low Cost Low Risk	341
	Resilience Improvements	357
<b>Road Safety Promotion</b>	Promotion, Education & Advertising	432
<b>Walking and Cycling</b>	Pedestrian Facilities	451
	Cycling Facilities	452
<b>Public Transport</b>	Public Transport Facilities Operations and Maintenance	514
	Public Transport Infrastructure Improvements & Major Renewals	531
	Low Cost Low Risk Public Transport Improvements	532

Table 6.5 Unsubsidised Roading Activities

Unsubsidised Activity	Asset / Work Category
<b>Maintenance; Renewals; and New and improved infrastructure</b>	Car Parking
	Bus Shelters
	Kerb and Channel ( <i>where not covered by Major Drainage Control</i> )
	Berms
	Footpaths
	Street Lighting ( <i>where not covered in Category 221 as subsidised work</i> )

## 7.2 Operations and Maintenance

### 7.2.1 Operation / Maintenance Strategy

#### Asset Operations

Asset operations are activities that have no effect on asset condition but are necessary to keep the asset appropriately utilised. This feature distinguishes them from maintenance activities, which directly affect asset condition and the life of the asset. Costs such as power supply to street lights and street cleaning are regarded as operations costs.

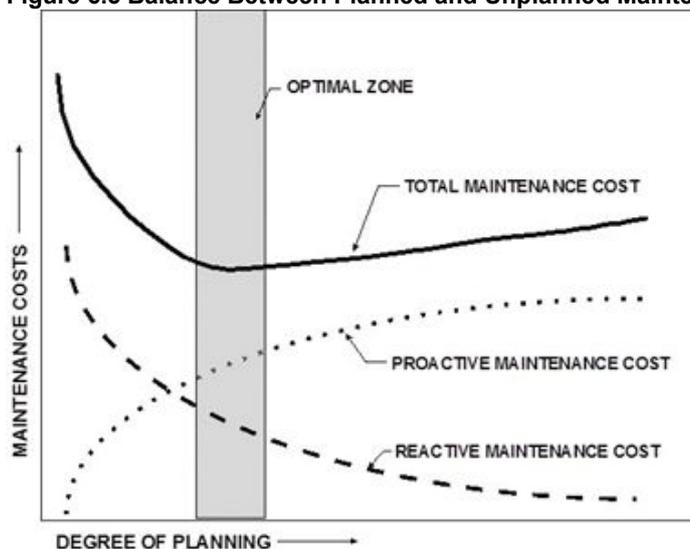
#### Maintenance

Maintenance activities are the day-to-day works needed to keep assets operating at the required service levels. These activities are often referred to as "routine maintenance". Routine maintenance falls into two broad categories as follows:

- Planned (Proactive) Maintenance: Proactive inspection and maintenance works planned to delay or prevent asset failure.
- Unplanned (Reactive) Maintenance: Action to correct asset malfunctions and failures on an as required basis after the failure has occurred (e.g. urgent repairs).

The Council's intention is that the most appropriate balance be found between planned and unplanned maintenance to help achieve the lowest lifecycle costs for its roading assets, as highlighted in the figure below.

**Figure 6.5 Balance Between Planned and Unplanned Maintenance**



The following table details the primary types of maintenance carried out for the main asset categories.

**Table 6.6 Primary Types of Maintenance Carried Out for Each Main Asset**

Asset Category		Type of Maintenance
Roads	Road Carriageway (Pavements/Surfaces)	Preventative and Reactive
	Footpaths	Preventative and Reactive
Structures	Bridges, Retaining/Protection Structures	Preventative
Drainage	Culverts	Preventative
	Kerb and Channel	Preventative and Reactive
	Open Drains	Preventative
Safety Facilities	Road Markings	Preventative
	Guard-rails, sight rails, etc	Preventative and Reactive
	Street lights	Reactive
Furniture	Bollards, Tree Grills, Seating, Rubbish Bins	Reactive

**Sealed Road Pavements Maintenance**

Sealed road pavement maintenance includes the activities shown in the table below:

**Table 6.7 Sealed Road Pavement Maintenance**

NZTA Work Category	Key activity	Sub-activity	Comment
111	Sealed roads pavement maintenance	Pothole repairs	Routine reactive
		Dig-out repairs	Routine reactive
		Surface levelling	Planned, based on site inspections
		Edge break repairs	
		Crack sealing	
		Water cutting	
		Surface levelling	
		Trimming of high shoulders	

	Low shoulder filling	
	Stabilisation repairs	
	Pre-reseal repairs (activity types above)	Carried out prior to resurfacing

The strategy used for road pavements operation and maintenance is to have a thorough all defects inspection regime regularly undertaken by the contractor and to utilise this information to establish a forward programme focus.

This can be prioritised, with the earliest intervention being safety focused and driven strongly by ONRC hierarchy issues for users of the network. Pavement issues which are likely to deteriorate or create safety issues are highlighted, monitored and repaired prior to the safety issue forming. Some monitoring assists with establishing the causation and best repair methodology.

This information is recorded in RAMM Contractor. The Contractor and Engineers are able to add and expand this defects information as they undertake operational travel.

Request for Service (customer feedback) is also available to monitor any deterioration (short term) which may occur. Programmes for months 1 to 7 give a responsive picture to the network.

The defects also form the basis of pre-seal repairs and are reviewed and accurate programmes then confirmed for early delivery, ready for resealing through a separate contract.

Close monitoring of the network is possible due to the compact shape of the network and close proximity to the offices of the Contractor and Engineers.

### **Kerb and Channel / Drainage Maintenance**

Drainage maintenance includes the activities shown in the table below:

<b>NZTA Work Category</b>	<b>Key activity</b>	<b>Sub-activity</b>	<b>Comment</b>
113	Routine drainage maintenance	Water tables	Mix of cyclic and reactive
		Kerb and channel	Spot repairs based on inspections
		Culverts and sumps	Cyclic cleaning and reactive repairs
		Street cleaning	30% of programme –sweeping and cleaning

The strategy utilised for kerb and channel maintenance is to target appropriate remedial repairs during the pre-seal programmes. Other minor maintenance is identified and where it will cause further pavement damage or needs urgent attention, is programmed and undertaken to limit failure risks.

All defect reporting also highlights where there are successive repairs needed within a street length and assessment is taken whether repair or renewal is a more cost effective solution.

Culverts (and manholes) are inspected on a routine annual basis and cleared; vegetation removed which allows ditch to function correctly. Some of the road side ditches are relatively deep and are listed as defects. Some ditches have unstable sides, such as in Otatara where they have a sand base and have timber shoring. This structure is currently maintained by the drainage asset although the benefits of the ditch also support the road. The culverts across the road are the Roading responsibility but not the ditches.

Water tables are routinely observed through travel and defect reporting with forward programmes developed to ensure the roads are well drained in the sometimes wet environment. Some areas are very flat, which is difficult to drain without forming ditches.

Some rural areas which are well maintained and nicely mowed by owners often lead to less than optimum water tabling but these are progressively being addressed.

In the last three years more focus has e been on water tabling to improve drainage which dTIMS notes that drainage is reasonably good.

### Unsealed Pavements Maintenance

Unsealed pavement maintenance includes the activities shown in the table below:

NZTA Work Category	Key activity	Sub-activity	Comment
112	Unsealed pavement maintenance	Grading	Programmed cyclic activity
		Spot metalling	Reactive maintenance
		High shoulder removal	Planned, based on inspections

The strategy is to have a routine inspection and grading programme across the network. The inspections are hierarchy based ensuring that faults are detected early and where appropriate response is actioned.

The timing and frequency of grading operations is managed to ensure effective resource use and that the surface is fit for purpose. Grading in winter or mid-summer is sometimes problematic.

Inspections also provide defects in drainage and other system items and the basis for prioritising the metalling actions in the optimum summer period.

The current contractor also has the adjacent authority's contract so the collaboration and coordination is available to maximise plant use and this is reflected in the value for money tender.

Council has its own quarry pit for metalling and this is utilised where appropriate for materials and ensures an option of value for money can be measured against other pit material dependent on the road surface needs. This has ensured that market cost is delivered through the contract.

The length of the network allows some close knowledge of locations and issues with both staff and contractor.

Many of the roads have had land development occur and are now much more highly subdivided. This is one of the problems experienced in the demand for higher levels of service and response over a more rural environment.

Dust suppressant is not provided or subsidized by Council. It however has approved a contractor to undertake applying approved materials (through a permit from Environment Southland) for oiling sections of roads adjacent to houses. Grading is reduced in these areas when the suppressant has been applied and typically graded out at the end of spring.

### Footpaths and Cycleways Maintenance

Footpaths expenditure is not subsidised by NZTA, however there is a small allocation for cycle path maintenance.

NZTA Work Category	Key activity	Sub-activity	Comment
NA	Footpaths maintenance	Spot repairs	Routine maintenance
124	Cycle path maintenance	Spot repairs	Routine maintenance

Footpath and cycle path maintenance is delivered in conjunction with pavement maintenance and similar all defect inspections are undertaken and recorded in RAMM. Safety is the key priority for inspections.

These paths are independently condition rated very five years to assist with future renewal programmes but this also assists to highlight immediate maintenance issues.

Customer feedback is the most useful source of input and its response aligned with the all defects programmes.

CBD footpaths are regularly swept (six times a week) whilst urban footpaths do not have planned sweeping unless a specific issue is identified. Repairing minor faults in the CBD is more regularly and aggressively undertaken due to the high foot traffic and the type of use (ie high heels footwear).

Vehicle crossings are a key access point for properties and a high wear location and most more to fail. Maintenance is often targeted to just repair a crossing as the remaining footpath is in sound condition and these actions extend the asset life before a renewal is needed.

### Traffic Services Maintenance

Traffic services maintenance includes the activities shown in the table below:

NZTA Work Category	Key activity	Asset Type	Sub-activity	Comment
122	Traffic services maintenance	Signs	Regulatory, information, warning, street name blades	Maintenance, repair
		Delineation	Painted markings	Planned frequency
			Edge marker posts	Maintenance, repair
		Railings	Sight rails	Maintenance, repair
		Traffic islands	Various sizes (incl. medians)	Maintenance, repair
		Traffic Signals	Poles, aspects, lamps, controllers, etc	Mix of reactive and planned.
		Street Lighting	Poles, brackets, lanterns maintenance	Mix of reactive and planned.
Electricity supply	District-wide supply Contract			

The strategy used is to balance between being predictive through surveys and reactive through customer requests.

Regular routine inspections using the RAMM database is undertaken to ensure traffic signs and street name blades are in operational condition, have not been vandalised or removed or are at the wrong or inappropriate height.

Surveys including night observations are undertaken to ensure visibility remains appropriate.

Inspections aligned to the ONRC measures are being implemented and an improvement planned for this plan.

Street lighting is maintained by a standalone contract and is managed through RAMM contractor. Lamps are replaced historically on failure rather than end of operation life hours but with new LED being installed the need to routinely inspect will be diminished other than cleaning if required. The frequency of maintenance with LED is reduced and the basis of some of the savings assumed.

Most streetlight poles are owned by Council and there is an agreed demarcation point at the pole fuse which is where responsibility for the supply cables is made by the owned by the network electricity company. Concrete poles need a higher inspection regime and a baseline survey is planned when the LED lights are installed. Future checking of steel poles will be required and techniques are now becoming available which will detect corrosion in the underground sections and assist with maintenance and asset lives.

Roadmaking's are inspected and programmed and redressed in zones. Weather is a major factor in getting maintenance undertaken and often evenings are utilised during the summer months. Winter months prove to be difficult to undertake maintenance work.

Ensuring the markings are in a good condition is important to road safety as limit lines at intersections are vital to be in good reflective condition at all times. Ensuring contractors deliver the approved programmes has been problematic in previous years.

### Structures Maintenance

Structures maintenance includes the activities shown in the table below:

NZTA Work Category	Key activity	Sub-activity	Comment
114	Structures maintenance	Minor deck repairs	Routine maintenance
		Handrail repairs	Routine maintenance
		Retaining walls maintenance	Routine maintenance
		Guardrail maintenance	Routine maintenance
		Other structures	Routine maintenance

Note that this category includes culverts with waterway areas greater than 3.4 m<sup>2</sup> as well as other structures including guardrails, retaining walls etc.

The strategy used is to regularly inspect bridges by experienced and suitably trained personnel. Bridge inspections are undertaken on a regular basis as outlined in the asset profile section.

These inspections look to ensure the capacity and operation of the structure are not compromised and there is no structural cracking or deterioration of existing surface cracks. Waterway obstructions are also checked although this in most cases is not an issue for Invercargill.

Bridges are relatively young in age and have low maintenance demands.

Tiwai Bridge is the biggest and most difficult structure and specialist assistance is used with this bridge. The piles are an area highlighted in previous surveys which

need to have regular and detailed inspections. The piles are very tidal and difficult to inspect and repair. Planned interventions on a five yearly cycle are planned. As the bridge has a new deck, this area is relatively free from defects but will require ongoing observation as the environment is coast and harsh.

Five bridges have a weight and speed restriction and the access issues are managed separately. The bridges are currently not being planned to be upgraded but ongoing maintenance will keep them operational and the levels of weight restrictions regularly reviewed in light of their condition.

External consultants are used for evaluating HMPV and 50Max loads on bridges and these processes are aligned to the NZTA approach with data available to integrate with a national approach when such a service is available.

### Carparking Maintenance

Work Category	Key activity	Sub-activity	Comment
NA - Unsub	Carparking maintenance	Meter poles and head	Routine maintenance

On Street carparking maintenance is provided within the sealed pavement areas. Meter poles and heads are maintained when damage is observed or when they are emptied of money or through customer reports.

New parking equipment is being investigated and when installed will require the removal the old meter poles and heads.

### Environmental Maintenance

The purpose of this activity is to control vegetation growth and remove litter/rubbish within the road corridor in order to:

- Preserve safe line of sight for motorists and other road users
- Protect assets from damage caused by excessive vegetation growth
- Maintain a reasonable level of roadside amenity
- Prevent public health risk
- Prevent road hazard risk

The activities are described in the following table:

NZTA Work Category	Key activity	Sub-activity	Comment
121	Environmental Maintenance <i>(includes Vegetation control and Litter Collection)</i>	Weed spraying	Urban and rural roads – planned frequency
		Mowing	Rural road berms – planned frequency 4 times pa
		Tree trimming	Rural – infrequent and responsive
		Minor slips clearing	Infrequent and responsive
		Snow and ice gritting	Infrequent and responsive
		Litter control	Rural roadsides – generally reactive
		Vegetation	LS provision

### Level Crossing Warning Devices

This activity provides motorists with appropriate warning of railway crossings and the presence of trains.

NZTA Work Category	Key activity	Sub-activity	Comment
131	Level Crossing Warning Devices	Maintenance of signs, bells and lights where fitted, located at level crossings and lying within the Crown's rail corridor	As required

#### Other Assets Maintenance

Work Category	Key activity	Sub-activity	Comment
NA - Unsub	Other assets maintenance	Street furniture	Routine maintenance
		Litter bin emptying	

Street features and furniture are checked and cleaned as part of the routine regular maintenance activity. Specialised cleans are programmed to keep those areas tidy and acceptable to the area.

Rubbish bins are cleaned and emptied on a regular basis (three times per week) as part of the refuse contract.

#### Emergency Works and Minor Events

Emergency Works involves the response to a defined, major, short-duration natural event (a qualifying event) that has reduced or will reduce customer levels of transport service significantly below those that existed prior to the event and results in unforeseen, significant expenditure.

Minor Events involves the response to minor, short duration, natural events that reduce service levels on part of the transport network.

Events are categorised into the following for NZTA funding purposes:

NZTA Work Category	Work activity	Description	Comment
140	<i>Minor Events Activities that would otherwise qualify as emergency works except that the total cost of the works is less than \$100,000 per event</i>	Removal of rocks and slip material from roads and cycleways that have resulted from minor events	Reactive
		Repairs to road and cycleway surfaces in response to minor events	Reactive
		Reinstatement of network facilities damaged as a result of a minor event	Reactive
141	<i>Emergency Works Any immediate response required for public safety or to provide vital access and reinstatement of customer levels of transport service</i>	Events of unusually large magnitude or severity for the particular area in which they occur (e.g. annual return period greater than 1 in 10 years)	Reactive
		Events that originate from natural, short duration triggering events, including very high intensity rainfall, severe wind, severe drought or seismic events	Reactive
		Events which have reduced, or will reduce within a 12 month period, levels of transport service significantly below those that existed prior to the event	Reactive

		Events that involve a total cost of \$100,000 or more per event	Reactive
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## 7.2.2 Operation / Maintenance Standards and Specifications

Works undertaken on the network must follow specifications and guidelines established by NZTA.

Specifications for corridor maintenance and renewal works are strongly based on nationally agreed specifications such as those set out in 3.2.3 Industry Standards and Guidelines. These specifications include B, M and P series (historically known as TNZ Specifications.) together with those included in the contract.

Conditions of Contract are based around NZS 3910 and 3917.

Industry based specifications are utilised where possible to ensure that consistency as much as is possible is offered to the contracting industry through well communicated procurement strategies such that value for money is obtained.

## 7.2.3 Operation / Maintenance Options and Alternatives

### Sealed Road Pavements

The options available for pavements include:

- Maintain pavements more, reduce renewals investment.
- Maintain at current levels and renewals as modelled by dTIMS (CAT 111 \$1,160,000 pa).
- Do less maintenance and invest early in more renewals and better pavements.

Pavement repairs and maintenance are relatively expensive items and normal best industry practice is to undertake digouts or repairs until such time as renewals can be justified with the normal approach to monitor the levels of expenditure and then calculate the net present value of a renewal and test against ongoing maintenance for a treatment length. If a positive result can be established then it is more economically viable to look for a renewal option.

Experienced practitioners understand this break point and will test the calculation and understand the levels of maintenance required. Good robust data on maintenance is required. The dTIMS report suggests the level of maintenance historically undertaken is appropriate.

The dTIMS modelling is considered appropriate rather than undertaking a sensitivity analysis of the pavement options.

### Kerb and Channel - Drainage

Options available include:

- Undertake only minimal repairs as and when needed.
- Replace whole sections where appropriate.
- Replace whole street block when repairs in block would be over 25%.
- Repair short sections of culverts where actual failure occurs
- Replace full culverts on failure
- Develop predictive response to repairs based on condition inspection
- Upgrade culverts when planned works are undertaken

Kerb and channel renewal is a balanced consideration between the economics of undertaking short lengths and never having a long term asset (and pay higher rates) or accept that the best whole of life solution is a full renewal.

Often old kerbing was not constructed on a gravel base and as water enters, the organic or clays base has a loss of supporting strength and failure risk increases. A repair in places does not correct enough of this in a section and only fixes the surface issue.

Investing at the right time to coordinate with other work and as part of a reseal programme delivers the best long term solution. In some situations it is clear that that a repair in selected location makes sense but to replace 60% under a piecemeal repair may not be appropriate.

Culverts follow a similar functional approach as to when to repair.

The normal approach to options for these types of assets is an experienced judgement if a repair will last sufficiently long to get the asset through to the next significant activity such as a reseal or renewal. If it will then, without risking other issues then a repair is undertaken.

An observation in contract rates is that it's often encouraged to undertake full renewals over many repairs as the establishment and other costs drive the process. It is not always intuitive but some renewals are more cost effective than repairs when the whole of life is considered.

### **Unsealed Pavements**

Unsealed roads are typically low volume areas and maintenance other than grading is on a reactive basis. Re-gravelling is treated as a renewal activity. Current expenditure on maintenance which is predominantly grading and a minor number of digouts is through category 112 at \$175,000 pa.

### **Footpaths and Cycleways**

Maintenance options are:

- Do all repairs on footpaths which are identified in inspections and reduce renewals investment.
- If footpath is beyond 75% of asset life, do holding repair only to make safe and programme for renewal 5 year cycle.
- Do only safety issues (basic small quantities) maintenance and invest in renewals 1 -2 year cycle.

Footpath deterioration is a gradual process but is accelerated by other service utility works and repairs, vehicle damage or by trees roots. Damage which is easily observed is most often caused by outside agencies and options of small repairs are viable and are undertaken in preference to full replacement in an unplanned manner.

### **Traffic Services**

Signs are a large number of small asset value and maintenance versus renewal is on a case by case basis.

Most maintenance is a realignment of the sign but if it is damaged it is renewed. Repairs are undertaken when the supporting brackets are damaged but if the sign or its surface is damaged they require replacement.

### **Structures**

Bridges have a formal maintenance inspection undertaken including consideration of safety issues, followed by repairs necessary to extend asset life followed by amenity issues. The low level of funding (\$70K) does not warrant wide consideration of alternatives to be considered.

### **7.3 Asset Renewal / Replacement**

#### **7.3.1 Renewal Strategy**

Renewals are significant works that do not increase an asset's original design capacity or improve its original condition; work over and above restoring an asset to original capacity and condition is new work. This said, when the capacity of an asset is increased during a renewal it is legitimate to treat only the incremental cost of the increased capacity as asset improvement / new work. A renewal may involve complete replacement of an asset or replacement of all or some major components.

Renewals are distinct from routine maintenance activities. While routine maintenance is an on-going task occurring from day to day and is necessary to repair wear and tear and keep an asset operating safely, renewal works are periodic and often both expensive and extensive; they restore the service potential of the asset consumed by normal use. Asset renewal is undertaken when an asset, or a significant component of an asset, has reached the end of its economic life. Renewals are normally considered at the level to which components are split for valuation purposes. Work that restores the structural integrity of components, e.g. repair of concrete spalling on a bridge, is therefore a maintenance activity and an owning and operating cost as defined by PBE IPSAS 17<sup>2</sup>.

Renewal work therefore includes:

- Renewal and rehabilitation of existing assets to their original size and capacity that does not necessarily increase, but maintains, the level of service provided by the assets;
- Replacement of an entire component of an asset with a new one of equivalent size, capacity or a modern engineering equivalent of obsolete or obsolescent technology; and
- Replacement component of a new work that increases the capacity of an asset; i.e. that portion of an upgrading work that restores the asset to its original size and capacity, and no more.

Examples of renewals include:

- Resurfacing of sealed and unsealed carriageways,
- Over-laying existing pavements with a new structural layers,
- Extensive excavation of existing structural layers and their replacement with new material,
- Replacement of kerb and channel, footpaths, streetlights, etc. at the end of their useful lives.

Renewals expenditure levels are set and adjusted on the following bases:

- The age profile of roading and footpath assets
- The condition profile of the assets
- Ongoing maintenance requirements and costs
- The life expectancies of individual asset components
- The levels of service being delivered by the assets, in comparison to those expected and required.
- The willingness of the NZTA to meet its share of the costs

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<sup>2</sup> NZ Public Benefit Entity International Public Sector Accounting Standard 17 Property, Plant and Equipment

- The ability of the Council to fund the balance of costs after NZTA’s contribution is considered.

Failure to maintain an adequate cyclic asset replacement programme will result in a decline in the overall standard and performance of the asset or asset components and generally also lead to increasing costs of ownership and use, unless the component is abandoned and withdrawn from service, which is rarely practical or possible.

The Council employs a number of techniques to assist it in establishing the most appropriate time in an assets life for renewal to occur. These techniques include:

- Deterioration modelling
- Benefit:cost analysis
- Net Present Value analysis
- Financial modelling
- End of life projection
- Demographics and land use analysis
- Comprehensive options analyses using this information, which is summarised in “business cases” that support funding requests to NZTA.

### Sealed Road Pavements Renewals

#### Work Types

NZTA’s work categories for this asset are listed in the following table, and relate to the renewal of top surfaces and pavement layers.

NZTA Work Category	Key activity	Sub-activity	Comment
212	Sealed road resurfacing	Various material types– includes Chip, AC, slurry, friction course / OGM	Programmed work
214	Sealed road pavement rehabilitation	Granular overlay	Programmed work
		Renovation / stabilisation	Programmed work
		Rip and remake	Programmed work
		Smoothing	Programmed work

The primary types of renewal work undertaken in the City are as follows:

Work Type	Description
Resealing and Resurfacing – Sealed Roads (212)	<p>This work renews the impervious surface of the sealed carriageways, preventing entry of water and subsequent loss of pavement strength and surface deterioration.</p> <p>The importance of resealing in maintaining pavement strength and integrity levels is very high. The following principal techniques are used:</p> <p><b>Chip seal</b> Cut-back or emulsified bitumen is sprayed, (hot, warm or cold depending on the seal-coat design) onto the prepared surface and is covered with stone chips. The bitumen waterproofs the surface and the stone protect the bitumen from wear while providing good adhesion for pneumatic tyres This is the predominant resealing technique used is chip sealing.</p> <p><b>Slurry seal</b> A mixture of fine aggregate and emulsified bitumen laid approximately 6 mm thick providing a high-friction surface with smooth ride characteristics.</p>

Work Type	Description
	<p><b>Asphaltic surfacing</b>                      Mix of graded aggregate and asphaltic binder, generally in a 20-35-mm layer. It is usually laid hot ('hot-mix') but cold-laid and cool-laid mixes are available.</p> <p><b>Friction Course / Open Graded Mixes</b>                      Friction Course is a form of asphaltic surfacing used on roads where there are high stresses or high traffic volumes.</p>
<p>Overlays and Pavement Renewals (214)</p>	<p>This work includes reconstruction, renovation or rehabilitation of existing pavements                      In this context, area-wide treatments are least-cost maintenance solutions generally used to restore the strength of a pavement to its design specifications. The following techniques are available in this category:</p> <p><b>Full Reconstruction</b>                      This is the removal of the existing base course and/or subgrade and replacement with new material. This is the most likely technique used on urban streets.</p> <p><b>Renovation</b>                      Increasing the strength of existing base course/ sub-base materials by chemical stabilisation such as adding a stabiliser (hydrated lime or cement) and re-compacting.</p> <p><b>Granular Overlay</b>                      Primarily used in rural areas this technique involves constructing an additional layer of base course on top of the existing pavement construction.</p> <p><b>Rip and Remake</b>                      A combination of treatments, which involves the pavement being ripped up, or milled, and re-laid in place by heavy plant. This technique can utilise the blending in of new materials and stabilisation measures. This is used when the existing pavement structure can be reused in a reconstituted manner.</p>
<p>Smoothing (214)</p>	<p>This is removal or reduction of irregularities in road surfaces where the structural condition of the carriageway is sound                      Smoothing involves placing an additional layer of asphaltic surfacing or a granular overlay with a new sealed-surface, on an existing sealed surface to smooth out irregularities.                      The techniques used are dependent on traffic volumes/road geometry and road condition.</p>

**Treatment Selection**

The pavement strategy is to select pavements using dTIMS and or the treatment selection algorithm through RAMM. RAPT tours are undertaken with peers to review and check that the programmes continue to be appropriate and agreed as necessary. Discussions are also held with NZTA to confirm the approaches taken and the level of understanding of the network.

Each pavement is analysed to determine what is the appropriate treatment and the following are considered:

1. Smoothing Treatment
2. Resurfacing with AC or a Chipseal
3. Rehabilitation

If the pavement has been failed but has consistent good quality materials then a stabilising option (which could include additional base materials) with cement or foam bitumen is considered. This is more often in rural areas as the mix of services and

inconsistent materials typically mean this is uneconomic in urban areas. Foam bitumen has successfully been used in some roads with high percentages of heavy vehicles.

In rural areas where additional pavement strengths are needed an overlay and chip seal are considered. Drainage and associated culverts etc are also reviewed and renewed if appropriate.

In Urban situations some stabilising is undertaken, but most commonly a rehabilitation with include dig out and replace of the subbase materials. Often old payments have very limited subbase and are the contributing cause of failure and will require removal. Rehabilitations also are targeting the traffic lanes and not renewing the parking areas. Streets with a low traffic and classification are not normally rehabilitation sites and the strategy will be heavy duty digouts of failed areas, often an AC reinstatement followed by a chipseal surfacing.

Smoothing options are often an AC overlay and some milling is also used to assist with joining at channel heights where there is sufficient basecourse or old surfacing material to ensure the milling does not break through.

Surfacing is typically a twin coat emulsion chipsealing or AC overlay. Asphalt is only utilised in high volume areas and in CBD and other locations where noise or turning movements can cause surface damage. Emulsions have been used in resurfacing for a number of years and have performed well. Contractors have local access to a production plant and they are supplied in a cost effective manner. Chipsealing is provided to be a reliable resurfacing material and performs well and given the lower volumes would be a preferred choice unless other factors as above are present.

Historically some slurry seals, cape seal, OMG or similar have been utilised to extend the aging asphalt and these have had some but limited success, predominantly due to the underlying material being too flexible.

Rehabilitations are checked to ensure that a net present value is positive and that the work is being timed correctly.

Other utilised are collaborated with during these processes to avoid damage to a new pavement occurring after project completion. Programmes are circulated and discussed with sufficient advanced notice that works which need to be undertaken, can be.

dTIMS can establish a range of options which will take into account the historical and future maintenance demands and deliver programmes based around set budget. The programme can output a range of data such as STE, roughness and Pavement Index which are indicators of the future pavement and predict what is expected to occur.

dTIMS is generally acknowledged as being a suitable tool for assisting with predicting renewals demands and has been customised to New Zealand conditions.

**Kerb and Channel / Drainage Renewals**

NZTA Work Category	Key activity	Sub-activity	Comment
213	Drainage renewals	Water tables - including surface-water channels, swales, and subsoil drainage	Programmed based on condition and surface water flooding risk (driver safety and disruption)
		Kerb and channel and associated sumps and pipes	
		Culverts with a diameter greater than 600 mm, but having a waterway less than or	

	equal to 3.4m2	
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The renewal strategy for kerb and channel is based on:

1. The pavement renewals programme (where required) together with field observations on the network base on the ONRC classifications.
2. Preseal and all defects reporting, asset condition and age information to establish need. If it is the most economic method.
3. Condition rating baseline information from RAMM.
4. Other asset renewals such as footpaths.

Culverts are typically renewed when:

1. Inspection failure reports are received or
2. When aligned to other rehabilitation projects or resurfacing activities.

Renewal of kerb and channel is considered where the operational condition has deteriorated and pavement or footpath renewals are planned and the kerbing is unlikely to remain operational for the lifecycle of the associated asset. In such cases the renewals are coordinated to provide a longer life for all assets and avoid early adjacent renewals being needed. Some kerbing has insufficient grade to be effective and timing of renewals are considered when adjacent work is occurring.

Further work to develop a long term programme is included in the Improvement Programme. It is noted that there are very few culvert failure to date.

The network is relatively short and by developing forward programmes the knowledge of the condition held by staff can be feed in and recorded against current and forward programmes so that this understanding is available in decision making.

Again programmes are reviewed against other utilities to coordinate works and avoid overlapping projects and asset damage.

### Unsealed Pavements Renewals

NZTA Work Category	Key activity	Sub-activity	Comment
211	Unsealed road metalling	Re-metalling of surface layer – replacement of wearing course aggregate	Programmed cyclic activity
		Pavement rehabilitation – restoring pavement strength	Programmed based on investigation and increased traffic loadings leading to road failure

The renewal strategy for Unsealed Pavements is based on field inspection information to establish the most likely options. Maintenance costs for previous years are reviewed to consider if appropriate intervention would be beneficial.

Input from staff is sought to gain any knowledge of proposed or planned land use changes.

Consideration is given to the type of materials used and in some circumstances is dust mitigation can be achieved.

Most remetalling is renewing the running course and limited to strengthening the pavement. There are not many locations where the increase in heavy traffic have demanded this.

The average annual metal loss is calculated for the network and compared to previous years.

No seal extensions are planned and accordingly having a long term sustainable unsealed pavement is required.

Future reviews of whole of life costs for use of dust suppressants or Otta seal or similar solutions will be undertaken, which could include non-Council funded investment or contributions.

### Footpaths and Cycleways renewals

Work Category	Key activity	Sub-activity	Comment
NA	Footpaths / cycleways renewals	Replacement of existing footpaths with concrete	Programmed works

The renewal strategy for footpaths has in the last five years been based on:

- Closely monitor condition through inspections from all defect reporting.
- Only consider areas where the UFB cabling has been completed.
- Footpath condition has deteriorated and reached a point where maintenance is not economically viable.
- Consider when associated other renewals significantly impact heights of kerbing and impractical to undertake reasonable reinstatements.
- Address any safety impacts such as uneven surfaces or older surfaces (both AC and concrete) being slippery.
- Actively look to extend lives beyond the valuation lives through monitoring and some minor repairs.
- Replace just crossings where footpath sections are acceptable.
- Ensure each street has one footpath at least of rated condition above average.
- Only renew one footpath in low use areas.
- Identify acceptable risks but acknowledge that unspent budget will be placed in a renewal reserve.

Footpaths are generally replaced in concrete unless they are outside businesses or schools or need a full frontage area replaced. Concrete has been accepted as the more effective surface material, based on cost and life.

Footpaths are replaced from a 1.8m wide path to a 1.5m in concrete. Concrete is now 100mm thick and is performing well compared to the thinner paths historically at 75mm thick.

Footpaths are replaced away from the kerb is possible to allow for refuse bins and limit damage due to parking vehicles on them.

As communicated in previous plans, footpaths are an area where Council has full visibility and has accepted that a higher risk approach is appropriate.

Funding for the renewals has been accepted as being below the long term average replacement cost (depreciation) and Council has shown a willingness to allow the condition profile to change over time.

A reserve fund is funded with uncommitted budget savings to allow for any sudden unexpected demands. Ongoing monitoring of demand will be considered in the improvement plan but is not anticipated to have a medium term impact.

### Traffic Services Renewals

NZTA	Key activity	Sub-activity	Comment
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Work Category			
222	Traffic services renewals	All assets	Replacement of asset or component

### *Signs and Markings*

The renewal strategy is to regularly have undertaken and documented inspections (together with observation and customer feedback) and replace on not meeting the performance criteria based on ONRC.

### *Streetlights*

New LED luminaires are currently being replaced and no renewal strategy is foreseen until future plans. This strategy will need to consider if a stage replacement is appropriate or a bulk, dependent on the Council's ability to plan to fund this and the available FAR.

Streetlight poles are renewed based upon condition observation during work activities. With LED installed this observation will be less frequent and will require more focused assessment of corrosion on steel poles or concrete spalling from pre-stressed concrete poles. Both approaches will require detailed inspections being undertaken at least three yearly to establish set deterioration rates for future plans.

Poles are currently reasonably early in their expected lives.

### *Traffic Signals*

The strategy for renewal is to ensure that the controllers and other significant computer focused equipment do not become redundant and are able to be supported. For the SCATS computers replacement is planned every four years to ensure hardware is reliable. For controllers, old Philips controllers are being progressively renewed as they are no longer supported with new components and are upwards of 20 years old. This programme has a large proportion of the controllers for ICC renewed.

Other components are replaced on failure. Lanterns are replaced upon failure.

### **Structures Renewals**

NZTA Work Category	Key activity	Sub-activity	Comment
215	Structures components replacement	Deck replacements	Scheduled based on condition
		Structural piles	
		Retaining walls	
		Other structures	
322	Bridge renewals	Bridge replacements	Full replacement based on condition and age

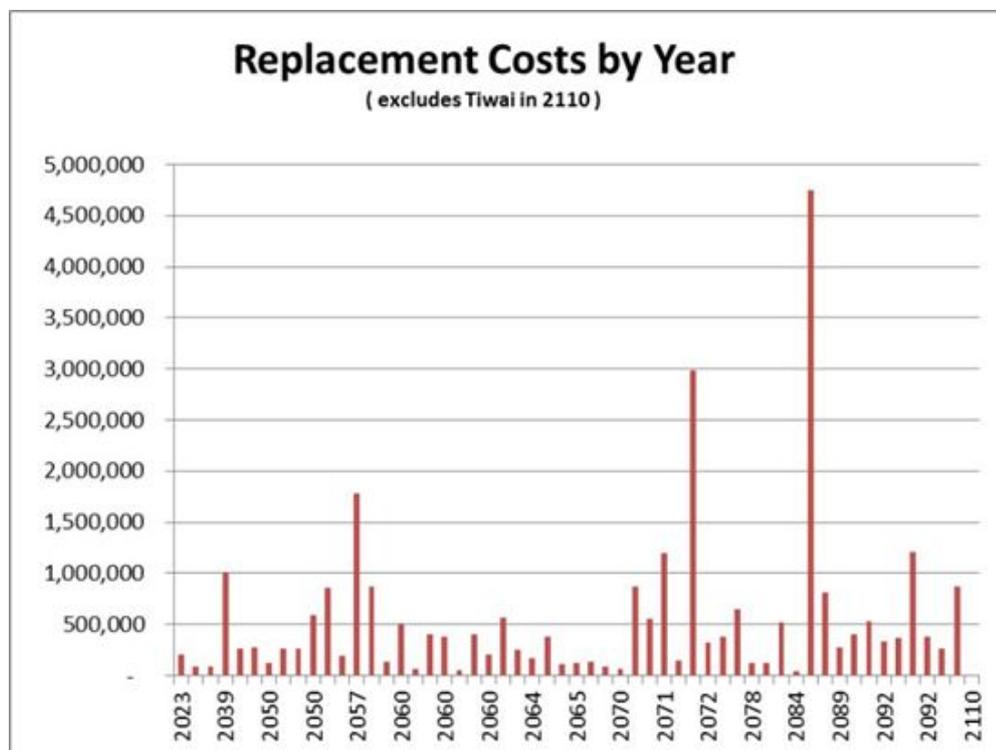
The strategy for bridge and structure replacement is based upon end of economic life.

Structures will have regular expert condition assessments to observe condition. Invention with heavy duty maintenance will be considered ahead of renewal where deterioration can be slowed.

When renewals are needed the hierarchy and importance of the structure will be validated through a full BBC approach.

The existing bridges with weight restrictions are not planned to have strengthening undertaken. If demand changes these works may be programmed. The bridges will be actively managed with restrictions applied which are appropriate to the condition and access needs. Currently not customer feedback has indicated the bridges are causing additional travel or concerns.

The long term forecast bridge replacement cost profile, based on the age profile and asset valuation lives, is as follows. Renewal activity is not expected to be significant until at least the 2040's and 2050's.



### Carparking Renewals

Work Category	Key activity	Sub-activity	Comment
NA - Unsub	Carparking renewals	Meter poles and heads	Programmed work

Pavements in carparks will be managed in similar ways to road pavements but are expected to have longer lives.

Parking equipment will be updated as technology changes and at approximately 10 years which is likely to be the life of the technology. Use of apps and pay by plate reduces the renewal demands.

Existing gravel off street carparks will be improved to a sealed surface standard.

### Other Assets Renewals

Work Category	Key activity	Sub-activity	Comment
NA - Unsub	Other assets renewals	Street furniture	Programmed work

Some elements may not be renewed in the future where the community interest has shifted.

### Environmental Renewals

NZTA Work Category	Key activity	Sub-activity	Comment
221	Environmental Renewals	Replacement of assets	Programmed work

#### 7.3.2 Renewal Criteria / Intervention Standards

The general renewal strategy is to rehabilitate or replace assets when justified by:

- **Asset Performance** – An asset is renewed when it fails to meet the required level of service. Non-performing assets are identified by the monitoring of asset reliability, capacity and efficiency during maintenance and operational activity. Indicators of non-performing assets include:
  - Repeated asset failure.
  - Ineffective and / or uneconomic operations.
  - Inefficient energy consumption.
- **Economics** (value for money and at the right time) – An asset is renewed when it can no longer be economically repaired (i.e. the annual cost of repairs exceeds the annualised cost of its renewal. Council will actively research the effectiveness of new technology which may improve the overall performance of the assets. Renewing using smart buyer techniques.
- **Risk / Condition** – An asset is renewed when the risk of failure has increased to the point that the environmental, public health, financial and social impacts are no longer acceptable to the community.
- **Criticality** – Assets carry an increased risk of environmental, public health, financial and social impact to the community. These assets will be replaced before failure is imminent.

Planned and reactive replacement works are prioritised in accordance with the following priority ranking table and then programmed or, in urgent cases, undertaken immediately

Priority	Description
1 (High)	<p>Asset failure has occurred and renewal is the most cost-effective treatment.</p> <p>Asset failure is imminent and failure is likely to have major impact on the environment, public health or property.</p> <p>Asset performance is non-compliant with community requirements.</p>
2	<p>Asset failure is imminent, but failure is likely to have only a minor impact on the environment, public health or property.</p> <p>Asset failure is imminent or likely and proactive renovation is justified economically.</p> <p>Associated work scheduled for the current financial year.</p> <p>Asset renewal is justified on the basis of minimal life cycle costs and deferment would result in significant additional costs.</p>
3 (Low)	<p>Asset failure is imminent but failure is likely to have a negligible impact on the environment, public health or property.</p> <p>Asset renewal is justified on the basis of minimal life cycle costs but</p>

	deferment would result in minimal additional costs.
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Programmes are developed in each asset area and prioritised to establish the annual programmes which are submitted to Council for their consideration and approval.

### 7.3.3 Renewal Options and Alternatives

#### Sealed Road Pavements

##### *Modelled Approach*

The options modelled for resurfacing (chipseal, asphaltting and rehabilitation) are:

1. High budget of \$5.0M
2. Normal budget of \$4.3M
3. Low budget of \$4.0M

The modelling highlighted that for the high budget option (and also for the normal) the demands from the network did not consume all of the available budgets. The implication of this modelling suggests that potentially over investing in some elements of pavements does not return significant benefits.

Also noted is the risk associated with low SNP with asphaltic surfacing. This is an indicator where the base materials are not strong and are very reliant on the asphalt for performance, although the asphalt is not seen as a structural layer. This risk could be early failure through cracking once the integrity of the surface has been compromised. This has been seen in some areas where old trenches fail and allow water in, which creates a wide failure mechanism to be created.

##### *Alternative Approach*

This could include accepting the high budget and undertaking works on renewals in advance of the need. This would provide in some areas, if targeted to ONRC hierarchy, smoother roads and be more aligned to the customer expectation.

Whilst this would be desirable, the cost implication of who pays would need to be considered and consulted on.

#### Kerb and Channel / Drainage

The options considered for the plan are:

- *Do Minimum*  
As outlined in the strategy this would be to only fix on failure and given the wide streets and low traffic volume allow for some drainage failure affecting the pavements. Given the street layouts this would only impact on safety when the failure reached the traffic lane. The consequence would be higher rehabilitation costs due to much more extensive work areas.
- *Do Optimum*  
This option involves making repairs regularly when drainage is compromised until the full renewal is needed. This would support pavement renewal timing for appropriate hierarchy roads but for local roads may need the kerbing to last beyond its planned life.
- *Early Replacements*  
Kerbing could be selected by age and or condition based on hierarchy and is replaced at higher budget levels which would typically be aligned to the calculated depreciation. The consequence is a more aesthetic and appealing street environment, likely more footpath associated works, probably better and

more effective drainage but higher cost. This would also potentially prevent a large demand (bow wave) in the future.

### **Unsealed Pavements**

The renewal options to consider are:

- *Do Minimum*  
Only renew on failure areas.
- *Optimum*  
Be predictive and with good robust operational strategies respond just in time.
- *Over Invest*  
This would involve renewing roads based on a yearly amount based on a programme.

Given the size of the budget these options have not been further evaluated as best asset practice suggests that Optimum is appropriate.

### **Footpaths**

The options available are:

- *Do Minimum*  
No renewal and increase budget for maintenance to \$500,000 annually.  
Only renew on failure and only where failure occurs.
- *Optimum*  
Have a renewal budget of \$1.36M and place into reserve any unspent money.
- *Over Invest*  
Programme and spend on renewals are the depreciation rate being \$1.99M annually.

The consequences and implications of adopting the do minimum option is a large future renewal cost which unless funded would be hard to deliver and pay for. Assets could become piecemeal and difficult to renew as there would contain both new and old sections.

The over invest option sees assets replaced too early and before they have reached their end of life. Given the funding needed by Council overall then this option is not appropriate.

The optimum option takes a balance of risk and can be reviewed regularly if more knowledge is gained. Any unspent funding can be stored to assist any transition to a new option.

### **Traffic Services**

The renewal options available are:

- *Do Minimum*  
No planned renewal other than on failure with a budget for renewal of \$350,000. It should be noted that annual road markings are considered a renewal.  
Only renew on failure and only where failure occurs.
- *Optimum*  
Have a renewal budget of around \$555,000 which address any safety issues as signs or traffic signals deteriorate and are replaced when the LOS falls below acceptable but before failure.
- *Over Invest*  
Look to invest at the depreciation rate of \$880,000.

## Structures

The only option considered within the bridges area has related to the Tiwai Bridge. This is an area where in previous investigations it was found that the best solution is to have regular inspection and repair to the pile structures. Given a new deck of life 100 years has been constructed, the options available for the piles are either to do heavy duty maintenance and breakout cover concrete and repair as and when required, or install new piles and beams. These options were considered and the repair option proven to be most appropriate.

No renewals strategy has been developed in detail for the remaining structures as no significant renewals are predicted in the term of the plan.

## Carparking

The renewal option considered is based around the technology available. It is anticipated during 2017 that the parking strategy will deliver a path to updating the parking meters which will set direction for the next few years. This approach is likely to settle on phone access apps and not need as much onsite equipment as at present.

This plan makes allowance for renewal but allows the strategy to develop the case for implementation.

## Other Assets

The options for renewal of other assets are an area where further improvement is required. Historically these types of assets have been funded from loan and no renewal plan has been considered for them. Many are associated with Inner City activities and have a reasonably short life span as they are renewed as development is undertaken. Future consideration of options should be made and funded. Currently the annual depreciation is around \$100,000 and loans still exist on some work undertaken early in 2001-2005.

## 7.4 Capital Development Plan

### 7.4.1 Asset Development Strategy

Demand for new or upgraded facilities arises from the needs of the existing population i.e. meeting the level of service standards, changing habits, and population growth. This demand can manifest itself in the need for:

- New roads;
- Sealing of unsealed roads;
- Widening and alignment improvements;
- Upgraded intersections;
- New or upgraded bridges;
- Appropriate urban facilities, e.g. streetlights, kerb and channel, footpaths

The Council's asset creation strategy is generally:

- To prioritise work on the basis of need.
- To prioritise works where NZTA subsidy can be obtained above those works where there is no subsidy.
- To achieve networks of streets, rather than one-way access to properties, offering choices of routes to road users, avoiding concentration of traffic and providing alternative routes in emergencies.
- To fund its share of NZTA "Low Cost Low Risk" category to an "appropriate for network" standard.

Development of the road network is undertaken in accordance with the District Plan, which indicates priorities for road widening and new construction. Road designations included in the District Plan form a major commitment that, under the Resource Management Act, should be constructed within the period described in the Plan.

### Asset Development Standards

The Council's standards and specifications for the construction of assets will reflect the best current technologies, national standards and legislative requirements. All new roading assets, constructed by the Council or acquired from subdivision developments, will be constructed in accordance with these standards, the latest version of the Invercargill City Council District Plan and the Council's bylaws and policies including its standard engineering practices, Standards and Guidelines and relevant NZ Standards. These in turn often reference other documents including those produced by NZTA and Austroads.

### Capital Development Work Categories

No major development is planned within the NZTA subsidised budget areas other than through the Low Cost Low Risk category. NZTA's work categories for financial assistance are listed in the following table.

NZTA Work Category	Key activity	Sub-activity	Comment
324	Road reconstruction	Full reconstruction	Programmed work
325	Seal extension	Sealing of unsealed roads	Programmed work
341	Low Cost Low Risk	Various	Capital works typically of a small scale targeted to safety improvements
357	Resilience improvements	Various – typically roads and bridges	No ICC projects at present

A range of potential projects are defined in Appendix 13.17, largely comprising intersection treatments, traffic signals and LATM devices.

### Sealed Roads

#### Council Projects

The strategy is not to grow but plan to maintain existing assets. There are no new road construction projects in WC324.

Typically these projects are \$300,000 or less and do not require a full economic evaluation to justify. Historically these have been called minor works or minor improvements and have been targeted at safety improvements and more recently also at associated improvements.

Council has a deficiency database (of risks) which has been identified and works are prioritised for development works targeting risk reduction and improving safety. This aligns with the Problem Statement identified earlier.

#### Subdivisions

New sealed roads are vested in Council following subdivision development, the current projection of new asset creation is as follows:

Location of Subdivision	Lots Est.	Potential Date
Inverurie Stages 2 -4	35	Unknown
Patterson Street	8	Unknown
Tramway	10	Unknown
Ascot Heights	15	Unknown
Otatara Area	35	Unknown
Hinton Court	10	Unknown

### Street Lighting

The current LED conversion is programmed under WC 324.

### Unsealed Roads

The strategy is not to undertake any seal extensions.

Seal extensions of unsealed roads are regularly requested by property owners. This plan does not support further extension fully or partially funded by Council.

It is accepted that private funding can occur and financial mechanisms may be available on a cost recovery basis from Council.

### Resilience Improvements

The activities may include:

- Ensuring critical items such as bridges and road surfaces can recover quickly from setbacks
- Enforcement of permitted heavy vehicle axle weights that protect the pavement and structural integrity
- Measures, such as riverbank protection works, that lessen the impact of flooding and similar events
- Improvements that target alternative routes

The Council has no proposed works in this area.

One opportunity that may be considered in the future is the strengthening of a weight restricted bridge on the only state highway diversion route between Invercargill and Bluff – however, this has no priority either for ICC or NZTA at this time.

There are no areas at present where the risk of flooding of critical routes is considered of sufficient concern to warrant investment in improved drainage capacity.

### Low Cost Low Risk Improvements

This work category provides for the construction/implementation of low-cost/low-risk improvements to the transport system to a maximum total cost for approval per project of \$1,000,000. Examples of qualifying activities include, but may not be limited to:

- small, isolated geometric road and intersection improvements;
- traffic calming measures;
- traffic management systems;
- surface treatment (safety), including sealing for bridge approaches
- lighting improvements for safety;

- installation of new traffic signs and markings, or upgrading these to the current standard;
- provision of guard-railing;
- sight benching to improve visibility;
- walking facilities that comply;
- cycling facilities that comply;
- structures, culverts or stock access;
- stock effluent facilities;
- minor engineering works associated with community programmes;
- behaviour change activities; and
- property and professional services costs associated with the improvement.

Typically for ICC these projects are \$300,000 or less and do not require a full economic evaluation to justify. Historically these have been called minor works or minor improvements and have been targeted at safety improvements and more recently also at associated improvements.

Council has a deficiency database (of risks) which has been identified and works are prioritised for development works targeting risk reduction and improving safety. This aligns with the Problem Statement identified earlier.

### **Footpaths**

The footpath development strategy is to only extend the network where demand or development (of adjacent properties) occurs.

Minimal footpath development is planned for each year as some existing gravel footpaths may get upgraded as the properties are built or footpath connections, between existing paths are required.

### **Carparking**

The carparking strategy approach is as demand changes within the CBD and suburbs, Council may respond to this with purchasing land for off street parks or with deploying new equipment where political interest exists or a financial return can be made.

Existing sites currently owned are planned to be refurbished and chip sealed where in gravel, to provide a higher level of service.

## **7.4.2 Capital Development Selection Criteria**

Development projects are prioritised according to need, with consideration being given to the following:

- The problems of the current site, geometry, layout, or structure on public safety, measured in terms of the social cost of crashes
- The dependence on a particular structure or route; for example, a bridge on a no-exit road would generally have a higher priority than one on a road with an alternative route available
- The risks of future crashes at the site
- Requests made by the Council, its Committees, Community Boards and Advisory Groups
- Statutory obligations
- Maintenance and other cost savings
- Other benefits
- Affordability
- Lifelines security

Minor projects can usually be programmed as resilience Improvements or Low Cost Low Risk, criteria for which are set by NZTA.

### 7.4.3 Capital Development Options and Alternatives

#### Low Cost Low Risk Improvements

These developments are targeted at intersections and other high safety risk areas. The funding requested in this area allows typically annually for one intersection improvement, such as a small roundabout or a set of pedestrian signals and a number of low cost activities. Some of the budget area is also required where improvements in renewal projects need associated works. This can reduce the amount assigned to safety projects.

The options considered:

- *Low Budget (historical) - \$400,000*  
This has typically been established based on 5% of the renewals budget and was the norm for many years by NZTA.
- *Mid-Range - \$600,000*  
This budget range allows for either two projects which could significantly improve safety and or access or a more extensive range of smaller projects.
- *High Budget - \$1,200,000*  
The deficiency database indicative cost suggests projects exist, which if everything was completed over a ten year period (with only current projects considered) would need \$1,200,000 per year. Not all projects have the same priority.

#### Unsealed Roads

Given Council has not allowed any funding for projects, an option for seal extension could include self-funding and Council develops a rating area and the residents in that area pay for development over time through a targeted rate.

Council would consider each proposal on its merits. Council may decide to be supportive of some development, where they contribute to reducing impacts on the environment and or wider maintenance issues, or support better network utilisation or access.

#### Carparking

The options for carparking include the level of service required and the surfacing needed.

Options which could be considered are to co-invest with other suppliers where there is appropriate need and opportunity. Such options may include who runs the carpark through to who helps fund it.

#### Other Assets

There are no improvement options for other assets, including bridges, structures, drainage and traffic services, other than may be funded through the LCLR category above.

## 7.5 Other Work Categories

### Network and Asset Management

This work category provides for the general management and control of the road network and management of the road assets.

NZTA funding assistance for qualifying HDC activities includes the following:

NZTA Work Category	Key activity	Sub-activity	Comment
151	Network and asset management	Management of the road network	
		Implementation and operation of road asset management systems (RAMM)	
		Roughness and condition rating surveys	
		Traffic counts	
		Bridge inspections and investigations (incl. bridge postings)	
		Road network inspections and field validations	
		Road legalisation	
		Professional services	

### Community Education Programmes

Community programmes are activities taking place at the local level to promote the safe and sustainable use of the land transport system. The activities may include:

- Encouraging community participation in land transport decision-making
- Assisting communities to identify their land transport issues and develop their own informed decisions
- Increase the community's capacity to address local transport issues
- Develop and motivate local partnerships
- Develop and motivate stakeholder partnerships (road safety coordination committee)
- Integrate activities at the local level
- Generate insight on local transport issues and new ideas that can be further developed for wider application
- Develop a Road Safety Action Plan for the district (including NZTA; NZ Police; ACC), with focus on factors such as alcohol, safety with age, restraints and speed
- Engagement of road safety coordinator to focus on the outputs and outcomes of this work category

NZTA Work Category	Key activity	Sub-activity	Comment
432	Promotion, education and advertising	Road safety coordination committee meetings	
		Road safety coordinator	
		Community programmes targeted to school safety education	
		Development/updating of Road Safety Action Plan	
		Focus to programmes that reduce serious injuries and deaths	

NZTA Work Category	Key activity	Sub-activity	Comment
		associated with alcohol, safety with age; use of restraints in vehicles; and appropriate speeds	

The Council has a collaborative programme in place with Southland and Gore District Councils, and a list of specific actions to address a range of factors is provided in the Appendices. These include speed, younger drivers, older drivers, high risk drivers, motorcyclists, alcohol and drugs, use of restraints, cycling and walking, etc.

## 7.6 Disposal Plan

### 7.6.1 Forecast Future Disposal of Assets

Assets are considered for disposal when:

- They become uneconomic to own or operate,
- They become surplus to current needs, or
- Through rationalisation of the asset stock. The most common reason for disposal is when part of a road or a junction has to be re-aligned and the disused part becomes surplus to requirements.

There is no forecasted disposal of assets other than as below:

#### Unformed Roads

Council has many unformed roads which are generally used by adjacent property owners. When disposal is requested or required and Council has no use for the land, it may state the required process included in the Local Government Act to stop the road and then dispose of it. These costs are met by the purchaser.

#### Carparking

Existing meter heads will be retired and replaced with new technology. This review process may result in some existing parking areas being withdrawn. There are no plans forecasted to withdraw and sell any of the existing off street carparks.

#### Other Assets

Existing street feature such as columns in Dee Street may be removed as part of CBD rejuvenation projects.

### 7.6.2 Forecast of Income / Expenditure from Asset Disposal

No forecasted costs or revenues are budgeted for disposals.

## 7.7 Recommended Programme

### 7.7.1 Evaluation of Options / Alternative Programmes

An evaluation of the options presented for maintenance and operations, renewals and development has been considered and is included in the Appendix 13.27. It considers a high score of 1 being the most suitable solution and 3 being the least desirable solution.

This evaluation, although basic in nature, highlights the option for improvement in the future to ensure that the right options are considered against the strategy for each area.

Note that in all programmes a base inflation assumption of 2.5% pa has been applied.

### 7.7.2 Recommended Operation / Maintenance Programmes

Included in Section 8.2 is a full table which outlines the proposed funding request aligned with the NZTA work categories and below are the operations and maintenance programmes.

An overall summary of the NZTA work categories is presented below, followed by details for all individual activity programmes with comments.

Work Programme	Cat	Project Description	2018/19	2019/20	2020/21	Total 2018/21	Total 2015-18
Maintenance and Operations	111	Sealed pavement maintenance	1,160,000	1,189,000	1,218,700	3,567,700	3,546,527
	112	Unsealed pavement maintenance	175,000	179,400	183,900	538,300	463,935
	113	Routine drainage maintenance	299,000	306,500	314,200	919,700	1,258,773
	114	Structures maintenance	70,000	71,800	73,500	215,300	115,067
	121	Environmental maintenance	260,000	266,500	273,200	799,700	528,420
	122	Traffic services maintenance	770,000	704,200	721,800	2,196,000	2,917,231
	123	Operational traffic management	112,000	114,800	117,700	344,500	311,800
	124	Cycle path maintenance	25,000	25,600	26,300	76,900	26,579
	131	Level crossing warning devices	28,000	28,700	38,900	95,600	92,095
	151	Network and asset management	591,400	621,600	631,900	1,844,900	1,372,839
		<b>Subtotal - Maintenance and operations</b>	<b>\$3,490,400</b>	<b>\$3,508,100</b>	<b>\$3,600,100</b>	<b>\$10,588,900</b>	<b>\$10,633,266</b>

#### Road Pavements

The recommended programme is to align with the Option 2 *Current maintenance* levels as outlined in the dTIMS \$4.0M budget renewal strategy.

Routine maintenance programmes are also planned to gradually rise over this period and support pre-seal works with routine maintenance of the network at levels relatively consistent with current budgets.

Higher network management is considered appropriate.

A summary of the short term maintenance forecast is described in the following table.

WC Code	WC Description	Current 2017/18	Yr. 1 2018/19	Yr. 2 2019/20	Yr. 3 2020/21	Total 2018-21	Total 2015-18
111	Sealed pavement maintenance		\$1,160.0	\$1,189.0	\$1,218.7	\$3,567.7	\$3,400.2

10 year forecasts are provided in the next table.

WC Code	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
111	\$1,160.0	\$1,189.0	\$1,218.7							

Specific forecasting assumptions:

- Sealed road maintenance costs will increase in proportion to the increase in sealed road length.
- Sealed road maintenance costs will increase proportionately with general traffic growth across the network.

**Kerb and Channel / Drainage**

The recommended programme is to align with Option 2 with current maintenance levels and where necessary undertake those required sections under renewal.

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total	Total
		2017/18	2018/19	2019/20	2020/21	2018-21	2015-18
113	Routine drainage maintenance	\$337.0	\$299.0	\$306.5	\$314.2	\$919.7	\$993.1

10 year forecasts are provided in the next table.

WC	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
113	\$299.0	\$306.5	\$314.2							

Specific forecasting assumptions:

**Unsealed Pavements**

No significant different options considered as viable and accordingly the current investment levels in maintenance are considered as the most appropriate option. The short network length and low investment demand suggest this is appropriate.

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total	Total
		2017/18	2018/19	2019/20	2020/21	2018-21	2015-18
112	Unsealed pavement maintenance	\$136.0	\$175.0	\$179.4	\$183.9	\$538.3	\$401.0

10 year forecasts are provided in the next table.

WC	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
112	\$175.0	\$179.4	\$183.9							

Specific forecasting assumptions:

**Footpaths and Cycleways**

The recommended option for maintenance of footpaths is less clear but focuses on *minimal repairs* when the life is well consumed and then to manage that section with appropriate safety repairs whilst it is programmed for renewal. This is consistent with Council's desire to take a higher risk approach to fund footpath activities.

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total	Total
		2017/18	2018/19	2019/20	2020/21	2018-21	2015-18
NA	Footpath maintenance						
124	Cycle path maintenance		\$25.0	\$25.6	\$26.3	\$76.9	\$26.6

10 year forecasts are provided in the next table.

WC Code	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
NA (FPM)										
124	\$25.0	\$25.6	\$26.3							

Specific forecasting assumptions:

### Traffic Services

The recommended programme is the current level of funding as further development is needed into the maintenance and operation options. The level of investment in maintenance is relatively low as the category includes operational costs such as power consumption which is approaching 50% of the budget. This is seen as a low risk area but potential for development.

LED renewals are assumed to have been completed and the electricity costs whilst reduced in consumption remain at a similar charging approach from Network companies for line charges.

Railway level crossing devices is included here.

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total	Total
		2017/18	2018/19	2019/20	2020/21	2018-21	2015-18
122	Traffic services maintenance	\$1,112.0	\$770.0	\$704.2	\$721.8	\$2,196.0	\$3,306.6
123	Operational traffic management	\$98.5	\$112.0	\$114.8	\$117.7	\$344.5	\$291.4
131	Level crossing warning devices	\$42.5	\$28.0	\$28.7	\$38.9	\$95.6	\$117.6

10 year forecasts are provided in the next table.

WC Code	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
122	\$770.0	\$704.2	\$721.8							
123	\$112.0	\$114.8	\$117.7							
131	\$28.0	\$28.7	\$38.9							

Specific forecasting assumptions:

### Structures

Demands in these areas are relatively consistent and structures are in a good condition and the budgets are small so options are not considered necessary at this time.

Tiwai Bridge continues to require regular maintenance work.

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total	Total
		2017/18	2018/19	2019/20	2020/21	2018-21	2015-18
114	Structures maintenance	\$64	\$70.0	\$71.8	\$73.5	\$215.3	\$188.0

10 year forecasts are provided in the next table.

WC Code	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
114	\$70.0	\$71.8	\$73.5							

Specific forecasting assumptions:

### Carparking

Maintenance budgets have made allowance for updated technology and some improvements to surfaces of off street carparks. Options for maintenance have not been developed as the current investment is a reactive approach and is considered appropriate.

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total 2018-21	Total 2015-18
		2017/18	2018/19	2019/20	2020/21		

10 year forecasts are provided in the next table.

WC Code	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28

Specific forecasting assumptions:

### Environmental Maintenance

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total 2018-21	Total 2015-18
		2017/18	2018/19	2019/20	2020/21		
121	Environmental Maintenance	\$125.9	\$260.0	\$266.5	\$274.2	\$799.7	\$371.2

10 year forecasts are provided in the next table.

WC Code	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
121	\$260.0	\$266.5	\$274.2							

Specific forecasting assumptions:

### Network and Asset Management

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total 2018-21	Total 2015-18
		2017/18	2018/19	2019/20	2020/21		
151	Network and Asset Management	\$402.0	\$591.4	\$621.6	\$631.9	\$1,844.9	\$1,207.8

10 year forecasts are provided in the next table.

WC Code	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
151	\$591.4	\$621.6	\$631.9							

Specific forecasting assumptions:

### Activity Management Planning

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total 2018-21	Total 2015-18
		2017/18	2018/19	2019/20	2020/21		
003	AMP Planning 2018-21	\$50.0	\$15.0	\$50.0	\$50.0	\$115.0	

10 year forecasts are provided in the next table.

WC Code	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
003	\$15.0	\$50.0	\$50.0	\$15.0	\$50.0	\$50.0	\$15.0	\$50.0	\$50.0	\$15.0

### Other Assets

The current budgets remain consistent with some changes through the new maintenance contract for street sweeping and footpath sweeping. These budgets are adjusted at the anticipated expiring of the current contract and it is expected a market price will be reflected.

The calculated depreciation from street features is budgeted and where not fully utilised will be allocated to a loss of service potential reserve for future activities.

### 7.7.3 Recommended Renewal Programmes

Included in Section 8.2 is a full table which outlines the proposed funding request aligned with the NZTA work categories and below are the renewal programmes.

An overall summary of the NZTA work categories is presented below, followed by details for all individual activity programmes with comments.

Work Programme	Cat	Project Description	2018/19	2019/20	2020/21	Total 2018/218	Total 2015-18
<b>Renewal</b>							
	211	Unsealed road metalling	150,000	153,800	157,600	461,400	442,922
	212	Sealed road resurfacing	2,100,000	2,152,500	2,206,300	6,458,800	5,545,043
	213	Drainage renewals	929,000	1,106,000	1,328,000	3,363,000	3,974,042
	214	Sealed road pavement rehabilitation	1,300,000	1,332,500	1,365,800	3,998,300	3,308,765
	215	Structures component replacements	70,000	71,800	105,100	246,900	93,079
	222	Traffic services renewals	555,000	569,000	583,100	1,707,100	1,160,754
		<b>Subtotal-Renewal local roads</b>	<b>\$5,104,000</b>	<b>\$5,385,600</b>	<b>\$5,745,900</b>	<b>\$16,235,500</b>	<b>\$14,524,605</b>
<b>New improved infrastructure</b>							
	322	Construction					123,957
	324	11 Yr Streetlighting Renewal	368,100	368,100	0	736,200	1,104,303
	341	Low Cost Low Risk - Local Roads	1,599,000	615,000	630,400	2,844,400	1,260,700
		<b>Subtotal - New &amp; improved infrastructure</b>	<b>\$1,967,100</b>	<b>\$983,100</b>	<b>\$630,400</b>	<b>\$3,580,600</b>	<b>\$2,488,960</b>
		<b>Total budget:</b>	<b>\$9,401,200</b>	<b>\$9,746,100</b>	<b>\$9,947,600</b>	<b>\$29,085,200</b>	<b>\$27,941,831</b>
<b>Road Safety Promotions</b>							
	432	Shared ICC SDC GDC Service	350,000	358,750	367,700	\$1,076,450	\$968,895

### Pavements

As previously noted dTIMS has been utilised to model the network and to establish the options to consider. The analysis and the peer review are understood to be robust and reliable and some confidence can be given to this work and their results. The results also align well with the field observations and experience from staff.

The report notes that the budgets demands are relatively similar for all options analysed, with the \$5.0M option not fully consuming the available budget. The \$4.0M and \$4.3M options are very similar in effect to programmes.

The recommended option is to utilise the \$4.0M Low Budget for the next period of this plan as it delivers the best value for money at similar known risks. This delivery level may not be sustainable at this level in the long term.

This option also, when undertaken in conjunction with the maintenance and operational approach, has the potential to consume some of the available strength of the pavements which does increase the potential risk. Further improvement in understanding the performance of the pavements with low SNP will assist in understanding these risks.

This approach is consistent with the NZTA desired approach and has a medium or better fit with their IAF.

The renewal of pavements (which includes resurfacing) is the most significant spend of the renewals budgets.

A summary of the short term renewal forecast is described in the following table.

WC Code	WC Description	Current 2017/18	Yr. 1 2018/19	Yr. 2 2019/20	Yr. 3 2020/21	Total 2018-21	Total 2015-18
212	Sealed road resurfacing	\$1,951	\$2,007	\$2,046	\$2,100	\$2,153	\$2,206
214	Sealed road pavement rehabilitation	\$1,278	\$1,094	\$719	\$1,300	\$1,333	\$1,336

10 year forecasts are provided in the next table.

WC	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
212	\$2,100	\$2,152	\$2,206	\$2,476	\$2,538	\$2,602	\$2,667	\$2,734	\$2,802	\$2,872
214	\$1,300	\$1,332	\$1,365	\$1,561	\$1,600	\$1,640	\$1,681	\$1,723	\$1,766	\$1,810

### Kerb and Channel / Drainage

The recommended option continues to deliver a programme at similar levels using the current programming approach. It is noted that some of the renewals are driven by the pavement renewal programmes. This programme is seen as the optimum approach.

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total	Total
		2017/18	2018/19	2019/20	2020/21	2018-21	2015-18
213	Drainage renewals – K&C replacements & Culverts	\$1,240	\$929.0	\$1,106.0	\$1,328.0	\$3,363.0	\$3,815.5

10 year forecasts are provided in the next table.

WC	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
213	\$929.0	\$1,106.0	\$1,328.0							

### Unsealed Pavements

The recommended programme is the optimum programme which aligns to the current level of renewal spend. The current spend is only \$153,000 per annum.

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total	Total
		2017/18	2018/19	2019/20	2020/21	2018-21	2015-18
211	Unsealed road metalling	\$133.0	\$150.0	\$153.8	\$157.6	\$461.4	\$391.6

10 year forecasts are provided in the next table.

WC	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
211	\$150.0	\$153.8	\$157.6							

### Footpaths

The recommended programme is the Optimum programme with an annual budget of \$1.36M. This programme whilst lower than the long run average renewal cost is at

present meeting the current demand when the actual programmes are observed on sites and suitable candidates are selected.

As noted above, Council has signalled that it is willing to take a higher risk. Also noted that as the demographic and demands change, it would be expected that more demand is placed on new footpaths but the approach is to limit investment. Whilst this would appear to be contrary it is seen as being manageable as the rate of change in condition of a footpath is relatively slow and can be monitored at low risk.

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total	Total
		2017/18	2018/19	2019/20	2020/21	2018-21	2015-18

10 year forecasts are provided in the next table.

WC	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28

### Traffic Services

The recommended programme is the optimum option being the current level of around \$350,000. This is an area where further improvement into condition and the rate of change in condition could be developed and better long term solutions accepted. Historically the balance of renewal and maintenance has not been a significant performance issue.

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total	Total
		2017/18	2018/19	2019/20	2020/21	2018-21	2015-18
222	Traffic services renewals	\$535.0	\$555.0	\$569.0	\$583.1	\$1,707.1	\$1,597.8

10 year forecasts are provided in the next table.

WC	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
222	\$555.0	\$569.0	\$583.1							

### Structures

Renewal options have not been considered in detail due to the budget size and that the assets are generally within their first half of life. Tiwai Bridge has a specific renewal or heavy duty maintenance approach focused directly on that structure in that environment.

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total	Total
		2017/18	2018/19	2019/20	2020/21	2018-21	2015-18
215	Structures components replacement	\$69.0	\$70.0	\$71.8	\$105.1	\$246.9	\$203.6

10 year forecasts are provided in the next table.

WC	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
215	\$70.0	\$71.8	\$105.1							

### Carparking

Renewal options have not been considered in detail as by the time this plan is in place most of the meters will have been renewed and the direction already set. It

would seem likely if significant change is needed then a specific plan would be developed. Pavement renewals for carpark will be evaluated at the time to consider the most acceptable solution.

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total 2018-21	Total 2015-18
		2017/18	2018/19	2019/20	2020/21		

10 year forecasts are provided in the next table.

WC	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28

### Other Assets

The recommended programmes are those used historically.

The funding of depreciation has been incorporated into budgets and when not consumed are planned to be placed into reserve for the future. It is also noted that old loans are still in place from 2000.

### 7.7.4 Recommended Capital Development and Community Education Programmes

Work Programme	Cat	Project Description	2018/19	2019/20	2020/21	Total 2018/21	Total 2015-18
<b>Renewal</b>	211	Unsealed road metalling	150,000	153,800	157,600	<b>461,400</b>	442,922
	212	Sealed road resurfacing	2,100,000	2,152,500	2,206,300	<b>6,458,800</b>	5,545,043
	213	Drainage renewals	929,000	1,106,000	1,328,000	<b>3,363,000</b>	3,974,042
	214	Sealed road pavement rehabilitation	1,300,000	1,332,500	1,365,800	<b>3,998,300</b>	3,308,765
	215	Structures component replacements	70,000	71,800	105,100	<b>246,900</b>	93,079
	222	Traffic services renewals	555,000	569,000	583,100	<b>1,707,100</b>	1,160,754
		<b>Subtotal-Renewal local roads</b>	<b>\$5,104,000</b>	<b>\$5,385,600</b>	<b>\$5,745,900</b>	<b>\$16,235,500</b>	<b>\$14,524,605</b>
<b>New improved infrastructure</b>	322	Construction					123,957
	324	11 Yr Streetlighting Renewal	368,100	368,100	0	<b>736,200</b>	1,104,303
	341	Low Cost Low Risk - Local Roads	1,599,000	615,000	630,400	<b>2,844,400</b>	1,260,700
		<b>Subtotal - New &amp; improved infrastructure</b>	<b>\$1,967,100</b>	<b>\$983,100</b>	<b>\$630,400</b>	<b>\$3,580,600</b>	<b>\$2,488,960</b>
		<b>Total budget:</b>	<b>\$9,401,200</b>	<b>\$9,746,100</b>	<b>\$9,947,600</b>	<b>\$29,085,200</b>	<b>\$27,941,831</b>
<b>Road Safety Promotions</b>	432	Shared ICC SDC GDC Service	350,000	358,750	367,700	<b>\$1,076,450</b>	<b>\$968,895</b>

### Road Improvements

Within this category the completion of the City's upgrade to LED streetlights is programmed. There are no other initiatives envisaged at this time.

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total 2018-21	Total 2015-18
		2017/18	2018/19	2019/20	2020/21		
324	Street lighting renewal LED upgrade		\$368.1	\$368.1	\$0.0	\$736.2	\$1,104.3

10 year forecasts are provided in the next table.

WC	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
324	\$368.1	\$368.1	\$0.0							

### Low Cost Low Risk

The recommended development programme for this budget is the Mid-Range option of \$600,000. This option supports further investment from previous years but is strongly aligned to the needs of safety improvements identified in the problem statement. Whilst this level is an increase it suggests that at this rate, the potential to reduce the current deficiencies would take in excess of 10 years without any new items added.

Within the 2018/19 budget a sum (\$1,000,000) has been allowed to consider an investment into Lake Street area. This is a project which NZTA has been considering and has developed an ILM which links the Elles Road roundabout to the Lake Street intersection needs. NZTA have recently indicated they expect Council to contribute. This has not been communicated in the last four years they have been investigating the project.

To allow for consideration, it is included in the programme but Council has not considered this in sufficient detail to see this investment as a certainty.

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total	Total
		2017/18	2018/19	2019/20	2020/21	2018-21	2015-18
341	Low Cost Low Risk Improvements		\$1,599.0	\$615.0	\$630.4	\$2,844.4	\$1,260.7

10 year forecasts are provided in the next table.

WC	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
341	\$1,599.0	\$615.0	\$630.4							

### Recommended Community Education Programme

WC Code	WC Description	Current	Yr. 1	Yr. 2	Yr. 3	Total	Total
		2017/18	2018/19	2019/20	2020/21	2018-21	2015-18
432	Community Education – Road Safety Promotions		\$350.0	\$358.8	\$367.7	\$1,076.5	\$968.9

10 year forecasts are provided in the next table.

WC	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
432	\$350.0	\$358.8	\$367.7							

## 7.8 How the Activity will be Resourced

### 7.8.1 Internal Resourcing

The current delivery resource for the activity is from the Council Asset Team and Engineering Business Unit.

The Assets Team incorporates roles for Programming activities (both NZTA and ICC), budgets supervision, NZTA Procurement and Procedural processes, Programme and Performance Monitoring, RAMM Data management ( including coordinating RAMM condition projects as dTIMS , SCRIM, HSD, specialist bridge inspection etc), traffic Counting coordination and validation, dTIMS preparation, Asset Management, Bylaws, Corridor management (TMC), advice for Planning, Resource and Subdivisional activity, Council reporting and NZTA Liaison.

The team also is responsible for carparking (asset provision) together with passenger transport and total mobility.

The Engineering Services Group (ESG), Council's in-house consulting team, provides engineering advice for maintenance contracts as the role of the Contract Engineer and Engineers Rep, direct liaison with the contractor in the delivery of Contracts. They coordinate works and programmes reporting to the Asset Team for approvals.

ESG also undertakes the investigation, design and documentation of renewal projects and coordinates the procurement and delivery of these contracts

Corridor Management (including Traffic Management reviews and approvals) and public liaison is also undertaken together with the daily interactions with customers. This also includes operational responsibility for the Utilities Act.

Where needed in specialist areas, ESG will subcontract those resources on an as and when required basis, in such areas as bridge design, safety projects.

Council also has a shared service with Southland and Gore District Councils to deliver the road safety promotion activity through Road Safety Southland. This is currently managed via Southland District Council.

### 7.8.2 Procurement Strategy

Council has an approved Procurement Strategy which is attached in Appendix 13.30.

Council procures its physical works contracts via the open tender market.

The maintenance contracts are:

- Road Corridor Maintenance (which includes all sealed pavements Pavement, signs, K&C, drainage, road marking, footpaths bus shelters and carparks etc)
- Unsealed Corridor Maintenance
- Streetlight Maintenance
- Traffic Signals Maintenance

Renewals contracts are typically offered on an annual basis for:

- Resurfacing – Chipsealing and Asphaltic Concrete
- Individual or group Rehabilitation Projects
- Low Cost Low Risk Projects (or via the maintenance contract)
- Specific Street lighting or Traffic Signal Projects

#### [Extract from the strategy]

The delivery model appropriate for the Invercargill City Council is the staged model.

This model requires land transport activities to be well defined, low risk and that the scope can be easily defined into contract documents.

The majority of the current and anticipated works (from Councils Rooding Asset Management Plan) fits this programme.

Scope	Estimated Cost Range (\$)	Procurement Methods	Approval By
Minor	0 – 100,000	Direct appointment	Delegation Manual
Routine	100,000 – 200,000	Closed Tender	Delegation Manual, Director

Major	200,000 +	Open Tender unless specific case approved by Director	CEO and Director or Council dependent on Value
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The roading (and corridor activity) maintenance, operation and renewal programmes will be delivered through several contracts.

The above contracts will be achieved using the supplier selection methods of **lowest price conforming or price quality**.

The price quality weightings will be between the following:

- Physical Works 50/50 to 80/20 ratio
- Professional Services 40/60 to 70/30 ratio

Council will consider what the appropriate ratio split is on a contract by contract basis.

In all cases where negotiation or direct appointment is the preferred option, then appropriate documentation will be developed for approving of the Roading Manager which demonstrates the reasoning for selecting a particular ratio.

The Local Government Act requires Council to review the cost effectiveness of service delivery arrangements.

Roading contracted an independent specialist who undertook a Section 17A Review and found the approach to delivery was appropriate. The review is included within the appendices.

### **Smart Buyer Assessment**

Council is aware of the Road Efficiency Group Self-assessment information and considers it to be well informed and a smart buyer. It sees future development opportunities to progress into different contract forms where it can be shown that the benefits of those approaches give reliability and relative risk to the gains which could be made.

The Smart Buyer Assessment is included in Appendix 13.24.

Future collaboration with others including NZTA is seen as possible so long as all parties enter such discussions with similar objectives.

## 8. Financial Management

### 8.1. Overview

The Local Government Act 2002 requires local authorities to manage their finances “prudently and in a manner that promotes the current and future interests of the community”.

This implies compliance with Generally Accepted Accounting Practice (GAAP). Of particular relevance is Financial Reporting International Accounting Standard (PBE IPSAS17) New Zealand equivalent to “Accounting for Property, Plant and Equipment”.

In determining how activities will be funded, local authorities are required to take the following into consideration:

- The contribution to the achievement of Community Outcomes (strategic alignment).
- Beneficiaries of each activity (beneficiary/user pays principles).
- The period over which benefits from the activity will occur (intergenerational equity issues).
- The costs and benefits of funding the activity compared to other activities (cost/benefit, prioritisation principles).
- The impact of funding the activity on the wellbeing of the community (ability to pay principles).

Activity Management Plans provide the basis for meeting these requirements for infrastructure based activities.

### 8.2 Financial Summary - What the Activity Costs

The following section outlines the budgeted cost, however since NZTA co-invests to a significant level in Roading, these costs are also separated out for some clarity.

Details of individual business unit level activity are available but not included in the plan.

Appended are budgets for activities at the normal management and reporting levels.

Budgets shown include the impacts of inflation over the period of the plan.

**8.2.1 Council Funded Programmes (includes Inflation)**

Business Unit 560000\_2019 - Works and Services - Roading Services

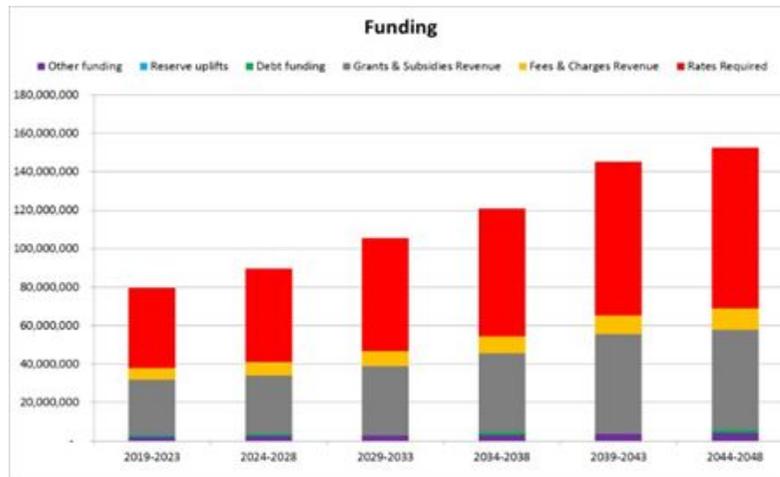
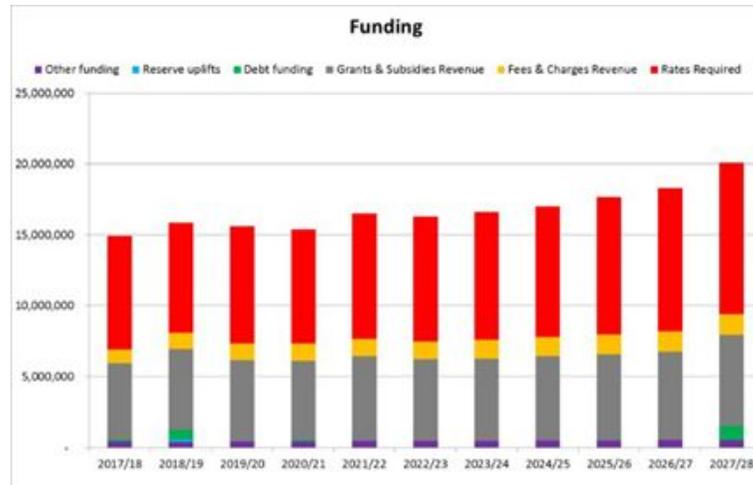
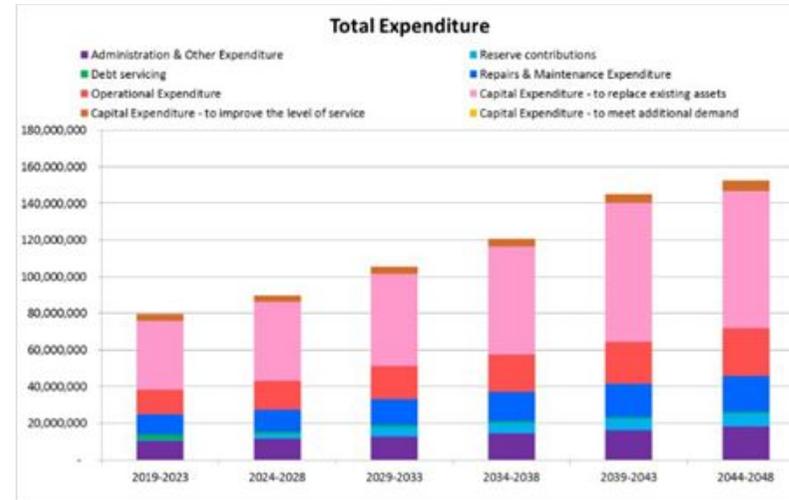
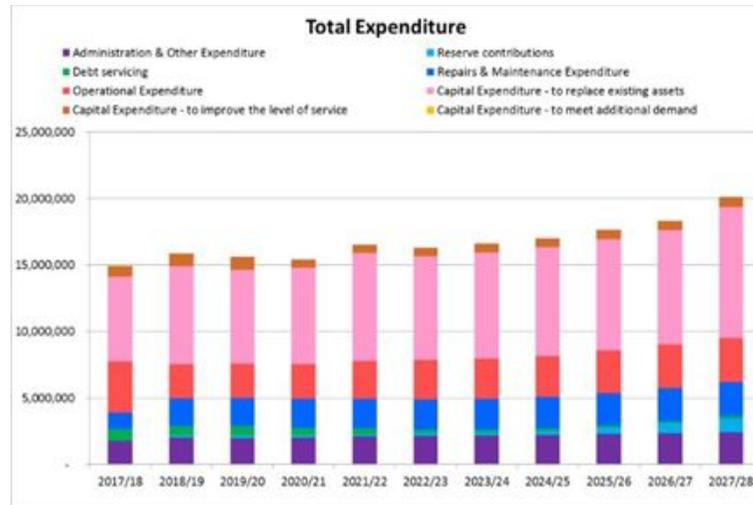
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
Internal Revenue	78,719	75,547	79,284	83,167	87,799	91,729	95,802	98,093	100,545	103,160	105,945
Fees & Charges Revenue	949,773	1,146,000	1,171,212	1,196,979	1,223,312	1,251,448	1,324,917	1,356,715	1,390,633	1,426,789	1,465,313
Grants & Subsidies Revenue	5,362,832	5,681,752	5,740,254	5,599,310	5,989,311	5,767,286	5,786,473	5,942,851	6,073,482	6,263,874	6,399,640
Rates Revenue	0	0	0	0	0	0	0	0	0	0	0
Financial Revenue	363,131	316,223	348,761	358,571	369,262	379,666	390,346	399,722	409,715	420,367	431,717
<b>Total Revenue</b>	<b>6,754,455</b>	<b>7,219,522</b>	<b>7,339,510</b>	<b>7,238,027</b>	<b>7,669,684</b>	<b>7,490,129</b>	<b>7,597,537</b>	<b>7,797,380</b>	<b>7,974,375</b>	<b>8,214,190</b>	<b>8,402,615</b>
Internal Expenditure	1,279,767	1,376,085	1,403,170	1,434,463	1,467,488	1,501,183	1,535,887	1,573,573	1,613,242	1,654,242	1,699,578
Staff Expenditure	0	0	0	0	0	0	0	0	0	0	0
Administration Expenditure	506,554	629,791	599,731	609,842	620,723	636,911	653,515	669,199	685,929	703,763	722,765
Financial Expenditure	162,479	128,881	122,905	110,266	91,662	74,111	69,495	58,758	50,513	46,703	70,782
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	1,221,273	2,066,250	2,111,708	2,158,165	2,205,645	2,256,375	2,308,271	2,363,670	2,422,761	2,485,753	2,552,869
Operational Expenditure	3,852,393	2,571,055	2,595,425	2,647,302	2,849,970	2,975,581	3,027,262	3,054,159	3,195,002	3,260,027	3,298,627
Depreciation Expenditure	9,838,926	9,582,491	9,793,306	10,008,759	10,228,951	10,464,217	10,704,894	10,961,812	11,235,857	11,527,989	11,839,245
<b>Total Expenditure</b>	<b>16,861,391</b>	<b>16,354,553</b>	<b>16,626,244</b>	<b>16,968,797</b>	<b>17,464,439</b>	<b>17,908,377</b>	<b>18,299,324</b>	<b>18,681,169</b>	<b>19,203,305</b>	<b>19,678,478</b>	<b>20,183,865</b>
<b>Operating Surplus / (Deficit)</b>	<b>(10,106,936)</b>	<b>(9,135,031)</b>	<b>(9,286,734)</b>	<b>(9,730,770)</b>	<b>(9,794,755)</b>	<b>(10,418,248)</b>	<b>(10,701,787)</b>	<b>(10,883,789)</b>	<b>(11,228,930)</b>	<b>(11,464,287)</b>	<b>(11,781,250)</b>
Capital Expenditure - to meet additional demand	40,000	0	0	0	0	0	0	0	0	0	0
Capital Expenditure - to improve the level of service	778,000	968,100	989,398	626,690	640,478	655,209	670,278	686,365	703,524	721,816	741,305
Capital Expenditure - to replace existing assets	6,384,263	7,348,500	7,019,096	7,216,340	8,091,901	7,787,154	7,974,078	8,191,195	8,366,075	8,592,014	9,876,034
<b>Capital Expenditure</b>	<b>7,202,263</b>	<b>8,316,600</b>	<b>8,008,494</b>	<b>7,843,030</b>	<b>8,732,378</b>	<b>8,442,362</b>	<b>8,644,357</b>	<b>8,877,560</b>	<b>9,069,599</b>	<b>9,313,830</b>	<b>10,617,338</b>
Proceeds from Asset Disposal	0	0	0	0	0	0	0	0	0	0	0
Debt movements	555,204	(91,736)	576,554	310,921	363,288	226,622	175,038	162,285	120,109	128,075	(847,266)
Reserve movements	15,000	(8,900)	191,100	191,100	191,100	191,100	191,100	258,749	486,428	725,971	978,536
Cash Back Depreciation	(9,838,926)	(9,582,491)	(9,793,306)	(10,008,759)	(10,228,951)	(10,464,217)	(10,704,894)	(10,961,812)	(11,235,857)	(11,527,989)	(11,839,245)
<b>Rates Required</b>	<b>8,040,477</b>	<b>7,768,504</b>	<b>8,269,576</b>	<b>8,067,063</b>	<b>8,852,570</b>	<b>8,814,116</b>	<b>9,007,387</b>	<b>9,220,571</b>	<b>9,669,209</b>	<b>10,104,174</b>	<b>10,690,614</b>

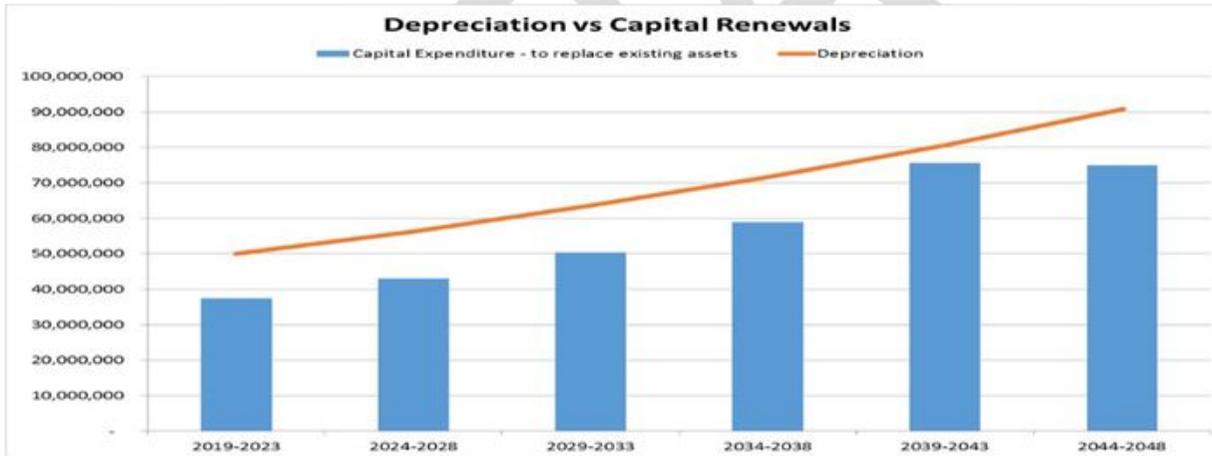
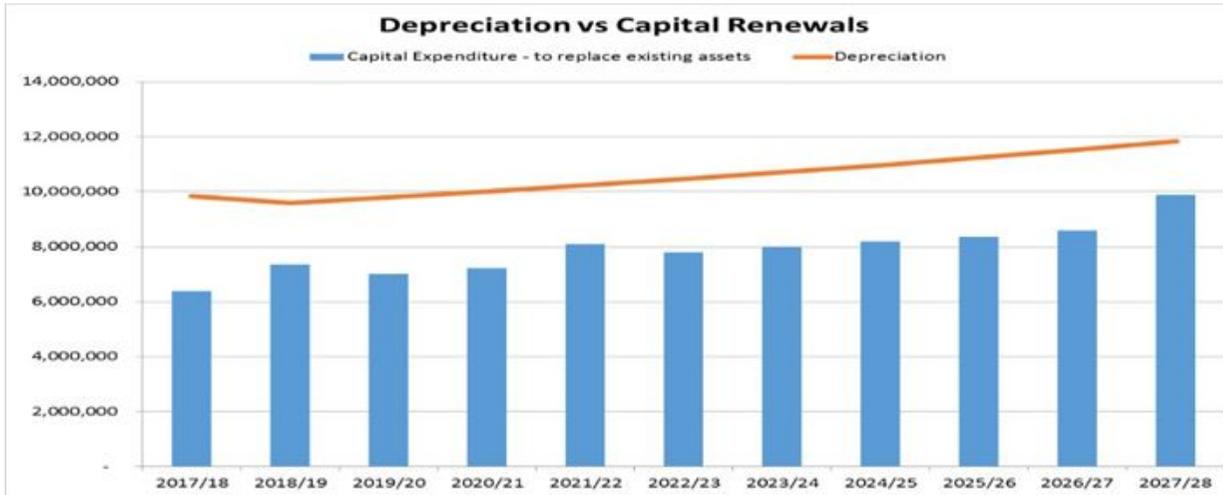
560000-2019 Works and Services Roading Services – Inflated Costings – 10 Years (includes NZTA funded works)

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	2019-2023	2024-2028	2029-2033	2034-2038	2039-2043	2044-2048
	LTP	LTP	LTP	LTP	LTP	LTP
Internal Revenue	417,526	503,544	569,107	640,757	721,429	812,256
Fees & Charges Revenue	5,988,951	6,964,366	7,871,262	8,862,254	9,978,011	11,234,241
Grants & Subsidies Revenue	28,777,912	30,466,320	36,029,847	41,072,277	51,779,322	51,945,754
Rates Revenue	0	0	0	0	0	0
Financial Revenue	1,772,483	2,051,867	2,319,069	2,611,040	2,939,769	3,309,886
<b>Total Revenue</b>	<b>36,956,872</b>	<b>39,986,098</b>	<b>46,789,285</b>	<b>53,186,327</b>	<b>65,418,530</b>	<b>67,302,138</b>
Internal Expenditure	7,182,389	8,076,522	8,921,175	10,044,349	11,308,930	12,732,725
Staff Expenditure	0	0	0	0	0	0
Administration Expenditure	3,096,998	3,435,171	3,882,497	4,371,303	4,921,650	5,541,285
Financial Expenditure	527,825	296,251	377,454	176,211	322,976	160,682
Grants & Subsidies Expenditure	0	0	0	0	0	0
Repairs & Maintenance Expenditure	10,798,142	12,133,324	14,098,254	15,873,223	17,871,660	19,572,303
Operational Expenditure	13,639,333	15,835,077	17,971,096	20,352,803	23,161,037	26,095,030
Depreciation Expenditure	50,077,724	56,269,796	63,597,219	71,604,103	80,619,053	90,768,984
<b>Total Expenditure</b>	<b>85,322,410</b>	<b>96,046,141</b>	<b>108,847,695</b>	<b>122,421,991</b>	<b>138,205,305</b>	<b>154,871,008</b>
<b>Operating Surplus / (Deficit)</b>	<b>(48,365,538)</b>	<b>(56,060,043)</b>	<b>(62,058,410)</b>	<b>(69,235,664)</b>	<b>(72,786,774)</b>	<b>(87,568,871)</b>
Capital Expenditure - to meet additional demand	0	0	0	0	0	0
Capital Expenditure - to improve the level of service	3,879,875	3,523,288	3,982,089	4,483,434	5,047,897	5,683,427
Capital Expenditure - to replace existing assets	37,462,990	42,999,396	50,356,484	58,921,228	75,613,948	75,001,555
<b>Capital Expenditure</b>	<b>41,342,865</b>	<b>46,522,684</b>	<b>54,338,573</b>	<b>63,404,662</b>	<b>80,661,845</b>	<b>80,684,982</b>
<b>Proceeds from Asset Disposal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Debt movements</b>	<b>1,385,649</b>	<b>(261,759)</b>	<b>677,256</b>	<b>(451,845)</b>	<b>581,512</b>	<b>(894,567)</b>
<b>Reserve movements</b>	<b>755,500</b>	<b>2,640,784</b>	<b>5,185,394</b>	<b>5,717,938</b>	<b>6,317,529</b>	<b>6,992,606</b>
<b>Cash Back Depreciation</b>	<b>(50,077,724)</b>	<b>(56,269,796)</b>	<b>(63,597,219)</b>	<b>(71,604,103)</b>	<b>(80,619,053)</b>	<b>(90,768,984)</b>
<b>Rates Required</b>	<b>41,771,828</b>	<b>48,691,956</b>	<b>58,662,414</b>	<b>66,302,316</b>	<b>79,728,608</b>	<b>83,582,908</b>

560000-2019 Works and Services Roading Services – Inflated Costings – 30 Years (includes NZTA Funded works)





**8.2.2 NZTA Assisted Programmes (includes Inflation)**

Business Unit 561000\_2019 - Roading Services - Land Transport Program

	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									
Internal Revenue	69,719	75,547	79,284	83,167	87,799	91,729	95,802	98,093	100,545	103,160	105,945
Fees & Charges Revenue	0	0	0	0	0	0	0	0	0	0	0
Grants & Subsidies Revenue	5,362,832	5,681,752	5,740,254	5,599,310	5,989,311	5,767,286	5,786,473	5,942,851	6,073,482	6,263,874	6,399,640
Rates Revenue	0	0	0	0	0	0	0	0	0	0	0
Financial Revenue	351,131	304,223	312,991	322,014	331,901	341,446	351,246	359,684	368,676	378,262	388,475
<b>Total Revenue</b>	<b>5,783,682</b>	<b>6,061,522</b>	<b>6,132,528</b>	<b>6,004,491</b>	<b>6,409,011</b>	<b>6,200,460</b>	<b>6,233,521</b>	<b>6,400,628</b>	<b>6,542,703</b>	<b>6,745,295</b>	<b>6,894,060</b>
Internal Expenditure	613,706	774,527	791,702	809,266	827,581	846,595	866,129	887,203	909,497	932,816	958,235
Staff Expenditure	0	0	0	0	0	0	0	0	0	0	0
Administration Expenditure	407,357	440,482	450,173	460,076	470,198	481,013	492,076	503,886	516,483	529,911	544,219
Financial Expenditure	34,513	22,426	14,788	7,610	2,486	291	0	0	0	0	0
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	956,517	1,783,000	1,822,226	1,862,315	1,903,286	1,947,061	1,991,844	2,039,648	2,090,639	2,144,996	2,202,911
Operational Expenditure	2,454,334	1,443,875	1,406,144	1,442,302	1,500,719	1,551,616	1,581,717	1,608,239	1,666,033	1,703,335	1,736,970
Depreciation Expenditure	7,541,210	7,447,775	7,611,626	7,779,082	7,950,222	8,133,077	8,320,137	8,519,821	8,732,816	8,959,870	9,201,786
<b>Total Expenditure</b>	<b>12,007,637</b>	<b>11,912,085</b>	<b>12,096,659</b>	<b>12,360,652</b>	<b>12,654,491</b>	<b>12,959,653</b>	<b>13,251,903</b>	<b>13,558,796</b>	<b>13,915,469</b>	<b>14,270,928</b>	<b>14,644,121</b>
<b>Operating Surplus / (Deficit)</b>	<b>(6,223,955)</b>	<b>(5,850,563)</b>	<b>(5,964,130)</b>	<b>(6,356,161)</b>	<b>(6,245,481)</b>	<b>(6,759,193)</b>	<b>(7,018,382)</b>	<b>(7,158,169)</b>	<b>(7,372,766)</b>	<b>(7,525,632)</b>	<b>(7,750,062)</b>
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	778,000	968,100	989,398	626,690	640,478	655,209	670,278	686,365	703,524	721,816	741,305
Capital Expenditure - to replace existing assets	4,680,500	5,104,000	5,369,588	5,712,283	6,638,550	6,321,671	6,467,069	6,656,597	6,787,836	6,964,320	7,152,356
<b>Capital Expenditure</b>	<b>5,458,500</b>	<b>6,072,100</b>	<b>6,358,986</b>	<b>6,338,973</b>	<b>7,279,028</b>	<b>6,976,879</b>	<b>7,137,348</b>	<b>7,342,962</b>	<b>7,491,360</b>	<b>7,686,135</b>	<b>7,893,661</b>
Proceeds from Asset Disposal	0	0	0	0	0	0	0	0	0	0	0
Debt movements	169,611	172,896	181,195	118,960	58,806	12,236	0	0	0	0	0
Reserve movements	0	0	0	0	0	0	0	0	0	0	0
Cash Back Depreciation	(7,541,210)	(7,447,775)	(7,611,626)	(7,779,082)	(7,950,222)	(8,133,077)	(8,320,137)	(8,519,821)	(8,732,816)	(8,959,870)	(9,201,786)
<b>Rates Required</b>	<b>4,310,856</b>	<b>4,647,784</b>	<b>4,892,685</b>	<b>5,035,012</b>	<b>5,633,093</b>	<b>5,615,231</b>	<b>5,835,593</b>	<b>5,981,310</b>	<b>6,131,310</b>	<b>6,251,898</b>	<b>6,441,937</b>

The above table is drawn from the Councils Accounting and Budgeting system.

The New Zealand Transport Agency requires Councils to prepare budgets for submission for the Regional Land Transport Programme (RLTP) which is funded from the National Land Transport Programme (NLTP). NZTA co invests with Council and at a Financial Assistance Rate (FAR). This rate currently is reducing from 58% to 51%.

The following table sets out the funding included in Council budgets (561000) but arranged in terms of the funding categories used by NZTA.

The data is presented in a different manner but has the same core inputs. The values shown include inflation (approximately 2.5% annually).

NZTA approve investment in an agreed programme on a three yearly cycle.

NZTA have a number of processed which are utilised to consider programmes which include frameworks such as their Investment Assessment Framework (IAF). These can be found on the NZTA website.

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Work Programme	Cat	Project Description	2018/19	2019/20	2020/21	Total 2018/218	Total 2015-18
<b>Transport Planning</b>	3	Transport and Activity Management	15,000	50,000	50,000	<b>115,000</b>	295,000
<b>Maintenance and Operations</b>	111	Sealed pavement maintenance	1,160,000	1,189,000	1,218,700	<b>3,567,700</b>	3,546,527
	112	Unsealed pavement maintenance	175,000	179,400	183,900	<b>538,300</b>	463,935
	113	Routine drainage maintenance	299,000	306,500	314,200	<b>919,700</b>	1,258,773
	114	Structures maintenance	70,000	71,800	73,500	<b>215,300</b>	115,067
	121	Environmental maintenance	260,000	266,500	273,200	<b>799,700</b>	528,420
	122	Traffic services maintenance	770,000	704,200	721,800	<b>2,196,000</b>	2,917,231
	123	Operational traffic management	112,000	114,800	117,700	<b>344,500</b>	311,800
	124	Cycle path maintenance	25,000	25,600	26,300	<b>76,900</b>	26,579
	131	Level crossing warning devices	28,000	28,700	38,900	<b>95,600</b>	92,095
	151	Network and asset management	591,400	621,600	631,900	<b>1,844,900</b>	1,372,839
		<b>Subtotal - Maintenance and operations</b>	<b>\$3,490,400</b>	<b>\$3,508,100</b>	<b>\$3,600,100</b>	<b>\$10,588,900</b>	<b>\$10,633,266</b>
<b>Renewal</b>	211	Unsealed road metalling	150,000	153,800	157,600	<b>461,400</b>	442,922
	212	Sealed road resurfacing	2,100,000	2,152,500	2,206,300	<b>6,458,800</b>	5,545,043
	213	Drainage renewals	929,000	1,106,000	1,328,000	<b>3,363,000</b>	3,974,042
	214	Sealed road pavement rehabilitation	1,300,000	1,332,500	1,365,800	<b>3,998,300</b>	3,308,765
	215	Structures component replacements	70,000	71,800	105,100	<b>246,900</b>	93,079
	222	Traffic services renewals	555,000	569,000	583,100	<b>1,707,100</b>	1,160,754
		<b>Subtotal-Renewal local roads</b>	<b>\$5,104,000</b>	<b>\$5,385,600</b>	<b>\$5,745,900</b>	<b>\$16,235,500</b>	<b>\$14,524,605</b>
<b>New improved infrastructure</b>	322	Construction					123,957
	324	11 Yr Streetlighting Renewal	368,100	368,100	0	<b>736,200</b>	1,104,303
	341	Low Cost Low Risk - Local Roads	1,599,000	615,000	630,400	<b>2,844,400</b>	1,260,700
		<b>Subtotal - New &amp; improved infrastructure</b>	<b>\$1,967,100</b>	<b>\$983,100</b>	<b>\$630,400</b>	<b>\$3,580,600</b>	<b>\$2,488,960</b>
		<b>Total budget:</b>	<b>\$9,401,200</b>	<b>\$9,746,100</b>	<b>\$9,947,600</b>	<b>\$29,085,200</b>	<b>\$27,941,831</b>
<b>Road Safety Promotions</b>	432	Shared ICC SDC GDC Service	350,000	358,750	367,700	<b>\$1,076,450</b>	<b>\$968,895</b>

### **8.2.3 Programme Implications**

This plan is subject to review by Council and NZTA and the programmes have “submitted” status.

Footpaths are expected to be funded at a level less than the depreciation and the service levels monitored. The level of service for footpaths (is the percentage in a very poor condition) with the current LOS being above this level and some opportunity for the condition to slowly change towards the target.

Currently approximately 80% of the value of depreciation is funded as renewals activities. Surfacing and pavement assets are being expected to have longer than predicted lives through the maintenance and renewal strategies and consequently the renewals demands will be less than the depreciation. Funding of the full depreciation (except footpaths) is planned as per the Financial Strategy.

### **8.3 Financial Policies**

Council must ensure that each years 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, i.e. a 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

Council will within the Financial Strategy define how Roothing is paid for and the following table is that from 2015-18 but is not likely to be changed significantly in developing the LTP.

Community Outcome	Period of Benefit	Who Benefits	Funding Sources and Proportion	Demand Generators
<b>Roading</b>				
<p>Invercargill's economy continues to grow and diversify.</p> <p>Healthy and active residents utilise space, include green space, throughout the City.</p> <p>Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.</p>	<b>Long</b>	<p><b>Public</b> Ability to travel effectively, efficiently and safely through the district.</p> <p><b>Private</b> Parking meters – ability to park.</p>	<p>Target / General rates 50-65%</p> <p>Fees / Charges 0-15%</p> <p>Other Sources inc NZTA 30-40%</p>	<p>Change in vehicle ownership and number of trips.</p> <p>Change in accessibility to property such as Industrial.</p>

## 8.5 Asset Valuation Forecasts

### 8.5.1 30-year Valuation and Depreciation Forecast

Roading infrastructure assets are classified as specialised operational assets according to the definition in PBE IPSAS 17 (Public Benefit Entity International Public Sector Accounting Standard 17 Property, Plant and Equipment). It states that optimised depreciated replacement cost is the most appropriate valuation methodology for infrastructure assets.

The valuation of infrastructure assets was carried out as at 30 June 2017 using the optimised depreciated replacement cost valuation method.

The RAMM Asset Valuation module is used in this valuation for all the roading assets. Depreciation on a straight line basis is provided on roading assets, except land, berms, shoulders and formation of roads to allocate their cost (less residual value) over their expected useful economic life.

The results of this valuation were independently audited by AECOM NZ Ltd.

The summaries of asset valuations are shown below (with the full report and ACEOM review in the Appendices).

Asset Group	Replacement Cost	Depreciated Replacement Cost	Annual Depreciation
Land urban	\$146,145,904.64	\$146,145,904.64	\$0.00
Land rural	\$13,826,320.14	\$13,826,320.14	\$0.00
<b>Total Land Under Roads</b>	<b>\$159,972,224.78</b>	<b>\$159,972,224.78</b>	<b>\$0.00</b>
Topsoil removal- urban	\$844,426.86	\$844,426.86	\$0.00
Topsoil removal- rural	\$551,569.14	\$551,569.14	\$0.00
Excavation for urban layers	\$11,492,158.89	\$11,492,158.89	\$0.00
Excavation for rural layers	\$6,780,385.04	\$6,780,385.04	\$0.00
<b>Total Road Formation</b>	<b>\$19,668,539.93</b>	<b>\$19,668,539.93</b>	<b>\$0.00</b>
Pavement layers-urban	\$84,359,820.37	\$29,037,151.88	\$1,041,448.97
Pavement layer - Rural roads	\$67,565,828.44	\$25,599,780.44	\$822,899.44
<b>Total Pavement layers</b>	<b>\$151,925,648.81</b>	<b>\$54,636,932.32</b>	<b>\$1,864,348.41</b>
Top Surface	\$50,268,000.64	\$18,760,616.89	\$2,754,822.71
Shoulders	\$4,651,852.70	\$536,205.90	\$101,599.95
Berms	\$9,476,384.00	\$9,476,384.00	\$0.00
<b>Total Roadway assets</b>	<b>\$64,396,237.34</b>	<b>\$28,773,206.79</b>	<b>\$2,856,422.66</b>
Sign	\$1,262,514.81	\$532,789.16	\$76,201.62
Sign Post	\$1,032,805.77	\$459,524.17	\$49,556.00
<b>Traffic Signs</b>	<b>\$2,295,320.58</b>	<b>\$992,313.33</b>	<b>\$125,757.61</b>
Street Lights and Lamps	\$5,162,943.73	\$2,022,271.68	\$261,990.92
Street Light Poles	\$8,859,459.16	\$5,394,015.18	\$176,937.73
Street Light Brackets	\$2,463,160.03	\$1,238,954.98	\$49,262.41
<b>Street Lights</b>	<b>\$16,485,562.92</b>	<b>\$8,655,241.84</b>	<b>\$488,191.07</b>
Bridges	\$60,838,292.03	\$45,820,617.95	\$608,382.92
Bus Shelters	\$563,702.34	\$353,635.13	\$14,092.56
Crossings	\$9,333,364.02	\$2,616,160.89	\$265,011.72
Drainage	\$22,540,940.07	\$8,845,992.92	\$280,007.31
Street features	\$1,681,288.33	\$673,825.20	\$64,636.08
Footpaths	\$52,801,778.69	\$19,547,805.45	\$1,626,389.46
Traffic Islands	\$828,947.79	\$661,924.87	\$27,631.59
Bridge Ramps(Tweed St)	\$1,195,700.58	\$705,463.34	\$11,957.01
Rubbish Bins	\$261,551.56	\$49,664.74	\$15,158.56
Surface water channels	\$77,343,652.46	\$30,481,386.04	\$985,332.88
Road Markings	\$58,126.07	\$9,271.65	\$5,872.78
Parking meters, marker posts	\$1,493,561.51	\$245,907.90	\$77,520.81

Asset Group	Replacement Cost	Depreciated Replacement Cost	Annual Depreciation
Traffic Signals	\$2,321,477.83	\$1,123,600.88	\$94,590.47
<b>Other Assets</b>	<b>\$231,262,383.26</b>	<b>\$111,135,256.98</b>	<b>\$4,076,584.14</b>
<b>Grand Total</b>	<b>\$646,005,917.63</b>	<b>\$383,833,715.98</b>	<b>\$9,411,303.89</b>

## 8.6 Confidence Levels in Programmes

The confidence levels utilised for financial information is as follows:

Confidence Grade	General Meaning
<b>A</b>	<p><b>Highly Reliable</b> Data based on sound records, procedures, investigations and analysis which is properly documented and recognised as the best method of assessment. Dataset is complete and estimated to be accurate <math>\pm 2\%</math>.</p>
<b>B</b>	<p><b>Reliable</b> Data based on sound records, procedures, investigations and analysis which is properly documented but has minor shortcomings' for example the data is old, some documentation is missing and reliance is place on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate <math>\pm 10\%</math>.</p>
<b>C</b>	<p><b>Uncertain</b> Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolation from a limited sample for which grade A &amp; B data is available. Dataset is substantially complete but up to 50% is extrapolated data and accurately estimated <math>\pm 30\%</math>.</p>
<b>D</b>	<p><b>Very Uncertain</b> Data is based on unconfirmed verbal reports and/or cursory inspection and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy <math>\pm 40\%</math>.</p>

### Confidence Grading System

The confidence levels and areas of uncertainty of major assets categories are shown below. Council has AECOM consider the data confidence within Council and their report is included in Appendix 1.11.

The overall Assessment is shown as follows (and includes other assets to demonstrate how the relativity).

Assessment Element	Buildings	Parks & Cemeteries	Roading	Three Waters
Completeness of records	B	B	A	A
Attribute details	A	B	A	A
Asset hierarchies	C	B	A	B
GIS representation	N/A	D	B	A
Condition information	B	C	A	C
Maintenance history	B	B	A	B
<b>Overall assessment</b>	<b>B</b>	<b>B</b>	<b>A</b>	<b>B</b>

The relative asset grouping within Rooding is also assessed as below:

Assets Type	Confidence Level				Potential effect of the uncertainty on the financial estimate
	A	B	C	D	
Pavements		√			10% as pavement strength data is estimated value for most of the roads which may be overestimated or under estimated.
Top Surface		√			5% as most of the top surface data has been updated with annual resealing programme.
Kerb and Channel		√			5% as most of the kerb and channel condition has been validated by field validation programme.
Footpaths		√			5% as most of the footpath data has been updated with renewal programme. Condition of the footpath is rated by condition rating survey.
Bridges		√			Reliable and limited uncertainty as regular bridge inspection, detail bridge inspection and regular maintenance activities provide reliable information of bridges.

The overall confidence level at asset component level is “B – Reliable”.

Confidence levels are high that data has good reliability and there are not likely to be significant financial uncertainties. It is expected that roading estimates will not be significantly (<10%) outside the works required.

Council undertakes a number of regular inspections and ratings of the asset groups to continue condition rating within RAMM such that programmes and valuations can be effective.

## **8.7 Reliability of Financial Forecasts**

### **8.7.1 Revenue Forecasts**

The revenue forecasts for the plan are based upon the financial assistance rate paid by the New Zealand Transport Agency. It has been advised that this rate will continue to decline over the term of the plan until it reaches 51%. During the next three years the FAR will drop by 4% and this has been attempted to be incorporated in to the budgets.

The investment from NZTA is a key area for income for Council and is of the order of \$ 5.5 Million annually.

### **8.7.2 Operational Forecasts**

The Operational costs are generally internal charges which Council has some degree of input into and are not seen as a significant risk area for Roading.

Most of the renewal works are funded from rates rather than loans and are not as impacted by interest rates on loans.

### **8.7.3 Maintenance and Renewal Forecasts**

The maintenance and renewal costs for the activity is the largest component financially area and have a 'B – Reliable' grade. These costs are well tested in the market (for contracts of previous scope and years) and or contracted where the rates are highly certain. Given the volume and extent of the work, there is opportunity to manage the activities within the allocations but with use of prioritisation and careful contract management.

The following also provides some input into the details from which the budgets have been developed, particularly for renewals.

Year 1 – 3	The scope and pricing of work is considered reliable.
Year 4 – 10	Increasing uncertainty around scope and detail of work – forecast estimates considered conservative but less reliable than years 1–3.
Year 11 – 30	Order costing based on estimated quantity of work, forecasts could change significantly with further investigation.

The rates are also escalated by factors well understood via the NZTA maintenance indices.

### **8.7.4 Development Forecasts**

Development forecasts are, related to the Low Cost Low Risk area based on conceptual ideas and consequently have Grade C reliability. This is because until the project has some detail and certainty created, the costs are estimated.

## 8.8 Summary of Programme Assumptions

The following key assumptions have been made in preparing the 30 year cash flow forecast:

- All expenditure is stated in dollar values as at 1 July 2017, with allowance made for inflation over 30 year planning period is noted where shown.
- It is expected that a stable and consistent contracting market will continue to operate with competition and effective contractors.
- Smart Buyer options for contracts will be used, focused on what is best for Invercargill in providing maintenance and projects.
- Contractors will want to work with Council with whatever model is selected and their behaviour is suitable for a constructive environment.
- Maintenance allocations have been tested against recent spends and compared to other peer groups using the ONRC reports. These have further been tested on staff knowledge of network demand from the assets and based on data which is available and is reliable.
- Some allowance for growth of assets from sub-divisional development (given the anticipated slight increase in population of the district) has been considered but historically this is not significant.
- Detailed evaluation of asset renewal requirements, (particularly longer expected lives than those of the valuations) has been undertaken using dTIMS particularly for pavement, kerbing, resurfacing and footpath management strategies.
- Assumptions have been made to the useful lives and remaining lives of the asset groups. These need to be reviewed constantly and the accuracy improved, based on more detailed assessments of asset deterioration, as knowledge of such improves.
- Detailed evaluation of asset renewal requirements is one of the bigger costs for infrastructure and needs ongoing development. Assumptions relating to lives are tested regularly and projects are only undertaken at the right time and reserves are established to ensure that the risk can be mitigated adequately to spread that risk over periods of sufficient length to allow the community to fund them.

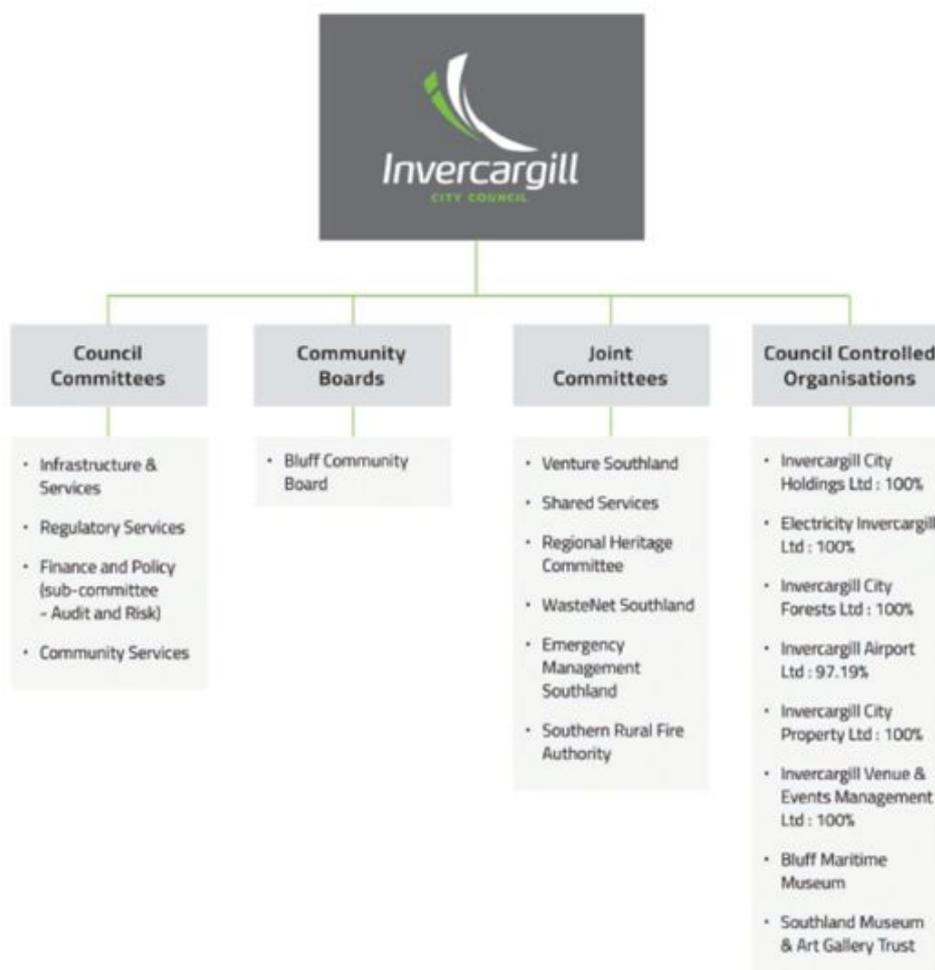
## 9. DELIVERING AND MONITORING THE PROGRAMME

### 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 semi-regularly 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 and reports to Council on behalf of the Bluff 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 number of methods to engage in consultation with members of the community.

Council has a number of ways where the community are engaged with information on projects or on bylaws and other regulatory functions and these include:

- Reports to Council Committee Meetings
- Attending Community Board Meetings
- Meeting with Councillors and Community Board chairpersons .
- Performance Monitoring in Council agendas via Opal 3
- Letters to residents effected by works
- Letters to residents requesting actions or information
- Face to Face meetings with residents
- Telephone conversations with resident
- Responding to Facebook questions
- Email or letters responding to RFS request through Council websites
- Meetings and presentations with Community Groups
- Advertisements on Councils Community Noticeboard ( in local paper)
- Messages on Council website
- Conversations with families and friends
- Attendance and participation at Regional transport Committee
- Attendance and participation at Technical Advisory Group of the RTC
- Forum and conference attendance
- Presentation to other professional groups

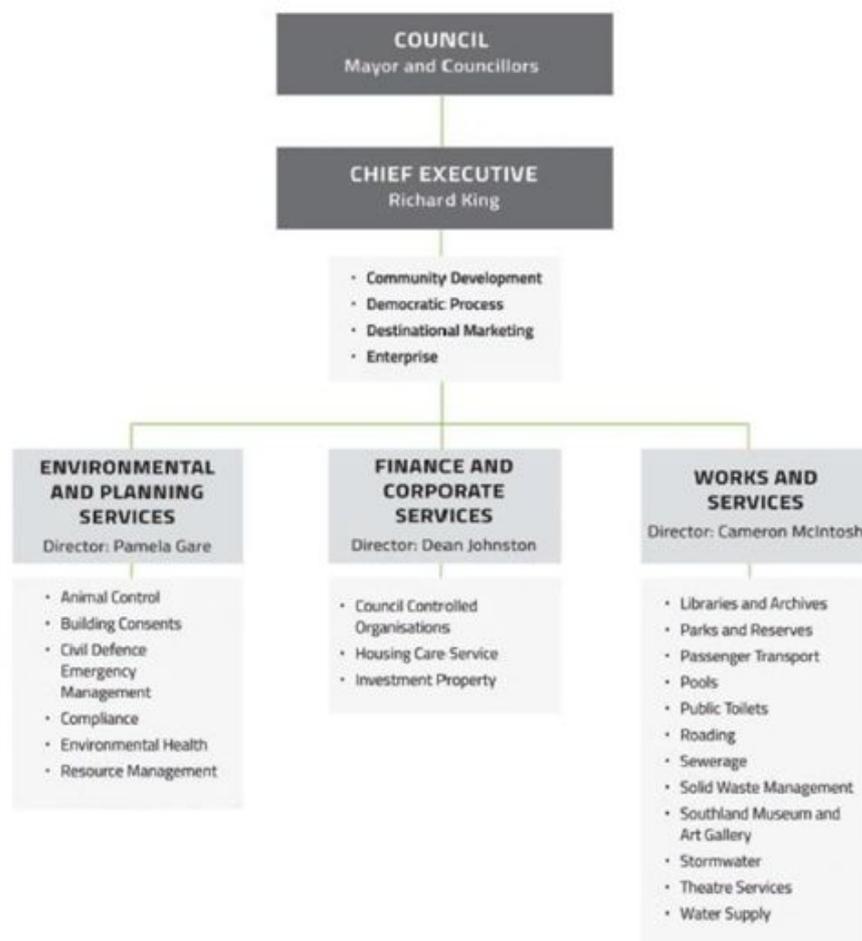
The formal communication of performance is delivered through six weekly committee reports and via the annual report.

Each project has its own specific needs to communicate and Council is continuing to develop ways to communicate better with our stakeholders and target audiences.

The Local Government Act 2002 states specific methods of consultation to be utilised by Council for certain processes and where these are required they are followed such as in road stopping or bylaw consultation.

### 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.

#### Roading Specific Processes

Most of the costs for roading come to charge via a contract claim prepared by the contractor. These claims are all now claimed using RAMM contractor a module of the RAMM software where both the contractor and the Principals agent can assess the claim items, based on the dispatches created through the contract. Currently most of the contracts have a strong element of measure and value and the costs are established by the contractor inputting the quantity of work. Some items are lump sum and the contractor claims a proportion for the work completed. For measure items, the Engineer check sufficient of the claims to have confidence the claim is appropriate and then they have a number of internal checks to validate claims.

The process is robust and is fully trackable and has audit facilities in the software.

Financial Summary Costs for Roading are prepared on a monthly basis which begins with an accrual of the contract costs and a set of financial statements from which NZTA claims are considered and made. This is followed by the actual costs following the 20<sup>th</sup> of the month business run.

This process has been established to control and understand costs at an early stage of a month rather than wait a further three weeks for the actual costs.

This approach also ensures that NZTA claims are timely and accurate. Accruals are possible as the majority of costs come via contractors claims and these are required to be lodged for claim via RAMM within three business days.

Within the accounting systems, costs are further managed by project codes to allocate costs such that a project by project accountability is established.

RAMM is a common platform between Council and Contractor and greater cost transparency is available.

Financial reports are provided six weekly to the Infrastructure and Services Committee and to Council. These accounts are at departmental levels with further detail being available upon request.

#### **9.4 Information Systems and Data**

##### **RAMM**

RAMM is a software product of RAMM Software Ltd and has been benchmarked as the national road asset management software system for over 25 years.

The RAMM inventory system provides data for pavement, footpaths, kerb and channel, bridges, street Lights, signs, crossings, features, traffic facilities and storm water drainage assets.

RAMM stores:

- Roads condition data collected from visual assessments of pavements, kerb and channel and footpaths.
- Roughness data from Roughness survey.
- SCRIM skid resistance data from SCRIM survey.
- Pavement strength, traffic volume and traffic composition data.
- GIS output and reporting.

ONRC classifications are stored in RAMM as the primary source.

##### **Asset Inventory**

RAMM comes standard with many asset types that can be prescribed for the network. Additionally user defined assets can be defined if the standard set is insufficient.

##### **Asset Valuation**

The City Council is required to decide how to fund the depreciation of their roading assets. To do this, the current replacement cost (RC) must be determined for those assets. RAMM Asset Valuation module can be used to calculate RC, DRC and annual depreciation.

### **RAMM Contractor**

RAMM Contractor is a module utilised by both Contractor and Council to manage the maintenance task on a common platform. Dispatches are uploaded from the RFS systems, with some being directly managed and received by the contractor. These are then assigned by priority to programmes, submitted for approach, work start and other process attached. completed and signed off and payment requested and approved within the module. Maintenance costs are linked to assets and transferred to RAMM inventory for use in other modules.

### **Treatment Selection Algorithm**

RAMM has a treatment selection function which analyses the absolute values of defects and distress data in a costing algorithm which takes into account the faults measured, carriageway roughness, traffic volumes and maintenance cost to determine overall costs of alternative treatments and an optimal programme of works.

### **RAMM GIS**

RAMM software system also provides a GIS module to visualise, question, analyse, interpret and understand RAMM data.

### **dTIMS**

dTIMS CT is a customizable framework application for asset management and is used for advanced asset pavement and resurfacing deterioration modelling and seamlessly combines data management and asset analysis into one centralized application.

A typical dTIMS CT analysis consists of two steps, Generating Strategies and Optimization. Generating Strategies constructs a list of strategies for each road element and Optimization chooses one strategy from the list for each element so that an objective function is achieved while not violating established constraints.

This analysis generates a list of feasible strategies and programmes for each infrastructure element in the database and predicts the future conditions of the elements.

### **Deficiency Database**

Council has a deficiency database which is utilised to prioritise safety works in the Low Cost Low Risk budget area (previously known as minor improvement budgets). Council also will during the plan, participate in revisiting the Safety Management System (SMS) across the region.

A key component of this process is the identification and recording of hazards and safety deficiencies in the network.

Hazards (e.g. possible flooding in severe storms) can only be managed when they occur and need to be distinguished from deficiencies (which can be improved or eliminated).

Once deficiencies have been identified, they can either be rectified as part of a maintenance contract or considered for improvement through a prioritisation process based on their safety risk.

### **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 symbolizing it in ways that can help visualize 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 software platform 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.

### **Infor Public Sector (IPS)**

IPS is used by Council to manage its piped network and building assets but not used by Roading.

### **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 & FBT obligations, bank reconciliations, as well of all other balance sheet reconciliations of the Council. Council uses TM1 Cognos for financial reporting.

### **Objective (called BURT)**

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.

## **9.5 Programme Performance Monitoring and Review**

### **9.5.1 Monitoring Approach**

During the six weekly cycles, Council monitor and report the levels of service for their activities and assets through a combination of software systems and data analysis.

The financial performance, key performance indicator's and levels of service are monitored and measured against those from the Long-Term Plan, as well as any measures that are provided from the relevant ministry which monitors the activity, such as the Department of Internal Affairs.

Opal 3 as outlined above is the software package used to manage these performance indicators.

As noted in Section 8, Roading utilises a monthly accrual and reporting process to have a much tighter financial control over expenditure and be able to see what costs are at an early stage. This allows for informed decisions to be made to ensure programmes are delivered to budget and the right decisions have information available to support them.

Two approaches to reports are delivered. They are available based on the NZTA Categories to align with the NZTA claiming process as well ensure only the correct expenditure is allocated to subsidised works. The second approach is aligned to corporate Council and its accounting approach. These processes have been tested by the procedural audits from NZTA and have had favourable reviews.

NZTA also requires quarterly completion of the Programme Monitor which records the current and anticipated expenditure by work category.

All Council systems are very focused on costs issues and some care is required for budgeting and claiming to ensure that the correct amounts are recovered and that where appropriate the maximum claims are made from NZTA.

The Road Efficiency Group has also developed tools to assist with better understanding performance information within RAMM and also how these compare against peer group councils. This Online tool highlights strengths and weakness at a high level whilst also being able to assist with focus areas for improvement for Councils.

Reports from ONRC are included within the Appendix 13.07 and Appendix 13.08.

### **9.5.2 Frequency of Review**

The performance measures are published yearly in the Annual Report with commentary from Managers as to the level of service against the estimated measure.

NZTA also requires a Programme monitor to be submitted on a quarterly basis which demonstrates and anticipates the forward work programmes. This assists NZTA with better financial management for NZTA to control cash flow.

## 10. Continuous Improvement

This section describes all the improvement items that Invercargill City Council aims to implement.

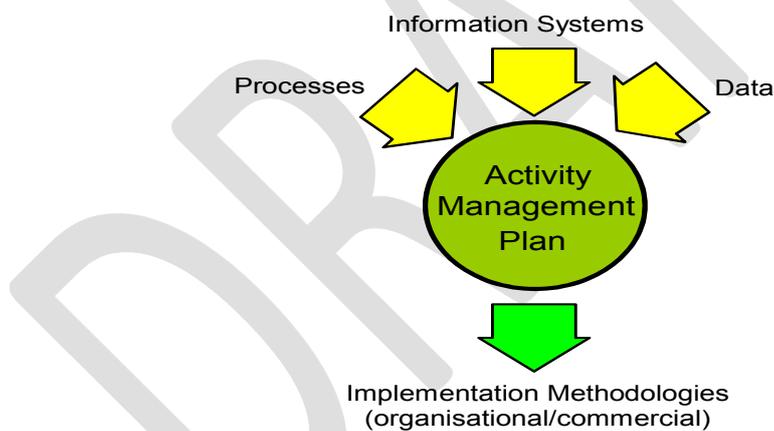
### 10.1 Current Activity Management Practice

The Rooding Activity Management Plan is a living document, which is integral to short and long-term asset management activities. Council has adopted a continuous improvement procedure to ensure that this Asset Management Plan remains useful and relevant.

Improving the management of Council's rooding assets is part of a continuous improvement strategy. This strategy acknowledges that there are always opportunities for the improvement and refinement of Asset Management practices.

The key Asset Management inputs required to support good Asset Management planning include Processes, Information systems and Data.

The relationship between the asset management plan, its supporting practices (processes, data and information systems) and implementation tactics (commercial tactics and organisational / people issues) is illustrated in Figure 10.1.



**Figure 10.1: Key Asset Management Inputs**

Process	Current Practice
Systems / Data Management	<ul style="list-style-type: none"> <li>Better information on most assets attributes, condition and performance data for pavements, foot paths and bridges.</li> <li>Updating RAMM for renewal and new works.</li> <li>Upload missing data and validate data by field validation and local knowledge</li> <li>Upload latest maintenance contract data to the RAMM through pocket RAMM technology</li> <li>Perform regular auditing of data uploaded by maintenance contractors</li> <li>Data collection for missing data through field inspections</li> <li>Remotely update RAMM data using pocket RAMM technology while the work being performed in the field.</li> </ul>
Valuation, Depreciation and Effective lives	<ul style="list-style-type: none"> <li>Current valuation process complies with Financial Reporting International Accounting Standard (PBEIPIAS 17) New Zealand equivalent to "Accounting for Property, Plant and Equipment".</li> </ul>
Asset Costing	<ul style="list-style-type: none"> <li>Use of RAMM Asset Valuation Module</li> <li>Life cycle costs are based on life cycle analysis based on the RAMM inventory data (e.g. condition rating data, roughness data).</li> </ul>
Asset Renewal and New Works Strategy	<ul style="list-style-type: none"> <li>Use current contract rate for asset replacement cost</li> <li>Two year pavement maintenance/renewal programmes prepared from Treatment Selection Algorithm of RAMM with field validation and dTIMS reporting</li> <li>Developed five year forward work programme using dTIMS modelling outputs</li> </ul>
Service Level Specification and Measurement, ONRC Customer Outcomes and Technical Outputs	<ul style="list-style-type: none"> <li>Customer surveys and complaints used to understand customer needs.</li> <li>Use current technology to assess performance of some assets                             <ul style="list-style-type: none"> <li>» NAASRA survey for roughness</li> <li>» SCRIM survey for skid resistance</li> <li>» High speed data survey for roughness, skid resistance, texture, geometry, rutting etc.</li> </ul> </li> <li>Use field surveys for ONRC Performance Measures</li> <li>Use contractors or Consultants for                             <ul style="list-style-type: none"> <li>» Road condition rating</li> <li>» Footpath condition rating</li> <li>» Bridge condition rating</li> </ul> </li> <li>Department of Internal Affairs maintaining performance measures</li> </ul>
Review, Audit and Continuous Improvement	<ul style="list-style-type: none"> <li>Annual financial audits.</li> <li>Implement improvement plans identified in current asset management plan</li> <li>Peer review of Activity Management Plans.</li> </ul>
Maintenance Renewals New works	<ul style="list-style-type: none"> <li>Competitively tendered service delivery contracts in place for major contract items. Aligned to procurement Strategy and Smart Buyer Principles</li> </ul>
Risk Plans	<ul style="list-style-type: none"> <li>Good project and contract management procedures in place.</li> <li>Development of deficiency database and communicate</li> <li>Lifelines Project to identify high level risk areas in the event of natural disaster.</li> </ul>

Figure 10.2: Current Asset Management Practices

10.2 Improvement Programme

The following programme has been prepared to assist with improvements to this Plan:

Process	Assets Type	Areas for Improvement	Priority	Cost	By/Who	2017	2018				2019				2020				
						4 <sup>th</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	
Knowledge of Assets / Data Management	Kerb and Channel	Perform further field validation to confirm condition data of K&C foand review RUL	B	\$10,000	Ext- ICC														
	Footpaths	Adjust footpaths shape to match field dimensions using RAMM GIS module.	B	0	ICC														
	Street features	Condition assessment of street features and update RAMM database, confirm RUL and RC	D	0	ICC														
	Traffic Counts	Develop and validate traffic counting model with HCV data.	A	0	ICC														
	Berms and Shoulders	Perform further field validation to confirm condition data of shoulders foand review RUL	D	0	ICC														
	RAMM	Develop RAMM data quality plan	A	\$5,000	ICC / Ext														
	RAMM - All type of Assets	Establish a process to review and adjust RULs (Remaining Useful Life) based on current condition	B	\$10,000	ICC / Ext														
	RAMM	Test process of linking condition to RUL	C	0	ICC														
	RAMM	Develop Drainage ( inc Culvert) renewal plan	C	2500	ICC Ext														
	RAMM	Implement formal audit procedures to quantify the accuracy of data entered by the contractor and test ONRC data reporting approach	C	\$10,000	Ext														
Valuation, Depreciation and Effective lives	ALL type of assets	Review remaining useful life of particular asset types, for example, the signs and drainage assets.	B	\$10,000	Ext														
		Review current unit costs and standard replacement costs for better RAMM valuation outputs.	B	0	ICC														
		Prepare valuations – yearly; revaluation 3 yearly	B	\$20,000	Ext														
Reseal, renewal and rehabilitation	dTIMS Modelling	Data preparation for dTIMS analysis such as Traffic data, strength data	A	0	ICC														
		Running dTIMS model and field validation	A	0	ICC														
		Prepare analysis report for peer review	B	\$10,000	Ext														
		Pavement renewal strategy developed through dTIMS modelling programme. And continue to develop dTIMS modelling to prepare 10 year forward work programme.	B	\$10,000	ICC / Ext														
Maintenance	RAMM	Improve maintenance process so maintenance information is up to date in RAMM	A	0	ICC														
	Bridges	Identify the key components of roading network that could place the performance of the network or part of the network at risk.	B	\$10,000	Ext														

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Process	Assets Type	Areas for Improvement	Priority	Cost	By Who	2017 4 <sup>th</sup>	2018				2019				2020			
							1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
Activity Plan	AMP	Update Activity Plan using outputs of this improvement programme.	B	\$30,000	Ext													
	AMP	Develop LOS Target for ONRC further	B	\$0	ICC													
	AMP	develop a Network Operating Plan with NZTA	C	\$0	ICC NZTA													
	AMP	Develop a Communication Plan particularly around Smoother Roads	B	\$5,000	ICC													
Contracts	All Corridor	Look to smart buyer principles for new contracts	B	\$85,000	ICC / Ext													
Customer Surveys	All	Develop surveys grouped to specific performance outcomes (e.g. car, cyclist HV, peds).	B	\$15,000	Ext													
Service Levels	All	Develop LOS linking Technical LOS to Customer LOS and Community Outcomes. Consult on targets LOS.	B	\$20,000	Ext													
Asset Information	All	Develop capture strategy for future plans. Look to ONRC Tools for data	B	\$10,000	ICC													
Financial	All Sections	Develop a model which tests the ongoing ability to fund renew als aligned to LTP	C	0	ICC													
	Footpaths	Review impacts of funding on condition	B	0	ICC													
Lifecycle Decisions	All	Create linkage between renewal, deferrals and maintenance.	C	0	ICC													
	Bridges and traffic Services	Develop and implement a condition grading system	C	\$5,000	ICC / Ext													
Safety	All Assets	Review Road Safety Action Plan and Safety Programme	A	\$20,000	ICC / Ext													
Safety	All Assets	Engage on Road Risk and develop outcomes ( including reviewing speed)	A	\$35,000	ICC / Ext													
Data Reliability	All	Review data reliability approach to attributes	C	0	ICC													

### 10.3 Improvements from 2014 Activity Management Plan

A review of the 2014 plan has been undertaken and is included in the Appendix 13.23.

Ongoing work on the asset data has occurred. Regular updates of information have been included where these are identified including aligning information on crossings and footpaths.

The BBC approach has transformed the old plan format and significant effort has been input into developing this approach.

Better communication has occurred with elected representatives on understanding depreciation and Financial Assistance Rate changes.

### 10.4 Monitoring and Review

Monitoring and review of the activity management plan is required to:

- Ensure compliance with the proposed improvement programme and milestones;
- Ensure compliance with adopted standards and procedures for condition and performance.

Council has considered and utilised the Asset Management Maturity Assessment Tool prepared by Treasury as a whole of business approach to monitoring and reviewing asset management. This assessment is attached in Appendix 13.29.

This approach to asset management will focus the development of asset management practice and what level of skill is needed to reach the desired levels in the Asset Strategy. This may require the Council to further invest in the development of people and processes.

This process needs to be aligned to the Asset Management Policy and Strategy to assist with the direction required.

It is envisaged that reviews will be undertaken on an annual and three year basis to improve quality of information and to update as necessary of changes which have occurred during the period.

To ensure the plan remains useful and relevant, the following ongoing process of activity management plan monitoring and activity review will be undertaken:

- Formal Adoption of the Plan by Council: This is a requirement by the Auditor-General for Councils adopting renewal accounting.
- Council will undertake a service level review after a public consultation process to ensure it has an understanding of both the current and future needs and expectations of customers.
- Revisions of the Activity Plans following consultation and adopting of the Long term Plan.
- Annually review and report on the progress of the plan and comments on the Improvement Plans.
- Quality Assurance Audits of asset management information to ensure the integrity and cost-effectiveness of data collected.

- Have annual internal audits undertaken to assess the effectiveness with which the roading asset management plan meets corporate objectives.
- Periodic audits undertaken by external auditors to measure asset management performance against “best practice”.

The **annual review** includes:

- Update of appropriate financial and valuation information when required.
- Update of funding implications and any asset condition generated from asset management information systems.
- Update of status of improvement programme.
- Set forward programmes for the Activity Plan development.
- Consider if customer service surveys are needed for information on assets.

The **three yearly reviews** include:

- Undertake a section 17A review of the delivery structure.
- Review of alignment of activity management plan to organisational management plan objectives, and required service levels.
- Review of structure and content of activity management plan to incorporate development of improved asset management philosophy and techniques.
- Update of valuation information.( proposed to be one year ahead of the AMP).
- Alignment of Plan with NLTP.
- Review of the Organisation Structure to align with advances in the better Business Case approach.

## 11. Glossary

<b>Term</b>	<b>Meaning</b>	
ONRC	One Network Road Classification	
FAR	Financial Assistance Rate	
NZTA	New Zealand Transport Agency	
TA or AO	Territorial Authority or Approved Organisation	
dTIMS	Deighton's Total Infrastructure Management System (Advanced Asset Modelling Software package)	
ESG	Councils Internal Consulting - Engineering Services Group	
RAMM	Road Asset Management and Maintenance Software	

## 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
1.04	Corporate	2013 Service Level Survey: Roading 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
13.01	Roading	Investment Logic Mapping Exercise
13.02	Roading	Stantec dTIMS Report
13.03	Roading	Network Classifications Maps
13.04	Roading	dTIMS Forward Work Report
13.05	Roading	ICC Programmes for 18-21 Roads and Footpaths
13.06	Roading	One Network Roading Classification Performance Measures
13.07	Roading	ONRC Summary Report
13.08	Roading	NZTA Maintenance Cost Comparison
13.09	Roading	ONRC Technical Performance Measures
13.10	Roading	Summary of Asset Lives from 2017 Valuation
13.11	Roading	ICC Asset Valuations Roading Infrastructure assets June 2017
13.12	Roading	AECOM review of 2017 Asset Valuations of Roading Infrastructure
13.13	Roading	ICC Financial Reports by Business Unit Department
13.14	Roading	2014 Customer Levels of Service
13.15	Roading	RKCL LGA 17A Review
13.16	Roading	NZTA Community At Risk Register 2017
13.17	Roading	Low Cost Low Risk Improvement Activity
13.18	Roading	Road Safety Promotions Activity
13.19	Roading	ICC Deficiency Database
13.20	Roading	Roading Risk Register
13.21	Roading	NZTA Communities at Risk Register Analysis
13.22	Roading	Department of Internal Affairs Roading Non Performance Measures Rules 2003
13.23	Roading	Review of 2014 Improvement Plan
13.24	Roading	Smart Buyer Assessment Guide
13.25	Roading	Bridge Schedule
13.26	Roading	Asset Maturity Table
13.27	Roading	Evaluation Prioritisation – Operations and Maintenance
13.28	Roading	2018-2021 Improvement Programme
13.29	Roading	Roading Asset Management Strategy
13.30	Roading	Roading Procurement Strategy

13.31	Roading	Asset Lives
13.32	Roading	Programme Case Summaries



# **AQUATIC SERVICES**

# **ACTIVITY MANAGEMENT PLAN 2017**





**Activity Management Plan**

Activity			
	Name	Signature	Date
<b>Prepared By</b>	Pete Thompson		29-09-2017
<b>Asset Manager</b>			
<b>Director Review</b>			
<b>Peer Review</b>			
<b>Council Adoption</b>			

<b>Changes to be Incorporated in Next Review</b>		
<b>Number</b>	<b>Date of Change</b>	<b>Reason for Change</b>
1	16/11/2017	Updated draft with new financial Information: P Thompson

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## Executive Summary

Invercargill City Council provides aquatic facilities at Southland Aquatic Centre for the health, well-being and enjoyment of the community, and also so that people can learn to swim and learn water safety. These facilities enable a range of water sports appropriate to the population to be practised and enjoyed, and also attract events to the city.

The Southland Aquatic Centre's trading name is Splash Palace. Opened in 1997, Splash Palace is one of New Zealand's premier aquatic sport and leisure centres with an average of 400,000 admissions recorded annually.

The provision of public swimming pools is seen as being important to the health and well-being of the Community. Furthermore Invercargill City Council provides public swimming pools because it is unlikely that any private organisation would be able to provide such facilities for Community access.

The situation in Invercargill is unique. Unlike other centres, all Invercargill schools (primary and secondary) use the Southland Aquatic Centre for the purpose of learning swimming and water safety; this is facilitated through Splash Palace Learn to Swim and is funded 100% by Invercargill City Council, the ILT Foundation and Invercargill Licensing Trust.

*The primary goal of the Pools Activity is to provide quality and affordable aquatic health and fitness, education, sport and leisure services for the Community.*

Given the popularity of Splash Palace, admission rates are now (2017/18) higher than at any other time, with no sign of this declining.

*At over 400,000 admissions per year the capacity is seeing significantly more patronage than was ever envisioned for the capacity available.*

Of particular note is the increase in older users and disabled users, and it is expected that demand from this demographic will continue into the future.

*Without intervention the ability to offer appropriate learn to swim, recreational and exercise aquatic space for our community will be compromised.*

Changing room space will be remedied with the construction of new, additional changing rooms in 2018 and a replacement slide will enable the existing slide to be replaced given it is now at the end of its operational life. In addition, a new swimming pool is proposed to alleviate the significant demand seen now and of that expected in the future.

# 1. Introduction

## 1.1 ABOUT THIS PLAN

The Aquatic Services Activity Management Plan (AMP) covers one of 23 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 Aquatic Services 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

Invercargill City Council provides aquatic facilities at Southland Aquatic Centre for the health, well-being and enjoyment of the community, and also so that people can learn to swim and learn water safety. These facilities enable a range of water sports appropriate to the population to be practised and enjoyed and also attract events to the city.

The Southland Aquatic Centre's trading name is Splash Palace. Opened in 1997, Splash Palace is one of New Zealand's premier aquatic sport and leisure centres with an average of 360,000 admissions recorded annually. The facilities offered at Splash Palace include:

- 50m main pool
- leisure pool
- swirl pool
- tots' pool
- learners' pool
- sauna
- cold plunge pool
- waterslide
- diving facilities
- meeting rooms
- café
- retail shop

## 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 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 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 for a safe, friendly city is provided for all members of the community.	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 provision of public swimming pools is seen as being important to the health and well-being of the Community.

Invercargill City Council provides public swimming pools because it is unlikely that any private organisation would be able to provide such facilities for Community access.

The situation in Invercargill is unique. Unlike other centres, all Invercargill schools (primary and secondary) use the Southland Aquatic Centre for the purpose of teaching swimming and water safety.

The primary goal of the Pools Activity is to provide quality and affordable aquatic health and fitness, education, sport and leisure services for the Community.

### 2.1.3 Activity Objectives

The principle objectives of the Aquatic Services Activity are:

- To deliver quality community Learn to Swim programmes.
- To maximise the use of aquatic facilities and opportunities.
- To provide a high level of satisfaction of services.
- To ensure that the pools are kept within the required water treatment standards.
- To ensure that the pools are managed within the New Zealand Poolsafe Quality Management Scheme.

The alignment of the Aquatic Services Activity and the Community Outcomes is demonstrated in the table below:

<b>Community Outcome</b>	<b>Council's Role</b>	<b>How the Activity Contributes</b>
<b>Enhance our City</b>	Healthy and active residents utilise green space throughout the city.	The pools activity provides a safe, fun environment where people can enjoy a diverse range of sport, recreation and leisure opportunities.
<b>Preserve its Character</b>	The building blocks for a safe, friendly city is provided for all members of the community.	The pools activity provides a range of learn-to-swim, fitness and other water based learning and recreation activities that cater for all members of the community.
	Strong, collaborative leadership of the city is demonstrated.	The pools activity works together with the Invercargill Licensing Trust and the ILT Foundation in providing free Learn to Swim programmes.
<b>Embrace Innovation and Change</b>	Visitors to Invercargill give positive feedback and have great experiences.	The pools activity provides the only 50 metre swimming pool in the Southland region.
	Invercargill has the 'wow factor' with the right facilities and events to enjoy.	The pools activity offers a high quality facility in which tournaments and championships are hosted.

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 Long-Term Plan**

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

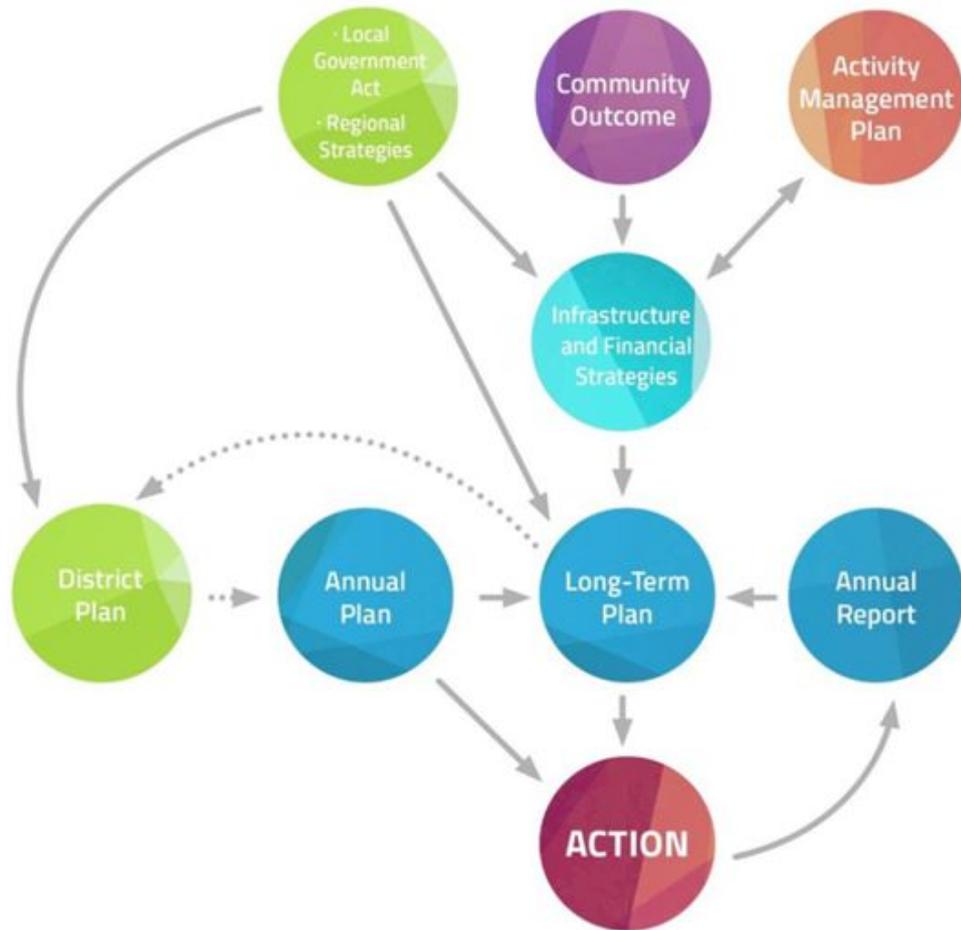
In 2014, an amendment to the Act inserted a statement that asset management planning should be a fundamental part of Council's prudent stewardship of community resources over the long term, a requirement to produce a 30 year infrastructure strategy for core assets. The Infrastructure Strategy is required to address:

- Identification of strategic issues and options.
- Outline how infrastructure assets will be managed.
- Indicative capital and operating expenditure forecasts.
- Significant CAPEX decisions – cost options for each.
- Assumptions on lifecycle, demand, levels of service.

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.



### 2.2.3 Activity Management Framework



The Asset Management System is the set of people, processes, tools and other resources involved in the delivery of asset management.

The Asset Management Policy (Appendix 2.01) outlines the principles, requirements and responsibilities for asset management.

The Asset Management Strategy (Appendix 2.02) sets the asset management objectives, practices and audit and review processes.

### 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 Council works in a financially prudent manner that promotes 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.

Specific issues and challenges related to the delivery of the Aquatic Services activity include:

Topic	Issue or Challenge
Level of Service	<b>Admission Numbers</b> Admission numbers are now so high that space for users is compromised. Existing measures inadequately demonstrate this.
	<b>Water Quality</b> Existing Level of Service measure is inadequate to allow for planned maintenance.
	Hydroslide is at the end of its operational life.
Demand	Increasing demand impacting already compromised space.
Asset	LINK Building Asset Plan.
Sustainability	Changes in demographic of users will continue to drive challenges around the delivery of Aquatic services.
Resilience	No documented contingency plans for Aquatic services.

These are further explored in Section 7.1 – Responding to the Issues and Challenges.

## 2.4 KEY ASSUMPTIONS

The Long-Term Plan Background and Assumptions 2018-28 document (Appendix 1.01) lists the key assumptions which have been assumed are as follows.

Assumption	Level of Uncertainty	Area of Impact and Potential Financial Impact
<b>Population</b> The population will increase to 56,300 by 2028.	<b>Moderate</b> – risk that actual numbers will vary.	Infrastructure and Housing. Significant increases in population may create a demand for infrastructure and services beyond existing capacity. Significant decrease in population would adversely impact on the community's ability to fund current levels of infrastructure and services.
<b>Household Growth</b> An average of 2.3 people per household in 2038, requiring 2,300 more homes from the 2013.	<b>Moderate</b> – risk that actual numbers will vary.	Infrastructure and Housing. Significant increases in the number of households may create a demand for infrastructure and services beyond existing capacity.
<b>Ageing Population</b> Those 65 years and older will make up approximately 22% of Invercargill's population by	<b>Low</b> – increasingly older population is reasonably certain.	Council Services and Recreation Assets. An increase in the number of those people 65 years and older will increase the number of ratepayers on

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
2023.		fixed incomes and may have an impact on the ability of the community to afford infrastructure and services.
<b>Resource Consents</b> Resource consents will be obtained with reasonable conditions and negligible impact on how Council provides its services.	<b>Moderate</b> – change is imminent but extent of which is unknown.	3 Waters Capital expenditure may be required if the conditions attached to resource consents require changes to how Council delivers its services.
<b>Tourism and Visitor Numbers</b> Tourism numbers will increase over the Long-Term Plan period.	<b>Low</b> – various city-wide endeavours to boost tourism.	Venture Southland, SMAG, Council Services and Recreation Assets. Significant increases in the number of tourists may create a demand for infrastructure and services beyond existing capacity. Significant decrease in the number of tourists would adversely impact on the commercial community's ability to fund current levels of infrastructure and services.
<b>New Zealand Transport Agency</b> That the NZTA Funding Assistance Rate will reduce by 1% each year until a low of 51%.	<b>Low</b> – NZTA have stated in plans that this will occur.	Roading. Lower than anticipated subsidies can result in service delivery costs needing to be met by other means or a decrease in the level of service.
<b>Commercial Property</b> The CBD will remain in the Esk Street area and will become more vibrant.	<b>Low</b> – 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.	Infrastructure, Housing and Roothing. 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.
<b>Inflation</b> Inflation will occur at the rates set by BERL as LGCI forecasts.	<b>Moderate</b> – inflation forecasts are not always accurate.	Cost change factors are based on information developed for Council's by Business and Economic Research Limited (BERL). Significant variations from these adjustments will be identified in future Annual Plans and Annual Reports.
<b>Local Economy</b> The local economy will grow and diversify.	<b>Moderate</b> – financial impact difficult to forecast.	Composition of local economy may diversify offering greater employment opportunities.



<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
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><b>Financial – Forecast on Return on Investments</b></p> <p>Return on cash investments is calculated on the borrowing rate less 2%. Dividends and subvention payments from Invercargill City Holdings Limited are assumed to be at 10% of the total rates requirement.</p>	<b>Medium</b>	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><b>Local Governance</b></p> <p>Amalgamation will not occur during the life of the Plan.</p>	<b>Low</b> – to continue shared services, although amalgamation is low risk.	Shared Services, Policy and Governance Boundary changes would require a review of the Long-term Plan with its associated community consultation.
<p><b>Legislation</b></p> <p>There will be changes to legislation that have an impact on what and how Council provides services.</p>	<b>Moderate</b> – difficult to know what central government will implement particularly if a change in government.	Services, Finances and Governance Significant legislative change can impose significant financial and service delivery costs on Council.
<p><b>Natural Disasters</b></p> <p>There will be no major catastrophes that impact on Invercargill or its economy.</p>	<b>High</b> – It is certain the Alpine Fault will rupture in the future but uncertain as to when and the impact.	Infrastructure, Services, Housing and Population A Civil Defence emergency in the District would impact financially on Council and the community. The financial risk to Council is reduced by maintaining insurance cover for emergency events.
<p><b>Climate Change</b></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>	<b>Moderate</b> – Long-Term trend of rising temperatures and more frequent intense weather events is reasonably certain, short to medium term impacts are less certain.	Water availability, coastal hazards (roading and infrastructure), services, air quality, agriculture, farming and biosecurity. The effect of Climate Change occurring more quickly than anticipated may require Council to review and change its current activities and levels of service. This could have a significant financial impact on the community.
<p><b>Technology</b></p>	<b>High</b> – certainty of diversification in	Employment, Local Economy and Services (delivery)

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

Additional specific assumptions which are considered in the thinking of this plan include:

<b>Assumption Area</b>	<b>LTP Assumption</b>
Ageing Population	Changing population and technology will require changes to the service and activity delivery.
Tourism and Visitor Numbers	Visitor numbers will require the use of ongoing assessment of the delivery of the activity to ensure the requirements for all visitor demographics are met.
Disabled Users	Increasing number of disabled users will require changes to the service and activity delivery.

As assumptions deal with matters of uncertainty and complexity, actual results will likely vary, but are based on the best information available. If actual future events differ from the assumptions, it will result in material variances to this Plan. The Long-Term Plan Background and Assumptions 2018-28 document (Appendix 1.01) identifies the risks that underlie those assumptions, the reason for that risk and an estimated potential impact if the assumption is not realised.

### 3. The Service We Provide

#### 3.1 CUSTOMER PROFILE

##### 3.1.1 Our Stakeholders and Community

Splash Palace has a wide range of customers from babies to adults who utilise the facility for learn to swim and water safety education, recreation and leisure, health and fitness and sport. These customers come to the facility as individuals, with sports clubs, disability groups and schools.

Other organisations include; Water Safety New Zealand, Swimming New Zealand, Royal Life Saving Society, Plunket, YMCA, Sport Southland, Southern Institute of Technology and others.

Stakeholder and Community	Area of Interest	Engagement
<b>Community Use</b>	Splash Palace is open for community use 103.5 hours per week. As at May 2017 there were 11,410 active card holders, an increase of over 13% for the same period in 2014.	<b>Liaise, survey and consult through plans</b>
<b>Learn to Swim</b>	Splash Palace Swim School offers private learn to swim lessons and has between 800 and 900 pupils ranging from babies to adults each term for learn to swim lessons. The swim school also offers intensive week long lessons each school holiday period.  Each year approximately 25 schools use the facility for learn to swim and water safety.	<b>Face-to-face, survey, consult</b>
<b>Aquatic Sport</b>	<ul style="list-style-type: none"> <li>Swim Southlands five Swimming Clubs use the facility weekly.</li> <li>Competitive swimmers train twice daily with professional coaches.</li> <li>An average of 12 competitive swimming events are held each year.</li> <li>Approximately 600 children attend Water Polo competition each week during the 1st and 4th school terms.</li> </ul>	<b>Face-to-face, survey, consult</b>

Stakeholder and Community	Area of Interest	Engagement
	<ul style="list-style-type: none"> <li>• Underwater Hockey is played weekly.</li> <li>• Canoe Polo is played weekly.</li> <li>• Synchronized swimming competitions and training.</li> <li>• Southern IKA, swimming for the disabled.</li> </ul>	
<b>Others</b>	<ul style="list-style-type: none"> <li>• Independent Personal Trainers.</li> <li>• Exercise Contractors.</li> <li>• Local and visiting sports teams.</li> <li>• Health organisations.</li> <li>• Various non aquatic sporting groups.</li> <li>• Corporate health and fitness groups.</li> </ul>	<b>Face-to-face, survey, consult</b>

### 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:

- 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.

### 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, 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.

The results of this survey are appended to this report; summarily 88% of all respondents believe the Pools are an 'Essential' service provided by Council (11% thought 'Not Essential' and 1% didn't know).

Anecdotal feedback is also collected from Pool users via one-on-one customer interactions, complaint/feedback forms and from the Aquatic Services Social Media (Splash Palace Facebook). Customer surveys are also conducted annually at the Pools.

### 3.1.4 Key Service Attributes Valued by Customers

Splash Palace customers see the following as the most important attributes in customer surveys; cleanliness of the facility, good quality pool water, availability of space and good customer service.

Stakeholder and Community	Key Service Attributes
<b>Community Use</b>	<ul style="list-style-type: none"> <li>• Clean Facility</li> <li>• Good Quality Pool Water</li> <li>• Space</li> <li>• Affordability</li> <li>• Customer Service</li> <li>• Disabled Access and Facilities</li> <li>• Café</li> </ul>
<b>Learn to Swim</b>	<ul style="list-style-type: none"> <li>• Clean Facility</li> <li>• Good Quality Pool Water</li> <li>• Space</li> <li>• Affordability</li> <li>• Customer Service</li> <li>• Disabled Access and Facilities</li> <li>• Qualified, professional instruction</li> </ul>

Stakeholder and Community	Key Service Attributes
<b>Aquatic Sport</b>	<ul style="list-style-type: none"> <li>• Clean Facility</li> <li>• Good Quality Pool Water</li> <li>• Space</li> <li>• Affordability</li> <li>• Customer Service</li> <li>• Disabled Access and Facilities</li> <li>• Competition Facilities</li> </ul>
<b>Others</b>	<ul style="list-style-type: none"> <li>• Clean Facility</li> <li>• Good Quality Pool Water</li> <li>• Space</li> <li>• Affordability</li> <li>• Customer Service</li> <li>• Disabled Access and Facilities</li> </ul>

### 3.2 SERVICE DRIVERS

#### 3.2.1 Community Expectations

As per 3.1.5 the Community expects that the Pools Activity will provide a clean, accessible and hygienic facility that has sufficient space and affordable admission charges. It also expects that staff are appropriately qualified and trained, and that the pool is operated to standards of best practice.

#### 3.2.2 Legislative Requirements

There are no legislative requirements for the provision of Aquatic Services.

#### 3.2.3 Industry Standards and Guidelines

- NZS 5826:2010 – stipulates water quality for public swimming pools.
- NZRA Poolsafe Quality Management Scheme – Splash Palace is audited and subsequently accredited yearly as a Poolsafe Facility.
- Swimming New Zealand Quality Swim School – Splash Palace is a certified (gold) Swimming New Zealand Quality Swim School.

### 3.3 LEVELS OF SERVICE

The Levels of Service provide a measure to evaluate the key performance attributes of the Aquatics service; against water quality, public use and customer experience (specifically that of the swim school). All the Levels of Service can be measured via data collected either through system-process (eg water test results, admission numbers via door counters and/or reception Point Of Sale systems) or through customer survey and subsequent statistical analysis (e.g. Swim School survey). These measures allow the activity to be monitored both as a snap shot of current levels of service and the ability to trend levels of service and operational changes over time.

How the Pool's Activity Contributes	Customer Level of Service	Measure of Service
The pools activity provides a safe, fun environment where people can enjoy a diverse range of sport, recreation and leisure opportunities.	Splash Palace pool water is safe for users.	Pools are run in compliance with NZS 5826:2010 (Pool Water Quality).
The pools activity provides a range of learn-to-swim, fitness and other water based learning and recreation activities that cater for all members of the community.	Splash Palace is affordable and well utilised.	Number of visits per head of (Invercargill City) population. Time when a minimum of public lanes are available for swimming. Time when there is no booking space available.
The pools activity works together with the Invercargill Licensing Trust and the ILT Foundation in providing free Learn to Swim programmes.	Splash Palace provides accessible, quality learning opportunities.	Percentage of Swim School Customers who rate their experience as good or very good when surveyed.
The pools activity provides the only 50 metre swimming pool in the Southland region.	Splash Palace is affordable and well utilised.	Number of visits per head of (Invercargill City) population.
The pools activity offers a high quality facility in which tournaments and championships are hosted.		

### 3.3.1 Current Customer Levels of Service, Performance Measures and Targets

Measure	2016/17 Target	2016/17 Result	2017/18 Target	2018/19 Target	2019/20 Target
Number of visits per head of (Invercargill City) population	At least 6	7.8	>6.5	>6.5	>6.5
Percentage of Swim School Customers who rate their experience as good or very good when surveyed	80%	92%	85%	85%	85%
Time when a minimum of Public lanes are available for swimming	(new measure)		90%	90%	90%
Time when there is no booking space available	(new measure)		<10%	<10%	<10%

**3.3.2 Technical Levels of Service, Performance Measures and Targets**

Measure	2016/17 Target	2016/17 Result	2017/18 Target	2018/19 Target	2019/20 Target
All Water Quality Standards are within normal limits <i>(to be replaced with new measure below)</i>	100%	100%			
Pools are run in compliance with NZS 5826:2010 (Pool Water Quality)	(new measure)	100%	100%	100%	100%

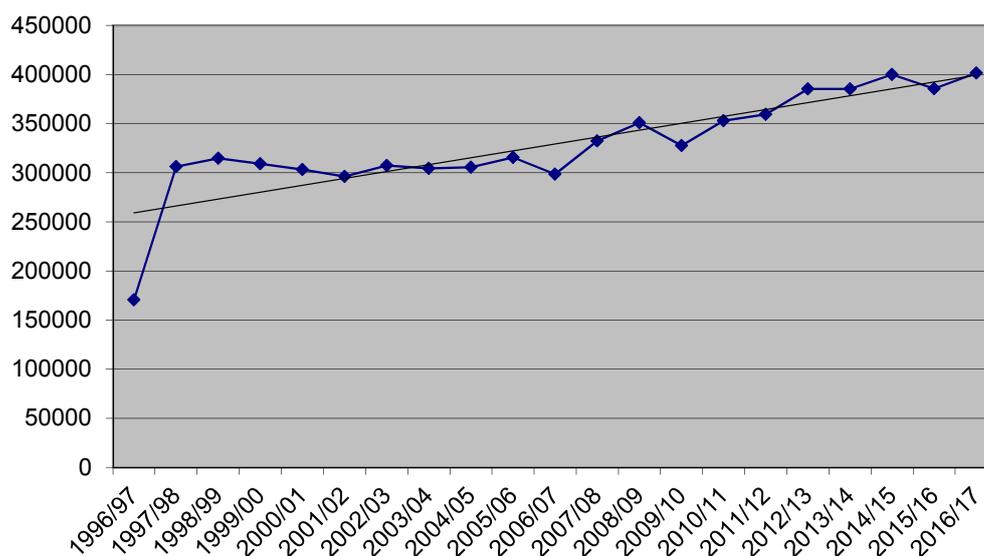
**3.4 LEVELS OF SERVICE ISSUES AND CHALLENGES**

**3.4.1 Current Levels of Service Gaps**

**3.4.1.1 Admission Numbers**

Since opening in 1996 admission rates into the facility have increased in an almost linear fashion until 2010/11 when a sharp increase in admission numbers was seen. The average annual admission number is as high as over 400,000 and it is expected with population growth that this will continue.

**Annual Admission Numbers**



The former Levels of Service target of six Splash Palace visits per head of population is no longer relevant given the higher admissions seen now versus when the measure was first put in place. An increase in the minimum number of admissions is now warranted.

This may better reflect the resource demand on the facility and improve quantitative data collected however the practical Service Level issue; increasing demand, and reduction in pool space is a fundamental area of concern and is addressed through both asset and non-asset related solutions outlined in sections below.

### **3.4.1.2 Water Quality**

Measure: All water quality standards are within normal limits.

This measure is somewhat subjective as it does not specify what the normal limits are, or where they should be referenced, thus this measure is somewhat irrelevant.

The Pool is run under compliance with NZS 5826:2010 (Pool water quality) so a better measure for the Level of Service would be to ensure compliance with this standard 100% of the time. This would allow the pool to be non-operational due to contamination/chemical issues but still be compliant with NZS 5826:2010 provided prescribed processes (e.g. temporary closure) for such events were undertaken.

### **3.4.2 Possible Responses to Gaps**

#### **3.4.2.1 Admission Numbers**

The increase in admissions is a synonym for increased demand on pool space. Over recent years anecdotal evidence has shown that at times, there simply is not enough pool space for the number of pool users.

This is a gap in the Level of Service for Aquatic Services that requires quantifying to allow informed decisions to be made about possible future solutions.

A Level of Service measuring the availability of Public lane space and the availability of booking space is required.

As described in section 3.4.1.1, to provide a more meaningful measure the minimum visits per head of population has also been raised from 6 to 6.5.

#### **3.4.2.2 Pool Space**

Reflecting on 3.4.2.1, a project to build an additional pool in 2020/21 is proposed. An additional 25 x 25 m pool would provide 10 lanes, 25 m long. This would relieve the current demand/supply issue experienced at Splash Palace during busy times, and would also provide FINA approved 25 m competition swimming with spectator seating for National competitions.

Past and current designs have meant that there is future space to expand the facility to allow for the addition of another pool; it is expected that with a new pool several problems would be solved:

1. Provide a more consistent availability of public space for lane swimming, Aqua Jogging etc.
2. Provide a competition pool to allow for national Water Polo, Swimming, Canoe Polo events. Additionally more competition space could be provided for Synchronised swimming and Underwater hockey given

demand could be taken off the existing 50 m pool for lane swimming and moved to the new pool.

3. Provides a 'redundancy' should the main 50 m pool need to close for whatever reason.
4. Modern disabled accessibility options could be built into a new pool.

A new pool would be appropriately positioned to make use of the existing facility's ancillary activities (e.g. Café and Change Rooms) as well as keeping all staff in the same location.

### 3.4.2.3 Water Quality

A level of service that measures compliance with NZS 5826:2010 maintains the safe water quality requirements for users and allows for closures due to water quality issues (chemical, faecal contamination or other) but excludes planned or unplanned maintenance issues.

### 3.4.3 Summary

New/Modified Measure	2017/18 Target
Pools are run in compliance with NZS 5826:2010 (Pool Water Quality)	(new measure)
Number of visits per head of (Invercargill City) population	6.5
Time when a minimum of Public lanes are available for swimming	2018 target: 90% of time
Time when there is no booking space available	2018 Target: <10% of time

## 4. Demand for Our Services

### 4.1 DEMAND FORECAST

#### 4.1.1 Factors Influencing Demand

The 2015/16 New Zealand Health Survey found that over one in three adults were overweight (35.2%) and over one in four were obese (31.6%).

One in six adults (16.6%) were currently taking medication for high blood pressure and one in 20 adults (5.8%) had doctor-diagnosed diabetes. These figures are all higher than in previous years and they are expected to continue to increase.

Obesity is a risk factor for many chronic diseases including type 2 diabetes, heart disease, hypertension, stroke and some cancers. Obesity and inactivity are major risk factors for causes of death in New Zealand.

Figure 1 (below) illustrates the changes in use of Splash Palace over the past five years; with the continuing increase in population age and paralleled increases in obesity and related diseases it is expected that this growth trend will continue for the next three year period and beyond.

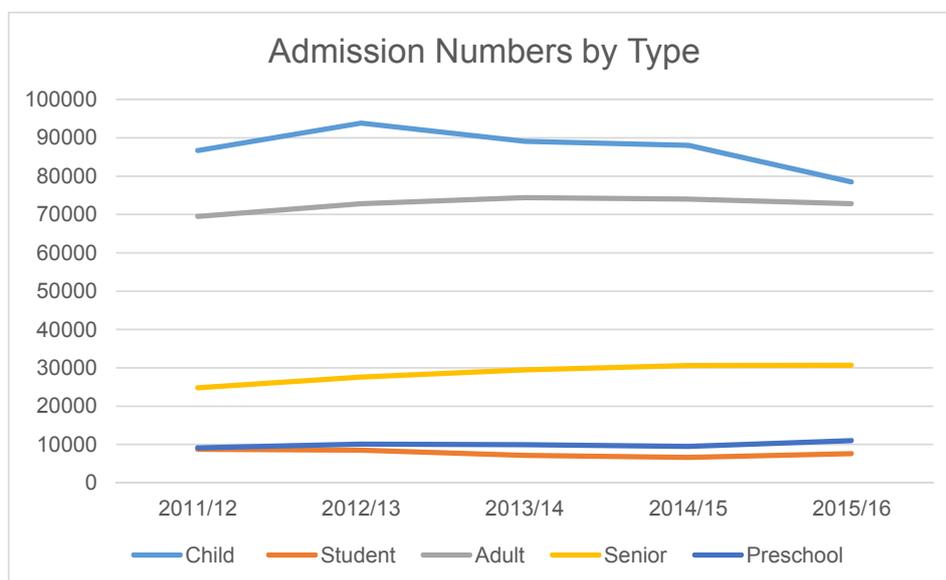


Figure 1 – Splash Palace Annual Admission Numbers by Type

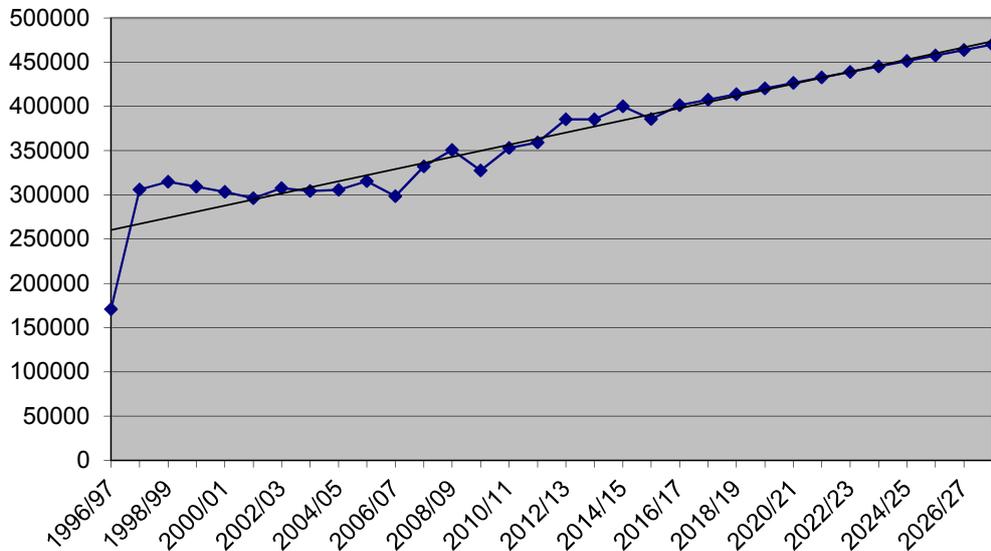
#### 4.1.2 Projected Growth or Decline in Demand for the Service

Demand on this activity is largely influenced by population changes, changes in demographics and societal trends.

Statistics New Zealand predict that Invercargill's population will increase to 55,500 by 2028, an increase of approximately 9.4% over the 2017 number (source: Statistics New Zealand).

The Level of Service for admissions into the facility is current measured on a baseline of a minimum of 6.5 visits per head of population; however admission numbers since 2013/14 have on average been approximately 7.75 visits per head of population for an average of 390,000 annual admissions.

**Annual Admission Numbers forecast 2018-2028**



Transposing this to the expected population in 2028 it is likely that annual admissions as high as 430,000 could be expected; an additional demand of more than 100 admissions per day. Additionally, if demand keeps up with population rise admissions of up to 470,000 could be seen by 2028.

Changing demographics will also influence demand on the facility; an aging population will require different or modified services in order to meet their requirements, however core provisions of the activity; that is, space for recreational aquatic activities and learn to swim must still be preserved.

Over the past five years, several trends have been seen that align with Statistical Population Age distribution models; a decline in the number of child admissions, a stagnation of adult admissions and a growing increase in Senior (60+) admissions (see Figure 1 above).

**4.2 CHANGES IN SERVICE EXPECTATIONS**

Community Outcomes are central to the activities of the Aquatic Services. As shown in section 3.3 the activity contributes to the outcomes in a number of different ways. These outcomes then dictate to some extent the Levels of Service.

An increase in admissions of seniors and disabled persons (as per section 4.1.2) will drive a subsequent change in focus on some of the Levels of Service. Given the current trend of senior users, programming of space for recreation and leisure; aqua jogging and shallow water space as well as space for social gatherings (i.e. in the café) will need to be considered.

Additionally, consideration must be given to the relationship between increased admissions, pool space and levels of service; specifically that as admissions increase, pool space decreases, there is a subsequent reduction in the level of service.

#### 4.3 EXPECTED IMPLICATIONS FOR THE ACTIVITY

It is expected that without intervention, Levels of Service will decrease as admission numbers increase.

Splash Palace will also need to continue to provide new and exciting recreation concepts and equipment every year to ensure best possible recreational use of the facilities by children and teenagers. General recreation equipment such as inflatable obstacle courses and other recreational equipment is included in the annual budgets.

There is also an expected increase on fitness related aquatic activities like aqua jogging and aqua fitness classes. Additionally, with expected increasing admission numbers additional pool space (see section 4.4.1) will need to be provided.

#### 4.4 FUTURE DEMAND ISSUES AND CHALLENGES

When the ratio of senior to adult admissions becomes significant, there will be an effect on the financial sustainability of the facility given the reduced admission cost for senior versus adult.

The availability of space and tension between different user groups (i.e. individual swimmers, aqua joggers versus aquatic team sports, older patrons versus young children etc) is a current and ongoing issue.

With expected admission numbers likely to increase this will be a primary concern in the next 3+ years. A proposal to build additional pool space (beginning 2021) will contribute significantly to sustaining an appropriate level of service for all users.

##### 4.4.1 Possible Demand-Related Responses

The issue most likely to affect Levels of Service is increased admission numbers. A number of responses, including non-asset related responses could be implemented to mitigate this, however a tension exists between the intended outcome of such responses and the likely negative effect on the community as a whole.

Response	Pro (Outcome)	Contra (Outcome)
Increase admission costs	Reduce demand (no increase in space)	Shift affordability further to the wealthier demographic
Increase opening hours	Reduce demand at peak times (no increase in space)	Demand times would remain the same (due to competing time demands on customer)
Build additional pool space with ramp and stair access	More space and better accessibility	Capital Cost to build, Operational cost to operate

Feedback from the Community and Regulatory Services 2014 Resident Survey identified that *“All participants agreed that more pool space was needed...”* (Research First, 2014, pg. 94) and *“The addition of a ramp and rail... ..would help disabled users feel more independent.”* (Research First, 2014, pg. 96)

To cope with demand issues and to help address access issues for physical impaired users in the facility a project to build an additional pool in 2020/21 is proposed. An additional 25 x 25 m pool would provide an additional 10 lanes, 25 m long and would include a wheelchair ramp and stairs. It would also provide FINA approved 25 m competition area with spectator seating for national competitions.

Past and current designs have meant that there is future space to expand the facility to allow for the addition of another pool; it is expected that with a new pool several problems would be solved:

- Provide a more consistent availability of public space for lane swimming, aqua jogging etc.
- Provide a competition pool to allow for national water polo, swimming, canoe and polo events. Additionally more competition space could be provided for synchronised swimming and underwater hockey given demand could be taken off the existing 50 m pool for lane swimming and moved to the new pool.
- Provides a ‘redundancy’ should the main 50 m pool need to close for whatever reason.
- Modern disabled accessibility options would be built into a new pool (permanent ramp and stairs).

A new pool would be appropriately positioned to make use of the existing facility’s ancillary activities (e.g. café and change rooms) as well as keeping all staff in the same location.

#### **4.4.2 Possible Non-Asset Solutions**

- Increase the user charge for all admissions is not preferable as it would simply make the pools less affordable for the whole community.
- Increase opening and closing hours is not preferable due to the likelihood that demand times would stay the same.

#### **4.4.3 Managing Expectations**

Provided the population increase assumptions are correct, there is likely to be increased admission numbers of all users and an increased expectation (in the next 15-20 years) in the levels of service regarding the provision of services for seniors and disabled persons.

Rather than a shift in expectations it is more likely to relate specifically to things like space availability, access for the disabled and possibly recreational/leisure activities specific to both.

This will likely see pressure to supply a higher level of service for this age group such as; more private changing facilities, safer environment, increased

organised programmes and possible conflict with younger age group recreation and leisure programmes.

It is expected that more people in the 40 to 65 age group will take part in health and fitness programmes and expect a higher level of professional delivery of health programmes.

It is not expected that demand for facilities will greatly change for the 25 to 40 age group, however there is anecdotal evidence that those in this age group are becoming more aware of the importance of healthy lifestyles and are subsequently seeking low-impact exercise (like swimming/aqua jogging).

It is not expected that there will be a major change in the 15 to 25 age group.

The impact on the pools in the reduction of the 0 to 15 aged population will have long term effects such as; lower numbers attending learn to swim programmes, school groups, sporting clubs and recreation and leisure activities. However this has not yet had an impact or been observed.

There is expected to be an increase in use of Splash Palace by people over the age of 40 and people with disabilities, and it is expected that extra water space, especially lane space, will be needed. This is also likely to be compounded by demand from aquatic support users (rehab etc) and other sporting codes, the increasing use by adults for health and well-being and the increasing incidents of obesity in the community driving people to seek low-impact recreation.

## 5. Asset Profile

### 5.1 ASSET OVERVIEW

### 5.2 ASSET DESCRIPTION

The assets required to deliver the pools services are owned and maintained by the Building Assets team of the Works and Services Directorate of the Invercargill City Council. The assets team are responsible for the buildings and plant maintenance. Contractors are engaged to carry out electrical, mechanical and speciality maintenance work at the pools.

An Asset Management Plan has been prepared for Building Assets. Please refer to the Building Asset Management Plan 2018 for details on the Pool Activity's assets.

### 5.3 CRITICAL ASSETS

Please refer to the Building Asset Management Plan 2018 for details on the Pool Activity's assets.

#### 5.3.1 Asset Criticality Criteria

Please refer to the Building Asset Management Plan 2018 for details on the Pool Activity's assets.

#### 5.3.2 Identification of Critical Assets

### 5.4 ASSET CONDITION

Please refer to the Building Asset Management Plan 2018 for details on the Pool Activity's assets.

#### 5.4.1 Summary of Current Asset Condition

Please refer to the Building Asset Management Plan 2018 for details on the Pool Activity's assets.

#### 5.4.2 Condition Monitoring

### 5.5 ASSET CAPACITY AND PERFORMANCE

#### 5.5.1 Capacity and Utilisation

Please refer to the Building Asset Management Plan 2018 for details on the Pool Activity's assets.

#### 5.5.2 Performance

Please refer to the Building Asset Management Plan 2018 for details on the Pool Activity's assets.

**5.6 SUMMARY OF ASSET TRENDS, ISSUES AND CHALLENGES**

Please refer to the Building Asset Management Plan 2018 for details on the Pool Activity's assets.

## 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 approach. For the Aquatic Services activity sustainability can be defined as:

*Operations that meet the present needs without compromising on the ability to meet future needs.*

#### 6.1.1 Social and Cultural

The aquatic services provides our community with a place to interact in an aquatic environment in a safe and controlled way. It is also recognised that Splash Palace provides one of only a few places in our region that can be fully utilised for sport, recreation or leisure regardless of weather.

Similarly the low-impact nature of aquatic activities means that the aquatic service, in many instances, provides the only form of physical activity for a significant proportion of our community. This provides a conduit for social interaction that may otherwise be diminished. An association with water underpins much of New Zealand's colloquial identity and the aquatic service provides for the continued cultural importance of our communities interaction with water.

#### 6.1.2 Environmental

Splash Palace seeks to reduce energy consumption and identify alternative sustainable practices in its operation.

The facility is heated via a wood chip boiler (Main Pools and Main Pool hall air) and heat pump (Learners Pool and Learners Pool air). Additionally, over the course of the capital renewal programme for lighting the facility, LED alternatives have been installed in preference over the former sodium and halogen lights.

As new technologies come viable these are investigated and where rational alternatives are discovered these are implemented into the facility.

#### 6.1.3 Economic and Financial

Splash Palace is funded both via rates and through user charges. The ongoing operational expenditure of the facility typically also includes expenditure for servicing loans used to fund capital i.e. new assets or the renewal of existing assets. Planning for economic and financial sustainability means that these costs must be balanced against the benefits that they will offer whilst ensuring the continued affordability of the activity for ratepayers.

#### 6.1.4 Summary of Sustainability Challenges and Issues

Changes in the demographic (social, cultural, economic, age) of Splash Palace users will continue to drive challenges around the delivery of the activity. Specifically the changing balance between the ability for Splash Palace to provide a service, the numbers wishing to use the service and the ability for

users to pay for it will mean that the activity will require an ongoing review of its activity periodically; the annual review and three yearly LTP review provides the opportunity to do this.

## **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

Strategic Outcome	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)	Recommended Actions				Current Practice	
	Serious harm incident to a member of the public.	Slip, fall, drowning, accident.	5	4	2	1	3	2	2.85	E	L	Poolsafe accreditation retained.	Continue current practice.	
	Serious harm incident to a staff member.	Slip, fall, accidental drowning, armed hold-up.	3	1	2	1	1	2	1.8	E	L	Poolsafe accreditation retained.	Continue current practice.	
	Staff exposure to chemicals.	Accident when handling pool chemicals.	5	1	1	1	3	4	2.6	L	L	Staff training on exposure to chemicals and their safe handling.	Continue current practice.	

### 6.2.3 Critical Assets Decision-Making

Critical assets are “those which have a high consequence of failure, but not necessarily a high probability of failure”. This is important as it draws attention to those assets which are the most important, irrespective of the likelihood of failure of the asset. Critical assets typically require more proactive management to minimise or eliminate this risk.

The likelihood of failure of an asset is often difficult to assess, however condition and age are parameters that provide an indication. The worse the condition of the asset, the more likely it is to fail.

Assets which are both extremely critical and more likely to fail should have higher priority and be replaced or rehabilitated earlier in their lifecycle than others, and at lower levels “run to failure” may be perfectly acceptable.

### 6.2.4 Summary of Key Risk Issues

In general terms, the highest risk to the Aquatic Services is injury or drowning of a member of public or staff member. This is mitigated through PoolSafe Accreditation and the ongoing training and testing of staff.

### 6.2.5 Possible Approaches to Risk Mitigation

- All lifeguards hold a current lifeguard award, a current first aid certificate and are trained in emergency management. All other staff hold a current first aid certificate and are trained in emergency management.
- Splash Palace continues to be a certified ‘PoolSafe’ facility. The PoolSafe scheme is supported by ACC and is an independent assessment of public pools to ensure that their operations and facilities are safe. The PoolSafe assessment criteria includes supervision standards, lifeguarding qualifications and training, health and safety and compliance with NZS 5826:2010 water quality standards

## 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**

All electronic data records utilise Council's document management system which provides storage and redundancy for records. Splash Palace itself currently does not have a Business Continuity plan as this is seen as a lower priority during or directly after a disaster.

### **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**

This delivery of the Aquatic Service has a lower priority for disaster recovery and resilience against other Council assets and activities. As such, a specific Business Continuity and Resilience plan is not in place for this activity.

## 7. Managing Our Activities

### 7.1 RESPONDING TO THE ISSUES AND CHALLENGES

TOPIC	Issue or Challenge	Potential Responses
Level of Service	Admission Numbers. Admission numbers are now so high that space for users is compromised. Existing measures inadequately demonstrate this	<ul style="list-style-type: none"> <li>• Change Level of Service measure to “Minimum of 7 visits per head of population per annum”</li> <li>• Add “Time when a minimum of four Public lanes are available for Swimming: +90%”</li> <li>• Add “Time when no booking space is available: &lt;10%”</li> </ul>
	Water Quality. Existing LoS measure is inadequate to allow for planned maintenance	<ul style="list-style-type: none"> <li>• Change level of service measure to “Pools are run in compliance with NZS 5826:2010 100% of the time”</li> </ul>
	Hydroslide is at the end of its operational life	<ul style="list-style-type: none"> <li>• A replacement hydroslide has been approved for the 2018/19 year</li> </ul>
Demand	Increasing demand impacting already compromised space	<ul style="list-style-type: none"> <li>• Build an additional 25x25m pool with disabled access - subject to consultation for the 2018 LTP</li> </ul>
Asset	LINK Building Asset Plan	
Sustainability	Changes in demographic of users will continue to drive challenges around the delivery of Aquatic services	<ul style="list-style-type: none"> <li>• Ensure consistent monitoring and analysis of user demographics</li> <li>• Ensure the LTP and Annual plans reflect necessary changes</li> </ul>
Resilience	No documented contingency plans for Aquatic services	<ul style="list-style-type: none"> <li>• Work with Building Assets team to develop an appropriate contingency plan (if required).</li> </ul>

#### 7.1.1 Alternative Investment Approaches

The aquatic service activity has identified the need for additional capital spend on both a replacement hydroslide and the addition of a new swimming pool. Both of these projects are significant capital spends respectively.

The hydroslide has been approved as a capital renewal project whilst the additional pool will be part of the consultation for the 2018 LTP. Funding for both projects will largely come from loan-funding, however it is expected that servicing this loan will come via rates, user pays and grant funding from external sources.

### **7.1.2 Do-Minimum Programmes**

A Do-Minimum programme would include:

- Not replacing the Hydroslide
- Not installing an additional pool
- Reducing or eliminating Holiday Programmes

Implementing a plan like this would negatively affect the activity. If capital renewals (e.g. Hydroslide) were not undertaken the Levels of Service would significantly reduce. Similarly if new capital projects are not included (e.g. new swimming pool), capacity is reduced which would lead to a decrease in the Levels of Service and may increase risk to the sustainability of the activity.

Similarly, if additional grant funding is unable to be secured there may be a higher than anticipated effect on rates. However, it is also expected that both capital investments will have a return on investment (through user-pays, e.g. loan servicing costs for a new slide will be partially met through user charges) that may be sufficient to minimise the effect on rates.

### **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, ensure better value for money and better outcomes for the community. More training for staff will be sought in this discipline.

Additionally, at present there is an annual review of all programmes where criteria for success include:

- Admission numbers
- Feedback from staff and public
- Quantitative survey results

## **7.2 OPERATIONS AND MAINTENANCE**

### **7.2.1 Operation/Maintenance Strategy**

Day to day operations is managed by the Aquatic services team operating under guideline set by the NZRA Poolsafe accredited procedures. Plant/Building operations and asset maintenance is supervised by the Aquatic Team Maintenance Supervisor in conjunction with the building asset team.

### **7.2.2 Operation/Maintenance Standards and Specifications**

The operation and maintenance of the Aquatic facilities are managed by Aquatic Services staff. The key purpose of maintenance is to provide and maintain swimming water that is compliant with NZS5826:2010 and maintain all other parts of the aquatic buildings in a clean and safe manner to meet industry guidelines (as per the NZRA Poolsafe Quality Management scheme).

Maintenance work and capital work; both carried out under NZS4441:2008 (Swimming Pool Design) is undertaken by the Facility Maintenance Supervisor whilst cleaning duties and basic water compliance checks are carried out by lifeguard staff. Contractors are often engaged when maintenance requires expertise outside Aquatic services staff.

### 7.2.3 Operation/Maintenance Options and Alternatives

An alternative to the existing arrangement could involve sole asset management of the pool facility by Pools staff. This however would require a paradigm shift in Council's asset philosophy, particularly of building assets which delivers a consistent approach to asset management across all Council buildings.

The cost to do this within the Pools staff would increase and may cost more than the internal services charge already charged by the Assets team, as costs are shared across a range of Council's building assets.

## 7.3 RECOMMENDED PROGRAMME

### 7.3.1 Evaluation of Options/Alternative Programmes

As identified in Section 7.1.1, the pools activity requires both an additional swimming pool and a new, replacement hydroslide. The following table identifies the consequences and benefits of different programmes associated with these two investments.

Project	Do Minimum	Current	Invest
Replacement Hydroslide	Do not replace the hydroslide, the existing level of service will decrease.	Replace the hydroslide for a like-for-like slide. The ability to charge for a new slide of similar design will be difficult given the current slide has no admission charge.	Replace the current hydroslide for a bigger and more modern slide. This will enable a return on the investment and contributes more effectively to Invercargill's community outcomes.
Build an additional 25 x 25 m Pool with disabled access	Do not build the pool. Levels of Service will decrease. The ability to adequately provide for disabled customers will be reduced.	As per <i>Do Minimum</i> .	An additional pool will allow for more aquatic based activity in the city that is currently restricted due to space limitations. Additionally, the new pool provides for easy (and in some cases solo) disabled access to a 25 m training/competition pool.

### 7.3.2 Recommended Operation Programmes

Several critical assets are required for the continued success of Splash Palace. Whilst the programmes behind the assets themselves are covered by the Building Assets activating plan, the assets themselves are a key part of the Splash Palace operation. As outlined throughout section 7.0 these assets are the

replacement hydroslide (a renewal project) and an additional 25 x 25 m swimming pool with disabled access (a new capital project).

The operation relies on these projects to ensure:

1. Appropriate levels of service are maintained;
2. Increasing demand is met;
3. Changing demand is met (specifically, an increased demand for disabled access to aquatic training facilities).

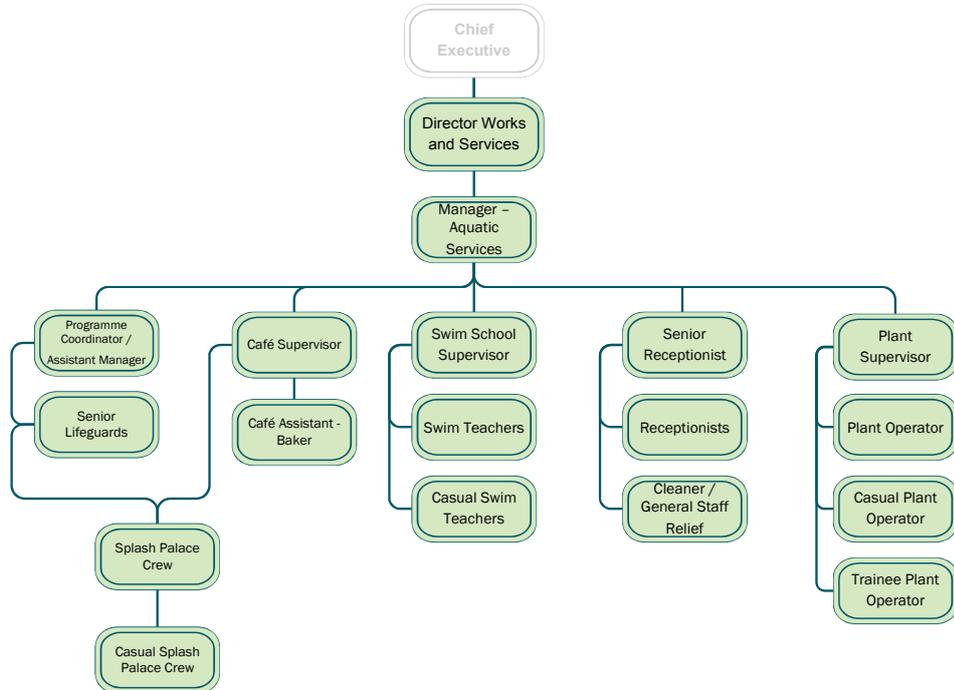
Whilst the funding for these two new additions will be via loan, it is expected that some grant funding will be able to be secured and the return on these facilities will largely offset the remaining loan servicing cost.

Additionally, there is no recommendation to change the relationship between Aquatic Services and the Building Assets function provided by the respective part of Council's Works and Services directorate.

**7.4 HOW THE ACTIVITY WILL BE RESOURCED**

**7.4.1 Internal Resourcing**

The delivery of aquatic services is managed by the Aquatic Services team of the Works and Services Directorate of the Invercargill City Council.



The team comprises the following staff:

<b>Position</b>	<b>Number employed in role</b>
Manager – Aquatic Services	1
Programme Coordinator (Assistant Manager)	1
Senior Receptionist	1
Swim School Supervisor	1
Facility Maintenance Supervisor (.66 FTE)	1
Café Supervisor	1
Plant Operator	1
Full Time Senior Lifeguards	7
Part Time Swim Teachers	10
Part Time Receptionists	6
Part Time Cleaner	2
Casual Plant Operator	1
Casual Receptionist	1
Casual Senior Lifeguard	2
Casual Splash Palace Crew	25
Casual Swim Teacher	3
Fitness Instructor	1
Part Time Splash Palace Crew	17
The position of Manager – Aquatic Services encompasses the following major functions or key result areas:	
<ul style="list-style-type: none"> <li>• Day to day operational management of Council Aquatic Facilities including financial, human resources, services delivery, marketing and planning.</li> <li>• Increasing facility use through the implementation of innovative marketing and programme strategies.</li> <li>• Establishing a team of staff who are committed to client satisfaction, well motivated and capable of carrying out their duties efficiently and effectively.</li> </ul>	

The Manager takes a lead role in determining the future direction of Aquatic Services and Facilities in Invercargill.

#### **7.4.2 Procurement Strategy**

Procurement is handled by respective area supervisors within the facility and authorized at all levels by the Aquatic Services Manager. For some areas, like the café and retail area, supply agreements exist between Splash Palace and the respective supplier; this is especially true in the case of consumables where a constant and continuous supply is required.

For incidental procurement, purchase orders are raised on an as needed basis; where appropriate purchases are made from suppliers that offer an advantage to Council.

For procurement of maintenance etc, purchase orders are raised when necessary using a variety of small contractors with appropriate trade skills, knowledge and experience.

## 8. Financial Management

### 8.1. OVERVIEW

The Aquatic Services are funded from both User charges and Rates contribution. Some activities, like the ILT Learn to Swim programme, are also partially funded from other sources (e.g. Grants).

### 8.2 FINANCIAL SUMMARY - WHAT THE ACTIVITY COSTS

**8.2.1 Council Funded Programmes**

The following table presents the budget for 2018 through to 2028.

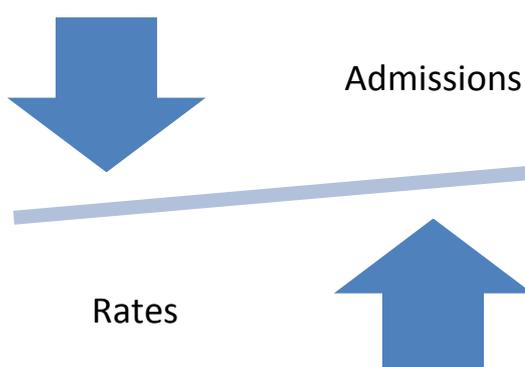
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Annual Plan	LTP									
Internal Revenue	269,200	89,200	91,162	93,168	95,218	97,408	99,648	102,040	104,591	107,310	110,207
Fees & Charges Revenue	1,556,707	1,551,600	1,687,935	1,725,070	2,136,633	2,185,776	2,236,049	2,289,714	2,346,957	2,407,978	2,472,993
Grants & Subsidies Revenue	134,613	158,000	161,476	165,028	168,659	172,538	176,507	180,743	185,261	190,078	195,210
Rates Revenue	0	0	0	0	0	0	0	0	0	0	0
Financial Revenue	63,737	266,663	269,681	273,375	277,147	281,089	285,115	289,323	293,723	298,320	303,128
<b>Total Revenue</b>	<b>2,024,256</b>	<b>2,065,463</b>	<b>2,210,255</b>	<b>2,256,641</b>	<b>2,677,657</b>	<b>2,736,811</b>	<b>2,797,319</b>	<b>2,861,820</b>	<b>2,930,531</b>	<b>3,003,686</b>	<b>3,081,539</b>
Internal Expenditure	1,918,116	2,182,684	2,230,939	2,491,271	2,914,589	3,082,967	3,153,893	3,230,237	3,311,149	3,456,276	3,550,076
Staff Expenditure	1,648,116	1,674,783	1,708,367	1,742,624	1,914,995	1,953,435	1,992,648	2,032,698	2,073,603	2,115,385	2,158,063
Administration Expenditure	135,240	148,317	150,959	153,250	155,591	158,093	160,653	163,385	166,299	169,405	172,715
Financial Expenditure	1,342	1,300	1,329	1,358	1,388	1,420	1,452	1,487	1,524	1,564	1,606
Grants & Subsidies Expenditure	1,032	1,400	1,431	1,462	1,494	0	0	0	0	0	0
Repairs & Maintenance Expenditure	49,355	46,000	46,501	47,524	48,570	49,687	50,829	52,049	53,351	54,738	56,216
Operational Expenditure	412,841	417,840	427,032	436,427	456,703	467,207	477,953	489,424	501,660	514,703	528,600
Depreciation Expenditure	22,021	23,682	24,081	24,514	24,975	25,487	26,021	26,604	27,236	27,916	28,648
<b>Total Expenditure</b>	<b>4,188,063</b>	<b>4,496,006</b>	<b>4,590,638</b>	<b>4,898,430</b>	<b>5,518,306</b>	<b>5,738,296</b>	<b>5,863,450</b>	<b>5,995,883</b>	<b>6,134,822</b>	<b>6,339,987</b>	<b>6,495,923</b>
<b>Operating Surplus / (Deficit)</b>	<b>(2,163,807)</b>	<b>(2,430,543)</b>	<b>(2,380,383)</b>	<b>(2,641,789)</b>	<b>(2,840,649)</b>	<b>(3,001,485)</b>	<b>(3,066,132)</b>	<b>(3,134,063)</b>	<b>(3,204,291)</b>	<b>(3,336,301)</b>	<b>(3,414,384)</b>
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	20,647	30,000	30,660	31,335	32,024	32,760	33,514	34,318	35,176	36,091	37,065
<b>Capital Expenditure</b>	<b>20,647</b>	<b>30,000</b>	<b>30,660</b>	<b>31,335</b>	<b>32,024</b>	<b>32,760</b>	<b>33,514</b>	<b>34,318</b>	<b>35,176</b>	<b>36,091</b>	<b>37,065</b>
Proceeds from Asset Disposal	0	0	0	0	0	0	0	0	0	0	0
Debt movements	0	0	0	0	0	0	0	0	0	0	0
Reserve movements	(984)	(27,870)	(28,404)	(28,949)	(29,503)	(28,527)	(29,055)	(29,578)	(30,095)	(30,605)	(31,107)
Cash Back Depreciation	0	0	0	0	(0)	0	(0)	0	0	0	(0)
<b>Rates Required</b>	<b>2,183,471</b>	<b>2,432,673</b>	<b>2,382,639</b>	<b>2,644,174</b>	<b>2,843,170</b>	<b>3,005,719</b>	<b>3,070,591</b>	<b>3,138,803</b>	<b>3,209,372</b>	<b>3,341,787</b>	<b>3,420,343</b>

### 8.2.2 Programme Implications

The increase in rates required in 2018/19 and 2020/21 are linked directly to the capital required for the replacement hydroslide (2018/19) and additional swimming pool (2020/21). The forecasted numbers are conservative however fiscal responsibility requires that a conservative approach is taken in predicting rates increases for projects.

Summarily, the rate increases due to these projects are linked directly to any additional income that is derived from these new assets.

Whilst conservative increases in income via admissions has been used, should admission numbers be significantly higher than predicted required rates funding will subsequently be reduced. Similarly if admissions are less than predicted rates funding may be higher than projected.



### 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 years 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.

For each activity Council 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, i.e. a 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 Aquatic Services:

- General Rate
- Targeted Rate
- Fees and Charges
- Other sources of funding (e.g. Grants)
- Loans and Reserves

Who Benefits	Funding Sources and Proportions	Demand Generators
Public	Uniform Charge 10-20%	Change in services available to clients
Sports Clubs and Organisations	Targeted Rates 30-40%	
	Fees and Charges 40-60%	

### 8.5 CONFIDENCE LEVELS IN PROGRAMMES

All forecasting in the recommended programmes has been derived from Assumptions (see Appendix 1.01) and from statistical analysis of data collected by Aquatic Services. Several assumptions are very likely to occur:

1. The population is increasing.
2. The population is aging.
3. Demand on the facility is changing (more disabled access demand, more lane space demand).
4. Some assets are near the end of their life (Hydroslide).
5. Demand on the facility is increasing.

The proposed programmes reflect these known changes and assumptions; regardless whilst the proposed programme is based on statistical facts and strong assumptions due to the nature of the activity it is not possible to calculate a confidence interval for the proposed programme.

**8.6 RELIABILITY OF FINANCIAL FORECASTS**

**8.6.1 Operational Forecasts**

As per section 8.7, the Assumptions used to develop this AMP indicate a demand growth phase and demographic change to the facility.

Provided that actual change moves comparatively parallel with the assumptions the Activity Plan as forecast will meet the required needs of this growth.

Regardless, consideration of a change that diverges from the assumptions is required.

Change	Effect
Growth decrease by 10%	A reduction in admissions (through population decrease or other) will not have a major impact on the operation of the pools. This is because operational expenditure is linked to admissions; lower admissions would lead to lower expenditure. A decrease up to as much as 20-25% would not affect the provision or operation of the facility, and as above would only see a parallel reduction in income and (relative) expenditure.

**8.6.2 Development Forecasts**

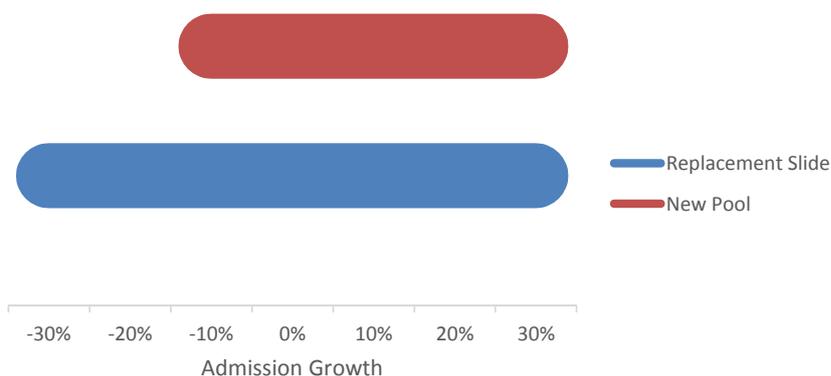
As per section 8.7, the Assumptions used to develop this AMP indicate a demand growth phase and demographic change to the facility.

Provided that actual change moves comparatively parallel with the assumptions the Activity Plan as forecast will meet the required needs of this growth.

Regardless, consideration of a change that diverges from the assumptions is required.

Change	Effect
Growth decrease by 10%	The hydroslide replacement is required irrespective of a change in growth assumptions. A decrease of 10% would not mitigate the need for the additional swimming pool. A decrease of 15% would require a review of the need for an additional pool.

### Development Viability



## 8.7 SUMMARY OF PROGRAMME ASSUMPTIONS

Summary of Key Assumptions used:

Assumption Area	LTP Assumption
Population Growth	The population will increase by 2028 (10 year LTP window).
Ageing Population	Changing population and technology will require changes to the service and activity delivery.
Tourism and Visitor Numbers	Visitor numbers will require the use of ongoing assessment of the delivery of the activity to ensure the requirements for all visitor demographics are met.
Disabled Users	Increasing number of disabled users will require changes to the service and activity delivery.

The 2015/16 New Zealand Health Survey found that over one in three adults were overweight (35.2%) and over one in four were obese (31.6%).

One in six adults (16.6%) were currently taking medication for high blood pressure and one in 20 adults (5.8%) had doctor-diagnosed diabetes. These figures are all higher than in previous years and they are expected to continue to increase.

Obesity is a risk factor for many chronic diseases including type 2 diabetes, heart disease, hypertension, stroke and some cancers. Obesity and inactivity are major risk factors for causes of death in New Zealand.

Due to the nature of pools activity and its use for a wide range of low-impact exercise, rehabilitation and all weather use, it is expected that admission levels in the pools will continue to increase.

It is also expected that both the age demographic of and the need to provide for disabled users will also increase.

## 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.

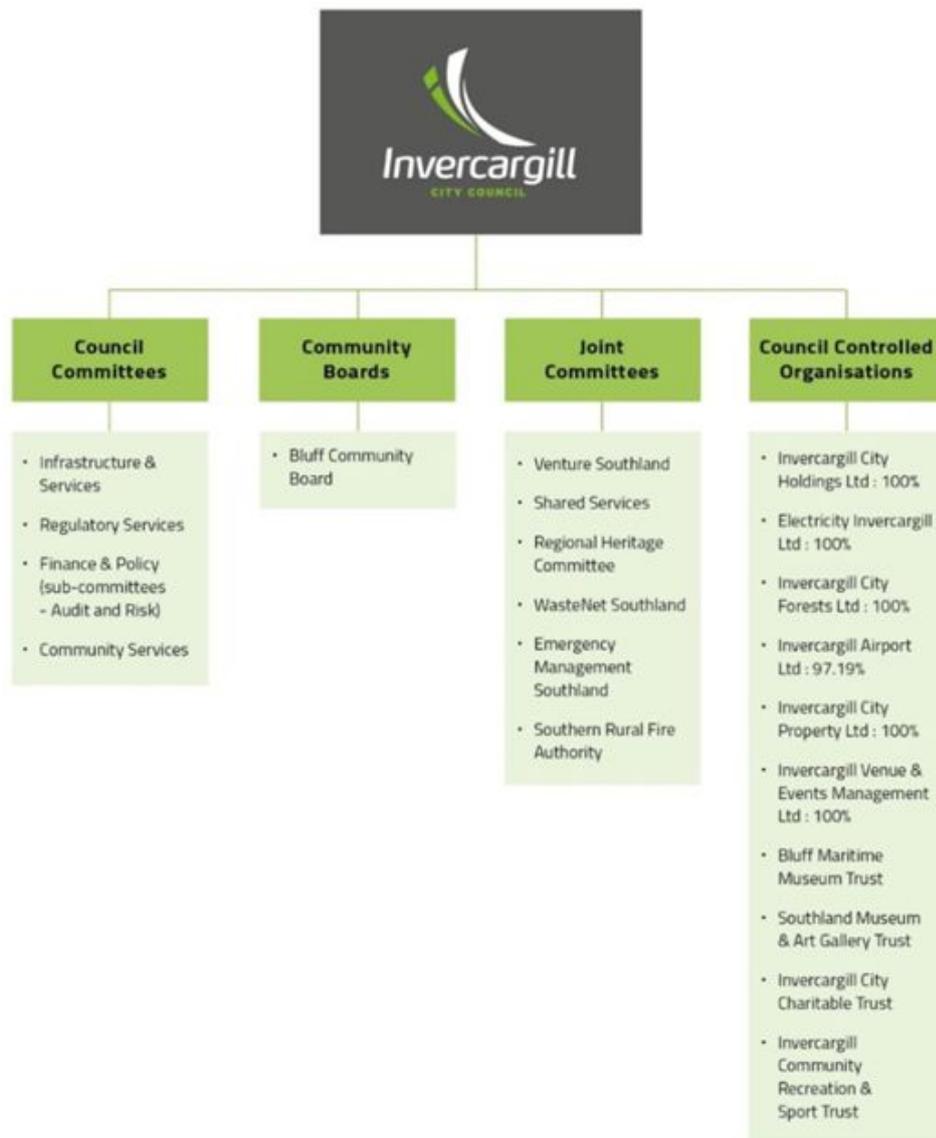
Further, Council will provide an Annual Report, which is a full year financial snapshot of Council's activities for that financial year. This is also compared to the financial projections in Council's Long-Term Plan.

### 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

#### 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 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.

### **Centaman**

Front of house and booking management system. Centaman software provides for Point-of-Sale and stock management, Swim School management, Space bookings, Memberships and Reporting and Analysis. Data from Centaman is input into the Opal 3 reporting system.

## **9.5 PROGRAMME PERFORMANCE MONITORING AND REVIEW**

### **9.5.1 Monitoring Approach**

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 Aquatic Services Activity reports to the Community Services committee and this committee will question the reports with the Aquatic Services Manager 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, i.e. 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 section 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

Ref.	Type	Quite Inadequate	Needs a lot of Improvement	Quite Good, but could be Improved in Some Areas	Very Good	Comments
1.	<b>Management</b> <ul style="list-style-type: none"> <li>Of the Department (Leadership)</li> <li>Of the staff on a daily basis</li> <li>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.</li> </ul>	PD PD OP			✓ ✓	Succession planning required for senior staff to cover in times of absence
2.	<b>Technical Competence</b> <ul style="list-style-type: none"> <li>New works' design</li> <li>Project Management</li> <li>Management of contractors</li> <li>Maintenance organisation and management</li> <li>Other technical skills required by this service</li> </ul>	OP OP OP OP PD			✓ ✓ ✓ ✓	
3.	<b>Forward Planning and the Setting of Priorities</b> <ul style="list-style-type: none"> <li>The completeness and overall quality of the priority setting and financial forecasts and assumptions for the next 20 years</li> <li>For maintenance and operations (for the next 10 years)</li> <li>For new capital (for the next 20 years)</li> <li>For renewals (for the next 10 years)</li> </ul>	OP OP OP			✓ ✓ ✓	

Ref.	Type	Quite Inadequate	Needs a lot of Improvement	Quite Good, but could be Improved in Some Areas	Very Good	Comments	
4.	<b>Communications/Relationships</b> <ul style="list-style-type: none"> <li>• With Customers</li> <li>• Written (letter writing)</li> <li>• Verbal (phone)</li> <li>• Verbal (personal contact)</li> <li>• With elected representatives (where relevant)</li> <li>• With other departments</li> <li>• Within the department</li> </ul>	CS CS CS CS CS PD				✓ ✓ ✓ ✓ ✓ ✓	Recent strategic planning within the pools facility has identified several areas for improvement in communication with staff and public
5.	<b>Financial Management</b> <ul style="list-style-type: none"> <li>• Budgets' preparation (quality, completeness, and timeliness)</li> <li>• Adherence to budgets once approved</li> <li>• Always aware of costs against budget throughout the year</li> </ul>	OP OP OP		✓	✓ ✓		
6.	<b>People</b> <ul style="list-style-type: none"> <li>• Job descriptions/job instructions/work guidelines/practice notes available for all relevant tasks and all up-to-date</li> <li>• All staff delegations up-to-date</li> </ul>	PD PD			✓ ✓		
7.	<b>Knowledge of the Physical Assets</b> <ul style="list-style-type: none"> <li>• How well the physical assets that have to be managed are understood</li> <li>• Location</li> <li>• Material type</li> <li>• Condition</li> <li>• Capacity</li> <li>• Age and remaining life</li> <li>• Performance</li> <li>• Criticality</li> </ul>	OP OP OP OP OP OP OP			✓ ✓ ✓ ✓ ✓ ✓ ✓		

Ref.	Type	Quite Inadequate	Needs a lot of Improvement	Quite Good, but could be Improved in Some Areas	Very Good	Comments
8.	<b>Support Services</b> <ul style="list-style-type: none"> <li>• Administrative support</li> <li>• Financial support</li> <li>• Office accommodation</li> <li>• Office furniture and equipment (work tools)</li> <li>• Transport</li> <li>• Record keeping (completeness and easily accessible)</li> <li>• Complete and up-to-date policy manual</li> </ul>	PD PD PD PD PD PD PD	✓	✓ ✓ ✓	✓ ✓ ✓	
9.	<b>Performance Management</b> <ul style="list-style-type: none"> <li>• Sufficient and appropriate performance measures</li> <li>• Sufficient and appropriate performance targets</li> <li>• All measures and targets being monitored</li> <li>• Monitoring results promptly reported (at all relevant levels)</li> <li>• Performance trends (over several years) clear and understood</li> <li>• Performance results actually used to improve performance</li> <li>• All employees regularly being given "true" feedback about their performance</li> </ul>	OP OP OP OP OP OP PD		✓	✓ ✓ ✓ ✓ ✓ ✓	
10.	<b>Business Continuity</b> <ul style="list-style-type: none"> <li>• Disaster Plans up-to-date</li> </ul>	OP		✓		Splash Palace does not have a Disaster Continuity Plan
11.	<b>Legislative Compliance</b> <ul style="list-style-type: none"> <li>• No known areas where legislative requirements not being fully complied with</li> </ul>	OP			✓	

Ref.	Type	Quite Inadequate	Needs a lot of Improvement	Quite Good, but could be Improved in Some Areas	Very Good	Comments
12.	<b>Strategic Advice</b>					
	<ul style="list-style-type: none"> <li>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)</li> <li>The quality and timeliness of reporting to the elected Council and its Committees</li> </ul>	SA		✓		
		CS			✓	

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						
Disabled Changing Rooms					X		Identify and acquire/build additional disabled change room space	CS	Pools Manager	December 2018	IP	
Dressing rooms						X	Completion of additional change room build	SA	Pools Manager	December 2018	IP	
Staffing issues						X	Keep up to date with national and international trends in staffing options	CS	Pools Manager	Ongoing	IP	
Reception and Office Space						X	Completion of changes to Reception and Office space	CS, OP	Pools Manager	July 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**

- New/additional changing room project approved with build to begin 2018.
- Lean management processes introduced to facility.
- Replacement of lighting in interior with LED lights (on going).
- Staff performance development process overhauled and implemented.
- Staff and customer management training undertaken by senior team.
- Replacement Hydroslide project approved by Council.
- Additional swimming pool (25mx25m) project approved for consultation (2018).

### **10.4 MONITORING AND REVIEW**

Splash Palace takes part in, and is an annually assessed and accredited PoolSafe facility.

PoolSafe is a New Zealand Recreation Association and Water Safety New Zealand programme incorporating a range of initiatives aimed at reducing the number of water related injuries in and around New Zealand pools.

These initiatives include educational resources, public awareness campaigns and a Quality Management Scheme for public pools.

## 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.

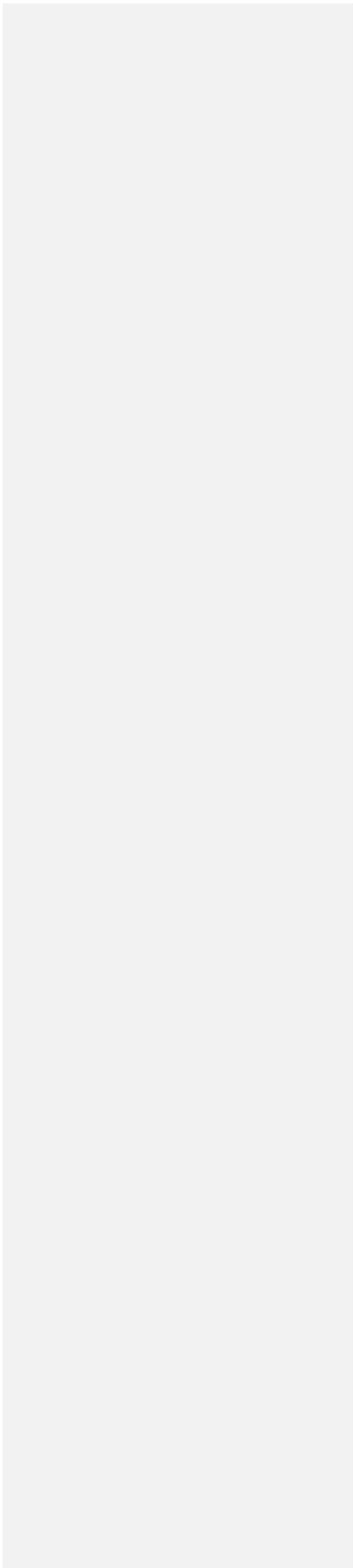
Number	Type	Title
1.01	Corporate	Long Term Plan – Background and Assumptions 2018-2028
1.02	Corporate	Community and Regulatory Services: 2014 Residents' Survey
1.03	Corporate	2013 Service Level Survey: Parks, Reserves and Cemeteries Report
1.04	Corporate	2013 Service Level Survey: Roading Report
1.05	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

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# LIBRARY AND ARCHIVES

# ACTIVITY MANAGEMENT PLAN 2017



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Libraries and Archives Activity Management Plan 2017



**Activity Management Plan**

Activity			
	Name	Signature	Date
<b>Prepared By</b>	M Foster		
<b>Asset Manager</b>			
<b>Director Review</b>	C A McIntosh		
<b>Peer Review</b>	P Thompson		
<b>Council Adoption</b>			

Changes to be Incorporated in Next Review		
Number	Date of Change	Reason for Change
<a href="#">1.2</a>	<a href="#">21/11/2017</a>	<a href="#">Correction</a>
<a href="#">8.2.1</a>	<a href="#">21/11/2017</a>	<a href="#">Updated Financials</a>
<a href="#">7.6.3</a>	<a href="#">29/01/2018</a>	<a href="#">Updated Financials to include inflated numbers</a>
<a href="#">8.2.1</a>	<a href="#">31/1/2018</a>	<a href="#">Updated Financials</a>

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## Executive Summary

Libraries and Archives are considered to support the community outcomes of the Invercargill City Council as the provision of these services helps to meet the social, cultural, information and recreational needs of the city's residents and helps improve the quality of life in the city and preserve heritage records to tell the story of Southland.

The International Federation of Library Associations (IFLA) in association with UNESCO has a Public Library Manifesto which states that "The public library, the local gateway to knowledge, provides a basic condition for lifelong learning, independent decision-making and cultural development of the individual and social groups. This Manifesto proclaims UNESCO's belief in the public library as a living force for education, culture and information, and as an essential agent for the fostering of peace and spiritual welfare through the minds of men and women."

*The primary goal of the Library and Archives Activity is to provide quality and affordable resources for education, recreation, research and culture while the buildings, programmes and events contribute to building a strong community identity.*

Invercargill City Council will continue to provide opportunities and places for affordable learning and leisure which the community sees as a valuable public service. This will continue to be achieved through the provision of a library and archives service located in the central CBD and a branch library in Bluff.

Library upgrade scheduled for 2018 will create more flexible spaces on the ground floor and update library furnishings as the building is nearly 30 years old.

# 1. Introduction

## 1.1 ABOUT THIS PLAN

Libraries and Archives Service 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 Libraries and Archives Service 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

Library services are provided in response to Community demand and benefit both individuals and the Community as a whole. Libraries are a well utilised Community facility and are used by a wide cross-section of people with 504,000 visits per year.

Invercargill City Libraries and Archives supports lifelong learning, digital literacy and encourages reading across all ages and abilities. It aims to offer welcoming and innovative library environments which include public spaces for Community participation and social connection. Libraries and Archives collect, preserve and guide access to quality information and also provide opportunities to participate in the online world. Above all, Libraries and Archives Services create informed communities.

Invercargill City Council operates two libraries, a central library in the Central Business District, and a small branch library in Bluff. The central library is open seven days per week and the Bluff library is open six days per week. The central library also includes the Archives which are accessed from the 1<sup>st</sup> floor and are open five days per week.

The central Library provides public space for delivering library services and storing current use collections, space for storing archives and heritage collections with no direct public access, workrooms, and offices for library-wide services and management. A meeting room is administered on a commercial basis and public internet services including 24/7 access to Wi-Fi. Database and general information for domestic and business enquiries are also available remotely via the internet on the Invercargill City Library and Archives website [www.ilibrary.co.nz](http://www.ilibrary.co.nz). Bluff Library operates from the Bluff Service Centre and provides a lending service.

The Invercargill Archive was built in September 2008; it is a heat and humidity controlled, purpose built facility. It is the first new archive facility to be built to the Archives New Zealand Storage Standard. Invercargill Archive is home to local government records, also Invercargill and surrounding Southland District community records such as minute books, school records, photographs and letters and became an Approved Repository in 2014. Archives are original records that have historic value because they contribute in some way to the remembering of a story or an event.

Shared Services collaboration includes membership of EPIC (electronic databases), Overdrive/Bolinda Borrowbox (e-books and e-audiobooks), Aotearoa New Zealand People's Network (public internet and Wi-Fi) and Southlib (regional Library Management Software).

Free membership is available to all members of the Southlib consortia – Waitaki District, Central Otago District, Queenstown Lakes District, Dunedin City, Clutha District, Gore District, Southland District and Invercargill City.

Population served (2013 census)	51,696
Membership – Approximate number of adults and children	36,456
Lending items	153,527
Information resources	26148
Loans, per annum	611,607
Information enquiries, per annum	85,611
Website hits, per annum	114,934
Size of central library/archive	4,000m <sup>2</sup>

Programmes and events are provided for all ages and include holiday programmes, after school clubs, information skill programmes, author visits, Storytime, and increasingly outreach visits and programmes. Attendance in 2015/2016 was 19,805 made up of 15,327 children and 4,478 adults and in 2016/2017 it was ~~3223~~,305 made up of 19,874 adults and 12,431 children.

## 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 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, 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

Library services are provided in response to Community demand and benefit both individuals and the Community as a whole. Libraries are a well utilised Community facility and are used by a wide cross-section of people. Libraries support the learning and recreational needs of residents, while library buildings, collections and events also contribute to building a strong community identity.

Archives Services are provided to maintain and keep records of an evidentiary, informational and/or historic value.

Invercargill City Council provides library and archive services because it is unlikely that any private organisation would be able to provide such facilities for Community access.

**2.1.3 Activity Objectives**

Invercargill City Libraries and Archives provide a range of programmes and services to the community, promoting lifelong learning and the creative use of leisure. Through the library facilities and the library website the following functions are undertaken:

- Collecting, curating and making available a range of materials in multiple formats to meet the community needs in relation to literacy, knowledge, information, research and study and for recreational or leisure activities.
- Enabling and supporting independent lifelong learning and the education aspirations of the community.
- Fostering the joy of reading and the development of literacy in all its forms, including digital literacy, through events, programmes, services and collections.
- Collecting, creating and conserving content relating to local community culture, identity and history.
- Providing access to materials in the collections of libraries or information repositories throughout New Zealand and the rest of the world.
- Providing freely accessible shared community spaces which encourage social interaction and community cohesion.
- Providing access to the online world and the world at large through internet computers and access to Wi-Fi. Enabling members of the community to develop the appropriate skills and knowledge to be technologically competent and effective digital citizens.
- Creating community connections through outreach programmes to schools and community groups.

The alignment of Libraries and Archives Activity and the Community Outcomes is demonstrated in the table below.

<b>Community Outcome</b>	<b>Council's Role</b>	<b>How the Activity Contributes</b>
<b>Enhance our city</b>	Invercargill's business areas are bustling with people, activities and culture.	Providing freely accessible shared community spaces which encourage social interaction and community cohesion.
	New residents feel welcomed and embraced by Invercargill culture.	Providing freely accessible shared community spaces which encourage social interaction and community cohesion.
<b>Preserve its Character</b>	Invercargill is celebrated for preserving its heritage character.	Collecting, creating and conserving content relating to local community culture, identity and history.
	Strong, collaborative leadership of the City is demonstrated.	The Library and Archives Service collaborates with and provides leadership for inner city initiatives.

Community Outcome	Council's Role	How the Activity Contributes
<b>Embrace innovation and change.</b>	Technology is utilised in both existing and new City services.	Providing access to the online world and the world at large through internet computers and access to Wi-Fi. Enabling members of the community to develop the appropriate skills and knowledge to be technologically competent and effective digital citizens.
	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.	Programmes and events are provided for all ages.

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.

There is no specific legislation covering provision of a library service however section 142 of the Local Government Act 2002 states:

142 Obligation to provide free membership of libraries

If a local authority or a council-controlled organisation provides a library for public use, the residents in the district or region are entitled to join the library free of charge.

Public Records Act 2005

The Act introduces a new recordkeeping framework, and focuses on supporting good government recordkeeping, in addition to the current emphasis on the disposal of records. Good recordkeeping is simply good management practice and is an essential part of efficient government, as it supports day-to-day operations as well as legal and administrative requirements.

The Archives Service works alongside the Records Management team to provide storage and preservation of Council records.

### 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 Plan. Activity Management Plans are the foundation to providing a robust basis for the long-term forecasts.

In 2014, an amendment to the Act inserted a statement that asset management planning should be a fundamental part of Council's prudent stewardship of community resources over the long term, a requirement to produce a 30 year infrastructure strategy for core assets. The Infrastructure Strategy is required to address:

- Identification of strategic issues and options.
- Outline how infrastructure assets will be managed.
- Indicative capital and operating expenditure forecasts.
- Significant CAPEX decisions – cost options for each.
- Assumptions on lifecycle, demand, levels of service.

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.



**2.2.4 Activity Management Framework**



The Asset Management System is the set of people, processes, tools and other resources involved in the delivery of asset management.

The Asset Management Policy (Appendix 2.01) outlines the principles, requirements and responsibilities for asset management.

The Asset Management Strategy (Appendix 2.02) set the asset management objectives, practices and audit and review processes.

### 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.

The key issues and challenges facing Libraries and Archives are:

- Changing customer expectations where library resources are expected to be available online 24/7.
- Rapid rise in new technologies while still providing access to older technologies.
- Changing demographic.
- Expectation to provide a greater range of programmes and resources.

### 2.4 KEY ASSUMPTIONS

The Long-Term Plan Background and Assumptions 2018-28 document (Appendix 1.01) lists the key assumptions which have been assumed are as follows.

Assumption	Level of Uncertainty	Area of Impact and Potential Financial Impact
<b>Population</b> The population will increase to 56,300 by 2028.	<b>Moderate</b> – risk that actual numbers will vary.	Infrastructure and Housing. Significant increases in population may create a demand for infrastructure and services beyond existing capacity. Significant decrease in population would adversely impact on the community's ability to fund current levels of infrastructure and services.

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
<b>Household Growth</b> An average of 2.3 people per household in 2038, requiring 2,300 more homes from the 2013.	<b>Moderate</b> – risk that actual numbers will vary.	Infrastructure and Housing. Significant increases in the number of households may create a demand for infrastructure and services beyond existing capacity.
<b>Ageing Population</b> Those 65 years and older will make up approximately 22% of Invercargill's population by 2023.	<b>Low</b> – increasingly older population is reasonably certain.	Council Services and Recreation Assets. An increase in the number of those people 65 years and older will increase the number of ratepayers on fixed incomes and may have an impact on the ability of the community to afford infrastructure and services.
<b>Resource Consents</b> Resource consents will be obtained with reasonable conditions and negligible impact on how Council provides its services.	<b>Moderate</b> – change is imminent but extent of which is unknown.	3 Waters Capital expenditure may be required if the conditions attached to resource consents require changes to how Council delivers its services.
<b>Tourism and Visitor Numbers</b> Tourism numbers will increase over the Long-Term Plan period.	<b>Low</b> – various city-wide endeavours to boost tourism.	Venture Southland, SMAG, Council Services and Recreation Assets. Significant increases in the number of tourists may create a demand for infrastructure and services beyond existing capacity. Significant decrease in the number of tourists would adversely impact on the commercial community's ability to fund current levels of infrastructure and services.
<b>New Zealand Transport Agency</b> That the NZTA Funding Assistance Rate will reduce by 1% each year until a low of 51%.	<b>Low</b> – NZTA have stated in plans that this will occur.	Roading. Lower than anticipated subsidies can result in service delivery costs needing to be met by other means or a decrease in the level of service.
<b>Commercial Property</b> The CBD will remain in the Esk Street area and will become more vibrant.	<b>Low</b> – 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.	Infrastructure, Housing and Rooding. 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.
<b>Inflation</b> Inflation will occur at the rates set by BERL as	<b>Moderate</b> – inflation forecasts are not always accurate.	Cost change factors are based on information developed for Council's by

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
LGCI forecasts.		Business and Economic Research Limited (BERL). Significant variations from these adjustments will be identified in future Annual Plans and Annual Reports.
<b>Local Economy</b> The local economy will grow and diversify.	<b>Moderate</b> – financial impact difficult to forecast.	Composition of local economy may diversify offering greater employment opportunities. Significant change to the economy, such as a large employer choosing to locate in the District, may require Council to review and change its current activities and levels of service. These demands will need to be quantified and an amendment to the Long-term Plan developed if the costs are significant.
<b>Useful Life of Significant Assets</b> Assets will reach the useful life indicated when supplied.	<b>Moderate</b> – asset lives based on estimates by Engineers and Registered Valuers.	A shorter useful life for assets would create a financial burden on the community.
<b>Depreciation</b> Council will fully fund renewal depreciation by year 10 of the Plan.	<b>Low</b> – asset depreciation rates will not change and the value of assets will remain constant.	Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.
<b>Asset Revaluation</b> Council will use national standards in asset revaluation.	<b>Moderate</b> – value will remain somewhat constant over ten years.	Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.
<b>Vested Assets</b> Vested assets will have a negligible impact on Council's overall infrastructure and finances.	<b>Low</b> – financial effect of uncertainty.	Level of vested assets fluctuates yearly. Historical levels have not been material.
<b>Financial – Existing Funding Renewal</b> Council borrowing facility will be renewed (three-yearly) with the terms and conditions mirroring market trends.	<b>Medium</b>	Council's terms and conditions for its borrowing facility have mirrored market trends in recent times.
<b>Financial – Expected Interest Rates on Borrowing</b> Interest on future borrowing has been calculated at 4.75% for 2018/19, 5.00% for 2019/20, 5.50% for	<b>Medium</b>	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).

Assumption	Level of Uncertainty	Area of Impact and Potential Financial Impact
<p>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><b>Financial – Forecast on Return on Investments</b> Return on cash investments is calculated on the borrowing rate less 2%. Dividends and subvention payments from Invercargill City Holdings Limited are assumed to be at 10% of the total rates requirement.</p>	<p><b>Medium</b></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><b>Local Governance</b> Amalgamation will not occur during the life of the Plan.</p>	<p><b>Low</b> – to continue shared services, although amalgamation is low risk.</p>	<p>Shared Services, Policy and Governance Boundary changes would require a review of the Long-term Plan with its associated community consultation.</p>
<p><b>Legislation</b> There will be changes to legislation that have an impact on what and how Council provides services.</p>	<p><b>Moderate</b> – difficult to know what central government will implement particularly if a change in government.</p>	<p>Services, Finances and Governance Significant legislative change can impose significant financial and service delivery costs on Council.</p>
<p><b>Natural Disasters</b> There will be no major catastrophes that impact on Invercargill or its economy.</p>	<p><b>High</b> – 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 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><b>Climate Change</b> 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><b>Moderate</b> – 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. 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
<b>Technology</b> Changes in technology will affect how Council carries out its activities. This will have a financial implication over the 10 year plan.	<b>High</b> – certainty of diversification in technology is ever-growing. Impact of changing technology cannot be quantified.	Employment, Local Economy and Services (delivery) New technologies will likely have an increased financial cost in the short term.
<b>Education</b> S.I.T will continue to promote Invercargill to international students.	<b>Moderate</b> – education systems that exist are likely to remain stable.	Infrastructure, Services, Population and Housing
<b>World Economy</b> The world economy will not have a significant negative effect on the Invercargill City District.	<b>Moderate</b> – future financial changes are unforeseeable.	Infrastructure and Tourism A major event in the World Economy could affect Tourism and the implications of lower / higher tourist numbers would occur.

Assumption Area	LTP Assumption
Technology	Increasing use of technology and expenditure on digitisation and digital resources.
Ageing Population	Changing population demographics will require changes to resources budget and services aimed at older library users.

As assumptions deal with matters of uncertainty and complexity, actual results will likely vary, but are based on the best information available. If actual future events differ from the assumptions, it will result in material variances to this Plan. The Long-Term Plan Background and Assumptions 2018-28 document (Appendix 1.01) identifies the risks that underlie those assumptions, the reason for that risk and an estimated potential impact is the assumption is not realised.

The impact on Library and Archives Services if assumptions proved to be incorrect could include a reduced range of material, reduced visitor numbers, and reduced circulation figures. If amalgamation occurred there would be significant work needed on standardising policies and procedures and review of IT and staffing requirements. Any significant natural disaster would impact on library service and could lead to the use of a pop-up library as used in Christchurch following the 2011 earthquake.

### 3. The Service We Provide

#### 3.1 CUSTOMER PROFILE

##### 3.1.1 Our Stakeholders and Community

The Library and Archives service has interest to a large range of internal and external stakeholders and customers listed below:

External Stakeholders	Area of Interest	Engagement	Customer Needs and Expectations
Invercargill Ratepayers	Operation	Consultation via the Annual Plan and Long Term Plan Analysis of customer service feedback	Library and Archives services
Invercargill Community	Operation	Consultation via the Annual Plan and Long Term Plan Analysis of customer service feedback	Library and Archives services
Southlib libraries – Invercargill, Oamaru, Dunedin, Central Otago, Lakes District, Clutha, Gore and Southland District	Shared services	Membership of Southlib consortia and attendance at quarterly meetings	Regional development and shared services
Southland Community	Operation	Consultation via the Annual Plan and Long Term Plan Analysis of customer service feedback	Library and Archives services
Iwi Groups	Operation with specific focus on culture and heritage	Liaise with local marae and organisations via the Community Connections Coordinator	Cultural heritage
Educational Institutions	Operation with specific focus on services for education sector	Liaise with local educational institutions via the Learning Connections Coordinator	Literacy including digital literacy
Cultural Institutions	Operation with specific focus on services for arts and culture	Feedback from organisations and in some cases a memorandum of understanding	Cultural heritage
Recreational and Community Groups	Operation with specific focus on services for recreation and the community	Liaise with local community groups via the Community Connections Coordinator	Supporting community groups with programmes and meeting

External Stakeholders	Area of Interest	Engagement	Customer Needs and Expectations
Government Agencies e.g. National Library and Archives New Zealand	Operation with specific focus of contribution to New Zealand wide initiatives and collaborations	Membership of consortia e.g. EPIC, South Island Downloadable Zone, Any Questions and Memorandum of Understanding e.g. Approved Repository for Archives New Zealand	spaces Library and Archives service reliability, cost

Internal Stakeholders	Area of Interest	Engagement	Customer Needs and Expectations
Councillors, Directors	Governance and leadership	Report	Public health and safety, service reliability, environment, cost
Finance and Corporate	Financial assistance and direction	Liaise	Financial accounting of assets
Building Assets	Building environment	Level of service agreement	Building environment meets expectations
Information technology	Technical support	Liaise	Data collection and reports

### 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:

- 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.

The Library and Archives activity also engages with the community by:

- Website feedback form.
- Library Facebook page where individuals can ask questions and express opinions.
- Suggestion box in Library foyer.
- Feedback from events and programmes.
- Community engagement for significant issues.

From 2017 the Library and Archives Service will also engage using an annual internal survey.

### **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 Council's 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 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 attended to by the activity. This information is another platform which can be used to understand the community requirements.

As part of the library upgrade plans further consultation was undertaken in February 2017 with further layout options provided. Council provided direction on the preferred option which is now included in architects drawings.

### **3.1.4 Key Service Attributes Valued by Customers**

Customers see the following as the most important attributes in customer surveys:

- Being up to date with users' needs
- Increase quantity/variety of resources
- Renovate library décor
- Access to free internet and Wi-Fi

- Service from library staff

### 3.2 SERVICE DRIVERS

#### 3.2.1 Community Expectations

Libraries are expected to provide connections to knowledge and ideas, anytime, everywhere, enabling individuals to turn knowledge into value, participate as citizens and strengthen their communities' role by:

- Fostering the joy of reading and supporting the development of literacy in all its forms.
- Enabling independent lifelong learning, research and innovation.
- Providing community-based services for all, in places that are at the heart of the community.
- Collecting, creating and making available local content and history.

#### 3.2.2 Legislative Requirements

There are no specific legislative requirements for the provision of Library Services.

#### 3.2.3 Industry Standards and Guidelines

In the case of Library Services while there are no specific legislative requirements the LIANZA Standards are regarded as the industry standard.

Standard/Specification	Content/Purpose	Impacts on Levels of Service
LIANZA Standard for New Zealand Public Libraries 2004	Includes international standards and local conditions to provide Standards which should be achievable by virtually all NZ public libraries, and need to be achieved to give New Zealand citizens access to information and culture at an international level.	Opening hours Collection levels Staffing levels Library spaces
AS/NZS ISO 4789 (International library statistics) and AS/NZS ISO 4789 Annex A (Measuring the use of electronic library services)	Allows us to make comparisons between library services in New Zealand, Australia and Canada.	Benchmarking statistics
Maintenance of public archives - Instruction to approved repositories	Specifies requirements for the maintenance of all physical (non-digital) public archives that have been transferred to the control of all approved repositories authorised under the Archives Act 1957 or the Public Records Act 2005.	Provide access to increased range of Southland archives

### 3.3 CURRENT LEVELS OF SERVICE

The Levels of Service provide a measure to evaluate the key performance indicators of the Library and Archives Service. All the Levels of Service can be measured via data collected either through the Library Management System, via security gate counters, and reports from digital collections. These measures allow the activity to be monitored both as a snap shot of current levels of service and the ability to trend levels of service and operational changes over time.

#### 3.3.1 Current Customer Levels of Service, Performance Measures and Targets

How the Activity Contributes	Customer Level of Service	Measure of Service
The Libraries and Archives activity supports lifelong learning, digital literacy and reading across all ages and abilities. This ensures that we have an informed community and workforce.	Libraries collections, both digital and physical, are of good quality, quantity and variety	Number of issues per year
Library investigates and uses technology to enhance collections and make service delivery efficient and affordable	Library collections, both digital and physical, are of good quality, quantity and variety	Level of reference enquiries
Library and Archives are a welcoming and safe space for all members of the community	Services offer a good experience for all users	Number of visits per year
Library membership is free	Libraries are accessible and available to the wider community	Membership as a percentage of total population

#### 3.3.2 Current Technical Levels of Service, Performance Measures and Targets

Measure	2016/17 Target	2016/17 Result
Number of issues per year	615,000	596,507
Level of reference enquiries	85,000	109,468
Number of visits per year	525,000	504,984
Membership as a percentage of total population	65%-75%	71.83

### 3.4 LEVELS OF SERVICE ISSUES AND CHALLENGES

#### 3.4.1 Current Levels of Service Gaps

The fundamental principles and core role of public libraries in society have remained relatively constant over time. What is changing however is how libraries deliver their services in order to meet the needs of their communities and where they focus their resources. Libraries will be in a transition period for some years, needing to support traditional book-based services while at the same time moving their library services online and mobile. Libraries must also retain old technology to access materials in formats such as microfilm and video until these can be converted into a digital format. Library spaces will still house and provide physical and unique materials, but the main reasons for library visits are changing to seeking experience, creativity, face-to-face social connectedness, guidance and expertise. The current measures of service remain relevant although targets may be reassessed in light of further information. A measure not included is the number of programmes run and the attendance at these programmes.

Baseline	Measure	2018/19	2019/20	2020/21	2021-28
615,000	Number of issues per year	600,000	600,000	585,000	585,000
85,000	Level of reference enquiries	85,000	85,000	85,000	85,000
525,000	Number of visits per year	520,000	520,000	515,000	515,000
65-75%	Membership as a percentage of total population	65-75%	65-75%	65-75%	65-75%

The future direction of Libraries and Archives is influenced by a number of factors. Over the next few years Invercargill will experience change in population demographics, new technologies and media will develop at an ever increasing rate, and there will be continued pressure on budgets. Libraries will need to focus their energy and resources on those areas which will deliver the most value and achieve the best outcomes for the Invercargill community.

This identifies a level of service that can measure how Libraries and Archives can:

- Concentrate on customer and community connection through programmes and services which inspire learning and participation.
- Highlight Invercargill and Southland heritage by increasing the access and visibility of our heritage and archive collections.

#### 3.4.2 Possible Responses to Gaps

Possible responses could include:

Service We Provide	How We Measure Success
Programmes and events	Increase community connections through programmes and events which inspire learning and participation
Accession of archive material	Increase access to archive collections
Digitisation of heritage materials	Increase access and visibility of heritage collection

**3.4.3 Summary**

New Measure	2017/18 Target
Number attending programmes and events	(new measure)
Accession of Archive material (including digital material)	(new measure)

## 4. Demand for Our Services

### 4.1 DEMAND FORECAST

#### 4.1.1 Factors Influencing Demand

Libraries are reaching wider audiences through moving services to online and mobile environments. Library buildings are transforming to be not only where residents come to get ideas and information but also to be an experiential place where they can connect with others to create and share knowledge, and learn about new ideas in a social context. Some government departments are now referring clients to the public library as a place where those who do not have their own individual access to the internet can connect with government services. In recent years, there has been a paradigm shift in the way that 'core' library functions are viewed. These have shifted away from those that are process driven (e.g. cataloguing and book processing) to customer service and ICT services. In order to maintain relevance in the future, Invercargill City Library and Archive Services must focus on value added services.

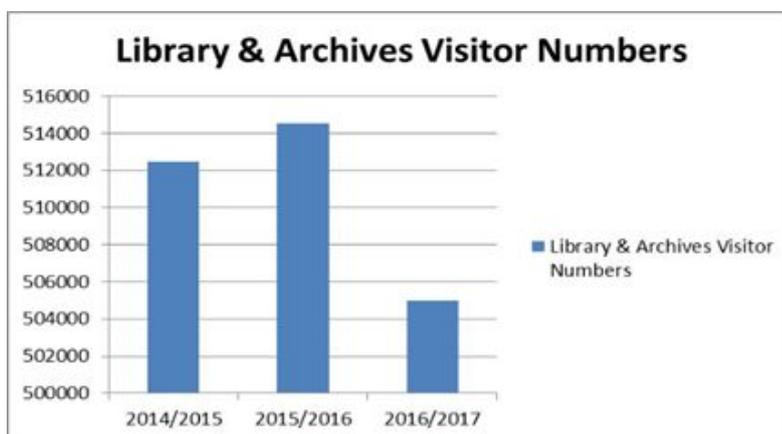
Statistics New Zealand predict that Invercargill's population will increase to 55,500 by 2028, an increase of approximately 9.4% over the 2017 number (source: Statistics New Zealand). Changing demographics will also influence demand on the activity as an aging population will require different or modified services in order to meet their requirements. The other major factor influencing demand is changes in technology and expectations that arise from that.

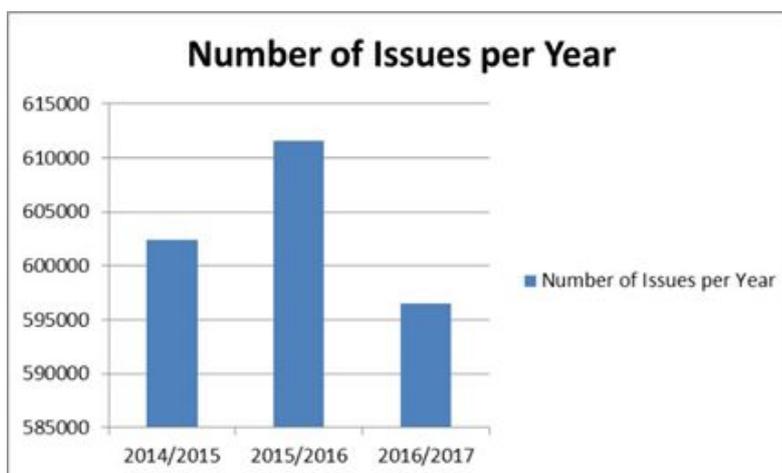
Demand Factor	Impact on service	Ability to meet demand	Management Strategy
Population growth	Increasing collection requirement. Increasing staff levels. Increasing space requirement.	Monitor circulation trends. Monitor visitor numbers.	Continue to modernise service delivery with current resources. Library upgrade budgeted for in 2018/2019.
Aging population	Greater requirement for accessible collections e.g. audiobooks and large print. Greater need to avoid high and low shelving.	Collections team monitors specific collection budgets looking at turnover rates. Shelving has been changed in large print areas.	Continue to maximise service delivery with current resources. Monitor shelving in other areas especially non-fiction.
Customer expectations	Increasing focus on libraries not just as spaces for library resources but also as places for people and activities – community focal point.	Currently have new positions with community focus.	Library upgrade to include more flexible spaces and include a makerspace, teen area and specific quiet zone.

Changes in library use	Anticipated increasing use of technology to deliver resources and services – specialist staffing skills required.	Training provided to current staff and taken into account when employing new staff.	Continue to maximise service delivery with current resources.
Changes in technology	Anticipated increasing use of technology will change demand for collections to be available online.	Currently part of consortia for supply of eBooks and eAudio.	Investigate online resources for magazines, music and video.

**4.1.2 Projected Growth or Decline in Demand for the Service**

The current level of services includes a combination of membership, circulation, visits and enquiries. The most recent results have seen a 2.4% decrease in circulation and 1% decrease in visits but reaching targets for membership and enquiries. It is expected that demand will remain reasonably static even with an increase in population as there is a move from physical visits to virtual visits. E-circulation has increased by 6% and this is reflected in the changes to library collections budgets. Expenditure has increased on electronic materials and services but there still remains only a slight decrease in the demand for printed books. There has been recent decline in the circulation of multimedia. This is now available via streaming content online and it is expected the collection will change to reflect this. The rental charge for music CDs was removed after streaming became popular. This resulted in increased circulation and in the future the rental charge for the DVD collection may have to be reduced or removed. The increase in electronic resources also requires additional staff support for library users in the use of new technology and with the programmes provided to support their use. Meeting space use has increased by 79% with a wider range of community organisations now using a variety of spaces.





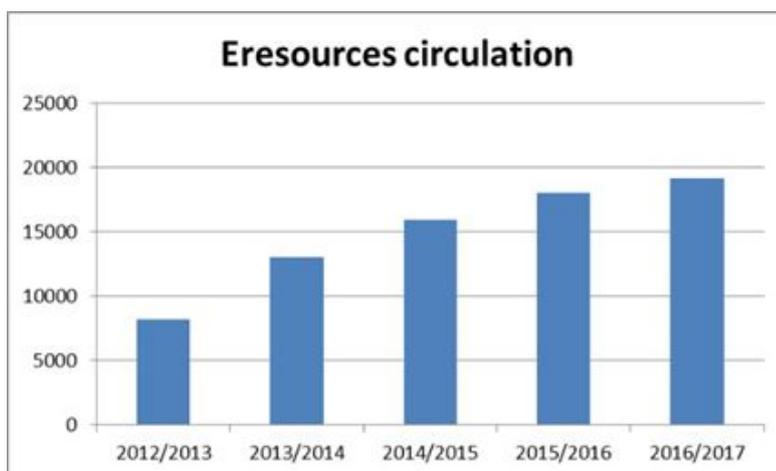
#### 4.2 CHANGES IN SERVICE EXPECTATIONS (FUTURE LEVELS OF SERVICE)

Options for demand management are limited given the very nature of the library service which is to maximise people's use of the library service and its resources. Therefore, encouraging people to reduce the amount of time they spend in libraries is not appropriate or realistic, and would ignore the roles of a public library and the expectations of its users. Instead strategies designed to reduce the impact of the demand need to be considered. One possible strategy investigated involves changing user preference away from traditional books to electronic books and other on line information sources. Electronic information does not require the space physical books do and so eases the pressure on space needed for book display and storage.

Users have come to expect that anything they want to know will be found on the Internet. It is safe to predict that the public will continue to demand more from the library in technology and will not use the library if the library does not respond. As new technologies become available the Library is a place for customers, either physically or virtually, to experience these new innovations and apply this learning to their personal goals, civic and e-government responsibilities, educational and recreational needs. Libraries see an increase in demand for assistance in learning new technology and help in navigating current and emerging social media sites such as Facebook, Twitter, Instagram, and other applications. Library Services have partnered with the 20/20 Trust to provide access to Stepping UP - a range of IT based courses.

#### 4.3 EXPECTED IMPLICATIONS FOR THE ACTIVITY

At this stage the majority of circulation is still of physical material. Of the total circulation for 2016/2017, 3.2% was for eResources though this circulation has increased 43% from 8,244 in 2012/2013 to 19,163 in 2016/2017 and this is expected to continue. Increasing the proportion of electronic collections has implications for revenue for libraries as currently there is no adequate system for charging for electronic collections. However, increasing the proportion of electronic collections will lead to a reduction in the processing and cataloguing costs associated with providing physical stock.



The provision of internet facilities is regarded as a core service of public libraries. Public internet facilities improve equity of access to the online world and fit with libraries' role of providing access to information and assisting members of the community to develop their skills and knowledge. Public internet services at both Invercargill and Bluff are provided by Aotearoa People's Network (APNK). APNK is funded by Department of Internal Affairs through the National Library of New Zealand. With the trend towards increasing ownership of mobile devices and use of Wi-Fi it is likely that the number of PCs provided for public internet use will reduce over time resulting in reduced hardware replacement costs. There will be increased delivery of digital services via the library website following increased digitisation of material in the library's heritage collections.

**4.4 FUTURE DEMAND ISSUES AND CHALLENGES**

**4.4.1 Possible Demand-Related Responses**

Demand management can also be addressed in the following ways:

Demand Management	Possible Response
Regular reviews of the fees and charges for services and collections	Demand can be influenced through pricing policy. Option to remove fees for children and fees for multimedia.
Review of the lending policy for collection items to ensure they allow for maximum access and equitable use of the collection	Demand can be influenced by altering lending policy. Option to decrease lending period from 28 days to 21 days.
Promotion to increase the awareness of library services and collections	Demand will increase. Attendance at programmes and events will increase.
Increasing electronic resources for reference, fiction and non-fiction material, and decreasing printed versions	Demand will increase in selected areas and decrease in others.
Targeting purchasing to high demand and popular material, and reducing spend on low use items	Demand will increase. This may reduce breadth of collection and increase use of interlibrary loan service.
Review of library functions and target audience including service area demographics	Demand will increase in selected areas and decrease in others. Option to increase programming for older adults which could

Demand Management	Possible Response
	mean reduced programmes for children.

**4.4.2 Possible Non-Asset Solutions**

- Increase the user charges is not preferable as it would decrease circulation and decrease access to collections

**4.4.3 Managing Expectations**

The rapid development of technology has contributed to a growing community expectation that services should be available on demand at any time which is convenient to the user. Consequently, there is an increasing demand for online services which can be accessed outside of library opening hours. We will respond to this demand by increasing the availability of electronic resources and increasing the range of services available through the library website.

The growing influence of technology in everyday life has created an expectation that libraries will provide access to computers and space for use of laptops and mobile devices. There is also demand for training courses and support for those who are new to using computers and electronic resources. The library will continue to provide public computing facilities and support and training courses for technology users. The delivery of technology support and training courses will be increased according to demand and the availability of staff resources.

There is a shift of focus from libraries being just places for books to including a wider role as community hubs for learning, engagement and interaction. Use of library spaces has evolved to include study, socialisation, meeting and relaxation as well as the more traditional reading and book related activities. Libraries need to be flexible and adaptable spaces to accommodate the changing needs of the community. It is considered that the Invercargill library has sufficient space to meet demand for the next 10 years. Funding for changing the spaces to make them more flexible has been approved by Council in 2017.

There are changes in the way people undertake study and learning. There is an increase in the availability of online, self-directed study, leading to an increased demand for access to information and education resources through the public library. Our response will be to increase the availability of electronic resources. Additional resources will also be purchased for the library's physical collections to satisfy demand. Changes in technology and particularly the growth in the availability and use of e-books have seen an increased demand for material in digital formats. While the use of the library's physical collections is expected to reduce over time as users choose more electronic resources, people are still expected to want free access to physical resources. We will respond to this demand by increasing the availability of material in digital formats. There will be some consequent reduction in the funding for the physical collections.

## 5. Asset Profile

### 5.1 ASSET OVERVIEW

### 5.2 ASSET DESCRIPTION

Asset information for the Invercargill Public Library building is available in the Building Assets Management Plan.

Funding for renewal of the library collections is allocated annually. New material is purchased to replace old, worn and outdated material and to ensure that the level of service for the provision of physical resources is maintained.

Over time there has been a significant shift in collection storage practices. Changes have been made from storing all library collection items in libraries on a just in case it is needed basis, to taking more of a just in time approach to collection management. This has enabled the ratio of collection items being held in libraries to be reduced in order to increase both the browsability and retail approach, and to provide more flexible spaces for computer access, events, programmes and related experiences.

Libraries and Archives collections are made up of:

#### *Library Collections*

Description	Number of Items
Art Print	1
Music CD	2,540
CD-Roms	43
DVD	7,166
ESOL (now included in Non fiction)	4
Fiction	27,839
Graphics	4,347
Games	315
Hot Picks	194
Hot Pick Multimedia	168
Emergent Readers	1,163
Junior fiction	10,973
Junior Non-fiction	6,637
Junior Picture Books	6,844
Shaw Collection	538
Junior Audiobooks	853
Local Collection	7,488
Large Print	6,634
Magazines	421
Newspapers	55
Non-Fiction	24,441
Playstation	452
Puzzles	377

Description	Number of Items
Reference	4,049
Research	14,556
Audiobook Fiction	1,277
Audiobook Non-Fiction	292
Video	13
Wii	93
Xbox	298
Young Adult	3,833
eBooks/eAudio	12,937
	146,841

This does not include the heritage collections which include newspapers (e.g. Southland Times, Southland Daily News, and Nokomai Herald) and special collections (e.g. St Andrews Collection, Government publications, Southland Choral Society Collection, Male Voice Choir Collection and Deborah Wai Kapohe Collection).

#### *Archives Collections*

Description	Number
Council Archives	508 linear metres
Community Archives	630 linear metres (521 individual agencies/groups/clubs)
Southland Oral History Project	303 digital recordings
Library Collections	781 linear metres (heritage newspapers, stack items)

Other Library and Archives assets include plant and equipment, furniture and software. The most significant of these is the shelving. The Library shelving enables the library books to be displayed in a way that is accessible to Library users. The shelving is powder-coated steel which because of its location has a long life (though they have a financial useful life of only 10 years). The general condition is good. Dating from 1989, replacement is difficult as both the sizing and configuration of shelving has changed. The libraries now have a mixture of imperial and metric shelves which are incompatible, placing restrictions on how and where they can be used. There is also a mixture of free-standing units and wall-mounted shelves. In 2011 four mobile shelving units were purchased to display high demand and new library items and can be moved when required to provide more space and ideally more mobile shelving units would be purchased.

The key Library specific IT software is the Symphony Library Management System which brings together all of the data and the processes of the Library in a unified system. The Symphony Library Management System is a product of the American-based SirsiDynix Company, and is used throughout the world in thousands of libraries. It is the most commonly used system in New Zealand public libraries. The Symphony system is reliable and efficient with acceptable levels of downtime (1-2 instances per year).

**5.3 CRITICAL ASSETS**

**5.3.1 Asset Criticality Criteria**

<b>Criticality Rating</b>	<b>Asset Importance</b>	<b>Consequence of Failure</b>
<b>5</b>	<b>Extremely important</b> The asset serves the most important city-wide function for this network or asset portfolio and is essential to ongoing operation (eg single water treatment plant, a single bridge link to the city, regionally significant park, Council HQ building, etc.)	<b>Catastrophic</b> Failure would have severe and long-lasting adverse impacts on many if not most of ICC's customers and stakeholders, affecting outcomes such as public health and safety, economic well-being, and environmental sustainability. Availability of suitable alternatives is limited.
<b>4</b>	<b>Very important</b> The asset serves a major function within the network (e.g. an arterial road, large trunk main, one of a small number of water reservoirs in the city, Museum, etc)	<b>Extreme</b> Failure would have major adverse impacts on many customers and stakeholders; and/or significant adverse impacts on the economy and/or the environment.
<b>3</b>	<b>Important</b> The asset serves an important suburban function (e.g. a Collector road, minor pumping station, distribution main, suburban pool, park, housing or community building)	<b>Major</b> Failure would have some adverse impacts on significant numbers of customers, and/or some adverse impacts on the local economy or the environment.
<b>2</b>	<b>Minor Importance</b> The asset serves a primarily local function (e.g. a local road, pipe serving several streets, small community facility)	<b>High</b> Failure would have minor adverse impacts on some customers; and/or minor adverse effects on the local economy or the environment.
<b>1</b>	<b>Not Important</b> The asset serves a minor local function (e.g. a water pipe serving a single street, small local reserve, etc)	<b>Moderate</b> Failure would have little to no adverse impacts on customers and no impact on the local economy or environment.

The following two items have been identified as being critical.

- Library Management System – any outage for longer than two days maximum would require closure of the libraries.
- Condition of library buildings – e.g. major leaks in roof, failure of air conditioning systems would seriously affect the ability to deliver library services.

**5.3.2 Identification of Critical Assets**

The Library and Archives Disaster Management Plan has also identified a number of critical assets and tagged where they are stored. These are identified in Appendix 6 Priority Salvage List in the ICLA Collection Recovery Plan (Appendix 9.03).

**5.4 ASSET CONDITION**

**5.4.1 Summary of Current Asset Condition**

Collections are continuously monitored and currently the majority of collections are less than 10 years old.

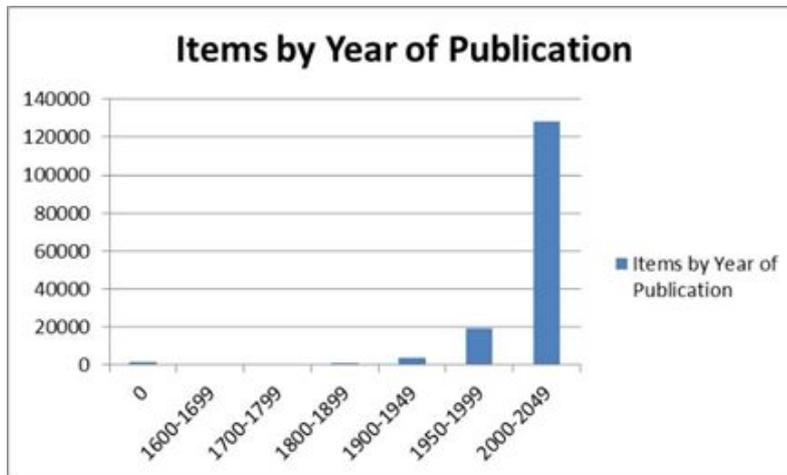


Table 6

**5.4.2 Condition Monitoring**

Selection for collections are regularly reviewed and the following general criteria may be applied:

- Accuracy, reliability, and currency of information
- Anticipated or expressed demand
- Present and potential relevance to the local community
- Authority, reputation, and qualifications of the person responsible and publisher
- Effectiveness and suitability of format in communicating content
- Known popularity of author and/or literary or artistic merit
- Cost and value for money
- New Zealand, Pacific, or local content and/or relevance
- Shows cultural diversity
- Provides alternate opinions or points of view
- Suitability for public library use
- Quality of production
- Multiple copies may be purchased, depending on demand
- Intrinsic value of the item

Deselection and disposal:

Deselection is the continual process of evaluating, deselecting, and discarding and is as important as selection in maintaining a relevant, high quality collection.

All collections are subject to a regular programme of deselection. An exception may be made in special cases such as Local Collection.

The following criteria may apply:

- Balance in content and format across the collection
- Item and collection usage
- Historical or research value
- Outdated content
- New edition
- Duplication of item or of information
- Cost of repair
- Physical condition
- Format
- Current trends in libraries
- Series will be evaluated as a whole

Items are evaluated in terms of their value to the community, and may be moved to other collections, moved to storage or disposed of. The limited space available for the collections means that it is not possible to keep everything.

## **5.5 ASSET CAPACITY AND PERFORMANCE**

### **5.5.1 Capacity and Utilisation**

The library collections have in the last two years undergone targeted reduction. Internationally, stock in libraries that has a turnover of less than 2% is removed from the publicly accessible collection. Some formats have been disestablished – e.g. audiobooks on cassette – and in the future this may extend to music CDs. New Plymouth Library has recently withdrawn its Music CD collection. As part of the layout changes all storage areas were reviewed with lending items now stored in one area allowing remaining storage areas to be utilised to extend cramped collections such as Young Adults and extend the Learning and Activity area to include a Makerspace.

The Archives Service has 3600 linear mobile shelving metres on the ground floor with remaining available shelf space of 1,143 linear metres or approximately 68% used and 32% not used. On the first floor all space is being used with 54 m<sup>2</sup> set aside for use by Invercargill Public Art Gallery.

### **5.5.2 Performance**

Growth of the library collections is driven by the Level of Service and population growth. We will monitor population growth to assess how we are meeting the Level of Service.

## **5.6 SUMMARY OF ASSET TRENDS, ISSUES AND CHALLENGES**

Data from the Library Management System (LMS) on use of the collections and individual items within the collections as well as feedback and suggestions for purchase from library users is used to identify areas of demand and usage trends. Stock is selected to reflect the reading tastes and information needs of the local community. By providing a combination of new and older titles in the different collections the library should be able to cater for the majority of everyday demands from the community in terms of subject coverage and depth of treatment. Demand for more specialised materials is met through use of the Inter-library loans service. There has been an increased use of libraries as community spaces. This has been reflected in an increased use of the bookable spaces by over 70% in the last financial year. The majority of this is by non-profit groups and if this continues to increase following the library upgrade there

will have to be a consideration of having a small fee for non-profit groups to manage access.

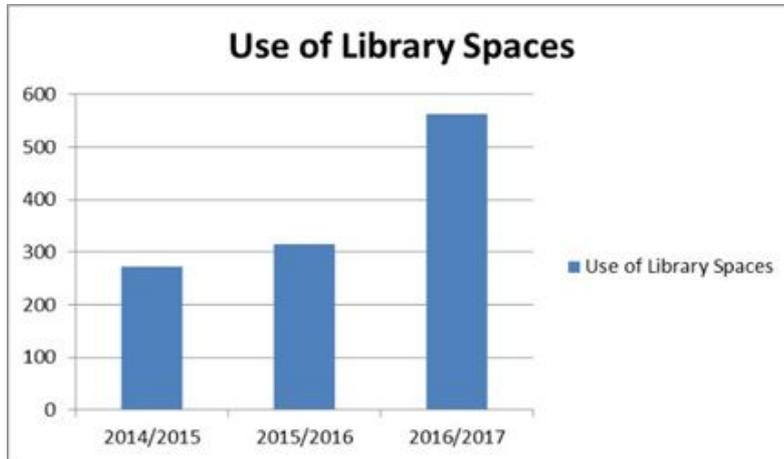


Table 7

## 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).

Libraries and Archives Services have been provided by Council since 1871 with the Invercargill Borough Council taking control in 1916.

Wachner Place	1871-1964
Don Street	1964-1989
Dee Street	1989-present

A core library function is to circulate books, periodicals, audio, video, electronic and other materials that provide the information, education, entertainment and enrichment resources that people need.

At the Library and Archives Services activity level, a sustainable development approach is demonstrated by the following:

- Ensuring minimal impact on the environment by the activity.
- Ensuring that the city's likely future Library Services requirements are identified at an early stage and that they, and the financial risks and shocks, are competently managed over the long term without the Council having to resort to disruptive revenue or expenditure measures.

Strategic partnering may enable the levels of service for programmes and literacy events to be maintained. Library Services have partnered with Heritage South, Dan Davin Literary Foundation, Storylines, New Zealand Book Council, Ministry of Education and New Zealand Society of Genealogist to run programmes and events. This is expected to continue and grow.

It is unlikely that the Libraries and Archives would have negative effects, but if it did, the negative effects would be from the nature and content of the resources supplied by/accessed through the libraries.

Positive Effect	How We Provide This
Access to knowledge	This is the key service that libraries offer – thus contributing to the sustainable development of the City by contributing to the economic, social, cultural and environmental well-being. People read, listen, view and interact with a wide range of quality books and media for education, recreation, entertainment and interest. Individuals and the community benefit from the development of literacy, creativity, imagination, the growth of knowledge and the replenishment of the

Positive Effect	How We Provide This
Community Public Space	human spirit. Libraries are a venue in which groups and individuals can participate in community activities. They produce a “living room away from home” that people can use and relax in. They provide people with a welcoming and familiar place in which to gather and use resources for creative leisure.
Heritage	The Library and Archives is the discovery place for our recorded Taonga, history and culture. Digital archives, oral archives, original and precious documents are preserved for use now and in the future. Both Māori and non Maori cultures and history are valued and reflected in the collections, services and management of the Library
Assets	The Council has, over many years, acquired a large number of library assets that have formed a significant investment in communities.

Potential Negative Effect	How We are Addressing This
Negative cultural effects could arise from the perception that the low usages of libraries by Maori (nationwide) indicates that libraries serve predominantly non-Maori needs.	A Community Connections Coordinator role has been created with a primary focus on increasing connections with local iwi.
Libraries have not yet catered sufficiently for people who speak English as a second language, although there is an awareness of the need to develop a multilingual resource especially with the increased number of Spanish speaking population.	A languages collection is under investigation as part of the review of the Collection Development Policy.
Unanticipated abuse of the internet service, either through criminal activity, or through access to objectionable material. This may result in a decrease in membership (especially of children and youth) and a poor reputation based on a loss of community trust.	Currently, this is managed by placing the terminals with internet access adjacent to the Information Services Help Desk. This provides continuous policing of the terminals. The service is supplied through the Aotearoa Peoples Network Kaharoa (APNK) who administer security and provide filtering software.

### 6.1.1 Social and Cultural

Library resources are available to all in the community to support life-long learning and recreation. Access to PCs and Wi-Fi through the Partnership with Aotearoa People’s Network Kaharoa (APNK) enables members of the community to develop skills and knowledge to be technologically competent. Freely accessible shared community spaces encourage social interaction and community cohesion. Reading programmes, the encouragement of reading and support for new readers of all ages helps to develop a literate, knowledge-based society. Education and training programmes and assistance for schools and school-aged children supports life-long learning and recreation.

### 6.1.2 Environmental

Libraries and Archives Services seek to reduce energy consumption and identify alternative sustainable practices in its operation. Recycling options are provided and as part of library upgrade LED lighting is to be installed to reduce energy consumption. As new technologies come viable these are investigated and where rational alternatives are discovered these are implemented into the facility.

### 6.1.3 Economic and Financial

Libraries and Archives Services is funded by rates and user charges. The ongoing operational expenditure of the facility also includes internal charges to cover building charges, infrastructure and financial overhead charges. Planning for economic and financial sustainability means that operational expenditure must be balanced against the benefits that they will offer whilst ensuring the continued affordability of the activity for ratepayers.

### 6.1.4 Summary of Sustainability Challenges and Issues

Council presently does not directly measure the sustainability of the Library and Archives Service. However the future approach to sustainable management for the Library and Archives activity will include the following:

- Efficient use of energy within Council's Library facilities.
- Waste reduction measures from the site to ensure reuse or recycling occurs.
- Efficient operation of Library Service.
- Optimisation in the initiation of major capital and renewal projects.
- Future development of a Council policy on sustainability.

## 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**

Critical assets are “those which have a high consequence of failure, but not necessarily a high probability of failure”. This is important as it draws attention to those assets which are the most important, irrespective of the likelihood of failure of the asset. Critical assets typically require more proactive management to minimise or eliminate this risk.

The likelihood of failure of an asset is often difficult to assess, however condition and age are parameters that provide an indication. The worse the condition of the asset, the more likely it is to fail.

Assets which are both extremely critical and more likely to fail should have higher priority and be replaced or rehabilitated earlier in their lifecycle than others, and at lower levels “run to failure” may be perfectly acceptable.

Library assets are generally considered to be non-critical.

6.2.3 Risk Identification and Assessment

Strategic Outcome	Level of Service Indicator	Caused By	Consequence							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)	Weighted Averaged Consequences Score			Current Practice	Recommended Actions
	Closure of Invercargill Public Library.	Power outage.	1	5	1	1	1	1	1.6	B	M	Risk beyond Council's control. Service provider not able to provide power. Service usually returned within one hour.	Install genset
	Serious harm incident to a member of the public.	Trip, fall or the building not complying with the Building Act safety requirements.	6	4	5	4	5	4	4.7	F	M	Regular checks undertaken. Warrant of Fitness for building is current.	Continue current practice.

There are no significant negative effects from the activities. The main negative effect is the cost on ratepayers associated with delivering the activities. To mitigate this effect staff are continually reviewing the way they deliver these activities to ensure they are delivered cost effectively.

#### 6.2.4 Summary of Key Risk Issues

Risk Event	Mitigation Measures
Loss of information following natural event, technology breakdown or security breach	<i>Current</i> <ul style="list-style-type: none"> <li>• Electronic backups</li> <li>• Information systems security</li> <li>• Library Management System (LMS) provider Business Continuity Planning</li> </ul>
Earthquake causes significant damage to Library buildings	<i>Current</i> <ul style="list-style-type: none"> <li>• Design Standards</li> <li>• Seismic assessment completed for Library buildings</li> <li>• Evacuation plans</li> </ul>
Failure to adequately manage collections to meet community needs	<i>Current</i> <ul style="list-style-type: none"> <li>• Collection Management Plan</li> <li>• Information from LMS</li> <li>• Annual Community Survey</li> <li>• Suggestion forms from library users</li> </ul>
Loss of access to key electronic resources at end of contract with supplier	<i>Current</i> <ul style="list-style-type: none"> <li>• Use a range of suppliers</li> <li>• Use a combination of both purchase and access models for resources</li> </ul>

#### 6.2.5 Possible Approaches to Risk Mitigation

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 Library and Archives Service has a Collection Recovery Plan which was reviewed and updated in 2017. The Collection Recovery Plan (CRP) serves to prepare the Invercargill City Libraries and Archives (ICLA) for an effective response to threats or disasters that affect our collections. A coordinated response plan should allow for optimum business recovery. While this CRP can apply to all ICLA collections, it carries a very strong focus on recovery for threats or disasters to archive collections. The Libraries and Archives Service does not have a business continuity plan with the expectation that core services would be reinstated as a pop-up library as used in Christchurch.

### **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**

This delivery of the Library and Archives Service has a lower priority for disaster recovery and resilience against other Council assets and activities. As such, a specific Business Continuity and Resilience plan is not in place for this activity.

## 7. Managing Our Activities

### 7.1 RESPONDING TO THE ISSUES AND CHALLENGES

Topic	Issue or Challenge	Potential Responses
Level of Service	Monitor changes in technology	➤ Investigate options for service delivery to include technology where affordable-
	Rising expectation of the public for us to provide a higher Level of Service	➤ Manage expectations of public/customers ➤ Survey customers to understand their requirements or needs
	Increase number of programmes and events	➤ Continually monitor feedback from programmes and events and work on continuous improvement of product-
	Increase number of items digitised	➤ Identify priority items which need digitisation
Demand	Review fees, charges and lending policies	➤ Monitor levels of circulation and reduce fees where applicable to increase circulation
	Promotion to increase awareness of services and resources	➤ Marketing plan to promote income generation
	Increase range of electronic/online resources	➤ Reduces requirement for physical storage
Asset Profile	Lending Collections Heritage Collections Archives Collections Digital Collections Other Collections – items stored on behalf of outside organisations	➤ Have a good understanding of asset data, issues and challenges, be prepared for the information potentially required ➤ Assume business as usual until the strategic direction from Council is confirmed ➤ Use a better business case approach to develop any project that may develop from the strategic direction-

Sustainability	Upgrade lighting	➤ Work with Building Assets to identify areas to improve sustainability and measure outcomes
Resilience	No documented contingency plan	➤ Work with Property Asset team to develop contingency plans for their service
	Rate of change of technology	➤ Investigate open source as an option for IT improvements ➤ Keep educated on what is on the horizon and being developed in the industry
	The 'unknown unknowns'	➤ Research many possible scenarios, reduce the number of 'unknown unknowns'

#### 7.1.1 Alternative Investment Approaches

Libraries are funded through general rates and unlike libraries in many other Western countries including Australia, New Zealand public libraries receive no direct funding from central government. Possible options open to local authorities to make their funds go further or to source additional funds include:

- Regional ventures to accrue benefits from economies of scale.
- National funding to support care of documentary heritage collections of national significance.
- Nationally coordinated developments, particularly in the creation of digital content and services which can be done once for the benefit of all.
- Sponsorship from community trusts and business for specific projects.
- Strategic alliances with other libraries and organisations to deliver better value from the same spend.

#### 7.1.2 Do-Minimum Programmes

Core business includes the circulation of library resources and help with general enquiries.

A Do-Minimum programmes would include reducing or removing:

- Programmes for all ages
- Events held at the library for all ages
- Outreach visits
- Housebound service
- Digitisation projects
- Proactive collection of local archives
- Collaboration projects such as Dan Davin Literary Foundation

Implementing a plan like this would negatively affect the activity. If programmes, events etc were reduced the Levels of Service would significantly reduce.

### 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, ensure better value for money and better outcomes for the community. More training for staff will be sought in this discipline.

At present there is an annual review of all programmes where criteria for success include:

- Attendance numbers
- Feedback from participants
- Feedback from staff
- Contribution to increasing literacy including digital literacy

From 2017 this will also include quantitative internal survey results.

## 7.2 OPERATIONS

### 7.2.1 Operation/Maintenance Strategy

The Libraries and Archives Service are managed by Invercargill City Council staff. The Library Management System (LMS) is managed by Invercargill library staff and is shared with Southland District Council. The library's public internet service is managed under contract by Department of Internal Affairs on behalf of APNK. The reports and recommendations to Council are made through the Community Services Committee. These include but are not restricted to:

- Levels of service
- Financials
- Types of uses
- User fees and other charges

The building assets supervisor looks after the majority of the operational and maintenance requirements for our assets. This requires co-ordinating with the Libraries and Archives Service activity manager and contractors to have any repairs and maintenance undertaken. Each building is visually inspected monthly for building warrant of fitness purposes, any maintenance requirements are noted during these inspections and forwarded to contractors for action. Further maintenance, renewal and improvements are documented in the Service Level Agreements (Appendix 4.02.6). Any other repairs or maintenance are undertaken in a re-active maintenance manner.

### 7.2.2 Operation/Maintenance Standards and Specifications

LIANZA – Standards for New Zealand Public Libraries is available from LIANZA or through their website ([www.LIANZA.org.nz](http://www.LIANZA.org.nz)). (Appendix 9.02)

### 7.2.3 Operation/Maintenance Options and Alternatives

An alternative to the existing arrangement could involve contracting management of the Libraries and Archives Service to an external provider or library staff. This however would require a paradigm shift in Council's asset

philosophy, particularly of building assets which delivers a consistent approach to asset management across all Council buildings.

### **7.3 ASSET RENEWAL/REPLACEMENT**

Renewals cover the progressive replacement of existing assets as they reach the end of their useful life. The rate of asset renewal is intended to maintain the overall condition of the asset system at a standard that ensures the community's investment is maintained. If existing assets are not replaced with assets of similar standard, the ability of the service to deliver the required Levels of Service will be reduced. Maintenance of the lending collection is carried out by circulation staff. Items are checked on return to identify any damage. Damaged items are then repaired prior to being returned to the shelves. Items damaged beyond repair are disposed of and may or may not be replaced. Library plant and equipment including furniture, cash registers and shelving are repaired or replaced on an ad-hoc as required basis.

### **7.4 CAPITAL DEVELOPMENT PLAN**

#### **7.4.1 Asset Development Strategy**

The strategy for development or growth is assessed and prioritised by Council.

#### **7.4.2 Capital Development Selection Criteria**

Each growth or increase to service level project is required to fill in a one-page assessment case, the assessment case documents the problem the project is solving, the benefits, risks, estimated capital and operational costs and how it aligns with the Community Outcomes.

#### **7.4.3 Capital Development Options and Alternatives**

These are documented within each Service Level Agreement.

### **7.5 DISPOSAL PLAN**

No significant asset disposal is planned for the Library and Archives Services activity.

#### **7.5.1 Forecast Future Disposal of Assets**

Operational – Book disposal equals approximately 6,000-7,000 items per year and are either sold to the public or recycled.

#### **7.5.2 Forecast of Income/Expenditure from Asset Disposal**

The most recent figures for book disposal are \$11,267. This is not expected to change significantly.

### **7.6 RECOMMENDED PROGRAMME**

#### **7.6.1 Evaluation of Options/Alternative Programmes**

The cost to contract out the Library and Archives Service with an external provider would need to be investigated and may cost more than the internal services charge already charged by the Assets team, as costs are shared across a range of Council's building assets.

A contracted service was investigated in 1999/2000 by Keith Harrington with a council decision made not to proceed.

**7.6.2 Recommended Operation Programmes**

There is no recommendation to change the relationship between Libraries and Archives Services and the Building Assets function provided by the respective part of Council's Works and Services Directorate.

**7.6.3 Recommended Renewal Programmes**

The renewals expenditure is focussed on maintaining the library collection. The collection has a shelf life of anywhere between 3 - 12 years, and therefore needs to be regularly updated if the condition of the collection as a whole is to be maintained. The AMP, also, if it is to remain relevant, needs to be regularly updated – especially with regard to the statistical information (this should be done at least annually). The risk of not completing the work is that the library collection becomes tatty and outdated, use of the library would therefore decline while the AMP will lose relevancy if it is not maintained. The Libraries and Archives Service will aim to preserve the service potential capacity of its activity on a continuous basis.

Year		2019	2020	2021	2022	2023	2024	2025	2026	Formatted Table		
Plant & Equipment	Base	35,000	35,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
	Base including inflation	35,000	35,770	31,335	32,024	32,760	33,514	34,318	35,176	36,091	37,065	
Book Renewal Budget	Base	398,900	398,900	398,900	398,900	398,900	398,900	398,900	398,900	398,900	398,900	398,900
	Base including inflation	398,900	407,676	416,645	425,811	435,604	445,623	456,318	467,726	479,887	492,844	

**7.7 HOW THE ACTIVITY WILL BE RESOURCED**

**7.7.1 Internal Resourcing**

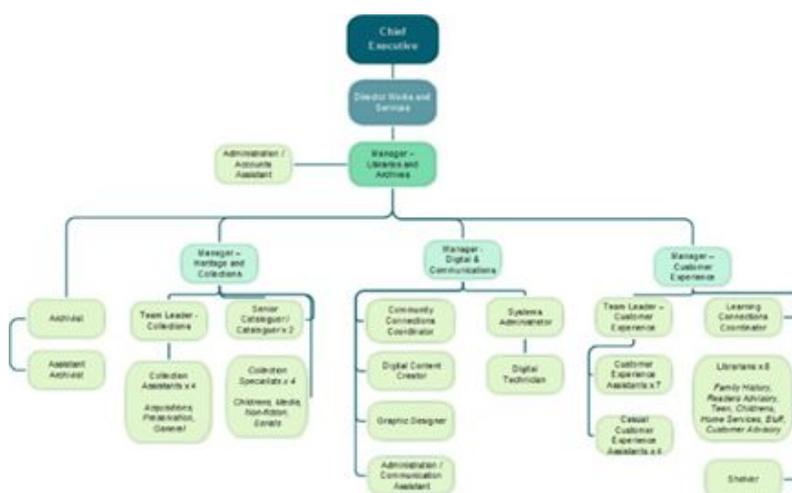
The operation of library and archives services is managed by the Library and Archives team of the Works and Services Directorate of the Invercargill City Council.

Position	Number Employed in Role
Library Manager	1
Manager – Customer Experience	1
Manager – Heritage and Collections	1
Manager – Digital and Communication	1
Bluff Librarian	1
Admin/Accounts Assistant	2
Archivist	1
Assistant Archivist	1
Team Leader – Customer Experience, Heritage and Collections	2
Librarian – Customer Experience, Heritage and Collections	13
Library Co-ordinator – Digital and Communication, Customer Experience	4

Network Administrator – Digital and Communications	1
Digital Assistant	1
Library Assistant – Customer Experience, Heritage and Collections	11
Casual	4
Total (not including casual)	41

There are 28 fulltime Library staff and two fulltime Archives staff with the remainder employed as part-time or casual. Currently all Libraries and Archives staff are either on Individual Contracts or members of the Collective Agreement.

Regular weekly, fortnightly and monthly meetings are held at various organisational levels to ensure that there is a consistent approach to day to day management, health and safety issues, and customer service.



Service delivery is undertaken by three teams:

- Customer Experience – customer services, programmes and events.
- Collections and Heritage – acquisition, cataloguing and preservation of library resources.
- Digital and Communication – IT infrastructure and promotion of library services and resources

The Manager takes a lead role in determining the strategic direction of Library and Archives Services in Invercargill.

### 7.7.2 Procurement Strategy

Procurement of book renewals is handled by respective collection specialists and authorised at all levels by Libraries and Archives Services Manager. Invercargill Public Library has joined nationwide consortia for the procurement of shelf ready material. This is lead by Wellington City Libraries and covers approximately 60% of library book purchases. Invercargill is also a member of the EPIC consortia for the procurement of electronic databases. This is done on an annual subscription basis.

Invercargill is a member of two regional consortia for the supply of eBooks and eAudio – using the applications Overdrive and Bolinda Borrowbox. There is current investigation into the supply of magazines including the supply of digital magazines.

For incidental procurement, purchase orders are raised by Accounts Assistant and authorised by Libraries and Archives Services Manager on an as needed basis; where appropriate purchases are made from suppliers that offer an advantage to Council.

## 8. Financial Management

### 8.1. OVERVIEW

Library and Archives Services are funded from a mix of rates contribution and fees and charges.

### 8.2 FINANCIAL SUMMARY - WHAT THE ACTIVITY COSTS

8.2.1 Council Funded Programmes

The following table presents the budget for 2018 through to 2028

	2017/18 Annual Plan	2018/19 LTP	2019/20 LTP	2020/21 LTP	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP
Internal Revenue	0	0	0	0	0	0	0	0	0	0	0
Fees & Charges Revenue	152,132	146,600	150,030	153,330	157,237	160,854	164,553	168,503	173,301	177,807	182,608
Grants & Subsidies Revenue	4,646	4,600	4,701	4,805	4,910	5,023	5,139	5,262	5,394	5,534	5,683
Rates Revenue	0	0	0	0	0	0	0	0	0	0	0
Financial Revenue	29,833	30,200	30,864	31,543	32,237	32,979	33,737	34,547	35,411	36,331	37,312
<b>Total Revenue</b>	<b>186,611</b>	<b>181,400</b>	<b>185,595</b>	<b>189,678</b>	<b>194,385</b>	<b>198,856</b>	<b>203,429</b>	<b>208,312</b>	<b>214,106</b>	<b>219,673</b>	<b>225,604</b>
Internal Expenditure	1,118,281	1,207,005	1,233,781	1,261,177	1,290,157	1,319,626	1,349,995	1,383,011	1,417,734	1,453,540	1,493,240
Staff Expenditure	2,235,515	2,269,406	2,314,882	2,361,270	2,408,588	2,456,901	2,506,184	2,556,505	2,607,887	2,660,356	2,713,935
Administration Expenditure	204,999	203,952	208,439	213,025	217,711	222,718	227,841	233,309	239,142	245,360	251,984
Financial Expenditure	916	900	920	940	961	983	1,005	1,030	1,055	1,083	1,112
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	29,162	29,200	29,842	30,499	31,170	31,887	32,620	33,403	34,238	35,128	36,077
Operational Expenditure	192,317	198,800	203,174	207,643	212,212	217,092	222,086	227,416	233,101	239,162	245,619
Depreciation Expenditure	789,990	662,229	639,956	714,575	793,528	726,715	812,616	904,596	832,545	934,193	1,043,713
<b>Total Expenditure</b>	<b>4,571,180</b>	<b>4,571,492</b>	<b>4,630,994</b>	<b>4,789,129</b>	<b>4,954,327</b>	<b>4,975,923</b>	<b>5,152,347</b>	<b>5,339,269</b>	<b>5,365,702</b>	<b>5,568,822</b>	<b>5,785,680</b>
<b>Operating Surplus / (Deficit)</b>	<b>(4,384,569)</b>	<b>(4,390,092)</b>	<b>(4,445,399)</b>	<b>(4,599,451)</b>	<b>(4,759,942)</b>	<b>(4,777,067)</b>	<b>(4,948,918)</b>	<b>(5,130,957)</b>	<b>(5,151,596)</b>	<b>(5,349,149)</b>	<b>(5,560,076)</b>
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	440,513	433,900	443,446	447,979	457,835	468,365	479,137	490,637	502,903	515,978	529,909
<b>Capital Expenditure</b>	<b>440,513</b>	<b>433,900</b>	<b>443,446</b>	<b>447,979</b>	<b>457,835</b>	<b>468,365</b>	<b>479,137</b>	<b>490,637</b>	<b>502,903</b>	<b>515,978</b>	<b>529,909</b>
Proceeds from Asset Disposal	0	0	0	0	0	0	0	0	0	0	0
Debt movements	0	0	0	0	0	0	0	0	0	0	0
Reserve movements	0	0	0	0	0	0	0	0	0	0	0
Cash Back Depreciation	(789,990)	(662,229)	(639,956)	(714,575)	(793,528)	(726,715)	(812,616)	(904,596)	(832,545)	(934,193)	(1,043,713)
<b>Rates Required</b>	<b>4,035,092</b>	<b>4,161,763</b>	<b>4,248,889</b>	<b>4,332,855</b>	<b>4,424,248</b>	<b>4,518,717</b>	<b>4,615,439</b>	<b>4,716,998</b>	<b>4,821,954</b>	<b>4,930,934</b>	<b>5,046,273</b>

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Business Unit 120000\_2019 - Community Services - Library

	2017/18 Annual Plan	2018/19 LTP	2019/20 LTP	2020/21 LTP	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP
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Depreciation Expenditure	789,990	662,229	639,956	714,575	793,528	726,715	812,616	904,596	832,545	934,193	1,043,713
<b>Total Expenditure</b>	<b>4,571,180</b>	<b>4,571,492</b>	<b>4,630,994</b>	<b>4,789,129</b>	<b>4,954,327</b>	<b>4,975,923</b>	<b>5,152,347</b>	<b>5,339,269</b>	<b>5,365,702</b>	<b>5,568,822</b>	<b>5,785,680</b>
<b>Operating Surplus / (Deficit)</b>	<b>(4,384,569)</b>	<b>(4,390,092)</b>	<b>(4,445,399)</b>	<b>(4,599,451)</b>	<b>(4,759,942)</b>	<b>(4,777,067)</b>	<b>(4,948,918)</b>	<b>(5,130,957)</b>	<b>(5,151,596)</b>	<b>(5,349,149)</b>	<b>(5,560,076)</b>
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	440,513	433,900	443,446	447,979	457,835	468,365	479,137	490,637	502,903	515,978	529,909
<b>Capital Expenditure</b>	<b>440,513</b>	<b>433,900</b>	<b>443,446</b>	<b>447,979</b>	<b>457,835</b>	<b>468,365</b>	<b>479,137</b>	<b>490,637</b>	<b>502,903</b>	<b>515,978</b>	<b>529,909</b>
Proceeds from Asset Disposal	0	0	0	0	0	0	0	0	0	0	0
Debt movements	0	0	0	0	0	0	0	0	0	0	0
Reserve movements	0	0	0	0	0	0	0	0	0	0	0
Cash Back Depreciation	(789,990)	(662,229)	(639,956)	(714,575)	(793,528)	(726,715)	(812,616)	(904,596)	(832,545)	(934,193)	(1,043,713)
<b>Rates Required</b>	<b>(4,035,092)</b>	<b>(4,161,763)</b>	<b>(4,248,889)</b>	<b>(4,332,855)</b>	<b>(4,424,248)</b>	<b>(4,518,717)</b>	<b>(4,615,439)</b>	<b>(4,716,990)</b>	<b>(4,821,954)</b>	<b>(4,930,934)</b>	<b>(5,046,273)</b>

**8.2.2 Programme Implications**

There are no programme implications.

### 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, i.e. Building Consent for work carried out by private residents.

### 8.4 HOW WE PAY FOR THE ACTIVITY

The following **SS** Sources of funding are used by Libraries and Archives Services:

- General Rate
- Targeted Rate
- Fees and Charges
- Other Sources of funding (e.g. Donations)
- Loans and Reserves

Who Benefits	Funding Sources and Proportions	Demand Generators
Public	Rates 90-100%	Change in services available to library users.
Education Sector	Fees and Charges 0-10%	
Heritage, Arts and Cultural Groups		
Local Iwi		

### 8.5 CONFIDENCE LEVELS IN PROGRAMMES

All forecasting in the recommended programmes has been derived from Assumptions (see Section 2.4) and from statistical analysis of data collected by Library Management System and also statistics from other public libraries to identify trends. Several assumptions are very likely to occur:

- The population is increasing.
- The population is aging.
- Demand on the Library and Archives Service is changing (decreasing circulation, increasing use of technology, increasing use of library spaces).
- Some assets are near the end of their life (escalator, carpets, lighting).
- Demand on Libraries and Archives remains the same.

**8.6 RELIABILITY OF FINANCIAL FORECASTS**

**8.6.1 Maintenance and Renewal Forecasts**

As per 2.4, the assumptions used to develop this AMP indicate static demand growth and demographic change to the facility.

Provided that actual change moves comparatively parallel with the assumptions, the activity plan as forecast will meet the required needs of this growth.

Regardless, consideration of a change that diverges from the assumptions is required.

Change	Effect
Growth decrease by 10%	It is likely to lead to a greater reduction in circulation but not necessarily visitor numbers as attendance at programmes and events have shown steady increases. Reduced circulation is linked to reduced income from fees and charges. This would lead to a parallel reduction in book renewal expenditure.

**8.6.2 Development Forecasts**

As per 2.4, the assumptions used to develop this AMP indicate static demand growth and demographic change to the facility.

Provided that actual change moves comparatively parallel with the assumptions the activity plan as forecast will meet the required needs of this growth.

Regardless, consideration of a change that diverges from the assumptions is required.

Change	Effect
Growth decrease by 10%	Library upgrade is required irrespective of growth assumptions as building is nearing 30 years of age and this renewal is scheduled maintenance.

**8.7 SUMMARY OF PROGRAMME ASSUMPTIONS**

Summary of key assumptions used:

Assumption Area	LTP Assumption
Population Growth	The population will increase by 2028 (10 year LTP window).
Ageing Population	Changing population will require changes to the service and activity delivery.
Increased use of technology	Increasing use of technology and expenditure on digitisation and digital resources.

## 9. Delivering and Monitoring the Programme

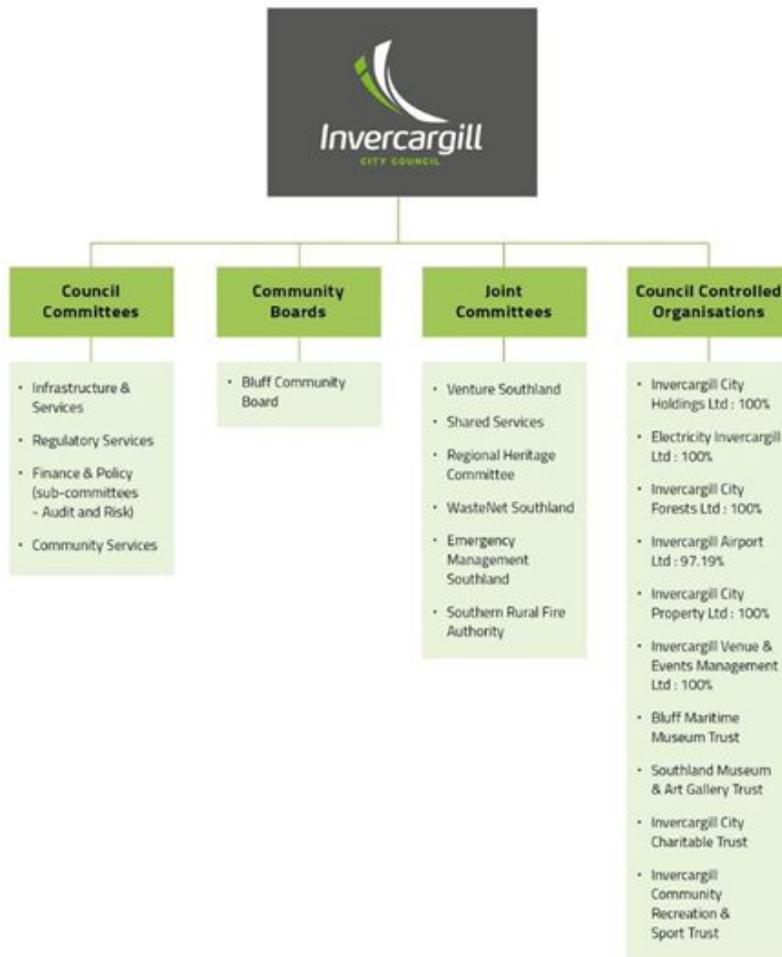
### 9.1 PROGRAMME GOVERNANCE AND REPORTING

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.

Libraries and Archives reports to the Community Services Committee.



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**

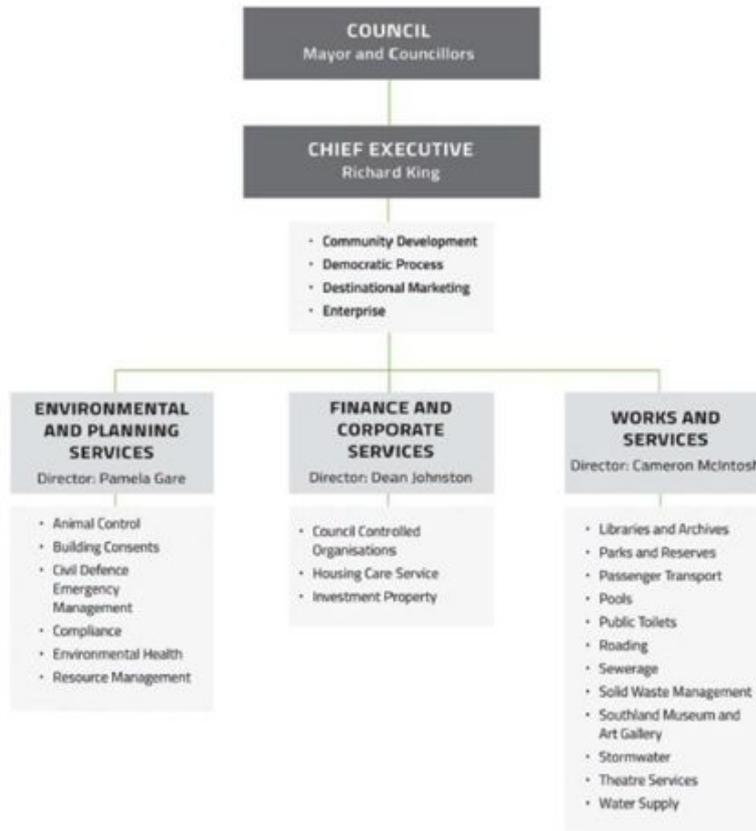
Council currently utilises a myriad of methods to engage in consultation with members of the community. The Local Government Act 2002 states specific methods of consultation to be utilised by Council for certain processes, Council adds to this through innovative and community-tailored engagement techniques.

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

##### 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. 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 Councils capital renewal programmes. During the period between revaluations assets are capitalised into the AX Dynamics system as purchased. 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.

The Library Service uses:

### **Symphony Library Management Software**

This is used to manage the collection assets. The LMS provides information relating to:

- Location of items
- Age of items
- Purchase price and supplier of individual items
- Circulation of individual items
- The relative balance of the collections-
- Membership details

The RFID security gates also include people counters to record visitor numbers.

The Archives Services uses:

### **ArchivesSpace**

ArchivesSpace is an open source, web application for managing archives information. The application is designed to support core functions in archives administration such as accessioning; description and arrangement of processed materials including analog, hybrid, and born-digital content; management of authorities (agents and subjects) and rights; and reference service. The application supports collection management through collection management records, tracking of events, and a growing number of administrative reports. The application also functions as a metadata authoring tool, enabling the generation of EAD, MARCXML, MODS, Dublin Core, and METS formatted data.

## **9.5 PROGRAMME PERFORMANCE MONITORING AND REVIEW**

### **9.5.1 Monitoring Approach**

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. Libraries and Archives reports to the Community Services Committee with the Libraries and Archives Services Manager 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, [i.e.](#) 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

The planning of preventative maintenance and projects (capital and operational) are provided collaboratively by Libraries and Archives management and the Building Assets Team. All planning is considered in light of the Libraries and Archives 'levels of service' and strategic direction, as well as wider parameters and directions advised Council.

Libraries are not bound by legislation, but staff endeavour to achieve higher professionalism in order that resources are promoted and used for the benefit of the community. The objective is that recreational reading is promoted for the well-being of the community, and information resources are promoted for the education and business development of the city.

New and emerging technologies will have significant and ongoing impact on the delivery of services in libraries. New formats for information and leisure materials are increasingly available and we will see continual evolution of formats. Developments in internet communication applications will enable libraries to increasingly interact with customers electronically.

Library Management is constantly reviewing options to improve service delivery.

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	Type	Quite Inadequate	Needs a lot of improvement	Quite Good, But Could be Improved in Some Areas	Very Good	Comments
1.	Management					
	Of the Department (Leadership)	PD			✓	
	Of the staff on a daily basis	PD			✓	
	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.	OP		✓		
2.	Technical Competence					
	New works' design	OP			✓	
	Project Management	OP			✓	
	Management of contractors (especially Network Maintenance Contractors)	OP			✓	
	Maintenance organisation and management.	OP			✓	
	Other technical skills required by this service	PD			✓	
3.	Forward Planning and the Setting of Priorities	OP			✓	
	The completeness and overall quality of the priority setting and financial forecasts and assumptions for the next 20 years	OP		✓		
	For maintenance and operations (for the next 10 years)	OP		✓		
	For new capital (for the next 20 years)			✓		
	For renewals (for the next 10 years)			✓		
4.	Communications/Relationships					
	With Customers			✓		
	Written (letter writing)	CS		✓	✓	
	Verbal (phone)	CS				
	Verbal (personal contact)	CS		✓		

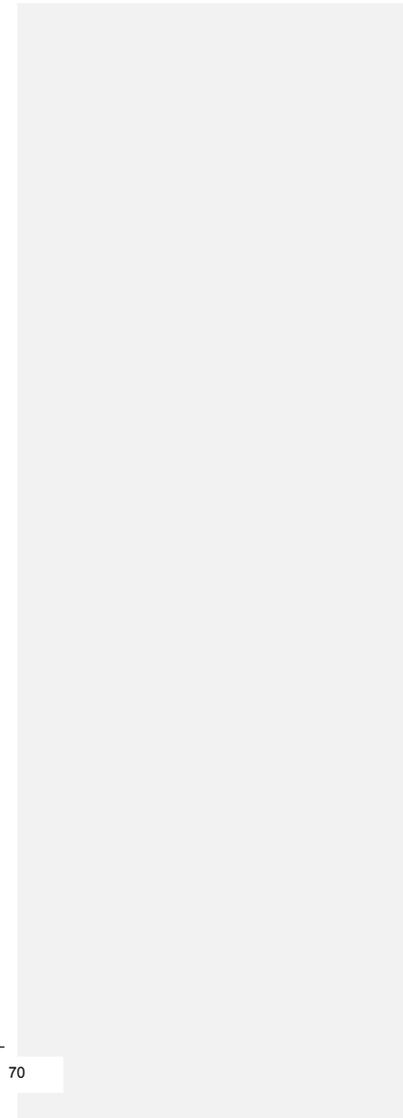
Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	Type	Quite Inadequate	Needs a lot of improvement	Quite Good, But Could be Improved in Some Areas	Very Good	Comments
	With elected representatives (where relevant)	CS		✓		
	With other departments	PD			✓	
	Within the department				✓	
5.	Financial Management					
	Budgets' preparation (quality, completeness, and timeliness)	OP		✓		
	Adherence to budgets once approved	OP			✓	
	Always aware of costs against budget throughout the year	OP			✓	
6.	People					
	Job breakdowns/job instructions/ work guidelines/practice notes available for all relevant tasks and all up-to-date	PD				
	All staff delegations up-to-date	PD			✓	
	All warrants up-to-date	PD				
7.	Knowledge of the Physical Assets					
	How well the physical assets that have to be managed are understood	OP			✓	
	Location	OP			✓	
	Material type	OP			✓	
	Condition	OP			✓	
	Capacity	OP			✓	
	Age and remaining life	OP			✓	
	Performance	OP			✓	
	Criticality	OP			✓	
8.	Support Services					
	Administrative support	PD		✓		
	Financial support	PD		✓		
	Office accommodation	PD			✓	
	Office furniture and equipment (work tools)	PD		✓		
	Transport	PD		✓		
	Record keeping (completeness and easily accessible)	PD		✓		

	Type	Quite Inadequate	Needs a lot of improvement	Quite Good, But Could be Improved in Some Areas	Very Good	Comments
	Complete and up-to-date policy manual			✓		
9.	Performance Management					
	Sufficient and appropriate performance measures	OP		✓		
	Sufficient and appropriate performance targets	OP		✓		
	All measures and targets being monitored	OP		✓		
	Monitoring results promptly reported (at all relevant levels)	OP		✓		
	Performance trends (over several years) clear and understood	OP		✓		
	Performance results actually used to improve performance	OP		✓		
	All employees regularly being given "true" feedback about their performance	PD		✓		
10.	Business Continuity					
	Disaster Plans up-to-date	OP			✓	
11.	Legislative Compliance					
	No known areas where legislative requirements not being fully complied with	OP			✓	
12.	Strategic Advice					
	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		✓		
	The quality and timeliness of reporting to the elected Council and its Committees	CS		✓		

Key: CS – Customer Service  
OP – Organisational Performance

PD – People Development  
SA – Strategic Advice



**10.2 IMPROVEMENT PROGRAMME**

A key focus during 2016/2017 was planning for the implementation of building changes/improvements which would modernise the ground floor and create a flexible space and mitigate hazards such as the slippery floor created by the marble tiles. Opportunities exist to save on energy cost with the conversion of lighting to LED and this is programmed as part of the library upgrade. Further improvements are listed in the table below:

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						
Update Archives software			✓		✓		Public can access Archives collections online	CS	M Foster	2018	IP	
Specific Teen area			✓				Increase engagement with teens measured by increased circulation of teen collections and increased number of programmes for teens	CS	M Foster	2018	IP	
Investigate Library cafe					✓		Increase income	CS	M Foster	2019	NS	
Investigate Archives extension					✓		Report on costs to provide shared storage for regional archives	CS	M Foster/L McCoy	2023	NS	
Makerspace			✓				Increase programmes using science, technology, engineering and math	CS	M Foster	2018	IP	
Genset				✓			Backup is provided for Council phone system if there is a power failure	OP	M Foster/L McCoy	2018	NS	

*Relative Urgency Key:*

1. Extremely urgent (needs to be addressed now)
2. Very urgent
3. Urgent

4. Reasonably or fairly urgent
5. Not urgent
6. A good idea for some time in the future

*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 following improvements were made:

- RFID system installed
- Library website updated
- Increased access to eAudio by providing access to Bolinda Borrowbox as part of the Southlib consortia
- Digitisation of heritage maps and WW1 letters
- Purchase of shelf ready material has reduced backlog of processing material and increased turnover

### **10.4 MONITORING AND REVIEW**

Ongoing monitoring and review of the Libraries and Archives Service takes place through Levels of Service reporting to Council and the Annual Report process. Annual statistics are reported to the Public Libraries Aotearoa New Zealand <http://www.publiclibraries.org.nz/LibrariesToday/PublicLibraryStatistics.aspx> to identify trends across the public library sector.

## 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
9.01	Library and Archives	Invercargill City Library and Archives Collection Development Statement
9.02	Library and Archives	Standards NZ Public Libraries 2004
9.03	Library and Archives	Invercargill City Library and Archives Collection Recovery Plan 2014



# **INVESTMENT PROPERTY**

# **ACTIVITY MANAGEMENT PLAN 2017**



### Activity Management Plan

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

<b>Changes to be incorporated in next Review</b>		
<b>Number</b>	<b>Date of Change</b>	<b>Reason for Change</b>
8.2 Financial Summary – What the Activity Costs 8.2.1 Council Funded Programmes	15-11-17	Updated Financials

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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
<b>Invercargill's economy continues to grow and diversify</b>	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.

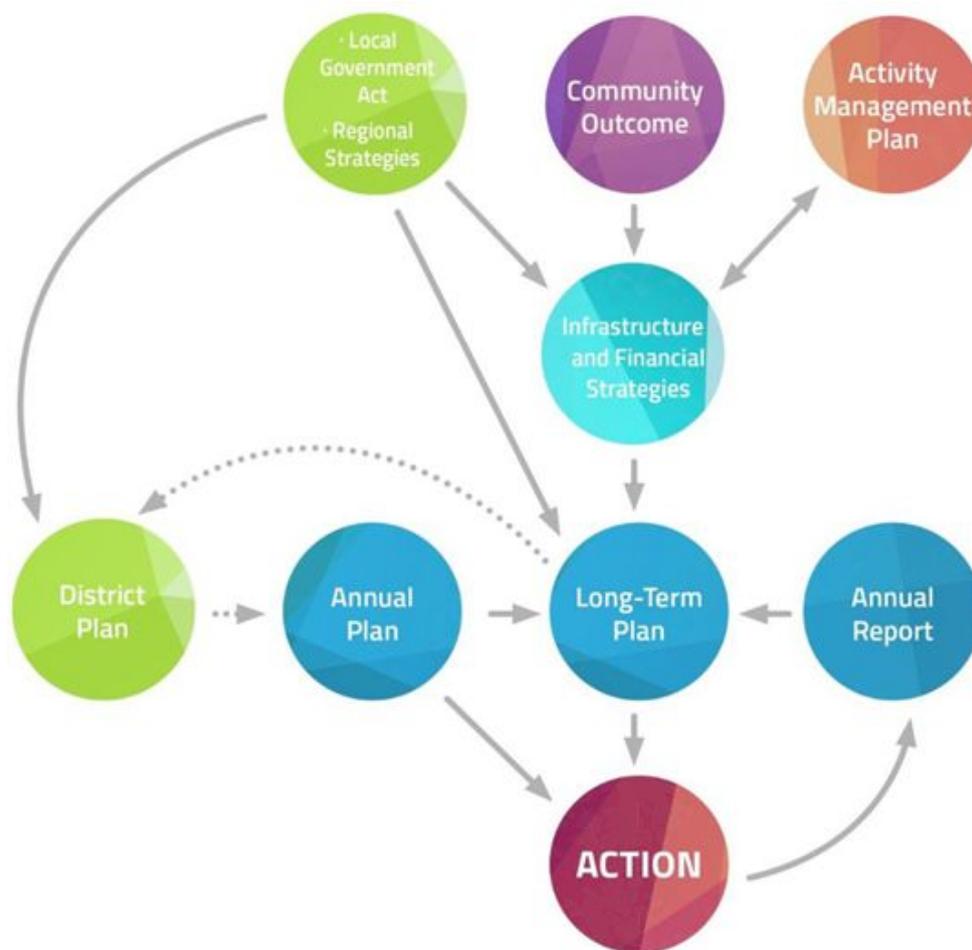
### **2.2.3 Long-Term Plan**

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.

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
<p><b>Population</b></p> <p>The population will increase to 56,300 by 2028.</p>	<p><b>Moderate</b> – 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><b>Household Growth</b></p> <p>An average of 2.3 people per household in 2038, requiring 2,300 more homes from the 2013.</p>	<p><b>Moderate</b> – 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><b>Ageing Population</b></p> <p>Those 65 years and older will make up approximately 22% of Invercargill's population by 2023.</p>	<p><b>Low</b> – 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><b>Resource Consents</b></p> <p>Resource consents will be obtained with reasonable conditions and negligible impact on how Council provides its services.</p>	<p><b>Moderate</b> – 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><b>Tourism and Visitor Numbers</b></p> <p>Tourism numbers will increase over the Long-Term Plan period.</p>	<p><b>Low</b> – 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><b>New Zealand Transport Agency</b></p> <p>That the NZTA Funding Assistance Rate will reduce by 1% each year until a low of 51%.</p>	<p><b>Low</b> – 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><b>Commercial Property</b></p> <p>The CBD will remain in the Esk Street area and will become more vibrant.</p>	<p><b>Low</b> – 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><b>Inflation</b></p> <p>Inflation will occur at the rates set by BERL as LGCI forecasts.</p>	<p><b>Moderate</b> – 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><b>Local Economy</b></p> <p>The local economy will grow and diversify.</p>	<p><b>Moderate</b> – 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><b>Useful Life of Significant Assets</b></p> <p>Assets will reach the useful life indicated when supplied.</p>	<p><b>Moderate</b> – 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><b>Depreciation</b></p> <p>Council will fully fund renewal depreciation by year 10 of the Plan.</p>	<p><b>Low</b> – 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><b>Asset Revaluation</b></p> <p>Council will use national standards in asset revaluation.</p>	<p><b>Moderate</b> – 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><b>Vested Assets</b></p> <p>Vested assets will have a negligible impact on Council's overall infrastructure and finances.</p>	<p><b>Low</b> – financial effect of uncertainty.</p>	<p>Level of vested assets fluctuates yearly. Historical levels have not been material.</p>
<p><b>Financial – Existing Funding Renewal</b></p> <p>Council borrowing facility will be renewed (three-yearly) with the terms and conditions mirroring market trends.</p>	<p><b>Medium</b></p>	<p>Council's terms and conditions for its borrowing facility have mirrored market trends in recent times.</p>
<p><b>Financial – Expected Interest Rates on Borrowing</b></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><b>Medium</b></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>

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
<p><b>Financial – Forecast on Return on Investments</b></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>	<b>Medium</b>	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><b>Local Governance</b></p> <p>Amalgamation will not occur during the life of the Plan.</p>	<b>Low</b> – 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><b>Legislation</b></p> <p>There will be changes to legislation that have an impact on what and how Council provides services.</p>	<b>Moderate</b> – 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><b>Natural Disasters</b></p> <p>There will be no major catastrophes that impact on Invercargill or its economy.</p>	<b>High</b> – 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><b>Climate Change</b></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>	<b>Moderate</b> – 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>

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
<p><b>Technology</b></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><b>High</b> – 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><b>Education</b></p> <p>SIT will continue to promote Invercargill to international students.</p>	<p><b>Moderate</b> – education systems that exist are likely to remain stable.</p>	<p>Infrastructure, Services, Population and Housing</p>
<p><b>World Economy</b></p> <p>The world economy will not have a significant negative effect on the Invercargill City District.</p>	<p><b>Moderate</b> – 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

<b>External Stakeholders</b>	<b>Area of Interest</b>	<b>Engagement</b>
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
<b>Internal Stakeholders</b>	<b>Area of Interest</b>	<b>Engagement</b>
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

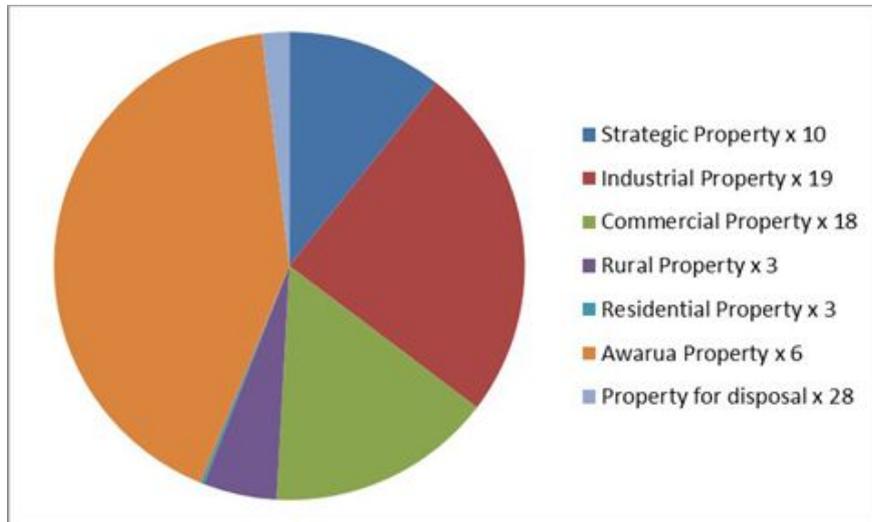
#### 4.1.1 Factors Influencing Demand

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.

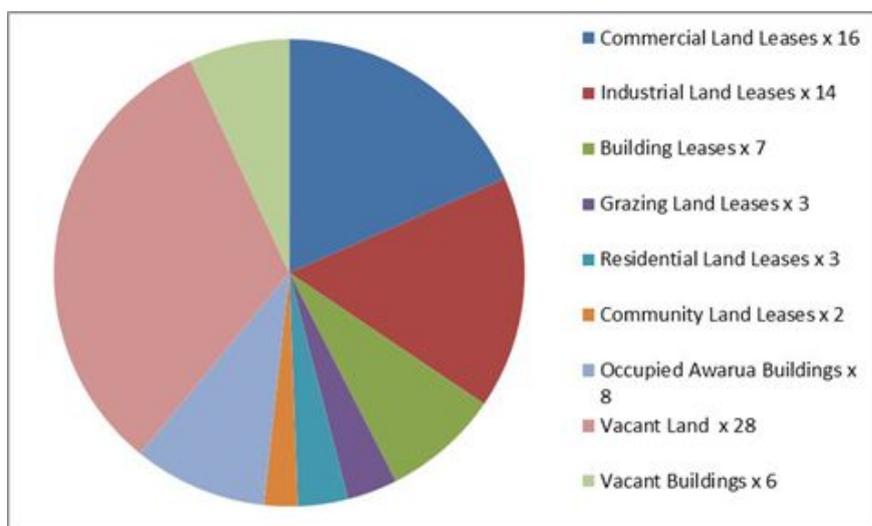
At 30 June 2017, the Investment Property portfolio is summarised as follows:

#### 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
	<b>87</b>

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

### **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.

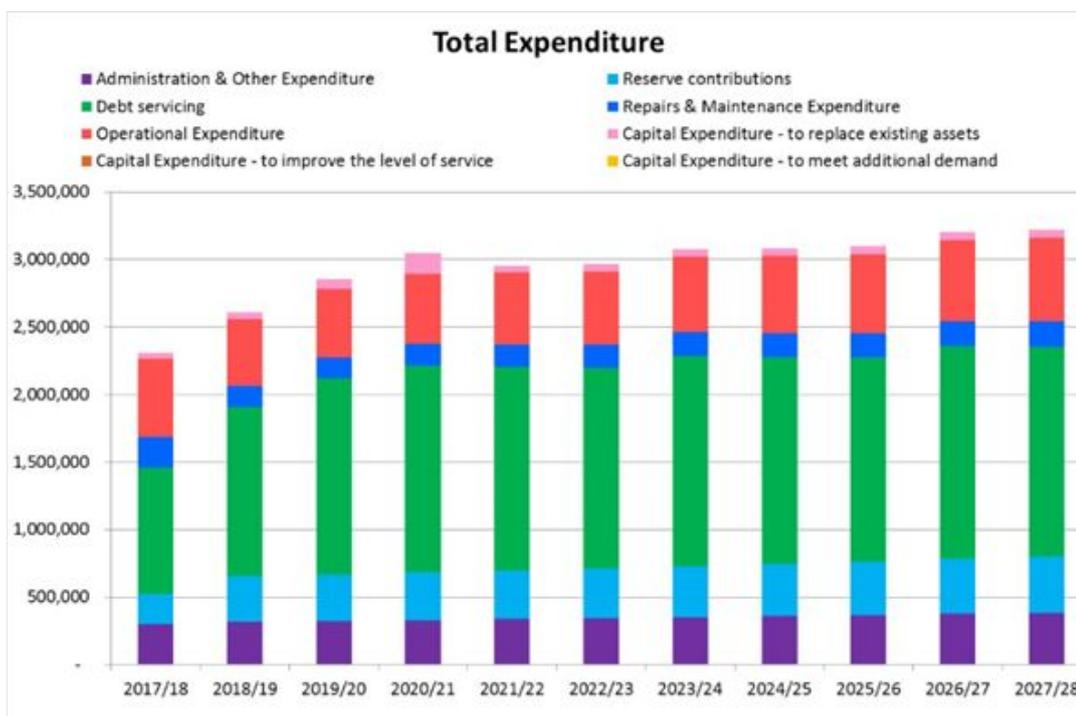
## 8. Financial Management

### 8.1. OVERVIEW

**8.2 FINANCIAL SUMMARY - WHAT THE ACTIVITY COSTS**

	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									
Internal Revenue	25,000	65,000	65,880	66,779	67,699	68,681	69,685	70,758	71,902	73,121	74,420
Fees & Charges Revenue	1,741,049	2,320,296	2,370,321	2,420,379	2,466,155	2,522,876	2,580,902	2,642,844	2,708,915	2,779,347	2,854,389
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	177,254	121,700	124,373	127,105	129,897	132,880	135,931	139,189	142,664	146,368	150,314
<b>Total Revenue</b>	<b>1,943,303</b>	<b>2,506,996</b>	<b>2,560,574</b>	<b>2,614,263</b>	<b>2,663,750</b>	<b>2,724,437</b>	<b>2,786,519</b>	<b>2,852,791</b>	<b>2,923,480</b>	<b>2,998,836</b>	<b>3,079,124</b>
Internal Expenditure	0	40,000	40,880	41,779	42,699	43,681	44,685	45,758	46,902	48,121	49,420
Staff Expenditure	135,735	139,781	142,587	145,449	148,369	151,353	154,396	157,507	160,687	163,936	167,258
Administration Expenditure	139,571	115,506	118,047	120,644	123,298	126,134	129,035	132,132	135,435	138,957	142,709
Financial Expenditure	938,265	1,002,244	1,039,136	1,120,504	1,097,954	1,075,404	1,150,402	1,122,168	1,099,368	1,164,332	1,139,499
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	224,181	155,642	159,066	162,566	166,142	169,963	173,872	178,045	182,497	187,241	192,297
Operational Expenditure	577,629	497,292	508,232	519,414	530,841	543,050	555,540	568,873	583,095	598,255	614,408
Depreciation Expenditure	23,951	21,353	21,823	22,303	22,794	23,318	23,854	24,427	25,037	25,688	26,382
<b>Total Expenditure</b>	<b>2,039,332</b>	<b>1,971,818</b>	<b>2,029,771</b>	<b>2,132,659</b>	<b>2,132,096</b>	<b>2,132,902</b>	<b>2,231,786</b>	<b>2,228,910</b>	<b>2,233,020</b>	<b>2,326,531</b>	<b>2,331,973</b>
<b>Operating Surplus / (Deficit)</b>	<b>(96,029)</b>	<b>535,178</b>	<b>530,802</b>	<b>481,604</b>	<b>531,654</b>	<b>591,534</b>	<b>554,733</b>	<b>623,881</b>	<b>690,460</b>	<b>672,304</b>	<b>747,151</b>
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	70,518	156,673	53,373	54,601	55,857	57,197	58,627	60,151	61,775
<b>Capital Expenditure</b>	<b>50,000</b>	<b>50,000</b>	<b>70,518</b>	<b>156,673</b>	<b>53,373</b>	<b>54,601</b>	<b>55,857</b>	<b>57,197</b>	<b>58,627</b>	<b>60,151</b>	<b>61,775</b>
Proceeds from Asset Disposal	0	0	0	0	0	0	0	0	0	0	0
Debt movements	0	250,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000
Reserve movements	(474,060)	(190,892)	(205,199)	(341,177)	(222,225)	(207,330)	(235,824)	(217,945)	(202,050)	(225,193)	(207,550)
Cash Back Depreciation	(891)	0	0	0	0	0	0	0	0	0	0
<b>Rates Required</b>	<b>(328,922)</b>	<b>(426,070)</b>	<b>(255,483)</b>	<b>(256,109)</b>	<b>(290,506)</b>	<b>(334,263)</b>	<b>(324,701)</b>	<b>(374,628)</b>	<b>(423,883)</b>	<b>(427,346)</b>	<b>(482,925)</b>

### 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
<b>Public:</b> Net income used to offset rates	<b>Fees/Charges:</b> 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:

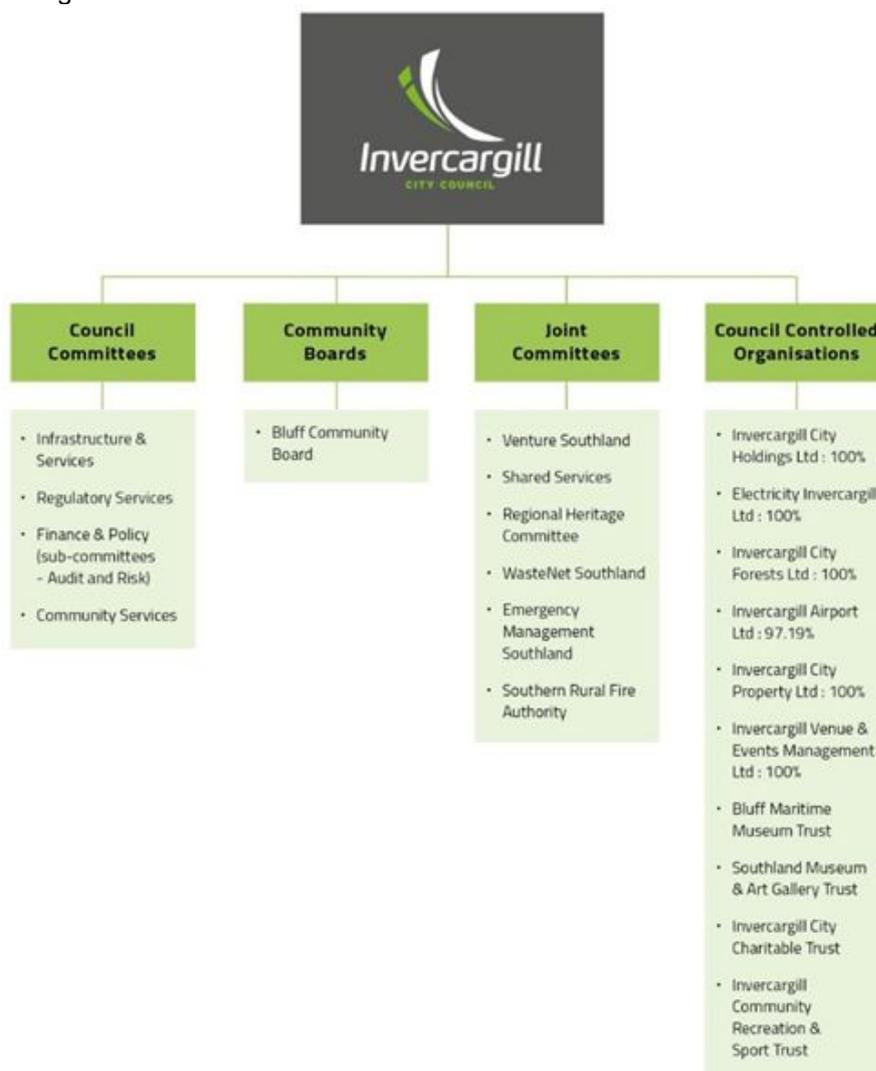
- Requirement for performance evaluation of all current properties for recommendations on asset retention, rationalisation and disposal or re-development. Potential to divest of sites with a nil return.
- Predicted future freeholding requests from Lessees will see Endowment proceeds increase for further 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.

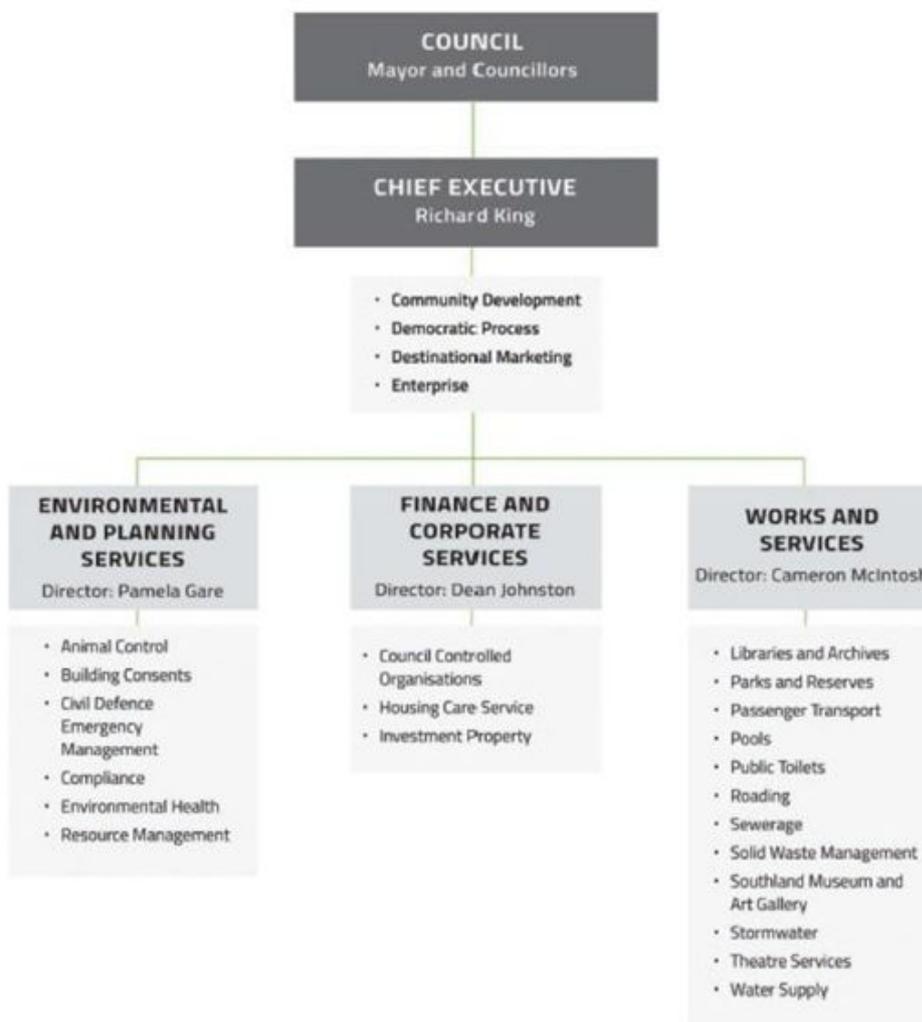
## **9.2 STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS**

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
<b>Management</b> <ul style="list-style-type: none"> <li>• Of the Department (Leadership)</li> <li>• Of the staff on a daily basis</li> <li>• 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</li> </ul>	PD PD OP			X
<b>Technical Competence</b> <ul style="list-style-type: none"> <li>• New works design</li> <li>• Project Management</li> <li>• Management of contractors (especially Network Maintenance Contractors)</li> <li>• Maintenance organisation and management</li> <li>• Other technical skills required by this service</li> </ul>	OP OP OP OP PD			
<b>Forward Planning and the Setting of Priorities</b> <ul style="list-style-type: none"> <li>• The completeness and overall quality of the priority setting and financial forecasts and assumptions for the next 20 years</li> <li>• For maintenance and operations (for the next 10 years)</li> <li>• For new capital (for the next 20 years)</li> <li>• For renewals (for the next 10 years)</li> </ul>	OP  OP OP		X	
<b>Communications/Relationships</b> <ul style="list-style-type: none"> <li>• With customers</li> <li>• Written (letter writing)</li> <li>• Verbal (phone)</li> <li>• Verbal (personnel contact)</li> <li>• With elected representatives (where relevant)</li> <li>• With other departments</li> <li>• Within the department</li> </ul>	CS CS CS CS CS CS PD			
<b>Financial Management</b> <ul style="list-style-type: none"> <li>• Budgets preparation (quality, completeness, and timeliness)</li> <li>• Adherence to budgets once approved</li> <li>• Always aware of costs against budget throughout the year</li> </ul>	OP OP OP			
<b>People</b> <ul style="list-style-type: none"> <li>• Job breakdowns, job instructions, work</li> </ul>	PD			X

	Type	Quite Inadequate	Needs a lot of improvement	Quite Good But Could be Improved in Some Areas
<ul style="list-style-type: none"> <li>guidelines practice notes available for all relevant tasks and all up-to-date</li> <li>All staff delegations up-to-date</li> <li>All warrants up-to-date</li> </ul>	<p>PD</p> <p>PD</p>			
<p><b>Knowledge of the Physical Assets</b></p> <ul style="list-style-type: none"> <li>How well the physical assets that have to be managed are understood</li> <li>Location</li> <li>Material type</li> </ul>	<p>OP</p> <p>OP</p> <p>OP</p>			X
<ul style="list-style-type: none"> <li>Condition</li> <li>Capacity</li> <li>Age and remaining life</li> <li>Performance</li> <li>Criticality</li> </ul>	<p>OP</p> <p>OP</p> <p>OP</p> <p>OP</p> <p>OP</p>			
<p><b>Support Services</b></p> <ul style="list-style-type: none"> <li>Administrative support</li> <li>Financial support</li> <li>Office accommodation</li> <li>Office furniture and equipment (work tools)</li> <li>Transport</li> <li>Record keeping (completeness and easily accessible)</li> <li>Complete and up-to-date policy manual</li> </ul>	<p>PD</p> <p>PD</p> <p>PD</p> <p>PD</p> <p>PD</p> <p>PD</p> <p>PD</p>			
<p><b>Performance Management</b></p> <ul style="list-style-type: none"> <li>Sufficient and appropriate performance measures</li> <li>Sufficient and appropriate performance targets</li> <li>All measures and targets being monitored</li> <li>Monitoring results promptly reported (at all relevant levels)</li> <li>Performance trends (over several years) clear and understood</li> <li>Performance results actually used to improve performance</li> </ul>	<p>OP</p> <p>OP</p> <p>OP</p> <p>OP</p> <p>OP</p> <p>OP</p>			X
<ul style="list-style-type: none"> <li>All employees regularly being given “true” feedback about their performance</li> </ul>	<p>PD</p>			
<p><b>Business Continuity</b></p> <ul style="list-style-type: none"> <li>Disaster Plans up-to-date</li> </ul>	<p>OP</p>			
<p><b>Legislative Compliance</b></p> <ul style="list-style-type: none"> <li>No known areas where legislative requirements not being fully complied with</li> </ul>	<p>OP</p>			
<p><b>Strategic Advice</b></p>				X

	Type	Quite Inadequate	Needs a lot of improvement	Quite Good But Could be Improved in Some Areas
<ul style="list-style-type: none"> <li>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)</li> </ul>	SA			
<ul style="list-style-type: none"> <li>The quality and timeliness of reporting to the elected Council and its Committees</li> </ul>	CS			

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		Respo Per
	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	Investn Proper Depart
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	Investn Proper Depart
Continuation of a Marketing Plan for Awarua Industrial Estate.		X					Marketing Plan to be developed by June 2021	OP	1	Chief Execut
Service Level Agreements.				X			To be developed, agreed and completed with internal clients	SA	4	Investn Proper Depart

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

<b>Term</b>	<b>Definition</b>
<b>BWOF</b>	Building Warrant of Fitness
<b>Conveyance</b>	Transfer of the legal title on a property from one party to another
<b>Covenant</b>	Restriction registered on the Certificate of Title to a piece of land which may affect future plans or resale of the property
<b>Deed</b>	A legal document which states ownership of a property
<b>Easement</b>	A right to cross or otherwise use someone else's land for a specified purpose
<b>Endowment</b>	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> )
<b>Fee Simple</b>	Freedom to dispose of property at will
<b>Freeholding</b>	Tenure of land for life without restriction (ownership)
<b>Geotechnical Scientist</b>	Specialist who investigates subsurface conditions and materials
<b>In Perpetuity</b>	Forever
<b>IQP</b>	Independently Qualified Person
<b>Leasehold</b>	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
<b>LINZ</b>	Land Information New Zealand
<b>Municipal</b>	Relating to a city or town
<b>Peppercorn</b>	A very low or nominal rent
<b>Perpetual Lease</b>	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
<b>Reclaimed land</b>	Land that was previously under water, or that was unusable, made suitable for occupation/building
<b>Strategic</b>	Advantageous/overall plan
<b>Trading</b>	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



# **PARKS AND CEMETERIES**

# **ACTIVITY MANAGEMENT PLAN 2017**





## Activity Management Plan

<b>Activity</b>			
	<b>Name</b>	<b>Signature</b>	<b>Date</b>
<b>Prepared By</b>			
<b>Asset Manager</b>			
<b>Director Review</b>			
<b>Peer Review</b>			
<b>Council Adoption</b>			

<b>Changes to be Incorporated in Next Review</b>		
<b>Number</b>	<b>Date of Change</b>	<b>Reason for Change</b>
1	21 November 2017 – 1 February 2018	As per Peer review comments

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## Executive Summary

### *The Activity*

The Works and Services Directorate through the Parks Division manages Council's parks and cemeteries on behalf of the community, providing assets and services to the wider Invercargill community and visitors.

An Activity Management Plan is a tool for combining management, financial and technical practices to ensure that the level of service required by the community is provided at the lowest long term cost.

Invercargill City Council Parks Division manages 162 parks and cemeteries including some land not owned by Council comprising of a total 3328 hectares which have been categorised into groups with similar characteristics (explained further in section 5.2).

### *Levels of Service*

It is important to monitor the Levels of Service and as well as keeping the various Parks Strategies under review to ensure that they are in line with the community's expectations and they are carried out in a cost efficient manner.

This Activity Management Plan includes both activity measures formulated to measure against the community desires and operational measures to provide technical support to achieve the activity measures and therefore work on closing gaps, as outlined in section 3 – Levels of Service.

NZRA Parks categories and Levels of Service framework have been developed, in consultation with the parks sector, to provide relevant industry guidelines for parks classification.

More information can be found in section 3 of the AMP.

### *Asset Information*

Major Parks and Cemeteries assets have a total valuation of approximately \$15,488,370 million and a complete list of these assets is appended to this plan as appendices 10.07, 10.08 and 10.09.

This Activity Management Plan includes valuations of infrastructural assets including buildings, trails, paths, roads, car parks, drains, lighting and other reticulated services. The plan does not value living assets such as trees, shrubs, turf and natural vegetation. More information can be found in section 8 of the AMP.

### *Growth and Demand*

Changing demographics as well as changing trends in recreational activities from traditional formal sports to more informal recreational activities such as walking and cycling have been noted in this Plan.

Sport activities have become more demanding for higher quality playing surfaces for elite teams to advance their skill levels and senior casual recreational users require more comforts along trails including installation of toilets, seats and finer trail surfaces to encourage the aging population to remain active and make it more accessible. More information can be found in section 4 of the AMP.

### *Risk Management*

No formal criticality assessment has been carried out; however Council considers that the majority of parks assets are of minor critical importance and the following are considered as critical assets: Southland Crematorium, Racecourse Road Reserve - Operations Depot, Anderson Park House and Surrey Park Grandstand.

These critical assets, along with other major assets, are inspected on a regular basis. More information can be found in sections 5.3.2, 5.4.2 and 6.2 of the AMP.

### *Financial Forecast*

The financial information outlined is based upon a forward capital programme together with operational costs based upon the 2017/2018 budgets.

Individual renewal or refurbishment projects have been identified and programmed where it is understood, based on current information, the activity is most likely to occur. Inflation is considered in forward projections of costs.

Key Capital Items for renewal include:

- Anderson Park Building
- Crematorium Cremator
- Cemetery land purchase
- Winter Gardens Buildings Renewal.

More information can be found in sections 7 and 8 of the AMP.

### *Development*

Present trends in recreation will continue, with an increased demand for walking, cycling and mountain biking tracks. These activities are well catered for and further increases will need to be considered by assessing what existing opportunities and experiences currently exist.

Participant numbers in traditional team sports have been declining, which means sport field needs are well catered for, however, numbers are increasing towards more informal sports and recreational activities in which we must consider.

At present the ratio between burial and cremations is 35% burials, 65% cremations. Council has the capacity to meet these needs.

Council endeavours to accommodate the changing ethnic burial requirements resulting with different types of burials including natural burials.

Further developments will also be in line with the Strategies and Management Plans.

### *Key Improvements to Planning*

The development of this Plan is based on recommendations by our Strategies, existing levels of service, the best available current information and the knowledge of Council staff. The Activity Management Plan will be subject to ongoing monitoring, review and updating to improve the quality of Activity Management Planning and accuracy of financial projections.

Examples of Improvements include:

- Putting processes in place to reduce ecological footprint
- Emergency management
- Technology

- Meeting demands in line with changes to demographic population.

Issues and Challenges for Parks and Cemeteries:

- Changing trend from traditional formal sport and recreation to informal recreation.
- Formal sport requiring even higher quality facilities including playing surfaces.
- Increase in ageing, disabled and demographic population will require a higher level of service for their recreational areas such as access, paths and facilities.
- Technology (such as virtual technology, drones and Wifi) is constantly changing which will impact Parks and Cemeteries activity in the future.

While there are still some gaps identified in this Plan which will still need to be worked on, this Plan has closed many gaps found in previous plans.



# 1. Introduction

## 1.1 ABOUT THIS PLAN

The Parks and Cemeteries Activity is one of the core Infrastructural Services activities addressed in the Invercargill City Council Long Term Plan (LTP). This Parks and Cemeteries AMP 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 AMP is to outline Council's tactical planning response to the Parks and Cemeteries Activity. The AMP outlines the long term management approach for the provision and maintenance of Parks and Cemetery Activity services. Under Council's significance policy, the Parks and Cemeteries network and connected infrastructure is deemed to be a strategic asset and therefore significant in ensuring Council's capacity to contribute towards Community Outcomes and the well-being of the Community.

The plan, which covers a period of 20 years commencing 1 July 2018, has been prepared by Parks Asset Staff, in association with AECOM, all of which are suitably qualified and experienced to prepare this plan.

The AMP demonstrates responsible management of the District's assets on behalf of customers and stakeholders, and assists with the achievement of strategic goals and statutory compliance. The AMP combines management, financial, engineering and technical practices to ensure that the level of service required by the customers is provided, and is delivered in a sustainable and efficient manner.

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

A programme of Asset Management improvement is planned to improve the quality of decision making and to improve the knowledge of Council's assets and customer expectations. These future enhancements will enable Council to optimise life cycle asset management activities and provide a greater degree of confidence in financial forecasts.

## 1.2 ACTIVITY OVERVIEW

The purpose of parks and cemetery assets is to provide settings and venues for recreation and leisure activities in the City along with providing for burials and crematorium services. These facilities are fundamental in their contribution to the continued health and well-being of the community. Trees and open space also enhance the amenity values of the City which make it a pleasant place to live and attractive to visitors.

This Activity Management Plan and the valuations within cover all non-living assets, buildings, structures, monuments and statues in respect of Council's parks and cemeteries; and include infrastructural parks and cemeteries assets such as trails, paths, roads and drains.

Invercargill City Council manages 162 parks and cemeteries comprising of a total land area of 3,328 hectares. More detail on the asset descriptions can be found in Section 5.2 - Asset Description. Park Categories are shown on the

location maps in Appendix C of the Parks Strategy 2013 (Appendix 10.01), which are separated into their relevant categories and areas.

Invercargill City Council goals for parks and cemeteries assets are:

- To provide a user friendly service.
- To provide reserves for passive and active recreation, as well as providing educational opportunities.
- To provide a cost efficient service at a level that is affordable to the ratepayers of Invercargill, while maintaining a quality service.

## 2. Strategic Context

This Activity Management Plan is influenced by various other plans such as the 2013 Invercargill City Council Parks Strategy (Parks Strategy), Reserve Management Plans, as required under the Reserves Act 1977; the Invercargill City District Plan, under the Resource Management Act 1991; Council's Long-Term Plan, under the Local Government Act 2002; and Council's Infrastructure Strategy: 2018-2048, supplied under section 101B of the Local Government Act 2002.

### 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 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, 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.

Table 1: Community Outcomes

Council undertakes the Parks and Cemeteries activity to promote the current and future interests of the community. Invercargill has an extensive range of developed reserves which are distributed throughout the district. The provision of quality open space creates opportunities for residents and visitors to enjoy the outdoors through passive and active activity as well as informal and organised

recreation. Cultural and religious needs are respected and provided for as part of the cemeteries and crematorium service.

### **2.1.2 Rationale for the Activity**

The Local Government Act 2002, the Resource Management Act 1991 and the Reserves Act 1977 are the primary statutes providing a legislative framework for the provision and management of open space assets. These along with other relevant Council documents and plans are used to manage the City's parks and cemeteries because:

- It fits the strategic objectives of the Council to provide attractive environs and supports health and well-being of the community.
- Council can provide a specified level of service in a cost-effective manner.
- Council, as the administering body under the Reserves Act 1977, is required to control and manage the reserves vested in it.
- The community has indicated its support for Council involvement.

Parks and Cemeteries Asset Management activities are:

- To enhance the educational opportunities, promote greater understanding and provide specialist advice on the natural processes and values found within the parks and reserves.
- To plan for the sustainable management of the Invercargill City and wider district's parks, reserves and open spaces.
- To build community partnerships and provide opportunities for community groups and key stakeholders to have an input into the management, and participate in the enhancement of the parks, reserves and open spaces in the Invercargill district.
- Preparation and implementation of the Parks Strategy as the overlying document for the Activity Management Plan.
- Preparation and implementation of this Activity Management Plan.
- Research, long term planning and policy development relating to Park asset services.
- Risk assessment and the evaluation of risk alleviation options.
- Managing parks, reserves, open spaces, cemeteries and the assets associated with these areas.
- To ensure there is adequate space developed at the Eastern and Greenpoint Cemeteries and the Southland Crematorium to meet the burial needs of present and future generations.
- To ensure burial records are available to the community.

Scope of Service	Value
Population served	54,700 (2016 Census)
Parks, Reserves, Open spaces and Cemeteries	<p>162 parks (some with many parts made up of multiple categories and includes non Council land that is managed by Council) with a total area of 3,328 hectares:</p> <ul style="list-style-type: none"> <li>➤ 17 Amenity Parks</li> <li>➤ 24 Environmental Reserves</li> <li>➤ 27 Linkage Reserves</li> <li>➤ 61 Neighbourhood Parks</li> <li>➤ 3 Outdoor Adventure Parks</li> <li>➤ 4 Premier Parks</li> <li>➤ 20 Sports Fields Reserves</li> <li>➤ 30 Special Purpose Sites (including six cemeteries, crematorium and grounds)</li> <li>➤ 4 non Council owned reserves</li> </ul>

Table 2: Values within Scope of Service provided by Council (ICC Parks)

### 2.1.3 Activity Objectives

The District's parks and cemeteries are used by visitors to the district, especially other Southlanders, and the facilities reflect this wider regional use. Regional clubs and organisations with a recreation bias are often located on reserves, for example, Stadium Southland and Velodrome, Southland Athletics and Southland Sports Car Club together with the specialist turfs for Hockey Southland and Southland Football.

Invercargill's parks and cemeteries play an important part in the image of the City. Queens Park has been developed to a very high standard and has been recognised as a "Founding Garden of National Significance" by the New Zealand Gardens Trust (Royal New Zealand Institute of Horticulture).

The Southland Crematorium and cemeteries are available to all people, not just those residing in the Invercargill District.

The Council's Policy on Significance and Engagement identifies parks, reserves, cemeteries and the crematorium as being strategic assets of importance to the current and future interests of the community. As such, any Council decision to contract, exchange or dispose of reserve or cemetery land can only be made pursuant to the Reserves Act 1977 and after it has first been included in the Long-Term Plan.

The practical implication of this is that the Invercargill City Council must continue to manage the parks, reserves and cemeteries in the Invercargill district to serve residents.

The strategies adopted to realise the contribution of the parks and cemeteries activity to the Community's interests and outcomes:

<b>Community Involvement</b>	<ul style="list-style-type: none"> <li>➤ Working relationships with community groups will be fostered.</li> <li>➤ Service levels and performance targets adopted that are aligned with the relevant community outcome and have been agreed with our communities.</li> <li>➤ The actual performance of the Council against these targets will be reported in the Annual Report.</li> <li>➤ The service levels in this plan will be formally reviewed at least every three years. Consultation on service level options will be undertaken for specific projects.</li> </ul>																									
<b>Risk Management</b>	<p>Risks associated with delivering agreed service levels will be managed by:</p> <ul style="list-style-type: none"> <li>➤ Monitoring the performance and condition of assets.</li> <li>➤ Undertaking studies to understand trends relevant to the Parks and Cemeteries services (eg growth, demographic change and changing expectations).</li> <li>➤ Where an unacceptable level of risk exposure is identified implement optimal risk mitigation measures.</li> <li>➤ Contributing to Council's Emergency Management Plan and maintaining emergency response capability to protect the community in the event of natural disasters.</li> </ul> <p>Council's risk management process is detailed in Section 6. Assets identified as critical to parks and cemeteries performance and the results of the risk assessment are presented in Section 6.</p> <div style="float: right; text-align: center;"> <p>Consequences →</p> <table border="1" style="border-collapse: collapse;"> <tr><td>H</td><td>H</td><td>C</td><td>C</td><td>C</td></tr> <tr><td>W</td><td>H</td><td>H</td><td>C</td><td>C</td></tr> <tr><td>L</td><td>W</td><td>H</td><td>C</td><td>C</td></tr> <tr><td>L</td><td>L</td><td>W</td><td>H</td><td>C</td></tr> <tr><td>L</td><td>L</td><td>W</td><td>H</td><td>H</td></tr> </table> <p>↑ Likelihood</p> </div>	H	H	C	C	C	W	H	H	C	C	L	W	H	C	C	L	L	W	H	C	L	L	W	H	H
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<b>Economic Decision Making</b>	<ul style="list-style-type: none"> <li>➤ Significant operational and capital investment decisions will be supported by the economic analysis of options using a process which is aligned to the Council's strategic objectives.</li> </ul>																									
<b>Asset Service Potential</b>	<ul style="list-style-type: none"> <li>➤ The service potential of the assets will be maintained through an appropriate level of maintenance and renewal works.</li> </ul>																									
<b>Operational</b>	<ul style="list-style-type: none"> <li>➤ The Parks Division undertakes the service delivery of the Parks, Cemeteries and Crematorium Activity. This is currently achieved via two methods: "In house" management using Parks Asset staff and a "Business Unit" using Parks Operations staff. Parks also contract out work of a specialist nature.</li> </ul>																									
<b>Organisational</b>	<ul style="list-style-type: none"> <li>➤ To retain and develop organisational expertise to practise advanced techniques.</li> </ul>																									
<b>Asset Management Plan</b>	<ul style="list-style-type: none"> <li>➤ The Asset Management Plan will be developed as a "living" document and reviewed on a regular basis to ensure alignment with current Council organisational policy.</li> <li>➤ Asset Management Plans will be subject to formal adoption by the Council.</li> </ul>																									
<b>Continuous Improvement</b>	<ul style="list-style-type: none"> <li>➤ Improvement of Asset Management practices, processes, systems and plans will be undertaken in accordance with the improvement plan which will be reviewed annually.</li> </ul> <div style="float: right; text-align: center;">  </div>																									

Table 3: Adopted strategies showing parks contribution to community interest and outcomes

The alignment of the Parks and Cemeteries Activity and the Community Outcomes is demonstrated in the table below.

<b>Community Outcome</b>	<b>Council's Role</b>	<b>How Parks and Cemeteries Contribute to This</b>
<b>Embrace Innovation and Change</b>	Invercargill has the 'wow factor' with the right facilities and events to enjoy	Parks and Cemeteries enhance the aesthetic value of the City and usability of reserve land
<b>Embrace Innovation and Change</b>	Technology is utilised in both existing and new City services	Parks and Cemeteries endeavour to utilise technology in order to engage effectively with the community through communication methods
<b>Embrace Innovation and Change</b>	Invercargill's culture is embraced through Community projects	Parks and Cemeteries endeavour to provide Council facilities and resources for community based activities, including the best utilisation of volunteers
<b>Embrace Innovation and Change</b>	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences	Parks and Cemeteries enhance the aesthetic value of the City and usability of reserve land
<b>Preserve its Character</b>	The building blocks, including water, sanitation and roading, for a safe, friendly City is provided for all members of the community	Council owned buildings on Parks, Cemeteries and Crematorium land are provided and maintained in a safe condition Parks, Cemeteries and crematorium are provided and maintained in a safe condition Burial, interment and bereavement needs of the community are met with sensitivity and professionalism
<b>Preserve its Character</b>	Our natural and existing points of difference are celebrated	Parks and Cemeteries are managed in such a way as to protect important natural habitats, scenic landscapes and other environmental features
<b>Preserve its Character</b>	Invercargill is celebrated for preserving its heritage character	Parks and Cemeteries assist in protecting Invercargill's history and heritage
<b>Enhance our City</b>	Healthy and active residents utilise space, including green space, throughout the City	Parks and Cemeteries encourage residents and visitors to our green spaces of the City

*Table 4: Parks and Cemeteries Contribution to Community Outcomes*

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

Parks and Cemeteries continue to review and participate with the leadership through long term management of Parks and Cemeteries. We continue to review Parks Strategy 2013 as a working document with a progress review to be taken 2018 and a full review in 2023.

## **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.

The **District Plan** states that Reserve Management Plans must be adhered to for an activity to be permitted.

#### **Parks and Cemeteries Planning and Policy Framework**

In 2013 the Parks Strategy was created to assist with the overall strategic management of any growth or decline in parks activities.

Activity specific strategies will be created as required.

#### **Relationship between the AMP and Parks Strategy**

The parks land asset is the fundamental building block for the delivery of parks and recreation services. Therefore, an accurate knowledge of the land asset, organised into practical groupings, is essential to enable good asset management planning and provision.

The **Parks Strategy** is a high level document which has been developed to identify existing land resources, to identify the need for additional park land to

meet future demographic changes and to support requirements for reserve contributions arising from development.

The Parks Strategy provides a structure for grouping of parks into various categories and updates the land ownership knowledge to provide an accurate land asset register which can be more easily kept up to date in the future. This exercise enables easier and more consistent reporting on the land provided.

The categories provide a basis for developing clear levels of service associated with the purpose of the park land. The Parks Strategy provides an outline of the levels of service to be provided with each land category adopted. If financial budgets are structured to match the categories in this strategy, it will further enable costs to be more accurately forecast against each of the stated levels of service.

The strategy identifies future likely park requirements (surplus/additions), which can be used in turn to identify new capital programmes, depreciation schedules and to project changes in operating costs associated with additional park land acquisition.

The figure in section 2.2.4 of this Plan illustrates the relationship between the Parks Strategy, this Activity Management Plan and other relevant operational plans.

**Reserve Management Plans** establish the desired mix of use and protection for each reserve or group of reserves and set in place policy to guide day-to-day management and determining community preferences. Reserve Management Plans provide policy on permitted activities and facilities for reserves as well as setting development guidelines for future improvements.

### 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.

The **Annual Plan** establishes in greater detail how the goals established in the Long-Term Plan are to be achieved for each fiscal year.

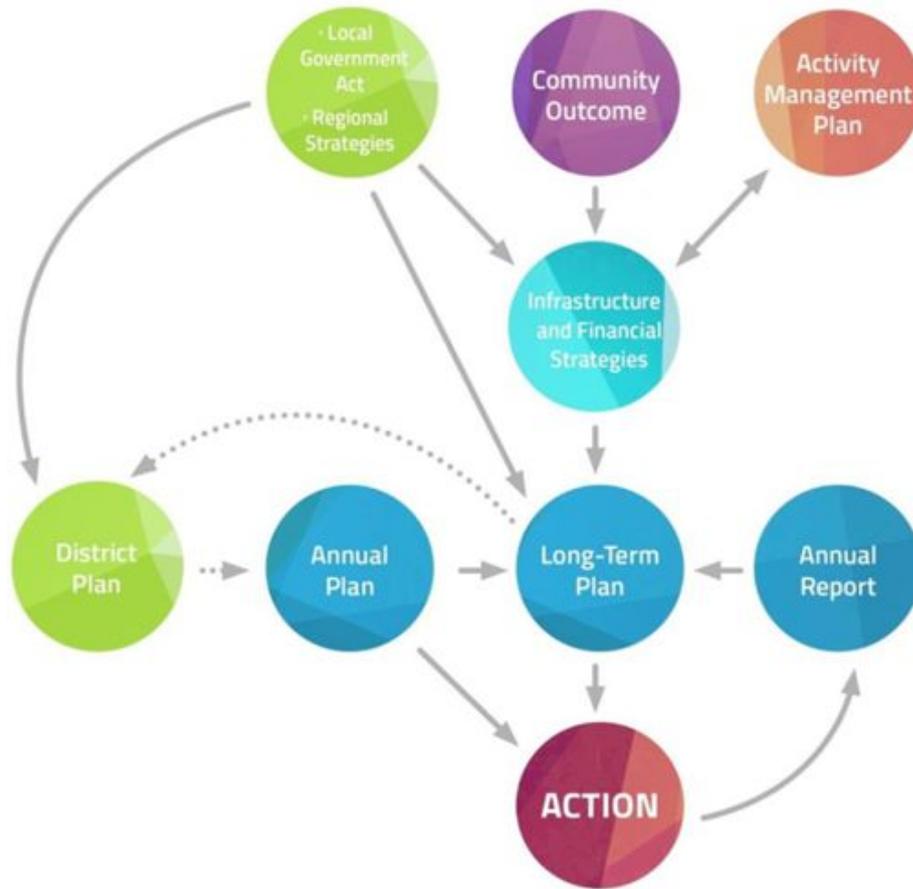


Figure 1: Activity Management Plan Flow Chart

#### 2.2.4 Activity Management Framework

Plans fit within the following graph (red means strategies and plans currently completed):



Figure 2: Hierarchy of Plans and how the Activity Management Plan sits amongst it (Parks Strategy, 2013)

The Asset Management system is the set of people, processes, tools and other resources involved in the delivery of asset management.

The Asset Management Policy (Appendix 2.01) outlines the principles, requirements and responsibilities for asset management.

The Asset Management Strategy (Appendix 2.02) sets the asset management objectives, practices and audit and review processes.

This Activity Management Plan has been written to provide the information required for good asset management planning as set out in:

- Local Government Act 2002 Schedule 10.
- Audit Office criteria for Asset Management Plans.
- International Infrastructure Management Manual 2011.

The Audit Office specifically checks the consistency of the linkages between the Long Term Plan and Asset Management Plan.

- ISO 55001

Parks and Cemeteries activity is aligned with the Asset Management Policy and objectives through the community outcomes, where the AMP is reviewed on a regular basis to ensure alignment with current Council organisational policy. It underpins the asset based activities in the LTP and is implemented through expenditure programmes in asset areas.

### 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.

Council needs to understand the regional versus local wide trends which could feed from a recreation strategy which will indicate the facilities to be used regionally.

As noted earlier in Section 2, parks activity strategies are in place to manage, protect and document key assets.

### 2.4 KEY ASSUMPTIONS

The Long-Term Plan Background and Assumptions 2018-28 document (Appendix 1.01) lists the key assumptions which have been assumed are as follows:

Assumption	Level of Uncertainty	Area of Impact and Potential Financial Impact
<b>Population</b> The population will increase to 56,300 by 2028.	<b>Moderate</b> – risk that actual numbers will vary.	Infrastructure and Housing. Significant increases in population may create a demand for infrastructure and services beyond existing capacity. Significant decrease in population would adversely impact on the community's ability to fund current levels of infrastructure and services.
<b>Household Growth</b> An average of 2.3 people per household in 2038, requiring 2,300 more homes from the 2013.	<b>Moderate</b> – risk that actual numbers will vary.	Infrastructure and Housing. Significant increases in the number of households may create a demand for infrastructure and services beyond existing capacity.
<b>Ageing Population</b> Those 65 years and older will make up approximately 22% of Invercargill's population by 2023.	<b>Low</b> – increasingly older population is reasonably certain.	Council Services and Recreation Assets. An increase in the number of those people 65 years and older will increase the number of ratepayers on fixed incomes and may have an impact on the ability of the

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
		community to afford infrastructure and services.
<b>Resource Consents</b> Resource consents will be obtained with reasonable conditions and negligible impact on how Council provides its services.	<b>Moderate</b> – change is imminent but extent of which is unknown.	3 Waters Capital expenditure may be required if the conditions attached to resource consents require changes to how Council delivers its services.
<b>Tourism and Visitor Numbers</b> Tourism numbers will increase over the Long-Term Plan period.	<b>Low</b> – various city-wide endeavours to boost tourism.	Venture Southland, SMAG, Council Services and Recreation Assets. Significant increases in the number of tourists may create a demand for infrastructure and services beyond existing capacity. Significant decrease in the number of tourists would adversely impact on the commercial community's ability to fund current levels of infrastructure and services.
<b>New Zealand Transport Agency</b> That the NZTA Funding Assistance Rate will reduce by 1% each year until a low of 51%.	<b>Low</b> – NZTA have stated in plans that this will occur.	Rooding. 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.
<b>Commercial Property</b> The CBD will remain in the Esk Street area and will become more vibrant.	<b>Low</b> – 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.	Infrastructure, Housing and Rooding. 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.
<b>Inflation</b> Inflation will occur at the rates set by BERL as LGCI forecasts.	<b>Moderate</b> – inflation forecasts are not always accurate.	Cost change factors are based on information developed for Council's by Business and Economic Research Limited (BERL). Significant variations from these adjustments will be identified in future Annual Plans and Annual Reports.
<b>Local Economy</b> The local economy will grow and diversify.	<b>Moderate</b> – financial impact difficult to forecast.	Composition of local economy may diversify offering greater employment opportunities. Significant change to the economy, such as a large employer choosing to locate in the District, may require

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

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
<p><b>Financial – Forecast on Return on Investments</b> Return on cash investments is calculated on the borrowing rate less 2%. Dividends and subvention payments from Invercargill City Holdings Limited are assumed to be at 10% of the total rates requirement.</p>	<b>Medium</b>	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><b>Local Governance</b> Amalgamation will not occur during the life of the Plan.</p>	<b>Low</b> – to continue shared services, although amalgamation is low risk.	Shared Services, Policy and Governance Boundary changes would require a review of the Long-term Plan with its associated community consultation.
<p><b>Legislation</b> There will be changes to legislation that have an impact on what and how Council provides services.</p>	<b>Moderate</b> – difficult to know what central government will implement particularly if a change in government.	Services, Finances and Governance Significant legislative change can impose significant financial and service delivery costs on Council.
<p><b>Natural Disasters</b> There will be no major catastrophes that impact on Invercargill or its economy.</p>	<b>High</b> – it is certain the Alpine Fault will rupture in the future but uncertain as to when and the impact.	Infrastructure, Services, Housing and Population A Civil Defence emergency in the District would impact financially on Council and the community. The financial risk to Council is reduced by maintaining insurance cover for emergency events.
<p><b>Climate Change</b> 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>	<b>Moderate</b> – Long-Term trend of rising temperatures and more frequent intense weather events is reasonably certain, short to medium term impacts are less certain.	Water availability, coastal hazards (roading and infrastructure), services, air quality, agriculture, farming and biosecurity. The effect of Climate Change occurring more quickly than anticipated may require Council to review and change its current activities and levels of service. This could have a significant financial impact on the community.
<p><b>Technology</b> Changes in technology will affect how Council carries out its activities. This will have a financial implication over the 10 year plan.</p>	<b>High</b> – certainty of diversification in technology is ever-growing. Impact of changing technology cannot be quantified.	Employment, Local Economy and Services (delivery) New technologies will likely have an increased financial cost in the short term.

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
<b>Education</b> SIT will continue to promote Invercargill to international students.	<b>Moderate</b> – education systems that exist are likely to remain stable.	Infrastructure, Services, Population and Housing
<b>World Economy</b> The world economy will not have a significant negative effect on the Invercargill City District.	<b>Moderate</b> – future financial changes are unforeseeable.	Infrastructure and Tourism A major event in the World Economy could affect Tourism and the implications of lower / higher tourist numbers would occur.

*Table 5: The Long-Term Plan Background and Assumptions 2018-28 document key assumptions with their level of risk and area of impact*

Additional specific assumptions which are considered in the thinking of this plan include:

<b>Assumption Area</b>	<b>LTP Assumption</b>
Population	Population changes will mean changes in visitor numbers to parks and cemeteries activity
Household Growth	Changes in development of resources
Ageing Population	Change in asset requirements to cater for all ages and types of sport and recreation
Tourism and Visitor Numbers	Change of focus with different cultures of tourists and visitors, resulting with more multicultural facilities and assets/communication
Useful Life of Significant Assets	Data accuracy utilised in analysis continues to improve and is reliable
Depreciation	See Section 8
Legislation	Changes may cause effect on management of activity
Climate Change	See section 6 – Southland is a coastal area – causing impacts and limitations on the use of resources

*Table 6: Additional specific assumptions to parks and cemeteries activity from Table 5 above*

As assumptions deal with matters of uncertainty and complexity, actual results will likely vary, but are based on the best information available. If actual future events differ from the assumptions, it will result in material variances to this Plan. The Long-Term Plan Background and Assumptions 2018-28 document (Appendix 1.01) identifies the risks that underlie those assumptions, the reason for that risk and an estimated potential impact is the assumption is not realised.

### 3. The Service We Provide

#### 3.1 CUSTOMER PROFILE

##### 3.1.1 Our Stakeholders and Community

Council recognises there are a wide range of customers and stakeholders with an interest in how parks, open spaces and cemeteries are managed. The resident community, specific interest groups within the community and other agencies are just some of the groups that Council needs to engage with to ensure we are delivering the right service at an affordable cost. The identified stakeholders are:

External Stakeholders	Area of Interest	Engagement	Customer Needs/Expectations
<b>Audit New Zealand</b>	Governance and Operation	Audit	
<b>Contractors, consultants</b>	Operational development and maintenance	Liaise/advise	
<b>Department of Conservation</b>	Environmental Impact and Sustainability	Liaise/consultation/advise	
<b>Friends and family of the deceased</b>	Cemetery/crematorium development and rate changes	Liaise	Liaise through high customer service and knowledge of burial/cremation process
<b>Heritage New Zealand</b>	Heritage development	Liaise	
<b>Iwi Groups</b>	Environmental Impact and Sustainability, Cultural Values	Liaise/consultation/advise	
<b>Lessees of reserves</b>	Development of land they lease and rate changes	Liaise/consultation	Continued access/provision of reserve land/facilities for undertaking activities
<b>Local Authorities</b>	Local Development	Liaise/consultation	
<b>Local schools</b>	Regional development	Liaise	Interested in having sports fields and playgrounds to play on
<b>Ministry for the Environment</b>	Regional Development with environmental impact and sustainability	Liaise/consultation	
<b>Ministry of Health</b>	Regional Development with health related policies and legislation	Liaise/consultation	

<b>External Stakeholders</b>	<b>Area of Interest</b>	<b>Engagement</b>	<b>Customer Needs/Expectations</b>
<b>Reserve users</b>	Development of reserve land	Consultation	Provision of assets/facilities and accessible reserve land for undertaking activities
<b>SoRDS - Southland Regional Development Strategy</b>	Regional Development	Liaise with Executive	
<b>Southland District Health Board</b>	Regional Development with health related policies and legislation	Liaise/consultation	
<b>Sport Southland</b>	Regional Development and impacts on sport and recreation	Liaise/consultation	Expect availability and to use parks and reserves/facilities for events they run, provision of passive space for undertaking activities on reserve land
<b>Sports and recreation clubs/user groups</b>	Impacts on sport and recreation	Liaise/consultation	Provision of sports fields and facilities for undertaking activities
<b>The community – citizens and ratepayers</b>	Rates Impact	Consultation	Provision of assets/facilities and accessible reserve land for undertaking activities
<b>Volunteers/ Environmental groups/ Community groups</b>	Regional development and impacts on users of parks and reserves	Liaise/consultation	Access to use parks and reserves land and assets for work they do

*Table 7: External Stakeholders their area of interest with Parks and Cemeteries Activities and how we engage. It also shows their customer needs and expectations*

<b>Internal Stakeholders</b>	<b>Area of Interest</b>	<b>Engagement</b>
<b>Invercargill City Councillors and Directors</b>	Governance and Leadership	Report
<b>Other Council Departments</b>	Maintenance, operations, compliance, financial assistance and direction, technical support	Liaise/consultation

*Table 8: Internal Stakeholders their area of interest with Parks and Cemeteries Activities and how we engage.*

A key objective of the Activity Management Plan is to match the level of service provided by the assets with the expectations of the customers. The proposed levels of service reflect current industry standards and are based on:

- Customer expectations.
- Strategic and corporate goals of the Council.
- Legislative requirements.
- Availability of resources and financial constraints.

### **3.1.2 How We Engage Our Communities**

Council uses a number of surveys to engage with the community.

Council hosts a Facebook page and holds public meetings where members of the community can ask questions and express opinions to Councillors and staff members.

Parks and Cemeteries engagement with our community includes the following:

- Consultation and engagement with the community and all interested stakeholders.
- Communication with key stakeholders (see tables in Section 3.3.1) and user groups through bookings, leases and meetings.
- Staff on site speak to visitors and members of the community when working.
- Customer requests for service are logged by customer service staff and attended to by the activity. This information is another platform which can be used to understand remaining community requirements.
- The Reserves Act requires processes to be in place where members of the public are invited to make submissions on specific projects or reserves in question in order to help meet required levels of service.
- Providing public opportunity to make submissions when requested.
- Regular publicity as part of the Council ratepayer newsletters and media releases.
- Feedback from service users, including regular meetings with funeral directors and monumental masons.
- Parks register, including public formal contact with the Parks Division.
- Information available on our website such as management plans, burial records, strategies, policies and other publications.

### **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 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.

Key themes that stood out in relation to Parks Activity were:

- Infrastructure topped the list of services that residents regard as essential Council Services.
- Parks were mentioned as a benefit of living in Invercargill.

### 3.1.4 Key Service Attributes Valued by Customers

The significant issues facing management of parks and cemeteries in the City that are driving our future strategy are shown in the table below:

Customer Groups	Expectations
Sports and Recreation Clubs/Groups	All weather sports fields, more indoor facilities, more passive areas.
Individual users	Tidy facilities which are available for functions, more passive space.
Schools	All weather sports fields, variety of playground equipment.
Friends and family of the deceased	Adequately meeting our community's desire for accessible, inclusive and appropriately managed cemeteries.
The community – citizens and ratepayers	Ready access to safe, inviting and attractive parks and open spaces. Tidy Facilities which are available for functions, more passive space.
Lessees	Continuation of leasing land/facilities which are accessible, tidy and appropriately managed.
Volunteers/environmental groups/community groups	Ready access to safe, inviting and attractive parks and open spaces.
Community	Meeting our community's desire for ready access to safe, inviting and attractive parks and open spaces.

Table 9: Customer groups and their expectations regarding Parks and Cemeteries Activity

## 3.2 SERVICE DRIVERS

### 3.2.1 Community Expectations

Community expectations on parks and cemeteries have not been specifically surveyed. Expectations are based on the following assumptions:

- Council undertakes the Parks and Cemeteries Activity to meet the current and future needs of communities for good quality local infrastructure and local public services in a way that is most cost effective for households and businesses.
- Invercargill has an extensive range of developed reserves which are distributed throughout the district.
- The provision of quality open space creates opportunities for residents and visitors to enjoy the outdoors through passive and active activity as well as informal and organised recreation.

- Cultural and religious needs are respected and provided for as part of the cemeteries and crematorium service.
- Reserve Management Plans are developed and reviewed for Council parks and reserves which provide the opportunity for residents and visitors to have an input into the future development of the reserves.

### **3.2.2 Legislative Requirements**

The Reserves Act 1977, Local Government Act 2002, Burial and Cremations Act 1964 and the Resource Management Act 1991 are the primary statutes providing a legislative framework for the provision and management of open spaces assets. These along with other relevant legislation are listed in the following table with relevance to Levels of Service when managing open spaces assets:

Legislation	Relevant Requirements	Impacts on Levels of Service
Reserves Act 1977	<ul style="list-style-type: none"> <li>➤ Management and administration requirements for all land in the City held under the Act.</li> <li>➤ Classifying reserves and sets out a planning process for management and development.</li> <li>➤ Management of assets located on reserves must be consistent with the Reserve Management plan adopted under the Act.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Public consultation processes.</li> </ul>
Burial and Cremation Act 1964	<ul style="list-style-type: none"> <li>➤ Sets out the broad range of statutory roles and responsibilities for burial and cremation activities.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Processes around management of Council Bylaw and Council decisions</li> </ul>
Resource Management Act 1991	<ul style="list-style-type: none"> <li>➤ Sustainability of natural and physical resources.</li> <li>➤ Avoid, remedy or mitigate adverse effects on the environment.</li> <li>➤ Compliance with district and regional plans.</li> <li>➤ Take into account the principles of the Treaty of Waitangi.</li> <li>➤ Compliance with resource consents issued by the Southland Regional Council.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Framework around decisions made outside of the Reserves Act 1977</li> </ul>
Building Act 2004	<ul style="list-style-type: none"> <li>➤ Compliance with building consents and warrant of fitness issued under the Act and relevant regulations and standards.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Processes required keeping buildings to the required standards and complying with the building code. This may end the duration of use if not permitted causing restriction of the activity.</li> </ul>
Health and Safety at work Act 2015	<ul style="list-style-type: none"> <li>➤ Ensure the safety of the public and all workers (including contractors) when carrying out works.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Protocols required to ensure workers/public are safe on site to maintain standards of assets or penalties may occur.</li> </ul>
Public Bodies Contracts Act 1959	<ul style="list-style-type: none"> <li>➤ Requirements for entering into contracts and delegation of powers.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Council decisions and consultations with those affected may cause delay with activities taking place on Council land.</li> </ul>
Fencing Act 1978	<ul style="list-style-type: none"> <li>➤ Responsibilities in relation to mutual boundary fences.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Consultation between owners for mutual consent of arranging and maintaining boundary fences.</li> </ul>
Heritage New Zealand Pouhere Taonga Act 2014	<ul style="list-style-type: none"> <li>➤ Protection of sites and features which have been associated with human activity for more than 100 years.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Consultation with Iwi to adhere with principles and keeping a partnership and relationship with them.</li> </ul>
Health Act 1956	<ul style="list-style-type: none"> <li>➤ Ensures public health.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Council decision and possible Public Consultation processes so visitors are safe.</li> </ul>

Legislation	Relevant Requirements	Impacts on Levels of Service
Biosecurity Act 1993	➤ Compliance with national or regional pest management strategies.	➤ Public consultation process. May cause delay in activities in certain areas with implementing changes in how to manage pests and diseases.
Animal Welfare Act 1999	➤ Requirements of management of care and welfare of animals and birds in park spaces.	➤ Procedures are to be in keeping with the Act to allow for the continuation of activities around animals on Council land and to allow for the safety of handlers and animals.

*Table 10: Legislative Requirements for Provision and Management of Open Space Assets (ICC Parks)*

### **3.2.3 Industry Standards and Guidelines**

Maintenance and operational standards for the delivery of parks and cemetery services are specified in maintenance contracts. In addition, there are a number of other documents that guide the maintenance, management and provision of services and assets. These are set out in the following table:

Standard/Specification	Content/Purpose	Impacts on Levels of Service
New Zealand Standard NZS 5828:2015 "Playground equipment and surfacing"	<ul style="list-style-type: none"> <li>➤ Provides design information and advice on the numbers, location, type and quality including features and fittings for playgrounds in any location.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Following procedures for maintaining playgrounds and using certified equipment and contractors when obtaining new playgrounds on Council land. Any play equipment requiring structural maintenance will also be in compliance with this standard.</li> </ul>
NZRA Service Delivery Standards	<ul style="list-style-type: none"> <li>➤ New NZRA Industry Level Standards Currently being drafted and it is anticipated Council will use these standards for future Levels of Service delivery.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Used within policies, strategies and procedures when making decisions around developing, maintaining and managing Council Assets.</li> </ul>
New Zealand Standard SNZ HB 8630:2004 "Design, construction, maintain and manage tracks and outdoor visitor structures"	<ul style="list-style-type: none"> <li>➤ Provides standards for tracks and outdoor visitor structures to ensure that customer recreation and safety needs are met.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Following standards which are also included in trails strategy to meet requirements when developing, maintaining and managing trails and structures.</li> </ul>
NZS4241:1999 New Zealand Standard Public Toilets	<ul style="list-style-type: none"> <li>➤ Provides design information and advice on the numbers, location, type and quality including features and fittings for public toilets in any location. Guidance on cleaning and sanitation is also provided.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Following procedures for installing and maintaining of toilets and using certified equipment and contractors Any play equipment requiring structural maintenance will also be in compliance with this standard.</li> </ul>
Crime Prevention Through Environmental Design (CPTED) – National Guidelines under the Ministry for the Environment	<ul style="list-style-type: none"> <li>➤ Implements the CPTED (crime prevention through environmental design) principles.</li> <li>➤ Safety design guidelines for park developments.</li> <li>➤ Provides guidelines to take account of safety issues for design and planting.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Public Consultation and Council decisions made around proposed designs of assets. This will set a standard for developing and maintenance and management for provision of levels of service.</li> </ul>
Urban Design Protocol – Ministry for the Environment	<ul style="list-style-type: none"> <li>➤ Implements the principles of the Protocol. Ensuring the design of buildings, places, spaces and networks are successful through quality urban design.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Public Consultation and Council decisions made around proposed designs of assets. This will set a standard for developing and maintenance and management for provision of levels of service.</li> </ul>
NZS 3910:2013 – Conditions of Contract for building and civil engineering construction	<ul style="list-style-type: none"> <li>➤ Standards used as guidelines for major capital projects.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Provides a standard form of general conditions of contract for incorporation into construction contract documents which will ensure work is being done correctly and to</li> </ul>

Standard/Specification	Content/Purpose	Impacts on Levels of Service
		the standards required.
NZS 3917: 2013 – Conditions of Contract for building and civil engineering construction (fixed term)	➤ To be used as a guiding document in projects and future maintenance contracts	➤ Intended for use when contracts are let for maintenance or other building or engineering works where the contract is intended to run for a defined period of time, as opposed to a contract for a defined scope of work. It might also be used for the provision of services (other than design) such as inspection and testing, cleaning, painting, preventative maintenance, repairs, or renewal of components within completed works.

Table 11: Standards and Specifications guiding Maintenance, Management and Provision of Services and Assets (ICC Parks)

### 3.3 LEVELS OF SERVICE

#### 3.3.1 Customer Levels of Service, Performance Measures and Targets

Measures of the overall activity cover the aspects of service that are of most interest to the community. These measures were the focus for community consultation in the 2018-2028 Long-Term Plan and are reported on in the Annual Report.

2016 Research Project findings are that Parks have been noted as a benefit and an essential service in Invercargill.

NZRA Parks categories and Levels of Service framework have been developed, in consultation with the parks sector, to provide relevant industry guidelines for parks classification.

The level of service for the Parks Activity is defined by:

#### Desired Levels of Service

Categories within the Parks Strategy provide a basis for developing clear levels of service associated with the purpose of the park land.

The Parks Strategy provides an outline of the levels of service to be provided with each land category adopted to maintain levels of service in the future 1-10 year period.

#### Parks Strategy – Review and Analysis of Current Development Levels of Service

To assist with consistency of approach, a matrix was developed using the development levels of service identified in the Parks Strategy. The matrix was then used during site inspections to assess each park’s compliance against the stated development level of service and to identify any over/under supply of service.

The development level of service matrix is detailed in Appendix F of the Parks Strategy 2013 (Appendix 10.01).

The following table is sourced from the Parks Strategy (Appendix 10.01) and illustrates the Service Delivery Standards of Park Categories:

Park Category Type	Primary Focus	Maintenance Standard	Description
Amenity Parks	Beautification	High	High quality standard services and facilities (e.g. mowing) in beautification areas
	Open green space	Low	Medium standard services and facilities (e.g. mowing) in residential areas and picnic spots and low in other areas

Park Category Type	Primary Focus	Maintenance Standard	Description
Environmental Reserves	Service inputs	Low	Emphasis on animal pest and weed control, track maintenance and operation of visitor facilities such as toilets and picnic/parking areas
Linkage Reserves	Land corridors	Medium to low level	Tidy appearance and medium to low standards of mowing in specific areas
Neighbourhood Parks	To provide a consistently good standard	Medium to high level	grass mowing and safe play equipment
Outdoor Adventure Parks	Service inputs	Low	Emphasis on animal pest and weed control, track maintenance and operation of visitor facilities such as toilets and picnic/parking areas.
Premier Parks	Services operated and maintained	High	As appropriate to its purpose that clearly identifies that these parks are of a "special" high value.
Sports Fields Reserves	Grass mowing and turf quality	High	High quality grass mowing standards for particular sports codes and standard mowing for surrounds and general use areas.

*Table 12: Service delivery standards showing purpose, aspects of maintenance and examples of standards (Information sourced from Parks Strategy 2013)*

The Invercargill City Council Parks Strategy 2013 and the Levels of Service Matrix within the Strategy (Appendix 10.01) will determine how we will reach and maintain the required Levels of Service over 10 years. Performance Measures over the 10 year period will be set to achieve the required Levels of Service.

The Invercargill City Council Parks Strategy 2013 uses categories that link to this industry standard. Categories provide a basis for developing clear Levels of Service associated with the purpose of the parks land. Strategy provides an outline of Levels of Service to be provided with each land category adopted. If financial budgets are structured to match the categories in the strategy, it will further enable costs to be more accurately forecast against each of the stated Levels of Service.

Each of the Service Delivery Standards (Parks Strategy – Appendix 10.01) is being achieved or will be achieved as they are monitored and developed through the Parks Strategy 2013, and are factored into the annual budget with regular evaluations to ensure they are being met.

Parks and Cemeteries future Customer Activity Measures, Level of Performance and responses to gaps to meet target measures in relation to the Community Outcomes from Section 2 are shown in the table in Section 3.4.2 –Possible Responses to Gaps. Measures from 2014 AMP is shown by the table in

Appendix 10.02. New or updated levels of service and measures are shown in bold lettering to indicate changes since the AMP in 2014.

### **3.3.2 Technical Levels of Service, Performance Measures and Targets**

Yardstick is used as a benchmarking tool to collect management and planning information to measure current performance and drive future improvements. It can also be used to compare with other organisations nationally.

Yardstick helps to set, monitor and manage performance measures. It assists in justifying additional resources, influences budgets, provides a research base for information on parks and open space provision, cost and management, and enables interaction with users, while helping to identify expectations and satisfaction levels.

This will, in turn, help with levels of service and future improvements of our parks and cemeteries.

#### **Activity Measures**

The Parks and Cemeteries Future Technical Activity Measures, Level of Performance and responses to gaps to meet target measures in relation to the Community Outcomes from Section 2 are shown in the table in Section 3.4.2 – Possible Responses to Gaps. Measures from 2014 AMP is shown by the table in Appendix 10.03. New or updated levels of service and measures are shown in bold lettering to indicate changes since the AMP in 2014.

#### **Operational Measures**

The operational measures used for monitoring Council asset management performance are shown in the table in Section 3.4. These are broadly based on measures suggested by the International Infrastructure Management Manual, but extended to include safety and environmental compliance.

Maintenance and Development Standards are listed for services and facilities within each of the park categories which can be found in the Parks Categories and Levels of Service Section in the Parks Strategy 2013 (Appendix 10.01).

### **3.4 LEVELS OF SERVICE ISSUES AND CHALLENGES**

The following is a list of the issues and challenges Parks and Cemeteries may expect in the future:

- Changes to sporting activities/user groups of parks and reserves versus availability of resources will impact levels of service. A decrease or increase in the amount of formal team sports will require a change in frequency of monitoring these affected areas and whether a change in resources is required to meet demand changes.
- Realigning of budgets while maintaining high quality assets.
- Donated assets will cause a burden on budgets which will affect the levels of service in the future as to their level of quality and what can be provided for within the budget.

- As the district's population ages, demand in specific assets may shift and require further development of assets on land to ensure people are catered for. This will in turn mean a change in levels of service to meet demand. Cemeteries and Crematorium use may also increase as a result of an increase of older people.
- Exchange of reserve lands for more appropriate lands (i.e. from back sections for more visible and safer play spaces).
- The high cost of maintenance associated with older areas within the cemeteries, and restrictions on what can be done to old headstones with historic value.
- Managing and monitoring the environmental impacts due to visitors and pests, including the use of walking and cycling trails, and any additional costs for maintenance of reserves.
- The Anderson Park Art Gallery has been assessed for earthquake risk and we are in the process of reviewing building procedures to ensure visitor safety.

### **3.4.1 Current Levels of Service Gaps**

Levels of Service Gaps for customer service levels and technical service levels are shown in the table in Section 3.2, along with responses to close those gaps. Key Gaps that are of significance to note are as follows:

#### **Customer Service Levels**

- We aim to increase the number of visitor counters in order to understand visitor numbers to parks and cemeteries. As more data is collected we will understand the trends in locations and times of year people visit.
- We aim to increase response levels through methods of communication so that we are engaging more with the community and providing awareness of what is happening with parks and cemeteries activity.

#### **Technical Service Levels**

- We aim to create a management plan for cemeteries so that policies and future management of our cemeteries are in place for the future which can be enforced under the Reserves Act 1977.
- Number of sites with play equipment provided per 1000 population will reduce from 7.9/1000 to 5.7/1000 as per the Playground Strategy (Appendix 10.04) 2014 through removal of play equipment once it reaches the end of life on certain playgrounds.
- The number of playgrounds categorised as "Destination" Playgrounds in Invercargill will increase over time from 4 to 9 as per the Playground Strategy 2014 (Appendix 10.04) through the addition of play equipment and improved levels of service.
- Reserves under the Reserves Act are required to have a management plan and we will continue to develop management plans for those reserves we manage under the Reserves Act in order to reach our target of 100%.

We aim to put processes and practices in place to use environmental resources on parks and cemeteries land. To implement level of service changes, options analysis and the selection of the best practicable and preferred option, has to be done by a coherent, integrated and transparent process.

### **3.4.2 Possible Responses to Gaps**

Changes to current levels of service to become target levels of service are outlined in the tables below for parks and reserves and cemeteries. Most will be in line with the parks and playground strategies and there are some policies and procedures that would need enforced in order to attain the target measures in the future.

Those changes requiring significant costs to meet desired requirements are noted as per the capital development 30 year plan in Section 7 of the AMP. Costs are also noted in the Development Levels of Service Implementation Programme Estimates of the Parks Strategy 2013 (Appendix 10.01) and Works Programme of the Playground Strategy 2014 (Appendix 10.04). Council will be working towards these programmes and will continue to follow them as shown in the Capital Development Programme Section 7.6.4 and the Parks Strategy (Appendix 10.01).

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Community Outcome	How Parks and Cemeteries Contribute to this Outcome	Customer Level of Service	Current Measure of Service	Future/Desired Technical Measures	Actions to Meet Target Measures	Timeframe to achieve Desired Target
<b>Embrace Innovation and Change – Invercargill has the 'wow factor' with the right facilities and events to enjoy</b>	Parks and Cemeteries enhance the aesthetic value of the City and usability of reserve land	Queens Park is recognised nationally as a "Garden of National Significance"	Queens Park is accredited as a "Garden of National Significance"	Retain accreditation	Retain Accreditation expectations	Continuing annually, with next assessment 2018
<b>Embrace Innovation and Change – Technology is utilised in both existing and new City services</b>	Parks and Cemeteries endeavour to utilise technology in order to engage effectively with the community through communication methods	Successful methods of communication are used to effectively engage with the community and provide awareness	Show customers are engaged with our information	Use successful methods as per response levels e.g. website, social media, news sources	Increase response levels through successful methods of communication	2020 and ongoing
<b>Embrace Innovation and Change – Invercargill's culture is embraced through Community projects</b>	Parks and Cemeteries endeavour to provide Council facilities and resources for community based activities, including the best utilisation of volunteers	Local Residents have greater feeling of ownership of our Parks and Reserves	Not currently measured	Volunteers are readily available for community projects	Further engagement with the community	2020 and ongoing
<b>Embrace Innovation and Change – Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences</b>	Parks and Cemeteries enhance the aesthetic value of the City and usability of reserve land	Percentage of requests for service and reports of damage on parks and cemeteries (except for monuments) actioned within four working days	100% actioned	100% actioned	Annual verification of service levels actioned	2018 and ongoing
<b>Preserve its character – The building blocks, including water, sanitation and roading, for a safe, friendly City is provided for all members of the community</b>	Parks and Cemeteries enhance the aesthetic value of the City and usability of reserve land	Number of justified complaints received by the Parks Department relating to safety within Parks and Cemeteries	Not currently measured	No justified complaints	Annual verification of justified complaints received	2018 and ongoing
<b>Preserve its character – Our natural and existing points of difference are celebrated</b>	Parks and Cemeteries are managed in such a way as to protect important natural habitats, scenic landscapes and other environmental features	High improved production of eco-friendly pest control to achieve a high level of pest management	Parks and Reserves have Policies around pest management in reserve management plans	Continue to provide these policies and review as required including monitoring effectiveness	Continue to provide these policies and review as required in management plans, procedures and as part of contract work policies	2020 and ongoing
<b>Preserve its character – Invercargill is celebrated for preserving its heritage character</b>	Parks and Cemeteries assist in protecting Invercargill's history and heritage	Burial records are available to the general public	Burial records, photos and inscriptions are available on Council website	Continue to Meet requirements	Continue to meet requirements	2018 and ongoing
<b>Enhance our City – Healthy and active residents utilise space, including green space, throughout the City</b>	Parks and Cemeteries encourage residents and visitors to our green spaces of the City	visitor numbers through target parks and reserves locations are monitored annually	Measured by visitor counters at access points to monitor users of target reserves	Increase visitor counter use at key locations	Further visitor counters will allow better records of as per the ICC Parks Recreational Trails Strategy 2014	2020 and ongoing

Table 13: Parks and Cemeteries future Customer Activity Measures, Level of Performance and responses to gaps to meet target measures in relation to the Community Outcomes from section 2 (ICC Parks – Strategy 2013 and Yardstick 2016)

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Community Outcome	How Parks and Cemeteries Contribute to this Outcome	Technical Level of Service	Current Measure of Service	Future/Desired target Measure of Service	Actions to Meet Target Measures	Timeframe to achieve Desired Target
<b>Enhance our City – Healthy and active residents utilise space, including green space, throughout the City</b>	Parks and Cemeteries enhance the aesthetic value of the City and usability of reserve land	Percentage of street tree maintenance is undertaken within 6 months of inspection	100%	100%	No change	Ongoing
		Standards written in Service delivery requirements or service levels documents	Prescription Driven	NZRA documented standards	To adopt Industry Standard as technical Levels of Service and then document in the AMP	2018/19
		Level of service target for total provision of reserve land	Provision by park category is documented in Parks Strategy 2013 p47	continue to provide target for provision of reserve land as per Parks Strategy 2013	no change	No change/ongoing
		Percentage of urban residents within 500 metres of a park or reserve	96%	96%	No change	No change/ongoing
		Number of users on sports fields that are documented through summer/winter bookings	Documents show 7232 (1 July 2015-30 June 2016, Yardstick report 2016)	Continued provision of fields for users to support demand	Improve accuracy from user groups	2018 and ongoing
<b>Embrace innovation and change – Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences</b>	Parks and Cemeteries enhance the aesthetic value of the City and usability of reserve land	Open spaces, cemeteries and crematorium activities in Invercargill reflect the need of users with changing demographics and consequent demand changes, including parks for ageing population and demand	All users are provided for throughout the city	Continue to review Strategy and consequent Management Plans	Continue to review Strategy and consequent Management Plans to keep with demand	2018 and ongoing
	Parks and Cemeteries utilise the Dog Control Policy to educate users	Percentage of actual users that are satisfied with the Dog Control Policy for Parks and Cemeteries	Not currently measured	<10 verified complaints	Annual verification of user complaints received which have escalated to the Manager	2018 and ongoing
	Burial, interment and bereavement needs of the community are met with sensitivity and professionalism	Council documents key stakeholder information on services or improvements to Cemetery/Crematorium Activity	Not currently measured	100% response rate from key stakeholders	Send out surveys to key stakeholders on an annual basis	2018 and ongoing
		Council is to ensure there is land available for future burials	100 years of availability	100 years of availability	No change	No change
<b>Embrace innovation and change – Invercargill has the 'wow factor' with the right facilities and events to enjoy</b>	Parks and Cemeteries enhance the aesthetic value of the City and usability of reserve land	Percentage of tracks in parks and reserves that meet the "short walk" track standard as per the Invercargill City Council Recreational Trails Strategy 2014	100% of short walks meet short walks standards	100% of short walks meet short walks standards	Follow trail strategy to measure levels of service for maintenance and development of trails	Ongoing
		Number of sites with play equipment provided per 1000 population as per the Playground Strategy 2014	7.9/1000	5.7/1000	Changes will be in line with objectives of Playground Strategy 2014 – as equipment reaches end of life on certain playgrounds it will be removed, therefore provision of equipment will be reduced	In 2018 this strategy is up for review, where objectives may change. The 2014 playground strategy explains renewals and capital works further in section 9 of the strategy
		Where possible, land adjacent to existing small Neighbourhood Parks (under 2,000m <sup>2</sup> ) will be considered for acquisition if they become available	0.3ha/1,000 residents	1.0ha/1,000 residents	Changes will be in line with the Parks Strategy 2013	When land is up for sale

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Community Outcome	How Parks and Cemeteries Contribute to this Outcome	Technical Level of Service	Current Measure of Service	Future/Desired target Measure of Service	Actions to Meet Target Measures	Timeframe to achieve Desired Target
		The number of playgrounds categorised as "Destination" playgrounds in Invercargill as per the Playground Strategy 2014	4	9	Future changes and new site provision will be in line with playground strategy where selected playgrounds will be made to become destination playgrounds. This may be through addition of play equipment and improved levels of service	In 2018 this strategy is up for review, where objectives may change. The 2014 playground strategy explains renewals and capital works further in section 9 of the strategy
<b>Embrace Innovation and Change – Invercargill's culture is embraced through Community projects</b>	Parks and Cemeteries endeavour to provide Council facilities and resources for community based activities, including the best utilisation of volunteers	Parks based public education programmes with groups and volunteers to improve knowledge on the value of protecting or enhancing biodiversity	Education programmes provided through brochures, tours and other forms of communication	Increase the number of participants	Increase promotion and active involvement of participants	2018 and ongoing
<b>Preserve its character – The building blocks, including water, sanitation and roading, for a safe, friendly City is provided for all members of the community</b>	Council owned buildings on Parks, Cemeteries and Crematorium land are provided and maintained in a safe condition	Percentage of Council owned buildings comply with the Building Act 2004 and where applicable are maintained in accordance with the Warrant of Fitness	Not currently measured	100%	Council owned buildings to reach minimum requirements under the Building Act 2004	2018
		The percentage/number of reserves under the Reserves Act 1977 with adopted Reserves Management Plan	86%, 94/109	100%	Develop Management Plans for those reserves under the Reserves Act 1977 that require them	2020
	Parks, Cemeteries and crematorium are provided and maintained in a safe condition	Number of staff health and safety incidents on parks and cemeteries (July 2015–June 2016)	1 Serious Harm 11 Minor Harm (Assets) 50 Minor Harm (Operations)	No reported Health and Safety incidents on parks and reserves	Procedures are in place to minimise staff workplace incidents Staff are aware of this and it is documented as per Council's Health and Safety Policy	Ongoing
		Number of reported public injuries or accidents occurring on parks and cemeteries (July 2015–June 2016)	1	0 Reported public injuries or accidents on parks and cemeteries	Staff do ensure assets are at a high quality level, however, there are bound to be injuries with public	Ongoing
		Percentage of safety inspections of facilities completed and hazards mitigated	100%	100%	No change	Ongoing
<b>Preserve its character – Our natural and existing points of difference are celebrated</b>	Parks and Cemeteries are managed in such a way as to protect important natural habitats, scenic landscapes and other environmental features	Improve the processes and practices to reduce the ecological footprint of the open space services and provide clean and green local environments	Not currently measured	Processes and practices are in place to use environmental resources on parks and cemeteries	Put processes in place such as using locally eco-sourced plants and eco-friendly pest control	2018 and ongoing
	Parks, Cemeteries and crematorium are managed in such a way as to minimise adverse effects on the environment	Number of environmental issues relating to this activity reported to Council is nil	Nil received	Nil	No change	No change

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Community Outcome	How Parks and Cemeteries Contribute to this Outcome	Technical Level of Service	Current Measure of Service	Future/Desired target Measure of Service	Actions to Meet Target Measures	Timeframe to achieve Desired Target
<b>Preserve its Character – Invercargill is celebrated for preserving its heritage character</b>	Parks and Cemeteries are managed in such a way as to protect important natural habitats, scenic landscapes and other environmental features	Liaise and document archaeological sites and discoveries through Heritage NZ	Not currently measured	All archaeological sites are documented and processed accordingly	Existing Sites are to be documented and new sites are to follow proper procedures through Heritage NZ	2018 and ongoing

Table14: Parks and Cemeteries Future Technical Activity Measures, Level of Performance and changes to meet target measures in relation to the Community Outcomes from section 2 (ICC Parks – Strategy 2013, Playground Strategy 2014 and Yardstick 2016)

Programme to implement change has been costed across parks and assets. The following table from the Parks Strategy 2013 refers to operational maintenance for 10 years. Figures are not inflated.

Development LOS Implementation Programme Estimates		Year									
Park Name	Item	1	2	3	4	5	6	7	8	9	10
HIGH VALUE PARKS – Budget 1 – 3 years											
Anderson Park	Park interp sign	\$5,600									
Anderson Park	Track sign	\$360									
Bluff Hill Reserve	Park sign	\$600									
Greenpoint Recreation Reserve	Toilet			\$19,000							
Otatara Scenic Reserve	Park interp sign	\$8,400									
Otatara Scenic Reserve	Park sign	\$600									
Sandy Point Domain	Park interp sign	\$1,400									
Sandy Point Domain	Park interp sign	\$1,400									
Sandy Point Domain	Park sign	\$300									
Sandy Point Domain	Park sign	\$300									
Sandy Point Domain	Park sign	\$300									
Sandy Point Domain	Park sign	\$300									
Thomsons Bush	New track - flat	\$9,600									
Thomsons Bush	Track sign	\$360									
Turnbull Thomson Park	Park sign	\$1,200									
Turnbull Thomson Park	Specimen tree	\$7,200									
Queens Park	Park interp sign	\$5,600									
Town Belt - Gala Street	Park sign	\$600									
Town Belt - Gala Street	Park sign	\$600									
Turnbull Thomson Park	Car park sealing			\$24,000							
Turnbull Thomson Park	Car park sealing			\$15,000							
Turnbull Thomson Park	Car park sealing		\$90,000								
Turnbull Thomson Park	Car park sealing			\$22,500							
Turnbull Thomson Park	Park sign	\$1,500									
Turnbull Thomson Park	Play equip - multi	\$30,000									

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Development LOS Implementation Programme Estimates		Year									
Park Name	Item	1	2	3	4	5	6	7	8	9	10
Turnbull Thomson Park	Specimen tree	\$2,880									
Turnbull Thomson Park	Specimen tree	\$7,200									
MEDIUM VALUE PARKS – Budget 4 – 10 years											
JG Ward Reserve	Park sign				\$600						
Northwood Recreation Reserve	Park sign				\$300						
Queens Drive Planting Strip	Park sign				\$600						
Stead Street Beautification Strip	Park sign				\$600						
Stirrat Street Reserve	Park sign				\$300						
Stirrat Street Reserve	Specimen tree					\$2,160					
Town Belt - Elles & Q Drive	Park sign				\$300						
Town Belt - Elles & Q Drive	Park sign				\$600						
Town Belt - Elles & Q Drive	Park sign				\$600						
Town Belt - Elles & Q Drive	Park sign				\$600						
Elston Lee Park	New track - flat								\$19,200		
Elston Lee Park	Park sign				\$300						
Elston Lee Park	Specimen tree					\$2,880					
Otepunu Creek	Park sign				\$600						
Otepunu Creek	Specimen tree					\$7,200					
Southern Greenway	New track - flat								\$100,000	\$49,600	\$100,000
Southern Greenway	Park sign				\$1,800						
Southern Greenway	Specimen tree					\$8,640					
West Bank Reserve	Park sign				\$300						
West Bank Reserve	Revegetation										\$32,000
West Bank Reserve	Specimen tree					\$3,600					

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Development LOS Implementation Programme Estimates		Year									
Park Name	Item	1	2	3	4	5	6	7	8	9	10
Arun Crescent Playground	Specimen tree					\$1,440					
Ascot Terrace Playground	Specimen tree					\$1,440					
Baxter Street Playground	Specimen tree					\$3,600					
Chesney Street Playground	Specimen tree					\$2,160					
Conway Crescent Playground	Specimen tree					\$3,600					
Crawford Street Playground	Park sign				\$300						
Cruickshank Crescent Playground	Park sign				\$600						
Cruickshank Crescent Playground	Play equip - multi						\$30,000				
Cruickshank Crescent Playground	Play equip - single						\$12,000				
Cruickshank Crescent Playground	Specimen tree					\$1,800					
Cruickshank Crescent Playground	Specimen tree					\$1,800					
Cunningham Street Playground	Specimen tree					\$2,160					
Dart Street Playground	Specimen tree					\$2,160					
Derwent Crescent Playground	Specimen tree					\$1,440					
Dome Street Playground	Specimen tree					\$1,440					
Dumbarton Place Playground	Play equip - multi							\$30,000			
Dumbarton Place Playground	Play equip - single							\$12,000			
Dumbarton Place	Specimen tree					\$3,600					

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Development LOS Implementation Programme Estimates		Year									
Park Name	Item	1	2	3	4	5	6	7	8	9	10
Playground											
Edinburgh Crescent Playground	Park sign				\$300						
Edinburgh Crescent Playground	Specimen tree					\$1,800					
Ettrick Street Reserve	Specimen tree					\$1,440					
Forfar Crescent Playground	Specimen tree					\$2,160					
Glengarry Cres Reserves	Play equip - multi							\$30,000			
Glengarry Cres Reserves	Specimen tree					\$2,160					
Herriot Street Playground	Specimen tree					\$1,440					
Iona Playground	Specimen tree					\$2,160					
Kennington Recreation Reserve	Park sign				\$300						
Kennington Recreation Reserve	Play equip - multi							\$30,000			
Kennington Recreation Reserve	Play equip - single							\$12,000			
Kildare Street Playground	Park sign				\$300						
Kildare Street Playground	Specimen tree					\$1,800					
Kinmont Crescent Playground	Specimen tree					\$2,160					
Moray Crescent Playground	Specimen tree					\$2,160					
O'Byrne Street Playground	Specimen tree					\$1,440					
Rockdale Park	Specimen tree					\$2,160					

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Development LOS Implementation Programme Estimates		Year									
Park Name	Item	1	2	3	4	5	6	7	8	9	10
Slaney Street Reserve	Specimen tree				\$2,160						
Stuart Street Playground	Specimen tree				\$2,160						
Town Belt - Elles & Q Drive	Play equip - multi						\$30,000				
Tweed Street Playground	Specimen tree				\$1,440						
Waihopai Bridge Reserve	Park sign				\$300						
Waikiwi Domain	Park interp sign				\$1,400						
Waikiwi Domain	Specimen tree				\$1,440						
West Street Reserve	Park sign				\$300						
West Street Reserve	Play equip - multi						\$30,000				
West Street Reserve	Play equip - single						\$12,000				
West Street Reserve	Specimen tree				\$1,440						
Woodend Hall Reserve	Car park sealing									\$22,500	
Woodend Hall Reserve	Park sign				\$300						
Woodend Hall Reserve	Play equip - multi									\$30,000	
Woodend Hall Reserve	Play equip - single									\$24,000	
Woodend Hall Reserve	Specimen tree					\$3,600					
Elizabeth Park	Park interp sign				\$4,200						
Argyle Park	Park sign				\$300						
Bain Park	Park sign				\$600						
Makarewa Domain	Park sign				\$600						
Town Belt - Elles & Q Drive	Park sign				\$600						
Town Belt - Elles & Q Drive	Park sign				\$600						
LOWER VALUE PARKS – Budget 10 + years											
Bond Street Reserve - East	Specimen tree										
Ocean Beach Reserve	Park sign										

Development LOS Implementation Programme Estimates		Year									
Park Name	Item	1	2	3	4	5	6	7	8	9	10
Town Belt - Appleby	Park sign										
Lake Hawkins Wetland Reserve	Park sign										
Paterson Reserve	Revegetation										
Esplanade Reserve - Liddel Street	Park sign										
Esplanade Reserve - Mersey Street	Park sign										
Mavora Reserves	Park sign										
Elizabeth Street Playground	Park sign										
Elizabeth Street Playground	Specimen tree										
Elizabeth Street Reserve	Park sign										
Elizabeth Street Reserve	Specimen tree										
Newfield Park	Park sign										
Teviot Street Reserve	Specimen tree										
	Year	1	2	3	4	5	6	7	8	9	10
Yearly Totals		\$86,300	\$90,000	\$80,500	\$27,140	\$75,600	\$114,000	\$114,000	\$119,200	\$126,100	\$132,000

Table 15: Development LOS Implementation Programme Estimates (from Parks Strategy 2013 – Appendix 10.01)



## 4. Demand for our Services

### 4.1 DEMAND FORECAST

#### 4.1.1 Factors Influencing Demand

This Activity Plan reflects Council's assumptions for the Long Term Plan, namely:

**Population Projections** – The population will increase to 56,300 by 2028.

**Ageing Population** – Those 65 years and older will increase to 12,500 (approximately 22% of the community) by 2028.

**Household Growth** – An average of 2.3 people per household, with total households being 24,478 in 2028.

**Tourism and Visitor Numbers** – Tourism numbers will increase over the Long-Term Plan period.

**Useful Life of Significant Assets** – See section 5 for more information.

**Depreciation** – See section 8 for more information.

**Legislation** – There will be changes to legislation that have an impact on what and how Council provides services.

**Climate Change** – 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.

#### 4.1.2 Projected Growth or Decline in Demand for the Service

Council's assumptions (led by Council structure and guidelines) and their relationships to Parks and Cemeteries Activity are shown in the following table. As we are unaware of data to compare how much the following assumptions have changed from today, these are the assumed impacts that would occur and improvements will need be made to ensure we are better informed with better data which will be discussed further in Section 10: Improvements.

<b>Assumption</b>	<b>Relationship to Parks and Cemeteries Activity</b>
<b>Population Projections</b>	An increase in population from 53,200 in 2013 to 56,300 in 2028 may require a higher demand for resources over supply, as well as a higher use which will mean more maintenance, monitoring and possible development of resources/acquisition of land to ensure people are catered for. Cemeteries and Crematorium use may also increase as a result of more people.
<b>Ageing Population</b>	As the district's population ages, demand in specific assets may shift and require further development of assets on land to ensure people are catered for. They may require more passive rather than active reserves. Cemeteries and Crematorium use may also increase as a result of an increase of older people.  Also, as the district's population ages and people retire from full time employment, employment opportunities will be created which cannot be filled from within the community. These vacancies create the opportunity to attract people (and their families) into the workforce from outside the district. This migration will lessen the proportion in the 65 years plus age group but the trend will remain dominant.
<b>Household Growth</b>	More households in communities will require a higher demand for resources over supply, as well as a higher use which will mean more maintenance, monitoring and possible development of resources to ensure people are catered for.
<b>Tourism and Visitor Numbers</b>	Change of focus to how we treat types of tourists and visitors - their expectations, their use of facilities, access to land, amending assets (language on signs, apps).
<b>Useful Life of Significant Assets</b>	This is explained further in section 5.
<b>Depreciation</b>	This is explained further in Section 8.
<b>Legislation</b>	Legislation changes may cause effect on the management of Parks and Cemeteries Activity.
<b>Climate Change</b>	This is explained further in Section 6.

Table 16: Assumptions and their relationship with Parks and Cemeteries Activity

## 4.2 CHANGES IN SERVICE EXPECTATIONS (FUTURE LEVELS OF SERVICE)

### Anticipated Changes in Demand for Services

As the population of Invercargill ages, there is the potential for the following changes in demand for this service:

- Changes in Park trends.
- Changes in Cemetery trends.

No more investment is anticipated to meet changes in demands. Council is reallocating existing funding to meet changes listed below.

### Changes in Park Trends

There has been an increased demand for walking, cycling and mountain biking trails in recent times, following national trends for these outdoor activities. These activities are well catered for and further increases in these activities can be guided by the Southland Cycling strategy.

The numbers of participants in traditional team sports has been declining within Invercargill City which is also in line with the national trend. This has meant that sports field needs are well catered for with surplus capacity and demand dropping. A decrease or increase in the amount of formal team sports will require a change in frequency of monitoring these affected areas and whether a change in resources is required to meet demand changes.

Increases in informal recreation such as walking, jogging and cycling have replaced more formal recreational activities with more people using passive land for their activities. This may result in the amalgamation of existing clubs to share high quality sports fields and facilities and create more of a demand for multi-use facilities.

With the ageing population, use of Premier Parks is expected to remain high with increased demand for strategically placed seats, toilets and parking facilities.

Health organisations are increasingly seen using parks and open spaces for boot camps and alike to get people using our existing resources to do their activities.

Technology is changing constantly which will impact parks and cemeteries in the future such as Wi-Fi on parks and cemeteries and other services may also develop as a result. Programmes are already being developed (e.g. Magical Parks where people use their phones to find digital figures around parks) to encourage children to get outside and be active. Virtual programmes may increase and impact the way parks and cemeteries are managed in the future.

Drivers in demand that are important to highlight here as noted in the tables in Section 3.4.2 are as follows:

#### **Customer Level of Service**

Local residents have greater feeling of ownership of our Parks and Reserves – along with their increase in demand to achieve this, we want to increase our engagement with the community and will start measuring this through volunteers being readily available for community projects.

#### **Technical Level of Service**

- Quality control for sports fields and toilets has been driven through the increase in demand for use of these assets. Measures are now noted in this management plan to record the need to continue auditing and documenting records to keep up with ongoing demand. Procedures will also be put in place for other assets such as grass maintenance, park furniture, structure, tracks and signs, planted beds and neighbourhood parks.
- Number of users on sports fields – we wish to continue with the provision of fields for users to support demand and in doing so, improve the accuracy of the documents that are filled out by clubs for bookings to get a better understanding of demand for fields.
- Strategies and management plans are to be reviewed to keep up with demand which includes the needs of users with changing demographics and their consequent demand changes.

- The number of playgrounds categorised as “Destination” playgrounds in Invercargill as per the Playground Strategy 2014 will be increasing from four to nine and locations of the playgrounds may have resulted through the amount of use/demand from children in the surrounding areas.

### **Changes in Cemetery Trends**

The ratio between burials and cremations changes over time. Currently the ratio sits at 35% burials, 65% cremations. A regular review of the burial and cremation trends will ensure that Council provision adequately meets the needs of the community and keeps up to date with changing technologies.

Council endeavours to accommodate the changing ethnic burial requirements resulting with different types of burials including natural burials.

Drivers in demand that are important to highlight here as noted in the tables in Section 3.4.2 are as follows:

### **Technical Level of Service**

Council is to ensure there is land available for future burials – we need to ensure we comply with the demand for burials in the future.

## **4.3 EXPECTED IMPLICATIONS FOR THE ACTIVITY**

### **Cemeteries**

- Small implications are expected at cemeteries with an increase in diverse religious requests and catering for more immigrants moving to the City.
- Future burial and cremation provision is well catered for with approximately 100 years of available space for this activity.

### **Changes in Demographics and Aging Population**

- Provided population increase assumptions are correct there is likely to be increased diversity of users such as ageing and disabled visitors to the Parks and Cemeteries Activity which will subsequently drive changes in levels of service, accessibility and would therefore affect the quality and inclusivity of more diverse users.
- Expectations are more likely to relate to space availability, accessibility for aged and disabled users, and provision of further resources and facilities to be all inclusive.
- The ageing population and changing trends in leisure and recreation means a declining use of sports fields.
- It is not expected that the demand needs of Parks and Cemeteries will change in any major way in the future in the Invercargill District due to the gradual population growth and the general decline in participants in traditional team sports. There is also the possibility that there could be a decrease in population growth resulting in the reverse effects.
- It is expected that Parks will have small changes over time due to the ongoing trend changes in outdoor activities and to meet the changing demographics of the City. This includes the change in the use of land due

to a shift from organised to passive sports and recreation activities, which will subsequently affect the demand and therefore provision for facilities and land.

### **Regional Changes**

- Management and organisation of recreation programmes are expected to shift towards individual Councils in the future to be able to continue the running of community events.
- It is anticipated that the Southland Regional District Strategy (SoRDS) will have impacts (e.g. economic) which will practice in the future. There is a trend for cities to look towards a more regional approach to the supply of recreational facilities which is our current approach for Invercargill City, where sports are more region based and played in Invercargill or Gore, rather than other locations.

### **Changes in Assets/Facilities**

- Council will continue to review and, if necessary, rationalise the assets that are being provided to the community.
- This will likely see pressure to supply/upgrade assets/facilities at a higher level of service to cater for requirements for this age group such as paths, rubbish and toilets, and possible conflict between users with prams, mountain bikes, scooters and dogs.
- With high demands on existing facilities, this will subsequently create more facilities which will result in more conflict between user groups.

## **4.4 FUTURE DEMAND ISSUES AND CHALLENGES**

### **Impacts of Changes in Demand**

Key issues that have arisen in section 4 above will be addressed in the following ways:

#### **4.4.1 Possible Demand-Related Responses**

No investment programmes have been set for the following responses but the needs are allowed for in the improvement programme in Section 10 and levels of service in Section 3.

- Changes in the number of facilities provided such as toilets and car parks.
- Changes in provision of disabled and age related assets.
- Changes in types of assets such as language on signs, technology related assets, allowing for the diversity of new and changed demand for sports and recreation activities.
- Increases/changes to provision of play equipment on playgrounds as per the playground strategy.
- Changing climatic systems - an increase in rain patterns will encourage more use of existing indoor facilities or use of existing fields at Sandy Point which can cope with the heavier rainfall because of their sand base.

#### **4.4.2 Possible Non-Asset Solutions**

Parks and Cemeteries work closely with other recreational providers, ethnic groups and health agencies providing:

- Joint publicity of facilities and assets that we have available for use.
- Working with user groups regarding timing allocation of recreational areas and existing resources for use and to suit growth trends.
- Working with new recreational activities to better coordinate use of reserves.
- Burial requirements to cater for current trends and ethnic diversity.
- Facilities to cope with changing climatic systems.
- Partnering with schools and churches will be considered to achieve a consistent activity spread of play spaces.

#### **4.4.3 Managing Expectations**

It is expected that more elderly people will take part in health and fitness programmes and expect a higher level of professional delivery of health programmes for food and family friendly activities in parks while remaining mindful about recreation space for youth and families. This is something we want to support; however, we want organisers of programmed activities to be using parks assets more appropriately to eliminate any future conflict that may arise around the use of assets. Informing the Parks Division of bookings on parks and reserves and potential use of assets when organising any activity would help with this, which is information that needs to be relayed back to organisers by the Parks Division.

There is the expectation with other organisations leaning away from running programmes on parks land that individual Councils may be expected to take over from this in order for programmes to continue. Parks needs to discuss this expectation further with the organisations so all groups are of the same understanding and processes can be put in place for the future if any changes are to happen

Strategies and management plans set policies and future development of parks and reserves which regulate what activity is allowed on our land.

## 5. Asset Profile

### 5.1 ASSET OVERVIEW

Invercargill City Council manages 162 parks and cemeteries comprising of a total land area of 3,328 hectares. This portfolio of assets caters to the City's variety of recreational needs and usages, and provides amenities and facilities that contribute to the current and future interests of the community. The park categories also contribute to the image and aesthetics of the city landscapes and streetscapes and protect scenic and environmental values. A detailed list of Invercargill City Council Parks and Cemeteries is located in Appendix 10.05.

The key customers of this activity are the residents of Invercargill along with visitors to the regional facilities.

### 5.2 ASSET DESCRIPTION

For management purposes the parks have been categorised into groups with similar characteristics. The Council's current park categories are shown in the following table:

Description	Number	Area (ha)	Description
Amenity Parks	17	49.57	Cover a wide range of land types, from developed areas with mown grass, gardens and/or trees through to undeveloped "natural" green areas. They provide a wide range of functions, from open space that adds to the quality of the visual landscape through to areas used actively for picnics, walking and biking.
Environmental Reserves	24	1873.1587	Generally areas of land with high natural values that may provide passive recreation.
Linkage Reserves	27	54.707	Cover a wide range of sites, from developed parks with mown grass and trees through to undeveloped green areas. They are usually linear in shape and provide an important role in meeting sustainability objectives through protection and enhancement of biodiversity, often in the urban environment. They include walkway/transport linkages and/or corridors between communities and open spaces.
Neighbourhood Parks	61	18.4496	Developed urban parks designed for use by the local residential community. It includes informal recreation, play and amenity space.
Outdoor Adventure Parks	3	987.9949	Recreation activities and built facilities, requiring a large scale environment, usually located on the outskirts or urban areas. They vary widely from farm parks, pine forests,

Description	Number	Area (ha)	Description
			native bush and river and coastal areas.
Premier Parks	4	69.9949	Recognised as parks of particular significance to the City. These parks will generally be developed and maintained to a high standard with intensive development of facilities to attract and cater for a high level of usage.
Sports Fields Reserves	20	143.2402	Primarily designed and used for active sport and recreation with one geographical area and primarily of a traditional team nature. It may also provide for a range of community activities and facilities.
Special Purpose	11	32.8749	Provide open space and recreation value. Have specific use and generally limited public access.
Civic Space	4	0.6459	Social and community open space and events.
Cultural Heritage	7	58.9225	Protection of built cultural and historical environment to provide for commemoration, mourning and remembrance (ie cemeteries/crematorium).
Undeveloped Parks	8	37.3337	Areas of undeveloped land.
Non Council Owned Reserves	4	1.4181	Bowmans Bush, Brown Street Playground, Windsor Green, Otatara Community Playground.
<b>Total Category Spaces</b>	<b>190</b>	<b>3328.3104</b>	

Table 17: Parks Asset Categories and descriptions (July 2017) Sourced from ICC Parks Strategy 2013

The Cemeteries and Crematorium cater for the burial and cremation needs of Invercargill district residents and many who live outside of the district.

Council maintains and operates six cemeteries and one crematorium covering 58.9225 hectares.

Description	Area (ha )	Status
Eastern Cemetery	28.5960	Open
Southland Crematorium	10.2200	Operative
Greenpoint Reserve Cemetery	10.6898	Open
Mason Road Urupa	2.4640	Open
William Stirling Reserve Cemetery	0.0028	Closed
St Johns Cemetery	2.0234	Closed
Bluff Cemetery	4.9195	Closed
	58.9225	

Table 18: Cemetery Assets (ICC Parks)

The Eastern Cemetery contains approximately four hectares of available land for future burials. An additional four hectares adjacent to the Cemetery Reserve is designated under the Invercargill District Plan as cemetery extension. This is currently under private ownership.

The following pie chart shows the proportions of park types that make up the City's park network.

**Proportion in Hectares of Invercargill City Parks by Category**

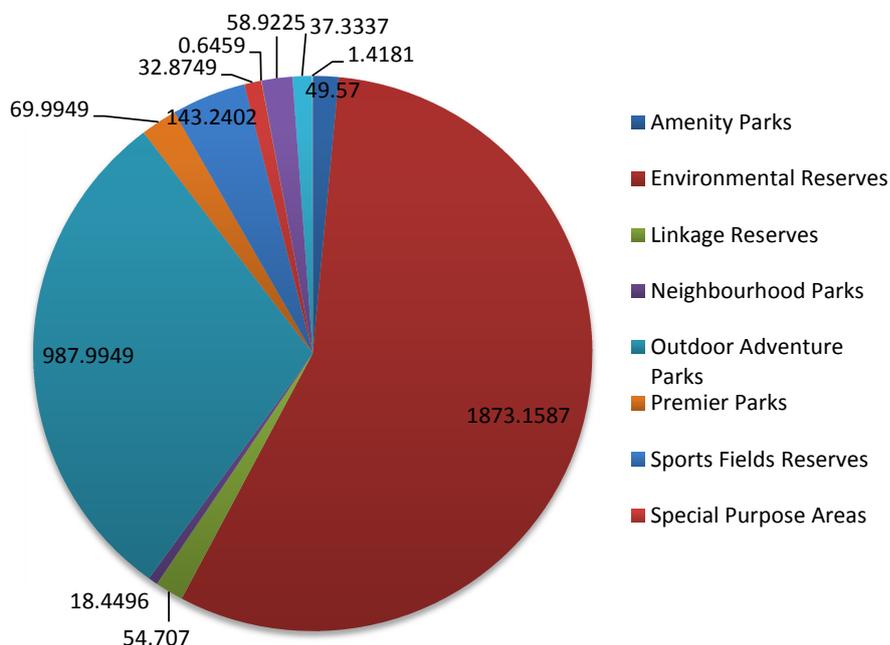


Figure 3: Proportion in hectares of Invercargill City Parks by Category (ICC Parks, 2017)

Walking and/or cycling trails comprising of up to 60km are managed by the Invercargill City Council for recreational use. A list of trails on reserves land is in Appendix 10.06.

A variety of major assets including furniture, structures, buildings, statues and monuments and play equipment are located on Parks and Cemeteries land. Below is a summary of the number of major assets and a full list of these assets is located in Appendix 10.07. This does not include every asset.

Asset Description	Number
Buildings and toilets	143
Bridges	25
Wharves and Jetties	4
Entrance Gates and Memorial Walls	21
Monuments and Sculptures	49
Play Equipment	381

Table 19: Number of assets located on Parks and Cemeteries land

Refer to Appendix 10.8 and 10.9 for a schedule of non-living asset lives and replacement values.

### 5.3 CRITICAL ASSETS

Critical Assets are essential items to the Parks and Cemetery Activity that we depend on and require on a day to day basis for the enjoyment of public use. Their consequence of failure is detrimental to public enjoyment of parks and reserves and the ability to provide that service to them.

#### 5.3.1 Asset Criticality Criteria

Criticality Rating	Asset Importance	Consequence of Failure
<b>5</b>	<b>Extremely Important</b> The asset serves the most important city-wide function for this network or asset portfolio and is essential to ongoing operation (eg single water treatment plant, a single bridge link to the city, regionally significant park, Council HQ building, etc).	<b>Catastrophic</b> Failure would have severe and long-lasting adverse impacts on many if not most of ICC's customers and stakeholders, affecting outcomes such as public health and safety, economic well-being, and environmental sustainability. Availability of suitable alternatives is limited.
<b>4</b>	<b>Very Important</b> The asset serves a major function within the network (eg an arterial road, large trunk main, one of a small number of water reservoirs in the city, Museum, etc).	<b>Extreme</b> Failure would have major adverse impacts on many customers and stakeholders; and/or significant adverse impacts on the economy and/or the environment.
<b>3</b>	<b>Important</b> The asset serves an important suburban function (eg a Collector road, minor pumping station, distribution main, suburban pool, park, housing or community building).	<b>Major</b> Failure would have some adverse impacts on significant numbers of customers, and/or some adverse impacts on the local economy or the environment.
<b>2</b>	<b>Minor Importance</b> The asset serves a primarily local function (eg a local road, pipe serving several streets, small community facility).	<b>High</b> Failure would have minor adverse impacts on some customers; and/or minor adverse effects on the local economy or the environment.
<b>1</b>	<b>Not Important</b> The asset serves a minor local function (e.g. a water pipe serving a single street, small local reserve, etc).	<b>Moderate</b> Failure would have little to no adverse impacts on customers and no impact on the local economy or environment.

Table 20: Asset Criticality Criteria with the rating, asset importance and consequence of failure

#### 5.3.2 Identification of Critical Assets

No formal criticality assessment has been carried out; however Council considers that the majority of parks assets are of minor critical importance and the following are considered as critical assets:

- **Southland Crematorium** (rated 5) – this asset serves the most city-wide, and possibly region-wide function for this network and is considered

essential to ongoing operation. Failure would have a severe and long-lasting adverse impacts on many customers.

- **Racecourse Road Reserve - Operations Depot** (rated 3) - a backup emergency response site if the Southland Emergency response site in north Invercargill was not able to be reached. Failure would have major adverse impacts on significant numbers of visitors using the grandstand, the environment and the economy if a disaster was to occur causing significant damage to the facility.
- **Anderson Park House** (rated 3) – if the building is to re-open its services to the public, being a high use asset, failure would have major adverse impacts on significant numbers of visitors using the house and its surrounds, the environment and the economy with loss of income, finance and heritage, as well as an important icon to the City, if a disaster was to occur, causing significant damage to the facility.
- **Surrey Park Grandstand** (rated 3) – failure would have major adverse impacts on significant numbers of visitors using the grandstand, the environment and the economy through loss of finance and having no alternatives, if a disaster was to occur.

#### 5.4 ASSET CONDITION

Council monitors our various assets according to our table in Section 5.4.2: condition monitoring in order to keep assets at a high standard. Assets are graded as per the PRAMS National Asset Condition Grading Standards Manual 1998. Failure to maintain levels of service suitable for the relevant park category will be reflected in a decline on the overall standard of the network of assets which means a physical degradation of assets.

##### 5.4.1 Summary of Current Asset Condition

The overall condition of parks and cemeteries is good. Parks receive a high level of maintenance allowing for a high level of service to the public. The larger parks areas such as Premier Parks receive a high level of use and the public's expectations are that these parks are maintained at a high standard and are safe and user friendly.

A Playground Strategy was developed in 2014 to provide a long-term plan that identifies the requirements for the provision, and proposes delivery of playgrounds across the municipality in a cost effective and efficient manner.

Buildings and structures are maintained to service the needs of reserve areas, while also taking the historical and cultural values, and natural disaster risk into account.

##### **Amenity Parks**

The Amenity Park may have a moderate level of development where usage and demand warrants it, with walkways/cycleways, park furniture, signage and car parking, but usually they have few structures and facilities.

Amenity Parks provided for beautification purposes will be maintained to a high standard. Those provided for open green space will have low level of maintenance.

### **Environmental Reserves**

Playground equipment on Environmental Reserves is in reasonable condition.

Environmental Reserves are focused around the natural environment that is being protected, and therefore there are few structures located on them. The exception to this is Sandy Point Domain, which has a number of buildings, sports fields and recreational facilities.

Environmental Reserves have a low level of development. It will be limited to low impact activities such as walking and mountain bike trails. Higher use sites may require ancillary visitor activities such as car parking, signage and toilets.

Service inputs on Environmental Reserves are expected to be low with an emphasis on animal pest and weed control, track maintenance and operation of visitor facilities such as toilets and picnic/parking areas.

### **Linkage Parks**

Generally Linkage Parks have a low level of development, except where usage and demand warrants it. This may include trails, park furniture and signage.

They have a medium to low level of maintenance provided.

### **Neighbourhood Parks**

Playground equipment found on Neighbourhood Parks is relatively old but still in reasonable condition. Only a small amount of play equipment has been identified as being in very poor condition and plans are in place to maintain or renew these assets. Usually these are the traditional pieces such as swings, slides and seesaws. The new modular equipment that has been replacing older pieces is providing more play value, but in some cases appears to have a shorter life span.

Regular safety checks are carried out on the play equipment to ensure it meets the New Zealand Safety Standard 5828:2015 Playground Equipment and Surfacing.

The primary focus for maintenance is to provide a consistently good standard – particularly in relation to grass mowing and safe play equipment.

### **Outdoor Adventure Parks**

Service inputs on Outdoor Adventure Parks are expected to be low with an emphasis on animal pest and weed control, track maintenance and operation of visitor facilities such as toilets and picnic/parking areas.

### **Premier Parks**

These are parks and gardens with a high level of use. The condition of these assets, as well as provision of facilities and amenities is at a high standard, matching the public's expectations that these parks are at a high standard and are safe and user friendly.

Services are operated and maintained to a high standard which allows for a high service to the public.

Two of the “Destination” Playgrounds are located on Premier Parks. Although some of this equipment is of a traditional style, it is still in good condition.

### **Sports Fields Reserves**

Condition of the assets on the Sports Fields Reserves varies with each park; however, in general the assets are maintained to a good standard.

The primary focus for sports fields’ maintenance is grass mowing and turf quality.

Many of the buildings and structures are owned by clubs and as such, the maintenance of these structures is the responsibility of the lessee. Council sets maintenance standards in the leases with Reserve Management Plans covering aspects such as condition, signage and colour schemes.

Council has an overall schedule of the physical assets and has formal condition assessments of playground equipment and other assets. This equipment is in moderate to good condition. Routine inspections and maintenance ensures that other assets remain in a similar condition.

### **Undeveloped Parks**

As these reserves are not developed, very few assets are located on the land and no condition assessments have been undertaken. This is addressed further through the Parks Strategy.

### **Cemeteries**

Assets within the Eastern Cemetery, Crematorium and Greenpoint Cemetery activity are well maintained and of a high standard. There are networks of low intensity roads throughout the cemeteries that are maintained to a standard that allows safe and easy access. Many of the headstones in the older areas of the cemeteries are in poor condition.

#### **5.4.2 Condition Monitoring**

Condition rating assessments are carried out by Council staff and contractors. These assessments are used to monitor the condition of Parks assets to feed into upgrading and renewal programmes and to ensure that levels of service are maintained and that assets are upgraded or renewed in the most timely and cost effective manner. Monitored assets are shown in the following table:

**Monitoring of the Various Assets Includes**

<b>Asset</b>	<b>Frequency</b>	<b>Inspector</b>	<b>Checks</b>
Alarms	Six monthly - May/November	Security Company	Technical inspection
Buildings (including toilets)	Six monthly - April/September	Assets	Vandalism, graffiti damage, obstructions, safety, security, hazards
	Spot checks	Contractor	Visual Inspections
Bridges	Six monthly - June/December	Assets	Visual referral to engineer
Cremator	Six Monthly	Maintenance company	Inspections and six monthly programme of work
Grasses/Horticultural	Spot checks monthly	Assets	Visual Inspections
Park furniture (seats, tables, rubbish bins and bike racks)	Daily	Operations	Obstructions, safety, security
	Weekly		Vandalism, graffiti damage
	Monthly		Hazards
	Annual - July	Assets	Condition rating, painting
Play equipment	Monthly	Operations	Vandalism, graffiti damage, obstructions, safety, security, hazards
	Six Monthly - August/February	Contractor	Structures in compliance with the play equipment standards, NZS 5828:2015
	Five years	External	Performance issues
Mechanical plant boilers and pumps	Six Monthly - August/February	Contractor	Technical inspection
Mobile Plant	Monthly	Operator	Visual Inspection
	Quarterly	Plant Coordinator	Technical Inspection
	Annual	As required by Plant Coordinator	Technical Inspection
Roads/Paths	Annual - August	Assets	Visual-non technical Inspection
Lighting	Six Monthly - April/October	Assets	Visual Inspection
	Annual - February	Contractor	Technical Inspection
Sculptures and monuments	Annual - October	Assets	Visual Inspection
Sports fields, goal posts and turf	Random/Response	Assets	Operational audit
	Six monthly - April/September	Consultant/Assets	Technical recommendations with asset foreman
Street trees	Six monthly - November/May	Assets	Structural Inspection, tagged and plotted
Walking tracks (tracks, boardwalks, bridges, signs etc)	Monthly	Assets	Track counters Visual inspections for defects and checked against standards - SNZ HB 8630:2004 "Tracks and Outdoor Visitor Structures"
	Six Monthly - October/April	Contractor	Structural Inspection
Signage	Annual – September	Assets	Structural, paint inspection with review of appropriateness for wording
Outdoor Fitness Equipment	Monthly	Operations	Structural Inspection
	Annual	Assets	Condition Rating Inspection

Table 21: Summary of Inspections Undertaken (ICC parks)

All the above assets are condition rated at the time of inspection as per the PRAMS National Asset Condition Grading Standards Manual 1998. All maintenance and job requests are recorded against each individual asset. Maintenance is triggered by priorities given at the time of inspection.

## **5.5 ASSET CAPACITY AND PERFORMANCE**

### **5.5.1 Capacity and Utilisation**

Parks and Cemeteries Capacity and utilisation has been reviewed through the Parks Strategy 2013 with a further review due in 2018, and a new report forecast in 2023. Details from the Strategy are as follows:

Invercargill City has an overall high provision of park land.

However, the majority of the park land managed by Council is categorised as Environmental and Outdoor Adventure Parks, which have a low level of maintenance and funding. When looking at the more expensive actively maintained (urban) park land, Invercargill has a similar provision to many other New Zealand Councils.

Due to their special purpose, Special Purpose Parks have been excluded from this strategy.

#### **Amenity Parks**

Invercargill City already has an acceptable provision of Amenity Parks and there is no need to acquire new Amenity Parks, except in response to growth. In this case, 0.5ha/1,000 residents should be provided and limited to locations that help demark entrances to suburbs or town centres, or areas of high visibility and where adequate beautification can be undertaken.

Over time, the provision of Amenity Parks will decrease by attrition as the population grows.

#### **Environmental Parks**

With its already extensive estate of Environmental Parks, Invercargill City should not acquire any further Environmental Parks during the life of this Strategy. This means that as Invercargill's population grows, provision of Environmental Parks will decline towards a similar level provided by many other Councils.

Over time, the provision of Environmental Parks will decrease by attrition as the population grows.

#### **Linkage Parks**

Invercargill has three well-placed Linkage Park networks, radiating from the north, centre and south of the City outwards.

Given the aging population, trends of increasing informal recreation and Invercargill's topography, there is an excellent opportunity to build on the City's Linkage Park estate for predominately walking and cycling activities. A circular and interconnected pathway network could be established on the urban fringes along Racecourse Road, Rockdale Road and across to Scott Street. This "outer pathway" would then connect the three other Linkage Park networks into a single integrated network.

In Bluff, priority should be for acquiring any available Linkage Parkland adjacent to the foreshore.

Land for this purpose should be acquired in response to growth.

### **Neighbourhood Parks**

Invercargill has a low provision of Neighbourhood Parks. However it has a good provision of park land generally and an analysis of distribution of playgrounds shows that most residential properties have access to a play space, albeit some are quite small in size (less than 1,000 m<sup>2</sup>).

One notable "hole" occurs in Windsor. Should any school land in the area become available for acquisition, then a portion should be obtained for a Neighbourhood Park.

Where possible, land adjacent to existing small Neighbourhood Parks (under 2,000 m<sup>2</sup>) will be considered for acquisition if they become available, with the aim of increasing provision from 0.3ha/1,000 residents to 1.0ha/1,000 residents over time.

In addition, new Neighbourhood Parks should be acquired in response to growth at a provision of 1.0 ha per 1,000 residents.

### **Outdoor Adventure Parks**

Invercargill has a good provision of Outdoor Adventure Parks and no further acquisition of this park category is required during the useful life of this strategy (10 years).

Over time, the provision of Outdoor Adventure Parks will decrease by attrition as the population grows.

### **Premier Parks**

Invercargill has a good provision of Premier Parks and no further acquisition of this park category is required during the useful life of this strategy (10 years).

Over time, the provision of Premier Parks will decrease by attrition as the population grows.

### **Sport Parks**

Invercargill has a good provision of Sports Parks, sufficient to keep pace with demand for the foreseeable future. No further acquisition of Sports Parks is required during the useful life of this strategy (10 years).

In summary, consideration should be given to adjusting the provision of parks to the following levels:

Park Category	Current Provision ha/1,000 Residents	Recommended Provision ha/1,000 Residents	Changed ha/1,000 Residents	
Amenity	1.0	0.5	- 0.5	Attrition
Environmental	34.9	15.0	-19.9	Embargo + Attrition
Linkage	1.0	1.0	0.0	Growth
Neighbourhood	0.3	1.0	0.7	Acquisition + Growth
Outdoor Adventure	19.8	15.0	-4.8	Embargo + Attrition
Premier	1.4	1.0	-0.4	Embargo + Attrition
Sports	2.9	2.9	0.0	Growth
<b>Total</b>	<b>61.3</b>	<b>36.4</b>	<b>-24.9</b>	

Table 22: Recommended changes for each park category in provision per 1000 residents and how this will occur (Parks Strategy 2013)

**Undeveloped Reserve Areas** can be assessed against the Parks Strategy provision levels of service to determine if they are required, or if they should be disposed of.

#### 5.5.2 Performance

Standards, guidelines and legislation are in place to provide policies, bylaws and regulations around the use of reserves, which, if followed, will educate people and ensure resources are used accordingly for all to enjoy. Assets are also monitored for safety.

Invercargill residents are well provided for with parks, reserves, open spaces and cemeteries. Invercargill City Council provides 61.3 hectares of parks and cemeteries per 1,000 residents. This compares with the national average of around 15.7 hectares per 1,000 residents. These open spaces are well distributed across the city and are generally easily accessible and available to all residents. It is noted that at present the city's population is gradually increasing and this trend is expected to continue. Membership of sports clubs is declining and this has resulted in the under utilisation of some active parks areas.

A recreation walking and cycling strategy is currently under development. Information in this strategy will provide a long-term plan for the continued provision and improved delivery of recreational walking and cycling trails across the municipality.

The following chart illustrates the level of compliance for each park category, against the development level of service in the Invercargill City Council Parks Strategy 2013.

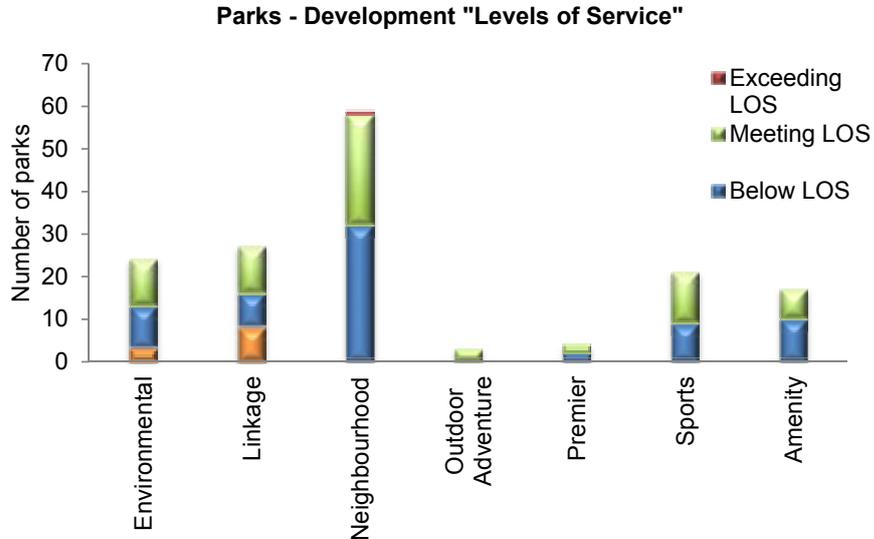


Figure 4: Development Levels of Service for Each Park Category (Parks Strategy 2013)

The largest service level gap occurs in Neighbourhood Parks. Through the Parks and Playground Strategies Council is working towards meeting more levels of service expectations for neighbourhood parks.

The following chart summarises the proportion of each asset type included in the upgrade programme.

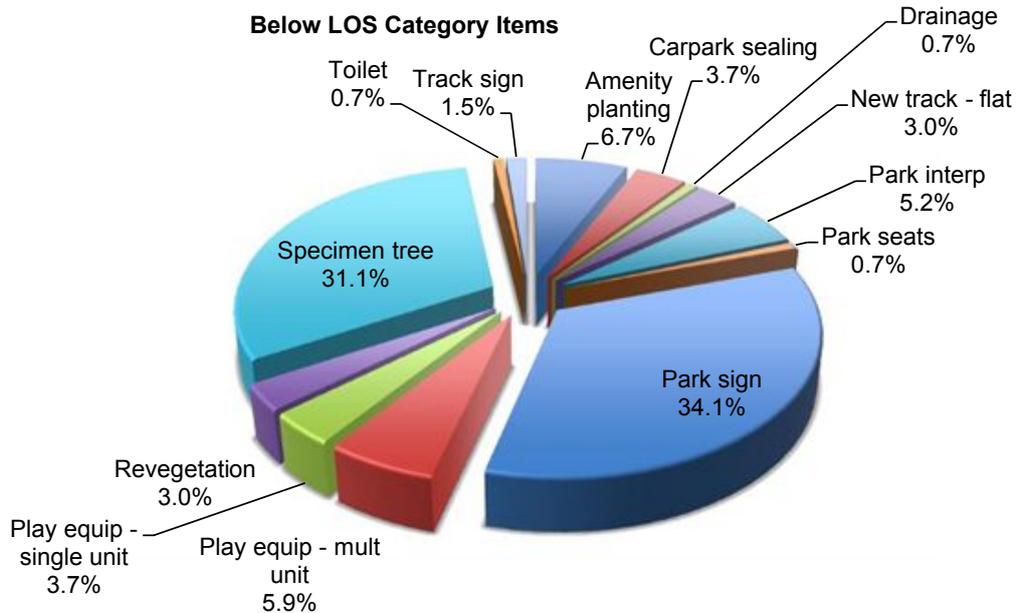


Figure 5: Below Levels of Service Category Items (Parks Strategy 2013)

Park signage and planting of specimen trees makes up approximately 65% of the upgrade works.

Through the Parks Strategy 2013, categories have been evaluated and an upgrade programme developed to address Levels of Service gaps and this is presented in Section 7.4 through the capital development plan.

### **Amenity Parks**

This land may have a moderate level of development where usage and demand warrant it, with walkways, park furniture, signage and car parking, but usually they have few structures and facilities.

There is currently an acceptable provision of Amenity Parks (1.0ha/1,000 residents) and they should be provided at entranceways and high visibility areas for aesthetic purposes.

### **Environmental Reserves**

With 34.9ha/1,000 residents, these reserves are mostly used for their natural recreational values with only minor developments required to provide access.

The development and use of walking and cycling trails is the most popular recreational activity in these reserves which can enhance and promote the natural values of the area. However, there is evidence of plant and animal infestation in some areas, and visitor impacts affecting the natural flora and fauna within some of these reserves.

### **Linkage Reserves**

With 1.0ha/1,000 residents, Linkage Reserves provide a wide range of functions, from largely unused or inaccessible areas through to areas used actively for walking, biking and other recreation. They often provide for walkway/transport linkages from one neighbourhood to another or to link parks together.

The aim is to provide corridors of land through which flora and fauna may move and to provide for pedestrian and cycle activities.

### **Neighbourhood Parks**

With 0.3ha/1,000 residents, the aim is to provide an attractive area for local use for children's play, relaxation and to enhance the local amenity value.

There are a large number of Neighbourhood Parks per capita and in some cases access to them is difficult where the park is a back section with no visual street frontage.

Provision of Neighbourhood Park land and play equipment has been reviewed under the Parks and Playground Strategies.

### **Outdoor Adventure Parks**

With 19.8ha/1,000 residents, Outdoor Adventure Parks enable visitors to experience a variety of recreation activities in a wide range of open space environments.

### **Premier Parks**

With 1.4ha/1,000 residents, Premier Parks are a popular destination for the residents and visitors to the city with Queens Park being the most popular. These parks fulfil a high quality recreational need to the city to a very high standard of presentation and the enjoyment that comes from this.

### **Sports Fields Reserves**

Performance is good with these parks providing for a range of both passive and active recreational needs. With 2.9ha/1,000 residents, these parks are providing a good variety of recreational opportunities within the area for walking and cycling links across the city and provide the majority of sports fields for the city.

Development requirements for sports fields reserves are primarily driven by the needs of the particular sport and recreation activities planned for the park.

### **Undeveloped Parks**

The undeveloped land awaiting disposal will not be kept long term; however, they may be used in the interim for other Council purposes.

### **Cemeteries**

There is sufficient land available to meet the foreseeable demands. The Eastern Cemetery has approximately four hectares of available land for future burials, an additional four hectares adjacent to the cemetery reserve is designated under the Invercargill District Plan as cemetery extension. The land at Greenpoint Cemetery currently being used for burials is around one third of the total cemetery land. The additional land is currently grazed and will be made available for future burials when required.

One cremator is sufficient to meet the demand of the Southland population.

Burial records are available from Council during office hours. Burial records are also available on Council's website.

## **5.6 SUMMARY OF ASSET TRENDS, ISSUES AND CHALLENGES**

Council is aware that the following issues and trends reflect the changing and challenging needs required to meet the change in demand of users:

### **Issues**

- Membership of sports clubs is declining and this has resulted in the under utilisation of some active parks areas.
- Some of Council's parks have non-Council assets considered non-conforming activities, and these are identified in Reserve Management Plans.
- There are a large number of Neighbourhood Parks per capita and in some cases access to them is difficult where the park is a back section with no visual street frontage.

### **Trends**

- Trends towards types of play are in a constant state of flux and asset lives have changed.
- Trends for activities will subsequently change how parks are developed.
- Trends from formal organised teams to passive sports and recreational activities and how they will impact use of Parks and Reserves land.
- Better efficiencies through better use of lighting (changing to LED).
- Parks and Cemeteries Management will embrace new innovations and commit towards further efficiencies.

### **Challenges**

- Ensuring monitoring of assets is completed by set time by staff or contractors.
- Ensuring conditions are rated for keeping assets to requirements and maintaining levels of service.
- Keeping assets to required standards.
- If population increases or decreases then there could be a challenge providing for the capacity of users at high standards.
- Under utilisation.
- Large service level gaps in neighbourhood parks and working towards meeting expectations for neighbourhood parks.
- Connecting walkways and linkages between green spaces and walkways/cycleways.



## 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).***

Council undertakes the Parks and Cemeteries activity to promote the current and future interests of the community. Invercargill has an extensive range of developed reserves which are distributed throughout the district. The provision of quality open space creates opportunities for residents and visitors to enjoy the outdoors through passive and active activity as well as informal and organised recreation. Cultural and religious needs are respected and provided for as part of the cemeteries and crematorium service.

Open spaces of the City play an important role in guiding the City to a sustainable future. The City's cultural, social, economical and environmental values are greatly influenced by its open space network. Open space assets are planned, designed, developed and managed in a way to ensure the sustainability of the values of the City. Invercargill City Council is committed to guiding the City towards a more sustainable future, a future in which we live in a high quality built environment, where green spaces and natural habitat are valued and protected and where communities and businesses can thrive.

#### 6.1.1 Social and Cultural

As the places where the community can come together, relax, do physical activities and enjoy, the open spaces of a city are important to its community. In Invercargill, the quality of the City's natural and urban environment contributes significantly to the quality of life, and issues that erode this quality of life should be addressed.

The City's open spaces attach with its culture strongly. Protecting the cultural identity and heritage values of open spaces is vital for a sustainable future.

Council actively investigates and researches the different needs of the City's communities, lifestyles and other trends (eg leisure choices) and incorporates them in planning.

#### Impacts

- More people are using Parks and Cemeteries
- Organised users (sports) restrict full public access.
- Safety of park and playground users.
- Reserve users causing nuisance (e.g. noise, vandalism, dog behaviour, etc).

- Causing offence to different cultures and stakeholders through inappropriate design of facilities, developments or actions by staff or contractors.

### 6.1.2 Environmental

Protecting environmental values of the open spaces for a sustainable future, while addressing the growing demand for open spaces is a challenge. Strategic planning is necessary to address this issue. The Environment New Zealand 2007 Report (by Ministry of Environment) states, “Compared to other countries, the environment was very good but New Zealand needed to focus on the quality of resources which gave it a competitive edge internationally”.

There are some measures incorporated in current maintenance and management practices to ensure environmental sustainability. The City anticipates improving the processes and practices to reduce the ecological footprint of open space services and providing clean and green local environments.

#### Impacts

- Herbicide and pesticide spray drift or run off into neighbouring properties or water.
- Hazardous Activities and Industries List (HAIL) Sites.
- Petrol and diesel spills or leakages from tanks located on reserves.
- Unmaintained areas can cause plant and animal pest infestation, storm water runoff problems and erosion.
- Restricted new and present cemetery space.
- 4WD on coastal dunes.
- Carbon footprint.
- Natural disasters (tsunamis, fires, flooding, storms) and their impacts to assets.

#### Climate Change Impacts

- Invercargill has experienced a history of flooding and has varying levels of protection in a design flood event. Flood protection works may also offer protection in a storm surge event.
- Changes in the flows and quality of water courses which traverse the district as well as the surrounding sea environment have the potential to impact significantly of the operation of the City’s infrastructure.
- Prevailing winds are from a westerly quarter with northerly winds also being a dominant factor. The funnelling effect of Foveaux Strait influences the incidence and force of westerly winds and Invercargill area tends to have the strongest winds in the region. With more increases in wind, it will impose limitations on use of reserves and effects on vegetation growth, as well as coastal stability.
- Southland is a Coastal Area; it comes under the influence of a coastal cloud belt, and therefore is subject to tidal impacts (e.g. tsunamis) should any arise.

- Heat impacts include irrigation problems and trouble maintaining vegetation

### **6.1.3 Economic and Financial**

The qualities of the City's open spaces reinforce Invercargill's desirability as a place where people want to live, work, visit and invest. Its beaches and parks enhance the City's character and provide a unique identity. Sustainable management and maintenance of these assets contribute significantly to ensure a sustainable economy for the City.

#### **Impacts**

- Costs of long term maintenance of assets.
- Costs of vandalism and graffiti of park assets.

### **6.1.4 Summary of Sustainability Challenges and Issues**

- Social and Cultural Impacts are based around the City's culture, communities, heritage and user values.
- Environmental impacts include chemicals, carbon footprint, climate change issues and natural disasters.
- Economic and Financial impacts include costs of overall long term maintenance of assets including vandalism and graffiti.

## **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.

### 6.2.3 Critical Assets Decision-Making

As noted in section 5.3.2 the majority of Parks Assets are of minor critical importance, with the Southland Crematorium, Parks Operations depot, Anderson Park House and Surrey Park Grandstand noted as critical (3-5). They come under the building inspections along with other monitored assets as required and are expected to be measured by earthquake standards and warrant of fitness's (if required) but no extra inspections or renewals are taken unless requested. Assets are monitored as per the table in Section 5.4.2 and condition rated as per the PRAMS National Asset Condition Grading Standards Manual 1998.

No more proactive inspections or renewals than usual unless requested.

### 6.2.4 Risk Identification and Assessment

Risk Evaluation – The matrix of likelihood and consequence of failure ratings shown in the table below is used to assess the level of risk, ranking events as low, moderate, high or critical risk.

Likelihood	Consequences					
	1	2	3	4	5	6
A	H	H	C	C	C	C
B	M	H	H	C	C	C
C	L	M	H	H	C	C
D	L	L	M	H	H	C
E	L	L	L	M	H	H
F	L	L	L	M	H	H

Table 23: Risks Priority Rating Matrix

This allows all asset and corporate risks to be compared and ranked. The risk policy specifies the following broad treatment strategy for the levels of risk:

L = Low Risk

- Manage by routine procedures

M = Moderate Risk

- Management responsibility must be specified

H = High Risk

- Risk and management strategy identified in AM plan
- Failure management plans available

C = Critical Risk

- Risk and management strategy identified in AM plan
- Failure management plan specifically addressing event in place

**Frequency of Review of Risk Register**

The Risk Register is continuously reviewed in conjunction with the renewal plan as described in Section 7.3. The renewal plan prioritises those assets carrying the greatest risks and/or consequences of failure, and which are approaching the end of assigned service lives.

**Process for Identifying New Risks and Risk Management Initiatives**

Risk management is an integral part of managing the life cycle of the assets.

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6.2.5 Summary of Key Risk Issues

The highest ranked risk events are shown in the following table (impacts are rated assuming current controls are in place and the action is additional to current control):

PARKS ASSETS	FAILURE	CONSEQUENCE (Weighted)				As per risk matrix (section 6.2.4)			CURRENT CONTROLS	IMPACT	ACTION
		Economic/ financial	Environmental Impact	Social and Cultural	Health	COMBINED CONSEQUENCE	LIKELIHOOD A(fair)- F(imminent)	IMPACT			
RISK	MODE										
<b>Managerial and Governance Risks</b>											
Hazard Register	Health and Safety Team developing a Hazard Register.	2	2	1	3	2.0	D	L	Staff are made aware of where hazard register is located.	Increases awareness of hazards.	Hazard register regularly reviewed and amended as hazards are identified.
All Plans Linked	Parks, reserves and open space activity - asset registers, LTP and other AM systems are not well linked.	1	0	1	1	0.8	D	L	A Parks Strategy 2013 was adopted for the parks reserves and open spaces activity.	This links the Asset database with Asset registers and AMP.	Parks Strategy for the parks, reserves and open spaces activity will be reviewed again in 2018, followed by a reviewed report in 2023.
Completion of Capital Work on Time	All capital work is expected to be completed on time.	2	2	1	2	1.8	B	H	Capital works programme is reviewed annually.	Work not complete and assets not maintained.	When finance and contract is available work is carried out.
Resources	Sufficient financial and personnel resources are allocated to the activity.	2	2	1	2	1.8	B	H	Roles are assigned to parks and cemeteries staff and budgets are allocated for certain resources.	Set budgets and resources allow staff to spend on what is programmed.	Resources and budgets are reviewed as required.
Warrants	Staff do not have appropriate Warrants for activity.	0	0	0	0	0.0	B	M	Warrants are issued to all relevant staff.	Warrants entitle staff to use authority on behalf of parks.	Requirements for reviewing existing and new warrants reviewed annually.
Delegations	Staff do not have appropriate delegations to carry out their job.	1	0	0	0	0.3	B	M	As per job description.	Enables staff to carry out their roles effectively.	Reviewed periodically.
Responsibility allocated to ensure completion of work	Staff do not have appropriate responsibilities to carry out their job.	1	0	0	0	0.3	B	M	As per job description.	Job description enables staff to understand their responsibilities and to carry them out effectively.	Reviewed periodically.
Council Development Strategy for this Activity are clear	Council does not have a development Strategy for the activity.	3	3	2	2	2.5	B	H	A Parks Strategy 2013 was adopted for the parks reserves and open spaces activity.	Provides a 20 year plan.	Parks Strategy for the parks, reserves and open spaces activity will be reviewed again in 2018, followed by a reviewed report in 2023.
Council Policies related to this Activity are clear	Policies relating to the activity are not clear.	3	2	2	2	2.3	C	H	Reserve Management Plans are developed for future use and development of reserves under the Reserves Act 1977.	Provide 10 year plans for development and management of reserves that are required under the Reserves Act.	Preview all policies relating to the activity and review management plans as required under the Reserves Act.
Monitoring and Reporting	Council does not have sufficient and appropriate procedures in place to be able to report on progress towards achievement of Community Outcomes against agreed Levels of Service for the activity.	4	1	1	1	1.8	B	H	Parks Strategy sets Parks Levels of Service. Monitoring is set through the Asset Management Plan.	Sets procedures in place for staff to refer to.	Develop clear level of service, reporting measures/mechanisms. Reviewed as required.
New Employees	Systems required to ensure new employees are given: 1. Proper induction 2. Clear job description 3. Job breakdowns and operations manuals	3	2	2	2	2.3	C	H	Systems covered in staff induction except: 3. Operation Manuals and procedures are covered by onsite training.	Systems ensure staff follow procedures and guidelines effectively when carrying out their work.	Review training records.

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PARKS ASSETS	FAILURE	CONSEQUENCE (Weighted)				As per risk matrix (section 6.2.4)			CURRENT CONTROLS	IMPACT	ACTION
		Economic/ financial	Environmental Impact	Social and Cultural	Health	COMBINED CONSEQUENCE	LIKELIHOOD A(fair)- F(imminent)	IMPACT			
RISK	MODE										
	4. Explanation of organisation structure 5. Policy Manual 6. Health and Safety procedures training 7. Hazards and risk management training 8. Familiarisation with issues of role 9. AM Plan familiarisation 10. Performance monitoring 11. Where to go for help								9. Asset Management Plan familiarisation is not essential for every parks employee to know.		
Critical Organisational Success Factors	Any risks from risk analysis.	1	1	1	1	1.0	B	M	Hazard register completed	Points out hazards on parks and cemeteries for staff to be aware of.	Under constant review.
Record Keeping	Activity record system not integrated with corporate systems.	2	0	0	0	0.5	D	L	All records are integrated in corporate system	One point of call to access all records.	Annual internal audit and training when required.
<b>Service Delivery Risks</b>											
Contract Supervision	Council staff supervise contracts for maintenance and capital works.	4	3	2	2	2.8	C	H	Staff to be trained to increase knowledge and understanding of task	Improve staff knowledge and understanding.	Provide staff training when required.
Service Agreements	Service agreements between maintenance contractors and the activity are monitored by Parks Assets staff.	2	1	1	1	1.3	C	M	Contracts/Risk Registers are currently being set between contractors and parks staff.	Mutual understanding of the levels of service required of the contractors when working.	Will be reviewed on a regular basis.
<b>Financial Risks</b>											
Cost Overruns	Controlled by monitoring monthly accounts.	4	0	0	0	1.0	D	L	Budgets set for staff members and reported to manager.	Budgets are monitored to understand the trends and expenditure within Council budget.	Monitor financial records monthly- consider alternative methodologies.
True Costs	Budget estimates are as accurate as possible, but unforeseen costs frequently arise.	2	0	0	0	0.5	C	L	Quotes to be set prior to beginning major capital works.	Will ensure accuracy of spending and lessen risk of unforeseen costs.	Periodic industry benchmarking.
Financial Assistance	Some external funding sources - ie from community funders or bequests.	4	0	0	0	1.0	B	M	Follow criteria and timeframe for applications to external funders.	Ensures correct steps are undertaken in application process so we receive funding.	Assessed on a case specific basis.
Internal Audit Procedures	Poor audit robustness.	3	1	1	1	1.5	A	H	Set audit procedures as per organisational guidelines.	Ensure the auditor is following correct procedures.	Review as per internal requirements.
<b>Physical Asset Risks</b>											
Asset Risk Plan/Business Continuity/Lifelines	Assets are identified in asset register. Risk plan undertaken in 2008. No life-lines role. Optimised decision-making not applied to date. Weak integration of risk management to corporate processes.	3	3	2	3	2.8	C	H	Little control over unknown asset risks.	Failure of asset	Improve business continuity in event of failure of assets.
Standards of New and Existing Facilities	District Plan, Contract Documents, Building Act and other legislation provide standards for new and existing assets. Council staff inspect to ensure new assets are built to standard. Formal condition rating is undertaken on some structures.	3	3	2	3	2.8	D	M	Standards for Strategic Assets are set by Parks Assets as dictated by legislative requirements.	In line with legislation	Regular monitoring process carried out to ensure standards are met as per the Asset Management Plan.
"As-Built" Plans	Plans of new assets are sometimes	3	2	0	1	1.5	C	M	This does not currently happen.	Multiple locations makes	All "as-built" to be incorporated

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PARKS ASSETS	FAILURE	CONSEQUENCE (Weighted)				As per risk matrix (section 6.2.4)			CURRENT CONTROLS	IMPACT	ACTION
		Economic/ financial	Environmental Impact	Social and Cultural	Health	COMBINED CONSEQUENCE	LIKELIHOOD A(fair)- F(imminent)	IMPACT			
RISK	MODE										
	incorporated into asset register.									information harder to find.	into Council records.
Insurance	Assets are not insured against physical loss, including natural disaster, and public liability.	5	0	0	0	1.3	D	L	Parks Division has comprehensive insurance.	Loss is covered.	Review insurance coverage annually.
Asset Management is synchronised with Long-Term Plan	Good staff cooperation to ensure the management of this activity is compatible with the Long Term Plan. Reserves are designated in the District Plan.	3	1	0	0	1.0	C	L	Aligns with Parks Strategy which aligns with the Long-Term Plan and Asset Management Plan.	Provides long-term planning for management to follow when managing parks and cemetery activity.	Review as required.
Unforeseen Events	Possibility of failure due to storm, seismic, accidental impact, loss of electricity drainage or water services. No provision or protection necessary.	4	4	2	3	3.3	B	C	All staff are made aware of the emergency response plan and where it is located.	Emergency response plan ensures procedures are in place in an emergency.	Regular review of Emergency Response Plan and procedures undertaken.
Natural Hazards Register	Hazards for instability, flooding, earthquake liquefaction noted on District Plan.	5	0	2	0	1.8	A	H	All staff are made aware of the emergency response plan and where it is located.	Emergency response plan ensures procedures are in place in an emergency.	Regular review of Emergency Response Plan and procedures undertaken.
Knowledge of Assets	Knowledge and understanding of assets varies, but further detail of asset registers, condition, capacity and remaining life is required.	5	3	2	2	3.0	C	H	Parks Asset Database is updated on a regular basis.	An understanding of all assets will help staff have a better knowledge and understanding of what we manage.	Parks Asset Database and Council's Asset Register will be brought into alignment where practical.
<b>Maintenance and Operational Risks</b>											
Management and Procurement Risk	No formal procurement policy - risk moderated by understanding and training of staff.	5	0	0	0	1.3	C	M	No current procurement policy.	Lack of uniform approach to contract management and procurement (ad hoc).	Encourage the development of an organisational procurement policy.
Operations Manuals	No up-to-date manuals available for all facilities within this activity.	3	1	0	2	1.5	C	M	Operations Manuals have been developed for all major activities.	Relevant staff gain an increase in knowledge of use of the activity.	Merge individual documents into one resource.
Health and Safety	Council staff operate and update Health and Safety plans for the activity. Contractors are required to produce a plan.	5	0	0	3	2.0	C	M	Health and Safety Plans have been updated for staff and contractors and an approval process for contractors has been developed.	Being an approved contractor allows an understanding that they have a health and safety plan and can operate on Parks and Cemeteries. Health and safety plans allow contractors and staff to be aware of the current hazards on Parks and Cemeteries.	Review Health and Safety plans as required including reviews of approved contractors.
Lack of Attention to Repairs	Processes not in place to ensure faulty mechanisms are always efficiently repaired.	3	4	2	4	3.3	A	C	Highly skilled contractors are used who are familiar with Parks Assets.	Reduces the amount of downtime on the job.	Review processes as required.
Optimisation – Renewals	Risk management techniques not used for renewal or maintenance planning.	5	0	0	0	1.3	C	M	Procedures and monitoring are in place and in line with the Parks Strategy.	Renewal programmes developed due to up to date asset knowledge.	Review in line with the Long-Term Plan.
<b>Legal Risks</b>											
Legislative Compliance	No issues identified.	5	3	2	3	3.3	A	C	Legislative compliance overlooked.	Cost of compliance with legislation.	Prevent unauthorised activity (monitoring and training of staff)
Compliance with General Authorisation to Discharge, District Plan	The requirements of Resource Consents and the District Plan are not being complied with.	4	3	1	1	2.3	B	H	Monitoring of discharge is in place as per the requirements of resource consents.	Ensures processes and procedures are being followed correctly as per requirements.	All statutory requirements being complied with.

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PARKS ASSETS	FAILURE	CONSEQUENCE (Weighted)				As per risk matrix (section 6.2.4)			CURRENT CONTROLS	IMPACT	ACTION
		Economic/ financial	Environmental Impact	Social and Cultural	Health	COMBINED CONSEQUENCE	LIKELIHOOD A(fair)- F(imminent)	IMPACT			
RISK	MODE										
New Consents and Renewal Consents	There are no current consents for all relevant aspects of the service.	5	0	0	0	1.3	B	H	Staff are to be aware of current consents and follow correctly.	Ensures correct procedures are in place.	Keep up to date with consents.
Bylaws	There are many bylaws for this activity - there needs to be a review to ensure relevancy.	3	1	1	1	1.5	C	M	Parks Assets follows relevant Council bylaws.	Ensures procedures and policies are understood.	Review as required.
<b>Sustainability Risks</b>											
Climate Change	Gradual climate change may affect the use of the parks and facilities.	5	2	3	0	2.5	B	H	Climate change is considered in AMP in the impacts it may cause on our Activity.	Understanding impacts of climate change can help with future planning.	Regularly review strategic plan for this activity to understand changes/impacts.
Energy Management	Energy consumption is not currently monitored.	4	0	0	0	1.0	D	L	Regular monitoring of energy consumption through invoicing received and alternative energy sources.	Monitoring will ensure an understanding of energy use and costs.	Continuously review energy use and consider alternative energy for the future
Environmental Quality	Environmental quality issues are addressed for this activity.	3	3	1	1	2.0	B	H	Access to storm water outlets is restricted. Spills are reported and contained.	Spills are contained and if not quick enough we would be too late and then liable.	Any discharges are monitored and plan upgrades to mitigate detrimental effects. Ensure all storm water outlets are up to standard.
<b>Other Risks</b>											
Buildings Owned by Lessees	Responsibility for buildings owned by lessees on reserves if lessee goes into recess or bankruptcy.	5	0	2	0	1.8	B	H	Leases set a contract between parties which sets out conditions and responsibilities both understand.	Abandoned buildings, costing Council to remove them.	Communicate with lessees regularly and investigate sharing of facilities ensuring all legal requirements are met.

Table 24: Parks Risk Register – Highest Rated Risk Events

### 6.2.6 Possible Approaches to Risk Mitigation

Council aims to manage the parks and cemetery assets to deliver the levels of service defined in Section 3 in the most cost-effective way over the long-term. A key strategy is managing the asset risk so that we maintain the service integrity of the assets, as well as not spending more in the long term responding to asset failures than we would if we managed the risk in the first place.

There are a range of different options Council can use in managing and mitigating risk, including:

- Asset focused responses – such as increased inspections, proactive maintenance and early renewal to address asset failure risk.
- Natural hazards understanding and contingency planning.
- Operational or management responses – such as reviewing and updating warrants, procedures and processes, or managing access to sites.
- Financial – such as insurance or reserves.

Some of the main risk management initiatives are:

- **Scheduled Maintenance:** Programmed maintenance required to ensure assets remain in satisfactory condition and to manage the risk of the asset failure.
- **Unscheduled Maintenance:** Repair of assets in order to correct faults is identified by scheduled inspections or notification from the users of the service.
- **Project Risks:** Are identified and mitigated on a project-by-project basis.
- **Scheduled Inspections:** Routine inspections and testing to monitor asset condition and identify the need for maintenance and repair work.

Summaries of inspections undertaken are shown in Section 5.4.2.

## 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>

Resilience is also often described as **adaptive capacity**; or the ability of a system to modify or change its characteristics or behaviour so as to cope better with existing or anticipated external stresses.

A resilience approach would involve adapting to changing conditions, and potentially allowing controlled failure ('safe-to-fail' design) at a sub-system level to reduce the possibility of broader loss of function within the larger system. It looks to minimise the consequences of failure through investigating scenarios with unidentified causes.

### 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.

Processes for people and resources are in place for an emergency. Written evacuation procedures as set by Council have been documented and put in place so Parks and Cemeteries staff are aware of what to do in each emergency and can follow them during any emergency. Expected impacts and responses are noted within this document. Resources include phones and a warden pack for the warden on the day to use and staff work sites have evacuation assembly points of where to meet in an emergency.

Practice evacuations and emergency responses have been held in the past to ensure all staff are following procedures.

Evacuation plans are located within buildings so they are available to Parks and Cemeteries staff in case of an emergency where they are to evacuate.

Parks Division staff assist with regional emergency responses by partaking in regular training sessions held by Emergency Management Southland so they can assist with regional responses as required.

### **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. (Add to Improvement Plan). There is no assessment to be done before this AMP.

### **6.3.3 Summary of Resilience Issues and Challenges**

- Technology needs to be included in resilience planning to allow as resources for use in emergencies.
- Coordination between Councils and within Council departments and other governmental organisations and key agencies needs planned.
- Communication and networks between stakeholders need to be better understood between all parties.
- No documentation around resilience for assets exposed to hazards and resilience – need to acknowledge that ageing infrastructure will mean increasing deterioration and failure to risk exposure – no plans in place for failure, substitution or ability to withstand stressed elements of the asset.
- Identified critical infrastructure is not yet resilient – keeping to earthquake standards.
- None or minimal resilience framework (processes/procedures) including: back up plan or mitigation strategy in place for critical assets, time frames–time taken to recover recovery phase, insurance of assets – underground and over ground services, anything in budget/documentated to improve resilience, acknowledging how unexpected events could compromise the continuity of service and implications on communities served.

## 7. Managing Our Activities

### 7.1 RESPONDING TO THE ISSUES AND CHALLENGES

#### Provision, Maintenance and Development of Parks and Reserves will be Managed as Per the Parks Strategy 2013

Issue or Challenge	Link to Asset Objective/Outcomes	Potential Responses	Consequences of Doing Nothing	Benefits of the Action Proposed
Provided population increase assumptions are correct there is likely to be increased diversity of users such as ageing and disabled visitors to the Parks and Cemeteries Activity demand in specific assets may shift and require further development of assets on land to ensure a variety of abilities are catered for. The nature of park assets provided now may not be appropriate in the future.	Sections 3/4 – Levels of Service/Demand	Increase number of age and ability related assets. Continue asset inspections to monitor condition and maintenance required and plan for changing needs. Put processes in place for changes in levels of service, space availability accessibility and inclusivity of users. create more facilities.	Decrease in inclusivity Decrease in accessibility Decrease in opportunities Conflict between user groups	More visitors are catered for resulting with positive impacts Community outcomes are met Increase in inclusivity Increase in accessibility Increase in opportunities
Increases in informal recreation such as walking, jogging and cycling have replaced more formal recreational activities.	Section 3 /4– Levels of Service/Demand	Changes in maintenance levels from high maintenance sports fields into alternative passive recreational activities where acceptable to the public. Amalgamation of existing clubs to share high quality sports fields and facilities.	If not catered for, levels of service will not be met to meet demand and we won't be catering for all abilities and ages which may result with negative impacts.	Community outcomes are met Multiuse buildings/areas More visitors are catered for
Changes to sporting activities/user groups of parks and reserves versus availability of resources will impact levels of service.	Sections 3/4 – Levels of Service/Demand	A decrease or increase in the amount of formal team sports will require a change in frequency of monitoring these affected areas and whether a change in resources is required to meet demand changes.	If not catered for, levels of service will not be met to meet demand and we won't be catering for all abilities and ages which may result with negative impacts.	Community outcomes are met
Managing and monitoring the environmental impacts due to visitors and pests, including the use of walking and cycling trails, and any additional costs for maintenance of reserves.	Section 3 – Levels of Service	Increase in budget Increase in monitoring Programmes for pest control	More pests and environmental impacts.	Community outcomes are met More environmental benefits and less negative impacts
Being reactive to changing ethnic burial requirements, including natural burials.	Section 4 - Demand	Engaging with communities and being open to ethnic and cultural changes.	Ethnic burials would not be catered resulting with negative impacts. Disappointed families and cultures may go elsewhere.	Community outcomes are met Needs are being met with positive social outcomes
Changes in the demographics of the Invercargill population are making significant changes in the demand for parks and reserves.	Section 4 – Demand/Section/5 Asset Profile	Changes in levels of service Pressure to supply/upgrade assets/facilities at a higher level of service to cater for requirements such as paths, rubbish and toilets. Ensure that parks, reserves, open spaces, cemeteries crematoriums in Invercargill continue to reflect the needs of the community with changing demographics and consequent demand changes.	Less people are catered for causing a decrease in users and resulting with negative impacts. Conflict between users with prams, mountain bikes, scooters and dogs.	Community outcomes are met More users Positive benefits Better quality assets
Management and organisation of recreation programmes are expected to shift towards individual Councils in the future to be able to continue the running of community events.	Section 4 - Demand	Take on organising community programmes. Do nothing.	Programmes may decrease with no one to run them and someone may take control or they may cause more of a demand in the long run for someone to take ownership.	Community outcomes are met
Some of Council's parks have non-Council assets considered non-conforming activities, and these are identified in Reserve	Section 5 - Asset Profile	Ensure non-conforming policy is included in management plans and contracts to manage accordingly	Would be over-run with non-conforming activities under the reserves act 1977 and could make negative impacts on	Community outcomes are met Activities and buildings are managed are better controlled and managed, with assets being maintained at a higher quality

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Management Plans.			reserve land, shortening the lives of assets and degrading them faster.	
Critical impact – unforeseen events.	Section 6 –Risk	Regular review of emergency response plan and procedures undertaken	Injuries, slow reactions.	Community outcomes are met Staff are prepared and aware of response plan so can react quicker in an emergency
Critical Impact – lack of attention to repairs	Section 6 –Risk	Review processes as required.	Longer times to repair and faulty mechanisms may arise.	Community outcomes are met Mechanisms under control and contractors fix assets in a quicker time with a better knowledge of assets
Critical Impact – legislative compliance	Section 6 –Risk	Prevent unauthorised activity through monitoring and training of staff.	Cost of compliance with legislation if overlooked.	Community outcomes are met Activities are compliant with legislation
Coordination between Councils and within Council departments and other governmental organisations and key agencies needs planned.	Section 6 - Resilience	Regular meetings. Coordinated education from top level so all departments and organisations are on the same page.	No streamlined emergency action for us to follow. Could be dangerous consequences.	Community outcomes are met All educated On same page Know what we are doing so can respond more efficiently in an emergency
Communication and networks between stakeholders need to be better understood between all parties.	Section 6 - Resilience	Regular meetings. Understanding roles and emergency responses – documenting.	Dangerous consequences if staff are unaware of what to do in an emergency – don't know of resources and could be slower reaction time.	Community outcomes are met Resources are known and utilised for staff and equipment can respond more efficiently and quality
Social and Cultural Impacts are based around the City's culture, communities, heritage and user values.	Section 6 - Sustainability	Incorporating impacts in planning to minimise them. Rules and regulations set. Protecting cultural identity and heritage values.	Offence to cultures and stakeholders. Unsafe areas for community use. Nuisances escalating.	Community outcomes are met Sustainable community for future use
Environmental impacts include chemicals, carbon footprint, climate change issues and natural disasters.	Section 6 - Sustainability	Incorporate measures in current maintenance and management practices. Improve processes and practices.	Large ecological footprint. Damaged assets. Environmental damage to land. Inaccessibility to users.	Community outcomes are met Reduced ecological (including carbon) footprint Accessibility to users
Economic and financial impacts include costs of overall long term maintenance of assets including vandalism and graffiti.	Section 6 - Sustainability	Including in budget. Documenting. Keeping to monitoring schedule.	Asset degradation and higher costs to repair/replace. Unpleasing views of assets and unsafe equipment.	Community outcomes are met More higher quality assets to enjoy now and in the future when regularly monitored with aesthetically pleasing views

Table 25: Issues and Challenges, with responses and their consequences and benefits relating to sections within the AMP (ICC Parks)

### 7.1.1 Alternative Investment Approaches

The following table lists alternative investment approaches in response to issues/challenges noted in Section 7.1.1, with programme choices involving a different allocation of funding:

Issue/Challenge	Alternative Investment Approaches
Aging Population	Upgrade footpaths Accessible facilities – toilets, seats, and design of seats Increase in parking sites
Increases in informal recreation and decreases in team sports	Access through pathways – linkages Circuits
Changes to sporting activities	Specialist services (e.g. all weathered sports fields) multi-use areas
Environmental impacts – animal and weed pests and visitors	Increase in weed and animal pest control Increase in monitoring visitors and pests through cameras and visitor counters Increase in resources e.g. staff, time
Ethnic burial requirements	Land for different activities in different areas to allow different ethnicities
Changes in demographics	Funding for facilities as required
Recreation programmes shifting to individual Councils	Increase in resources (e.g. staff) Would need someone like a Community Development Officer to coordinate
Non-conforming activities	Surplus buildings once they are abandoned and resources required to remove them
Unforeseen events	Increase in resources for staff training
Lack of attention to repairs	Regular monitoring
Legislative compliance	Regular reviews of updates of legislation and educating staff
Lack of coordination between and within Councils and other governmental organisations	Better communication required
Lack of communication and networks between stakeholders and other parties	Better communication required
Social and cultural impacts	Monitoring and communication to keep up to date with social changes
Environmental impacts	monitoring, education to public resources need to be pointed in the right direction
Economic and financial impacts	Using high quality assets so they last longer and doing a cost benefit analysis Monitoring regularly

Table 26: Alternative investment approaches for different issues/challenges as noted in section 7.1.1

### 7.1.2 Do-Minimum Programmes

The following illustrates what could constrain investment choices:

- Demographics – can't choose things too difficult to use as they could cause safety issues with an increase in ageing population e.g. pavers.
- Needs to be a low impact activity and therefore decision making around new proposed activities is important.

- Changes to recreation and management of informal sports and organisation of programmes.
- Legislation – we must comply with legislation regarding parks and cemeteries activities.

### **7.1.3 Programmes Evaluation**

Council needs to understand the regional versus local wide trends which could feed from a recreation strategy which will indicate the facilities to be used regionally.

In addition, areas which will be considered when evaluating programmes include:

- Best value for money
- Fit for purpose
- Addresses risk
- Considers and incorporates demand
- Is integrated with and takes account of parks and cemeteries strategies
- Delivers levels of service
- Meets compliance with relevant legislation
- Is affordable through the lifecycle of the programme and on a whole of life cost approach for all parties

## **7.2 OPERATIONS AND MAINTENANCE**

### **7.2.1 Operation/Maintenance Strategy**

Council's overall operations and maintenance goal is to operate and maintain assets to ensure they achieve strategic targets at lowest long term cost. This is demonstrated in the asset life cycle for the parks and cemeteries management, as shown in the Asset Life Cycle Continuum in Section 7.7.2.

Parks and Cemeteries condition monitoring of operations and maintenance of assets is to continue with a blend of proactive and reactive maintenance programme as per our Parks Strategy 2013. This blend ensures assets are monitored so that any signs of disrepair are picked up prior to the asset falling over.

See table in Section 5.4.2 for the list of assets assessed to monitor their conditions and feed into upgrading and renewal programmes and ensure Levels of Service are maintained in a timely and cost effective manner.

Council maintains a monitoring system to ensure that the potential for negative effects from parks and cemeteries is kept to a minimum. Council mitigates these potential negative effects by ensuring:

- All buildings and structures owned and managed by Council on reserves comply with the Building Act and related standards. All buildings requiring a warrant of fitness hold a current certificate and are maintained in accordance with the warrant.
- Parks playgrounds, buildings and structures are audited on a scheduled basis and maintenance contracts include regular monitoring of park facilities and vegetation for safety issues.

- Signage and policies to enforce control over nuisances (dogs, smoke free, 4WD on sand dunes).
- Requiring booking forms to be returned to the Parks Division for organised use of parks.
- Regular review of plans, policies and strategies, including public consultation.
- Work with organisations and clubs to provide open spaces for activities.
- The Health and Safety in Employment Act 1992 is enforced.
- General issues identified and recorded in the parks register for that purpose.
- Cemetery attendants are aware of cultural and social issues, and park developments are planned and designed with this in mind.
- Development, Maintenance and provision of land is managed through the Parks Strategy.
- Re-use of environmental materials from parks and reserves to retain on site where possible (e.g. composting on site).

Quality Control for grass maintenance, park furniture, structures, tracks and signs, planted beds, neighbourhood parks is currently managed through systematic monitoring but non documented/audited. We aim to manage it as systematic, audited and documented records in place. This will be achieved by putting procedures in place for regular monitoring, auditing and documenting as per future NZRA standards.

Quality control for sports fields and toilets is managed through systematic, audited and documented records in place and will continue as per the NZRA standards.

Annual Audits are to be carried out on Council's /Management for the Cemetery Activity. We aim to create a Management Plan for Cemeteries.

An Annual inspection of parks to assess their collective functionalities is not currently measured. We aim to undertake annual audit on-site inspections to take place to check on collective functionalities.

Written procedures relating to the management of graffiti and vandalism on parks are currently not documented. We aim to have procedures for management of graffiti and vandalism documented in line with levels of service. This will be achieved by creating a policy relating to the management of vandalism and graffiti on parks and cemeteries as per our levels of service.

### **7.2.2 Operation/Maintenance Standards and Specifications**

Maintenance is triggered by priorities given at the time of inspection. It ensures each asset is at a quality Level of Service provided so the public can continue to enjoy. Approaches employed include condition rating assessments to see if maintenance is required.

Tracks on Environmental Reserves are largely maintained by Park Rangers and contractors.

Maintenance of headstones and memorials in the Cemeteries are the responsibility of the families of the deceased but may, in some cases, require Council intervention to make them safe.

Strategy	Objective/Description
<b>Parks Strategy</b>	<b>Use strategy to set Levels of Services Standards for Parks and Reserves in each category.</b>
<b>Operations and Management Contracts</b>	<b>Use standard based term contracts to achieve defined service standards for the operation and maintenance of Parks and Cemeteries assets.</b> Council delivers parks and cemeteries maintenance using standard based contracts. The introduction of new techniques to optimise maintenance programming and to achieve target service standards. Periodic contract policy reviews will cover contract packaging, scope, reporting requirements, tender evaluation, and performance assessment.
<b>Contract Monitoring</b>	<b>Audits of asset condition and performance will be carried out to verify that operational procedures and an adequate level of maintenance are carried out.</b> Audits are undertaken to confirm compliance with contractual and statutory requirement.
<b>Incident Management</b>	<b>Effectively respond to and manage incidents to ensure system availability and service continuity, and mitigate adverse effects.</b> Types of incidents include material disruption and damage, and staff. Council staff may become involved in serious incidents. All incidents are reported to Council. Any incidents relating to staff are reported to the highest level of management for inspection. All contractors are expected to effectively manage all incidents.
<b>Critical Asset Management</b>	<b>Identify critical assets and manage these pro-actively. Manage non-critical assets reactively.</b> The Council has defined critical assets in Section 5.

Table 27: Standards and Specifications (ICC Parks)

### 7.2.3 Operation/Maintenance Options and Alternatives

A lack of uniformity is expected and therefore Council needs the best fit for the best standard.

A 17A Local Government Act review examined the following options:

Options	Recommendations
In house	Currently used
Volunteer	Will not be used
External Contractors	No pricing available
Natural	No budget needed
Sponsorship	For special projects only

Table 28: Recommendations

Based on the recommendations provided we are therefore remaining in-house of operations and maintenance of parks and cemeteries assets and will for the time being not be considering alternative options. Section 7.6 illustrates the recommended programme for the future of our assets.

### 7.3 ASSET RENEWAL/REPLACEMENT

#### 7.3.1 Renewal Strategy

This renewal programme is intended to maintain the overall standard of the Parks and Cemeteries assets at a level which reflects the age profile of the assets by providing for the rehabilitation or replacement of individual assets as they reach the end of their useful life. It must be funded at adequate levels to maintain current levels of service and the overall quality of the network of assets. The level of expenditure on cyclic asset renewal will vary from year to year reflecting the remaining life profile of the assets that make up the Parks and Cemeteries assets.

#### 7.3.2 Renewal Criteria/Intervention Standards

Strategy	Objective/Description
<b>Critical Asset Management</b>	<b>Identify critical assets and manage these pro-actively. Manage non-critical assets reactively.</b> The Council has defined critical assets as per Section 5.
<b>Identification of Renewal Needs</b>	<b>Cyclic renewal needs are identified by analysing:</b> <ul style="list-style-type: none"> <li>➤ <b>Age and material type data</b></li> <li>➤ <b>Condition reports</b></li> <li>➤ <b>Maintenance records (asset failure and expenditure history)</b></li> <li>➤ <b>Observations of staff and contractors</b></li> </ul> Remaining lives for discrete assets have been estimated from inspections, maintenance history and customer issues. The short term asset renewal programmes are prepared from specific renewal needs identified from the above information, and shall be renewed when they are considered to be in poor condition with high maintenance requirements.
<b>Prioritisation of Renewal Projects</b>	<b>Renewal projects are justified and prioritised using a risk based process.</b> The renewal programme is based on a prioritised assessment of the number and type of failures, and consequence of failure.
<b>Project Design</b>	<b>All asset renewal works will be designed and constructed in accordance with current adopted industry standards (or known future standards).</b> System performance and rationalisation options are investigated as part of project design. The standardisation of designs and specifications will be considered in the interest of facilitating replacement and operational simplicity.
<b>Renewals Contracts</b>	Council generally manages contracts in-house, with the exception of some works designed by consultants.
<b>Contract Monitoring</b>	<b>Manage capital works contracts in accordance with Council policy.</b> There are well developed and documented contract management procedures.

Strategy	Objective/Description
Deferred Renewals	<p><b>The quantity and impact of deferred renewals (if any) is tracked.</b></p> <p>The Council recognises that although the deferral of some items on cyclic renewal programmes will not impede the operation of many assets in the short term, repeated deferral will create a future Council liability. As Council currently fully funds asset renewals at a rate approximating depreciation, and there is a sound basis for renewal programmes, deferred renewals are not expected but may result because of budget restrictions.</p>

Table 29: Council Objectives for Achieving Renewal Criteria/Standards

### 7.3.3 Renewal Options and Alternatives

The Playground Strategy and Parks Strategy have identified needs over a 20 year period from 2013-33 for playgrounds and a 10 year period from 2015-2025 for parks. These have been reviewed and are proposed for inclusion in the programmes recommended in section 7.6.

Failure to maintain an adequate cyclic renewal programme will be reflected in a decline in the overall standard of the network of assets. Council aims to maintain the asset renewal programme within a band of no more or less than 10% of the target programme on a cumulative basis. If the actual programme falls below the cumulative budget target, the shortfall will be reflected in additional depreciation of the assets.

In developing a long-term renewal forecast consideration is taken in regards to asset lives, age and condition of performance assets. Money required is budgeted for in the Long-Term Plan and noted in Section 7.6.

## 7.4 CAPITAL DEVELOPMENT PLAN

### 7.4.1 Asset Development Strategy

The strategy for development or growth is assessed and prioritised by Council and is in line with the Parks, Recreational Trails and Playground Strategies.

Section 3.4.2 highlights LOS gaps where we have noted any changes in current levels of service that have significant costs to become our new desired levels of service are included in our capital development plan and the development levels of service implementation programme (Parks Strategy 2013) and works programme (Playground Strategy 2014).

Section 4.4.1 relates to asset development to meet demand of Parks and Cemetery services and illustrated Council impacts and responses. Section 5.5.1 illustrates what investments in new assets are needed in order to provide parks to the levels indicated in the Parks Strategy and how we will meet demand and help to close levels of service gaps.

Section 6.2.6 highlights Council's overall operations and maintenance goal to operate and maintain assets to ensure they achieve strategic targets at the lowest long term cost.

It is expected that operational and maintenance requirements will remain reasonably static over the next ten years.

Strategy	Objective/Description
<b>Parks Strategy</b>	Identifies existing land resources, the need for additional park land to meet future demographic changes and supports requirements for reserves contributions arising from development. It gives an indication of Council's intentions for future provision of park land.
<b>Identification of Development Needs</b>	<p>Asset development needs are identified from analysis of:</p> <ul style="list-style-type: none"> <li>➤ Assets performance monitoring</li> <li>➤ Demand forecasts</li> <li>➤ Risk assessment (Risk Management Plan)</li> <li>➤ Customer surveys</li> </ul> <p>A provisional forward capital works development programme is maintained and updated at least annually.</p>
<b>Prioritisation of Development Projects</b>	<p><b>Development projects are justified and prioritised using a risk based process.</b></p> <p>Decisions on development works consider the short and long term effects on the operating and structural integrity of the system.</p> <p>In determining the requirement for capital or asset development works the short and long term effects on the operating and structural integrity of the system are considered, together with any forecast increase in loading upon the system.</p> <p>All feasible options, including non-asset demand management options, are considered. Development works are designed and undertaken in accordance with industry standards (or known future standards).</p>
<b>Project Approval</b>	<p><b>A long term development programme is prepared from projects meeting the assessment criteria, and all projects are approved through the Annual Plan process.</b></p> <p>The actual timing of asset development works will reflect the community's ability to meet the cost, as determined through the Annual Plan process.</p> <p>Scheduled projects meeting assessment criteria not funded are listed on the forward works programme for the following year.</p>
<b>Project Design</b>	<p><b>All asset development works will be designed and constructed in accordance with current adopted industry standards (or known future standards).</b></p> <p>In determining capital or asset development work requirements the short and long term effects on the operating and structural integrity of the assets are considered, together with the demands of any forecast increase in asset needs.</p> <p>Asset performance and rationalisation options are investigated as part of project design.</p> <p>New Parks and Cemeteries are designed to meet the ultimate development potential, as indicated in the Long Term Strategy and Reserves Management Plans, and according to the design criteria in the Code of Practice for Land Development.</p>
<b>Capital Development Contracts</b>	Council generally manages contracts in-house, with the exception of some large works designed by consultants.

Strategy	Objective/Description
<b>Contract Monitoring</b>	<b>Manage capital works contracts in accordance with Council policy.</b> There are well developed and documented contract management procedures.
<b>Vested Assets</b>	<b>The risk, cost and benefits of accepting any new privately funded assets constructed in association with property development will be considered on a case by case basis.</b> Such assets will be accepted into public ownership when satisfactorily completed in accordance with approvals given. Council will not contribute to the cost of such work unless there are exceptional service standard or equity issues

Table 30: Council Objectives for Management of Asset Development Relating to Specific Strategies

#### 7.4.2 Capital Development Selection Criteria

Each growth or increase to service level project is required to fill in a one-page assessment case. The assessment case documents the problem the project is solving, the benefits, risks, estimated capital and operational costs and how it aligns with the Community Outcomes.

#### 7.4.3 Capital Development Options and Alternatives

The Capital Development Programme in Section 7.6.4 notes how projects for Parks and Cemeteries are funded. If we did not use the preferred option of funding and projects are not funded in the capital works table then renewals may be deferred and new capital projects may not take place. Levels of Service would be lower than meant to be.

### 7.5 DISPOSAL PLAN

#### 7.5.1 Forecast Future Disposal of Assets

**Council will assess each proposal to dispose of surplus or redundant assets on an individual basis, subject to the requirements of the relevant legislation.**

Asset disposal will comply with the requirements of the Local Government Act 2002 and Reserves Act 1977. The disposal of any asset, or part of, shall be based upon an economic appraisal unless there is no further requirement to provide the service.

Because the Parks asset is intended to operate in perpetuity to provide open space recreational activities, it is intended that individual assets on reserves will only be disposed of at the end of their service life, at which time they will be replaced with new assets, or become obsolete as part of new development projects.

The Parks Strategy has identified areas of reserve land that are poorly located, or are not fit for purpose. This land, as well as land noted as undeveloped, will be assessed against the Parks Strategy provision levels of service to determine if they are required or if they should be disposed of.

Over the period of the Plan, it is expected that where one area of demand changes, such as sports fields, a corresponding increase will accrue in walking/cycling trails; so the operational and maintenance requirements will be managed in a way to keep all financial commitment levels as at present. This practice has been in place for some time. No major changes are expected.

**7.5.2 Forecast of Income/Expenditure from Asset Disposal**

Not applicable.

**7.6 RECOMMENDED PROGRAMME**

**7.6.1 Evaluation of Options / Alternative Programmes**

There is currently no investment approaches for evaluation.

**7.6.2 Recommended Operation/Maintenance Programmes**

The three year operation/maintenance programme for the parks and cemetery assets is shown in the 30 year table in Appendix 10.10.

Data is dictated from Parks and Cemeteries Levels of Service.

The tables below show Operational/Maintenance expenses over a 10 (top table) and 30 year (bottom table) period. More information can be found in appendices 10.10, 10.11 and 10.12.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Repairs & maintenance expenses	4,008,906	4,097,102	4,187,238	4,279,357	4,377,783	4,478,472	4,585,955	4,700,604	4,822,820	4,953,036
Operational expenses	2,258,525	2,308,498	2,359,285	2,411,190	2,466,647	2,523,380	2,583,941	2,648,540	2,717,402	2,790,771
<b>Total</b>	<b>6,267,431</b>	<b>6,405,600</b>	<b>6,546,524</b>	<b>6,690,547</b>	<b>6,844,430</b>	<b>7,001,852</b>	<b>7,169,896</b>	<b>7,349,143</b>	<b>7,540,221</b>	<b>7,743,807</b>

Table 31: Parks and Cemeteries Operational/ Maintenance expenses over a 10 year period

	2019-2023	2024-2028	2029-2033	2034-2038	2039-2043	2044-2048
Repairs & maintenance expenses	20,950,386	23,540,886	26,606,367	29,956,106	33,727,577	37,973,876
Operational expenses	11,804,145	13,264,033	14,991,269	16,878,668	19,003,691	21,396,253
<b>Total</b>	<b>32,754,532</b>	<b>36,804,919</b>	<b>41,597,636</b>	<b>46,834,774</b>	<b>52,731,268</b>	<b>59,370,129</b>

Table 32: Parks and Cemeteries Operational/Maintenance expenses over a 30 year period

### 7.6.3 Recommended Renewal Programmes

The three year renewal programme for the parks and cemetery assets is shown in the 30 year table in Appendix 10.11. Data is outlined under the capital programme and highlighted in Parks Strategies.

The tables below show Parks and Cemeteries asset renewal/replacement over a 10 (top table) and 30 (bottom table) year period. More information can be found in appendices 10.10, 10.11 and 10.12. Large capital items of interest are noted in section 8.2.1.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Parks & reserves	173,217	1,942,268	161,186	313,773	309,526	715,383	440,733	172,331	385,195	129,704
Property	239,819	134,950	156,916	516,383	232,467	47,037	213,093	554,465	221,575	297,597
Plant, equipment & motor vehicles	285,544	248,911	299,343	287,998	291,183	245,106	278,610	347,121	274,057	242,545
Crematorium	-	-	438,598	-	-	-	-	-	-	-
<b>Total</b>	<b>698,580</b>	<b>2,326,129</b>	<b>1,056,042</b>	<b>1,118,154</b>	<b>833,176</b>	<b>1,007,526</b>	<b>932,437</b>	<b>1,073,917</b>	<b>880,826</b>	<b>669,846</b>

Table 33: Parks and Cemeteries asset renewal/replacement over a 10 year period

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	<b>2019-2023</b>	<b>2024-2028</b>	<b>2029-2033</b>	<b>2034-2038</b>	<b>2039-2043</b>	<b>2044-2048</b>
Parks & reserves	2,899,970	1,843,345	1,715,065	1,771,914	1,125,323	1,679,053
Property	1,280,535	1,333,767	1,495,728	1,050,093	1,331,577	1,953,416
Plant, equipment & motor vehicles	1,412,980	1,387,440	1,477,048	1,702,255	1,916,569	2,157,865
Crematorium	438,598	-	575,880	-	706,170	-
<b>Total</b>	<b>6,032,082</b>	<b>4,564,551</b>	<b>5,263,720</b>	<b>4,524,262</b>	<b>5,079,640</b>	<b>5,790,334</b>

*Table 34: Parks and Cemeteries asset renewal/replacement over a 30 year period*

The table (items also noted in section 8.2.1) below shows the specific capital items renewals projects, their proposed years each capital item is to be renewed and cost of funding:

Year Proposed	Capital Item	Funding
2019/20	Anderson Park Building renewal	\$1.7m
2020/21	Crematorium - Cremator renewal	\$0.4m
2031/32	Crematorium - Cremator renewal	\$0.6m
2038/39	Winter Gardens renewal	\$3.4m

Table 35: Parks and Cemeteries Specified Capital Items

The following table has been noted in the Infrastructure Strategy as a Priority Project which will ensure the asset remains in such a condition as to continue to deliver a reliable and similar level of service to that currently being provided. This will also reflect the changing needs of our ageing population.

The table illustrates the Anderson Park House (also noted in table above) issues and consequences, and for each option – its implication and cost (including inflation):

Community Facilities – Anderson House 2019

Issue and Consequence	Option	Implication	Cost (\$)
Issue: Not up to EQ standard  Issue: Council has responsibility of stewardship for grounds, bush and buildings – expectations are that we continue to use the building for the public  Consequence: engage in public consultation to find out what the public want and what they are prepared to pay for	Make the building safe to look at from the outside but not useable inside	Public can not use the inside of the building but it will be aesthetically pleasing as a background	193,588
	Earthquake strengthen Building to 33% - 67% and minimal work to open ground floor only	Restricted use	954,302
	Strengthen, provide toilets, lift and regress but no fit out for restaurant and heritage displays	Restricted use	1,716,960
	Complete all work as per Venture Southland's Report	Very high cost and continual subsidisation	1,916,373

Table 36: Anderson Park House Case Study

**7.6.4 Recommended Capital Development Programme**

The three year capital development programme for the parks and cemetery assets is shown in the 30 year table in Appendix 10.12. Data is outlined under the capital programme and highlighted in Parks Strategies.

The tables below show Parks and Cemeteries capital development growth over a 10 (top table) and 30 (bottom table) year period. More information can be found in appendices 10.10, 10.11 and 10.12.

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Parks & Reserves - Growth	233,054	171,662	98,684	170,333	103,175	105,548	182,536	110,783	290,473	197,148
Property – Growth	-	-	109,649	-	-	-	-	-	-	-
Cemeteries - Growth	5,249	-	328,948	-	28,660	60,983	-	-	-	-
<b>Total</b>	<b>238,303</b>	<b>171,662</b>	<b>537,280</b>	<b>170,333</b>	<b>131,835</b>	<b>166,531</b>	<b>182,536</b>	<b>110,783</b>	<b>290,473</b>	<b>197,148</b>

*Table 37: Parks and Cemeteries capital development growth over a 10 year period*

	<b>2019-2023</b>	<b>2024-2028</b>	<b>2029-2033</b>	<b>2034-2038</b>	<b>2039-2043</b>	<b>2044-2048</b>
Parks & Reserves – Growth	776,908	886,488	801,915	1,112,117	1,258,511	1,018,196
Property - Growth	109,649	-	-	-	3,367,280	-
Cemeteries - Growth	362,857	60,983	347,599	479,237	127,678	19,877
<b>Total</b>	<b>1,249,413</b>	<b>947,471</b>	<b>1,149,513</b>	<b>1,591,354</b>	<b>4,753,469</b>	<b>1,038,073</b>

*Table 38: Parks and Cemeteries capital development growth over a 10 year period*

The table (items also noted in section 8.2.1) below shows the specific capital items new works projects and when they are proposed, as well as funding required to complete them:

Year Proposed	Capital Item	Funding
2020/21	Cemetery land purchase	\$0.3m

Table 39: Specific capital items for growth

## 7.7 HOW THE ACTIVITY WILL BE RESOURCED

### 7.7.1 Internal Resourcing

The parks and cemeteries assets are managed and maintained by staff employed directly by Council, with some maintenance and capital works carried out by contract under supervision by Council staff.

The Parks Division undertakes the service delivery of the Parks, Cemeteries and Crematorium Activity. This is currently achieved via two methods: “In house” management using Parks Assets staff and a “Business Unit” using Parks Operations staff.

#### In House Management

Administration, strategic planning and overseeing of the assets are carried out in-house using “Parks Assets” staff. Parks Assets staff are located at the Queens Park office, Sandy Point Domain and Donovan Nursery. The primary responsibility of Parks Assets is to oversee the planning, development and day-to-day maintenance of the assets of the parks, reserves, cemeteries and crematorium activity.

#### Business Unit

Parks Operations is responsible for undertaking the physical maintenance and development of the cemeteries, parks and reserves under contract to Parks Assets. Parks Operations staff are located at Racecourse Road, Sandy Point Domain, Queens Park and Eastern Cemetery and are responsible to the Parks Operations Manager. The Parks Operations Manager reports to the Parks Manager.

Options for delivery and their implications/consequences are illustrated in the following table:

Options	Implications/Consequences
In house	Better ownership More familiarity with assets Lower level of cost and variation
Volunteer	Lack of direct ownership and consistency – volunteers often move on to new projects or away from area Inconsistent availability Dependent on what’s “trendy” at the time Need to be driven and coordinated (e.g. Health and Safety, logistics etc)
External contractors	Require Organisational guidelines Less ownership More variation of cost and quality
Natural	Acceptance of the ungroomed “natural” environment Areas of meadow can be perceived as “wasteland”

Options	Implications/Consequences
Sponsorship	Economically driven Often project by project basis Depends on the economic climate Often conditions attached Need to ensure that values of sponsoring organisation align People who want to help will always want high profile areas/parks and therefore target certain areas which will result with inconsistency in services

Table 40: Options for delivery and their Implications/Consequences

### 7.7.2 Procurement Strategy

Council’s overall operations and maintenance goal is to operate and maintain assets to ensure they achieve strategic targets at lowest long-term cost. This is demonstrated in the asset life cycle for the parks and cemeteries management, as shown in the following figure.

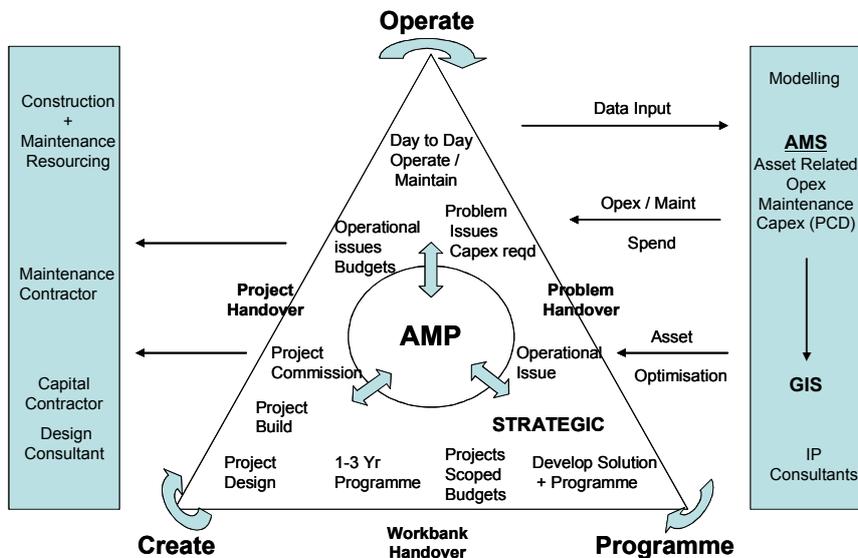


Figure 6: Asset Life Cycle Continuum



## 8. Financial Management

### 8.1. OVERVIEW

### 8.2 FINANCIAL SUMMARY – WHAT THE ACTIVITY COSTS

The table below shows the financial summary of how parks and cemeteries plan to operate and spend on operational and capital throughout the period. It also shows the rates required.

Section 8.4 summarises the 30 year financial forecast based on a forward capital programme together with operational costs based upon the 2017/2018 budgets.

Individual renewal or refurbishment projects have been identified and programmed where it is understood, based upon current information, when the activity is most likely to occur. These are in alignment with the Infrastructure Strategy, and more details are shown in section 7 as well as appendices 10.10, 10.11 and 10.12, which show the 30 year plans.

Inflation is considered in the forward projections of costs.

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Business Unit 580000\_2019 - Works and Services - Parks Assets

	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									
Internal Revenue	2,958,095	2,984,277	3,049,931	3,117,030	3,185,604	3,258,873	3,333,827	3,413,839	3,499,185	3,590,164	3,687,098
Fees & Charges Revenue	1,505,903	1,527,507	1,561,112	1,595,457	1,630,557	1,668,059	1,706,425	1,747,379	1,791,064	1,837,631	1,887,247
Grants & Subsidies Revenue	9,621	9,400	9,607	9,818	10,034	10,265	10,501	10,753	11,022	11,308	11,614
Rates Revenue	0	0	0	0	0	0	0	0	0	0	0
Financial Revenue	100,307	67,100	69,598	71,129	72,694	74,366	76,077	77,902	79,850	81,926	84,138
<b>Total Revenue</b>	<b>4,573,926</b>	<b>4,588,284</b>	<b>4,690,248</b>	<b>4,793,434</b>	<b>4,898,889</b>	<b>5,011,564</b>	<b>5,126,830</b>	<b>5,249,874</b>	<b>5,381,120</b>	<b>5,521,030</b>	<b>5,670,097</b>
Internal Expenditure	2,208,114	2,254,667	2,260,550	2,355,500	2,408,703	2,463,874	2,520,563	2,581,746	2,646,455	2,714,082	2,787,871
Staff Expenditure	1,299,769	1,322,310	1,348,843	1,375,908	1,403,516	1,431,725	1,460,501	1,489,905	1,519,950	1,550,653	1,582,030
Administration Expenditure	273,590	243,682	249,043	254,522	260,121	266,104	272,225	278,758	285,727	293,156	301,071
Financial Expenditure	52,347	87,348	128,553	184,472	186,509	182,891	198,900	202,881	196,107	197,853	190,353
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	3,855,503	4,008,906	4,097,102	4,187,238	4,279,357	4,377,783	4,478,472	4,585,955	4,700,604	4,822,820	4,953,036
Operational Expenditure	2,262,837	2,258,525	2,308,498	2,359,285	2,411,190	2,466,647	2,523,380	2,583,941	2,648,540	2,717,402	2,790,771
Depreciation Expenditure	523,455	745,639	770,939	847,026	871,491	896,519	921,601	955,083	990,546	1,022,528	1,054,270
<b>Total Expenditure</b>	<b>10,475,615</b>	<b>10,921,077</b>	<b>11,163,528</b>	<b>11,563,952</b>	<b>11,820,889</b>	<b>12,085,543</b>	<b>12,375,642</b>	<b>12,678,268</b>	<b>12,987,928</b>	<b>13,318,494</b>	<b>13,659,403</b>
<b>Operating Surplus / (Deficit)</b>	<b>(5,901,689)</b>	<b>(6,332,793)</b>	<b>(6,473,280)</b>	<b>(6,770,518)</b>	<b>(6,922,000)</b>	<b>(7,073,979)</b>	<b>(7,248,812)</b>	<b>(7,428,394)</b>	<b>(7,606,807)</b>	<b>(7,797,464)</b>	<b>(7,989,305)</b>
Capital Expenditure - to meet additional demand	0	238,303	171,662	537,280	170,333	131,835	166,531	182,536	110,783	290,473	197,148
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	1,316,155	698,580	2,326,129	1,056,042	1,118,154	833,176	1,007,526	932,437	1,073,917	880,826	669,846
<b>Capital Expenditure</b>	<b>1,316,155</b>	<b>936,883</b>	<b>2,497,792</b>	<b>1,593,323</b>	<b>1,288,487</b>	<b>965,011</b>	<b>1,174,056</b>	<b>1,114,974</b>	<b>1,184,700</b>	<b>1,171,299</b>	<b>866,993</b>
<b>Proceeds from Asset Disposal</b>	<b>(25,808)</b>	<b>(25,500)</b>	<b>(26,061)</b>	<b>(26,634)</b>	<b>(27,220)</b>	<b>(27,846)</b>	<b>(28,487)</b>	<b>(29,171)</b>	<b>(29,900)</b>	<b>(30,677)</b>	<b>(31,505)</b>
<b>Debt movements</b>	<b>81,799</b>	<b>82,972</b>	<b>(1,641,658)</b>	<b>(110,728)</b>	<b>94,190</b>	<b>99,443</b>	<b>(231,901)</b>	<b>145,207</b>	<b>154,050</b>	<b>150,905</b>	<b>156,567</b>
<b>Reserve movements</b>	<b>(550,030)</b>	<b>(199,269)</b>	<b>(59,101)</b>	<b>(385,660)</b>	<b>(467,037)</b>	<b>(199,016)</b>	<b>23,776</b>	<b>(154,802)</b>	<b>(540,548)</b>	<b>(204,928)</b>	<b>(189,028)</b>
<b>Cash Back Depreciation</b>	<b>(523,455)</b>	<b>(745,639)</b>	<b>(770,939)</b>	<b>(847,026)</b>	<b>(871,491)</b>	<b>(896,519)</b>	<b>(921,601)</b>	<b>(955,083)</b>	<b>(990,546)</b>	<b>(1,022,528)</b>	<b>(1,054,270)</b>
<b>Rates Required</b>	<b>6,200,350</b>	<b>6,382,240</b>	<b>6,473,313</b>	<b>6,993,792</b>	<b>6,938,928</b>	<b>7,015,053</b>	<b>7,264,655</b>	<b>7,549,520</b>	<b>7,384,563</b>	<b>7,861,535</b>	<b>7,738,062</b>

Table 41: 10 years inflated

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Business Unit 580000\_2019 - Works and Services - Parks Assets

	2019-2023	2024-2028	2029-2033	2034-2038	2039-2043	2044-2048
	LTP	LTP	LTP	LTP	LTP	LTP
Internal Revenue	15,595,715	17,524,113	19,806,094	22,299,679	25,107,207	28,268,202
Fees & Charges Revenue	7,982,692	8,969,746	10,137,781	11,414,127	12,851,164	14,469,125
Grants & Subsidies Revenue	49,124	55,198	62,386	70,240	79,084	89,040
Rates Revenue	0	0	0	0	0	0
Financial Revenue	354,888	399,893	451,967	508,870	572,936	645,069
<b>Total Revenue</b>	<b>23,982,419</b>	<b>26,948,951</b>	<b>30,458,228</b>	<b>34,292,917</b>	<b>38,610,392</b>	<b>43,471,436</b>
Internal Expenditure	11,743,295	13,250,716	14,380,829	16,191,372	18,229,866	20,525,004
Staff Expenditure	6,882,302	7,603,040	8,401,007	9,281,653	10,254,744	11,330,004
Administration Expenditure	1,273,473	1,430,937	1,617,272	1,820,887	2,050,136	2,308,248
Financial Expenditure	769,773	986,095	895,552	828,356	1,638,554	1,634,385
Grants & Subsidies Expenditure	0	0	0	0	0	0
Repairs & Maintenance Expenditure	20,950,386	23,540,886	26,606,367	29,956,106	33,727,577	37,973,876
Operational Expenditure	11,804,145	13,264,033	14,991,269	16,878,668	19,003,691	21,396,253
Depreciation Expenditure	4,131,614	4,944,028	5,746,552	6,632,693	7,685,822	8,903,031
<b>Total Expenditure</b>	<b>57,554,989</b>	<b>65,019,734</b>	<b>72,638,847</b>	<b>81,589,735</b>	<b>92,590,391</b>	<b>104,070,802</b>
<b>Operating Surplus / (Deficit)</b>	<b>(33,572,570)</b>	<b>(38,070,784)</b>	<b>(42,180,619)</b>	<b>(47,296,818)</b>	<b>(53,979,999)</b>	<b>(60,599,366)</b>
Capital Expenditure - to meet additional demand	1,249,413	947,471	1,149,513	1,591,354	4,753,469	1,038,073
Capital Expenditure - to improve the level of service	0	0	0	0	0	0
Capital Expenditure - to replace existing assets	6,032,082	4,564,551	5,263,720	4,524,262	5,079,640	5,790,334
<b>Capital Expenditure</b>	<b>7,281,495</b>	<b>5,512,021</b>	<b>6,413,233</b>	<b>6,115,615</b>	<b>9,833,108</b>	<b>6,828,407</b>
<b>Proceeds from Asset Disposal</b>	<b>(133,262)</b>	<b>(149,740)</b>	<b>(169,239)</b>	<b>(190,546)</b>	<b>(214,536)</b>	<b>(241,546)</b>
<b>Debt movements</b>	<b>(1,475,781)</b>	<b>374,828</b>	<b>81,581</b>	<b>1,042,500</b>	<b>(3,047,258)</b>	<b>926,752</b>
<b>Reserve movements</b>	<b>(1,310,082)</b>	<b>(1,065,531)</b>	<b>(968,024)</b>	<b>(864,203)</b>	<b>(1,416,162)</b>	<b>(1,969,113)</b>
<b>Cash Back Depreciation</b>	<b>(4,131,614)</b>	<b>(4,944,028)</b>	<b>(5,746,552)</b>	<b>(6,632,693)</b>	<b>(7,685,822)</b>	<b>(8,903,031)</b>
<b>Rates Required</b>	<b>33,803,325</b>	<b>37,798,335</b>	<b>41,791,619</b>	<b>46,767,492</b>	<b>51,449,330</b>	<b>57,240,835</b>

Table 42: 30 years inflated

### 8.2.1 Council Funded Programmes

Council distributes funds to groups/individuals in Invercargill for purposes and projects that will benefit its residents.

Special Reserve Funds have been considered to determine if they are sufficient to fund the capital expenditure over the life of the Plan. Some of the funds gain interest while others do not and this needs to be corrected so that all special funds receive interest. At times, other external grants and the like are provided for the fund and contributions are also made from some areas.

Three distinct fund areas exist - Cemeteries and Crematorium; Forestry; and Parks and Facility. The Parks and Facility Funds are seen as the area which contributes towards the capital special funding of Amenity Parks; Environmental Reserves; Linkage, Neighbourhood, Outdoor Adventure and Premier Parks; Sports Fields Reserves; Special Purpose Sites; and Amenity; Plant and Equipment; and Property and Nursery.

Previous analysis suggests that by 2017 the Cemeteries and Crematorium funding would have sufficient reserves to be self-funding at the activities shown. However, this analysis now needs to be reviewed as this is dependent on interest on special funds.

The Parks and Facility Reserve only has sufficient reserves to fund the capital programme through until 2022, at which time further rates will be required. Inclusive of this is the re-assignment of the contribution from Parks Forestry to the Parks and Facility Reserve from 2022. Income from forestry may allow Council to fund the capital shortfall following allowances being made for silver culture and tending work on trees. If this is not achieved, either further reserves need to be assigned or capital expenditure will be funded from rates.

In funding the Parks and Cemeteries activity Council applies the following principles:

<b>Funding of Operating Expenditure</b>	Operating expenditure is funded from rates and user charges fees. This reflects intergenerational equity principles by recognising that the benefits from operating expenditure are short term.
<b>Funding of Capital Expenditure</b>	Capital expenditure will be primarily funded from special funds, forestry surplus, rates and loans. This recognises that the benefits of capital expenditure are generally medium to long term and provides an ability to smooth the impact of variations in capital expenditure over time. Other sources of capital funding will be loans.
<b>Depreciation</b>	Assets are depreciated on a straight line basis over their remaining life with depreciation recognised as an operating expense. Depreciation is currently not funded. Living assets are not currently valued and consequently not depreciated or funded.
<b>Provision for Asset Renewal/Replacement</b>	Provision for asset renewal will be funded from revenue at a rate equal to depreciation. This reflects intergenerational equity principles by spreading the cost of the use of assets over their life cycle.
<b>Interest on Loans</b>	Interest on loans is recognised as an operating expense.

<b>Operating Revenue</b>	Operating revenue comprises rates, user charges and miscellaneous trading activities.
<b>Provision for Inflation</b>	Financial projections are expressed in current dollars with allowance for general inflation. Where specific future cost changes (increases or decreases apart from general inflation) can be identified, and where these are likely to be at significant variance with the expected rate of inflation, then allowance for the difference between expected cost changes and the rate of inflation has been made in cost projections.
<b>Capitalisation of Repairs</b>	Repairs to assets are treated as an expense unless they materially alter the value of the asset base provided for in the asset valuation. Repairs are capitalised where they enable the remaining life of an asset to be extended beyond the remaining life allowed for in the asset valuation (and not simply restored) or where the repair is recognised in the asset register as an asset in its own right.
<b>Asset Disposal/ Write-off</b>	Where assets are replaced or abandoned any residual value in the asset register is written off. This is budgeted for as an operating cost.
<b>Asset Revaluations</b>	Full asset revaluations are carried out at intervals not exceeding five years. Adjustments to the asset valuation resulting from asset capitalisation and asset write-offs are carried out as they occur or at the end of each financial year. Current accounting policies revalue operational land and buildings on a three year cycle to their Optimised Depreciated Replacement Value (ODRV). All other assets are currently held at cost and depreciated in a straight line where appropriate. These assets are not revalued.

Table 43: Funding Principles for Parks and Cemetery Activities

The following graphs illustrate a further breakdown of Total Expenditure, Funding and Depreciation vs Capital Renewals over 10 and 30 year periods:

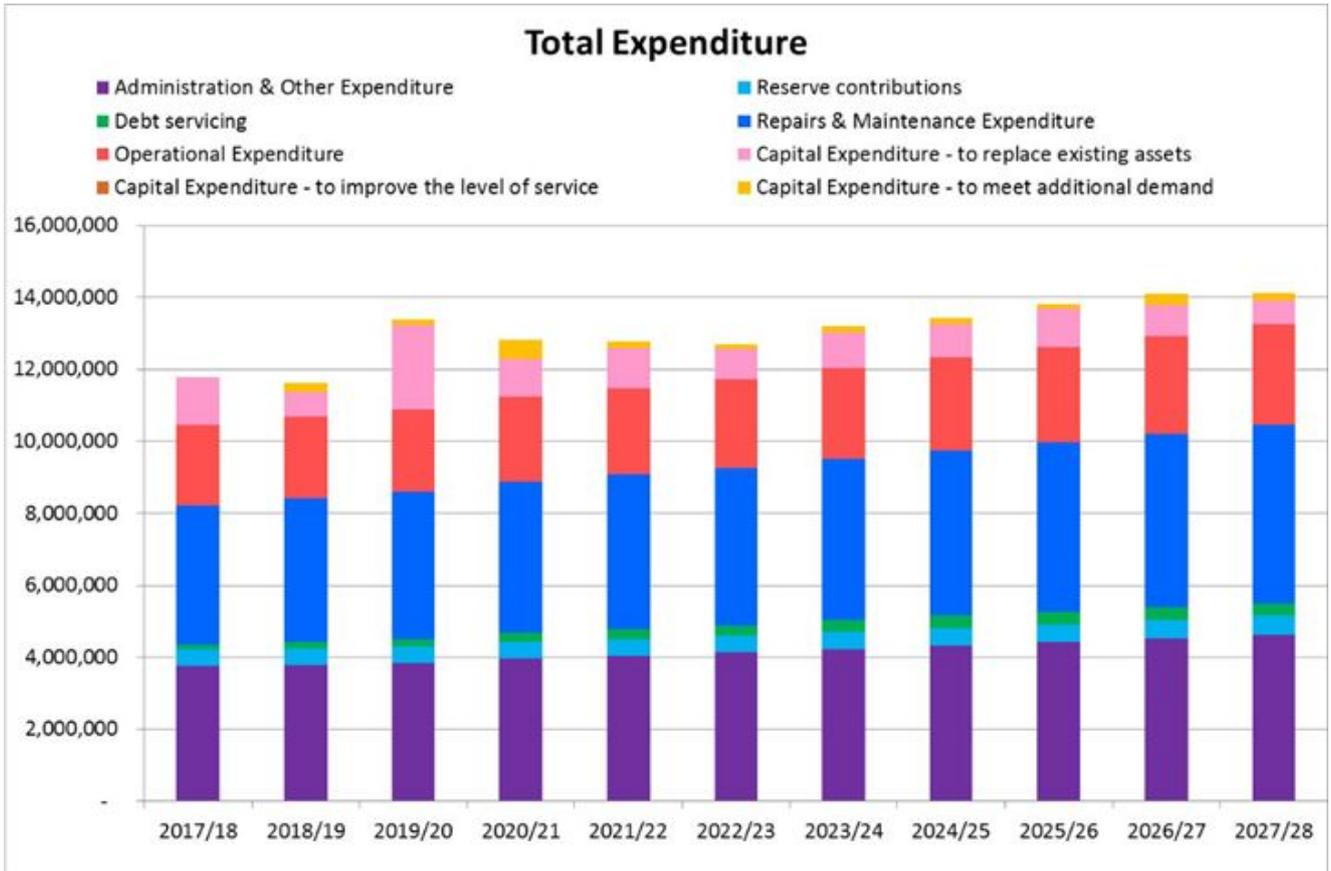


Figure 7: Total Expenditure 10 Years Inflated

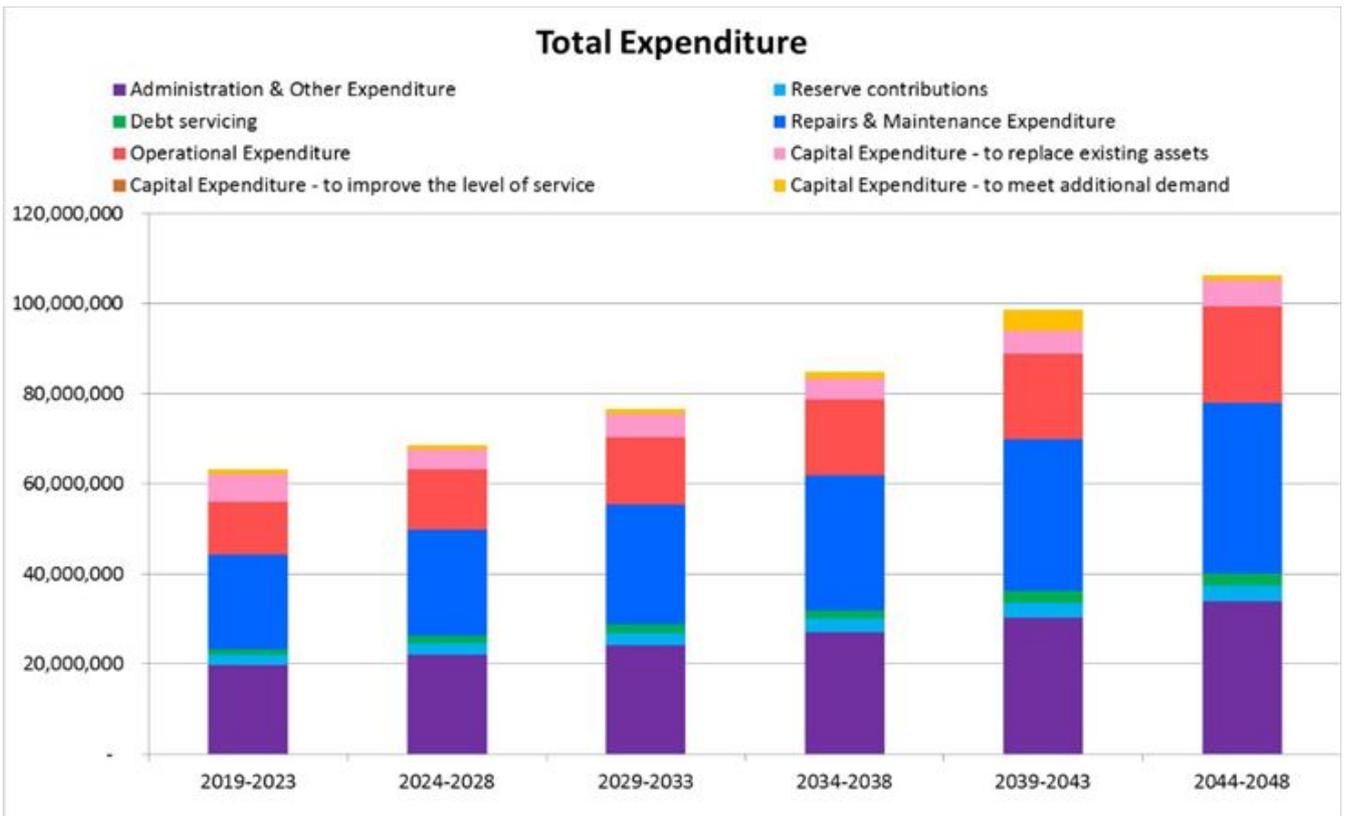


Figure 8: Total Expenditure 30 Years Inflated

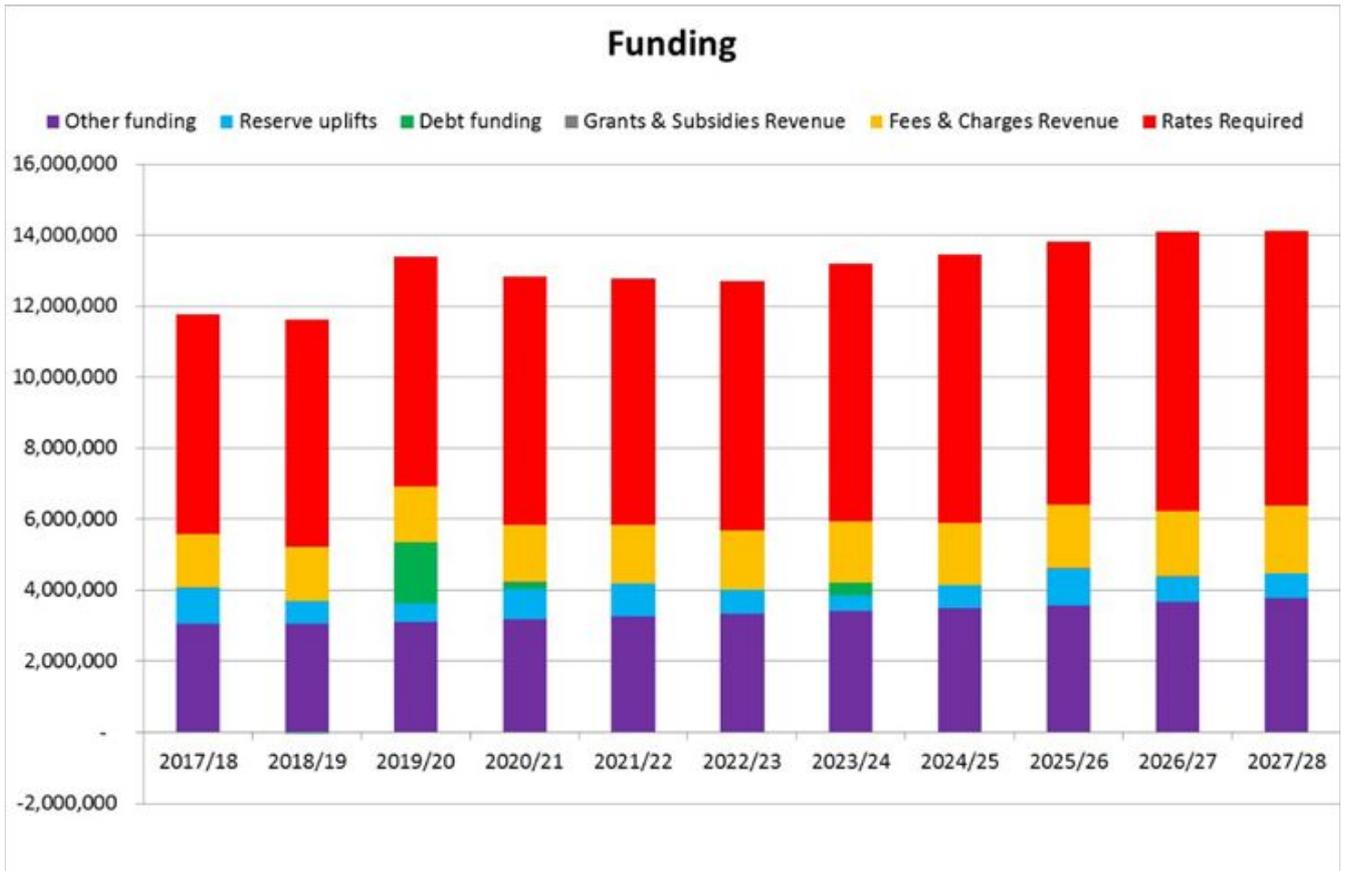


Figure 9: Funding 10 Years Inflated

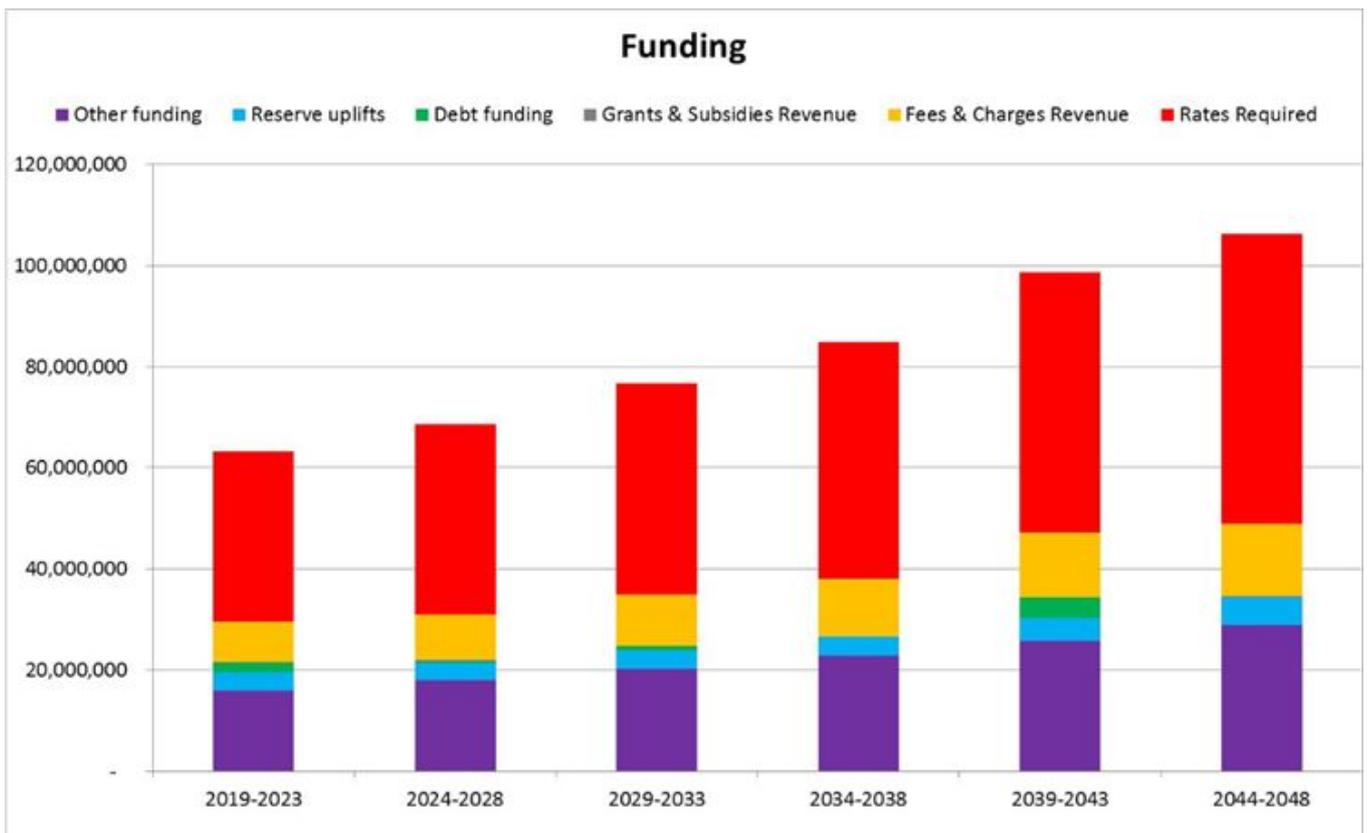


Figure 10: Funding 30 years Inflated

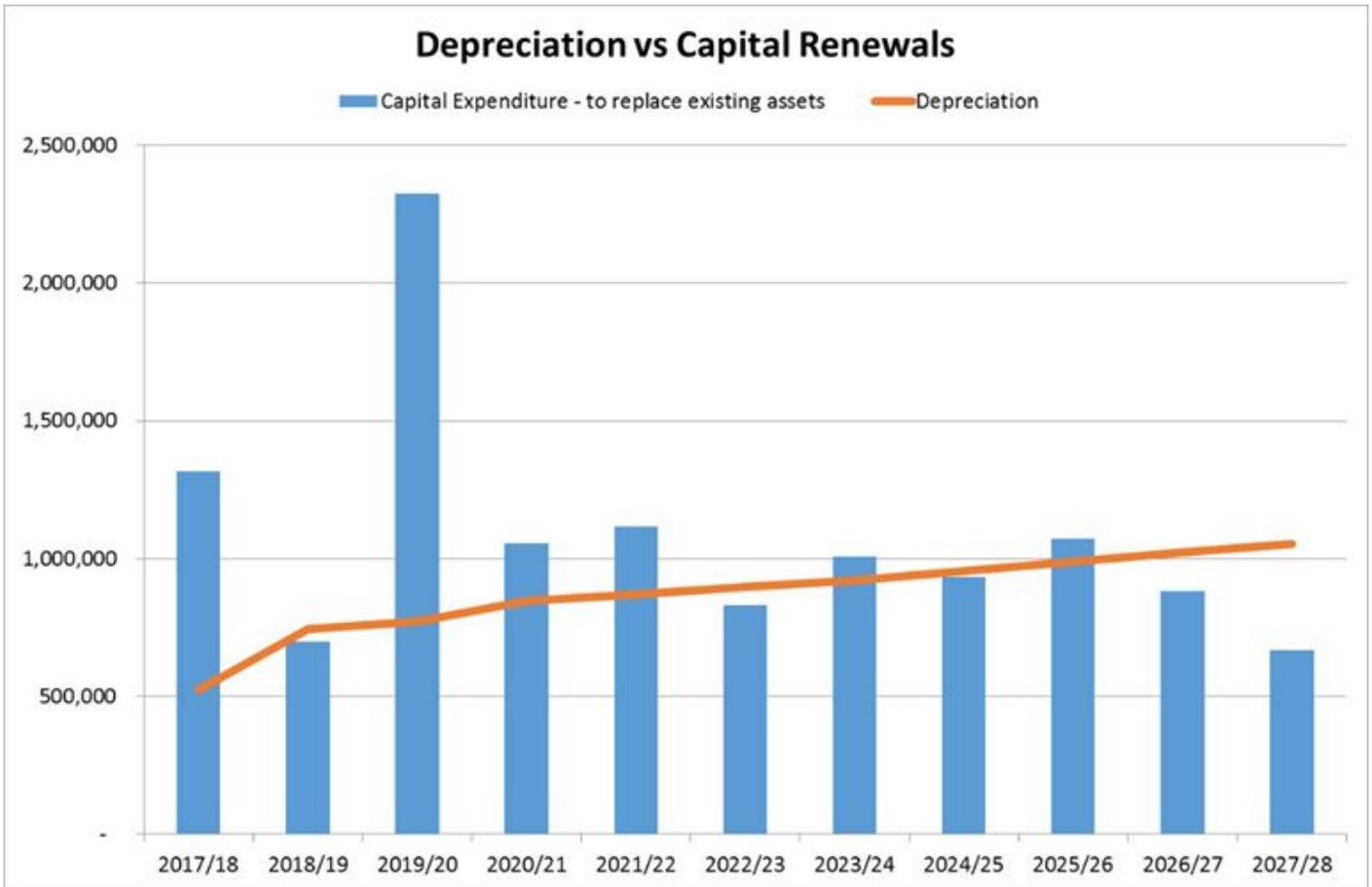


Figure 11: Depreciation vs Capital Renewals 10 Years Inflated

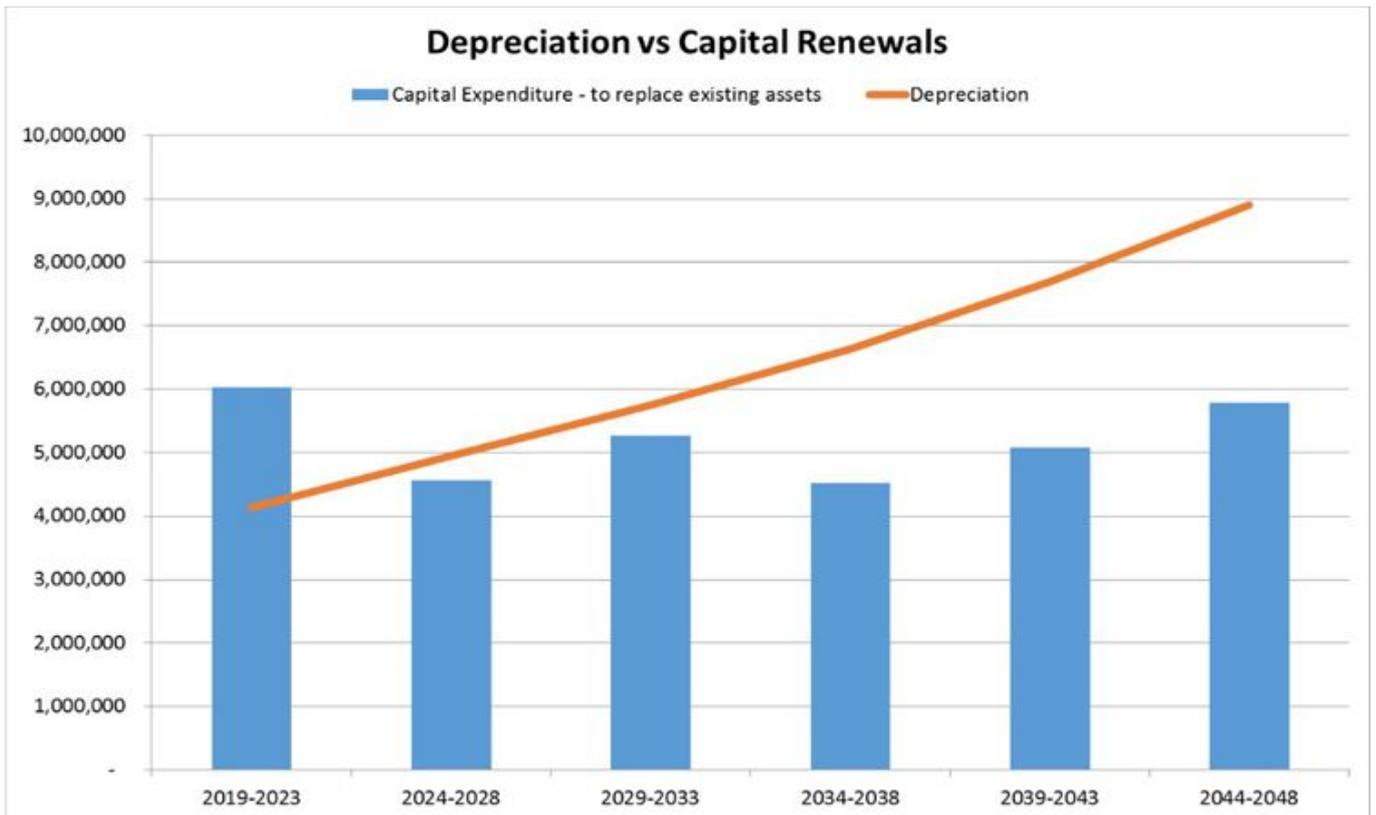


Figure 12: Depreciation vs Capital Renewals 30 Years Inflated

The Depreciation vs Capital Renewals graphs above show that capital expenditure is lower than depreciation because a group of assets will be at the end of their expected life and replaced all at once rather than in little pieces eg Anderson house 2019/2020. Some assets will not be renewed but instead a new asset will be built instead (Winter Gardens).

### **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's 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 a Building Consent for work carried out by private residents.

Local authorities are required by the Local Government Act 2002 to manage their financial dealings prudently. This implies compliance with generally accepted accounting practice. The Local Government Act requires user pays and intergenerational equity issues to be taken into account when determining how different activities will be funded.

### **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

Parks and Cemetery assets are funded from rates, fees, charges, and minor grants and loans.

A uniform annual charge on all rate payers is levied for the Parks and Reserves activity. In 2017/18 this charge was \$57.50.

The remaining revenue required from rates will be gathered from a targeted rate on residential and lifestyle properties only.

Special Funds and Financial Reserves are managed in accordance with the restrictions placed on them by the Reserves Act 1977, Burial and Cremation Act 1964, requirements from bequests or Resolutions of Council.

The financial summaries presented in Section 8.2 are based around the same asset groups elsewhere in this Plan.

Capital Projects are funded from these sources; predominantly Rates, Loans or Special Reserve Funds. These are shown in the appendices.

Financial practices are in accordance with generally accepted accounting practice (GAAP) and more specifically Property, Plant and Equipment NZ IAS 16. Future valuations will be in accordance with PBE IPSAS 17.

## 8.5 ASSET VALUATION FORECASTS

Council's Parks operational building and land assets were re-valued as at 30 June 2017 (Appendix 10.08) in accordance with the Financial Reporting Standard PBE IPSAS 17.

Other asset groups are depreciated from original cost over the asset life. This approach is driven by Council's current Accounting Policy.

Some infrastructure style assets (eg roads, bridges, lights, signs etc) are valued at current replacement cost and depreciated but still need to be quantified. A list of asset internal valuations are shown in Appendix 10.09.

The issue identified with long-life assets is that using a traditional cost approach may not provide sufficient long term funding (if depreciation was funded) for replacement over their lives.

The following table shows the useful life of the significant assets for Parks and Cemeteries:

Asset Type	Useful Life
Houses	80
Pavilions	80
Toilets - Serviced	40
Toilets - Unserviced	20
Buildings and Structures	80
Memorials	100
Bridges	60
Parks Lighting	25
Ponds	80
Fences - Stock	30
Fences - Barriers	30
Fences - Boundary	30
Parks Seats	20
Picnic Tables	20
Litter Bins	20
Parks Signs	15
Play Equipment - Traditional	30
Play Equipment - Modern Module	35
Safety Surfacing	20
Roads - Sealed	40
Roads - Unsealed	50
Car Parks - Sealed	40
Car Parks - Unsealed	50
Paths - Sealed	40
Paths - Unsealed	50
Paths - Paving	30
Water Pipes	80

Asset Type	Useful Life
Drains	80
Ditches	100
Gates - Ornamental	100
Walking Tracks	30
Track Boardwalks	25
Track Structures	50
Bike Stands	40
Heating Pumps	20

Table 44: Useful Life of Parks and Cemetery Asset Types (ICC Parks)

### 8.5.1 30-year Valuation and Depreciation Forecast

Refer to Parks 30 year financial plan in Appendix 10.10 for more details.

### 8.6 CONFIDENCE LEVELS IN PROGRAMMES

The confidence in the programmes in this Asset Management Plan has been assessed in terms of the data on which the programmes are based and in terms of the programmes themselves.

Confidence Grade	General Meaning
<b>A</b>	<b>Highly Reliable</b> Data based on sound records, procedures, investigations and analysis which is properly documented and recognised as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$ .
<b>B</b>	<b>Reliable</b> Data based on sound records, procedures, investigations and analysis which is properly documented but has minor shortcomings' for example the data is old, some documentation is missing and reliance is place on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$ .
<b>C</b>	<b>Uncertain</b> Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolation from a limited sample for which grade A and B data is available. Dataset is substantially complete but up to 50% is extrapolated data and accurately estimated $\pm 30\%$ .
<b>D</b>	<b>Very Uncertain</b> Data is based on unconfirmed verbal reports and/or cursory inspection and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accurately $\pm 40\%$ .

Table 45: Description of Confidence Grades

The confidence level is "B - Reliable" overall. Reliable is defined as data based on sound records, procedures, investigations, and analysis which is properly documented but has minor shortcomings for example:

- Construction dates of some assets are assumed dates.

Some data is assumed on usage of Parks. There is a lack of certainty about the living assets and these have not been valued. In respect of roads and paths we have a confidence level of +/- 20%, play equipment +/- 10% and the balance of all other parks assets have an uncertainty of +/-

5%. Land assets have been addressed through the Parks Strategy and there is now a fair degree of certainty.

<b>Programme</b>	<b>Grade</b>	<b>Programme</b>	<b>Grade</b>
<i>Play Equipment</i>		<i>Buildings</i>	
➤ Unit Replacement Cost	B	➤ Structural Condition	B
➤ Condition/Remaining Life	B	➤ Date Installation	A
➤ Material	A	➤ Performance	A
➤ Age	B	➤ Condition/Remaining Life	B
➤ Safety Surfacing	A	➤ Replacement Cost	A
<i>Structures</i>		<i>Roads and Trails</i>	
➤ Structural Conditions	B	➤ Condition	B
➤ Description	A	➤ Date Installation	B
➤ Date Installation	B	➤ Performance	A
➤ Performance	A	➤ Replacement Cost	A
➤ Condition/Remaining Life	B	➤ Remaining Life	B
➤ Replacement Cost	A	➤ Length	A

Table 46: Assessment of Key Inputs to Programmes

Please refer to Section 4.2 in Appendix 1.11 for a report on parks and cemeteries for more information on how we record data and conditions of the data into our databases, and what assets are included.

The financial forecasts in this Asset Management Plan reflect the decision process in the document. These financial forecasts and the specific components of the Asset Management Plan may be amended prior to Council's formal adoption of the document.

The following factors have been considered when preparing the financial forecast:

- Forecasts are based on the current recreational trends and performance information for play equipment, walking/cycling trails and sports surfaces assets and asset inspections for buildings and structures.
- Individual work needs have been separately identified, i.e. maintenance and renewal works separately.
- Development works are based on anticipated changes in recreational use of reserves and increasing levels of service and customer expectations, particularly with regard to safety.
- Forecasting will be improved with sophisticated condition rating and improved knowledge of assets.

**8.7 RELIABILITY OF FINANCIAL FORECASTS**

There are no high level assumptions or uncertainties and nothing of high significance noted in section of the AMP, therefore we haven't carried out any sensitivity analysis. General comments follow:

**8.7.1 Operational Forecasts**

The following illustrates how much changing costs would impact operational levels of service:

- Increase in cost will affect ability to resource maintenance areas.
- Limited budget will limit maintenance and there will be a reduction in operational LOS.

### **8.7.2 Maintenance and Renewal Forecasts**

The following illustrates how much changing costs would impact maintenance and renewal levels of service:

- If the costs of a project increase, we may need to push the deadline out into the new financial year or defer the project in order to allow completion.
- If budget increased then assets could be maintained to a higher level extending their lives.

### **8.7.3 Development Forecasts**

The following illustrates how much changing costs would impact development levels of service:

- If costs increase we would need to re-prioritise or look at alternative methods of funding.
- If development is deferred more maintenance would be required on existing assets to increase asset lives.

## **8.8 SUMMARY OF PROGRAMME ASSUMPTIONS**

- Population change will follow the Statistics New Zealand high population projection.
- There will be no significant climate change over the term of this Plan.
- There will be no significant changes in levels of service.
- No upgrading of existing infrastructure will be required as a result of urban development.
- Future condition assessments will not indicate additional remedial/replacement works to those scheduled in work programmes.
- This Plan is based on the assumption that there will be no natural disasters affecting Council's parks and cemeteries.
- No provision has been made in programmes for the cost of repairing damage or other additional costs consequent upon a natural disaster such as a major flood or substantial earthquake.
- Useful Life of Significant Assets - Data accuracy utilised in analysis continues to improve and is reliable.
- Change in asset requirements to cater for all ages and types of sport and recreation.

- Change of focus with different cultures of tourists and visitors, resulting with more multicultural facilities and assets/communication.
- Legislation Changes may cause effect on management of activity.

## 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.

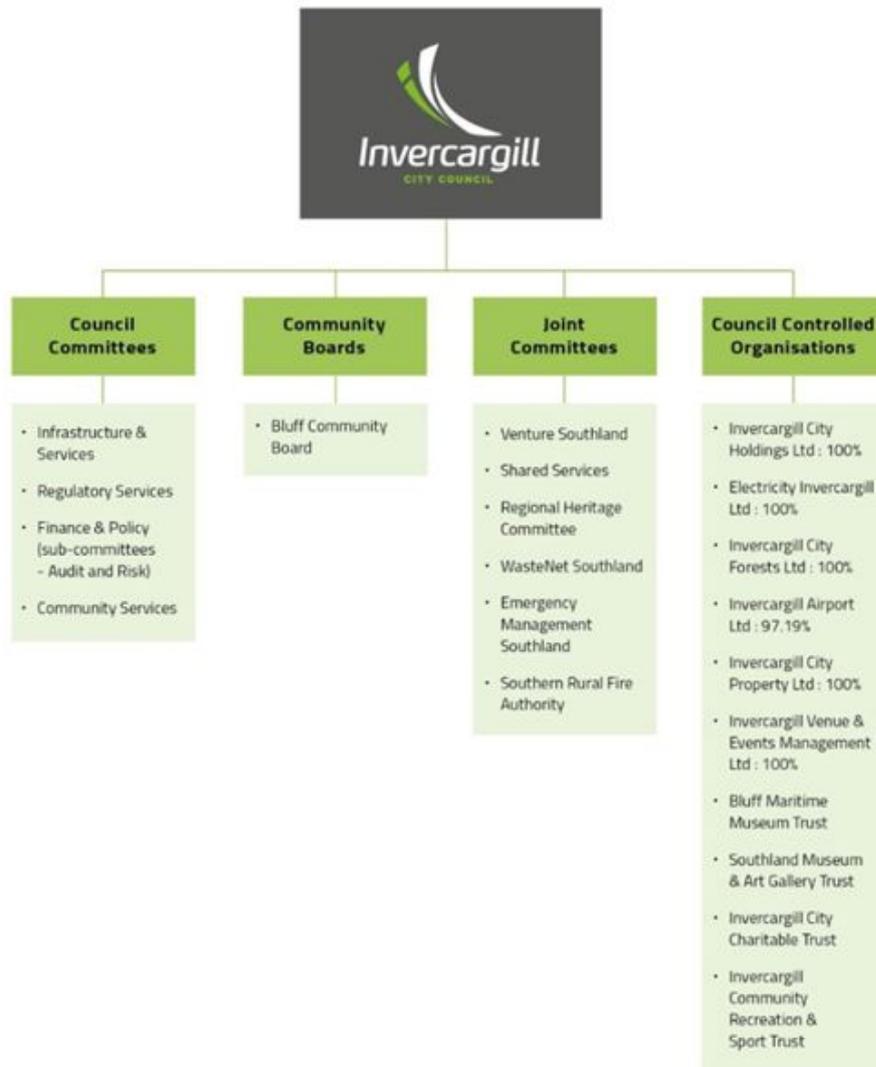


Figure 13: Flow Chart – ICC Structure

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:

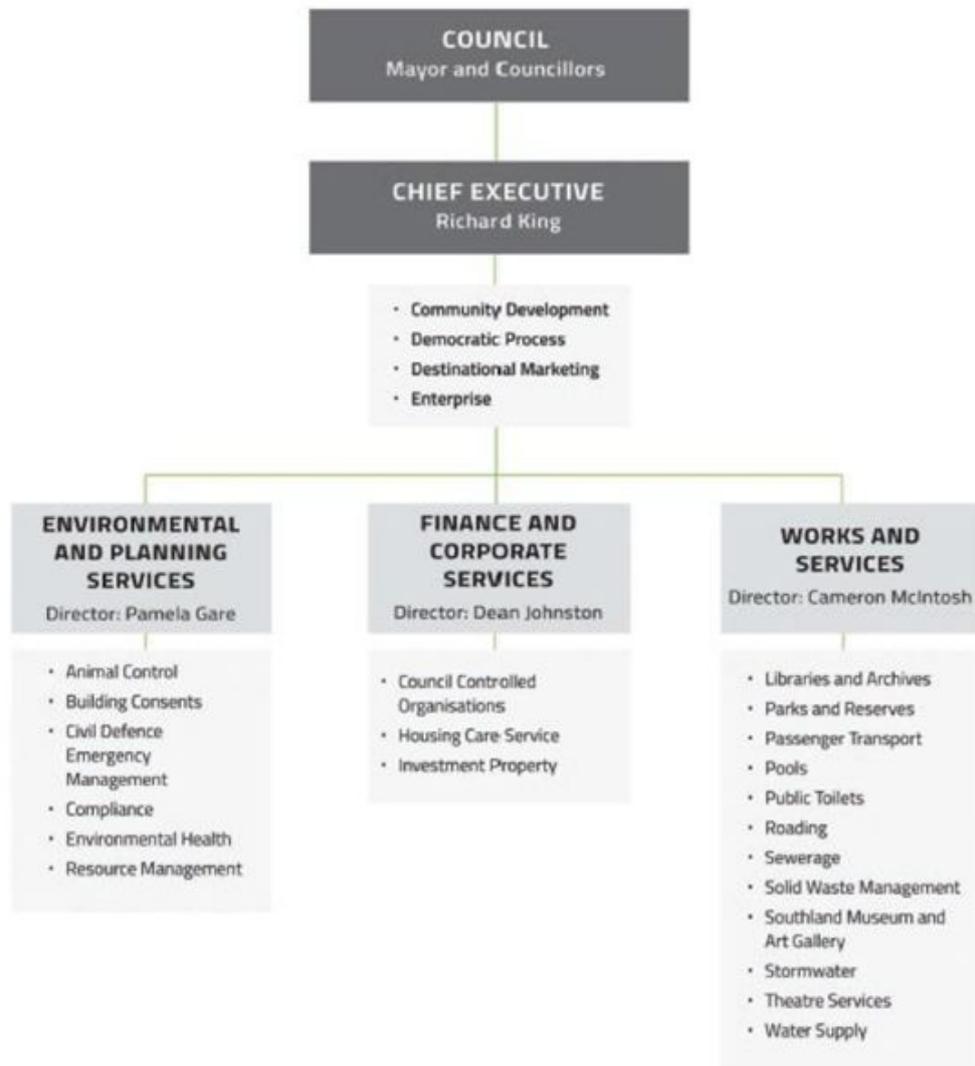


Figure 14: Invercargill City Council Management Structure

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.

**Develop processes to assist decision-making**

Optimised Decision Making processes include methodical prioritisation and project timing optimisation techniques.

**Completing regular risk assessments to update the Parks and Cemeteries Risk Management Plan and implement risk mitigation measures to maintain risk exposure at a level compatible with Council's risk appetite**

Risk mitigation measures will include maintaining appropriate insurance cover, emergency response planning, condition monitoring of critical assets, preventative maintenance, review of standards and physical works programmes.

**Perform valuations in a manner that is consistent with national guidelines and corporate policy**

Valuations will be carried out at intervals not exceeding five years (generally three yearly) with the most current valuation carried out in 2017.

Data collection programmes are being implemented to improve the accuracy of renewal forecasts and valuations.

**Strategic planning frameworks have been developed to assist in achieving business objectives in an efficient and effective manner**

Frameworks will provide strong linkages between the Long-Term Plan and Invercargill City Council Strategic Goals, service standards, Asset Management strategies and the Asset Management improvement programme.

**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.

### **Infor Public Sector (IPS)**

IPS is a centralised Asset Management Information System (AMIS) that allows for the effective management of infrastructure assets. IPS provides tools to improve asset efficiency, conduct planned and unplanned maintenance, manage work costs, provide asset inspection scheduling, and assists in optimising assets life cycles. Asset needs analysis in IPS can be used to determine and recommend which maintenance and renewal programmes are likely to be needed, to assist with long term maintenance and budgeting plans.

### **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 Councils 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 as 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.

### **Microsoft Access Database**

The current asset management system utilised to manage the Parks Assets information is a customised SQL database which brings together the asset management functionality at a component level.

The functionality of the database provides a secure and robust platform to store all attribute information, together with condition and performance information necessary to manage the asset. Assets can have photographs and other documents associated and linked such as would occur with any other system.

The SQL database environment is flexible and easily customised to specific needs and regularly has enhancements developed. The underlying code is available and owned by Council and is stored and backed up on Council's Information Systems.

Work tasks are also linked via the contract management section to the respective assets. It is anticipated that reporting on the cost to maintain specific assets or networks will be required in the future and could be more easily provided.

Valuations of Assets are currently undertaken by downloading of the asset information and for the 2017 valuation this process has been mirrored in the database to further enhance the data links.

This database is also utilised for other Council Asset groups so that any enhancement is available for each group to utilise.

Information flow takes place at a number of levels:

- With elected representatives, through the Committee and Council structure.
- With clients (internal and external) who are requesting a particular service.
- With the public generally through requests for service and information.
- With the media.
- With the public and landowners through education programmes.

## **9.5 PROGRAMME PERFORMANCE MONITORING AND REVIEW**

### **9.5.1 Monitoring Approach**

The information for Committee 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.

Apart from the Governance Council Process the Parks and Cemeteries Division has our monthly budgets and as mentioned in Section 5.4.2 we have a schedule which indicates the frequency we monitor our assets which will then enforce any maintenance required and tell us whether we are reaching our Levels of Service as noted in Section 3.

Yardstick is completed by Parks and Cemeteries as a benchmarking tool annually and will continue to participate with this tool unless a better tool becomes available.

#### **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

The Council is committed to an ongoing improvement philosophy. Various plans have been produced over the years to guide the development and maintenance of parks and cemeteries, most notable of these are:

- Reserve Management Plans.
- Parks Strategy 2013.
- Playground Strategy 2014.
- Proposed Recreational/Urban Trails Strategy.

Improving the management of Council's parks and cemeteries is part of a continuous improvement strategy. This strategy acknowledges that there are always opportunities for the improvement and refinement of Asset Management practices, for example, as new knowledge comes to hand, changing technology or methods, or changing customer expectations.

The key Asset Management inputs required to support good Asset Management planning are:

- **Processes**  
The necessary processes, analysis and evaluation techniques needed for life cycle asset management.
- **Information Systems**  
The information support systems, which support the above processes and which store and manipulate asset data. Council has developed an in-house database to manage the asset information at component level. The database is based upon an industry standard platform. The basic (and some advanced) tools are in place including maintenance, assignment to asset, condition monitoring, detailing attributes, valuation and reporting. The database provides a suitable platform to understand and manage the assets.
- **Data**  
Data available for manipulation by information systems to support Asset Management decision making.

As the table and graphs show below, the majority of our sections answered in the Activity Management Plan were our position at the core maturity level and more detail and analysis of information with systems in place would be required in order for our current position to become an intermediate level target. Actions to help us achieve this include better data collection as noted in the improvement programme in section 10.2.

Minimum  
Core  
Intermediate  
Advanced

Core  
Intermediate  
Advanced

## Summary Results Parks

Reference	Question	Summary Results	Current Score	Appropriate Target	Difference
IIMM 2.1	1	AM Policy and Strategy	45	75	30
IIMM 2.2	2	Levels of Service and Performance Management	45	70	25
IIMM 2.3	3	Demand Forecasting	60	75	15
IIMM 2.4	4	Asset Register Data	65	85	20
IIMM 2.5	5	Asset Condition Assessment	60	75	15
IIMM 2.6	6	Risk Management	60	75	15
IIMM 3.1	7	Decision Making	40	80	40
IIMM 3.2	8	Operational Planning and Reporting	60	70	10
IIMM 3.3	9	Maintenance Planning	45	65	20
IIMM 3.4	10	Capital Investment Strategies	60	75	15
IIMM 3.5	11	Financial and Funding Strategies	60	65	5
IIMM 4.1	12	Asset Management Teams	40	65	25
IIMM 4.2	13	AM Plans	45	70	25
IIMM 4.3	14	Information Systems	40	75	35
IIMM 4.4	15	Service Delivery Models	45	65	20
IIMM 4.5	16	Quality Management	25	75	50
IIMM 4.6	17	Improvement Planning	40	60	20
		Overall score	49	72	23

Summary Results

2 Understanding and Defining requirements	56	76	20
3 Developing Asset Management Lifecycle Strategies	53	71	18
4 Asset Management Enablers	39	68	29
Total	49	72	23

Table 47: Summary Parks Results (showing current and appropriate scores for each section of the AMP)



Figure 15: Summary Results (from table above)

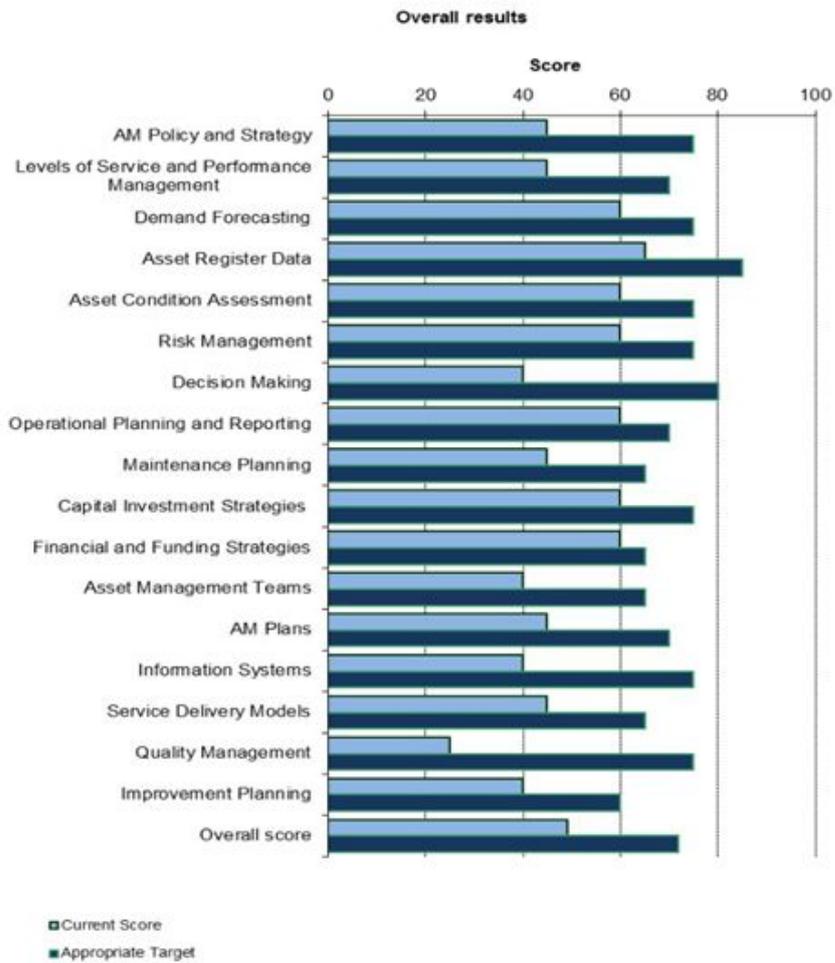


Figure 16: Overall Results (from table above)

**10.2 IMPROVEMENT PROGRAMME**

In addition to improvements still outstanding from the previous AMP in section 10.3, the following improvements have been identified that will contribute to the robustness of the service level review processes include:

<b>Process/Improvement</b>	<b>Link to Gap Each Action Addresses</b>	<b>Priority</b>	<b>Resources</b>	<b>Timing</b>	<b>Responsibility</b>
City anticipates improving processes and practices to reduce the ecological footprint of open space services and providing clean and green local environments.	Section 6.1.2	High	Staff, documentation, external advice	Next AMP	Governance/Council
Emergency Management - Strategies are required for coordination between Council departments, other territorial authorities, government organisations and key agencies.	Section 6 - resilience	High	Staff, documentation, external advice, Emergency Management Southland	Resilience will be part of the risk management review in the 2018-19 financial year.	Governance/Council
Emergency Management - Communication and networks between stakeholders need to be better understood between all parties.	Section 6 - resilience	High	Staff, documentation external advice, Emergency Management Southland	Resilience will be part of the risk management review in the 2018-19 financial year.	Governance/Council
Emergency Management - better documentation around use of resources and staff during an emergency.	Section 6 - resilience	High	Staff, documentation, external advice, Emergency Management Southland	Resilience will be part of the risk management review in the 2018-19 financial year.	Governance/Council
Be open to influences in technology.	Section 4	High	Staff, technology	As required	Council
Accommodate changing ethnic burial requirements.	Section 4	High	Staff, documentation, other agencies	As required	Parks and Reserves
Adopt NZRA industry standard as levels of service.	Section 3	High	Staff, documentation, NZRA	When they come out	Parks and Reserves
Yardstick will help in levels of service, future improvements of parks and cemeteries.	Section 3	High	Staff, NZRA	Ongoing from today	Parks and Reserves
Better Data collection required for assumptions so we can quantify how much change is required so we are better informed and can make better decisions around this. Better data will help with analysis of information to increase our target level from core to intermediate (see table in Section 10.1).	Sections 4/10	Med	Staff to research	Next AMP	Council/Parks and Reserves
Put processes and practices in place (such	Section 3	Med	Staff, environmental	As required	Parks and Reserves

Process/Improvement	Link to Gap Each Action Addresses	Priority	Resources	Timing	Responsibility
as using locally eco-sourced plants and eco-friendly pest control) to use environmental resources on park and cemeteries land.			resources, documentation		
Create management plan for cemeteries.	Section 3	Med	Staff, management plan, consultation, NZRA, consultants	As required	Parks and Reserves
Southland cycling strategy will guide an increase in activities.	Section 4	Low	n/a	When strategy is adopted	Steering group
Processes in place to support demand with changing demographics and ageing population and different abilities for inclusivity and accessibility of users.	Section 4	Low	Staff	As required	Governance/parks
Have robust processes in place to support increase in Volunteers.	Section 4	Low	Documentation, staff	As required	Parks and Reserves
Actively foster health and fitness on parks and reserves land.	Section 4	Low	Staff, policies, documentation, Sport Southland	As required	Parks and Reserves
Communication with agencies around programmes on reserve land.	Section 4	Low	Staff, documentation, policies	As required	Agencies/Parks and Reserves
Surveying community expectations.	Section 3	Low	Staff	As required	Council/Parks and Reserves
Identify the need for additional park land to meet future demographic changes through Parks Strategy 2013.	Section 2.2.2	Low	Parks Strategy, staff	As required	Council/Parks and Reserves

Table 48: Improvement Programme

Some gaps can't be closed due to not being able to justify costs.

### 10.3 IMPROVEMENTS FROM PREVIOUS ACTIVITY MANAGEMENT PLAN

The following improvements have been identified from the previous Activity Management Plan 2014 that will contribute to the robustness of the service level review processes include:

#### **General Parks and Reserves**

- Developing performance monitoring and reporting processes.
- Collating information on historical performance trends against key levels of service.
- Implementing a programme for engaging customers in debate over level of service/cost options.
- Surveying Queens Park and Sandy Point users for feedback.
- Keeping the Park Management structure under constant review:
  - Monitor the effectiveness of contracts.
  - Improve communication and information flow between Parks Assets and Parks Operations.
  - Assess job flow and timing issues.
- The upgrade/removal of the Surrey Park Grandstand and any other non compliant buildings found will need to comply with the earthquake standards.
- Remove obsolete buildings no longer required for recreational purposes.
- Assess allocation and use of sports fields.
- Encourage the amalgamation of sports clubs into good quality centralised facilities when membership declines.
- Provide paths through Linkage Parks, Sports Fields Reserves and Amenity Parks where they contribute to the better use of the parks and to walking and cycling routes around the City.
- Parks and Reserves will be assessed against the Parks Strategy provision levels of service to determine if they are required.

#### **Premier Parks**

##### ***Queens Park***

- Yard Development - Redevelopment of the now unused parts of the yard area to the rear or east of the Parks Office, providing themed gardens with specialty plant displays that could be secured off at night.
- Existing Themed Gardens - Will continue to be developed when and where required throughout Queens Park.

### ***Anderson Park***

- Upgrade the Anderson Park Art Gallery to comply with building standards for earthquake risk.
- Sealing of the car park area.
- Provision of specialty displays.
- Allow for the provision of sculptures and art works to enhance the visitor experience.

### ***Outdoor Adventure Parks***

- Allowing for the development of buildings, facilities and services for the running of Agricultural and Pastoral shows and associated activities on Donovan Park, with a requirement that the area also be available for other organisations and recreational activities.

### ***Neighbourhood Parks***

- Look for opportunities to exchange or dispose of Neighbourhood Parks that are located in undesirable back sections or no longer required as per the Playground Strategy.
- Provide paths through Neighbourhood Parks where they contribute to the better use of the parks and to walking and cycling routes around the City.
- Investigate the provision of seating and amenity planting to improve landscape and shade and to encourage a greater range of users.
- Take a strategic approach to providing playground equipment in Neighbourhood Parks. Prioritise the number and location of playgrounds as per the Playground Strategy.

### ***Environmental Reserves***

- Undertake monitoring of pest plant and animal infestation.
- Undertake pest plant and animal control.
- Undertake an assessment of botanical values in Environmental areas.
- Define the areas on Bluff Hill that should be vested as reserve for environmental and recreational purposes.
- Provide tracks, where appropriate, which link with regional walking/cycling proposals.
- Provide walking tracks through Environmental Reserves where they contribute to the better use of the parks and to walking and cycling routes around the City.
- Provide interpretation in Environmental Reserves where appropriate.

**Cemeteries**

- Preparing a Long Term Strategy for Cemetery activities to assist in the overall strategic management of any growth or decline in Cemetery activities.
- Encourage and support approved external groups such as a Cemetery Trust to restore and preserve historic headstones.
- Consider road width and vehicle circulation when establishing future roading in cemetery extensions.
- Development of new burial areas and roading networks at the Eastern Cemetery.
- Make provision for changing ethnic burial requirements including natural burials.

**Civic Space**

- Undertake an investigation into Wachner Place and how it could be upgraded in the future. This will be addressed via the CBD upgrade.

**10.4 MONITORING AND REVIEW**

The Activity Management Plan is a living document and needs to be kept relevant and useful. It is recognised that priorities will change which makes these reviews even more important to ensure this plan is a live document.

The following review activities will be undertaken:

Activity	Action	Target Date	KPI
Activity Management Plan Development	Formal adoption of the plan by Council.	2018	100% achievement
Activity Management Plan Peer Review	Revise plan annually to incorporate new knowledge from the Activity Management improvement programme.	2019	100% achievement
	The plan will be formally reviewed three yearly to assess adequacy and effectiveness.	2021	100% achievement
Implementation of the Improvement Programme	Completing projects briefs for the projects in the short term improvement programme.		70% project briefs completed
	Tracking the progress of implementing the improvement programme quarterly particularly the projects in the short term improvement programme.	30 September, 31 December, 31 March, 30 June	100% achievement

*Table 49: Monitoring and Review of Improvement Programme (ICC Parks)*

The Parks Strategy 2013 and Playground Strategy 2014 will be under review and will feed into the Activity Management Plan.

An additional activity to monitor risks that do not occur outside the risk profile will be added to the next Activity Management Plan when the process risk review is completed and more sophisticated.



## 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
1.08	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 2017
2.01	Policies and Strategies	Asset Management Policy
2.02	Policies and Strategies	Asset Management Strategy
10.01	Parks and Cemeteries	ICC Parks Strategy (2013)
10.02	Parks and Cemeteries	Parks and Cemetery Customer Activity Measures and Levels of Performance (AMP 2014)
10.03	Parks and Cemeteries	Parks and Cemetery Technical Activity Measures and Levels of Performance (AMP 2014)
10.04	Parks and Cemeteries	Playground Strategy (2014)
10.05	Parks and Cemeteries	Invercargill City Council Parks and Cemeteries (2017)
10.06	Parks and Cemeteries	Invercargill City Council Recreational Walking and Cycling Trails on Reserves (2017)
10.07	Parks and Cemeteries	List of Parks and Cemetery Major Assets (2017)
10.08	Parks and Cemeteries	Parks Major Valuations Spreadsheet External (2017)
10.09	Parks and Cemeteries	Parks Valuations Spreadsheet Internal (2017)
10.10	Parks and Cemeteries	Parks 30 Year Financial Plan (2017)
10.11	Parks and Cemeteries	Parks 30 Year Capital Development Renewals (2017)
10.12	Parks and Cemeteries	Parks 30 Year Capital Development New (2017)

Table 50: Appendices



# HOUSING CARE

# ACTIVITY MANAGEMENT PLAN 2017





## Activity Management Plan

Activity			
	Name	Signature	Date
<b>Prepared By</b>			
<b>Asset Manager</b>			
<b>Director Review</b>			
<b>Peer Review</b>			
<b>Council Adoption</b>			

<b>Changes to be Incorporated in Next Review</b>		
<b>Number</b>	<b>Date of Change</b>	<b>Reason for Change</b>
1	24 January 2018	Section 8.2.1 updated

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## Executive Summary

The Invercargill City Council's Housing Care Services activity is responsible for providing adequate affordable housing for the elderly, disabled and those on low fixed incomes, provided they meet the Council's entry criteria.

This Activity Management Plan has been developed based on the assumption that Council continue to provide the same level of service for the activity, and remains solely responsible for the delivery of the activity. There is ongoing uncertainty regarding the delivery of the Housing Care Activity service and this matter is awaiting a Council resolution.

The Housing Care Services activity is fully self-funding. All necessary revenue for the activity comes from rental income and there is no rates subsidisation of the service.

The key challenge facing the Housing Care Services activity relates to maintaining the current level of service at the housing units. As the service is self-funding, and the units are ageing and therefore the maintenance cost increasing, the affordability of maintenance remains an ongoing challenge. Currently tenancy levels are above 98%. This impacts the levels of refurbishment that can be undertaken between tenancies. As the population ages it is anticipated that the demand for this service will increase.

This Activity Management Plan should be read in conjunction with the 2017 Building Assets Management Plan.

# 1. Introduction

## 1.1 ABOUT THIS PLAN

The Housing Care 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 Housing Care 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 Housing Care Service provides adequate affordable housing for citizens who meet Council's entry criteria. Council owns 21 complexes providing 215 units in Invercargill and Bluff. The Housing Care Service has been self-funding, with income derived solely from rents, with no draw on rates.

In the past, Central Government has promoted the provision of housing for people with limited means by providing financial incentives to Councils. Government subsidised loans ceased in 1992. No new housing complexes in Invercargill have been built since that time.

The Housing Care Service provides a professional supportive service to residents.

## 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 Invercargill City Council is involved in providing housing for elderly people with limited financial resources and for whom the general housing market presents problems in terms of affordability and manageability.

The Invercargill City Council is undoubtedly a major housing provider in Invercargill and Bluff.

There have been no significant changes to how the service is delivered.

#### 2.1.3 Activity Objectives

The principal objectives for Housing Care Services are:

- To provide affordable housing to those with limited financial resources.

- To maintain properties at current standards, albeit that a lower service level may be necessary over time.

The alignment of the Housing Care Services Activity and the Community Outcomes is demonstrated in the table below:

Community Outcome	Council's Role	How the Housing Care Activity Contributes
<b>Preserve its Character</b>	The building blocks for a safe, friendly city is provided for all members of the community.	Housing Care Services provides low cost, quality accommodation to the elderly, disabled and those on low fixed incomes.

Council will know that it is achieving the above outcome when:

- Affordable housing is provided for those with limited resources.
- The service is self-funding without a requirement for rates.

## 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 or self-imposed requirements.

Council currently operates under a number of bylaws, some that were created out of a 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.

The District Plan has no impact on this Activity as no new units are being proposed.

The “Housing Care Service – Information for People Wishing to Apply for Housing” Booklet (Appendix 7.01) includes the entry criteria for this service.

### **2.2.3 Long-Term Plan**

The Local Government Act 2002, Schedule 10 requires the development of 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.

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



### 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.

The key challenge facing the Housing Care Services activity relates to maintaining the current level of service at the housing units. As the service is self-funding, and the units are ageing and therefore the maintenance cost increasing, the affordability of maintenance remains an ongoing challenge. Currently tenancy levels are above 98%. This impacts the levels of refurbishment that can be undertaken between tenancies. As the population ages it is anticipated that the demand for this service will increase.

### 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.

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
<p><b>Population</b></p> <p>The population will increase to 56,300 by 2028.</p>	<p><b>Moderate</b> – 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><b>Household Growth</b></p> <p>An average of 2.3 people per household in 2038, requiring 2,300 more homes from the 2013.</p>	<p><b>Moderate</b> – 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><b>Ageing Population</b></p> <p>Those 65 years and older will make up approximately 22% of Invercargill's population by 2023.</p>	<p><b>Low</b> – 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><b>Resource Consents</b></p> <p>Resource consents will be obtained with reasonable conditions and negligible impact on how Council provides its services.</p>	<p><b>Moderate</b> – 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><b>Tourism and Visitor Numbers</b></p> <p>Tourism numbers will increase over the Long-Term Plan period.</p>	<p><b>Low</b> – 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.</p>

Assumption	Level of Uncertainty	Area of Impact and Potential Financial Impact
		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><b>New Zealand Transport Agency</b></p> <p>That the NZTA Funding Assistance Rate will reduce by 1% each year until a low of 51%.</p>	<p><b>Low</b> – 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><b>Commercial Property</b></p> <p>The CBD will remain in the Esk Street area and will become more vibrant.</p>	<p><b>Low</b> – 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><b>Inflation</b></p> <p>Inflation will occur at the rates set by BERL as LGCI forecasts.</p>	<p><b>Moderate</b> – 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><b>Local Economy</b></p> <p>The local economy will grow and diversify.</p>	<p><b>Moderate</b> – 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><b>Useful Life of Significant Assets</b></p>	<p><b>Moderate</b> – asset lives based on estimates by</p>	<p>A shorter useful life for assets would create a financial burden on the</p>

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

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
<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>		a greater amount in rates, reduce spending or increase borrowings to cover any reduction in income.
<p><b>Local Governance</b></p> <p>Amalgamation will not occur during the life of the Plan.</p>	<b>Low</b> – 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><b>Legislation</b></p> <p>There will be changes to legislation that have an impact on what and how Council provides services.</p>	<b>Moderate</b> – 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><b>Natural Disasters</b></p> <p>There will be no major catastrophes that impact on Invercargill or its economy.</p>	<b>High</b> – 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><b>Climate Change</b></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>	<b>Moderate</b> – 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>
<p><b>Technology</b></p> <p>Changes in technology will affect how Council</p>	<b>High</b> – certainty of diversification in technology is ever-growing. Impact of	<p>Employment, Local Economy and Services (delivery)</p> <p>New technologies will likely</p>

Assumption	Level of Uncertainty	Area of Impact and Potential Financial Impact
carries out its activities. This will have a financial implication over the 10 year plan.	changing technology cannot be quantified.	have an increased financial cost in the short term.
<b>Education</b> S.I.T will continue to promote Invercargill to international students.	<b>Moderate</b> – education systems that exist are likely to remain stable.	Infrastructure, Services, Population and Housing
<b>World Economy</b> The world economy will not have a significant negative effect on the Invercargill City District.	<b>Moderate</b> – future financial changes are unforeseeable.	Infrastructure and Tourism  A major event in the World Economy could affect Tourism and the implications of lower / higher tourist numbers would occur.

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

<b>External Stakeholders</b>	<b>Area of Interest</b>	<b>Engagement</b>	<b>Customer Needs and Expectation</b>
<b>Central Government Departments and Organisations/Agencies</b>			
Ministry of Social Development	Welfare of tenants	Liaise by phone or email	Frequent informal contact. Council's Community Development Officer meets with organisations in a formal context and keeps this Activity informed of changes that may impact on the Activity.
Housing New Zealand	Market influencer	None	Infrequent informal contact.
<b>Regional Organisations</b>			
Southland Hospital – Rehabilitation and Occupational Therapy Services	Welfare of tenants	Liaise by phone or email	Individual case by case basis.
Age Concern	Welfare of tenants	Liaise by phone or email	Individual case by case basis.
PACT Mental Health Services	Welfare of tenants	Liaise by phone or email	Individual case by case basis.
<b>Local Government Organisations</b>			
Southland District Council	Market influencer	If and when required	Individual case by case basis.
<b>Maori</b>			
Maori Health Social Services	Welfare of tenants	Liaise by phone or email	Individual case by case basis.
<b>Non-Government Organisations</b>			
Salvation Army	Welfare of tenants	Liaise by phone or email	Individual case by case basis.
Presbyterian Support Services	Welfare of tenants	Liaise by phone or email	Individual case by case basis.
Pacific Island Cultural Advisory Board	Welfare of tenants	Liaise by phone or email	Individual case by case basis.

A positive working relationship is maintained with Maori service providers who have clients in need of this service.

The Housing Care Service team members are aware that Maori and other cultures have particular needs in relation to housing. The layout of units is discussed with potential residents and these needs are met wherever possible. For example, for some potential residents it is important that the clothes washing facilities are separated from the kitchen facilities. Once these needs are understood, endeavours are made to offer a unit which meets the need.

### **3.1.2 How We Engage our Communities**

Activity staff visit tenants at least once per year to assess how the unit is meeting their needs and if any issues have arisen. Tenants contact Activity staff through the Request For Service system provided by Council if they have any concerns or needs in the intervening time.

### **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 Council's 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 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 attended to by the activity. This information is another platform which can be used to understand the community requirements.

### **3.1.4 Key Service Attributes Valued by Customers**

Customers see the following as the most important attributes in customer surveys:

- Council provides housing for low-income/elderly residents;
- Buildings are well maintained; and
- Tenancies are well managed.

## **3.2 SERVICE DRIVERS**

### **3.2.1 Community Expectations**

In 2014 the Community was asked what aspects of Council's Housing Care Activity were of the greatest importance to them. The Community told Council that the most important aspect of the Activity was that Council provided housing for low-income/elderly residents.

The Community expects that the Housing Care Activity service will be provided, buildings and grounds will be well maintained and that the tenancies will be well managed.

### 3.2.2 Legislative Requirements

Legislation	Relevant Requirements	Impacts on Levels of Service
Health and Safety at Work 2015	Stipulate obligations to all parties in terms of providing a safe and healthy workplace. For Council this has wide implications in terms of our premises, staff and dealing with contractor, principal responsibilities.	Units are well maintained and request for services are managed in an expected timeframe.  Tenant welfare.
Privacy Act 1993	Establishment of the rights to privacy of individuals.	Tenant welfare.
Residential Tenancies Act 2002	The rights of tenants in rented accommodation.	Tenant welfare.
<b>Relevant Regulations</b>		
Building Regulations	Acceptable solutions for buildings.	Units are well maintained.

### 3.3 CURRENT LEVELS OF SERVICE

#### 3.3.1 Current Customer Levels of Service, Performance Measures and Targets

How the Activity Contributes	Customer Level of Service	Measure of Service
The building blocks for a safe, friendly city is provided for all members of the community.	Affordable accommodation is provided.	Rental does not exceed 30% of the gross superannuation benefit.

The level of service that customers can expect for the 2018-2028 period are shown in the table below:

Baseline	Measure	2018/19	2019/20	2020/21	2021-28
Current maximum as at 1 April 2017 is 23.6%.	Rental does not exceed 30% of the gross superannuation benefit.	< 30%	< 30%	< 30%	< 30%

#### 3.3.2 Current Technical Levels of Service, Performance Measures and Targets

Technical Measure	Target
Requests for service are responded to.	24 hours for urgent requests. Five working days for non-urgent requests.
Available units are occupied.	95% occupancy. Applicants on waiting list offered a unit based on priority.
Units are maintained.	Maintenance inspections are undertaken. Maintenance undertaken within budget.

### **3.4 LEVELS OF SERVICE ISSUES AND CHALLENGES**

Issues remain with access and carrying out maintenance to ensure we retain current levels of service. The service remains self-funding and as it is not subsidised by rates, the affordability of maintenance is an ongoing challenge.

#### **3.4.1 Current Levels of Service Gaps**

The current stock is ageing and expectations around the comfort and quality of pensioner housing have changed since the units were built. Council's Housing Care team is not qualified or resourced to meet the wider health and social needs of tenants and does not provide a formal 'welfare' function. There is currently no regular or objective measure of tenant satisfaction, such as an annual survey.

#### **3.4.2 Possible Responses to Gaps**

- Unless external capital is sourced the status quo will remain.
- To employ additional qualified resource or contract this out.
- Intend to start bi-annual post survey.

## 4. Demand for Our Services

### 4.1 DEMAND FORECAST

#### 4.1.1 Factors Influencing Demand

The factors influencing demand on this activity are the following:

- Aging population.
- Economic status of the aging population – limited means.
- Increased population of students taking small central flats.

Demand on this activity is largely influenced by population changes, changes in demographics and societal trends.

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).

Changing demographics will influence demand on this activity.

Average occupancy for 2016/17 was 98.96%. Operating at this capacity has an impact on the levels of refurbishment that can be completed between tenancies. Some circumstances require units to be out of service for up to six weeks between tenancies.

The private market and changes within the Ministry of Social Development have an impact on the demand for this Activity.

#### 4.1.2 Projected Growth or Decline in Demand for the Service

As the population of Invercargill ages, there will be an increase in demand for this service.

Those 65 and older will make up over 22% of Invercargill's population by 2028.

### 4.2 CHANGES IN SERVICE EXPECTATIONS

There is an expectation that units will:

- Have parking.
- Have fixed heating.
- Be more modern.
- Have higher levels of comfort.

Past surveys have shown that ratepayers would like to see the service expanded to meet the likely demand. This may include expanding the current eligibility requirements.

### 4.3 EXPECTED IMPLICATIONS FOR THE ACTIVITY

It is expected that without additional financial input the level of service provided will ultimately decrease as the housing stock continues to age.

#### **4.4 FUTURE DEMAND ISSUES AND CHALLENGES**

If Council wishes to provide the social enhancements, raised by surveys and community groups, the resources required for the Activity will need to increase. This will increase pressure on the budgeted bottom line.

As mentioned above, to continue with the status quo, while certain aspects of service may improve, as the housing stock ages maintenance requirements are likely to increase.

##### **4.4.1 Possible Demand-Related Responses**

Should the rental market continue to contract, we are likely to see demand increase for this service.

- Council needs to investigate building further units at an economic level that allows for a realistic rental; or
- Council needs to investigate the potential for partnerships with Community Housing providers.

Further work is required on these options prior to any decision being made.

##### **4.4.2 Possible Non-Asset Solutions**

To meet the increasing maintenance needs, Council could increase rentals. This option has limitations as it affects the ongoing affordability of the service, for those most in need.

##### **4.4.3 Managing Expectations**

Providing the population increase and demographic assumptions are correct, there is likely to be an increase in applications for this service. This will occur regardless of whether Council decides to widen the scope provided by the service. Should the scope be widened, there is unlikely to be adequate housing units or resources at current levels.

Some tenants require assistance on how to better manage the heating and condensation flows within their units.

## 5. Asset Profile

### 5.1 ASSET OVERVIEW

Housing Care Service is an activity which the Invercargill City Council has been involved in for over 40 years. Housing Care Service was formerly known as “Pensioner Housing” or “Elderly Citizens Housing”. As at August 2017 there were 215 units, including 17 in Bluff.

Complex	Number of Units	Decade of Construction
Aiden Place, 132 Princes Street	8	1980
Anzac Court, 9 Tone Street, Bluff	5	1990
Cairnsmore Flats, 160 Leet Street	12	1980
Clarendon Court, 60 Stirrat Street	14	1980
Elston Lea Village, 50 Murphy Street	41	1950
Jim Brass Place, 163 Crinan Street	4	1990
Kelly Court, 210 Crinan Street	7	1970
Kinross Flats, 30 Henderson Street, Bluff	6	1980
Korimako Court, 12 Waverley Street	10	1970
Laurell Court, 2 Maltby Street	8	1970
15-29 Miller Street	4	1950
Nevill Place, 26 Selwyn Street	16	1970
Aurora Place, 15-29 Janet Street	8	1950
Niven Place, 104 Earn Street	7	1970
Otarewa Village, 90 Conon Street	22	1990
Pateke Place, 429 Yarrow Street	8	1970
Powell Court, 295 Pomona Street	6	1980
Stirling Flats, 25 Gregory Street, Bluff	6	1980
Strathpine Flats, 246 Ettrick Street	7	1970
Thorndale Flats, 3 Lithgow Street	6	1980
Willow Park, 64 Adamson Crescent	10	1980

It is important to emphasise the division of responsibility involved in the Housing Care Service Activity between service delivery and asset management.

These can be described as follows:

- The Service Manager manages the activity and all aspects of day-to-day operation.
- The Asset Manager provides, maintains and improves over time the buildings necessary, i.e. the Housing Care Units.

The Asset information is available in the 2017 Buildings Asset Management Plan.

## 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 Housing Care Service has positive effects on the Community because it provides affordable, warm and comfortable accommodation to those in the Community who are unable to provide their own. Housing units are located in various suburbs in Invercargill and Bluff to enable residents to remain active members of the Community.

Housing Care properties are well maintained – both the grounds and the units. In addition, the Activity includes the employment of a support officer whose role is to develop a working relationship with residents. This commences when potential future residents are assessed for eligibility for this service. The Housing Support Officer also visits residents in their units from time to time to assess their well-being and advise residents of other agencies which may be able to provide support based on their needs.

#### 6.1.2 Environmental

The Housing Care Service manages 215 housing units. The Service has a contract with a garden service to undertake lawn and landscape maintenance as well as garden rubbish refuse at all complexes.

#### 6.1.3 Economic and Financial

The potential negative effects of this Activity are twofold:

- (i) Ratepayer funding may eventually be required to maintain the Housing Care Service at its current level.
- (ii) Reducing the service (totally or in part) would impact on existing tenants who may be required to vacate their units. This may also impact on Council's ability to attract tenants in the future.

These potential negative effects are not considered significant at a Corporate level.

#### **6.1.4 Summary of Sustainability Challenges and Issues**

The status quo of the service inevitably means that at some point a capital injection will be required to continue to offer the present levels of service.

#### **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
Lower occupancy rate than projected	Lack of tenants choosing Council's units	1	1	2	2	4	1	1.65	D	L	Council reviews rentals affordability biennially.	Current practice is adequate.
Ratepayers required to finance activity	Income generated from tenants being lower than expenditure	1	1	2	2	4	1	1.65	C	L	Council reviews maintenance spending when occupancy is low.	Council make a decision whether levels of service should decrease or if rates funding should subsidise the service going forward.
Inability to meet demand for units	Higher demand for service, ageing population and Housing New Zealand reducing their housing stock, level of market rents.	1	3	1	1	2	1	1.4	B	M	Assess the tenants on waiting list and prioritise for need.	Maintain current practice and investigate future options for increasing housing stock.

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
Tenants	Profile, mental health education, life	2	2	2	1	4	1	1.85	C	M	Assess the tenants on waiting list and prioritise for need.	Recommend external support systems.
Health and Safety	Accidents	2	1	2	1	3	1	1.60	C	L	Regularly visit complexes.	Maintain current practice.

### 6.2.3 Summary of Key Risk Issues

The key risk issues for the Activity are sustainability of the current levels of service and the future maintenance costs of units.

Demand pressure will increase in the future as the population grows older.

Should wrap around social services become an expectation then resources will need to increase, albeit that tenants requiring such services are assessed at the commencement of their tenancy and support put in place before the tenancy is let.

### 6.2.4 Possible Approaches to Risk Mitigation

Without clear strategic direction as to the future scope of the service, it is difficult to adequately mitigate risk.

An external assessment of the full portfolio is required to understand the level of comfort and quality of accommodation provided by units in comparison to other housing providers.

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 Activity plans to delve further into how it can develop business continuity and resilience.

### **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 Housing Care Activity has identified a number of issues going forward and clear direction from governance is required to enable the service to best provide for a resilient community. This will be addressed further in 2018/19.

## 7. Managing Our Activities

### 7.1 RESPONDING TO THE ISSUES AND CHALLENGES

#### OPERATIONS AND MAINTENANCE

##### *Current Trends and Issues*

As the Housing Care complexes age the maintenance and refurbishing costs increase. Tenants' expectations are also increasing.

Decade	Complexes
1950s	3
1960s	-
1970s	7
1980s	8
1990s	3
2000s	-

Council requires this Activity to be self-funding. The expectations of Council and the tenants are in conflict with one another and options have been explored to assist in selecting, with the Community, a way forward. Demand on the number of units is projected to increase. The welfare expectation of Central Government is for Council to provide a complete wrap around service.

Rental income is currently meeting all administration and maintenance costs. However, should occupancy trends change, consideration will need to be given to the future levels of service provided.

The most rapid deterioration of the interior decoration of Units is caused by tenants who smoke. A 'smoke free' policy needs to be developed.

#### 7.1.1 Alternative Investment Approaches

##### *If Council Prefers to Retain Responsibility for this Service*

##### **Option 1 – Status Quo**

Responsibility for governance, funding, and delivery is exercised by Invercargill City Council.

Potential enhancements to address issues with the status quo might include:

- Working more closely with the community and not-for-profit sector.
- Improving the level of service provided to tenants.
- Implementing a structured welfare component.

***If Council is Prepared to Transfer Some or All of the Responsibility for this Service***

**Option 2 – Outsource**

Responsibility for governance and funding is exercised by the local authority, and responsibility for delivery is exercised by another entity, person or agency.

**Option 3 – Transfer**

Transfer ownership and operations to another provider as a going concern, such as a Community Housing Provider (CHP).

**7.1.2 Do-Minimum Programmes**

We are currently providing this activity, at the current levels of service, in the most cost-effective manner that can be achieved, to do less would reduce service levels.

### 7.1.3 Programmes Evaluation

	Feasibility	Cost-effectiveness	Legislative compliance	Meeting community needs	Tenant welfare
<b>Option 1 – Status Quo Governance, funding and delivery by ICC</b>	Council has the organisational infrastructure required. No contracts or new arrangements required.	Currently operated as cost-neutral. Backlog and future maintenance requirements will affect ongoing cost neutrality. Council is not eligible for the IRRS.	Not in alignment with social housing reform. Not 'core business'. Increased requirements of the RTA, HSWA and Building Act may impact compliance.	Meets an identified need for social housing. Opportunity cost of retaining assets when the need for other facilities or services may be greater.	Allows tenants to remain in secure, affordable housing. Does not provide for tenants with disabilities and specific health and social support needs. Declining standard of living relative to modern housing standards and current maintenance requirements.
<b>Option 2 - Outsource Governance and funding by ICC, delivery by another person or agency</b>	New contractual arrangements required. May require changes to Council policies. May require a SCP Will depend on the existence, willingness or capacity of another provider.	Increased costs of outsourcing. Cost incurred to establish new delivery arrangements. May deliver access to the IRRS if the provider is established as a CHP and an arms-length arrangement is used.	May better align with central government reform if a CHP is used. Not 'core business'. Increased requirements of the RTA, HSWA and Building Act may impact compliance.	Meets an identified need for social housing. A community provider may be more in touch with community need and able to deliver services accordingly. Opportunity cost of retaining assets when the need for other facilities or services may be greater.	Allows tenants to remain in secure, affordable housing. Could better support wider tenant needs depending on the scope and nature of service provider. Contractual performance standards and reporting may improve service to tenants.
<b>Option 3 – Exit Transfer ownership and operations to another provider as a going concern, such as a CHP</b>	New contractual and legal arrangements required. May require a SCP Will depend on the existence, willingness or capacity of another provider	Council will receive funds from asset sales and is no longer liable for maintenance and operating costs. A CHP would be eligible for the IRRS and other government subsidies. Potential transition costs incurred by a 'grandfather' contract provision	Will align with central government reform if a CHP is used. Access to government subsidies. Aligns with 'core business' direction of the LGA Removes Council exposure to increased requirements of the RTA, HSWA and Building Act.	Meets an identified need for social housing. A community provider may be more in touch with current need and able to deliver services accordingly. Enables Council to redirect sale proceeds to other community facilities or services.	Allows tenants to remain in secure, affordable housing. Could better support wider tenant needs depending on the scope and nature of service provider. CHP performance standards and reporting may improve service to tenants.

## **7.2 OPERATIONS**

### **7.2.1 Operation Strategy**

Our Housing Support Officer (HSO) maintains Invercargill City Council's tenant base and activates the fortnightly rental deductions through Pathways software.

Tenant applications are received, vetted and placed within appropriate priority listings for consideration when vacancies occur. In some cases, applicants do specify complexes and this may change their priority weighting, and increase waiting times. Our HSO also coordinates requests for service from tenants and carries out unit inspections annually and when required.

The Housing Support Officer is a liaison point between tenants/social agencies and next of kin should any interventions be necessary.

### **7.2.2 Operation Standards and Specifications**

Appendix 7.02 – Tenant Handbooks Operation Procedures.

### **7.2.3 Operation Options and Alternatives**

Refer to Table in 7.1.3.

## **7.3 RECOMMENDED PROGRAMME**

### **7.3.1 Evaluation and Recommended Options/Alternative Programmes**

These have been presented to Council as part of the Local Government Act mandated section 17A Service Delivery Review and the Activity Manager is awaiting a decision to be made on the future delivery of the service, but at this time is developing plans based on the status quo.

## **7.4 HOW THE ACTIVITY WILL BE RESOURCED**

### **7.4.1 Internal Resourcing**

The activity is run in house by one staff member at 25 hours per week who reports to the Corporate Services Manager. Staff are responsible for processing applications, receiving rents and coordinating inspections and requests for service. This activity is expected to be cost-neutral to Council, with all costs required to be met by rental income.

### **7.4.2 Procurement Strategy**

Refer to Building Assets Activity Management Plan Section 7.7.2.

## 8. Financial Management

### 8.1. OVERVIEW

The Housing Care Activity is completely self-funding from rental revenue.

### 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									
Internal Revenue	0	0	0	0	0	0	0	0	0	0	0
Fees & Charges Revenue	1,021,591	1,121,000	1,171,000	1,199,104	1,227,882	1,257,352	1,287,528	1,318,429	1,350,071	1,382,473	1,415,652
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
<b>Total Revenue</b>	<b>1,021,591</b>	<b>1,121,000</b>	<b>1,171,000</b>	<b>1,199,104</b>	<b>1,227,882</b>	<b>1,257,352</b>	<b>1,287,528</b>	<b>1,318,429</b>	<b>1,350,071</b>	<b>1,382,473</b>	<b>1,415,652</b>
Internal Expenditure	946,738	941,180	961,994	983,280	1,005,511	1,028,539	1,052,203	1,077,755	1,104,770	1,132,983	1,163,793
Staff Expenditure	39,178	40,541	41,357	42,190	43,039	43,909	44,795	45,703	46,633	47,584	48,558
Administration Expenditure	8,355	9,150	8,585	8,774	9,767	9,173	9,384	10,467	9,849	10,105	11,305
Financial Expenditure	0	0	0	0	0	0	0	0	0	0	0
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	0	0	1,022	0	0	1,092	0	0	1,173	0	0
Operational Expenditure	6,452	6,500	6,643	6,789	6,939	7,098	7,261	7,436	7,622	7,820	8,031
Depreciation Expenditure	0	0	0	0	0	0	0	0	0	0	0
<b>Total Expenditure</b>	<b>1,000,723</b>	<b>997,371</b>	<b>1,019,601</b>	<b>1,041,033</b>	<b>1,065,256</b>	<b>1,089,810</b>	<b>1,113,644</b>	<b>1,141,361</b>	<b>1,170,046</b>	<b>1,198,492</b>	<b>1,231,687</b>
<b>Operating Surplus / (Deficit)</b>	<b>20,868</b>	<b>123,629</b>	<b>151,399</b>	<b>158,071</b>	<b>162,626</b>	<b>167,542</b>	<b>173,884</b>	<b>177,068</b>	<b>180,025</b>	<b>183,981</b>	<b>183,965</b>
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	0	0	0	0	0	0	0	0	0	0	0
<b>Capital Expenditure</b>	<b>0</b>										
Proceeds from Asset Disposal	0	0	0	0	0	0	0	0	0	0	0
Debt movements	0	0	0	0	0	0	0	0	0	0	0
Reserve movements	20,868	123,629	151,399	158,071	162,626	167,542	173,884	177,068	180,025	183,981	183,965
Cash Back Depreciation	0	0	0	0	0	0	0	0	0	0	0
<b>Rates Required</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

### **8.2.2 Programme Implications**

Awaiting Council decisions – refer to section 7.3.1.

### **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'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, i.e. a 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

The Housing Care activity is completely self-funding from rental income and there is no draw on rates.

Should staffing resources need to change, asset maintenance/renewal costs rise, or occupancy levels drop below 95%, then an alternative funding is likely to be required.

### **8.5 ASSET VALUATION FORECASTS**

Refer to Building Asset Management Plan.

### **8.6 SUMMARY OF PROGRAMME ASSUPMTIONS**

Financial Assumptions:

- Tenancy levels will remain high.
- Cost of providing the assets will not increase significantly.
- Rents will remain within targeted service levels.

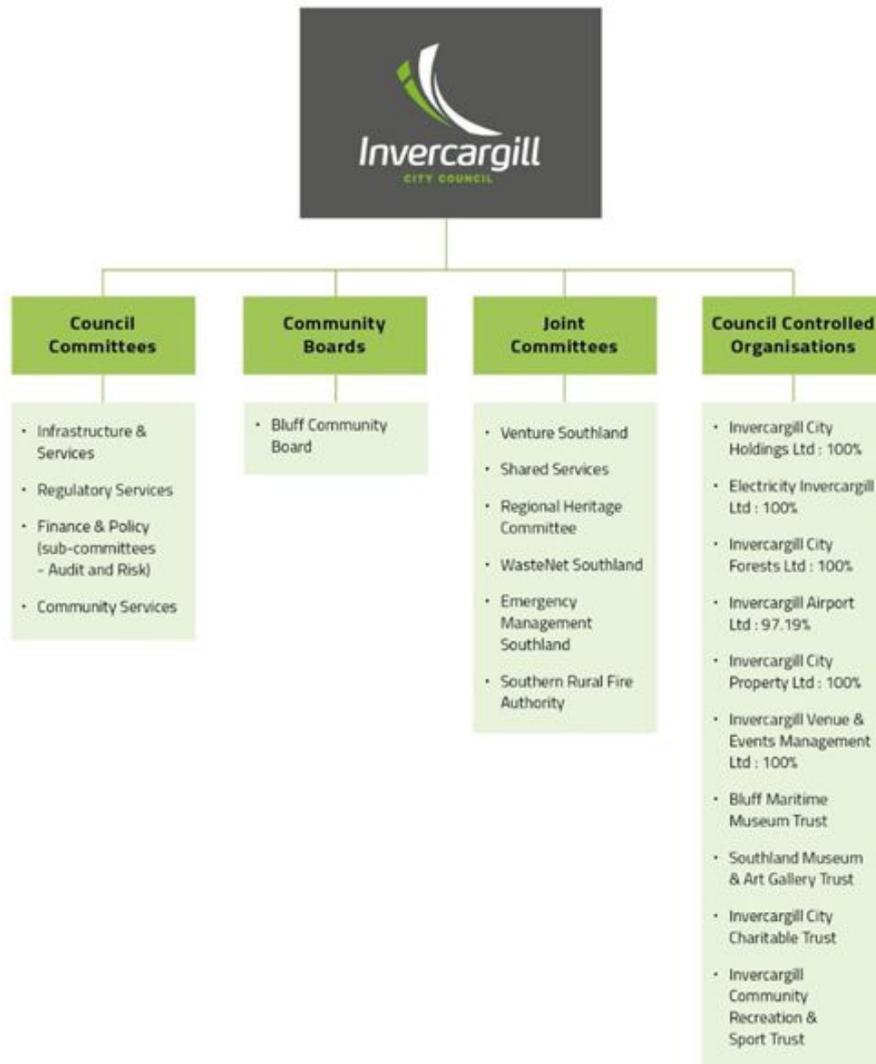
## 9. Delivering and Monitoring the Programme

### 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.

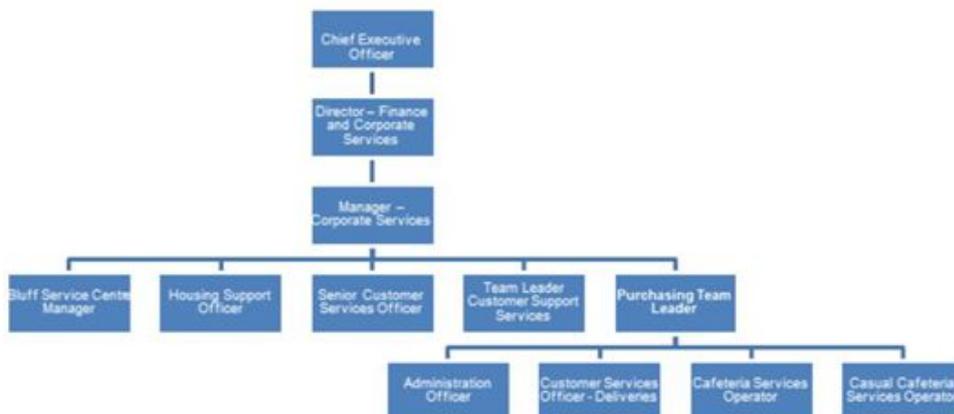
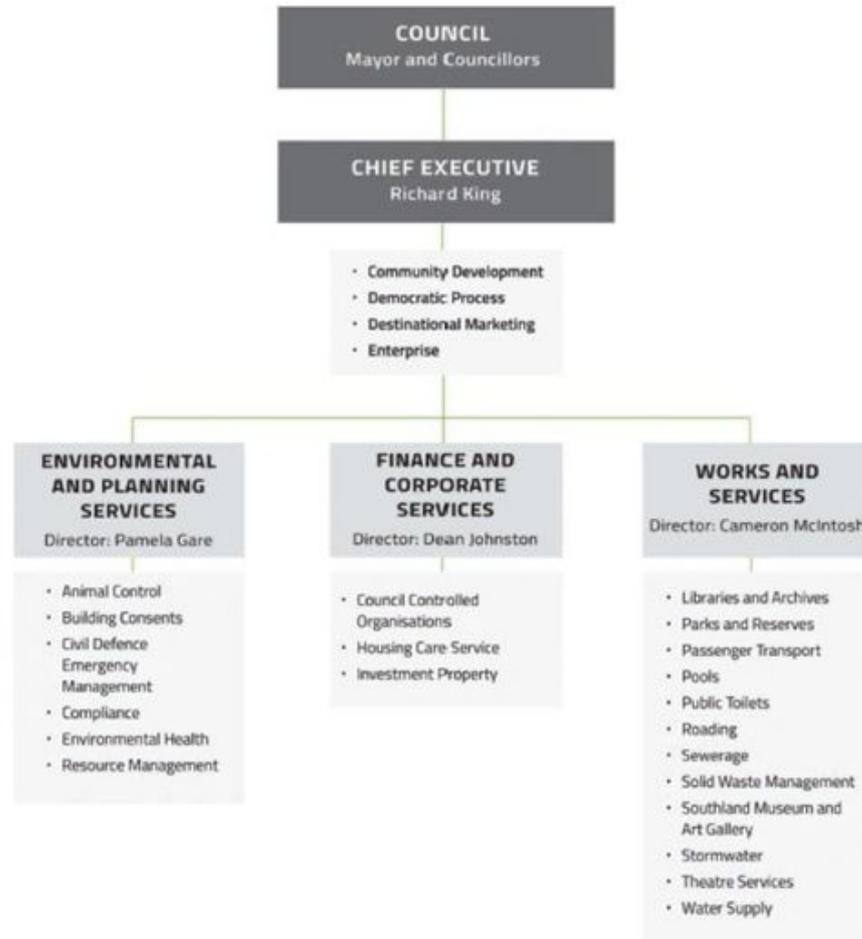
## **9.2 STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS**

Council currently utilises a myriad of 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 symbolizing it in ways that can help visualize 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.

### Infor Public Sector (IPS)

IPS is a centralised Asset Management Information System (AMIS) that allows for the effective management of infrastructure assets. IPS provides tools to improve asset efficiency, conduct planned and unplanned maintenance, manage work costs, provide asset inspection scheduling, and assists in optimising assets life cycles. Asset needs analysis in IPS can be used to determine and recommend which maintenance and renew programmes are likely to be needed, to assist with long term maintenance and budgeting plans.

### 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 Councils 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 & 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**

### **9.5.1 Monitoring Approach**

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 of 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 information to produce 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, i.e. 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

To be completed.

### 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						
Maintaining Community's and tenants' perception that Council is a good landlord.		X					Regular information to and contact with tenants	CS	Manager Corporate Services	Ongoing	IP	
Development of 'smoke free' policy for Units.	X						Developed and adopted - to be advised	SA	Manager Corporate Services		IP	

### 10.3 IMPROVEMENTS FROM PREVIOUS ACTIVITY MANAGEMENT PLAN

- New roofs.
- Double glazing – ongoing and as opportunities present.
- New bathrooms throughout units – ongoing.
- New mobility scooter parking areas – ongoing.

### 10.4 MONITORING AND REVIEW

Ongoing monitoring and review of the Housing Care Service Activity takes place through levels of service reporting to Council and 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
7.01	Housing Care	Housing Care Service Information for people wishing to apply for housing
7.02	Housing Care	Tenant Information Booklet



# COMMUNITY DEVELOPMENT

# ACTIVITY MANAGEMENT PLAN 2017





## Activity Management Plan

Activity			
	Name	Signature	Date
<b>Prepared By</b>	Mary Napper		
<b>Asset Manager</b>			
<b>Director Review</b>	Richard King		
<b>Peer Review</b>			
<b>Council Adoption</b>			

<b>Changes to be Incorporated in Next Review</b>		
<b>Number</b>	<b>Date of Change</b>	<b>Reason for Change</b>
1	24/01/2018	Updated 8.2 table

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## Executive Summary

The Invercargill City Council's Community Development activity is responsible for assisting individuals, groups and organisations to identify and develop not-for-profit opportunities, and provide advocacy for community services. The service uses a community-lead development model.

- Shared visions drive action and change.
- Focus on using existing strengths and assets.
- Many people, groups and sectors working together.
- Building diverse and collaborative local leadership.
- Learning by doing.

This includes working with youth and other identified sectors.

The key assumptions affecting Community Development are the use of technology to deliver services and specific needs relating to population changes including the increasing aged population.

It is proposed that Community Development will measure delivery not only by counting those accessing the service but also by collecting stories which tell who is better off and how things have changed.

Managing expectations is an ongoing challenge that is addressed through open and honest discussion with communities. Resiliency issues and challenges are an area community development continues to explore and plan for. Staff will be trained to respond to tasks and activities previously assigned to a specific staff member.

The activity is funded by rates. Grants are applied for to assist with development of specific programmes.

# 1. Introduction

## 1.1 ABOUT THIS PLAN

The Community Development Service Activity Management Plan (AMP) covers one of 23 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 Community Development Service 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

The Invercargill City Council's Community Development activity is responsible for assisting individuals, groups and organisations to identify and develop not-for-profit opportunities, and provide advocacy for community services. The service uses a community-lead development model.

- Shared visions drive action and change.
- Focus on using existing strengths and assets.
- Many people, groups and sectors working together.
- Building diverse and collaborative local leadership.
- Learning by doing.

This includes working with youth and other identified sectors.

The strength of the Community Development activity is its ability to respond quickly to issues raised by the community. The question is asked: "is this the business of Council and will Council involvement contribute towards resolving the issue?" This results in the Community Development service working with the community to resolve issues, rather than determining the services to be offered and providing them.

Community development is a practice-based service that promotes participatory democracy, sustainable development, social enterprise, equality and social justice through the empowerment of people within their communities. A community may be a locality, identity or interest.

## 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 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

Council recognises people as the community’s greatest asset. There is no legislation requiring the undertaking of community development, however the Local Government Act requires that Council must consider the current and future needs of communities for good quality public service and the Community Development activity assists to do this.

Over recent years, pressures on local communities in the Invercargill area have been many and varied. Communities have had to contend with a decrease in the range and scope of community services at a local level. They have also had to contend with changing demographics and population patterns, changing land use, changing use of technology and their various impacts on the social fabric and make up of communities. The Invercargill City Council is committed to enhance our city and preserve its character while embracing innovation and change. The Community Development activity takes a proactive role in working alongside communities and appropriate agencies to ensure opportunities are developed through collaborative approaches, to helping communities retain and provide quality community services and recreational opportunities.

### 2.1.3 Activity Objectives

<b>Community Outcomes</b>	<b>Council's Role</b>	<b>How the Community Development Activity Contributes</b>
<b>A City that is a great place to live and visit</b>	Design spaces, buildings with community safety and interest in mind, and encourage others to do this.	The Community Development Activity co-ordinates the Safe in the South Programme on behalf of ICC and SDC.
	Provide and promote a range of events that create vibrancy and build community.	The Community Development activity works collaboratively with the community to encourage the development of local events and administers funding through the Creative Communities Invercargill and Invercargill Active Communities programmes. The Community Development Activity coordinates the use of the "friendly" brand.
<b>Strong innovative leadership</b>	Communicate effectively with ratepayers, be accessible and respond to community need.	The Community Development Activity coordinates and provides administrative support for the Youth Council.

## 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.

The Community Development 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:

- Child Youth and Family Friendly Policy. (Appendix 5.01)
- Equity and Access for People with Disabilities Policy. (Appendix 5.02)

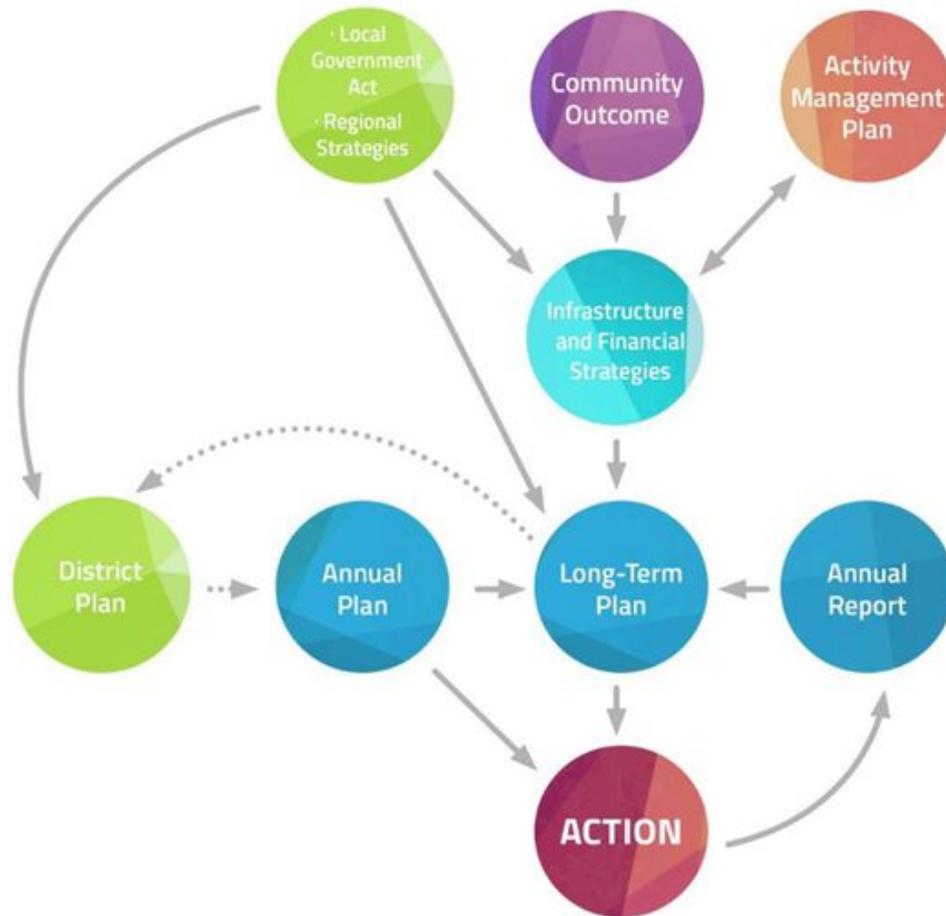
## **2.2.3 Long-Term Plan**

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:

- The changing demographic profile (aging) and the communities willingness or ability to pay.
- An expectation from the community to provide services in a more effective manner for a lower cost.
- Encouraging growth projects without compromising our AA credit rating and ensuring sustainability for future generations.
- The changing natural environment in and around the City.

The specific Community Development Activity issues and challenges are:

- Measuring engagement and outcomes.
- The unknown nature of requests for service.
- Central Government delegations to Local Government.
- Central Government changes to contracting community agencies to provide services.

## 2.4 KEY ASSUMPTIONS

The Long-Term Plan Background and Assumptions 2018-28 document (Appendix 1.01) lists the key assumptions which have been assumed are as follows:

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

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
That the NZTA Funding Assistance Rate will reduce by 1% each year until a low of 51%.		service delivery costs needing to be met by other means or a decrease in the level of service.
<b>Commercial Property</b>  The CBD will remain in the Esk Street area and will become more vibrant.	<b>Low</b> – 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.	Infrastructure, Housing and Rooding. 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.
<b>Inflation</b>  Inflation will occur at the rates set by BERL as LGCI forecasts.	<b>Moderate</b> – inflation forecasts are not always accurate.	Cost change factors are based on information developed for Council's by Business and Economic Research Limited (BERL). Significant variations from these adjustments will be identified in future Annual Plans and Annual Reports.
<b>Local Economy</b>  The local economy will grow and diversify.	<b>Moderate</b> – financial impact difficult to forecast.	Composition of local economy may diversify offering greater employment opportunities. Significant change to the economy, such as a large employer choosing to locate in the District, may require Council to review and change its current activities and levels of service. These demands will need to be quantified and an amendment to the Long-term Plan developed if the costs are significant.
<b>Useful Life of Significant Assets</b>  Assets will reach the useful life indicated when supplied.	<b>Moderate</b> – asset lives based on estimates by Engineers and Registered Valuers.	A shorter useful life for assets would create a financial burden on the community.
<b>Depreciation</b>  Council will fully fund renewal depreciation by year 10 of the Plan.	<b>Low</b> – asset depreciation rates will not change and the value of assets will remain constant.	Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.
<b>Asset Revaluation</b>  Council will use national standards in asset revaluation.	<b>Moderate</b> – value will remain somewhat constant over ten years.	Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.
<b>Vested Assets</b>	<b>Low</b> – financial effect of uncertainty.	Level of vested assets fluctuates yearly. Historical

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
Vested assets will have a negligible impact on Council's overall infrastructure and finances.		levels have not been material.
<b>Financial – Existing Funding Renewal</b>  Council borrowing facility will be renewed (three-yearly) with the terms and conditions mirroring market trends.	<b>Medium</b>	Council's terms and conditions for its borrowing facility have mirrored market trends in recent times.
<b>Financial – Expected Interest Rates on Borrowing</b>  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.	<b>Medium</b>	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).
<b>Financial – Forecast on Return on Investments</b>  Return on cash investments is calculated on the borrowing rate less 2%. Dividends and subvention payments from Invercargill City Holdings Limited are assumed to be at 10% of the total rates requirement.	<b>Medium</b>	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.
<b>Local Governance</b>  Amalgamation will not occur during the life of the Plan.	<b>Low</b> – to continue shared services, although amalgamation is low risk.	Shared Services, Policy and Governance Boundary changes would require a review of the Long-term Plan with its associated community consultation.
<b>Legislation</b>  There will be changes to legislation that have an impact on what and how	<b>Moderate</b> – difficult to know what central government will implement particularly if a change in	Services, Finances and Governance Significant legislative change can impose significant financial and service delivery

<b>Assumption</b>	<b>Level of Uncertainty</b>	<b>Area of Impact and Potential Financial Impact</b>
Council provides services.	government.	costs on Council.
<b>Natural Disasters</b> There will be no major catastrophes that impact on Invercargill or its economy.	<b>High</b> –It is certain the Alpine Fault will rupture in the future but uncertain as to when and the impact.	Infrastructure, Services, Housing and Population A Civil Defence emergency in the District would impact financially on Council and the community. The financial risk to Council is reduced by maintaining insurance cover for emergency events.
<b>Climate Change</b> 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.	<b>Moderate</b> – Long-Term trend of rising temperatures and more frequent intense weather events is reasonably certain, short to medium term impacts are less certain.	Water availability, coastal hazards (roading and infrastructure), services, air quality, agriculture, farming and biosecurity. The effect of Climate Change occurring more quickly than anticipated may require Council to review and change its current activities and levels of service. This could have a significant financial impact on the community.
<b>Technology</b> Changes in technology will affect how Council carries out its activities. This will have a financial implication over the 10 year plan.	<b>High</b> – certainty of diversification in technology is ever-growing. Impact of changing technology cannot be quantified.	Employment, Local Economy and Services (delivery) New technologies will likely have an increased financial cost in the short term.
<b>Education</b> S.I.T will continue to promote Invercargill to international students.	<b>Moderate</b> – education systems that exist are likely to remain stable.	Infrastructure, Services, Population and Housing
<b>World Economy</b> The world economy will not have a significant negative effect on the Invercargill City District.	<b>Moderate</b> – future financial changes are unforeseeable.	Infrastructure and Tourism A major event in the World Economy could affect Tourism and the implications of lower / higher tourist numbers would occur.

Additional specific assumptions which are considered in the thinking of this Plan include:

<b>Assumption Area</b>	<b>LTP Assumption</b>
Technology	Delivery of community development activity may require less person to person contact.
Population	Increases in population will increase needs for community based services, connections and opportunities.
Ageing Population	Changing population and technology will require changes in the core delivery tools and models

Assumption Area	LTP Assumption
	used.
Ageing Population	Will broaden the knowledge and skill base available in the volunteer sector.

As assumptions deal with matters of uncertainty and complexity, actual results will likely vary, but are based on the best information available. If actual future events differ from the assumptions, it will result in material variances to this Plan. The Long-Term Plan Background and Assumptions 2018-28 document (Appendix 1.01) identifies the risks that underlie those assumptions, the reason for that risk and an estimated potential impact is the assumption is not realised.

### 3. The Service We Provide

#### 3.1 CUSTOMER PROFILE

##### 3.1.1 Our Stakeholders and Community

The Community Development activity is available to a wide range of stakeholders, in fact anyone that is based in Invercargill or supplying a service into the Invercargill community can access the service.

<b>External Stakeholders</b>	<b>Area of Interest</b>	<b>Engagement</b>	<b>Customer Needs and Expectation</b>
<b>Community not-for-profit groups and organisations</b>	Governance, volunteers, project development, funding information	Liaise	Work in depth on specific projects
<b>Individual members of Community</b>	Project development, linking with existing groups or others with common interest, funding information	Liaise	Immediate response which satisfies their need
<b>Iwi Groups</b>	Project development, linking with existing groups or others with common interest, funding information	Liaise	Immediate response which satisfies their need
<b>Ministry of Social Development and other Central Government departments</b>	Project collaborations, advocacy for local concerns, cross sector networks	Liaison, project management, funding	Collaboration with TLA. TLA leadership provided
<b>Southland and Gore District Councils and Venture Southland</b>	Cross boundary projects, funding collaborations, liaison	Project teams, liaison	Collaborative teams Joint resourcing
<b>SoRDS</b>	Regional development	Liaise	Collaboration on projects
<b>Activity Managers</b>	requiring contact with community groups, information of funding	Liaise	Provision of accurate timely information and linkage
<b>Councillors, Directors</b>	Governance and requiring contact with community groups. Passing on ideas and issues from	Report and Liaise	Timely reports Provision of accurate timely information and linkage

<i>External Stakeholders</i>	<i>Area of Interest</i>	<i>Engagement</i>	<i>Customer Needs and Expectation</i>
	individuals.		
<b>Staff</b>	Project information and funding advice	Liaise	Provision of accurate timely information

### 3.1.2 How We Engage our Communities

The Community Development activity engages with the District's ratepayers on a number of levels:

- Use of the Consultation Caravan where members of the public can pop in to ask questions of staff.
- Public Forums in community settings on specific topics.
- Features in the newspapers which inform ratepayers of issues and projects being undertaken.
- The City Focus radio show that highlights current topics that the activity is addressing.
- Facebook pages where individuals can ask questions and express on particular activity programmes, eg Friendly Brand, Youth Council.
- The use of community networks to inform and seek opinion, e.g. Southland Interagency Forum and the Invercargill Youth 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 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.

The results of this survey showed that 80% of respondents indicated community development was an essential service. 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 Community Development activity undertakes research for specific projects. Recent examples are the Safe Communities Southland Initial Report 2015 and the Southland Community Housing Strategy Report 2017 (Objective ID A2005618 and A2005608). The activity also uses Survey Monkey for specific topic surveys, e.g. the Champions Programme 2017 and Strengthening Families Programme 2016.

### 3.1.4 Key Service Attributes Valued by Customers

The following attributes were identified by respondents in the 2016 Levels of Service Report:

- Level of knowledge displayed by staff.
- Ability to link to other providers and services and achieve successful engagement for the client.
- Immediacy of response from the service.
- Provision of a robust and supportive service.

## 3.2 SERVICE DRIVERS

### 3.2.1 Community Expectations

The community expectations of the Community Development activity are gathered from contacts made, complaints and positive responses received.

- Excellent, broad knowledge.
- Ability to quickly locate required information.
- Ability to explain information using examples relevant to the client.
- Willingness to meet and time and place appropriate for the client.
- Ability to provide appropriate referral to specific staff at other agencies.

### 3.2.2 Legislative Requirements

The table below illustrates the Legislative requirements relating to the community Development Activity.

Legislation	Relevant Requirements	Impacts on Levels of Service
Employment Relations Act 2000	Object of the Act is to build productive employment relationships through the promotion of good faith in all aspects of the employment environment and of the employment relationship.	Flexibility of working hours included in employment contracts.
Health and Safety at Work Act 2015	Requires us to provide a safe and healthy work place, identify and document work place hazards and take steps to eliminate, isolate or minimize hazards.	Encourages staff to use public meeting spaces rather than meeting in private homes.
Human Rights Act 1993	To promote respect for and observance of human rights in New Zealand. In an employment context, this related mainly to unlawful discrimination and promoting the ethics behind the act through appropriate policies and procedures (i.e. EEO policy) and positive working relationships.	Staff awareness of breadth of the act when working with a wide cross section of community.
Privacy Act 2013	Needs to be considered when information is requested and	Can create frustrations for clients when depth of

Legislation	Relevant Requirements	Impacts on Levels of Service
	what information can be shared.	information cannot be supplied.

### 3.2.3 Industry Standards and Guidelines

Standard/Specification	Content/Purpose	Impacts on Levels of Service
The Code of Ethics for Youth Mentoring in Aotearoa NZ	Guidelines for working with young people in NZ.	Provides guidance to keep workers and the young people we work with safe.
The Guide to Effective Youth Mentoring in NZ	To support and encourage effective youth mentoring relationships and programmes.	Design and implementation of effective programmes for Youth Council and other youth.
The NZ Association of Social Work Code of Ethics	Guidelines for working with individuals and groups ensuring acknowledgement of age, belief, culture, gender, marital, legal or family status, differing abilities, race, religion and social and economic status.	Following a code which ensures all clients are treated equally.
The International Association for Community Development Code of Ethics and Professional Practice	Practise based guidelines for the organisation, education and empowerment of people within their communities.	Guiding professional practice when working with communities.

### 3.3 CURRENT LEVELS OF SERVICE

The current levels of service measure specific aspects of our work and allow us to use the information gained to develop new models of operation, eg when the numbers of new neighbourhood support groups don't grow as expected we review the process being used and try new ones.

#### 3.3.1 Current Customer Levels of Service, Performance Measures and Targets

How the Activity Contributes	Customer Level of Service	Measure of Service
The Community Development Activity co-ordinates the Safe in the South Programme on behalf of ICC and SDC.	Council is committed to building a safe connected community.	Number of groups and households involved in the Neighbourhood Support programme.
The Community Development activity works collaboratively with the community to encourage the development of local events and administers funding through the Creative Communities Invercargill and Invercargill	Funding is available for increasing participation in arts, culture and physical activity.	Number of residents participating in programmes funded by the two funding programmes.

How the Activity Contributes	Customer Level of Service	Measure of Service
Active Communities programmes.		
The Community Development Activity coordinates the use of the “friendly” brand.	Council believes that families are the building blocks of our city.	Number of events, agencies and businesses achieving the use of the friendly brand.
The Community Development Activity coordinates and provides administrative support for the Youth Council.	Youth Council members are enthused to plan and undertake initiatives.	Number of young people taking part in initiatives.

Measure	2016/17 Target	2016/17 Result
Number of groups and households involved in the Neighbourhood Support programme.	Increase on previous year	131 groups 1,521 households
Number of residents participating in programmes funded by the two funding programmes.	2000	47,941
Number of events, agencies and businesses achieving the use of the friendly brand.	12	11
Number of young people taking part in initiatives.	200	588

Measure	2018/20128 Target	2018/2028 Result
Number of groups and households involved in the Neighbourhood Support programme.	Increase on previous year	
Number of residents participating in programmes funded by the two funding programmes.	10,000	
Number of events, agencies and businesses achieving the use of the friendly brand.	12	
Number of young people taking part in initiatives.	400	

### 3.3.2 Current Technical Levels of Service, Performance Measures and Targets

Technical Measure	Target
Regular reporting to Council of issues raised and the community development activity response.	Report prepared for each community services committee meeting
Responses times: <ul style="list-style-type: none"> <li>• General enquiry</li> <li>• Funding enquiry</li> <li>• Appointment required</li> </ul>	24 hours 24 hours Within three days

Technical Measure	Target
Community development staff attend meetings when requested and as appropriate	100% attendance
Preparation of submissions	By due date
Youth Council	At least 20 members each year Report to Council on issues and activities at least five times per annum
Provide assistance to Safe in the South Governance Group	Decisions implemented Agendas and reports prepared

The technical measures demonstrate the involvement of community development staff across a range of community initiatives which are detailed in reports to the Council. This provides Councillors with accurate, interesting and recent information about community outcomes and issues. It provides Councillors with the opportunity to become involved in specific community initiatives.

The Youth Council has grown and developed and now has a minimum membership of 25 per year and reports to all Council meetings in writing and in person. Having the Youth Council present to Council meetings, in person, provides Councillors with the opportunity to enter into direct dialogue with the young people.

### 3.4 LEVELS OF SERVICE ISSUES AND CHALLENGES

Community development is very difficult to measure using a statistical tool. Results Based Accountability (RBA) is a relatively new tool being introduced in New Zealand which uses a combination of numbers and storytelling to demonstrate change and show outcomes from interventions.

The current measures of service indicate the number of people who have engaged over time in Neighbourhood Support but does not demonstrate any level of participation or commitment to the programme.

Community Development involves a degree of the unexpected, e.g. the Government announcement of Invercargill being selected as a refugee settlement area. This leads to immediate calls from the not-for-profit sector wanting to offer volunteer support and seeking more information. These announcements will continue.

The ongoing devolving of previously Central Government responsibilities to community. Community groups suddenly find they can put in a tender to provide a service previously delivered in another way. The tendering for services is a new tool and has required a lot of support to community organisations undertaking this process.

Developing meaningful methods for measuring levels of service targets remains a complex issue for Community Development.

#### 3.4.1 Current Levels of Service Gaps

Community development does not involve assets and so we do not have a level of service gap between that expected and that delivered.

Community development prioritises its work and advises the client when they can expect an appointment, a response to their enquiry etc, and we deliver on those as advised. We work flexible hours to meet with clients at times and places that work for them.

Being based in the ICC building is imperative to providing an excellent level of service as many clients make contact when coming to Council on another matter or shopping nearby.

We need to measure the actual outcomes, to tell the stories of who is better off and how things have changed from having received a community development intervention.

#### **3.4.2 Possible Responses to Gaps**

Community Development collect stories of success and achievement following community development support and report these to Council in narrative reports.

## 4. Demand for Our Services

### 4.1 DEMAND FORECAST

#### 4.1.1 Factors Influencing Demand

Demand on this activity is largely influenced by population changes including increases in the aged population and changes in the use of technology by Council and the population.

Statistics New Zealand predict that Invercargill's population will increase to 56,300 by 2028, an increase of approximately 5.8% over the 2013 number (source: Statistics New Zealand).

Factor	Needs	Community Development Response
<b>Increase in population including migrants/refugees</b>	<b>Increased</b> – Community support and development services. A variety of housing solutions.	Assisting agencies to grow and diversify services, access funding and volunteers.
	Youth population with a range of associated issues.	Review and develop Youth Council to ensure inclusion of all.
<b>Increase in number of households</b>	<b>Increased</b> – Need for community connectedness.  Development of community neighbourhood projects.  Changes in public perception of safety.	Increase provision of Neighbourhood Support programme and diversify the model. Working with communities supporting them to develop small projects and collaborate with neighbouring groups. Safe in the South programmes designed and implemented to respond to community needs.
<b>Increase in older population and those with a disability</b>	<b>Increased</b> - Expectation of services/support from Council.	Development of a Seniors Advisory Group.
<b>Changes in local economy and resulting income levels reducing</b>	<b>Increased</b> – Unemployment for some sectors and resulting expectation for free and low cost services from Council.	Working with groups to explain how to lobby/speak with Council. Linking individuals to appropriate groups and services.
<b>Changes in how Government expects services to be delivered and the level of services to be provided</b>	Regionalisation of contracts and loss of these by local not-for-profit services. Loss of funding for preventative services and a new focus on specific crises responses.	Assisting services to complete tender processes which are new to them. Assisting services to access funding from other funders to provide preventative/education

Factor	Needs	Community Development Response programmes.

**4.1.2 Projected Growth or Decline in Demand for the Service**

We have a vibrant and enthusiastic community. Every week ideas are generated to improve the Invercargill/Southland environment. Community Development works with these passionate individuals and groups guiding them to resources and expertise that can assist them. The community development activity also works with some projects directly.

Expectations for service delivery will change as the population ages and diversifies. An increase in staff may be necessary.

**4.2 CHANGES IN SERVICE EXPECTATIONS (FUTURE LEVELS OF SERVICE)**

Community development predicts a growth in service as the population ages and diversifies.

It is known that the expectation of residents that “Council” will support/assist seems to increase amongst seniors and newcomers.

Young people are educated and encouraged to explore and develop their dreams and ideas and to seek support to further their entrepreneurial aspirations.

The importance of listening to young people is vital to the future of the city. The ongoing development of the Youth Council and other youth development initiatives will increase.

Central Government is moving towards more regional and national contracts with the not-for-profit sector leaving small local groups without contracts and unable to continue to operate. Whilst this is advised months in advance human nature is that they hope they will still get a contract.

The need for some current programmes to be delivered by the community development activity may change with community organisations taking over the service delivery eg Neighbourhood Support. This would provide additional staff resource to respond to increased expectations for service delivery.

**4.3 EXPECTED IMPLICATIONS FOR THE ACTIVITY**

The Community Development Activity expects to continue to be very busy with staff evolving to meet the demands for new support. Training will be required for staff and delivery may involve a diverse team of practitioners.

Community Development is already working on shared service delivery across local government boundaries, e.g. organising workshops/forums with venues in rural and city locations. Delivering the Champions Programme in SDC area in partnership with SDC staff. It is expected that working with external agencies and other TLAs will continue to develop.

**4.4 FUTURE DEMAND ISSUES AND CHALLENGES**

Expectation, diversity and demand for service will increase. This will challenge staffing arrangements and availability of budget support for initiatives.

**4.4.1 Possible Demand-Related Responses**

Future demand will be managed by ensuring that each project receives support only until the community demonstrates they can and wish to continue with minimal if any support.

Staff will require training and support to meet the new demands.

Some projects may have to be declined but these will be given other options for support and information including appropriate referrals.

**4.4.2 Possible Non-Asset Solutions**

**4.4.3 Managing Expectations**

Managing expectations is an ongoing challenge. This is managed through open and honest discussion with communities.

## 5. Asset Profile

### 5.1 ASSET OVERVIEW

The Community Development Activity is not an 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 Community Development activity's ability to influence sustainability outcomes are highest during the planning and design phase of specific projects. The question to be asked is "is this activity/service to continue into the future". Good planning and design can then lead to improved economic and social benefits including development of social enterprises and other sustainable community development models.

The operation of the community development activity has ongoing impacts - particularly as they relate to energy use and use of old technology etc. Operations are increasingly embracing new technologies as they become affordable and the community has the skills to access them, eg using social media to communicate.

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 community development activity ensures all service delivery demonstrates equality, social cohesion and inclusiveness, free from any prejudice. We want to promote intergenerational equality, meeting the needs of the present generation without compromising the needs of future generations.

We provide environments for our community to become empowered and enabled to express and celebrate our ever diversifying heritages, whilst recognising the particular cultural significance of Maori and Tangata Whenua of New Zealand.

#### 6.1.2 Environmental

The community development activity seeks to reduce consumption of resources and the effects of development on the environment. Relevant aspects of sustainable service/programme design will be incorporated into future programmes and initiatives. Including but not exclusive to:

- Minimise materials and waste during running of programmes and events.
- Sustainable materials used if practicable in resources purchased.
- Electricity consumption considered on a daily basis.
- Use of Fossil Fuels.

- Climate Change Gases – Carbon Footprint.
- Minimise water use and waste generation at events.
- Encourage community events that include meeting UN-Sustainable Goals.

### **6.1.3 Economic and Financial**

The Community Development activity aims to provide the desired level of service in the most cost effective manner through the use of collaborative community development models.

### **6.1.4 Summary of Sustainability Challenges and Issues**

The social, cultural and environmental challenges and issues for this activity are the responsibility of all staff members to assess and consider in their daily work. The Community Development Manager is responsible for the economic and financial challenges and ensuring team members are aware of the need to develop and adhere to budgets for each project.

## **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

Strategic Outcome	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	
Respond quickly to changing community demand	Community demand created/ changed	Changes in Government policy or funding (+ve or –ve)	1	4	1	1	3	1	1.65	B	M	Staff have close working relationships with MSD and DIA staff and are advised as soon as information is publically available. Community Development Manager has been appointed to an MSD panel which is alerted to changes being developed.	Retain current practice. Ensure team members are well informed and offered training as appropriate.	
Conflicting expectations of public and politicians	Clients receive less support than they expected from the activity	Budget/ resource constraints/ unrealistic expectations	2	2	1	1	3	1	1.55	B	M	Meet with individuals to clarify previous conversations/emails and gain an understanding of where confusion may have arisen. Discuss with manger and work to resolve the issue.	Retain current practice.	

### 6.2.3 Summary of Key Risk Issues

The Community Development activity key risk issues involve expectations of clients and Councillors and the unexpected decisions made by Government which impact on services delivered by community agencies.

### 6.2.4 Possible Approaches to Risk Mitigation

Risk Caused By	Current Practice	Recommended Actions
Government decisions	Staff are well briefed Ongoing training	Continue to develop relationships with staff from Government departments Use web based information tools
Unrealistic expectations	Build relationships and meet face to face with clients Staff training	Ongoing staff training. Excellent recording of all conversations and meetings

## 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 Community Development Activity is currently discussing with Emergency Management Southland the role of staff and knowledge during any emergency.

### **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. (Add to Improvement Plan).

### **6.3.3 Summary of Resilience Issues and Challenges**

The Community Development Activity acknowledges we are uncertain if the service and the staff will be required during an emergency. At present two of the staff including the Manger live outside of Invercargill and access to the city could be compromised during an emergency.

## 7. Managing Our Activities

### 7.1 RESPONDING TO THE ISSUES AND CHALLENGES

#### 7.1.1 Alternative Investment Approaches

Topic	Issue or Challenge	Potential Responses
Level of Service	Measuring engagement and commitment not just participation.	<ul style="list-style-type: none"> <li>➤ Staff follow up with clients and gather stories of engagement and commitment not just satisfaction with service delivered. - RBA</li> <li>➤ Articles published in media are collected.</li> </ul>
	Rising expectation of the public that the activity will provide a response which matches their expected response not a range of options.	<ul style="list-style-type: none"> <li>➤ Face to face meetings rather than email or phone calls.</li> <li>➤ Survey customers to understand their requirements or wishes.</li> </ul>
	Funding programmes available within Council do not meet the broad requirements of clients.	<ul style="list-style-type: none"> <li>➤ Development of guidelines for general grants programme.</li> <li>➤ Referring clients to online GiveUs grants database and talking them through how to access this.</li> </ul>
Demand	Providing immediate response to clients who have set themselves last minute deadlines. The unknown nature of requests.	<ul style="list-style-type: none"> <li>➤ Staff training to ensure general queries can be responded to by any team members.</li> <li>➤ Managing part time hours and holidays to ensure staff available.</li> </ul>
Sustainability	Staff knowledge is limited to their specific programme responsibilities.	<ul style="list-style-type: none"> <li>➤ Staff training and supervision.</li> </ul>
	The ability to develop youth and other programmes is limited by the funding available in the budget.	<ul style="list-style-type: none"> <li>➤ Apply to community funders to assist with programmes.</li> <li>➤ Use budgeted funds as leverage for community grants.</li> </ul>
Resilience	No documented contingency plans	<ul style="list-style-type: none"> <li>➤ Work with team members to develop contingency plans for their programmes.</li> </ul>
	Rate of change of technology	<ul style="list-style-type: none"> <li>➤ Keep educated on what is on the horizon and being developed in the industry</li> </ul>
	The 'unknown unknowns'	<ul style="list-style-type: none"> <li>➤ Research many possible scenarios, reduce the number of 'unknown unknowns'</li> </ul>

#### 7.1.2 Do-Minimum Programmes

Do minimum programmes would result in client frustrations and possible complaints.

If the Neighbourhood Support programme only initiated new groups when a member of the public made a request the growth of the programme would be minimal and community connectedness and safety would be affected. The Neighbourhood Support programme could be delivered by a community organisation however they would expect some level of financial support from Council if they took over a service previously delivered by the Council.

The Friendly Brand is a small budget item but could be assigned to another Council department or abandoned.

### 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 discipline.

Issue or Challenge	Key Success Factors	Evaluation Options
Measuring engagement and commitment not just participation	<ul style="list-style-type: none"> <li>➤ Clients are excited and share positives stories.</li> <li>➤ Articles published in media.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Results Based accountability used to gather stories of outcomes. Who is better off and how?</li> </ul>
Rising expectation of the public that the activity will provide a response which matches their expected response not a range of options.	<ul style="list-style-type: none"> <li>➤ Clients attend meetings with staff and express their thanks.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Follow-up phone calls to clients to check on progress they have been able to make.</li> </ul>
Funding programmes available within Council do not meet the broad requirements of clients.	<ul style="list-style-type: none"> <li>➤ The number of grants being allocated to Invercargill groups by national funders increases.</li> <li>➤ Community projects and services are successfully implemented.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Overtime funding requests will reduce as skills and knowledge of client's increases.</li> </ul>
Providing immediate response to clients who have set themselves last minute deadlines. The unknown nature of requests.	<ul style="list-style-type: none"> <li>➤ Client's requests are received and initial contact made with a timeline for assistance provided.</li> <li>➤ Staff stress levels are managed.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Team meeting discussions and sharing of stories.</li> </ul>
Staff knowledge is limited to their specific programme responsibilities.	<ul style="list-style-type: none"> <li>➤ Staff are excited by broadening their knowledge base.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Performance Appraisal process.</li> </ul>
The ability to develop youth and other programmes is limited by the funding available in the budget.	<ul style="list-style-type: none"> <li>➤ Community grants are accessed allowing programmes to be held.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Participants complete evaluation following each programme.</li> </ul>
No documented contingency plans	<ul style="list-style-type: none"> <li>➤ Contingency plans developed.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Plans reviewed at set frequency.</li> </ul>

Issue or Challenge	Key Success Factors	Evaluation Options
Rate of change of technology	➤ Staff are up to date with technology requirements.	➤ Programmes use latest appropriate technology.
The 'unknown unknowns'	➤ The "scary" factor of unknowns is reduced.	➤ Team discussions.

## 7.2 OPERATIONS AND MAINTENANCE

### 7.2.1 Operation Strategy

Our strategy is to continue on a reactive operational programme. The Community Development Activity considers each request by asking: "is this the business of Council?" "Does this request fit with the Council's goals and objectives?"

### 7.2.2 Operation Standards and Specifications

The activity uses the codes of ethics of the International Association of Community Development and other align professional bodies (see 3.2.3).

### 7.2.3 Operation Options and Alternatives

Programme	Options/Alternatives	Consequences
Neighbourhood Support Programme	An existing or new community organisation takes over delivery of the programme.	Council is expected to provide a level of financial support.
Friendly Brand	Move to another Council department. Withdraw the use of the Friendly brand.	Minimal change in overall budgeted costs. Council would be in breach of the Child Youth and Family Friendly Policy.
Leadership and other community development led programmes	Reduce the number of Youth Council leadership programmes and other specific programmes implemented by the activity.	Youth Council will be disappointed and it may change the calibre and interest of members. The public criticise Council.
Response to questions from the public	Refer to Invercargill and Districts Citizens Advice Bureau.	The public learn to contact the Citizens Advice Bureau instead of ICC.
Funding information/TrustPower Awards/Youth Council and other specific programmes	All Community Development team members are trained to be able to undertake these specific aspects of the Community Development programme.	Staff leave and illness is covered by other team members.

### 7.3 RECOMMENDED PROGRAMME

#### 7.3.1 Evaluation of Options/Alternative Programmes

Programme	Options/Alternatives	Why We Do It
Neighbourhood Support Programme	An existing or new community organisation takes over delivery of the programme.	<ul style="list-style-type: none"> <li>➤ Groups often have issues which involve other Council departments. Remaining in-house allows easy linkage with relevant Mangers.</li> <li>➤ A close relationship is required with Police and high level trust for using crime maps.</li> <li>➤ Moving the programme to a community organisation would include a grant to assist with costs.</li> </ul>
Friendly Brand	Move to another Council department. Withdraw the use of the Friendly brand.	<ul style="list-style-type: none"> <li>➤ Community Development has existing linkages with organisations which could be branded.</li> <li>➤ There would be no change in overall budgets if moved to another Council department.</li> </ul>
Leadership and other Community Development led programmes	Reduce the number of Youth Council leadership programmes and other specific programmes implemented by the activity.	<ul style="list-style-type: none"> <li>➤ There are existing excellent relationships with schools and youth organisations.</li> <li>➤ The budget is used to attract grants for youth leadership activities.</li> <li>➤ High level of respect exists in community.</li> </ul>
Response to questions from the public	Refer to Invercargill and Districts Citizens Advice Bureau.	<ul style="list-style-type: none"> <li>➤ By referring clients to the CAB they learn where to find answers to a wide range of questions.</li> <li>➤ If ICC staff answer the questions the clients will continue to use ICC as a general information site when we are supporting the CAB to do this.</li> </ul>
Funding information/TrustPower Awards/Youth Council and other specific programmes	All Community Development team members are trained to be able to undertake these specific aspects of the Community Development programme.	<ul style="list-style-type: none"> <li>➤ By training staff to be multi-skilled we are mitigating risk.</li> </ul>

### **7.3.2 Recommended Operation Programmes**

Leadership – The Youth Council budget is used to access grants from community funders. Funders expect the Council to be contributing cash not just in-kind resources.

Training Community Development Officers to respond and coordinate various community development programmes will result in improved service outcomes and a reduction in risk.

## **7.4 HOW THE ACTIVITY WILL BE RESOURCED**

### **7.4.1 Internal Resourcing**

- 2 - Full time staff
- 1 - 15 hours per week - permanent part-time
- 1 - 5 hours per week - casual
- 1 - 1.5 hours per week - casual

Total 2.53 FTE

In addition we receive support from the Communications team, graphic design, media releases, website and Facebook support. Other Council services provide support on request.

### **7.4.2 Procurement Strategy**

Not Applicable.

## 8. Financial Management

### 8.1. OVERVIEW

The Community Development Activity is funded from a mix of rates contribution and grants for specific projects.

**8.2 FINANCIAL SUMMARY - WHAT THE ACTIVITY COSTS**

	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									
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	35,000	25,000	25,000	0	0	0	0	0	0	0
Rates Revenue	0	0	0	0	0	0	0	0	0	0	0
Financial Revenue	2,457	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
<b>Total Revenue</b>	<b>2,457</b>	<b>37,500</b>	<b>27,500</b>	<b>27,500</b>	<b>2,500</b>						
Internal Expenditure	41,126	48,573	49,676	50,808	52,119	53,286	54,514	55,919	57,340	58,666	60,321
Staff Expenditure	150,301	157,780	160,938	164,160	167,446	170,799	174,219	177,709	181,271	184,906	188,615
Administration Expenditure	40,730	41,062	41,965	43,933	43,832	44,840	45,872	48,116	48,147	49,399	50,732
Financial Expenditure	5,038	4,382	4,408	4,619	4,382	4,131	4,227	3,913	3,601	3,536	3,153
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	3,266	3,300	3,373	3,447	3,523	3,604	3,687	3,775	3,869	3,970	4,077
Operational Expenditure	66,779	91,800	93,820	95,884	71,307	72,947	74,624	76,415	78,326	80,362	82,532
Depreciation Expenditure	600	255	4,932	3,478	2,453	1,731	6,895	4,872	3,445	2,439	8,640
<b>Total Expenditure</b>	<b>307,841</b>	<b>347,152</b>	<b>359,112</b>	<b>366,328</b>	<b>345,061</b>	<b>351,337</b>	<b>364,037</b>	<b>370,719</b>	<b>375,999</b>	<b>383,278</b>	<b>398,071</b>
<b>Operating Surplus / (Deficit)</b>	<b>(305,384)</b>	<b>(309,652)</b>	<b>(331,612)</b>	<b>(338,828)</b>	<b>(342,561)</b>	<b>(348,837)</b>	<b>(361,537)</b>	<b>(368,219)</b>	<b>(373,499)</b>	<b>(380,778)</b>	<b>(395,571)</b>
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	0	15,000	0	0	0	16,380	0	0	0	18,045	0
<b>Capital Expenditure</b>	<b>0</b>	<b>15,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,380</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,045</b>	<b>0</b>
<b>Proceeds from Asset Disposal</b>	<b>0</b>										
<b>Debt movements</b>	<b>3,741</b>	<b>4,033</b>	<b>4,150</b>	<b>4,223</b>	<b>4,458</b>	<b>4,707</b>	<b>4,881</b>	<b>5,178</b>	<b>5,493</b>	<b>5,806</b>	<b>6,189</b>
<b>Reserve movements</b>	<b>0</b>	<b>(15,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16,380)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(18,045)</b>	<b>0</b>
<b>Cash Back Depreciation</b>	<b>0</b>										
<b>Rates Required</b>	<b>309,125</b>	<b>313,685</b>	<b>335,762</b>	<b>343,051</b>	<b>347,019</b>	<b>353,545</b>	<b>366,418</b>	<b>373,397</b>	<b>378,992</b>	<b>386,584</b>	<b>401,760</b>

**8.2.1 Council Funded Programmes**

**8.2.2 Programme Implications**

The Community Development activity programme remains status quo with the flexibility to undertake new projects as requested by the community and supported by community grants.

**8.3 HOW WE PAY FOR THE ACTIVITY**

The Activity will remain reliant on rates as it is not appropriate to charge the community not-for-profit sector for the service. Many requests are about accessing resources so they can continue their service or develop new services to attract new funding.

The following sources of funding are used by Council:

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

Who Benefits	Funding Sources and Proportions	Demand Generators
<b>Public:</b> The provision of advice and information to strengthen community empowerment. Facilitation Neighbourhood Support/Safe in the South	Rates 90%–100% 92%  Other Sources 0-10% 8%	Projects and initiatives requested by clients.

Community Development is funded from rates. Grants are applied for to assist with specific projects and initiatives.

**8.4 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 years 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, i.e. a Building Consent for work carried out by private residents.

The Community Development Activity provides a public benefit for 95% of its delivery. The private benefit is specific youth leadership programmes which usually are funded by a combination of Council and community funders support.

## **8.5 ASSET VALUATION FORECASTS**

N/A

### **8.5.1 30-Year Valuation and Depreciation Forecast**

N/A

## **8.6 CONFIDENCE LEVELS IN PROGRAMMES**

The Community Development Activity projects budget item is used to leverage community grants. Community funders expect the applicant (the Council) to contribute funds to any project being supported not just in-kind support. This is particularly the Youth Council aspect of the activity.

## **8.7 RELIABILITY OF FINANCIAL FORECASTS**

### **8.7.1 Renewal Forecasts**

The Community Development Activity cannot forecast revenue as this is only received from grants.

### **8.7.2 Operational Forecasts**

Staff related costs comprise the majority of operational expenditure within the Community Development Activity. If the Community Development activity experiences a significant request for increase in the activity provided this is not budgeted for. The activity would “juggle” existing plans and budgets and apply for grants if appropriate.

The budget for the Community Development Activity does not include any significant increases for operational requirements.

## **8.8 SUMMARY OF PROGRAMME ASSUMPTIONS**

Section 2.4 identified key assumptions for this Long-Term Plan. It is assumed that the population will continue to grow, diversify and age. The assumption implies that the number of people accessing the Community Development Activity will increase and the enquiries and requests will result in the core delivery tools and the models used changing. Technology may be used more to respond to clients than face-to-face delivery.

The Community Development Activity is assuming it will operate as status quo and will apply for community grants as required for specific projects.

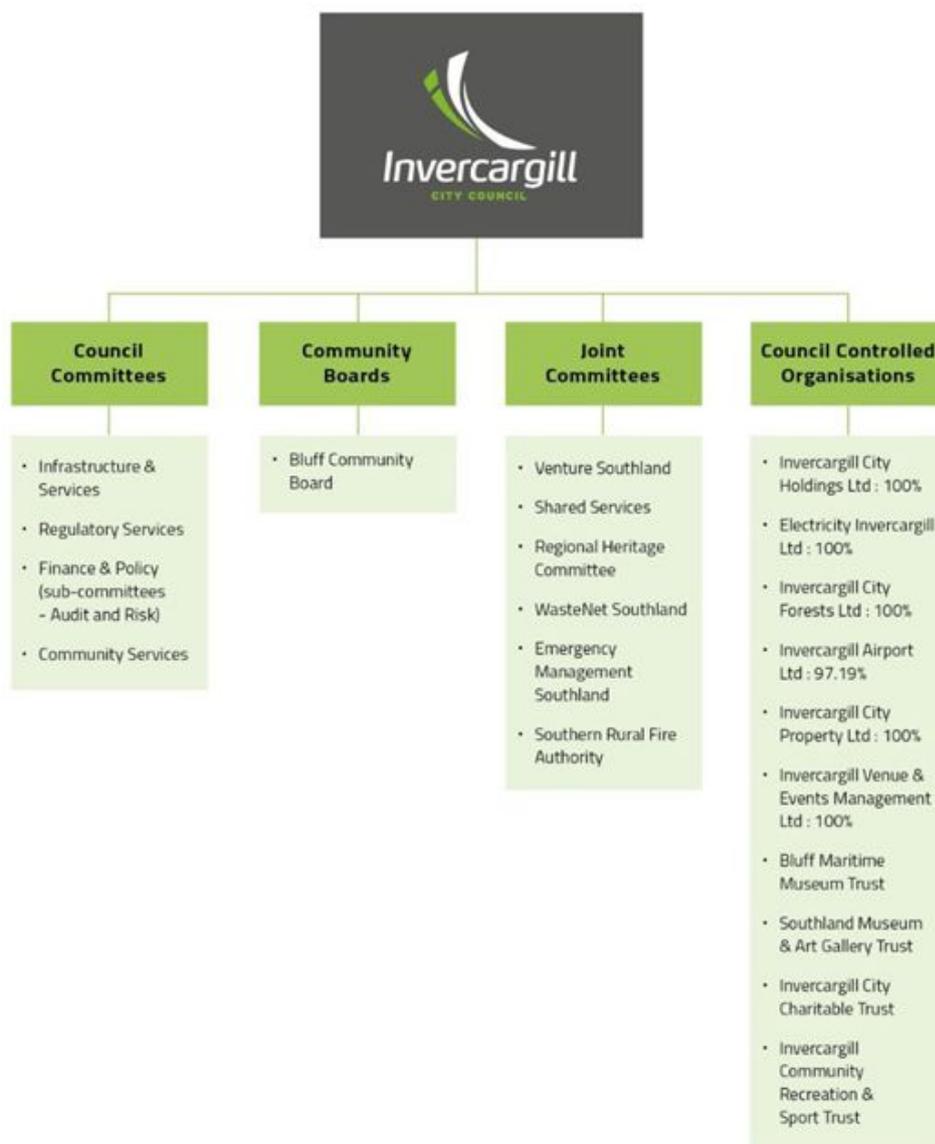
## 9. Delivering and Monitoring the Programme

### 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.

The Community Development Activity administers two funding programmes and two music scholarships. Applications are sought from the public and all applications received are considered by the relevant committee established to consider applications and recommend grants. Grants are paid out following the guidelines with payments made by Council accounts team on completion of the relevant forms.

## 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 symbolizing it in ways that can help visualize 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. 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 Councils capital renewal programmes. During the period between revaluations assets are capitalised into the AX Dynamics system as purchased. 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**

### **9.5.1 Monitoring Approach**

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

Item	Type	Quite Inadequate	Needs a Lot of Improvement	Quite Good, But Could Be Improved in Some Areas	Very Good	Comments
<b>Management</b> <ul style="list-style-type: none"> <li>• Of the Department (Leadership)</li> <li>• Of the staff on a daily basis</li> <li>• 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.</li> </ul>	PD PD OP				X	Support from Senior Executive is available on request.
<b>Technical Competence</b> <ul style="list-style-type: none"> <li>• New works' design</li> <li>• Project Management</li> <li>• Management of contractors (especially Network Maintenance Contractors)</li> <li>• Maintenance organisation and management.</li> <li>• Other technical skills required by this service</li> </ul>	OP OP OP OP PD				X	Community driven usually and limited by the speed of input from community.
<b>Forward Planning and the Setting of Priorities</b> <ul style="list-style-type: none"> <li>• The completeness and overall quality of the priority setting and financial forecasts and assumptions for the next 20 years</li> <li>• For maintenance and operations (for the next 10 years)</li> <li>• For new capital (for the next 20 years)</li> <li>• For renewals (for the next 10 years)</li> </ul>	OP OP OP			X		Limited by responsiveness and expectation of community.

<p><b>Communications/Relationships With Customers</b></p> <ul style="list-style-type: none"> <li>• Written (letter writing)</li> <li>• Verbal (phone)</li> <li>• Verbal (personal contact)</li> <li>• With elected representatives (where relevant)</li> <li>• With other departments</li> <li>• Within the department</li> </ul>	<p>CS CS CS CS CS PD</p>				<p>X</p>	<p>Responsiveness of other departments not always as prompt as expected. Community Development not seen as a key service by some.</p>
<p><b>Financial Management</b></p> <ul style="list-style-type: none"> <li>• Budgets' preparation (quality, completeness, and timeliness)</li> <li>• Adherence to budgets once approved</li> <li>• Always aware of costs against budget throughout the year</li> </ul>	<p>OP OP OP</p>				<p>X</p>	<p>Performs well within budget.</p>
<p><b>People</b></p> <ul style="list-style-type: none"> <li>• Job breakdowns/job instructions/work guidelines/practice notes available for all relevant tasks and all up-to-date</li> <li>• All staff delegations up-to-date</li> <li>• All warrants up-to-date</li> </ul>	<p>PD PD PD</p>			<p>X</p>		
<p><b>Knowledge of the Physical Assets</b></p> <ul style="list-style-type: none"> <li>• How well the physical assets that have to be managed are understood</li> <li>• Location</li> <li>• Material type</li> <li>• Condition</li> <li>• Capacity</li> <li>• Age and remaining life</li> <li>• Performance</li> <li>• Criticality</li> </ul>	<p>OP OP OP OP OP OP OP</p>				<p>X</p>	<p>Only physical asset is a car.</p>

<p><b>Support Services</b></p> <ul style="list-style-type: none"> <li>• Administrative support</li> <li>• Financial support</li> <li>• Office accommodation</li> <li>• Office furniture and equipment (work tools)</li> <li>• Transport</li> <li>• Record keeping (completeness and easily accessible)</li> <li>• Complete and up-to-date policy manual</li> </ul>	<p>PD PD PD PD PD PD PD</p>			<p>X</p>		<p>Support services provided to an increasing standard. Need to record calls in request for service system.</p>
<p><b>Performance Management</b></p> <ul style="list-style-type: none"> <li>• Sufficient and appropriate performance measures</li> <li>• Sufficient and appropriate performance targets</li> <li>• All measures and targets being monitored</li> <li>• Monitoring results promptly reported (at all relevant levels)</li> <li>• Performance trends (over several years) clear and understood</li> <li>• Performance results actually used to improve performance</li> <li>• All employees regularly being given “true” feedback about their performance</li> </ul>	<p>OP OP OP OP OP OP PD</p>			<p>X</p>		<p>The manager of the service requires an increased level of feedback.</p>
<p><b>Business Continuity</b></p> <ul style="list-style-type: none"> <li>• Disaster Plans up-to-date</li> </ul>	<p>OP</p>					<p>Does not exist for this activity.</p>
<p><b>Legislative Compliance</b></p> <ul style="list-style-type: none"> <li>• No known areas where legislative requirements not being fully complied with</li> </ul>	<p>OP</p>					<p>Not applicable.</p>

<p><b>Strategic Advice</b></p> <ul style="list-style-type: none"> <li>• 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)</li> <li>• The quality and timeliness of reporting to the elected Council and its Committees</li> </ul>	<p>SA</p> <p>CS</p>				<p>X</p>	<p>Council is regularly informed on issues.</p>
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*Note One:*

- 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						
Training of staff to undertake general community development enquires and activities				x			Training implemented from January 2018	CS	Community Development Manager	31 Dec 2018	NS	
Results Based Accountability – gathering of stories to measure who is better off and how.				x			At least one story gathered on each project undertaken	OP	All staff	Ongoing	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**

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						
Establish Council policy on sponsorship of goods and services.			X				Policy developed and adopted by December 2015.	OP	Chief Executive	December 2015	NS	Not completed
Review of policies.			X				Policies reviewed every five years.	SA	Community Development Manager	Ongoing	IP	Ongoing
Request for service system		X					Existing request for service system to be available to all staff members.	OP	Chief Executive	December 2012	NS	Not completed

Two planned improvements have not been completed due to changes within other Council departments.

*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

#### **10.4 MONITORING AND REVIEW**

Ongoing monitoring and review of the Community Development Activity takes place through levels of service reporting to Council, the Annual Report process and accountability reports to funders of specific projects. The Youth Council reports to most Council meetings about the work of the Youth Council. The Youth Council also completes an annual report.

## 11. Glossary

## 12. Appendices

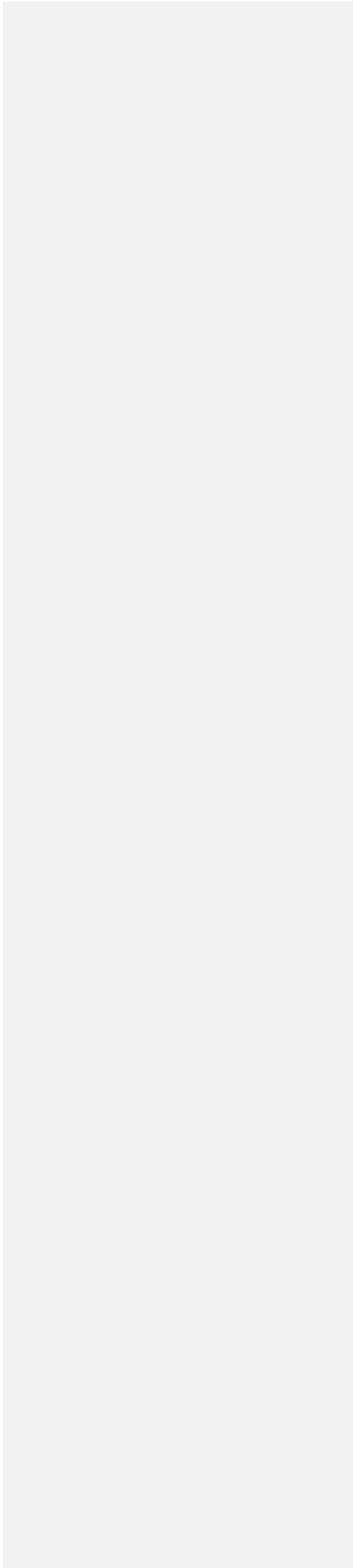
The Appendices for all of Council's Activity Management Plans are kept separate. The list below highlights the appendices that relate to this Activity Management Plan and where to find them in the Corporate Appendices Register.

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	2013 Service Level Research Report 2016
1.09	Corporate	Corporate Risk Framework / Standard
1.10	Corporate	Delegation Register September 2016
5.01	Community Development	Child Youth and Family Friendly Policy
5.02	Community Development	Equity and Access for People with Disabilities Policy



**BUILDING ASSETS**

**ACTIVITY MANAGEMENT**  
**PLAN 2017**



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Building Assets Asset Management Plan 2017



**Activity Management Plan**

Activity	Name	Signature	Date
Prepared By	Lesley McCoy		
Asset Manager	Paul Horner		
Director Review	Cameron McIntosh		
Peer Review	Mark Gordon		
<u>Draft Adoption</u>			<u>07 / 11 / 2017</u>
Council Adoption			

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Changes to be Incorporated in Next Review		
Number	Date of Change	Reason for Change
<a href="#">A</a>	<a href="#">23 / 11 / 2017</a>	<a href="#">Updated financials as requested by Finance</a>
<a href="#">B</a>	<a href="#">02 / 12 / 2017</a>	<a href="#">Updated from peer reviewer comments to update any LGA partially compliant parts of the plan</a>

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## Executive Summary

The Building Asset Activity is one of the Infrastructural Services activities addressed in the Invercargill City Council Long Term Plan (LTP). The Invercargill City Council provides a range of services to its Community which help the Community to achieve its outcomes. Some of these services require specialist buildings that are not commercially viable developments, e.g. swimming pools and theatres. Council provides them as an essential part of providing the Service Activity, the Building Asset Team manage these buildings this allows the Service Activity Manager to focus on the service and not the asset requirements.

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The Building Assets Activity own and manage the following community and publicly used facilities of Council for Invercargill residence and ratepayers: The portfolio has a fair value of \$78m (1 June 2017).

➤ Corporate Buildings

- Civic Administration Building
- Bluff Service Centre



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➤ Community Facilities

- Animal Services Facility
- Civic Theatre
- Library and Archive
- Scottish Hall
- Southland Aquatic Centre (Splash Palace)
- Southland Museum and Art Gallery

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➤ Housing Care

- 215 Flats in 21 Complexes



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➤ Public Toilets

- Wachner Place Restroom
- 8 Automated Public Toilets



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➤ Other Infrastructure Buildings

- Parking Building
- Solid Waste Transfer Station (Consult)
- Troopers Memorial
- Bluff Senior Citizens Centre (Leased)

The table below demonstrates how the Building Assets Activity contributes to Councils' Community Outcomes (Section 2.1.3).

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<u>Community Outcome</u>	<u>Council's Role</u>	<u>How the Activity contributes</u>
<u>Preserve its Character</u>	<u>The building blocks, including water, sanitation and roading, for a safe, friendly city is provided for all members of the community.</u>	<u>The buildings are safe to use, accessible for those with disabilities and well maintained.</u>
	<u>Invercargill is celebrated for preserving its heritage character.</u>	<u>Our heritage buildings are maintained well and keep their heritage status.</u>

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<u>Embrace innovation and change.</u>	<u>Technology is utilised in both existing and new City services.</u>	<u>New innovations are investigated during the renewal process.</u>
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The principle objectives of the Building Assets Activity are to:

- Manage building assets in accordance with statutory and regulatory requirements;
- Progressively improve and integrate catchment of asset evidence for planning, delivery, operation, renewal and disposal of assets;
- Ensure activity is operated in a prudent manner;
- Renew assets in a financially prudent manner, ensure a lifecycle approach is taken for all decisions;
- Monitor and review levels of service to meet demand;
- Measure, advance and improve the asset management system to the maturity as set out in the Asset Management Policy (Appendix 2.01);
- Address resilience and manage of our assets in a sustainable and environmentally conscious manner.

Key Assumptions used to develop this plan (Section 2.4):

<u>Assumption</u>	<u>Level of Uncertainty</u>
<u><b>Population</b></u> The population will increase from 51,696 (2013, 54,700 – 2016 estimate) to 56,300 by 2028.	<u><b>Moderate</b> – risk that actual numbers will vary.</u>
<u><b>Ageing Population</b></u> Those 65 years and older currently make up 16% (2016 estimate) will increase to approximately 22% of Invercargill's population by 2028.	<u><b>Low</b> – increasingly older population is reasonably certain.</u>
<u><b>Useful Life of Significant Assets</b></u> Assets will reach the useful life indicated when supplied.	<u><b>Moderate</b> – asset lives based on estimates by Engineers and Registered Valuers.</u>
<u><b>Depreciation</b></u> Council will fully fund renewal depreciation.	<u><b>Low</b> – asset depreciation rates will not change.</u>
<u><b>Asset Revaluation</b></u> Council will use national standards in asset revaluation.	<u><b>Moderate</b> – value will remain somewhat constant over ten years.</u>
<u><b>Natural Disasters</b></u> There will be no major catastrophes that impact on Invercargill or its economy.	<u><b>High</b> – It is certain the Alpine Fault will rupture in the future but uncertain as to when and the impact.</u>
<u><b>Technology</b></u> Changes in technology will affect how Council carries out its activities. This will have a financial implication over the 10 year plan.	<u><b>High</b> – certainty of diversification in technology is ever-growing. Impact of changing technology cannot be quantified.</u>
<u><b>Education</b></u> S.I.T will continue to promote Invercargill to international students.	<u><b>Moderate</b> – education systems that exist are likely to remain stable.</u>

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**Levels of Service**

The service levels (Section 3.3) agreed with Service Activity Managers is:

<u>Level of Service</u>	<u>Customer Performance Measures</u>	<u>Customer Target</u>
<u>The building is safe to use, accessible for those with disabilities and well maintained.</u>	<u>Legislative Compliance</u>	<u>All commercial buildings have current Building Warrant of Fitness.</u> <u>Completion of Building Consents.</u>
	<u>Health and Safety</u>	<u>Decreasing number of injury accidents because of building hazard reported per year.</u> <u>Buildings are seismically designed above 67% NBS.</u>
	<u>Risk or Failure</u>	<u>Closure of Service Activity due to building failure.</u>
	<u>Asset can meet demand of the (Service) Activity</u>	<u>Building Opening Hours.</u> <u>Overcrowding or over provision of space is not an issue.</u>
	<u>Quality, Comfort and Performance</u>	<u>Public and user satisfaction with the building facility.</u> <u>Condition rating for building is agreed upon in with Service Activity Manager.</u> <u>Vandalism is repaired in a timely manner.</u>
	<u>Cost Efficiency</u>	<u>Rental and fees on buildings are sustainable and comparable or less than market rate.</u>
	<u>Our heritage buildings are maintained well and keep their heritage status.</u>	<u>Retain current heritage classification</u>

The service level agreed with the Community for public toilets is:

<u>Level of Service</u>	<u>Customer Performance Measures</u>	<u>Customer Target</u>
<u>The building is safe to use, accessible for those with disabilities and well maintained.</u>	<u>Asset can meet demand of the Activity.</u>	<u>Building Opening Hours</u> <u>Public toilets are operational 95% of open hours</u>

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**Issue and Challenges**

**Building Assets Key Issues and Challenges (Section 2.3)**

- Large projects on the horizon, many of which are dependent on Councils strategic direction on the Art and Culture growth projects (this may have implications for the following assets: CAB, Library and Archive, Museum, Wachner Place Restrooms and Parking Building).
- Providing the Housing Care portfolio in a sustainable manner.
- Rising expectation of the public for us to provide a higher Level of Service.
- The full demand or cost to reach Asset Management Maturity desired is unknown.
- Many building structures have aged to half their useful life and require capital renewals. This will create an increased demand on the Building Assets Team.
- No documented resilience or contingency strategies or plans.

**Risk**

The key risks are full developed in the risk (section 6.2). Health and safety of workers and the public is the highest risk posed to the Building Assets Activity, there is no further known actions can be undertaken. Seismic vulnerability is rated medium risk to the activity; contingency planning and resilience will be part of the improvement programme for the activity.

**Capital Renewal Programme**

The age and condition of the portfolio is the most influential factor in the renewal programme. Many of Councils buildings are current half way through their useful life. The recommended renewal programme is detailed further in Section 7.6.3. The following is the list of major renewal projects:

Year	Building	Project	Base	Base with inflation
2017	Scottish Hall	Major interior and exterior C/F	236,827	236,827
2017	Library and Archive	Interior Refurbishment and Escalators- C/F	1,400,000	1,400,000
2017	Civic Administration Building	Double Windows and Exterior Paint	1,875,000	1,875,000
2018	Civic Administration Building	Carpet	396,000	396,000
2018	Civic Administration Building	Roof	190,000	190,000
2019	Library and Archive	Archive Mechanical Services and Lift Renewal	301,000	301,000
2019	Splash Palace	Exterior repaint	379,000	379,000
2019	Splash Palace	Springboard and seating refurbishments	114,000	114,000
2019	Splash Palace	Upgrade and Renew Hydro slide	2,115,000	2,115,000
2020	Civic Theatre	Interior Renewals	1,386,000	1,416,492
2020	Splash Palace	UV Treatment	348,000	355,656
2020	Civic Administration Building	Interior Refurbishment	790,000	807,380
2021	Otarewa	Roof	110,000	114,893
2022	Library and Archive	Mechanical Services	309,000	329,846
2023	Library and Archive	Electrical Services	203,000	221,679
2023	Splash Palace	New bulkhead for 50m Pool (not required if new pool is installed)	351,000	383,297
2024	Bluff Service Centre	Exterior and Interior Refurbishment	124,300	138,859
2024	Elston Lea	Exterior Paint	102,500	114,506

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2024	Splash Palace	Diesel Boiler	108,000	120,650
2024	Splash Palace	Interior re-paint	478,000	533,988
2025	Civic Theatre	Interior Renewals	863,500	987,794
2025	Library and Archive	Archive Exterior Re-paint and Minor Works	125,000	142,993
2025	Splash Palace	Exterior Cladding	146,000	167,015
2027	Splash Palace	Existing Changerooms Refurbishment	244,000	293,538
2027	Splash Palace	Poolside interior repaint	244,000	293,538
2028	Library and Archive	Archive Plant Renewals	768,000	948,870
2028	Library and Archive	Interior Refurbishments	105,000	129,728
2028	Civic Administration Building	HVAC	529,000	653,584
2028	Splash Palace	Woodchip Boiler	262,000	323,703
2028	Civic Administration Building	Carpet	419,000	517,678
2029	Library and Archive	End of Library Exterior Paint Contract	320,000	404,851
2030	Civic Theatre	Major Interior	5,565,000	7,209,592
2030	Scottish Hall	Roof	118,400	153,390
2030	Library and Archive	Roof	198,000	256,514
2030	Splash Palace	Roof	488,000	632,216
2031	Scottish Hall	Interior fit out	389,300	516,452
2031	Car Park	Electrical	151,500	200,982
2032	Elston Lea	Roof	150,000	203,768
2032	Library and Archive	Lift	418,000	567,834
2033	Elston Lea	Exterior Paint	102,500	142,583
2033	Civic Administration Building	Exterior Paint	529,000	735,870
2034	Car Park	Lift	197,500	281,328
2034	Civic Administration Building	Interior Refurbishment	794,000	1,131,008
2035	Civic Theatre	Interior and Exterior Renewals	417,500	608,978
2035	Library and Archive	Windows and Doors	214,000	312,147
2036	Splash Palace	Interior re-paint	244,000	364,448
2037	Civic Administration Building	HVAC	529,000	828,516
2037	Civic Administration Building	Carpet	419,000	656,235
2038	Splash Palace	Refurbish Foyer and Café	183,000	286,613
2038	Library and Archive	Archive Mechanical Plant	102,000	159,752
2040	Civic Theatre	Interior and Exterior Renewals	1,413,000	2,320,530
2040	Splash Palace	UV	384,000	630,632
2040	Library and Archive	Interior Refurbishments	102,000	167,512
2041	Scottish Hall	Major interior and exterior	125,800	211,556
2041	Elston Lea	Exterior Paint	102,500	172,373
2042	Civic Theatre	Appliance	130,000	223,866
2042	Scottish Hall	Services	427,800	736,692
2043	Splash Palace	Diesel Boiler	110,000	193,971
2048	Splash Palace	Interior re-paint	262,000	520,171
2048	Splash Palace	Woodchip Boiler	488,000	968,868

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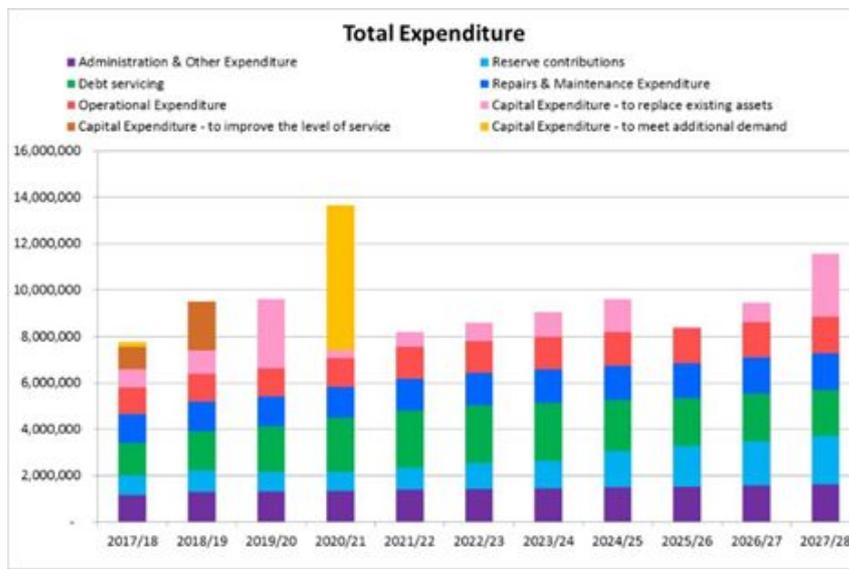
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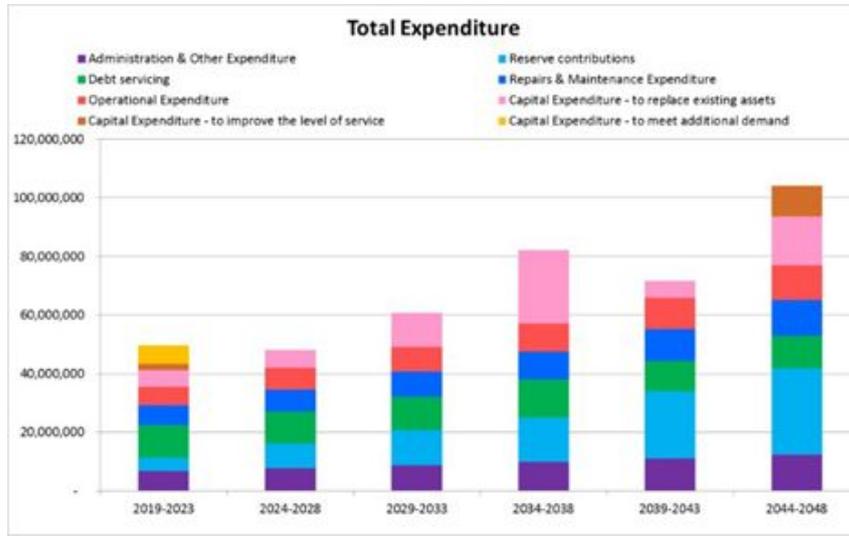
Any growth is usually driven by growth or decline in the Service Activity Section 7.6.4. The following list the list of major growth projects:

Year	Building	Project	Base	Base with inflation
2017	Splash Palace	Café, Foyer, Office and Changerooms	1,400,000	1,400,000
2018	Waikiwi Toilet	New Toilet Facility	125,000	125,000
2017	Civic Administration Building	Seismic Ties	430,000	430,000
2017	Civic Administration Building	HVAC	1,520,000	1,520,000
2018	Splash Palace	Carpark Extension	212,000	212,000
2018	Civic Administration Building	Lift to 5th	500,000	500,000
2020	Splash Palace	Extend Poolside Seating or Car Park, dependant on new pool	165,000	168,630
2021	Splash Palace	New 25sqm Pool and Building	6,000,000	6,266,904

The following graph show the 10 year projected expenditure for the property portfolio:



The following graph show the 30 year projected expenditure for the property portfolio:



**Improvement Programme**

We are constantly looking for methods to improve the activity; a full improvement plan is in Section 10. The immediate focuses on improvements are:

- Documenting the prioritisation of renewal and growth projects.
- Development of contingency plans alongside Service Activity Managers.
- Ensuring asset hierarchy is formalised and, condition, age and criticality is registered against assets in IPS.
- Investigating the cost to different levels of maturity.

The Building Assets Activity exists to act as the owners of the buildings used by Councils Service Activities. We ensure the buildings are safe to use, accessible for those with disabilities and well maintained and that our heritage buildings keep their status. This allows the Service Activity Manager to focus on managing their activity and not the operational, maintenance and renewal requirements of the building asset.

This document is produced to record the service levels and budgets required for the Long-term Plan (LTP). This Activity Management Plan (AMP) has been developed following Treasury's Better Business Case (BBC) approach.

The main challenges and issues facing this activity are:

- Large growth projects on the horizon and the strategic direction they will set for the activity;
- Rising expectation from the public of level of service required;
- Age of the asset portfolio increasing the renewal requirements and demand on the team.

This Plan has been written assuming that all of current tenants will remain the same.

Levels of service for the activity are agreed upon annually with Service Activity Managers. The service activities have their own levels of service measures which they report against in their AMP or Statement of Intent. Service Activity Managers are also the main point of contact with our customers and therefore it is essential for the Building Assets Team and

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~~Service Activity Managers to maintain good communication and a strong understanding relationship. Current known gaps in service levels include:~~

- ~~➤ Civic Administration Building (CAB), weathertight ness, comfort level, aging exterior and plant;~~
- ~~➤ Southland Aquatic Centre (Splash Palace), age of slide and reception, capacity of the facility;~~
- ~~➤ Southland Museum and Art Gallery (SMAG), seismic performance and storage capacity;~~
- ~~➤ Housing Care, aging stock;~~
- ~~➤ Scottish Hall, condition;~~
- ~~➤ Public Toilets, facility in North Invercargill (Waikiwi area).~~

~~Demand on the activity is driven mainly by the demand on the Service Activity within our building. Capital programme requirements are influenced by the age and condition of the building and the growth or decline in the Service Activity. Demand on the asset team to meet desired Asset Management Maturity is unknown and this requires consideration as too advanced may have more cost than potential benefit.~~

~~The assets themselves in general, are in good to moderate condition or above. There are a couple of Housing Care complexes that are assessed as poor condition only because of their age but are still performing to a good standard. Many of the assets are close to half their useful life these assets will require significant renewals to maintain their ongoing performance. We use external consultants to assess condition and produce projected maintenance and renewal requirements and costs.~~

~~We manage the buildings in house to reduce the cost of facility management to Council. Other options for providing this service could include Service Activity Mangers manage their own building asset, outsource asset management, lease privately owned buildings or for any new developments use Private Public Partnership (PPP). PPP would reduce the capital outlay required for the asset but will require higher operational costs. Maintenance is delivered by a mix of scheduled, reactive and run to failure (for non-critical assets) this works well for and provides good value for money. We use Infor Public Service (IPS) software to manage workflow and scheduling of work. Renewals are prioritised so that the most beneficial to Council are delivered and proposed first, based on asset performance, economic viability, condition and criticality (this is not currently documented, it is part of the improvement plan). There are a number of growth projects proposed for the team these include:~~

- ~~➤ CAB, improvements to lift and heating;~~
- ~~➤ Splash Palace, extend changing room, carpark and more pool space;~~
- ~~➤ SMAG, Living Dinosaurs, Storage Facility and Museum Re-development;~~
- ~~➤ Arts Centre.~~

~~These projects will set the strategic direction for the activity into the future.~~

~~The building assets internally charge the service activity for their 'rent'. This includes the cost of utilities, rates, insurance and maintenance which are not usually part of lease agreements. These utility charges can skew the perceived cost to the service activity. Capital renewals are generally funded from Loss of Service Potential (LOSP) reserves (if there are sufficient funds), otherwise they are loan funded over 20 years and capital servicing is recovered from the 'rent' on the service activity. We use LOSP reserves to smooth out capital renewal costs as these tend to be large and intermittent, generally renewal expenditure and LOSP reserve contributions are aimed to equal depreciation (consumption of the asset). There are large renewals being carried forward and programmed which has and will increase 'rent' to the service activity managers. This is a balancing act providing a good level of service while being conscious of the ability of the~~

~~service activity to pay. Capital expenditure for growth or service level increases are funded from grants and 20-year loans for intergenerational equity.~~

~~Resilience is a recent focus of Central Government, this has brought to our attention that there has been poor focus on contingency planning within our activity. This will be addressed in the coming financial year, alongside the review of risk management in the 2018/19 year.~~

~~We are constantly looking for methods to improve the activity, a full improvement plan is in Section 10. The immediate focuses on improvements are:~~

- ~~➤ Documenting the prioritisation of renewal and growth projects.~~
- ~~➤ Development of contingency plans alongside Service Activity Managers.~~
- ~~➤ Ensuring asset hierarchy is formalised and, condition, age and criticality is registered against assets in IPS.~~
- ~~➤ Investigating the cost to different levels of maturity.~~

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# 1. Introduction

## 1.1 ABOUT THIS PLAN

The Building Asset Activity is one of the Infrastructural Services activities addressed in the Invercargill City Council Long Term Plan (LTP). This Building Asset Activity Management Plan (AMP) 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 AMP is to outline Council's tactical planning response to the Building Assets Activity. The AMP outlines the long term management approach for the provision and maintenance of Building Assets for the Service Activities. Under Council's significance policy, some of the Building Assets are deemed to be strategic and therefore significant in ensuring Council's capacity to contribute towards Community Outcomes and the well-being of the Community.

The AMP demonstrates responsible management of the District's assets on behalf of customers and stakeholders, and assists with the achievement of strategic goals and statutory compliance. The AMP combines management, financial, engineering and technical practices to ensure that the level of service required by customers is provided, and is delivered in a sustainable and efficient manner.

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

A programme of Asset Management improvement is planned to improve the quality of decision making and to improve the knowledge of Council's assets and customer expectations. These future enhancements will enable Council to optimise life cycle asset management activities and provide a greater degree of confidence in financial forecasts.

The key outputs of the AMP are presented in the LTP, which is the subject of a public consultative process.

[The Activity Management Plan has been prepared by the Building Assets Team within Invercargill City Council and independently peer reviewed by AECOM New Zealand Limited. The signature page at the front of the document provides a panel for sign-off to occur.](#)

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## 1.2 ACTIVITY OVERVIEW

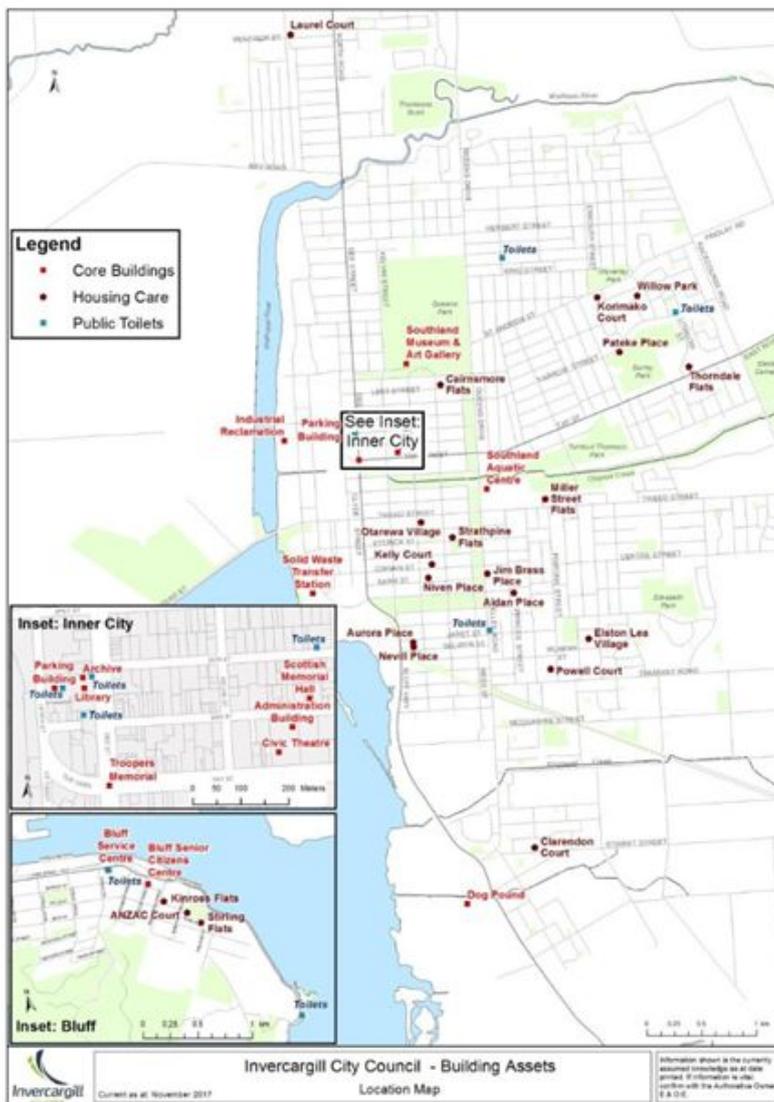
The Building Assets Activity own and manage the community and publicly used facilities of Council for Invercargill residence and ratepayers.

The Building Assets Activity exists to support the provision of facilities for Service Activities which contribute to the Community Outcomes. The Service Activities that the Buildings Assets team supports are:

- Invercargill City Council Corporate Services;
- Invercargill Venues and Events Management;
- Invercargill City Library and Archives;

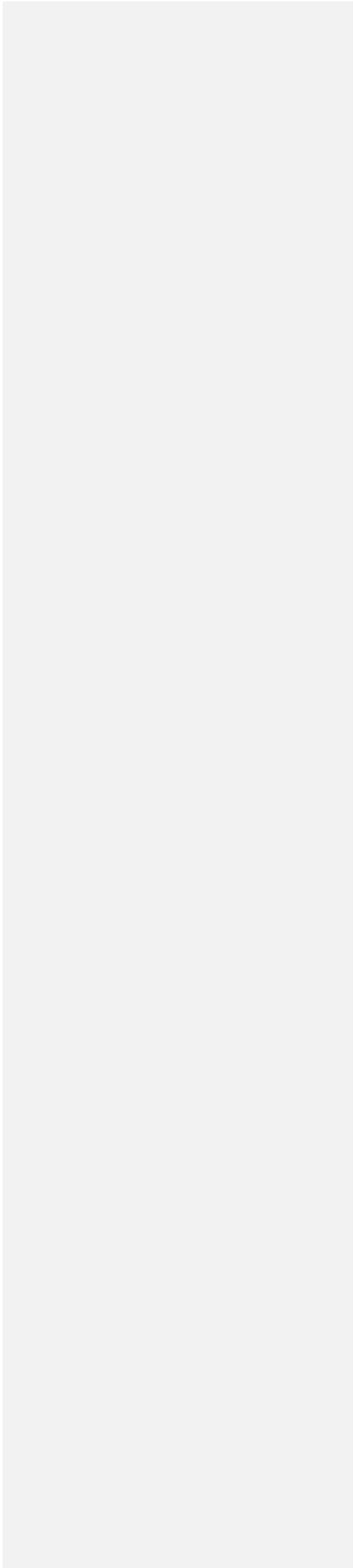
- Housing Care;
- Car parking (Roading);
- Solid Waste;
- Aquatic Services;
- Southland Museum and Art Gallery;
- Public Toilets (Building Assets are the Asset and Service Manager);
- Animal Services.

The Building Assets Activity ensures that the buildings are designed, constructed, developed and maintained for their specific purpose throughout their life-cycle.



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## 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

The Invercargill City Council provides a range of services to its Community which help the Community to achieve its outcomes. Some of these services require specialist buildings that are not commercially viable developments, e.g. swimming pools and theatres. Therefore, the Council provides them as an essential part of providing the Service Activity; this allows the Service Activity Manager to focus on the service and not the asset requirements.

There are a number of different types of building managed by the Building Assets Activity that are grouped, referred to and are described in this Plan as:

**Corporate Buildings**

These are the buildings provided to the Finance and Corporate Directorate for use by the administration functions of the Invercargill City Council.

**Community Facilities**

These are the buildings provided for Community Services; these are generally specialist buildings which help the community achieve its social, economic and cultural sustainability outcomes.

**Housing Care**

These buildings contain flats which are provided as ‘last resort’ rental properties for elderly people of limited means.

**Public Toilets**

These facilities are provided for the public to have access to clean, safe, accessible toilets.

**Other Infrastructure Buildings**

These are buildings which the Building Assets team manage or consult on for other asset management groups within Council.

**2.1.3 Activity Objectives**

Community Outcome	Council's Role	How the Activity contributes
<b>Preserve its Character</b>	The building blocks, including water, sanitation and roading, for a safe, friendly city is provided for all members of the community.	The buildings are safe to use, accessible for those with disabilities and well maintained.
	Invercargill is celebrated for preserving its heritage character.	Our heritage buildings are maintained well and keep their heritage status.
<b>Embrace innovation and change.</b>	Technology is utilised in both existing and new City services.	New innovations are investigated during the renewal process.

The principle objectives of the Building Assets Activity are to:

- Manage building assets in accordance with statutory and regulatory requirements;
- Progressively improve and integrate catchment of asset evidence for planning, delivery, operation, renewal and disposal of assets;
- Ensure activity is operated in a prudent manner;
- Renew assets in a financially prudent manner, ensure a lifecycle approach is taken for all decisions;
- Monitor and review levels of service to meet demand;
- Measure, advance and improve the asset management system to the maturity as set out in the Asset Management Policy (Appendix 2.01);
- Address resilience and manage of our assets in a sustainable and environmentally conscious manner.

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

The Building Assets Activity exists to support the provision of Activity Services that contribute to the achievement of the Community Outcomes which have been identified in Section 2.1.1.

It is important to emphasise the division of responsibility involved in these services, between Service Activity Management and Building Asset Management. These can be described as follows:

- The Service Activity Manager manages the activity and all aspects of day-to-day operation. The Service Activity Manager sets and manages budgets for operational costs such as staff and consumables.
- The Building Asset Manager provides, maintains and improves the building which is required to house the service. The Building Asset Manager sets and manages budgets for maintenance, renewal and new capital expenditures.
- Responsibilities for achievement of Levels of Service are similarly divided. These responsibilities are detailed in the Service Level Agreements (Appendix 4.02.1 to 4.02.8).
- The Level of Service provision detailed after this point in this Plan is the service delivered by the Building Asset Manager to the Service Activity Manager (except for Public Toilets).

The Levels of Service provided by Service Activity Managers are detailed in their Activity Management Plans or Statement of Intent for each Activity.

Asset	Plan
<b>Civic Theatre and Scottish Hall</b>	Invercargill Venue and Events Management Statement of Intent 2017
<b>Library and Archive</b>	Library and Archives Activity Management Plan 2017
<b>Housing Care</b>	Housing Care Activity Management Plan 2017
<b>Car Park Building</b>	Roading Activity Management Plan 2017
<b>Solid Waste Transfer Station</b>	Solid Waste Activity Management Plan 2017
<b>Splash Palace</b>	Aquatic Services Activity Management Plan 2017
<b>Southland Museum and Art Gallery</b>	Southland Museum and Art Gallery Statement of Intent 2017

## 2.2 BUSINESS DRIVERS

### 2.2.1 Regulatory Framework

Council operates under many 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 all workers 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.

### *2.2.2.1 District Plan*

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.

### *2.2.2.2 Asset Management Policy*

This policy confirms the objective and responsibilities of asset management to appropriate levels of maturity at Invercargill City Council. It forms a statement of high level commitment to the asset management principles by which the organisation will operate.

### *2.2.2.3 Closed Circuit Television (CCTV) Policy*

This policy defines the approach in the use of CCTV and maintenance of privacy.

### *2.2.2.4 Energy Policy*

This policy is to define the approach to energy efficiency, energy conservation and use of non-renewable energy in all of its activities.

### *2.2.2.5 Electrical Safety Testing of Equipment within Building Assets Buildings*

Organisations are required by legislation to provide a safe working environment for their employees. Electricity can create significant hazards especially when electrical equipment is not maintained to a satisfactory standard.

This policy seeks to explain the process for the Inspection and Testing of Electrical Equipment and residual current devices (RCD's) owned and/or operated within building assets buildings, and falling within the scope of the AS/NZS 3760:2010 standard; In-service safety inspection and testing of electrical equipment.

### 2.2.3 Long Term Plan

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

In 2014, an amendment to the Act inserted a statement that asset management planning should be a fundamental part of Council's prudent stewardship of community resources over the long term. This led to a requirement to produce a 30-year infrastructure strategy for core assets. The Infrastructure Strategy is required to address:

- Identification of strategic issues and options;
- Outline how infrastructure assets will be managed;
- Indicative capital and operating expenditure forecasts;
- Significant CAPEX decisions – cost options for each;
- Assumptions on lifecycle, demand, levels of service.

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.



**2.2.4 Asset Management System Framework**



The Asset Management System is the set of people, processes, tools and other resources involved in the delivery of asset management.

The Asset Management Policy (Appendix 2.01) outlines the principles, requirements and responsibilities for asset management.

The Asset Management Strategy (Appendix 2.02) set the asset management objectives, practices and audit and review processes.

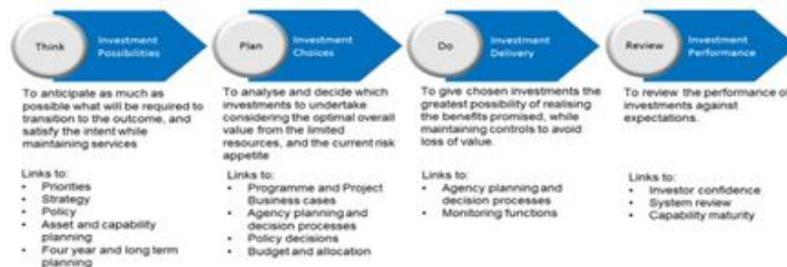
### 2.2.5 Better Business Case (BBC) Approach

The BBC approach has been approved by Treasury as a method to enable smart investment decisions for public value.

The Long-Term Plan working party has adopted this method to deliver the Activity Management Plans as the base documents for the 2018 Long Term Plan.

The BBC method is about managing change with strategic vision as the focus and a roadmap of how to get there.

The format of our Plan was developed with our Peer Reviewers at AECOM. Our expectation from developing our Activity Management Plans in this method will meet recognised best practice and form a better foundation in the plan phase of the investment lifecycle.



### 2.3 STRATEGIC ISSUES AND CHALLENGES

#### **Corporate Strategic Issues and Challenges:**

- Meeting our long-term renewal expectations for infrastructure.
- Encouraging growth projects whilst ensuring financial and operational sustainability for future generations.
- Ensuring 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.

#### **Building Assets**

- Large projects on the horizon, many of which are dependent on Councils strategic direction on the Art and Culture growth projects (this may have

implications for the following assets: CAB, Library and Archive, Museum, Wachner Place Restrooms and Parking Building).

- Rising expectation of the public for us to provide a higher Level of Service.
- The full demand or cost to reach Asset Management Maturity desired is unknown.
- Many building structures have aged to half their useful life and require capital renewals. This will create an increased demand on the Building Assets Team.
- No documented resilience or contingency strategies or plans.

#### **2.4 KEY ASSUMPTIONS**

The Long Term Plan Background and Assumptions 2018-28 document (appendix 1.01) lists the key assumptions which have been assumed are as follows.

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
<b>Population</b> The population will increase from 51,696 (2013, 54,700 – 2016 estimate) to 56,300 by 2028.	<b>Moderate</b> – risk that actual numbers will vary.	Infrastructure and Housing. Significant increases in population may create a demand for infrastructure and services beyond existing capacity. Significant decrease in population would adversely impact on the community's ability to fund current levels of infrastructure and services.
<b>Household Growth</b> An average of 2.4 people per household will drop to 2.3 people per household in 2038, requiring 2,300 more homes from 2013.	<b>Moderate</b> – risk that actual numbers will vary.	Infrastructure and Housing. Significant increases in the number of households may create a demand for infrastructure and services beyond existing capacity.
<b>Ageing Population</b> Those 65 years and older currently make up 16% (2016 estimate) will increase to approximately 22% of Invercargill's population by 2028.	<b>Low</b> – increasingly older population is reasonably certain.	Council Services and Recreation Assets. An increase in the number of those people 65 years and older will increase the number of ratepayers on fixed incomes and may have an impact on the ability of the community to afford infrastructure and services.
<b>Resource Consents</b> Resource consents will be obtained with reasonable conditions and negligible impact on how Council provides its services.	<b>Moderate</b> – change is imminent but extent of which is unknown.	3 Waters Capital expenditure may be required if the conditions attached to resource consents require changes to how Council delivers its services.
<b>Tourism and Visitor Numbers</b> Tourism numbers will increase over the Long-Term Plan period.	<b>Low</b> – various city-wide endeavours to boost tourism.	Venture Southland, SMAG, Council Services and Recreation Assets. Significant increases in the number of tourists may create a demand for infrastructure and services beyond existing capacity. Significant decrease in the number of tourists would adversely impact on the commercial community's ability to fund current levels of infrastructure and services.
<b>New Zealand Transport Agency</b> That the NZTA Funding Assistance Rate will reduce by 1% each year of the life of the plan.	<b>Moderate</b> – technological advancements will occur.	Roothing. 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.
<b>Commercial Property</b> The CBD will remain in the Esk Street area and will become more vibrant.	<b>Moderate</b> – risk exists due to uncertainty of CBD future, but Council has recently adopted a Retail Strategy.	Infrastructure, Housing and Roothing. 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.
<b>Inflation</b> Inflation will occur at the rates set by BERL as	<b>Moderate</b> – inflation forecasts are not always accurate.	Cost change factors are based on information developed for Council's by Business and Economic Research Limited (BERL). Significant variations from

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
LGCI forecasts.		these adjustments will be identified in future Annual Plans and Annual Reports.
<b>Local Economy</b> The local economy will grow and diversify.	<b>Moderate</b> – financial impact difficult to forecast.	Composition of local economy may diversify offering greater employment opportunities. Significant change to the economy, such as a large employer choosing to locate in the District, may require Council to review and change its current activities and levels of service. These demands will need to be quantified and an amendment to the Long-term Plan developed if the costs are significant.
<b>Useful Life of Significant Assets</b> Assets will reach the useful life indicated when supplied.	<b>Moderate</b> – asset lives based on estimates by Engineers and Registered Valuers.	A shorter useful life for assets would create a financial burden on the community.
<b>Depreciation</b> Council will fully fund renewal depreciation.	<b>Low</b> – asset depreciation rates will not change.	Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.
<b>Asset Revaluation</b> Council will use national standards in asset revaluation.	<b>Moderate</b> – value will remain somewhat constant over ten years.	Changes in the valuation of Council assets may have a significant impact on the cost of fully funding depreciation.
<b>Vested Assets</b> Vested assets will have a negligible impact on Council's overall infrastructure and finances.	<b>Low</b> – financial effect of uncertainty.	Level of vested assets fluctuates yearly. Historical levels have not been material.
<b>Financial – Existing Funding Renewal</b> Council borrowing facility will be renewed (three-yearly) with the terms and conditions mirroring market trends.	<b>Medium</b>	Council's terms and conditions for its borrowing facility have mirrored market trends in recent times.
<b>Financial – Expected Interest Rates on Borrowing</b> 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.	<b>Medium</b>	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).

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
<p><b>Financial – Forecast on Return on Investments</b> Return on cash investments is calculated on the borrowing rate less 2%. Dividends and subvention payments from Invercargill City Holdings Limited are assumed to be at 10% of the total rates requirement.</p>	<p><b>Medium</b></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><b>Local Governance</b> Amalgamation will not occur during the life of the Plan.</p>	<p><b>Low</b> – continue shared services, although amalgamation is low risk.</p>	<p>Shared Services, Policy and Governance Boundary changes would require a review of the Long-term Plan with its associated community consultation.</p>
<p><b>Legislation</b> There will be changes to legislation that have an impact on what and how Council provides services.</p>	<p><b>Moderate</b> – difficult to know what central government will implement particularly if a change in government.</p>	<p>Services, Finances and Governance Significant legislative change can impose significant financial and service delivery costs on Council.</p>
<p><b>Natural Disasters</b> There will be no major catastrophes that impact on Invercargill or its economy.</p>	<p><b>High</b> – 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 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><b>Climate Change</b> 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><b>Moderate</b> – 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. 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><b>Technology</b> Changes in technology will affect how Council carries out its activities. This will have a financial implication over the 10 year plan.</p>	<p><b>High</b> – certainty of diversification in technology is ever-growing. Impact of changing technology cannot be quantified.</p>	<p>Employment, Local Economy and Services (delivery) New technologies will likely have an increased financial cost in the short term.</p>
<p><b>Education</b> S.I.T will continue to promote Invercargill to international students.</p>	<p><b>Moderate</b> – education systems that exist are likely to remain stable.</p>	<p>Infrastructure, Services, Population and Housing</p>

Assumption	Level of Uncertainty	Area of Impact and potential Financial Impact
<p><b>World Economy</b> The world economy will not have a significant negative effect on the Invercargill City District.</p>	<p><b>Moderate</b> – future financial changes are unforeseeable.</p>	<p>Infrastructure and Tourism A major event in the World Economy could affect Tourism and the implications of lower / higher tourist numbers would occur.</p>

Additional specific assumptions which are considered in the thinking of this plan include:

Assumption	Level of Uncertainty	Area of Impact
The Building Asset Team will remain in its current configuration.	<b>High</b> – There will be a new CEO in the first year of this plan.	Portfolio and organisational structure could change dramatically for the Activity.
Each buildings current use and tenant will remain the same.	<b>Moderate</b> – One of the main issues and challenges of this activity.	CAB, Library and Archive, Museum, Wachner Place Restrooms and Parking Building.
Good communication between Service Activity Manager and Building Asset Team is maintained.	<b>Low</b> – Service Level Agreements are formed and communication is kept open, respectful and honest.	All buildings except public toilets.

As assumptions deal with matters of uncertainty and complexity, actual results will likely vary, but are based on the best information available. If actual future events differ from the assumptions, it will result in material variances to this Plan. The Long Term Plan Background and Assumptions 2018-28 document (appendix 1.01) identifies the risks that underlie those assumptions, the reason for that risk and an estimated potential impact is the assumption is not realised.

### 3. The Service We Provide

#### 3.1 CUSTOMER PROFILE

##### 3.1.1 Our Stakeholders and Community

The Building Asset Activity has interest to a large range of the community and infrastructure activities. The customers and stakeholders are listed below:

<i>External Stakeholders</i>	<i>Area of Interest</i>	<i>Engagement</i>	<i>Customer Needs and Expectation</i>
<b>Audit New Zealand</b>	Governance and operation	Audit	Clear documentation for the Activity.
<b>Contractors, Consultants</b>	Building maintenance and assessments	Liaise	Possibility to tender for work and a safe work environment.
<b>Invercargill Community</b>	Building comfort and performance	Liaise with Activity Manager	Building and facilities which are safe and fit for purpose, which does not have a negative impact.
<b>Invercargill Ratepayers</b>	Rates Impact	Consult through surveys and plans	
<b>Iwi Groups</b>	Environmental impact and sustainability		
<b>SoRDS</b>	Regional development	Liaise with Executive	Ease of doing business, we help to enable significant projects for the region.

<i>Internal Stakeholders</i>	<i>Area of Interest</i>	<i>Engagement</i>	<i>Expectation</i>
<b>Activity Managers</b>	Provide a building adequate for their activity	Liaise	Building environment supports their service activity.
<b>Councillors, Directors</b>	Governance and leadership	Report	Building and facilities which are safe and fit for purpose, which does not have a negative impact and are prudently managed.
<b>Finance and Corporate</b>	Financial assistance and direction	Liaise	Budgets are provided in a timely manner.
<b>Information Technology</b>	Technical support	Liaise	Server rooms are keep in safe operation.
<b>Regulatory and Planning</b>	Compliance	Liaise	Regulatory requirements are adhered to.
<b>Staff</b>	Building comfort and performance	Liaise	Building and facilities which are safe and fit for purpose.

The 'customer' for the Building Asset Activity is the Service Activity Manager. The Service Activity Manager is responsible for communicating directly with their customers.

### 3.1.2 How We Engage our Communities

Building Assets liaise and support community engagement which Service Activity Managers who occupy our buildings undertake. Each Activity has their preferred methods to engage with their communities.

### 3.1.3 Community Research

In 2014, 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 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 attended to by the activity. This information is another platform which can be used to understand the community requirements.

The Customer Satisfaction Survey – Public Toilets (Appendix 1.02 Pgs. 97-102) found that the public toilets meet the need of 72% of the needs of all residents and 71% found the toilets to be clean and well maintained, however there was room for improvement from 56% of respondents regarding the number of toilets provided and 53% signposting for toilets.

### 3.1.4 Key Service Attributes Valued by Customers

#### 3.1.4.1 *Corporate and Community Facilities, Housing Care and Other Infrastructure*

Key attributes for the Service Activities which operate in building assets are addressed and managed by the Service Activity Manager; these are addressed in their plans.

The Service Activity Managers see the following as the most important attributes:

- The ability to focus on running the activity and not have the concerns of managing the building.
- To ensure that the building conforms to design standards and legislated requirements.
- To look after the property maintenance, regulatory requirements, upgrades, renewals, and data to support a lifecycle approach to the management of the building.
- Reducing the risk of asset failure to the activity. [3](#)
- Cost of the building overhead to the Activity are less than or equal to market rates.

3.1.4.2 *Public Toilets*

Our customers see the following as the most important attributes in customer surveys:

- Cleanliness of the facility.
- Well maintained.

**3.2 SERVICE DRIVERS**

**3.2.1 Community Expectations**

The community expectations on our buildings have not been specifically surveyed. These expectations are usually communicated to the Service Activity Manager in the first instance; there is an expectation that public properties will:

- Comply with relevant statutory codes.
- Have an efficient floor layout and are in a convenient location.
- Have sufficient parking available to customers.
- Be accessible to people with disabilities.
- Ensure that cost is not a barrier to use the facility.
- Be made safe from vandalism in a timely manner.
- Be in good condition are clean and well presented.
- Satisfy customer requirements with air temperature, lift wait times, etc.
- Have the capacity to cater for their requirements.
- Have opening hours which are convenient.

The expectations of the Building Asset are further developed in the Service Level Agreements (Appendix 4.02.1 to 4.02.8) for each Service Activity.

3.2.1.1 *Public Toilets*

In the 2016 research project 25% of 741 respondents thought that more money could be spent or a higher quality could be provided, 74% of those respondents said the same amount of money or same quality as currently provided. As well as the above expectations the public toilets are expected to:

- Available to the public 24 hours a day.
- There are an adequate number of public toilets in Invercargill and Bluff.
- Be well sign-posted.

**3.2.2 Legislative Requirements**

Legislation applicable to the Buildings Assets Activity is:

Legislation	Relevant Requirements	Impacts on Levels of Service
Resource Management Act 1991	Sustainability of natural and physical resources. Avoid, remedy or mitigate adverse effects on the environment. Compliance with district and regional plans. Take into account the	Any projects comply with the Act and obtain resource consent.

Legislation	Relevant Requirements	Impacts on Levels of Service
	principles of the Treaty of Waitangi. Compliance with resource consents issued by the Southland Regional Council.	
Building Act 2004	Compliance with building consents and warrant of fitness issued under the Act and relevant regulations and standards.	Processes required keeping buildings to the required standards and complying with the building code. This may end the duration of use if not permitted causing restriction of the activity.
Health and Safety at work Act 2015	Ensure the safety of the public and all workers (including contractors) when carrying out works.	Protocols required to ensure workers/public are safe on site to maintain standards of assets or penalties may occur.
Hazardous Substances and New Organisms Act 1996	Store hazardous substances in compliant facilities.	Protocols required to ensure workers/public are safe on site to maintain standards of assets or penalties may occur.
Public Bodies Contracts Act 1959	Requirements for entering into contracts and delegation of powers.	Council decisions and consultations with those affected may cause delay with activities taking place on Council land.
Fencing Act 1978	Responsibilities in relation to mutual boundary fences.	Consultation between owners for mutual consent of arranging and maintaining boundary fences.
Heritage New Zealand Pouhere Taonga Act 2014	Protection of sites and features which have been associated with human activity for more than 100 years.	Consultation with Iwi.
Historic Places Act 1993	Protect sites and buildings of historic and cultural significance.	Retain Heritage classification on building assets.
Health Act 1956	Provide 'sanitary services'.	Provide hygienic, safe and accessible toilet facilities in public places.
Public Records Act 2005	Store records in a secure facility with environmental control.	Archiving in the Library and CAB comply with requirements.

**3.2.3 Industry Standards and Guidelines**

Standards, Guidelines and place obligations on building owners which control building operations to certain levels of service to be provided. These requirements, where applicable, are incorporated into the Service Level Agreements (Appendix 4.02.1 to 4.02.8) technical Levels of Service are documented for each building.

Standard/Specification	Content/Purpose	Impacts on Levels of Service
International Infrastructure Management Manual 2015	Details best practice in Asset Management.	This manual details the best practice in the Asset Management System from governance to operations.
ISO 55000 – Asset Management Standards	Details best practice in Asset Management.	Building Assets do not intend to get approved as an ISO. But it is intended to align to the practices.
New Zealand Asset Management Support (NAMS) Property Manual	Details best practice in property and buildings asset management.	This guideline sets precedence for developing service levels and performance measures for speciality buildings.
IPWEA Building Condition and Performance Assessment Guidelines – Buildings	Building Condition and Performance Assessment Guidelines.	This guideline will set a standard for developing condition and performance measure for buildings.
Urban Design Protocol – Ministry for the Environment	Implements the principles of the Protocol. Ensuring the design of buildings, places, spaces and networks are successful through quality urban design.	Public Consultation and Council decisions made around proposed designs of assets. This will set a standard for developing and maintenance and management for provision of levels of service.
Crime Prevention Through Environmental Design (CPTED) – National Guidelines under the Ministry for the Environment	Implements the CPTED (crime prevention through environmental design) principles. Safety design guidelines for developments. Provides guidelines to take account of safety issues for design and landscaping.	Public Consultation and Council decisions made around proposed designs of assets. This will set a standard for developing and maintenance and management for provision of levels of service.
NZS 4241:1999 New Zealand Standard Public Toilets	Provides design information and advice on the numbers, location, type and quality including features and fittings for public toilets in any location. Guidance on cleaning and sanitation is also provided.	Following procedures for installing and maintaining toilets and using certified equipment and contractors when obtaining new toilets on Council land.
NZS 3910:2013 – Capital Projects - Conditions of contract for building and	Requirements for entering into contracts and delegation of powers.	Framework for capital projects and engaging contracts when

Standard/Specification	Content/Purpose	Impacts on Levels of Service
civil engineering construction		undertaking capital projects.
NZS 4121:2001 – Design for access and mobility	Gives requirements for making buildings and facilities accessible to and useable by people with physical disabilities. Provides a means of compliance with the New Zealand Building Code.	Ensuring buildings comply with the standard, when doing renewals bring buildings up to or as close to the code as possible.
AS/NZS ISO 31000:2009 – Risk management – Principles and Guidelines	The standard provides organisations with guiding principles, a generic framework, and a process for managing risk.	This is a project for the 2018/19 year to evaluate and assess if we meet these standards.
Society of Local Government Management (SOLGM)	To promote and support professional management in local government, focusing on providing professional leadership.	Groups allow staff to connect with other council staff working in similar roles or with similar interests across the country.

### 3.3 LEVELS OF SERVICE

The Levels of Service for the Building Assets Activity and the Building Assets Management Plan are the sum of service levels from three considerations. These are:

- Community Levels of Service are the responsibility of the Service Activity Manager. These have been identified in their Activity Management Plan or Statement of Intent referred to in Section 2.1.3. These are also linked and documented in the Individual Service Level Agreement (Appendix 4.02.1 to 4.02.8).
- Customer Levels of Service are the responsibility of the Building Assets Activity Manager, these refer to the expectations of the Service Activity Manager.
- Technical Levels of Service refer to the specific measure to achieve the customer levels of service.

#### 3.3.1 Community Levels of Service, Performance Measures and Targets

Level of Service	Customer Performance Measures	Customer Target
The building is safe to use, accessible for those with disabilities and well maintained.	Asset can meet demand of the Activity.	Building Opening Hours

Measure	2016/17 2017 Target	2016/17 Result	2017/18 Target	2018/19 Target	2019/20 Target
Public toilets are operational. 95% of open hours, 24 hrs	95%	95%	95%	95%	95%

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per day.					
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**3.3.2 Customer Levels of Service, Performance Measures and Targets**

Current Service Levels and the related performance measures and targets for each group of assets are extracted from the Service Level Agreements, (Appendix 4.02.1 to 4.02.8).

The customer in these tables is the Service Activity Manager:

Level of Service	Customer Performance Measures	Customer Target	
The building is safe to use, accessible for those with disabilities and well maintained.	Legislative Compliance	All commercial buildings have current Building Warrant of Fitness. Completion of Building Consents.	
	Health and Safety	Decreasing number of injury accidents because of building hazard reported per year. Buildings are seismically designed above 67% NBS.	
	Risk or Failure	<b>Closure of Service Activity due to building failure.</b>	
	<b>Asset can meet demand of the (Service) Activity</b>	Building Opening Hours. <b>Overcrowding or over provision of space is not an issue.</b>	
	Quality, Comfort and Performance		Public and user satisfaction with the building facility. <b>Condition rating for building is agreed upon in with Service Activity Manager.</b>
			Vandalism is repaired in a timely manner.
	<b>Cost Efficiency</b>	<b>Rental and fees on buildings are sustainable and comparable or less than market rate.</b>	
Our heritage buildings are maintained well and keep their heritage status.	Retain current heritage classification	Civic Theatre – Class 1 Trooper Memorial - Class 1 Scottish Hall – Class 2	

NB. New customer performance measures are marked in **bold** above.

3.3.3 Technical Levels of Service, Performance Measures and Targets

Level of Service	Technical Performance Measures	Technical Target
Legislative Compliance	All buildings have current Building Warrant of Fitness	Building warrant of fitness certificate issued before expiry (Commercial)
		<b>Healthy Homes Warrant of Fitness Annually (Housing Care)</b>
	Completion of Building Consents	0 Outstanding
	Fire Evacuation Plan	Visual check
Health and Safety	Decreasing number of injury accidents because of building hazard reported per year	0 Injuries
	Buildings are seismically designed above 67%NBS (except for CAB higher requirement as it is critical building)	Engineers Assessment
	Hazardous Substances and New Organism are stored safely	HSNO Location Inspection Certificate renewed annually
	Security and surveillance system requirements	As per Service Level Agreement
	PoolSAFE Certification (Southland Aquatic Centre)	Certification
Risk or Failure	<b>Closure of Service Activity due to building failure</b>	<b>0 hours</b>
	Emergency generator can with-stand required demand	As per Service Level Agreement
	Building Inspections are undertaken	As per Service Level Agreement
<b>Asset can meet demand of the (Service) Activity</b>	Building Opening Hours	As per Service Level Agreement
		Building Availability during open hours
	<b>Overcrowding or over provision of space is not an issue</b>	<b>Capacity as per Service Level Agreement</b>
	Office space infrastructure	Occupancy (Housing Care)
<b>Quality, Comfort and Performance</b>	<b>Public and user satisfaction with the building facility</b>	<b>&gt;75%</b>
	<b>Condition rating for building is agreed upon</b>	<b>Condition rating above as per Service Level</b>

Level of Service	Technical Performance Measures	Technical Target
	<b>with Service Activity Manager</b>	<b>Agreement</b>
	Building fault response time to first attendance	Urgent – 1 day Non-urgent - 5 days
	Vandalism is repaired in a timely manner	Made safe within 1 day
	Office and public spaces temperature (and humidification Museum and Archive)	As per Service Level Agreement
<b>Cost Efficiency</b>	<b>Rental and fees on buildings are sustainable and comparable or less than market rate</b>	<b>&lt; Market Rate</b>
	Proposed Renewal and New Capital Plan	Complete annually within budget
	Energy Consumption	< previous kWh/m <sup>2</sup> /y

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	<u>day</u>		<u>day</u>	<u>day</u>	<u>day</u>
<u>Office and public spaces temperature (and humidification Museum and Archive)</u>	<u>As per Service Level Agreement</u>	<u>Not Achieved (Museum, Library and CAB)</u>	<u>As per Service Level Agreement</u>	<u>As per Service Level Agreement</u>	<u>As per Service Level Agreement</u>
<u>Rental and fees on buildings are sustainable and comparable or less than market rate</u>	<u>N/A</u>	<u>Not measured</u>	<u>&lt; Market Rate</u>	<u>&lt; Market Rate</u>	<u>&lt; Market Rate</u>
<u>Proposed Renewal and New Capital Plan</u>	<u>Complete annually within budget</u>	<u>Not Achieved - See Annual Report</u>	<u>Complete annually within budget</u>	<u>Complete annually within budget</u>	<u>Complete annually within budget</u>
<u>Energy Consumption</u>	<u>&lt; previous kWh/m<sup>2</sup>/y</u>	<u>Not Achieved (169,671 above heating inefficiencies)</u>	<u>&lt; previous kWh/m<sup>2</sup>/y</u>	<u>&lt; previous kWh/m<sup>2</sup>/y</u>	<u>&lt; previous kWh/m<sup>2</sup>/y</u>

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**3.4 LEVELS OF SERVICE ISSUES AND CHALLENGES**

Managers of the activity in our buildings do most of the engagement with the customer. It is therefore critical for the building assets team to maintain a good working relationship so that both teams are working in a unified direction.

**3.4.1 Levels of Service Gaps and Possible Responses**

Where there are shortfalls of the level of service targets and improvements are desired, improvements requested by Service Activity Managers are to support changes in demand on the Service Activity, (these are developed further in Section 4) or changes to service level of the Service Activity. Improvements requested by the Building Asset Manager are required so that the building can provide enhanced technical service levels for better management of the assets.

Category	Current Level of Service Gaps	Possible Responses to Gaps	Expected Solution	Proposed Timeline	Estimated Cost 2018 Uninflated
All	Record building fault response times.	<ul style="list-style-type: none"> <li>➤ Collect data from contractor to be put against work orders in IPS.</li> <li>➤ Allow access to IPS for contractor to submit their own data to IPS.</li> </ul>	<u>Response times are recorded</u>	<u>Unknown</u>	<u>Unknown</u>
Corporate Buildings – Civic Admin	Seismic Capacity - The CAB is a critical building and will be required for business use after a significant seismic event.	<ul style="list-style-type: none"> <li>➤ Put a contingency plan in place for staff and system in the event that the building is inaccessible, this may need to be for an extended period of time.</li> <li>➤ <u>Accept that building may be unable to be used after a seismic event</u></li> <li>➤ Strengthen the building by tying the floor slab to the lift shaft, increasing the seismic capacity to 2,000 year return period, current capacity 500 year return.</li> </ul>	<u>Parks Operations building on racecourse road become a temporary office site during an emergency</u>	<u>October 2019</u>	<u>Staff Time</u>
			<u>Seismic Ties</u>	<u>Decision June 2018</u>	<u>\$430,000</u>
	Office and public spaces temperature - Temperature consistency.	<ul style="list-style-type: none"> <li>➤ Install double glazing</li> <li>➤ Install HAVC system</li> <li>➤ Remove more partitions</li> </ul>	<u>Install Double Glazing</u>	<u>Decision June 2018</u>	<u>See Below</u>
			<u>Install HVAC</u>	<u>2020</u>	<u>\$1,520,000</u>

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Category	Current Level of Service Gaps	Possible Responses to Gaps	Expected Solution	Proposed Timeline	Estimated Cost 2018 Uninflated
		cope.			
Civic Theatre and Scottish Hall	Condition rating for building is agreed upon with Service Activity Manager – Scottish Hall Interior Condition Poor, <u>and a decision on the earthquake strengthening if required-</u>	➤ Interior refurbishment	<u>Condition ratings added to Service Level Agreements</u>	<u>August 2018</u>	<u>TBC</u>
Southland Aquatic Centre	PoolSAFE Certification (Southland Aquatic Centre)- Water quality has not quite reached its 100%.	➤ Install UV treatment	<u>Install UV</u>	<u>June 2020</u>	<u>\$348,000</u>
	Condition rating for building is agreed upon with Service Activity Manager ➤ Foyer past its refurbishment date ➤ Current slide is at the end of its useful life.	➤ Renew foyer ➤ Remove slide ➤ Replace slide with like for like ➤ Increase slide and make it a user pays attraction	<u>Renew Slide</u>	<u>June 2019</u>	<u>\$2,115,000</u>
	Overcrowding or over provision of space is not an issue ➤ There is not enough office space for all staff ➤ Changing rooms are over-crowded especially which groups come to the facility ➤ Not enough accessible changing room space ➤ Seating area during	➤ Reconfigure interior of building ➤ Extend office space ➤ Manage the times groups arrive ➤ Decrease the demand on the service ➤ Extend the changing rooms ➤ Increase accessible changing rooms from 2 to 4 ➤ Increase seating capacity ➤ Increase cost to watch	<u>Renew café, foyer and extend changerooms</u>	<u>August 2018</u>	<u>\$1,400,000</u>

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Category	Current Level of Service Gaps	Possible Responses to Gaps	Expected Solution	Proposed Timeline	Estimated Cost 2018 Uninflated
	<p>competitions is not sufficient</p> <ul style="list-style-type: none"> <li>➤ Car park is full regularly</li> <li>➤ Pool space is a problem especially club space</li> </ul>	<p>competitions</p> <ul style="list-style-type: none"> <li>➤ Extend car park</li> <li>➤ Talk to IVEM about using some of their parking by the old toilet block</li> <li>➤ Change charging regime potentially timing of use</li> <li>➤ Increase pool space</li> </ul>	<u>New 25m x 25m x 2m deep pool</u>	<u>June 2021</u>	<u>\$6,000,000</u>
	<p>Public and user satisfaction with the building facility - Clocks are not all telling the same time, numerous customer complaints.</p>	<ul style="list-style-type: none"> <li>➤ <u>Install synchronised clocks</u></li> <li>➤ <u>Remain with status quo</u></li> </ul>	<u>Install clocks which are also synchronised with alarm systems so that visual alarm is installed</u>	<u>June 2019</u>	<u>\$20,000</u>
Southland Museum and Art Gallery	<p><u>Condition rating for building is agreed upon with Service Activity Manage - Roof leaks. Overcrowding or over provision of space is not an issue</u></p> <ul style="list-style-type: none"> <li>➤ <u>Storeroom is full and not fully catalogued</u></li> <li>➤ <u>More exhibition space required</u></li> </ul>	<ul style="list-style-type: none"> <li>➤ <u>Temporary patch up leaks</u></li> <li>➤ <u>Accept leaks build internal guttering</u></li> <li>➤ <u>Bandage roof with membrane</u></li> <li>➤ <u>Dispose of building and relocate</u></li> <li>➤ <u>Stop accepting bequeaths</u></li> <li>➤ <u>Remove art collection and hold only museum articles</u></li> <li>➤ <u>Catalogue the collection</u></li> <li>➤ <u>Extend current storage within building</u></li> <li>➤ <u>Include larger storage in Museum upgrade</u></li> <li>➤ <u>Build Regional Storage Facility</u></li> <li>➤ <u>Extend building</u></li> <li>➤ <u>Dispose of building and relocate</u></li> </ul>	<u>Roof bandaged with paint system</u>	<u>March 2018</u>	<u>\$215,000</u>

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Category	Current Level of Service Gaps	Possible Responses to Gaps	Expected Solution	Proposed Timeline	Estimated Cost 2018 Uninflated
	<p><u>Public and user satisfaction with the building facility</u></p> <ul style="list-style-type: none"> <li>➤ <u>Reception area doesn't allow for charging or individual contact with those entering the facility</u></li> </ul> <p>Toilets are not compliant</p>	<ul style="list-style-type: none"> <li>➤ <u>Retrofit new reception area</u></li> <li>➤ <u>Renovate the existing toilets</u></li> <li>➤ <u>Don't do any work which requires a building consent</u></li> <li>➤ <u>Upgrade building</u></li> <li>➤ <u>Dispose of building and relocate</u></li> </ul>	<u>Refurbish Reception</u>	<u>June 2019</u>	<u>\$300,000</u>
	<p><u>Overcrowding and provision of space is an issue</u></p> <ul style="list-style-type: none"> <li>➤ <u>Storeroom is full and not fully catalogued</u></li> <li>➤ <u>More exhibition space required</u></li> </ul>	<ul style="list-style-type: none"> <li>➤ <u>Stop accepting bequeaths</u></li> <li>➤ <u>Remove art collection and hold only museum articles</u></li> <li>➤ <u>Catalogue the collection</u></li> <li>➤ <u>Extend current storage within building</u></li> <li>➤ <u>Include larger storage in Museum upgrade</u></li> <li>➤ <u>Build Regional Storage Facility</u></li> <li>➤ <u>Extend building</u></li> <li>➤ <u>Dispose of building and relocate</u></li> </ul>	<u>Regional Storage Facility built by Southland regional Heritage Trust</u>	<u>2026</u>	<u>Dependant on Brief</u>
	Seismic capacity below 67% NBS.	<ul style="list-style-type: none"> <li>➤ <u>Accept the risk of the building being below 67%NBS</u></li> <li>➤ <u>Strength building to above 67%</u></li> <li>➤ <u>Dispose of building and relocate</u></li> </ul>	<u>Southland Museum Redevelopment</u>	<u>2028</u>	<u>Dependa nt on Brief</u>
	Office and public spaces temperature and humidification - Humidification is compartmentalised and when it fails there is no back up system.	<ul style="list-style-type: none"> <li>➤ <u>Put back up system on each humidifier</u></li> <li>➤ <u>Install centralised humidification in building upgrades</u></li> <li>➤ <u>Demolish building and relocate</u></li> </ul>			

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Category	Current Level of Service Gaps	Possible Responses to Gaps	Expected Solution	Proposed Timeline	Estimated Cost 2018 Uninflated
Housing Care	Public and user satisfaction with the building facility ➤ Fully Insulated ➤ Increased parking required by tenants ➤ Ultrafast broadband	➤ Although the flats were retrospectively insulated as much as practical, there could be significant improve to comfort made by double glazing the flats. ➤ Install more parking facilities ➤ Dispose of complexes without enough parking and invest in new complexes ➤ Work with Chorus to install services when a tenant at complex requests broadband installation and it is available in that area	<u>Install double glazing across all complexes</u>	<u>December 2019</u>	<u>\$800,000</u>
			<u>Install parking as grounds are being upgraded</u>	<u>Continuous</u>	<u>Dependant on complex</u>
			<u>Install broadband</u>	<u>As requested</u>	<u>\$0</u>
	Decreasing number of injury accidents because of building hazard reported per year - All baths removed.	➤ Baths are converted into shower as when tenants request or when a tenant leaves a flat	<u>Remove bath, install shower</u>	<u>As untenanted</u>	<u>\$15,000/unit</u>
	Condition rating for building is agreed upon with Service Activity Manage - Remove old Hoovermatic washing machines.	➤ Replace with new or tenant owned machine	<u>No change in service level other than windows above, renew washing machines</u>	<u>As untenanted</u>	<u>\$3,000</u>
Public Toilets	Vandalism is repaired in a timely manner - Don Street attracting vandalism and the toilet was attracting drunk and disorderly people to the area.	➤ Remove toilet ➤ Change opening times	<u>Change opening times</u>	<u>Completed</u>	<u>*\$0</u>
			Investigate location for new toilet in Waikiwi area	<u>Install toilet in Waikiwi</u>	<u>June 2018</u>

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Category	Current Level of Service Gaps	Possible Responses to Gaps	Expected Solution	Proposed Timeline	Estimated Cost 2018 Uninflated
	Entrance to City.				
<b>Other Infrastructure</b> – Parking Building	Overcrowding or over provision of space is not an issue - Kiosk no longer required.	<ul style="list-style-type: none"> <li>➤ Do nothing</li> <li>➤ Remove kiosk</li> </ul>	<u>Do Nothing</u>	<u>Remove if it becomes a danger</u>	<u>\$5,000</u>

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## 4. Demand for Our Services

### 4.1 DEMAND FORECAST

#### 4.1.1 Factors Influencing Demand

Demand on the Building Assets Activity is driven mainly by the demand for the Service Activity within our building. Factors influencing demand on the Service Activity may require a response from the Building Asset Activity. Please refer to the Service Activities Plans or Statements of Intent for further information on demand for the service.

~~Capital programme requirements influence demand on the Building Assets Activity, this is influenced by the age and condition of the assets and growth or decline in the Service Activity.~~<sub>1</sub>

##### 4.1.1.1 Corporate Buildings

Factors influencing demand generally includes:

- Office use trends, requires refurbishment, renewal, rationalisation of buildings.
- Level of staff, capacity of building.

##### 4.1.1.2 Community Facilities and Housing Care

Factors influencing demand generally includes:

- Demographics, especially age of the population has a significant affect.
- Societal trends.
- Technological advances.
- Local economy.
- Tourism and visitor numbers (excl. Housing Care).
- Bequeaths and storage (SMAG and Archives).
- Changes to governance.

##### 4.1.1.4 Public Toilets

Factors influencing demand in the Central Business District generally includes:

- Economic activity, which influences the number of people in retail shopping areas.
- Ageing population, as population ages there is an increased demand on public toileting facilities.

##### 4.1.1.5 Other Infrastructure Buildings

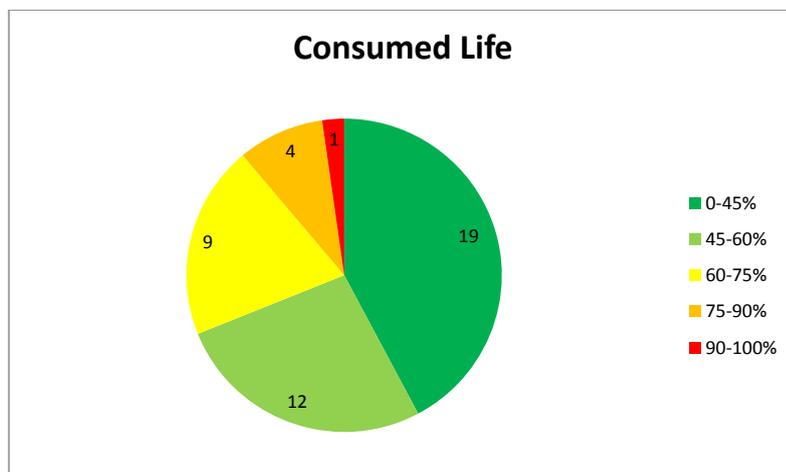
- Education on services provided.

#### 4.1.2 Projected Growth or Decline in Demand for the Service

The significant assumptions are documented in the Long-Term Plan – Background and Assumptions 2018-2028 (Appendix 1.01) these assumptions were used as a basis for the projected demand in services, any further

assumptions specific to this activity have been documented in Section 2.4 – Key Assumptions.

The majority of the Building Assets stock is aging and many of our buildings are half way or more through their useful lives, because of this there is a higher demand for capital renewal projects and potential (developing) growth projects to be undertaken in the upcoming years, this will put an increased demand on the Building Assets Activity.



There has been an increase in requests from other building owners within Council and its CCO's on building asset management consultancy work.

4.1.2.2 *Corporate Buildings*

The Chief Executive commissioned a report on the utilisation of the Civic Administration Building, the results of this have been requested, and when received this we will further understand the demand on this building. There is no current projected significant increase or decline to staff levels.

4.1.2.2 *Community Facilities*

**Animal Care**

The number of dog registrations has been increasing and it is unclear if this is a reflection on previously unregistered dogs becoming registered or an increase in overall dog population. It is assumed that the increase is from unregistered dogs becoming registered and there will be no changes in demand.

**Library and Archive**

There is an expectation that collections will have an increasing percentage provided in a digital format. This change in delivery will inevitably impact the processing and reduce the requirement for storage of Library collections. IT infrastructure needs to deliver technology upgrades will be required to keep Libraries and Archives Services relevant and efficient.

The Archive is registered as a National Archive, if other Local or Central Government agencies were to avail of this status it would require significantly more space.

#### **Invercargill Venues and Events Management (IVEM)**

There is a current societal trend to use income on experiences rather than on asset. This could slightly increase the demand on the arts and culture sector, which the buildings have the capacity to manage.

#### **Southland Aquatic Centre**

Splash Palace was designed for 6.5 visits per head of population. This has increased to 7.75 visits, with the Invercargill and Southland population also incrementally increasing; this demand on the service is projected to continue for the foreseeable future.

#### **SMAG**

As the SMAG currently stands there is no projected increase in demand for the Service Activity if it remains in its current form. This does not highlight the fact the current storeroom is not sufficient for the collection and this has not been addressed. (Current Service Level) There are some potential initiatives that could increase demand on the Service, these are to be consulted on in the upcoming Long-Term Plan consultation document, these include:

- Public and Tourist Toilet Infrastructure.
- Living Dinosaurs – Enclosure for National Tuatara and Kakapo Species.
- Regional Storage Facility.
- Art Centre.
- Southland Museum Redevelopment.

#### **4.1.2.3 Housing Care**

In Invercargill the current demand exceeds supply. Invercargill City Council's Housing Care provision has always been a stand alone cost-neutral service. The cost of building new units would, on a full cost-recovery model, result in rents in excess of current service levels in the Housing Care Activity.

#### **4.1.2.4 Public Toilets**

A retail strategy has recently been developed for the CBD. If the strategy achieves the outcomes document the CBD will have increased footfall which will increase the current demand on the public toilet facilities.

The Long-Term Plan – Background and Assumptions 2018-2028 (appendix 1.01) indicates the number of residents over the age of 65 will increase from 16% (2016 estimate) to 22% in 2028. There will be a marginal increase on demand for public toilets. This will not require any action.

#### **4.1.2.5 Other Infrastructure Buildings**

##### **Parking Building**

There is no projected increase or decline for this service.

##### **Solid Waste Transfer Station**

The waste assessment projected a steady increase in the tonnage of diverted materials in the short to medium term.

#### **4.2 CHANGES IN SERVICE EXPECTATIONS**

There have recently been more expectations on the Building Assets Activity to go through optimised decisions making processes in regards to the preferred

renewal options. Investment Logic Mapping (ILM) and BBC are expected of any significant public spending.

There is a customer expectation on capital programmes to focus on sustainable operational costs to service activities; this usually requires a larger capital cost which is not always politically supported.

There have been no fundamental changes in what the activity is expected to deliver on operational, maintenance, renewal and capital building works on behalf of the Service Activity.

#### 4.2.1 *Corporate Buildings*

The main change in service expectation is the desire for new modern open space office environment.

#### 4.2.2 *Community Facilities*

##### **Animal Care**

There is an expectation that there will be more desexing of animals to be executed at the facility.

##### **Library and Archive**

The Library is expected to become more of a Community Living room. This could change the requirement from storage of library books to requirements for better IT infrastructure.

##### **IVEM**

There are no fundamental changes in service expectations.

##### **Southland Aquatic Centre**

There are no fundamental a change in service expectations. There is an increase in awareness of accessibility requirements.

##### **SMAG**

There is an expectation that SMAG may not exist in its current framework, it may develop into two entities, one for Museum and the other for Arts. This would have a significant impact on the demand for each service and therefore, the buildings which house these services.

#### 4.2.3 *Housing Care*

There is an increase in service expectations in regards to thermal efficiency and modern appearances.

#### 4.2.4 *Public Toilets*

Exeloo toilets are not liked by some members of the public, however these have proved to be the most durable and reliable equipment to use for 24 hour service.

There have been two requests in recent year to install a public toilet in the Waikiwi area.

#### 4.2.5 *Other Infrastructure Buildings*

##### **Parking Building**

There are no fundamental changes in service expectations.

**Solid Waste Transfer Station**

There are no fundamental changes in service expectations.

**4.3 EXPECTED IMPLICATIONS FOR THE ACTIVITY**

There greater investment of time or resources on the planning phase of capital projects.

**4.4 FUTURE DEMAND ISSUES AND CHALLENGES**

**4.4.1 Possible Demand-related Responses**

The impact of tactics to respond to changes in demand will be to assess all possible options including but not limited to:

- Capital expenditure projects to modify buildings to suit new needs.
- Capital renewal of antiquated equipment.
- Disposal of asset.
- Repurpose of existing asset.
- Acquisition of new asset.
- Non-asset solutions.

Category	Issue or Challenge	Possible Demand-related Responses
Corporate Buildings – Civic Admin	Desire of tenant to be in a more modern open plan building	<ul style="list-style-type: none"> <li>➤ Complete interior renewal, remove partition walls (this would require new furniture etc.)</li> <li>➤ Deliver suggestions provided in utilisation study</li> </ul>
Community Facilities – Animal Services Care Facility	More desexing happening at the facility	<ul style="list-style-type: none"> <li>➤ Post-surgical pen</li> </ul>
Library and Archive	Library being more of a community hub, rather than a house for books	<ul style="list-style-type: none"> <li>➤ Refurbishment project underway, this will allow for a more flexible space</li> <li>➤ Digital capacity of the library may need to be considered on a regular basis.</li> </ul>
	Archive becomes registered repository for New Zealand	<ul style="list-style-type: none"> <li>➤ Potential of more storage space to require in the facility.</li> <li>➤ Memorandum of understanding would need to be drawn up</li> </ul>
Southland Aquatic Centre	More elderly using the facility	<ul style="list-style-type: none"> <li>➤ Increase number accessibility change rooms</li> <li>➤ Make pool space more easily accessible</li> <li>➤ Build more pool space</li> <li>➤ More accessible car parks</li> </ul>
	Societal trend in healthy living, increasing demand on pool space	<ul style="list-style-type: none"> <li>➤ Build more pool space</li> <li>➤ Build more changing rooms</li> </ul>

Category	Issue or Challenge	Possible Demand-related Responses
	More staffing require to meet PoolSAFE standard	<ul style="list-style-type: none"> <li>➤ Increase office space</li> <li>➤ Increase staff room space</li> </ul>
Southland Museum and Art Gallery	Bequeaths keep coming in	<ul style="list-style-type: none"> <li>➤ Need to expand storage space so that Southland history stays in the region.</li> </ul>
	Kakapo enclosure	<ul style="list-style-type: none"> <li>➤ Design space for the kakapo</li> <li>➤ Look for funding from DOC</li> </ul>
<b>Housing Care</b>	Southland housing strategy is implemented fully and the band in widened for applicants	<ul style="list-style-type: none"> <li>➤ Get capital injection from Council to building more stock</li> </ul>
<b>Public Toilets</b>	Waikiwi residents requesting public toilet in their area	<ul style="list-style-type: none"> <li>➤ Find a suitable location for an Exeloo and build</li> </ul>

#### 4.4.2 Possible Non-Asset Solutions

Although non-asset responses are considered through the optimised decision making process any possible non-asset related responses would in most instances become the responsibility of the Service Activity Manager to resolve.

Category	Current and Forecast Demand	Possible Non-Asset Solutions
<b>All</b>	Capital programme increase in workload due to ageing of assets	<ul style="list-style-type: none"> <li>➤ Time work so that projects are evenly distributed</li> <li>➤ More staff on the building assets team to cope with work loads</li> </ul>
	Increased focus on the planning phase of capital projects	<ul style="list-style-type: none"> <li>➤ Optimised decision making</li> <li>➤ Better business case approach to larger capital projects</li> <li>➤ Train staff in these processes</li> <li>➤ More consulting services</li> <li>➤ More staff</li> </ul>
<b>Corporate Buildings – Civic Admin</b>	Desire of tenant to be in a more modern open plan building	<ul style="list-style-type: none"> <li>➤ Lease building from another entity</li> <li>➤ Change working policy to so that more people work from home</li> </ul>
<b>Community Facilities – Library and Archive</b>	Archive becomes registered repository for New Zealand	<ul style="list-style-type: none"> <li>➤ Do not expand the facility, others can provide their own</li> </ul>
Southland Aquatic Centre	More elderly using the facility	<ul style="list-style-type: none"> <li>➤ Manage demand with scheduling</li> </ul>
	Societal trend in healthy living, increasing demand on pool space	<ul style="list-style-type: none"> <li>➤ Encourage and advertise others in the health industry</li> </ul>
	More staffing require to meet PoolSAFE standard	<ul style="list-style-type: none"> <li>➤ Do not be accredited</li> </ul>
Southland Museum and Art	Bequeaths keep coming in	<ul style="list-style-type: none"> <li>➤ Refuse any new donations.</li> </ul>
	Kakapo enclosure	<ul style="list-style-type: none"> <li>➤ Do not accept kakapo</li> </ul>

Category	Current and Forecast Demand	Possible Non-Asset Solutions
Gallery		
<b>Housing Care</b>	Southland housing strategy is implemented fully and the band is widened for applicants	<ul style="list-style-type: none"> <li>➤ Move housing care service into a CCO which can become a CHP, more funding available to build more flats</li> <li>➤ Sell housing portfolio to CHP</li> </ul>
<b>Public Toilets</b>	Waikiwi residents requesting public toilet in their area	<ul style="list-style-type: none"> <li>➤ Approach commercial businesses in the area to see if they would work with Council to provide public toilets</li> </ul>

#### 4.4.3 Managing Expectations

Programmes for growth and demand related works or capital renewals are arranged with all Service Activity Managers on an annual basis. These are documented in the Individual Service Level Agreements. As demand for the Building Asset Activity increase there may be a requirement for Service Activities projects to be prioritised to fit the Building Assets Activities availability.

Category	Current and Forecast Demand	Possible Responses to Manage Expectations
<b>All</b>	Capital programme increase in workload due to aging of assets	<ul style="list-style-type: none"> <li>➤ Negotiate timing of project with Service Managers</li> <li>➤ More staff on the building assets team to cope with work loads</li> </ul>
	Asset Management for buildings is a relatively young and detailed discipline, the full demand or cost to reach Asset Management Maturity desired is unknown.	<ul style="list-style-type: none"> <li>➤ Ensure Asset Management Maturity goals are achievable</li> <li>➤ Make sure the level of detail for asset components is not too detailed</li> <li>➤ Talk to those in the building asset profession to understand the true cost of Asset Management is</li> </ul>
<b>Community Facilities – Animal Services Care Facility</b>	More desexing happening at the facility	<ul style="list-style-type: none"> <li>➤ Refer to veterinary clinic</li> </ul>
Library and Archive	Archive becomes shared service	<ul style="list-style-type: none"> <li>➤ Memorandum of understanding would need to be drawn up</li> </ul>
Southland Museum and Art Gallery	Bequeaths keep coming in	<ul style="list-style-type: none"> <li>➤ Educate public on capacity of the service</li> </ul>
	Kakapo enclosure	<ul style="list-style-type: none"> <li>➤ Do not accept kakapo</li> </ul>
<b>Public Toilets</b>	Waikiwi residents requesting public toilet in their area	<ul style="list-style-type: none"> <li>➤ Inform public of other options</li> </ul>

## 5. Asset Profile

### 5.1 ASSET OVERVIEW

The management of services are separated from the management of the assets which are used to house and support the services. This helps to promote accountability, transparency and efficiency in the acquisition and management of buildings owned by Council. An exception to this strategy is the Public Toilets for which we are the service delivery and asset management.

Note: Building and land in this Asset Management Plan does not include the following similar assets which are detailed in other Activity or Asset Management Plans:

- Investment property – see the Investment Property Activity Management Plan.
- Public toilets on reserve land – see the Parks Asset Management Plan.

Detailed information about building assets is stored in Invercargill City Council systems:

- Maintenance management system - Infor Public Sector (v8.4).
- Document management system - Objective.
- Building Assets Property Portfolio 2017 (Appendix 4.01).
- In files in the Asset Managers Office.

### 5.2 ASSET DESCRIPTION

The building assets included in this Plan fall under the following categories. A full description for each property can be found in the Building Assets Property Portfolio 2017.

#### 5.2.1 Corporate Buildings

These are the buildings that are provided to the Finance and Corporate Directorate for use to the Invercargill City Council for its administration purposes. These include:

- Civic Administration Building.
- Bluff Service Centre.

#### 5.2.2 Community Facilities

These are the buildings that are provided for Community Services, these are generally specialist buildings which help the community achieve its social, economic and cultural sustainability outcomes. These buildings include:

- Animal Care Facility.
- Civic Theatre.
- Library and Archive.
- Scottish Hall.
- Southland Aquatic Centre.
- Southland Museum and Art Gallery.

### 5.2.3 Housing Care

This category comprises of 21 complexes with 215 elderly housing units. These are provided to the community as affordable housing for citizens who meet Council's entry criteria.

### 5.2.4 Public Toilets

Public toilets are provided in the CBD and suburbs as public amenities. There are nine public toilet facilities provided by the building assets team. These are:

- Wachner Place Restrooms.
- Don Street Exeloo.
- Dee Street Exeloo.
- Leven Street/Car Park Exeloo.
- Windsor Street Exeloo.
- Glengarry Exeloo.
- South City Exeloo.
- Stirling Point Exeloo.
- Bluff Service Centre Exeloo.

### 5.2.5 Other Infrastructure Buildings

These are the buildings that are owned by Invercargill City Council and are either managed, consulted or leased by the Building Assets team. These included:

- |                                |         |
|--------------------------------|---------|
| ➤ Leven Street Car Park        | Managed |
| ➤ Troopers Memorial            | Managed |
| ➤ Transfer Station             | Consult |
| ➤ Industrial Reclamation       | Consult |
| ➤ Bluff Senior Citizens Centre | Leased  |

## 5.3 CRITICAL ASSETS

### 5.3.1 Asset Criticality Criteria

Please see Building Asset Criticality Criteria (Appendix 4.03). See Asset Details table below or Building Assets Property Portfolio for details on each property.

## 5.4 ASSET CONDITION

### 5.4.1 Summary of Current Asset Condition

Please see Building Asset Condition Criteria (Appendix 4.04). See Asset Details table below or Building Assets Property Portfolio for details on each property.

### 5.4.2 Condition Monitoring

The condition assessments above (except for the Civic Administration Building and Civic Theatre) are based on the remaining useful life as assessed by Quotable Value, 1 July 2017.

We have engaged Opus to complete a full visual condition assessment on each building to get a more thorough componentised evaluation. The Civic Administration Building and Civic Theatre as our most critical buildings were the first of our assets to be assessed in this manner. The full report is detailed in the Building Asset Property Portfolio document (appendix 4.01). We own the data which is available to us via ADT Opus' assessment management software. The

data from these assessments are planned to be transferred into our asset management software Infor Public Solutions (IPS), we need to finalise our asset hierarchy prior to transferring that data. These assessments will be carried out 3 yearly.

## **5.5 ASSET CAPACITY AND PERFORMANCE**

### **5.5.1 Capacity and Utilisation**

Capacity: Is the maximum number of people able to access the building without exceeding the fire loading.

Utilisation: If the overall rating exceeds 100% the asset is exceeding its design expectations and may require intervention or the measures are not correct. If the overall rating equals 100% it is meeting its design, if the rating is less than 100% the asset is used less than its possible design purpose. When the rating is 0% then the asset is not being used.

### **5.5.2 Performance**

Design performance has been measured on the following qualities:

- Code of Compliance.
- Building Warrant of Fitness.
- Accessibility.
- Weather-tightness.
- Firefighting.
- Fire Alarm.
- Insulation.
- Heating.
- Potable Water.
- Security.

See Asset Details table below or Building Assets Property Portfolio for details on each property.

Financial performance has been measured in the following qualities:

- Cost to run building.
- Revenue.
- Capital Expenditure.
- Depreciation.
- Fair value.
- Replacement Cost.
- Loss of Service Potential Reserve Balance.
- Financial Consumption.
- Funded Depreciation.

See Building Assets Property Portfolio for details on each property.

5.6 ASSETS DETAILS

Asset	Address	Group	Description	Criticality	Age	Remaining Useful Life	Condition	Capacity	Design Performance %	Utilisation %	Unit	Fair Value (\$)	Replacement Cost (\$)	Depreciation Cost (\$)
Civic Administration Building	101 Esk Street	Corporate Buildings	6 story office building	3	44	48	2	258	70	100	Hours/Year	4,958,000	10,913,280	194,158
Bluff Service Centre	94-98 Gore Street	Corporate Buildings	Service Centre, suburban library, bank and Lotto	2	67	28	2	60	100	30	Hours/Year	305,000	1,224,053	22,604
Civic Theatre	88 Tay Street	Community Facility	1000 seat opera style theatre	3	111	43	1	1538	89	16	Bookings/Year	16,506,000	21,419,922	417,452
Scottish Hall	112 Esk Street	Community Facility	Dance Hall	2	60	15	3	388	67	10	Bookings/Year	433,000	4,595,030	89,706
Invercargill City Library	50 Dee Street	Community Facility	Borrowing Library	2	28	47	3	415	67	37	Hours/Year	8,893,000	15,622,880	319,712
Archive	62 Dee Street	Community Facility	Records Storage	2	59	66	1	100	89	22	Hours/Year	2,604,000	3,076,920	62,967
Southland Aquatic Centre	58 Elles Road	Community Facility	Swimming Pool	2	20	20	2	1000	90	60	Hours/Year	19,344,000	28,536,158	1,011,007
Southland Museum and Art Gallery	108 Gala Street	Community Facility	Museum	2	75	33	3	500	80	35	Hours/Year	6,316,000	24,100,505	496,674
Dog Pound	11 Lake Street	Community Facility	Animal Care Facility	1	5	70	1	9	50	98	Hours/Year	722,000	760,073	13,472
Aiden Place	132 Princes Street	Housing Care	Pensioner Flats	1	35	40	3	9	50	100	Nights tenanted	549,000	997,150	31,333
Anzac Court	9 Tone Street	Housing Care	Pensioner Flats	1	26	49	2	10	67	100	Nights tenanted	254,000	740,740	23,276
Aurora Place	15-29 Janet Street	Housing Care	Pensioner Flats	1	64	11	4	8	67	98	Nights tenanted	462,000	1,054,130	33,123
Cairnsmore Flats	160 Leet Street	Housing Care	Pensioner Flats	1	36	39	3	14	50	98	Nights tenanted	771,000	1,310,540	41,180
Clarendon Court	60 Stirrat Street	Housing Care	Pensioner Flats	1	31	45	3	20	50	99	Nights tenanted	920,000	1,566,950	49,102
Elston Lea Village	50 Murphy Street	Housing Care	Pensioner Flats	1	59	16	4	73	67	98	Nights tenanted	1,704,000	5,132,270	161,267
Jim Brass Place	154 Elles Road	Housing Care	Pensioner Flats	1	25	50	1	4	50	98	Nights tenanted	325,000	569,800	17,904

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Asset	Address	Group	Description	Criticality	Age	Remaining Useful Life	Condition	Capacity	Design Performance %	Utilisation %	Unit	Fair Value (\$)	Replacement Cost (\$)	Depreciation Cost (\$)
Kelly Court	210 Crinan Street	Housing Care	Pensioner Flats	1	46	29	4	7	50	99	Nights tenanted	412,000	683,760	21,485
Kinross Flats	30 Henderson Street	Housing Care	Pensioner Flats	1	35	40	2	12	67	99	Nights tenanted	314,000	740,740	23,276
Korimako Court	12 Waverley Street	Housing Care	Pensioner Flats	1	38	37	3	11	67	98	Nights tenanted	643,000	1,310,540	41,180
Laurel Court	2 Maltby Street	Housing Care	Pensioner Flats	1	39	36	4	10	67	100	Nights tenanted	526,000	826,210	25,961
Miller Street	13-29 Miller Street	Housing Care	Pensioner Flats	1	67	8	4	4	67	100	Nights tenanted	197,000	484,330	15,219
Nevill Place	26 Selwyn Street	Housing Care	Pensioner Flats	1	42	33	4	8	67	100	Nights tenanted	1,092,000	1,623,930	51,207
Niven Place	104 Earn Street	Housing Care	Pensioner Flats	1	46	29	4	17	67	99	Nights tenanted	412,000	683,760	21,485
Otarewa Village	90 Conon Street	Housing Care	Pensioner Flats	1	28	47	2	32	67	99	Nights tenanted	1,580,000	2,507,120	78,779
Pateke Place	429 Yarrow Street	Housing Care	Pensioner Flats	1	42	33	4	8	67	99	Nights tenanted	487,000	797,720	25,066
Powell Court	295 Pomona Street	Housing Care	Pensioner Flats	1	29	46	3	9	67	96	Nights tenanted	384,000	655,270	20,590
Stirling Flats	25 Gregory Street	Housing Care	Pensioner Flats	1	32	43	2	12	67	99	Nights tenanted	285,000	740,740	23,276
Stratpine Flats	246 Ettrick Street	Housing Care	Pensioner Flats	1	46	29	4	7	67	100	Nights tenanted	412,000	683,760	21,485
Thorndale	3 Lithgow Street	Housing Care	Pensioner Flats	1	34	41	3	9	67	99	Nights tenanted	372,000	712,250	22,380
Willow Park	64 Adamson Crescent	Housing Care	Pensioner Flats	1	30	39	3	15	88	50	Nights tenanted	639,000	1,082,620	34,633
Wachner Place Restrooms	20 Dee Street	Public Toilet	Public toilet	1	20	41	2	20	100	89	Hours/Year	583,000	940,170	18,047
Don Street Exeloo	69 Don Street	Public Toilet	Public toilet	1	18	12	2	3	100	98	Hours/Year	80,000	200,000	6,667
Dee Street Exeloo	62 Dee Street	Public Toilet	Public toilet	1	10	20	1	3	100	62	Hours/Year	133,333	200,000	6,667
Car Park Exeloo	11 Leven Street	Public Toilet	Public toilet	1	1	29	1	3	86	98	Hours/Year	193,333	200,000	6,667
Windsor Exeloo	19 Windsor	Public Toilet	Public toilet	1	13	17	1	3	71	99	Hours/Year	113,333	200,000	6,667

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Asset	Address	Group	Description	Criticality	Age	Remaining Useful Life	Condition	Capacity	Design Performance %	Utilisation %	Unit	Fair Value (\$)	Replacement Cost (\$)	Depreciation Cost (\$)
	Street													
Glengarry Exeloo and Dump Station	87 Glengarry Crescent	Public Toilet	Public toilet	1	8	22	1	3	71	98	Hours/Year	146,667	200,000	6,667
South City Exeloo	254 Elles Road	Public Toilet	Public toilet	1	7	23	1	3	71	98	Hours/Year	153,333	200,000	6,667
Stirling Point Exeloo	33-39 Ward Parade	Public Toilet	Public toilet	1	20	10	3	3	86	98	Hours/Year	66,667	200,000	6,667
Bluff Service Centre Exeloo	94-98 Gore Street	Public Toilet	Public toilet	1	20	10	3	3	86	100	Hours/Year	66,667	200,000	6,667
Parking Building	11 Leven Street	Other Infrastructure	8 deck, 281 space, parking building	1	33	41	4	88	100	40	Hours/Year	3,621,000	7,593,399	123,830
Solid Waste Transfer Station	303 Bond Street	Other Infrastructure	Covered collection pit, green waste pit, recycling shed	2	20	30	2		100		Hours/Year	1,852,000	2,746,640	57,208
Bluff Senior Citizens Centre	10 Onslow Street	Other Infrastructure	Community centre	1	47	34			75			286,000	597,680	22,604
Industrial Reclamation	121 Bond Street	Other Infrastructure	Workshop and office	1	47	3			50			291,000	4,653,638	
Troopers Memorial	2 Tay Street	Other Infrastructure	Boer War Memorial	1	110	40	4		100					
												<b>80,407,333</b>	<b>153,284,678</b>	<b>3,685,981</b>

**5.6 SUMMARY OF ASSET TRENDS, ISSUES AND CHALLENGES**

Issue and Challenge	Possible Responses
Many buildings	<ul style="list-style-type: none"> <li>➤ Have a good understanding of asset data, issues and challenges, be prepared for the information potentially required</li> <li>➤ Assume business as usual until the strategic direction from Council is confirmed</li> <li>➤ Use a better business case approach to develop any project that may develop from the strategic direction.</li> </ul>
Perception of value for money instead of lifecycle costs (projects develop in a piecemeal fashion)	<ul style="list-style-type: none"> <li>➤ Investigate projects from a lifecycle cost prospective instead of just capital cost</li> <li>➤ Ensure reports tell the story with this in mind.</li> </ul>
Asset hierarchy and data	<ul style="list-style-type: none"> <li>➤ Assess best fit for asset hierarchy</li> </ul>
Civic Administration Building: <ul style="list-style-type: none"> <li>➤ Windows</li> <li>➤ Exterior finish</li> <li>➤ Lift age and doesn't reach the 5<sup>th</sup></li> <li>➤ Heating</li> <li>➤ Earthquake Strengthening (if we remain)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Renew window and paint</li> <li>➤ Replace lift                             <ul style="list-style-type: none"> <li>○ Like for like</li> <li>○ Reach the 5<sup>th</sup></li> </ul> </li> <li>➤ Replace heating                             <ul style="list-style-type: none"> <li>○ Like for like</li> <li>○ HVAC System</li> </ul> </li> <li>➤ Seismically ties lift shaft to floors</li> </ul>
Bluff Service Centre: <ul style="list-style-type: none"> <li>➤ Demolish of Hotel</li> </ul>	<ul style="list-style-type: none"> <li>➤ West wall will require waterproofing</li> </ul>
Library <ul style="list-style-type: none"> <li>➤ Weather-tightness (minor roof leaks)</li> <li>➤ Exterior Cladding</li> </ul>	<ul style="list-style-type: none"> <li>➤ Repair roof</li> <li>➤ Renew cladding or accept liability to receive code of compliance</li> </ul>
Scottish Hall <ul style="list-style-type: none"> <li>➤ Major renewal and capital maintenance required</li> <li>➤ First floor closed to public</li> </ul>	<ul style="list-style-type: none"> <li>➤ Invest in building</li> </ul>
Splash Palace <ul style="list-style-type: none"> <li>➤ Corrosive atmosphere</li> <li>➤ Slide reception and foyer due for renewal</li> </ul>	<ul style="list-style-type: none"> <li>➤ Account of this in useful life calculations</li> <li>➤ Renew areas</li> </ul>
Museum <ul style="list-style-type: none"> <li>➤ Roof leaks</li> </ul>	<ul style="list-style-type: none"> <li>➤ Renew roof</li> </ul>
Housing Care <ul style="list-style-type: none"> <li>➤ Aging stock (no capital for new stock)</li> <li>➤ Cost to maintain increasing the portfolio ages</li> </ul>	<ul style="list-style-type: none"> <li>➤ Renew as required</li> </ul>
Car Parking Building <ul style="list-style-type: none"> <li>➤ High maintenance costs</li> </ul>	<ul style="list-style-type: none"> <li>➤ Maintain as required</li> </ul>
Trooper Memorial <ul style="list-style-type: none"> <li>➤ Condition</li> </ul>	<ul style="list-style-type: none"> <li>➤ Requires structural and exterior restoration</li> </ul>

## 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).

Infrastructure assets ability to influence sustainability outcomes are highest during the planning and design phase. Asset 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.

The operation of infrastructure has ongoing impacts - particularly as they relate to energy use and emissions, runoff, noise, light, ecological impacts, safety etc. Operation can provide ongoing employment and economic benefit.

The construction of infrastructure impacts on material use, energy, water, waste, etc. Construction can provide employment, with potential to target 'social' procurement.

#### 6.1.1 Social and Cultural

The buildings asset provides our community services with the fabric to show equality, social cohesion and inclusiveness, free from any prejudice. We want to promote intergenerational equality, meeting the needs of the present generation without compromising the needs of future generations.

We provide the meeting places for our community to become empowered and enabled to express and celebrate our ever diversifying heritages, whilst recognising the particular cultural significance of Maori and Tangata Whenua of New Zealand.

#### 6.1.2 Environmental

Buildings Assets seek to reduce consumption of resources and the effects of development on the environment. Relevant aspects of sustainable design will be incorporated into future building developments. Including but not exclusive to:

- Minimise materials and waste during construction.
- Sustainable materials used in construction.
- Electricity Supply and Consumption.
- Energy Audits.
- Use of Fossil Fuels.
- Climate Change Gases – Carbon footprint.
- Adopt Green Buildings Systems.
- Minimise water use and waste generation in buildings.
- Design for adaption and resilience to hazards including climate change.

The core buildings owned by the Invercargill City Council have not been designed for sustainability. Sustainability is a recent trend which seeks to reduce consumption of resources and the effects of development on the environment. Relevant aspects of sustainable design will be incorporated into future building developments. The two most recent plant renewals (Museum and Library heating) have used heat-pumps for heating and cooling as an energy efficiency measure.

Electricity supplied to Council is managed by the Building Assets. Electricity is supplied under a 3 year contract Non-half Hourly by Contact Energy and Time of Use by Trust Power. The current contract period runs to February 2020. Consumption data is collected for analysis by Energy Technical Services (ETS) and input to 'e-Bench', an analysis and reporting service.

A Level 2 Energy Audit, subsidised by EECA (Energy Efficiency and Conservation Authority) has been carried out on three core buildings. These are the Administration Building, Library and Splash Palace. The recommendations of the audit have been progressively implemented culminating in replacement of a chiller with a 4-pipe heat pump in the Library in 2010-11 financial year and approval to replace boilers at Splash Palace in 2011-12. These projects are incorporated in the relevant Service Level Agreements with Activity Managers.

### **6.1.3 Economic and Financial**

Asset Management is a verb, its purpose is to provide the desired level of service in the most cost effective manner through the management of assets for present and future customers. We do this by:

- Lifecycle approach to managing capital expenditure.
- Recognising the consumption of assets and appropriately funding it.
- Categorising capital versus operational expenditure.
- Allocating costs and preparing forecasts over the long-term (30 years or more).
- Reporting on financial performance.

### **6.1.4 Summary of Sustainability Challenges and Issues**

The social and cultural challenges and issues for this activity are the responsibility of the Service Activity Manager to assess; the building assets team will work with them to identify any options which we can develop to allow the building to facilitate this.

Environmental issues are addressed mostly in the design phase of any project being undertaken. We are hoping to work with EECA (Energy Efficiency and Conservation Authority) in the future to undertake audits on our buildings prior to any major renewal.

To be more financially sustainable Council wants to move towards fund depreciation. This will steadily increase the renewal expenditure and capital reserve movements to match depreciation.

## **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. 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 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 ???

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.

#### **6.2.3 Critical Assets Decision-Making**

This will be part of the review of risk management practices assessment in 2018/19.

6.2.4 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	
Our heritage buildings are maintained well and keep their Heritage status	Heritage New Zealand Pouhere Taonga Act 2014: Civic Theatre – Heritage 1 Trooper Memorial – Heritage 1 Scottish Hall – Heritage 2	1	1	5	2	4	1	2.25	F	L	Knowledge of Act	Maintain awareness	
Buildings are safe to use, accessible for those with disabilities and well maintained	Legislative Compliance: ➤ Fire ➤ Accessibility ➤ Hazardous Substances	4	1	3	3	4	3	3.00	E	L	Fire detection, alarm and fighting systems in buildings, evacuation plan, obtain HNSO Inspection certificates, obtain code of compliance after any building consent work is undertaken,	Carry out BWOFF and scheduled maintenance checks.	
	Health and Safety	3	1	3	3	5	6	3.10	C	H	Maintain Hazard Register, eliminate hazards, undertake job safety assessments, security and surveillance systems, PoolSAFE certification,	Maintain practice	
	Risk of failure ➤ Seismic event	5	5	5	4	3	1	3.85	E	M	Seismic investigation by Engineer.	Structural improvement, where required, develop contingency plans	
	Asset can meet demand of the Service Activity ➤ Increase demand in service	1	5	2	2	3	1	2.15	D	L	Maintain good communication with Service Activity Managers, building opening hours suit demand, provision	Maintain practice	

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	
	<ul style="list-style-type: none"> <li>➤ Assets redundant before their end of life</li> </ul>											of office space infrastructure	
	<ul style="list-style-type: none"> <li>Quality, comfort and performance</li> <li>➤ Loss of power</li> </ul>	1	4	1	1	1	1	1.45	C	L	Back-up generator where required, back up data off-site, maintain building to agreed condition rating, repair vandalism, maintain temperature and humidity at agreed levels	Start surveying public and users of facilities, obtain data on building fault response times,	
	<ul style="list-style-type: none"> <li>Cost Efficiency:</li> <li>➤ Over capitalisation on current assets</li> </ul>	1	5	1	2	2	1	1.85	D	L	Rents kept below or equal to market rates, plan renewal and capital, monitor energy consumption.	Discuss improvements with Valuer	
Loss of investment opportunity	Expenditure on construction of fixed assets	1	4	1	1	3	1	1.65	C	L	Infrastructure and financial strategy correlate	Maintain practice	
Unforeseen future costs of owning and maintaining building assets	Council property but which are not presently in Council ownership.	1	1	1	4	5	1	1.85	D	L	Maintain asset knowledge on buildings that may become Council burden	Recognition of the issues caused by the buildings, which have contributed to the demise of the Trust or CCO which owned them.	
Public Toilets are available 24 hours per day	Maintenance failure	2	1	2	1	2	1	1.30	C	L	Reactive maintenance contractors available	Carry out scheduled maintenance checks	

### 6.2.5 Summary of Key Risk Issues

Health and safety of workers and the public is the highest risk posed to the Building Assets Activity, there is no other known actions can be undertaken.

Seismic vulnerability is rated medium risk to the activity; contingency planning and resilience will be part of the improvement programme for the activity.

### 6.2.6 Possible Approaches to Risk Mitigation

Please see recommended actions in the table above.

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

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.

The Director of Works and Services is the Council liaison with EMS in the event of an emergency, all Asset Managers are to meet in the Committee Rooms and Council Chambers and deliver services as required. If the Civic Administration Building is inaccessible Parks Operation Building at Racecourse Road would be provided as a "Plan B". Although not officially requested, there is a hope we could approach PowerNet at Racecourse Road, as a Council Controlled Organisation, could provide office space to the Asset Managers if required as a "Plan C".

**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.

**6.3.3 Summary of Resilience Issues and Challenges**

Resilience, including business continuity is a relatively new focus of asset management. Resilience will be part of the review of risk management being undertaken in the 2018-19 financial year, working on contingency planning with service activity managers part of this will be thinking about what the 'unknown unknowns' are.

## 7. Managing Our Activities

### 7.1 RESPONDING TO ISSUES AND CHALLENGES

#### 7.1.1 Alternative Investment Approaches

The alternatives are:

- Service Activity Managers manage, maintain, and research their own asset management.
- Outsource asset management to a consultant.
- Lease from Private Industry.
- Develop a public, private partnership (PPP) for Council assets.

##### ***Activity Managers Manage Assets***

This would require the Activity Manager to address all operational, maintenance, renewal and growth projects in-house, as the service activity managers do not have the same depth of knowledge on the assets or building practices this would not have an as effective outcome.

##### ***Outsource Asset Managers***

This would require the educating the consultant to all operational, maintenance, renewal and growth project requirements, this could have a more effective outcome but at a much higher cost.

##### ***Lease from Private Industry***

This would require the disposal of current assets, as Housing Care and Civic Theatre are strategic assets these would need to be reclassified before this could happen. This would increase cash assets to Council but would operationally cost more to Council overtime.

##### ***Develop Public Private Partnerships***

This method should be investigated for new assets. This would reduce the requirement for large capital investment but would increase the operational cost of any agreement moving forward.

#### 7.1.2 Do-Minimum Programmes

A do-minimum programme would mean we would only be covering our legislated requirements; these are referred to in Section 3.2.2.

##### ***Corporate Buildings***

Council is required to have public meetings and requires a space to meet with the ratepayers to conduct business, how this is provided is not legislated. Council could lease a space to conduct this service, this would require less facility management of the space provided but would increase the cost of the space.

##### ***Community Facilities***

The Local Government Act 2002 states that good quality public services are provided. These spaces could also be provided by private industry but they would also come at a higher cost to Council or would require a reduced space for the same service to maintain affordability to the community.

**Housing Care**

This Service is not a legislated requirement of Council; it is Council's choice if they wish to remain providing this service. Other Local Government bodies have been selling their Housing portfolios to Community Housing Providers which are eligible for Central Government subsidies, a do-minimum option here is to dispose of these assets.

**Public Toilets**

The Exeloo toilets are self-cleaning and are manually cleaned daily; this could be reduced. The Wachner Place Restroom facility is staffed, the staff could be removed from this facility and have a cleaning contract put in place, this would mean more vandalism and significantly increase the maintenance cost to the service. The other option would be to install more Exeloo's in place of the restrooms.

**Other Infrastructure Buildings**

These buildings could be returned to their Service Activity Managers.

**7.1.3 Programmes Evaluation**

Council have recently adopted an Asset Management Policy (Appendix 2.01) and Strategy (Appendix 2.02). The latter outlines the Invercargill City Council's approach and actions in renewing assets in a prudent manner ensure good catchment of asset data to use as evidence for renewal planning.

**7.2 OPERATIONS AND MAINTENANCE**

**7.2.1 Operation and Maintenance Strategy**

All building warrant of fitness and Heating Ventilation and Air Conditioning (HVAC) requirements for commercial buildings are scheduled in Infor Public Services (IPS) Asset Management Information System (AMIS). This alerts staff when inspections are programmed so that an Independent Qualified Person (IQP) can be arranged to undertake these.

**Corporate Buildings, Community Facilities (excluding Splash Palace), Other Infrastructure**

The Building Assets Supervisor looks after the majority of the operational and maintenance requirements for our assets. This requires co-ordinating with the Service Activity Manager and contractors to have any repairs and maintenance undertaken.

Each building is visually inspected monthly for building warrant of fitness purposes; any reactive maintenance are noted during these inspections and forwarded to contractors for action. Further scheduled maintenance, renewal and improvements are documented in the Service Level Agreements (Appendices 4.02.1 to 4.02.8). Any other repairs or maintenance are undertaken in run to failure manner.

**Housing Care, Splash Palace**

The Housing Care Property Maintenance Officer has recently been added to the Aquatic Facilities Maintenance Supervisors job description, who looks after the majority of the operational and maintenance requirements for both, co-ordinating with the Housing Support Officer and Aquatic Facilities Manager arranging staff (at Splash Palace) and contractors to have any repairs and maintenance undertaken.

Most of the maintenance at Splash Palace is undertaken in a scheduled maintenance manner. IPS is well used by the team at this facility.

Each flat is visually inspected annually and at the end of each tenancy by the Housing Support Officer. Any maintenance requirements are noted during these inspections provided to the Maintenance Officer who arranges contractors for repairs. Further maintenance, renewal and improvements are documented in the Service Level Agreements (Appendices 4.02.1 to 4.02.8). Any other repairs or maintenance are undertaken in a reactive maintenance manner.

**Public Toilets**

The Building Assets Planning and Administration Officer manage the public toilet operations and maintenance requirements. Other than building warrant of fitness requirements these are inspected on a monthly basis any maintenance requirements are dealt to in a reactive manner.

**7.2.2 Operation and Maintenance Standards and Specifications**

Many standards and regulations are applicable to building and plant construction and operation. These generally include:

Standard or Regulation	Application
Building Regulations 1992	
Hazardous Substances Regulations 1996	Classes 1 to 9
Electricity Regulations 2010	
Health and Safety at Work Act 2015	

**7.2.3 Operation and Maintenance Options and Alternatives**

For building maintenance management most breakdown and scheduled maintenance work is carried out by small local contractors at their normal charge rates. There is potential to use maintenance contracts. This would reduce the flexibility to use a range of contractors and could diminish the number of contractors in the small pool available in Invercargill.

There are a number of approaches which could be used for maintenance. These include:

- Run to failure.
- Reactive maintenance.
- Scheduled maintenance.

**Run to failure**

This maintenance method is generally used for low cost non-critical assets. As the asset condition deteriorates the likelihood of failure increases, this method can also decrease the overall life of the asset as proactive maintenance can increase the useful life of assets.

**Reactive Maintenance**

This maintenance method is generally used for easily visible, non-critical assets. As the asset condition deteriorates maintenance requirements to keep the asset going will become more regular and the cost of running the asset could exceed the value of the asset.

**Scheduled Maintenance**

This maintenance method is generally used for critical assets or assets which require inspections under legislation. This method means that we understand the condition and maintenance requirements early and decreases the likelihood of failure. This method of maintenance generally keeps the asset running well into its useful life without major incident.

**7.3 ASSET RENEWAL/REPLACEMENT**

**7.3.1 Renewal Strategy**

The renewal strategy is available in the Asset Management Strategy (Appendix 2.02). Renewal plans and capital expenditure for each asset is documented in the Service Level Agreements (Appendices 4.02.1 to 4.02.8), they are based on information from condition assessments and projected maintenance programmes developed by external contractors. Each renewal is then discussed with the Activity Service Manager and assessed by the Building Asset team prior to execution to determine if the programming of the renewal needs to be brought forward or delayed depending on their professional opinion and the known performance of the asset.

Management of renewal projects are presently carried out in a variety of ways which are chosen to suit the circumstances of each project:

- Invercargill City Council staff, i.e. Assets Manager, Assets Supervisor or Assets Administrator, acting as project manager.
- Project Management consultants are employed for specific projects.
- Architects are employed to design and manage specific projects.

**7.3.2 Renewal Criteria / Intervention Standards**

Planned and reactive replacement works are prioritised in accordance with the following priority ranking table and then programmed or, in urgent cases, undertaken immediately.

Priority	Description
1 (High)	Asset failure has occurred and renewal is the most cost-effective treatment. Asset failure is imminent and failure is likely to have major impact on the environment, public health or property. Asset performance is non-compliant with community requirements.
2	Asset failure is imminent, but failure is likely to have only a minor impact on the environment, public health or property. Asset failure is imminent and proactive renovation is justified economically. Associated work scheduled for the current financial year. Asset renewal is justified on the basis of minimal life cycle costs and deferment would result in significant additional costs.
3 (Low)	Asset failure is imminent but failure is likely to have a negligible impact on the environment, public health of property. Asset renewal is justified on the basis of minimal life cycle costs but deferment would result in minimal additional costs.

Capital expenditure for renewal is used to replace components of buildings which have reached the end of their useful lives. The value of the components is added to the asset register of the building.

The renewal and replacement plan also includes expenditure for Periodic Maintenance of buildings. This includes work of a maintenance nature that is carried out at infrequent intervals such as painting of buildings. This work helps to preserve or extend the life of other building components, materials are consumed in the process but the value is not added to the asset register of the building.

### 7.3.3 Renewal Options and Alternatives

There are a number of approaches which could be used for renewals. These include:

- Asset Performance.
- Economic.
- Condition.
- Criticality.

#### **Asset Performance**

An asset is renewed when it fails to meet the required level of service. Non-performing assets are identified by the monitoring of asset reliability, capacity and efficiency during maintenance and operational activity. Indicators of non-performing assets include, repeated asset failure, ineffective or uneconomic operations. The replacement of the asset with a more effective component would have a short payback period in operating costs for example inefficient energy consumption.

#### **Economic**

Economic renewal is when it is more cost effective to renew the asset than to maintain or replacing of the asset would cost less than repair i.e. the annual cost of repairs exceeds the annualised cost of its renewal. Staff actively research the effectiveness of new technologies which may improve the overall performance of the assets.

#### **Condition**

Condition renewal usually used for assets, if the condition of the asset has increased the risk of failure has been increased to the point that the environmental, public health, financial and social impacts that are no longer acceptable to the community, operation of the Building, Service Activity or Council functionality. Once the asset has reached a certain point in its useful life or it is independently assessed as below the agreed condition rating, it will be renewed.

#### **Criticality**

Criticality renewal is used for assets for which the impact or consequence of failure has increased to the point that the environmental, public health, financial and social impacts are no longer acceptable to the community, operation of the Building, Service Activity or Council functionality. Highly critical asset would also be renewed on a condition basis.

## 7.4 CAPITAL GROWTH PLAN

### 7.4.1 Asset Growth Strategy

Capital growth expenditure is documented in the Building Service Level Agreement for Buildings Assets. This is reviewed and agreed annually with the Service Delivery Manager for each building. The program differentiates between capital expenditure which is required to cater for growth and that which is required for change of service provision.

There are a number of growth projects planned for the Building Assets Activity. These are:

- Civic Administration Building
  - Extend lift to the 5<sup>th</sup> floor
  - Install full Heating, Ventilation and Air Conditioning (HVAC) system
  - If we remain in building, increase its seismic capacity
- Splash Palace:
  - Extend Changerooms
  - Extend Poolside Seating or Car Park dependant on project below
  - Additional 25m<sup>2</sup> x 2m deep pool with accessibility ramp
- Southland Museum and Art Gallery
  - Living Dinosaurs Experience (FS)
  - Storage Facility
  - Museum Redevelopment
- Art Creative Invercargill (FS)
- Housing Care – Conservatories where and when requested
- Public Toilets – Facility in Waikiwi

Many of these projects are in their infancy with only the ones marked above having had their initial feasibility study (FS) completed. There is a full business case to follow.

These projects will be managed by exterior consultants with a Building Assets liaison appointed to each of the projects.

### 7.4.2 Capital Growth Selection Criteria

The strategy for development or growth is assessed and prioritised by Council.

Each growth or increase to service level project is required to fill in a one-page concept assessment case, the concept assessment case documents the problem the project is solving, the benefits, risks, estimated capital and operational costs and how it aligns with the Community Outcomes.

The understanding is, if the concept assessment case is accepted by Senior Leadership or Council (if significant), a feasibility study will be undertaken, if accepted a better business case will be required.

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 discipline.

**7.4.3 Capital Growth Options and Alternatives**

These will be worked through in the development of the better business case.

Project	Options and Alternatives
Civic Administration Building – Extend Lift to the 5 <sup>th</sup> floor	<ul style="list-style-type: none"> <li>➤ Renew lift with like for like</li> <li>➤ Extend one or both lifts to the 5<sup>th</sup> floor</li> </ul>
Civic Administration Building – HVAC System	<ul style="list-style-type: none"> <li>➤ Renew system with like for like system</li> <li>➤ Install full HVAC system</li> </ul>
Civic Administration Building – Seismic Strengthening	<ul style="list-style-type: none"> <li>➤ Accept risk that in a significant earthquake building will be inaccessible for a considerable length of time after a significant event (improve contingency plans)</li> <li>➤ Dispose of building / move out</li> </ul>
Splash Palace – Extend Changerooms	<ul style="list-style-type: none"> <li>➤ Reduce the demand on the facility</li> <li>➤ Extend the changerooms</li> </ul>
Splash Palace – New 25m <sup>2</sup> x 2m deep pool	<ul style="list-style-type: none"> <li>➤ The option for this pool are limited, the facility is being used far more than it was initially designed for.</li> <li>➤ The only alternative is that pool is not located at the Splash Palace site.</li> <li>➤ Encourage private industry to supply</li> </ul>
Southland Museum and Art Gallery – Living Dinosaurs Experience	<ul style="list-style-type: none"> <li>➤ Renew Tuatarium and don't extend for Kakapō</li> <li>➤ Remove all living exhibitions from the Museum</li> </ul>
Southland Museum and Art Gallery – Regional Storage Facility	<ul style="list-style-type: none"> <li>➤ Extend the Archive and change its use to both Archive and Storage</li> <li>➤ Empty some of the art galleries for storage prior to redevelopment and create space in the re-development</li> <li>➤ Build new standalone storage facility</li> </ul>
Southland Museum and Art Gallery – Museum Re-development	<ul style="list-style-type: none"> <li>➤ Remain in current space with storage facility offsite</li> <li>➤ Re-develop Museum in different location including new storage facility</li> <li>➤ Built storage facility on current site, renew current museum</li> </ul>
Art Creative Invercargill	<ul style="list-style-type: none"> <li>➤ Remain with the status quo</li> <li>➤ Develop space for current art galleries</li> <li>➤ Develop creative space including art galleries</li> </ul>
Housing Care	<ul style="list-style-type: none"> <li>➤ Provide conservatories for scooters</li> <li>➤ Move tenant into a flat with existing conservatory</li> </ul>
Public Toilets	<ul style="list-style-type: none"> <li>➤ Create new facility in Waikiwi area</li> <li>➤ Discuss with private industry in area to provide supplied public toilet</li> </ul>

**7.5 DISPOSAL PLAN**

**7.5.1 Forecast Future Disposal of Assets**

There are currently no known disposal plans for any of the assets managed by this Activity. This is dependent on the strategic direction of Council when considering the Art Centre and invigorating the CBD and whether to retain Housing Care as a Council activity.

**7.5.2 Forecast of Income / Expenditure from Asset Disposal**

Not applicable.

**7.6 RECOMMENDED PROGRAMME**

**7.6.1 Evaluation of Options / Alternative Programmes**

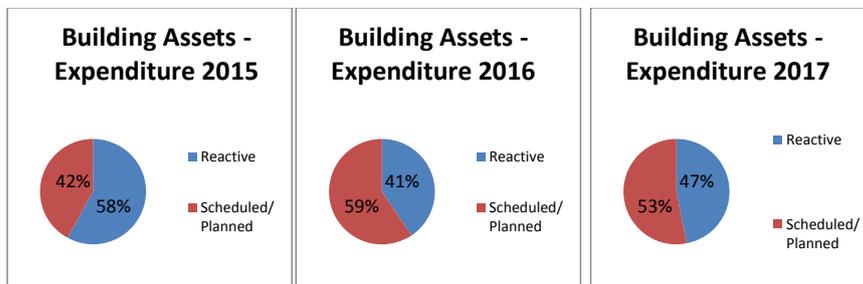
Although there are other options in how to provide buildings for Council unless it is in the best interest of the Invercargill Community to move / re-house one of the services, Council providing their own buildings is the most financially viable option. Community Facility Buildings are specialist buildings which are usually only provided by local governments, as any other option would require private industry to make a profit from a service Council can provide for itself. If Council were to develop a PP the advantage of this maybe a reduction in the level of capital required to be invested in the asset.

**7.6.2 Recommended Operation/Maintenance Programmes**

A contract maintenance option has not been fully investigated and maybe a more effective way to manage the portfolio. The Housing Care Vegetation contract is our only contracted work we have been very happy with the level of service this has provided for the activity.

The current mix of reactive, scheduled and run to failure maintenance works well for the Activity, this has allowed a balance between reactive maintenance and stretching assets to achieve the most value from them. The buildings could be managed on a reactive maintenance basis only, to meet health and safety and legislated requirements but the condition, comfort and financial performance would suffer if this approach was taken.

The activity is progressively moving towards a more scheduled or proactive style of maintenance this is being enabled by use of IPS.



**7.6.3 Recommended Renewal Programmes**

The current mix of economic and condition based renewal has worked well for the Activity thus far, this may not be the case moving forward with a number of renewal based projects on the horizon, there may be a requirement to move toward a criticality approach as the demand on the team may require projects to be prioritised.

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Year	Building	Budget Number	Project	Cost (\$)
2017	Scottish Hall	552400	Major interior and exterior C/F	236,827
	Library and Archive	553000	Interior Refurbishment and Escalators C/F	1,400,000
	Splash Palace	557100	Capital Maintenance, multipurpose and toilets	46,000
2018	Civic Administration Building	554000	Double Windows and Exterior Paint	1,875,000
	Civic Administration Building	554000	Carpet	396,000
	Laurel	555250	Roof — second half of complex	12,750
	Splash Palace	557100	Leisure Pool features	42,000
	Splash Palace	557100	Main Pool Paint	21,000
	Southland Museum and Art Gallery	558000	Lift Controls C/F	50,000
	Southland Museum and Art Gallery	558000	Observatory Renewals (On Hold)	36,500
	Southland Museum and Art Gallery	558000	Tuatara Roof	148,000
2019	Library and Archive	553000	Archive Mechanical Services and Lift Renewal	301,000
	Civic Administration Building	554000	Interior Refurbishment	750,000
	Clarendon	555100	Roof	71,500
	Niven	555300	Roof — second half of complex	40,900
	Car Park	556000	Sanitary Plumbing	7,800
	Splash Palace	557100	Exterior repaint	379,000
	Splash Palace	557100	Springboard and seating refurbishments	114,000
	Splash Palace	557100	Upgrade and Renew Hydro slide	2,115,000
	Southland Museum and Art Gallery	558000	Heat pump	157,000
	Southland Museum and Art Gallery	558000	Foyer (\$200k Loan Funded)	300,000
2020	Animal Care Facility	559500	Underfloor kennel Heating	45,300
	Civic Theatre	552200	Interior Renewals	1,386,000
	Civic Administration Building	554000	Server Room Plant	21,000
	Kelly	555175	Roof	40,000
	Southland Museum and Art Gallery	558000	Lift	193,200

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Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Year	Building	Budget Number	Project	Cost (\$)
	Southland Museum and Art Gallery	558000	Flooring	55,200
	Animal Care Facility	559500	Upgrade of CCTV	5,100
2024	Bluff Service Centre	552500	Mechanical Plant	18,400
	Aurora	555060	Remove Chimneys and Re-roof	40,000
	Otarewa	555375	Roof	110,000
	Southland Museum and Art Gallery	558000	Lighting	16,900
	Animal Care Facility	559500	Interior Refurbishment	30,600
	Library and Archive	553000	Mechanical Services	309,000
2022	Aiden	555025	Roof	40,000
	Aurora	555060	Remove Chimneys and Re-roof	40,000
	Car Park	556000	CCTV	22,500
	Car Park	556000	Mechanical Services	22,500
	Car Park	556000	Interior renewal, decks and stair	46,500
	Splash Palace	557100	Non-slip around pools	69,000
	2023	Bluff Service Centre	552500	Exterior and Interior Refurbishment
Library and Archive		553000	Electrical Services	203,000
Thorndale		555500	Roof	30,000
Splash Palace		557100	New bulkhead for 50m Pool (not required if new pool is installed)	351,000
2024	Pateke	555425	Roof	40,000
	Splash Palace	557100	Diesel Boiler	108,000
	Southland Museum and Art Gallery	558000	Electric Boiler	28,700
	Animal Care Facility	559500	Underfloor kennel Heating	15,300
2025	Civic Theatre	552200	Interior Renewals	863,500
	Miller	555275	Roof	20,000
	Splash Palace	557100	Exterior Cladding	146,000
	Southland Museum and Art Gallery	558000	Maori Gallery Switchboard	63,400

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Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Year	Building	Budget Number	Project	Cost (\$)
2026	Bluff Service Centre	552500	Mechanical Plant	49,500
	Southland Museum and Art Gallery	558000	Security	49,500
	Animal Care Facility	559500	Plumbing	20,400
2027	Scottish Hall	552400	Services	96,000
	Bluff Service Centre	552500	Mechanical Plant	49,500
	Car Park	556000	Fire Services	35,400
	Splash Palace	557100	Existing Changerooms Refurbishment	244,000
	Southland Museum and Art Gallery	558000	BMS Upgrades	45,100
2028	Civic Theatre	552200	Accessibility Renewals	30,500
	Library and Archive	553000	Archive Plant Renewals	768,000
	Library and Archive	553000	Interior Refurbishments	105,000
	Civic Administration Building	554000	Roof	190,000
	Civic Administration Building	554000	HVAC	500,000
	Civic Administration Building	554000	Carpet	500,000
	Splash Palace	557100	Woodchip Boiler	262,000
	Animal Care Facility	559500	Upgrade of CCTV	5,100
2029	Library and Archive	553000	End of Library Exterior Paint Contract	320,000
	Splash Palace	557100	Scoreboard	24,000
	Animal Care Facility	559500	Underfloor kennel heating	15,300
2030	Civic Theatre	552200	Major Interior	5,565,000
	Scottish Hall	552400	Roof	118,400
	Bluff Service Centre	552500	Plumbing	27,400
	Library and Archive	553000	Roof	198,000
	Civic Administration Building	554000	Exterior Paint	450,000
	Anzac	555050	Roof	30,000
	Splash Palace	557100	Roof	488,000

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Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Year	Building	Budget Number	Project	Cost (\$)
	Animal Care Facility	559500	Roof	40,200
2034	Scottish Hall	552400	Interior fitout	389,300
	Bluff Service Centre	552500	Fire Services	29,900
	Library and Archive	553000	Fire Services	22,000
	Car Park	556000	Electrical	151,500
2032	Civic Theatre	552200	Loading Bay Door	21,000
	Library and Archive	553000	Lift	418,000
	Elston Lea	555150	Roof	150,000
	Car Park	556000	Stairwell paint	21,900
2033	Civic Theatre	552200	Backstage Comms	14,000
	Civic Administration Building	554000	Exterior Paint	450,000
	Animal Care Facility	559500	Upgrade of CCTV	5,100
2034	Kinross	555200	Roof	30,000
	Car Park	556000	Lift	197,500
	Car Park	556000	Interior refurbishments	32,900
	Animal Care Facility	559500	Underfloor kennel heating	15,300
2035	Civic Theatre	552200	Interior and Exterior Renewals	417,500
	Bluff Service Centre	552500	Electrical	31,700
	Library and Archive	553000	Windows and Doors	214,000
	Animal Care Facility	559500	Interior Refurbishment	30,600
2036	Library and Archive	553000	Plumbing	45,000
	Splash Palace	557100	Non-slip around pools	73,000
2037	Civic Theatre	552200	Roof	96,000
	Bluff Service Centre	552500	Mechanical Plant	57,300
	Bluff Service Centre	552500	Mechanical Plant	34,100
	Laurel	555250	Roof	25,000

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Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Year	Building	Budget Number	Project	Cost (\$)
	Car Park	556000	Special Services	27,400
	Splash Palace	557100	End of Life—Replacement	12,190,000
2038	Library and Archive	553000	Archive Mechanical Plant	102,000
	Civic Administration Building	554000	Roof	190,000
	Civic Administration Building	554000	Roof	190,000
	Splash Palace	557100	Refurbish Foyer and Café	183,000
	Animal Care Facility	559500	Upgrade of CCTV	5,100
2039	Civic Theatre	552200	Loading Bay Door	21,000
	Jim Brass	555075	Roof	20,000
	Car Park	556000	Mechanical Services	27,400
	Animal Care Facility	559500	Underfloor kennel heating	15,300
2040	Civic Theatre	552200	Interior and Exterior Renewals	1,413,000
	Library and Archive	553000	Interior Refurbishments	102,000
	Civic Administration Building	554000	Exterior Paint	450,000
	Splash Palace	557100	UV	384,000
2041	Civic Theatre	552200	Backstage Comms	14,000
	Scottish Hall	552400	Major interior and exterior	125,800
	Bluff Service Centre	552500	Fire Services	29,900
	Library and Archive	553000	Archive Fire and Electrical Services	30,000
	Kerimake	555225	Roof	30,000
2042	Civic Theatre	552200	Appliance	130,000
	Scottish Hall	552400	Services	4,278,000
	Stirling	555475	Roof	30,000
	Car Park	556000	Plumbing and Drainage	29,300
2043	Civic Administration Building	554000	Carpet	500,000
	Splash Palace	557100	Diesel Boiler	110,000

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Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Year	Building	Budget Number	Project	Cost (\$)
	Animal Care Facility	559500	Upgrade of CCTV	5,100
2044	Clarendon	555100	Exterior Paint	49,000
	Animal Care Facility	559500	Underfloor kennel heating	15,300
2045	Bluff Service Centre	552500	Exterior	57,300
2046	Civic Theatre	552200	Loading Bay Door	21,000
	Bluff Service Centre	552500	End of Life	1,500,000
	Bluff Service Centre	552500	Interior Refurbishment	68,900
	Civic Administration Building	554000	End of Life	13,000,000
2047	Animal Care Facility	559500	Interior Refurbishment	30,600
2048	Splash Palace	557100	Woodchip Boiler	488,000
	Animal Care Facility	559500	Upgrade of CCTV	5,100
	<b>Total</b>			<b>45,727,100</b>

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Year	Building	Project	Base	Base with inflation
2017	Scottish Hall	Major interior and exterior C/F	236,827	236,827
	Library and Archive	Interior Refurbishment and Escalators- C/F	1,400,000	1,400,000
	Splash Palace	Capital Renewal, multipurpose and toilets	46,000	46,000
	Civic Administration Building	Double Windows and Exterior Paint	1,875,000	1,875,000
2018	Civic Administration Building	Carpet	396,000	396,000
	Laurel	Roof – second half of complex	12,750	12,750
	Splash Palace	Leisure Pool features	42,000	42,000
	Splash Palace	Main Pool Paint	21,000	21,000
	Splash Palace	Bulkhead Renewal (disappeared?)	21,000	21,000
	Civic Administration Building	Roof	190,000	190,000
	Library and Archive	Archive Mechanical Services and Lift Renewal	301,000	301,000
2019	Clarendon	Roof	71,500	71,500
	Kinross	Exterior Paint	15,000	15,000
	Niven	Roof – second half of complex	40,900	40,900
	Powell	Exterior Paint	15,000	15,000
	Stirling	Exterior Paint	15,000	15,000
	Car Park	Sanitary Plumbing	7,800	7,800

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	<u>Splash Palace</u>	<u>Exterior repaint</u>	<u>379,000</u>	<u>379,000</u>	
	<u>Splash Palace</u>	<u>Springboard and seating refurbishments</u>	<u>114,000</u>	<u>114,000</u>	
	<u>Splash Palace</u>	<u>Upgrade and Renew Hydro slide</u>	<u>2,115,000</u>	<u>2,115,000</u>	
	<u>Animal Care Facility</u>	<u>Underfloor kennel Heating</u>	<u>15,300</u>	<u>15,300</u>	
2020	<u>Nevill Place</u>	<u>Roof - second half</u>	<u>40,900</u>	<u>40,900</u>	
	<u>Civic Theatre</u>	<u>Interior Renewals</u>	<u>1,386,000</u>	<u>1,416,492</u>	
	<u>Scottish Hall</u>	<u>Roof and drainage</u>	<u>32,850</u>	<u>33,573</u>	
	<u>Library and Archive</u>	<u>Roof repairs</u>	<u>41,000</u>	<u>41,902</u>	
	<u>Cairnsmore</u>	<u>Exterior Paint</u>	<u>30,000</u>	<u>30,660</u>	
	<u>Kelly</u>	<u>Roof</u>	<u>40,000</u>	<u>40,880</u>	
	<u>Splash Palace</u>	<u>UV Treatment</u>	<u>348,000</u>	<u>355,656</u>	
	<u>Animal Care Facility</u>	<u>Upgrade of CCTV</u>	<u>5,100</u>	<u>5,212</u>	
	<u>Otarewa</u>	<u>Exterior Paint</u>	<u>55,000</u>	<u>56,210</u>	
	<u>Civic Administration Building</u>	<u>Interior Refurbishment</u>	<u>790,000</u>	<u>807,380</u>	
	<u>Civic Administration Building</u>	<u>Server Room - Mechanical Plant</u>	<u>21,000</u>	<u>21,462</u>	
	2021	<u>Bluff Service Centre</u>	<u>Canopy</u>	<u>11,800</u>	<u>12,325</u>
		<u>Anzac</u>	<u>Exterior Paint</u>	<u>12,500</u>	<u>13,056</u>
		<u>Aurora</u>	<u>Remove Chimneys and Re-roof</u>	<u>40,000</u>	<u>41,779</u>
<u>Korimako</u>		<u>Exterior Paint</u>	<u>25,000</u>	<u>26,112</u>	
<u>Niven</u>		<u>Exterior Paint</u>	<u>17,500</u>	<u>18,278</u>	
<u>Strathpine</u>		<u>Exterior Paint</u>	<u>20,000</u>	<u>20,890</u>	
<u>Kelly</u>		<u>Exterior Paint</u>	<u>17,500</u>	<u>18,278</u>	
<u>Cairnsmore</u>		<u>Roof</u>	<u>70,000</u>	<u>73,114</u>	
2022	<u>Otarewa</u>	<u>Roof</u>	<u>110,000</u>	<u>114,893</u>	
	<u>Civic Theatre</u>	<u>Stagehouse Carpet</u>	<u>9,500</u>	<u>10,141</u>	
	<u>Bluff Service Centre</u>	<u>Mechanical Plant</u>	<u>18,400</u>	<u>19,641</u>	
	<u>Library and Archive</u>	<u>Mechanical Services</u>	<u>309,000</u>	<u>329,846</u>	
	<u>Aiden</u>	<u>Roof</u>	<u>40,000</u>	<u>42,699</u>	
	<u>Aurora</u>	<u>Remove Chimneys and Re-roof</u>	<u>40,000</u>	<u>42,699</u>	
	<u>Jim Brass</u>	<u>Exterior Paint</u>	<u>10,000</u>	<u>10,675</u>	
	<u>Car Park</u>	<u>CCTV</u>	<u>23,250</u>	<u>24,819</u>	
	<u>Car Park</u>	<u>Mechanical Services</u>	<u>23,250</u>	<u>24,819</u>	
	<u>Car Park</u>	<u>Interior renewal, decks and stair</u>	<u>51,700</u>	<u>55,188</u>	
2023	<u>Splash Palace</u>	<u>Non-slip around pools</u>	<u>69,000</u>	<u>73,655</u>	
	<u>Library and Archive</u>	<u>Electrical Services</u>	<u>203,000</u>	<u>221,679</u>	
	<u>Laurel</u>	<u>Exterior Paint</u>	<u>20,000</u>	<u>21,840</u>	
	<u>Miller</u>	<u>Exterior Paint</u>	<u>10,000</u>	<u>10,920</u>	

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Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	<u>Powell</u>	<u>Roof</u>	<u>30,000</u>	<u>32,760</u>
	<u>Thorndale</u>	<u>Roof</u>	<u>30,000</u>	<u>32,760</u>
	<u>Willow</u>	<u>Exterior Paint</u>	<u>25,000</u>	<u>27,300</u>
	<u>Car Park</u>	<u>Exterior Wash-down</u>	<u>17,600</u>	<u>19,219</u>
	<u>Splash Palace</u>	<u>New bulkhead for 50m Pool (not required if new pool is installed)</u>	<u>351,000</u>	<u>383,297</u>
	<u>Animal Care Facility</u>	<u>Interior Refurbishment</u>	<u>30,600</u>	<u>31,961</u>
2024	<u>Car Park</u>	<u>Exterior Wash-down</u>	<u>17,900</u>	<u>19,997</u>
	<u>Bluff Service Centre</u>	<u>Exterior and Interior Refurbishment</u>	<u>124,300</u>	<u>138,859</u>
	<u>Clarendon</u>	<u>Exterior Paint</u>	<u>49,000</u>	<u>54,739</u>
	<u>Elston Lea</u>	<u>Exterior Paint</u>	<u>102,500</u>	<u>114,506</u>
	<u>Pateke</u>	<u>Roof</u>	<u>40,000</u>	<u>44,685</u>
	<u>Splash Palace</u>	<u>Diesel Boiler</u>	<u>108,000</u>	<u>120,650</u>
	<u>Splash Palace</u>	<u>Interior re-paint</u>	<u>478,000</u>	<u>533,988</u>
	<u>Animal Care Facility</u>	<u>Underfloor kennel Heating</u>	<u>15,300</u>	<u>17,092</u>
2025	<u>Civic Theatre</u>	<u>Interior Renewals</u>	<u>863,500</u>	<u>987,794</u>
	<u>Scottish Hall</u>	<u>Roof</u>	<u>7,400</u>	<u>8,465</u>
	<u>Library and Archive</u>	<u>Archive Exterior Re-paint and Minor Works</u>	<u>125,000</u>	<u>142,993</u>
	<u>Aiden</u>	<u>Exterior Paint</u>	<u>20,000</u>	<u>22,879</u>
	<u>Aurora</u>	<u>Exterior Paint</u>	<u>20,000</u>	<u>22,879</u>
	<u>Miller</u>	<u>Roof</u>	<u>20,000</u>	<u>22,879</u>
	<u>Pateke</u>	<u>Exterior Paint</u>	<u>20,000</u>	<u>22,879</u>
	<u>Thorndale</u>	<u>Exterior Paint</u>	<u>15,000</u>	<u>17,159</u>
2026	<u>Splash Palace</u>	<u>Exterior Cladding</u>	<u>146,000</u>	<u>167,015</u>
	<u>Bluff Service Centre</u>	<u>Roof</u>	<u>10,400</u>	<u>12,194</u>
	<u>Animal Care Facility</u>	<u>Plumbing</u>	<u>20,400</u>	<u>23,920</u>
2027	<u>Nevill Place</u>	<u>Exterior Paint</u>	<u>40,000</u>	<u>46,902</u>
	<u>Civic Theatre</u>	<u>Stagehouse windows</u>	<u>14,000</u>	<u>16,842</u>
	<u>Scottish Hall</u>	<u>Services</u>	<u>96,000</u>	<u>115,491</u>
	<u>Bluff Service Centre</u>	<u>Mechanical Plant</u>	<u>19,500</u>	<u>23,459</u>
	<u>Kinross</u>	<u>Exterior Paint</u>	<u>15,000</u>	<u>18,045</u>
	<u>Powell</u>	<u>Exterior Paint</u>	<u>15,000</u>	<u>18,045</u>
	<u>Stirling</u>	<u>Exterior Paint</u>	<u>15,000</u>	<u>18,045</u>
	<u>Car Park</u>	<u>Fire Services</u>	<u>35,400</u>	<u>42,587</u>
2028	<u>Splash Palace</u>	<u>Existing Changerooms Refurbishment</u>	<u>244,000</u>	<u>293,538</u>
	<u>Splash Palace</u>	<u>Poolside interior repaint</u>	<u>244,000</u>	<u>293,538</u>
2028	<u>Civic Theatre</u>	<u>Accessibility Renewals</u>	<u>30,500</u>	<u>37,683</u>
	<u>Library and Archive</u>	<u>Archive Plant Renewals</u>	<u>768,000</u>	<u>948,870</u>

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Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	<u>Library and Archive</u>	<u>Interior Refurbishments</u>	<u>105,000</u>	<u>129,728</u>
	<u>Civic Administration Building</u>	<u>HVAC</u>	<u>529,000</u>	<u>653,584</u>
	<u>Splash Palace</u>	<u>Woodchip Boiler</u>	<u>262,000</u>	<u>323,703</u>
	<u>Animal Care Facility</u>	<u>Upgrade of CCTV</u>	<u>5,100</u>	<u>6,301</u>
	<u>Civic Administration Building</u>	<u>Carpet</u>	<u>419,000</u>	<u>517,678</u>
	<u>Cairnsmore</u>	<u>Exterior Paint</u>	<u>30,000</u>	<u>37,065</u>
	<u>Otarewa</u>	<u>Exterior Paint</u>	<u>55,000</u>	<u>67,953</u>
2029	<u>Kelly</u>	<u>Exterior Paint</u>	<u>17,500</u>	<u>22,140</u>
	<u>Strathpine</u>	<u>Exterior Paint</u>	<u>20,000</u>	<u>25,303</u>
	<u>Civic Theatre</u>	<u>Stagehouse Flooring</u>	<u>9,500</u>	<u>12,019</u>
	<u>Library and Archive</u>	<u>End of Library Exterior Paint Contract</u>	<u>320,000</u>	<u>404,851</u>
	<u>Anzac</u>	<u>Exterior Paint</u>	<u>12,500</u>	<u>15,815</u>
	<u>Korimako</u>	<u>Exterior Paint</u>	<u>25,000</u>	<u>31,629</u>
	<u>Niven</u>	<u>Exterior Paint</u>	<u>17,500</u>	<u>22,140</u>
	<u>Splash Palace</u>	<u>Scoreboard</u>	<u>24,000</u>	<u>30,364</u>
	<u>Animal Care Facility</u>	<u>Underfloor kennel heating</u>	<u>15,300</u>	<u>19,357</u>
2030	<u>Civic Theatre</u>	<u>Major Interior</u>	<u>5,565,000</u>	<u>7,209,592</u>
	<u>Scottish Hall</u>	<u>Roof</u>	<u>118,400</u>	<u>153,390</u>
	<u>Bluff Service Centre</u>	<u>Plumbing</u>	<u>19,500</u>	<u>25,263</u>
	<u>Bluff Service Centre</u>	<u>External Works</u>	<u>7,900</u>	<u>10,235</u>
	<u>Library and Archive</u>	<u>Roof</u>	<u>198,000</u>	<u>256,514</u>
	<u>Anzac</u>	<u>Roof</u>	<u>30,000</u>	<u>38,866</u>
	<u>Jim Brass</u>	<u>Exterior Paint</u>	<u>10,000</u>	<u>12,955</u>
	<u>Splash Palace</u>	<u>Roof</u>	<u>488,000</u>	<u>632,216</u>
	<u>Animal Care Facility</u>	<u>Roof</u>	<u>10,200</u>	<u>13,214</u>
	<u>Library and Archive</u>	<u>Mechanical Plant</u>	<u>13,000</u>	<u>16,842</u>
	<u>Civic Administration Building</u>	<u>Mechanical Plant</u>	<u>21,000</u>	<u>27,206</u>
2031	<u>Bluff Service Centre</u>	<u>Fire Services</u>	<u>29,900</u>	<u>39,666</u>
	<u>Scottish Hall</u>	<u>Interior fit out</u>	<u>389,300</u>	<u>516,452</u>
	<u>Laurel</u>	<u>Exterior Paint</u>	<u>20,000</u>	<u>26,532</u>
	<u>Miller</u>	<u>Exterior Paint</u>	<u>10,000</u>	<u>13,266</u>
	<u>Willow</u>	<u>Exterior Paint</u>	<u>25,000</u>	<u>33,165</u>
	<u>Car Park</u>	<u>Electrical</u>	<u>151,500</u>	<u>200,982</u>
	<u>Library and Archive</u>	<u>Fire Services</u>	<u>22,000</u>	<u>29,186</u>
	<u>Car Park</u>	<u>Exterior Wash-down</u>	<u>18,300</u>	<u>24,277</u>
2032	<u>Civic Theatre</u>	<u>Loading Bay Door</u>	<u>21,000</u>	<u>28,528</u>
	<u>Elston Lea</u>	<u>Roof</u>	<u>150,000</u>	<u>203,768</u>

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Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	<u>Car Park</u>	<u>Stainwell paint</u>	<u>21,900</u>	<u>29,750</u>
	<u>Library and Archive</u>	<u>Lift</u>	<u>418,000</u>	<u>567,834</u>
	<u>Aiden</u>	<u>Exterior Paint</u>	<u>20,000</u>	<u>27,821</u>
	<u>Aurora</u>	<u>Exterior Paint</u>	<u>20,000</u>	<u>27,821</u>
	<u>Elston Lea</u>	<u>Exterior Paint</u>	<u>102,500</u>	<u>142,583</u>
	<u>Pateke</u>	<u>Exterior Paint</u>	<u>20,000</u>	<u>27,821</u>
	<u>Thorndale</u>	<u>Exterior Paint</u>	<u>15,000</u>	<u>20,866</u>
	<u>Animal Care Facility</u>	<u>Upgrade of CCTV</u>	<u>5,100</u>	<u>7,094</u>
	<u>Civic Administration Building</u>	<u>Exterior Paint</u>	<u>529,000</u>	<u>735,870</u>
2034	<u>Civic Theatre</u>	<u>Backstage Comms</u>	<u>14,000</u>	<u>19,475</u>
	<u>Bluff Service Centre</u>	<u>Windows and Doors</u>	<u>5,500</u>	<u>7,651</u>
	<u>Clarendon</u>	<u>Exterior Paint</u>	<u>49,000</u>	<u>69,798</u>
	<u>Kinross</u>	<u>Roof</u>	<u>30,000</u>	<u>42,733</u>
	<u>Car Park</u>	<u>Lift</u>	<u>197,500</u>	<u>281,328</u>
	<u>Animal Care Facility</u>	<u>Underfloor kennel heating</u>	<u>15,300</u>	<u>21,794</u>
	<u>Bluff Service Centre</u>	<u>External and Internal Walls</u>	<u>51,800</u>	<u>73,786</u>
	<u>Car Park</u>	<u>Interior refurbishments</u>	<u>32,900</u>	<u>46,864</u>
	<u>Civic Administration Building</u>	<u>Interior Refurbishment</u>	<u>794,000</u>	<u>1,131,008</u>
	<u>Civic Administration Building</u>	<u>Roof - paint</u>	<u>63,000</u>	<u>89,740</u>
	<u>Nevill Place</u>	<u>Exterior Paint</u>	<u>40,000</u>	<u>56,978</u>
2035	<u>Civic Theatre</u>	<u>Interior and Exterior Renewals</u>	<u>417,500</u>	<u>608,978</u>
	<u>Library and Archive</u>	<u>Roof and Mechanical Plant</u>	<u>59,000</u>	<u>86,059</u>
	<u>Kinross</u>	<u>Exterior Paint</u>	<u>15,000</u>	<u>21,879</u>
	<u>Powell</u>	<u>Exterior Paint</u>	<u>15,000</u>	<u>21,879</u>
	<u>Stirling</u>	<u>Exterior Paint</u>	<u>15,000</u>	<u>21,879</u>
	<u>Animal Care Facility</u>	<u>Interior Refurbishment</u>	<u>30,600</u>	<u>44,634</u>
	<u>Library and Archive</u>	<u>Windows and Doors</u>	<u>214,000</u>	<u>312,147</u>
	<u>Bluff Service Centre</u>	<u>Electrical</u>	<u>31,700</u>	<u>46,239</u>
2036	<u>Civic Theatre</u>	<u>Stagehouse Carpet</u>	<u>10,000</u>	<u>14,936</u>
	<u>Scottish Hall</u>	<u>Windows and Doors</u>	<u>11,840</u>	<u>17,685</u>
	<u>Splash Palace</u>	<u>Non-slip around pools</u>	<u>73,000</u>	<u>109,036</u>
	<u>Splash Palace</u>	<u>Interior re-paint</u>	<u>244,000</u>	<u>364,448</u>
	<u>Library and Archive</u>	<u>Plumbing</u>	<u>45,000</u>	<u>67,214</u>
	<u>Bluff Service Centre</u>	<u>Roof</u>	<u>53,600</u>	<u>80,059</u>
	<u>Cairnsmore</u>	<u>Exterior Paint</u>	<u>30,000</u>	<u>44,809</u>
	<u>Otarewa</u>	<u>Exterior Paint</u>	<u>55,000</u>	<u>82,150</u>
2037	<u>Civic Theatre</u>	<u>Roof</u>	<u>96,000</u>	<u>146,831</u>

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	<u>Civic Administration Building</u>	<u>HVAC</u>	<u>529,000</u>	<u>828,516</u>
	<u>Civic Administration Building</u>	<u>Carpet</u>	<u>419,000</u>	<u>656,235</u>
	<u>Anzac</u>	<u>Exterior Paint</u>	<u>12,500</u>	<u>19,119</u>
	<u>Kelly</u>	<u>Exterior Paint</u>	<u>17,500</u>	<u>26,766</u>
	<u>Korimako</u>	<u>Exterior Paint</u>	<u>25,000</u>	<u>38,237</u>
	<u>Laurel</u>	<u>Roof</u>	<u>25,000</u>	<u>38,237</u>
	<u>Niven</u>	<u>Exterior Paint</u>	<u>17,500</u>	<u>26,766</u>
	<u>Strathpine</u>	<u>Exterior Paint</u>	<u>20,000</u>	<u>30,590</u>
	<u>Car Park</u>	<u>Special Services</u>	<u>27,400</u>	<u>41,908</u>
	<u>Bluff Service Centre</u>	<u>Mechanical Plant</u>	<u>19,500</u>	<u>29,825</u>
2038	<u>Civic Theatre</u>	<u>Lift and Toilets</u>	<u>30,500</u>	<u>47,769</u>
	<u>Jim Brass</u>	<u>Exterior Paint</u>	<u>10,000</u>	<u>15,662</u>
	<u>Splash Palace</u>	<u>Refurbish Foyer and Café</u>	<u>183,000</u>	<u>286,613</u>
	<u>Animal Care Facility</u>	<u>Upgrade of CCTV</u>	<u>5,100</u>	<u>7,988</u>
	<u>Car Park</u>	<u>Exterior Walls</u>	<u>18,300</u>	<u>28,661</u>
	<u>Animal Care Facility</u>	<u>Plumbing</u>	<u>20,400</u>	<u>31,950</u>
	<u>Library and Archive</u>	<u>Archive Mechanical Plant</u>	<u>102,000</u>	<u>159,752</u>
2039	<u>Civic Theatre</u>	<u>Loading Bay Door</u>	<u>21,000</u>	<u>33,679</u>
	<u>Jim Brass</u>	<u>Roof</u>	<u>20,000</u>	<u>32,076</u>
	<u>Laurel</u>	<u>Exterior Paint</u>	<u>20,000</u>	<u>32,076</u>
	<u>Miller</u>	<u>Exterior Paint</u>	<u>10,000</u>	<u>16,038</u>
	<u>Willow</u>	<u>Exterior Paint</u>	<u>25,000</u>	<u>40,095</u>
	<u>Bluff Service Centre</u>	<u>Interior Refurbishment</u>	<u>68,900</u>	<u>110,501</u>
	<u>Car Park</u>	<u>Mechanical Services</u>	<u>27,400</u>	<u>43,944</u>
	<u>Animal Care Facility</u>	<u>Underfloor kennel heating</u>	<u>15,300</u>	<u>24,538</u>
2040	<u>Civic Theatre</u>	<u>Interior and Exterior Renewals</u>	<u>1,413,000</u>	<u>2,320,530</u>
	<u>Scottish Hall</u>	<u>Roof and drainage</u>	<u>29,600</u>	<u>48,611</u>
	<u>Splash Palace</u>	<u>UV</u>	<u>384,000</u>	<u>630,632</u>
	<u>Library and Archive</u>	<u>Interior Refurbishments</u>	<u>102,000</u>	<u>167,512</u>
	<u>Civic Administration Building</u>	<u>Server Room - Mechanical Plant</u>	<u>21,000</u>	<u>34,488</u>
	<u>Bluff Service Centre</u>	<u>General</u>	<u>12,800</u>	<u>21,021</u>
2041	<u>Civic Theatre</u>	<u>Backstage Comms</u>	<u>14,000</u>	<u>23,544</u>
	<u>Scottish Hall</u>	<u>Major interior and exterior</u>	<u>125,800</u>	<u>211,556</u>
	<u>Aiden</u>	<u>Exterior Paint</u>	<u>20,000</u>	<u>33,634</u>
	<u>Aurora</u>	<u>Exterior Paint</u>	<u>20,000</u>	<u>33,634</u>
	<u>Elston Lea</u>	<u>Exterior Paint</u>	<u>102,500</u>	<u>172,373</u>
	<u>Korimako</u>	<u>Roof</u>	<u>30,000</u>	<u>50,451</u>

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Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	<u>Pateke</u>	<u>Exterior Paint</u>	<u>20,000</u>	<u>33,634</u>
	<u>Thorndale</u>	<u>Exterior Paint</u>	<u>15,000</u>	<u>25,225</u>
	<u>Bluff Service Centre</u>	<u>Fire Services</u>	<u>6,400</u>	<u>10,763</u>
2042	<u>Civic Theatre</u>	<u>Appliance</u>	<u>130,000</u>	<u>223,866</u>
	<u>Scottish Hall</u>	<u>Services</u>	<u>427,800</u>	<u>736,692</u>
	<u>Library and Archive</u>	<u>Archive Fire and Electrical Services</u>	<u>30,000</u>	<u>50,451</u>
	<u>Stirling</u>	<u>Roof</u>	<u>30,000</u>	<u>51,661</u>
	<u>Nevill Place</u>	<u>Exterior Paint</u>	<u>40,000</u>	<u>68,882</u>
	<u>Car Park</u>	<u>Plumbing and Drainage</u>	<u>29,300</u>	<u>50,456</u>
		<u>Civic Theatre</u>	<u>Stagehouse Flooring</u>	<u>10,000</u>
2043	<u>Kinross</u>	<u>Exterior Paint</u>	<u>15,000</u>	<u>26,451</u>
	<u>Powell</u>	<u>Exterior Paint</u>	<u>15,000</u>	<u>26,451</u>
	<u>Stirling</u>	<u>Exterior Paint</u>	<u>15,000</u>	<u>26,451</u>
	<u>Splash Palace</u>	<u>Diesel Boiler</u>	<u>110,000</u>	<u>193,971</u>
	<u>Animal Care Facility</u>	<u>Upgrade of CCTV</u>	<u>5,100</u>	<u>8,993</u>
		<u>Clarendon</u>	<u>Exterior Paint</u>	<u>49,000</u>
2044	<u>Animal Care Facility</u>	<u>Underfloor kennel heating</u>	<u>15,300</u>	<u>27,627</u>
	<u>Bluff Service Centre</u>	<u>Exterior</u>	<u>57,300</u>	<u>105,950</u>
	<u>Civic Administration Building</u>	<u>Roof - paint</u>	<u>63,000</u>	<u>113,759</u>
	<u>Cairnsmore</u>	<u>Exterior Paint</u>	<u>30,000</u>	<u>54,171</u>
	<u>Otarewa</u>	<u>Exterior Paint</u>	<u>55,000</u>	<u>99,313</u>
		<u>Anzac</u>	<u>Exterior Paint</u>	<u>12,500</u>
2045	<u>Kelly</u>	<u>Exterior Paint</u>	<u>17,500</u>	<u>32,358</u>
	<u>Korimako</u>	<u>Exterior Paint</u>	<u>25,000</u>	<u>46,226</u>
	<u>Niven</u>	<u>Exterior Paint</u>	<u>17,500</u>	<u>32,358</u>
	<u>Strathpine</u>	<u>Exterior Paint</u>	<u>20,000</u>	<u>36,981</u>
		<u>Civic Theatre</u>	<u>Loading Bay Door</u>	<u>21,000</u>
2046	<u>Jim Brass</u>	<u>Exterior Paint</u>	<u>10,000</u>	<u>18,934</u>
		<u>Laurel</u>	<u>Exterior Paint</u>	<u>20,000</u>
2047	<u>Miller</u>	<u>Exterior Paint</u>	<u>10,000</u>	<u>19,389</u>
	<u>Willow</u>	<u>Exterior Paint</u>	<u>25,000</u>	<u>48,471</u>
	<u>Animal Care Facility</u>	<u>Interior Refurbishment</u>	<u>30,600</u>	<u>59,329</u>
	<u>Bluff Service Centre</u>	<u>Mechanical Plant</u>	<u>19,500</u>	<u>37,808</u>
		<u>Splash Palace</u>	<u>Interior re-paint</u>	<u>262,000</u>
2048	<u>Splash Palace</u>	<u>Woodchip Boiler</u>	<u>488,000</u>	<u>968,868</u>
	<u>Animal Care Facility</u>	<u>Upgrade of CCTV</u>	<u>5,100</u>	<u>10,125</u>

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7.6.4 Recommended Capital Development Programme

Year	Building	Project	Base	Base with inflation	Renewal Type
2017	Splash Palace	Café, Foyer, Office and Changerooms	1,400,000	1,400,000	Service Level
2017	Splash Palace	Increase Accessible Changerooms Space	50,000	50,000	Growth
2017	Civic Administration Building	Seismic Ties	430,000	430,000	Service Level
2017	Civic Administration Building	HVAC	1,520,000	1,520,000	Service Level
2018	Waikiwi Toilet	New Toilet Facility	125,000	125,000	Growth
2018	Otarewa	Carpark and conservatory	29,425	29,425	Service Level
2018	Splash Palace	Carpark Extension	212,000	212,000	Growth
2018	Splash Palace	Synchronised Clocks (disappeared?)	21,000	21,000	Growth
2018	Civic Administration Building	Lift to 5th	500,000	500,000	Service Level
2020	Splash Palace	Extend Poolside Seating or Car Park, dependant on new pool	165,000	168,630	Service Level
2021	Splash Palace	New 25sqm Pool and Building	6,000,000	6,266,904	Growth

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Year	Building	Budget Number	Project	Cost(\$)	Renewal Type
2017	Splash Palace	557100	Café, Foyer, Office and Changerooms	1,400,000	Service Level
2017	Splash Palace	557100	Increase Accessible Changerooms Space	50,000	Growth
2018	Waikiwi Toilet	516650	New Toilet Facility	125,000	Growth
2018	Civic Administration Building	554000	Lift to 5th	500,000	Service Level
2018	Civic Administration Building	554000	Seismic Ties	430,000	Service Level
2018	Otarewa	555375	Carpark and conservatory	29,425	Service Level
2019	Southland Museum and Art Gallery	558000	Public Toilets (\$250k Loan Funded)	500,000	Service Level
2020	Civic Administration Building	554000	HVAC	1,520,000	Service Level
2020	Splash Palace	557100	Extension Car Park	165,000	Service Level
2020	Southland Museum and Art Gallery	558000	Living Dinosaurs Experience (\$2,350k Loan Funded)	4,700,000	Growth
2024	Splash Palace	557100	New 25sqm Pool and Building	6,000,000	Growth
2022	Arts Creative Invercargill	558500	New Development ( \$6.5M Loan Funded)	15,000,000	Growth
2026	Southland Museum and Art Gallery	558000	Regional Storage Facility (\$7.5M Loan Funded)	15,000,000	Growth
2028	Southland Museum and Art Gallery	558000	Re-development (\$9.27M Loan Funded)	35,000,000	Growth

	<b>Total</b>	<b>80,419,425</b>	
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## 7.7 HOW THE ACTIVITY WILL BE RESOURCED

### 7.7.1 Internal Resourcing

The building asset team consists of:

- Museum and Building Asset Manager,
- Building Asset Supervisor,
- Building Asset Planning and Administration,
- Facility Maintenance Supervisor – Splash Palace and Property Maintenance Officer – Housing Care (One full-time role).

Extra resources to carry out the work are obtained by using contractors to carry out maintenance and renewal work and by using consultants to design, document and tender larger renewal and improvement projects.

The role of the Building Assets Manager is to:

- Act as the owner of Invercargill City Council's core buildings which are "tenanted" by Activity Service Managers.
- Act as the Manager and owner of Invercargill City Council's public toilets activity.
- Act as the owner of miscellaneous buildings owned by the Invercargill City Council.
- Contract asset management services to Council Controlled Organisations and Trusts for their assets.

There are currently three property departments in Council, building assets, investment property and parks assets. There could be the opportunity to pool resources, knowledge and expertise into one property division of Council.

[A Section 17A Review was not undertaken on this activity as reviews were undertaken by the Service Activities; please refer to their plans for more information.](#)

### 7.7.2 Procurement Strategy

#### **Major Contracts**

The Infrastructure Procurement Procedure covers those activities involving the purchase of:

- New infrastructure and additions or improvements to existing infrastructure.
- Renewal of infrastructure assets.
- The maintenance and repair of existing infrastructure assets to restore their functionality to original levels.
- The operation of those assets in a way that optimises the benefits derived from them.

Typical examples include:

- New buildings.
- Additions or improvements to existing buildings.
- Renewal of plant and equipment.
- Maintenance and repair of infrastructure assets which are often routine in nature.

The following situations are specifically excluded from this policy as other policies and business processes need to be followed:

- Emergency procurement.
- Acquisition or disposal of property.
- Disposal of assets.

For all asset management works tendering is usually used for high cost procurements (value greater than \$50,000). The Council will use a tender process or selective tendering where appropriate. When tendering is required, the Council's preference is to run open tenders to maximise market competition.

***Management of Maintenance Contracts***

There are written contracts for:

- Vegetation Control around Housing Care flats.
- Cleaning and supervision of Wachner Place Restroom.
- Hygienic disposal of wastes from public toilets.
- Electricity supply.

Unplanned and planned maintenance work is carried out on an individual work order or purchase order basis using a variety of small contractors with appropriate trade skills, knowledge and experience as noted above.

## 8. Financial Management

### 8.1. OVERVIEW

The Building Asset Activity owns the building in which the service activity operates. An internal overhead (“rent”) is charged to the Service Activity for use of the building. This includes the cost of utilities, rates, insurance and maintenance which are not usually part of a lease agreement, these utility charges skew the perceived cost of the “rent”.

#### ***Expenditure Rationale***

The following rationale has been used in this Activity Management Plan:

- Operational and maintenance expenditure are an expense cost and are funded by internal overheads in the year of expenditure.
- Capital expenditure renewals are funded from Loss of Service Potential (LOSP) reserves which are accumulated to fund depreciation
- Capital expenditure for new assets is funded by loans to provide inter-generational equity in the provision of community assets.

Some of the LOSP reserves are in negative value; these reserves are being balanced by other Council reserves. If there are insufficient funds in the reserve for renewals they are funded by a 20-year loan. Any loan funding increases the ‘rent’, by the cost to service the loan, plus any operational and depreciation costs which are required as a result of the project.

Any growth or increases to service level projects are funded by grants, loans or reserves held by the service activity. Any loans will be funded by a 20-year loan and the capital servicing cost added to “rent”.

### 8.2 FINANCIAL SUMMARY - WHAT THE ACTIVITY COSTS

#### 8.2.1 Council Funded Programmes

Please see appendices 4.05.1 and 4.05.2 for further details on individual asset budgets.

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Building Assets Property Financial 10 Year Summary

Business Unit 550000\_2019—Works and Services—Property

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	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									
Internal Revenue	5,788,433	6,388,975	6,539,752	7,012,639	7,640,874	7,918,168	8,100,286	8,298,497	8,443,814	8,723,505	8,959,040
Fees and Charges Revenue	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700
Grants and Subsidies Revenue	0	400,000	0	3,133,452	0	0	0	0	0	0	0
Rates Revenue	0	0	0	0	0	0	0	0	0	0	0
Financial Revenue	148,000	0	0	0	0	0	0	0	0	0	0
<b>Total Revenue</b>	<b>5,942,133</b>	<b>6,794,675</b>	<b>6,545,452</b>	<b>10,151,791</b>	<b>7,646,574</b>	<b>7,923,868</b>	<b>8,105,986</b>	<b>8,304,197</b>	<b>8,449,514</b>	<b>8,729,205</b>	<b>8,964,740</b>
Internal Expenditure	433,166	572,708	567,770	580,261	593,027	606,666	620,620	635,515	651,402	668,339	686,384
Staff Expenditure	0	0	0	0	0	0	0	0	0	0	0
Administration Expenditure	724,713	734,479	750,638	767,162	798,635	817,904	835,795	855,854	877,250	900,059	924,360
Financial Expenditure	595,504	729,528	896,132	1,123,258	1,137,210	1,069,797	1,098,668	1,036,847	987,735	996,378	955,800
Grants and Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs and Maintenance Expenditure	1,265,997	1,271,905	1,291,714	1,320,129	1,372,389	1,403,954	1,436,245	1,470,714	1,519,208	1,546,677	1,588,437
Operational Expenditure	1,145,733	1,189,040	1,215,199	1,241,933	1,355,432	1,386,607	1,418,499	1,452,543	1,488,856	1,527,567	1,568,814
Depreciation Expenditure	1,727,894	3,712,016	3,793,675	3,877,132	4,444,141	4,546,354	4,650,918	4,762,538	4,881,600	5,008,520	5,143,750
<b>Total Expenditure</b>	<b>5,893,007</b>	<b>8,209,676</b>	<b>8,515,125</b>	<b>8,909,864</b>	<b>9,700,833</b>	<b>9,830,381</b>	<b>10,060,743</b>	<b>10,213,811</b>	<b>10,406,051</b>	<b>10,647,539</b>	<b>10,867,542</b>
<b>Operating Surplus / (Deficit)</b>	<b>49,126</b>	<b>(1,415,001)</b>	<b>(1,969,672)</b>	<b>1,241,927</b>	<b>(2,054,262)</b>	<b>(1,906,513)</b>	<b>(1,954,767)</b>	<b>(1,909,614)</b>	<b>(1,956,537)</b>	<b>(1,918,334)</b>	<b>(1,902,803)</b>
Capital Expenditure—to meet additional demand	212,000	0	0	6,266,904	0	0	0	0	0	0	0
Capital Expenditure—to improve the level of service	961,800	2,915,000	0	0	0	0	0	0	0	0	0
Capital Expenditure—to replace existing assets	777,000	1,235,400	3,226,710	356,378	639,624	802,412	1,076,579	1,487,467	105,880	893,849	2,722,566
<b>Capital Expenditure</b>	<b>1,950,800</b>	<b>4,150,400</b>	<b>3,226,710</b>	<b>6,623,282</b>	<b>639,624</b>	<b>802,412</b>	<b>1,076,579</b>	<b>1,487,467</b>	<b>105,880</b>	<b>893,849</b>	<b>2,722,566</b>
<b>Debt movements</b>	<b>(808,817)</b>	<b>(1,972,682)</b>	<b>(1,454,886)</b>	<b>(1,866,489)</b>	<b>1,382,779</b>	<b>1,081,959</b>	<b>1,245,757</b>	<b>605,731</b>	<b>1,127,893</b>	<b>1,145,684</b>	<b>146,621</b>
<b>Reserve movements</b>	<b>635,038</b>	<b>419,297</b>	<b>52,182</b>	<b>362,265</b>	<b>367,477</b>	<b>755,470</b>	<b>373,830</b>	<b>759,724</b>	<b>1,691,288</b>	<b>1,050,655</b>	<b>371,762</b>
<b>Cash Back-Depreciation</b>	<b>(1,727,894)</b>	<b>(3,712,016)</b>	<b>(3,793,675)</b>	<b>(3,877,132)</b>	<b>(4,444,141)</b>	<b>(4,546,354)</b>	<b>(4,650,918)</b>	<b>(4,762,538)</b>	<b>(4,881,600)</b>	<b>(5,008,520)</b>	<b>(5,143,750)</b>
<b>Rates Required</b>	<b>(0)</b>	<b>0</b>	<b>(2)</b>	<b>1</b>	<b>(1)</b>	<b>(0)</b>	<b>(6)</b>	<b>2</b>	<b>1</b>	<b>(2)</b>	<b>(1)</b>

	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									
Internal Revenue	5,788,433	6,353,975	6,503,982	6,986,527	7,522,383	7,796,955	7,976,285	8,171,519	8,316,008	8,592,375	8,824,369
Fees & Charges Revenue	5,700	5,700	5,825	5,954	6,085	6,224	6,368	6,520	6,683	6,857	7,042
Grants & Subsidies Revenue	0	50,000	0	3,133,452	0	0	0	0	0	0	0
Rates Revenue	0	0	0	0	0	0	0	0	0	0	0

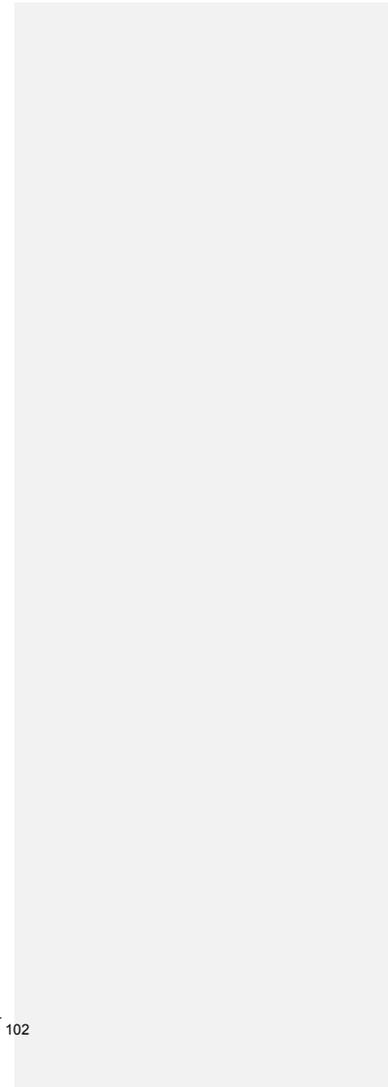
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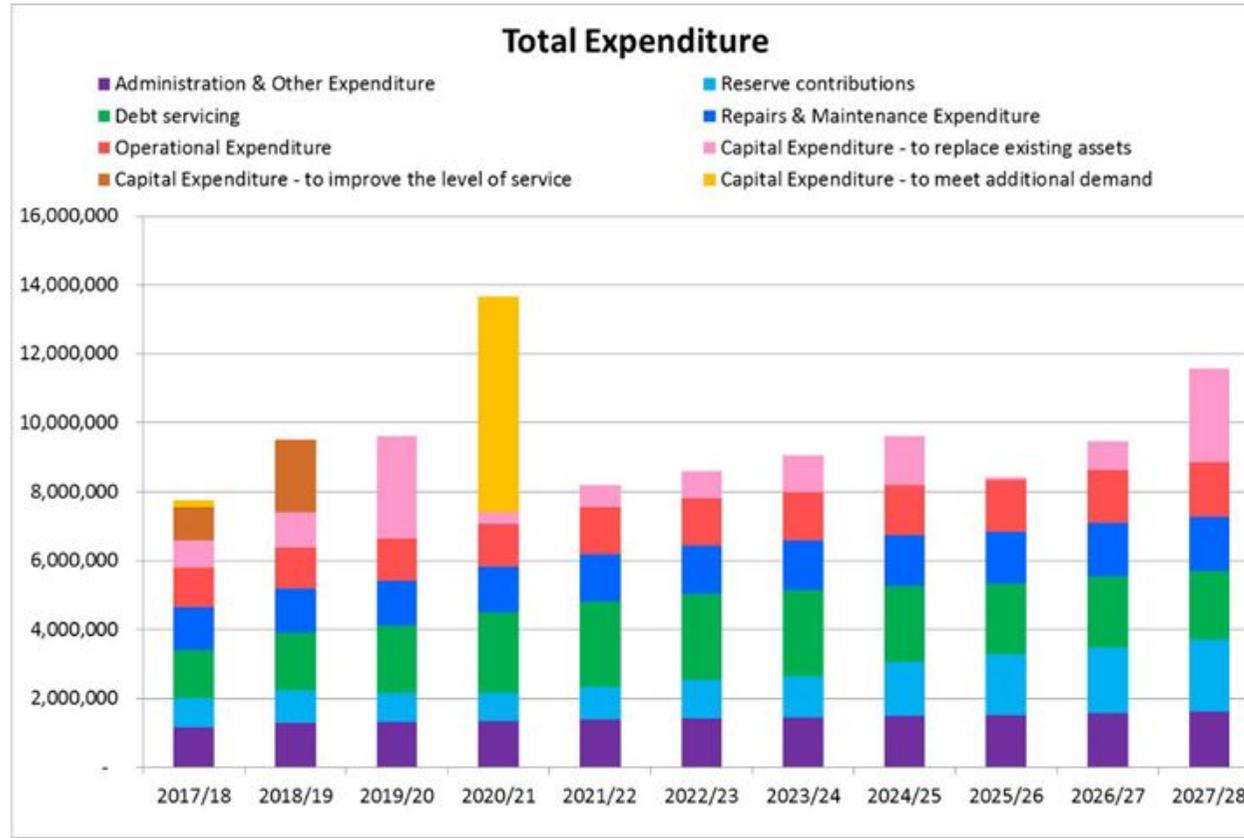
Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

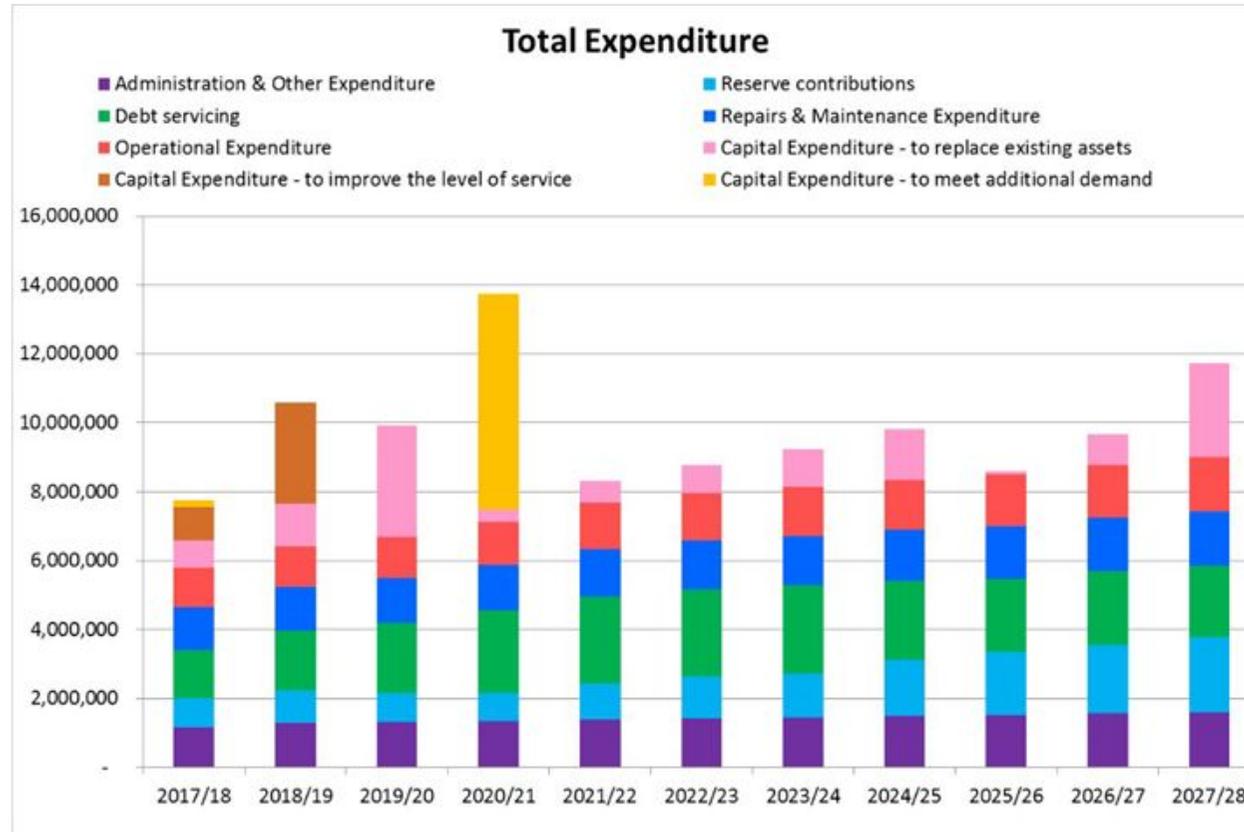
Financial Revenue	148,000	0	0	0	0	0	0	0	0	0	0
<b>Total Revenue</b>	<b>5,942,133</b>	<b>6,409,675</b>	<b>6,509,808</b>	<b>10,125,933</b>	<b>7,528,467</b>	<b>7,803,179</b>	<b>7,982,652</b>	<b>8,178,040</b>	<b>8,322,691</b>	<b>8,599,232</b>	<b>8,831,412</b>
Internal Expenditure	433,166	557,740	570,097	582,742	596,055	609,682	623,709	638,923	654,955	671,569	689,881
Staff Expenditure	0	0	0	0	0	0	0	0	0	0	0
Administration Expenditure	724,713	734,479	750,638	767,152	798,635	817,004	835,795	855,854	877,250	900,059	924,360
Financial Expenditure	595,504	710,056	864,860	1,089,591	1,104,275	1,037,633	1,064,523	1,004,222	957,072	965,233	926,798
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	1,265,997	1,271,905	1,291,711	1,320,129	1,372,389	1,403,954	1,436,245	1,470,714	1,519,208	1,546,677	1,588,437
Operational Expenditure	1,145,733	1,189,040	1,215,199	1,241,933	1,355,432	1,386,607	1,418,499	1,452,543	1,488,856	1,527,567	1,568,811
Depreciation Expenditure	1,727,894	3,712,016	3,793,675	3,877,132	4,444,141	4,546,354	4,650,918	4,762,538	4,881,600	5,008,520	5,143,750
<b>Total Expenditure</b>	<b>5,893,007</b>	<b>8,175,236</b>	<b>8,486,180</b>	<b>8,878,678</b>	<b>9,670,926</b>	<b>9,801,233</b>	<b>10,029,688</b>	<b>10,184,794</b>	<b>10,378,941</b>	<b>10,619,624</b>	<b>10,842,038</b>
<b>Operating Surplus / (Deficit)</b>	<b>49,126</b>	<b>(1,765,561)</b>	<b>(1,976,372)</b>	<b>(1,247,255)</b>	<b>(2,142,459)</b>	<b>(1,998,054)</b>	<b>(2,047,036)</b>	<b>(2,006,755)</b>	<b>(2,056,250)</b>	<b>(2,020,392)</b>	<b>(2,010,626)</b>
Capital Expenditure - to meet additional demand	212,000	0	0	6,266,904	0	0	0	0	0	0	0
Capital Expenditure - to improve the level of service	961,800	2,115,000	0	0	0	0	0	0	0	0	0
Capital Expenditure - to replace existing assets	777,000	1,015,400	2,972,845	338,726	639,624	783,193	1,044,517	1,414,942	83,016	839,592	2,722,566
<b>Capital Expenditure</b>	<b>1,950,800</b>	<b>3,130,400</b>	<b>2,972,845</b>	<b>6,605,630</b>	<b>639,624</b>	<b>783,193</b>	<b>1,044,517</b>	<b>1,414,942</b>	<b>83,016</b>	<b>839,592</b>	<b>2,722,566</b>
Proceeds from Asset Disposal	0	0	0	0	0	0	0	0	0	0	0
Debt movements	(808,817)	(1,529,542)	(1,468,449)	(1,879,477)	1,369,069	1,067,487	1,222,991	576,222	1,096,587	1,112,918	111,690
Reserve movements	635,038	345,597	312,907	398,233	292,989	697,620	336,374	764,620	1,645,746	1,035,618	298,868
Cash Back Depreciation	(1,727,894)	(3,712,016)	(3,793,675)	(3,877,132)	(4,444,141)	(4,546,354)	(4,650,918)	(4,762,538)	(4,881,600)	(5,008,520)	(5,143,750)
<b>Rates Required</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>

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**Building Assets Property Financial 10 Year Summary Graph**







Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Building Assets Property Financial 30 Year Summary

Business Unit 560000\_2019 - Works and Services - Property

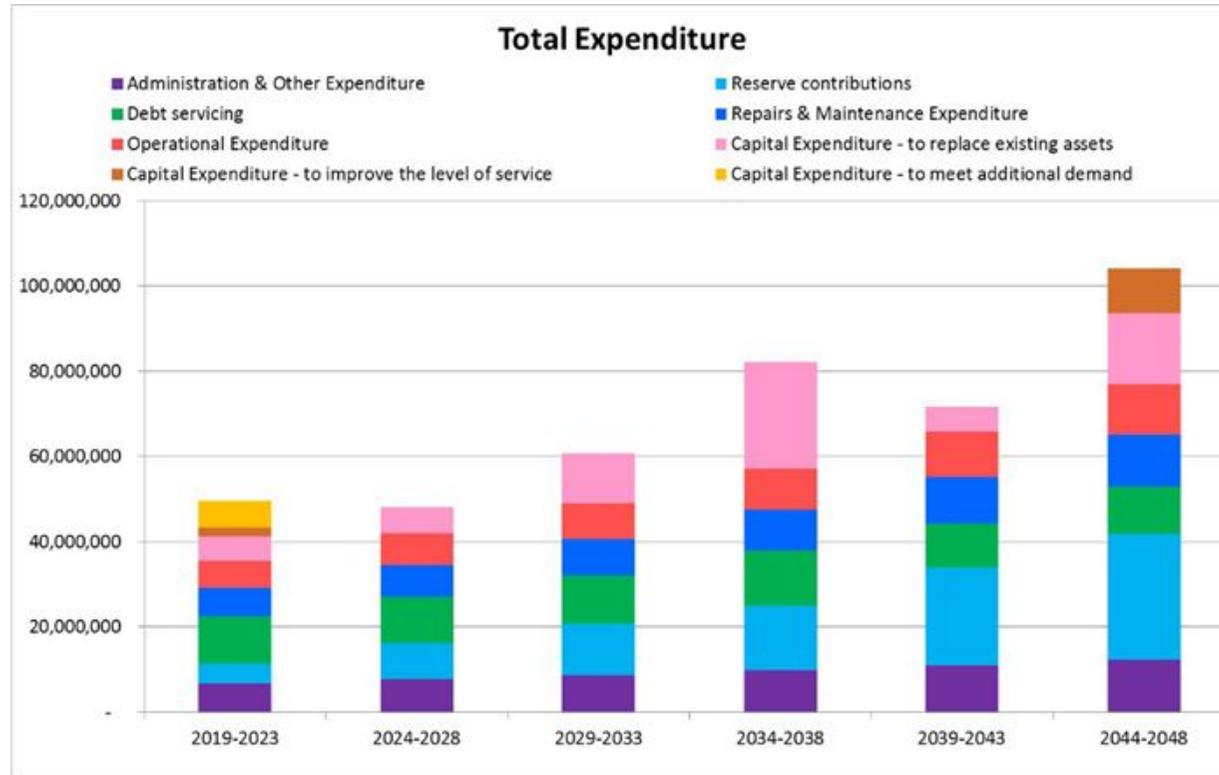
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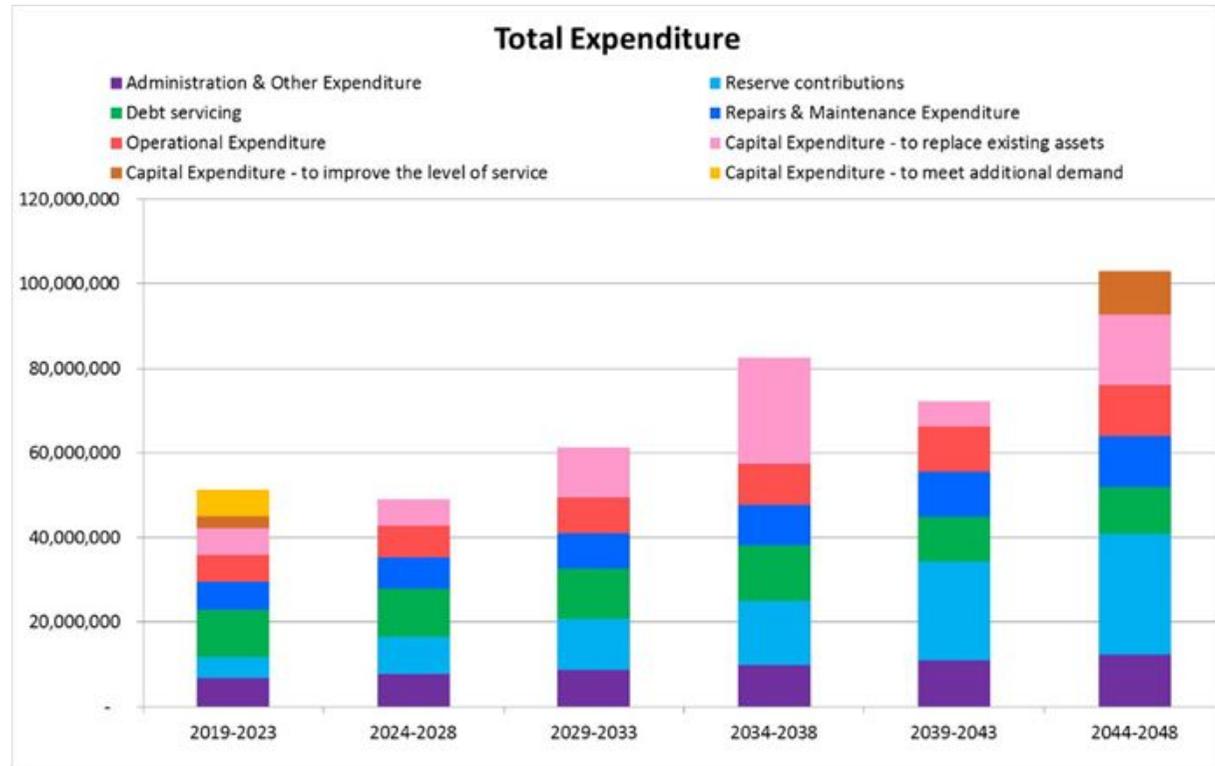
	2019-2023	2024-2028	2029-2033	2034-2038	2039-2043	2044-2048
	LTP	LTP	LTP	LTP	LTP	LTP
Internal Revenue	35,500,406	42,525,142	49,242,396	57,049,336	65,710,163	75,207,160
Fees and Charges Revenue	28,500	28,500	28,500	28,500	28,500	28,500
Grants and Subsidies Revenue	3,533,452	0	0	4,588,455	0	0
Rates Revenue	0	0	0	0	0	0
Financial Revenue	0	0	0	0	0	0
<b>Total Revenue</b>	<b>39,062,358</b>	<b>42,553,642</b>	<b>49,270,896</b>	<b>61,666,290</b>	<b>65,738,663</b>	<b>75,235,660</b>
Internal Expenditure	2,920,432	3,262,260	3,687,069	4,161,274	4,673,916	5,265,568
Staff Expenditure	0	0	0	0	0	0
Administration Expenditure	3,867,907	4,393,317	4,965,413	5,590,558	6,294,408	7,091,193
Financial Expenditure	4,955,925	5,075,228	5,400,000	4,858,580	4,986,524	5,007,404
Grants and Subsidies Expenditure	0	0	0	0	0	0
Repairs and Maintenance Expenditure	6,660,087	7,561,281	8,532,654	9,606,915	10,816,424	12,185,633
Operational Expenditure	6,388,214	7,456,276	8,427,228	9,634,079	10,682,781	12,035,073
Depreciation Expenditure	20,373,318	24,447,325	27,630,822	31,109,532	35,026,216	39,460,048
<b>Total Expenditure</b>	<b>45,165,879</b>	<b>52,195,687</b>	<b>58,643,187</b>	<b>64,950,935</b>	<b>72,480,270</b>	<b>81,044,917</b>
<b>Operating Surplus / (Deficit)</b>	<b>(6,103,521)</b>	<b>(9,642,045)</b>	<b>(9,372,291)</b>	<b>(3,284,644)</b>	<b>(6,741,606)</b>	<b>(5,809,257)</b>
Capital Expenditure - to meet additional demand	6,266,904	0	0	0	0	0
Capital Expenditure - to improve the level of service	2,915,000	0	0	0	0	10,413,758
Capital Expenditure - to replace existing assets	6,260,523	6,286,341	11,841,710	25,150,332	5,982,206	16,623,193
<b>Capital Expenditure</b>	<b>15,442,427</b>	<b>6,286,341</b>	<b>11,841,710</b>	<b>25,150,332</b>	<b>5,982,206</b>	<b>27,036,961</b>
<b>Debt movements</b>	<b>(2,829,319)</b>	<b>4,271,686</b>	<b>(832,545)</b>	<b>(2,779,339)</b>	<b>5,458,347</b>	<b>(4,336,888)</b>
<b>Reserve movements</b>	<b>1,656,694</b>	<b>4,247,259</b>	<b>7,306,877</b>	<b>5,604,219</b>	<b>17,195,755</b>	<b>11,320,505</b>
<b>Cash Back-Depreciation</b>	<b>(20,373,318)</b>	<b>(24,447,325)</b>	<b>(27,630,822)</b>	<b>(31,109,532)</b>	<b>(35,026,216)</b>	<b>(39,460,048)</b>
<b>Rates Required</b>	<b>(3)</b>	<b>(5)</b>	<b>(57,514)</b>	<b>(147,323)</b>	<b>(351,698)</b>	<b>(369,776)</b>
	2019-2023	2024-2028	2029-2033	2034-2038	2039-2043	2044-2048
	LTP	LTP	LTP	LTP	LTP	LTP
Internal Revenue	35,163,822	41,880,556	48,911,441	56,907,360	65,550,313	76,601,073
Fees & Charges Revenue	29,788	33,471	37,830	42,593	47,955	53,993
Grants & Subsidies Revenue	3,183,452	0	0	4,588,455	0	0
Rates Revenue	0	0	0	0	0	0

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<u>Financial Revenue</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Revenue</b>	<b>38,377,062</b>	<b>41,914,027</b>	<b>48,949,271</b>	<b>61,538,407</b>	<b>65,598,268</b>	<b>76,655,066</b>
<u>Internal Expenditure</u>	<u>2,916,316</u>	<u>3,279,038</u>	<u>3,674,664</u>	<u>4,137,304</u>	<u>4,658,201</u>	<u>5,244,660</u>
<u>Staff Expenditure</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Administration Expenditure</u>	<u>3,867,907</u>	<u>4,393,317</u>	<u>4,965,413</u>	<u>5,590,558</u>	<u>6,294,408</u>	<u>7,086,874</u>
<u>Financial Expenditure</u>	<u>4,806,415</u>	<u>4,917,848</u>	<u>5,290,375</u>	<u>4,805,732</u>	<u>4,955,280</u>	<u>4,954,643</u>
<u>Grants &amp; Subsidies Expenditure</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Repairs &amp; Maintenance Expenditure</u>	<u>6,660,087</u>	<u>7,561,281</u>	<u>8,532,654</u>	<u>9,606,915</u>	<u>10,816,424</u>	<u>12,178,211</u>
<u>Operational Expenditure</u>	<u>6,388,211</u>	<u>7,456,276</u>	<u>8,427,228</u>	<u>9,634,079</u>	<u>10,682,781</u>	<u>12,027,742</u>
<u>Depreciation Expenditure</u>	<u>20,373,318</u>	<u>24,447,325</u>	<u>27,630,822</u>	<u>31,109,532</u>	<u>35,026,216</u>	<u>39,436,014</u>
<b>Total Expenditure</b>	<b>45,012,254</b>	<b>52,055,086</b>	<b>58,521,156</b>	<b>64,884,120</b>	<b>72,433,312</b>	<b>80,928,144</b>
<b>Operating Surplus / (Deficit)</b>	<b>(6,635,191)</b>	<b>(10,141,059)</b>	<b>(9,571,885)</b>	<b>(3,345,712)</b>	<b>(6,835,043)</b>	<b>(4,273,078)</b>
<u>Capital Expenditure - to meet additional demand</u>	<u>6,266,904</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Capital Expenditure - to improve the level of service</u>	<u>2,115,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,413,758</u>
<u>Capital Expenditure - to replace existing assets</u>	<u>5,749,787</u>	<u>6,104,632</u>	<u>11,683,194</u>	<u>24,935,649</u>	<u>5,811,987</u>	<u>16,620,064</u>
<b>Capital Expenditure</b>	<b>14,131,691</b>	<b>6,104,632</b>	<b>11,683,194</b>	<b>24,935,649</b>	<b>5,811,987</b>	<b>27,033,822</b>
<u>Proceeds from Asset Disposal</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Debt movements</u>	<u>(2,440,912)</u>	<u>4,120,408</u>	<u>(1,041,212)</u>	<u>(2,992,135)</u>	<u>5,427,883</u>	<u>(4,375,611)</u>
<u>Reserve movements</u>	<u>2,047,347</u>	<u>4,081,227</u>	<u>7,416,954</u>	<u>5,820,307</u>	<u>16,951,303</u>	<u>12,504,726</u>
<u>Cash Back Depreciation</u>	<u>(20,373,318)</u>	<u>(24,447,325)</u>	<u>(27,630,822)</u>	<u>(31,109,532)</u>	<u>(35,026,216)</u>	<u>(39,436,014)</u>
<b>Rates Required</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(2)</b>

**Building Assets Property Financial 30 Year Summary**





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**Building Assets Public Toilets Financial 10 Year Summary**

Business Unit 516000 - Works and Services - Toilets

	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									
Internal Revenue	0	0	0	0	0	0	0	0	0	0	0
Fees & Charges Revenue	375	400	409	418	427	437	447	458	469	481	494
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
<b>Total Revenue</b>	<b>375</b>	<b>400</b>	<b>409</b>	<b>418</b>	<b>427</b>	<b>437</b>	<b>447</b>	<b>458</b>	<b>469</b>	<b>481</b>	<b>494</b>
Internal Expenditure	35,035	50,526	51,647	52,795	54,013	55,246	56,517	57,901	59,356	60,851	62,515
Staff Expenditure	0	0	0	0	0	0	0	0	0	0	0
Administration Expenditure	9,312	10,936	11,177	11,422	11,674	11,942	12,217	12,510	12,823	13,156	13,512
Financial Expenditure	16,197	19,501	19,201	19,613	18,042	16,385	15,991	13,992	12,504	11,965	10,301
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	40,930	42,615	43,553	44,511	45,490	46,536	47,607	48,749	49,968	51,267	52,651
Operational Expenditure	194,317	207,960	212,535	217,211	221,990	227,095	232,318	237,894	243,841	250,181	256,936
Depreciation Expenditure	24,452	27,865	28,478	29,105	29,745	30,429	31,129	31,876	32,673	33,522	34,427
<b>Total Expenditure</b>	<b>320,243</b>	<b>359,403</b>	<b>366,590</b>	<b>374,657</b>	<b>380,953</b>	<b>387,633</b>	<b>395,779</b>	<b>402,923</b>	<b>411,165</b>	<b>420,943</b>	<b>430,342</b>
<b>Operating Surplus / (Deficit)</b>	<b>(319,868)</b>	<b>(359,003)</b>	<b>(366,181)</b>	<b>(374,239)</b>	<b>(380,526)</b>	<b>(387,197)</b>	<b>(395,332)</b>	<b>(402,465)</b>	<b>(410,696)</b>	<b>(420,461)</b>	<b>(429,848)</b>
Capital Expenditure - to meet additional demand	125,000	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	56,875	0	0	0	0	0	0	0	0	0	0
<b>Capital Expenditure</b>	<b>181,875</b>	<b>0</b>									
Proceeds from Asset Disposal	0	0	0	0	0	0	0	0	0	0	0
Debt movements	(103,928)	26,164	27,093	27,921	29,479	31,122	32,702	28,743	23,702	25,188	26,851
Reserve movements	(30,225)	29,150	29,791	30,447	31,117	31,832	32,564	33,346	34,180	35,068	36,015
Cash Back Depreciation	(24,452)	(27,865)	(28,478)	(29,105)	(29,745)	(30,429)	(31,129)	(31,876)	(32,673)	(33,522)	(34,427)
<b>Rates Required</b>	<b>343,138</b>	<b>386,452</b>	<b>394,588</b>	<b>403,502</b>	<b>411,377</b>	<b>419,722</b>	<b>429,470</b>	<b>432,678</b>	<b>435,904</b>	<b>447,195</b>	<b>458,286</b>

Business Unit 516000 - Works and Services - Toilets

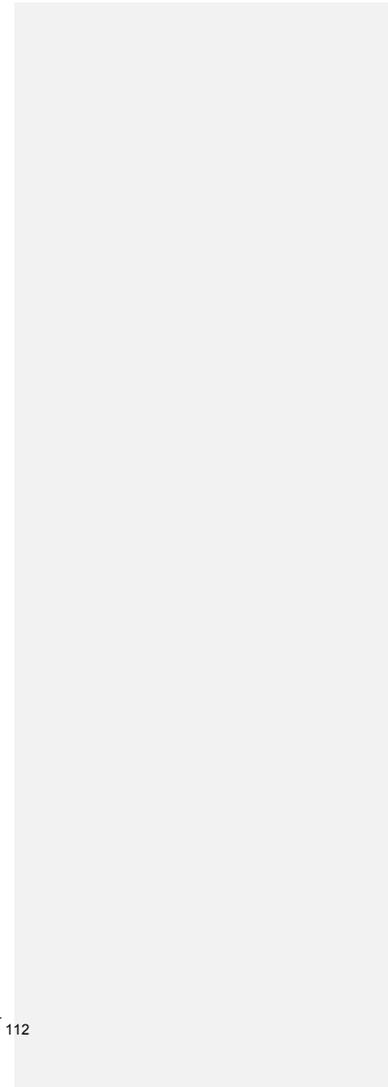
2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
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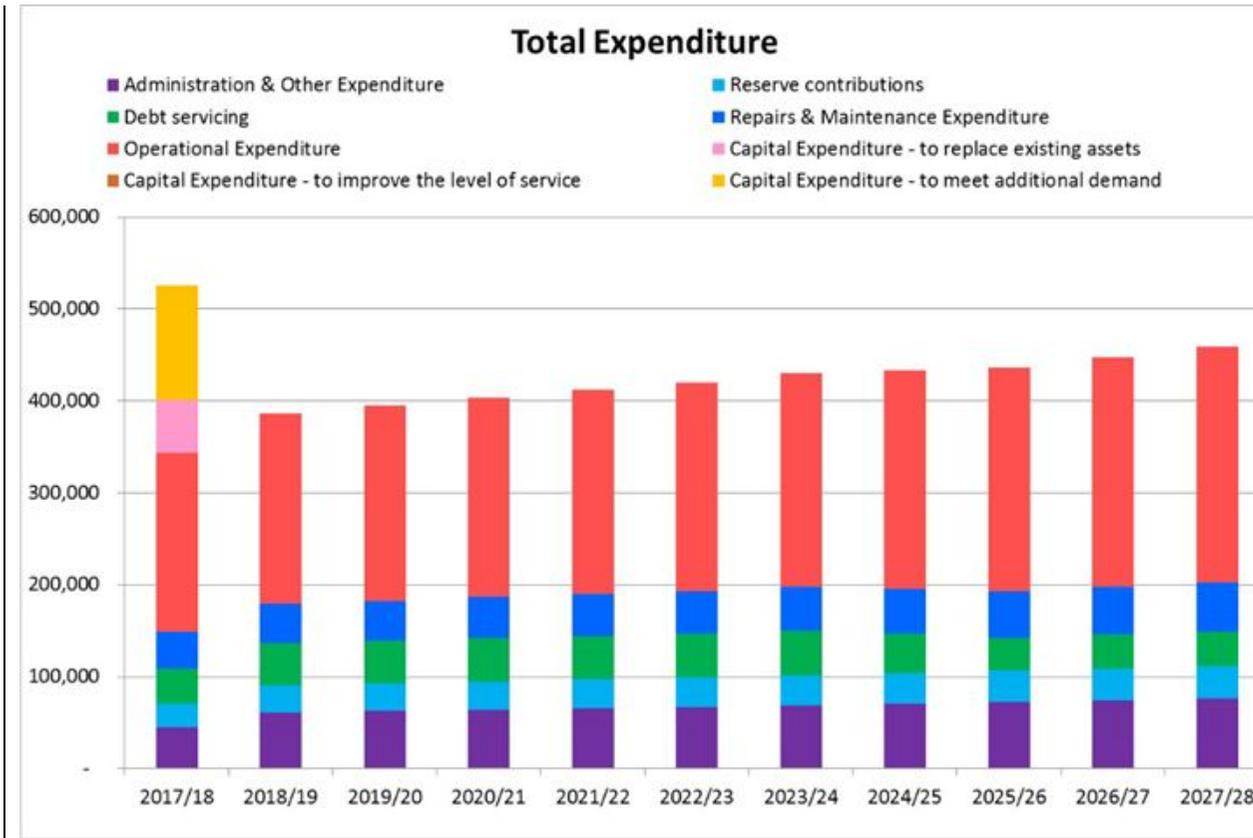
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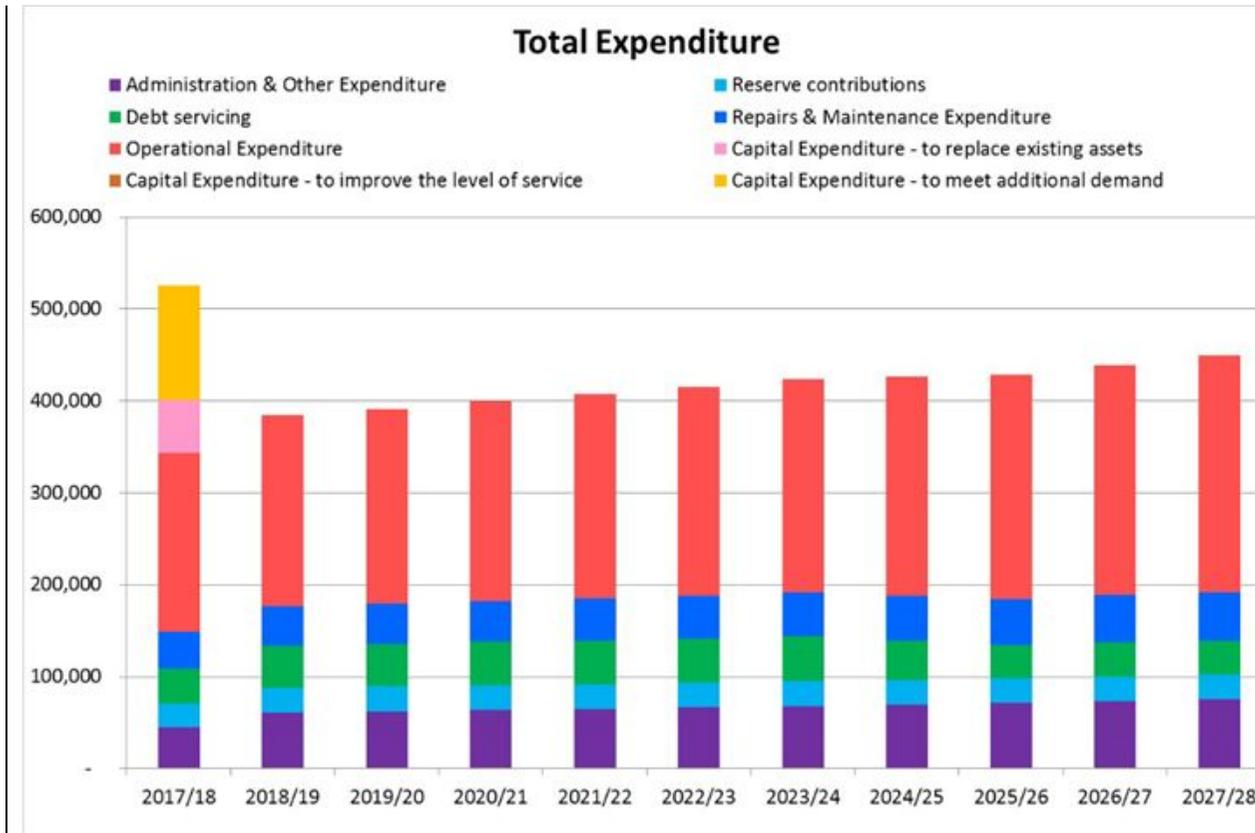
Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

	Annual Plan	LTP									
Internal Revenue	0	0	0	0	0	0	0	0	0	0	0
Fees and Charges Revenue	375	400	400	400	400	400	400	400	400	400	400
Grants and 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
<b>Total Revenue</b>	<b>375</b>	<b>400</b>									
Internal Expenditure	35,035	49,940	51,008	52,430	53,277	54,502	55,756	57,094	58,521	60,043	61,664
Staff Expenditure	0	0	0	0	0	0	0	0	0	0	0
Administration Expenditure	9,312	10,936	11,177	11,422	11,674	11,942	12,217	12,510	12,823	13,156	13,512
Financial Expenditure	16,197	19,504	19,204	19,613	18,042	16,385	15,994	13,992	12,504	11,965	10,301
Grants and Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0	0
Repairs and Maintenance Expenditure	40,930	42,615	43,553	44,511	45,490	46,536	47,607	48,749	49,968	51,267	52,654
Operational Expenditure	194,317	207,960	212,535	217,211	221,990	227,095	232,318	237,894	243,841	250,181	256,936
Depreciation Expenditure	24,452	27,865	28,478	29,105	29,745	30,429	31,129	31,876	32,673	33,522	34,427
<b>Total Expenditure</b>	<b>320,243</b>	<b>358,787</b>	<b>365,951</b>	<b>373,992</b>	<b>380,217</b>	<b>386,890</b>	<b>395,018</b>	<b>402,115</b>	<b>410,331</b>	<b>420,135</b>	<b>429,492</b>
<b>Operating Surplus / (Deficit)</b>	<b>(319,868)</b>	<b>(358,387)</b>	<b>(365,551)</b>	<b>(373,592)</b>	<b>(379,817)</b>	<b>(386,490)</b>	<b>(394,618)</b>	<b>(401,715)</b>	<b>(409,931)</b>	<b>(419,735)</b>	<b>(429,092)</b>
Capital Expenditure — to meet additional demand	125,000	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	66,875	0	0	0	0	0	0	0	0	0	0
<b>Capital Expenditure</b>	<b>191,875</b>	<b>0</b>									
Debt movements	(103,928)	26,164	27,093	27,924	29,479	31,122	32,702	28,743	23,702	25,188	26,854
Reserve movements	(30,225)	29,150	29,150	29,150	29,150	29,150	29,150	29,150	29,150	29,150	29,150
Cash Back Depreciation	(24,452)	(27,865)	(28,478)	(29,105)	(29,745)	(30,429)	(31,129)	(31,876)	(32,673)	(33,522)	(34,427)
<b>Rates Required</b>	<b>(343,138)</b>	<b>(385,836)</b>	<b>(393,316)</b>	<b>(401,558)</b>	<b>(408,704)</b>	<b>(416,333)</b>	<b>(425,341)</b>	<b>(427,732)</b>	<b>(430,110)</b>	<b>(440,564)</b>	<b>(450,665)</b>

**Building Assets Public Toilets Financial 10 Year Summary Graph**







**8.2.2 Programme Implications**

There are no current changes to the recommended programme.

**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 every 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, i.e. 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

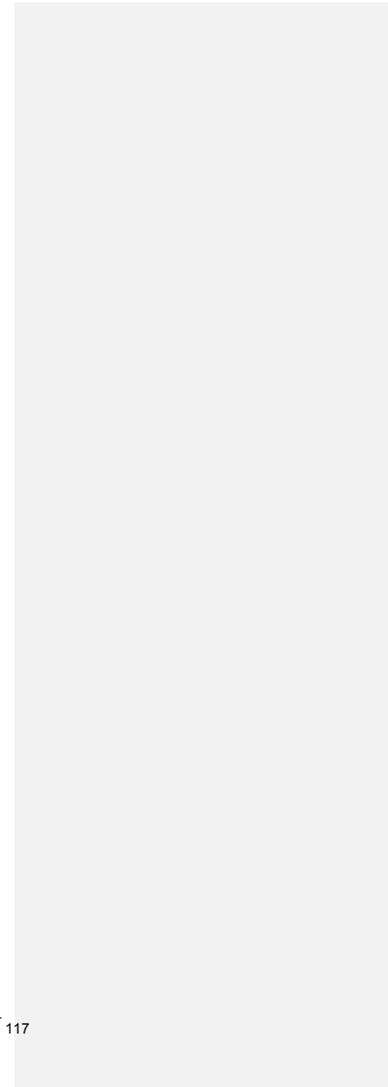
<i>Who Benefits</i>	<i>Funding Sources and Proportions</i>	<i>Demand Generators</i>
<p><b>Public/Private:</b></p> <p>The Service activity benefits from the Building Assets activity, it is their budget which determines the split between who benefits.</p>	<p><b>Other Sources of funding:</b></p> <p>Internal Charges</p>	<p>Demand on the Service Activity puts demand on the Building Assets Activity.</p>

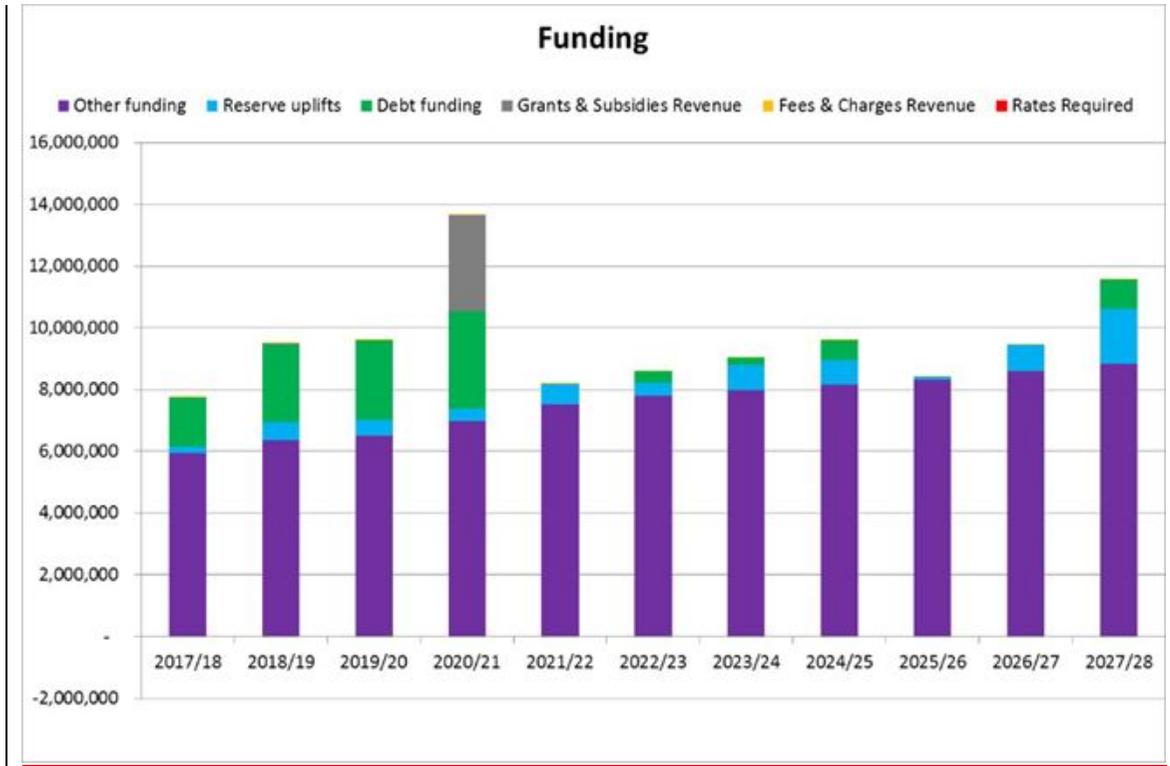
The following funding strategy is used for funding of building assets:

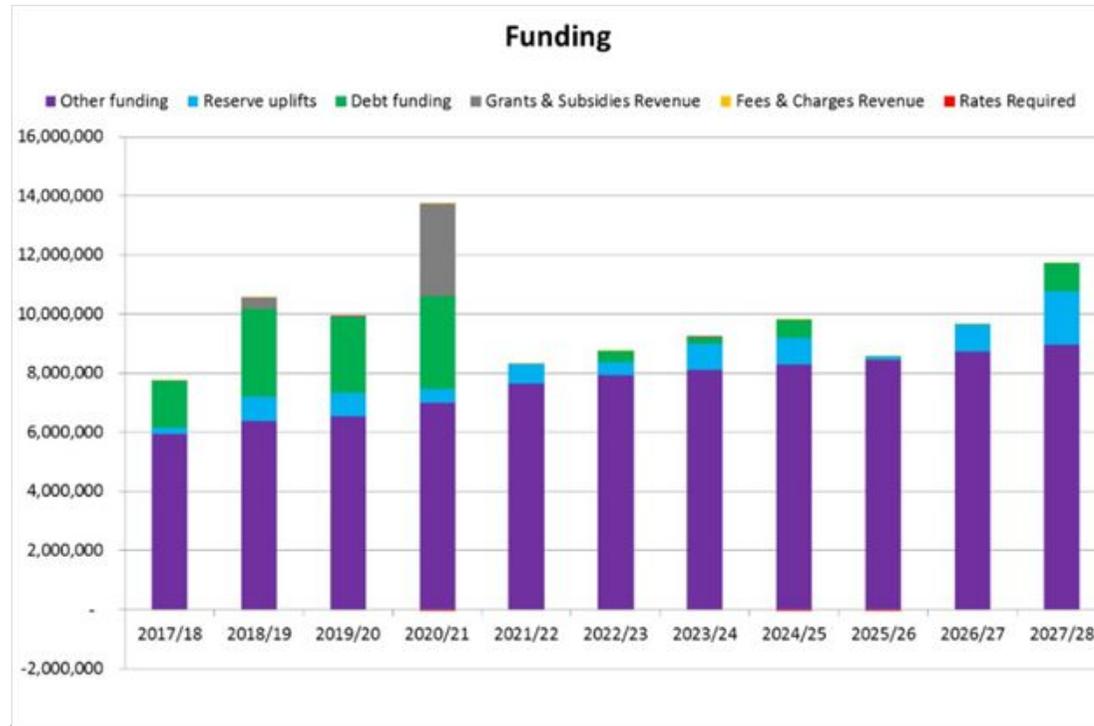
- Operational expenditure - funded by rates either directly for Public Toilets or through an Inter-Directorate Services ("internal lease") charges to the Service Activity tenanting the building.
- Maintenance expenditure - funded by rates either directly for Public Toilets or through an Inter-Directorate charge to the Service Activity tenanting building.
- Capital and periodic maintenance renewal - funded by building Financial Reserve funds where adequate reserves are available. Otherwise they are funded by new loans.
- New capital expenditure - funded by new loans or grants from Community funding organisations. Capital servicing (principal and interest cost) is funded by rates either directly for Public Toilets or through an Inter-Directorate charge to the Service Activity tenanting the building.

- Depreciation funding has been recognised since 1996 and initial funding has been accumulated in Building LOSP Financial Reserve Funds to fund future capital and maintenance renewals.

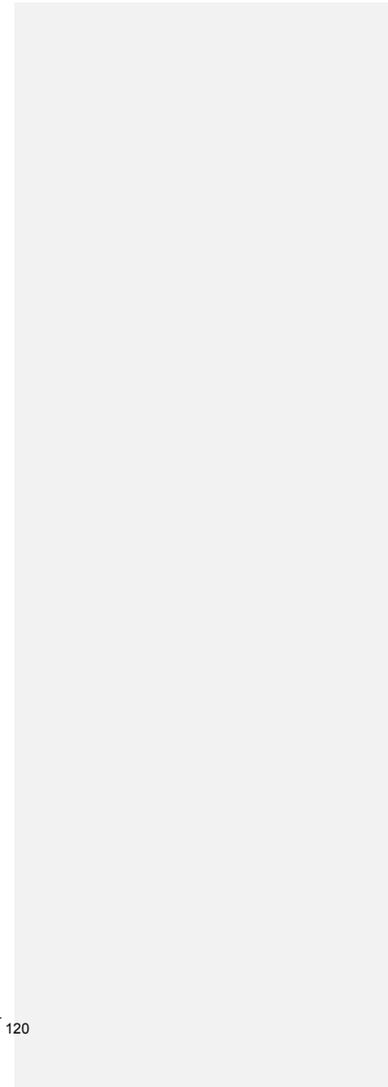
**Building Assets Property Funding 10 Year Summary Graph**

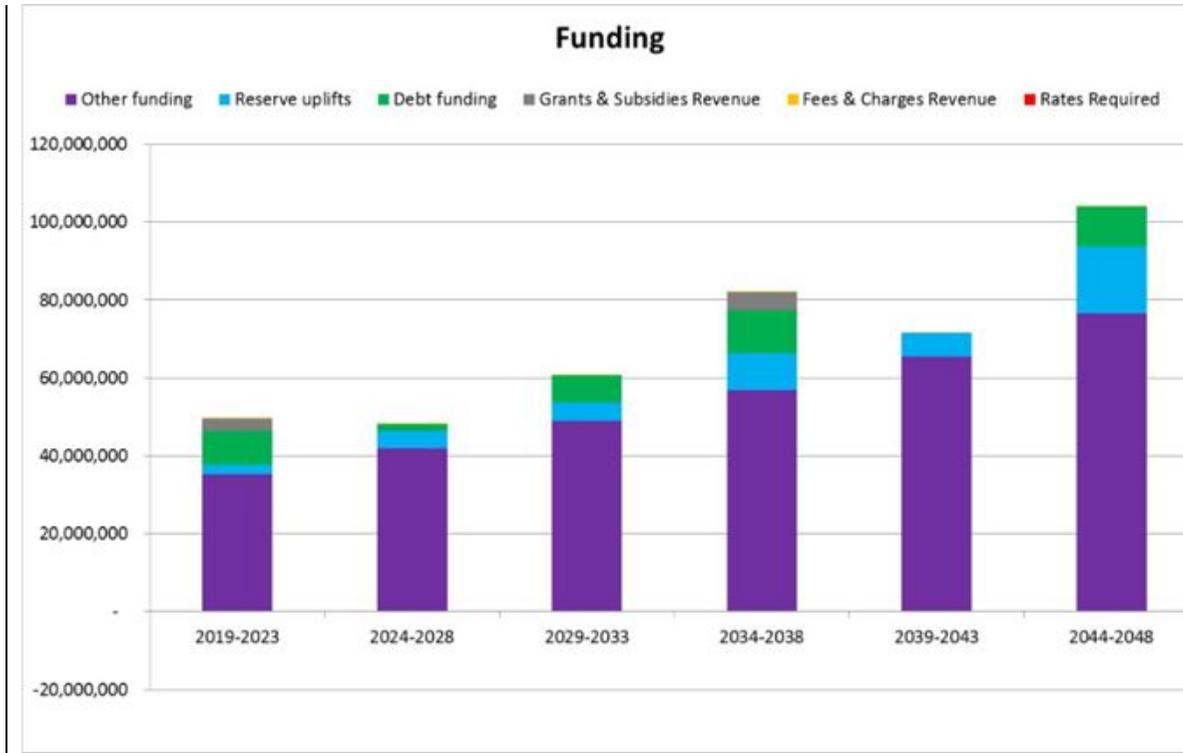


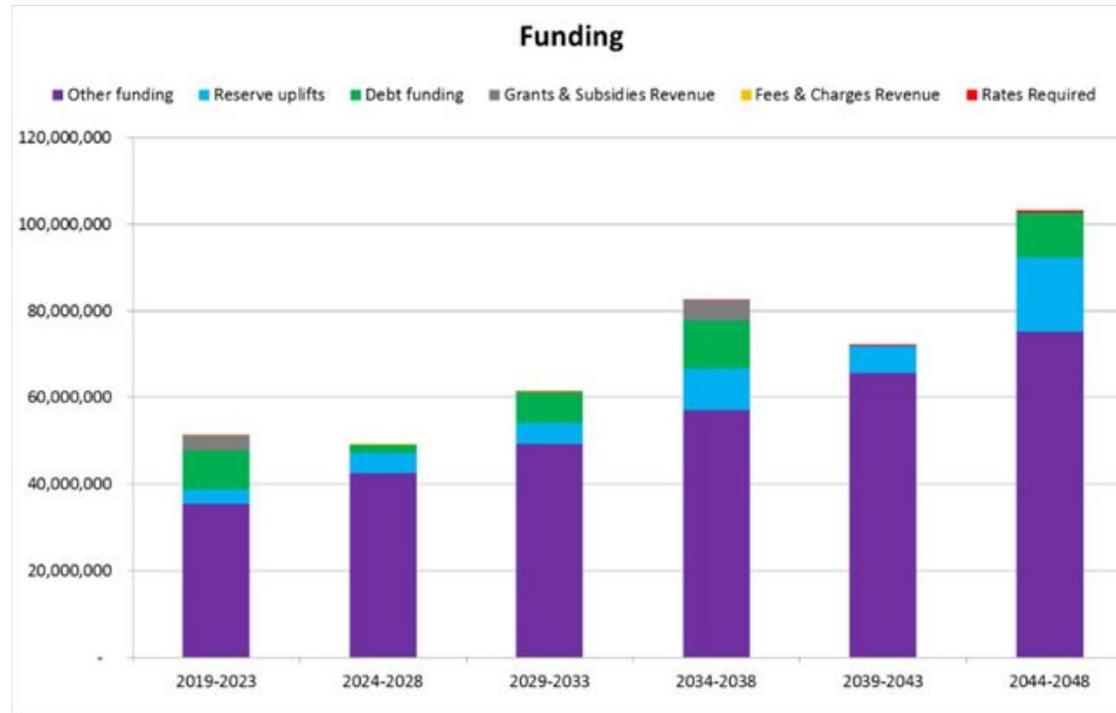




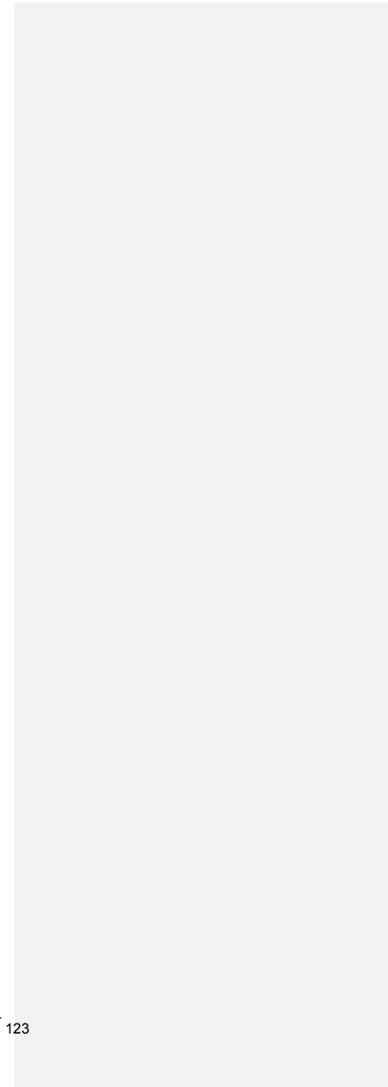
**Building Assets Property Funding 30 Year Summary Graph**

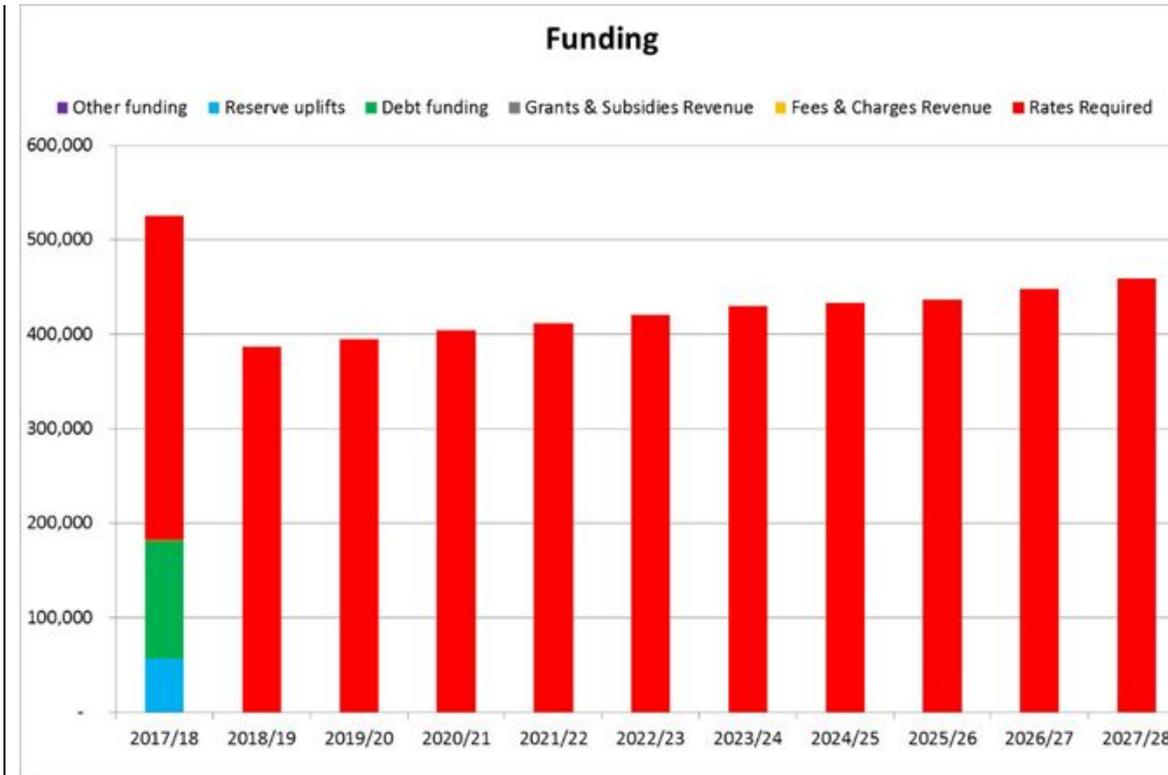


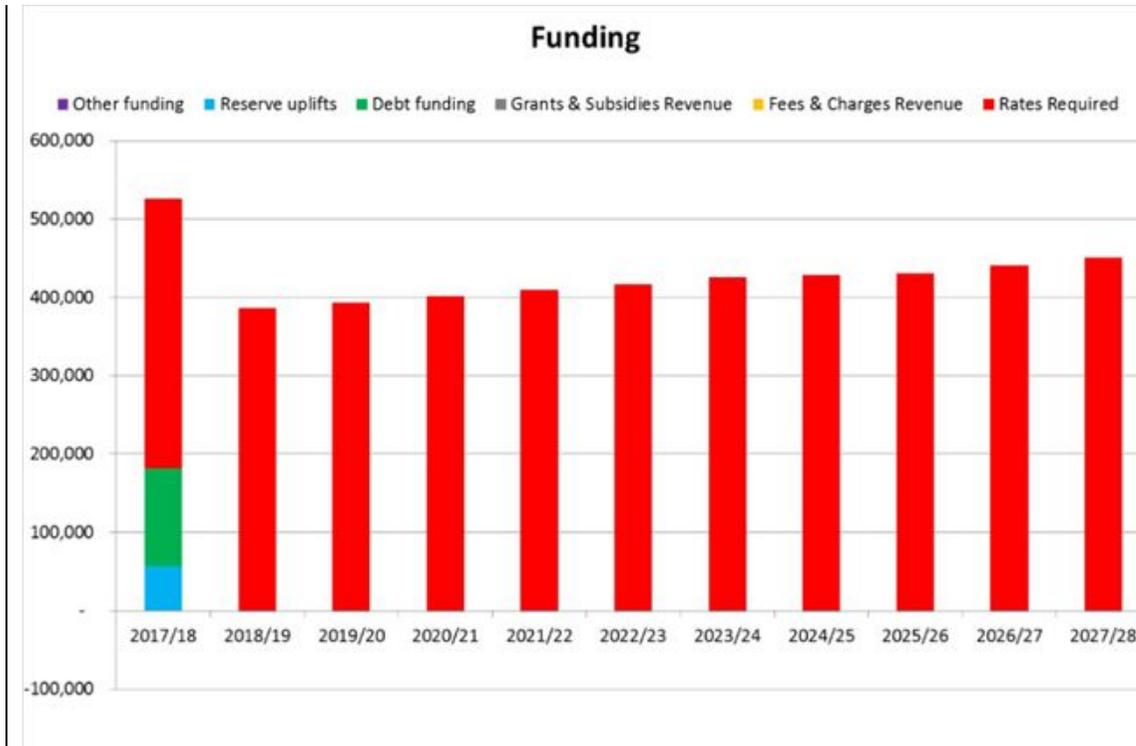




**Building Assets Public Toilets Funding 10 Year Summary Graph**







## 8.5 ASSET VALUATION FORECASTS

### 8.5.1 Asset Fair and Land Valuations

The value of the assets has been considered by Rural ValueQV on a Fair Value basis in accordance with PBE IPSAS17 under a highest and best use scenario. "Fair Value" is the price that would be received to sell or paid to transfer a liability in an orderly transaction between market participants at the 1 July 2017.

The valuations in Core Buildings are carried out to component level. Components of building assets are the same for depreciation, these are:

- Structure – substructure, frame, walls, upper floors, roof, windows and doors.
- Roof – roof structure, linings and materials.
- Services - Electrical (switchboards, cabling, sockets, lights).
- Services - Plumbing and Drainage, (domestic hot and cold water, sewage, stormwater, soil drainage).
- Internal Fit-out – stairs, wall ceiling and floor finishes, internal doors and decoration.
- Plant – heating, ventilation and air condition – does not include heat source i.e. Boiler.
- External Works/Other Improvements – parking, layout, fencing and any other improvement on the land outside the exterior face of the building – excludes planting.

Economic and residual lives have been defined for all major buildings.

Please see table below for a summary of Fair Value and Replacement Costs. The full report is filed in Objective (Object ID A1970301).

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Building	Address	Structure		Roof		Electrical		Plumbing		Interior Fit Out		Plant		Building Fair Value	Replacement Cost	Other Improvements	Land	Property Value						
		Component Life	Remain Useful Life	Fair Value	Component Life	Remain Useful Life	Fair Value	Component Life	Remain Useful Life	Fair Value	Component Life	Remain Useful Life	Fair Value						Component Life	Remain Useful Life				
<b>Corporate Buildings</b>																								
Civic Administration	101 Esk Street	75	48	2,891,598	40	13	45,728	45	32	377,987	45	32	283,490	35	22	982,686	30	17	376,510	4,958,000	10,913,280	-	1,820,000	<b>6,778,000</b>
Bluff Service Centre	98 Gore Street, Bluff	75	28	124,140	40	28	28,439	45	28	31,891	45	14	9,917	35	23	61,611	30	18	45,002	301,000	1,224,053	4,000	65,000	<b>370,000</b>
<b>Community Facilities</b>																								
Animal Care Facility	11 Lake Street	75	70	535,591	40	35	43,809	45	40	30,811	45	40	41,081	20	15	34,662	30	25	16,047	702,000	760,073	20,000	-	<b>722,000</b>
Civic Theatre - Stagehouse	88 Tay Street	75	63	3,582,710	40	28	130,438	45	33	1,138,749	45	33	151,833	35	23	1,904,816	30	28	1,159,453	8,068,000	9,309,082	-	-	<b>8,068,000</b>
Civic Theatre - Auditorium		75	43	2,146,393	40	28	162,434	45	33	317,648	45	33	56,723	35	23	1,524,887	30	18	556,915	4,765,000	5,874,120	120,000	-	<b>4,885,000</b>
Civic Theatre - Front of House		75	43	1,782,855	40	5	68,044	45	33	523,942	45	33	299,396	35	23	885,355	30	5	113,407	3,673,000	6,236,720	-	-	<b>3,673,000</b>
Library	50 Dee Street	75	47	6,577,732	40	12	268,883	45	17	616,992	45	17	383,739	35	7	398,345	30	5	647,310	8,893,000	15,622,880	-	2,090,000	<b>10,983,000</b>
Archive	62 Dee Street	75	65	1,495,347	40	30	110,498	45	35	208,809	45	35	129,869	35	25	233,857	30	20	425,621	2,604,000	3,076,920	-	-	<b>2,604,000</b>
Scottish Hall	112 Esk Street	75	15	174,175	40	33	93,308	45	5	10,233	45	5	9,694	35	5	58,858	30	5	6,732	353,000	4,595,030	80,000	740,000	<b>1,173,000</b>
Splash Palace - Main Pool	56 Elles Road	50	29	7,786,833	40	19	500,168	35	15	564,100	35	15	902,560	20	5	394,870	15	5	2,281,470	12,430,000	24,859,838	650,000	1,520,000	<b>14,600,000</b>
Splash Palace - Learners Pool		50	38	1,630,379	40	28	117,778	35	23	138,208	35	23	221,133	20	8	100,952	15	5	364,550	2,573,000	3,676,320	-	-	<b>2,573,000</b>
Southland Museum and Art Gallery	108 Gala Street	60	33	3,709,973	40	13	657,677	45	18	337,270	45	18	67,454	35	8	1,156,355	30	5	337,270	6,266,000	24,100,505	50,000	-	<b>6,316,000</b>
<b>Housing Care</b>																								
Cairnsmore Flats	160 Leet Street	75	39	476,609	40	5	18,705	45	9	20,950	45	9	27,684	15	5	187,052	30	-	-	731,000	1,310,540	40,000	280,000	<b>1,051,000</b>
Pateke Place	429 Yarrow Street	75	33	289,754	40	5	13,439	45	5	8,362	45	5	11,050	15	5	134,394	30	-	-	457,000	797,720	30,000	101,000	<b>588,000</b>
Willow Park	64 Adamson Crescent	75	39	397,066	40	5	15,583	45	9	17,453	45	9	23,063	15	5	155,834	30	-	-	609,000	1,082,620	30,000	104,000	<b>743,000</b>
Korimako Court	12 Waverley Street	75	37	398,388	40	5	16,480	45	7	14,356	45	7	18,971	15	5	164,805	30	-	-	613,000	1,310,540	30,000	100,000	<b>743,000</b>
Thorndale Flats	3 Lithgow Street	75	41	229,055	40	6	10,261	45	11	11,705	45	11	15,468	15	5	85,511	30	-	-	352,000	712,250	20,000	59,000	<b>431,000</b>
Elston Lea Village	50 Murphy Street	75	16	750,522	40	5	71,797	45	5	44,674	45	5	59,033	15	5	717,974	30	-	-	1,644,000	5,132,270	60,000	179,000	<b>1,883,000</b>
Kelly Court	210 Crinan Street	75	29	236,599	40	5	12,488	45	5	7,770	45	5	10,268	15	5	124,876	30	-	-	392,000	683,760	20,000	51,000	<b>463,000</b>
Strathpine Flats	246 Eltrick Street	75	29	236,599	40	5	12,488	45	5	7,770	45	5	10,268	15	5	124,876	30	-	-	392,000	683,760	20,000	51,000	<b>463,000</b>
Niven Place	104 Earn Street	75	29	236,599	40	5	12,488	45	5	7,770	45	5	10,268	15	5	124,876	30	-	-	392,000	683,760	20,000	51,000	<b>463,000</b>
Claredon Court	60 Stirrat Street	75	45	572,143	40	10	38,921	45	15	36,327	45	15	48,003	15	5	194,606	30	-	-	890,000	1,566,950	30,000	79,000	<b>999,000</b>
Otarewa Village	90 Conon Street	75	47	978,413	40	12	76,472	45	17	67,408	45	17	89,075	15	5	318,632	30	-	-	1,530,000	2,507,120	50,000	136,000	<b>1,716,000</b>
Laurel Court	2 Maltby Street	75	36	318,545	40	5	13,544	45	6	10,113	45	6	13,363	15	5	135,436	30	-	-	491,000	826,210	35,000	135,000	<b>661,000</b>
Kinross Flats	30 Henderson Street	75	40	164,106	40	35	43,957	45	10	7,815	45	10	10,326	15	5	62,796	30	-	-	289,000	740,740	25,000	47,000	<b>361,000</b>
Anzac Court	9 Tone Street	75	49	134,509	40	35	29,412	45	19	9,935	45	19	13,128	15	5	42,017	30	-	-	229,000	740,740	25,000	46,000	<b>300,000</b>
Stirling Flats	25 Gregory Street, Bluff	75	43	149,528	40	35	37,258	45	13	8,611	45	13	11,378	15	5	53,225	30	-	-	260,000	740,740	25,000	76,000	<b>361,000</b>
Powell Court	295 Pomona Street	75	46	233,371	40	11	17,084	45	16	15,461	45	16	20,431	15	5	77,652	30	-	-	364,000	655,270	20,000	62,000	<b>446,000</b>
Nevill Place	26 Selwyn Street	75	33	676,515	40	5	31,378	45	5	19,524	45	5	25,800	15	5	313,783	30	-	-	1,067,000	1,623,930	25,000	73,000	<b>1,165,000</b>
Aurora Place	15 Janet Street	75	11	161,810	40	5	22,515	45	5	14,010	45	5	18,513	15	5	225,153	30	-	-	442,000	1,054,130	20,000	73,000	<b>535,000</b>
Miller Street	13 Miller Street	75	8	55,310	40	5	10,582	45	5	6,585	45	5	8,701	15	5	105,822	30	-	-	187,000	484,330	10,000	58,000	<b>255,000</b>

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Building	Address	Structure		Fair Value	Roof		Fair Value	Electrical		Fair Value	Plumbing		Fair Value	Interior Fit Out		Fair Value	Plant		Fair Value	Building Fair Value	Replacement Cost	Other Improvements	Land	Property Value
		Component Life	Remain Useful Life		Component Life	Remain Useful Life		Component Life	Remain Useful Life		Component Life	Remain Useful Life		Component Life	Remain Useful Life									
Jim Brass Place	154 Elles Road	75	50	182,645	40	35	39,138	45	20	13,916	45	20	18,389	15	5	55,912	30		-	310,000	569,800	15,000	36,000	361,000
Aiden Place	132 Princes Street	75	40	345,421	40	5	13,218	45	10	16,449	45	10	21,736	15	5	132,177	30		-	529,000	997,150	20,000	60,000	609,000
<b>Public Toilets</b>																								
Wachner Place Toilets	20 Dee Street	60	41	396,481	40	21	27,120	45	26	26,648	45	26	106,593	35	16	21,084	30	11	5,073	583,000	940,170	-	-	583,000
<b>Other Infrastructure Buildings</b>																								
Car park	11 Leven Street	75	41	3,336,622	40	6	-	45	11	84,346	45	11	46,859	35	5	108,445	30	5	44,729	3,621,000	7,593,399	-	-	3,621,000
Waste Transfer Station - Building	303 Bond Street	50	30	1,045,564	40	20	173,575	45	25	25,377	45	25	-	35	15	-	30	10	49,484	1,294,000	2,157,100	120,000	1,320,000	2,614,000
Waste Transfer Station - Office		75	55	55,619	40	20	5,755	45	25	4,348	45	25	3,261	35	15	6,018	30	10	-	75,000	112,943	-	-	75,000
Waste Transfer Station - Workshop		50	30	45,161	40	20	2,960	45	25	940	45	25	940			-			-	50,000	83,842	-	-	50,000
Waste Transfer Station - Shop		50	41	254,878	40	31	18,946	45	36	5,588	45	36	5,588			-			-	285,000	347,985	-	-	285,000
Waste Transfer Station - Kiosk		60	37	28,000			-			-			-			-			-	28,000	44,770			28,000
Bluff Senior Citizens	10 Onslow Street	75	34	176,458	40	5	6,319	45	5	4,574	45	5	4,333	35	5	26,307	30	5	3,009	221,000	597,680	5,000	60,000	286,000
<b>Total</b>																				<b>73,913,000</b>	<b>147,031,037</b>	<b>1,619,000</b>	<b>9,472,000</b>	<b>84,884,000</b>

### **8.5.2 Rating Valuations**

The Rating Valuation is the value calculated for properties within the city boundary which are used for sharing of city rates. The Rating Valuation includes separate items for land and capital improvements.

Property within the city boundary is valued every 3 years by an accredited Valuer who is employed by the Environmental and Planning Department of the Invercargill City Council to carry out this task.

The most recent rating valuations were carried out in July 2017 and were released in October 2017. The 2017 values are shown in the table below.

**Building Assets Property Funding 30 Year Summary Graph**

Activity / Building Asset	Valuation Number	Rating Valuation 2017 Land \$	Rating Valuation 2017 Improvements \$	RV 2017 Total \$
<b>Corporate Buildings</b>				
CAB	30150.45600D	1,750,000	1,450,000	3,200,000
BSC	30380.23801	57,000	423,000	480,000
<b>Community Facilities</b>				
Animal Care Facility				
Civic Theatre	30150.45600.C	800,000	6,200,000	7,000,000
Library	30150.07000.C	935,000	10,640,000	11,575,000
Archive	30150.07000.A	-	-	-
Scottish Memorial Hall	30150.47500	350,000	490,000	840,000
Southland Aquatic Centre	30120.17402	670,000	11,430,000	12,100,000
Southland Museum	30050.56400	370,000	5,880,000	6,250,000
<b>Housing Care</b>				
Miller Street	30120.13300	37,000	278,000	315,000
Aurora Place	30250.18800	59,000	491,000	550,000
Neville Place	30250.18801	59,000	1,021,000	1,080,000
Elston Lea Village	30230.40601	200,000	3,340,000	3,540,000
Niven Place	30170.67300	33,000	457,000	490,000
Strathpine Flats	30170.59200	33,000	457,000	490,000
Kelly Court	30170.64300	33,000	457,000	490,000
Pateke Place	30090.36301	88,000	307,000	395,000
Laurel Court	29970.20700	147,000	473,000	620,000
Korimako Place	30090.53301	61,000	589,000	650,000
Cairnsmore Flats	30140.05400	280,000	520,000	800,000

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Activity / Building Asset	Valuation Number	Rating Valuation 2017 Land \$	Rating Valuation 2017 Improvements \$	RV 2017 Total \$
Aidan Place	30180.28600	42,000	508,000	550,000
Kinross Flats	30380.58700	26,000	299,000	325,000
Thorndale Flats	30070.53500	33,000	412,000	445,000
Stirling Flats	30380.67201	54,000	296,000	350,000
Clarendon Court	30240.16202	38,000	1,072,000	1,110,000
Willow Park	30090.65601	136,000	394,000	530,000
Powell Court	30230.13200	55,000	455,000	510,000
Otarewa Village	30170.49001	69,000	1,591,000	1,660,000
	30170.49002	700	2,300	3,000
ANZAC Court	30380.66300	33,000	332,000	365,000
Jim Brass Place	30180.12201	30,000	365,000	395,000
<b>Other Infrastructure Buildings</b>				
Parking Building	30150.07000D	415,000	3,810,000	4,225,000
Solid waste Transfer Station				
Monument of the Trooper				
Bluff Senior Citizens Centre	30380.26202	98,000	67,000	165,000
Industrial Reclamation 121 Bond Street	30150.11615	530,000	10,000	540,000
141 Bond Street	30150.11600	1,530,000	370,000	1,900,000
<b>Total</b>		<b>9,051,700</b>	<b>54,886,300</b>	<b>63,938,000</b>

**8.5.3 Insurance Valuations**

The Insurance Valuation is the value calculated for building assets which is used for protection of the Council from future loss. The Insurance Valuation includes separate items for reinstatement, demolition and inflation effects to give a total insured value.

Property within the city boundary is valued every two years by an Investment Property staff in conjunction with the Council's insurance broker.

Insurance Valuations have been updated in July 2017. The new values are shown in below.

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Activity / Building Asset	Replacement Value \$)	Replacement Inflation \$	Indemnity Value \$	Indemnity Inflation \$	Demolition \$	Insured Value Total \$
<b>Corporate Buildings</b>						
Civic Administration Building	16,000,000	2,560,000	6,790,000	272,000	1,250,000	19,180,000
Bluff Service Centre	1,270,000	150,000	640,000	25,600	80,000	1,500,000
<b>Community Facilities</b>						
Animal Care Facility	780,000	50,000	720,000	29,000	60,000	890,000
Civic Theatre	32,500,000	4,550,000	24,200,000	847,000	920,000	37,970,000
Library	16,400,000	2,620,000	9,340,000	374,000	980,000	20,000,000
Archive	2,870,000	320,000	2,430,000	97,000	240,000	3,430,000
Scottish Memorial Hall	4,000,000	560,000	1,440,000	58,000	210,000	4,770,000
Southland Aquatic Centre	28,000,000	4,480,000	14,390,000	576,000	730,000	33,120,000
Southland Museum and Art Gallery	25,200,000	3,780,000	9,626,000	385,000	670,000	29,650,000
<b>Housing Care</b>						
Miller Street	500,000	40,000	142,000	5,700	27,000	567,000
Aurora Place	1,050,000	83,000	300,000	10,500	51,000	1,184,000
Neville Place	1,720,000	151,000	794,000	27,800	69,000	1,940,000
Elston Lea Village	5,440,000	690,000	2,230,000	89,200	233,000	6,363,000
Niven Place	700,000	56,000	284,000	11,400	33,000	789,000
Strathpine Flats	700,000	56,000	284,000	11,400	33,000	789,000
Kelly Court	700,000	56,000	284,000	11,400	33,000	789,000
Pateke Place	850,000	77,000	382,000	15,300	39,000	966,000
Laurel Court	890,000	80,000	435,000	17,400	41,000	1,011,000
Korimako Place	1,120,000	101,000	560,000	22,400	51,000	1,272,000
Cairnsmore Flats	1,370,000	123,000	729,000	29,200	64,000	1,557,000
Aidan Place	1,030,000	93,000	562,000	22,500	49,000	1,172,000
Kinross Flats	830,000	75,000	402,000	16,100	41,000	946,000
Thorndale Flats690	740,000	67,000	408,000	16,300	34,000	841,000

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Activity / Building Asset	Replacement Value \$)	Replacement Inflation \$	Indemnity Value \$	Indemnity Inflation \$	Demolition \$	Insured Value Total \$
Stirling Flats	840,000	76,000	443,000	17,700	41,000	957,000
Clarendon Court	1,690,000	169,000	1,005,000	40,200	76,000	1,935,000
Willow Park	1,130,000	102,000	684,000	27,400	52,000	1,284,000
Powell Court	690,000	62,000	428,000	17,100	32,000	784,000
Otarewa Village	2,650,000	292,000	1,677,000	67,100	106,000	3,048,000
ANZAC Court	820,000	74,000	507,000	20,300	41,000	935,000
Jim Brass Place	510,000	46,000	342,000	13,700	31,000	587,000
<b>Public Toilets</b>						
Wachner Place Restroom	990,000	80,000	740,000	30,000	47,000	1,117,000
Bluff Exeloo #1	170,000	14,000	34,000	1,000	1,700	185,700
Bluff Exeloo #2	180,000	14,000	37,000	1,000	1,000	195,000
Don Street Exeloo	170,000	14,000	34,000	1,000	1,700	161,700
Windsor Exeloo	170,000	14,000	59,000	2,400	2,000	186,000
Dee Street South Exeloo	148,000	12,000	96,000	3,800	1,700	161,700
Glengarry Exeloo	170,000	14,000	101,000	4,000	2,000	186,000
South City Exeloo	170,000	14,000	110,000	4,400	1,700	185,700
Leven Street Exeloo	137,000	11,000	130,000	5,200	1,700	149,700
<b>Other Infrastructure Buildings</b>						
Parking Building	7,600,000	1,060,000	3,740,000	150,000	1,070,000	9,730,000
Waste Transfer Station	3,250,000	390,000	2,050,000	82,000	250,000	3,890,000
Monument of the Trooper (Fixed Asset)						
Bluff Senior Citizens Centre	620,000	56,000	278,000	11,100	40,000	716,000
Industrial Reclamation - 141 Bond Street						

#### 8.5.4 30-year Depreciation Forecast

Depreciation for buildings has been calculated for this Activity Management Plan using a different approach to previous plans. This new approach uses the fair value of the building and remaining useful life of each component rather than an average expected life which was derived from accounting standards.

“Fair value” which is used in this calculation is established by the valuation process provided by Rural Value in Section 8.4.1. This valuation process provided values at a component level which has allowed a more sophisticated approach to be considered.

Fair Value is the current market of the component.

Components of building assets are:

- Structure – substructure, frame, walls, upper floors, windows and doors.
- Roof – roof structure, linings and materials.
- Services - Electrical (switchboards, cabling, sockets, lights).
- Services - Plumbing and Drainage, (domestic hot and cold water, sewage, stormwater, soil drainage).
- Internal Fit-out – stairs, wall ceiling and floor finishes, internal doors and decoration.
- Plant – heating, ventilation and air condition – does not include heat source i.e. Boiler.
- External Works/Other Improvements – parking, layout, fencing and any other improvement on the land outside the exterior face of the building – excludes planting.

Historically buildings have had depreciation calculated at 2%, which provided an asset life of 50 years. This was an average life of components and although some elements may have shorter lives, say a roof, others would have a longer life and an average approach was taken. This new approach takes the current fair value and when divided by the remaining useful life provides the consumption or depreciation value. Taking this at component level as above, means the impacts of low remaining lives are taken into account in the assessment of calculated depreciation.

The graphs below demonstrate a 10 and 30 year window of programmed capital renewal costs plus loss of service potential reserve contributions measured against depreciation (shown as the orange line).

What has been recognised is that the current allocation of renewal funding (previously the depreciation) is less than the new calculation.

The gap is the projected amount where future decisions will need to be made if there continues to be a viable and financially acceptable solution for funding, particularly in the case of Housing Care. This gap could be bridged by loans or third party funders to meet future costs. The Civic Theatre as a Heritage 1 building will need over the next period to have more detailed assessment of funding models and be treated differently because of the expectation that the building will remain at similar deliver and service levels for long periods.

What has been identified by the condition ratings undertaken, is that there is some certainty and a level of accuracy over demand projections (for works needed to keep the buildings a similar level but older) for the next 10 and 30

years and the funding levels currently in the LTP period are sufficient to meet the demands. The information also supports that there is not unseen financial demand just beyond 30 years but should recognise that the current calculated depreciation is well in excess of the current available funding leaving a gap.

The long term expectation for buildings and in particular Housing Care needs to be strategically considered as the funding approach indicates that the delivery of the service may in the long term need capital injection otherwise the service will not be viable. Buildings will get old and need replacement or become redundant compared to standards and the fair value would slip causing high depreciation demands. Some of the existing buildings are well through their lives and no significant reserves are held so renewal costs can only be funded through loan or third parties. This gap would need funding.

The essential services benchmark is a measure used by Central Government to demonstrate how Council's renewal expenditure (across all areas) measures up against calculated depreciation.

Council is transitioning within areas such as piped networks to renewing its assets measured against consumption (assessed depreciation) known as funding depreciation. Future work and better understanding within buildings will be developed and communicated.

Any proposed new assets added to the portfolio will need to consider whole of life costs and how depreciation is considered and funded in their financial forecasts.

Depreciation for Buildings is the sum of calculated depreciation for the components of each building. Depreciation is calculated with the Fair Value on a straight line depreciated replacement cost (DRC).

Components of building assets for depreciation purposes are the same as used for asset valuations in above.

Depreciation is calculated on all Fixed Assets to allocate their cost over their estimated useful life.

Council is transitioning to renewing its assets measured against consumption (assessed depreciation). Building Assets renew in large renewals that take place intermittently, LOSP Reserves are used to smooth the effect of this.

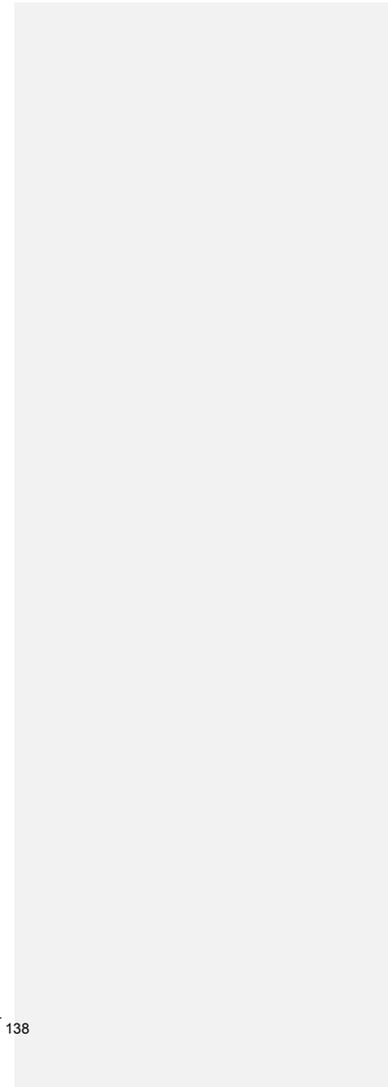
Building assets depreciation is based on Fair Value which has a market component to it, this therefore will not fund building a replacement of the asset with new, it will only fund the purchase of a similar building of a similar age in the current market, and therefore it may be better for buildings to start a reserve for the replacement cost of buildings above depreciation.

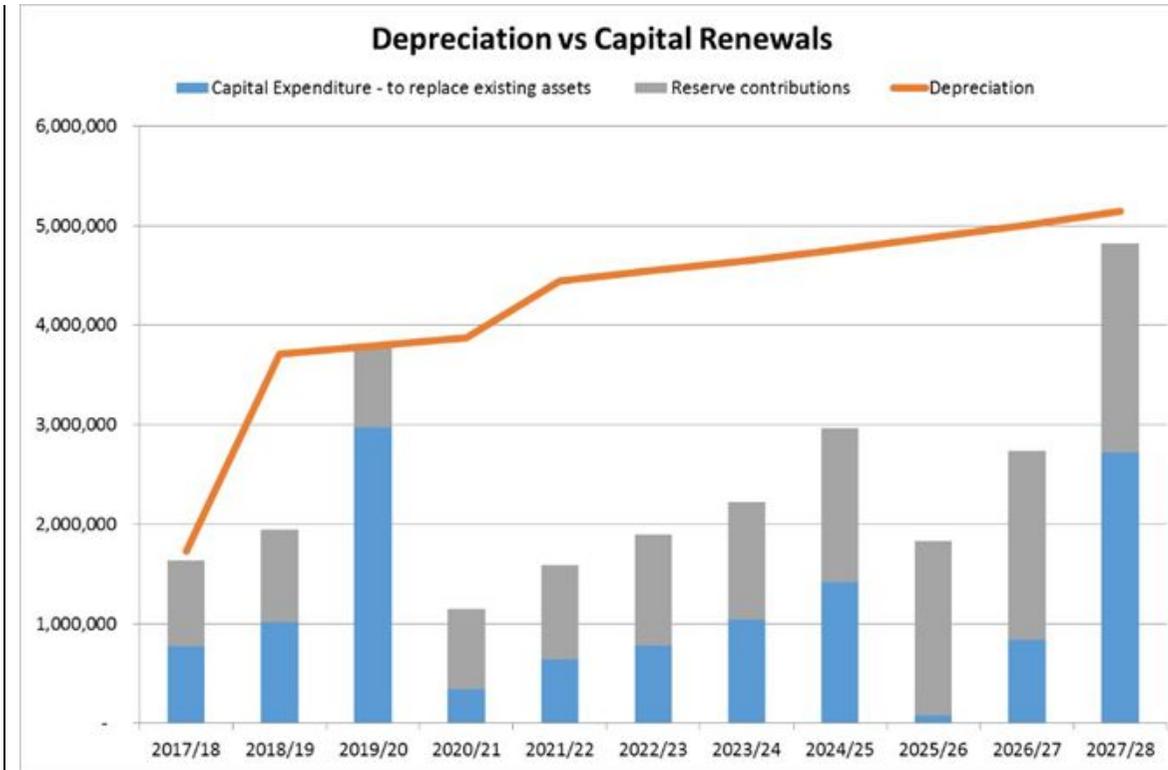
**Building Assets Depreciation Table**

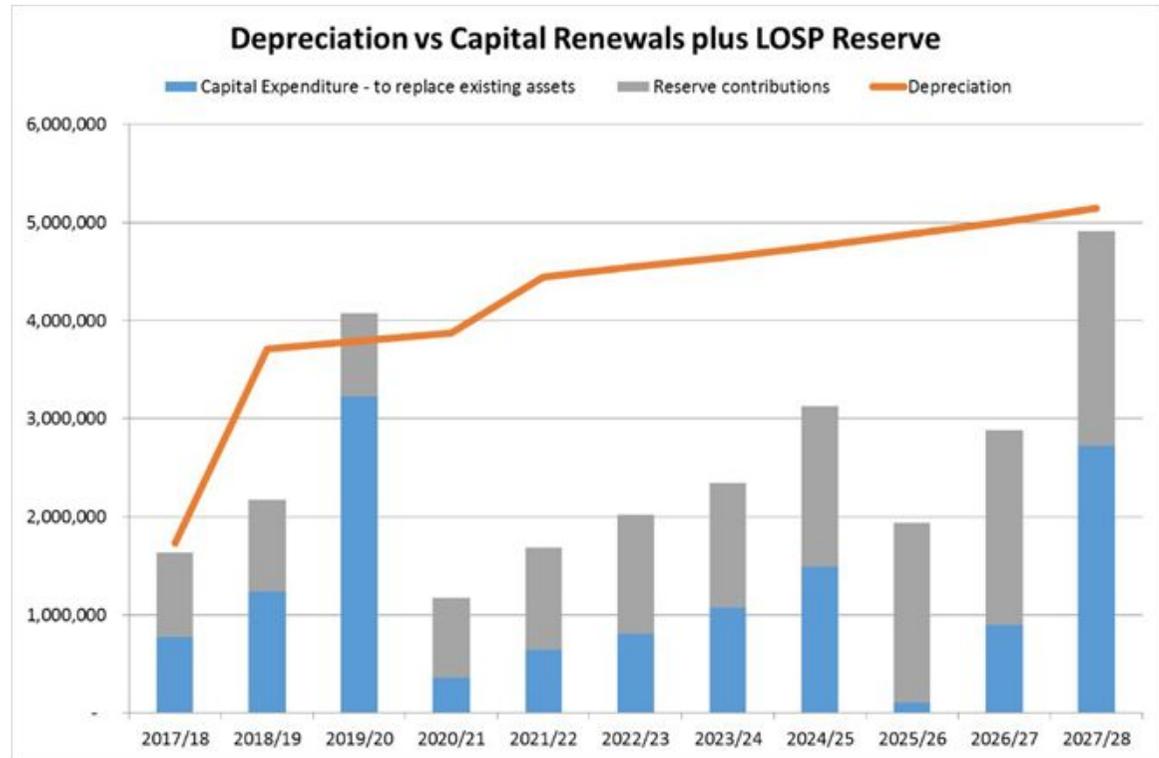
	Structure	Roof	Electrical	Plumbing	Interior Fit-out	Plant	Depreciation
<b>Corporate Buildings</b>							
Civic Administration Building	60,724	3,521	11,718	8,788	44,221	22,214	151,185
Bluff Service Centre	4,469	1,148	704	1,024	2,649	2,520	12,514
<b>Community Facilities</b>							
Animal Care Facility	7,498	1,270	770	1,027	2,322	642	13,530
Civic Theatre	147,696	24,152	59,410	15,239	185,548	110,998	543,042
Library and Archive	160,563	25,964	42,458	26,407	66,318	150,743	472,452
Scottish Hall	11,670	2,799	2,047	1,939	11,772	1,346	31,572
South Aquatic Centre	307,502	30,749	43,738	69,980	91,593	529,204	1,072,766
Southland Museum and Art Gallery	Southland Museum and Art Galleries responsibility to depreciation its building TBC						
<b>Housing Care</b>	230,719	69,237	44,059	58,221	707,482		1,109,719
<b>Public Toilets</b>						4333	4333
<b>Other Infrastructure</b>							
Parking Building	80,079		7,675	4,264	21,689	8,946	122,653
Solid Waste Transfer Station	43,868	9,721	1,383	324	403	4,948	60,648
Bluff Senior Citizens Building	5,117	1,264	915	867	5,261	602	14,026

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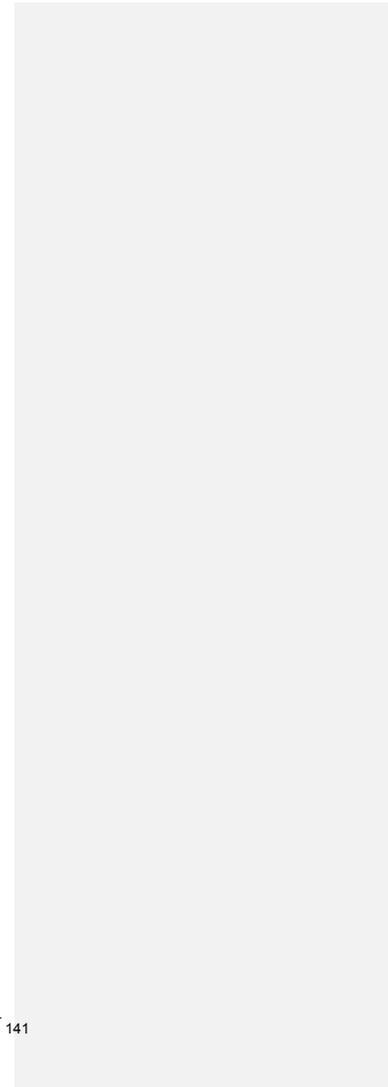
**Building Assets Property Depreciation 10 Year Summary Graph**

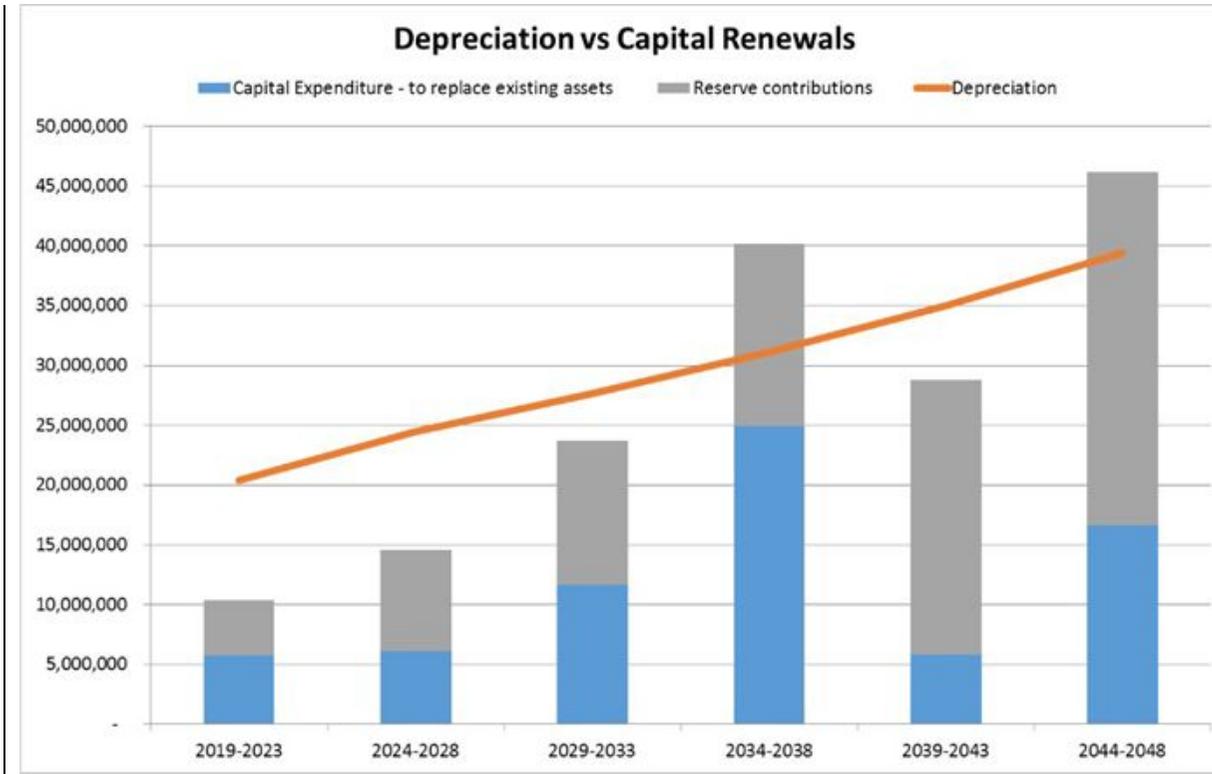


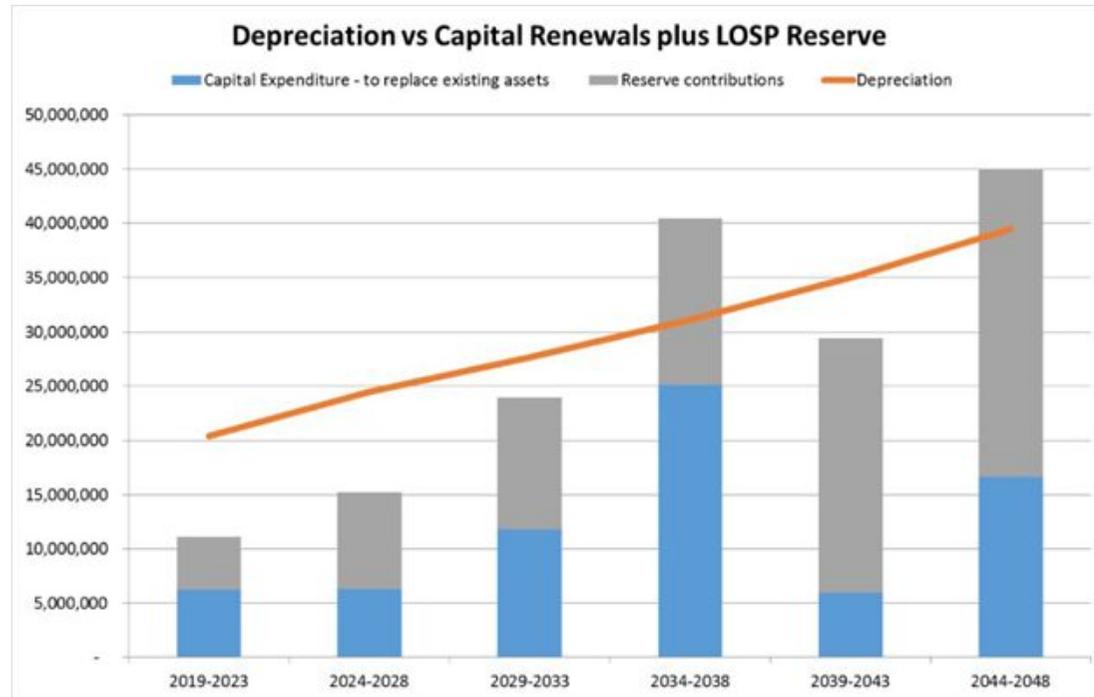




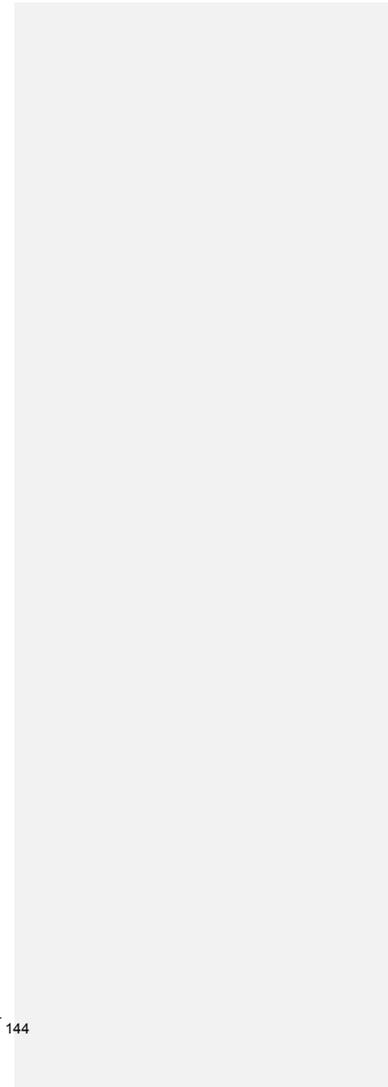
**Building Assets Property Deprecation 30 Year Summary Graph**

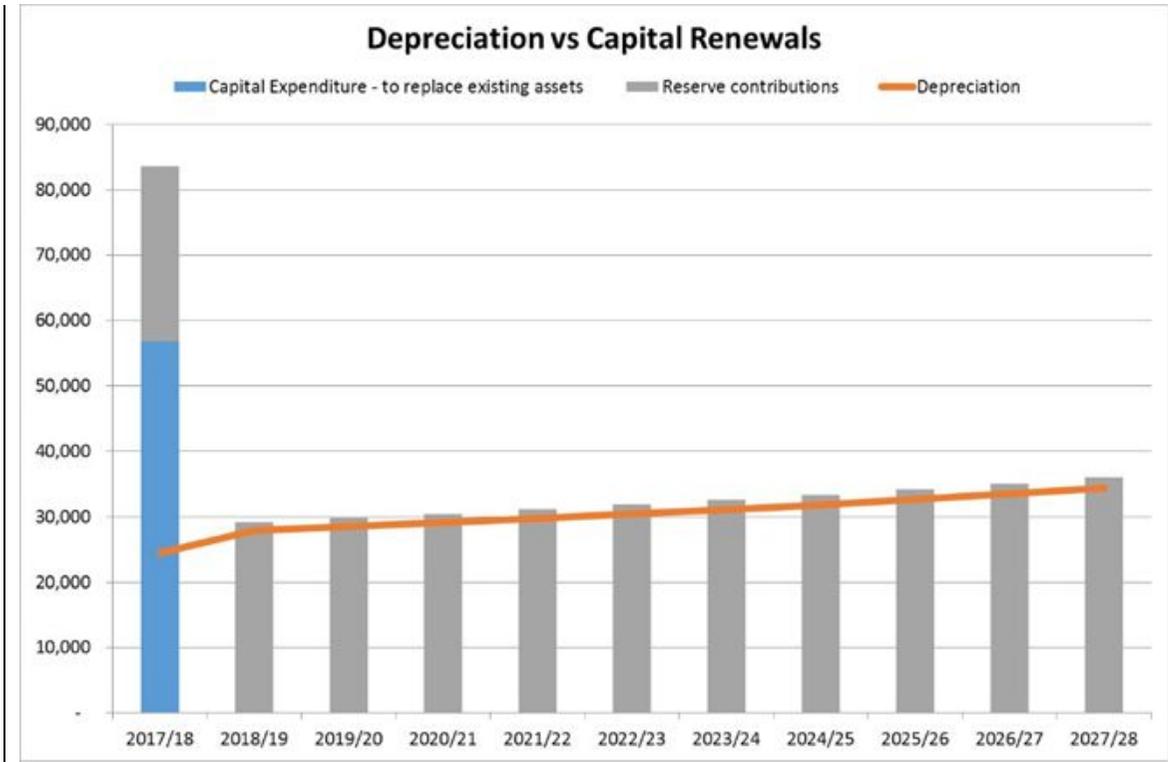


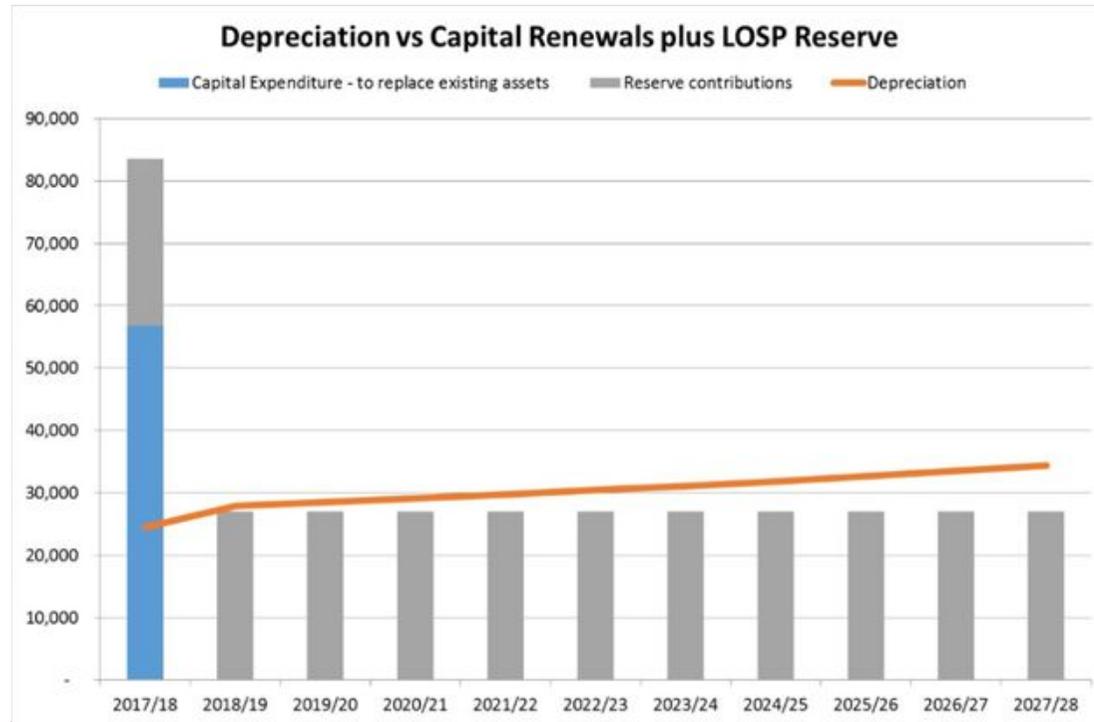




**Building Assets Public Toilets Deprecation 10 Year Summary Graph**







**8.6 CONFIDENCE LEVELS IN PROGRAMMES**

Building Assets have a confidence level B in the programme, meaning that they are within an accuracy of ±10%. Our data accuracy was assessed by AECOM, the findings are in the Report on Asset Data Confidence (Appendix 1.11). Condition assessments are currently undertaken to a detailed level and these provide us with sound data for projected renewal programmes.

**8.7 RELIABILITY OF FINANCIAL FORECASTS**

**8.7.1 Maintenance and Renewal Forecasts**

As mentioned above we have a confidence in our programme of ±10%, if we were to make an error which impacted our budgets negatively in any one year we would first reduce the contribution the LSOP reserve. If it was for a large renewal project and there were insufficient funds in the LOSP reserve, this would require either a reduction in the scope of the project, the timeline to be increased or would require us to lean on Councils good financial credit rating and loan fund the difference.

Any operational efficiencies that are achieved are first used to pay any negative reserves, if there is none then it is used to pay any loaned debt on the asset, if there is neither then an extra contribution would be made to the LOSP reserve.

**8.7.2 Development Forecasts**

Development forecasts are either quantity surveyed or calculated from QV Cost Builder which is the tool used by quantity surveyors to calculate the cost of new developments. There is usually a contingency built into the projected costs of any growth projects, this increases the confidence we have in the forecast financial programmes.

**8.8 SUMMARY OF PROGRAMME ASSUMPTIONS**

The following assumption are assumptions which are particular to Building Assets, these are a continuation from the assumption documented in Section 2.4.

Assumption	Likelihood	Area of Impact	Financial Implication
The Building Asset Team will remain in its current configuration.	<b>High</b> – There will be a new CEO in the first year of this plan.	Portfolio and organisational structure could change dramatically for the Activity.	<u>No significant implication</u>
Capital programmes are achievable and not delayed further.	<b>High</b> – Project timelines tend to be the first factor to creep.	Projects are delayed and carry forward of spending is required.	<u>This would affect the timing of loan drawdowns but not have a significant effect on the overall programme</u>
Each buildings current use and tenant will remain the same.	<b>Moderate</b> – One of the main issues and challenges of this activity.	CAB, Library and Archive, Museum, Wachner Place Restrooms and Parking Building.	<u>If the building was untenanted by Council the ownership of the building would like be internally</u>

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Assumption	Likelihood	Area of Impact	Financial Implication
			<u>transferred to Investment Property or sold</u>
<u>Business as usual until the strategic direction on the Art Centre or any new developments are Business as usual until the strategic direction on the Art Centre or any new developments is confirmed by from Council.</u>	<b>Moderate</b> – One of the main issues and challenges of this activity.	CAB, Library and Archive, Museum, Wachner Place Restrooms and Parking Building.	<u>Re-development projects for the CBD will have a feasibility assessments undertaken, as these are Council lead projects the consideration of the financial impact on any building assets will be taken into consideration.</u>
Valuations moving forward are <u>consistent</u> .	<b>High</b> – Use the same <u>value</u> <u>Value</u> if possible.	Budgets requirements.	<u>Requirements for renewals would increase this could impact the</u>

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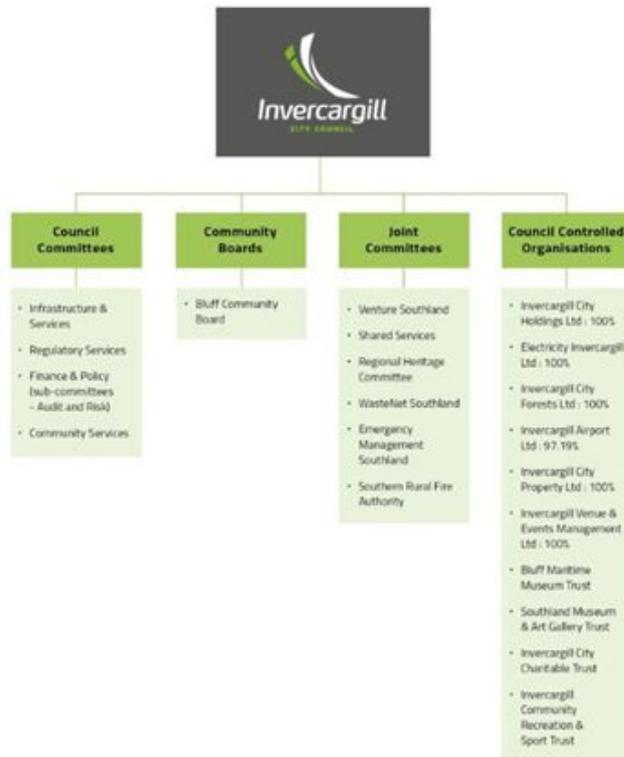
## 9. Delivering and Monitoring the Programme

### 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.

The Building Assets Manager has a financial delegation authorisation limit of \$50,000. Any financial requests above the value are required to be approved by the Director of Works and Services, CEO or Council.

Building asset maintenance work is managed using the Infor Public Sector (described in more detail in Section 9.4). This application has features which provide for:

- Listing of assets in a hierarchical structure e.g. complex, building, facility, equipment. It provides for asset information to be stored e.g. make, age, capacity, location, maintenance schedules, maintenance history, sub-components, condition assessment, etc.
- Management of reactive maintenance work using Work Orders which record work done, cost, contractors employed, types of failure, etc.

- Scheduling of Routine and Periodic maintenance work using work orders as above.
- Inspections of assets and recording of condition, faults, etc.
- Recording of Customer complaints and management of corrective work.

#### 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 symbolizing it in ways that can help visualize 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.

##### **Infor Public Sector (IPS)**

IPS is a centralised Asset Management Information System (AMIS) that allows for the effective management of infrastructure assets. IPS provides tools to improve asset efficiency, conduct planned and unplanned maintenance, manage work costs, provide asset inspection scheduling, and assists in optimising assets life cycles. Asset needs analysis in IPS can be used to determine and recommend which maintenance and renew programmes are likely to be needed, to assist with long term maintenance and budgeting plans.

##### **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 Councils 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 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**

#### **9.5.1 Monitoring Approach**

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, i.e. 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

The current practice for buildings assets is shifting from managing asset to managing the activity as a whole, where managing the assets is part of the process. For this to be achieved an awareness is required of where our current practices are, the directorate undertook asset management maturity self-assessments. The Buildings Self-Assessed Asset Management Maturity (appendix 4.06) our current maturity is core, our final target is to be advanced, but as per the Asset Management Policy (appendix 2.01) our goal is to achieve intermediate by 2020. There are many opportunities for improvement in the management of the Building Assets activity and knowing the gaps in our activity help us to achieve these.

Please refer to the Asset Management Strategy (appendix 2.02) for our current actions to achieve our asset management objectives.

**10.2 IMPROVEMENT PROGRAMME**

Objective	Approach	Action	Measure	Timeline	Responsible
<b>Council infrastructure assets are managed in accordance with statutory and regulatory requirements</b>	Work all Statutory and Legislative requirements and ensure these are covered by the set levels of service	Develop lifecycle Activity Management Plans	Activity Management Plan is not 30-year plan but a lifecycle plan	November 2020	Building Asset Manager
	Monitor that we are achieving the required and legislated levels of service	Report data to Service Activity Managers from AMIS	Service Level Manager is receiving an annual report prior to service level agreements so that they are better informed going into the agreement.	June 2018	Building Assets Planning and Administration
		Integrate AMIS and Opal 3	Service Levels can be reported on from the RAMM or IPS	Unknown	Asset Management System Project Manager
<b>Progressively improve and integrate catchment of asset evidence for planning, delivery, operation, renewal and disposal of assets</b>	Collect and maintain accurate and detailed information for all assets using an Asset Management Information System (IPS and RAMM)	Process for data collection and storage is developed, including establishing asset hierarchy to record condition data.	Condition data from Opus is recorded against individual assets in IPS	August 2018	Building Assets Planning and Administration
	Hold condition and performance information to support decision making				
	Assets are assessed using a common criticality framework	Develop one common criticality framework for all activities.	Criticality data is recorded against all high critical assets in IPS and RAMM	August 2018	Asset Management Team
	Asset criticality, risk and resilience are considered in decision making and prioritisation	Review of Risk Management Framework	New risk management framework is adopted by Council	June 2019	Corporate Planning and Asset Management Team
	Use predictive modelling to develop and implement preventative maintenance and efficient renewal programmes	Develop Advanced Asset Management (AAM) Model in IPS	AAM is used to plan for renewals	June 2020	Asset Management System Project Manager
		Seamless integration of asset and financial data	Interface AMISs with Council financial system.	Unknown	Director of Works and Services

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Objective	Approach	Action	Measure	Timeline	Responsible
<b>The activity is operated in a prudent manner</b>	Regularly review the operational aspects of the infrastructural services to ensure that they are being delivered effectively, efficiently and to best practice	Develop method to record fault response times (this may require contractor access to AMIS)	Response times are recorded and reported on	Unknown	Building Assets Manager
	Operational and Maintenance services (in house and outsourced) are procured in such a manner that value for money is attained through a competitive market contract	Develop a procurement strategy	Building Assets have developed their own procurement strategy	December 2018	Building Assets Manager
<b>Assets are renewed in a financially prudent manner</b>	Renewals are carried out based on optimised decision making, major expenditure decisions are prioritised in order from the highest benefit cost ratio and non-asset solutions are considered	Procedures are used for optimised decision making(ODM), cost benefit analysis (BCA) and Lifecycle Cost Analysis (LCA)	New projects and large renewals are reported to the Executive and Committee Meetings in a better business case format	March 2018	Asset Management Team
			Better business case training is undertaken	March 2018	
			Capital projects prioritisation is documented	June 2018	Building Assets Planning and Administration
	The quantity and impact of deferred renewals (if any) is tracked	Deferred renewals are monitored and reported against in regards to risk, cost and impact.	Agenda reporting at end of financial year	Ongoing	Building Assets Manager
	Transparent financial processes are used within building assets	Individualise the loss of service potential reserves. Market rental on buildings assets are assessed	Assets have clear reserves. All commercial properties have their rental assessed	June 2019	Building Asset Planning and Administration r and Finance Team
<b>Monitor and review levels of service to meet demand</b>	Monitor requests for service to determine user expectations and/or needs, to consider how they align with current levels of service	Develop an Education Strategy to increase the understanding of asset management with Staff, Council and Customers with appropriate and factual information.	Education strategy is in place, used and understood.	December 2018	Building Assets Planning and Administration
	Use satisfaction surveys and/or specific focus groups	Use surveys to identify customer expectations and	1000 responses to survey	August 2018	Building Assets Planning and

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Objective	Approach	Action	Measure	Timeline	Responsible
	as a means of determining the needs and expectations of the community	delivery gaps			Administration
<b>Measure, advance and improve the asset management system to the maturity as set out in the Asset Management Policy</b>	Development of Asset Management Plans to maturity levels as outlined within the Asset Management Policy	Develop a process for implementing regular Asset Management Maturity Assessments to monitor progress	Process is in place	July 2018	Building Assets Planning and Administration
		Understand the cost of moving to the maturity level that the activity is committed to.	Cost and requirements documented	September 2018	Building Asset Manager
	Staff responsibilities for Asset Management activities be included in the Asset Management Plans and also reflected in individual job descriptions	Report annually in individual performance reviews to the Director of Works and Services against the Improvement Plan documented in Asset Management Plans.	Improvement plans are link to job description and performance reviews.	April 2018	Director of Works and Services
	Report annually to the Director of Works and Services against the Improvement Plan documented in Asset Management Plans.				
	Risk Register is actively maintained and projects are evaluated on their reduction of identified risks	Assess that the Corporate Risk Framework is applicable to our activities.	New risk management framework is adopted by Council	June 2019	Corporate Planning and Asset Management Team
<b>Management of our assets is undertaken in a sustainable and environmentally conscious manner</b>	Look to provide sustainable outcomes throughout asset processes	Understand how sustainability can be consistently applied to Asset Management Plans.	Integrate sustainability into the new risk management framework is adopted by Council	June 2019	Corporate Planning and Asset Management Team
		Work with EECA to develop better sustainability processes	Implemented improvements recommended in energy audits	June 2019	Building Assets Supervisor
		<u>Consider the most sustainable method to renew Housing Care</u>	<u>Housing Care strategic direction is understood and agreed with Council</u>	<u>Unknown</u>	<u>Director of Works and Services, Building Assets</u>

Objective	Approach	Action	Measure	Timeline	Responsible
					<u>and Housing Care team.</u>
	Develop resilience for the activity	Develop contingency plans with Activity Service Managers for their activity	Documented contingency plans for all buildings.	October 2019	Service Activity Managers and Building Assets Team

The long term expectation for buildings and in particular Housing Care needs to be strategically considered as the funding approach indicates that the delivery of the service may in the long term need capital injection otherwise the service will not be viable

### **10.3 IMPROVEMENTS FROM PREVIOUS ACTIVITY MANAGEMENT PLAN**

The following improvements have been made to the activity since the 2014 AMP:

- AMP has been developed following Treasury's Better Business Case (BBC) approach.
- Developed an Asset Management Policy and Strategy.
- Used external consultants Opus to provide us with full condition assessments with projected maintenance and renewal timing and costings.

### **10.4 MONITORING AND REVIEW**

Improvement plans will be integrated into staff job descriptions this will put emphasis on improvements to be developed within the Activity. These will be discussed at individual performance reviews.

Plans will be reviewed annually for the annual plan, this will also be another opportunity to review the improvement programmes.

## 11. Glossary

- Activity Management Plan (AMP)
- Asset Management Information System (AMIS)
- Better Business Case (BBC)
- Central Business District (CBD)
- Civic Administration Building (CAB)
- Community Housing Provider (CHP)
- Council Controlled Organisation (CCO)
- Crime Prevention Through Environmental Design (CPTED)
- Energy Efficiency and Conservation Authority (EECA)
- Energy Technical Services (ETS) and input to 'e-Bench', an analysis and reporting service
- Green building - is the practice of increasing the efficiency with which buildings use resources — **energy**, **water**, and **materials** — while reducing building impacts on human health and **the environment**, through better siting, **design**, **construction**, operation, maintenance, and removal — the complete building life cycle
- Heating Ventilation and Air Conditioning (HVAC)
- Independent Qualified Person (IQP)
- Infor Public Service (IPS)
- Information Technology (IT)
- Invercargill Venues and Events Management (IVEM)
- Investment Logic Mapping (ILM)
- IPWEA
- Long-term Plan (LTP)
- Loss of Service Potential Reserves (LOSP)
- New Zealand Asset Management Support (NAMS)
- Society of Local Government Management (SOLGM)
- Southland Aquatic Centre (Splash Palace)
- Southland Museum and Art Gallery (SMAG)
- Southland Regional Development Strategy (SoRDS)

### Expenditure Definitions

The following definitions have been used in this Asset Management Plan:

- Operational expenditure – expenditure that has no effect on asset condition but is necessary to keep assets utilised appropriately i.e. power, insurance, rates, overhead costs.
- Maintenance expenditure – ongoing day-to-day work required to keep assets operating to required service levels i.e. repairs and unplanned maintenance, scheduled maintenance.
- Periodic Maintenance expenditure – maintenance renewal works that can be expected within a 10 year period but at intervals exceeding annually to protect and extend lives of components of assets e.g. redecoration, exterior painting.
- Capital renewal – works that restore or replace an existing asset towards its original size, condition or capacity (i.e. separately identifiable components e.g. lifts, HVAC plant, roof cladding, the value of which will be 'capitalised' i.e. added to the Asset Register, and depreciated).

- New Capital expenditure – works to create a new asset or to upgrade or improve an existing asset beyond its original capacity or performance in response to changes in usage, customer expectations or anticipated future need (i.e. separately identifiable projects, the value of which will be 'capitalised' i.e. added to the Asset Register, and depreciated).
- Disposal cost – Any costs associated with the disposal of a decommissioned asset.

## 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
4.01	Building Assets	Building Assets Portfolio 2017 (Work in Progress 12-10-2017)
4.02.1	Building Assets	Service Level Agreement Animal Care Facility
4.02.2	Building Assets	Service Level Agreement Aquatic Services
4.02.3	Building Assets	Service Level Agreement Corporate
4.02.4	Building Assets	Service Level Agreement Housing Care
4.02.5	Building Assets	Service Level Agreement Invercargill Venues and Events Management
4.02.6	Building Assets	Service Level Agreement Library and Archive
4.02.7	Building Assets	Service Level Agreement Museum
4.02.8	Building Assets	Service Level Agreement Roading 2016-17 (A1864141)
4.03	Building Assets	Building Asset Criticality Criteria (12-10-2017)
4.04	Building Assets	Building Asset Condition Criteria (12-10-2017)
4.05.1	Building Assets	LTP Property Financials and Graphs
4.05.2	Building Assets	LTP Public Toilets Financials and Graphs
4.06	Building Assets	Building Self-Assessment Asset Management Maturity

## COMMUNITY DEVELOPMENT

### What we do

The Community Development Activity assists individuals, groups and organisations to identify and develop not-for-profit opportunities and advocates for community services. This includes working with youth and other identified sectors. No significant negative effects of providing the Community Development Activity have been identified.

### Why we do it

People are our community's greatest asset. Over recent years communities have had to contend with a decrease in the range and scope of community services at a local level. Communities have also had to deal with changing demographics and population patterns, changing land use, changing use of technology, and various impacts on their social fabric and make up. The Community Development activity works with communities and agencies to ensure that they work together to develop opportunities to help retain and provide quality community services and recreational opportunities.

The principal objectives of the Community Development Activity are to:

- Deliver a broad knowledge in the community development area.
- Deliver an outstanding service which meets the needs of our clients, including using relevant examples to inform them.
- Provide our clients with a link to other providers and services.

The following table demonstrates how the Community Development Activity contributes to Council's Community Outcomes:

Community Outcome	Council's Role in Achieving	How the Activity Contributes
Preserve its Character	The building blocks, for a safe, friendly city is provided for all members of the community.	The Community Development Activity co-ordinates the Safe in the South programme on behalf of the Invercargill City Council and Southland District Council, and co-ordinates the Neighbourhood Support programme in the City.
Embrace Innovation and Change	Invercargill has the 'wow factor' with the right facilities and events to enjoy.	The Community Development activity works collaboratively with the community to encourage the development of local events and administers funding through the Creative Communities Invercargill and Invercargill Active Communities programmes.

Enhance our City	Invercargill's business areas are bustling with people, activities and culture.	The Community Development Activity coordinates the use of the "friendly" brand.
Preserve its Character	Strong, collaborative leadership of the City is demonstrated.	The Community Development Activity coordinates and provides administrative support for the Youth Council.

### What you can expect?

Council measures its performance in achieving Community Outcomes. The following are the measures of service that Council intends to report on for the Community Development Activity:

How the Community Development Activity Contributes	Customer Level of Service	Measure of Service
The Community Development Activity co-ordinates the Safe in the South programme on behalf of the Invercargill City Council and Southland District Council, and co-ordinates the Neighbourhood Support programme in the City.	Council is committed to building a safe connected community.	Number of groups and households involved in the Neighbourhood Support programme.
The Community Development activity works collaboratively with the community to encourage the development of local events and administers funding through the Creative Communities Invercargill and Invercargill Active Communities programmes.	Funding is available for increasing participation in arts, culture and physical activity.	Number of residents participating in programmes funded by the two funding programmes.
The Community Development Activity coordinates the use of the "friendly" brand.	Council believes that families are the building blocks of our city.	Number of events, agencies and businesses achieving the use of the friendly brand.
The Community Development Activity coordinates and provides administrative support for the Youth Council.	Youth Council members are enthused to plan and undertake initiatives.	Number of young people taking part in initiatives.

Baseline	Measure	2018/19 Target	2019/20 Target	2020/21 Target	2021-2028 Target
131 groups 1,521 households	Number of groups and households involved in the Neighbourhood	Increasing number	Increasing number	Increasing number	Increasing number

	Support programme.				
47,941	Number of residents participating in programmes funded by the two funding programmes.	10,000	10,000	10,000	10,000
11	Number of events, agencies and businesses achieving the use of the friendly brand.	12	12	12	12
588	Number of young people taking part in initiatives.	400	400	400	400

### What are our plans?

It is impossible to predict future demand for the Community Development Activity because it is generally driven by changes beyond Council’s control, for example decisions made by Central Government. As Community Development is difficult to measure using a statistical tool, we will now report using a combination of numbers and storytelling to demonstrate how we have achieved our outcomes

The Youth Council has grown and now has a minimum membership of 25 each year. The Youth Council reports to the Council meetings and gives an opportunity for Councillors to engage in direct conversation with young people. The importance of listening to young people is vital to the future of the city. The ongoing development of the Youth Council and other youth development initiatives will increase.

### How will we pay for it?

Activity	Source of Funding	
	General Rate	Other sources of funding
Maintenance and Operations	✓	✓

### What does it cost?

The following section outlines the budgeted cost of undertaking the Community Development Activity for the next ten years.

## Democratic Process

### What we do

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

We also provide services to the community by 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. In conjunction with Council's financial departments, we assist the elected representatives in their development of Council's Annual Report, Annual Plan and Long-term Plan.

This Activity underpins the legislative compliance aspects of Council decision-making.

No significant negative effects of providing the Democratic Process Activity have been identified.

### Why we do it

The core purpose of local government, under the Local Government Act, 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 principal objectives of the Democratic Process Activity are:

- Fully complying with all legislation relating to local government.
- Taking a lead role in Shared Services with other councils.
- Promoting Invercargill as a great place to work, live and bring up a family.
- Speaking out on issues affecting the well-being of our residents and ratepayers on their behalf.
- Ensuring all citizens are informed about Council activities and their rights to contribute to the decision-making process.

The following table demonstrates how the Democratic Process Activity contributes to Council's Community Outcomes:

<b>Community Outcome</b>	<b>Council's Role in Achieving</b>	<b>How the Activity Contributes</b>
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 the opportunity to contribute towards democracy.

### What you can expect?

Council measures its performance in achieving Community Outcomes. The following are the measures of service that Council intends to report on for the Democratic Process Activity:

<b>How the Democratic Process Activity Contributes</b>	<b>Customer Level of Service</b>	<b>Measure of Service</b>
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.
The Democratic Process Activity provides opportunities for the community to share its views with Council.	The community is well informed about and contributes to Council's plans and progress.	Alternative methods of communicating to, and receiving information from, the community are utilised.

Baseline	Measure	2018/19 Target	2019/20 Target	2020/21 Target	2021-2028 Target
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%	50%	50%
Achieved	Alternative methods of communicating to, and receiving information from, the community are utilised.	Alternative method introduced	Alternative method introduced	Alternative method introduced	Alternative method introduced

### What are our plans?

#### ***Representation Review and Local Elections***

We undertake a number of significant functions detailed in legislation, including the Local Government Election in October 2019 and the Representation Review before November 2021.

#### ***Engagement Strategy***

Council is currently developing an Engagement Strategy that will shape how Council, both elected representatives and staff, will engage with our community in future. We anticipate that this strategy will assist to deliver positive outcomes to the community by identifying how different groups wish to be engaged on different topics.

Key to the successful function of democracy is consultation with the community on significant issues, and being open to listen to people of the Invercargill District about their concerns. The Democratic Process Activity is the leading activity used to provide and improve engagement throughout Council.

### How will we pay for it?

Activity	Source of Funding	
	Rates	Other Sources Loans
Operations	✓	✓

### What does it cost?

The following section outlines the budgeted cost of undertaking the Democratic Process Activity for the next ten years.

## Housing Care

### What we do

The Housing Care Service activity provides adequate affordable housing for the elderly, disabled and those on low fixed incomes that meet the Council's entry criteria. The Council owns 21 complexes providing 215 units in Invercargill and Bluff.

No significant negative effects of providing the Housing Care Service have been identified.

### Why we do it

We provide housing for elderly people with limited financial resources and for whom the general housing market presents problems in terms of affordability and manageability.

The principal objectives of the Housing Care Services Activity are to:

- Provide affordable housing to those with limited financial resources.
- Maintain properties at their current standard.
- Provide a self-funding service without a requirement for rates.

The following table demonstrates how the Housing Care Services Activity contributes to Council's Community Outcomes and which of the level of service measures below it relates to:

Community Outcome	Council's Role in Achieving	How the Activity Contributes	Customer Level of Service
Preserve its Character	The building blocks for a safe, friendly city is provided for all members of the community.	Housing Care Services provides low cost, quality accommodation to the elderly, disabled and those on low fixed incomes	Affordable accommodation is provided.

### What you can expect

Council measures its performance in achieving Community Outcomes. The following is the measure of service that Council intends to report on for the Housing Care Services Activity:

How the Housing Care Services' Activity Contributes	Customer Level of Service	Measure of Service
Housing Care Services provides low cost, quality accommodation to the elderly, disabled and those on low fixed incomes.	Affordable accommodation is provided.	Rental does not exceed 30% of the gross superannuation benefit.

Baseline	Measure	2018/19 Target	2019/20 Target	2020/21 Target	2021-2028 Target
Current maximum as at 1 April 2017 – 23.6%	Rental does not exceed 30% of the gross superannuation benefit.	<30%	<30%	<30%	<30%

### What are our plans?

The key challenge facing the Housing Care Services activity relates to maintaining the current level of service at the housing units. As the service is self-funding, and the units are ageing and therefore the maintenance cost increasing, the affordability of maintenance remains an ongoing challenge. Currently tenancy levels are above 98%. This impacts the levels of refurbishment that can be undertaken between tenancies. As the population ages it is anticipated that the demand for this service will increase.

### Planned Works Projects

Planned works with a value exceeding \$100,000 are listed below.

Project	2018/19 \$000	2019/20 \$000	2020/21 \$000
Roof at Otarewa			115

### How will we pay for it?

Activity	Source of Funding
	User charges / Fees
Operations	✓

### What does it cost?

The following section outlines the budgeted cost of undertaking the Housing Care Services Activity for the next ten years.

## LIBRARIES AND ARCHIVES

### What we do

Invercargill City Libraries and Archives supports and encourages lifelong learning, digital literacy and reading across all ages and abilities. We aim to offer a welcoming and innovative library service, including spaces for community participation and social connections. Libraries and Archives collect, preserve and guide access to quality information and also provide opportunities to participate in the online world. Above all, the Libraries and Archives activity creates an informed community.

The Libraries and Archives activity operates two libraries, a central library in the City Centre and a small branch library in Bluff. The central library is open seven days and the Bluff library is open six days a week. The central library also includes Archives which are open five days a week.

No significant negative effects of providing the Libraries and Archives Activity have been identified.

### Why we do it

Library services are provided in response to community demand and benefit both individuals and the Invercargill community as a whole. A wide cross-section of people use the libraries. They support the learning and recreational needs of residents, while the library buildings, collections and events also contribute to a strong community identity. Archives maintain and store valuable evidential or historical records and information.

The Council provides the Libraries and Archives activity as it is unlikely that any private organisation would be able to provide these facilities for community access.

The principal objectives of the Libraries and Archives Activity are to:

- Collect, process and make available a range of materials to meet community needs in relation to literacy, knowledge, research and study and for recreational or leisure activities.
- Enable and support independent lifelong learning.
- Foster the joy of reading and the development of literacy in all its forms.
- Collect, create and conserve content relating to the local community's culture, identity and history.
- Provide access to materials in libraries or information repositories throughout New Zealand and the world.
- Provide access to the online world.

The following table demonstrates how the Libraries and Archives Activity contributes to Council's Community Outcomes:

Community Outcome	Council's Role in Achieving	How the Activity Contributes
Enhance our City	Invercargill's business areas are bustling with people, activities and culture.	Providing freely accessible shared community spaces which encourage social interaction and community cohesion.

	New residents feel welcomed and embraced by Invercargill culture.	Providing freely accessible shared community spaces which encourage social interaction and community cohesion.
Preserve its Character	Invercargill is celebrated for preserving its heritage character.	Collecting, creating and conserving content relating to local community culture, identity and history.
	Strong, collaborative leadership of the City is demonstrated.	The Library and Archives Service collaborates with and provides leadership for inner city initiatives.
Embrace Innovation and Change	Technology is utilised in both existing and new City services.	Providing access to the online world and the world at large through internet computers and access to Wi-Fi. Enabling members of the community to develop the appropriate skills and knowledge to be technologically competent and effective digital citizens.
	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.	Programmes and events are provided for all ages.

### What you can expect?

Council measures its performance in achieving Community Outcomes. The following are the measures of service that Council intends to report on for the Libraries and Archives Activity:

How the Libraries and Archives' Activity Contributes	Customer Level of Service	Measure of Service
Providing access to the online world and the world at large through internet computers and access to Wi-Fi. Enabling members of the community to develop the appropriate skills and knowledge to be technologically competent and effective digital citizens.	Libraries collections, both digital and physical, are of good quality, quantity and variety.	Number of issues per year.
Collecting, creating and conserving content relating to local community culture, identity and history.		Level of reference enquiries.
Programmes and events are provided for all ages.	Services offer a good experience for all users.	Number of visits per year.
Providing freely accessible shared	Libraries are	Membership as a percentage

community spaces which encourage social interaction and community cohesion.	accessible and available to the wider community.	of total population.
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Baseline	Measure	2018/19 Target	2019/20 Target	2020/21 Target	2021-2028 Target
596,507	Number of issues per year	600,000	600,000	585,000	585,000
109,468	Level of reference enquiries	85,000	85,000	85,000	85,000
504,984	Number of visits per year	520,000	520,000	515,000	515,000
71.83	Membership as a percentage of total population	65-75%	65-75%	65-75%	65-75%

### What are our plans?

We plan to implement building changes/improvements which will modernise the ground floor, create a flexible space and mitigate hazards such as the slippery floor created by the marble tiles. We also intend to make the improvements listed below:

#### **Update Archives Software**

This will enable the public to access Archives collections online and is due to be completed in 2018.

#### **Specific teen area**

We anticipate that this will increase engagement with teens, increase the circulation of teen collections and enable us to increase the number of programmes for them.

#### **Makerspace**

As part of the Library upgrade we intend to extend the Learning and Activity Space to include a makerspace, which will increase programmes using science, technology, engineering and math.

#### **Planned Works Projects**

Planned works with a value exceeding \$100,000 are listed below.

Project	2018/19 \$000	2019/20 \$000	2020/21 \$000
Archive Mechanical Services and Lift Renewal	301		

**How will we pay for it?**

Activity	Source of Funding		
	User charges / Fees	Uniform Charge	Loans / Reserves
Maintenance and Operations	✓	✓	
Renewals	✓	✓	✓
Capital for Improvement	✓	✓	✓

**What does it cost?**

The following section outlines the budgeted cost of undertaking the Libraries and Archives Activity for the next ten years.

## INVESTMENT PROPERTY

### What we do

The Investment Property Activity manages investment property owned by the Council. It monitors and reviews returns achieved on individual investment properties. The Investment Property portfolio consists of 82 separate parcels of land and 20 buildings. The total land area is 767.5676 hectares.

There are four groups of investment properties:

- Strategic Properties, which are held for purposes other than immediate return (potential future development).
- Endowment properties, which have either been allocated by legislation or purchased from endowment funds.
- Trading properties.
- Other properties being prepared for disposal, usually acquired through rating sale or abandonment.

No significant negative effects of providing the Investment Property Activity have been identified.

### Why we do it

The main purpose of the Investment Property Activity is to maximise the return from Council's investment properties. Any profit from the activity is used to offset rates funding.

The principal objectives of the Investment Property Activity are to:

- Ensure that Council's investment property is maintained to an appropriate standard in order to improve the quality of the portfolio.
- Promote appropriate development around the Invercargill area for industrial and commercial purposes.
- Provide a continuing source of income to the Council.

We review ownership of our Investment properties by considering current market trends and anticipated capital gains. We hold Investment properties which are purchased for strategic purposes so that the City can develop in a positive way. The financial return on these investments is a secondary consideration.

The following table demonstrates how the Investment Property Activity contributes to Council's Community Outcomes:

Community Outcome	Council's Role in Achieving	How the Activity Contributes
Enhance our City	Invercargill's economy continues to grow and diversify. Attract a 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.

### What you can expect?

Council measures its performance in achieving Community Outcomes. The following are the measures of service that Council intends to report on for the Investment Property Activity:

How the 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 acquisition, disposal and / or lease of land and buildings.	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.

Baseline	Measure	2018/19 Target	2019/20 Target	2020/21 Target	2021-2028 Target
Achieved.	Net rate of return is at least equal to current market interest rate throughout the financial year.	Achieve	Achieve	Achieve	Achieve

### What are our plans?

Investment Property expects demand for our service to remain relatively stable. We will continue to attend to and refine our portfolio of assets so that it continues to improve over the life of the Plan. We will achieve this by selling uneconomic land and/or buildings and reinvesting in more modern properties. Sound investment decisions will be supported by a Better Business Case approach.

We will continue to manage the Activity by focussing 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.

### How will we pay for it?

Activity	Source of Funding
	User charges / Fees
Operations	✓

### What does it cost?

The following section outlines the budgeted cost of undertaking the Investment Property Activity for the next ten years.

## Parks and Cemeteries

### What we do

The Parks and Cemeteries Activity manage 3,328 hectares, comprising of 162 parks and cemeteries. Some of our Parks have multiple categories. We manage:

- 17 Amenity Parks
- 24 Environmental Reserves
- 27 Linkage Reserves
- 61 Neighbourhood Parks
- 3 Outdoor Adventure Parks
- 4 Premier Parks
- 20 Sports Fields Reserves
- 30 Special Purpose Sites (including six cemeteries, crematorium and grounds)
- 4 non-Council owned reserves

Our parks and cemeteries are not only used by Invercargill residents, but also used by visitors to the district, especially other Southlanders, and the facilities reflect this wider regional use. Regional recreation clubs and organisations are often located on reserves, for example Stadium Southland and the Velodrome. Invercargill's parks play an important part in the City's image. Queens Park has been developed to a very high standard and is recognised as a "Founding Garden of National Significance" by the New Zealand Gardens Trust (Royal New Zealand Institute of Horticulture).

No significant negative effects of providing the Parks and Cemeteries Activity have been identified.

### Why we do it

Parks and Cemeteries provide settings and venues for recreation and leisure activities within the Invercargill area and also provide burial and cremation services. Trees and open space enhance the amenity value of the City, making it a pleasant place to live and attractive to visitors.

The principal objectives of the Parks and Cemeteries Activity are to:

- Manage the parks, reserves, open spaces, cemeteries and assets associated with these areas.
- Promote greater understanding of the natural processes and values found within parks and reserves through education and advice.
- Plan for the sustainable management of our parks, reserves and open spaces.
- Build community partnerships and provide opportunities for community groups and key stakeholders to participate in the management of the parks.
- Ensure that the community has access to burial records.
- Ensure that there is adequate space developed at the Eastern and Greenpoint Cemeteries and the Southland Crematorium to meet the burial needs of present and future generations.

The following table demonstrates how the Parks and Cemeteries Activity contributes to Council's Community Outcomes:

Community Outcome	Council's Role in Achieving	How the Activity Contributes
Enhance our City	Healthy and active residents utilise space, including green space, throughout the City.	Parks and Cemeteries encourage residents and visitors to our green spaces of the City.
Preserve its Character	The building blocks, including water, sanitation and roading, for a safe, friendly city is provided for all members of the community.	Council owned buildings on Parks, Cemeteries and Crematorium land are provided and maintained in a safe condition. Parks, Cemeteries and crematorium are provided and maintained in a safe condition. Burial, interment and bereavement needs of the community are met with sensitivity and professionalism.
	Our natural and existing points of difference are celebrated.	Parks and Cemeteries are managed in such a way as to protect important natural habitats, scenic landscapes and other environmental features.
	Invercargill is celebrated for preserving its heritage character.	Parks and Cemeteries assist in protecting Invercargill's history and heritage.
Embrace Innovation and Change	Invercargill has the 'wow factor' with the right facilities and events to enjoy.	Parks and Cemeteries enhance the aesthetic value of the City and usability of reserve land.
	Technology is utilised in both existing and new City services.	Parks and Cemeteries endeavour to utilise technology in order to engage effectively with the community through communication methods.
	Invercargill's culture is embraced through community projects.	Parks and Cemeteries endeavour to provide Council facilities and resources for community based activities, including the best utilisation of volunteers.
	Residents of as well as visitors to Invercargill give positive feedback and have great experiences.	Parks and Cemeteries enhance the aesthetic value of the City and usability of reserve land

### What you can expect?

Council measures its performance in achieving Community Outcomes. The following are the measures of service that Council intends to report on for the Parks and Cemeteries Activity:

How the Parks and Cemeteries' Activity Contributes	Customer Level of Service	Measure of Service
Parks and Cemeteries enhance the aesthetic value of the City and usability of reserve land.	Queens Park is recognised nationally as a "Garden of National Significance"	Queens Park is accredited as a "Garden of National Significance"
	Requests for service and reports of damage on parks and cemeteries (excluding monuments) are actioned within four working days.	Percentage of requests actioned within four working days.
	Parks and Cemeteries are safe.	Number of justified complaints received relating to safety within Parks and Cemeteries.
Parks and Cemeteries endeavour to utilise technology in order to engage effectively with the community through communication methods.	Successful methods of communication are used to effectively engage with the community and provide awareness.	Response levels through successful methods of engagement.
Parks and Cemeteries endeavour to provide Council facilities and resources for community based activities, including the best utilisation of volunteers.	Local residents have greater feeling of ownership of our parks and reserves.	Volunteers readily available for community projects.
Parks and Cemeteries are managed in such a way as to protect important natural habitats, scenic landscapes and other environmental features.	Improved production of eco-friendly pest control to achieve a high level of pest control.	Policies around pest management are included in Reserve Management Plans.
Parks and Cemeteries assist in protecting Invercargill's history and heritage.	Burial records are available to the public.	Burial records, photo and inscriptions are available on the Council's website.
Parks and Cemeteries encourage residents and visitors to our green spaces of the City.	Visitor numbers through target parks and reserves locations are monitored annually.	Visitor counters are at access points to monitor users of target reserves.

Baseline	Measure	2018/19 Target	2019/20 Target	2020/21 Target	2021-2028 Target
Achieved	Queens Park is accredited as a "Garden of National Significance"	Retain accreditation	Retain accreditation	Retain accreditation	Retain accreditation
New measure	Percentage of requests actioned within four working days.	100%	100%	100%	100%
New measure	Number of justified complaints received relating to safety within Parks and Cemeteries.	0	0	0	0
New measure	Response levels through successful methods of engagement.	Increasing engagement	Increasing engagement	Increasing engagement	Increasing engagement
New measure	Volunteers readily available for community projects.	Number	Increasing	Increasing	Increasing
Achieved	Policies around pest management are included in Reserve Management Plans.	Review policies as required			
100%	Burial records, photo and inscriptions are available on the Council's website.	100%	100%	100%	100%
New measure	Visitor counters are at access points to monitor users of target reserves.	Increasing use	Increasing use	Increasing use	Increasing use

## What are our plans?

### ***Changing trends in parks***

An increased demand for walking, cycling and mountain biking trails is well catered for and further provision for these activities can be guided by the Southland Cycling strategy. Declining participation in traditional team sports is in line with the national trend, and means that sports fields have surplus capacity. Continued monitoring will ensure that we can meet any change in demand. Informal recreation such as walking, jogging and cycling has replaced more formal recreational activities, and more people use passive land for these activities. This may result in existing clubs amalgamating to share high quality sports fields and create a greater demand for multi-use facilities. An ageing population means that the use of Premier Parks will remain high, with increased demand for strategically placed seats, toilets and parking facilities.

**Changing trends in cemeteries**

The ratio between burials and cremations changes over time and currently sits at 35% burials, 65% cremations. A regular review of the burial and cremation trends will ensure that we provide for the needs of the community and keep up to date with changing technologies and cultural needs.

**Technology**

Technology is changing constantly which will impact parks and cemeteries in the future, including Wi-Fi in parks. Programmes are already being developed, for example Magical Parks where people use their phones to find digital figures around parks, and this encourages children to get outside and be active. We anticipate that virtual programmes will increase and impact the future management of parks and cemeteries.

**Planned Works Projects**

Planned works with a value exceeding \$100,000 are listed below.

Project	2018/19 \$000	2019/20 \$000	2020/21 \$000
Play equipment	131		
Toilets, Major Parks	136		
Anderson House Strengthening		1,717	
Cremator			439
Winter Gardens Structure			110
Cemetery Land			329

**How will we pay for it?**

Activity	Source of Funding		
	User charges / Fees	Targeted Rate	Loans
Maintenance and Operations	✓	✓	
Renewals	✓	✓	✓
Capital for Improvement	✓	✓	✓

**What does it cost?**

The following section outlines the budgeted cost of undertaking the Parks and Cemeteries Activity for the next ten years.

## Pools

### What we do

The Southland Aquatic Centre provides aquatic facilities for the health, well-being and enjoyment of the community and a place where people can learn to swim and learn water safety. These facilities also enable a range of water sports to be practised and enjoyed, and attract events to the city.

The Southland Aquatic Centre's trading name is Splash Palace. Opened in 1997, Splash Palace is one of New Zealand's premier aquatic sport and leisure centres with an average of 400,000 admissions recorded annually. The facilities offered at Splash Palace include:

- 50m main pool
- leisure pool
- swirl pool
- tots' pool
- learners' pool
- sauna
- cold plunge pool
- waterslide
- diving facilities
- meeting rooms
- café
- retail shop

No significant negative effects of providing the Pools Activity have been identified.

### Why we do it

We see the provision of public swimming pools as vitally important to the health and well-being of our community and it is unlikely that any private organisation would be able to provide such facilities for community access.

The situation in Invercargill is unique. Unlike other centres, all Invercargill schools (primary and secondary) use the Southland Aquatic Centre to teach swimming and water safety. Our primary goal is to provide quality and affordable aquatic health and fitness, education, sport and leisure services for the community.

The principal objectives of the Pools Activity are to:

- Deliver quality community Learn to Swim programmes.
- Maximise the use of aquatic facilities and opportunities.
- Provide a high level of satisfaction with our services.
- Ensure that the pools are kept within the required water treatment standards.
- Ensure that the pools are managed within the New Zealand Poolsafe Quality Management Scheme.

The following table demonstrates how the Pools Activity contributes to Council's Community Outcomes:

Community Outcome	Council's Role in Achieving	How the Activity Contributes
Enhance our City	Healthy and active residents utilise space, include green space, throughout the City.	The pools activity provides a safe, fun environment where people can enjoy a diverse range of sport, recreation and leisure opportunities.
Preserve its Character	The building blocks, including water, sanitation and roading, for a safe, friendly city is provided for all members of the community.	The pools activity provides a range of learn-to-swim, fitness and other water based learning and recreation activities that cater for all members of the community.
	Strong, collaborative leadership of the City is demonstrated.	The pools activity works together with the Invercargill Licensing Trust and the ILT Foundation in providing free Learn to Swim programmes.
Embrace Innovation and Change	Visitors to Invercargill give positive feedback and have great experiences.	The pools activity provides the only 50 metre swimming pool and hydroslide in the Southland region.
	Invercargill has the 'wow factor' with the right facilities and events to enjoy.	The pools activity offers a high quality facility in which tournaments and championships are hosted.

### What you can expect?

Council measures its performance in achieving Community Outcomes. The following are the measures of service that Council intends to report on for the Pools Activity:

How the Pool's Activity Contributes	Customer Level of Service	Measure of Service
The pools activity provides a safe, fun environment where people can enjoy a diverse range of sport, recreation and leisure opportunities.	Splash Palace pool water is safe for users.	Pools are run in compliance with NZS 5826:2010 (Pool Water Quality).
The pools activity provides a range of learn-to-swim, fitness and other water based	Splash Palace is affordable and well utilised.	Number of visits per head of (Invercargill City) population.
		Time when a minimum of

learning and recreation activities that cater for all members of the community.		public lanes are available for swimming. Time when there is no booking space available.
The pools activity works together with the Invercargill Licensing Trust and the ILT Foundation in providing free Learn to Swim programmes.	Splash Palace provides accessible, quality learning opportunities.	Percentage of Swim School Customers who rate their experience as good or very good when surveyed.
The pools activity provides the only 50 metre swimming pool and hydroslide in the Southland region.	Splash Palace is affordable and well utilised.	Number of visits per head of (Invercargill City) population.
The pools activity offers a high quality facility in which tournaments and championships are hosted.		

Baseline	Measure	2018/19 Target	2019/20 Target	2020/21 Target	2021-2028 Target
7.8%	Number of visits per head of (Invercargill City) population.	>6.5	>6.5	>6.5	>6.5
92%	Percentage of Swim School Customers who rate their experience as good or very good when surveyed.	85%	85%	85%	85%
New measure	Time when a minimum of 4, 25 metre public lanes are available for swimming.	90%	90%	90%	90%
New measure	Time when there is no booking space available	<10%	<10%	<10%	<10%

## What are our plans?

### **Hydroslide**

The current hydroslide is at the end of its operational life. In the 2018/19 year Council intends to replace the current hydroslide with a large and more modern hydroslide facility. This will enable a return on the investment and contribute more effectively to the Council's Community Outcomes.

### **Additional Pool**

As part of its Long-term Plan consultation process, Council is asking for feedback on building an additional pool at Splash Palace. (This will be updated following the submission process with more information).

**Planned Works Projects**

Planned works with a value exceeding \$250,000 are listed below.

Project	2018/19 \$000	2019/20 \$000	2020/21 \$000
Exterior Repaint	379		
Hydroslide	2,115		
UV Treatment		356	
Additional Pool			6,267

**How will we pay for it?**

Activity	Source of Funding		
	User charges / Fees	Rates	Loans
Maintenance and Operations	✓	✓	
Renewals		✓	✓
Capital for Improvement			✓

**What does it cost?**

The following section outlines the budgeted cost of undertaking the Pools Activity for the next ten years.

## Public Toilets

### What we do

The Public Toilets Activity provides and manages facilities so that the public has access to clean, safe and accessible toilets. We provide nine public toilet facilities in the City Centre, suburbs and Bluff.

### Why we do it

The community expects that we will provide public toilets that are available 24 hours a day, that there will be an adequate number of toilets in Invercargill and Bluff and that the toilets will be well sign-posted.

The following table demonstrates how the Public Toilets Activity contributes to Council's Community Outcomes and which of the level of service measures below it relates to:

Community Outcome	Council's Role in Achieving	How the Activity Contributes
Preserve its Character	The building blocks, including water, sanitation and roading, for a safe, friendly city is provided for all members of the community.	The facilities are safe to use, accessible for those with disabilities and well maintained.

### What you can expect

Council measures its performance in achieving Community Outcomes. The following are the measures of service that Council intends to report on for the Public Toilets Activity:

How the Public Toilet's Activity Contributes	Customer Level of Service	Measure of Service
The facilities are safe to use, accessible for those with disabilities and well maintained.	The facilities meet demand.	Public toilets are operational 95% of open hours, 24 hrs per day.

Baseline	Measure	2018/19 Target	2019/20 Target	2020/21 Target	2021-2028 Target
95%	Public toilets are operational 95% of open hours, 24 hrs per day.	95%	95%	95%	95%

**How will we pay for it?**

Activity	Source of Funding		
	User charges / Fees	Rates	Loans
Maintenance and Operations	✓	✓	
Renewals			✓
Capital for Improvement			✓

**What does it cost?**

The following section outlines the budgeted cost of undertaking the Public Toilets Activity for the next ten years.

## PUBLIC TRANSPORT

### What we do

We manage regional public transport for Southland under delegation from Environment Southland. This is appropriate as the only publicly funded services are run within the Invercargill City Council area. Public Transport includes the bus service and the discounted travel taxi or private hire voucher system provided under the Total Mobility scheme.

In 2017, 198,826 passenger trips were undertaken on the bus service. Approximately 54,500 Total Mobility scheme trips are made each year in Southland.

No significant negative effects of providing the Public Transport Activity have been identified.

### Why we do it

We provide a public transport network to ensure that the basic needs of the community, particularly those without access to private transport, are met. Public transport provides choice for people to access work, education, social and health facilities.

The principal objectives of the Public Transport Activity are to:

- Deliver a fare system that attracts and retains customers.
- Provide transport disadvantaged citizens with information, safe facilities, and services that are increasingly available to all members of the public.
- Provide all members of the community with the opportunity to use public transport.
- Ensure that Total Mobility is well managed.
- Provide timely and effective monitoring to manage the network, improve infrastructure and ensure vehicle quality.

The following table demonstrates how the Public Transport Activity contributes to Council's Community Outcomes:

Community Outcome	Council's Role in Achieving	How the Activity Contributes
Enhance our City.	Invercargill's economy continues to grow and diversify.	Passenger Transport ensures that a quality public transport service is available, accessible and affordable for people to travel to work and education centres.
Enhance our City	Healthy and active residents utilize space, including green space, throughout the City.	Passenger Transport ensures that a quality public transport service is available, accessible and affordable for people to travel to recreational facilities.
Enhance our City	Invercargill's areas are bustling with people, activities and culture.	Passenger Transport provides the Total Mobility service that is subsidised transport for people who are unable to use the bus service due to physical or mental impairment or condition.

## What you can expect

Council measures its performance in achieving Community Outcomes. The following are the measures of service that Council intends to report on for the Public Transport Activity:

How the Passenger Transport Activity Contributes	Customer Level of Service	Measure of Service
Passenger Transport ensures that a quality public transport service is available, accessible and affordable for people to travel to work and education centres.	Bus routes are convenient.	Passengers are satisfied with the level of fares.  Passengers are satisfied that the fare system is easy to understand.
Passenger Transport ensures that a quality public transport service is available, accessible and affordable for people to travel to recreational facilities.	The bus service is well utilised.	Passenger Numbers are increasing.
Passenger Transport provides the Total Mobility service that is subsidised transport for people who are unable to use the bus service due to physical or mental impairment or condition.	Passenger Transport services are provided for all members of the Community.	Council administers and supports the Total Mobility scheme.

Baseline 2016/17	Measure	2018/19 Target	2019/20 Target	2020/21 Target	2021-2028 Target
New	Percentage of passengers satisfied with the level of fares.	80%	82%	85%	85%
New	Percentage of passengers that are satisfied that the fare system is easy to understand.	80%	82%	85%	85%
New	Passenger numbers are increasing.	No decline	Increase	Increase	Increase
Achieved	Council administers and supports the Total Mobility Scheme.	Total Mobility Scheme is administered			

## What are our plans?

### *New Network*

#### **Passenger Transport**

Three new connecting Invercargill Bus Smart routes, together with a new timetable, have been proposed to replace the current four loops which have been used since 2012. These new routes are shown on the plan overleaf. (Get Colleen to put in plan). Their intent is to address issues raised by customers that the routes took too long, were not direct enough, and that timetables did

not get passengers into town at the right time, particularly in the mornings. These issues, together with falling patronage, strongly suggest a change is needed to correct declining use trends.

The buses will generally run from 7am to 6pm Monday to Friday and Saturday 10am to 3pm. This is similar to current timetables, but there will be additional buses on during the morning business run and again in the evenings to make travelling into the City Centre and home again more desirable. Also suggested is a change to the fare structure which recognises that the service has a strong community focus and the use of peak and off peak fares was discouraging use.

The proposed fares are:

- Children under 5 years Free
- Supergold Card Holders (9am to 3.00pm and Saturday) Free

*All other users – at all times:*

- Payment by Bus Smart Card (and trip tagged on and off) \$2.00 per trip
- Payment by Cash \$3.00 per trip

We propose that adults and children be charged the same flat fare structure, which is reduced when a Bus Smart card is used. We are also proposing a new card that will be able to be used for nine regional travel options.

*Total Mobility*

Our Total Mobility service is planning to move from the current sticker based system to a credit card style system which will have a photo identification of the customer printed on the card. This will provide customers with greater security and accountability as well as reducing the administration cost to Council in processing monthly claims.

**How will we pay for it?**

Activity	Source of Funding		
	User charges / Fees	General Rate	Other Funding Sources
Maintenance and Operations	✓	✓	✓

**What does it cost?**

The following section outlines the budgeted cost of undertaking the Public Transport Activity for the next ten years.

## REGULATORY SERVICES

### What we do

Central government imposes legislative responsibilities on councils, which Regulatory Services interprets and implements. Staff endeavour to provide a friendly, professional and efficient service to clients and the public, by recognising that both parties have legal responsibilities to meet. We are responsible for three broad areas:

#### 1. **Planning Services**

We follow the Resource Management Act 1991 (RMA). Our responsibilities include:

- Developing the District Plan, processing resource consent applications and associated monitoring and enforcement.
- Processing building consent applications to make sure that building projects comply with the District Plan's rules.
- Providing environmental information and advice, including Land Information Memoranda (LIMs).
- Maintaining Council's property identification database, issuing street names and numbers, and maintaining the rating valuation roll.
- Providing support services for the District Licensing Agency under the Sale and Supply of Alcohol Act 2012.
- Digitising Council's property files.

#### 2. **Building Services**

We follow the Building Act 2004 and operate under it as a Building Consent Authority. Responsibilities include:

- Assisting members of the public, tradespeople and designers on building work and educating them on what the law requires.
- Receiving and processing applications under the Building Act 2004, including building consents, LIMs and Project Information Memoranda.
- Policing the requirements of relevant legislation and responding to requests to investigate problems.

#### 3. **Environmental Health and Compliance**

We follow a number of key pieces of legislation. Responsibilities include:

- Environmental Health, which focuses on environmental conditions and hazards which affect human health. We follow the Food Act 2014, the Sale and Supply of Alcohol Act 2012 and the Health Act 1956.
- Parking Compliance, which manages parking enforcement under the Land Transport Act 1998.
- Animal Services, which deals with controlling wandering, barking and aggressive dogs, and nuisance involving stock. We follow the Dog Control Act 1996, the Animal Welfare Act 1999 and the Impounding Act 1955.

Regulatory Services must constantly balance what is acceptable community behaviour with the community's expectations for enforcement, for example the rights of dog ownership versus barking dog nuisances and dog attacks.

No significant negative effects of providing the Regulatory Services Activity have been identified.

### **Why we do it**

Legislation requires us to undertake a range of regulatory functions. The key objective of Regulatory Services is the implementation of national legislation, while focussing on achieving Community Outcomes.

#### **1. Planning Services**

The principal objectives of Planning Services are:

- (a) To review environmental issues and the District Plan so that we can meet the desires of the community and enable Invercargill residents to develop and enhance their lifestyle in a sustainable way.
- (b) To implement the District Plan efficiently and fairly and provide relevant and appropriate environmental information and advice.
- (c) To support the District Licensing Committee when it decides applications under the Sale and Supply of Alcohol Act.
- (d) To maintain the rating valuation roll for the District.

#### **2. Building Services**

The principal objectives of Building Services are:

- (a) To ensure that all building work complies with the Building Code and enforce legislative requirements when necessary.
- (b) To implement earthquake-prone building legislation within the Invercargill District.

#### **3. Environmental Health and Compliance**

The principal objectives for Environmental Health are:

- (a) To provide environmental health services, including food and alcohol, to the community in a positive and sustainable way.
- (b) To provide support to Emergency Services when public health incidents occur.

The principal objectives for Parking Services are:

- (a) To adhere to relevant legislation while ensuring that all contact with the public is friendly and efficient.

The principal objectives for Animal Services are:

- (a) To provide for the control of dogs and stock, and minimise harm.
- (b) To educate and promote good animal care and welfare in the community.

The following table demonstrates how the Regulatory Services Activity contributes to Council's Community Outcomes:

<b>Community Outcome</b>	<b>Council's Role in Achieving</b>	<b>How the Activity Contributes</b>
Enhance our City	Invercargill's businesses are bustling with people, activities and culture.	Development is promoted that provides for effective and sustained economic growth, while meeting minimum environmental and health standards.
Preserve its Character	The building blocks, including water, sanitation and roading, for a safe, friendly city are provided for all members of the community.	The community's compliance with legislation and Council policies and bylaws enables us to live closely together in a safe environment.
	Invercargill is celebrated for preserving its heritage character.	The District Plan prioritises key heritage buildings across the District and earthquake-prone building legislation is implemented.
Embrace Innovation and Change	The development of future industry is encouraged.	Opportunities are provided for development across the District.
	Technology is used in both existing and new City services.	Technology is increasingly utilised to enable stakeholders to more easily engage with our services.

### What the community can expect

We measure our performance in achieving Community Outcomes. Measures of service that we intend to report on for the Regulatory Services Activity are:

<b>How the Activity Contributes</b>	<b>Customer Level of Service</b>	<b>Measure of Service</b>
Development is promoted that provides for effective and sustained economic growth, while meeting minimum environmental and health standards.	Development applications are assessed against our regulatory responsibilities.	We process building, resource consent, food and alcohol applications in accordance with the quality manual and statutory timeframes.
The District Plan prioritises key heritage buildings across the District and earthquake-prone building legislation is implemented.	Significant heritage is protected within Invercargill.	We identify potentially earthquake-prone buildings.  We promote incentives to owners of heritage buildings, especially when they undertake earthquake

		strengthening.
Opportunities are provided for development across the District.	The community is able to engage with the development and review of plans relating to development in the City.	We regularly review plans and bylaws relating to Regulatory Services, and provide for an opportunity for public consultation.
Technology is increasingly utilised to enable stakeholders to more easily engage with our services.	Customers have options on how they engage the staff and lodge their applications.	An increasing percentage of applications are electronically lodged, processed and inspected.

Baseline	Measure	2018/19 Target	2019/20 Target	2020/21 Target	2021-2028 Target
New measures	We process building, resource consent, food and alcohol applications in accordance with the quality manual and statutory timeframes.	100% building, non-notified resource consents not requiring a hearing and food applications are issued within 20 working days of receipt.	100% building, non-notified resource consents not requiring a hearing and food applications are issued within 20 working days of receipt.	100% building, non-notified resource consents not requiring a hearing and food applications are issued within 20 working days of receipt.	100% building, non-notified resource consents not requiring a hearing and food applications are issued within 20 working days of receipt.
		100% alcohol applications not requiring a hearing are issued within 30 working days of receipt.	100% alcohol applications not requiring a hearing are issued within 30 working days of receipt.	100% alcohol applications not requiring a hearing are issued within 30 working days of receipt.	100% alcohol applications not requiring a hearing are issued within 30 working days of receipt.
New measures	We identify potentially earthquake-prone buildings.  We promote incentives to owners of heritage buildings, especially when they	Potentially earthquake-prone buildings are identified in 20% of the blocks identified by the Priority Buildings Area maps*.	Potentially earthquake-prone buildings are identified in 40% of the blocks identified by the Priority Buildings Area maps*.	Potentially earthquake-prone buildings are identified in 60% of the blocks identified by the Priority Buildings Area maps*.	Priority, potentially earthquake-prone buildings all identified by 1 July 2022.

	undertake earthquake strengthening.	Earthquake-prone buildings incentives are developed and implemented.			
New measure	We regularly review plans and bylaws relating to Regulatory Services, and provide for an opportunity for public consultation.	Plans and Bylaws are reviewed regularly in line with the timetable included within the Regulatory Services Activity Management Plan.	Plans and Bylaws are reviewed regularly in line with the timetable included within the Regulatory Services Activity Management Plan.	Plans and Bylaws are reviewed regularly in line with the timetable included within the Regulatory Services Activity Management Plan.	Plans and Bylaws are reviewed regularly in line with the timetable included within the Regulatory Services Activity Management Plan.
New measure	An increasing percentage of applications are electronically lodged, processed and inspected.	80% of applications are lodged, processed and inspected electronically within five years of the service being offered.	80% of applications are lodged, processed and inspected electronically within five years of the service being offered.	80% of applications are lodged, processed and inspected electronically within five years of the service being offered.	80% of applications are lodged, processed and inspected electronically within five years of the service being offered.

\* The Priority Buildings Area maps are available on the Council's website [www.icc.govt.nz](http://www.icc.govt.nz)

### What's ahead?

We plan to make greater use of technology by:

- Digitising the Council's property files in-house. Resources have been purchased and staff engaged to undertake this task.
- Increasing both the number of application types and the proportion of applications that are lodged electronically, and enabling them to be tracked electronically by applicants.

Regulatory Services currently operate a user pays philosophy for fees and charges. The Southland Regional Development Strategy has identified a preference for all Councils to have the same building consent fees. There is ongoing discussion with Southland Councils on this matter.

Council has indicated that it wishes to develop financial incentives for owners of earthquake-prone buildings with heritage values.

**How will we pay for it?**

Regulatory Services is funded from a mix of rates contribution and fees and charges.

Activity	Source of Funding	
	User charges / Fees	Rates
Planning Services	✓	✓
Building Services	✓	✓
Environmental Health and Compliance Services	✓	✓
Alcohol	✓	✓

**What does it cost?**

The following section outlines the budgeted cost of undertaking the Regulatory Services Activity for the next ten years.

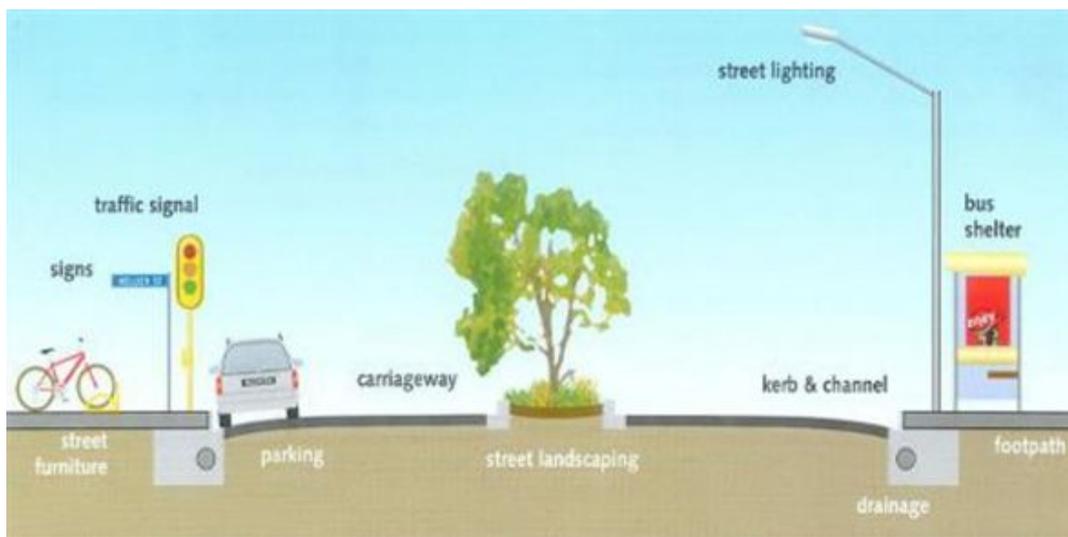
# Roading

## What we do

The Roothing Section of the Council provides a safe, effective and efficient transport system that contributes to the social and economic wellbeing of the Invercargill District.

The roading network and roading infrastructure comprises road pavements and surfaces, street lights, traffic signs and signals, footpaths, drainage, surface water channel systems, bridges, culverts, street furniture, parking facilities, vehicle access crossings and cycle tracks.

The following diagram illustrates the assets that are managed by the Roothing Section:



There are unavoidable consequences of the Roothing Activity, which we manage to ensure a sustainable service with minimal impact on the environment. The following table shows how we monitor and manage the Invercargill roading network:

Potential Negative Effect	Response
Road deaths and injuries.	<p><b>Monitor:</b> Annual NZTA report on crash statistics for Invercargill City.</p> <p><b>Response:</b></p> <ul style="list-style-type: none"> <li>➤ Maintain a road safety strategy and a road safety action plan.</li> <li>➤ Prepare a low cost low risk projects' plan each year.</li> <li>➤ Prepare renewals plans and maintenance plans to address potentially unsafe road surfaces (especially blackspots).</li> <li>➤ Manage a risk conversation with the community and manage appropriate speed limits.</li> <li>➤ Work closely with NZTA, the New Zealand Police and Road Safety Southland.</li> </ul>
Effects of poor quality roading assets and personal security when using city's roading network.	<p><b>Monitor:</b> Survey of user satisfaction / perception of safety for infrastructure under direct Council control (e.g. footpath condition, road surface condition).</p>

Potential Negative Effect	Response
	<p><b>Response:</b> Develop guidelines to manage the level of service (e.g. footpath upgrade policy), targeted level of service improvements (e.g. better lighting works, safety audits).</p>
<p>Delays and detours resulting from new construction, maintenance and utility works on the local road network.</p>	<p><b>Monitor:</b> Complaints and call-centre queries.  <b>Response:</b> Require approved traffic management plan for construction works, ongoing liaison with key utility operators.</p>
<p>Impacts of major transport infrastructure projects on adjacent residents and environment such as excessive noise and vibration.</p>	<p><b>Monitor:</b> Survey of residents/businesses about the impact of major infrastructure under direct Council control.  <b>Response:</b></p> <ul style="list-style-type: none"> <li>➤ Install noise barriers where appropriate.</li> <li>➤ Set appropriate speed limits.</li> <li>➤ Use appropriate surfacing on busy roads in residential areas.</li> <li>➤ Manage contracts to minimise effects.</li> </ul>
<p>Dust nuisance on unsealed roads and contamination of waterways by storm water discharged from road surfaces.</p>	<p><b>Monitor:</b> Use dust traps to measure dust generation in sensitive areas.  <b>Response:</b></p> <ul style="list-style-type: none"> <li>➤ Ensure proper attention is paid to water run-off / sediment control management when carrying out work on the roads.</li> <li>➤ Manage roadside draws</li> <li>➤ Clean sumps regularly.</li> <li>➤ Using innovative products to reduce dust generation in other areas.</li> <li>➤ Allow controlled oiling of roads outside residence.</li> </ul>
<p>Hazardous material spills within the road corridor or transport facility.</p>	<p><b>Monitor:</b> Notification of spill by Call centre from Customer Contact or Emergency Services.  <b>Response:</b> As set out in Emergency Response Maintenance Contractor is required to make safe within one hour of notification.</p>
<p>Cost escalations due to oil prices increases and inflation rates.</p>	<p><b>Monitor:</b> NZTA monthly release of bitumen price indices.  <b>Response:</b> Seek additional funding to maintain work programme, or reduce work programme to meet existing budget. Manage timing of works.</p>
<p>Health and safety risks associated with the construction, maintenance or operation of the transportation infrastructure.</p>	<p><b>Monitor:</b> Complaints and call-centre queries.  <b>Response:</b> Improve safety of the roading network to reduce the occurrence of crashes.</p>
<p>The impact on public health from the reliance on cars.</p>	<p><b>Response:</b> Promote the active transport modes such as walking and cycling. Investigate the future demand for public transport services and infrastructure.</p>
<p>Impact on residents due to noise and other effects due to road classification and use.</p>	<p><b>Monitor:</b> Survey and traffic count roads to ensure the use is appropriate to the classification.  <b>Response:</b></p> <ul style="list-style-type: none"> <li>➤ High priority roads have expectation of greater numbers of vehicles including heavy vehicles which is appropriate to the function of the road.</li> <li>➤ Use Bylaws to control use.</li> <li>➤ Develop traffic calming strategies to direct traffic.</li> </ul>

## Why we do it

Most importantly, our roading network needs to provide a safe environment for travel for pedestrians, cyclists and motorists. Invercargill City needs to support the economy so that it can grow and that trucks and freight can travel with reliability. The roading network also needs to be sustainable and resilient to natural hazards and climatic changes.

The principal objectives of the Roding Activity are to:

- Provide a safe road environment.
- Provide an efficient, effective, reliable and resilient integrated road network.
- Deliver services that are value for money.
- Provide access for the pedestrians and cyclists (vulnerable users) in the community.
- Manage assets prudently for current and future generations.

The following table demonstrates how the Roding Activity contributes to Council's Community Outcomes and which of the level of service measures below it relates to:

Community Outcome	Council's Role in Achieving	How the Activity Contributes	Level of Service
Enhance our City	<p>Healthy and active residents utilise space, include green space, throughout the City.</p> <p>Invercargill's economy continues to grow and diversify. Invercargill's economy continues to grow and diversify.</p> <p>Invercargill's business areas are bustling with people, activities and culture.</p>	<p>Roding (pavements) contributes to accessibility, via integrated networks of connected roads and footpaths. Safe roads allow freedom of movement for residents including appropriate lighting.</p>	<p>DIA 1 - The total number of fatal and serious injuries each year on the network.</p> <p>DIA 4 - Footpaths</p> <p>ICC 1 - Street lighting</p> <p>ICC 2 - Respond to Vandalised signs</p> <p>ICC 3 - Traffic Signals Response</p>
		<p>Roding provides the vital connections with state highways for the freight task distributing the goods needed for a city and throughout the city.</p>	<p>ONRC 1 – Unplanned road closures</p>
		<p>Roding provides roads to connect people, signs to direct, footpaths for pedestrians, street furniture for streetscape usage. CBD areas have high amenity</p>	<p>ICC 1 - Street lighting</p> <p>ICC 2 - Respond to Vandalised signs</p> <p>ICC 3 - Traffic Signals Response</p>

		values.	
Preserve its Character	<p>The building blocks, including water, sanitation and roading, for a safe, friendly city is provided for all members of the community.</p> <p>Strong, collaborative leadership of the City is demonstrated.</p>	<p>Safe roads allow residents to select a mode of transport they wish to use with confidence. Street lighting allows residents to feel safe at nights. Wide streets and low traffic allows ease of movement, together with networks resilient and reliable for all events.</p>	<p>DIA 1 - The total number of fatal and serious injuries each year on the network.</p> <p>ICC 1 - Street lighting</p> <p>ICC 2 - Respond to Vandalised signs</p> <p>ICC 3 - Traffic Signals Response</p>
		<p>Good roading management delivers a core infrastructure in leading the City.</p>	<p>ONRC 2 – The overall cost per km and vkt of routine maintenance activities, and cost by work category on each road network for the financial year.</p>
Embrace Innovation and Change	<p>The development of future industry is encouraged. Technology is utilised in both existing and new City services.</p> <p>Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences. Invercargill has the 'wow factor' with the right facilities and events to enjoy.</p>	<p>Street facilities such as visitor signs, streetscape, seating, and car charging offer high value people space and have flexibility to quickly adapt.</p> <p>Roading corridor management contributes to make events have safe road and pedestrian access to use.</p>	<p>DIA 4 - Footpaths</p> <p>DIA 5 - Requests responded to in five or less business days.</p>

### What you can expect

The Department of Internal Affairs (DIA) has introduced a number of measures on which we must report. They are intended to measure major aspects of performance of roading and footpaths.

The performance measures cover the following key aspects of service delivery:

- How safe are the local roads?
- What is the overall condition of sealed roads in the local road network?
- Is the sealed roads network being maintained adequately?
- Are the footpaths that form part of the local road network being maintained adequately?
- Does the local authority responsible for the service provide a timely response if there is a problem?

Below are the measures specifically required for roading and are mandatory to report.

Level of Service	Baseline	Measure	2018/19	2019/20	2020/21	2021-28
DIA 1	Decreasing annually	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Decreasing annually	Decreasing annually	Decreasing annually	Decreasing annually
DIA 2	Higher than the National Average	The average quality of ride on a sealed local road network, measured by smooth travel exposure.	Higher than the National Average			
DIA 3	The sealed area of surface is more than >= 6.25% of total surfaced area.	The percentage of the sealed local road network that is resurfaced.	>6.25%	>6.25%	>6.25%	>6.25%
DIA 4	Less than 8% in very poor condition	The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan).	<8%	<8%	<8%	<10%
DIA 5	80% of requests are responded to five or less business days.	The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within no more than five days.	80%	82%	84%	85%

The following are the other measures of service that Council intends to report on:

Level of Service	Baseline	Measure	2018/19	2019/20	2020/21	2021-28
ICC 1	>Increasing annually	Invercargill Street lighting is compliant with AS/NZS 1158 to agreed levels within urban areas, adjusted for constraining factors.	Increasing %	Increasing %	>95%	>95%
ICC 2	>85% of requests within 2 business days	Vandalised signs are promptly responded to and corrective actions commenced.	>85%	>85%	>85%	>85%
ICC 3	>85% of emergency requests are responded to by attending site within 1 hour	Damaged traffic signals are attended to promptly.	>85%	>85%	>85%	>85%
ONRC 1	Number of Closures <8 Affected vehicles – to be established	The number of unplanned road closures and the number of vehicles affected by closures annually.	<8	<8	<8	<8
ONRC 2	<Peer Group Average	The overall cost per km and vkt of routine maintenance activities, and cost by work category on each road network for the financial year.	<Peer Group Average	<Peer Group Average	Mid to top of Peer group	Mid to top of Peer group

## What are our plans?

### ***Pavements***

Our strategy is not to grow but to maintain existing assets and we intend to use a low budget scenario for the next period to renew pavements. We acknowledge that this may not be sustainable over a longer term and that it may diminish the spare strength of some pavements, which increases risk. Our approach is believed to be of acceptable risk and is consistent with the New Zealand Transport Agency's (NZTA) desired approach.

### ***Kerb and Channel / Drainage***

We intend to continue to deliver this programme at similar levels. Some renewals to kerb and channel are driven through the Pavement Renewal programme.

### ***Unsealed Pavements***

We intend to continue to deliver this programme at similar levels. No seal extensions are planned so existing unsealed pavements must be sustainable in the long term. This is an area of the Roding Activity which is of a relatively small cost.

### ***Footpaths***

As stated in previous plans, the maintenance of footpaths is a highly visible area of our work and we have accepted that a higher risk approach is appropriate. Funding for the renewal of footpaths will be below the long term average replacement cost, but Council has shown a

willingness to allow the condition profile to change over time. We will monitor the condition and correct any failures before they become unsafe.

**Streetlights**

We are currently installing new LED luminaires which will reduce the overall cost for lighting.

**Traffic Signals**

We have renewed a large proportion of the older traffic signal controllers. This is a continuing task.

**Car Parking**

We will update parking equipment as technology changes. Use of parking apps and pay by plate technology will give customers more options and have technology capable of adapting to change.

We intend to improve existing gravel off street carparks to a sealed surface standard.

**Community Education Safety Programmes**

Community education programmes take place at the local level to promote the safe and sustainable use of the land transport system. The Council collaborates with Southland and Gore District Councils. These programmes are specifically adopted to address a range of factors, including speed, younger drivers, older drivers, high risk drivers, motorcyclists, alcohol and drugs, use of restraints, cycling and walking, and others.

**Planned Works Projects**

Planned works with a value exceeding \$250,000 are listed below.

Project	2018/19 \$000	2019/20 \$000	2020/21 \$000
Sealed road resurfacing	2,100	2,146	2,193
Sealed road pavement rehabilitation	1,300	1,328	1,357
Drainage renewals (Kerb and Channel, Culverts)	929	1,103	1,320
Footpaths	1,290	1,318	1,347
Traffic Services renewals	380	388	396
Street lighting renewal and 11 year upgrade	563	555	183

**How will we pay for it?**

Activity	Source of Funding			
	User charges / Fees	Targeted Rates	Loans	NZTA funding
Maintenance and Operations	✓	✓		✓
Renewals		✓	✓	✓
Capital for Improvement			✓	✓

**What does it cost?**

The following section outlines the budgeted cost of undertaking the Roding Activity for the next ten years.

## SEWERAGE

### What we do

Council owns and maintains a sewerage system to serve the community, and provides a sewage disposal service to each property in Invercargill, Bluff, Otatara and Omaui residential areas. Treated effluent is discharged from the Clifton Wastewater Treatment Plant to the New River Estuary, from the Bluff Wastewater Treatment Plant to Foveaux Strait, and from the Omaui Oxidation Pond to land adjacent to the community.

No other communities within the Council's territory are supplied with a sewage disposal service other than the urban communities of Invercargill, Otatara, Omaui and Bluff. Property owners outside of these areas are responsible for the provision and maintenance of on-site wastewater treatment and disposal systems within their own properties.

There are unavoidable consequences of the Sewerage Activity, which we manage to ensure a sustainable service with minimal damage to the environment. The following table shows how we monitor and manage the Invercargill sewerage network:

Potential negative effect	Response
Disposal of treated effluent can cause environmental degradation.	Treatment Plants are actively managed and monitored to ensure that discharges are compliant with consent conditions and that degradation of the receiving environment does not occur.
Discharge of sewage from sewerage reticulation due to blockage or overloading can contaminate waterways.	Reticulation maintenance contractors are on 24 hour call to respond to reports of blockage and overflow, and to mitigate any effects of discharges.
Inappropriate disposal of treatment byproducts (biosolids) can cause environmental degradation.	Biosolids are produced and applied to land in accordance with the "Guidelines for Safe Application of Biosolids to Land in New Zealand".
Odours from the sewerage activity (reticulation or treatment plants).	The reticulation network and treatment plants are managed to minimise the occurrence of odour.
Health and safety risks associated with the operation of the Activity.	All staff and contractors involved in the Activity are required to work to safety plans to minimise a risk to themselves and the public.
Property damage resulting from failures.	Reticulation maintenance contractors are on 24 hour call to respond to reports of blockage and overflow, and to mitigate any effects of discharges.
The cost to the community as a result of property damage caused by system failures.	Reticulation maintenance contractors are on 24 hour call to respond to reports of blockage and overflow, and to mitigate any effects of discharges.

## Why we do it

The removal of sewage from residential, industrial and commercial properties protects public health, supports city growth, and contributes to the general wellbeing of the community. In urban areas, sewage disposal is most effectively achieved by means of reticulated (piped) sewerage systems. This allows the costs associated with maintaining high standards and efficient infrastructure to be spread over the community.

The principal objectives of the Sewerage Activity are to:

- Safeguard public health and the environment.
- Support economic growth of the community.
- Provide a cost effective sewage collection service.
- Provide a service which meets legislative requirements and maintain its capacity to continue doing so.

The following table demonstrates how the Sewerage Activity contributes to Council's Community Outcomes:

Community Outcome	Council's Role in Achieving	How the Activity Contributes
Enhance our city	Invercargill's economy continues to grow and diversify	The Sewerage activity receives and treats trade waste.
Embrace innovation and change	The development of future industry is encouraged.	
Preserve its character	The building blocks, including sanitation, is provided for all members of the community.	The Sewerage activity protects public health by the safe collection of sewage.

## What you can expect?

The Department of Internal Affairs (DIA) has introduced a number of measures on which we must report. They are intended to measure the major aspects of performance of the Sewerage Activity.

The performance measures cover the following key aspects of service delivery:

- Is the system adequate?
- Do we comply with our environmental consents?
- Do we provide a timely response if there is a problem?
- How satisfied is the community with the service we provide?

Below are the measures specifically required for the Sewerage activity and are mandatory to report:

Baseline 2016/17	Measure	2018/19	2019/20	2020/21	2021-28
0.77	The number of dry weather sewerage overflows from the Invercargill City Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	< 4 blockages per 1,000 properties annually.			
100% compliance	Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of: <ul style="list-style-type: none"> <li>Abatement notices</li> <li>Infringement notices</li> <li>Enforcement orders</li> <li>Convictions,</li> </ul> Received by Council in relation to those resource consents.	100% compliance	100% compliance	100% compliance	100% compliance
88% - Median response time 30 minutes for Emergency and 1 hour 4 minutes for Urgent.	Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following median response times measured: <ul style="list-style-type: none"> <li>Attendance time – from the time that Council receives notification to the time that service personnel reach the site; and</li> </ul>	Service personnel reach site within one hour for emergency work (90% compliance)	Service personnel reach site within one hour for emergency work (90% compliance)	Service personnel reach site within one hour for emergency work (90% compliance)	Service personnel reach site within one hour for emergency work (90% compliance)
93% - Median resolution time 1 hour 46 minutes for Emergency and 2 hours 25 minutes for Urgent.	<ul style="list-style-type: none"> <li>Resolution time – from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault</li> </ul>	Temporary repair completed within four hours for emergency events – 95% compliance	Temporary repair completed within four hours for emergency events – 95% compliance	Temporary repair completed within four hours for emergency events – 95% compliance	Temporary repair completed within four hours for emergency events – 95% compliance
Zero complaints	The total number of complaints received by Council about any of the following: <ul style="list-style-type: none"> <li>Sewage odour</li> </ul>	Sewage odour – zero complaints per year.			
2.91 blockages per 1,000 connections	<ul style="list-style-type: none"> <li>Sewerage system faults</li> <li>Sewerage system blockages</li> </ul>	System faults and blockages - <4 blockages per 1,000	System faults and blockages - <4 blockages per 1,000	System faults and blockages - <4 blockages per 1,000	System faults and blockages - <4 blockages per 1,000

.	The Council's response to issues with its sewerage system, expressed per 1000 connections to Council's sewerage system.	connection per year.	connection per year.	connection per year.	connection per year.
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The following are the other measures of service that Council intends to report on:

How the Sewerage Activity Contributes	Customer Level of Service	Measure of Service
The Sewerage activity protects public health by the safe collection of sewage.	Low levels of interruption from the sewerage network.	Service disruptions for individual properties are less than 12 hours.
	Receiving waters are not adversely affected by effluent discharges.	Comply with effluent quality standards as defined in current discharge consents for Clifton and Bluff facilities.
The Sewerage activity receives and treats trade waste.	Applications for trade waste are processed efficiently.	Trade waste consent applications are responded to within 10 working days.

Baseline	Measure	2018/19 Target	2019/20 Target	2020/21 Target	2021-2028 Target
90%	Service disruptions for individual properties are less than 12 hours.	100%	100%	100%	100%
100%	Comply with effluent quality standards as defined in current discharge consents for Clifton and Bluff facilities.	100%	100%	100%	100%
100%	Trade waste consent applications are responded to within 10 working days.	80%	80%	80%	80%

### What are our plans?

#### **Renewals**

The pipe network is aging, with the oldest parts of the network now over 100 years of age, which is the assumed economic life of the pipes. We have started to investigate and prioritise renewal need and have budgeted for the replacement of pipes.

***Infiltration of stormwater***

During intense rainstorms the sewerage reticulation network can become overloaded with stormwater. This means that up to four times the average flow of sewage can enter the treatment facilities during wet weather. We have been conducting flow monitoring and infiltration surveys to identify pipes that are subject to high levels of infiltration. We anticipate that renewal work will focus on these areas to address the impact of sewage overflows.

***Bluff Waste Water Treatment Plant***

The Bluff Waste Water Treatment Plant has a discharge consent from Environment Southland. This consent is due to expire in 2025 and we will be working on renewing it before then.

***Planned Works Projects***

Planned works with a value exceeding \$250,000 are listed below.

Project	2018/19 \$000	2019/20 \$000	2020/21 \$000
Pipe renewals	1,500	1,800	2,100
Pump Station Renewals	0	280	2,730
Sewerage Treatment Plants	0	191	9,655

**How will we pay for it?**

Activity	Source of Funding		
	User charges / Fees	Uniform Annual Charges	Loans
Maintenance and Operations	✓	✓	
Trade Waste Discharge	✓		
Renewals	✓	✓	✓
Capital for Improvement	✓	✓	✓

**What does it cost?**

The following section outlines the budgeted cost of undertaking the Sewerage Activity for the next ten years.

## Solid Waste

### What we do

The Solid Waste Activity is responsible for the management of solid waste services in the Invercargill District, including:

- Collection of kerbside recyclables.
- Collection of kerbside landfill-rubbish.
- The Solid Waste Transfer Station (resource recovery).
- Landfill operations.
- Public place and event waste management and minimisation.
- Education, behaviour change and advocacy.

We collaborate with Southland District Council and Gore District Council as a shared service called WasteNet Southland.

There are no significant negative effects identified for the Solid Waste Activity.

### Why we do it

Legislation requires the Council to collect and dispose of refuse and promote effective and efficient waste management and minimisation. We maintain a “hands-on” approach to this Activity. We believe that solid waste can be most effectively and efficiently managed by local authorities, where long-term social, cultural, economic and environmental factors can be balanced for the benefit of the community.

The principal objectives of Solid Waste Activity are to:

- Work together to improve the efficient use of resources;
- Use the waste hierarchy to guide decision making; and
- Reduce the harmful effects of waste to our health and environment.

The following table demonstrates how the Solid Waste Activity contributes to Council’s Community Outcomes:

Community Outcome	Council’s Role in Achieving	How the Activity Contributes
Preserve its character	The building blocks, including water, sanitation and roading, for a safe friendly city is provided for all members of the community.	The Solid Waste activity provides solid waste facilities and services for the sorting, collection and disposal of waste.
	Strong, collaborative leadership of the City is demonstrated.	The Solid Waste activity collaborates with other Local Territorial Authorities for the co-ordinated delivery of waste management and minimisation in Southland.

### What you can expect

Council measures its performance in achieving Community Outcomes. The following are the measures of service that Council intends to report on for the Solid Waste Activity:

How the Solid Waste Activity Contributes	• Customer Level of Service	Measure of Service
The Solid Waste activity provides solid waste facilities and services for the sorting, collection and disposal of waste.	<ul style="list-style-type: none"> <li>• Ensure regular kerbside collection services.</li> <li>• Appropriate facility opening hours</li> <li>• Encourage waste minimisation.</li> </ul>	Comparing trends in solid waste data: <ul style="list-style-type: none"> <li>• Kerbside recycling</li> <li>• Kerbside landfill-rubbish</li> <li>• Solid waste to landfill</li> <li>• Diverted material</li> <li>• Materials discarded rate</li> </ul>
The Solid Waste activity provides solid waste facilities and services for the sorting, collection and disposal of waste.	Operation of WasteNet Southland as a shared service for the benefit of Southland.	WasteNet Southland produces an Action Plan.

Baseline	Measure	2018/19 Target	2019/20 Target	2020/21 Target	2021-2028 Target
Not achieved. 3,312 tonnes (5% decrease)	Trend in kerbside recycling.	Increasing trend.	Increasing trend.	Increasing trend.	Increasing trend.
Not achieved. 10,649 tonnes (maintained).	Trend in landfill-rubbish.	Decreasing trend.	Decreasing trend.	Decreasing trend.	Decreasing trend.
Achieved. 20,073 tonnes (6% decrease).	Trend in solid waste to landfill.	Decreasing trend.	Decreasing trend.	Decreasing trend.	Decreasing trend.
Not achieved. 8,950 tonnes (maintained).	Trend in diverted material.	Increasing trend.	Increasing trend.	Increasing trend.	Increasing trend.
Not achieved. 678 kg.	Maintain a regional materials discarded rate of 650kg per person per annum.	Maintain this level.	Maintain this level.	Maintain this level.	Maintain this level.

**What are our plans?**

***Waste Management and Minimisation Plan***

A Waste Assessment is due to be completed in 2018. The assessment compiles and analyses information on waste and diverter materials produced in the Southland region and is used to determine priorities for our future solid waste needs. These priorities will be included in the next Waste Management and Minimisation Plan.

**How will we pay for it?**

Activity	Source of Funding	
	User charges / Fees	Uniform Annual Charges
Kerbside Recycling and Rubbish Collection		✓
Operation of waste at Transfer Stations	✓	
Capital Expenditure	✓	

**What does it cost?**

The following section outlines the budgeted cost of undertaking the Solid Waste Activity for the next ten years.

## Specialised Community Services

Council has developed relationships with other entities which provide specialised community services which the Council supports financially to enhance the community. These services support all three of the Council's Community Outcomes. Those entities that provide specialised services and the level of financial support from Council are detailed below:

Entity	Contribution toward the Specialised Service Provided	Level of Financial Support Per Annum (2018/19) \$
Bluff Maritime Museum Trust	Operation of the Bluff Maritime Museum.	20,000
Bluff Pool Trust	Operation of the Bluff Community Pool.	180,000
Emergency Management Southland	Delivery of Civil Defence and Emergency Management.	269,928
Environment Southland	Contribution toward the Invercargill – Bluff Walkway.	50,000
Facilities Maintenance Fund	Contribution to the ongoing maintenance of Council owned regional facilities utilised by Community Groups and Sports Clubs.	250,000
Invercargill Public Art Gallery Trust	Operation and care of the extensive collection.	187,554
Invercargill Venue and Events Management	Managing operation of Civic Theatre and other venues.	112,750
Safe in the South	To fund a local co-ordinator – final year of funding is 2018/19.	10,000
Southland Indoor Leisure Centre Charitable Trust	Operation and Maintenance of Stadium Southland.	400,000
Southland Indoor Leisure Centre Charitable Trust	Loan interest for the 2018/19 year resulting from the contribution to Stadium Southland rebuild.	132,140
Southland Museum and Art Gallery Trust	Operation of the Southland Museum and Art Gallery.	772,179
Southland Regional Heritage Committee	Preserving the Regional Heritage of Southland.	884,864
Southland Youth One Stop Shop Trust	Contribution toward building rental.	27,000
Venture Southland*	Provision of destination marketing and economic development initiatives for the Southland region.	1,900,000

\* Note, It has been recommended to Council that a Council Controlled Organisation be formed incorporating the work currently undertaken by Venture Southland. At the time of printing this has not been completed.

Alongside the contracts above, Council also provides Community Grants and Event Funding. The Community Grants Framework and Events Funding acknowledge Council's willingness to work with

the community to achieve its vision “to enhance our City and preserve its character while embracing innovation and change.” They further demonstrates the Council’s awareness that Council itself is not always best placed to deliver projects within the community, and that through financial assistance Council can assist the wider community to be a catalyst for positive change.

The table below demonstrates the level of funding available from the Council:

<b>Fund</b>	<b>Amount available Per Annum</b>
Community Grants	\$250,000
Neighbourhood Fund (formerly Urban Rejuvenation)	\$50,000
Iconic Events Fund	\$100,000
Events Fund	\$100,000

## STORMWATER

### What we do

Council owns and manages the stormwater network of pipes, open drains and pumping stations for the collection and disposal of stormwater to protect property from flood damage. The stormwater network consists of 419 kilometres of pipe, which provides a stormwater service to each property in the Invercargill and Bluff urban areas and approximately 15 kilometres of open drains, mostly situated in the Otatara area.

The City is protected by a series of flood protection schemes on the main waterways through the City and around the Waihopai Arm of the New River Estuary. Although most of these are managed by Environment Southland, we manage the tide protection banks around the Waihopai Arm.

There are unavoidable consequences of the Stormwater Activity, which we manage to ensure a sustainable service with minimal damage to the environment. The following table shows how we monitor and manage the Invercargill stormwater network:

Potential negative effect	Response
Stormwater carries pollutants from the built environment (for example roads, footpaths and driveways) which can cause environmental degradation.	Stormwater discharges are regularly monitored in accordance with consent conditions and sources of contaminants are eliminated where possible.
Stormwater systems transfer stormwater quickly to receiving waters resulting in significantly higher flows than would occur naturally during rainstorms, and low flows during dry weather. The variance in flows has detrimental effects on stream ecology and extreme flows increase the risk of flooding.	Low impact designs (including retention of peak stormwater flows) will be considered for new developments.
Health and safety risks associated with operation of the activity.	Staff and contractors involved in the activity work to safety plans to minimise risk to themselves and to the public.
Property damage resulting from system failures or rainstorms exceeding system capacity.	Maintenance contractors are on 24 hour call to attend to system failures and flooding events to mitigate effects of flooding on people and property.
The cost to the community as a result of property damage caused by system failures or extreme rain storms.	Maintenance contractors are on 24 hour call to attend to system failures and flooding events to mitigate effects of flooding on people and property.

### Why we do it

The removal of stormwater from residential, industrial and commercial properties reduces the risk of property damage by flooding, and so protects public health, supports city growth, and contributes to the general wellbeing of the community. In urban areas stormwater disposal is most effectively achieved by means of reticulated (piped) stormwater systems. This allows the costs associated with maintaining high standards and efficient infrastructure to be spread over the community.

The principal objectives of the Stormwater Activity are to:

- Safeguard public health and public and private property from damage from flooding.
- Support economic growth of the community.
- Provide a cost effective stormwater disposal service.
- Reduce the incidence of stormwater contamination in order to reduce adverse effects on the natural environment.

The following table demonstrates how the Stormwater Activity contributes to Council's Community Outcomes:

Community Outcome	Council's Role in Achieving	How the Activity Contributes
Enhance our city	Invercargill's economy continues to grow and diversify	The Stormwater activity protects urban areas from flooding.
Embrace innovation and change	The development of future industry is encouraged.	
Preserve its character	The building blocks, including water, sanitation and roading, for a safe, friendly city is provided for all members of the community.	The Stormwater activity protects properties from flooding damage and receiving waters are not adversely affected by contamination discharge.

### What you can expect?

The Department of Internal Affairs (DIA) has introduced a number of measures on which we must report. They are intended to measure the major aspects of performance of the Stormwater Activity.

The performance measures cover the following key aspects of service delivery:

- Is the system adequate?
- Do we comply with our environmental consents?
- Do we provide a timely response if there is a problem?
- How satisfied is the community with the service we provide?

Below are the measures specifically required for the Stormwater activity and are mandatory to report:

Baseline 2016/17	Measure	2018/19	2019/20	2020/21	2021-28
No flooding in houses reported.	The number of flooding events that occur in the Invercargill City district. For each flooding event, the number of habitable floods affected	No houses flooded during five year return period storm	No houses flooded during five year return	No houses flooded during five year return	No houses flooded during five year return

	(expressed per 1,000 properties connected to Council's stormwater system.		period storm	period storm	period storm
Consent conditions require monitoring of discharge quality, but do not set specific quality limits.	Compliance with the Council's resource consents for discharge from its stormwater system measured by the number of: <ul style="list-style-type: none"> <li>Abatement notices</li> <li>Infringement notices</li> <li>Enforcement orders</li> <li>Convictions,</li> </ul> Received by Council in relation to those resource consents.	100% compliance	100% compliance	100% compliance	100% compliance
100% success	The median response time to attend a flooding event, measured from the time that Council received notification to the time that service personnel reach the site.	Response to emergency callouts – 1 hour, and urgent call outs – 4 hours (90% success)	Response to emergency callouts – 1 hour, and urgent call outs – 4 hours (90% success)	Response to emergency callouts – 1 hour, and urgent call outs – 4 hours (90% success)	Response to emergency callouts – 1 hour, and urgent call outs – 4 hours (90% success)
0.82	The total number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 connections to Council's stormwater system.	< 4 complaints per 1,000 properties per annum.	< 4 complaints per 1,000 properties per annum.	< 4 complaints per 1,000 properties per annum.	< 4 complaints per 1,000 properties per annum.

The following are the other measures of service that Council intends to report on:

How the Stormwater Activity Contributes	Customer Level of Service	Measure of Service
The Stormwater activity protects urban areas from flooding.	Low levels of stormwater ponding on roads during rainfall events.	Complaints of emergency stormwater blockage responded to within one hour.
The Stormwater activity protects properties from flooding damage and receiving waters are not adversely affected by contamination discharge.	Reliable removal of stormwater where there is a Council managed network.	No flooding in living areas of houses during a five year return period storm.

Baseline 2016/17	Measure	2018/19 Target	2019/20 Target	2020/21 Target	2021-2028 Target
100%	Complaints of emergency stormwater blockage responded to within one hour.	90%	90%	90%	90%
No flooding in houses.	No flooding in living areas of houses during a five year return period storm.	No flooding in houses.			

## What are our plans?

### ***Stormwater Discharge Consent***

We were awarded a new resource consent to discharge stormwater to five freshwater streams in September 2017 for a 15 year term. The consent conditions require monitoring intended to identify and reduce contamination of the stormwater from various sources.

We are developing the monitoring programme and will include remedial actions as part of our maintenance and renewal programmes.

### ***Renewal / Upgrading of the Pipe Network***

In 1985, following widespread flooding of Invercargill in 1984, a new design standard for the stormwater network was adopted and a major upgrading of the stormwater system began. Pipes laid since this time have been designed to the new standard. The stormwater network upgrade is a key priority because we need to maintain a high quality of stormwater discharged to comply with our resource consent. Our pipe network is old and allows infiltration of ground water into the system. Some of our pipes are reaching the end of their assumed economic life. As renewals are closely linked to the age of the asset, a significant proportion of our network is due for replacement within the next 30 years. Council has increased expenditure on the replacement of stormwater pipes and this will continue.

### ***Planned Works Projects***

Planned works with a value exceeding \$250,000 are listed below.

<b>Project</b>	<b>2018/19 \$000</b>	<b>2019/20 \$000</b>	<b>2020/21 \$000</b>
Pump Station Renewals	-	13	1,152
Pipe Renewals (including upgrade)	2,270	2,700	3,129

## How will we pay for it?

<b>Activity</b>	<b>Source of Funding</b>	
	<b>Uniform Annual Charges</b>	<b>Loans</b>
Maintenance and Operations	✓	
Renewals	✓	✓
Capital for Improvement	✓	✓

## What does it cost?

The following section outlines the budgeted cost of undertaking the Stormwater Activity for the next ten years.

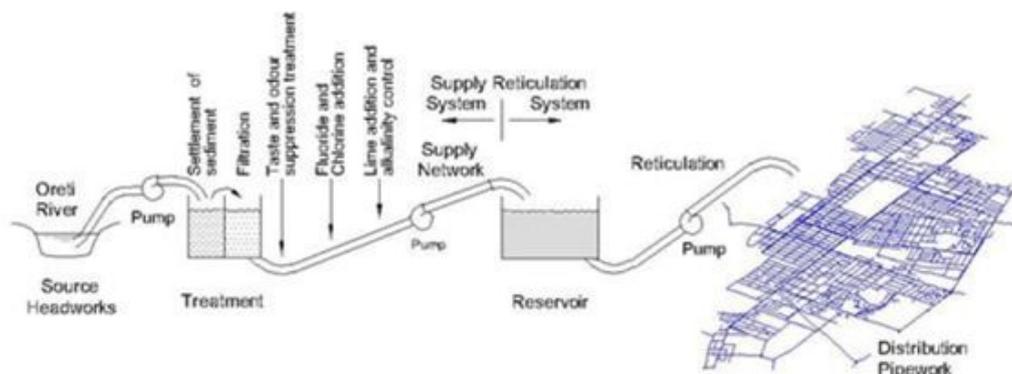
# Water

## What we do

The Water Activity is responsible for the supply of potable water to residential, industrial and commercial properties to protect public health, support city growth and contribute to the general well-being of the community. In urban areas, potable water is most effectively supplied by means of reticulated (piped) community water supply. This allows the costs associated with maintaining high standards and efficient infrastructure to be spread over a wide population.

Council owns or maintains assets on behalf of the community, providing water at pressure to the boundary of each property in the Bluff and Invercargill suburban areas, and also to properties where the main pipeline has been laid. The water is taken from the Oreti River, treated at Branxholme and piped to the District. Property owners arrange connection to the Council supply. Water is also used for firefighting via street hydrants.

The figure below shows the schematic layout of the water supply system:



There are unavoidable consequences of the Water Activity, which we manage to ensure a sustainable service with minimal damage to the environment. The following table shows how we monitor and manage the Invercargill water supply network:

Negative Effects	How we mitigate these effects
Discharge of chlorinated water from maintenance activities or pipeline failures.	Discharges of chlorinated water from the water supply system are of short duration. Chlorine levels in the water are low and any effects are likely to be localised and relatively minor.
Asbestos pipe disposal	The disposal of asbestos pipes is done by the approved method.
Disposal of water treatment by-products causing environmental degradation.	The disposal of water treatment by-products is taken to the landfill.
Degradation of the Oreti watercourse due to the rate	Extraction of water is regulated by resource consent

Negative Effects	How we mitigate these effects
of extraction of water for treatment.	conditions issued by Environment Southland.

### Why we do it

We manage the city’s water supply because it fits in with our strategic objective to safeguard public health and the environment, it supports economic growth of the Community, and because Council can provide the service in a cost-effective manner.

The principal objectives of the Water Activity are to:

- Provide sparkling clear water free from unpleasant taste and odour in sufficient quantity to meet demand.
- Maintain water assets in good working order and plan for their renewal.
- Operate the water activity efficiently.
- Plan for the future water needs of the community.

The following table demonstrates how the Water Activity contributes to Council’s Community Outcomes and which of the level of service measures below it relates to:

Community Outcome	Council’s Role in Achieving	How the Activity Contributes
Enhance our City	Invercargill’s economy continues to grow and diversify.	The Water Activity provides a water network with sufficient capacity to meet demand and firefighting requirements.
Preserve its Character	The building blocks, including water, sanitation and roading, for a safe, friendly city is provided for all members of the community.	The Water Activity provides a safe, reliable supply of water.

### What you can expect

The Department of Internal Affairs (DIA) has introduced a number of measures on which we must report. They are intended to measure major aspects of performance of the Water Supply activity.

The performance measures cover the following key aspects of service delivery:

- How safe is our drinking water?
- Is the reticulation network being maintained adequately?
- Does the local authority responsible for the service provide a timely response if there is a problem?
- Do we manage the demand for our water?

Below are the measures specifically required for Water Supply and are mandatory to report.

Baseline 2016/17	Performance Measure	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021 - 28
	Safety of Drinking Water The extent to which the local authority's drinking water complies with:				
100%	(a) part 4 of the drinking-water standards (bacteria compliance criteria)	100%	100%	100%	100%
1 Breach	(b) part 5 of the drinking-water standards (protozoal compliance criteria)	100%	100%	100%	100%
Achieved 22.6%	Maintenance of the reticulation network The percentage of real water Loss from the networked reticulation system (calculated according to the methodology outlined in Water NZ Water Loss Guidelines publication Feb 2010)	Less than 30%	Less than 30%	Less than 30%	Less than 30%
97.36%	Fault response times (a) Attendance for urgent call-outs: from the time that council receives notification to the time that service personnel reach the site	Median response times do not exceed:			
		4 hours	4 hours	4 hours	4 hours
95.24%	(b) Resolution of urgent call-outs: from the time that the council receives notification to the time that service personnel confirm resolution of the fault or interruption	24 hours	24 hours	24 hours	24 hours
72.25%	(c) Attendance for non-urgent call-outs: from the time that council receives notification to the time that service personnel reach the site	5 working days	5 working days	5 working days	5 working days
86.11%	(d) Resolution of non-urgent call-outs: from the time that the council receives notification to the time that service personnel confirm resolution of the fault or interruption	10 working days	10 working days	10 working days	10 working days
	Customer satisfaction The total number of complaints received by council about any of the following:				
One breach in March at 0.91	(a) drinking water clarity	No more than 0.45 per month	No more than 0.45 per month	No more than 0.45 per month	No more than 0.45 per month
One breach in March at 0.77	(b) drinking water taste	No more than 0.45 per month	No more than 0.45 per month	No more than 0.45 per month	No more than 0.45 per month
Achieved	(c) drinking water odour	No more than 0.45 per month	No more than 0.45 per month	No more than 0.45 per month	No more than 0.45 per month
Achieved	(d) drinking water pressure or flow	No more than 0.45 per month	No more than 0.45 per month	No more than 0.45 per month	No more than 0.45 per month

Achieved	(e) continuity of supply	No more than 0.45 per month			
Achieved	(f) council response to any of these issues	No more than 0.45 per month			
	expressed per 1000 connections to the Council's networked reticulation system	per 1000 connections			
684 litres/day	Demand management The average consumption of drinking water per day per resident within the Invercargill City Council territorial district.	Less than 700 litres/day			

The following are the other measures of service that Council intends to report on:

How the Water Activity Contributes	Customer Level of Service	Measure of Service
The Water Activity provides a safe, reliable supply of water.	The water supply is safe to drink.	Ministry Health Grade.
	Reticulated properties receive a continuous supply of water	Notification of planned shutdowns is at least 24 hours by letter drop.
		Duration of break.
The Water Activity provides a water network with sufficient capacity to meet demand and firefighting requirements.	There is sufficient water flow and pressure for firefighting purposes.	Hydrants meet firefighting standards.

Baseline 2016/17	Measure	2018/19 Target	2019/20 Target	2020/21 Target	2021-2028 Target
Invercargill - Aa	Ministry Health Grade.	Invercargill - Aa	Invercargill - Aa	Invercargill - Aa	Invercargill - Aa
Bluff - Ab		Bluff - Aa	Bluff - Aa	Bluff - Aa	Bluff - Aa
69%	Notification of planned shutdowns is at least 24 hours by letter drop.	80%	90%	100%	100%
Not achieved.	Duration of break.	No more than 8 hours.	No more than 8 hours.	No more than 8 hours.	No more than 8 hours.
Achieved	Hydrants meet firefighting standards.	At least 97.5% of hydrants tested exceed 12.5 litres per second flow rate.	At least 97.5% of hydrants tested exceed 12.5 litres per second flow rate	At least 97.5% of hydrants tested exceed 12.5 litres per second flow rate	At least 97.5% of hydrants tested exceed 12.5 litres per second flow rate

**What are our plans?**

**Renewal Projects**

We are going to replace the original Branxholme pipe line, which carries the supply from the Branxholme Treatment Plant in Makarewa to the City Reservoir storage. This will occur over the three year period from 2020 to 2022 and will reduce the risk of pipe line failure. We are also planning to replace the Doon Street Reservoir in 2031.

**Water Tower**

We are planning to strengthen the Water Tower for earthquake loading in 2019.

**Alternative Water Supply**

In Invercargill we currently have only one source of drinking water, from the Oreti River at Branxholme. If for any reason this water supply is disrupted, the City would only have two and a half days' supply of water. We have begun to investigate what and where the alternative source may be. The second part of this project is to develop the source into a useable alternative. The development of the source is planned to be undertaken over the 2025 – 2027 period.

**Planned Works Projects**

Planned works with a value exceeding \$250,000 are listed below.

Project	2018/19 \$000	2019/20 \$000	2020/21 \$000
Pipe renewal	2,236	5,733	5,859
Water Tower strengthening	1,482	-	-

**How will we pay for it?**

Activity	Source of Funding		
	User charges / Fees	Uniform charges	Loans
Maintenance and Operations		✓	
Connections	✓		
Renewals		✓	✓
Capital for Improvement		✓	✓

**What does it cost?**

The following section outlines the budgeted cost of undertaking the Water Activity for the next ten years.



# Living Dinosaurs

Proposed Tourism Product  
Tuatarium/ Kakaporium



Feasibility Study

Venture Southland  
September 2017

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2.5 FUNCTIONS ANALYSIS .....	18"
PART 3:FINANCIAL CONSIDERATIONS .....	20"
3.1" FINANCIAL PROJECTIONS.....	20"
3.2" CAPITAL INVESTMENT.....	20"
3.3" REVENUE .....	20"
3.4" COST OF GOODS.....	21"
3.5" OPERATIONAL EXPENDITURE.....	21"
3.6" FINANCING AND DEPRECIATION .....	22"
3.7" COMMUNITY FUNDING OPPORTUNITIES .....	22"
3.8" ASSUMPTIONS .....	23"
PART 4: EVALUATION & RISK ASSESSMENT .....	26"
4.1" CRITICAL SUCCESS FACTORS .....	26"



# EXECUTIVE SUMMARY

## 7 CB79DH

A new export quality visitor experience showcasing the evolution and conservation stories of the kakapo and tuatara within a specially designed centre to the west of the Southland Museum and Art Gallery (SMAG). This product would be a significant tourism asset for Invercargill and align with the Southland Regional Development Strategy goal of increasing revenue from Tourism to \$1 billion by 2025. It would align with the proposed museum redevelopment, art centre and inner city development and foyer upgrade projects as well as supporting increased visitation of Queens Park.

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Capital investment of almost \$5 million will be required (\$3.5 million building; \$1.27 million interpretation; \$200,000 car park and landscaping).

Working capital of up to \$1.1 million (Year 6 overdraft position) would be required to allow the debt to be serviced.

Based on the revenue and expenditure forecasts produced, the experience will be cash positive from Year 1 and will start providing net profit, following interest and depreciation payments, from Year 6. EBITDA (Earnings before interest, taxation, depreciation and amortisation) are forecast to rise from \$450,000 in Year 1 to \$770,000 in Year 10. Loan repayments of \$343,000 are expected from Year 1, with a twenty year term on the loan.

This model, which has been peer reviewed, assumes basic entry is free to locals, with 4% of locals paying for higher value tours; 13% of domestic visitors and 22% of international visitors visiting each year. It assumes that DOC does not work with another partner to establish another significant kakapo/ conservation product in competition and that visitor growth rates stay in line with national forecasts. It also assumes that the upgrade of the current SMAG facility foyer occurs and this will provide fit for purpose visitor toilets, retail area and the facility's main entry/exit.

A conservative model based solely on conversion of existing visitors to the Southland Museum and Art Gallery would result in a cash negative outcome with a shortfall of approximately \$250,000 each year. It is thus essential for the success of the operation that the facility is attractive to a significant proportion of existing visitors to Invercargill beyond those already visiting the museum. Investigation to date indicates that it is of appeal to these visitors as a trade commissionable product and complements other offerings in Fiordland, Queenstown, Catlins and Stewart Island.

# PART 1: SETTING THE SCENE

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Invercargill City Council are reviewing a range of projects proposed as part of the Southland Regional Development Strategy. Tourism has been identified as a key area of focus and in the context of tourism growth within New Zealand and Southland, Invercargill wants to not only attract more visitors to the city, but also realise more value from these visitors. The intent is to keep them longer in the area and to give them opportunities to spend more.

Alongside this tourism focus are a number of other issues and projects affecting and/or impacting this project. These relate to the Southland Museum and Art Gallery's proposed redevelopment, the current condition of the tuatara facility, the DOC kakapo breeding programme and other ICC infrastructure and inner city development initiatives.

- In the medium term, a new home needs to be built for the Tuatara as there are issues with their housing within the existing museum relating to a "humid" natural environment being created within the envelope of the building which requires museum standard climactic conditions for the preservation of exhibits. It is also considered that the current tuatara facility is no longer fit for purpose because of the roof nearing the end of its life span and the successful breeding programme resulting in too many tuatara for the space.
- The Southland Museum and Art Gallery (SMAG) board are currently reviewing their museum redevelopment in line with possible plans to relocate the art from their facility into a new purpose built facility in the inner city. This includes undertaking a staged approach which will address the facility's roof (and other infrastructure projects) as well as an immediate redevelopment of the entrance foyer area which includes the café, theatre area, retail space and i-SITE.
- The Department of Conservation are looking for a permanent home for their kakapo chick rearing programme, which at present takes place in a temporary lab which has been determined as sub-optimal. Chick rearing is variable, occurring once every 2 or 3 years or so but because of the location of Invercargill, DOC see this site as a desirable location to base their programme from.



Southland Museum and Art Gallery Ten Year Development Plan

Venture Southland was asked to undertake a feasibility assessment, initially with a view to seeking MBIE Tourism Growth Partnership Funding which is no longer an option. This feasibility assessment has been developed on the basis that:

1. Invercargill City Council would seek a commercial partner to co-invest and operate the facility.
2. The Department of Conservation would operate the Kakapo Lab and cover all running expenses of the kakapo rearing programme.
3. SMAG and ICC look to retain the museum in its current location.
4. Operating models including partnerships with the public and private sector are to be investigated and agreed upon.

Following gap analysis, market assessment and stakeholder consultation, the experience concept plan was developed, with support from consultant Karyn Owen (Appendix A). Architectural plans and associated cost estimates have been developed, alongside overall financial forecasts which have also been peer reviewed.



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Alongside the local community, it is important to identify key stakeholders associated with various aspects of this project and to ensure clear roles and responsibilities are determined and agreed on. While a snapshot is suggested below, there will be others depending upon the final agreed details of the product.

<b>GHU Y c`XYf`</b>	<b>bhYfYghg`</b>
Invercargill City Council (ICC)	<p><b>Dfc`YVWigdcbgcf</b> – ICC has commissioned Venture Southland to undertake a feasibility study into this concept as one of the major tourism products identified in the Southland Regional Development Strategy Action Plan.</p> <p><b>bj Yghcf#W!ck bYf</b> – Should the product proceed to development it is recommended that ICC invest in the capital development (the model suggests 50/50 co-investment with a commercial partner) acting as a sleeping partner. Future operational roles to be determined. ICC could also play a key role in the provision of infrastructure such as car parking and toilets.</p> <p><b>7 cbhYbh</b>– The Tuatara team are employed by ICC and would continue to be closely involved in development of the new product. Parks and Reserves would be closely involved due to plans to develop new tours through the Queens Park area.</p>
Department of Conservation (DOC)	<p><b>Bcb!Wta a YfWU`dUfbYf</b> – It is not directly suggested that DOC contribute to the capital investment associated with developing the building but they could support community funding applications. They would however be responsible for fit-out of the kakapo lab, planting within the Kakapo enclosure and operational costs to run the Kakapo rearing programme, including running educational tours and bringing adult birds to the centre on regular rotation.</p>
Southland Museum and Art Gallery Trust (SMAG)	<p><b>DUfbYf</b> – SMAG own the museum building which the proposed new facility would adjoin. They are seen as a key partner to assist with the development of the project. This could be through the provision and sharing of infrastructure (toilets and car parking) as well as the redevelopment of the foyer entrance area. They could also play a key role in attracting community funding for interpretation elements to tell key parts of the story.</p> <p><b>7 cbhYbh</b>– SMAG have an interest in the telling of natural history stories and how these will intersect with those told within the core museum. What happens with the tuatara facility directly impacts the museum. The new product would complement the offering of the museum.</p>
Ngai Tahu	<p><b>7 cbhYbh</b>– Ngai Tahu have close interest in the kakapo as taonga species whose “home” is Murihiku. They could have a role as expert consultants in developing content for the facility. They may also be interested in a role as <b>DchYbhjU`Wta a YfWU`dUfbYf#cdYfUrcf</b></p>

Other Iwi (TBC)	Northern South Island Iwi have a special connection to the Tuatara and would need to be consulted if further commercialisation relating to the existing Tuatara offering occurs
Ministry of Business, Innovation and Employment	<b>Dc`JWri#GfUH[ ni</b> – MBIE plays a leading role in the Southland Regional Development Strategy which has identified this as one of the key products for Southland. <b>: i bX]b[</b> – Some elements of the project (e.g. car park and toilets) may be eligible for a grant from the Tourism Infrastructure Fund which MBIE administers.
Venture Southland	<b>DfcXi W8 Yj Ycda Ybh/ `7 ccfX]bUH]cb</b> – Venture Southland has led the feasibility plan development process and would be able to continue to develop the full business case if required. It also provides a key coordination role linking the project to various stakeholders including funders, investors and customers. <b>7 ca a i b]m: i bX]b[ `7 ccfX]bUH]cb</b> – Can provide expert support and resource through the community development functions to prepare, submit and account for funding applications. <b>8 Ygh]bUH]cb`A Uf_Y]b[</b> – Venture Southland is the Regional Tourism Organisation (RTO) with responsibility for promotion of tourism within the region. It will play a key role in ensuring liaison with the wider tourism industry and potential key markets including Cruise NZ, neighbouring RTOs (Regional Tourism Organisations) and other Invercargill and Southland tourism operators (who may partner with this new product). <b>]G+9</b> – Venture Southland is responsible for the operation of the i-SITE visitor information centre which is located in the foyer of the SMAG facility.
Community Funders & Sponsors	<b>: i bX]b[</b> – It is expected that specific elements of the project may be eligible to apply to various community funds and this will be confirmed upon consultation with funders. <b>Gdcbgcf] ]d</b> – It is important to identify potential sponsors and donors to the project considering existing arrangements and agreements (e.g. DOC Kakapo Breeding Programme) and ensure no conflict.

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To date there has been a variety of informal and formal consultation undertaken in relation to this project. This includes surveys, desk top research, discussion and interviews undertaken by different parties as part of developing various plans. It also includes consultation with museum visitors as well as potential visitors to the new facility, staff and experts.

Considering the stakeholders identified in 1.3, a workshop was held on 10 March 2017 to discuss the themes and design of an experience which could incorporate both the tuatara and the kakapo. There was support for this concept and the workshop identified important concepts and considerations which have been factored into all planning to date.

Attendees included: Michael Skerrett (Iwi), Paul Horner (SMAG), Lloyd Esler (ICC Councillor), Hayley Browne (SMAG Operations), Tony Preston (Department of Conservation operations), Bronwyn Jaynes (DOC Kakapo Team), Brent McKnight (McCullough Architects), Robin Pagan (ICC Parks Manager), Rebecca Amundsen (ICC Councillor), Bobbi Brown (Venture Southland Tourism), Rhiannon Suter (Venture Southland, Strategic Projects), Lindsay Hazlett (SMAG, Tuatara Kaitiaki), Karyn Owen (Consultant). Apologies were received from Deidre Vercoe (DOC).

Consultation to date has provided key insights which have been integral in developing and testing concepts to date. More consultation will be required as details of the project are further defined and/or confirmed.

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The product design has been developed to be an export quality commercial offering contributing positively to the Invercargill and Southland economy. However there are other significant community, social and environmental benefits which will be important in appealing to potential community funders and sponsors and also customers.

- **<[ \ `ei U]m di fdcgY XYg][ bYX` YbWcgi fYg` UbX` `UV` ZMŸ]HŸg"** Both the kakapo hand rearing programme and the tuatara programme are currently housed within sub-optimal environments. The development of this tourism product will bring commercial revenue to enable the provision of much needed conservation facilities.
- **Cb[ c]b[ ` gi ddcfh žf` WžbgYfj U]cb` dfc[ fUa a Yg"** The Department of Conservation's Kakapo Breeding programme and the Museum's tuatara programme would benefit from increased awareness and education, as well as financially through a percentage of the ticket price and donation points within the experience. There is also the opportunity to support the work of the Bush Haven Trust through the promotion of add-on tours to the Otatara bird sanctuary.
- **: fYY UWWgg žf` cWU` dYcd`Y"** This will provide a quality community asset and maintain a sense of community ownership of the tuatara programme which has developed over time. It is believed that this will be important to maintain the social licence to operate. To enable this a ratepayers card or similar system, coordinated across ICC, SDC and GDC will be required to identify Southlanders. Local people would pay for add on value and tours, including audio guides.
- **DfYgYfj U]cb` cZ \ Yf]H] Y"** This facility would look to protect and celebrate an important part of Southland's identity being the tuatara.
- **: Ua ]mižW ggYX` UW]j ]mia U ]a ]g]b[ `E i YYbg`DUf`\_"** The product will enhance the liveability of Invercargill, utilise and celebrate Queens Park, which is already seen as an amazing attraction within the city. It could be a way to subsidise rate payer contributions to Queens Park by utilising visitor contributions, although it should be noted that this is not modelled.

## PART 2: THE CONCEPT

Appendix A provides detailed information regarding the proposed concept.

### **8.9.7 Facility Concept**

The Living Dinosaurs facility is proposed to house the Tuatara, Kakapo chicks and touring adult birds alongside one or more other taonga species such as geckos, frogs and snails.

The main theme of the attraction would be the story of the Living dinosaurs, the stories of how Tuatara, Kakapo and other species have survived, including human conservation efforts and breeding programmes in Southland. Sub themes covered within this include nocturnal behaviour, camouflage, food sources, pests, and island sanctuaries. These themes are intended to link to but not duplicate other areas covered in the museum.

The intention is for the majority of the facility to be a curated “natural” indoor/outdoor environment with associated digital and interactive interpretation, along with linked guided experiences incorporating species kept in other areas of Queens Park (subantarctic garden/ aviary/ animal enclosure). The interpretation will be designed to be interactive and ensure a high quality experience for those times when neither kakapo adults nor chicks are present. The proposed floor plan has been developed following the concept plan.

### **8.9.8 Facility Products**

The facility will offer a range of products designed to cater to a range of visitors:

1 day multi-entry pass	\$18 adult \$9 children Under 5s/ Southland residents free
Audio guide	\$5
30 min guided experience	\$30 (includes multi-entry pass) Behind the scenes chance to interact with tuatara; learn from experienced staff and volunteers. Designed to meet the needs of visitors with limited time availability looking for a unique experience (e.g cruise visitors).
2 hour extended tour	\$55 (includes multi-entry pass) Fully guided experience within a small group. Includes tour with interactive opportunities to highlight Queens Park with focus on unique regional wildlife including subantarctic garden, aviary and animal enclosure. Designed to meet the needs of people looking for a half day experience, international visitors and tour groups.

Additional offerings:

- “Tuatara Feeding Time” at a regular time each day
- Special tours will be available when kakapo chicks are onsite (Note. Locals will need to pay for these tours).

- There is the option to add on additional offerings including daily trips to Bush Haven in Otatara and cultural tours led by Iwi tour guides.
- There could also possibly be future partnership opportunities with the soon to be opened Curio Bay Tumu Toka Natural Heritage Centre (1 hour away) which tells the Jurassic story with the 180 million year old Petrified Forest.

Further detail can be found within the Concept Plan (Appendix A).

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*Draft elevation of the proposed Tuatarium/ Kakapo Facility (Drafted prior to the change in floorplan)*

The new facility building will be mostly standalone except for a corridor link to the existing SMAG facility. The building will be designed to fit with the aesthetic of the Pyramid shape of the Southland Museum and Art Gallery, using modern glass and steel. Should ICC decide to proceed, elevations will be updated.

The new facility will use the same main entrance as the rest of the SMAG facility. **"GUYgžfYHUJ'** **UbX' í gYžY gdUWÍ' k J'' VY\ ci gYX' k JH' Jb' H Y Z:mYf** of the Southland Museum and Art Gallery and will be included in the proposed upgrade of this space which is currently proposed by the SMAG Board. This area will also provide the main visitor toilets and an upgrade to meet anticipated increase demand is proposed.

There has been significant investigation into where to locate the facility (see Appendix A) and important details include proximity to car parking, toilets and how it fits alongside the existing SMAG facility and Queens Park.

**5.1.1.1 Proposed Tuatarium/Kakapo Experience**

The layout of the facility has been designed to facilitate a number of functions and to create a compelling experience, taking visitors on a narrative journey. The visitor experience can be divided into eight key spaces or areas including how visitors enter and exit. Note that there are other 'non visitor spaces' intended for staff only to work with kakapo and tuatara.



Floorplan

**5.1.1.2 Main Entry**

The main entry is through the SMAG front doors and into the foyer arrival and welcome area. Entry fees will be collected here and visitors will be directed "left" towards the facility entrance.

**5.1.1.3 Entry Tunnel**

The entry into the facility will be through an **Entry Tunnel** which will be a tunnel or corridor with one way visitor traffic only and it will create an atmospheric introduction to the story of the kakapo and Tuatara. The evolution story of the kakapo and tuatara will be told in this area, including a range of sensory experiences, through lighting, audio design. Displays may include skeletons and other elements to take visitors back in time to view these ancient species within the experience.

**5.1.1.4 Foyer**

Visitors then reach a **Foyer** which will be used to show a short film and to orientate and introduce the experience to tour groups. For times when the room is busy, an alternative entry into the interactive **Interactive Experience** will be available. The **Foyer** will also be available after opening hours for meetings. It is possible that this space could be sponsored by a corporate sponsor of the kakapo programme.

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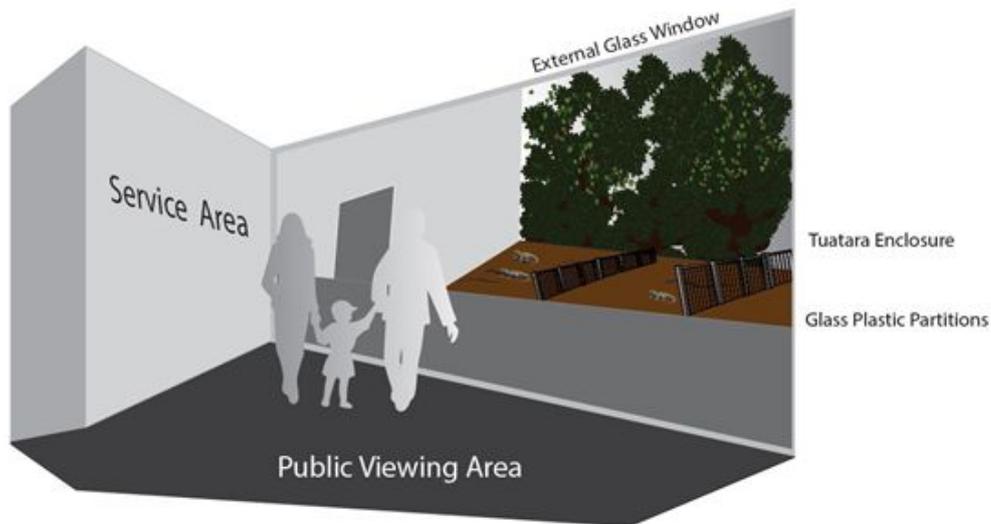
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The **jbfhdfYUjcb`gdUW`** will house a large interactive model of a tuatara, along with a range of interactive experiences aimed at children, providing the opportunity to learn about the features of the wildlife they will see.

**5 fYU). "Hi UHfji a`**

From the **jbfhdfYUjcb`gdUW`**, visitors will enter the **Hi UHfji a`** which will be designed to mimic a natural environment, containing natural light, planting, misting, a waterfall and a range of different viewing environments. The flow of visitors is two way and designed to provide interest with various natural stop and passing points. Part of the experience will be through a corridor under the built up natural environment which will mimic an underground experience with views into tuatara holes and displays of other species such as native geckos, weka and frogs, as well as the insects which are fed to the tuatara. From the other side of this space visitors will be able to view the kakapo lab through large glass windows. This area will also contain a workroom for the **Hi UHfji a`** which will be used for the "behind the scenes" tours.



**5 fYU\*. "Ci hXccf`?U Udcb`9bWcgi fY`**

From the **Hi UHfji a`** there will be entry into an **ci hXccf`YbWcgi fY`** which will be planted with sub-Antarctic and native species interspersed with models to provide an experience whether the kakapo are present or not. The pathway will be enclosed to provide security to the kakapo chicks when they are present. The pathway will slope down below ground level to provide enhanced viewing of chicks and will create a natural enclosed area which will house the adult birds.

The Department of Conservation have indicated that one or two adult birds will be present once or twice a year on rotation with other locations around New Zealand as part of the educational kakapo programme. The birds require plenty of rest and relaxation on the Sub-Antarctic islands which limits the time which they will be available for the Living Dinosaurs exhibit.

**5 fYU+. " ?U Udcb`@W`**

The **?U Udcb`@W`** contains a number of spaces which the Department of Conservation require for the hatching and raising of kakapo chicks. This area is required to meet certain bio-security and climactic control conditions. When the chicks are present people on the tour will be able

to enter the viewing space to see into each of the labs. When the lab is not required for chicks, the spaces will be used to house additional interpretative elements.

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At the YI Jh the conservation experience will be told, with a space for visitors to take selfies and donate to the kakapo and tuatara conservation programmes. A digital wall displaying the photos of businesses, organisations and individuals supporting the kakapo programme is planned, with funding from a corporate sponsor. Visitors will exit through the retail area and have the opportunity to visit a range of connected exhibits within the Museum.

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Area	Function	Space m2	%	Building \$	Interpretation \$	Int per sqm	Notes
2	^HdGGHdDdGEGYDdSÓYÁÓGÁYÉDdzsúÉSÝÓHĚSÓY	62	??	6c9666	??226666	??	?
62	<b>Entrance and Welcome</b> HhÁDtsZÝ0dDšDÜĜHĚÁ ' SÓYÁÓGÁYÉDdzsúÉSÝÓHĚSÓY	62	??	62	??226666	??	dšDÜĜHĚÁ  súúDdGĚŽúĚHĚSÓY tSĜYĜ  úLĚĚĜSÓYĜĚHĚZLĚGdZ '^D?' ?
12	<b>Anticipation Space</b> HwZEDSĜdšDĚDĜYĜĚĜHšYČ sYtĜdDĜtÁtsZÝHÁŮsYÓDĜŽDúĜDĚÁDŮšYHšwĜĚ ZdšEŽdĚDĚDĜDŽĚcsdúĜ  sEZÁŮHŽ  ÁĚĚHšĜ ŽZtĚŽdĜYDúŽĚZĜ	62	jñ	196666	??226666	j619	?
12	<b>Theatrette and Orientation Space</b> HĚZúHš tZÝDtsZÝÁúDšYĜwÁÓdZZDdšĜtsYÓwĜĜtsYÓ						^DŽYĚZdĚSšDĚDŽwDĜdšĚšÁY YĜdÓwÁLĚdĜDŽĚSdúĜĚZd tSĜÁdĜwĜĜtsYÓĚDĚDĜHšdZ tSĜKĚDŽwĜdšÁŮ dĜŮÁtsZÝĚS
12	<b>Interpretation Space</b> HĚDtsHĚĚÁĜYÁúÉSÝÓHĚÁd ĚDÁŮĜDzÁtÁĚwZĚĜŮ	6962	61jñ	c66666	??226666	tccj	??
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Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

e	Tuatarium	t	t	0	0	0	0
c	Outdoor Kakapo Enclosure	к	т	6	0	0	0
j	Kakapo Lab	б	б	с	0	0	0
e	Exit	б		б	0	0	0
				т	0	0	0
				т	0	0	0
				к	0	0	0
	<b>Sub-total</b>	<b>1,145</b>	<b>100%</b>	<b>3,690,000</b>	<b>1,274,000</b>	<b>1,347</b>	
	<b>TOTAL</b>				<b>4,964,000</b>		

## PART 3:

# FINANCIAL CONSIDERATIONS

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The financial projections have been prepared by Venture Southland incorporating input from ICC staff, quantity surveyors and the concept consultant. A peer review of the figures prepared was undertaken by Bevan Tydda of OnField Solutions, who has expertise in the area of tourism products and has undertaken reviews of business plans prepared for MBIE as part of the Tourism Growth Partnership Fund programme.

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There are three primary areas of capital investment required:

1. Building and outdoor enclosure – estimated at \$3.5 million
  - a. Kakapo Lab and Enclosure - \$770,000 (Fit out is not budgeted for – This is the responsibility of DOC)
  - b. “Experience areas”, including Tuatara spaces - \$1.89 million
  - c. Consents, professional fees and contingency - \$830,000
2. Interpretation – displays, models, planting - \$1.27 million
3. External infrastructure
  - a. Carpark - \$200,000

There is a further element of capital investment which is essential to this project but is not included:

1. Redesign of the Southland Museum and Gallery foyer
2. SMAG Redevelopment

A detailed breakdown of capital costs can be found under Functions Analysis above and in Appendix 4.

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\$1.3 million revenue is forecast for Year 1 rising to \$1.65 million in Year 10.

There are six forecast revenue streams:

- Multi-entry pass – 19% of forecast revenue
- Multi-entry pass + Audio guide – 17% of forecast revenue

- Multi- entry pass + 30 minute tour – 23% of forecast revenue
- Multi-entry pass + 2 hour tour – 29% of forecast revenue
- Merchandise – 8% of forecast revenue
- Local supporters card – 4% of forecast revenue

Revenue from kakapo tours is not modelled as it is assumed that this goes to the Department of Conservation. A percentage return to over operational expenses could be negotiated but has not been modelled.

Providing high quality tours which meet visitors' demands for unique personal experiences will be essential to meeting revenue forecasts. There is potential to exceed revenue forecasts through attracting more visitors to Invercargill, for example through bringing tours down from Queenstown, or through converting a higher ratio of visitors into paying customers.

The assumptions which underpin the revenue forecast are discussed under 3.8.

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5% of multi-entry tickets (basic package only) sold has been allocated to the Kakapo recovery programme. This amount could be negotiated.

Note that a return to SMAG and/or the i-SITE for selling tickets has not been modelled and if this option is chosen then staffing rates may be adjusted slightly.

Trade commission of 25% is allowed for a third of the higher cost tours on assumption that these are sold remotely either on or off-shore.

Cost of merchandise sold is modelled at 60% to allow for 100% mark up, freight cost and some wastage.

Cost of goods sold for Year 1 is forecast to be \$110,000.

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Operational expenditure has been estimated but would require a full business planning process to be undertaken to be fully assessed. It could vary depending on who is operating the facility and what other resources they can bring to the operation.

Staff wages (Manager, two visitor hosts, two visitor guides, animal technician (7 days a week plus sick and leave cover) is forecast to make up 67% of operational expenses.

The promotion budget has been set at 6% of revenue and makes up 10% of operational expenses. Allowance has also been made for development and maintenance of an ecommerce site.

Other expenses, including vet bills, animal food, ACC, insurance, accountancy, audit, rates, training, phone, internet, product development, electricity, bank fees, admin costs, legal, health and safety, travel, repairs and maintenance, fire compliance and vehicle make up 18% of forecast costs

A contingency of 5% of operational expenses has been allowed for.

Operational expenditure in Year One is forecast at \$770,000.

There is an additional element of operational expenditure which will be required but is not budgeted for as it falls outside of the scope of this project.

1. Implementation of a local ratepayers' card or sticker system to identify locals in order for them to enjoy free access to the museum. Alignment between the three territorial local authorities and/or regional council would be required.

**3.7.1: Budget**

The forecast budget assumes that the capital required for the building, interpretation and working capital is raised through a loan. Interest payments of 7% are allowed for. It is recommended that ICC seek a co-investor to share the debt load 50/50 although this is not modelled. This may affect the ownership structure of the facility (see 3.7).

Depreciation of thirty years on the building and five years on the interpretation is allowed for. This would allow the interpretation to be refreshed in Year 6 to ensure that product quality is maintained. However it may be that instead is decided to budget for elements to be refreshed every year and/ or the asset as a whole to be sweated for longer.

It is forecast that turnover will be sufficient to cover all interest from Year 1 and all depreciation from Year 6.

**3.7.2: Funding**

It is recommended that consideration be given to the ownership structure of the facility and the key driving organisation of the project to ensure that all avenues of funding have been explored. While Council may be eligible to apply to some funds, a Trust structure would certainly enable applications to be made to community funds such as those administered by the Lottery Grants Board, Invercargill Licensing Trust (ILT); ILT Foundation and the Community Trust of Southland. Consideration should also be given to applying to the Horizons Fund operated by Christchurch Airport for the purposes of promoting tourism in the South Island.

With a not for profit charitable entity driving the project, this would enable the key driver to have donee status with Inland Revenue which significantly improves the appeal to donate to the project. This means that people who donate would receive a tax credit and organisations which donate, a deduction. While it is thought that the project could be supported with donations, it would need to be clear how this fits alongside individual components within the facility such as the kakapo breeding programme (and conflicts avoided).

Community funders will primarily be interested in supporting the public good benefits (see 1.5). Funds such as Lottery Environment and Heritage and/or Lottery Significant Fund will prioritise the heritage and conservation aspects of the project and how they are interpreted. They also require the project to already have contributions secured before it can apply to its funds.

Depending on consultation with partners and confirmation of the project's details, the infrastructure upgrades required (toilets and car parking) could be eligible for funding support from the MBIE Tourism Infrastructure Fund. This fund covers actual and anticipated increases in demand.

It is difficult to estimate how much could be raised from community funds as it will also depend on how many applications they receive, amount they have to distribute and how they prioritise this and other projects. With this in mind though, it is significant that this project is listed as a key priority in the Southland Regional Development Strategy Action Plan. This may mean that its significance is understood and supported by key funders including future government contributions.

It is recommended that a full community funding plan be developed in consultation with ICC and the SMAG Board to ensure all projects align, do not compete and the overall picture and outcomes are clear to all funders. There also needs to be consideration of how the funding plan will be implemented especially considering the expertise required to prepare, submit and account for all funding applications. If a new not-for-profit entity is sought, there will need to be support to develop this.

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Visitor numbers

Existing numbers of the visitors to the Southland Museum and Gallery have been used to form the conservative forecast.

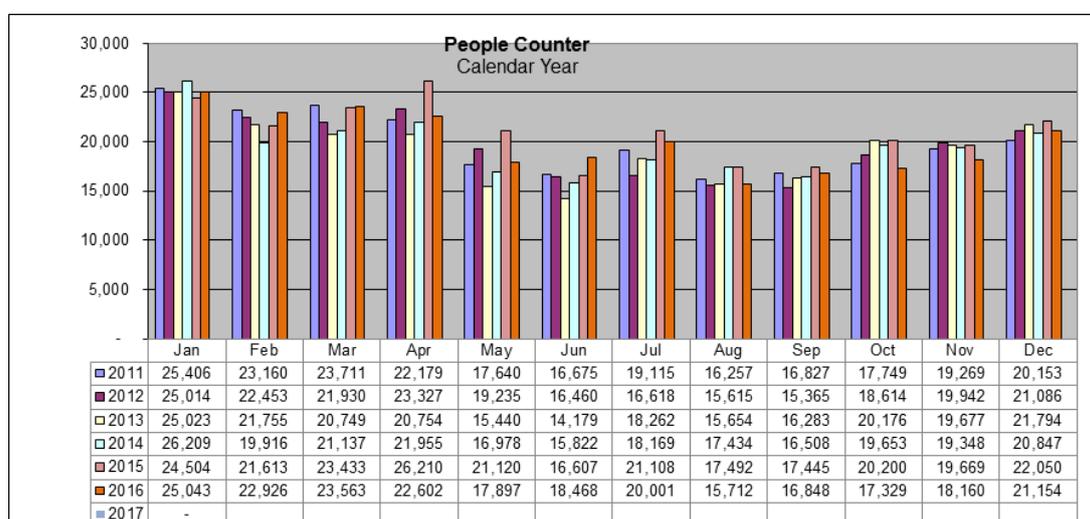


Fig. Southland Museum and Gallery Visit Count, 2011 – 2016

240,000 people a year visit the Museum and it is estimated that 39% visit the Tuatara (SMAG survey, updated post modelling – door counts show 25% but the technology is a door beam which is believed to undercount when multiple visitors pass through the door). The number of visitors has been fairly steady over the last five years, although the latest figures received following modelling, have fallen slightly to 232,000.

50% of respondents to the museum survey undertaken in the 2016/2017 summer stated that their primary purpose of visiting was the Tuatara and a further 30% visited them as a secondary purpose. 67% of respondents said they would pay to visit the Tuatara.

SMAG recently implemented a customer survey which has been running for three weeks since August 2017. 23% of visitors over this time have completed the survey. Over this time 35%

have visited exhibitions on the ground floor and 22% the upstairs galleries. 39% visit the Tuatara, 18% visit the shop, 10% the I-site and 25% use the toilets.

The conservative forecast of visitor numbers is 40,200, (67% of the 25% already visiting the Tuatara).

However, it is forecast that there is a wider market to be considered than those already visiting the museum. The median forecast number is 60,200. This is the number on which the financial modelling is based.

345,000 people are estimated to visit Invercargill, staying overnight (Commercial Accommodation Monitor/Qrious). Of those, 80% are domestic and 20% international visitors (69,000). Note, that a recent additional estimate of visitors to Invercargill produced by Qrious puts the number of domestic visitors at 474,000 and international visitors at 89,000. While it is believed that this is an overestimate it suggests that the estimate produced using CAM and Qrious is sound.

The SMAG survey undertaken in August/ September 2017 shows that 42% of visitors to the museum are from Invercargill, 21% from other areas of Southland, 20% from other areas of New Zealand and 17% from overseas. As this survey has been undertaken in Winter, it is expected that the number of international and domestic (other areas of New Zealand) will be higher in the summer months. These figures again support the accuracy of the analysis above.

22% of international visitors are forecast to take up one of the offerings. This is estimated based on knowledge of interest areas for international visitors where interest in New Zealand wildlife is high. Estimates for domestic visitors are lower to reflect that higher numbers of domestic visitors are believed to be travelling for commercial purposes.

78% of domestic visitors who are interested in visiting Southland or within easy reach are interested in visiting a zoo or wildlife park (DGIT). Call to actions and specific events to draw domestic visitors are very important. The ability to see Kakapo chicks is therefore more important to the domestic visitor. As it was determined to be too complex to model kakapo tours, in response to feedback from the peer reviewer, the number of domestic visitors forecast to visit has been increased from 10% to 15%.

24% of domestic visitor spend is business related (TSA, 2016).

#### Ticket pricing

The ticket price and tour prices were set at levels recommended by the consultant Karyn Owen. These prices were benchmarked against Orakanui Eco-reserve, Zealandia, Kiwi Experience Queenstown and Richardson Transport World. The ticket prices have not been changed following the peer review, which accepts they are appropriate.

Ticket prices have been set at the lower end of prices within New Zealand to reflect the remoteness and relatively undeveloped nature of the Invercargill market and to reduce the risk of price reductions being required which has negatively impacted similar products such as Zealandia.

The model assumes that locals will enter free but will pay for tours and audio guides or choose to hold a local supporters card. A conservative forecast of 4% of locals paying for tours each year (primarily attending with visiting friends and family) and that 1% will purchase a local supporters card.

#### Retail

The number of visitors purchasing in the shop is estimated at 8%, with an average spend of \$24.78 (exc. GST).

This is based on data from the SMAG shop, where 5% of those that visit the galleries (60% of SMAG visitors visit the galleries – Jan 2016 data) purchase something from the shop at an average spend of \$24.78 (exc. GST). A slightly higher number is forecast for “Living Dinosaurs” as this is a facility aimed at tourists directly who are more likely to purchase souvenirs (24% of tourists plan to shop on their travels – Trip Barometer 2015). This calculation was adapted in response to the peer review.

# PART 4: EVALUATION & RISK ASSESSMENT

(10% 7F#75 @G 779GG: 57HCFG)

There are a number of critical success factors for this project:

- **H Y dfYgYbW' cZ \_U Ud** is required in order to create a unique export quality experience which cannot be found elsewhere in New Zealand. A MOU is in place between ICC and DOC to explore and develop this opportunity. However, it should be noted that DOC have indicated that due to their obligations under the Wildlife Act and the Conservation Act they cannot guarantee that they will not partner with another organisation to develop a competitive product in another area. This is by far the most significant risk factor for this initiative as the facility will lose its unique proposition if this occurs.  
  
Tuatara can now be seen in many areas of New Zealand and will not by themselves create a sufficient pull factor. This risk can be partially mitigated through bringing additional species into the mix but none of these will have the standing of kakapo and DOC has raised that there are challenges with bringing identified species into captivity - even though they are viewable in many places in New Zealand.
- **<[[ \ 'ei U]mi]bhYfUWj Y']bhYdfYUjcb'UbX'bUhi fU' ]bXccf#ci hXccf'Ybj ]fcba Ybhi gi ddcfHY'VmiWUYbXUf' cZYj Ybfg.** The experience must be designed to be of a high enough quality to sustain interest for those times when kakapo adults and chicks are not present (the majority of the time). Visitors seek authentic experiences so effort must be made to limit the negative impact of the limited availability of kakapo. This can include bringing other species into the experience (frogs, geckos, snails and insects have been identified as possible). A regular calendar of events to encourage repeat visitation will be important and would be an area DOC could contribute to.
- **<[[ \ 'ei U]mi\_bck`YX[ YUV'Y'UbX'YbhYfU]b]b[ ' [ i ]XYg** are required to provide the special personal experience people value. Tours make up over 40% of forecast revenue and therefore if take up is lower than forecast, the operation is at financial risk. Feedback from current visitors and trade (which have a high interest in tours), is that the current Tuatara manager is key to the success of the experience. The ability to train others to deliver a similar experience and mitigate against loss of this key staff member will be crucial.
- **5 ` \ ] [ \ 'ei U]mi cdYfUrcf# a UbU Yf** able to deliver an export quality product is essential. Ticket prices have been set at the lower end of prices within New Zealand to reflect the remoteness and relatively undeveloped nature of the Invercargill market and to reduce the risk of prices reductions being required which has negatively impacted similar products such as Zealandia. Nevertheless high quality skilled management with a strong focus on customer service will be required and may be difficult to attract to Invercargill. This may depend on how the wider tourism industry develops in Invercargill as well as the attractiveness of businesses to invest and operate here.
- **7 cbh]bi ]b[ ``Yj Yg'cZj ]g]hUjcb'lc`b] YfWUf[ ]`** – Existing visitor levels, with a 5.4% growth in line with national forecasts will be required to achieve the revenue forecasts. The peer review agrees this is achievable unless there is a significant shock to either the international or domestic markets. It is believed that some people will travel (either within the region) or from outside the region specifically to visit the attraction (ie that new visitors will be attracted who would not otherwise have visited Invercargill) which

has not been modelled. This factor may help to offset any small temporary decline in the market, although it should be noted that the national growth forecasts for the market remain strong.



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## Summary

**7 cbWdh** A multi-use facility within Anderson House and Park, incorporating a café, functions space, events and theatre space for hire, arts display space and interactive historical experience. This concept incorporates a range of offerings which would give people many reasons to visit and enjoy making use of the House and Park, while also enabling a small revenue stream to offset a portion of the forecast operational expenses.

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Capital investment \$1,075,174 will be required, excluding earthquake strengthening (\$294,206 structural and general building costs; \$142,085 lift and accessibility costs, \$39,675 fire safety improvements; \$10,260 for toilets; \$70,900 heating, electrical and water related costs; \$229,905 for internal fit-out (café/ kitchen/ functions spaces), \$190,400 for interpretation and 10% contingency, \$97,743).

Working capital from ICC of \$161,000 will be required (Year 1 operational expenses).

It is recommended to seek a commercial operator to run the café and functions spaces and sell tickets to the interactive experience, with terms set out in a service level agreement. Demand modelling suggests the Council should require seven days a week opening during the summer and weekend opening during the winter with flexibility for the operator to open beyond these core hours as they see fit.

Operations for the arts space, managing volunteers for the historical experience and organising any cultural events are non-commercial and would need to be undertaken by the Council. Operating costs to employ a manager, annual curation costs and other direct costs are budgeted for. The assumption has been made that other costs such as legal and accounting costs will fall under the core Council budget. Maintenance for the grounds and building is already budgeted for and is not included.

Council could expect revenue of \$36,000 a year, incorporating \$20,000 from the lease and 50% of takings from the historical experience. This would partially offset the forecast \$208,000 operating expenses. Council could expect an operating loss of \$161,000 before depreciation every year.

Revenue for the commercial operator is forecast at \$657,000, enabling the business to breakeven (allowing for a respectable salary for the manager). There is significant seasonality forecast which will require careful cashflow and labour management.

The success of the whole operation relies on a quality operator who has the skills to effectively manage a diverse café and functions business. The operator needs the vision to be able to grow the weddings and functions side of the business whilst also maintaining a quality café offering and creating a welcoming environment for all visitors.

**BYI hGHdg**

- Community feedback - Inclusion of the scoped multi-use option within the Council's Long term planning process
- Explore future funding options including community funding and Central Government infrastructure and explore the potential to set up a Friends of Anderson House Trust.
- Decision on made by Council on the future of Anderson House and Park
  - o Confirmation of funding and operating model
  - o Expressions of Interest and commercial negotiations with Commercial operator
  - o Development of interpretation plan
  - o Confirmation of alignment with arts strategy
  - o Community consultation and engagement plan developed
  - o Timeframe confirmation – Earthquake strengthening would be the first stage of capital works undertaken.

## Background

Anderson House and Park was gifted to Invercargill City Council which has cared for the property since the 1950s. Anderson House is a gracious home in the Neo-Georgian style surrounded by beautiful grounds, incorporating native bush, gardens and a children's park. The collection of the Invercargill Public Art Gallery has been displayed within the House for over fifty years. Public consultation has revealed the strong connection the people of the City feel to the House and Park, with many cherished family memories formed from visits taken to the House and Park over the years.

Anderson House and Park deed of gift states "the Donors are desirous of making a gift of the said piece of land to the City of Invercargill for the benefit of the public." The Andersons Park Management Plan incorporates provision for temporary or long-term commercial activities. These should not adversely impact on the reserve, its neighbours or compromise the historic value of the house and park.

In 2014 Anderson House was closed to the public due to health and safety concerns related to the need for earthquake strengthening. Since then the grounds have continued to be used by residents and visitors to the City while options for use of the House were scoped. A consultation process was undertaken in 2016 to seek the community's views as to how Anderson House could continue to be enjoyed by the people of Invercargill into the future. Impact Consulting produced an Options Study in December 2016, which identified a range of potential commercial and non-commercial uses. A multi-use commercial and public good model was the preferred option of the public. This Options Study is included as Appendix 1.

Further assessment of "Option 4: Multi-use solution combining both commercial and public-good uses for Anderson House" was requested by Council. Specifically further detail was requested on the cost of capital investment (both for the building and fit out) and operational forecasts to give a view as to the likely operational expenditures and the extent to which these may be offset by revenue streams. A further survey of the public to test demand for a café and functions centre was undertaken to which over 1000 people responded online, at the library, at the ICC front desk and the i-SITE.



*Aerial view of Anderson House and Park*

The following solution, incorporating café, functions space, historical experience and art display areas has been scoped:

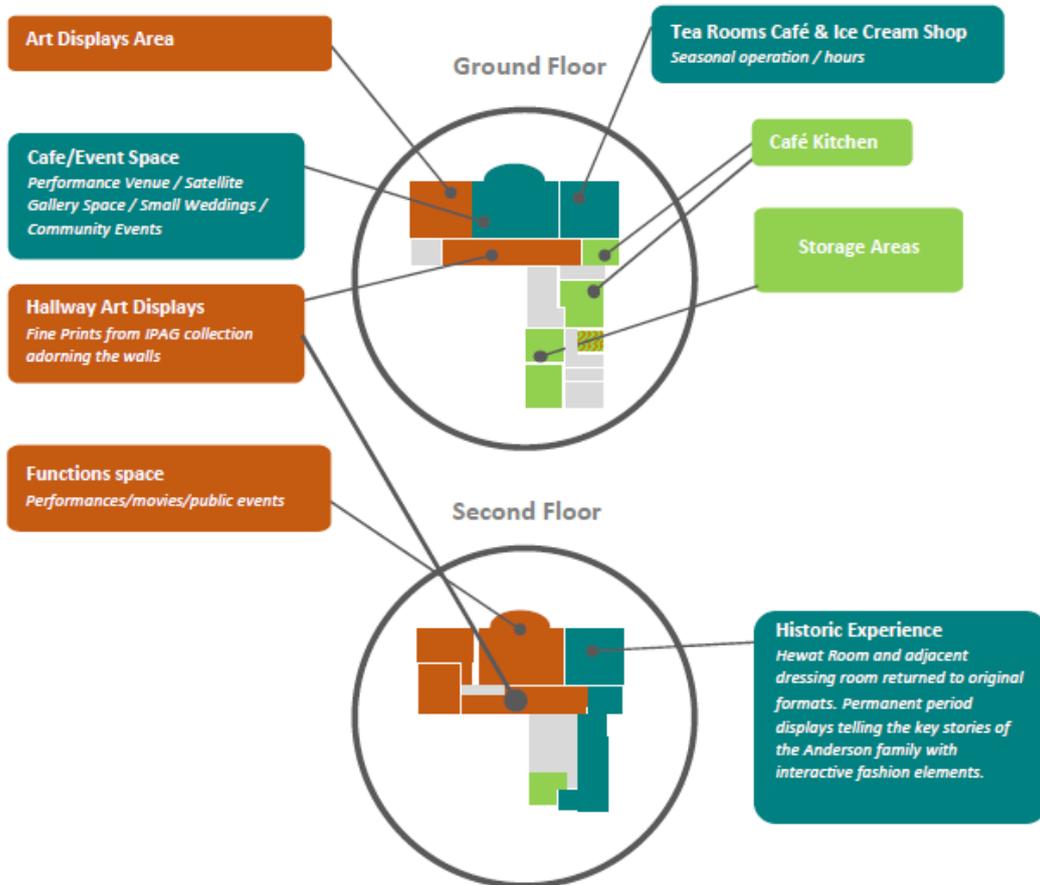


Diagram showing the proposed uses of the spaces within Anderson House.

## Strategic Context

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- Consultation shows that the people of Invercargill feel a very strong connection to Anderson House and Park and view the building and the parkland as part of a cohesive whole. It is viewed as an Invercargill icon and symbol and people are proud of it. It is also a very tangible representation of a particular time in Invercargill's history and is a one of a kind.
- The strong community connection to house could be reflected through the stories told within the historic interactive experience. Stories identified for interpretation include the stories of the Anderson family, the commercial history of the City, historic stories connected to the time during which the house was built (The Jazz Age) and stories of how the people of the City have enjoyed the House and Park over the years.
- The House and Park together represent a significant heritage asset. Heritage New Zealand have indicated that it is important that renovations are undertaken in such a way to not only preserve the physical building, but also to allow important features which have a narrative value and tell a story, to be retained. Heritage New Zealand have indicated that the building remaining closed is the worst case scenario as it will lead the building to degrade.
- Display of art within the House is important to people – 71% wanted to see art displayed within the hallways. Many people see the art and the house (and the park) altogether and the art helps tell the overall story. If one part is missing, the whole story cannot be told. There are logistical considerations which mean that there are security risks to displaying art within the hallways, therefore fine prints are suggested in the hallway. In addition, curated quarterly displays within three spaces within the House would allow Artist owned pieces to be shown.
- A café and space to hold functions, including weddings and corporate/ community group meetings, were popular commercial options with the public. 73% of those involved in the 2016 public consultation wanted a café, which was also backed up by the August 2017 survey where over 90% of the 1015 respondents would use a café. It is accepted that people have to make an effort to go to Andersons Park as it is out of town so being able to refresh themselves at a café is seen as desirable and adding to their overall experience.
- People continue to enjoy the Park despite the closure of the House. Use of the Park could be further enhanced through the installation of outdoors games and a calendar of events to engage community groups and others to use the park regularly through the summer. These types of events appeal to Invercargill and Southland families and complement the playground, ability to picnic etc.

### A Uf\_Yh5bUng]g'

- **H Y Gci H `UbX' FY] jcbU' 8 Yj Ycda Ybh GfUH] m** has set a target of \$1 billion revenue from tourism by 2015. Since this target was set revenue has already grown from \$550 million to \$619 million in line to achieve the target by 2025. Southland as a region has performed well in comparison to the rest of New Zealand over the last five years. Spend has increased 5% across New Zealand while it has increased 9% in Southland. Over the last five years, daily accommodation capacity across NZ has

remained static and occupancy has increased 21%, compared to 38% growth in occupancy in Southland.

- **Waiwaka** has grown from \$206 million a year to \$218 million a year over the last year. The international share of the market has grown slightly from 20% to 24%. The domestic market continues to be strong with an increasing importance of non-commercial accommodation, whether those visiting friends and family, staying in options such as airbnb or self-contained vehicles.
- **Anderson House** – Anderson House is likely to be a niche and ‘add-on’ product rather than a ‘must-see’ regional product. Visitors to New Zealand tend to be attracted to products showcasing the natural heritage of the region rather than historical homes which are a product more associated with markets such as Europe. Nevertheless feedback from IPAG and others associated with the House during the time that it was open suggests that many international and domestic visitors did enjoy visiting the House, particularly if they were visiting friends or family or had an afternoon to fill. There is potential to create additional value through positioning Anderson House as part of a tour encompassing a number of attractions within the City.
- **Transport World and Motorcycle Mecca** - The development of additional tourism product along with a new hotel have been identified as key targets for Invercargill City. Transport World and Motorcycle Mecca form two significant new tourism assets within the City. The development of Anderson House was one of the products identified within the regional development strategy, which together with existing products would help to create a cluster of offerings strong enough to provide a compelling reason to visit.
- **Local community** encompassing the people of Invercargill and Southland will be crucial to Anderson House, both for repeat visitation to the café, arts and community events and through bringing visiting friends and family for a day out. The café particularly needs to be targeted to meet the demands of the discerning local customer as there are many quality cafes within the City.

## Stakeholders

Alongside the local community, it is important to identify key stakeholders associated with various aspects of this project and to ensure clear roles and responsibilities are determined and agreed on. While a snapshot is suggested below, there will be others depending upon the final agreed details of the product.

A number of consultations have been undertaken through the process of working towards options for the use of Anderson House, including during the work of Impact Consulting in 2016 and during the survey undertaken around demand for a café in 2017. The results of these surveys are included in the appendices below.

<b>GU_Y c`XYf`</b>	<b>•bhfYgtg`</b>
Invercargill City Council (ICC)	<b>Dfc`YWi gdcbgcf</b> – Invercargill City Council has commissioned Venture Southland to undertake a feasibility study into this concept as one of the tourism products identified in the Southland Regional Development Action Plan. <b>Ck bYf</b> – Anderson House is within ICC’s gift and Council has responsibility for its maintenance and protection. Should the product proceed to development it is recommended that ICC give the operation to a commercial operator <b>7 cbhYbh</b> – ICC has close interest in the content as it relates to telling the story of the people of the City and the Anderson family.
Invercargill Public Art Gallery (IPAG)	<b>7 cbhYbh</b> – Invercargill Public Art Gallery Trust was previously the Anderson House Art Gallery Trust. IPAG no longer see Anderson House as the primary place for the collection to be presented, both for conservation reasons and because of strategic plans to display art within the Central City.
Southland Museum and Art Gallery Trust (SMAG)	<b>7 cbhYbh E</b> SMAG have an interest in the telling of the stories of the people of the City and heritage stories related to Anderson House <b>8 Yj Ycda Ybh DUfYbYf</b> – SMAG (or another Trust) has a potential role as a development partner in order to attract community funding for interpretation elements to tell key parts of the story.
Individuals with a connection to the House, the Anderson family and/or the art/ pieces historically displayed within the house	<b>7 cbhYbh</b> – There are a number of individuals who have contributed through consultation, had previous roles with the Trust and/or personal connections to the House or Anderson family. People have strong feelings and opinions as to how the House and its contents ought to be preserved and used. Some individuals have donated or willed pieces to the House. <b>DchYbhU`j c`i bhYfYg</b> – People with strong connections to the House are likely to form the core of any group of volunteers whose time and expertise will be essential to the operation of the interactive experience.
Iwi (TBC)	<b>7 cbhYbh</b> - North Island Iwi have a special connection to the Whare in the grounds.

Heritage New Zealand	<p><b>Whānau</b> Will have a key role to play in consulting on proposed changes to the House. The principal of telling key stories needs to be adhered to.”</p> <p><b>Whānau</b> – Can also advise on presentation and preservation of contents of the house’</p>
Ministry of Business, Innovation and Employment	<p><b>Whānau</b> – MBIE plays a leading role in the Southland Regional Development Strategy which has identified this as one of the key products for Southland.</p> <p><b>Whānau</b> – Some elements of the project may be eligible for the Tourism Infrastructure Fund (e.g. toilets and carpark) which is administered by MBIE</p>
Venture Southland	<p><b>Whānau</b> – Venture Southland has led the feasibility plan development process and would be able to play a coordination role with key stakeholders.</p> <p><b>Whānau</b> – Venture Southland is the Regional Tourism Organisation (RTO) with responsibility for promotion of tourism within the region.</p>

**Whānau: Whānau cZ5 bXYfgcb' <ci gY'UbX'DU\_ 'Hfi ghi**

It is recommended to explore the possibility of establishing a Friends of Anderson House and Park Trust, which could provide a vehicle for guiding the development, involving volunteers in the project, including the operational delivery of the interactive historic experience and applying for community funding towards elements of the project. As the owner of the asset, ICC could have a role in the Trust, setting the framework for activities. As part of this, it would be important to ensure that there is alignment and clarity of roles with existing organisations and stakeholders.

Should such a Trust be established, it (or another Trust such as the Troopers Memorial Trust which has expertise in historic building renovation) could also play a role in guiding and seeking funding towards the capital redevelopment of the building.

## Concept

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Invercargill does not have a large enough population to sustain a once in a lifetime destination. The offering developed needs to build on the connection the community feels to the house and gardens to create a destination people have reason to visit again and again. The offering will create a new product which will be an addition to the City's tourist offering, providing an additional activity for visitors while in the City. It should be noted that the new experience is not expected in itself to draw new visitors to the City but will combined with other offerings, including Bill Richardson Transport World and Motorcycle Mecca, bolster the attractions of the City.

A multi-use operational model was recommended by Impact Consulting following public consultation, incorporating both community and commercial activities:

**7 UZf**, incorporating:

- Main café space in the space previously used as a tea room
- Second café space in the main Central function room on the Ground floor

**: i bWjcb#Yj YbhgdUWg**, incorporating:

- Ground floor space as above (shared with café)
- Upstairs multi-use space, incorporating flexible fitout to allow use as a theatre/performance space and for community and corporate meetings. Budget includes allowance for high-spec audio-visual equipment to allow small cinema events.
- It is recommended that the commercial operator should invest in a marquee appropriate to hold weddings and other functions

**5 fhg'8 jgd`UniGdUWg**, incorporating:

- Display of Fine Art Prints from the original Anderson family/ IPAG collections in the Hallways
- Display spaces for curated exhibitions on the ground floor (original Library) and two of the second floor bedrooms.

**-bhYfUWj Y' < ]glcf]W9I dYf]YbW**, incorporating:

- Original pieces, art prints, digital and interactive displays within seven rooms, incorporating the original master bedroom, dressing room and servants quarters

**GYfj JW'gdUWg**, incorporating:

- Toilets and lift within a new block built to the rear of the main building, with access through one of the original windows.
- Commercial kitchen, incorporating reheat kitchen (previous Butler's pantry) and preparation kitchen (original kitchen), which will be laid out in such a way that it can also be used for cooking classes
- Storage spaces for chillers etc.
- Storage for furniture.
- Office for the manager

Proposed incorporating:

- Covered walkway from the carpark
- Park games such as croquet and large chess set
- There is the option to explore continued development of a sculpture garden and transport connections from the City although these elements are not budgeted.

### 7.2.2.3 Café

This model requires a café of a sufficient standard to be a successful anchor for the multi-use offering. 73% of those involved in the 2016 public consultation wanted a café which was also backed up by the August 2017 survey where over 90% of the 1015 respondents would use a café.

The other elements (art display space, multi-functional events space and historical experience), along with the park, will in turn support the café by providing multiple reasons for people to visit the building.

It is recommended that the café and functions spaces be run by a commercial operator under a service level agreement.

In addition a full time manager will be required to coordinate community activities, including bi-monthly/ quarterly exhibitions within the arts display spaces, events within the upstairs performance space and management of volunteers supporting the historical experience.

Financial forecasts have been produced for both the proposed commercial operator and the Council and can be found within Appendix 3.

### **↳ZUghfi Wi fYFYei JfYa Yblg'**

There are a range of infrastructure works which are required to be completed to enable the vision above to be achieved.

Undertaking the required earthquake strengthening triggers legal requirements to undertake a range of other work including fire safety and accessibility improvements. These works must be undertaken in consultation with Heritage New Zealand given the historic status of the building. The Anderson Park Art Gallery Invercargill Conservation Report is an important reference guide for this process.

Structural work required to the interior and exterior of the building includes:

- site preparation, including demolishing the existing ramp;
- excavation for cast on grade foundation and to form the lift pit
- Framing requirements
- Structural walls
- A suspended concrete floor system for the upper floors
- Roof improvements and maintenance
- External finish
- Maintenance of external windows
- Stairing
- Partitions
- Fire door
- Timber overlay flooring and other flooring
- Wall and ceiling finishes
- Toilet installation
- Kitchen installation
- Gas Hot Water
- Heat pumps
- Fire protection system
- Electrical fittings and emergency lighting
- Lift
- Drainage, collection tank, grease trap
- Concrete ramp, handrails and glass veranda
- Covered walkway from the carpark.

In addition interior fit out is required for:

- Commercial reheat and prep kitchen
- Café space
- Multifunctional events/ functions/ café spaces (2), including audio-visual equipment
- Arts display spaces

- Interpretation for the historical experience

Earthquake strengthening (submitted to Council separately, not included below)	\$800,000
Structural/ general building, including exterior and covered walkway	\$294,206
Lift and accessibility	\$142,085
Fire safety improvements	\$39,675
Toilets	\$10,260
Heating, electrical and water	\$70,900
Café – Including kitchen, café and functions space fitout, audio-visual equipment	\$229,905
Historical Interpretation and art space fitout	\$190,400
<b>Gi V!hU'</b>	<b>~ -- +2' %</b>
Contingency 10%	\$97,743
<b>HCH5 @</b>	<b>~ %(\$+) 2/d( .</b>

Consent fees are not included, however consent fees are included within the separate submission around earthquake strengthening.

Earthquake strengthening would be the first stage and is likely to take a considerable time, at this stage an estimated nine months. The final fit-out above would then be included within the following financial year.

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Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Floor	Offering	Functional Space m2		Functional space %	Capital \$ - Build/ Fit out	Capital \$ - Interpretation	Capital \$ Total	Notes
1	Café Space 1	36m2	36	8%	33,000		33,000	Whole café revenue
1	Downstairs art display area	39m2	39	9%	10,000	-	10,000	Revenue not modelled – there will be some small revenue available from hire and commission
1	Hallway (display of prints)	50m2	50	11%	-	10,000	10,000	
1	Functions/ Café Space 2	55m2	55	12%	11,000	-	11,000	Functions Revenue only. Café Revenue included above.
1	Kitchen (café/ functions catering)	30m2 (kitchen)+ 9m2 (Butlers pantry)	39	9%	130,905	-	130,905	Note, there may be additional costs related to restoring this to reflect original kitchen which it has not been possible to forecast.
1	Storage (laundry/ caretakers residence)	20m2 + 15m2	35	8%	-	-	-	Costs included within main building costs
2	Historic experience	71m2 (36m2/ 9m2/ 5m2/ 8m2/ 4m2/ 9m2)	71	16%	-	170,400	170,400	20% above standard \$2000 sqm budget has been allowed to account for variables relating to heritage building. 50% funding is assumed due to Historical experience being run by a Trust
2	Upstairs Art display area	47m2 (25m2 + 22m2)	47	11%	-	-	-	Within costs above
2	Events/ Performance/ Functions space (Billiards Room)	61m2	61	14%	55,000	-	55,000	Functions revenue above \$40,000 quote for complete AV system &

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

								installation - Chairs and tables \$15K
2	Manager's office	10.4m2	10	2%	-	-	-	Costs within general building costs
1/2	Lift/ Toilets extension	?	?		152,345		152,345	Note: 2 toilets may not be enough. A further cost to redevelop existing toilet area may also be required
External	Marquee	TBC			150,000	-	-	Recommended investment to be made by commercial operator - Not included below.
External	Park games				-	10,000	10,000	Estimate from Impact Consulting
External	Covered walkway				30,000	-	30,000	Estimate based on \$400/m for 75m
	General building costs	-			374,781			
"	"	"	"	"	"	"	"	"
"	"	<b>Total</b>	<b>443</b>		<b>787,031</b>	<b>190,400</b>	<b>977,431</b>	"



*Inspiration: High tea at Lanarch Castle, Quality coffee, fresh healthy café food*

## 7 Uzf

A café is a very popular option with the public. The café would serve good coffee and a core range of fresh quality food, supplemented by a high tea offering in keeping with the historic environment. It would be an important anchor for the rest of the experience, encouraging both one-off and repeat visitation.



*Proposed Kitchen and Café Layouts*

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- The ability to develop a successful functions business will be a requirement to attract a quality café operator as the café revenue alone is not forecast to be of the level required to reward a high quality operator.
- It is proposed that the café be within two spaces on the ground floor: the tea room (dining room) and Deaker room (drawing room). There is an option to make this space more viable as a café by carefully deconstructing the spaces either side of the fireplace to improve flow. This has not been budgeted for and may not be possible but should be explored.
- A service level agreement (SLA) rather than lease should be put in place. A market rate of \$19,500 lease has been determined for the café space. In light of the fact that the café will be able to make use of the upstairs space when the theatre is not there and will benefit from the associated activities (art, theatre and historical experience) occurring in the space, then the SLA fee has been modelled at \$20,000 and there is an option to increase this incrementally over the first few years of operation.
- The SLA would require the café to be open 10am – 4pm, 7 days a week in the summer (6 months of year) and weekend only during the winter. Opening longer would be at the operator's discretion (The functions business assumes evening opening).

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- A conservative revenue forecast suggests café operator would be able to generate approximately \$460,000 revenue based on estimated demand of 7% of Invercargill residents visiting once a year, 6% once every other month and 6% of visitors to the City visiting once a year, with an average \$15 spend. This is borderline commercial for the café, where \$1 million revenue would normally be required for a high quality operator to consider taking up the opportunity.
- Over 1000 people responded to the Anderson House and Park Café Survey undertaken online, at the ICC reception, the library and the i-SITE. Over 90% of people were interested in using a café. Lunch (73%) and afternoon tea (71%) were the most popular times to visit. 60% wanted to be able to use a café all year round and 10% only in the summer. 28% would visit only on weekends.
- Data is not available on visitors to Anderson Park. Prior to the closure of Anderson House, 10,200 visited the house each year to view the art (1200 a month in the summer, 700 a month in winter months). Information is not available on the breakdown visiting on weekends and during the week. 240,000 visit the Southland Museum and Gallery each year and at least 129,000 visit Queens Park (Herbert St Count), although this number is expected to be significantly higher. 17% of people visiting the SMAG galleries use the café.
- Sympathetic renovation of kitchen in line with ICOMOS would enable cooking classes to be held in the space – As this space is separate from the reheat kitchen this increases its functionality. This would be an opportunity for both community groups and attractive for tourists. This option has not been modelled financially.
- The Café would need to be high quality, with a focus on good coffee (requested by 20% of people). High teas should also be offered as a point of difference but not as the only core offering (requested by 14%). Other factors which were important were quality food and price. Children's playground was the primary reason to visit for 38% and 8% were concerned that the café should cater to children.
- 56% take visiting friends and relatives to Anderson House and Park. A further 23% would if there was a café and 17% would visit if the house was open. Only 3% specifically said they would not use a café.

- The vast majority of respondents were from Invercargill. Very few tourists were interested in completing the survey which was available at the i-SITE. However feedback from i-SITE suggests that the house is of interest as a destination for many visitors and IPAG report that the visitors book included many messages from visitors to the City.

Request	Number of responses	Percentage of responses
Good Coffee	152	19.56%
High Tea	109	14.03%
Quality Food	98	12.61%
Reasonably Priced	65	8.37%
Family Friendly	63	8.11%
Afternoon Tea	27	3.47%
Gluten Free	20	2.57%
Ice Creams	18	2.32%
Chips	17	2.19%
Artsy	15	1.93%
Cheese Rolls	12	1.54%
Vegetarian	9	1.16%
Locally Sourced	7	0.90%
Light Lunches	6	0.77%

*Table: Summary of food/ experience requests for the café from the 2017 Café Survey*

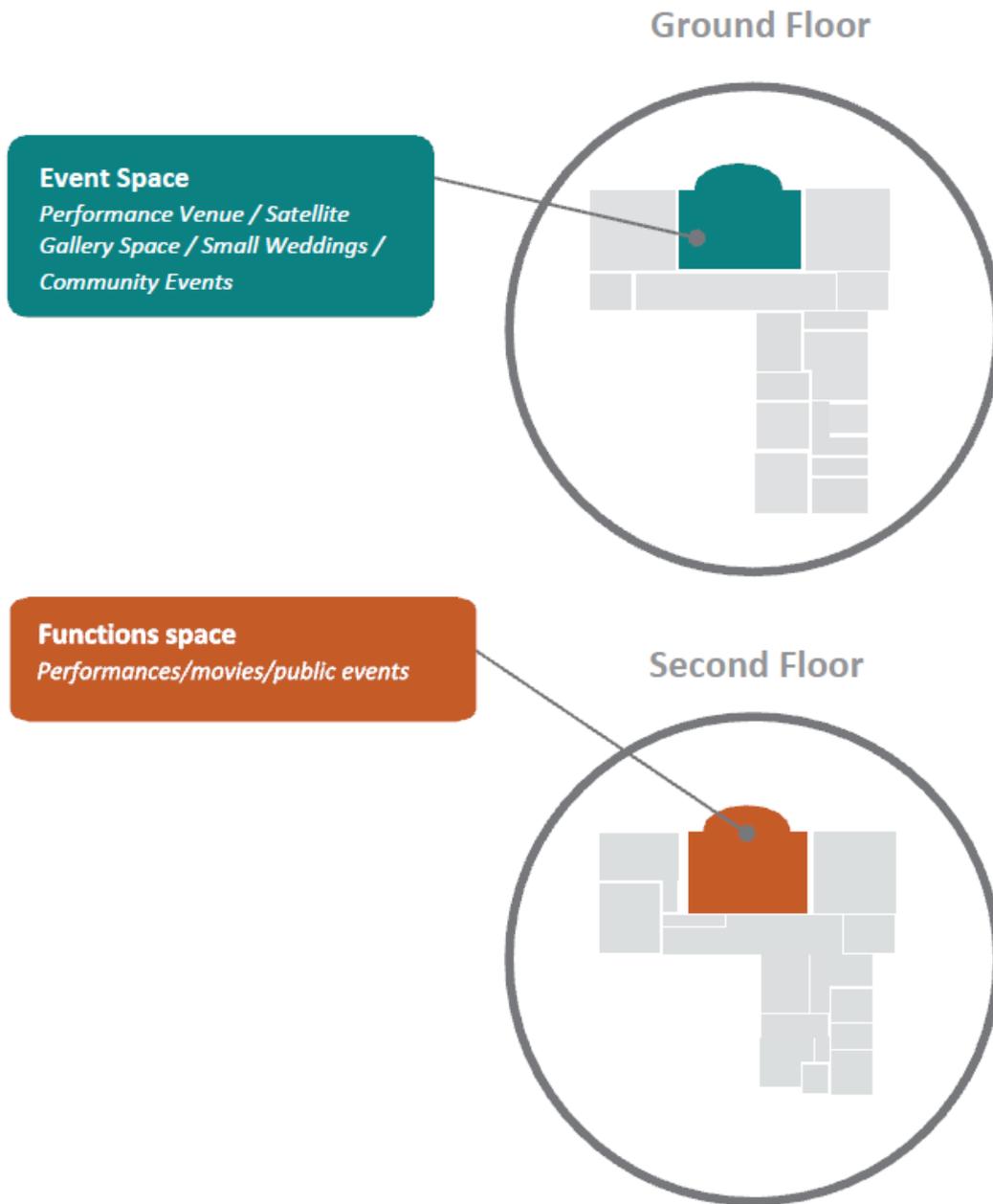


*Inspiration: Wedding of Liz Gray, believed to be the last wedding to be held within Anderson House in 1973; Port Molyneux School, Otago, Boutique Small Wedding Venue; Abbeville Estate, Auckland.*

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The functions business would be an important adjunct to the café. 62% of people surveyed were interested in being able to hold a private function such as wedding, corporate event or birthday party. This reflects anecdotal feedback from the ICC team, who regularly receive enquiries from people wishing to hold functions in the House.



*Proposed functions layout*

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- The café operator should hold rights to hire the function spaces and provide catering. This is for logistical reasons as well as to enable support a sustainable business model. They may choose to form a commercial relationship with a caterer for these elements. There would be three primary function spaces they would have access to:
  - o Ground floor space (Drawing room) – This forms part of the Café and as a result may not be available during normal opening hours
  - o Marquee (purchased at the Operator's own cost)
  - o Second floor multi-functional space (Billiards Room) – High quality audio-visual equipment would be available for hire in addition to the space to enable films and theatrical events to be promoted.

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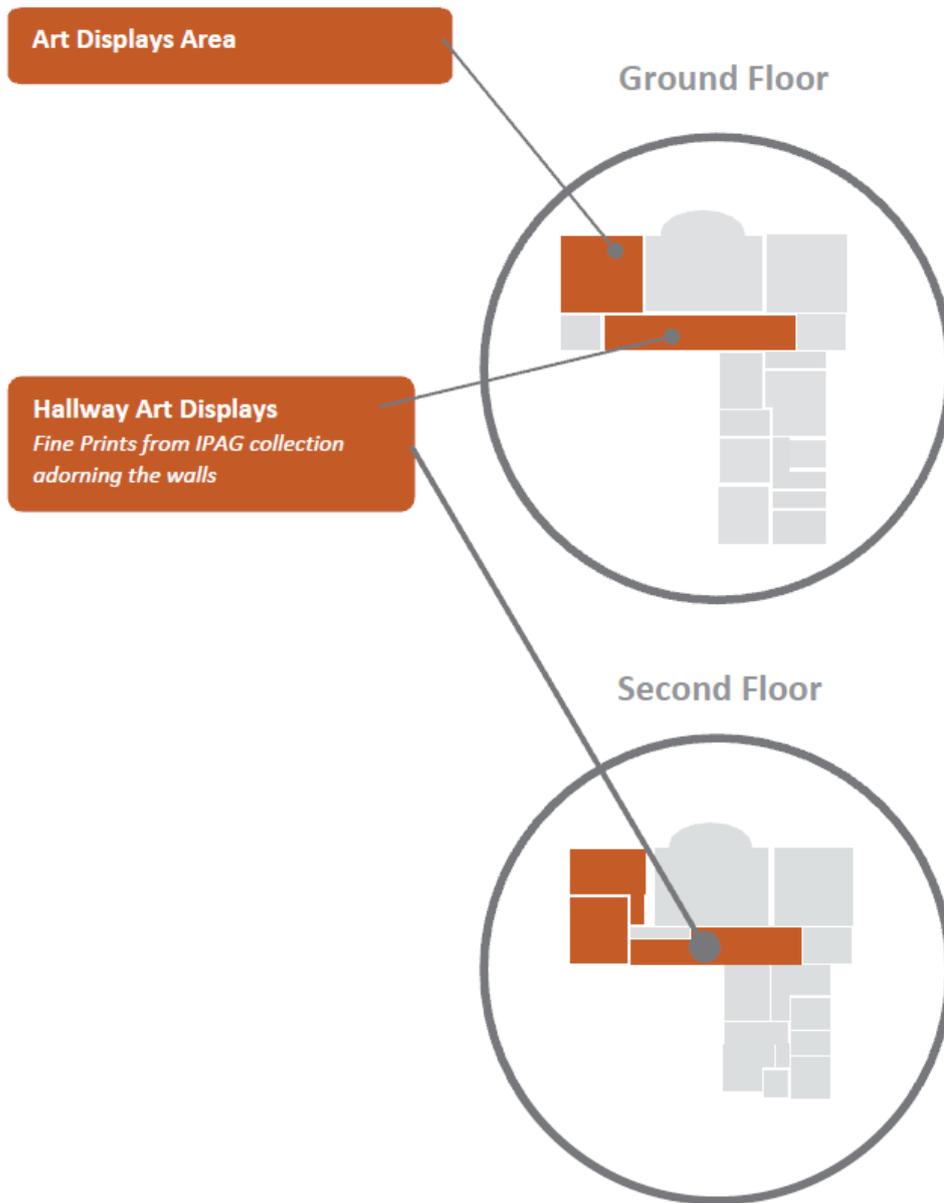
- The operator would have the sole right to run private catered functions in the building and park (excluding use of the BBQ area). People holding events would be made aware of the multi-functional nature of the House and Grounds and that members of the public may be using other spaces.
- Function prices should reflect the special nature of the venue while still enabling a range of groups to afford to hire the spaces. Careful management will be required to manage the logistics of making the space available to a wide range of groups, potentially with multiple events taking place at one time.
- Weddings would be limited to evening functions. A policy would be needed to limit public access to the grounds for wedding photos in order to ensure two bridal parties are not present at any one time. This recommendation is based on feedback from other operators which have found this to be imperative in order to ensure guest satisfaction. This would require a change to the management plan.
- The financial model assumes that that operator has invested in a marquee or otherwise hires a marquee which would be required to cater to the wedding market.
- Audio-visual equipment has been budgeted for use in the Upstairs function space (Billiards Room). This could be hired to groups hiring the room but this has not be modelled – This fee would return to the Council. The Council-employed manager may organise specific film or theatrical events, or work in partnership with a group such as the Film Society to do this. The room hire fee would still need to be paid to the operator in this case.



*Inspiration: Wallace Art Gallery, Pah Homestead, Depot Community Gallery Auckland, Art in Park, 50 Years of Art at Anderson House*

## 5 fh'

There is a long history of showing art at Anderson House. People associate art with the House and wish to be able to continue to view art within the new multi-use facility. The original Impact Consulting proposal suggested art should be viewed within the Hallway and that an artist in residence space should be allowed for on the second floor. However this plan has had to be amended for logistical reasons. Feedback suggests that it will not be possible to both hang original art in the hallways and hold functions in the building. Fire regulation requirements are higher within buildings where people are resident overnight and for this reason it will not be possible to house an Artist in Residence. As a result an amended option is presented below.



*Proposed art spaces layout*

Recommendation:

- **Art Displays Area** of key pieces from the IPAG collection should be displayed in hallway. This removes security and preservation issues while maintaining a connection to the earlier use of the house. The ability to see art in the hallways was the top rated inclusion in the public consultation (73% wished to see this).
- **Hallway Art Displays** - The front room and two rooms upstairs would be used to display artist owned pieces as part of a professionally curated calendar of displays which could include artist organised exhibitions and/or local art competitions. Sales of Art works has not been modelled.

Considerations:

- IPAG have advised that their first responsibility is to maintain the quality of their artwork which is a publicly owned collection. The Anderson House, as a result of changing temperatures and corresponding damp effects, does not meet the basic criteria for the long term storage and presentation of art. Advice is that the only collections which can be held at the house are those which are artist owned and which are being loaned for temporary exhibits.
- IPAG and SMAG do not recommend keeping any artwork in the corridor as it would be used as an access way to the café. IPAG recommend use of high quality arts prints and would assist with selection of some key pieces of artwork of which prints could be made for display in the hallway. This could include works which were gifted from the Robert Anderson and Kathleen Kirkby collections.
- IPAG, SMAG and other arts stakeholders have stressed the importance of well curated exhibits which require expertise in order to provide a high quality experience. The house itself presents a challenge to curation due to the limited wall space and 'busy' visual experience which is created by the architectural features of the house.
- The recommendation is not to house artists in residence as this would trigger further fire safety standards.
- Initial feedback suggests that arts sector stakeholders are supportive of a regular calendar of events which would allow artist owned pieces to be displayed and for Artist-run exhibitions. This is thought not to compete and align well with plans for the Central City Arts Strategy but will require further consultation.
- The recommendation is for a full time manager to be employed whose main tasks would be to:
  - o Oversee the public good elements of the building
  - o Organise quarterly/ bi-monthly arts programme in arts display areas and hire the space to artists for private exhibitions
  - o Manage the historic experience (Curation to be done by SMAG or other party)
  - o Manage the volunteers necessary to run the historic experience

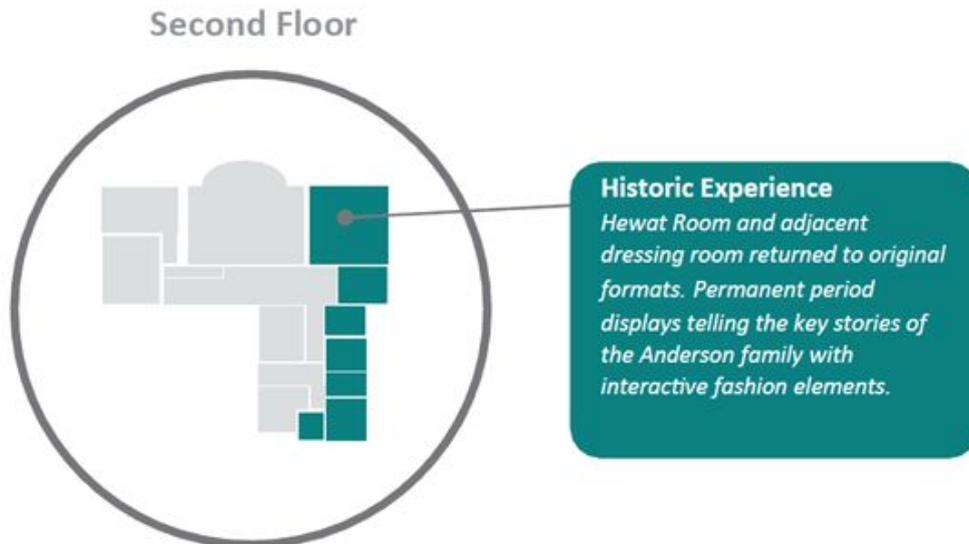


*Inspiration: MOTAT Museum, Auckland, Steampunk HQ, Oamaru, Founders Park, Nelson*

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This experience would be aimed at both tourists and local families. An immersive experience that takes you through the ingenious spirit of Invercargill and Southland, gathering together curios and installations, illustrating the time at which the New Zealand landscape was crafted by industrialisation and agriculture, celebrating the inspiration which was taken from art and curios brought from around the world and from the local Maori culture. The exhibit will reflect the generosity and success of the Anderson family which has been retained through the House as a living asset. The experience will weave through the interconnected rooms, using the spaces which were previously the master bedroom and servants' quarters to tell the stories of people's different ways of life to draw visitors into the past and present of Southland. People

will have the opportunity to get hands on with the past. Theatrical and narrative, the exhibit will integrate digital technology to merge yesterday's cutting edge with the current story of the City.



*Proposed historic experience layout*

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- **5 b`jbnfUWlj Y Yl dYfjYbW** with some elements which would be updated would be created in the upstairs rooms including the master bedroom, dressing room and servants quarters. The experience would focus on presenting stories of the City and its inhabitants, including the Andersons, in interactive and accessible ways in order to attract families and visitors.
- **5 WwggjV`Y DfjW`Dc]bh-** The exhibit would be priced at \$5 (\$2 for children) in order to encourage repeat visitation from families and would require volunteer assistance to operate.
- **Hfi gh`YX** - It is recommended that a Trust be formed to enable access to community funding support for interpretation and to provide a vehicle for volunteering

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- The focus is on creating an experience which will attract a \$5 fee. The intention is to create an interactive experience which will tell experiences relevant to the people of the city and appropriate to create a 'quirky' experience attractive to the tourist market.
- Initial and ongoing curation will be required to keep the offering fresh and up to date, attracting tourist and repeat visitation. The model is based on this curation being undertaken by SMAG, however other options may also be explored. It is essential that the curation delivers a commercial offering as well as telling the historic stories relevant to the place.
- The experience should contain a mix of historic and modern elements such as wall graphics, digital technology, video (for example to allow people to explore the inaccessible third floor).

- There are number of Southland films from the Mid-Twentieth Century which could form part of the exhibit including Daughter of Invercargill (1929), Down on the Farm (1935), Wagon and the Star (1936) and Portrait of Southland (1955).
- Sir Robert Anderson collected an electric range of objects, the list of which are held within the SMAG storage can be found in Appendix 4. There are a number of chattels which could be used in the exhibits in the spaces on the first floor. Some are owned by IPAG and include rugs, an organ, piano, leather couches which were originally kept in the billiard room, an inlay table and ivory tusk. There are limitations on what can be used within the house, which will affect not only art but also artefacts. It may be necessary to create one climate controlled space within the house for display of precious objects.
- There are limitations created by the spaces which will require a creative view to use them to create a narrative story. The space contains seven separate rooms and will not be fully accessible due to the presence of two steps down from the level accessed by lift. The limitations on the space do not allow the installation of a ramp. As a result the historical experience would only be partially viewable by people with mobility issues and wheelchair users.
- The historical experience will rely on volunteers to be available to monitor the experience. A total of 2200 volunteer hours will be required for one person to be on site at all times. It is estimated that a pool of ten volunteers will be required - \$8 an hour overhead has been estimated



*Weaving a story....The interactive experience will take visitors on a narrative journey through some of the smallest spaces in the house, including the dressing room, servants quarters, bathroom as well as the larger Master Bedroom.*



*Inspiration: View of the Parks from the sky, Whare Nui, Anderson Park, Lawn Games, Olvaston House, Dunedin*

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Invercargill residents view the house and the park as a holistic whole. The Park already provides a high quality experience, with gardens, bush walks, playground and lawns which continue to be used while the house is closed.

**FYWta a YbXUjcbg'**

It is recommended to make the following additional investment to support the new development within the house:

- **5' Wtj YfYX' k U\_k Um** connecting the car park to the House. Impact Consulting recommended "Although a covered walkway has been suggested in the past, a more cost effective and less visually invasive option may be to relocate the water tanks and open up some of the area behind the current gardener's shed and pavilion." However it has been advised that a new car park closer to the House is not possible without considerable impact on the grounds and additional expense. A covered walkway would go some way to making the house more accessible and attractive to visitors in all weather.
- **9ei Jda YbhZf' j JbHJ Y'H Ya YX`Uk b' [ Ua Yg** – To be facilitated at weekends as a fundraiser for different groups, increasing numbers visiting the grounds.
- There is also the **dchYbhU'hc' UXX'gW`dli fY'hc'H YdUf\_**, which is allowed for in the management plan. This element has not been costed and budgeted.
- One of the roles of the Manager would be to coordinate a series of summer outdoor events, perhaps in partnership with community groups. These could include picnics, lawn games tournaments, gardening demonstrations, fly fishing on the lawn, outdoor yoga etc.
- In addition it will be necessary to make changes to the management plan to place restrictions on the times at which wedding photos may be taken. No changes are planned to the facilities and system for groups to book the BBQ space although ICC may choose to add the administration of this facility to the Manager of the House and Park.
- It would also be worth considering **IfUbgdcfh** options to the Park, particularly in the summer at the weekends. The option of a bus route linking key locations within the City (e.g. i-SITE/ Museum; Transport World; Bus Station) could be explored.

## Financial Projections

The financial projections have been prepared by Venture Southland incorporating input from ICC staff and quantity surveyors. Financial projections have been produced for both ICC and the proposed commercial operator. Full financial projections can be found in Appendix 3.

### *Invercargill City Council*

#### 7 Ud]HJ` b] Ygfa Ybh

The primary areas of capital investment required are:

Earthquake strengthening (submitted to Council separately, not included below)	\$800,000
Structural/ general building, including exterior and covered walkway	\$294,206
Lift and accessibility	\$142,085
Fire safety improvements	\$39,675
Toilets	\$10,260
Heating, electrical and water	\$70,900
Café – Including kitchen, café and functions space fitout, audio-visual equipment	\$229,905
Historical Interpretation and art space fitout	\$190,400
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Contingency 10%	\$97,743
<b>HCH5 @</b>	<b>~ %z+) z/a(</b>

The detailed report from the cost consultants on building costs, can be found in Appendix 2. Note these do not include the additional internal fitout costs, interpretation costs or cost for the covered walkway which have been estimated.

The involvement of a Trust to work with the Council to deliver the project may assist with applying for community funding towards some elements of the project (e.g. interpretation).

It may be possible to apply to the MBIE Tourism Infrastructure Fund to assist with funding for the toilet facilities.

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There are two primary areas of potential revenue which the Council could expect each year:

1. Takings from the experience (with 50% fee paid to operator) – This is forecast at \$16,505 in Year 1.
2. Lease from the Operator - \$20,000

In addition there is an opportunity to launch a “Friends of Anderson House” supporter’s card. This has been modelled 500 people purchasing a card at \$25, resulting in \$12,500 revenue.

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Ticket sales fees for experience sales made through i-SITE and ICC ticket desk have been allowed for.

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The operational expenditure is forecast to be considerably higher than forecast revenue.

The significant areas of expenditure forecast are:

- Full time manager, with responsibility for coordinating the experience and arts shows. The manager will also have responsibility for managing volunteers and the Friends of Anderson House programme.
- Annual curation costs of \$60,000 are forecast to keep the experience fresh, encouraging repeat visitation. This estimate is based on curation being managed by Southland Museum and Art Gallery but this could be undertaken by another party.
- \$8 hour overheads for volunteers has been allowed for, resulting in \$17,250 to cover the 2190 volunteer hours required.
- \$10,000 has been allowed for arts curation. Some or all of this may be offset by takings from arts sales. This element has not been modelled.
- Repairs and maintenance and general expenses (\$20,000) - Note some maintenance has already been budgeted for under Parks and Reserves budget and this estimate would need refinement.
- A small \$5000 promotions budget has been allowed for on the basis that additional support could potentially be provided by the ICC communications team.

Total expenditure of \$209,000 is forecast for Year 1, resulting in a \$161,000 shortfall.

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Financing has not been modelled.

Depreciation has been allowed for the café/ kitchen fitout and the interpretation, the two areas of capital investment specifically related to the new concept. Depreciation for other capital elements has not been modelled.

Depreciation of \$35,000 each year is accounted for, resulting in a forecast \$196,000 shortfall in the first year, with similar amounts each year thereafter.

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There are a number of potential sources of community funding which could be explored, including Lotteries community grants, ILT and ILT Foundation, the Community Trust of Southland and various heritage related funds.

The involvement of a Trust, for example a Friends of Anderson House Trust or one with experience in renovation of heritage buildings such as the Troopers Memorial Trust, would support community funding to be applied for towards the cost of the creation of the historical experience and/or the arts spaces.

Elements of the infrastructure (toilets, covered walkway) may be eligible for up to 50% funding through MBIE's Tourism Infrastructure Funding.

Funding applications would be supported by alignment with the Southland Regional Development Strategy Action Plan, which includes Anderson House.

## **Commercial operation – Café and functions**

### **7 Ud]hU`-bj Ygla Ybh**

The primary areas of capital investment required are:

- Café/ Kitchen equipment/ sundries - \$50,000 has been allocated
- Marquee – This has nominally been estimated at \$150,000 but this would be the responsibility of the operator to organise

All other areas of capital investment are modelled within the remit of the Council.

### **FYj Ybi Y**

The following revenue streams are forecast for the operator:

- Café – 70% of forecast revenue, \$462,000 in the first year
- Weddings function hire and catering – 17% of forecast revenue, \$114,000 in the first year
- Other functions hire and catering – 7% of forecast revenue, \$48,000 in the first year
- Experience ticket sales – 5% of forecast revenue, \$33,000 in the first year

Total revenue forecast for the first year is \$657,000.

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The following costs of goods are forecast:

- The café accounts for 79% of all costs of goods, a forecast \$325,000 in the first year, which accounts for 70% of café revenue.  
This includes both food costs factored at a 100% mark up and staff costs, allowing for two kitchen staff and two service staff.
- Wedding functions account for 10% of costs of sale, forecast at \$40,785 a year for the first year, which accounts for 36% of wedding revenue.  
Food, staff, bar sales and staff overheads are accounted for. Weddings are forecast to be considerably more profitable than other types of functions.
- Other functions account for 7% of costs of sale, \$27,000 in the first year, 57% of other functions revenue.
- Cost of sale for the experience is 50% of the ticket price, 4% of total cost of goods, a forecast \$16,500 in the first year. This is the amount which the Council would receive from the experience sales.

The total cost of goods sold is forecast to be \$410,000 in the first year, resulting in a gross margin of \$247,000.

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Operational expenditure is forecast to be \$232,000 in the first year. The largest expenditure is a \$90,000 salary for the manager (anticipated to be the holder of the Service Level Agreement). Other significant expenditures are lease (\$20,000), cleaning (\$18,000), heating and electricity (\$17,000), vehicle (\$15,000) and promotions (\$30,000).

## : ]bUbWjbi `UbX`XYdfYWUjcb`

No financing has been modelled.

Total capital assets of \$200,000 will require \$20,000 to be allocated to depreciation annually. This results in a small deficit forecast in Year 1 (-4970) and for a small surplus from that point.

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### Visitor numbers

345,000 people are estimated to visit Invercargill, staying overnight (Commercial Accommodation Monitor/Qrious). Of those, 80% are domestic and 20% international visitors (69,000). Note, that a recent additional estimate of visitors to Invercargill produced by Qrious puts the number of domestic visitors at 474,000 and international visitors at 89,000. While it is believed that this is an overestimate it suggests that the estimate produced using CAM and Qrious is sound.

A 5.4% growth of international tourists in line with national forecasts is modelled. It is believed that this is achievable unless there is a significant shock to the international tourism market.

The adult populations of Invercargill and Southland have been modelled using census data.

For comparison 240,000 people visit the Southland Museum and Art Gallery each year. Over the 2013/ 2014 year prior to the closure of the house, 10,200 people visited the art exhibitions within the house, with the Spring Exhibition the most popular attracting 1200 people a month.

There are no numbers available for existing numbers of visitors to Anderson Park.

7% of Invercargill residents are forecast to use the café once a year and 6% to be regular visitors attending once every other month. 65% of visitors to the café are forecast to visit the café over the weekend, with the remaining 35% visiting over summer weekdays.

This has been modelled using responses to the 2017 Anderson House Café survey which received over 1000 responses and showed 50% visiting once a year and 25% visiting every other month. Noting that this survey was self-selecting these figures have been used as a base to scale down from.

6% of Southland residents (excluding Invercargill) and 6% of tourists are forecast visit once a year.

Based on the above assumptions a total of 35,388 café visitors are expected in the first year (12,648 Invercargill residents, 2040 Southland residents and 20,700 tourists). This equates to 230 visits a day on weekends and 95 a day on summer weekdays.

The café has capacity to seat 20 in the main room and 24 in the second room. Assuming an hour turnaround on tables (in likelihood it would often be faster than this) this means that the

café is forecast to be at capacity for five hours a day. With the planned outdoor seating and capacity for takeaways, it is believed that capacity is appropriate.

Café revenue was forecast on the basis of an average spend of \$15. This is higher than the average \$9.48 which is spent within the Southland Museum and Art Gallery café on the basis that the Anderson House café is expected to be more of a destination location where people will be more likely to choose to eat. The Southland Museum and Art Gallery café turns over approximately \$350,000 a year.

Attendance at the interactive experience has been modelled conservatively which leads significant room for growth and for Invercargill City Council to recoup a greater amount of operational costs through revenue from the experience. 2.5% of tourists, 1% of Invercargill adults and 1% of Southland (excluding Invercargill) adults are forecast to attend every year. This would equate to 9,373 visits a year, or 61 visits a day at weekends and 25 visits a day on summer weekdays. 15% of total visitors are forecast to be children.

#### Pricing

The ticket price for the experience, \$5 for adults and \$2 for children aged 5 – 12, has been set at a very affordable level in order to encourage local family and repeat visitation. This price has been set at a conservative rate for a number of reasons, including the limited floor space available for the historical experience and the desire to ensure that as many local people are able to attend as possible. In addition it is easier to raise prices than reduce them should demand be stronger than expected. For comparison entry to Olvaston House in Dunedin costs \$20 for adults and \$11 for children for a one hour guided tour.

Room hire rates have been modelled towards the higher level of function spaces within Invercargill to reflect the special nature of the venue.

## Evaluation and Risk Assessment

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- The quality of the café and functions space operator will have a major impact on the success of the operation. The ideal candidate will have experience in catering, while also bringing the personality and passion necessary to create excellent customer service and a memorable experience for locals and tourists.
- A strong working relationship with Heritage New Zealand, including local heritage experts, will help to ensure that the modifications to the building are successful, retaining the character and stories of the property, while enabling it to meet new community needs now and into the future.
- The interactive experience will require innovative thinking, with input from commercial experts as well as curators if it is to meet the needs of tourists.
- The success of the interactive experience will rely on significant contribution of time from passionate informed volunteers. Relationships with key groups, including people previously involved with the Anderson Park Art Gallery, people with connections to the Anderson family and those who have donated art work or pieces to the house will be important and should be actively managed.
- The success of the arts programme will require alignment with the wider arts strategy and the support of the arts community.

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- Revenue from the café alone is not likely to be significant enough to attract a high quality operator. Revenue from weddings and events is forecast to be a significant revenue stream but creates management challenges of balancing the commercial and community uses of the building.
- Two toilets may not be enough at peak times and for larger functions – Additional investment may be required.
- A change to the Anderson Park Management Plan would be required to limit the availability of the Park for wedding photos to mornings and early afternoons.
- Consultation with Heritage New Zealand will be required to ensure the plan is feasible, although the architect has designed plans with this factor in mind.
- There are passionate views amongst the community as to the preservation and ongoing use of Anderson House and Park. An active relationship management plan will be required in order to engage key stakeholders and enable them to contribute their skills and expertise.
- A transport plan should be developed to improve linkages between the House and the Central City. This could include adding a stop to bus routes on the weekend and/or an electric vehicle linking Bill Richardson Transport World, Queens Park, Anderson Park and the Central City. A bicycle route linking Queens Park (Isite), Donovan Park and Anderson Park and hire options within the City (Cycle Surgery) should be promoted.
- Note that if the facility grows in popularity and becomes attractive to tour groups, investment will need to be made in a turning space and parking facilities for tour buses.

- Consideration needs to be given to the legal structure under which the redevelopment of the house occurs. If a Trust such as the Troopers Memorial Trust were involved in the management of the redevelopment, this would both help to draw on volunteer resources from people passionate about the House and also make it possible to access community funding.

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As with any business there are risks which need to be considered and actively managed in determining whether and how to proceed in developing this project.

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2	Loss of community support/ social licence to operate	Major	Insignificant	Possible	Rare	High	Gauge level of support through the long term planning process. Actively engage individuals and groups with a significant interest in Anderson House to bring their interests and skills to benefit the project.
4	Decline in Tourist visitor numbers to NZ or the region	Moderate	Insignificant	Possible	Possible	High	Product is aligned almost 50/50 to local people and the tourist market which reduces exposure to a downturn. Continue to engage closely with Tourism New Zealand. Venture Southland in role of RTO to be closely involved to ensure destination promotion strategies are aligned. Diversify markets to reduce impact of any downturn. Look for cluster opportunities by working with other products to reduce risk and increase number (e.g. Transport World, Bluff Oyster World)
9	Failure to find appropriate operator with alignment of skills and values	Major	Moderate	Possible	Unlikely	High	This is one of the key risks which will face the operation given that the commercial operator needs to be able to deliver both a high quality café and catering experience in order to be financially viable. ICC should undertake an indepth search for a partner and support their ability to sub-contract particular services (e.g. catering) as required. Service Level Agreement

							should outline standards in customer service required.
10	Operator fails/ withdraws from lease	Major	Moderate	Possible	Rare	High	ICC should have in place contingency plan to manage such an eventuality.
12	Interpretation is not compelling enough to attract tourists or repeat visitors	Major	Minor	Possible	Unlikely	Medium	Ensure design is led with commercial imperatives and historical narratives balanced. Consider the involvement of a specialist interpretation partner.
	Not safe to display artefacts/ art within the building	Major	Insignificant	Likely	Likely	Medium	This is identified as the situation for many artefacts and publicly owned art. Design flexible approach to allow artefacts to be displayed where possible. There are not enough artefacts to allow a display such as at Olvaston House, therefore the plan has been designed to not rely on precious artefacts where climate control cannot be assured.
13	Product not priced correctly	Moderate	Insignificant	Unlikely	Rare	Medium	Pricing has been set at a very affordable rate for the interpretation. It may be that it is deemed to be too low and therefore there is room for a progressed lift over a number of seasons if demand warrants it
	Demand for café lower than expected – Invercargill Café market saturated	Major	Moderate	Possible	Unlikely	High	Café culture is currently very popular in Invercargill and the survey undertaken suggests demand is very high. Café offering should be designed to create a destination experience with a point of difference linked to the heritage nature of the building. A high quality operator is required because of this risk.
	Demand for café lower than expected – People do not want to drive/ walk from the carpark	Major	Moderate	Possible	Unlikely	High	This proved to be a significant risk for Bella Kai. The café must be high quality and a unique destination to counter the distance from town. A covered walkway from the carpark is budgeted for but it may that an extension to the carpark

							may need to be reviewed. A bus route could also be explored.
14	Health and safety not maintained at location	Major	Minor	Unlikely	Rare	Medium	A health and safety plan should be created and actively managed.
15	ICC and Operator vision and values become unaligned	Major	Minor	Possible	Rare	High	The process to find a partner operator will be crucial. The negotiation process should be indepth and involve a heads of agreement outlining values as well as commercial arrangements.
16	Financial risk to ICC and other core stakeholders if the product fails	Major	Moderate	Possible	Rare	High	Operational shortfalls are forecast for ICC. Financial risk assessment should be undertaken to enable Council to decide what the risk would be of needing to take over the commercial café operation as has happened at the Museum.
17	A new tourism product is developed that competes for visitors	Moderate	Minor	Likely	Likely	Medium	Invercargill is currently underserved by product – additional product will help to create the critical mass to encourage more visitors to the City. ICC should maintain relationships with stakeholders in order to encourage complementary rather than competitive product.
18	Natural disaster or other event causes the centre to close for a prolonged period of time	Severe	Major	Possible	Unlikely	Medium	Contingency plans should be put in place to enable the operation to recommence as soon as possible after natural disaster and to reduce potential financial impact. Building and business interruption insurance should be to appropriate levels.
19	Poor media/ social media reporting negatively impacts visitor numbers	Major	Moderate	Possible	Unlikely	Medium	The operation should pursue a proactive social media strategy using this medium to create and build interest around the product. Active positive social media will help to counteract negative social media.

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21	Accident/ injury to customer	Major	Major	Possible	Unlikely	Medium	A full health and safety plan should be in place and following risk assessment, risks communicated to customers.
22	Accident/ injury to staff	Major	Moderate	Possible	Unlikely	Medium	A full health and safety plan should be in place and actively managed.

## **Appendix 1: Impact Consulting, Options Study**



# ANDERSON HOUSE

## OPTIONS STUDY

PUBLIC CONSULTATION AND REVIEW OF POTENTIAL FUTURE USAGE OPTIONS FOR ANDERSON PARK HOUSE

DECEMBER 2016



*Seeing progress... Achieving Success.*



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## 2. Executive Summary

### Community Benefit

Anderson Park and House were gifted to the Invercargill City Council for “the benefit of the public”. This was a key theme throughout public consultation and will be an important influencing factor in the future of this community asset. Balancing multiple city and stakeholder objectives is key to achieving and maximising overall community benefit and long-term sustainability.

### Public Support

The degree of public support for and interest in this facility is high. Invercargill residents have a strong sense of collective ownership and view the Park and Anderson House as one and the same thing. This is important when considering future use and management structures.

### Historic Place of National Significance

Anderson Park House is a NZ Category 1 registered historic building of national significance. This does not limit the future use possibilities. However, any proposed changes need to be undertaken in a historically sensitive manner, with the input of a historic building consultant. Successful historic building repurposing requires innovation, flexibility of use and consideration of long-term sustainability.

### Cohesive story and strong themes

Regardless of the future use of the house, it is essential that it has a clear story and strong theme to create a cohesive attraction and strengthen it as a destination location.

While no clear sole-use concept was identified through the consultation process, it is recommended that the following central themes are pursued.

#### 1. The Anderson Story

- + The Anderson family were connected to a huge range of areas and have the ability to tie together many of the major attributes of Southland as a region. These include involvement in agriculture, farming, land development and stock breeding; banking, insurance and politics; milk products, dairy and shipping; seafood, aquaculture, oysters and export; art, culture, performance, history and the environment.

#### 2. Family Friendly Orientation

- + Anderson Park is known as a family friendly location. Intentional inclusion of interactive elements for families and children is recommended as a central theme of the overall park and house. This may include permanent children’s park activities, animals at Donovan Park or other elements. A focus on of this theme will enhance community engagement and benefit, while also supporting Southland’s promotional focus as a great place to bring up children and the objectives of the Southland Regional Development Strategy.

#### 3. Evening Destination

- + Although the park has traditionally been locked in the evenings, it is recommended that it is intentionally developed as an evening destination and must see attraction. This may include elements such as light and music displays projected on the house, interactive sculptures with a sound and lighting component, summer music performances and use

as an evening desert and cinema venue. The core objective of this theme, being to engage visitors in an activity which will see them stay an additional night in the city and positively influence FIT tourist revenues for the city as a whole.

### Future Use of Anderson Park House

Based on research, public consultation and preliminary business case modelling, it is recommended that Anderson Park House be utilised as a mixed use venue. That the inclusions contribute to a cohesive story and are appealing enough to warrant paid entry. It is also recommended that discounted entry is offered for locals, with a low cost annual membership option available for paid entry attraction elements.

It is recommended that use should include the following elements:

- A reception gift shop and book store in the style of the original library / study (Kirkby Room)
- Engaging / interactive historic displays (various rooms including the Hewat Room, Attic and Caretakers Residence)
- Changing historic or contemporary exhibitions or other supporting elements (Latham Room, unnamed bedroom)
- A satellite art display component
- Downstairs function space (Deaker Room)
- A café, which also functions as an ice cream shop during the day and as a wine bar and dessert venue during the evening (tea room and old butler's kitchen)
- An upstairs cinema / performance space (Dickison Room)
- Accessible toilets added to both floors plus elevator (if needed)

### Operational Projections

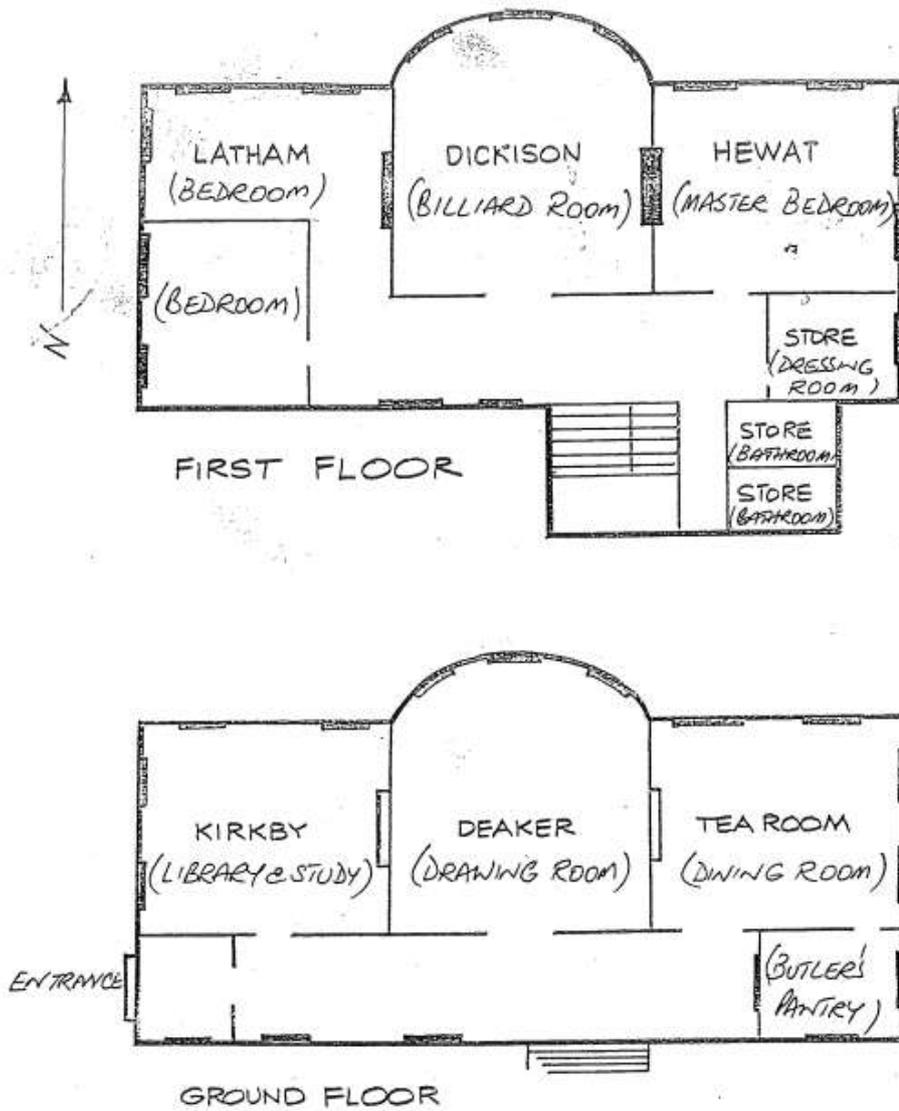
Based on the proposed inclusions, preliminary operation projections indicated that the facility would cover all its own operational and staffing costs. Projections are based on a conservative estimate of around 10,000 daytime and 16,000 evening visitors. Once established it is anticipated that these numbers could be exceeded. Numbers could be further boosted via tailoring packages specifically for tour group and cruise ship visitors. It is suggested that open hours are tailored to demand and seasonal variations.

### Required Investment

In order to achieve the proposed outcome, a total capital investment of around \$2.2M is anticipated to be required. This includes a provisional allowance of \$800K for the required earthquake strengthening, as well as a provisional cost sum of \$600K to cover fire safety, accessibility enhancements, elevator and delayed repairs and maintenance. The remaining \$800K is required in order to establish activities and elements, which will help ensure regular use of the house and help ensure the long term sustainability of Anderson Park House for the benefit of the public.

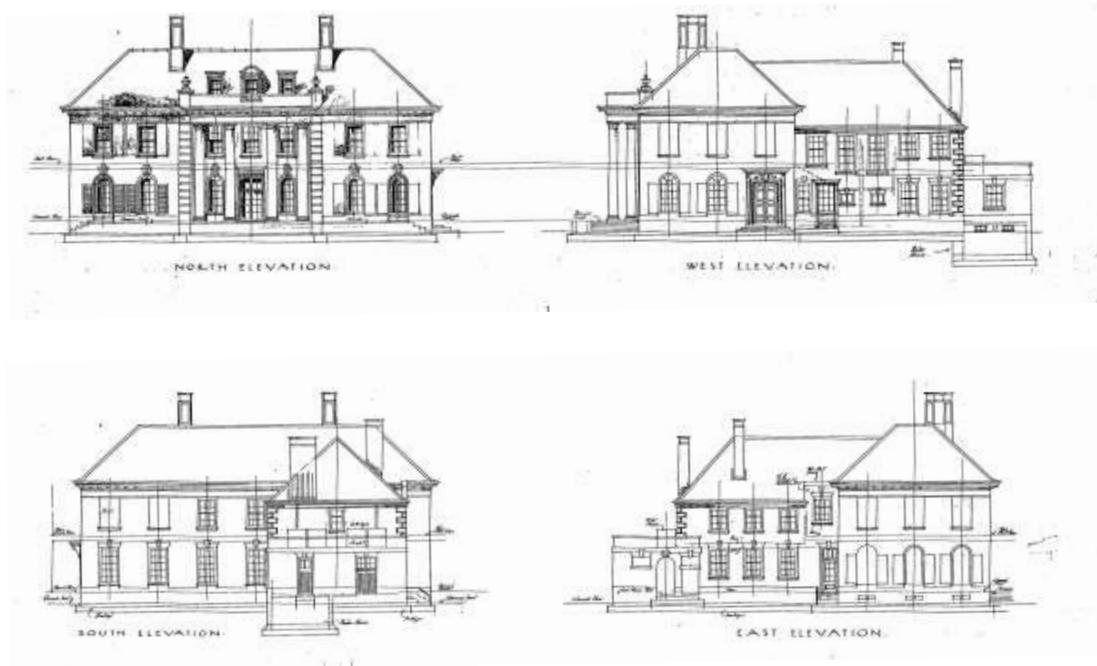


### 3. Anderson Park House Floor Plans

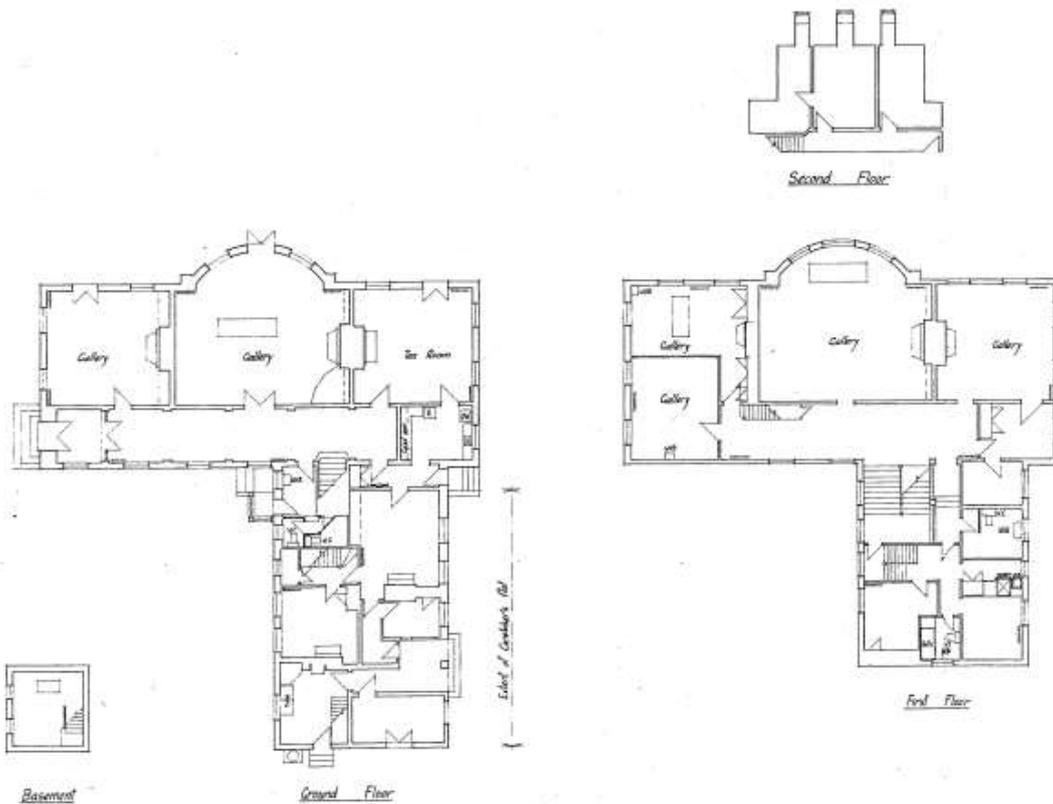


Anderson Park House Drawings showing the names of rooms and original use during the family's occupation of the home.

**Source:** Anderson Park Art Gallery Conservation Report Appendices – June 2001



Anderson Park House Drawings courtesy of Sir Miles Warren.  
Source: Anderson Park Art Gallery Conservation Report Appendices – June 2001



Anderson Park House Floor Plans  
Source: Anderson Park Art Gallery Conservation Report Appendices – June 2001

## 4. Key Recommendations

### Building

- + That the house be earthquake strengthened.
- + That delayed repairs and maintenance be undertaken, including evaluation of requirements for the wharepuni and other amenities on site.
- + That a historic building consultant is engaged as part of the design and planning process for any proposed changes.
- + That fire safety and disability access requirements are assessed and more accurately priced.
- + That the house be used for a mixture of engaging historical displays, art, functions, café and cinema / performance space. That the inclusions contribute to a cohesive story and are appealing enough to warrant paid entry. That discounted entry is offered for locals and a low cost annual membership option is available.

### Management & Governance

- + That a facility manager with ability in events management and a strong vision for the cohesive curation of the house is employed.
- + That a Friends of Anderson House Advisory group or Anderson Park House Management Committee is formed including representation from the history, heritage buildings, arts, tourism, events and education sectors.
- + That a regular calendar of events is scheduled for the park and home.
- + That intentional partnerships are developed with SIT for creating work opportunities for their hospitality, film and media students in the staffing of the café, cinema / performance space and for functions.
- + That engagement with schools and LEOTC (learning experiences outside the classroom) is pursued.

### Art

- + That some space is retained within Anderson Park House to be used as a satellite display venue as part of the City's wider art strategy.
- + That consideration is given to short-term or temporary gallery displays being reinstated, once earthquake strengthening is completed, until such time as an alternate art facility is completed.
- + That as part of the process of relocating the Invercargill City Gallery collection to alternate storage space includes a stocktake / assessment of the elements of the collection with a specific affinity to Anderson House. Enabling the potential incorporation of these elements into revolving or permanent displays to be taken into consideration.

- + That the “Art in the Park” publication is updated to include more recent contributions and that this material is made available in a digital format, to enable future development into an interactive display component. It is envisaged that this process will help in identifying artefacts with specific affinity to Anderson House while also engaging key people within the art community.

## Tourism

- + That three central themes are pursued.
  - 1) A focus on being a family friendly location.
  - 2) A focus on being an evening attraction / destination.
  - 3) A focus on the Anderson family story and the wider linkages this has to Southland and NZ heritage.
- + That themed city-wide tourism trails are developed with packaged offerings from multiple providers including Anderson Park House.
- + That roadside and park signage improvements are made, including improved walking / running linkages.
- + That a sculpture trail is established, with a potential focus on interactive sculptures with a sound and lighting component.
- + Enhancement of the bush walk and intentional inclusion of children and family based activities are undertaken.
- + That better utilisation is made of the park, including establishment of additional community BBQ locations to enhance community use and benefit.
- + That cycle trail linkages are established (potentially including electric bike hire locations).
- + That an active role is played in the facilitation of a seasonal transport link and collaboration of local attractions.
- + That investigation is undertaken into the possibility of additional car parking near the house.

## 5. Introduction

This report has been commissioned by Venture Southland on behalf of Invercargill City Council. Community consultation, research and reporting have been undertaken by Impact Consulting and Accounting Ltd.

The overall objective of the project being:

*“To present the Invercargill City Council with proposed options for Anderson House that integrates with the Invercargill City management plans and is cognisant of objectives of preservation, stakeholder engagement, market demand and cost management. Anderson House is a key asset that is located within Anderson Park, Invercargill.”<sup>1</sup>*

## 6. Background

*Anderson Park is a 24-hectare park of landscaped gardens located on the northern boundary of Invercargill. For over 65 years this has been a community and visitor attraction for the city of Invercargill, with the focal point of the park being the impressive 1925 Georgian-style home. The park also includes gardens and mature trees, and to the rear of the house stands a wharepuni or Māori house, the traditional carving coming from Rotorua. Visitors are drawn to the reserve for use of the playground, picnic areas, and garden appreciation and previously to visit the Art Gallery and historic former residence.*

*Sir Robert Anderson, a notable Invercargill businessman, built the house and it was completed in 1925. After the deaths of Sir Robert (1942) and his wife (1951), the house and grounds were given to the city of Invercargill, with the asset being managed by the Invercargill City Council. From 1951 the house has been used to display Invercargill's collection of art. In 1984 Anderson Park was registered as a Historic Place – Category 1 with the Historic Places Trust and is also classified as one of only three Premier Parks within the Invercargill City Council park categories (the others are Queens Park and Otepunu Gardens).*

*During 2013, the Invercargill City Council undertook a programme of investigations into the susceptibility of all their buildings to seismic events. It concluded that Anderson House did not meet the current minimum standards and, as a result, Anderson House was closed to the public in January 2014. In 2016 the art collection was renamed the Invercargill Public Art Gallery Inc. Collection, with the intention of exhibiting in an inner city location (not within Anderson House). The Invercargill City Council (ICC) has planned upgrades particularly for Anderson House, to protect the architectural integrity of the building and has further enhancements considerations. Prior to determining what level of enhancement is required, it is important to define the long term function of Anderson Park, and the role that it serves to the people and council of Invercargill.*

## 7. Current Position

*Anderson Park as an asset of Invercargill City Council is managed by ICC Parks and Reserves in liaison with the Southland Museum and Art Gallery operations. Current operations on site include maintenance of parks and reserves, and conservation of Anderson House and buildings.*

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<sup>1</sup> Anderson House Options Study RFP

*The Invercargill City Council has planned to upgrade the facility including undertaking seismic strengthening work, which includes removing chimneys and replacing with replica chimneys and tying the roof and floors to the walls, and exterior house maintenance work house.*

*These are intended to protect the architectural integrity of the building. Further enhancements have been suggested such as public toilets, and further access (including a lift and ramps), commercial kitchen, heating ventilation and air conditioning (HVAC) upgrades.*

*Further to infrastructural services, with the removal of the Art collection the function of Anderson House is uncertain.*

## 8. Project Methodology Summary

This project has included a reasonably large public consultation component with multiple opportunities for public input. The basic methodology of the project is outlined below.

1. **Stakeholder Consultation** (approx. 20 participants)
  - a. Primary Stakeholders (ICC, Venture Southland)
  - b. Key Stakeholder Group Consultation including both verbal and written input (Historic Societies, Regional Development Organisations, Iwi, Business Representatives, Art Community Representatives, Friends of Anderson House)
2. **Review of Background Material and Documentation**
3. **Public Survey - Future Uses**
  - a. Online publicly advertised survey (251 Responses).
4. **Scenario Development - Potential Future Uses**
  - a. Development of potential three future use scenarios based on survey input, preliminary business case modelling and assessment of potential space utilisation.
5. **Secondary Stakeholder Consultation** (approx. 20 participants)
  - a. Secondary stakeholder meetings with both Primary and additional key stakeholder groups to refine the potential future use scenarios.
6. **Public Survey – Potential Future Use Scenario Feedback**
  - a. Online publicly advertised survey with hardcopy option (219 Responses).
7. **Additional Research**
  - a. Additional Research into models of operation, including consultation with some comparable ventures within NZ.
8. **Final Recommendations and Reporting**

## 9. Key Objectives and Principle Considerations

Anderson Park House is a key cultural amenity for Invercargill, and as such, involves a number of stakeholder groups and is connected to a number of key objectives for the City. These groups include: The Invercargill Council; Invercargill City Residents; Art, Cultural and Historic Societies; Tourism Promotion and Economic Development Agencies.

Essentially all are working towards a common goal of a lively, vibrant and culturally rich city. In order to ensure the long term preservation of this community asset without significant burden on rate payers, it is essential that the needs of these groups are balanced, with due consideration to a number of key areas.

- **History & Building Preservation**

- + Anderson Park House is a NZ Category 1 registered historic building of national significance.
- + Any proposed changes need to be undertaken in a historically sensitive manner with the input of a historic building consultant.
- + Due consideration to the ownership and intention for artefacts held by the house is important, as well as how to enhance and preserve the story of the Andersons and local history.

Anderson House is a Category 1 registered historic building. This means that the building itself is a building of national significant and historic value. Current standards recognise the need for historic buildings to also be functional. Where changes are needed, they are undertaken in the most sensitive way possible, with due consideration given to factors such as permanence / reversibility of alterations, original intent and retention of materials.

This means that usage options which require changes should not necessarily be ruled out, but that it is essential for a historic building consultant to be engaged, in order to determine potential impact and identify the most historically sensitive approach to achieving the desired outcome, prior to options being finalised.

It is noted that some art and artefacts have been donated with the intention that they remain with the house. Due consideration should be given to this, as many of these are important in preserving the history and story of the home.

- **Financial Sustainability / Safety**

- + The ICC wish to ensure the safety of the public, maximum public benefit and limitation of burden on ratepayers.
- + Earthquake strengthening and safety measures are estimated to be around (\$800K)
- + Fire safety and accessibility requirement cost are yet to be assessed as these will in part be determined by the use and proposed changes to the current building (if any). A provisional cost allowance of \$450K has been included as a basic working figure.

As with all Council activities, decisions must be assessed with due consideration to the short and long term implications for rate payers and the wider resident population. This makes long-term financial sustainability of the proposed future use/s of Anderson Park House a key consideration for the Invercargill City Council. The ICC also has a responsibility for the safety of people within

buildings it manages. This means that fire and earthquake safety enhancements are an essential factor for any future use.

- **Tourism & Economic Development**

- + Increased tourism industry income requires: longer stays, higher spend, more frequent visits and / or more visitors.
- + Anderson Park House has potential to contribute to all of these objectives. As a destination location it also has potential as part of packaged offerings and tourist trails within the city.

In order for Invercargill to achieve its objectives of growth and increased tourism revenue, the city must achieve one or more of the following: longer stays, higher spend, more frequent visits and / or more visitors.

Anderson Park House and ground have the potential to enhance and complement the wider tourist offerings of the city. As a venue it has the potential to link in a number of key themes for the city and provides scope to develop localised tourist trails, which will encourage longer stays, visitation of multiple attractions and higher visitor spend. These could include a transport trail, history, nature, garden, sculpture or family attractions trails. A seasonal transport loop would significantly enhance this possibility, as well as the sustainability and economic benefit of Anderson Park.

- **Local Engagement / Repeat Visits**

- + Can't be a once in a lifetime destination (Invercargill's population is not big enough)
- + Needs a full or part-time manager to facilitate regular events.
- + Needs critical mass of visitors for sustainability, either complimentary offerings or a major attraction.

Invercargill's resident population is not big enough to sustain Anderson Park House via one-off visitation. Establishment of activities, attractions and annual events which encourage repeat visitation are an essential part of any future use. Active management by a part or full time facility manager is anticipated to be needed.

Due to Anderson Park being a destination location, business ventures will only survive where they 1) can generate sufficient visitation themselves, or 2) are a part of a number of complementary offerings on site, which collectively attract sufficient visitors.

- **Deed of Gift / Public Benefit / Management Plan**

- + Anderson House and Park were gifted "for the benefit of the public"
- + The management plan supports this objective, while incorporating provision for commercial activities where they will not adversely impact on the reserve or neighbours.

The Anderson Park memorandum of transfer / deed of gift states "*the Donors are desirous of making a gift of the said piece of land to the City of Invercargill for the benefit of the public.*" A condition of the gift was that the native bush and gardens were to be maintained to a standard equal to that of the time. The residence was to be used as an art gallery or other such use, for the benefit of the public, as the Council may decide.

The Anderson Park Management Plan is aligned with these objectives. This makes community access and overall community benefit the two key usage considerations.

The Andersons Park Management Plan incorporates provision for temporary or long-term commercial activities. As far as possible these should align with the management plan objectives and not adversely impact on the reserve, its neighbours or compromise its historic value.

## 10. Preliminary Future Use Options

The following three potential future use options, were developed based on initial public consultation.

### A Cohesive Story and Clear Focus Essential

- While the building itself could potentially be used for any number of activities, it is essential that there is a clear story and strong theme to create a cohesive attraction for both local residents and visitors.
- Through the consultation process no clear sole-use concept with sufficient visitor drawing power to become a stand-alone attraction was identified. This does not mean that a sole-use does not exist, but that at present the future usage and inclusions of Anderson House are anticipated to be multidimensional.

For a sole-use focus to be achieved the attraction would have to be cohesive / extensive enough to warrant a special visit and unique enough to draw visitors. While this objective is possible a strong theme or comprehensive collection first needs identification (either an existing collection or a collection available for purchase, as was the case with Motorbike Mecca).

- The Anderson family story is connected to a diverse number of themes which could be leveraged to create a comprehensive experience, involving many of the key elements of Southland. These include:
  - Agriculture, farming, land development and stock breeding.
    - *Animal attractions. Transformation of our landscape. Farming technology.*
  - Banking, insurance and politics.
    - *Money collections. Southland's role in the founding of a nation.*
  - Chocolate, milk products, dairy and shipping.
    - *Top quality food products. International business. Dairy industry.*
  - Sea food, aquiculture, oysters and export.
    - *The world's best seafood.*
  - Art, culture, performance and history.
    - *Music, art, Maori culture, dance, founding of the Southland Museum, contribution to children's play grounds. The sprung floor warepuni.*
  - Environment.
    - *Preservation of bush and selection of the site for the house partly based on this element.*
- Connected to these themes are numerous emotive stories such as:
  - A son being sent at age 16 to the one of the family's farm development blocks to help break-in the land between Edendale and Maitai. After working hard for months his father and the farm manger conceded that they never thought he could do it.
  - A daughter being married on site during depression years. The family, not wanting to be excessive in a time of hardship, held the wedding in front of the warepuni, while a plane flew over and dropped flower petals.
  - A successful business man who reported bailed out the prime minister of the time and helped sustain their collaborative business ventures on a number of occasions.

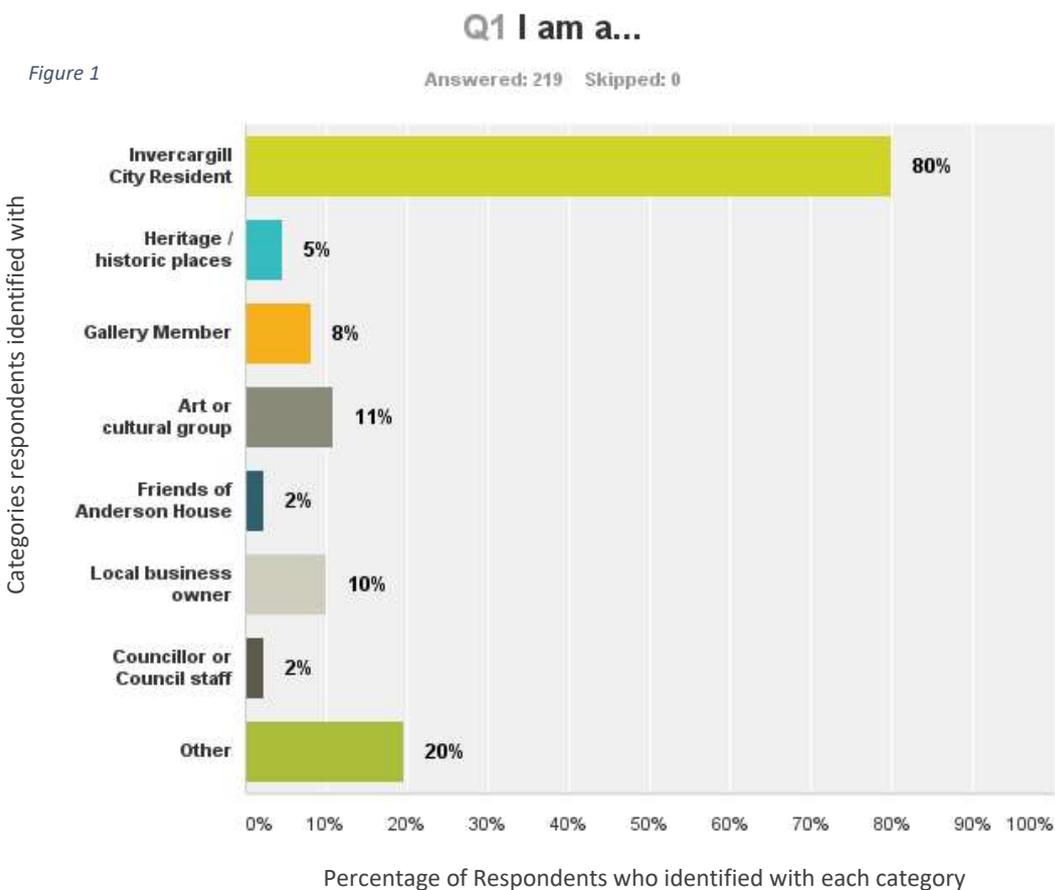
These local stories are the essence of what transforms a museum into a unique experience and brings history to life. For a venue of this nature to work it is the overall experience which needs to captivate visitors.

Regardless of the future use of the building, it is essential that it remains adaptable to alternate uses should community needs change. The three options present reflect this need while aiming to maximise community access and public benefit.

After each option are summary notes, graphs and feedback from the second round of community consultation.

## 11. Survey Respondents

- The graph below shows that the majority of survey respondents (80%) were Invercargill city residents, many of whom also have involvement in other organisations.
- The diverse range of responses to the “other” option shows public interest from outside of Southland, including strong representation of people with family connections to the property.



### Other respondent answers to “I am a...?”

- Antique Circle and Southern Storytellers
- pensioner - ex rate payer
- Venture Southland employee
- life member of historic places trust (heritage nz)
- Member of Antique Club
- Great granddaughter of Sir Robert & Lady Anderson Member of APAG Past President & Life Member
- Winton resident
- Born and bred Southlander living in central Southland
- Interested Invercargill resident
- Direct descendant of Sir Robert and Lady Anderson Life member of Anderson park Art Gallery
- Grandparents use to live there
- Southland resident & past frequent visitor to Anderson House
- Interested member of the public who lives within easy reach of Invercargill
- Daughter of a former Anderson Art Gallery President
- A previous resident for several years when my parents Dela and Dr's Hillstead were custodians for 20 years.

- family were caretakers for the house
- My grandparents Delia & Des Hillstead were custodians of Anderson Park for many years and I spent many years of my childhood there.
- Former Southlander
- Family member of Anderson park staff member
- Artist, exhibited in past spring exhibitions
- Artist, exhibited in past spring exhibition
- Ex Invercargill artist
- Southland District resident
- Regular visitor to Invercargill
- Was an Invercargill resident
- Anderson family member
- Visitor
- Ex Southlander
- Past resident
- Southland resident
- Motelier but have family history of Anderson Park with my mother staying with the Anderson's as a child
- Ex Southlander
- An Anderson descendant
- Family member of the late Anderson Family
- Descendent
- Former Invercargill resident with ongoing interest in art and local history.
- Invercargill Ratepayer, Southland Resident
- Youth councillor
- Descendant of the Anderson family
- Southland Resident
- Ex Invercargill resident now living in the district
- Western southland resident
- Former "temp" visitor host of Anderson Park Art Gallery

# Public Consultation Option 1

## OPTION 1: Community Use Focus

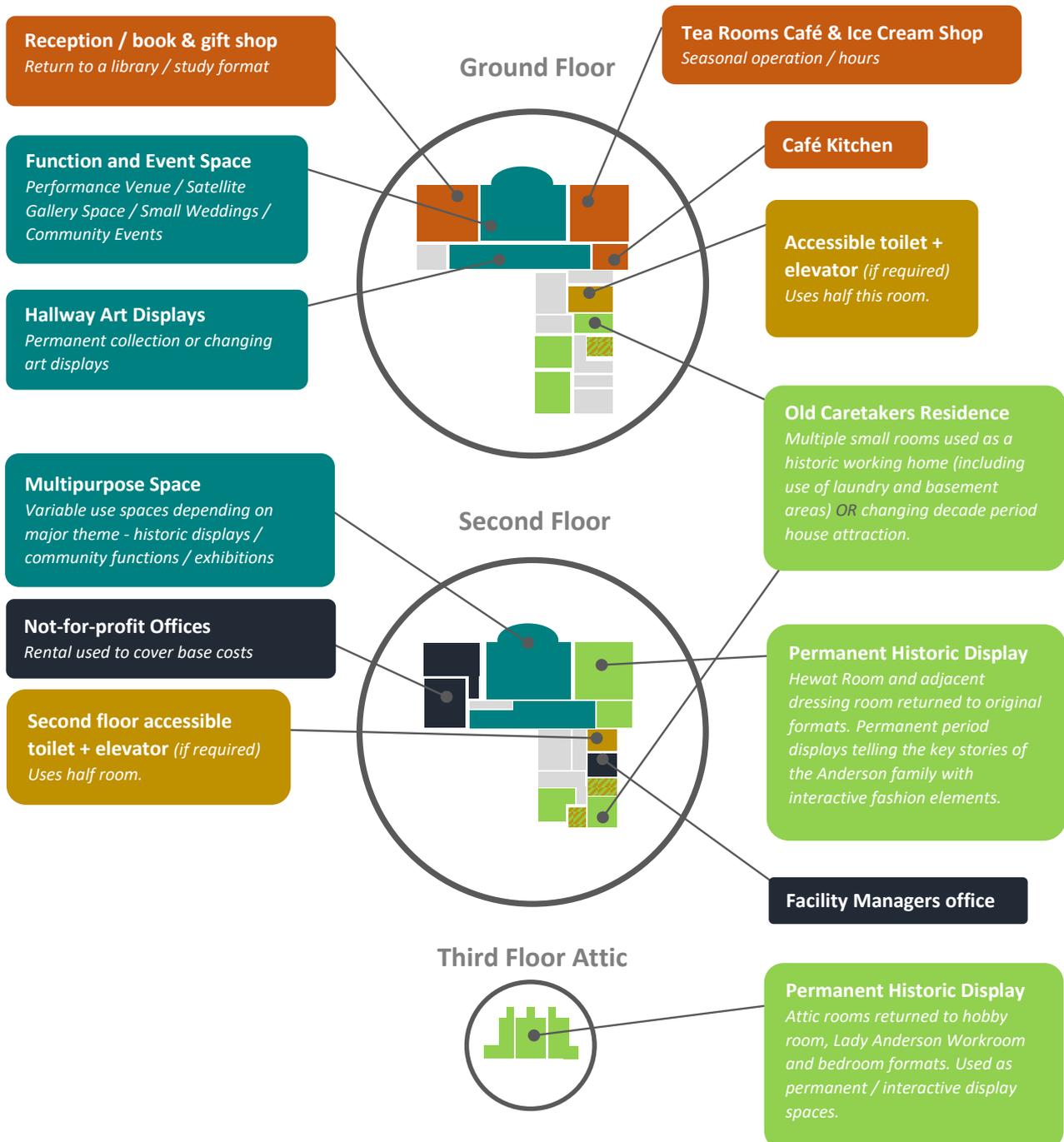
### Summary:

Option one looks to optimise the level of community use and local history storytelling.

It is anticipated that the majority of funding for this option would need to be drawn from public sources, the council, patrons and a number of significant community based fundraising events per year.

Inclusion of changing historic or artistic exhibitions, period house displays which change decade each year, or similar concept is considered an essential element in making this option viable and to encourage repeat visitation.

Rental values for community group event use are anticipated to be minimal, meaning, office rental and community fundraising events will be the main sources of revenue generated by the house.



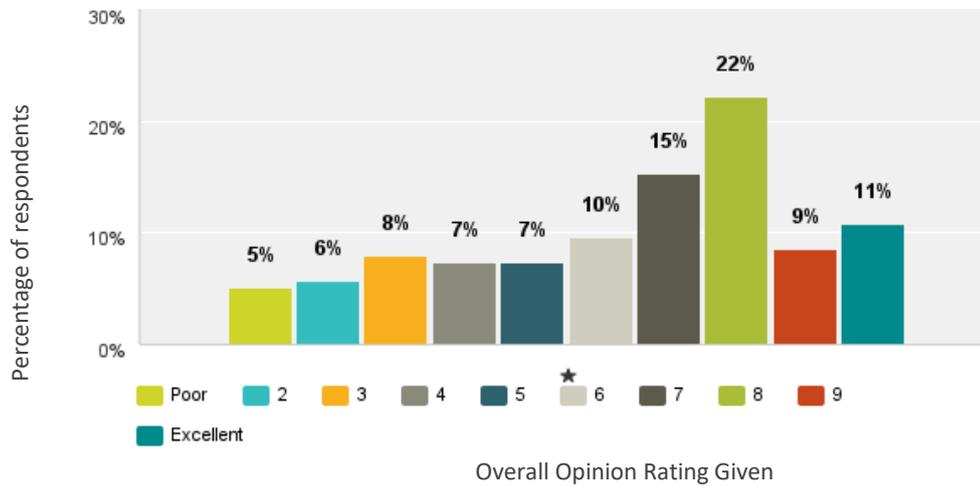
## 12. Option 1: Consultation Outcomes

- Option one gained the highest average rating of all three options, with an **overall score of 6.34** out of a possible 10.
- When looking at the breakdown of these rankings, views were mixed. A total of 33% of respondents gave this option a rating five or less, while 42% gave it a ranking of eight or higher.
- Findings of the pricing question indicated that 64% of respondents would pay \$10 or more to visit. A further 25% would be interested in visiting but would not be prepared to pay.

### Q2 Please give an overall rating this future usage option:

Figure 2

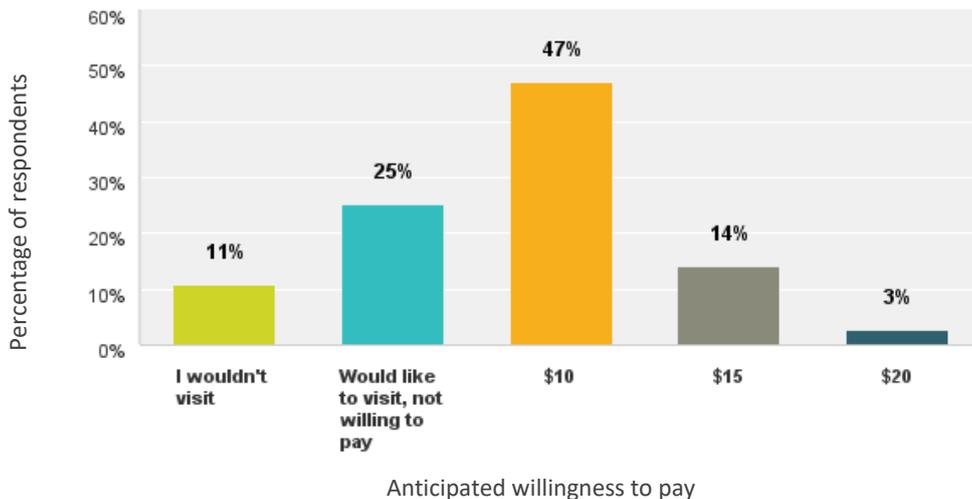
Answered: 176 Skipped: 43



### Q3 If the whole upstairs area of house and caretaker's residence was a historic home museum with memorabilia, and artefacts from the 1920-30's, which told local history and stories (similar to Olveston in Dunedin). How much would you pay to visit?

Figure 3

Answered: 178 Skipped: 41



## Public Consultation Option 2

## OPTION 2: Multi-Use Focus

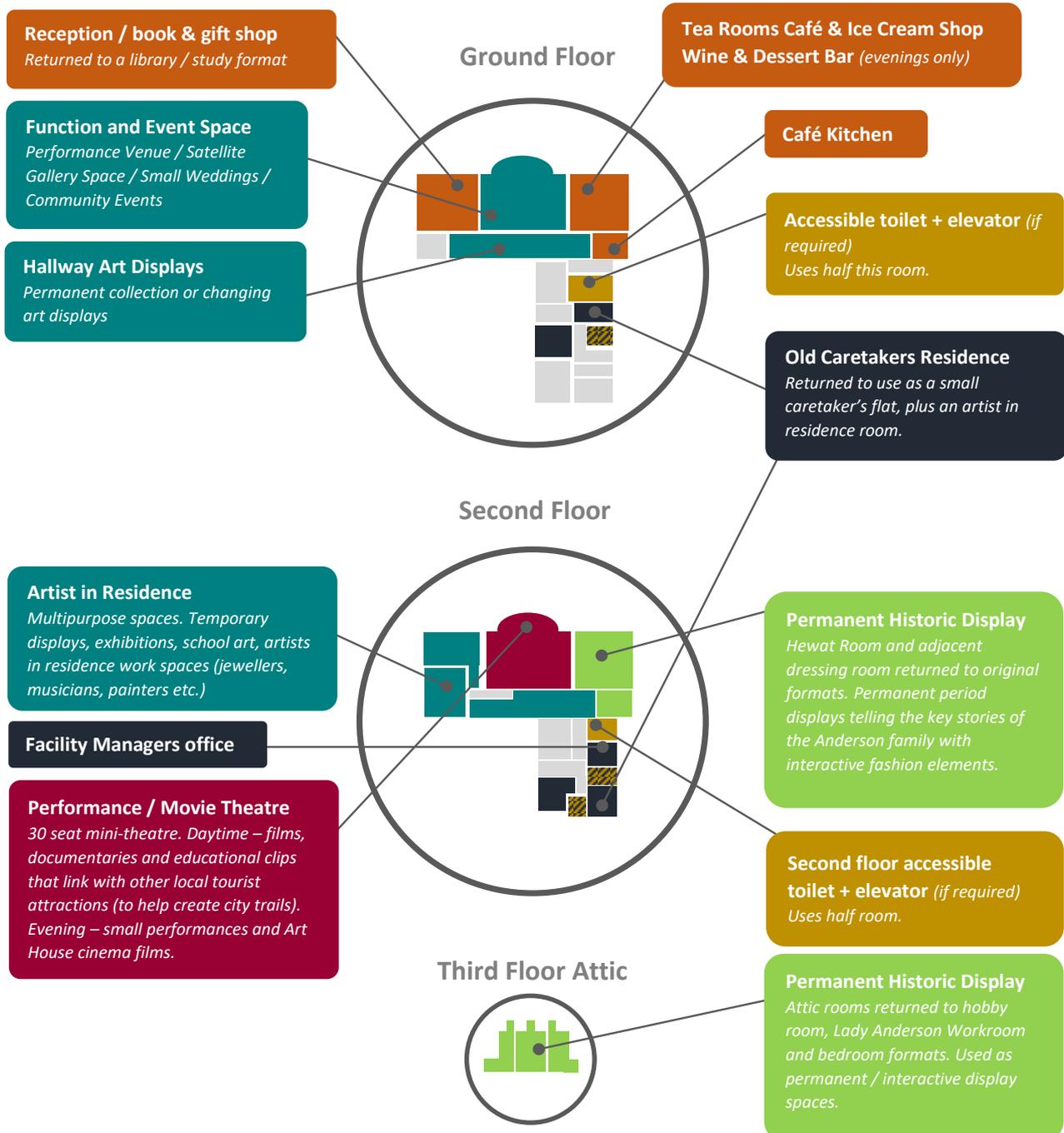
### Summary:

Option two looks to optimise the level of regular use of Anderson Park House by both visitors and locals, while preserving its history and its flexibility as a venue.

Much of the house is returned to original room uses. Inclusion of a 30-seat multipurpose theatre is central to this concept. This is used as a means to encourage return visits, to ensure the proposed café is sustainable, to leverage film to enhance other local attractions and to support the creation of tourist trail options within Invercargill, such as an eco-nature trail, garden, sculpture, history, transport and family attractions trails. It is envisaged that seasonal transport options would be timed to make this possible.

The caretaker's residence is returned to this use as a small flat, plus artist in residence room.

The café would double as a wine and dessert venue in conjunction with the cinema in the evenings. It is anticipated that it would either be leased to a local company or run by SIT students.

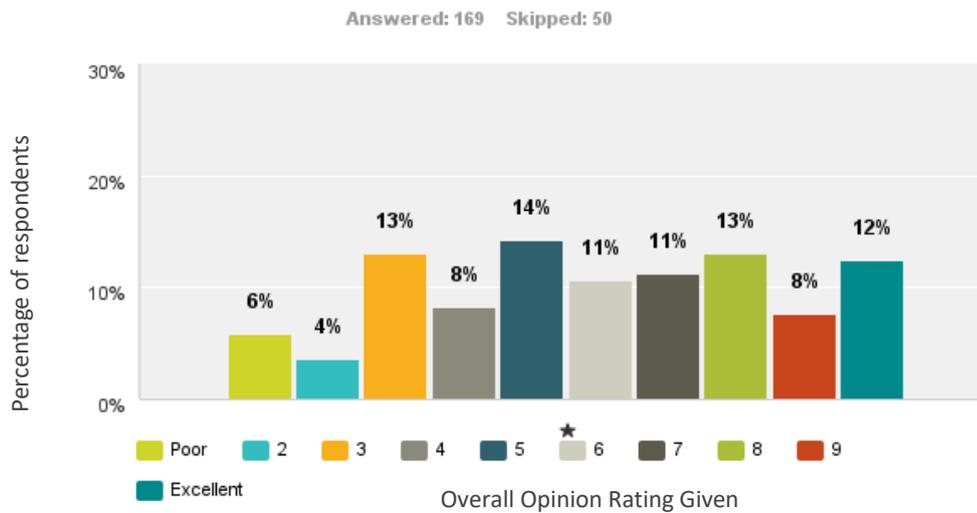


### 13. Option 2: Consultation Outcomes

- Option two gained an over **average rating of 5.96** out of 10. Views were mixed with wide distribution of ratings.
- Anticipated theatre attendance was very high among survey respondents. Using a mid-range weighting for each option, **923 theatre visits per year** would be anticipated **from a sample of 167 respondents**. When including those who would not visit the theatre and those who skipped the question, this equates to an average of 4.2 visits per person per year (with a total sample of 219 people). These results indicate this option would generate repeat visitation and community engagement, while also providing a revenue stream. Suggestions for SIT student involvement in the running of the theatre would add further community benefit.
- Comments around the SMAG mini-theatre indicate that daytime screens would need to be selected to be unique or complimentary.

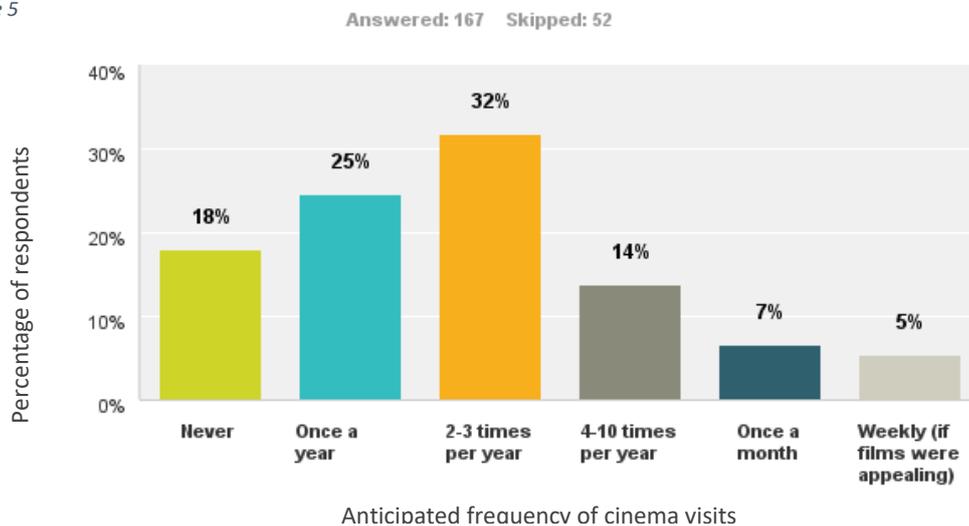
#### Q4 Please give an overall rating this future usage option:

Figure 4



#### Q5 If a small theatre with quality seating was installed at Anderson Park House, which screened film festival type movies (not available at the main cinemas) in the evenings, how often would you anticipate attending?

Figure 5



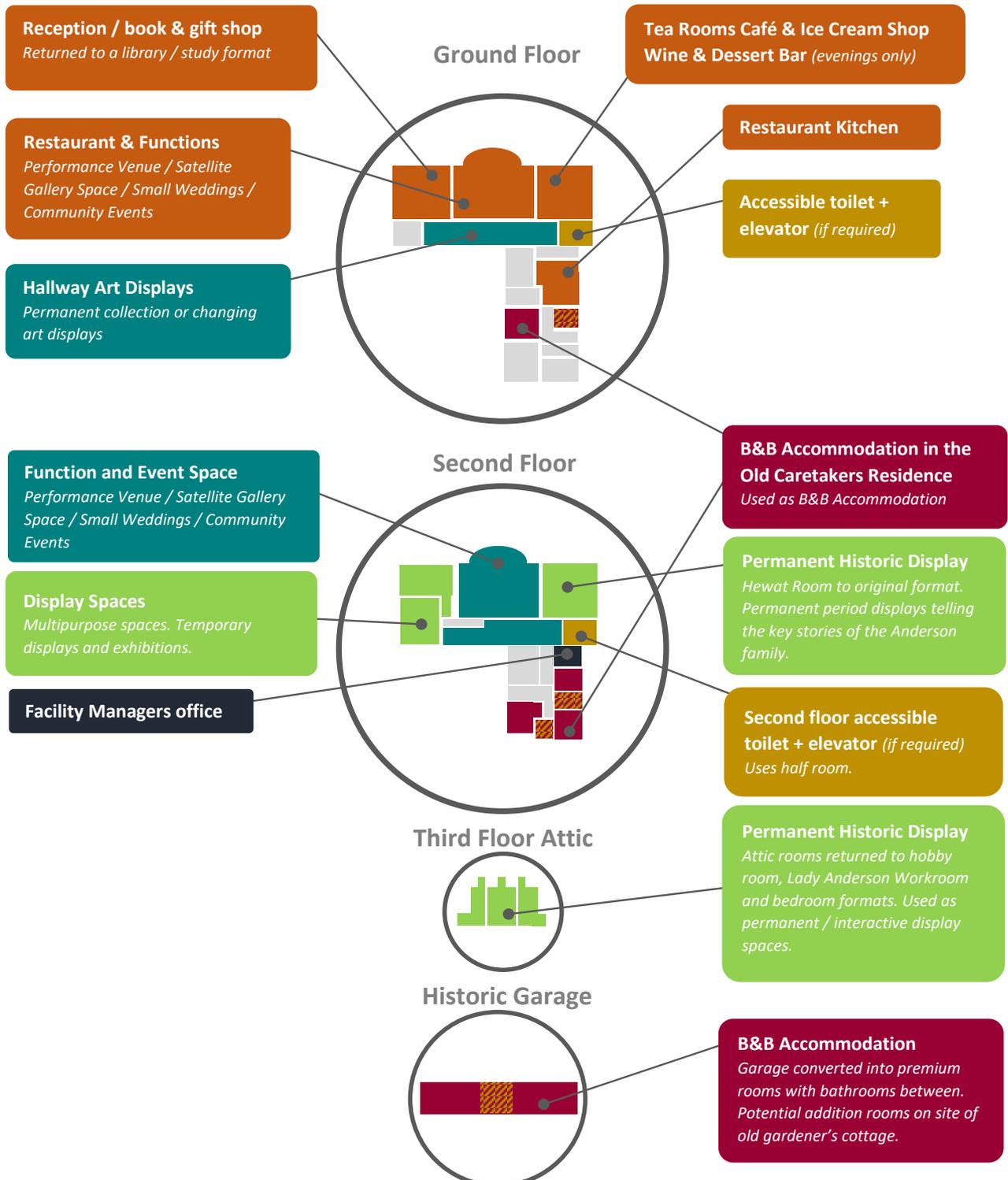
## Public Consultation Option 3

## OPTION 3: Self Sustaining Focus

### Summary:

Option three looks to optimise the level of operational income while preserving the history and flexibility of Anderson House as a venue.

The major feature of this option being a full restaurant, plus the addition of high-end bed and breakfast accommodation. One challenge faced with this option is the relatively high cost of room upgrades for B&B accommodation and a long return on investment payback period. It is assumed that the B&B operation would be leased to a local private business.



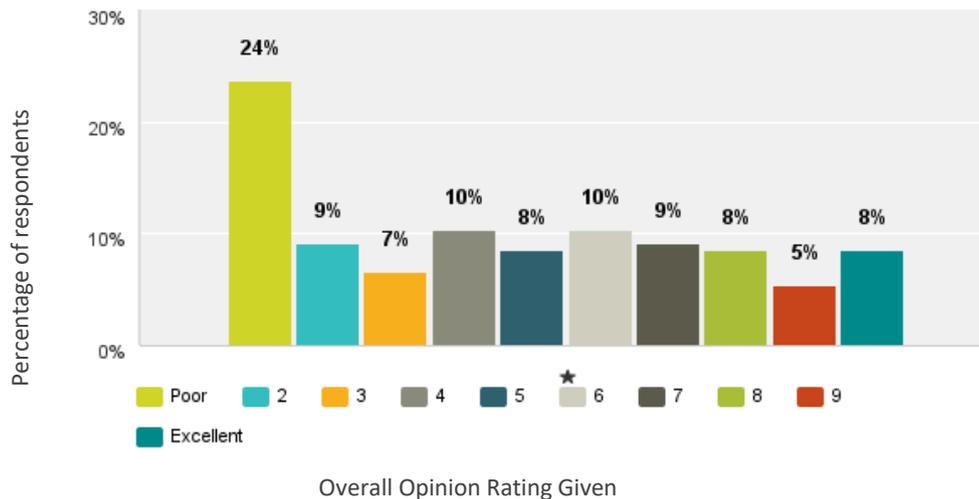
## 14. Option 3: Consultation Outcomes

- Option 3 gained an **average overall ranking of 4.73** out of 10. A quarter of respondents gave this option a ranking of 1/10. The remainder of responses were relatively evenly distributed.
- Comments indicated that many people were strongly opposed to the idea of commercial accommodation, while views towards inclusion of a restaurant were mixed. These views are also reflected in the response to the commercial usage question with 42% of respondents against commercial usage for a B&B or similar.

### Q6 Please give an overall rating this future usage option:

Figure 6

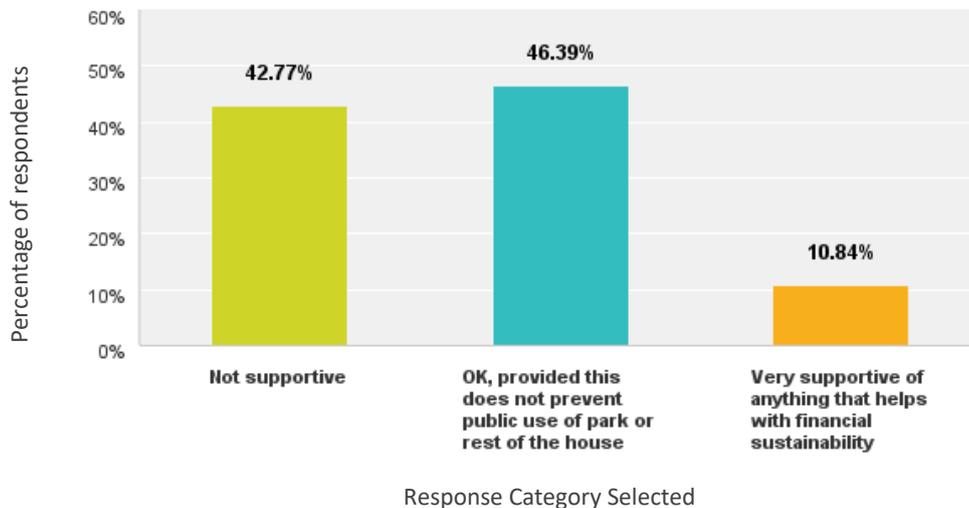
Answered: 165 Skipped: 54



### Q7 How do you feel about parts of the building / site being leased to a local business for uses such as high B&B accommodation, in order to provide sustainable revenue for the house?

Figure 7

Answered: 166 Skipped: 53



## Overall Assessment and Recommended Future Use Inclusions

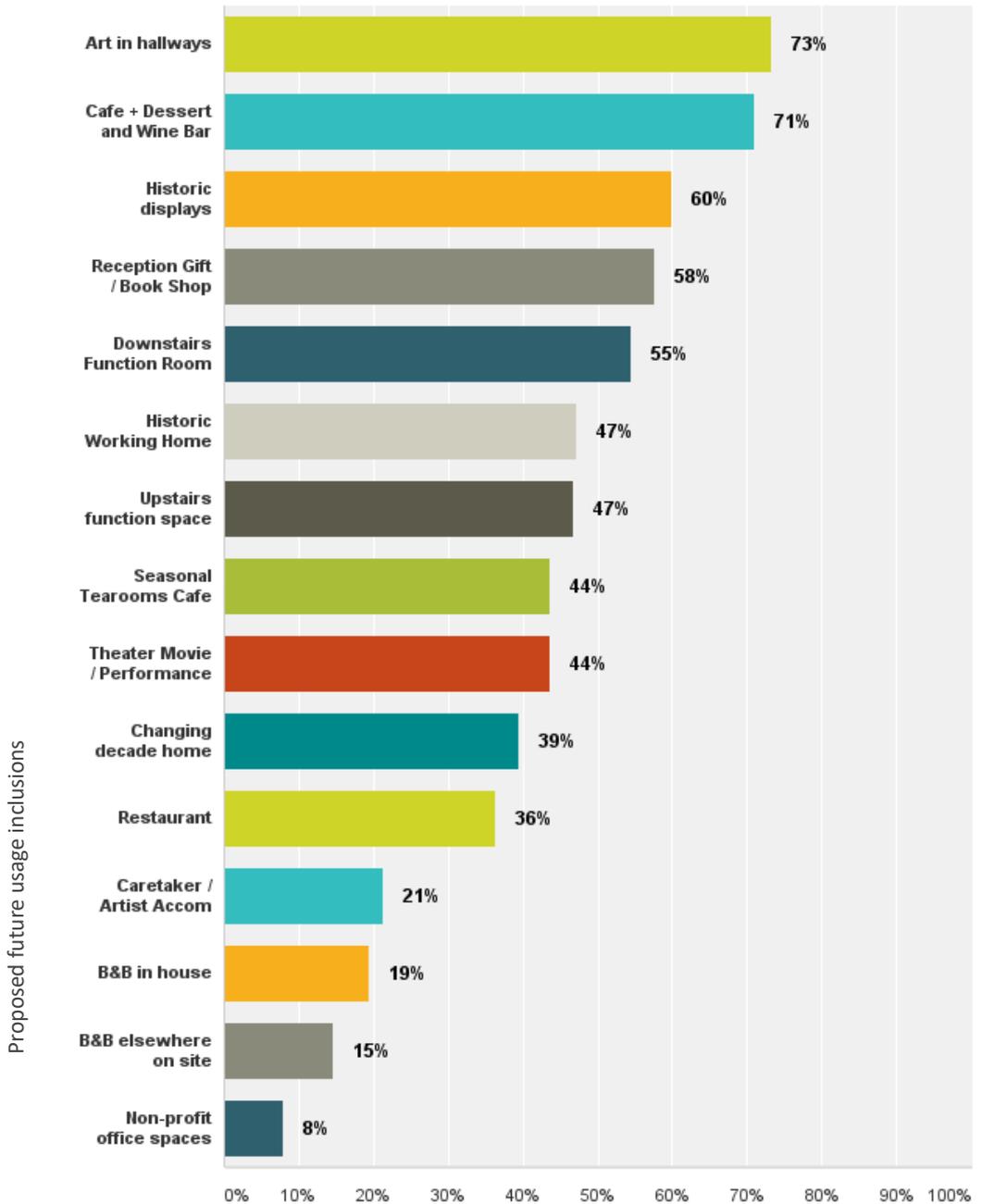
## 15. Public Feedback Regarding Potential Inclusions

The following graph shows public feedback on the future use inclusions proposed as part of the preceding three preliminary options.

Figure 8

**Q8 From the three options please select the elements that you believe have the most merit or potential:**

Answered: 165 Skipped: 54

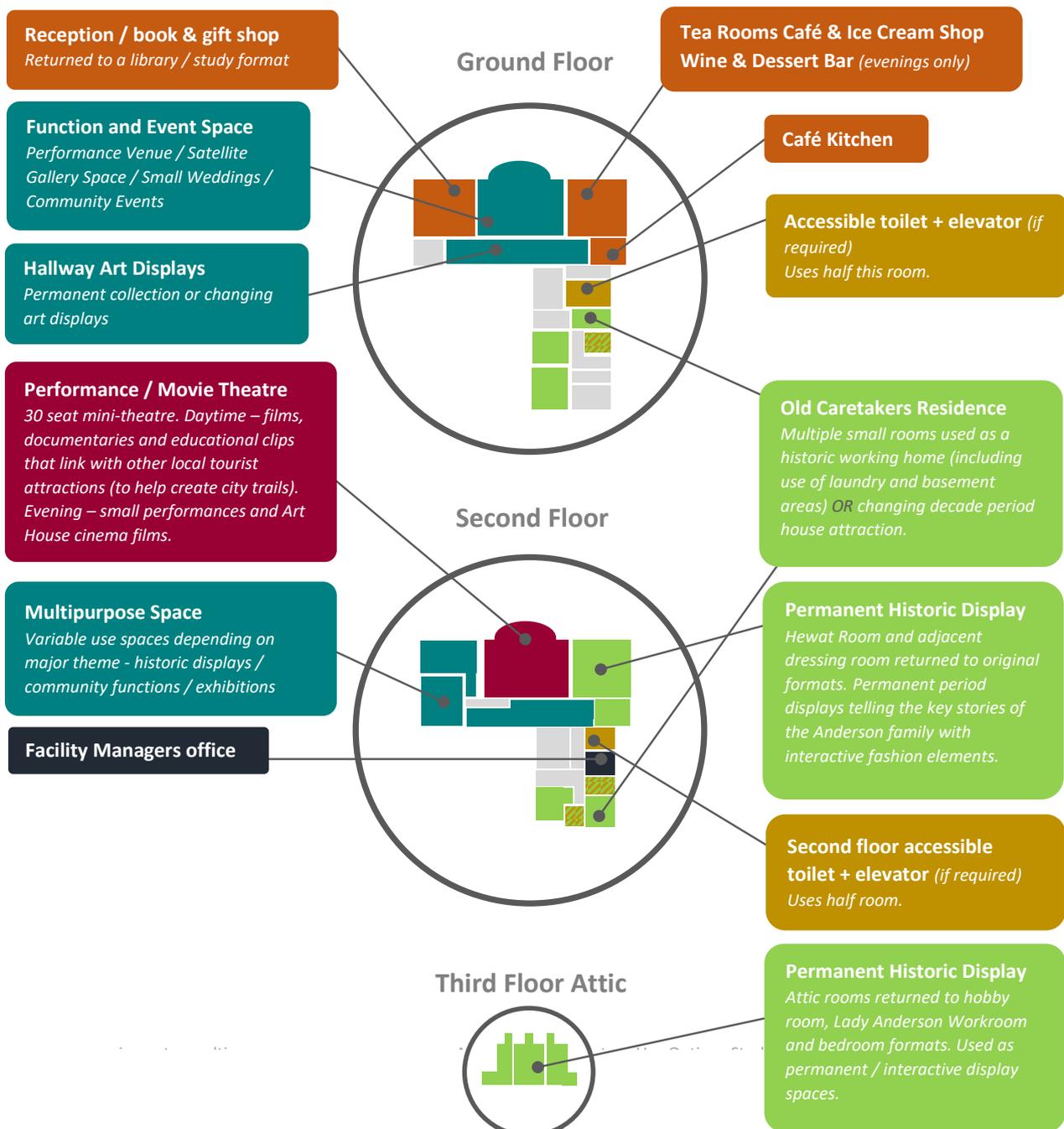


Percentage of respondents who selected each of the inclusion as being of merit

## 16. Recommended Inclusions

Based on research, public consultation and preliminary business case modelling, the following future use inclusions are recommended. These are primarily a combination of Options 1 and 2.

- Reception / gift and book shop
- Downstairs function space
- Hallway art displays
- Tearooms café and ice cream shop, wine and dessert bar
- Café kitchen
- Accessible toilets x2 and elevator / lift
- Small performance theatre / cinema space
- Multipurpose display spaces
- Permanent / interactive historical components
- Historic working home or changing decade period house in caretaker's flat



## Additional Considerations and Recommendations

## 17. Historic or Working Home Attraction Key Considerations

Utilisation of Anderson House as a historic home attraction was one of the core themes which came through consultation. There are a number of examples of these types of facilities in NZ, although there are significantly more overseas, in countries where there is a much larger stock of historic buildings.

Locally the closest example of a historic home of a similar scale, primarily being used as a tourist attraction, is Olveston in Dunedin. Consultation with the management of Olveston generated a number of key findings which can help inform operations should this type of venture be purposed.

### Historic Home Example: Olveston, Dunedin

Olveston is a historic home in Dunedin which is now owned by the Dunedin City Council and managed by a management committee who employ management and operations staff. The home also has a charitable foundation and supporters group.

- **Artefacts and Stories**

The key features of this home as a tourist attraction are the diverse range of artefacts collected by the Theomins and the stories that are connected to the family. These are more important than the building itself, as (with the possible exception of Larnach Castle) there are very few buildings in New Zealand that come close to the scale of those in Europe.

- **Organised Tours Not Locals**

Olveston charges around \$20 per person for 1-hour guided tours in groups of up to 15 people. Each year around 30,000 people visit the facility. Of these around 25,000 are group bookings via agents and tour groups.

*Agents appreciate the fact that:*

- It is a guaranteed any-weather activity.
- It has interesting and unique stories and artefacts.
- It is only 1 hour. Due to limited time in their itinerary this means they can send guests through and then still travel in the same day and that there are 6 tours a day 7 days a week.
- Cruise ship passengers do the activity in the morning and others can do the same activity in the afternoon.
- Private groups and translators are available.
- Olveston actively keeps in touch with them and builds strong relationships.
- It is a commissionable product.

The remaining 5,000 visitors are mainly made up of FIT travellers and people who have booked via their website.

Visitation from Dunedin residents is very low at around 2-3% per year (600-900 people), despite discounted rates being available for local residents (\$15). Once they have visited they can register for a Dunedin host card, which enables them to come back for free at any time when accompanying a paying visitor.

In order to sustain a consistent tourism product, it is essential to have staff rather than volunteers. *The home employs:*

- x1 manager - full time
- x2 reception staff - 4 days on, 4 days off
- x2 housekeepers - 4 days on, 4 days off

- x2 guides per day - 7 days per week for scheduled tours (rotated through regular guides)
- A group of 55 trained guides who are on call for group bookings including translators and culture specific guides.
- **Currently not a profit making venture**

At present Olveston is not a profit making venture and is subsidised by annual plan and operational funding from the Dunedin City Council, which varies by year based on assessment. In the past the attraction has made money, which was put back into the home, the foundation and collections. When the current manager started in the job visitor numbers had dropped to around 18,000 per year. Numbers are now sitting at around 30,000 (or roughly \$600K) and it is close to being self-sustaining. In order for the attraction to make money it would require a visitor base of 35,000+.
- **Events held mainly for publicity**

Every year several events are held at Olveston including recitals and music performances. These however, do not make money due to the main room of the house only having capacity for 60 people and the need to relocate the artefacts for each event. By the time staff, musicians and caterers are paid the events essentially only cover their own cost.

Other local focussed events are also held such as garden parties, yoga classes, drawing classes, morning and afternoon teas, school visits and croquet picnics. These are mainly for publicity and community benefit and in general do not make money even if charged for.

#### **Historic Home Considerations**

- + Professional staffing and regular tours are essential for the success of ventures of this nature.
- + Marketing and good relationship with tour group booking agents is essential.
- + Commitment to underwriting a relatively significant operating budget would be required. For Olveston an operational budget of around \$700K is required, with an income shortfall funding component varying by year based on annual projections.
- + Attractions of this nature have less appeal for FIT travellers and local residents.
- + Having a unique attraction with engaging stories, artefacts and social history is essential.
- + In order to appeal to a visitor market, consideration must be given to the scale and type of attractions available in their home countries, where bigger, older and more interactive facilities such as working homes are available. This means the overall experience needs to be tailored and planned, leveraging the unique local stories, attributes of the building and site.
- + Anderson House does not have sufficient artefacts to furnish every room. The majority of the artefacts from the home are under the guardianship of the Invercargill Public Art Gallery. In addition, Southland Museum and Art Gallery hold around forty artefacts related to the house, which would fill a 2m long glass cabinet. There are other artefacts which could be contributed by the museum on long-term loan. However, these would

only fill around two rooms, would be from a mixture of periods and would need to be roped-off or cased due to their historic nature. An investment in artefacts of around \$100K+ would potentially be required.

- + This approach would generate a number of tourism related jobs.

## 18. Events Venue

There are a number of historic homes around NZ whose primary source of income is through their operation as event and wedding venues. For many of these venues charges of around \$1,000 - \$1,500 are common for functions such as wedding ceremonies or receptions and rates of around \$250-\$500 for daytime functions and meetings depending on space requirements. Some venues generate higher returns via offering packaged deals including accommodation, catering and additional services.

- **Active Management / Staff Required**

+ Anderson House and Park needs dedicated management staff to leverage its potential.

As an events venue, the house would require active management in order to pursue opportunities and draw additional events to the city. It was noted during consultation that many venues in Invercargill simply rely on people calling to book, rather than active promotion and management. For Anderson House, this type of management structure would represent a lost opportunity and significantly lower utilisation and public benefit, when compared to active management.

- **Large Outdoor Functions**

+ Active management, event identification and promotion required.

Large outdoor events, which draw visitors from outside the city, are possible. The park has been used for this type of event previously. In the past, revenue generation for the city from these events was largely indirect via food and accommodation sales. If these are to be a regular feature of the park, they require active management to schedule these events and intentionally draw additional events to the region.

- **Performance Events**

+ Would require a permanently set up performance space (could double as cinema space).

Indication from event managers within Invercargill is that the city is relatively well catered for in terms of function event and performance venues. There is an increasing trend of artists hosting small venue music performances and backyard / lounge tours. While Anderson house is a unique venue, for it to be an attractive venue for small performance events, would require permanently set up sound, audio visual and seating elements. Reducing the setup time requirement is one of the only ways that performance events would be cost effective at a small capacity venue of this nature.

- **Weddings Functions**

+ Possible, already a function of the park, limited impact on the house. May require investment in seating or partnership with other council venues or a hire company.

Weddings are a potential income generator for the house and domestic tourism generator. ICC staff indicate that there is demand revealed by regular enquiries by locals about the use of Anderson House as a wedding venue. At present only the park, pavilion and adjacent marquee areas are available for this use. Small weddings have strong potential use for the home, have public benefit and require minimal alteration to the house. On the other side of the equation, most local weddings will happen anyway, meaning that in order to draw additional income and bed nights to the city, a focus on wedding tourism would be required.

There are around 15,000 overseas couples married in NZ every year. Of these around 60% have one partner who is originally from NZ<sup>2</sup>. This means there are around 6,000 weddings per year where the bride and groom have no family connections in NZ and therefore are presumably flexible in terms of location. Competition for this market includes iconic locations such as the

<sup>2</sup> Wedding Tourism: 1980–2009, Statistics NZ, [www.stats.govt.nz](http://www.stats.govt.nz)

Church of the Good Shepard in Tekapo and mountain top helicopter wedding packages in Queenstown. Wedding parties are often very small and witnesses are frequently included in the packages offered. In recent years many of Tourism NZ's promotions in this sector have focussed on proposals and honeymoons of influential international figures, rather than promoting NZ as a wedding destination.

## 19. Café

- + Strong public support for this inclusion. Has precedent as a council activity and will help strengthen Anderson Park House as a destination location.
- + Potential to double as a dessert and wine venue in the evenings, with this element potentially run by SIT hospitality students.
- + Potential to run Devonshire and high tea events.
- + Potential to sell premade picnic basket food package options, selected and ordered online a day in advance.

- Preliminary business case projections indicate that unless the activity housed in Anderson Park House draws more than 10,000 people per annum, the operation of a year round café would not be sustainable and seasonal operation would be recommended.
- A café was one of the most commonly suggested future use inclusions in the initial public consultation future use suggestions survey.
- A café in this location is unlikely to have any notable impact on any other venues within the city. It is within the scope of the management plan and has precedent to be a Council operated activity in both Splash Palace and the Southland Museum and Art Gallery facilities.

## 20. Theatre

- The potential inclusion of a small theatre in Anderson House has a number of benefits.

- + Significantly increased repeat visitation by local residents and therefore community benefit.
- + Potential for SIT student involvement / employment.
- + Ability for daytime films to link to other local attractions and to add perceived and real value to any entry fee charged.
- + Significantly enhanced ability to host small performance events, due to having permanent seating and established audio visual equipment.
- + Extension of the length of visitors' time at Anderson Park, contributing to a network of attractions and activities which result in longer stays within the city.
- + Enhancement of Anderson Park as a year-round destination
- + Enhancement of viability of a café or similar offering on site.

- Similar boutique theatres such as the Fiordland Cinema in Te Anau, Cinema Paradiso in Wanaka and the Lighthouse, Penthouse and Roxy Cinemas in Wellington, all consistently draw audiences to less mainstream movies, through offering a better overall experience.
- During consultation it was suggested that having a regular schedule of films playing during the day would minimise staff requirement. Suggestions included "Murihiku – The Southland" (shows the whole range of Southlands Landscapes via aerial footage, but would need a more modern music score), "The World's Fastest Indian", Southland based episodes of "Country Calendar" and locally based conservation based documentaries.
- Survey findings indicated an average visitation from local residents of 4.2 visits per person per year. These results indicate this option would generate repeat visitation and community engagement, while also providing a revenue stream.
- Suggestions for SIT film and media / hospitality student involvement in the running of the theatre would add further community benefit.

## 21. Art

- + Art is an intrinsic part of the Anderson Park House design and story. While the gallery may be relocated, consideration of how to retain ties to this community and story is important.
- + It is recommended that some space is retained within Anderson Park House to be used as a satellite display venue, as part of the City's wider art strategy.

- While open, the Anderson Park Art Gallery drew around 8,500 visitors per year (approximately 1,200 visitors per month during the 6 summer months and around 200 people per month during winter). Based on visitor book entries and consultation with staff, the majority of these visitors were international visitors.
- Indications from the Invercargill City Art Gallery (formally Anderson Park Art Gallery) are that for a number of reasons they plan to relocate to a new collaborative venue within the city centre. For this reason, continuation of a gallery at this location has been assessed to not be a viable sole-usage option and recommendation for a satellite gallery or permanent art display element has been made.
- On first impression it would appear that the interior of Anderson House has been modernised in order to cater for an art display. However, consultation with long-term volunteers indicates that the interior of the home was deliberately plain when built, in order for Sir Anderson to display his collection of art and etchings. The lack of wallpaper was odd for a house of this period and is part of the story of the home.

## 22. Park and Grounds

- + Although this report is focused on future uses for the house, it is essential that the wider park and surrounds be taken into consideration when contemplating forward planning, site access and overall management.

- Invercargill residents do not view Anderson House and Park as being separate entities. Almost without exception, those consulted viewed house and park as the same entity. This is important and was also the intention of the Anderson family and architect. The site, bush and gardens were an integral part of the site selection, orientation and overall design of the property.

- The following recommended park development considerations are based on ideas generated by the public during the initial consultation phase of the project.

- + Establishment of new free or bookable community BBQ at additional locations within the grounds i.e. the eastern side of the park near the bush walk and also on the site of the old gardener's cottage. This would enhance the number of visitors to the park and its overall community benefit.
- + Addition of exotic birds which can be fed by visitors, such as peacocks or pheasants as a potential additional family friendly attraction.
- + Addition of a tree maze, permaculture garden and / or rare plant propagation area.
- + Sourcing of equipment and scheduling of regular lawn game days - perhaps summer weekends. Croquet, petanque, kubb (Viking chess), Quoits (ring toss), giant chess, giant

connect four, corn hole, giant Jenga, giant dominos, coconut shy, volleyball, mini putt. These could be vintage themed and could be facilitated by a different community group each weekend as a fundraiser and also hired out for weddings and events.

- + Extension and enhancement of the bush walking track and better utilisation of the historic gardener's cottage segment of the park.
- + Addition of new sculptures and establishment of a sculpture trail within the park, as well as links to other sculptures within the city.
- + Establishment of permanent scavenger hunt activities around the park for children. These may include finding small themed sculptures (similar to finding the character in 'Where's Wally?' book), history, counting or information gathering based activities which are linked to the park signage. A small fee could be charged to cover checklist printing costs.
- + Signage enhancements that highlight features of the site and grounds as part of a marked walking trail to encourage people to venture beyond the house or playground.

This could potentially include elements such as features of the gardens, the historic wine cellar building and garages, the wharepuni, the site of the old gardener's cottage, the rose garden, the bush walk and, in future, an extended sculpture trail.

These signs and features should be linked into a broader story about the Andersons and the history of the home and area.

- + Regular summer schedule evening activities, including fly fishing lessons on the lawn.
- + It is recommended that consideration is given to the addition of a specialty breeds viewing area at Donovan Park with a walking track linkage to, and clear signage from, Anderson Park.

This inclusion should have clear links to the Anderson family story and historic involvement in the development of farming and stock breeding within NZ.

This element may eventually grow to be an attraction in its own right as per previous proposals by heritage groups. However, in the first instance, it doesn't need to be big in order to help strengthen Anderson Park as a tourist destination, a family friendly outing venue and to extend the period of time visitors spend within the area.

- + Addition of solar powered path and car park lighting, with limited light spill, to enhance evening walking and safety (should the park be open longer hours) while retaining the view of the night sky.

These enhancements could be partnered with additional evening attractions such as interactive star maps, sculptures with interactive or night lighting and sound components triggered by button, motion or interactions

- + such as sitting on a bench. Elements of the sculpture trail could include short excerpts of history, stories from the forest and cultural tales.

Permanent light and music displays during the spring and autumn months could be automated at a given time of day with the light show or story projected onto Anderson

House (a small scale version of those offered in Singapore's Garden Rhapsody Light Show with projected lighting effects on the house). This could be supplemented with a summer calendar of music performances and community lawn games when the twilight is too late.

When combined with a hot chocolate and dessert café, wine bar and cinema, the park could be promoted as the most romantic place in Southland / NZ. An evening attraction of this nature would significantly enhance the likelihood of visitors staying an additional night.

- + There is potential for the future development of a 1920's style, double-glazed, greenhouse, to the east of the vegetable garden. It is envisaged that this building would include large bi-fold or sliding doors along the northern face enabling it to be used as an all-weather indoor-outdoor dining area during the day and having the ability to open onto the lawn similar for events and functions during the evening.

It is anticipated that the greenhouse design could be sympathetic to the 1920's style, while remaining modern and functional with simple construction and polished concert floors.

From a historic perspective this facility can be tied into the story of Sir Robert Anderson's love of gardening, plant breeding and his original glasshouse, which has since been cleared from the site.



## 23. Transport and Parking

- + Establish cycle route, maps and electric bike hire locations.
- + Facilitate the establishment of a seasonal transport link and collaboration of local attractions.
- + Improve road side signage.
- + Explore the possibility of additional car parking near the house and/or opening up existing areas to the public. This process should take into consideration the establishment of a tour group bus parking area and turning bay near the house.
- + Addition of a well signposted entrance point for the bush walk near the road entrance and also from Donovan Park.

- As Anderson Park is a destination location it is recommended that transport linkages to Anderson Park are strengthened. These may include cycle routes with hireable electric bikes from the museum via a park and sculpture trail, a historic vehicle transport option (bus, electric tram or similar) from the Richardson Transport Museum and improved roadside signage for FIT travellers.
- While an established bus route is not financially viable, one option raised during consultation is a subsidised partnership with a local provider during the summer season to build linkages between the various attractions. This would enhance the ability for cross-selling of half-day or whole-day activity packages and tours.
- The distance of parking from the house has been raised as an issue, especially during winter months. Although a covered walkway has been suggested in the past, a more cost effective and less visually invasive option may be to relocate the water tanks and open up some of the area behind the current gardener's shed and pavilion. This area could be better utilised and is a mixture of native and introduced species, with much of the space already a gravelled area.
- Access for emergency, fire and service vehicles was also raised. Similar challenges exist for bus access and turning bays, which would be necessary should cruise ship or tour operator based groups be targeted.

## 24. Interactive & Digital Exhibitions

- + As far as possible exhibition inclusions need to be interactive, with some components changing annually (at a minimum) in order to draw people back.

- Worldwide there is a growing trend towards interactive and experiential based museum exhibitions, which incorporate technology and interactive elements into displays.

Examples range from museums with role play or interactive workshops, through to holographic displays or interactive audio visual exhibitions such as the "Volume – Making Music in Aotearoa" exhibition which is currently running at Auckland museum (this exhibition is sponsored by Spark and includes memorabilia, video and audio. Visitors have the ability to scan their exhibition access card at the various display stations they liked and then download all the relevant video and music content at home).

Exhibitions of this nature have limited impact on the building or space in which they are hosted, while changing themes enable the venue to draw new audiences and repeat visitors.

## Preliminary Operation Projections and Capital Investment

## 25. Operational Budget Projections

The following operational budget is based on the recommended future use inclusions. Regardless of the future use of the house or which inclusions are progressed, a minimum base level annual operational cost of around \$100 - \$150K is anticipated.

Table 1

Anticipated Overheads	Estimated Annual Value	Notes
Power and Heating Fuel	\$ (18,000)	Based on actual figure for 2014
Annual R&M	\$ (15,000)	Based on supplied figure
Promotion / Marketing	\$ (30,000)	Preliminary estimate
Sculpture trail development	\$ (30,000)	Preliminary estimate
Facility Manager	\$ (75,000)	Preliminary estimate
Exhibition changes / attraction development	\$ (30,000)	Preliminary estimate
<b>Total Project Operational Costs</b>	<b>\$ (198,000)</b>	Excludes rates, insurance, gardening and other existing expenses
Anticipated Revenue	Estimated Annual Value	Notes
Café	\$ 200,000	Estimate based on 20,000 visitors spending \$10 on average
Cinema	\$ 240,000	Estimate based on a conservative estimate of 10% of Invercargill's population (4,000) attending on average 4 times per year as per research, 16,000 visits at \$15 per ticket (this figure takes into account the fact that 37.5% of the 4,000 would not visit the theatre, while the remainder would visit multiple times as per section 13 – Option 2 feedback).
Patrons	\$ 37,500	Estimate based on 250 people at \$150 per year (free access to home, plus special event/s)
Anderson House local season pass	\$ 15,000	Estimate based on 1,000 local visitors at \$15
Anderson House local one-off visit	\$ 15,000	Estimate based on 3,000 people at \$5
Anderson House out of town visitors	\$ 75,000	Estimate based on Olveston FIT visitors 5,000 at \$15 - tour groups are not factored in as this involves another level of staffing infrastructure
Event hire	\$ 10,000	Estimate based on x8 events at \$1,250
Function hire	\$ 6,000	Estimate based on 24 events at \$250
Community event hire	\$ 5,000	Estimate based on 50 events at \$100
Gift / bookstore	\$ 30,000	Estimate based on 2,000 people spending \$15 on average
Annual fundraiser event	\$ 15,000	Estimate based on 3,000 people at \$5
<b>Total Projected Revenue</b>	<b>\$ 648,500</b>	
Preliminary Breakdown of Revenue		
Additional Staffing	\$ 216,167	Assumes 1/3 of revenue is staff costs
Cost of delivery	\$ 216,167	Assumes 1/3 of revenue is cost of sales
Sales Profit	\$ 216,167	Assumes 1/3 of revenue is profit
Anticipated Net Operational Position		
Total net profit (loss)	\$ 18,166.67	

## 26. Projected Capital Development Cost

The following preliminary capital investment estimates are based on the recommended future use inclusions. The figures below are provisional cost sums to give a preliminary ballpark indication of potentially required investment.

Table 2

Preliminary Inclusions	Estimated Required Investment	Notes
Earthquake Strengthening	\$ (800,000)	As per supplied estimate
Fire Safety Improvements	\$ (250,000)	PC Sum (fire egress and safety alterations)
Delayed R&M	\$ (150,000)	PC Sum
Toilets and accessibility improvements	\$ (100,000)	PC Sum
Lift / Elevator	\$ (100,000)	PC Sum
Café	\$ (75,000)	PC Sum based on 20m2 kitchen space at \$2,500 per m2, plus \$25K café space fit out
Cinema / Performance Theatre	\$ (75,000)	PC Sum (price will vary depending on level of seating, sound and projection equipment selected)
Library Gift Store / Bookshop fit out	\$ (50,000)	PC Sum (returning room to library / study format with gift store and reception desk)
Historic Elements	\$ (100,000)	PC Sum (estimated investment in establishment of permanent interactive historic home elements)
Park based improvements and attractions	\$ (100,000)	PC Sum
<b>Sub-total</b>	<b>\$ (1,800,000)</b>	
Planning and consents	\$ (15,000)	
Professional Fees	\$ (180,000)	PC Sum based on 10% of total project cost
Contingency	\$ (180,000)	PC Sum based on 10% of total project cost
<b>Total Required Investment</b>	<b>\$ (2,175,000)</b>	
<b>Potential Inclusions</b>		
Potential Multipurpose Glasshouse	\$ (300,000)	PC Sum based on a 120m2 structure at \$2,500 per m2

## Appendices

## 27. Appendix 1: Identified Groups

The follow are interested parties who expressed an interest in community based use of Anderson Park House, during the second phase of public consultation.

- Southern Stroytellers, Antique Circle.
- Antique Circle - monthly meetings. Rowena Batchen 229 Spey Street. 218 4499.
- Institute of Registered Music Teachers NZ Southland Branch.
- Music, literature, local history, travelling specialist exhibitions, artist's workshops, painting restoration, antique displays & valuation seminars, etc. [No contact given]
- Kennedy School of Music. Periodic high level performance showcase / wine and cheese evening throughout the year.

## 28. Appendix 2: Identified collections

The following are people who indicated that they either had or were aware of collections which could potentially be incorporated into the future use of Anderson Park House.

- I have an extensive collection of late 18th C and early 19th C tea wares which could make an attractive and fitting display. Ms Nicol Macfarlance, 119 Grace St, Invercargill, 2185 4194 021 023 44147
- Dr Aaron Fox
- Members of Antique Club have collections
- The Anderson Art Collection donated by the Anderson family members and other community members who left art and other pieces should remain with Anderson House.
- The collection belonging to Sir Robert & Lady Anderson which were gifted with the house to the city & the Kathleen Kirkby collection which she left in her will to Anderson Park where she was brought up and wished it to be much to the disappointment of the Tauranga Gallery. This is the home of these 2 collections and must remain there. I also have had contacts from people who have gifted art works to APAG and they are incensed to think that they may be removed. Also i have had contacts from trustees to some estates who are holding work waiting to see outcomes.
- The Christmas House (Ythan St??) doesn't operate any more---once a year, Anderson House could be transferred into this. Worth checking with the owner of the Christmas house, as i heard she just couldn't cope/didn't want to continue with it. Each room was absolutely chokka with Christmas stuff.
- The House has already received valuable donations, furnishings, and particularly Anderson family art. These should be retained in the House. Care of past gifts would encourage further donations. Existing collection formerly Anderson Park art gallery. The art collection that was already there sounds pretty good to me. It worked rather well alongside other exhibitions.
- There is plenty of furniture, textiles in the SMAG.
- 70 year of genealogy data and an antique clothes collection – Pat Turnbull (83)

## 29. Appendix 3: Open Public Survey Number 1

### Example Facilities

Example facilities from around NZ and the world suggested via open public survey number 1.

Name	Location	Notes
<b>Historic Towns / Areas</b>		
The main street of Arrowtown		
<b>Iconic Buildings</b>		
Church of the Good Shepard	Tekapo	
Cadrona Hotel		
<b>Restaurants // Accommodation</b>		
Olivers	Central Otago	Rooms \$235-\$515, restaurant - weddings and events
Garvin	South Otago	Hotel, restaurant \$100-300
Rosovelt Inn	Idaho	Murder mystery, High tea, accommodation, movie on the lawn, weddings and events
Boulcott Street Bistro	Wellington	Restaurant, wine bar
<b>Commercial &amp; Adaptive Reuse</b>		
Dunedin warehouse district		
Modern Adaption		
Invercargill Post Office Building		Spark + apartments
former home of the Nine Network	Melbourne at Bendigo St	
former BBC Television Centre in White City	London	
The Malthouse Apartments	Scotland	Accommodation
<b>Art / Culture / Function</b>		
East Gore Presbyterian Church	Gore	
Pa Homestead	Auckland	Café, functions, art gallery, art events, gallery gift and book shop
Jenisch House		Historic home, architecture, gallery, focus on historic writers and poets
Arts Centre Christchurch		
Opera house	Oamaru	Shows, events, functions
Fashion Sales	Hall in Arrowtown	
Wellington Art Galleries	Wharf, wellington	
Tate Modern		
Van Gof and Rijkes in Amasterdam		
Dan Davin House	Invercargill	Writers home
Academia Museum and Art Gallery	Florence	Gallery
Issac Theatre Royal	Christchurch	Theatre
Compton Verney	UK	Independent national gallery, tours, workshops, exhibits
<b>History</b>		
Clarendon,	Tasmania	Guided tours access only \$15, concession \$10, under 18 free
No 1 Royal Cres	Bath	Extensive historic residence, history, education
Government House	Wellington	Tours, events
Pompallier	Bay of Islands	garden, Coffee, Croissant and Culture Tour, treaty signing grounds, historic printery and tannery
Kerikeri Mission Station	Kerikeri	Houses, gardens and orchard

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Olverston	Dunedin	Guided tours and various packages, weddings, events, meetings - billiards, education, city sights tour, croquet
Broderick Castle	Isle of Arran in Scotland	Tours, shop, tea room
Turnbull House	Wellington	
Antrim House	Wellington	Heritage New Zealand Office, tours, meetings, weddings
<b>Interactive History</b>		
Howick Historic Village		Living museum, artefacts, café, gift shop, 7 acres, costumed guides // dress up // Live days 3rd Sunday of every month - horses, blacksmith, weaving, dancing // Film location // School trips // weddings // functions // history tour app
Founders Heritage Park	Nelson	Heritage displays, artisans, train ride, craft beer, gift shop, gardens, historic plane, historic fire engine, historic bikes, beer museum
Ferrymead	Christchurch	Functions, weddings, 19 charitable societies, events, train, transport, historic buildings
Gasworks museum Dunedin	Dunedin	\$5, children under 12 free, group visits children \$3
colonial williamsburg Village	USA	Adults \$40, youth \$20
<b>Museum</b>		
Old Court House	Otautau, Southland	Museum
Lakes District Museum	Queenstown	Museum
Government Gardens and Bath House	Rotorua	Museum
Narryna Heritage Museum	Hobart	textile collections, and hosts occasional exhibitions and receptions
<b>Park / Gardens</b>		
Yorkshire Sculpture Park	UK	500 acres, 5 indoor galleries, 400,000 visitors every year, GBP 5M per annum to local economy
Harbour Walk	Wellington	"
Fernside	Featherston	Garden tours, Lord of the Rings Location
Gibbs Farm Sculpture Park	Kaipara Harbour, NZ	Commissioned works, no fee, entry by appointment / booking only, open one day per month - fully booked until April 2017
New Art Centre, Salisbury sculpture park	Salisbury, UK	Includes paintings, ceramics and sculptures - all sculptures are for sale
<b>Accommodation</b>		
Longwood	Wairarapa	accommodation 15 rooms across various buildings, conferences and events
Safari Lodge	Invercargill	B&B Accommodation
Burnside	Weston / Oamaru	B&B Accommodation
Otahuna Lodge	Christchurch	Upmarket accommodation, activities, food, wine cellar, events, gardens
<b>Other Local</b>		
Civic Theatre		"
Yule House, Invercargill		"
Bank of NSW, Invercargill		"
<b>Historic Places Registers</b>		
UK		Over 300 homes - Places with famous connections, interior design through the ages, Royal life, life of servants, stories - scandal, royal connections, historic collections - doll houses, armour, working houses, dress up,
National Trust Buildings	UK	
<b>Restaurant / Function Centre</b>		
Sign of the Takehe	Cashmere Christchurch	restaurant and function centre
Riccarton House, Dean's Cottage, bush and gardens	Riccarton Christchurch.	Daily tours at 2pm \$18 adults, \$5 children, restaurant, farmers market

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

Mission estate winery	Napier	Events and functions, Restaurant, weddings, wine store
The Bath House	Queenstown	Restaurant, bar, café
The Church Hill Restaurant	Stewart Island	Restaurant
Mission Bay	Auckland	Restaurant
Mona Vale	Chch	Restaurant/cafe/tearoom
148 on elles	Invercargill	fine dining restaurant
Thomas Green	Gore	
History / Commercial		
Dunedin Railway Station	Dunedin	Sports hall of fame, community art gallery, Restaurant, function centre, farmers market
The Historic Village Tauranga	Tauranga	Restored and replica village - Small business, functions, community events
Oamaru Victorian Precinct	Oamaru	Galleries, crafts, shopping, working artists, Victoria costume hire, food, alcohol, steam punk, bookshop, art gallery, live music, farmer market
Education		
Notre Dame	Sydney	University
Haunted House / History		
Monte Cristo Homestead	Junee, NSW, Australia.	Haunted house
Warwick Castle	UK	Material heritage with theatre and replicas, haunted castle, horrible histories maze, birds of prey show, accommodation, history tours
History / Functions		
Highwic Billard house	Auckland	Weddings, events, filming, photography,
Old St Pauls	Wellington	Venue hire, weddings (\$1,150), performances
Oruawharo Homestead		Weddings & Events, history, art, high tea, gardens, joiner workshop
HMS Warrior - Historic Ship / Venue	Portsmouth	History, education, weddings, functions, events
Woodlands	Hamilton	Weddings & Events
Larnach Castle	Dunedin	Café, Castle and garden tours, high tea, audio visual tour app, Accommodation (with meal included) in renovated adjacent buildings
Alberton	Mt Albert, Auckland	Host provide history, public events such as tea parties, concerts, exhibitions and workshops. A quaint gift shop, the Veranda Store, sells unique jewellery, homewares, and souvenirs, and Alberton produce including fresh, free range eggs.
Melrose Historic House and gardens	Nelson	Café, Vintage treasure sale, weddings, functions
Tarureka Estate	Wairarapa	Weddings, events, functions, accommodation
The Johnny Jones House - The Dunedin Club	Dunedin	Exclusive to members
The Old Stone House	Christchurch	Events only \$1400
Valcluse House	Sydney	Historic Home main focus of being a living museum + education, Events
Burton Agnes Hall	Yorkshire, UK	Wood walk, weddings and functions, artist in residence, art, shopping, events, café
Café		
Cafe Greenworld Lynwood Homestead	Invercargill	Café
Home		
Waimahaka Homestead	Designed by the same architect	"

### 30. Appendix 4: Additional Comments Open Public Survey 2

The following are additional comments and responses provided during the second public survey. These give an indication of the broad range of views and extensive level of public interest and support for this venue.

- Should accommodate the interests of Invercargill Public and retain its historic importance.
- Congratulations on all the work and thought which has gone into this survey. it is all very encouraging.
- AS park and house was gifted to City, need to show respect so it can be maintained for benefit of people. Not run purely as a business. Needs appropriate maintenance and respect. Refer to conservation report of 2001, seek advice from Heritage NZ Dunedin Office. Develop work class sculpture park throughout grounds, with clearings established in bush. Eradicate pests.
- I think the past should be acknowledged. Anderson Park was given to the city as an Art Gallery to house the Anderson Art Collection. Other family members also gave paintings to add to this collection and pieces of family history. All this should be kept at Anderson Park where it was intended. After what has gone on, I personally would think twice about gifting anything to the city.
- The Sir Robert and Kathleen Kirkby collections must be retained by Anderson House also all other gifts and permanent loan items. The Grandfather Clock given by the Rogers family and requested to stand in the Hall, Large chairs from Macalisters, Irene Anderson a daughter married Horrace Macalister, Bronzes from Reins Jewellers one of RAs business interests, Sir Roberts medals returned by the family, and I could list more.
- Accommodation for caretaker only no B&B.
- it's a stunning location, the house is absolutely gorgeous with great historical significance - and with so many restaurants/cafes/food/accommodation options already nearby I don't see the need to add yet another food venue or more accommodation. What is needed is more culture, art, history, poetry, music, film etc etc.
- I have concerns about the redevelopment of Anderson House - with NOT large increases in the population over the years I believe the Art collection should be kept at the house. It needs to be kept it has a point of difference. When a large number of visitors have their own transport both visitors to Invercargill and locals I believe would be more likely to visit an 'out of town' attraction. Visitors to the Transport museum would use their own transport to get from there to Town why not Anderson Park. Please remember it has been part of a great City asset for many years and I believe it could again. With the recent departure of the Manager are the Gallery firm in it's need to move. I firmly believe that if the art collection was there and at a later time a modern addition was built there would be more visitors over a longer time than any in town gallery.
- for sole reason that the Anderson family provided this amenity to the people of southland and to hold collections donated by family and others who specifically wish there collections to be housed at anderson park

- CAFE/RESTURANT MUST ! HISTORY OF ANDERSON FAMILY MUST! FUNCTION ROOM (EG- WEDDINGS, MOVIES)
- The best combination of facilities that will provide the self sufficiency of Anderson House is needed.
- Invercargill is very small and off the beaten track for tourists to be numerous for several years at least. Keep regular charges down. Remember to retain sufficient parking , but not too far to walk in the cold or wet. High end appeal may not get enough use. Part of the appeal of Olveston is that it is in the city and has been furnished in expensive taste. However, too expansive for locals to visit much. Try to appeal to families. On the whole, I think some multipurpose use is the best way to go.
- Best use of Anderson Park is a concept which give use to families and other Invercargill residents at minimum cost and attractive to tourists as well.
- Anderson House should be preserved as part of the history of Invercargill and retain access for the general public to its grounds.
- The main thing is to keep Anderson House in its original condition and the grounds open to the general public.
- This survey has a strong bias against reinstating the building as an art gallery! However a small theatre and performance area and cafe and other uses which complement the art gallery and provide income would be excellent. The museum can cater for historic displays etc. There is no reason to duplicate services although I note that the museum has a small theatre! To use the attic is tempting fate accident wise.Go and look at the Gore Dunedin and Christchurch galleries. An art gallery is just that ie an art gallery. The proposals all anticipate significant expenditure so why can't such be spent to reinstate the building as per the Anderson's families intentions as an art gallery but upgraded to comply with modern regulations ie access, safety, security and controlled environment to protect the artwork etc.
- Have the house as a Historical Museum of the era the Andersons lived when newly built. ( like Olveston and others overseas). Have all year round Cafe/Tea rooms (again as many overseas historic Homes do) Enhance/replant the garden and grounds as fitting the era of the house.
- I also like the idea of more outdoor events held there such as concerts. Also being able to hire it out for a wedding and put up a marquee out to the east of the building.
- A shop is a good idea, but make it unique. Themed, crafty, historic reproductions or something? Not just a boring usual gift/book shop, you can find that anywhere. Make it an attraction. Love the idea of a cafe, please keep it family friendly. I like the thought of going to Anderson's house with kids and getting a treat of a fresh fruit ice cream or something. Displays are great if kept interactive like transport museum have done.
- It would be preferable to have the grand piano.
- A safe playground for children is important
- Ensure the original intentions of the gifting of Anderson House to the city are honoured.

- Nothing that excludes people
- Place the governance of the Park in a Trust (Council ownership). Appoint or invite trustees from local organisations. Have them appoint an effective property manager with the charge of development and use, complimentary to the other tourist and visitor attractions being developed in the City. A unique property with a fascinating history. Begin a fund raising programme of endowments, gifts, bequests, grants, events revenue.
- I like all 3 options and to be honest cannot pick which one I like the most. I would like an historic building to visit and see the history of all the rooms, I would like it turned into a theatre too and I would also like it to make money as a restaurant. Whatever option the city picks I will be happy with and look forward to see what will happen to the house.
- Some outdoor eating area would be nice. A picnic area with outdoor tables.
- Great to see that there is so much interest in a place I used to call home.
- The idea of charging for entry is good, however \$10 is far too much, maybe \$5 would be better
- Anderson House needs to retain the Anderson Art collection
- Keeping the park and majority of the grounds available most of the year round for public is important, but the house itself would make a lovely venue for functions and weddings. And should run by profitable businesses not council.
- Would be awesome venue for a drive in movie theatre
- Would love to be able to take the kids through the house and see it being enjoyed by the community. Love the cafe idea I think a lot of people would use this and attract more people
- So many young families have happy memories of spending a sunny day enjoying the playground and grounds at Anderson, so the ability to continue allowing families to do the same needs to be preserved.
- Reopen it. We have now had a second opportunity to see how modern earthquake code compliant buildings stand up ... frankly I am a lot less worried by old buildings than I am new ones
- This home was gifted to the city. It's recent closure is a let down because we still have a limited view of what to do with our historic places. Please read the report on Cultural Heritage Tourism. <http://www.livable.org/storage/documents/reports/CBC/culturalheritagetourism.pdf>. The same type of thinking that saw Anderson House closed is not the same kind of thinking required to make it thrive. Historic places are FINITE. They therefore require overarching mandates to keep them from being destroyed. Number one is maintenance and number two is purpose. Obviously times change and interests of the community change with it, but given sites like Anderson House are what we long to visit around the world, why would we not put their care at the top of the list? Organic gardens supplying the community or sectors in need, (the Guyton's Food Forest in Riverton for instance) a trade scheme where specialist techniques could be taught by visiting tutors, or the Journeyman tradition of travelling tradespeople, ensuring the maintenance of the

house is secure for years to come. These diverse and unexpected ideas is what also need to be considered. Whatever the outcome, I personally believe a unique set of arrangements which include community, groups involved in preservation and tourists/visitors is the way Anderson House will thrive.

- The car parks would need to be extended, especially near the house, so not so far to walk in wet weather. Perhaps a tennis court built on the grounds, that have to pay to use.
- Anderson park needs to attract both southland residents and tourists to use the facilities and park EVERYDAY. Let the museum tell the history story of southland, let an art gallery display art and have the art resident. Make Anderson park unique from other attractions and have everyday use. Have a Invercargill cycle trail end at Anderson park for drink and ice cream at the café or may be move the tuatara and other nz creatures there. There should be a strategy for the use of the park as well, and not just the building
- I would like to see Anderson Park House used like Dunedin's Olverston and Larnach Castle as they make money from tours and tourists just love it and it would be a great attraction for Invercargill history.
- I take my daughter there at least once a week, would be nice to have a place to have a coffee, meal, or even just grab an ice cream. This is my favourite place in the city and hers now too. Please make it community aimed, such a waste to fill it with office spaces.
- There is minimal historic houses/accommodation in Invercargill- house could be a fantastic facility to meet this shortage- wedding/events etc . room that opened to outside , for good days, could be amazing!
- Keep the Art and Cafe. Regular Art Exhibitions. Not a place for Accommodation. Or Renting out.
- Summer movies in the park, like the Auckland Silo movies with food stalls in the carpark etc, great for families
- 
- I think Invercargill is lacking in a "high tea" cafe. I feel Andersons park would be the perfect place for this. It would attract alot of people and suit the house. I like the idea of a small b&b but would also like things to attract Invercargill residents. A small spa room for the lady's to get pampered?
- I suggested this should be the home of the residing mayor and a place for his guests to stay, did you not read the newspapers?
- It was given to the city for everyone to use, along with additional furniture, it needs to remain accessible to all
- A mixture of uses for the different areas of the house would ensure that "eggs weren't all put in one basket"
- On the whole, to keep it a public place the locals can enjoy and a place we as locals, can encourage our city's visitors to visit. We have very few historic-ish places as it is. But for revenue it could be hired for weddings, special events, concerts by local and visiting acts. I remember going to afternoon tea there with the old trolleys etc and loved it, what a great thing , also the

ice cream shop idea! That'd be a great place for families to visit on weekends or holidays. WE NEED MORE FAMILY BASED PLACES TO TAKE OUR KIDS! And what a beautiful setting! Thank you.

- For the continued maintained of the Anderson Park house, there would have to be good financially secured business to pay their rental space for it to work.
- Open it to the public again stop all this nonsense
- Bulldoze the building.
- Book Sanctuary.
- These options are excellent and I am really pleased that Invercargill is showing how much this House means to us.
- Ideal place for school picnics etc
- Registered Music Teacher making use of "downstairs lounge" with Steinway Grand for advanced pupil tuition at specific times when home otherwise closed to general visitors - eg early evening/ weekend mornings pre public visiting hours.
- Make it an art gallery.
- the building was gifted to the people of Invercargill so the use of it should be something that the people of Invercargill should be able to utilise, even though B7B may be a good source of income it would be hard to say if that would be sticking with the intent on which it was gifted to the city, café, restaurant, museum and functions, as the areas for functions can double as display areas for public when not in use would be more in keeping I feel.
- Provide additional covered outdoor bookable areas for family , school, playgroup barbecues etc, area is large enough to do that and would also help with getting more people through chargeable aspects. There are not enough covered areas in Invercargill which are sheltered and pleasant and where a group can plan an outdoor event which wont get wrecked if it rains . Anderson Park, being quite sheltered and large , is ideal for this
- Be prepared to spend a lot of money with little return, other than the preservation of the house and surroundings. Best historic home in NZ in my opinion is Highwic house Parnell. Check it out they achieve a balance and the school trips include kneading bread in the kitchen, a fact finder room by room (spot the decor items) kids loved this and also playing olden day games on the front lawn. Like slipping ropes, crochet, bowls etc



**Appendix 2: Southern Quantity Surveyors, Cost consultant's report**

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## Construction Cost Consultants Project Managers

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### ANDERSON PARK REDEVELOPMENT

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**Our order of cost estimate is: \$835,000.00 (Excluding GST)**

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### Southern Quantity Surveyors Ltd

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**ANDERSON PARK REDEVELOPMENT**

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<i>Sub-Total of Construction Cost</i>	<u>968.429</u>
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26 NQECN'C'WJ QTK'[ 'NGXKGU' 'EJ CTI GU'	33.3; 5
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28 RTQHGUUKQP CN'HGGU	Gzenwf gf
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- 3326 Enkpv'cf o kpkutcvkq'gzemf gf
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- 3332 P q'cmqy cpeg'j cu'dggp'o cf g'hqt'cp{ 'wri tcf g'q'gzkukpi 'ugt xlegu'Cuwo gu'yj cv'
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- 3333 P q'cmqy cpeg'hqt 'tgo qxcn'qh'cp{ 'eqpwo kpcv'q'qt'j ctf qwu'o cvgtkcn'lp'yj g'f go qrkakp'uj qwf "
- yj g{ 'dg'r tguqpv

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	ANDERSON PARK REDEVELOPMENT				
	Order of Cost Estimate				
	Estimate Information				
	Element 1 - Site Preparation				5,260
	Element 2 - Work below lowest floor finish				21,621
	Element 3 - Frame				27,135
	Element 4 - Structural Walls				44,900
	Element 5- Upper Floors				7,310
	Element 6- Roof				14,770
	Element 7- External Walls & External Finish				42,800
	Element 8 - Windows & External Doors				66,750
	Element 9 - Stairs & Balustrades				15,000
	Element 10 - Partitions				14,560
	Element 11 - Internal Doors				13,400
	Element 12 - Floor Finishes				29,010
	Element 13 - Wall Finishes				20,445
	Element 14 - Ceiling Finishes				17,945
	Element 15 - Fittings & Fixtures				88,800
	Element 16 - Sanitary Plumbing				26,750
	Element 17 - Heating & Ventilation Services				10,000
	Element 18 - Fire Services				21,275
	Element 19 - Electrical Services				37,400
	Element 20 - Vertical & Horizontal Transportation				90,000
	Element 21 - Special Services				0
	Element 22 - Drainage				18,000
	Element 23 - External Works				15,000
	Element 24 - Sundries				9,900
	Subtotal				658,031
	Preliminaries & General	5	%		32,902
	Subtotal				690,933
	Contractors Margin	8	%		55,275
	Subtotal Construction Cost				746,207
	Consent Fees	1.5	%		11,193
	Subtotal				757,401
	Professional Fees	Excluded			0
	Subtotal				757,401
	Contingency	10	%		77,599
	TOTAL				835,000

## Elemental Summary

Project: PROJECTS 2017

Details: 2017\_08\_21 Estimate

Building: 17-065 Anderson Park Redevelopment

Code	Description	Quantity	Unit	Rate	Total
<b>Element 1 - Site Preparation</b>					
	Form opening in existing wall at ground and first floor for access	1	Sum	2,760.00	2,760
	Demolish existing ramp	1	Sum	2,500.00	2,500
<b>Element 2 - Work below lowest floor finish</b>					
	Excavate for cast on grade foundation, including concrete block foundation walls and reinforced concrete slab	43	M2	223.75	9,621
	Allow to form liftpit	1	Sum	12,000.00	12,000
<b>Element 3 - Frame</b>					
	Strengthen New door openings from existing building to new building	2	No	1,500.00	3,000
	Frame allowance based on QV value	86	M2	164.36	14,135
	Guide Rail steelwork for Lift shaft	1	Sum	5,000.00	5,000
	Bracing allowance	1	Sum	5,000.00	5,000
<b>Element 4 - Structural Walls</b>					
	Timber framed walls	214	M2	150.00	32,100
	Lift Shaft walls	40	M2	320.00	12,800
<b>Element 5- Upper Floors</b>					
	Suspended concrete floor system	43	M3	170.00	7,310
<b>Element 6- Roof</b>					
	Roof framing covered in framing				
	Assume flat roof butynol on ply to minimal falls	49	M2	230.00	11,270
	Outlet Sump	1	No	1,000.00	1,000
	Downpipe	1	No	1,000.00	1,000
	Capping flashing	30	M	50.00	1,500
<b>Element 7- External Walls &amp; External Finish</b>					
	Eurotray on ply cladding	214	M2	200.00	42,800
<b>Element 8 - Windows &amp; External Doors</b>					
	External windows	85	M2	750.00	63,750
	Modify window for cafe extract system	1	Sum	3,000.00	3,000
<b>Element 9 - Stairs &amp; Balustrades</b>					
	Precast stair flights	1	Sum	12,500.00	12,500
	Balustrades	1	Sum	2,500.00	2,500
<b>Element 10 - Partitions</b>					
	100 x 50 partition 13 plasterboard either side	56	M2	260.00	14,560
<b>Element 11 - Internal Doors</b>					
	Fire Door in to new openings	2	No	5,500.00	11,000
	Acc WC Door & Frame	2	No	1,200.00	2,400
<b>Element 12 - Floor Finishes</b>					
	New Addition				
	Timber overlay to addition	78	M2	200.00	15,600

## Elemental Summary

Project: PROJECTS 2017

Details: 2017\_08\_21 Estimate

Building: 17-065 Anderson Park Redevelopment

Code	Description	Quantity	Unit	Rate	Total
<b>Element 12 - Floor Finishes</b> <span style="float: right;">(Continued)</span>					
	Vinyl to accessible toilets	8	M2	120.00	960
	Cafe Prep Areas				
	Lift flooring and lay new vinyl to kitchen areas	83	M2	150.00	12,450
<b>Element 13 - Wall Finishes</b>					
	Access Building				
	strapping, insulation, plasterboard and paint to inside of PC walls	91	M2	135.00	12,285
	Cafe Area				
	Prepare and repaint existing walls	204	M2	40.00	8,160
<b>Element 14 - Ceiling Finishes</b>					
	Allow painted plasterboard on steel suspension system	70	M2	120.00	8,400
	New Ceiling to Food Prep / Cafe area	83	M2	115.00	9,545
<b>Element 15 - Fittings &amp; Fixtures</b>					
	Acc grab rails for Toilet	2	No	1,000.00	2,000
	Mirrors	2	No	400.00	800
	Kitchen Fit out as per Beattie McDowell estimate	1	Sum	82,500.00	82,500
	Freight	1	Sum	1,000.00	1,000
	Site fitting	1	Sum	2,500.00	2,500
<b>Element 16 - Sanitary Plumbing</b>					
	Access Building				
	Toilets	2	No	1,500.00	3,000
	WHB	2	No	1,750.00	3,500
	Cafe Area				
	Sinks	2	No	1,500.00	3,000
	WHB	1	No	1,750.00	1,750
	Provisional Sum for Water Filtration system	1	Sum	10,000.00	10,000
	Gas Hot Water				
	Allowance for Gas Hot water system	1	No	5,500.00	5,500
<b>Element 17 - Heating &amp; Ventilation Services</b>					
	Heat Pump	2	No	5,000.00	10,000
<b>Element 18 - Fire Services</b>					
	Type 4 system to entire building	851	M2	25.00	21,275
<b>Element 19 - Electrical Services</b>					
	Allowance for Electrical Switchboard	1	Sum	5,000.00	5,000
	Emergency lighting allowance	10	No	400.00	4,000

## Elemental Summary

<b>Project:</b> PROJECTS 2017	<b>Details:</b> 2017_08_21 Estimate
<b>Building:</b> 17-065 Anderson Park Redevelopment	

Code	Description	Quantity	Unit	Rate	Total
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**Element 19 - Electrical Services**

(Continued)

	Illuminated exit lights	9	No	600.00	5,400
	Allowance for DB to Kitchen area	1	No	3,000.00	3,000
	Provisional Sum for Electrical upgrade	1	Sum	20,000.00	20,000
	Assumes that incoming main has sufficient capacity. No allowance for new mains supply	Note			

**Element 20 - Vertical & Horizontal Transportation**

	Lift	1	No	90,000.00	90,000

**Element 22 - Drainage**

	Provisional sum for installation of drainage and a collection tank	1	Sum	15,000.00	15,000
	Prov Sum for grease trap	1	Sum	3,000.00	3,000

**Element 23 - External Works**

	Concrete ramp and handrails	1	Sum	15,000.00	15,000
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**Element 24 - Sundries**

	Glass verandah	7	M2	700.00	4,900
	Provisional allowance for fire stopping to existing ceiling	1	Sum	5,000.00	5,000

**658,031**

## **Appendix 3: Financial forecasting**

See attached spreadsheet

## **Appendix 4: Todd Valuation, Lease assessment**

See attached document

**Appendix 5: List of artefacts related to the Anderson House and Anderson Family held within the SMAG archives (note this list may not be complete).**

Accession No	Name/Title	Brief Description	Current Location
1	87.326 Untitled	Walrus tusk, cut flat at base. Several fine cracks. Intaglio picture from base to half way; of long-haired woman in dress with low-shouldered spotted blouse. Colours are red-brown and black. One long crack through scrimshaw picture.	TS 32 A6
2	D51.70 Scales	Long tear drop - shaped wooden case and lid with scissor action calibrated round wooden arm. Japaned, with brass dish suspended from one end. Has fancy round shaped brass counterweight.	TS 46 A2
3	A51.26 Cocoa Nut	Cocodemer	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Natural History/Misc Natural History Research Collections TS 28 D3 Box U 664
4	A51.27 Ostrich/Struthio camelus	Ostrich egg. Cream tan with dimples/glossy.	TS 28 D1 Box 6583/Tray 5
5	A51.28 Emu/Dromaius novaehollandiae	Emu egg. Mid olive to mid tan/ mid to heavy texture noise.	TS 26 A1 Box U461/Tray5
6	A51.29 Shell	Shell.	TS 46 A3
7	A51.30 Pipe Case	Pipe case made from light stained wood. Tubular shaped that has inner section that pulls out. Marked in pen on inner section 'J. Bennett' Note: Register lists this as an opium pipe in case. Pipe not present.	
8	B80.112 Adze	Argillite Type 2A Hammer-dressed, flaked. Slight polish. Size: 111 x 44x 30mm	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Maori/Unit 34/Level 1 TS 55 D95
9	B80.492 Adze	Argillite type 1A (dark green). Slight remodelling. Hammer-dressing and polishing on both sides. Tanged. Quadrangular cross-section.	TS 55 D94
10	B80.494 Adze	Argillite type 2A (dark green). Hammer-dressed, then polished on front of blade. Hammer-dressing on back of blade, no polish. Untanged. Quadrangular cross-section.	
11	B80.495 Adze	Argillite type 1A (dark green). Hammer-dressed then polished on both sides. Tang mostly hammer-dressed on front tanged. Quadrangular cross-section.	TS 55 D84
12	B80.496 Adze	Argillite type 2A. Hammer-dressed, then polished on both sides front and back. Slight modification. No tang. Quadrangular cross-section.	TS 55 D41
13	B80.497 Adze	Argillite type 6A (dark green). Hammer-dressed on top of front. Polished the rest of the way down and on back. Slight modification on back (flaking). No tang. Reversed triangular cross-section.	TS 55 D41
14	B80.499 Adze	Argillite type 2A (dark green). Variety A. Front of blade has been polished. Back of blade is about 2/3 polished. There is hammer-dressing along the side of one blade. No tang. Quadrangular cross-section.	TS 55 D41
15	B80.500 Adze	Argillite type 1A. Hammer-dressing and polish on both sides of adze. Tanged. Quadrangular cross-section.	TS 55 D41
16	B80.501 Adze	Argillite type 1 (dark green). Variety B. Polished both sides of blade. Hammer-dressing on the butt. Some slight chipping on sides of the cutting edge and the top of the butt. Quadrangular cross-section.	TS 55 D56
17	B80.502 Adze	Argillite type 1 (dark green). Variety A. Back of blade polished. Front blade half polished, half hammer-dressed on butt. Slight lugs. Some chipping on front blade. Also cutting edge of the blade. Tanged.	TS 55 D41
18	B80.503 Adze	Argillite type 1B. Hammer-dressing and polishing on both sides. Signs of remodelling. Rectangular cross-section.	TS 55 D56
19	B80.504 Adze	Argillite type 3 (light green). Variety E? Polished on front blade. Mostly hammer-dressed on the back of the blade with some polishing. Large chip mark on the back of blade. Tanged. Triangular cross-section.	TS 55 D56
20	B80.505 Adze	Argillite type 3E (dark green). Hammer-dressing and polishing on both sides. Some remodelling. Incipient tang. Triangular cross-section.	TS 55 D41

List Manager - Object - BROWSE

Accession No	Name/Title	Brief Description	Current Location
21	B80.506 Adze	Argillite type 6A Polished all over back. Hammer-dressing on front. Untanged. Skewed, triangular cross-section. Odd shape and grooved on side. Size: 96 x 16 x 7mm	TS 54 B4 Box 147
22	B80.508 Adze	Argillite type 1D. Hammer-dressed. Tanged. Quadrangular cross-section. Grooves on front of adze. Could have been caused by metal tool.	TS 55 D55
23	B81.7 Adze	Argillite type 1D (dark green). Highly polished, some flakes and scars. Hogback.	TS 55 D91
24	B80.493 Adze Preform	Argillite type 2A. Hammer-dressing and polish on both sides (front and back). Quadrangular cross-section. Without tang.	TS 55 D95
25	B80.498 Adze Preform	Argillite type 4. Variety A. Dark green. Both sides of the blade are polished. Chipping covers almost all of the back blade. The front blade is half covered with chipping, with polishing at the cutting end of the blade. Reversed triangular cross-section. Waterworn.	TS 55 D41
26	B80.507 Adze Preform	Argillite type 2 Dark green. Hammer-dressing on back of blade. Some hammer-dressing on front of the blade, but it is mostly large chipping on the front blade. Incipient tang. Quadrangular cross-section. Size: 159 x 73 x 40mm	TS 54 B4 Box 142
27	A81.3 Bowl	Kava Bowl Wooden, shaped like turtle with head, eyes, flippers and back legs. Stands on four legs.	TS 47 A3
28	D51.54 Short Club	Patu paraoa. Whalebone. Polished and ground surface. Greyish brown in colour with a 8mm hole. Chip marks on blade. Rounded butt end and blade has rounded edge.	TS 50 B1
29	D51.56 Short Club	Patu onewa. Stone	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Maori
30	D51.52 Cloak Pin	Bone. In good condition with two facial cracks. Point broken off. Opposite end has drilled as well as being cut on an angle. Surface has been ground and polished. Brown and creamish colouring and well curved.	TS 50 A6
31	D51.53 Cloak Pin	Bone. In good condition with several minor facial marks. Point broken off. Opposite end has hole drilled as well as being cut on an angle. Surface has been ground and polished. Brown and creamish colouring.	TS 50 A6
32	D51.33 Adze	Adze	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Maori
33	F51.34 Adze	Adze	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Maori
34	D51.41 Adze	Adze	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Maori
35	D51.43 Adze	Adze	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Maori
36	D51.44 Adze	Adze	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Maori
37	D51.46 Adze	Adze	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Maori
38	D51.55 Short Club	Patu paraoa.	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Maori
39	B51.3 Wood (Fossil)		Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Natural History/Palaeontology Research Collection
40	B51.4 Quartz [75.1.3.1]	Agate	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Natural History/Geology research collection
41	B51.5 Quartz [75.1.3.1]	Agate	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Natural History/Geology research collection

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List Manager - Object - BROWSE

Accession No	Name/Title	Brief Description	Current Location
42	B51.6 Tree Resin	Kauri gum	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Natural History/Misc Natural History Research Collections
43	B51.7 Tree Resin	Kauri gum	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Natural History/Misc Natural History Research Collections
44	B51.8 Tree Resin	Kauri gum	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Natural History/Misc Natural History Research Collections
45	B51.9 Tree Resin	Kauri gum	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Natural History/Misc Natural History Research Collections
46	B51.10 Nephrite Jade #	Greenstone [sic; presumably New Zealand nephrite].	TS 25 B3 Box U886
47	B51.11 Shell (Fossil)		Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Natural History/Paleontology Research Collection
48	B51.12 Shell (Fossil)		Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Natural History/Paleontology Research Collection
49	B51.13 Euplectella	Venus Flower Basket sponge	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Natural History/Misc Natural History Research Collections
50	D51.57 Short Club	Short club	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Maori
51	D51.58 Adze	Duff type 2, variety B adze, greenstone.	Top Store/Unit 55/Drawer10
52	D51.59 Adze	Adze, greenstone	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Maori
53	D51.60 'Hue Wai' (water gourd)	Gourd water bottle, pear shaped with large bulbous base, curved narrow neck, stem attached. Ornatly carved with single large hole at neck of gourd.	Top Store Table
54	D51.61 Boomerang	Boomerang	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections
55	D51.62 Spoon	Lime spoon, flat blade, carved handle.	TS 44 B3
56	D51.63 Pendant	Sperm whale tooth pendant.	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections
57	D51.64 Bowl	Food bowl	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections
58	D51.66 Kava bowl	One piece wooden four legged kava bow. Plant fiber plaited cord tied through lug on outside of bowl.	TS 47 B3
59	D51.67 Firearm	Blunderbus	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections
60	D51.68 Lamp	Roman Lamp	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections
61	D51.69 Bronze	Bronze animal figure.	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections
62	D51.71 Pen & Ink Bottle	Scribes pen and ink bottle. Metal work, gold and silver. Egyptian motif.	TS 44 A2
63	D51.73 Tooth	Carved tooth from sperm whale.	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections
64	D51.74 Trinket Box	Trinket box.	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections
65	D52.2 Spear	Zulu Assagai	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections
66	D52.3 Paddle	Carved paddle	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections
67	D52.4 Long Club	Pouwhenua	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections/Maori
68	D52.5 Bow	Bow	Southland Museum and Art Gallery Niho o te Taniwha/Top Storage Collections

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List Manager - Object - BROWSE			Brief Description	Current Location
Accession No	Name/Title			
69	2004.938.7 Ornament		Heavy brass bull with spiral design on body and heart-shaped saddle at centre back that serves as a lid to the opening into the cavity in the bull's body. Hinge on saddle has a copper bolt. On the underside of the bull's belly is written 'India'. Two small copper plugs on the underside - one between the front legs and one between the hind legs.	TS 44 A2
70	0000.570.1 Japanese Armour		Rear body shield. Metal and cord. Part of Japanese Samurai armour set.	TS 41 D1
71	0000.570.2 Japanese Armour		Front body shield, metal and cord. Part of Japanese Samurai armour set.	TS 41 D1
72	0000.570.3 Japanese Armour		Sleeve, metal, chain mail, cord and cloth. Part of Japanese Samurai armour set.	TS 41 D1
73	0000.570.4 Japanese Armour		Face shield, metal and cord. Part of Japanese Samurai armour set.	TS 41 D1
74	0000.570.5 Japanese Armour		Helmet, metal. Part of Japanese Samurai armour set.	TS 41 D1

September 2017

# Rejuvenating the CBD

a transformative arts centre for Invercargill



Report undertaken for Invercargill City Council  
April-September 2017

**Report team**

Tim Walker, Tim Walker Associates: principal consultant  
Ken Davis, Ken Davis Architects: architectural consultant  
Rose Evans, objectlab: specialist facility & fitout consultant

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**NOTE: Further information is provided in the separate  
SUPPORT MATERIAL & APPENDICES [SM&A] volume**

COVER IMAGE

National Underground Railroad Freedom Center in Cincinnati 2017 - in 'Invercargill colours'  
(Photoshop courtesy of Tim Christie)

See page 27



## Executive summary

- This report outlines the proposed approach to developing an 'Art Gallery'. It responds to a question framed by the Invercargill City Council [Council] based on the recommendations of the Southland Regional Development Strategy [SoRDS]. SoRDS identified an 'Art Gallery' as the number 1 priority for the rejuvenation of Invercargill's CBD – which is seen as a key regional objective.
- Investment in an orthodox contemporary 'Art Gallery' is unlikely to deliver the outcome sought. But a strategic approach to an innovative 'Arts & Creativity Centre' will have a significant transformative impact on the look, feel and social and commercial health of the CBD. The term ACI (meaning an innovative centre of *Arts + Creativity for Invercargill*) is suggested as a more appropriate term than 'Art Gallery'. This is a suggested working title, not a name/brand.
- In developing the ACI proposal the primary focus has been on CBD rejuvenation. At the same time, care has been taken to ensure the proposal is aligned to a future-focused and integrated approach to arts and culture infrastructure in Invercargill, including Southland Museum and Art Gallery, the proposed Southland Regional Collection Store, the Invercargill Public Art Gallery Trust and the Southland Art Foundation

### A focus on people

- Framed by the SoRDS objective the proposed ACI model is based on 2 key principles 1) **Rejuvenation = activation** and 2) **Activation = people**. These frame the approach taken across all aspects of the proposal. The resulting ACI will contribute significantly to CBD placemaking, precinct definition and activation.
- The *Art in the heart* report (2017) identifies community views and expectations for a new arts centre. The findings, which have served as a foundation for this report, reinforce the idea of an inclusive and active arts facility operated for, with and by local people. The key themes were:
  - A social hub in the city, for everyone
  - An artistic anchor point
  - Improved capability of the arts sectors
  - A dedicated home for Invercargill Art Collections
- The *Art in the heart* findings reflect significant and rapid international changes in terms of the *types of experiences* people are looking for in terms of arts, culture and creative learning. The authors of a 2011 report on the arts ecology in the USA<sup>1</sup> refer to this as a 'seismic shift' amongst youth from "a 'sit-back-and-be-told culture' to a 'making-and-doing-culture'".
- In thinking about opportunities for people to access, engage in and be inspired by arts and culture it is important to consider the relative opportunities of collection-centric and people-centric approaches. A people-centric approach is strongly recommended.
- A people-centric approach inverts the traditional collection-centric approach which almost always favours an exhibition format and will generally focus on *teaching* people about objects. The resulting formal and educative tone is often a barrier for people seeking more recreational, interactive and social experiences.

### Collections

- Invercargill's public art collections will provide a key resource for the ACI programming. However if a traditional 'Art Gallery' that placed these collections at its heart was built – in a similar vein to public art galleries in other centres – it is unlikely that the venture would meet the objectives

<sup>1</sup> Alan S. Brown and Jennifer L. Novak-Leonard, in partnership with Shelly Gilbride, Ph.D. *Getting In On the Act: How arts groups are creating opportunities for active participation* The James Irvine Foundation October 2011

framed by SoRDS. The collections are, with some notable exceptions, 1) not significant enough of their type to 'stand out' in a regional or national sense and 2) unlikely to consistently generate high levels of engagement and experiences of the type sought by the public. Equally, the location of a 1,000m<sup>2</sup> collection store on a limited 2,000m<sup>2</sup> CBD site is not seen as strategic.

- The proposal being developed by the Southland Regional Heritage Committee (SRHC) for a single regional collection store (across ICC, SDC and GDC regions) is recommended as the best mid to long-term home for the art collections. Collections should be seen holistically; it is not useful (or even possible in a definitive way) to draw a line between 'art' and other 'cultural' collections.
- The SRHC project allows for a rationalisation of collections and services. Its goals include:
  - A co-ordinated regional approach to heritage collection management
  - Museums will have a complete, backed up record of their collections
  - Each item will be photographed or scanned to provide a visual record
  - Museum collections will be marked/labelled so they can be readily identified
  - Museum collections will be packed in a way that protects and preserves them
  - Cataloguing will increase the longevity of collections by reducing the need to physically handle collection items
- Noting this, the report provides interim storage options for art. However, should the regional collection store not eventuate for any reason, the report outlines the requirements and cost of establishing a dedicated art storage facility in association with (but located separately from) the ACI at some future date.

#### **Diverse range of arts and creativity**

- A wide range of arts and creative practices is recommended over a narrow media-based focus – eg moving image. The growing relevance and importance of digital media is irrefutable and is outlined in the report, but limiting the ACI to a media-based point-of-difference is arguably a 20<sup>th</sup> Century concept – ie: similar to the idea of a Museum of Fine Arts, or Decorative Arts or Sculpture etc.
- In place of a media-based point-of-difference a purpose-based model is proposed. The proposed purpose is *Activating 'creative moments' [in a way that results in] People connecting and 'stepping up'*. This means the ACI will 1) activate 2) be about the visitor's 'creative moments' 3) be social and 4) focus on outcomes – eg: resulting in people participating, showing, performing, having a voice, gaining skills, taking a pathway forwards etc
- There is a significant opportunity, through a partnership with SIT to ensure a purpose-built cultural facility fully responds to Invercargill's challenges and opportunities. The relationship with current and future students, and the importance of the tertiary education market to Invercargill's economy and brand, should be seen as a key consideration.

#### **The recommended operating model**

- It is recommended that the ACI is operated as a business unit/division of Council. This approach will maximise alignment with ICC strategies and departments (eg Library, Parks, Events, Central City community development etc), Venture Southland, the Invercargill brand and promotions, and CBD initiatives. It will also heighten relationships with ICC and publically funded community and arts events including the Arts Festival, Matariki, Polyfest etc
- A people-focused and value-creation business model will require strategic leadership. The director and senior staff should lead a strategic co-leadership team culture which will drive collaborative, entrepreneurial and innovative outcomes for the community.
- An ACI Foundation should be established with the primary purpose of raising profile and funds for the ACI. It would not have a governance role but could effectively advocate for the ACI to Council and be a reference-point for the Council in the event of any real or perceived management risk.

**The facility**

- The ACI will be a highly flexible and adaptive facility, with spaces for activities, exhibitions, collection access (on rotation from storage), creative workshops etc. It will be accessible, relaxed, easily reconfigurable and active.
- The ACI façade is seen as a key feature in activating the CBD. Highly impactful digital infrastructure (large scale LED screens, internally and externally) is recommended as a signature architectural element. These will provide the basis of cost effective and constantly changing programming for and with the community and local, national and international artists. This will also give the ACI a national point of difference that will stimulate a high level of interest among artists (and prospective students) nationally and internationally.
- Noting the CBD site options, a facility of approximately 2,000m<sup>2</sup> is proposed as being of the right size to ensure an exceptional facility that is sustainable in the mid to long term. It is comparable with arts infrastructure in cities of a similar size to Invercargill.

**Location assessment**

- The 2016 Urbanism Plus report identified a number of sites, some of which are now unavailable or were deemed unsuitable. New sites have become available for consideration. The sites considered in the research for this report are 1) The Wachner Place site 2) An SIT site on Don Street and 3) The Tay/Dee/Esk/Kelvin block
- The site assessment shows that the Wachner Place site has numerous advantages over the other sites. More than that it is an excellent site for the development of an ACI that will have a transformational impact, in line with the SoRDS prioritisation of investment in arts infrastructure. The site sits on a critical and well located section of outdoor civic space (in a CBD that has little provision of such space) that is in urgent need of development
- Council heritage guidelines note that a number of façades on the site are recommended for retention. As well a number of streetscape elements are described as detracting from the heritage character of the Central City, including the Dee Street obelisks and the grey 'concrete' streetscape of Wachner Place. A carefully considered ACI development on this site offers Invercargill a rare opportunity to address a number of issues in a way that will deliver significant facility and reputational value.

**Assessment of likely effectiveness**

- The report provides an assessment of the ACI proposal against key criteria set out by SoRDS, the First Retail Central City Retail Strategy and the *Art in the Heart* report. The recommended approach to an innovative arts and creativity facility – one that will set Invercargill apart and have a significant and positive impact on the City's reputation and profile – is shown to deliver significant benefits against the vast majority of criteria.

**Costs and timeframe**

- The CAPEX cost is estimated at \$16million. This allows for a 7% annual increase in construction costs between 2017-18 and construction in 2020-21.
- This timeframe will be met if Council commits a \$6.5m contribution to the project in the Long Term Plan. This commitment will allow applications to the Ministry for Culture and Heritage for a \$5.3 million grant and other public and trust funds for an additional \$3.2million. That would leave \$1 million for the ACI Foundation to raise. This is seen as a realistic and achievable target.
- The annual OPEX cost of the ACI is set at \$1,050,000 – with Council contribution being 65% of that. The ACI should be set up with a socially focused entrepreneurial ethos that seeks to leverage value through its operation including the development of high level win-win partnerships with community funders, organisations and businesses.

- Noting this approach, the OPEX figure should be regarded as a baseline and both expenditure and revenue should be expected to increase through the first period of operation – so the ICC contribution is likely to reduce as a % of OPEX. By year 6 of operation it should be at 62-63%.
- The decision to progress with the construction and opening of the ACI should be seen as a strategic step change in Invercargill’s provision of arts and creativity experiences. The ACI will replace SMAG and IPAG as Invercargill’s current public CBD arts centre/gallery consideration.

**A potential integrated regional approach to arts & heritage collections care, access and use**

- Based on an assessment of the ACI and the wider arts and heritage sector, the report recommends that consideration is given to an integrated model of arts, culture & heritage collections and services being developed over time. This would include:
  - The ACI being established and operated by ICC.
  - The SRHC developing a single regional collection store, and associated collection services. There is an opportunity to consider the regional governance for arts, culture and heritage collections that is currently exercised by the SMAG Board being shifted to the governance of this facility and its operation.
  - The Southland Museum being repurposed with a focus on community and visitor engagement, learning and activity, operated by ICC.
  - The IPAG and Southland Arts Foundation Trusts retaining their roles as the owners of their respective collections – and negotiating MOU with ICC/ACI, regional collection store and other exhibition agencies for storage, access and use of those collections.

## 1. Introduction

This report outlines the proposed approach to developing an 'Art Gallery' in the Invercargill CBD. The approach has been developed in response to a clear and focused question framed by the Invercargill City Council [Council]. This is based on the recommendations of the Southland Regional Development Strategy [SoRDS] that investment in an 'Art Gallery' is the number 1 priority for the rejuvenation of Invercargill's CBD – which is seen as a key regional target.



Subsequent reports on urban design (Urbanism Plus) and CBD retail (First Retail) further considered and clarified the rationale for investment in an 'Art Gallery' as the number one priority in an integrated plan to rejuvenate the CBD. The approach detailed in this report responds to the specifics of this challenge.

The clarity of this framing question is to be applauded. Building on this, and noting the *Art in the Heart* report (which outlines the results of extensive community consultation on an arts centre) and relevant national and international trends in terms of arts activity and audience preferences, the report recommends the strategic approach to investment best suited to rejuvenating the CBD.

### An Art Gallery or ...?

This assessment identifies that while investment in an orthodox contemporary 'Art Gallery' is unlikely to deliver the outcome sought, a strategic approach to an innovative 'Arts & Creativity Centre' has significant potential to have a transformative impact on the look, feel and social and commercial health of the CBD – becoming a real heart for the city. Noting this, throughout this report the term 'Art Gallery' (other than in quotes for the SoRDS reports etc) has been replaced with the idea of an 'ACI', which may be seen as a signifier of the following ideas:

- Arts Centre | Invercargill
- Arts + Creativity | Invercargill

This shift (from an 'Art Gallery' to an 'ACI') is seen as critical - to ensure a solution that responds to the opportunity in an innovative, community-responsive and future-focused way. There is a direct link between this achieving this quality of result and delivering the value to Council, ratepayers and visitors defined in the SoRDS action plan. This is suggested as a working title, not as a name/brand.

## 2. Background

The SoRDS action plan identified "5 transformational projects which if developed roughly in parallel will achieve the [Invercargill CBD] rejuvenation required", which are:

- **Art Gallery:** "an iconic art gallery in the central city housing all the collections in public hands, plus the i-Site and the DOC information Centre"
- **Motorcycle Museum:** (note: this is now in place, Tay Street)
- **Cambridge Retail Precinct:** (note: the future development of the Tay/Dee/Esk/Kelvin [TDEK] block is in discussion)

- **Museum:** “An upgraded museum located in Queens Park telling the Southland Story and specialising in natural history”<sup>2</sup>
- **Hotel:** (note: a 4.5 star hotel on the corner of Dee and Don Streets is underway by Invercargill Licencing Trust [ILT])

Following the SoRDS framework, a number of assessments of the opportunities and challenges for the CBD were progressed.

**Urban design considerations**

At a 2016 Council Workshop with SoRDS, facilitated by Kobus Menz of Urbanism Plus (see SM&A Appendix 3, page 28) the *First priorities* were agreed as being:

- The Art Gallery
- The Hotel in inner city
- A right turn into Esk Street from Dee Street and two-waying Dee Street
- Motorcycle museum

**CBD Retail strategy**

The 2016 First Retail *Invercargill Central City Retail Plan* (see SM&A, Appendix 4 page 29) further reinforced the key role of art infrastructure as part of a thriving CBD. The report defines ‘four pillars’ for the CBD’s retail rejuvenation and success – Attraction, Experience, Place and Performance



The CBD; First Retail report 2016

**Note:** these strategic considerations have informed all aspects of the development of the proposed ACI. An analysis of the proposed ACI against these recommendations is provided (see SUPPORT MATERIAL & APPENDICES [SM&A] volume, page 24)

<sup>2</sup> In framing the current analysis of options for what an approach to an Art Gallery might look like ICC have requested consideration of how the ACI and SMAG might progress in an aligned way

**Two key principles**

Council and SoRDS are right to be clear about the purpose of the investment in an inner city ACI – to rejuvenate the CBD and leverage profile, and energy. And Urbanism Plus and First Retail are correct to suggest art galleries and museums have an ability to contribute significantly to placemaking, precinct definition and activation - but only if they are designed to do so. In developing the proposed ACI model 2 principles have been key:

PRINCIPLE 1  
***Rejuvenation = activation***

International research shows that the location of a ‘traditional’ museum or art gallery in a public place can confer a tone of civic authority (‘about me but not for me’) – making it welcoming for some but unfriendly for many others. Equally the location of a ‘strategically active’ facility such as Te Papa in Wellington can transform the social cultural and economic life of the precinct and city.

*“Placemaking is more about **people** than it is about buildings...”*

PLACEMAKING NZ

“As much as we prize creativity in cities today, the cultural centers that we’ve built to celebrate it rarely hit the mark. **Culture is born out of human interaction**; it therefore cannot exist without people around to **enjoy, evaluate, remix, and participate in it. ...**”

**“So why do our cultural centers so often turn inward**, away from the street, onto an internal space that is **only nominally for gathering**, and is mainly used for passing through?”

PLACEMAKING USA

It is important to assess what approach to an ACI will deliver the outcome being sought, in this context. While there are many examples around New Zealand of Art Galleries being built in CBDs, many were not intended to and do not ‘activate’ their urban settings.



City Gallery Wellington

In a larger city like Wellington, with a large art-going public (many of whom live and work in the CBD), the contemporary art museum is well visited and adds significantly to the City's cultural life. It is not, however, designed in a way that activates its environs; it presents a formal and 'closed' façade to the city's premier urban space. In the case of Dunedin and Tauranga the art galleries are converted commercial spaces in prime commercial locations. While successful as contemporary art spaces, in both we see a focus that is largely inward – and less about engaging in or activating the CBD spaces outside their doors. And as First Retail points out, this disrupts commercial clustering and activity around them.



Dunedin Public Art Gallery and the Tauranga Art Gallery

These examples reinforce the need to be clear about what is being sought and the specifics of the Invercargill context. Simply transposing a model of 'Art Gallery' that is deemed right in one urban context – with its own set of drivers – is not a reliable way of achieving a success in another (with another set of objectives).

### 3. What people want

For the ACI to be successful as a rejuvenator of the CBD it has to be focused on meeting and exceeding people's expectations.

#### PRINCIPLE 2

***Activation = people***

#### Community research

Extensive community research about people's expectations of an arts facility in Invercargill culminated in the *Art in the heart* report (2017). The findings reinforce the idea of a facility about people. This in-depth and valuable report has served as a foundation document for the ACI proposition as it has been developed. The key themes were:

- **A social hub in the city, for everyone:** a highly active centre where people could do arts activities themselves and see art being done – all the time.

- **An artistic anchor point:** featuring, supporting and displaying local art came out strongly, as well as a wish to be challenged and exposed to new forms of art, and national and international art.
- **Improved capability of the arts sectors:** The main paths identified to improve capability were audience development, education, collaboration, innovation, a local focus and the provision of resources and support
- **A dedicated home for Invercargill Art Collections:** the need for professional storage, proper management of the collections and the wish to see exhibitions from the collection, including the possibility of these travelling to other locations.

### Changing patterns of participation in recreational activities

Communities are changing fast, and as new approaches to increasing the levels of individual and community wellbeing through participation are developed, it is important that innovative arts activities are recognised as having value in ways traditionally associated with sporting and other recreational activities.

### Arts

Internationally (and in New Zealand) we are seeing significant changes in terms of the *types of experiences* people are looking for in terms of arts, culture and creative learning. The authors of a 2011 report on the fast changing arts ecology in the USA<sup>3</sup> refer to this as a 'seismic shift' amongst youth from "a 'sit-back-and-be-told culture' to a 'making-and-doing-culture'".

The report authors refer to the National Endowment for the Arts analysis (next page) that showed this was increasingly true across all age groups, with a greater percentage looking for opportunities to 'attend and create' than the total of those looking to 'only attend' or 'only create'. The report noted a marked shift towards co-creative and participative experiences among younger people. Equally, it is critical to note that 2011 is a long time ago in 'technological years' – just as 2022 is a long way in the future.

The trend towards co-creative and participative engagement (for creative producers and as audiences) is developing fast, and holds great promise (and challenges) for arts and creativity to generate new types of value to the community. This shift, which echoes the findings of the *Art in the Heart* report, should inform the approach to the ACI.

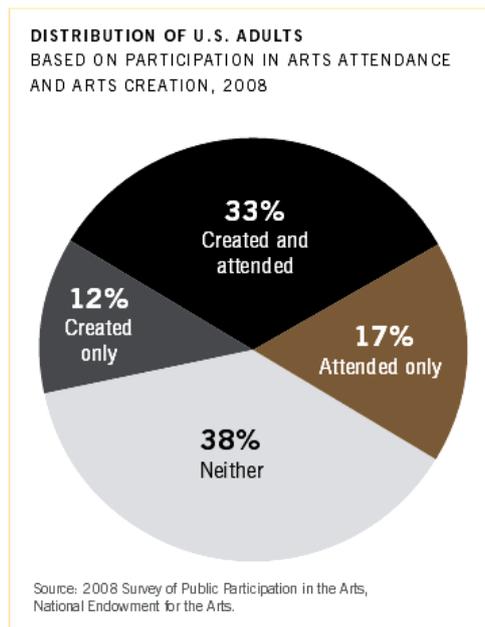
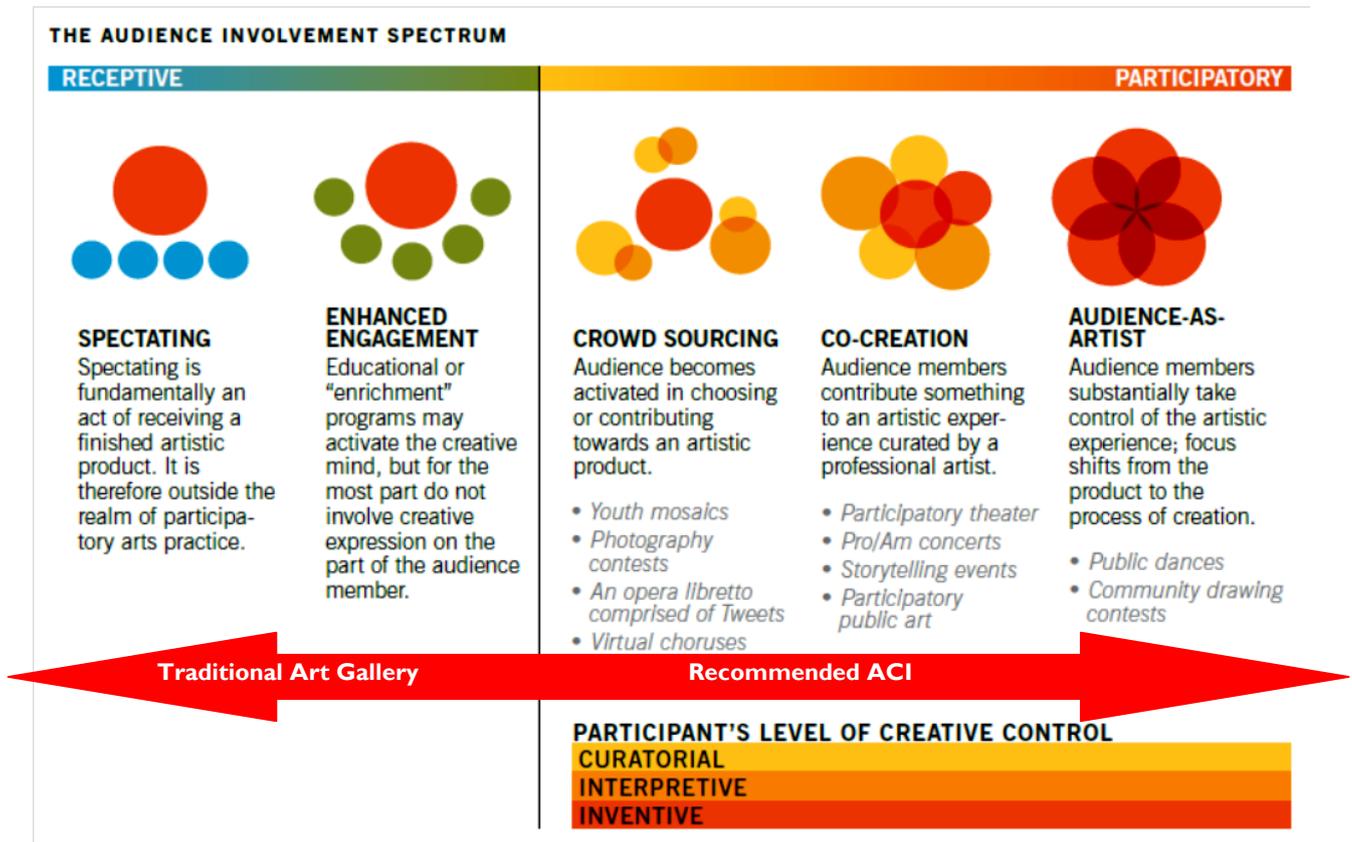
### Sports

It is useful to consider this shift in light of the overall provision of activities and services that encourage community participation, cohesion and wellbeing. There is clear evidence that attitudes to team sports – a main stay in local social/recreational activity and community wellbeing - are changing as well. As the Marlborough regional sport organisation chief executive noted in 2016 "We know the trend is moving away from traditional, longer sports and toward those fun-sized, or snack-sized activities - it's what people are going to want in the future"<sup>4</sup>

In the same article, noting a trend away from traditional sport The Rata Foundation Chief Executive Louise Edwards said the Foundation "wanted to direct its funding toward growing participation in areas where greater barriers existed or participation was low".

<sup>3</sup> Alan S. Brown and Jennifer L. Novak-Leonard, in partnership with Shelly Gilbride, Ph.D. *Getting In On the Act: How arts groups are creating opportunities for active participation* The James Irvine Foundation October 2011

<sup>4</sup> <http://www.stuff.co.nz/marlborough-express/sport/78031272/Participation-rates-down-as-people-move-away-from-team-sports>



**The ACI will be focused on creative participation and engagement**

Audiences are changing quickly – from being principally passive (receptive) to increasingly active (participative). Younger generations tend to gravitate to the latter in increasing numbers

*Irvine Foundation; Getting in on the Act (2011)*



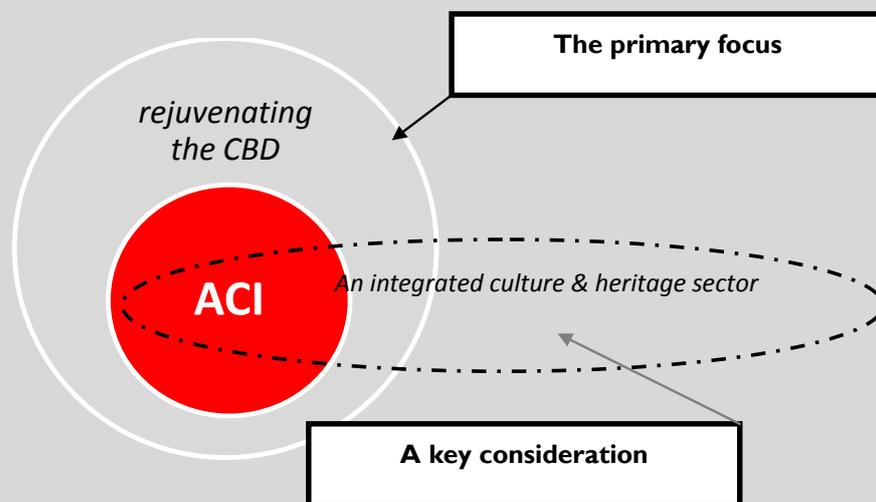
**Build 'a bicycle that people want to ride' (not one people have to watch being ridden)**

To be successful the ACI team must have a genuine curiosity about people and creativity. The ACI will be a place where people want to join in, not a static experience which only allows the visitor to be a passive viewer

### The approach to developing the ACI

In developing the ACI proposal the primary focus has been on CBD rejuvenation. At the same time, care has been taken to ensure the proposal is aligned to a future-focused and integrated approach to arts and culture infrastructure in Invercargill, including:

- Southland Museum and Art Gallery
- The proposed Southland Regional Collection Store
- The IPAG Trust / Invercargill Public Art Gallery
- The Southland Art Foundation



This approach is focused on ensuring the ACI will work as part of a joined-up and rationalised sector that:

- Delivers high value more-than-the-sum-of-the-parts outcomes in the mid to long term
- Supports synergies in terms of governance, leadership, staffing and shared services
- A funding programme that delivers an achievable CAPEX and sustainable OPEX

#### 4. The wider context

Understanding the local context is critical - in terms of the CBD, social and technology changes and the wider Invercargill/Southland proposition. The following areas (further outlined in SM&A, pages 1-5) are seen as key:

- **The art collections**

The role, location, ownership and care of art collections are central questions. The collections are those held by the Southland Museum and Art Gallery, the IPAG Trust and the Southland Arts Foundation (stored by SMAG<sup>5</sup>). A key consideration is the parallel Southland Regional Heritage Committee [SRHC] investigation of options to establish a single integrated Regional Collections Store.

- **Te Ao Māori (Māori world view)**

Consultation with iwi representatives undertaken as part of this review resulted in a desire for distinctly Māori conceptual/physical elements, within the building and its programmes and beyond its walls. Ngāi Tahu Kaumatua Michael Skerret points out that “Before colonisation the whole landscape was a Māori cultural landscape – but today we’re almost invisible. Invercargill needs a more cultural flavour.”

- **The growing importance of digital technologies**

In assessing changing community needs and preferences technology, and the way people creatively interact with it, the rise of digital technologies is seen as a critical factor for the ACI. Technology is fundamentally reshaping the way we work, communicate, identify and explore the world creatively – from interactivity and social media to BYOD (bring your own device) learning and arts practice.

- **The educational context**

To deliver optimal value it is critical that the ACI model is aligned to the changing curriculum<sup>6</sup>, and in consider pathways into tertiary study and employment. Noting the SoRDS focus on retaining and attracting additional people and the *Art in the Heart* report this should be relevant across a range of areas including arts, technology and the new focus on digital learning. The **Southern Institute of Technology** is critical; the ACI should be closely aligned with courses SIT offers and the employment pathways these might lead to<sup>7</sup>. SIT CEO Penny Simmonds notes that<sup>8</sup> creative digital media offer the best employment outcomes in New Zealand and a key factor in SIT’s attractiveness to students is the ability to ‘get their hands on’ digital equipment. There is a significant opportunity through high level conversations at all stages of the development to ensure the ACI responds to these challenges and opportunities. The relationship with current and future students and the importance of the tertiary education market to Invercargill’s economy and brand are imperative.

- **Promoting the city – the new Invercargill brand**

Launched in 2017, the new brand ‘Dream Big – Invercargill’ is seen as being ‘a catalyst for change’. While city brands inevitably change over time, it is seen as a high priority that a new ACI facility and operation is designed in a way that directly supports Invercargill’s story being told in a compelling way. The ACI will deliver a high level reinforcement of the brand story.

<sup>5</sup> Storage, insurance, care is provided by SMAG at no cost. SMAG exhibit the items by agreement

<sup>6</sup> <http://nzcurriculum.tki.org.nz/The-New-Zealand-Curriculum>

<sup>7</sup> “These courses could lead to careers in fields such as photography, teaching, tourism, screen printing, jewellery, graphic design, illustration, textiles, visual merchandising, interior design, self-employment and much, much more” <https://www.sit.ac.nz>

<sup>8</sup> Conversation with the author, 3 August 2017

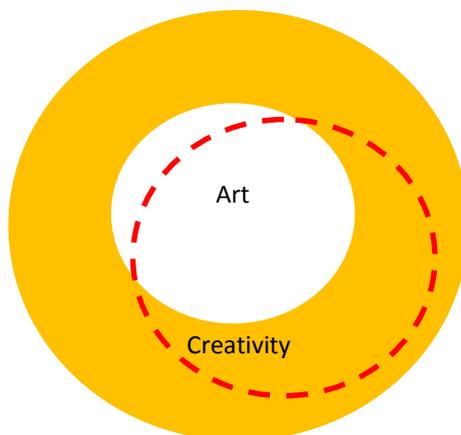
## 5. The recommended approach

This section outlines the recommended approach to an ACI in Invercargill. It is based on the context and key issues outlined in the previous section. Identifying the language that best aligns with the ACI's core proposition and purpose – and which most effectively limits any sense of exclusion ('their place') and amplifies the sense of inclusion ('my/our place') – is key.

### 5.1 Art + Creativity

An approach that looks at an 'arts-centred'<sup>9</sup> creativity hub' is recommended. Noting the definitions below, this would retain a focus on the 'arts' but do so in a way that was open to and energised/refreshed by digital practice and innovation, design, performance, coding-based 'makerspace' and creative businesses.

- **Art:** the expression or application of human creative skill and imagination, typically in a visual form such as painting or sculpture, producing works to be appreciated ***primarily for their beauty or emotional power***<sup>10</sup> - the various branches of creative activity, such as painting, music, literature, and dance
- **Creativity:** The use ***of imagination or original ideas to create something***; inventiveness<sup>11</sup>



The recommended ACI approach

This approach to a wide range of arts and creative practices is recommended over a narrow media-based focus (such as moving image). Notwithstanding the growing relevance and importance of digital media outlined in the report, the idea of a media-based point-of-difference is arguably a 20<sup>th</sup> Century concept – ie: the idea of a Museum of Fine Arts, Decorative Arts, Sculpture etc.

A media-based core idea comes from a traditional collection-centric notion. It is recommended that the ACI is instead anchored in a clear purpose based concept that is people-centric.

<sup>9</sup> This will give a conceptual core to the proposition and both differentiate it from an 'innovation hub' AND ensure high levels of interrelationship with such a venture

<sup>10</sup> This definition of 'art' is widely understood. It is likely to limit the perception and reality of the scope of the ACI. Its focus on beauty and aesthetics is often culturally defined and exclusive, and the focus on fine arts often excludes 'applied creativity' – design, fashion, crafts etc – and 'class' based arts practices like street art, graf art, folk art etc

<sup>11</sup> Auaatanga: creativeness, creativity [www.maoridictionary.com](http://www.maoridictionary.com)



To be inclusive, barriers to participation should be avoided.

The 'accessible & participative' model required for success needs to be open in terms of changing creative preferences and platforms



## 5.2 People-centric

The principles of the 'new museology' developed through the 1980s and 1990s (seen in New Zealand in Te Papa, an international benchmark exemplar) assert that museums and art galleries must relate directly to the local conditions and to the specific interests and needs of their communities.

**"At the center of this idea of a museum/gallery lie not things, but people**

*The 'new' museum/gallery may not isolate itself from society in a self-sufficient manner, but rather must open itself outward to society, in order to have an effect on the public"<sup>12</sup>*

In thinking about opportunities for people to access, engage in and be inspired by arts, creativity and culture it is important to consider the relative opportunities of collection-centric and people-centric approaches:

- **A traditional collection-centric approach** will almost always favour an exhibition/museum format, and will generally focus on *teaching* people about objects and the traditions they arose from. The result is usually formal and educative in tone, with a focus on factual text.

<sup>12</sup> Hauenschild, Andrea, *Claims and Reality of New Museology: Case Studies in Canada, the United States and Mexico* Smithsonian Center for Education and Museum Studies 2003

This can be a barrier for people who are seeking more recreational, interactive and social experiences – as part of a family or group outing, holiday or day off.

- **A contemporary people-centric model** is focused on the learning, creative, social needs and preferences of people - and articulating programmes and resources (including collections) in relationship to these.

The Invercargill community are asking for an active and highly social ‘creative hub’. It is clear that this approach will rejuvenate the CBD in a way that a more traditional ‘Art Gallery’ would not.

### 5.3 The value of collections in a people-centric model

Collectively the IPAG Trust, Southland Museum and Art Gallery and Southland Art Foundation own substantial collections of artworks, which:

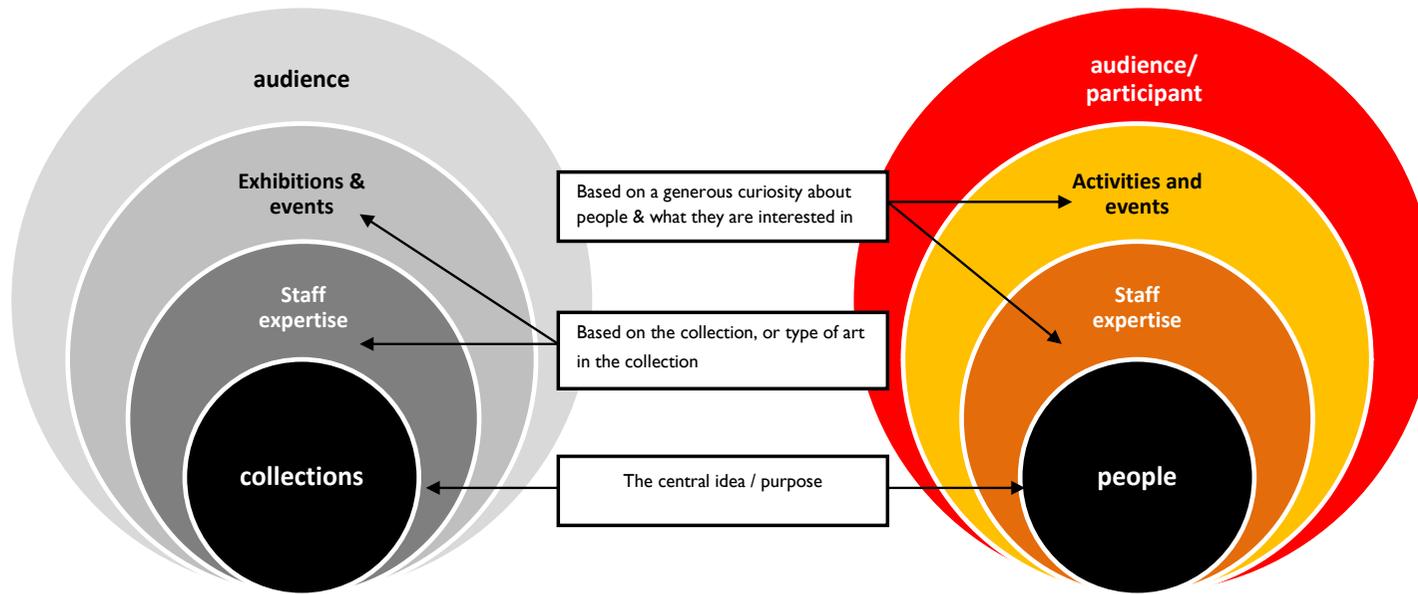
- Will add value to a people-centric ACI as part of innovative programming
- Are unlikely to be a central factor in the ACI successfully gaining a national reputation. (If an Art Gallery that placed these collections at their heart was built – in a similar vein to public art galleries in other centres – it is unlikely that the venture would meet the objectives framed by SoRDS)
- Are 1) not significant enough of their type to ‘stand out’ in a regional or national sense and 2) unlikely to consistently generate high levels of engagement and experiences of the type sought by the public

Noting these issues the location of a 1,000m<sup>2</sup> collection store on a 2,000m<sup>2</sup> CBD site is not seen as appropriate or strategic. Alternative options are outlined in this report. And as the SHRC has identified there is likely to be significant value in opening up access and value to digitised collections. In leading new museums, technology is not simply a means of access but a transformational online ‘portal’ through which people can engage with the collections. This fits with the ACI approach.



IPAG's *Kids Curate* project, which saw school children visit the pop-up gallery to select paintings they wanted to see is a good example of a people-centric collections outcomes

An approach which stimulates curiosity and enables interaction is key – allowing the community to engage in the collection's ‘stories’ and allow the ‘museum’ to listen to what the community has to say - and more importantly allow them to say it. As in all aspects of the ACI, the collections - their use, future development, care, storage and access, should be developed in line with the underpinning purpose to the endeavour (as outlined in the next section).



**collections-centric / people-centric**

It is important to differentiate between a model that puts its collections at its heart and one which is focused on people, their engagement, participation and involvement. The selected approach will define staffing expertise, public perceptions, accessibility, events and activities etc.

## 6. The recommended operating model

This section outlines the recommended purpose, governance, staffing and operational model.

### 6.1 A purpose-based approach

Success will rely on clarity of purpose. Aligning everything to a clear purpose (ie: what impacts the organisation has, on/with whom, so that...) will ensure strategic focus and allow for and drive innovation and responsive practices/partnerships. This will be critical to the ACI growing in an innovative way that delivers on its potential.

#### The recommended purpose

**Activating ‘creative moments’;**  
SO THAT  
**People connect and stand up / step up**

This approach clarifies a number of key issues. The ACI will:

- Activate
- Be about the users’ ‘creative moments’. This will ensure a focus on the right hand side of the Irvine Foundation audience diagram on page 10.
- Work in a way that seeks to connect people – to artists, each other, their own potential etc
- Focus on outcomes which result in people ‘standing up’ (ie participating, showing, performing, having a voice) and/or ‘stepping up’ (gaining skills, taking a pathway forwards etc)

#### The recommended mission

**We work in creative partnerships  
with creative producers, supporters and our community  
to develop and deliver programmes  
that engage, inspire and challenge our audiences**

This approach would result in the ACI:

- Working in partnership(s) as a matter of course – with social, cultural, economic and environmental parties
- Being clear that its core business is developing and delivering programmes
- Is focused on understanding, anticipating and valuing the needs, values and preferences of its audiences

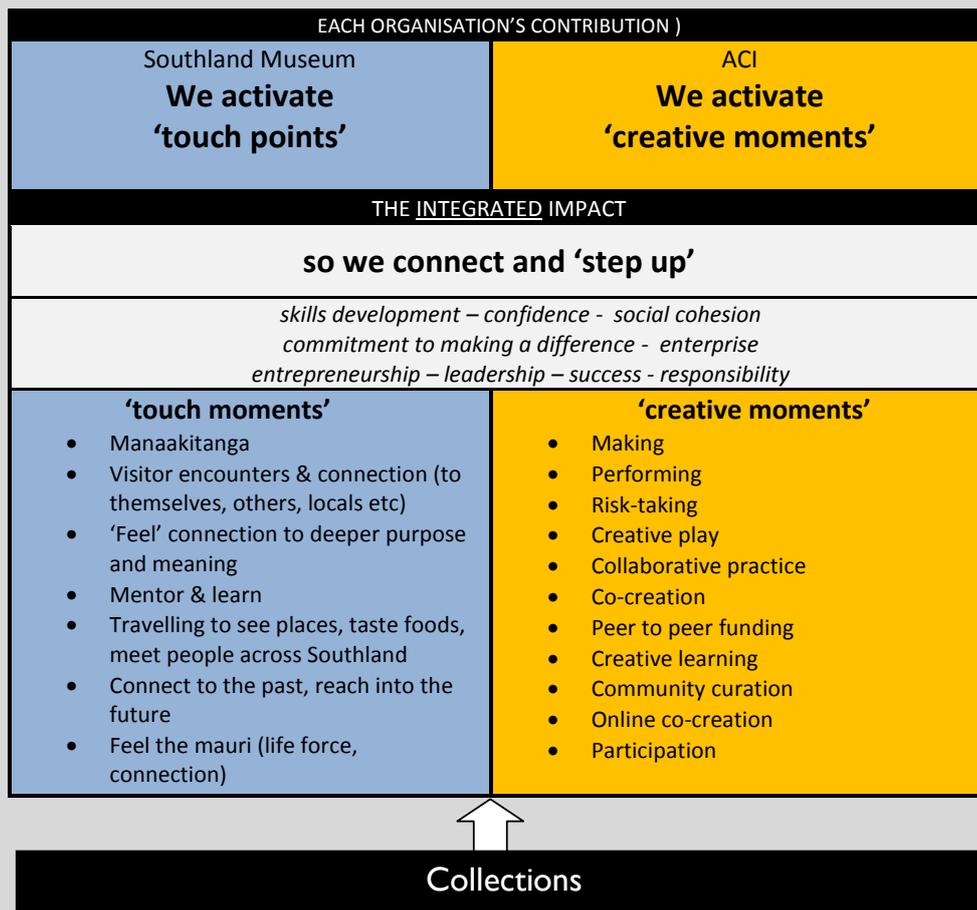
#### The values

In order to deliver on its purpose and mission, the team culture is likely to be defined by values similar these - WE ARE:

- Creative
- Generous
- Rigorous
- Collaborative
- Southland!

### Aligning purpose(s)

In developing this report the author has facilitated a series of workshops with SMAG trustees, staff and iwi representatives. This has allowed a preliminary assessment of an approach to purpose where SMAG and the ACI would have clearly differentiated purposes, which were aligned to result in greater-than-the-sum-of-the-parts outcomes. This is in development by the SMAG Board and staff – but the preliminary workshops suggest an opportunity for effective operational and conceptual synergy.



This would include a basis for:

- Shared resources – staffing, equipment, skills development etc
- Efficiencies of scale
- Improved collaboration with SIT, a Southland Regional Heritage Service
- Improved communication with residents and visitors

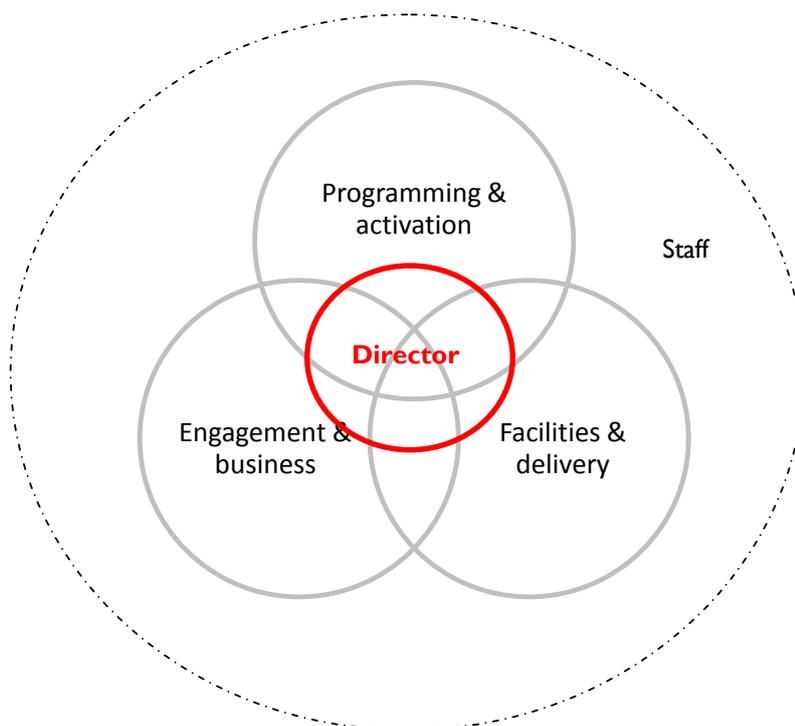
**6.2 A strategic leadership framework & team culture**

In line with a people-centric business model focused on value-creation, the work of the director and senior staff should work as a strategic co-leadership team. This will serve as the basis for a wider team culture that is collaborative, entrepreneurial and innovative.

The diagram below outlines the ‘strategic lenses’ that are seen as defining the leadership of the ACI - to ensure a collective focus on purpose. This might include question such as::

- “How can we work in a way that enables us to activate creative moments which will connect people in ways that they ‘step up’?” – and;
- “How can we achieve our purpose in a way that ensures sustainable success, for the ACI and the community?”

**Note:** an outline of position specifications for the Director and senior staff, and a provisional organisation structure, are provided (SM&A, pages 8-9).



The core conversations for a strategic ACI co-leadership team

**Alignment with other culture & heritage organisations**

The recommended approach to leadership and staffing reflects a focus on operating in a way that engages people, activates the city socially, culturally and economically and in so doing rejuvenates the CBD and generates value. In the same vein there will be value in considering how leadership of the ACI, Library and SMAG might align to ensure the greatest return on investment to the City, residents and visitors. For maximum benefit this alignment might include a variety of approaches:

- **Joint** - eg: the appointment of a single staff member to undertake work for more than one organisation
- **Collaborative** – eg: working together on projects, comms, professional development etc



- **‘Competitive’** – eg: a ‘house of brands’ approach that allows separate ‘brands’ to establish differentiated propositions to audiences and 3<sup>rd</sup> party funders is likely to result in a greater sum total value than a ‘branded house’ approach run as a ‘single service’

### 6.3 Governance

It is recommended that the ACI is operated as a business unit/division of Council. This approach will:

- Maximise alignment with ICC strategies, Venture Southland, the Invercargill brand and promotions, and CBD initiatives
- Build synergies with Library, Parks, Events, Central City community development etc
- Heighten relationships with ICC and publically funded community and arts events including the Arts Festival, Matariki, Polyfest etc

An ACI Foundation, established with the primary purpose of raising profile and funds for the venture, would not have a governance role. But it could effectively advocate for the ACI to Council and the community and be a touch-point for the Council in the event of perceived or actual management risk. Once established, this Governance model would provide an opportunity to assess the approach to governance of other arts, cultural and heritage organisations in Invercargill and Southland. If a people-centric/collection-centric rationale is applied there may be value in the following approach.

PEOPLE-CENTRIC	GOVERNANCE		COLLECTION CENTRIC
ACI, Southland Museum	← ICC	} Southland Regional Heritage Trust Board	→ Southland Regional Collection Storage & services
Museums	← SDC		
Museums	← GDC		
iwi			

This would see the regional representative Board function (with strong iwi input) moving from the SMAG to a Southland Regional Heritage Trust Board which would have oversight over all taonga, collections/access, Southland stories and regional museum professional services etc. Within this model the existing art collection trusts (IPAG Trust and Southland Arts Foundation Trust) would develop MOUs with:

- Southland Regional Collections Services – for the storage and care of their collections
- ICC (ACI & Southland Museum), City Gallery, SIT Gallery and other exhibiting agencies – for the exhibition of their collections

MOU defined relationships		
Exhibitions at various venues	← Invercargill Public Art Gallery Trust Southland Art Foundation	→ Collections stored, digitised and made accessible through the Regional Collection Store

**Note:** in this model the Southland Museum (given its Invercargill location and regional remit) should still be eligible for funding through the SRHC.

**6.4 Programming by purpose**

An approach to programming based on purpose is provided (see SM&A page6). Three examples of how this approach might work are provided below:

**a. Paraire Tomoana project – Hastings**

**Purpose:** Children’s confidence and pride grows as a result of the legacy of a great local songwriter



Paraire Tomoana (left) was a Ngāti Kahungunu kaumatua and songwriter. With a view to teaching youth about him, a traditional museum display was initially suggested. But by clarifying the purpose (to build pride, confidence and capability among would-be musicians and writers) the revised project proposed an annual ‘Paraire Tomoana Award’ based on schools composing a song based on the same 2.5 minute base track, with the winning school spending time with a leading Māori musician such as Maisey Rika (right). This made ‘Paraire Tomoana’ a contemporary idea relevant today, not a ‘lesson’.

**b. A makers market**

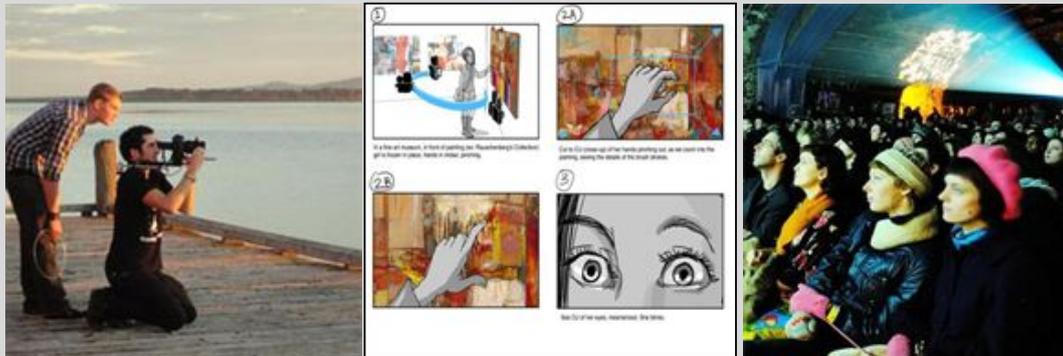
**Purpose:** Local artists have an opportunity to make and exhibit in a sales context



This is a common idea but rarely seen in ‘Art Galleries’ – which see sales as inappropriate. Regular ACI market days, and embedded sales opportunities in retail and other areas of the centre, enhance the relationship between makers/artists and the community and generate incomes. These initiatives should encourage participation, workshops, performances as well as buying and selling – to ensure the audiences has its own ‘creative moments’.

### c. A commissionable experience in the Invercargill CBD

**Purpose:** Attract tourists to stay overnight and engage in Southland through a 'creative moment'



There is an aspiration from SoRDS and Venture Southland for the ACI to provide an additional commissionable product in Invercargill (ie a ticketable experience tour operators would book in advance).

No Art Gallery in New Zealand meets this requirement, and it is unlikely that in and of itself the ACI proposition outlined in the report would adequately serve as a commissionable product. But using the purpose-based programming model, and thinking creatively it would be possible to develop a product that had value in this respect. This might, for example, be an immersive 'creative moment' Southland film (and in time an augmented reality virtual experience) experience. Using a flexible and appropriately spec'd space in the ACI this could be available daily in what at other times was a multipurpose space.

This might suggest partnerships with local filmmakers, companies like Animation Research in Dunedin and SIT. The creative content production may be aligned with a Southland Art Foundation artist-(filmmaker)-in-residence.

#### Win-win-win outcomes

A purpose-based programming model will ensure there is a high level of clarity around each product/experience development. In this case the outcome should, for example, result in:

- A highly memorable experience that becomes 'must-do' & ticketable and
- A commission for a local/NZ filmmaker, digital producer/ animator etc and
- A primary expression of the Invercargill brand and
- A relationship to merchandise, accommodation (and F&B) packages in Invercargill

## 6.5 Scheduling assumptions

Research has identifies some key groups and activities that need a heightened level of service provision and engagement as part of the rejuvenation of Invercargill and the CBD:

- **The Southland Workforce Strategy**<sup>13</sup> includes targets to increase workforce numbers across four main groups: Younger workers, older workers, female workers and migrant workers. It notes “recommended actions to achieve each of these targets fall into four areas: **Attraction, Retention, Upskilling and Utilisation**. While all four target demographic groups are important, it is recommended that focus should be particularly placed on initiatives to increase numbers of young people and migrants in the workforce. Inclusion of greater numbers of young people will have a significant social impact as well as long term pay off as those young people settle and have families”
- **The Southland Perception Study**<sup>14</sup> 2016 shows positive perceptions :
  - 89 per cent (up from 75 in 2013) think the overall quality of life in Invercargill is good
  - 88 per cent (up from 76) think they can afford a house in Invercargill
  - 81 per cent (up from 70 per cent) think they can get a quality education in Invercargill
  - 86 per cent (up from 77) think Invercargill people are friendly
 But the least popular perception relates to urban lifestyle/ nightlife – with only 12 per cent thinking Invercargill’s nightlife is exciting (this is lower than the perception that Southland’s nightlife is exciting)
- **The Art in the Heart report** outlines community aspirations for evening and late night use of the ACI. In practice this will be determined by the ability of an entrepreneurial and community-centric director and leadership team to develop the programmes, venue hire options and partnerships that result in a high level of community ownership and use.

These assessments of community needs should be seen as a driver of the right approach to programming and service provision. As in any ‘customer focused’ venture it will be useful to tease out the conflicting ideas of the ACI being ‘for everyone’ and identifying primary and secondary (demographic and psychographic) audiences<sup>15</sup>, and assessing opening hours, staffing and energy costs on this basis.

It is clear that the ACI should work as a social hub delivering a high level of ‘urban lifestyle’, family and community cohesion and night life outcomes. Within this, groups like young professionals, SIT students (many of who are older and often partnered and/or with children) should be seen as key groups with whom to trial and develop user driven after hours & late night uses. This might include:

- Food & beverages
- Performances, and live music
- Pecha Kucha events
- Film/moving image programmes
- Karaoke, gaming etc
- Creative workshops, ‘Stitch & Bitch’ meetings etc

**Note:** The table on the following page has been developed to test staffing assumptions. It outlines an indicative approach to programming and use of the ACI.

<sup>13</sup> Southland Workforce Strategy 2014-2031 Prof Natalie Jackson

<sup>14</sup> <http://www.venturesouthland.co.nz/Portals/0/Documents/Southland%20Perception%20Study%20-%20Infographic.pdf>

<sup>15</sup> Demographic = defined by the same age group, ethnicity, gender, socio-economic level etc Psychographic = defined by the same preferences – eg highly social, like ‘physical challenges,’ interested in other cultures etc

	Mon	Tues	Wed	Thurs	Fri	Sat	Sun
9-10am							
10-11am							
11-12 pm							
12-1 pm							
1-2 pm							
2-3 pm							
3-4 pm							
4-5 pm							
5-6 pm	closed	Event/hire		Event/hire			closed
6-7 pm							
7-8 pm							
8-9 pm							
LATE							

TARGETED AUDIENCE GROUPS	
	Young families – eg parent & child - ‘coffee & creative crèche’
	Families / young people
	Professionals, creatives (occasional)
	Regular exhibition openings, programmed public events etc
	Programmed events or venue hire (occasional)
	Daily commissionable product (morning tea & 20-30 minute film experience)
	Social mix; young people and cool adults

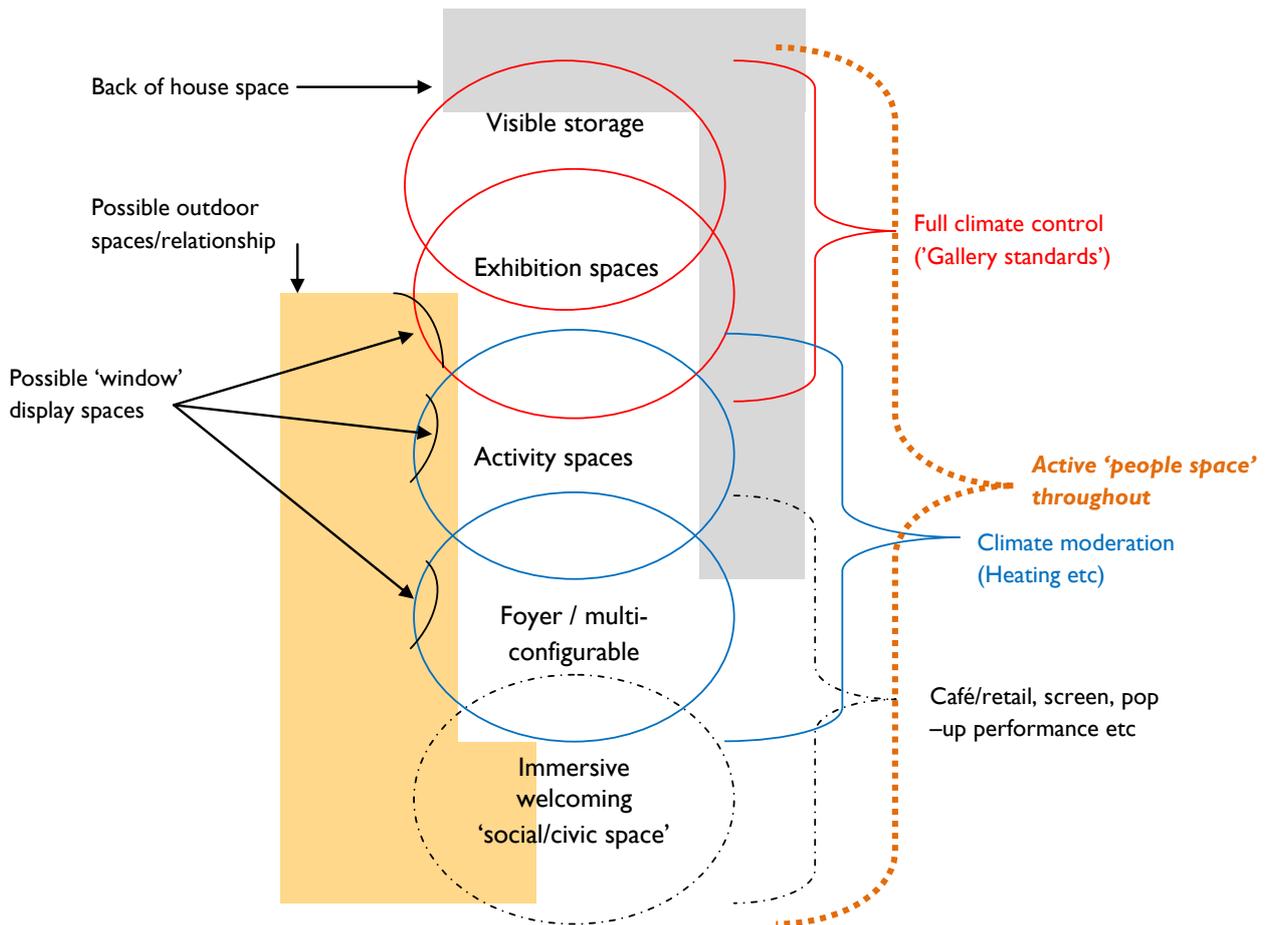
**An indicative scheduling model**

This table is provided to show how as well as offering a changing programme of activities and exhibitions at all times for a general audience, the ACI will provide the flexibility for programming in relationship to specific groups and needs

## 7. The facility

### 7.1 Architectural Design Concept

The diagram below outlines the conceptual principles for spaces in a people-centric facility, and their functional requirements. The ‘overlaps’ between circles are seen as being critical to developing the design – as they indicate a need to think about how spaces might be designed to open and close in a multiplicity of configurations and combinations. This flexibility needs to be managed within ‘zones’ defined by levels of security, after-hours access & climate control.



### Spatial principles

The approach inverts the traditional idea of entering empty galleries, by placing the busier, welcoming and more flexible (and ‘noisier’) spaces and activities up front and quieter ‘galleries deeper into the facility

## An 'active' façade

The façade will be key to the ACI's success in activating the CBD. Project-by project façade treatments – such as the City Gallery Wellington example below example are effective but expensive and, as a result, extremely occasional. A more contemporary use of digital infrastructure as a key architectural element is recommended as the basis of a constantly changing and easily (and cheaply) programmable platform for the local, national and international artists. A large scale LED screen(6m x 6m) is recommended for the ACI façade.



**top:** Yasoi Kusama project, City Gallery Wellington

**bottom:** National Underground Railroad Freedom Center in Cincinnati 2017 - in 'Invercargill colours'



Benefits include:

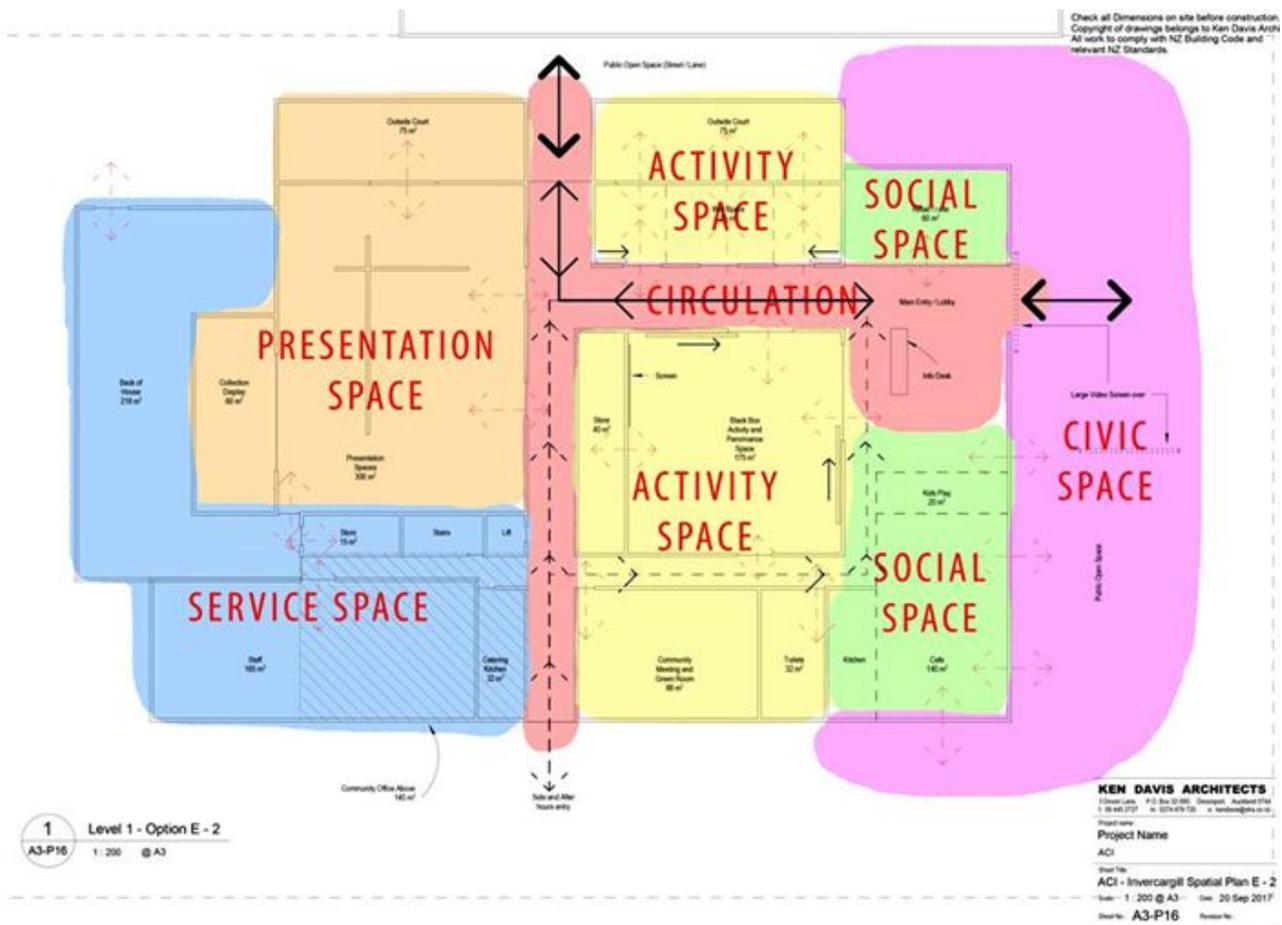
- LED screen technologies are cost effective (CAPEX & OPEX)
- It will provide excellent opportunities for partnerships with the likes of SIT and Spark etc
- It will 'hardwire' in a platform for ongoing low cost and highly interactive programming
- It would be a signature iconic element of the proposition – and for Invercargill nationally
- An associated large (2,5 x 3.5m) indoor screen will allow a commissionable product for FIT visitors
- It can carry the very best creative content from anywhere in the world, at a fraction of the cost of an exhibition
- With it the ACI will rejuvenate and activate (and keep refreshing) the CBD like nothing else
- It can be used as a platform for revenue generation (through a purpose-based approach)
- It will be a platform for community (including sports) programming
- It will provide a platform for interactive 'gaming' and 'physical challenge' programming

**Indicative design scheme**

Indicative plans (see SM&A, page 17) have been developed to provide an outline of the recommended sizes and adjacencies etc of the facilities required, in line with the functional requirements sought. They are not:

- Site specific (but are of an appropriate footprint for and adaptable to the sites in consideration)
- The final architectural scheme (they would inform the brief once the site and ICC funding has been confirmed)

A detailed schedule of the spaces required (identifying functions, dimensions, adjacencies) for the ACI has been developed (see SM&A, page 15), based on the general plan below.



The following space estimates have been used to establish CAPEX and OPEX costs:

<b>Interior space (including 1<sup>st</sup> floor)</b>	<b>2,068 m2</b>
<b>Exterior Civic Space</b>	<b>300 m2</b>

## 8. Location

Since the 2016 Urbanism Plus report some sites became unavailable or deemed unsuitable and new sites have become available for consideration. The sites considered in the research for this report are:

1. **The Wachner Place site** – as per the Urbanism Plus report
2. **An SIT site on Don Street** – this site was not identified as an option by Urbanism Plus. SIT has indicated it will cover the costs of demolishing the current building, in favour of building a multiple storey SIT facility – with the ground floor devoted to an *Invercargill Centre for Art and Moving Image* [ICAM]. The proposal is premised on SIT owning and operating ICAM as part of its campus and programmes.
3. **The Tay/Dee/Esk/Kelvin block [TDEK block]** has been identified as a development site, with a possible mix of retail, public and residential buildings/spaces.



**The sites considered**

(The white arrows indicate sightlines, to assess likely ability to serve as a high profile CBD 'beacon')

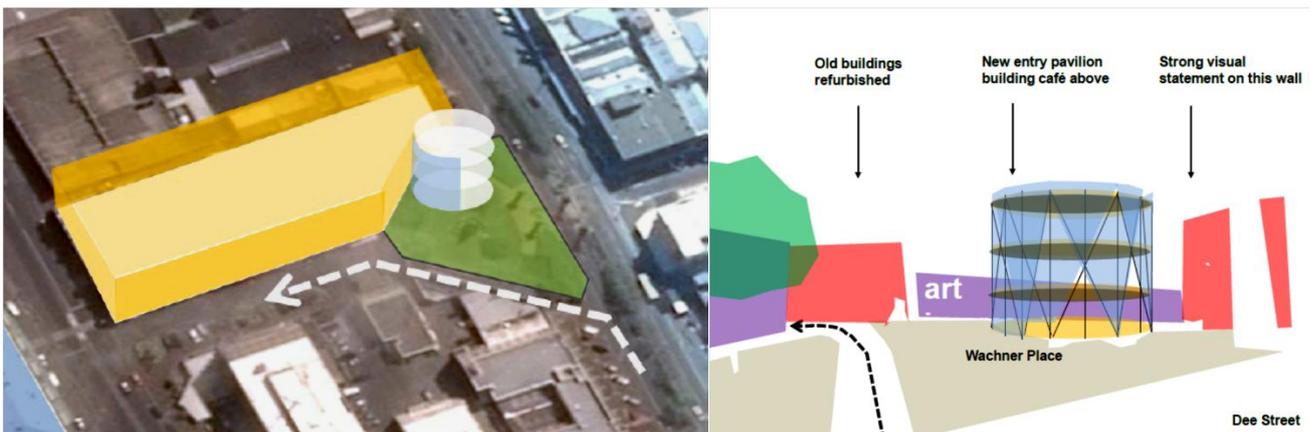
**Note:** an assessment of these sites is provided (SM&A, page 21).

**7.1 The recommended site**

Based on the assessment undertaken there is compelling evidence that the Wachner Place site has numerous advantages over other potential sites, in that it:

- Is an excellent site for the development of a public arts and creativity social hub
- Provides the basis for an ACI that will have a transformational impact, in line with the SoRDS prioritisation of investment in arts infrastructure
- Is a critical and well located section of outdoor civic space (in a CBD that has little provision of such space) that is in urgent need of development

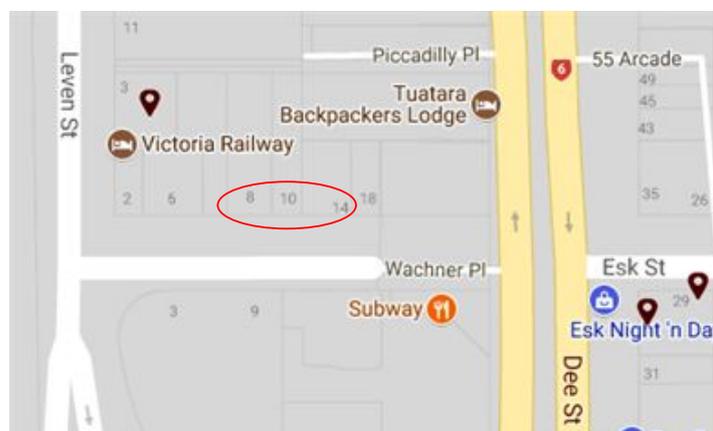
The recommendations in the Urbanism Plus report relating to a one way ‘slip road’ down Lower Esk Street and a ‘signature element’ in the forecourt’, addressing Esk Street are supported – with the proviso that the latter is seen as being expressed in digital rather than purely architectural form



Urbanism Plus site development recommendation (note this diagram incorrectly incorporates the Railway Hotel in the site)

**Heritage issues (and opportunities)**

In line with Council Heritage guidelines, consideration must also be given to the retention of the façades (and/or aspects of the fabric) of some of the buildings along Lower Esk Street, as part of the development of this section as a ‘shared street’. The individual entrances to these buildings may be usefully articulated within the overall design of a multipurpose and multi-entrance facility.



There is no Heritage NZ listed buildings (brown markers) affected.  
3 façades are protected under ICC heritage rules (red oval)

The properties at 8, 10, 12-16 and 18 Esk Street West are all protected by the District Plan's heritage provisions<sup>16</sup>. They are identified as 'Sites of Local Significance' and any activity that affects the façade of these buildings (such as attaching signage, alteration or addition to the façade, demolition) requires resource consent<sup>17</sup> (see SM&A, page 36).



8 Esk Street West (c1934) - the former Southland Health Building, designed by CJ Brodrick and TP Royds in Art Deco style

The Heritage guidelines report also notes that "a number of streetscape elements were noted as detracting from the heritage character of the Central City. These include The Dee Street obelisks and the grey 'concrete' streetscape of Wachner Place". An innovative response to heritage considerations means that a carefully considered ACI development on this site offers Invercargill a rare opportunity to address a number of issues in a way that will deliver significant value.



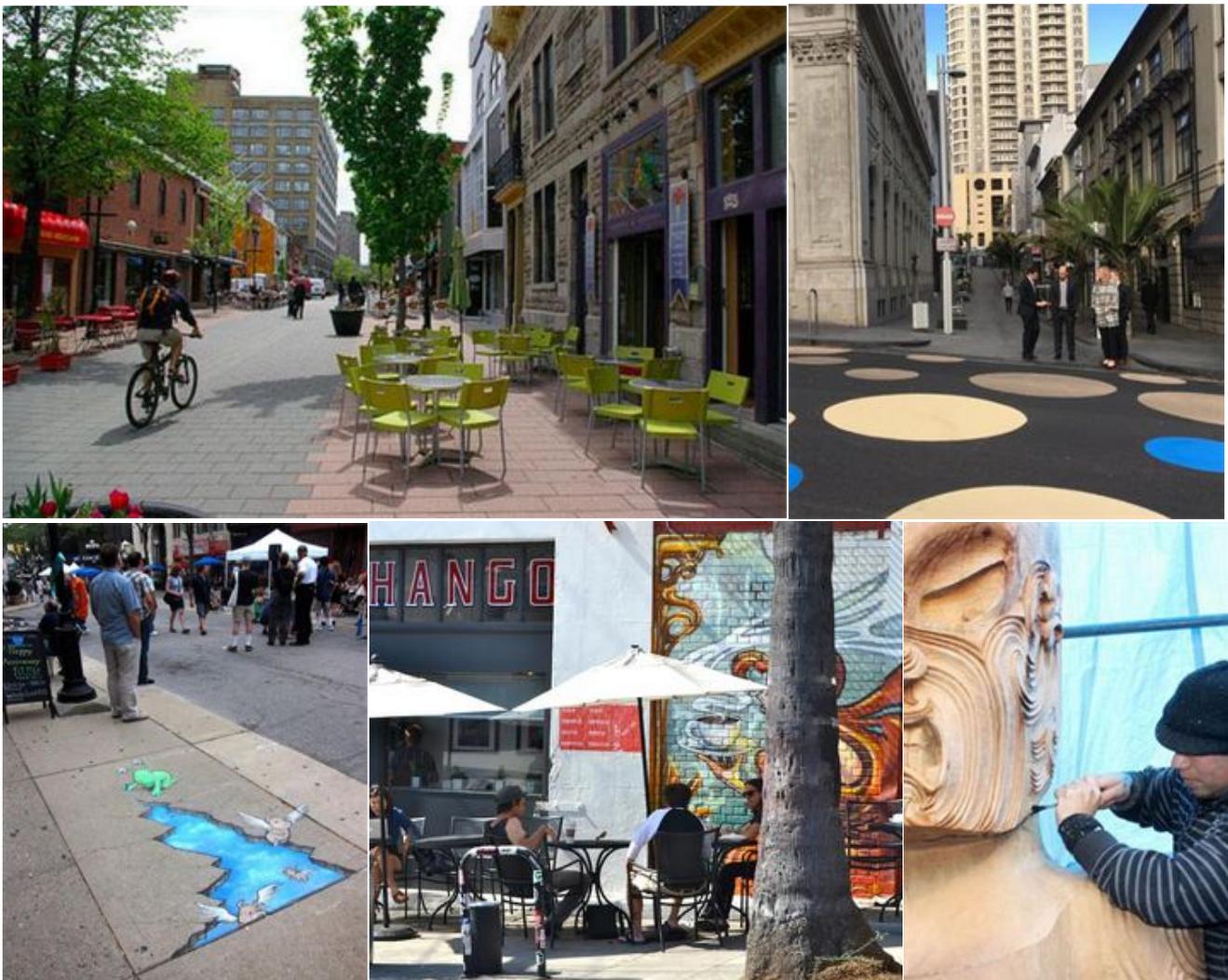
The Wachner Place site is currently empty and 'cold' in terms of look & feel and use  
It is on a key axis across from Dee Street and Esk Street

<sup>16</sup> *Invercargill City: Central City Area Heritage Buildings Re-Assessment 2016* A report prepared for Invercargill City Council by Dr Andrea Farminer & Robin Miller

<sup>17</sup> Depending on the historic uses of the different properties, the National Environmental Standard for Contaminants in Soil may also apply.



The site is visible right along Esk Street and Dee Street, in both directions.  
A large digital 'façade' would lend itself to small repeater LED elements at the SIT arcade/ micro-park site in Central Esk Street and on the H&J Smith skybridge - allowing the activation of Esk as the key retail & social axis



A 'shared (vehicle and pedestrian) space' with a mix of uses, heritage/new building and potential multiple entrances to the ACI facilities would be well suited to leveraging the value of investment for Invercargill

## 9. Financial

This section outlines the CAPEX and OPEX costs of the recommended approach

### 9.1 CAPEX Cost Estimates

The Building Construction Cost estimates are summarised in the table below, based on the attached concept plans dated 20 September 2017 and using a construction cost rate of \$4000/m<sup>2</sup> + GST + fees. This rate is based on a range of \$4000/m<sup>2</sup> + GST + fees advised in September 2017 by Quantity Surveyor Glenn Brown for work to this scale and type of civic project. In addition a table of comparable cultural facilities and their cost per m<sup>2</sup> is provided below.

project	budget	m2	\$ per m2
Toitū Otago Settlers Museum Stage 1	\$8.6m	3000m <sup>2</sup>	\$2,867 <sup>18</sup>
Te Uru, Titirangi	\$8.5m	1500m <sup>2</sup>	\$5,600
Tauranga Art Gallery	\$4.5m	1215m <sup>2</sup>	\$3,703 <sup>19</sup>
Te Papa storage report (2012)	-	-	Estimated at \$4,040 <sup>20</sup>
Unspecified current museum project <sup>21</sup>	-	-	\$4,840

construction/base fit-out<sup>22</sup> costs of New Zealand collection/exhibition museums 2005-2014

### The ACI

The estimates for the construction of the ACI are as follows:

	m2	Price per m2	Cost (000s)
<i>ACI</i>			
Demolition and site preparation	Provided by ICC		1,200
Construction	Building 2,068	4,000	8,272
	Civic space 300	1,500	450
Professional fees @ 15% <sup>23</sup>			1,488.2
Value management	<i>One VM workshop at Developed design</i>		25
FFE (including 15% fees)			800
<b>TOTAL</b>			<b>12,935.2</b>

**Note:** the cost estimate does not take into account the costs incurred by heritage requirements (façades etc). These will need to be assessed following confirmation of the project and location.

<sup>18</sup> This price was achieved through an expert museum project manager ensuring all possible re-use of existing fit-out to leveraging savings– resulting in an estimated 20% saving (without this per m<sup>2</sup> rate would be approximately \$3,600).

<sup>19</sup> This was a refit of an existing structure but effectively became a new build

<sup>20</sup> This rate was for construction over the 2010-2030 period

<sup>21</sup> Ministry for Culture and Heritage and relates to a 2015 gallery/ collection store/ cafe extension

<sup>22</sup> Includes plant for stable environment, surface coverings etc but exclude chattels

<sup>23</sup> There is an allowance for 15% of the project budget for Architect, Structural Engineer, Building Services Engineer (Electrical, Mechanical (ie HVAC), Plumbing and Drainage and Fire), Quantity Surveyor, Resource Consent Planner, Project Manager

**CAPEX Escalation** – Glenn Brown estimates construction cost inflation at 8 % per annum as at September 2017. He notes that “whilst this is higher than inflation we do have busy market, pressure on subs etc. Southland region might be closer to 6 %”. Assuming a 7% year on year increase the CAPEX costs would rise to:

	Increase by 7% (000s)	Cost (000s)
2017-18		12,935.2
2018-19	905.4	13,840.6
2019-20	968.8	14809.4
<b>2020-21</b>	<b>1,036.6</b>	<b>15,846.6</b>
2021-22	1,109.2	16,955.8

**The ACI CAPEX cost is estimated at \$16 million (based on construction in 2020-21)**

### Collection storage

As noted elsewhere it is not proposed to incorporate a full collection storage facility as part of the ACI, because:

- The SRHC proposal for a regional collection store is seen as a better solution than a piecemeal approach
- The recommended people-centric ACI model and CBD space limitations mean the use of 1000m<sup>2</sup> of a prime 2000m<sup>2</sup> site for collection storage would not be strategic.

Based on this no CAPEX allocation is recommended as part of the ACI development. However, should the regional collection store not eventuate for any reason, the report outlines the requirements and cost of establishing a dedicated art storage facility in association with by located separately from the ACI at some future date (option 2 below).

### Option 1: no change (except storage for IPAG collections at Don St)

In this option the art collections currently stored at SMAG would remain there in the mid-term, pending the decision to go ahead with a Regional Southland Collection Store. This would mean:

- **IPAG:** The majority of the collection will be stored as the ICC Library/Archive store. An additional 50m<sup>2</sup> space would be need to be found and the costs met by the Trust and/or ICC
- **Southland Art Foundation:** The collection would continue to be stored at SMAG

### Option 2: a dedicated stand-alone art collection store

A purpose-built or refitted building would be purchased or rented to house the art collections of SMAG, IPAG and the SAF. The costs for this are provided (SM&A page 22)

### Option 3: Art stored in the Regional Collection Storage facility

This is the recommended mid to long term solution. It is being developed as a capital project by the SHRC. The overriding principle should be that all collections are stored in a single facility. It makes no sense to separate ‘art’ from ‘cultural’ collections, nor is it possible (or useful) to draw a line between these categories.

## 9.2 Operational expenditure and revenue

This section outlines the projected annual operational costs and operational revenue, based on the facility specified and on nationwide comparators.

<b>Operational expenditure</b>		000s	
Staffing costs		600.0	
Programmes (exhibition, events, workshops etc)		130.0	
Marketing & comms		40.0	
Collection costs		10.0	
Office costs		50.0	
Other operating costs		40.0	
Building costs		50.0	
Retail stock		25.0	
Technology		20.0	
Insurances		7.0	
Occupancy costs		30.0	
Training & travel		18.0	
Depreciation		30.0	
		<b>TOTAL</b>	<b>1,050.0</b>
<b>Operational revenue</b>			
ICC grant		685.00	
Operational revenue		145.0	
Sponsorship		40.0	
Retail		70.0	
Grants		50.0	
Rental income		25.0	
Donations		5.0	
Other revenue		30.0	
		<b>TOTAL</b>	<b>1,050.0</b>
		<b>Surplus (deficit)</b>	<b>nil</b>

	Expressions Whirinaki Upper Hutt	Te Uru, (Waitakere) Auckland	Tauranga Art Gallery, Tauranga	Southland Museum & Art Gallery	ACI Invercargill
<i>REVENUE</i>					
Council grant (000s)	622.5	619.9	981.5 <sup>24</sup>	1,745 <sup>25</sup>	685.00
Council grant as % of revenue	64%	66.5%	75%	71.5%	65% <sup>26</sup>
\$ subsidy per resident	15.5	5.2 <sup>27</sup>	7.3	18.2 <sup>28</sup>	13.1 <sup>29</sup>
<b>TOTAL</b>	<b>970</b>	<b>928</b>	<b>1,310</b>	<b>2,433</b>	<b>1,050</b>
<i>EXPENDITURE</i>					
Employment costs (000s)	479.2	572.6	829.7	1,200	600.00
Employment costs as % expenditure	51%	60%	55%	51%	57%
<b>TOTAL</b>	<b>935</b>	<b>950</b>	<b>1,510</b>	<b>2,395</b>	<b>1,050</b>

**Comparison with local and national institutions**

This provides the OPEX cost and revenue of similar art galleries, and the Southland Museum & Art Gallery as a local comparison. Each organisation is subject to some vagaries in term of the size of its ratepayer catchment etc. Across all NZ art galleries and museums a subsidy per person of under \$15 is seen as representing high value

<sup>24</sup> This is described as local and central government grants

<sup>25</sup> Includes 1,109,940 from Southland Regional Heritage Committee heritage rate and 634,40 from ICC grant

<sup>26</sup> This ratio should trend down within 5 years –see page 37

<sup>27</sup> As one of Auckland’s regional art galleries it is difficult to assess this (based on the population of 2 local boards – Waitakere Ranges and Henderson Massey)

<sup>28</sup> Based on Southland population

<sup>29</sup> Based on Invercargill population

### 9.3 OPEX trends over first 5-10 years of operation

The ACI should be set up with a socially focused entrepreneurial ethos that seeks to leverage value through its operation, so that:

- The set up and opening of the ACI provides the highest opportunity to attract support and leverage 3<sup>rd</sup> party revenue
- The ACI develops a high level of win-win partnerships with community organisations and businesses

Noting this, the OPEX figures outlined should be regarded as a baseline and both expenditure and revenue should be expected to increase through the first period of operation – on the basis that the ICC contribution should reduce as a percentage of OPEX. By year 6 it should be 62-63% of an increased revenue total, and reviewed at that time. It would be wrong, however, to expect this trend to continue indefinitely. By year 7 the ACI should be operating in a way that demonstrates the right ongoing level of ICC funding to ensure its operation delivers a high value (ie the right mix of social, cultural, reputational, economic value) return on investment. Consideration should be given to CAPEX fundraising being undertaken in a way that supports concurrent or future OPEX (see ACI Foundation below).

#### The transition to the opening of the ACI

The ACI will replace IPAG<sup>30</sup> and SMAG as Invercargill's public CBD arts centre/gallery consideration. The decision to progress towards the construction and opening of the ACI should be seen as a strategic step change in Invercargill's provision of arts and creativity experiences. To ensure success it will be critical that ICC:

- Recruits the right director to lead the development – to play a key role in guiding concept, design briefing, the establishment of a fundraising Foundation and fronting the project.
- Reallocates funding<sup>31</sup> for personnel /exhibition activities from IPAG to the ACI director. It will be important to build impact in the lead up to and opening of the ACI, to ensure clarity in relation to fundraising and community engagement/buy-in programmes that will be critical to success

**An ACI Foundation** should be set up to raise a share of the CAPEX funds (see SM&A page 26). Ideally this will negotiate a relationship that sees Council underwrite the full value of donations based on 3 payments over as many years in return for 5 (or 10 at the high levels) years name association<sup>32</sup>. The Foundation should consider opportunities to:

- Bundle CAPEX and OPEX contributions
- Renew ongoing funding from donors after the 3, 5 or 10 year end point of giving/naming association

<sup>30</sup> The IPAG Strategic Plan is highly aligned to the ACI. The exceptions (underlined) relate to the collections  
The IPAG **PURPOSE** - *People are comfortable with art [so that] people are bolder and they grow – as individuals and as a community* ; The IPAG **VISION** - *Embrace what art can be* ; The IPAG **MISSION** (*We are a collection-based arts incubator which works with artists, communities, organisations and supporters to facilitate and produce high quality arts experiences*)

The IPAG **VALUES** - (**People first:** We will build a community of confident art explorers; **Commitment to quality:** We are focused on supporting and stimulating great creative thinking, creative production and creative experience; **Relentlessly curious:** We really care about exploring what art can be and what art can do to make a difference, taking risks where warranted; **Future-focussed sustainable leadership:** We work in an integrated way, with leadership in the wider community; **Our collection is a core foundation: We are committed to sharing, preserving, and growing the scope of the collection**

<sup>31</sup> \$184,000 in 2017/18 year

<sup>32</sup> This was the basis on which the Dowse Foundation raised \$2 million for the \$6.25m extension of the Dowse Art Museum in 2005-2007. Money was held by Trustee Executors (at no administration cost)

## 10. Funding sources

The project cost is set at \$16 million (in 2020-21). This is seen as a realistic financial target, and funding is likely to be achievable, as per the assumptions outlined below:

SOURCE	AMOUNT	NOTES
Invercargill City Council	\$6.5m	A provisional allocation of this amount has been made
Ministry for Culture & Heritage	\$5.3m	The project is eligible under the Regional Culture & Heritage fund. If successful the contribution would be at this level. Note: the contribution is normally 1/3 of the total project
Trusts	\$3.2m	There are a number of Trusts from whom funding can be sought <sup>33</sup> . This total is achievable given the high level of support for the Centre and the breadth of its activities.
Fundraising	\$1m	The assumptions are outlined below
<b>TOTAL</b>	<b>\$16m</b>	

An outline of funding sources and a suggested structure for the CI Foundation fundraising is provided (SM&A, page 31)

## 11. Project Timeline

The timeline needs to allow adequate time for the vagaries of fundraising and the process of getting the right contractor.

KEY STREAMS OF ACTIVITY	COMMENTS
Project set-up & planning	Recruitment of Director, establishment of Foundation,
Funding	Applications to public funders, launch of Foundation fundraising
Siting, environmental & consents	Heritage, environmental and resource consenting
Procurement of design team	A limited design completion is recommended
Design	<ul style="list-style-type: none"> <li>• Concept design (value management &amp; review)</li> <li>• Developed design (value management &amp; review)</li> <li>• Final design</li> </ul>
Tender	Procurements of principal contractor. Ideally this is done before final design, so the contractor can contribute to the value management & review of developed design
Construction	
Opening	Ideally timed to occur in the summer months
Signature project	12-18 months after opening ACI should plan a major 'signature' projects with a regional and national reach

<sup>33</sup> Details are outlined in Appendix 5, SM&A page 31

task	2018		2019		2020		2021		2022		2023
Project set up & planning	Project team/ACI director appointed Project brief developed to meet funder criteria				Value management <sup>34</sup>						
Funding	Confirmation of Council LTP \$	Application to public funders & Foundation launched	Fundraising programme		MCH funding confirmed <sup>35</sup>						
Siting, environmental, consents	Site tested & consents lodged		Consenting & permitting								
Design		Concept design	Preliminary design	Developed Design	Final design						
Tender		Design procurement		Main contractor procurement window							
Construction						demolition	Construction window				
Open									Opening		
'Signature project'											Signature Project <sup>36</sup>
CAPEX <sup>37</sup>	ICC 200,000 <sup>38</sup>		ICC 1.3m (fees)		ICC 1.2m	6.5m	6.5m				
OPEX	160,000 <sup>39</sup>	200,000	200,000		350,000 <sup>40</sup>		ICC 1.8m	!CC 1.8m	727,000 <sup>41</sup>		737,900

<sup>34</sup> A facilitated review of the design is recommended at this point, with the main contractor on board – to maximise functionality/reduce cost

<sup>35</sup> The Ministry for Culture & Heritage are a 'funder of last resort' so will confirm when other funds have been secured

<sup>36</sup> The opening should attract a high level of attendance, profile and 'activation', but investment in a signature project should be scheduled 12-18 months later

<sup>37</sup> This is the ICC contribution only

<sup>38</sup> Fees for further site analysis, heritage assessment, design procurement

<sup>39</sup> To appoint director with small establishment budget

<sup>40</sup> Recruiting leadership team and some staff to develop operational partnerships, programmes etc

<sup>41</sup> First year of full OPEX grant from ICC (note: this is based on 1.5% CPI increase from the 2017-18 OPEX in report - \$685,000)

## 12. The regional arts, culture & heritage context

This section provides an additional outline of options to develop the ACI within an integrated arts and culture/heritage sector. This would include:

- The ACI
- SMAG
- The Invercargill Public Library
- The proposed SRHC Southland Regional Collection Store and service
- Collection Trusts (IPAG, Southland Art Foundation etc)

In this respect it is noted that the SRHC Regional Collection Storage project objectives include:

1. A co-ordinated regional approach to heritage collection management
2. Museums will have a complete, backed up record of their collections
3. Each item will be photographed or scanned to provide a visual record
4. Museum collections will be marked/labelled so they can be readily identified
5. Museum collections will be packed in a way that protects and preserves them
6. Cataloguing will increase the longevity of collections by reducing handling

The SRHC approach has a great deal of merit, building on the heritage rate across the three Councils to look at a region-wide solution. In relation to the future home of the art collections (in association to the ACI) the key principles and considerations include

- Collection items should be kept together in a holistic way. In the case of ‘art’, it is an arbitrary matter to distinguish between:
  - A painting by noted landscape artist and a work by a self taught painter of their farmhouse
  - A contemporary carving and Taonga Tuku Iho (ancestral taonga handed down through generations)
- ‘Art’ and other collection items will be used by both ACI and museum
- When local people gift collections to the City or region they should be seen holistically as a collection rather than distributed to different stores based on their media or type

Using the SRHC thinking as a basis for more integrated regional planning and operation, there is value in considering a more comprehensive approach to working towards increased integrated effort with a view to delivering more-than-the-sum-of-the-parts outcomes across the sector. This would be achieved by an overarching strategic and business planning framework that moved incrementally towards a greater level of integration.

Shared functions	3 year targets	5 year targets	10 year targets
	ACI / SMAG / SRHC project / Invercargill Library & Archives		
Tangible collections (acquisition, de-accession, care and storage)	Business planning includes aligned initiatives with other organisations	Collaborative business planning includes cross-sector shared initiatives	A fully integrated ‘ecosystem’ defines integrated outcomes-focused business planning
Creative commons <sup>42</sup> ; digital knowledge, collections, information & resources			
Exhibitions, creative activities and events			
Organisational culture			

<sup>42</sup> the range of digital content and creative works available online for others to build upon and to share legally

### **12.1 Alignment of strategic and business planning**

As part of developing the ACI proposal, options assessed as being of value are:

#### **1. ACI & Central Library alignment options assessed**

As noted in this report there are potentially significant advantages in seeing how these might interrelate in terms of their strategic and operational futures

#### **2. ACI and SMAG Strategic Plans aligned**

A high level basis for considering interrelated 'purpose' is provided in this report

#### **3. Regional cultural & heritage Governance reviewed/aligned**

In this scenario consideration should be given to the regional governance role (currently the SMAG Board) moving to the Regional Heritage Committee/Store and Southland Museum becoming an ICC managed entity (with advisory group rather than Board)

#### **4. Strategic & Business Plans aligned across the sector**

To ensure coordinated more-than-the-sum-of-the-parts operations consideration should be given to the entities working towards aligned plans (including shared services and staff as appropriate) to deliver the highest level of synergy and value

These are mapped in an integrated timeframe on the next page to outline a potential approach over a 5-8 year period.

	2018	2019	2020	2021	2022	2023	2024
<b>Invercargill Library</b>							
<b>ACI</b>	ICC CAPEX & OPEX funding confirmed	Fundraising completed	Construction commenced	Construction completed	*Open (summer probably the best time to open)		
	Fundraising commenced	Briefing & procurement		Open (or 2022)*			
<b>2. Strat Plans aligned</b>							
<b>Southland Museum</b>		Development options assessed (for Southland Museum as <u>people-centred experience model</u> )	Art collections relocated to stand alone temporary or permanent store (or move delayed til 2022)	Preferred development option confirmed	All collections relocated to Regional store	Fundraising completed	Construction completed
				CAPEX funding confirmed	Fundraising commenced	Briefing & procurement	New development open
<b>4. Strategic /Business Plans</b>							
<b>3. Governance reviewed/aligned</b>							
<b>Regional Collections</b>	Pilot project results in:		3 Councils' CAPEX and OPEX funding confirmed	Fundraising completed	Construction completed		
	<ul style="list-style-type: none"> <li>All Southland collections catalogued, imaged, digitised and backed up</li> <li>Single Museums of Southland portal for searches</li> <li>Criteria frameworks for culling</li> </ul> Facility requirements confirmed		Fundraising commenced	Briefing & procurement	Relocation of collections		
				Construction commenced	Open to public (by apptmnt)		

Incremental movement towards a more integrated regional sector model

September 2017

# Rejuvenating the CBD

a transformative arts centre for Invercargill

## SUPPORT MATERIAL & APPENDICES

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**NOTE: this volume supports the report**  
***Rejuvenating the CBD; a transformational art centre for Invercargill***

## i. Introduction

This document relates to the report *Rejuvenating the CBD; a transformative Arts Centre for Invercargill* September 2017. It is a collation of support material and appendices.

## ii. A consideration of the wider context

As noted in the report, an assessment of the local context - in terms of the CBD and the wider Invercargill and Southland proposition - has been seen as critical in preparing the ACI proposal. It is important to see the development of a new cultural facility in the context of existing infrastructure, programmes and activities.

### Arts, culture & heritage

#### Te Ao Māori – Māori world view

Consultation with iwi representatives undertaken as part of this review indicated a strong desire for distinctly Māori conceptual and physical elements, within the building and beyond its walls. (Further feedback from Iwi is provided in Appendix 2, page 27). Key points were:

- Ngāi Tahu Kaumatua Michael Skerret points out that “Before colonisation the whole landscape was a Māori cultural landscape – but today we’re almost invisible. Invercargill needs more cultural flavour – like what we see in the new Christchurch.”
- Implicit in the discussion was an idea of the ACI as a living space and as an ‘activity’ as much as it being seen as a ‘building’. Dean Whaanga, in summing up the kōrero at a Hui at Murihiku marae noted that the ACI should work in a way whereby - “we give something to the house, it gives something to us - so we build the mana and mauri of the whare. It (and we) stand stronger”
- There was also a hope that the ACI expresses – outwardly and in its layout and detailing – a sense of a Māori way of seeing and living in the world. The opportunity is not to simply designate Māori features, spaces or programmes within a traditional idea of facility so much as to adopt a Māori world view as an overarching frame for all spaces. This is strongly recommended as a key factor in progressing each stage of the facility planning and development.

#### The art collections

In considering an ACI that puts people at its heart, the role, location, ownership and care of art collections are key questions. The collections in question are:

- The art collections held by the Southland Museum and Art Gallery
- The Collection of the IPAG Trust
- The collection of the Southland Arts Foundation (stored by SMAG<sup>1</sup>)

The assumption in the SoRDS Action Plan is that a new Art Gallery facility will house publicly owned art collections. As noted elsewhere the SRHC is investigating options of the region’s collections being considered in a more integrated and holistic way – with a primary focus on a single integrated Regional Heritage Collection Store. As part of the ACI report it has been seen as essential to test the issue where and how collections are best located and optimally used, as this will have a significant impact on:

- Achieving a holistic specialist collection storage solution for the region

<sup>1</sup> Storage, insurance, care is provided by SMAG at no cost – and SMAG exhibit the items by agreement

- The conceptual, professional and programming model for the ACI
- The optimum ability for the ACI to play a significant role in rejuvenation the CBD

### **Southland Arts Project research report**

This 2011 report<sup>2</sup> identified that there was “a strong and broad based case that can be made for supporting the arts, at professional and community levels” and that “both are important and we need to ensure a balance between art as something we watch other people do, and art as something we do ourselves”.

The report’s assessment of the potential benefits of the arts included:

- A means of building and strengthening connections in communities
- Contributing to regional pride and regional brand identity
- Improving education outcomes
- Playing an important role in rejuvenation of towns
- Improving liveability and making towns and regions better places to live and work
- Contributing economically, through visitors to arts events and attractions , jobs and product sales
- Assisting economic growth – the creative industries as enablers in the wider economy

The report noted:

- The majority of arts in Southland occur at the amateur/hobbyist level. The exceptions to this are in the visual and craft/object art sectors, where there are a small percentage of participants that earn part or all of their income from their art.
- There is little formal organisation structure beyond clubs, societies and trusts, very few of which have a region-wide role. The lack of structure is the main reason for sectors not having a means of communicating across the region or between sectors, and for duplication of resource in some events and activities”.
- Southland has natural advantages in its geography and some iconic resources and practices such as stone, flax fibre, historic facades and heritage buildings, oyster shell and mutton birding.
- There are ‘hot spots’ of vibrant and diverse arts activity and some dynamic organisations across the region
- There is a range of nationally successful events, awards and competitions, as well as nationally, and internationally successful artists and competition winners
- The local film industry is growing, and has been boosted by some locally shot internationally distributed feature films
- The Southern Institute of Technology (SIT) is an important, and willing, partner in developing a thriving arts sector in Southland
- The role of the three local funding Trusts has been and will be pivotal in the development of the arts in the region

### **The growing importance of digital technologies**

In assessing changing community needs and preferences, technology (and the way people creatively interact with it) is a critical factor. Technology is fundamentally reshaping the way we work, communicate, identify and explore the world creatively – from interactivity and social media to BYOD (bring your own device) learning and contemporary arts practice.

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<sup>2</sup> Janette Malcolm & Sarah Hannan - Southland Art Strategy Project research report



**left:** interactive gaming technologies **centre:** BYOD learning  
**right:** *Digital Marae* an early work by Lisa Reihana, NZ's Venice Biennale representative 2017

These changes are highly relevant to arts and creative practice and social engagement. Given the SoRDS integrated 'people and growth' drivers the ACI project should consider its relationship with SIT, the City Library and schools etc and ensure its conceptual and operating model is conceived and resourced in an appropriate way. Key issues are:

- Internationally public libraries are signs of the change that is coming – simply because their customers are redefining the library operating model through technology-based use. These changes in user preferences and behaviours will be a critical factor in developing the ACI
- As the region's collections are incrementally digitised there will be growing digital access to them – meaning an increasing value to researchers and students through digital platforms
- The dual trends of digital technologies and shared co-working spaces and activities are driving change in the way commercial spaces, galleries and libraries are designed and structured.



BizDoJo (co-working spaces), New Inc, New York and a public library 'makerspace'

In discussing the need for an arts centre in Invercargill to have a point of difference SIT's Kathryn McCully<sup>3</sup> notes:

- The increasingly significant role of digital technologies in people's creative study and practice, including gaming, animation, television production, business start ups and film.
- The nature of digital technologies means that 'creative practice' increasingly overlaps with 'commercial practice'. This is a significant shift from the idea when the separation of the 'arts' from 'commerce' was seen as a core principle.
- Museums such as ACMI (with ACMIX) and the New Museum (New Inc.) have established centres which aim to bring creatives together in cooperative working spaces

<sup>3</sup> Presentation on a possible *Invercargill Centre for Arts & Motion* [ICAM]

Equally it is important to stress the value of an 'AND' rather than an 'EITHER/OR' approach. The traditional 'arts' remain fundamentally important – but they should be seen within a changing context of creative practice. As change continues, there is (comparatively) little to be gained by a sole focus on either a traditional collection-centric 'art' approach or a digital or moving image approach.

### The educational context

To deliver optimal value it is critical that the ACI model is aligned to the New Zealand curriculum<sup>4</sup>, and related pathways into tertiary study and employment. Noting the SoRDS focus on retaining and attracting additional people and the *Art in the Heart* report this should be relevant across a range of areas:

- **Arts:** defined in 4 areas - Dance / Drama / Music –sound arts /Visual arts.
- **Technology:** defined as “Intervention by design: the use of practical and intellectual resources to develop products and systems (technological outcomes) that expand human possibilities by addressing needs and realising opportunities. Adaptation and innovation are at the heart of technological practice”.
- **Digital:** In 2017<sup>5</sup> Education Minister Nikki Kaye announced the Government would spend \$40m on raising teachers' digital technologies skills to deliver to pupils from years 1-10.

### The Southern Institute of Technology

The ACI should be closely aligned with courses SIT offers<sup>6</sup>, and the employment pathways these have the potential to lead to<sup>7</sup>. Kathryn McCully's ICAM presentation paper noted that:

- Many emerging professionals are trained in Invercargill but there are challenges to overcome with regard to graduates seeing a career pathway within the local economy.
- SIT internship programmes place students in a diversity of workplaces where they have the opportunity to test their skills, create valuable industry networks and demonstrate their ability to add value to the local and national economy.
- The creation of pathways and the building of strong community networks are necessary for these emerging professionals to start to see themselves as part of the community's future.

SIT CEO Penny Simmonds notes that<sup>8</sup>:

- Creative digital media offer the best employment outcomes in New Zealand.
- A key factor in SIT's attractiveness to students is the ability to 'get their hands on' digital equipment, so an ACI that significantly added to this is of high value.
- SIT should be involved as an ACI partner, noting both the benefits of a strong digital focus and the costs of provision thereof.
- Maximising the efficacy and value of a SIT/ACI partnership is more critical than the physical colocation with and operational oversight by SIT (though relative proximity will be of value).

<sup>4</sup> <http://nzcurriculum.tki.org.nz/The-New-Zealand-Curriculum>

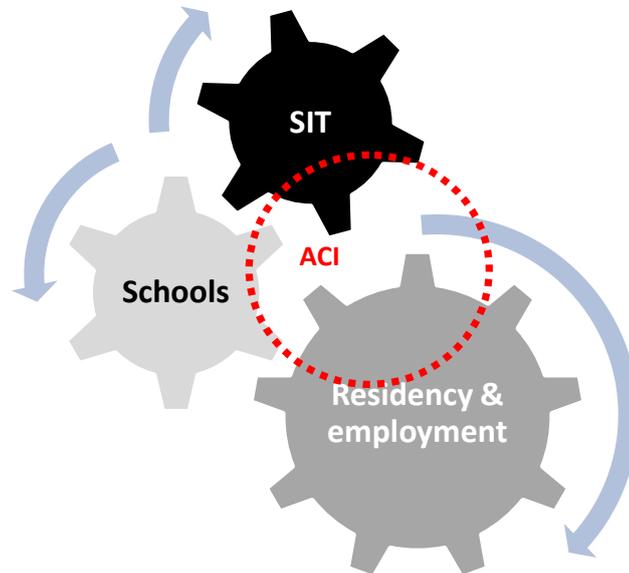
<sup>5</sup> <https://www.stuff.co.nz/national/education/94163443/shake-up-for-school-curriculum-revealed> "Robotics, artificial intelligence and advances in connectivity are all revolutionising our world, including our businesses, industry and community. Our curriculum needs to keep pace with this fast-changing world. The new curriculum content sets out what students need to learn to become not just fluent users, but also skilled creators, of digital innovations and inventions."

<sup>6</sup> Bachelor of visual arts, Graduate Diploma in Visual media, Diploma in digital photography, Certificate in applied arts, Certificate in interior décor, Vocational pathways Creative Industries (digital technology), Art for leisure

<sup>7</sup> "These courses could lead to careers in fields such as photography, teaching, tourism, screen printing, jewellery, graphic design, illustration, textiles, visual merchandising, interior design, self-employment and much, much more" <https://www.sit.ac.nz>

<sup>8</sup> Conversation with the author, 3 August 2017

There is a significant opportunity, through such a SIT/ACI partnership - and high level conversations with SIT at all stages of the development of an ACI - to ensure a purpose-built cultural facility fully responds to these challenges and opportunities. The relationship with current and future students, and the importance of the tertiary education market to Invercargill's economy and brand, is seen as a key consideration.



With the right approach an ACI will be central to the future growth and vitality of the city

**Promoting the city – the new Invercargill brand**

Launched in 2017, the new brand ‘Dream Big – Invercargill’ is seen as ‘a catalyst for change’ - “The new brand will provide a real asset for our southernmost city. Invercargill is a place with huge potential and the branding offers a timely opportunity to help invigorate a community seeking a stronger identity and who are keen for a bit of a lift”.



The ACI will be a signal expression of Invercargill as “A Place Where Anything is Possible”

While city brands inevitably change over time, it is seen as a high priority that an ACI facility and operation is designed in a way that directly supports Invercargill's story being told in a compelling way.

### iii. Purpose based programming

This approach is based on thinking about the impact or outcome being sought and the audience the ACI is working with or seeking to engage. Based on this, a number of possible product or experience types are assessed, to identify the one that is best suited to resulting in the impact sought

<b>Who?</b> <i>With/for<sup>9</sup></i>	<b>Why?</b> <i>Impact/outcome</i>	<b>What?</b> <i>Product/experience type</i>
School & Kura Kaupapa students	Works skills developed	Exhibition
SIT students	Increased social cohesion between previously unconnected people	Participative creative project
Seniors/kaumatua & kuia	X% of participants feel ownership of Centre	Social media initiative
New residents	Scholarship awarded	Event
Creative hobbyists	X% increase in FIT visitors visiting	Regional artist(s) project
Artists <sup>10</sup>	Increase in confidence in expressing a point of view	Web project
Children	Increased confidence in skills levels	Instructional
Child-led family & whanau groups	% increase in school & Kura Kaupapa use of the facility	Expo / Market
FIT <sup>11</sup> visitors	X works exhibited/published/distributed	(Inter) national artist(s) project
Bus tour visitors	X people involved in face to face contact & mentoring	Co-creative creative project
Groups at risk	X connections made between local & international programs/people	Physical challenge
Community groups	Enterprise product/business propositions developed	Skill sharing & mentoring
Existing & potential volunteers	X schools are connected through one project	Creative 'make and take' activity
Emerging entrepreneurs	X people learn Y new skills learned	Enterprise Start-up master classes

A hypothetical example of how the table might be populated

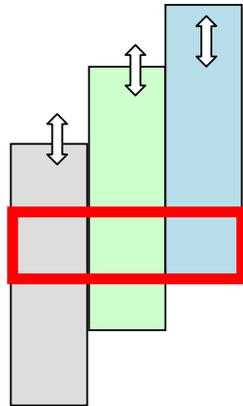
These 3 'pick lists' are used like a vertical slide rule (moving each column up or down to generate a single 'who'/'why'/'what' proposition). This will ensure that the WHAT (ie the exhibition/

<sup>9</sup> Described for the purposes of this table by **demographic groups** (ie age, ethnicity, geographical origin etc). As the model is developed these categories should be supplemented by thinking about **psychographic groups** (ie groups defined by shared lifestyle, recreational and experience preferences, being sought – eg: people who like to buy things, people who like to make things, music lovers etc)

<sup>10</sup> 'Artist' includes painter, animator, sculptor, writer, filmmaker, ceramist, designer, jeweller etc (covers solo or group projects)

<sup>11</sup> Fully Independent travellers (organising their own itinerary rather than being part of an organised group)

event/ activity) is developed in response to who it is for and what impacts/outcomes – relevant to that target group – are sought. This approach marks a shift from thinking about WHAT the programme is *about* (content, topic, artist, media etc) to considering first what *outcomes* are sought and for *which groups*.



If, for example there was a focus on identifying how best an ACI programme could ‘activate creative moments’ for multigenerational whanau & family groups, the analysis of approaches (which might include conversations with a focus group) might consider the options below before deciding that a ‘participative creative project’ was the most likely to result in the objectives.

**Purpose-based programme development**

The sample below shows how programme development with/for a specific audience group might be discussed by the ACI team.

Who?	Why?	What?
	Creative initiative proposed from community	Exhibition
	Increase in confidence in expressing a point of view to others	Event
	Increased confidence in skills levels	Social media initiative
	People with complementary skills are connected	Participative play project
<b>Multi-generational family / whanau groups</b>	<b>Increased social cohesion between previously unconnected people</b>	<b>Participative creative project</b>
	X people involved in face to face contact & mentoring	Creative workshop

#### iv. Leadership roles & organisational structure

In order to successfully develop and operate the ACI the key roles will be:

##### Director

**Role focus:** Strategic leadership and business management to ensure ACI develops as a purpose-based generator of value

- **Leadership** – a social entrepreneurial ‘business building’ ethos that drives multiple bottomline value with and for Invercargill and its communities
- **Strategic programme development** – playing a leading role in ensuring the ACI team works in a co-leadership way that understands how WHAT it does answers WHY it exists
- **Team building** – ensuring the team culture builds in line with the purpose, mission and values

##### Engagement & business

**Role focus:** How to build value around what ACI is and does

- **Profile** – comms, marketing, website
- **People & partnerships** – audiences, funders, community organisations, businesses
- **Revenue** – ensuring ACI programme is aligned to revenue requirements

##### Programme & activation

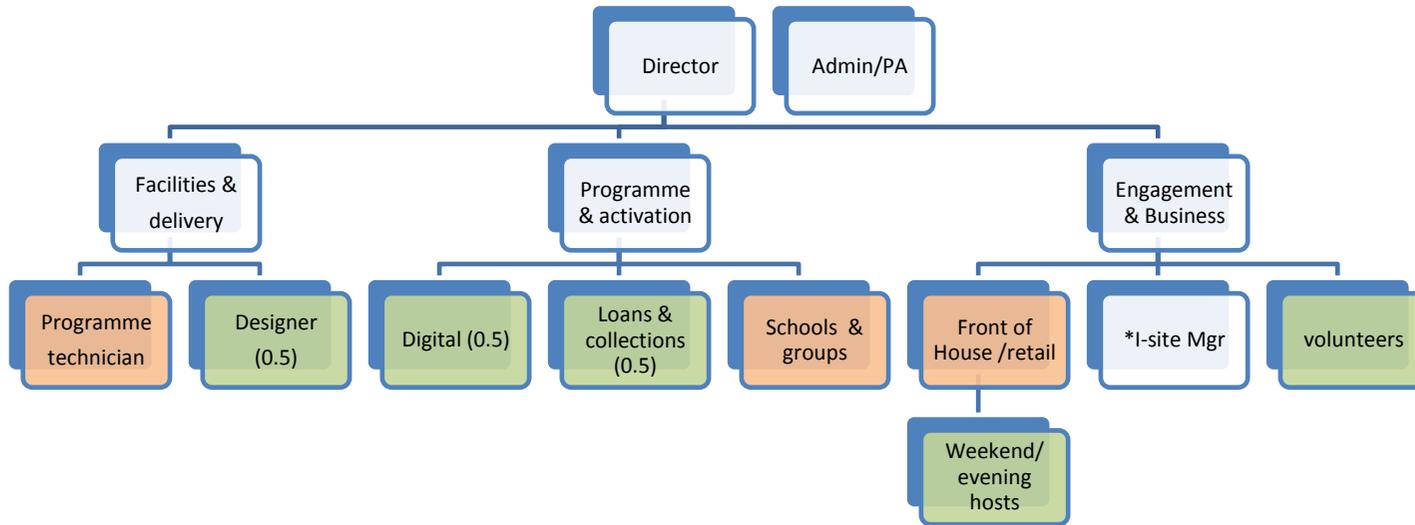
**Role focus:** Developing people-centric programmes to activate the ACI

- **Programmes** – activities, exhibitions, events (onsite + offsite + online)
- **Partnerships** – artists, SIT, community organisations, collections, other museums and art galleries (touring programmes) etc
- **Community capacity building** – learning, mentoring, training programmes

##### Facilities & delivery

**Role focus:** Operating the facility and delivering the projects

- **Facilities** – building, IT and digital systems, design and fabrication
- **Project management & delivery** - effectively cost, plan and deliver projects
- **Systems & procedures** – ensuring ACI systems and processes are compliant/purpose-fit



**Indicative organisational structure & staff roles**

Note: **green** = 1.0 FTE roles that might be shared across organisations, and **orange** = roles that would lend themselves to collaborative / collegial practice

\*note the employment costs of the I-site management are not included in the OPEX calculations as this will be cost neutral to ICC

## v. Space(s) definition

### Exterior & Civic space(s)

The requirement is for:

- A high profile', 'active' façade which:
  - Serves as a CBD definer and beacon
  - Expresses a point-of-difference, including:
    - Contributing to the revitalisation of a clear sense of a Māori cultural landscape
    - A consideration of 'Southland(er)ness' – be that in terms of materiality, design 'attitude', aesthetic, form etc<sup>12</sup>
  - Is clearly visible along a number of strategic sightlines within the CBD
  - Is likely to become a signature promotional image and 'facebook' image
  - Can be refreshed regularly through the ACI's programming approach
  - Presents an attractive and 'active edge' to the CBD



- External public space suitable for:
  - Pōwhiri and other gatherings (ensuring that the design is appropriate in terms of tikanga Māori)
  - Community performance and participation (this might include a raised area that would serve as a stage for events)
  - An outside food & beverage offer
- A principal 'front door' entrance directly interfacing with core CBD or axes and sightline(s)
  - Orientation to this entrance should be clearly expressed, and reinforced through signage and other means to ensure people approaching the site from other directions are directed to approaching the ACI in this way

<sup>12</sup> The *Art in the Heart* report notes a range of ideas for unique identity could be grouped into the following: natural elements, natural resources, technology, location, heritage and culture, name and brand etc

- Consideration of further visual connections – to and into the building and its programmes - from various points externally (and vice versa)

### Interior spaces

#### Community lounges space(s)

Reception and community social spaces designed to:

- Provide a quality of welcome and manaaki that is open and highly accessible – a place of laughter, information, warmth, activity and ease
  - Invoke a distinctive and unforgettable character with a clear point-of-difference
  - Serves as a ‘decompression’ zone - defining a clear sense of leaving one space (the outside world) and entering the ACI (and vice versa)
  - Not feel like a security point
  - Serve as an orientation and information point
  - Act as a central meeting point (“I’ll meet you at the ACI at lunchtime”)
  - Result in a desire to return to the ACI again
  - Provide direct access to washrooms (placed appropriately re tikanga and Health & Safety)
  - An entrance to (and possibly ‘overflow’ elements of) a café
- **I-site** – a CBD location is seen as having value by Venture Southland, ILT etc
  - **Retail** - which might include a showcase (providing opportunities for individuals, businesses, organisations and groups to showcase business innovations, tourism offers and trails, music, community events, artworks etc). This might be designed as a series of display cases and programmable digital screens
  - **Food & beverages** - A café is required and ideally this should be located in a position that activates both the community lounge and the external area facing the entrance Plaza. There is a requirement for a small catering kitchen for venue hire, functions and community uses.



### Activity spaces

A series of activity spaces will be front and centre – with more traditional (and less activated) exhibition galleries further back in the facility.

- **Black box space(s)**

A ‘black box’ space has a black ceiling, black walls (full length removable black curtaining is recommended) and a dark floor. It has lighting rigging point in the ceiling and cable services in the ceiling, wall and floors.

The design of this space (or series of spaces) could include:

- Multifunctional theatre space – with lighting infrastructure, removable stepped ‘bleacher’ seating, associated green room and stage etc
- Smaller project spaces



Black box spaces

- **Wet space(s)**

Creativity can get messy and noisy, so a wash-down space with external access is required



Creating a relationship between indoor and secure outdoor spaces enhances learning environments and facilitates clean/dirty and wet/ dry creative activity – as well as places to eat lunch etc.



- **A creative workshop and hireable break out meeting/function spaces:** A considered approach to design and adjacency should provide a full size creative workshop with toilets, an adjacent courtyard and meeting rooms. This will ensure the ACI’s functionality for education, business sports and community groups and significant enhance the revenue performance of the building.

**Presentation spaces**

The activity space(s) will be used for presentation in a myriad of ways and artistic genre. The more formal gallery and collection spaces will be at the rear of the facility – often quieter, and requiring a higher level of climate control and security (for touring exhibition requirements etc)

- **‘White box’ space(s)**

The ‘white box’ is a traditional way of describing contemporary art spaces. This typically means white walls and ceiling and neutral flooring – to ensure nothing visually distracts from the artworks. The requirement is for a gallery space(s) for contemporary art/design/taonga etc. The design and fit out will:

- Allow for configuration as 1 large or 2 (or more) smaller spaces
- Provide an adjacency to similar spaces in the facility allowing overlapping and shared use as part of the programming schedule for the integrated centre
- Meet museum and touring exhibition standards
- Ensure there is a high level of fit-out and functionality in terms of technology



- **Collection resource gallery**

The ACI model offers opportunities to rethink the uses of the collections. Innovative ‘open storage’ is increasingly common in museums, as is a greater level of transparency between front of house and back of house functions.



This will allow a periodic changeover of ‘dense’ selections from the collection – installed on the walls, in drawers and in storage cabinets as a community resource. Selections might range from curriculum-

based artworks for school groups in one school term to community-curated installations and would include innovative interpretive and activity-based opportunities for users' 'creative moments'.

**Note:** The climate of the galleries, visible storage and transit store and should be maintained at:

- Temperature: managed within 18-24 degrees (target range is 19 – 21 degrees)
- Humidity: ideal range is 50-55% danger levels are below 45% and over 65%.
- Security: monitored alarm system with immediate response
- Light levels: lights should be off when no-one is in the store and between 50 and 150 lux at other times

• **Shared spaces, community meeting & activity rooms**

There is potential for a number of community organisation offices, shared workspaces and schedulable community meeting and activity rooms will be available for community use – for everything from student 'crit' sessions, youth activities, club meetings, creative activities, BYOD teaching sessions, business and civic meetings etc. These should be designed in a way that allows:

- afterhours access by programmable (and traceable) swipe cards
- access to tea & coffee facilities and toilets



Spaces should be designed with the utmost adaptability and flexibility



The conceptual approach to the arrangement of spaces within a multi-purpose and highly adaptive facility

<b>vi. The space budget</b>				
<b>TYPE OF SPACE</b>	<b>SPACE</b>	<b>COMMENT</b>	<b>m2</b>	<b>subtotal</b>
<b>Public Spaces</b>	Entry Foyer/Info Desk		100	
	Café/kitchen		140	
	Kids Play Area		20	
	Flexible 'Black box' Activity/Performance Space	Sub-dividable and theatre option	175	
	Store Room		40	
	Wet Space	Sub-dividable into 3 spaces	75	
	Wet Space Outside Court		75	
	Presentation Spaces	Flexible walls	300	
	Presentation Spaces - Outside Court		75	
	Collection Display	60 - 100m2	60	
	Store Room		15	
	Retail Space	i-site and Retail space	60	
	Toilets/Change	male, female, accessible	32	
Subtotal				<b>1167</b>
<b>Community Office/Meeting</b>	Large Meeting Space/Green Room (with toilet)	8 x 11m2 and sub-dividable	88	
Subtotal				<b>88</b>
<b>Catering Kitchen</b>			32	
Subtotal				<b>32</b>
<b>Staff Offices</b>	Manager	5 x 4 = 20m <sup>2</sup>	20	
	Open Plan Office	6 people 15m <sup>2</sup> /person	90	
	1 x meeting room	5 x 4 = 20m <sup>2</sup>	20	
	Staff Room	5 x 5 = 35m <sup>2</sup>	25	
	Staff Toilets	2 x unisex	10	
Subtotal				<b>165</b>
<b>Back of House</b>	Covered Dock way	7 x 4 = 28m <sup>2</sup>	28	
	Delivery Space	7 x 4 = 28m <sup>2</sup>	28	
	Transit Store	7 x 4 = 28m <sup>2</sup>	28	
	Clean Prep	7 x 4 = 28m <sup>2</sup>	28	
	Collection Prep	10 x 4 = 40m <sup>2</sup>	40	
	Workshop (Dirty)	6 x 4 = 24m <sup>2</sup>	24	
	Collection Store	6 x 7 = 42m <sup>2</sup>	42	
Subtotal				<b>218</b>
<b>Subtotal</b>			<b>1670</b>	<b>1670</b>
<b>Circulation Space</b>	internal streets/corridors/stairs/lifts		258	<b>258</b>
<b>Total Area</b>			<b>1928</b>	<b>1928</b>

**External spaces**

As noted the civic outdoor spaces are seen as key to the success of an ACI. They are identified separately as the cost per m2 is lower than built space.

Public Exterior Spaces				
	Entry Court - Civic Space	100 - 300 people		<b>300</b>
<b>Total</b>				<b>300</b>

**1<sup>st</sup> floor rentable/hireable community offices**

The addition of upper level of rentable and hireable spaces will add to the CAPEX costs but will also add valuable revenue. This demand for this space was clearly signalled in the *Art in the Heart* report.

Community Offices				
	Hot Desk Space- 10 desks	10 people	50	
	3 x Shared Offices - 2 desks/office	6 people	50	
	1 Meeting room	20 people	40	
<b>Total</b>				<b>140</b>

Note: all areas are approximate

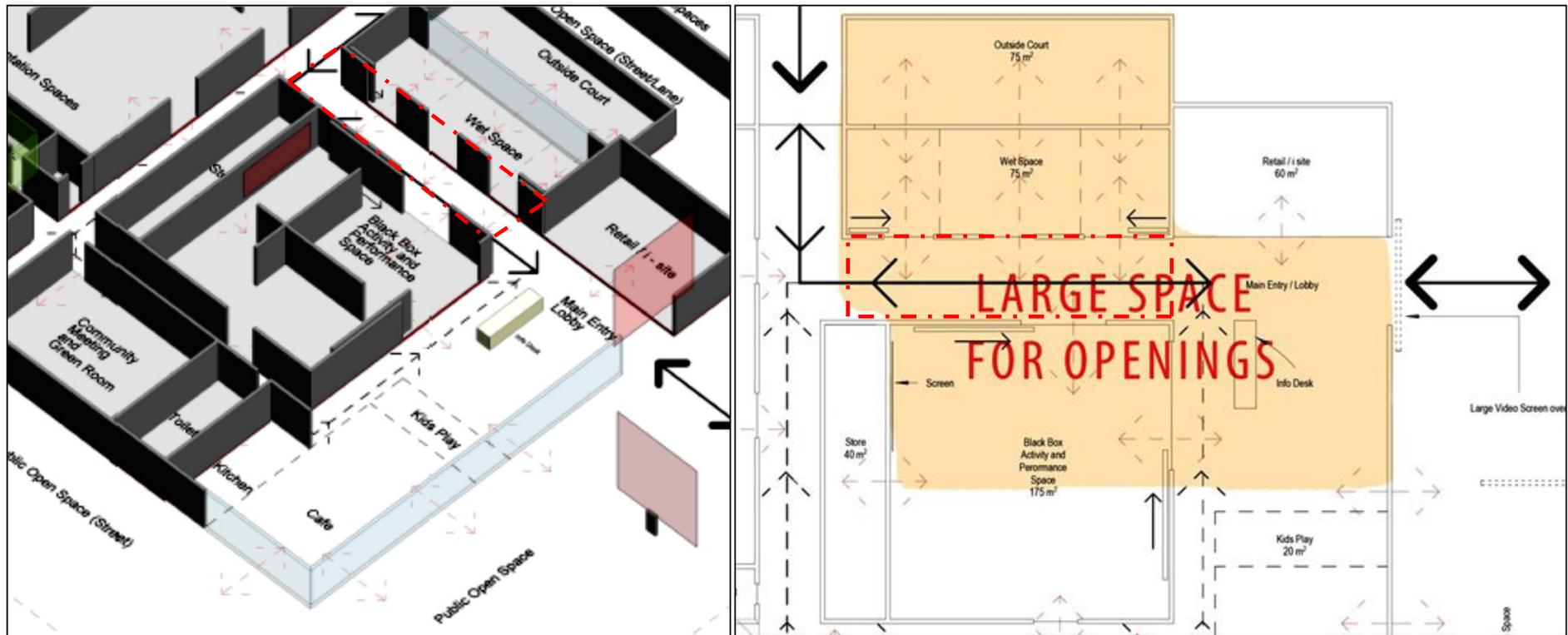
**Total space assumptions**

Based on the space budget assumptions above, for the purposes of this report the CAPEX and OPEX costs are based on the following totals:

<b>Interior space (including 1<sup>st</sup> floor)</b>	<b>2,068 m2</b>
<b>Exterior Civic Space</b>	<b>300 m2</b>

**vii. Indicative sketch plans**





**Adaptable and multifunctional spaces**

2 further views showing different arrangements and use of key spaces

The red dotted lines are provided to show how these 2 images relate

**viii. Location analysis**

This section assesses the best location for the ACI.

**Urbanism Plus study**

The initial Urbanism Plus analysis of the options identified 5 development ‘anchor sites’:

- a. Wachner Place
- b. Don Street (this has now been developed)
- c. Cambridge Place Arcade site (now part of a larger development site)
- d. Tay Street (now Motorcycle Mecca)
- e. Leven Street (the old railway station)



Urbanism plus - Invercargill inner city; vibrant urban centres action plan 2016

**The First Retail CBD strategy**

This report noted that “a mid-block location in Esk Street would site the gallery in the heart of the city’s shopping area”. While seen as potentially beneficial in revitalising this precinct, non-retail uses can ‘break’ continuous shopping strips – lessening intensity and critical mass necessary for consumer appeal and convenience. It noted that the Wachner Place site “better supports commercial goals – placing the Gallery on Dee Street at the southern end of the City’s heart. This area has the greater benefit to CBD revitalisation as it enables future clustering of cultural; destinations – including City Archives – effective ‘bookends’ (sic) the main commercial area”.

**2017 site assessment**

Three available sites were tested in 2017 – the assessment is provided on the next page:

SITE	'BEACON'	ADJACENCIES	PUBLIC REALM	URBANISM PLUS (Aug 17)	SUMMARY
<b>Wachner Place</b>	<ul style="list-style-type: none"> <li>• High profile site with potential to 'define' emerging Invercargill offer</li> <li>• Excellent sightlines from 3 -4 directions</li> <li>• Ability to activate Esk Street and 2 key blocks of Dee St</li> </ul>	<ul style="list-style-type: none"> <li>• Outdoors civic space</li> <li>• Public Library on Dee St (possible access through service lane)</li> <li>• Near to SIT CBD campus &amp; potential campervan parking &amp; access to public carpark building</li> <li>• New ILT Hotel &amp; Quest</li> </ul>	<ul style="list-style-type: none"> <li>• Revitalise (underused) civic space</li> <li>• Publically owned and operated</li> <li>• Community ownership through regular use</li> <li>• Relationship to Library and carpark as a support to retail zone</li> <li>• Provides 'right location/right scale' shared space ' pop</li> </ul>	<ul style="list-style-type: none"> <li>• State Highway &amp; Esk St locations are <u>key</u></li> <li>• Good and necessary civic space in urgent need of revitalisation</li> <li>• Shared street potential (Esk St W)</li> <li>• Carpark Building is key</li> <li>• Doesn't interrupt retail clustering – supports retail best</li> </ul>	<p><b>BEST OPTION</b></p> <ul style="list-style-type: none"> <li>• Site has high potential to deliver CBD rejuvenation impacts</li> <li>• If Public Library is relocated to the TDEK block future synergy potential is somewhat lessened</li> </ul>
<b>TDEK development block</b>	<ul style="list-style-type: none"> <li>• Only corner is a high profile site with the potential to define a 'new Invercargill' offer</li> <li>• Ability to activate section of Esk St and 2 key blocks of Dee St</li> </ul>	<ul style="list-style-type: none"> <li>• Potential adjacency to a new library &amp; commercial/residential</li> <li>• Would undermine value of retail clustering</li> <li>• I-site function &amp; parking requirements could be met</li> </ul>	<ul style="list-style-type: none"> <li>• Potential to be designed as a key 'public realm' component of a mixed use community/ residential/ retail/ F&amp;B precinct</li> </ul>	<ul style="list-style-type: none"> <li>• Some potential, but not as strong as stand-alone 'beacon' site</li> <li>• The need to get 'go ahead' on so many variables &amp; components is seen as a significant risk</li> </ul>	<p><b>SOME POTENTIAL</b></p> <ul style="list-style-type: none"> <li>• Some potential if integrated effectively into an integrated mixed use development</li> </ul>
<b>SIT Don Street</b>	<ul style="list-style-type: none"> <li>• Low profile site with low impact on emerging Invercargill offer</li> <li>• Limited sightlines (except corner site)</li> <li>• Ability to activate Don Street (and to lesser extend Esk Street)</li> </ul>	<ul style="list-style-type: none"> <li>• Adjacent to (and part of SIT) CBD campus</li> <li>• Centre Stage Theatre</li> <li>• F&amp;B</li> <li>• I-site function &amp; parking requirements inappropriate/ difficult to meet</li> </ul>	<ul style="list-style-type: none"> <li>• Part of SIT Campus</li> <li>• SIT owned and operated.</li> <li>• This would limit community ownership and responsiveness of programming and use</li> </ul>	<ul style="list-style-type: none"> <li>• Breaks up retail clustering which is already weak in Don Street</li> <li>• Wrong location, wrong aspect to CBD, low visibility</li> </ul>	<p><b>NOT SUPPORTED</b></p> <ul style="list-style-type: none"> <li>• Low impact opportunity</li> <li>• Would not be transformative</li> </ul>

The assessment of the 3 sites

**ix. Collection Store CAPEX**

A dedicated art collections store is not recommended until the SRHC proposal for a regional collection store is finalised. In the event a stand-alone dedicated art collection store is required in the future the CAPEX costs would be as follows:

	m2	Price per m2 (000s)	Cost (000s)
<i>ART COLLECTION STORE</i>			
Purchase of existing building			500 <sup>13</sup>
Refit to standard	1,000	1.40	1,400
Professional fees @ 15%			285
FFE			539
<b>TOTAL</b>			<b>2,724</b>

**Fit out costs assessment**

- Hydestor hanging mesh system (364 bays) 259,720
- Hydestor mobile system (240 bays) 177,607
- Tables (for viewing) 1,673
- General fitout 100,000

**TOTAL** \$539,000

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<sup>13</sup> Estimate only

**x. Assessment of value**

The development of an ACI of the type proposed, on the Wachner Place site, is likely to have a transformative impact in terms of:

WHAT IS NEEDED		WHAT THE PROPOSED ACI WILL DELIVER
<b>SoRDS Action Plan</b>		
<b>SoRDS Action Plan</b>	<i>Key challenges include improving the quality of life, growing enterprise, becoming more digital, retaining &amp; attracting PEOPLE. To do this rejuvenation of the CBD is a top priority.</i>	The ACI will play a significant (in some respects a <u>defining</u> ) role in meeting the objectives. It will directly & positively contribute to Invercargill's USP and its profile and reputation across the region and nationally/internationally
<b>Invercargill Centre City Retail Strategy - First Retail</b>		
<b>Attraction</b>	<i>The City needs more people to visit &amp; encourage greater frequency in order to boost commercial opportunities for retailers, food &amp; beverage operators &amp; tourism business</i>	Changing programmes and online publicity will mean the ACI is a primary, high profile and effective 'teller & seller' of a relevant and lively 'Invercargill proposition' – regionally and nationally
<b>Relevance</b>	<i>Promoting wider relevance attracts people into the City Centre. Ensuring civic-funded events directly benefit the CBD and prioritising future, arts, heritage, SIT and Library</i>	Engaging programmes will be at the heart of the ACI's core business. It will activate the CBD in a way that other agencies cannot match
<b>Experience</b>	<i>Once people reach Invercargill the City's offer must delight &amp; encourage them to spend time/ money. Invercargill needs to become a destination of choice &amp; win consumer advocacy</i>	The ACI will become a signifier and ongoing activator of the Invercargill CBD as a must visit (and must return) location. <u>It will be a 'must do' not just a 'must see' experience</u>
<b>Digital visibility &amp; wayfinding</b>	<i>Visitors should be able to quickly interpret Invercargill's proposition, navigate between destinations with ease, then leave feeling fulfilled and wanting to return</i>	The ACI will play a signature role in the city's online and onsite 'digital thumbprint' and wayfinding
<b>Place</b>	<i>Public expectations/commercial needs have changed. Contemporary streetscapes &amp; shopping /dining environments are vital to deliver appeal/destination value consumers are drawn to &amp; businesses want to locate in</i>	As an active social hub with food and beverage services and social events and entertainment the ACI will attract customers and encourage other businesses to invest in the CBD
<b>Occasion</b>	<i>Council, property owners &amp; tenants must work collaboratively to improve, activate and celebrate icon locations that will become gateways, attractors or icons</i>	The ACI will become an icon and attractor, and the provision of digital screen(s) will make it a 'go to' site and enable it to 'tell & sell' other iconic locations and experiences.
<b>Art in the Heart</b>		
<b>A social hub</b>	<ul style="list-style-type: none"> <li>• a highly active centre where people could do arts activities themselves and see art being done – all the time.</li> <li>• Interactivity was a strong theme which highlighted a wish for participation in art</li> <li>• a centre which was highly accessible and inclusive, to the level that it was a unique point of difference</li> <li>• a social place for 'hanging out in the company of strangers' – a</li> </ul>	The conceptual and architectural approach suggested will: <ul style="list-style-type: none"> <li>• facilitate and encourage people to gather, participate, watch and enjoy a wide range of art practice and 'creative moments'</li> <li>• be welcoming, inclusive and easy to approach and enter - with none of the formal barriers traditional art galleries can have (in their formality, emptiness, quietness and at times obtuse content)</li> <li>• encourage the community to pitch ideas, organise performances,</li> </ul>

	<p><i>café with performances, covered outdoor options, markets, rooftop area</i></p> <ul style="list-style-type: none"> <li>• <i>feel of local ownership – it's 'ours' and it's 'for us'</i></li> </ul>	<p>seek permission to contribute to etc</p> <ul style="list-style-type: none"> <li>• generate a high level of community buy-in</li> </ul>
<b>Adaptable and flexible to changing uses and needs</b>	<p><i>The building should be:</i></p> <ul style="list-style-type: none"> <li>• <i>Adaptable, ultra-flexible internally</i></li> <li>• <i>Accessible and able to evolve</i></li> <li>• <i>Spacious, warm and friendly, welcoming</i></li> <li>• <i>Offer visibility of working spaces</i></li> </ul>	<p>The proposed facility is:</p> <ul style="list-style-type: none"> <li>• Highly adaptive</li> <li>• Flexible – facilitating loud and quite, climate controlled and messy, high end and amateur content and programmes</li> <li>• Very 'open' allowing accessible and visible spaces throughout</li> </ul>
<b>An artistic anchor point</b>	<p><i>A highly inclusive and accessible approach with high levels of collaboration that would make art more widely accessible.</i></p> <ul style="list-style-type: none"> <li>• <i>Featuring, supporting and displaying local art (not exclusively in that there was also a wish to be challenged and exposed to new forms of art, and national and international art)</i></li> <li>• <i>A local arts hub with wide participation of arts sectors, art classes, demonstrations and spaces and equipment for hire</i></li> </ul>	<p>The ACI will:</p> <ul style="list-style-type: none"> <li>• Be able to accommodate a wide range of projects and artforms by local artists (from 1 or 2 item displays to large exhibitions)</li> <li>• Be participative and change with the communities' creative preferences</li> <li>• Be able to host professional touring exhibitions and national and international projects in climate and security compliant conditions</li> </ul>
<b>Highly collaborative approach</b>	<ul style="list-style-type: none"> <li>• <i>Be the local arts hub</i></li> <li>• <i>Work with all Arts Sectors</i></li> <li>• <i>Link To Local Events</i></li> <li>• <i>Link To Other Southland Galleries</i></li> <li>• <i>Inclusive to all groups</i></li> <li>• <i>Focus on trade and craft with SIT</i></li> <li>• <i>Include Maori/Polynesian/Indigenous art</i></li> <li>• <i>Tell The Southland Story and local stories and legends</i></li> </ul>	<p>The recommended ACI approach will:</p> <ul style="list-style-type: none"> <li>• Work across artforms and art organisations</li> <li>• Provide a base for a host of local events and a strategic satellite for others</li> <li>• Be culturally inclusive</li> <li>• Be distinctively Southland and defiantly Invercargill!</li> <li>• Be highly aligned with SIT and educational objectives at all levels</li> <li>• Assist in attracting students and retaining graduates</li> </ul>
<b>Collections access, use and diversity</b>	<p><i>The need for professional storage, management and the wish to see exhibitions from the collection, including the possibility of these travelling to other locations. Access to the collections, in particular for student research and artists was also mentioned. It was noted that the collections are limited in terms of media and the ACI should embrace a wider diversity of arts, including:</i></p> <ul style="list-style-type: none"> <li>• <i>Multi Media, Multi Cultural, Interactive</i></li> <li>• <i>Animation, augmented and virtual reality, moving images</i></li> <li>• <i>New communication technologies</i></li> </ul>	<p>The ACI model will not be a collection-centric arts organisation <u>but will</u>:</p> <ul style="list-style-type: none"> <li>• Facilitate high levels of public access to publicly owned art collections in a host of ways</li> <li>• Expand the range of artforms beyond traditional 2D and 3D fine art media to new media, interactive and participative art and art and craft from Māori, Pacific and other cultures</li> <li>• Work closely with the Regional Collection Storage project to initiate innovative online programmes and access to Southland's art collections</li> </ul>

### xi. ACI Foundation fundraising

The indicative fundraising target and approach has been developed using the following model:

DONATION LEVEL	NUMBER <sup>14</sup>	VALUE
\$120,000	2	\$240,000
\$60,000	3	\$180,000
\$30,000	6	\$180,000
\$15,000	6	\$90,000
\$12,000	10	\$120,000
\$9,000	10	\$90,000
\$4,500	10	\$45,000
\$500	100	\$50,000
\$100 <sup>15</sup>	200	\$20,000
<b>TOTAL</b>	<b>351</b>	<b>\$1,015,000</b>

#### Philanthropists and Donors

There is likely to be opportunities under both models to source funds – for both CAPEX and OPEX - from private givers. This may be undermined by the public/private nature of the strategic coalition model, but specific public good aspects of the overall programme (such as creativity scholarships and awards etc) will attract support.

- National:
  - People involved in the arts
  - People involved in the creative industries
  - People with links to Invercargill & Southland
- Invercargill, Southland, Queenstown:
  - Businesses
  - Local philanthropists
  - Local families and individuals

Naming rights opportunities are valuable as benefits for donors. Examples in the ACI would include:

CONTRIBUTION	AREA
<b>10 years naming association</b>	
\$120,000	<ul style="list-style-type: none"> <li>• Civic plaza and screen</li> </ul>
\$60,000	<ul style="list-style-type: none"> <li>• White box</li> <li>• Black box</li> <li>• Foyer</li> </ul>
\$30,000	<ul style="list-style-type: none"> <li>• Creative workshop</li> <li>• Main circulation gallery</li> <li>• Visible storage gallery</li> </ul>
<b>5 years naming association</b>	
\$15,000	<ul style="list-style-type: none"> <li>• Large community room</li> <li>• Courtyard</li> <li>• Green room</li> </ul>
\$15,000	<ul style="list-style-type: none"> <li>• Smaller meeting room</li> <li>• Window exhibition spaces</li> </ul>

<sup>14</sup> This includes individuals, trusts, businesses, funding agencies etc

<sup>15</sup> This might be a 'buy a brick' type opportunity

**APPENDIX 1: The *Art in the Heart* Community consultation**

The *Art in the heart* report forms a foundation document for the ACI proposition as it develops. The key themes that emerged were:

- a social hub in the city, for everyone
  - a highly active centre where people could do arts activities themselves and see art being done – all the time. A strong theme throughout many of the outcomes was ‘interactive’ which in this particular area highlights peoples wish for participation in art
  - a centre which was highly accessible and inclusive, to the level that it was a unique point of difference
  - a social place for ‘hanging out in the company of strangers’ – a café with performances, covered outdoor options, markets, rooftop area
  - feel of local ownership – it’s ‘ours’ and it’s ‘for us’
- an artistic anchor point
  - Featuring, supporting and displaying local art came out strongly, as well as;
  - A wish to be challenged and exposed to new forms of art, and national and international art.
  - A local arts hub with wide participation of arts sectors, art classes, demonstrations and spaces and equipment for hire
  - High levels of collaboration and actions that would make art more widely accessible
  - A lot of interest in street art and outdoor sculptures.
- improved capability of the arts sectors
  - The main paths identified to improve capability were audience development, education, collaboration, innovation, a local focus and the provision of resources and support
  - Collaboration was seen as important in providing opportunities for artists, but also in helping other institutions and organisations to develop. Education activities were highlighted across a very broad spectrum of activities and the need for a local focus came up again.
- a dedicated home for Invercargill Art Collections
  - The need for professional storage, proper management of the collections and the wish to see exhibitions from the collection, including the possibility of these travelling to other locations.
  - Access to the collections, in particular for student research and artists was also mentioned.
  - There was some debate and questioning during some workshops about whether all art in the public collections should be considered together, or whether some works, particularly historical works, would more appropriately remain located at other venues

## APPENDIX 2: Iwi Māori views

During a hui at Murihiku marae and in conversation with Michael Skerret, Ngai Tahu kaumatua and the SMAG trustees and iwi representatives the following perspectives were shared:

People should be at the heart of the ACI model:

- Activated the community, by the community – ‘a stronger me, a stronger we, a stronger me’
- Place to get inspiration from (lower population level than many centres, not higher calibre artists)
- Generating income through sales and other opportunities for Iwi Māori

The architecture and placemaking design should be appropriate and Māori-friendly;

- It should express a Māori cultural landscape (“Pre-Pākeha the whole of Southland was a Māori cultural landscape, now we are invisible”)
- It should be tika (correct) in terms of tikanga and customs
- It should prioritise the exercise of Manaakitanga by Tangata Whenua and the experience of Manaakitanga by visitors as a primary idea
- It should be locally relevant and authentic
- It should reflect Ngai Tahu and tauiwi (residents and visitors of other cultures)
- The tall figures at Queenstown airport were seen as properly expressing a sense of a Marae Atea and this should be considered in relation to the civic plaza in front of the ACI
- Inside it should be visually rich, exciting, hands on – a place where people are engaged and connected

By comparison the current Art Gallery (SMAG) was seen as:

- Not Maori-friendly
- Not inclusive
- Taonga ARE artworks, but are currently hidden away in the dark

Art Galleries and Museums have been successful when:

- They are focused on community-building
- *Mōtatau* exhibition – welcomed families; provided manaaki; runaka at entrance; there was a sense of ‘us’; trips out to marae
- *Matariki* – all the people on the street, a living space, doing things, Friday nights, kids learning, activities, people doing stuff - weaving, carving, drawing
- The Japanese artist Yasoi Kusama’s ‘dots’ project at Dunedin Public Art Gallery - inclusive, “all ages had the same ability to engage equally”

### Michael Skerret

Space should be:

- A place where Māori feel at home
- Warm, safe
- People-centric – a place where people *want* to come
- Spaces for artists
- Connection TO/WITH people is key – makes others feel welcome. Work off each other; creates an ease of being there
- Not a ‘formal’ art gallery
- Commercial activity is good
- A starting point for journeys out to marae is good
- Technology is key

### APPENDIX 3: Invercargill City Council Workshop with SoRDS. Wednesday 17 August 2016

#### Presentation by Kobus Mentz, Urbanism Plus

Kobus Mentz explained that as this is a concise workshop, he will take everyone through the thread before opening the floor for discussion. The main points from his presentation included the following:

#### Anchor Points

- **First priorities** – art gallery, hotel in inner city, right turn into Esk Street from Dee and two-way Dee, and motorcycle museum.
- **Second priorities** – anchor retail in Cambridge Place or Wachner Place:
  - Some second priorities could move to first priorities, so we need to remain flexible.
  - We may rename the anchor points to something else, e.g. attracter retail or retail precinct or fashion hub.
  - The museum is a little less pressing now, as the art gallery will do more for us in way of profile.
  - The localities for an art gallery are not that visible, but we need an optimum site.
  - The i-site is worth considering in town.
  - Prospect of the motorcycle museum opening in one of the museum locations.

#### Ordering Principles

- Moving the art gallery is the highest priority.
- Could potentially move the museum if we can find a favourable location with high visibility.
- Art gallery/museum combination is too large for key sites.
- Retail should also be considered as an attracter.
- Preference for anchor points to be located on Esk, Tay and Dee Streets.
- Motorcycle museum on Tay Street will bring a strong new dynamic.
- Poor access to Esk and Don Street.
- Art House cinema could be combined with art gallery (or retail if in Cambridge Place).

#### Improving Inner City Vitality (and sites considered)

Mr Kobus Mentz displayed maps, photos and artists impressions of Tay, Leven, Wachner, Lower Esk and Cambridge Place. Main points included:

- Current vitality versus proposed vitality (i.e. cold, lukewarm and hot energy).
- Sites considered for museum and art gallery.
- Tay Street block reviewed.
- Relocating art gallery on Lower Esk Street, with an entry onto Wachner Place, several stories high with a viewing platform and café, and an entry building (i.e. pavilion that appears to stand alone).
- Gifting the clock to the museum, running “best in the land” competition for a pavilion, and replacing the backpackers sign with something else.

Mr Kobus Mentz displayed maps and photos of Cambridge Place and surrounding area. Main points included:

- Opening up area with public space (covered or enclosed in some way).
- Creating arcade.
- Multilevel building next to retail precinct for displaced car parking.

#### Key Anchor Location Options

Suggested four site options for the museum, retail anchor, art gallery, motorcycle museum and hotel. However, we are still to do due diligence as is dependent on noise issues, money and earthquake strengthening.

#### Recommendations

Undertake due diligence of:

- An art gallery in Wachner Place (with a viewing area and pavilion in the front).
- Cambridge Place for speciality retail and parking.
- Right turn into Esk and two-way in Don.
- Look at museum in Wachner Place and art gallery in Cambridge Place as an alternative if due diligence fails.

## APPENDIX 4: First Retail - Invercargill City Centre Retail Strategy

Invercargill needs ‘...catalysts for wider renewal and investment. It is anticipated more CBD property owners will improve buildings and new businesses would look favourably at locating in Invercargill based on the City’s enhanced destination value and appeal”

### Key pillars

Invercargill’s opportunities and challenges were assessed and aligned with pillars that mapped consumer expectations and journeys along with imperatives necessary for commercial success:

#### Attraction

The City needs more people to visit and encourage greater frequency in order to boost commercial opportunities for retailers, food & beverage operators and tourism businesses.

- **Relevance:** *Promoting wider relevance attracts people into the City Centre. Ensuring civic-funded events directly benefit the CBD and prioritising future, arts, heritage, SIT and Librray locations to better activate the City Centre is fundamental to developing a place for all the community to enjoy and benefit from*

#### Experience

Once people reach Invercargill the City’s offer must delight and encourage them to spend time and money. Invercargill needs to become a destination of choice and win consumer’s advocacy.

- **Digital visibility & wayfinding:** *Visitors should be able to quickly interpret Invercargill’s proposition, navigate between destinations with ease, then leave feeling fulfilled and wanting to return.*

#### Place

Public expectations and commercial needs have changed. Contemporary streetscapes along with modern shopping and dining environments are vital in delivering the appeal and destination value consumers are drawn to and businesses want to locate in.

- **Occasion:** *Council, property owners and building tenants must work collaboratively to improve, activate and celebrate icon locations that will become gateways, attractors or icons for the CBD*

#### Performance

Invercargill’s commercial culture must encourage new concepts to flourish and support growth for existing businesses by interpreting opportunity, driving performance and managing risk.

- **City proposition:** *Working collaboratively*

### Arts & Heritage

Attracting new and diverse audiences, an ACI is seen as one of the missing links in the City’s wider proposition and future offer. It will also deliver significant regeneration potential.

The focus on an ACI in Invercargill’s CBD reflects success similar projects have delivered to comparable cities, but also helps realise opportunities to integrate SIT courses and activities within the planned multi-functional development. The combined facility would be unique nationally.

A mid-block location in Esk Street would site the gallery in the heart of the city’s shopping area. While beneficial in revitalising this precinct, non-retail uses can ‘break’ continuous shopping strips – lessening intensity and critical mass necessary for consumer appeal and convenience.

The second location better supports commercial goals – placing the Gallery on Dee Street at the southern end of the City’s heart. This area has the greater benefit to CBD revitalisation as it enables future clustering of cultural; destinations – including City Archives – effective ‘bookends’ (sic) the main commercial area.

### Esk Street

**Vision:** Invercargill’s primary shopping strip where a careful balance of popular local, national and international brands sit successfully alongside contemporary cafes – delivering a unique and compelling customer experience.

Ideally: new or significantly improved commercial spaces enabling retail and hospitality businesses to deliver modern shopping and dining experience that reflect the standards expected by consumers and achieved in other major cities

## APPENDIX 5: Funding sources

### Ministry for Culture and Heritage Manatū Taonga

#### Regional Heritage and Culture Fund (RCHF)

To be eligible for consideration the primary function of a building will be to:

- Provide a performing arts venue for high quality and/or professional performing arts; and/or
- Provide an arts, culture and heritage exhibition venue (e.g. art galleries, museums, where taonga); and/or
- House collections of demonstrated importance to the region (eg art galleries, museums, where taonga, heritage buildings or buildings at heritage sites where collections will be housed and exhibited)

Council would be eligible for funding under this recently announced fund. RCHF replaces the Regional Museums Policy for Capital Construction Projects. The RCHF will benefit a wider range of cultural organisations throughout New Zealand: in the broader art gallery and museums sector (including iwi museums/where taonga), the performing arts, and the heritage sector. The RCHF's focus will be on *capital projects outside the main centres* of Auckland, Wellington, and Christchurch. The fund is less focused on 'collections of national significance' and positive towards projects that support tourism outcomes.

### NZ Lotteries Commission

#### Lottery Environment and Heritage

Lottery Environment and Heritage grants are available for projects that will help protect, conserve or care for our natural, cultural and physical heritage, or allow us to better understand and access these resources. Invercargill would be eligible in relation to:

- **cultural heritage** projects conserve, protect and/or promote collections and stories that are important to our cultural heritage and identity

#### Lottery Significant Projects

This fund provides grants to purchase, create or improve community assets that have regional or national significance. It provides grants to support projects with a total cost of \$3 million or more.

Eligible projects will:

- be for a community purpose for public use in New Zealand
- have a total cost of \$3 million or more, and
- show how the finished project will provide regional or national benefits or outcomes in:
  - the arts, culture or heritage
  - sport or recreation
  - conservation or the environment
  - economic development, and/or
  - visitor services and tourism.

#### Lottery Community Facilities

A community purpose, as stated in section 277 of the Gambling Act 2003, is one that will contribute to the building of strong sustainable communities by encouraging or enabling:

- community self-reliance, capacity building, and stability; or
- opportunities for social, recreational, civil or cultural participation, and reducing or overcoming barriers to such participation; or
- community and environmental health; or
- development and preservation of New Zealand's arts, culture, heritage, and national identity; or
- sports and recreation.

**Redevelopments and extensions to an existing community building**

The redevelopment or an extension to an existing community building in order to improve accessibility, broaden the range of uses of a building, or enable improved capacity to respond to community needs.

**Professional fees**

Architectural and quantity surveying costs anticipated in the development of the project may be funded by the Committee, as part of the overall budget for the project.

**Project management costs**

Project management costs including project manager fees or salary (if undertaken by a suitably qualified independent professional project manager), and project administration costs can be funded by the Committee as part of the overall project budget.

**Community Trust of Southland**

The Trust supports both large and small community groups, throughout our region, who work in various sectors, and our grants range from a few hundred dollars to thousands for a wide range of purposes aligned with the Trust Strategic Plan 2016-2018. The Trust’s vision of having ‘**A Thriving Southland**’ is underpinned by four pillars:

pillars	ACI
Health, Wellbeing and Active Lifestyles	✓
Education	✓
Arts, Heritage and Culture	✓
Community Development & Community Economic Development	✓
With a strong focus on: <ul style="list-style-type: none"> <li>• people,</li> <li>• partnerships,</li> <li>• participation, and</li> <li>• places</li> </ul>	✓ ✓ ✓ ✓

The Trust’s interests in innovative new solutions, transformative ideas or new approaches that will help create positive change in the Trust’s region align with the ACI project. It is noted that while the Trust has a very strong history of supporting facilities, going forward facilities will be a lesser priority for the Trust. That said, the ACI should be framed as purpose-based infrastructure designed to have will have a focus on delivering social outcomes.

**The ACI aligns with what the Trust looks for when considering applications, particularly:**

- Project alignment with Community Trust current priorities
- A clear understanding of the identified need, gap or opportunity supported by relevant evidence
- Awareness of current and future trends in community demographics
- Degree to which the project complements other existing initiatives e.g. local or regional context
- Level of community benefit - projects which are for the exclusive benefit of a limited number of people will be a lower priority
- Applicant commitment to the project
- Credibility and capability of the organisation and ability to deliver
- Strength of community support

- Demonstrated connections, consultation and/or partnerships e.g. with communities, between organisations, across levels within sectors or across sectors

**Any application will need to address these criteria:**

- Demonstrated need for funding and provision of a comprehensive and realistic budget
- Extent to which alternative and complementary funding sources have been explored and secured
- Ongoing viability and sustainability of the project in the long term
- Extent to which the project demonstrates value for money i.e. extent of community benefit relative to level of grant funding sought
- Extent of understanding of the likely outcomes and community benefit (i.e. who, how many and likely changes) and how this will be measured
- Project responsibility
- Risks associated with project

**Invercargill Licencing Trust**

The Invercargill Licensing Trust and ILT Foundation provide donations of approximately \$10 million annually to over 500 organisations. The ACI proposition should ensure it aligns with the ILT objectives of:

- **Promotion of the Southern Region**

As a high profile, exciting and regularly changing venue the ACI will deliver value in promoting Invercargill and the southern region of New Zealand as a tourist, events and conference destination – a key focus of ILT.

- **Sport and Recreation**

The ACI (people-focused, participation-first) approach aligns closely with the wellbeing outcomes currently supported through ILT's support of multiple sporting codes that benefit thousands of young Southlanders.

- **The Local Economy**

The rejuvenation of the CBD will have a direct impact on the brand, story, experience and commercial success of the Invercargill CBD, and within this the ILT hotels and hospitality establishments.

**APPENDIX 6: Exemplars**

Relevant organisations which each provide one or more elements that have been integrated into the ACI proposal.

**Yerba Buena Centre of the Arts, California** <https://www.ybca.org/>

- **Vision:** We generate culture that moves people.

*YBCA believes that culture is an essential catalyst for change. Therefore, it's the responsibility of arts institutions to spur and support societal movement. Our mission is fulfilled through five key platforms:*

1. *The presentation of leading edge contemporary art*
2. *The incubation of game changing creative ideas*
3. *A commitment to inquiry, and asking the urgent questions of our time*
4. *Convenings that bridge people, communities, and sectors*
5. *Civic coalitions that create lasting change and policy shift*

**AS220** <https://as220.org>

- **Our Vision:** AS220 envisions a just world where all people can realize their full creative potential.

*AS220 is an artist-run organization committed to providing an unjuried and uncensored forum for the arts. AS220 offers artists opportunities to live, work, exhibit and/or perform in its facilities, which include several rotating gallery spaces, a performance stage, a black-box theater, a print shop, a darkroom and media arts lab, a fabrication and electronics lab, a dance studio, a youth program focusing on youth under state care and in the juvenile detention facilities, four dozen affordable live/work studios for artists, and a bar and restaurant. AS220 was founded on the principle that freedom of expression is crucial for the development of strong communities and individual spirits.*

**Manitou Art Center** <http://www.manitouartcenter.org/makerspace.html>

- **Our vision:** We are dedicated to creating an environment in which artists, tinkerers, collaborators and you can flourish in our community.

*Music, theatre, pottery, printmaking, and other loud, slightly dangerous and intensely messy events happen here daily. Locals and tourists alike flock to our galleries, studios, exhibition space, classrooms and delicious café. Our spacious facilities can also accommodate events, conferences and offices. Experiences are unlimited – how will you enjoy the MAC? The Manitou Art Center is a laboratory for the arts. We revolutionize and facilitate creativity. Skill-sharing, fabricating, meeting, exploring, experiencing, designing, building and making – The Manitou Art Center can turn your idea into a reality! We collaborate with artists, arts organizations and other talented people to create a place where you can put your mind to work and make your artistic risk-taker, the doer and the maker of things!*

**TheNewDowse Lower Hutt** (this vision remained in place until 2009)

- **Our purpose:** Stimulate creativity / stir it up
- **Our mission:** Innovations in creativity that drive human progress & understanding – culturally, socially, spiritually, and economically (a new sector model)

**Exploratorium** <https://www.exploratorium.edu/>

*Our mission is to create inquiry-based experiences that transform learning worldwide. Our vision is a world where people think for themselves and can confidently ask questions, question answers, and understand the world around them. We value lifelong learning and teaching, curiosity and inquiry, our community, iteration and evidence, integrity and authenticity, sustainability, and inclusion and respect.*

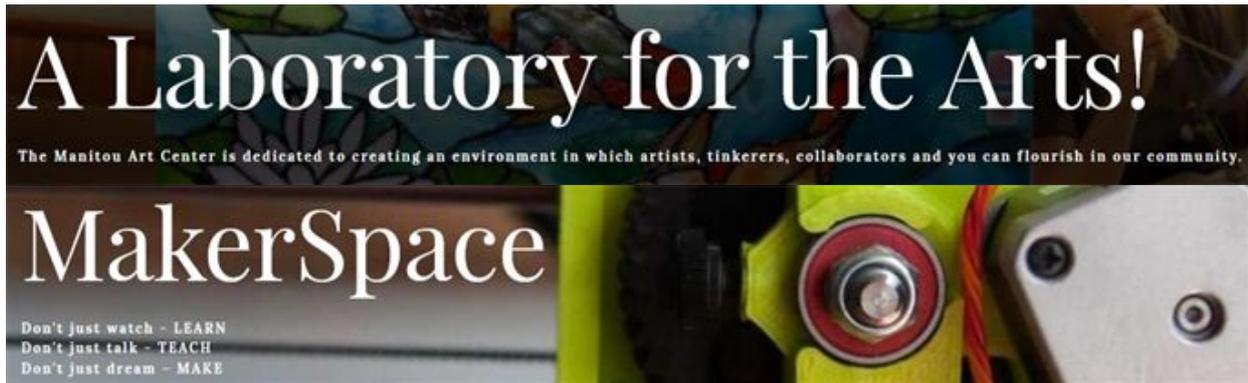


AS220 (above) and Yerba Buena Center for the Arts (below)



TheNewDowse (Lower Hutt) - highly flexible, multi-configurable indoor/outdoor spaces





**Manitou Art Center** (above) and **/Museum Hack**<sup>16</sup> a 'disruptive' tour group company (below left) and **Yakima**<sup>17</sup> (below right) respond to the shift towards participative, social co-creative preferences.



**San Francisco's Exploratorium** is focused on hands-on participative science and creative technology (rather than art) learning experiences. It's a long running and highly successful example of a radically people-centric model

<sup>16</sup>Our un-highlights tour puts an alternative spin on the museum, featuring other sides to the highlights we love, as well as some of the strangest, wildest, sexiest stories hidden throughout the museum. Each Museum Hack tour is customized based on the audience. Because we have small groups, the guides can modify the agenda based on your experience. We promise you will have an active, fun, engaging session. 110% satisfaction guaranteed. <https://museumhack.com>

<sup>17</sup> The aspiration of the Yakima Maker Space Gallery is to promote the missing "A" in S.T.E.M. Education, by promoting artists that showcase the intersection of making, technology and fine arts through and their process. <http://www.yakimamakerspace.org/event-2587082?CalendarViewType=1&SelectedDate=6/4/2017>  
<https://museumhack.com/pr/>

**APPENDIX 7: Central City Area Heritage Buildings Re-Assessment 2016**

A report prepared for Invercargill City Council by Dr Andrea Farminer & Robin Miller defines Tier 1 Buildings and structures as “those included on included on the New Zealand Heritage List/Rārangi Kōrero” and Tier 2 as “Buildings and structures assessed as worthy of inclusion on the Proposed Invercargill City District Plan list of Sites of Local Significance”

Former Southland Health	8 Esk Street West	Invercargill	Lot 4 DP 3130 Lot 2 DP 4200	2	124	<p><b>Description:</b> Large, two-storey brick and reinforced concrete building with rendered façade, designed by CJ Brodrick &amp; TP Royds in Art Deco style and constructed c.1934 for the Southland Frozen Meat &amp; Produce Co Ltd. With later, c.1950-52 extension to the west. In good-fair condition.</p> <p><b>Significance:</b> Good streetscape and architectural value for its quality Art Deco detailing and character, and association with Invercargill architect, CJ Brodrick. Some group streetscape value with the other mid-century East Street West buildings.</p> <p>→ <b>Protection:</b> Yes. Esk Street West frontage as a minimum.</p>
Lombard House	10 Esk Street West	Invercargill	Lot 5 DP 3130	2	125	<p><b>Description:</b> Two-storey, reinforced concrete building (rebuilt c.1956) with tiled cladding, designed by Smith and Rice Architects in International style for the NZ Shipping Co. Ltd. In fair condition.</p> <p><b>Significance:</b> Good streetscape and architectural value for its quality International style character and tile cladding. Some group streetscape value with the other mid-century East Street West buildings.</p> <p>→ <b>Protection:</b> Yes. Esk Street West frontage as a minimum</p>
Former Southern Cross Buildings	12-16 Esk Street West	Invercargill	Part Section 12 Block I Town of Invercargill	2	127	<p><b>Description:</b> Two-storey, rendered brick building in Classical Victorian design; constructed c.1887 and became the offices of the Southern Cross News. In fair condition.</p> <p><b>Significance:</b> Good streetscape, architectural and historic values from its typical Victorian classical commercial frontage and long association with the Southern Cross newspaper.</p> <p>→ <b>Protection:</b> Yes. Esk Street West frontage .</p>
Former McKillop Ltd	18 Esk Street West	Invercargill	Lot 1 DP 4409 Lot 1 DP 10278	-	128	<p><b>Description:</b> Two-storey, rendered brick building of uncertain date but remodelled c.1956 for McKillop Ltd in mid-twentieth century design. In fair condition.</p> <p><b>Significance:</b> Low streetscape and architectural value as a fairly ordinary example of its period and makes little real contribution to the Esk Street West area group apart from the McKillop sign.</p> <p>→ <b>Protection:</b> No. remove from list.</p>

Lots 8, 10, 12-16 Esk Street West are listed as Tier 2 properties Lot 18 was removed from the list as part of this reassessment of sites.



**APPENDIX 8: Consultation**

The following people were consulted in the preparation of this report:

**Clients**

Cameron McIntosh, ICC  
Janette Malcolm, consultant

**Invercargill City Council** *(if not listed elsewhere)*

Cr Rebecca Amundsen  
Russell Pearson, Roading Manager  
Marianne Foster, Libraries  
Robin Pagan, Parks  
Melissa Short, Corporate Services  
Christine North, Environmental and Planning  
Christine Edgley, Resource Management  
**Note:** *There were 2 workshops with the Mayor and Councillors*

**Arts Centre working group**

Ari Edgecombe, SMAG  
Dave Kennedy, IPAG  
Kari Graber, ICC  
Sarah Brown, IPAG  
John McCulloch

**SoRDS**

Sarah Hannan  
Sarah Brown

**Venture Southland**

Angela Newell  
Bobbi Brown  
Rhiannon Suter

**HW Richardson Ltd**

Scott O' Donnell  
Joc O'Donnell

**Iwi**

Michael Skerret, Ngai Tahu (by phone)  
**Note:** *a workshop was held at Murihiku marae to discuss the ACI and SMAG (see also SMAG - iwi representatives)*

**IPAG**

Trustees

**Southland Arts Foundation**

Joan Kiernan (by phone)

**Arts Murihiku**

Paul Duffy and Lisa Tou-McNaughton

**Southland Arts Society**

Marion Miller, President & committee

**SRH Advisory Committee**

Paul Duffy, Chair  
Cr Bronwyn Reid  
Cr Rebecca Amundsen  
Lloyd Esler, SMAG  
Paul Horner SMAG  
Jim Geddes & David Luoni, Eastern Southland Art Gallery

**SIT**

Peter Heenan, Chair  
Penny Simmons, CEO  
Kathryn McCully, Programme Manager Visual Art, Film & Animation  
Rachel Mann,

**Southland Museum and Art Gallery**

The Board  
Paul Horner, Director  
The staff

**Note:** *There were 4 workshops - with Staff and Board (x2), The Board, and Iwi representatives (by conference call)*

**ILT**

Alan Dennis, Chair  
Chris Ramsay, Marketing & sales manager

**Community Trust of Southland**

Denis Woods, Interim GM  
Dianne Williams, Grants manager

**Urbanism plus**

Kobus Menz  
Wayne Bredemeijer

**First Retail**

Chris Wilkinson

**Consultants**

Tim Christie, Branding consultant  
Ken Gorbey, Museum consultant  
Glenn Brown, QS consultant

## **Statement of Accounting Policies**

### **REPORTING ENTITY**

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

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

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

### **BASIS OF PREPARATION**

The financial statements of the Council have been prepared in accordance with the Tier 1 PBE accounting standards.

These financial statements comply with the PBE standards.

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

The financial statements have been prepared on the going concern basis.

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

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

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

## **S UBSIDIARIES**

The Council consolidates as subsidiaries in the group financial statements all entities where the Council has the capacity to control their financing and operating policies as to obtain benefits from the activities of the entity. This power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

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

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

## **BASIS OF CONSOLIDATION**

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

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

## **ASSOCIATES**

The Council and Group accounts for investments in associates in the group financial statements use the equity methods. An associate is an entity over which the Council and Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investments in associates is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council's and Group's share of the surplus or deficit of the associates is recognised in the Council's and Group's Statement of Comprehensive Revenue and Expenses at the group level. Distributions received from associates reduce the carrying amount of the investment.

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

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

## **JOINT VENTURES**

Joint ventures are those entities over which the Council and Group has joint control, established by contractual agreement. The consolidated financial statements of the Group use the Equity method of consolidation. The Group's share of the surplus or deficit of the joint venture is recognised in the Group's Statement of Comprehensive Revenue and Expenses, from the date joint control commences until the date control ceases.

## **REVENUE**

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

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

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

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

### **Revenue from non-exchange transactions:**

#### ***General and Targeted Rates***

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

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

#### ***Government grants and funding***

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

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

- It is probable that the economic benefits or service potential related to the asset will flow to the Group and can be measured reliably; and
- The transfer is free from conditions that require the asset to be refunded or returned to the Government if the conditions are not fulfilled.

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

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

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

#### ***Fines***

Traffic and parking infringements are recognised when tickets are issued.

#### ***Direct Charges – subsidised***

##### ***(i) Rendering of services – subsidised***

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

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

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

##### ***(ii) Sale of goods – subsidised***

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

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

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

**Revenue from exchange transactions:**

***Direct charges – full cost recovery***

(i) Rendering of other services – full cost recovery

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

(ii) Sale of goods – full cost recovery

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

**Interest Revenue**

Interest income is recognised using the effective interest method.

**Dividends**

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

**CONSTRUCTION CONTRACTS**

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

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

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

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

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

#### **BORROWING COSTS**

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

#### **GRANT EXPENDITURE**

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

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

#### **INCOME TAX**

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

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

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

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date. Current tax and deferred tax is charged or credited to the surplus/deficit in the Statement of Comprehensive Revenue and Expenses, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

## **LEASES**

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

### **Finance leases**

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

### **Operating leases**

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

## **INVENTORIES**

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

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

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

## **FINANCIAL ASSETS**

The Council and Group classify their financial assets into the following four categories: loans and receivables, held-to-maturity investments, available for sale investments and financial assets at fair

value through surplus or deficit. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this delegation at every reporting date.

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

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

The four categories of financial assets are:

#### **Loans and receivables**

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

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses. Loans and receivables are classified as "other financial assets" in the Statement of Financial Position.

Investments in this category include fixed term deposits and loans to associates.

#### **Held-to-Maturity Investment**

Held-to-Maturity Investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Groups management has the positive intention and ability to hold to maturity.

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

#### **Available for sale Investments**

Available for sale investments are those that are designated as being held to maturity or are not classified in any of the other categories above. This category encompasses investments that the

Council intends to hold long-term but which may be realised before maturity. After initial recognition these investments are measured at their fair value. Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses even though the asset has not been derecognised. Investments in this category include shares in Local Government Insurance Corporation.

#### **Shareholdings that Invercargill City Council holds for strategic purposes**

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

#### **Non-current assets held for sale**

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

#### **Impairment of Financial Assets**

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

### **FINANCIAL INSTRUMENTS**

#### **Trade and other receivables**

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

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

A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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

### **Borrowings**

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

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

### **Trade and other payables**

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost using the effective interest method.

### **Accounting for derivative financial instruments and hedging activities**

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

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

### **Cash flow hedge**

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

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

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

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the

associated gains and losses that were recognised directly in equity will be included in the initial cost or carrying amount of the asset or liability.

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

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

### **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consists of:

Operational assets - These include land, buildings, library books, plant and equipment, and motor vehicles.

Restricted assets - Restricted assets are parks and reserves owned by the Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets - Infrastructure assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

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

### **ADDITIONS**

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

### **DISPOSALS**

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

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

**SUBSEQUENT COSTS**

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

**DEPRECIATION**

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

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

<b>Buildings - Parent</b>	<b>Depreciation Rate</b>
Structures	2-3% SL
Roof	2-3% SL
Electrical Plumbing	2-3% SL
Internal Fitout	2-3% SL
Plant	2-3% SL
<b>Furniture and Fittings</b>	<b>Depreciation Rate</b>
Furniture and Fittings	6.7% - 50% DV
<b>Office Equipment</b>	<b>Depreciation Rate</b>
Office Equipment	14.4% - 60% SL/DV
<b>Infrastructural Assets</b>	<b>Depreciation Rate</b>
Drainage	2.96% - 7.14% SL
Bridges	1.3% SL
Traffic Services	4.98% - 22.22% SL
Footpaths and crossings	8.96% - 13.95% SL
Feature and Structures	5.75% - 6.28% SL
<b>Roads</b>	
- Formation	0%
- Shoulder and Pavements	3.17% - 6.74% SL
- Top Surfaces	11.54%
<b>Drainage and Stormwater</b>	
- System	1.7% - 2.65% SL
- Plant	5.15% - 5.83% SL
- Buildings	2.65% - 5.83% SL
<b>Water</b>	
- System	1% - 11.34% SL
- Plant & Buildings	4.21% 5.63% SL
<b>Plant</b>	<b>Depreciation Rate</b>
Plant	5% - 50% SL/DV
<b>Tools</b>	<b>Depreciation Rate</b>
Tools	10% SL where applicable
<b>Motor Vehicles</b>	<b>Depreciation Rate</b>
Motor Vehicles	12.0% - 33% SL/DV
<b>Library Collections</b>	<b>Depreciation Rate</b>
Library Collections	14.28% - 30.68% SL

## **REVALUATION**

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

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

## **VALUATION**

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

- Operational land and buildings have been valued at fair value. Valuations are completed three yearly.
- Restricted land (excluding forestry land) and buildings have been valued at deemed cost. This fair value is the net current value by Quotable Value New Zealand (Registered Valuers) as at 30 June 1992.
- Investment land and buildings are valued annually at net realisable value. Any adjustment to the values is accounted for as an increase (decrease) in the Statement of Comprehensive Revenue and Expense.
- Library collections are valued at depreciated replacement cost as at 30 June 2017. Valuations are completed three yearly.
- Forest land is revalued to fair value and carried at valuation and is not depreciated. The fair value is determined by independent registered valuers based on the highest and best use of the land. In determining the highest and best use consideration is given as to whether the land has been registered under the New Zealand Emissions Trading Scheme and hence whether there are restrictions on the land use. Land is revalued with sufficient regularity to ensure carrying value does not differ materially from that which would be determined as fair value. It is anticipated that the Land revaluation will occur every three years, unless circumstances require otherwise. New Zealand units received from the government are recognised at cost in the financial statements, which is nil value.

### ***Infrastructural assets:***

#### **Land under Roads**

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

### **Roads and Bridges**

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

### **Stormwater, Wastewater and Water Systems**

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

### **Accounting for revaluations**

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

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

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

## **INTANGIBLE ASSETS**

### ***Goodwill***

Goodwill is initially measured at its cost, being the excess of the cost of the acquisition over the Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill on acquisition of subsidiaries is included in intangible assets by applying the purchase method. Goodwill on acquisition of associates is included in investments in associates by applying the equity method.

In respect of acquisitions prior to 1 July 2005, goodwill is included on the basis of deemed cost, which represents the amount recorded under previous NZ GAAP at the transition date. The classification and accounting treatment of business combinations that occurred prior to 1 July 2007 has not been reconsidered in preparing the Group's opening NZ IFRS Statement of Financial Position at 1 July 2005.

Goodwill arising in business combinations is not amortised. Instead, goodwill is tested for impairment annually. After initial recognition, the Council measures goodwill at cost less any accumulated impairment losses. An impairment loss recognised for goodwill will not be reversed in any subsequent period.

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

***Other intangible assets***

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

Amortisation is charged to the surplus/deficit in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses on a straight-line basis over the estimated useful economic lives of the intangible assets. The amortisation rates for the current period are as follows: Software 12.5-48% Straight Line/Diminishing Value

**FORESTRY ASSETS**

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

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

The costs to maintain the forestry assets are included in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

**INVESTMENT PROPERTY**

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

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

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

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

**IMPAIRMENT OF NON-FINANCIAL ASSETS**

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash

inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

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

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

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

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

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

## **EMPLOYEE BENEFITS**

### ***Short-term benefits***

Employee benefits that the Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

### ***Long-term benefits***

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

### ***Superannuation Schemes***

Defined contribution schemes:

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

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

### **PROVISIONS**

The Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

### **LANDFILL POST CLOSURE COSTS**

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

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure. The discount rate applied is 7% which represents the risk free discount rate.

### **EQUITY**

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

The components of equity are:

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

### **GOODS AND SERVICES TAX (GST)**

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

#### **COST ALLOCATION**

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

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

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

#### **CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

In preparing these financial statements Invercargill City Council has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### ***Classification of non-financial assets as cash-generating assets or non-cash-generating assets***

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

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

All property, plant and equipment held by Invercargill City Holdings Limited are classified as cash-generating assets as it is a for-profit entity and the primary objective of its assets is to generate commercial return.

##### ***Properties***

Invercargill City Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of

Invercargill City Council's social housing policy. These properties are accounted for as property, plant and equipment.

### ***Infrastructural Assets***

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

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Invercargill City Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Income. To minimise this risk Invercargill City Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Invercargill City Council's asset management planning activities, which gives Invercargill City Council further assurance over its useful life estimates. Experienced independent valuers review the Council's infrastructural asset revaluations.
- As a result of rounding there may be slight discrepancies in subtotals and the financial statement in section 5 and funding impact statements.

### **PROSPECTIVE FINANCIAL INFORMATION**

The financial information contained within this document is prospective financial information in terms of accounting standard FRS42 and complies with the standard. The purpose for which it has been prepared is to enable ratepayers, residents and any other interest parties to obtain information about the expected future financial performance, position and cash flow of the Invercargill City Council. The actual result achieved for any particular financial year is also likely to vary from the information presented and may vary materially depending on the circumstances that arise during the period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

**CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies during the period. All accounting policies have been consistently applied throughout the period covered by these financial statements.

## RATING POLICY

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

The following rates will be set by Council for the financial year commencing 1 July 2018 and ending 30 June 2019.

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

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

### DIFFERENTIALS APPLIED IN SETTING GENERAL AND TARGETED RATES

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

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

### GENERAL RATE

The general rate is to fund the activities of Emergency Management, Grants, Total Mobility, Civic Theatre, Democratic Process, Destination Marketing, Enterprise, Community Development and 15% of both street lighting and footpaths. It is based on the capital value of that rating unit. This is the base rate.

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

	2017/18 \$	2018/19 \$
General Base Rate	0.00101215*	0.00062416

\* In 2017 included Building Services, Environmental Health, Animal Services and Compliance that are now part of Regulatory Services Rate.

**TARGETED UNIFORM CHARGE AND TARGETED RATE**

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

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

	2017/18 \$	2018/19 \$
Parks and Reserves Targeted Uniform Charge	57.50	57.50
Parks and Reserves Base Rate	0.00106817	0.00093500
Pools Targeted Uniform Charge	28.75	28.75
Pools Base Rate	0.00035944	0.00035225

**TARGETED RATES**

- **Targeted Rates Payable on All Rating Units**

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

*Regulatory Services Rate* is to fund the functions of Resource Management, Environmental Health, Animal Services, Compliance and Building Services.

*Roading Rate* is to fund the provision of roading services.

*Cemeteries Rate* is to fund the operation of Council’s cemeteries.

	2017/18 \$	2018/19 \$
Resource Management Base Rate	0.00021095	-
Regulatory Services Base Rate	-	0.00049898
Roading Base Rate	0.00088018	0.00075984
Cemeteries Base Rate	0.00004807	0.00004284

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

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

	2017/18 \$	2018/19 \$
Libraries Base Rate	188.04	193.44

Regional Heritage Base Rate	40.36	41.13
Regional Facilities Base Rate	0	0

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

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

	2017/18 \$	2018/19 \$
Business Development Base Rate	0.00060448	0.00046729

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

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

	2017/18 \$	2018/19 \$
Economic Development Base Rate	0.00018415	0.00016647
City Centre Co-ordinator Base Rate	0.00031042	0.00029298

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

*Payable by Ratepayers within a specified location*

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

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

*Footpaths Rate* to fund provision of footpaths in the Invercargill City and Bluff areas.

*Street Lighting Rate* to fund provision of street lighting in Invercargill City and Bluff.

	2017/18 \$	2018/19 \$
Footpaths Base Rate	0.00038129	0.00031001

Street Lighting Base Rate	0.00010847	0.00008094
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2. *Rateable Land within the Invercargill City Area only* (Map B). This targeted rate will be set for each rating unit by applying a rate in the dollar based on the capital value of the rating unit. Differentials will be applied to these targeted rates as outlined.

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

	2017/18 \$	2018/19 \$
Transport Base Rate	0.00011052	0.00015272

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

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

	2017/18 \$	2018/19 \$
Drainage Makarewa Base Rate	79.93	81.93

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

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

	2017/18 \$	2018/19 \$
Drainage Myross Bush Base Rate	79.49	82.13

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

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

	2017/18 \$	2018/19 \$
Community Centre – Myross Bush Rate	30.00	30.00
Community Centre – Awarua Rate	30.00	30.00
Community Centre – Otatara Rate	15.00	15.00
Town Hall – Bluff Rate	16.50	16.50

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

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

	2017/18 \$	2018/19 \$
Bluff Community Board Base Rate	0.00035754	0.00031110

7. *Rateable Land within the Redmayne Road Drainage District (Map G)*. The Redmayne Road targeted drainage rate will be set for each rating unit on a fixed charge per rating unit basis.

*Drainage – Redmayne Road Rate* to fund costs in the Redmayne Road Drainage area.

	2017/18 \$	2018/19 \$
Drainage Redmayne Road Base Rate	80.30	78.86

8. *Land within the Inverurie Rating Area (Map I)*.

*Inverurie Maintenance Rate* – Requested by the developer of Inverurie subdivision.

	2017/18 \$	2018/19 \$
Inverurie Maintenance Rate	0	0

- **Targeted Rates Payable where a service is provided or available for provision by Council.**

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

There are two categories for each rate – Residential and Non-Residential.

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

	2017/18 \$	2018/19 \$
Water Base Rate	370.19	373.24
Sewerage Base Rate	232.46	241.80
Drainage Base Rate	146.05	168.77

The following differentials will be applied to these targeted rates:

- *Water* – those rating units designated residential will meet 84% of the total water rate. Non-Residential rating units will meet 16% (Base rate: \$495.62)
- *Sewerage* – those rating units designated residential will meet 75% of the total water rate. Non-Residential rating units will meet 25% (Base rate: \$586.30)
- *Drainage* – those rating units designated residential will meet 75% of the total water rate. Non-Residential rating units will meet 25% (Base rate: \$437.84)
- *All rateable land designated residential* will be set a fixed charge for each of the water, sewerage and drainage rates.
- *Vacant rating units* which are able to be connected to a water, sewerage or drainage system but have not been connected will be charged half the amount of the above charge.
- *All rateable land designated as Non-Residential* will be set a fixed charge for each of the water, sewerage and drainage rates based on a range of capital values as follows:

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

\* Base rate

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

*The General Waste Management Rate* is 17% of the total solid waste service cost and is to fund the education and administration service provided to all ratepayers, with the exclusion of those within the Rural – Farming rating category.

Each additional wheelie bin provided for refuse or recycling costs \$191.00 per annum.

	2017/18 \$	2018/19 \$
Refuse Collection Base Rate	191.67	191.00
Additional Wheelie Bin	191.67	191.00
General Waste Management Rate	34.90 Uniform Charge	0.00011343 Capital value

**ADDITIONAL RATING POLICIES**

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

### **Rating of Utilities**

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

- General Rate
- Regulatory Services Rate
- Roading Rate
- Parks and Reserves Rate
- Cemeteries Rate
- Libraries Rate
- Pools Rate
- Regional Heritage Rate

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

### **Rating of Non-Rateable Land**

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

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

### **Water Charges**

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

### **Industrial**

The maximum value on which an Industrial property is rated in \$25,000,000.

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

**INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 (whole of council)**

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028									
	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	6,477	5,075	5,344	5,177	5,390	5,764	5,766	6,307	6,605	6,553	6,889
Targeted rates	44,221	47,605	49,412	51,662	53,325	55,750	58,149	59,956	62,059	65,592	67,957
Subsidies and grants for operating purposes	3,514	4,172	4,177	4,072	4,052	4,052	4,083	3,685	3,768	3,866	3,970
Fees and charges	14,878	15,636	16,183	18,019	18,939	19,377	19,855	20,609	21,124	21,701	22,351
Interest and dividends from investments	7,920	7,977	8,344	8,758	9,039	9,433	10,029	10,388	10,835	11,584	12,058
Local authorities fuel tax, fines, infringement fees, and other receipts	9,100	9,028	9,856	9,346	9,543	9,840	10,023	10,252	10,588	10,766	11,039
<b>Total operating funding (A)</b>	<b>86,110</b>	<b>89,493</b>	<b>93,316</b>	<b>97,034</b>	<b>100,288</b>	<b>104,216</b>	<b>107,905</b>	<b>111,197</b>	<b>114,979</b>	<b>120,062</b>	<b>124,264</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	65,381	66,421	67,723	69,389	71,063	73,175	75,276	84,880	78,367	80,783	93,252
Finance costs	4,322	4,302	4,790	5,923	6,669	7,029	7,530	7,520	7,706	8,180	8,229
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>69,703</b>	<b>70,723</b>	<b>72,513</b>	<b>75,312</b>	<b>77,732</b>	<b>80,204</b>	<b>82,806</b>	<b>92,400</b>	<b>86,073</b>	<b>88,963</b>	<b>101,481</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>16,407</b>	<b>18,770</b>	<b>20,803</b>	<b>21,722</b>	<b>22,556</b>	<b>24,012</b>	<b>25,099</b>	<b>18,797</b>	<b>28,906</b>	<b>31,099</b>	<b>22,783</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	3,160	3,549	6,131	6,588	13,558	3,628	3,640	3,745	3,821	3,952	4,026
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	414	508	5,558	17,561	5,012	927	(4,626)	4,874	(1,406)	(2,370)	3,750
Gross proceeds from sale of assets	156	318	193	194	271	160	145	270	168	174	280
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>3,730</b>	<b>4,375</b>	<b>11,882</b>	<b>24,343</b>	<b>18,841</b>	<b>4,715</b>	<b>(841)</b>	<b>8,889</b>	<b>2,583</b>	<b>1,756</b>	<b>8,056</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	377	438	6,545	8,004	13,470	132	167	183	111	290	197
- to improve the level of service	3,211	4,736	1,194	867	916	938	959	982	6,286	6,448	1,061
- to replace existing assets	18,457	17,387	25,466	36,329	25,751	25,581	21,027	24,103	21,697	22,817	28,923
Increase (decrease) in reserves	(2,399)	584	(520)	865	1,260	2,076	2,105	2,418	3,395	3,300	658
Increase (decrease) of investments	491	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>20,137</b>	<b>23,145</b>	<b>32,685</b>	<b>46,065</b>	<b>41,397</b>	<b>28,727</b>	<b>24,258</b>	<b>27,686</b>	<b>31,489</b>	<b>32,855</b>	<b>30,839</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(16,407)</b>	<b>(18,770)</b>	<b>(20,803)</b>	<b>(21,722)</b>	<b>(22,556)</b>	<b>(24,012)</b>	<b>(25,099)</b>	<b>(18,797)</b>	<b>(28,906)</b>	<b>(31,099)</b>	<b>(22,783)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	22,081	27,098	27,805	28,935	30,409	31,077	31,843	32,652	33,357	34,273	35,276

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for ROADING

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		2018/19 (\$000)	2019/20 (\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	368	345	347	330	337	345	353	372	415	460	509
Targeted rates	7,673	7,424	7,923	7,737	8,515	8,469	8,654	8,849	9,254	9,644	10,182
Subsidies and grants for operating purposes	2,203	2,183	2,146	2,145	2,130	2,139	2,146	2,198	2,254	2,311	2,373
Fees and charges	335	382	390	399	408	417	427	437	448	460	472
Internal charges and overheads recovered	336	276	284	292	301	310	319	327	335	344	353
Local authorities fuel tax, fines, infringement fees, and other receipts	978	1,079	1,130	1,157	1,186	1,214	1,289	1,318	1,352	1,388	1,426
<b>Total operating funding (A)</b>	<b>11,893</b>	<b>11,689</b>	<b>12,220</b>	<b>12,060</b>	<b>12,877</b>	<b>12,894</b>	<b>13,188</b>	<b>13,501</b>	<b>14,058</b>	<b>14,607</b>	<b>15,315</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	6,658	6,512	6,574	6,711	6,997	7,218	7,368	7,499	7,752	7,933	8,101
Finance costs	172	136	130	117	98	80	75	64	55	50	73
Internal charges and overheads applied	336	276	284	292	301	310	319	327	335	344	353
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>7,166</b>	<b>6,924</b>	<b>6,988</b>	<b>7,120</b>	<b>7,396</b>	<b>7,608</b>	<b>7,762</b>	<b>7,890</b>	<b>8,142</b>	<b>8,327</b>	<b>8,527</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>4,727</b>	<b>4,765</b>	<b>5,232</b>	<b>4,940</b>	<b>5,481</b>	<b>5,286</b>	<b>5,426</b>	<b>5,611</b>	<b>5,916</b>	<b>6,280</b>	<b>6,788</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	3,160	3,499	3,594	3,455	3,858	3,628	3,640	3,745	3,821	3,952	4,026
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(565)	82	(587)	(321)	(374)	(238)	(187)	(175)	(134)	(143)	832
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>2,595</b>	<b>3,581</b>	<b>3,007</b>	<b>3,134</b>	<b>3,484</b>	<b>3,390</b>	<b>3,453</b>	<b>3,570</b>	<b>3,687</b>	<b>3,809</b>	<b>4,858</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	40	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	778	968	989	627	640	655	670	686	704	722	741
- to replace existing assets	6,384	7,356	7,019	7,216	8,197	7,806	7,994	8,191	8,366	8,635	9,876
Increase (decrease) in reserves	120	22	231	231	128	215	215	304	533	732	1,029
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>7,322</b>	<b>8,346</b>	<b>8,239</b>	<b>8,074</b>	<b>8,965</b>	<b>8,676</b>	<b>8,879</b>	<b>9,181</b>	<b>9,603</b>	<b>10,089</b>	<b>11,646</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(4,727)</b>	<b>(4,765)</b>	<b>(5,232)</b>	<b>(4,940)</b>	<b>(5,481)</b>	<b>(5,286)</b>	<b>(5,426)</b>	<b>(5,611)</b>	<b>(5,916)</b>	<b>(6,280)</b>	<b>(6,788)</b>
<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	9,938	9,708	9,921	10,139	10,362	10,601	10,845	11,105	11,383	11,678	11,994

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for SEWERAGE

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		2018/19 (\$000)	2019/20 (\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	5,609	5,848	6,023	6,521	6,580	7,202	7,554	7,625	7,889	8,132	8,436
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	675	675	690	705	721	737	754	772	791	811	834
<b>Total operating funding (A)</b>	<b>6,284</b>	<b>6,523</b>	<b>6,713</b>	<b>7,226</b>	<b>7,301</b>	<b>7,939</b>	<b>8,308</b>	<b>8,397</b>	<b>8,680</b>	<b>8,943</b>	<b>9,270</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	3,129	3,141	3,208	3,278	3,350	3,441	3,727	3,586	3,673	3,765	3,864
Finance costs	343	198	181	434	622	760	823	741	667	622	486
Internal charges and overheads applied	0	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>3,472</b>	<b>3,339</b>	<b>3,389</b>	<b>3,712</b>	<b>3,972</b>	<b>4,201</b>	<b>4,550</b>	<b>4,327</b>	<b>4,340</b>	<b>4,387</b>	<b>4,350</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>2,812</b>	<b>3,184</b>	<b>3,324</b>	<b>3,514</b>	<b>3,329</b>	<b>3,738</b>	<b>3,758</b>	<b>4,070</b>	<b>4,340</b>	<b>4,556</b>	<b>4,920</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(655)	(595)	(586)	10,110	256	2,884	(967)	(1,086)	(994)	(1,207)	(1,711)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(655)</b>	<b>(595)</b>	<b>(586)</b>	<b>10,110</b>	<b>256</b>	<b>2,884</b>	<b>(967)</b>	<b>(1,086)</b>	<b>(994)</b>	<b>(1,207)</b>	<b>(1,711)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	2,157	1,500	2,322	15,129	3,585	6,622	2,791	2,984	3,346	3,349	3,209
Increase (decrease) in reserves	0	1,089	416	(1,505)	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>2,157</b>	<b>2,589</b>	<b>2,738</b>	<b>13,624</b>	<b>3,585</b>	<b>6,622</b>	<b>2,791</b>	<b>2,984</b>	<b>3,346</b>	<b>3,349</b>	<b>3,209</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(2,812)</b>	<b>(3,184)</b>	<b>(3,324)</b>	<b>(3,514)</b>	<b>(3,329)</b>	<b>(3,738)</b>	<b>(3,758)</b>	<b>(4,070)</b>	<b>(4,340)</b>	<b>(4,556)</b>	<b>(4,920)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	2,357	3,616	3,696	3,777	3,860	3,948	4,039	4,136	4,239	4,350	4,467

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for SOLID WASTE MANAGEMENT

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028									
		2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	4,295	4,295	4,390	4,711	4,915	5,026	5,385	5,612	5,748	6,513	6,697
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	2,443	2,441	2,495	2,549	2,606	2,665	2,727	2,792	2,862	2,936	3,016
Internal charges and overheads recovered	1,762	1,762	1,801	1,840	1,881	1,924	1,968	2,016	2,066	2,289	2,351
Local authorities fuel tax, fines, infringement fees, and other receipts	69	60	61	63	64	66	67	69	70	72	74
<b>Total operating funding (A)</b>	<b>8,569</b>	<b>8,558</b>	<b>8,747</b>	<b>9,163</b>	<b>9,466</b>	<b>9,681</b>	<b>10,147</b>	<b>10,489</b>	<b>10,746</b>	<b>11,810</b>	<b>12,138</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	6,707	6,736	6,885	7,261	7,421	7,592	8,012	8,205	8,410	9,249	9,500
Finance costs	0	0	0	0	0	0	0	0	0	0	9
Internal charges and overheads applied	1,762	1,762	1,801	1,840	1,881	1,924	1,968	2,016	2,066	2,289	2,351
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>8,469</b>	<b>8,498</b>	<b>8,686</b>	<b>9,101</b>	<b>9,302</b>	<b>9,516</b>	<b>9,980</b>	<b>10,221</b>	<b>10,476</b>	<b>11,538</b>	<b>11,860</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>100</b>	<b>60</b>	<b>61</b>	<b>62</b>	<b>164</b>	<b>165</b>	<b>167</b>	<b>268</b>	<b>270</b>	<b>272</b>	<b>278</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0	281
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>281</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	100	100	102	104	107	109	112	114	117	120	2,595
Increase (decrease) in reserves	0	(40)	(41)	(42)	57	56	55	154	153	152	(2,036)
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>100</b>	<b>60</b>	<b>61</b>	<b>62</b>	<b>164</b>	<b>165</b>	<b>167</b>	<b>268</b>	<b>270</b>	<b>272</b>	<b>559</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(100)</b>	<b>(60)</b>	<b>(61)</b>	<b>(62)</b>	<b>(164)</b>	<b>(165)</b>	<b>(167)</b>	<b>(268)</b>	<b>(270)</b>	<b>(272)</b>	<b>(278)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	339	384	393	402	410	420	429	440	451	463	475

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for STORMWATER

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		2018/19	2019/20	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	3,489	4,040	4,286	4,519	4,401	4,933	5,407	5,919	6,402	6,883	7,404
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	(1)	0	0	0	0
<b>Total operating funding (A)</b>	<b>3,489</b>	<b>4,040</b>	<b>4,286</b>	<b>4,519</b>	<b>4,401</b>	<b>4,933</b>	<b>5,406</b>	<b>5,919</b>	<b>6,402</b>	<b>6,883</b>	<b>7,404</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	1,460	1,694	1,730	1,769	1,808	1,849	1,891	1,937	1,984	2,034	2,088
Finance costs	47	103	108	173	278	333	427	444	442	451	395
Internal charges and overheads applied	0	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,507</b>	<b>1,797</b>	<b>1,838</b>	<b>1,942</b>	<b>2,086</b>	<b>2,182</b>	<b>2,318</b>	<b>2,381</b>	<b>2,426</b>	<b>2,485</b>	<b>2,483</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,982</b>	<b>2,243</b>	<b>2,448</b>	<b>2,577</b>	<b>2,315</b>	<b>2,751</b>	<b>3,088</b>	<b>3,538</b>	<b>3,976</b>	<b>4,398</b>	<b>4,921</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(32)	28	325	1,896	1,481	1,133	884	584	194	(120)	(429)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(32)</b>	<b>28</b>	<b>325</b>	<b>1,896</b>	<b>1,481</b>	<b>1,133</b>	<b>884</b>	<b>584</b>	<b>194</b>	<b>(120)</b>	<b>(429)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	1,471	171	205	240	276	283	289	296	304	311	320
- to replace existing assets	1,809	2,100	2,568	4,233	3,520	3,601	3,683	3,826	3,866	3,967	4,172
Increase (decrease) in reserves	(1,330)	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,950</b>	<b>2,271</b>	<b>2,773</b>	<b>4,473</b>	<b>3,796</b>	<b>3,884</b>	<b>3,972</b>	<b>4,122</b>	<b>4,170</b>	<b>4,278</b>	<b>4,492</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,982)</b>	<b>(2,243)</b>	<b>(2,448)</b>	<b>(2,577)</b>	<b>(2,315)</b>	<b>(2,751)</b>	<b>(3,088)</b>	<b>(3,538)</b>	<b>(3,976)</b>	<b>(4,398)</b>	<b>(4,921)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	2,252	3,404	3,479	3,556	3,634	3,718	3,803	3,894	3,992	4,095	4,206

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for WATER SUPPLY

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
		2018/19 (\$000)	2019/20 (\$000)								
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	7,548	7,634	7,867	8,255	8,531	9,031	9,473	9,790	10,341	11,204	11,813
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	1,439	1,530	1,657	1,788	1,924	1,969	2,014	2,062	2,114	2,169	2,227
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0	0
<b>Total operating funding (A)</b>	<b>8,987</b>	<b>9,164</b>	<b>9,524</b>	<b>10,043</b>	<b>10,455</b>	<b>11,000</b>	<b>11,487</b>	<b>11,852</b>	<b>12,455</b>	<b>13,373</b>	<b>14,040</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	4,538	4,729	4,886	5,010	5,136	5,270	5,388	5,515	5,649	5,789	5,939
Finance costs	945	769	795	1,011	1,284	1,319	1,427	1,359	1,419	1,737	1,752
Internal charges and overheads applied	0	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>5,483</b>	<b>5,498</b>	<b>5,681</b>	<b>6,021</b>	<b>6,420</b>	<b>6,589</b>	<b>6,815</b>	<b>6,874</b>	<b>7,068</b>	<b>7,526</b>	<b>7,691</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,504</b>	<b>3,666</b>	<b>3,843</b>	<b>4,022</b>	<b>4,035</b>	<b>4,411</b>	<b>4,672</b>	<b>4,978</b>	<b>5,387</b>	<b>5,847</b>	<b>6,349</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(691)	(696)	1,307	2,090	2,572	(481)	(2,137)	(1,521)	2,704	2,559	(3,098)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(691)</b>	<b>(696)</b>	<b>1,307</b>	<b>2,090</b>	<b>2,572</b>	<b>(481)</b>	<b>(2,137)</b>	<b>(1,521)</b>	<b>2,704</b>	<b>2,559</b>	<b>(3,098)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	1,482	0	0	0	0	0	0	5,278	5,415	0
- to replace existing assets	3,013	2,248	5,873	6,112	6,607	3,930	2,535	3,457	2,813	2,991	3,251
Increase (decrease) in reserves	(200)	(760)	(723)	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>2,813</b>	<b>2,970</b>	<b>5,150</b>	<b>6,112</b>	<b>6,607</b>	<b>3,930</b>	<b>2,535</b>	<b>3,457</b>	<b>8,091</b>	<b>8,406</b>	<b>3,251</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,504)</b>	<b>(3,666)</b>	<b>(3,843)</b>	<b>(4,022)</b>	<b>(4,035)</b>	<b>(4,411)</b>	<b>(4,672)</b>	<b>(4,978)</b>	<b>(5,387)</b>	<b>(5,847)</b>	<b>(6,349)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	3,231	3,880	3,966	4,053	4,142	4,237	4,335	4,439	4,550	4,668	4,794

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for DEVELOPMENT AND REGULATORY SERVICES

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028									
	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	2,219	491	460	448	456	449	458	465	422	412	422
Targeted rates	1,269	3,441	3,672	3,756	3,870	3,974	4,105	4,092	4,279	4,317	4,407
Subsidies and grants for operating purposes	70	0	0	0	0	0	0	0	0	0	0
Fees and charges	3,432	3,406	3,454	3,530	3,635	3,690	3,775	3,896	3,962	4,065	4,208
Internal charges and overheads recovered	205	2,326	2,373	2,421	2,470	2,520	2,571	2,623	2,677	2,731	2,787
Local authorities fuel tax, fines, infringement fees, and other receipts	1,340	1,297	1,328	1,363	1,390	1,420	1,460	1,491	1,526	1,573	1,610
<b>Total operating funding (A)</b>	<b>8,535</b>	<b>10,961</b>	<b>11,287</b>	<b>11,518</b>	<b>11,821</b>	<b>12,053</b>	<b>12,369</b>	<b>12,567</b>	<b>12,866</b>	<b>13,098</b>	<b>13,434</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	8,147	8,562	8,757	8,891	9,111	9,250	9,507	9,658	9,927	10,117	10,386
Finance costs	32	23	21	19	16	11	8	4	1	0	0
Internal charges and overheads applied	205	2,326	2,373	2,421	2,470	2,520	2,571	2,623	2,677	2,731	2,787
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>8,384</b>	<b>10,911</b>	<b>11,151</b>	<b>11,331</b>	<b>11,597</b>	<b>11,781</b>	<b>12,086</b>	<b>12,285</b>	<b>12,605</b>	<b>12,848</b>	<b>13,173</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>151</b>	<b>50</b>	<b>136</b>	<b>187</b>	<b>224</b>	<b>272</b>	<b>283</b>	<b>282</b>	<b>261</b>	<b>250</b>	<b>261</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(56)	(63)	(66)	(69)	(73)	(77)	(74)	(70)	(19)	0	0
Gross proceeds from sale of assets	30	88	49	19	96	63	20	89	70	34	96
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(26)</b>	<b>25</b>	<b>(17)</b>	<b>(50)</b>	<b>23</b>	<b>(14)</b>	<b>(54)</b>	<b>19</b>	<b>51</b>	<b>34</b>	<b>96</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	92	304	134	64	316	213	85	293	219	113	323
Increase (decrease) in reserves	33	(229)	(15)	73	(69)	45	144	8	93	171	34
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>125</b>	<b>75</b>	<b>119</b>	<b>137</b>	<b>247</b>	<b>258</b>	<b>229</b>	<b>301</b>	<b>312</b>	<b>284</b>	<b>357</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(151)</b>	<b>(50)</b>	<b>(136)</b>	<b>(187)</b>	<b>(224)</b>	<b>(272)</b>	<b>(283)</b>	<b>(282)</b>	<b>(261)</b>	<b>(250)</b>	<b>(261)</b>
<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	115	77	151	154	134	205	211	178	237	245	221

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INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for COMMUNITY SERVICES

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
		2018/19 (\$000)	2019/20 (\$000)								
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	4,177	4,538	4,672	4,890	4,979	5,034	5,129	5,819	6,210	6,303	6,886
Targeted rates	14,102	14,721	15,045	15,951	16,139	16,578	17,014	17,512	17,588	18,323	18,442
Subsidies and grants for operating purposes	1,241	1,989	2,031	1,927	1,922	1,913	1,937	1,487	1,514	1,555	1,597
Fees and charges	5,721	5,939	6,206	6,345	6,857	7,012	7,169	7,549	7,727	7,911	8,107
Internal charges and overheads recovered	12,966	13,195	13,495	14,121	14,813	15,254	15,607	15,981	16,321	16,804	17,259
Local authorities fuel tax, fines, infringement fees, and other receipts	2,459	2,749	3,183	3,173	3,236	3,305	3,375	3,452	3,532	3,616	3,706
<b>Total operating funding (A)</b>	<b>40,666</b>	<b>43,131</b>	<b>44,632</b>	<b>46,407</b>	<b>47,946</b>	<b>49,096</b>	<b>50,231</b>	<b>51,800</b>	<b>52,892</b>	<b>54,512</b>	<b>55,997</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	24,011	26,474	26,832	27,233	27,922	28,514	29,065	38,191	30,272	30,897	42,397
Finance costs	624	615	776	995	1,020	960	996	1,205	1,409	1,441	1,734
Internal charges and overheads applied	12,966	13,195	13,495	14,121	14,813	15,254	15,607	15,981	16,321	16,804	17,259
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>37,601</b>	<b>40,284</b>	<b>41,103</b>	<b>42,349</b>	<b>43,755</b>	<b>44,728</b>	<b>45,668</b>	<b>55,377</b>	<b>48,002</b>	<b>49,142</b>	<b>61,390</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>3,065</b>	<b>2,847</b>	<b>3,529</b>	<b>4,058</b>	<b>4,191</b>	<b>4,368</b>	<b>4,563</b>	<b>(3,577)</b>	<b>4,890</b>	<b>5,370</b>	<b>(5,393)</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	50	0	3,133	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(306)	2,199	2,892	2,197	(1,245)	(937)	(829)	7,950	(1,283)	(1,324)	10,233
Gross proceeds from sale of assets	52	56	57	58	59	61	62	63	65	67	69
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(254)</b>	<b>2,305</b>	<b>2,949</b>	<b>5,388</b>	<b>(1,186)</b>	<b>(876)</b>	<b>(767)</b>	<b>8,013</b>	<b>(1,218)</b>	<b>(1,257)</b>	<b>10,302</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	337	238	172	6,804	170	132	167	183	111	290	197
- to improve the level of service	149	2,115	0	0	0	0	0	0	0	0	0
- to replace existing assets	2,512	2,758	5,808	2,446	2,715	2,662	2,993	3,512	2,297	2,846	3,434
Increase (decrease) in reserves	(187)	41	498	196	120	698	636	741	1,264	977	1,278
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>2,811</b>	<b>5,152</b>	<b>6,478</b>	<b>9,446</b>	<b>3,005</b>	<b>3,492</b>	<b>3,796</b>	<b>4,436</b>	<b>3,672</b>	<b>4,113</b>	<b>4,909</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,065)</b>	<b>(2,847)</b>	<b>(3,529)</b>	<b>(4,058)</b>	<b>(4,191)</b>	<b>(4,368)</b>	<b>(4,563)</b>	<b>3,577</b>	<b>(4,890)</b>	<b>(5,370)</b>	<b>5,393</b>
<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	3,136	5,213	5,285	5,514	6,176	6,233	6,453	6,694	6,775	7,038	7,326

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**INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for OTHER GRANTS**

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
		2018/19 (\$000)	2019/20 (\$000)								
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	2,343	2,561	2,629	2,679	2,704	2,728	2,759	3,002	3,031	3,067	3,580
Targeted rates	252	252	253	255	256	257	258	260	261	263	264
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	165	135	138	141	144	147	151	154	158	162	167
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	(1)	0	0	0	1	0	0
<b>Total operating funding (A)</b>	<b>2,760</b>	<b>2,948</b>	<b>3,020</b>	<b>3,075</b>	<b>3,103</b>	<b>3,132</b>	<b>3,168</b>	<b>3,416</b>	<b>3,451</b>	<b>3,492</b>	<b>4,011</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	2,479	3,228	2,906	2,687	2,712	2,736	2,762	3,006	3,036	3,067	13,906
Finance costs	102	96	118	131	124	118	121	113	104	103	441
Internal charges and overheads applied	165	135	138	141	144	147	151	154	158	162	167
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,746</b>	<b>3,459</b>	<b>3,162</b>	<b>2,959</b>	<b>2,980</b>	<b>3,001</b>	<b>3,034</b>	<b>3,273</b>	<b>3,298</b>	<b>3,332</b>	<b>14,514</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>14</b>	<b>(511)</b>	<b>(142)</b>	<b>116</b>	<b>123</b>	<b>131</b>	<b>134</b>	<b>143</b>	<b>153</b>	<b>160</b>	<b>(10,503)</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(86)	516	147	(112)	(118)	(125)	(129)	(137)	(146)	(154)	10,511
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(86)</b>	<b>516</b>	<b>147</b>	<b>(112)</b>	<b>(118)</b>	<b>(125)</b>	<b>(129)</b>	<b>(137)</b>	<b>(146)</b>	<b>(154)</b>	<b>10,511</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	0	0	34	0	0	0	0	8	0	115	0
Increase (decrease) in reserves	(72)	5	(29)	4	5	6	5	(2)	7	(109)	8
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>(72)</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>8</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(14)</b>	<b>511</b>	<b>142</b>	<b>(116)</b>	<b>(123)</b>	<b>(131)</b>	<b>(134)</b>	<b>(143)</b>	<b>(153)</b>	<b>(160)</b>	<b>10,503</b>
<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	14	35	35	36	37	38	39	40	41	42	43

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for SOUTHLAND REGIONAL HERITAGE COMMITTEE

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028				2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	
<b>SOURCES OF OPERATING FUNDING</b>													
General rates, uniform annual general charge, rates penalties	0	0	0	0	0	0	0	0	368	740	769	769	
Targeted rates	866	885	902	944	962	981	1,001	1,021	1,044	1,067	1,093		
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0		
Fees and charges	0	0	0	0	0	0	0	0	0	0	0		
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0		
Local authorities fuel tax, fines, infringement fees, and other receipts	332	578	559	492	500	508	516	526	535	545	556		
<b>Total operating funding (A)</b>	<b>1,198</b>	<b>1,463</b>	<b>1,461</b>	<b>1,436</b>	<b>1,462</b>	<b>1,489</b>	<b>1,517</b>	<b>1,915</b>	<b>2,319</b>	<b>2,381</b>	<b>2,418</b>		
<b>APPLICATIONS OF OPERATING FUNDING</b>													
Payments to staff and suppliers	1,198	1,463	1,461	1,436	1,462	1,489	1,517	10,127	1,579	1,613	1,649		
Finance costs	0	0	0	0	0	0	0	254	502	528	513		
Internal charges and overheads applied	0	0	0	0	0	0	0	0	0	0	0		
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0		
<b>Total applications of operating funding (B)</b>	<b>1,198</b>	<b>1,463</b>	<b>1,461</b>	<b>1,436</b>	<b>1,462</b>	<b>1,489</b>	<b>1,517</b>	<b>10,381</b>	<b>2,081</b>	<b>2,141</b>	<b>2,162</b>		
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,466)</b>	<b>238</b>	<b>240</b>	<b>256</b>		
<b>SOURCES OF CAPITAL FUNDING</b>													
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0		
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0		
Increase (decrease) in debt	0	0	0	0	0	0	0	8,466	(238)	(240)	(256)		
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0		
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0		
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0		
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,466</b>	<b>(238)</b>	<b>(240)</b>	<b>(256)</b>		
<b>APPLICATION OF CAPITAL FUNDING</b>													
Capital expenditure													
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0		
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0		
- to replace existing assets	0	0	0	0	0	0	0	0	0	0	0		
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0		
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0		
<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,466</b>	<b>(238)</b>	<b>(240)</b>	<b>(256)</b>		
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
Depreciation expense (not included in the above FIS)	0	0	0	0	0	0	0	0	0	0	0		

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INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for COMMUNITY DEVELOPMENT

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028									
		2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	309	314	336	343	347	354	366	373	379	387	402
Targeted rates	120	124	127	129	132	135	138	140	144	147	150
Subsidies and grants for operating purposes	0	35	25	25	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	2	3	3	3	3	3	3	3	3	3	3
<b>Total operating funding (A)</b>	<b>431</b>	<b>476</b>	<b>491</b>	<b>500</b>	<b>482</b>	<b>492</b>	<b>507</b>	<b>516</b>	<b>526</b>	<b>537</b>	<b>555</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	421	468	478	488	472	482	491	502	514	525	537
Finance costs	5	4	4	5	4	4	4	4	4	4	3
Internal charges and overheads applied	0	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>426</b>	<b>472</b>	<b>482</b>	<b>493</b>	<b>476</b>	<b>486</b>	<b>495</b>	<b>506</b>	<b>518</b>	<b>529</b>	<b>540</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>5</b>	<b>4</b>	<b>9</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>12</b>	<b>10</b>	<b>8</b>	<b>8</b>	<b>15</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(6)	(6)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(4)</b>	<b>(4)</b>	<b>(4)</b>	<b>(4)</b>	<b>(4)</b>	<b>(5)</b>	<b>(5)</b>	<b>(5)</b>	<b>(5)</b>	<b>(6)</b>	<b>(6)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	0	15	0	0	0	16	0	0	0	18	0
Increase (decrease) in reserves	1	(15)	5	3	2	(15)	7	5	3	(16)	9
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>7</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>9</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(5)</b>	<b>(4)</b>	<b>(9)</b>	<b>(7)</b>	<b>(6)</b>	<b>(6)</b>	<b>(12)</b>	<b>(10)</b>	<b>(8)</b>	<b>(8)</b>	<b>(15)</b>
<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	1	0	5	3	2	2	7	5	3	2	9

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INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for HOUSING CARE SERVICES

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
		2018/19 (\$000)	2019/20 (\$000)								
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	1,022	1,121	1,171	1,199	1,228	1,257	1,288	1,318	1,350	1,382	1,416
Internal charges and overheads recovered	775	791	808	826	844	863	883	905	927	951	977
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0	0
<b>Total operating funding (A)</b>	<b>1,797</b>	<b>1,912</b>	<b>1,979</b>	<b>2,025</b>	<b>2,072</b>	<b>2,120</b>	<b>2,171</b>	<b>2,223</b>	<b>2,277</b>	<b>2,333</b>	<b>2,393</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	838	878	889	908	930	950	972	995	1,021	1,045	1,075
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied	775	791	808	826	844	863	883	905	927	951	977
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,613</b>	<b>1,669</b>	<b>1,697</b>	<b>1,734</b>	<b>1,774</b>	<b>1,813</b>	<b>1,855</b>	<b>1,900</b>	<b>1,948</b>	<b>1,996</b>	<b>2,052</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>184</b>	<b>243</b>	<b>282</b>	<b>291</b>	<b>298</b>	<b>307</b>	<b>316</b>	<b>323</b>	<b>329</b>	<b>337</b>	<b>341</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	19	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	20	198	128	326	96	126	214	109	47	54	105
Increase (decrease) in reserves	145	45	154	(35)	202	181	102	214	282	283	236
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>184</b>	<b>243</b>	<b>282</b>	<b>291</b>	<b>298</b>	<b>307</b>	<b>316</b>	<b>323</b>	<b>329</b>	<b>337</b>	<b>341</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(184)</b>	<b>(243)</b>	<b>(282)</b>	<b>(291)</b>	<b>(298)</b>	<b>(307)</b>	<b>(316)</b>	<b>(323)</b>	<b>(329)</b>	<b>(337)</b>	<b>(341)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	293	1,159	1,184	1,211	1,237	1,266	1,295	1,326	1,359	1,394	1,432

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INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for LIBRARIES AND ARCHIVES

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028 2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	4,035	4,162	4,249	4,333	4,424	4,519	4,615	4,717	4,822	4,931	5,046
Subsidies and grants for operating purposes	5	5	5	5	5	5	5	5	5	6	6
Fees and charges	151	146	149	152	156	160	163	167	172	176	181
Internal charges and overheads recovered	751	820	838	856	875	895	916	938	961	986	1,013
Local authorities fuel tax, fines, infringement fees, and other receipts	31	31	32	33	34	34	35	36	37	38	39
<b>Total operating funding (A)</b>	<b>4,973</b>	<b>5,164</b>	<b>5,273</b>	<b>5,379</b>	<b>5,494</b>	<b>5,613</b>	<b>5,734</b>	<b>5,863</b>	<b>5,997</b>	<b>6,137</b>	<b>6,285</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	3,375	3,453	3,524	3,598	3,672	3,750	3,829	3,911	3,997	4,085	4,177
Finance costs	147	127	127	131	123	114	114	103	92	86	103
Internal charges and overheads applied	751	820	838	856	875	895	916	938	961	986	1,013
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>4,273</b>	<b>4,400</b>	<b>4,489</b>	<b>4,585</b>	<b>4,670</b>	<b>4,759</b>	<b>4,859</b>	<b>4,952</b>	<b>5,050</b>	<b>5,157</b>	<b>5,293</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>700</b>	<b>764</b>	<b>784</b>	<b>794</b>	<b>824</b>	<b>854</b>	<b>875</b>	<b>911</b>	<b>947</b>	<b>980</b>	<b>992</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(108)	(142)	(147)	(150)	(159)	(168)	(175)	(186)	(197)	(210)	713
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(108)</b>	<b>(142)</b>	<b>(147)</b>	<b>(150)</b>	<b>(159)</b>	<b>(168)</b>	<b>(175)</b>	<b>(186)</b>	<b>(197)</b>	<b>(210)</b>	<b>713</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	72	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	441	735	485	448	788	690	479	634	503	516	1,609
Increase (decrease) in reserves	79	(113)	152	196	(123)	(4)	221	91	247	254	96
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>592</b>	<b>622</b>	<b>637</b>	<b>644</b>	<b>665</b>	<b>686</b>	<b>700</b>	<b>725</b>	<b>750</b>	<b>770</b>	<b>1,705</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(700)</b>	<b>(764)</b>	<b>(784)</b>	<b>(794)</b>	<b>(824)</b>	<b>(854)</b>	<b>(875)</b>	<b>(911)</b>	<b>(947)</b>	<b>(980)</b>	<b>(992)</b>
<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	1,109	1,144	1,133	1,218	1,308	1,253	1,351	1,456	1,398	1,514	1,639

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INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for PARKS AND RESERVES

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028 2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	6,182	6,350	6,440	6,960	6,905	6,980	7,229	7,513	7,347	7,823	7,698
Subsidies and grants for operating purposes	10	9	10	10	10	10	11	11	11	11	12
Fees and charges	1,052	1,071	1,095	1,119	1,143	1,170	1,197	1,225	1,256	1,289	1,323
Internal charges and overheads recovered	8,138	8,179	8,359	8,543	8,730	8,931	9,137	9,356	9,590	9,839	10,105
Local authorities fuel tax, fines, infringement fees, and other receipts	1,095	1,087	1,111	1,136	1,161	1,187	1,215	1,244	1,275	1,308	1,343
<b>Total operating funding (A)</b>	<b>16,477</b>	<b>16,696</b>	<b>17,015</b>	<b>17,768</b>	<b>17,949</b>	<b>18,278</b>	<b>18,789</b>	<b>19,349</b>	<b>19,479</b>	<b>20,270</b>	<b>20,481</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	7,226	7,247	7,354	7,554	7,713	7,877	8,047	8,222	8,405	8,593	8,791
Finance costs	25	19	59	113	113	108	122	125	116	115	106
Internal charges and overheads applied	8,138	8,179	8,359	8,543	8,730	8,931	9,137	9,356	9,590	9,839	10,105
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>15,389</b>	<b>15,445</b>	<b>15,772</b>	<b>16,210</b>	<b>16,556</b>	<b>16,916</b>	<b>17,306</b>	<b>17,703</b>	<b>18,111</b>	<b>18,547</b>	<b>19,002</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,088</b>	<b>1,251</b>	<b>1,243</b>	<b>1,558</b>	<b>1,393</b>	<b>1,362</b>	<b>1,483</b>	<b>1,646</b>	<b>1,368</b>	<b>1,723</b>	<b>1,479</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(82)	(83)	1,642	111	(94)	(99)	232	(145)	(154)	(151)	(157)
Gross proceeds from sale of assets	52	56	57	58	59	61	62	63	65	67	69
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(30)</b>	<b>(27)</b>	<b>1,699</b>	<b>169</b>	<b>(35)</b>	<b>(38)</b>	<b>294</b>	<b>(82)</b>	<b>(89)</b>	<b>(84)</b>	<b>(88)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	238	172	537	170	132	167	183	111	290	197
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	1,527	1,119	2,755	1,495	1,567	1,292	1,476	1,412	1,566	1,387	1,189
Increase (decrease) in reserves	(469)	(133)	15	(305)	(379)	(100)	134	(31)	(398)	(38)	5
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,058</b>	<b>1,224</b>	<b>2,942</b>	<b>1,727</b>	<b>1,358</b>	<b>1,324</b>	<b>1,777</b>	<b>1,564</b>	<b>1,279</b>	<b>1,639</b>	<b>1,391</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,088)</b>	<b>(1,251)</b>	<b>(1,243)</b>	<b>(1,558)</b>	<b>(1,393)</b>	<b>(1,362)</b>	<b>(1,483)</b>	<b>(1,646)</b>	<b>(1,368)</b>	<b>(1,723)</b>	<b>(1,479)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	770	1,051	1,066	1,138	1,162	1,190	1,220	1,261	1,305	1,348	1,392

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INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for PASSENGER TRANSPORT

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
		2018/19 (\$000)	2019/20 (\$000)								
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	216	237	239	249	260	246	258	296	303	278	285
Targeted rates	464	515	691	686	617	700	702	722	761	750	771
Subsidies and grants for operating purposes	1,051	1,308	1,346	1,227	1,232	1,208	1,215	1,240	1,262	1,295	1,330
Fees and charges	287	278	272	279	286	293	300	307	315	323	332
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	48	48	49	50	51	52	54	55	56	58	59
<b>Total operating funding (A)</b>	<b>2,066</b>	<b>2,386</b>	<b>2,597</b>	<b>2,491</b>	<b>2,446</b>	<b>2,499</b>	<b>2,529</b>	<b>2,620</b>	<b>2,697</b>	<b>2,704</b>	<b>2,777</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	2,041	2,320	2,216	2,389	2,342	2,423	2,451	2,508	2,600	2,638	2,709
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied	0	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,041</b>	<b>2,320</b>	<b>2,216</b>	<b>2,389</b>	<b>2,342</b>	<b>2,423</b>	<b>2,451</b>	<b>2,508</b>	<b>2,600</b>	<b>2,638</b>	<b>2,709</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>25</b>	<b>66</b>	<b>381</b>	<b>102</b>	<b>104</b>	<b>76</b>	<b>78</b>	<b>112</b>	<b>97</b>	<b>66</b>	<b>68</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	25	126	381	102	104	76	78	112	97	66	68
Increase (decrease) in reserves	0	(60)	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>25</b>	<b>66</b>	<b>381</b>	<b>102</b>	<b>104</b>	<b>76</b>	<b>78</b>	<b>112</b>	<b>97</b>	<b>66</b>	<b>68</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(25)</b>	<b>(66)</b>	<b>(381)</b>	<b>(102)</b>	<b>(104)</b>	<b>(76)</b>	<b>(78)</b>	<b>(112)</b>	<b>(97)</b>	<b>(66)</b>	<b>(68)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	34	30	30	31	32	32	33	34	35	36	37

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INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for POOLS

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
		2018/19 (\$000)	2019/20 (\$000)								
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	2,183	2,433	2,383	2,644	2,843	3,006	3,071	3,139	3,209	3,342	3,420
Subsidies and grants for operating purposes	135	158	161	165	169	173	177	181	185	190	195
Fees and charges	829	825	946	966	1,361	1,393	1,425	1,459	1,495	1,534	1,576
Internal charges and overheads recovered	1,812	1,867	1,908	2,161	2,576	2,737	2,800	2,867	2,939	3,075	3,158
Local authorities fuel tax, fines, infringement fees, and other receipts	791	993	1,011	1,032	1,052	1,074	1,095	1,120	1,145	1,172	1,200
<b>Total operating funding (A)</b>	<b>5,750</b>	<b>6,276</b>	<b>6,409</b>	<b>6,968</b>	<b>8,001</b>	<b>8,383</b>	<b>8,568</b>	<b>8,766</b>	<b>8,973</b>	<b>9,313</b>	<b>9,549</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	3,483	3,761	3,839	3,918	4,273	4,366	4,459	4,559	4,660	4,767	4,880
Finance costs	160	207	285	401	471	462	500	486	467	479	450
Internal charges and overheads applied	1,812	1,867	1,908	2,161	2,576	2,737	2,800	2,867	2,939	3,075	3,158
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>5,455</b>	<b>5,835</b>	<b>6,032</b>	<b>6,480</b>	<b>7,320</b>	<b>7,565</b>	<b>7,759</b>	<b>7,912</b>	<b>8,066</b>	<b>8,321</b>	<b>8,488</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>295</b>	<b>441</b>	<b>377</b>	<b>488</b>	<b>681</b>	<b>818</b>	<b>809</b>	<b>854</b>	<b>907</b>	<b>992</b>	<b>1,061</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	50	0	3,133	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	94	2,342	307	2,862	(332)	28	(195)	(231)	(419)	(436)	(457)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>94</b>	<b>2,392</b>	<b>307</b>	<b>5,995</b>	<b>(332)</b>	<b>28</b>	<b>(195)</b>	<b>(231)</b>	<b>(419)</b>	<b>(436)</b>	<b>(457)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	212	0	0	6,267	0	0	0	0	0	0	0
- to improve the level of service	21	2,115	0	0	0	0	0	0	0	0	0
- to replace existing assets	42	523	555	31	106	416	688	201	35	623	361
Increase (decrease) in reserves	114	195	129	185	243	430	(74)	422	453	(67)	243
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>389</b>	<b>2,833</b>	<b>684</b>	<b>6,483</b>	<b>349</b>	<b>846</b>	<b>614</b>	<b>623</b>	<b>488</b>	<b>556</b>	<b>604</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(295)</b>	<b>(441)</b>	<b>(377)</b>	<b>(488)</b>	<b>(681)</b>	<b>(818)</b>	<b>(809)</b>	<b>(854)</b>	<b>(907)</b>	<b>(992)</b>	<b>(1,061)</b>
<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	477	1,192	1,218	1,245	1,754	1,794	1,835	1,879	1,926	1,976	2,030

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

**INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for PUBLIC TOILETS**

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
		2018/19 (\$000)	2019/20 (\$000)								
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	343	386	395	404	411	420	431	433	436	447	459
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0	0
<b>Total operating funding (A)</b>	<b>343</b>	<b>386</b>	<b>395</b>	<b>404</b>	<b>411</b>	<b>420</b>	<b>431</b>	<b>433</b>	<b>436</b>	<b>447</b>	<b>459</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	279	311	319	326	333	341	349	357	365	375	386
Finance costs	16	20	19	20	18	16	16	14	13	12	10
Internal charges and overheads applied	0	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>295</b>	<b>331</b>	<b>338</b>	<b>346</b>	<b>351</b>	<b>357</b>	<b>365</b>	<b>371</b>	<b>378</b>	<b>387</b>	<b>396</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>48</b>	<b>55</b>	<b>57</b>	<b>58</b>	<b>60</b>	<b>63</b>	<b>66</b>	<b>62</b>	<b>58</b>	<b>60</b>	<b>63</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	104	(26)	(27)	(28)	(29)	(31)	(33)	(29)	(24)	(25)	(27)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>104</b>	<b>(26)</b>	<b>(27)</b>	<b>(28)</b>	<b>(29)</b>	<b>(31)</b>	<b>(33)</b>	<b>(29)</b>	<b>(24)</b>	<b>(25)</b>	<b>(27)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	125	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	57	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	(30)	29	30	30	31	32	33	33	34	35	36
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>152</b>	<b>29</b>	<b>30</b>	<b>30</b>	<b>31</b>	<b>32</b>	<b>33</b>	<b>33</b>	<b>34</b>	<b>35</b>	<b>36</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(48)</b>	<b>(55)</b>	<b>(57)</b>	<b>(58)</b>	<b>(60)</b>	<b>(63)</b>	<b>(66)</b>	<b>(62)</b>	<b>(58)</b>	<b>(60)</b>	<b>(63)</b>
<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	24	28	28	29	30	30	31	32	33	34	34

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for THEATRE SERVICES

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
		2018/19 (\$000)	2019/20 (\$000)								
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	966	1,040	1,073	1,215	1,257	1,286	1,315	1,347	1,321	1,355	1,391
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	920	998	1,030	1,171	1,212	1,239	1,268	1,298	1,271	1,304	1,339
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0	0
<b>Total operating funding (A)</b>	<b>1,886</b>	<b>2,038</b>	<b>2,103</b>	<b>2,386</b>	<b>2,469</b>	<b>2,525</b>	<b>2,583</b>	<b>2,645</b>	<b>2,592</b>	<b>2,659</b>	<b>2,730</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	357	408	416	426	436	446	456	467	479	491	504
Finance costs	169	142	164	194	167	138	119	106	111	114	108
Internal charges and overheads applied	920	998	1,030	1,171	1,212	1,239	1,268	1,298	1,271	1,304	1,339
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,446</b>	<b>1,548</b>	<b>1,610</b>	<b>1,791</b>	<b>1,815</b>	<b>1,823</b>	<b>1,843</b>	<b>1,871</b>	<b>1,861</b>	<b>1,909</b>	<b>1,951</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>440</b>	<b>490</b>	<b>493</b>	<b>595</b>	<b>654</b>	<b>702</b>	<b>740</b>	<b>774</b>	<b>731</b>	<b>750</b>	<b>779</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(224)	(404)	974	(482)	(509)	(537)	(524)	217	(100)	(102)	(88)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(224)</b>	<b>(404)</b>	<b>974</b>	<b>(482)</b>	<b>(509)</b>	<b>(537)</b>	<b>(524)</b>	<b>217</b>	<b>(100)</b>	<b>(102)</b>	<b>(88)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	213	20	1,437	21	31	22	22	1,011	23	41	62
Increase (decrease) in reserves	3	66	30	92	114	143	194	(20)	608	607	629
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>216</b>	<b>86</b>	<b>1,467</b>	<b>113</b>	<b>145</b>	<b>165</b>	<b>216</b>	<b>991</b>	<b>631</b>	<b>648</b>	<b>691</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(440)</b>	<b>(490)</b>	<b>(493)</b>	<b>(595)</b>	<b>(654)</b>	<b>(702)</b>	<b>(740)</b>	<b>(774)</b>	<b>(731)</b>	<b>(750)</b>	<b>(779)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	399	553	565	578	590	604	618	633	648	665	683

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for MUSEUM

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		2018/19	2019/20	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	40	474	484	495	506	517	529	50	51	53	54
Fees and charges	2,380	2,498	2,573	2,630	2,683	2,739	2,796	3,073	3,139	3,207	3,279
Internal charges and overheads recovered	405	405	414	423	432	442	452	463	475	487	500
Local authorities fuel tax, fines, infringement fees, and other receipts	160	9	418	427	436	447	457	468	480	492	506
<b>Total operating funding (A)</b>	<b>2,985</b>	<b>3,386</b>	<b>3,889</b>	<b>3,975</b>	<b>4,057</b>	<b>4,145</b>	<b>4,234</b>	<b>4,054</b>	<b>4,145</b>	<b>4,239</b>	<b>4,339</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	2,314	2,937	3,430	3,503	3,577	3,654	3,732	3,537	3,616	3,698	3,783
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied	405	405	414	423	432	442	452	463	475	487	500
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,719</b>	<b>3,342</b>	<b>3,844</b>	<b>3,926</b>	<b>4,009</b>	<b>4,096</b>	<b>4,184</b>	<b>4,000</b>	<b>4,091</b>	<b>4,185</b>	<b>4,283</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>266</b>	<b>44</b>	<b>45</b>	<b>49</b>	<b>48</b>	<b>49</b>	<b>50</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>56</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	37	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	187	22	33	23	23	24	36	25	26	26	40
Increase (decrease) in reserves	42	22	12	26	25	25	14	29	28	28	16
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>266</b>	<b>44</b>	<b>45</b>	<b>49</b>	<b>48</b>	<b>49</b>	<b>50</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>56</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(266)</b>	<b>(44)</b>	<b>(45)</b>	<b>(49)</b>	<b>(48)</b>	<b>(49)</b>	<b>(50)</b>	<b>(54)</b>	<b>(54)</b>	<b>(54)</b>	<b>(56)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	15	21	21	25	24	24	24	28	27	27	27

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INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for CORPORATE SERVICES

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		2018/19	2019/20	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	4,528	4,805	5,168	5,313	5,360	5,448	5,597	5,635	5,734	5,883	5,934
Targeted rates	72	73	74	75	75	76	77	78	79	80	80
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	1,052	1,510	1,543	1,574	1,602	1,638	1,676	1,716	1,759	1,805	1,854
Internal charges and overheads recovered	670	738	752	764	777	793	807	822	841	857	874
Local authorities fuel tax, fines, infringement fees, and other receipts	2,223	1,833	2,018	1,491	1,521	1,553	1,587	1,622	1,658	1,699	1,740
<b>Total operating funding (A)</b>	<b>8,545</b>	<b>8,959</b>	<b>9,555</b>	<b>9,217</b>	<b>9,335</b>	<b>9,508</b>	<b>9,744</b>	<b>9,873</b>	<b>10,071</b>	<b>10,324</b>	<b>10,482</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	7,309	6,992	7,344	7,165	7,076	7,214	7,607	7,516	7,671	8,102	8,017
Finance costs	938	1,002	1,039	1,121	1,098	1,075	1,150	1,122	1,099	1,164	1,139
Internal charges and overheads applied	670	738	752	764	777	793	807	822	841	857	874
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>8,917</b>	<b>8,732</b>	<b>9,135</b>	<b>9,050</b>	<b>8,951</b>	<b>9,082</b>	<b>9,564</b>	<b>9,460</b>	<b>9,611</b>	<b>10,123</b>	<b>10,030</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(372)</b>	<b>227</b>	<b>420</b>	<b>167</b>	<b>384</b>	<b>426</b>	<b>180</b>	<b>413</b>	<b>460</b>	<b>201</b>	<b>452</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	(250)	(410)	(410)	(410)	(410)	(410)	(410)	(410)	(410)	(410)
Gross proceeds from sale of assets	0	33	0	16	35	0	17	38	0	18	41
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>(217)</b>	<b>(410)</b>	<b>(394)</b>	<b>(375)</b>	<b>(410)</b>	<b>(393)</b>	<b>(372)</b>	<b>(410)</b>	<b>(392)</b>	<b>(369)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	100	175	97	235	186	82	140	200	88	150	216
Increase (decrease) in reserves	(472)	(165)	(87)	(462)	(177)	(66)	(353)	(159)	(38)	(341)	(133)
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>(372)</b>	<b>10</b>	<b>10</b>	<b>(227)</b>	<b>9</b>	<b>16</b>	<b>(213)</b>	<b>41</b>	<b>50</b>	<b>(191)</b>	<b>83</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>372</b>	<b>(227)</b>	<b>(420)</b>	<b>(167)</b>	<b>(384)</b>	<b>(426)</b>	<b>(180)</b>	<b>(413)</b>	<b>(460)</b>	<b>(201)</b>	<b>(452)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	118	80	104	89	96	120	101	107	135	113	120

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INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for DEMOCRATIC PROCESS

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
		2018/19 (\$000)	2019/20 (\$000)								
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	3,052	3,273	3,364	3,459	3,503	3,598	3,699	3,746	3,851	3,960	4,018
Targeted rates	72	73	74	75	75	76	77	78	79	80	80
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	645	673	686	697	709	724	737	751	769	784	800
Local authorities fuel tax, fines, infringement fees, and other receipts	8	8	8	8	8	9	9	9	9	10	10
<b>Total operating funding (A)</b>	<b>3,777</b>	<b>4,027</b>	<b>4,132</b>	<b>4,239</b>	<b>4,295</b>	<b>4,407</b>	<b>4,522</b>	<b>4,584</b>	<b>4,708</b>	<b>4,834</b>	<b>4,908</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	3,103	3,257	3,324	3,623	3,466	3,538	3,859	3,693	3,771	4,119	3,947
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied	645	673	686	697	709	724	737	751	769	784	800
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>3,748</b>	<b>3,930</b>	<b>4,010</b>	<b>4,320</b>	<b>4,175</b>	<b>4,262</b>	<b>4,596</b>	<b>4,444</b>	<b>4,540</b>	<b>4,903</b>	<b>4,747</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>29</b>	<b>97</b>	<b>122</b>	<b>(81)</b>	<b>120</b>	<b>145</b>	<b>(74)</b>	<b>140</b>	<b>168</b>	<b>(69)</b>	<b>161</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0	0
Gross proceeds from sale of assets	0	33	0	16	35	0	17	38	0	18	41
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>33</b>	<b>0</b>	<b>16</b>	<b>35</b>	<b>0</b>	<b>17</b>	<b>38</b>	<b>0</b>	<b>18</b>	<b>41</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	50	125	26	78	133	27	84	143	29	90	154
Increase (decrease) in reserves	(21)	5	96	(143)	22	118	(141)	35	139	(141)	48
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>29</b>	<b>130</b>	<b>122</b>	<b>(65)</b>	<b>155</b>	<b>145</b>	<b>(57)</b>	<b>178</b>	<b>168</b>	<b>(51)</b>	<b>202</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(29)</b>	<b>(97)</b>	<b>(122)</b>	<b>81</b>	<b>(120)</b>	<b>(145)</b>	<b>74</b>	<b>(140)</b>	<b>(168)</b>	<b>69</b>	<b>(161)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	94	59	82	67	73	97	77	83	110	87	94

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INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for ENTERPRISE

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
		2018/19 (\$000)	2019/20 (\$000)								
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	1,805	1,958	2,059	2,110	2,147	2,184	2,223	2,264	2,307	2,351	2,399
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,349	893	1,058	510	519	527	537	547	557	568	579
<b>Total operating funding (A)</b>	<b>3,154</b>	<b>2,851</b>	<b>3,117</b>	<b>2,620</b>	<b>2,666</b>	<b>2,711</b>	<b>2,760</b>	<b>2,811</b>	<b>2,864</b>	<b>2,919</b>	<b>2,978</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	3,154	2,851	3,117	2,620	2,666	2,711	2,760	2,811	2,864	2,919	2,978
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied	0	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>3,154</b>	<b>2,851</b>	<b>3,117</b>	<b>2,620</b>	<b>2,666</b>	<b>2,711</b>	<b>2,760</b>	<b>2,811</b>	<b>2,864</b>	<b>2,919</b>	<b>2,978</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	0	0	0	0	0	0	0	0	0	0	0

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INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for INVESTMENT PROPERTY

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
		2018/19 (\$000)	2019/20 (\$000)								
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	(329)	(426)	(255)	(256)	(290)	(334)	(325)	(375)	(424)	(428)	(483)
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	1,052	1,510	1,543	1,574	1,602	1,638	1,676	1,716	1,759	1,805	1,854
Internal charges and overheads recovered	25	65	66	67	68	69	70	71	72	73	74
Local authorities fuel tax, fines, infringement fees, and other receipts	866	932	952	973	994	1,017	1,041	1,066	1,092	1,121	1,151
<b>Total operating funding (A)</b>	<b>1,614</b>	<b>2,081</b>	<b>2,306</b>	<b>2,358</b>	<b>2,374</b>	<b>2,390</b>	<b>2,462</b>	<b>2,478</b>	<b>2,499</b>	<b>2,571</b>	<b>2,596</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	1,052	884	903	922	944	965	988	1,012	1,036	1,064	1,092
Finance costs	938	1,002	1,039	1,121	1,098	1,075	1,150	1,122	1,099	1,164	1,139
Internal charges and overheads applied	25	65	66	67	68	69	70	71	72	73	74
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,015</b>	<b>1,951</b>	<b>2,008</b>	<b>2,110</b>	<b>2,110</b>	<b>2,109</b>	<b>2,208</b>	<b>2,205</b>	<b>2,207</b>	<b>2,301</b>	<b>2,305</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(401)</b>	<b>130</b>	<b>298</b>	<b>248</b>	<b>264</b>	<b>281</b>	<b>254</b>	<b>273</b>	<b>292</b>	<b>270</b>	<b>291</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	(250)	(410)	(410)	(410)	(410)	(410)	(410)	(410)	(410)	(410)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>(250)</b>	<b>(410)</b>								
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	50	50	71	157	53	55	56	57	59	60	62
Increase (decrease) in reserves	(451)	(170)	(183)	(319)	(199)	(184)	(212)	(194)	(177)	(200)	(181)
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>(401)</b>	<b>(120)</b>	<b>(112)</b>	<b>(162)</b>	<b>(146)</b>	<b>(129)</b>	<b>(156)</b>	<b>(137)</b>	<b>(118)</b>	<b>(140)</b>	<b>(119)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>401</b>	<b>(130)</b>	<b>(298)</b>	<b>(248)</b>	<b>(264)</b>	<b>(281)</b>	<b>(254)</b>	<b>(273)</b>	<b>(292)</b>	<b>(270)</b>	<b>(291)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	24	21	22	22	23	23	24	24	25	26	26

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

**INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for CITY CENTRE REVITALISATION**

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028									
		2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	164	129	132	137	299	461	480	479	479	496	496
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0	0
<b>Total operating funding (A)</b>	<b>164</b>	<b>129</b>	<b>132</b>	<b>137</b>	<b>299</b>	<b>461</b>	<b>480</b>	<b>479</b>	<b>479</b>	<b>496</b>	<b>496</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	10	0	0	0	0	0	0	0	0	0	0
Finance costs	94	78	79	84	188	288	305	293	282	292	279
Internal charges and overheads applied	0	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>104</b>	<b>78</b>	<b>79</b>	<b>84</b>	<b>188</b>	<b>288</b>	<b>305</b>	<b>293</b>	<b>282</b>	<b>292</b>	<b>279</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>60</b>	<b>51</b>	<b>53</b>	<b>53</b>	<b>111</b>	<b>173</b>	<b>175</b>	<b>186</b>	<b>197</b>	<b>204</b>	<b>217</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	1,164	(51)	(53)	(53)	(111)	(173)	(175)	(186)	(197)	(204)	(217)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>1,164</b>	<b>(51)</b>	<b>(53)</b>	<b>(53)</b>	<b>(111)</b>	<b>(173)</b>	<b>(175)</b>	<b>(186)</b>	<b>(197)</b>	<b>(204)</b>	<b>(217)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	1,224	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,224</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(60)</b>	<b>(51)</b>	<b>(53)</b>	<b>(53)</b>	<b>(111)</b>	<b>(173)</b>	<b>(175)</b>	<b>(186)</b>	<b>(197)</b>	<b>(204)</b>	<b>(217)</b>
<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	0	0	0	0	0	0	0	0	0	0	0

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INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for INVERCARGILL DEVELOPMENT STRATEGY

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028									
	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	0	168	367	238	528	999	998	1,047	1,095	1,081	1,035
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	1,387	1,450	1,518	1,589	1,667	1,750	1,840	1,938
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0	0
<b>Total operating funding (A)</b>	<b>0</b>	<b>168</b>	<b>367</b>	<b>1,625</b>	<b>1,978</b>	<b>2,517</b>	<b>2,587</b>	<b>2,714</b>	<b>2,845</b>	<b>2,921</b>	<b>2,973</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	500	160	200	1,117	1,272	1,662	1,703	1,747	1,793	1,841	1,893
Finance costs	0	5	105	245	361	439	455	448	436	432	389
Internal charges and overheads applied	0	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>500</b>	<b>165</b>	<b>305</b>	<b>1,362</b>	<b>1,633</b>	<b>2,101</b>	<b>2,158</b>	<b>2,195</b>	<b>2,229</b>	<b>2,273</b>	<b>2,282</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(500)</b>	<b>3</b>	<b>62</b>	<b>263</b>	<b>345</b>	<b>416</b>	<b>429</b>	<b>519</b>	<b>616</b>	<b>648</b>	<b>691</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	2,537	0	9,700	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	197	3,774	937	3,255	(416)	(429)	210	(616)	(648)	(691)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>197</b>	<b>6,311</b>	<b>937</b>	<b>12,955</b>	<b>(416)</b>	<b>(429)</b>	<b>210</b>	<b>(616)</b>	<b>(648)</b>	<b>(691)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	200	6,373	1,200	13,300	0	0	0	0	0	0
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	0	0	0	0	0	0	0	729	0	0	0
Increase (decrease) in reserves	(500)	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>(500)</b>	<b>200</b>	<b>6,373</b>	<b>1,200</b>	<b>13,300</b>	<b>0</b>	<b>0</b>	<b>729</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>500</b>	<b>(3)</b>	<b>(62)</b>	<b>(263)</b>	<b>(345)</b>	<b>(416)</b>	<b>(429)</b>	<b>(519)</b>	<b>(616)</b>	<b>(648)</b>	<b>(691)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	0	4	31	407	700	716	733	750	635	651	669

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

INVERCARGILL CITY COUNCIL: Funding impact statement for 2018 - 2028 for NON SIGNIFICANT

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
		2018/19 (\$000)	2019/20 (\$000)								
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charge, rates penalties	(4,815)	(5,272)	(5,670)	(6,042)	(6,270)	(6,511)	(6,769)	(7,031)	(7,271)	(7,586)	(7,897)
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	456	428	438	447	457	468	478	490	502	515	529
Interest and dividends from investments	7,920	7,977	8,344	8,758	9,039	9,433	10,029	10,388	10,835	11,584	12,058
Internal charges and overheads recovered	13,826	16,486	16,883	17,293	17,707	18,108	18,527	18,975	19,439	19,903	20,419
Local authorities fuel tax, fines, infringement fees, and other receipts	1,356	1,335	1,446	1,394	1,425	1,545	1,492	1,528	1,659	1,607	1,649
<b>Total operating funding (A)</b>	<b>18,743</b>	<b>20,954</b>	<b>21,441</b>	<b>21,850</b>	<b>22,358</b>	<b>23,043</b>	<b>23,757</b>	<b>24,350</b>	<b>25,164</b>	<b>26,023</b>	<b>26,758</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
Payments to staff and suppliers	2,912	1,421	1,307	954	970	1,165	1,008	1,026	1,236	1,056	1,067
Finance costs	1,127	1,373	1,556	1,724	1,704	1,764	1,864	1,840	1,896	1,991	1,973
Internal charges and overheads applied	13,826	16,486	16,883	17,293	17,707	18,108	18,527	18,975	19,439	19,903	20,419
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>17,865</b>	<b>19,280</b>	<b>19,746</b>	<b>19,971</b>	<b>20,381</b>	<b>21,037</b>	<b>21,399</b>	<b>21,841</b>	<b>22,571</b>	<b>22,950</b>	<b>23,459</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>878</b>	<b>1,674</b>	<b>1,695</b>	<b>1,879</b>	<b>1,977</b>	<b>2,006</b>	<b>2,358</b>	<b>2,509</b>	<b>2,593</b>	<b>3,073</b>	<b>3,299</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	1,555	(343)	(1,038)	1,184	(339)	(358)	(302)	(422)	(651)	(873)	(1,040)
Gross proceeds from sale of assets	74	141	87	101	81	36	46	80	33	55	74
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>1,629</b>	<b>(202)</b>	<b>(951)</b>	<b>1,285</b>	<b>(258)</b>	<b>(322)</b>	<b>(256)</b>	<b>(342)</b>	<b>(618)</b>	<b>(818)</b>	<b>(966)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	813	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	1,066	846	1,543	790	518	556	694	797	585	646	1,847
Increase (decrease) in reserves	137	626	(799)	2,374	1,201	1,128	1,408	1,370	1,390	1,609	486
Increase (decrease) of investments	491	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>2,507</b>	<b>1,472</b>	<b>744</b>	<b>3,164</b>	<b>1,719</b>	<b>1,684</b>	<b>2,102</b>	<b>2,167</b>	<b>1,975</b>	<b>2,255</b>	<b>2,333</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(878)</b>	<b>(1,674)</b>	<b>(1,695)</b>	<b>(1,879)</b>	<b>(1,977)</b>	<b>(2,006)</b>	<b>(2,358)</b>	<b>(2,509)</b>	<b>(2,593)</b>	<b>(3,073)</b>	<b>(3,299)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation expense (not included in the above FIS)	595	732	779	844	895	879	894	909	960	972	1,004

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

	Annual Plan	Annual Plan	Long-Term Plan 2018 - 2028									
	2017/18 (\$000)	(Restated)* 2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
<b>ASSETS</b>												
Cash and cash equivalents	8,385	1,330	1,175	1,094	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083
Trade and other receivables	12,556	7,045	7,045	7,199	7,359	7,520	7,693	7,872	8,063	8,261	8,477	8,706
Inventories	676	753	753	770	786	804	822	841	861	883	906	930
Other financial assets	20,275	27,508	28,166	27,717	28,593	29,853	31,930	34,033	36,449	39,847	43,146	43,805
<b>Current assets</b>	<b>41,892</b>	<b>36,636</b>	<b>37,139</b>	<b>36,780</b>	<b>37,821</b>	<b>39,260</b>	<b>41,528</b>	<b>43,829</b>	<b>46,456</b>	<b>50,074</b>	<b>53,612</b>	<b>54,524</b>
Property, plant and equipment	711,838	800,257	841,514	848,389	864,355	922,432	917,846	908,011	979,765	974,334	969,442	1,057,541
Intangible assets	837	910	910	910	910	910	910	910	910	910	910	910
Forestry assets	3,093	3,626	3,699	3,780	3,863	3,948	4,039	4,132	4,231	4,337	4,449	4,570
Investment property	39,829	38,397	39,165	40,027	41,012	41,914	42,878	43,864	44,917	46,040	47,237	48,513
Investment in CCOs and similar entities	36,069	36,069	36,069	36,069	36,069	36,069	36,069	36,069	36,069	36,069	36,069	36,069
Other financial assets - other investments	28,254	34,463	34,544	34,555	34,555	34,555	34,555	34,555	34,555	34,555	34,555	34,555
<b>Non-current assets</b>	<b>819,920</b>	<b>913,722</b>	<b>955,901</b>	<b>963,730</b>	<b>980,764</b>	<b>1,039,828</b>	<b>1,036,297</b>	<b>1,027,541</b>	<b>1,100,447</b>	<b>1,096,245</b>	<b>1,092,662</b>	<b>1,182,158</b>
<b>TOTAL ASSETS</b>	<b>861,812</b>	<b>950,358</b>	<b>993,040</b>	<b>1,000,510</b>	<b>1,018,585</b>	<b>1,079,088</b>	<b>1,077,825</b>	<b>1,071,370</b>	<b>1,146,903</b>	<b>1,146,319</b>	<b>1,146,274</b>	<b>1,236,682</b>
<b>LIABILITIES</b>												
Trade and other payables	9,608	10,143	10,143	10,238	10,335	10,435	10,546	10,659	10,784	10,922	11,071	11,237
Provisions	149	40	41	42	43	44	45	46	47	48	49	51
Employee benefit liabilities	2,497	2,578	2,578	2,630	2,682	2,736	2,791	2,846	2,903	2,961	3,021	3,081
Borrowings	3,842	49,249	49,757	56,982	74,543	83,469	84,396	79,770	84,644	83,238	80,868	84,618
Derivative financial instruments	11	188	188	188	188	188	188	188	188	188	188	188
<b>Current liabilities</b>	<b>16,107</b>	<b>62,198</b>	<b>62,707</b>	<b>70,080</b>	<b>87,791</b>	<b>96,872</b>	<b>97,966</b>	<b>93,509</b>	<b>98,566</b>	<b>97,357</b>	<b>95,197</b>	<b>99,175</b>
Provisions	646	848	807	765	723	679	634	589	542	493	444	393
Employment benefit liabilities	1,238	1,231	1,231	1,256	1,281	1,306	1,332	1,359	1,386	1,414	1,442	1,471
Borrowings	101,922	50,500	50,500	50,500	50,500	50,500	50,500	50,500	50,500	50,500	50,500	50,500
Derivative financial instruments	1,111	521	521	521	521	521	521	521	521	521	521	521
<b>Non-current liabilities</b>	<b>104,917</b>	<b>53,100</b>	<b>53,059</b>	<b>53,042</b>	<b>53,025</b>	<b>53,006</b>	<b>52,987</b>	<b>52,969</b>	<b>52,949</b>	<b>52,928</b>	<b>52,907</b>	<b>52,885</b>
<b>TOTAL LIABILITIES</b>	<b>121,024</b>	<b>115,298</b>	<b>115,766</b>	<b>123,122</b>	<b>140,816</b>	<b>149,878</b>	<b>150,953</b>	<b>146,478</b>	<b>151,515</b>	<b>150,285</b>	<b>148,104</b>	<b>152,060</b>
Retained earnings	396,521	396,500	392,018	392,651	392,167	397,642	393,227	389,144	377,816	375,065	373,902	366,221
Restricted reserves	22,560	27,300	27,884	27,365	28,230	29,490	31,567	33,670	36,086	39,483	42,782	43,441
Hedging reserves	(1,122)	(501)	(501)	(501)	(501)	(501)	(501)	(501)	(501)	(501)	(501)	(501)
Carbon credit revaluation reserves	0	335	335	335	335	335	335	335	335	335	335	335
Asset revaluation reserves	322,829	411,426	457,538	457,538	457,538	502,244	502,244	502,244	581,652	581,652	581,652	675,126
<b>TOTAL EQUITY</b>	<b>740,788</b>	<b>835,060</b>	<b>877,274</b>	<b>877,388</b>	<b>877,769</b>	<b>929,210</b>	<b>926,872</b>	<b>924,892</b>	<b>995,388</b>	<b>996,034</b>	<b>998,170</b>	<b>1,084,622</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>861,812</b>	<b>950,358</b>	<b>993,040</b>	<b>1,000,510</b>	<b>1,018,585</b>	<b>1,079,088</b>	<b>1,077,825</b>	<b>1,071,370</b>	<b>1,146,903</b>	<b>1,146,319</b>	<b>1,146,274</b>	<b>1,236,682</b>

\* Annual Plan (Restated) 2017/18 represents the Annual Plan 2017/18 including adjustments for actuals from Annual report 2016/17 and large transactions which have occurred during the 2017/18 financial year, which are not included in Annual Plan 2017/18.

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

	Annual Plan	Annual Plan	Long-Term Plan 2018 - 2028									
	2017/18 (\$000)	(Restated)* 2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
<b>Revenue</b>												
Rates revenue excluding targeted water supply rates	42,520	42,520	44,416	46,245	47,926	49,511	51,795	53,738	55,752	57,584	60,183	62,255
Rates revenue - targeted water supply rates	7,548	7,548	7,634	7,867	8,255	8,531	9,031	9,473	9,790	10,341	11,204	11,813
Fines	0	519	486	497	508	519	531	543	556	570	585	601
Subsidies and grants	0	7,344	7,721	10,308	10,660	17,610	7,680	7,723	7,430	7,589	7,818	7,996
Direct charges revenue	0	19,542	19,469	20,587	22,445	23,457	24,081	24,629	25,493	26,218	26,840	27,622
Rental revenue	0	2,453	3,044	3,137	3,208	3,281	3,358	3,436	3,519	3,605	3,696	3,792
Other revenue	37,132	2,465	2,295	2,462	1,862	1,898	1,935	1,974	2,014	2,058	2,104	2,153
Finance revenue	2,070	2,070	2,127	2,344	2,558	2,589	2,708	3,029	3,113	3,285	3,709	3,858
Dividends	0	5,850	5,850	6,000	6,200	6,450	6,725	7,000	7,275	7,550	7,875	8,200
<b>Total revenue</b>	<b>89,270</b>	<b>90,311</b>	<b>93,042</b>	<b>99,447</b>	<b>103,622</b>	<b>113,846</b>	<b>107,844</b>	<b>111,545</b>	<b>114,942</b>	<b>118,800</b>	<b>124,014</b>	<b>128,290</b>
<b>Expenses</b>												
Employee expenses	24,502	24,602	25,725	26,328	27,412	28,100	28,670	29,244	29,835	30,443	31,056	31,688
Depreciation and amortisation	22,081	22,081	27,098	27,804	28,935	30,409	31,077	31,843	32,652	33,357	34,273	35,276
Other expenses	40,878	41,450	40,656	41,354	41,935	42,920	44,461	45,987	54,999	47,877	49,679	61,514
Finance expenses	4,323	4,323	4,302	4,790	5,923	6,669	7,029	7,530	7,520	7,706	8,180	8,229
<b>Total expenses</b>	<b>91,784</b>	<b>92,456</b>	<b>97,781</b>	<b>100,276</b>	<b>104,205</b>	<b>108,098</b>	<b>111,237</b>	<b>114,604</b>	<b>125,006</b>	<b>119,383</b>	<b>123,188</b>	<b>136,707</b>
Surplus / (deficit) before tax	(2,514)	(2,145)	(4,739)	(829)	(583)	5,748	(3,393)	(3,059)	(10,064)	(583)	826	(8,417)
Income tax expense	0	0	0	0	0	0	0	0	0	0	0	0
<b>Surplus / (deficit) after tax</b>	<b>(2,514)</b>	<b>(2,145)</b>	<b>(4,739)</b>	<b>(829)</b>	<b>(583)</b>	<b>5,748</b>	<b>(3,393)</b>	<b>(3,059)</b>	<b>(10,064)</b>	<b>(583)</b>	<b>826</b>	<b>(8,417)</b>
<b>Other comprehensive revenue and expense</b>												
Property, plant and equipment revaluation gain / (loss)	0	0	46,112	0	0	44,706	0	0	79,408	0	0	93,474
Investment property revaluations - gain / (loss)	720	720	768	862	881	902	964	986	1,053	1,123	1,197	1,275
Forestry assets revaluations - gain / (loss)	0	0	73	81	83	85	91	93	99	106	113	120
<b>Total other comprehensive revenue &amp; expense</b>	<b>720</b>	<b>720</b>	<b>46,953</b>	<b>943</b>	<b>964</b>	<b>45,693</b>	<b>1,055</b>	<b>1,079</b>	<b>80,560</b>	<b>1,229</b>	<b>1,310</b>	<b>94,869</b>
<b>Total comprehensive revenue &amp; expense</b>	<b>(1,794)</b>	<b>(1,425)</b>	<b>42,214</b>	<b>114</b>	<b>381</b>	<b>51,441</b>	<b>(2,338)</b>	<b>(1,980)</b>	<b>70,496</b>	<b>646</b>	<b>2,136</b>	<b>86,452</b>

\* Annual Plan (Restated) 2017/18 represents the Annual Plan 2017/18 including adjustments for actuals from Annual report 2016/17 and large transactions which have occurred during the 2017/18 financial year, which are not included in Annual Plan 2017/18.

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

	Annual Plan	Annual Plan	Long-Term Plan 2018 - 2028									
	2017/18 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
<b>Balance at 1 July</b>	742,582	836,485	835,060	877,274	877,388	877,769	929,210	926,872	924,892	995,388	996,034	998,170
Total comprehensive revenue & expense for the year	(1,794)	(1,425)	42,214	114	381	51,441	(2,338)	(1,980)	70,496	646	2,136	86,452
<b>Balance at 30 June</b>	<b>740,788</b>	<b>835,060</b>	<b>877,274</b>	<b>877,388</b>	<b>877,769</b>	<b>929,210</b>	<b>926,872</b>	<b>924,892</b>	<b>995,388</b>	<b>996,034</b>	<b>998,170</b>	<b>1,084,622</b>
<b>COMPONENTS OF EQUITY</b>												
<b>Retained earnings at 1 July</b>	395,916	393,975	396,500	392,018	392,651	392,167	397,642	393,227	389,144	377,816	375,065	373,902
Net surplus/(deficit) for the year	(1,794)	(1,425)	42,214	114	381	51,441	(2,338)	(1,980)	70,496	646	2,136	86,452
Transfers (to)/from restricted reserves	2,399	3,950	(584)	519	(865)	(1,260)	(2,077)	(2,103)	(2,416)	(3,397)	(3,299)	(659)
Transfers (to) /from hedging reserves	0	0	0	0	0	0	0	0	0	0	0	0
Transfers (to) /from carbon credit revaluation reserves	0	0	0	0	0	0	0	0	0	0	0	0
Transfers (to)/from asset revaluation reserves	0	0	(46,112)	0	0	(44,706)	0	0	(79,408)	0	0	(93,474)
<b>Retained earnings at 30 June</b>	<b>396,521</b>	<b>396,500</b>	<b>392,018</b>	<b>392,651</b>	<b>392,167</b>	<b>397,642</b>	<b>393,227</b>	<b>389,144</b>	<b>377,816</b>	<b>375,065</b>	<b>373,902</b>	<b>366,221</b>
<b>Restricted reserves at 1 July</b>	24,959	31,250	27,300	27,884	27,365	28,230	29,490	31,567	33,670	36,086	39,483	42,782
Transfers to/(from) reserves	(2,399)	(3,950)	584	(519)	865	1,260	2,077	2,103	2,416	3,397	3,299	659
<b>Restricted reserves at 30 June</b>	<b>22,560</b>	<b>27,300</b>	<b>27,884</b>	<b>27,365</b>	<b>28,230</b>	<b>29,490</b>	<b>31,567</b>	<b>33,670</b>	<b>36,086</b>	<b>39,483</b>	<b>42,782</b>	<b>43,441</b>
<b>Hedging reserves at 1 July</b>	(1,122)	(501)	(501)	(501)	(501)	(501)	(501)	(501)	(501)	(501)	(501)	(501)
Transfers to/(from) reserves	0	0	0	0	0	0	0	0	0	0	0	0
<b>Hedging reserves at 30 June</b>	<b>(1,122)</b>	<b>(501)</b>	<b>(501)</b>	<b>(501)</b>	<b>(501)</b>	<b>(501)</b>	<b>(501)</b>	<b>(501)</b>	<b>(501)</b>	<b>(501)</b>	<b>(501)</b>	<b>(501)</b>
<b>Carbon credit revaluation reserves at 1 July</b>	0	335	335	335	335	335	335	335	335	335	335	335
Transfers to/(from) reserves	0	0	0	0	0	0	0	0	0	0	0	0
<b>Carbon credit revaluation reserves at 30 June</b>	<b>0</b>	<b>335</b>	<b>335</b>	<b>335</b>	<b>335</b>	<b>335</b>	<b>335</b>	<b>335</b>	<b>335</b>	<b>335</b>	<b>335</b>	<b>335</b>
<b>Asset revaluation reserves at 1 July</b>	322,829	411,426	411,426	457,538	457,538	457,538	502,244	502,244	502,244	581,652	581,652	581,652
Transfers to/(from) reserves	0	0	46,112	0	0	44,706	0	0	79,408	0	0	93,474
<b>Asset revaluation reserves at 30 June</b>	<b>322,829</b>	<b>411,426</b>	<b>457,538</b>	<b>457,538</b>	<b>457,538</b>	<b>502,244</b>	<b>502,244</b>	<b>502,244</b>	<b>581,652</b>	<b>581,652</b>	<b>581,652</b>	<b>675,126</b>

\* Annual Plan (Restated) 2017/18 represents the Annual Plan 2017/18 including adjustments for actuals from Annual report 2016/17 and large transactions which have occurred during the 2017/18 financial year, which are not included in Annual Plan 2017/18.

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

PROSPECTIVE STATEMENT OF CASHFLOWS

	Annual Plan	Annual Plan	Long-Term Plan 2018 - 2028									
	2017/18 (\$000)	(Restated)* 2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>												
Receipts from rates revenue	50,068	50,068	52,050	54,112	56,181	58,042	60,826	63,211	65,542	67,925	71,387	74,068
Receipts from other revenue	29,447	30,488	31,350	35,172	37,479	45,539	36,339	37,035	37,718	38,721	39,697	40,790
Interest received	2,070	2,070	2,127	2,344	2,558	2,589	2,708	3,029	3,113	3,285	3,709	3,858
Dividend received	5,850	5,850	5,850	6,000	6,200	6,450	6,725	7,000	7,275	7,550	7,875	8,200
Payments to suppliers and employees	(63,627)	(64,257)	(64,756)	(65,903)	(68,185)	(69,837)	(71,928)	(74,008)	(83,588)	(77,046)	(79,438)	(91,877)
Interest paid	(4,323)	(4,323)	(4,302)	(4,790)	(5,923)	(6,669)	(7,029)	(7,530)	(7,520)	(7,706)	(8,180)	(8,229)
<b>Net cash flows from operating activities</b>	<b>19,485</b>	<b>19,896</b>	<b>22,319</b>	<b>26,935</b>	<b>28,310</b>	<b>36,114</b>	<b>27,641</b>	<b>28,737</b>	<b>22,540</b>	<b>32,729</b>	<b>35,050</b>	<b>26,810</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
Proceeds from sale of property, plant and equipment	156	1,959	318	193	194	271	160	145	270	168	174	280
Proceeds from sale of investments	6,020	7,571	5,380	5,030	3,868	3,933	3,370	3,690	3,999	3,469	4,101	7,195
Purchase of property, plant and equipment	(22,045)	(43,792)	(22,491)	(33,131)	(45,018)	(40,056)	(26,568)	(22,067)	(25,181)	(28,005)	(29,465)	(30,090)
Purchase of biological assets	0	(200)	0	0	0	0	0	0	0	0	0	0
Purchase of intangible assets	0	(40)	(70)	(74)	(78)	(81)	(83)	(86)	(87)	(89)	(90)	(91)
Purchase of investment property	0	0	0	0	(104)	0	0	0	0	0	0	0
Purchase of investments	(4,112)	(4,112)	(6,119)	(4,592)	(4,744)	(5,193)	(5,447)	(5,793)	(6,415)	(6,866)	(7,400)	(7,854)
<b>Net cash flows from investing activities</b>	<b>(19,981)</b>	<b>(38,614)</b>	<b>(22,982)</b>	<b>(32,574)</b>	<b>(45,882)</b>	<b>(41,126)</b>	<b>(28,568)</b>	<b>(24,111)</b>	<b>(27,414)</b>	<b>(31,323)</b>	<b>(32,680)</b>	<b>(30,560)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
Proceeds from borrowings	3,595	19,785	3,991	9,414	21,874	9,865	6,089	573	9,953	5,278	5,415	13,063
Repayments of borrowings	(3,181)	(3,418)	(3,483)	(3,856)	(4,313)	(4,853)	(5,162)	(5,199)	(5,079)	(6,684)	(7,785)	(9,313)
<b>Net cash flows from financing activities</b>	<b>414</b>	<b>16,367</b>	<b>508</b>	<b>5,558</b>	<b>17,561</b>	<b>5,012</b>	<b>927</b>	<b>(4,626)</b>	<b>4,874</b>	<b>(1,406)</b>	<b>(2,370)</b>	<b>3,750</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(82)</b>	<b>(2,351)</b>	<b>(155)</b>	<b>(81)</b>	<b>(11)</b>	<b>0</b>						
Cash and cash equivalents at the beginning of the year	8,468	3,681	1,330	1,175	1,094	1,083	1,083	1,083	1,083	1,083	1,083	1,083
<b>Cash and cash equivalents at end of the year</b>	<b>8,385</b>	<b>1,330</b>	<b>1,175</b>	<b>1,094</b>	<b>1,083</b>							

\* Annual Plan (Restated) 2017/18 represents the Annual Plan 2017/18 including adjustments for actuals from Annual report 2016/17 and large transactions which have occurred during the 2017/18 financial year, which are not included in Annual Plan 2017/18.

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

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

	Annual Plan	Long-Term Plan 2018 - 2028									
	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Roading	8,041	7,769	8,270	8,067	8,852	8,814	9,007	9,221	9,669	10,104	10,691
Sewerage	5,609	5,848	6,023	6,521	6,580	7,202	7,554	7,625	7,889	8,132	8,436
Solid Waste Management	4,295	4,295	4,390	4,711	4,915	5,026	5,385	5,612	5,748	6,513	6,697
Stormwater	3,489	4,040	4,286	4,519	4,401	4,933	5,407	5,919	6,402	6,883	7,404
Water Supply	7,548	7,634	7,867	8,255	8,531	9,031	9,473	9,790	10,341	11,204	11,813
<b>Infrastructural Services</b>	<b>28,982</b>	<b>29,586</b>	<b>30,836</b>	<b>32,073</b>	<b>33,279</b>	<b>35,006</b>	<b>36,826</b>	<b>38,167</b>	<b>40,049</b>	<b>42,836</b>	<b>45,041</b>
<b>Development and Regulatory Services</b>	<b>3,488</b>	<b>3,932</b>	<b>4,132</b>	<b>4,204</b>	<b>4,326</b>	<b>4,423</b>	<b>4,563</b>	<b>4,557</b>	<b>4,701</b>	<b>4,729</b>	<b>4,829</b>
Community Development	429	438	463	472	479	489	504	513	523	534	552
Housing Care Services	0	0	0	0	0	0	0	0	0	0	0
Libraries and Archives	4,035	4,162	4,249	4,333	4,424	4,519	4,615	4,717	4,822	4,931	5,046
Parks and Reserves	6,182	6,350	6,440	6,960	6,905	6,980	7,229	7,513	7,347	7,823	7,698
Passenger Transport	680	752	930	935	877	946	960	1,018	1,064	1,028	1,056
Pools	2,183	2,433	2,383	2,644	2,843	3,006	3,071	3,139	3,209	3,342	3,420
Public Toilets	343	386	395	404	411	420	431	433	436	447	459
Theatre Services	966	1,040	1,073	1,215	1,257	1,286	1,315	1,347	1,321	1,355	1,391
Southland Museum & Art Gallery	0	0	0	0	0	0	0	0	0	0	0
Southland Regional Heritage Committee	866	885	902	944	962	981	1,001	1,389	1,784	1,836	1,862
Provision of Specialised Community Services	2,595	2,813	2,882	2,934	2,960	2,985	3,017	3,262	3,292	3,330	3,844
<b>Community Services</b>	<b>18,279</b>	<b>19,259</b>	<b>19,717</b>	<b>20,841</b>	<b>21,118</b>	<b>21,612</b>	<b>22,143</b>	<b>23,331</b>	<b>23,798</b>	<b>24,626</b>	<b>25,328</b>
Democratic Process	3,124	3,346	3,438	3,534	3,578	3,674	3,776	3,824	3,930	4,040	4,098
Enterprise (including Destination Marketing)	1,805	1,958	2,059	2,110	2,147	2,184	2,223	2,264	2,307	2,351	2,399
Investment Property	(329)	(426)	(255)	(256)	(290)	(334)	(325)	(375)	(424)	(428)	(483)
<b>Corporate Services</b>	<b>4,600</b>	<b>4,878</b>	<b>5,242</b>	<b>5,388</b>	<b>5,435</b>	<b>5,524</b>	<b>5,674</b>	<b>5,713</b>	<b>5,813</b>	<b>5,963</b>	<b>6,014</b>
CBD Redevelopment	164	129	132	137	299	461	480	479	479	496	496
Invercargill Development Strategy	0	168	367	238	528	999	998	1,047	1,095	1,081	1,035
<b>Special Projects</b>	<b>164</b>	<b>297</b>	<b>499</b>	<b>375</b>	<b>827</b>	<b>1,460</b>	<b>1,478</b>	<b>1,526</b>	<b>1,574</b>	<b>1,577</b>	<b>1,531</b>
Non significant activities	(4,815)	(5,272)	(5,670)	(6,042)	(6,270)	(6,511)	(6,769)	(7,031)	(7,271)	(7,586)	(7,897)
<b>Total general rates, uniform annual general charges, targeted rates, and rates penalties - per FIS</b>	<b>50,698</b>	<b>52,680</b>	<b>54,756</b>	<b>56,839</b>	<b>58,715</b>	<b>61,514</b>	<b>63,915</b>	<b>66,263</b>	<b>68,664</b>	<b>72,145</b>	<b>74,846</b>
Less rates penalties (disclosed in other revenue in statement of comprehensive revenue and expense)	(630)	(630)	(644)	(658)	(673)	(688)	(704)	(721)	(739)	(758)	(778)
<b>Total rates (excluding rates penalties) - per FIS</b>	<b>50,068</b>	<b>52,050</b>	<b>54,112</b>	<b>56,181</b>	<b>58,042</b>	<b>60,826</b>	<b>63,211</b>	<b>65,542</b>	<b>67,925</b>	<b>71,387</b>	<b>74,068</b>
<b>Per statement of comprehensive revenue and expense:</b>											
Rates revenue excluding targeted water supply rates	42,520	44,416	46,245	47,926	49,511	51,795	53,738	55,752	57,584	60,183	62,255
Rates revenue - targeted water supply rates	7,548	7,634	7,867	8,255	8,531	9,031	9,473	9,790	10,341	11,204	11,813
<b>"Rates revenue" (SOCRAE "Rates" excludes Rates Penalties)</b>	<b>50,068</b>	<b>52,050</b>	<b>54,112</b>	<b>56,181</b>	<b>58,042</b>	<b>60,826</b>	<b>63,211</b>	<b>65,542</b>	<b>67,925</b>	<b>71,387</b>	<b>74,068</b>

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

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

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
		2018/19 (\$000)	2019/20 (\$000)								
Roading	11,893	11,689	12,220	12,060	12,877	12,894	13,188	13,501	14,058	14,607	15,315
Sewerage	6,284	6,523	6,713	7,226	7,301	7,939	8,308	8,397	8,680	8,943	9,270
Solid Waste Management	8,569	8,558	8,747	9,163	9,466	9,681	10,147	10,489	10,746	11,810	12,138
Stormwater	3,489	4,040	4,286	4,519	4,401	4,933	5,406	5,919	6,402	6,883	7,404
Water Supply	8,987	9,164	9,524	10,043	10,455	11,000	11,487	11,852	12,455	13,373	14,040
<b>Infrastructure Services</b>	<b>39,222</b>	<b>39,974</b>	<b>41,490</b>	<b>43,011</b>	<b>44,500</b>	<b>46,447</b>	<b>48,536</b>	<b>50,158</b>	<b>52,341</b>	<b>55,616</b>	<b>58,167</b>
<b>Development and Regulatory Services</b>	<b>8,535</b>	<b>10,961</b>	<b>11,287</b>	<b>11,518</b>	<b>11,821</b>	<b>12,053</b>	<b>12,369</b>	<b>12,567</b>	<b>12,866</b>	<b>13,098</b>	<b>13,434</b>
Community Development	431	476	491	500	482	492	507	516	526	537	555
Housing Care Services	1,797	1,912	1,979	2,025	2,072	2,120	2,171	2,223	2,277	2,333	2,393
Libraries and Archives	4,973	5,164	5,273	5,379	5,494	5,613	5,734	5,863	5,997	6,137	6,285
Parks and Reserves	16,477	16,696	17,015	17,768	17,949	18,278	18,789	19,349	19,479	20,270	20,481
Passenger Transport	2,066	2,386	2,597	2,491	2,446	2,499	2,529	2,620	2,697	2,704	2,777
Pools	5,750	6,276	6,409	6,968	8,001	8,383	8,568	8,766	8,973	9,313	9,549
Public Toilets	343	386	395	404	411	420	431	433	436	447	459
Theatre Services	1,886	2,038	2,103	2,386	2,469	2,525	2,583	2,645	2,592	2,659	2,730
Southland Museum & Art Gallery	2,985	3,386	3,889	3,975	4,057	4,145	4,234	4,054	4,145	4,239	4,339
Southland Regional Heritage Committee	1,198	1,463	1,461	1,436	1,462	1,489	1,517	1,915	2,319	2,381	2,418
Provision of Specialised Community Services	2,760	2,948	3,020	3,075	3,103	3,132	3,168	3,416	3,451	3,492	4,011
<b>Community Services</b>	<b>40,666</b>	<b>43,131</b>	<b>44,632</b>	<b>46,407</b>	<b>47,946</b>	<b>49,096</b>	<b>50,231</b>	<b>51,800</b>	<b>52,892</b>	<b>54,512</b>	<b>55,997</b>
Democratic Process	3,777	4,027	4,132	4,239	4,295	4,407	4,522	4,584	4,708	4,834	4,908
Enterprise (including Destination Marketing)	3,154	2,851	3,117	2,620	2,666	2,711	2,760	2,811	2,864	2,919	2,978
Investment Property	1,614	2,081	2,306	2,358	2,374	2,390	2,462	2,478	2,499	2,571	2,596
<b>Corporate Services</b>	<b>8,545</b>	<b>8,959</b>	<b>9,555</b>	<b>9,217</b>	<b>9,335</b>	<b>9,508</b>	<b>9,744</b>	<b>9,873</b>	<b>10,071</b>	<b>10,324</b>	<b>10,482</b>
CBD Redevelopment	164	129	132	137	299	461	480	479	479	496	496
Invercargill Development Strategy	0	168	367	1,625	1,978	2,517	2,587	2,714	2,845	2,921	2,973
<b>Special Projects</b>	<b>164</b>	<b>297</b>	<b>499</b>	<b>1,762</b>	<b>2,277</b>	<b>2,978</b>	<b>3,067</b>	<b>3,193</b>	<b>3,324</b>	<b>3,417</b>	<b>3,469</b>
Non significant activities	18,743	20,954	21,441	21,850	22,358	23,043	23,757	24,350	25,164	26,023	26,758
<b>Total operating funding - per activity FIS's</b>	<b>115,875</b>	<b>124,276</b>	<b>128,904</b>	<b>133,765</b>	<b>138,237</b>	<b>143,125</b>	<b>147,704</b>	<b>151,941</b>	<b>156,658</b>	<b>162,990</b>	<b>168,307</b>

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

LESS: Internal charges and overheads recovered - Per FIS	(29,765)	(34,783)	(35,588)	(36,731)	(37,949)	(38,909)	(39,799)	(40,744)	(41,679)	(42,928)	(44,043)
<b>Total operating funding - per council FIS</b>	<b>86,110</b>	<b>89,493</b>	<b>93,316</b>	<b>97,034</b>	<b>100,288</b>	<b>104,216</b>	<b>107,905</b>	<b>111,197</b>	<b>114,979</b>	<b>120,062</b>	<b>124,264</b>
PLUS: Capital funding - "subsidies and grants for capital expenditure"	3,160	3,549	6,131	6,588	13,558	3,628	3,640	3,745	3,821	3,952	4,026
<b>Total revenue - per statement of comprehensive revenue and expense</b>	<b>89,270</b>	<b>93,042</b>	<b>99,447</b>	<b>103,622</b>	<b>113,846</b>	<b>107,844</b>	<b>111,545</b>	<b>114,942</b>	<b>118,800</b>	<b>124,014</b>	<b>128,290</b>
<b>Per statement of comprehensive revenue and expense:</b>											
Rates revenue excluding targeted water supply rates	42,520	44,416	46,245	47,926	49,511	51,795	53,738	55,752	57,584	60,183	62,255
Rates revenue - targeted water supply rates	7,548	7,634	7,867	8,255	8,531	9,031	9,473	9,790	10,341	11,204	11,813
Fines	0	486	497	508	519	531	543	556	570	585	601
Subsidies and grants	0	7,721	10,308	10,660	17,610	7,680	7,723	7,430	7,589	7,818	7,996
Direct charges revenue	0	19,469	20,587	22,445	23,457	24,081	24,629	25,493	26,218	26,840	27,622
Rental revenue	0	3,044	3,137	3,208	3,281	3,358	3,436	3,519	3,605	3,696	3,792
Other revenue	37,132	2,295	2,462	1,862	1,898	1,935	1,974	2,014	2,058	2,104	2,153
Finance revenue	2,070	2,127	2,344	2,558	2,589	2,708	3,029	3,113	3,285	3,709	3,858
Dividends	0	5,850	6,000	6,200	6,450	6,725	7,000	7,275	7,550	7,875	8,200
<b>Total revenue</b>	<b>89,270</b>	<b>93,042</b>	<b>99,447</b>	<b>103,622</b>	<b>113,846</b>	<b>107,844</b>	<b>111,545</b>	<b>114,942</b>	<b>118,800</b>	<b>124,014</b>	<b>128,290</b>

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

	Annual Plan 2017/18 (\$000)	Long-Term Plan 2018 - 2028		2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
		2018/19 (\$000)	2019/20 (\$000)								
Roading	7,166	6,924	6,988	7,120	7,396	7,608	7,762	7,890	8,142	8,327	8,527
Sewerage	3,472	3,339	3,389	3,712	3,972	4,201	4,550	4,327	4,340	4,387	4,350
Solid Waste Management	8,469	8,498	8,686	9,101	9,302	9,516	9,980	10,221	10,476	11,538	11,860
Stormwater	1,507	1,797	1,838	1,942	2,086	2,182	2,318	2,381	2,426	2,485	2,483
Water Supply	5,483	5,498	5,681	6,021	6,420	6,589	6,815	6,874	7,068	7,526	7,691
<b>Infrastructural Services</b>	<b>26,097</b>	<b>26,056</b>	<b>26,582</b>	<b>27,896</b>	<b>29,176</b>	<b>30,096</b>	<b>31,425</b>	<b>31,693</b>	<b>32,452</b>	<b>34,263</b>	<b>34,911</b>
<b>Development and Regulatory Services</b>	<b>8,384</b>	<b>10,911</b>	<b>11,151</b>	<b>11,331</b>	<b>11,597</b>	<b>11,781</b>	<b>12,086</b>	<b>12,285</b>	<b>12,605</b>	<b>12,848</b>	<b>13,173</b>
Community Development	426	472	482	493	476	486	495	506	518	529	540
Housing Care Services	1,613	1,669	1,697	1,734	1,774	1,813	1,855	1,900	1,948	1,996	2,052
Libraries and Archives	4,273	4,400	4,489	4,585	4,670	4,759	4,859	4,952	5,050	5,157	5,293
Parks and Reserves	15,389	15,445	15,772	16,210	16,556	16,916	17,306	17,703	18,111	18,547	19,002
Passenger Transport	2,041	2,320	2,216	2,389	2,342	2,423	2,451	2,508	2,600	2,638	2,709
Pools	5,455	5,835	6,032	6,480	7,320	7,565	7,759	7,912	8,066	8,321	8,488
Public Toilets	295	331	338	346	351	357	365	371	378	387	396
Theatre Services	1,446	1,548	1,610	1,791	1,815	1,823	1,843	1,871	1,861	1,909	1,951
Southland Museum & Art Gallery	2,719	3,342	3,844	3,926	4,009	4,096	4,184	4,000	4,091	4,185	4,283
Southland Regional Heritage Committee	1,198	1,463	1,461	1,436	1,462	1,489	1,517	10,381	2,081	2,141	2,162
Provision of Specialised Community Services	2,746	3,459	3,162	2,959	2,980	3,001	3,034	3,273	3,298	3,332	14,514
<b>Community Services</b>	<b>37,601</b>	<b>40,284</b>	<b>41,103</b>	<b>42,349</b>	<b>43,755</b>	<b>44,728</b>	<b>45,668</b>	<b>55,377</b>	<b>48,002</b>	<b>49,142</b>	<b>61,390</b>
Democratic Process	3,748	3,930	4,010	4,320	4,175	4,262	4,596	4,444	4,540	4,903	4,747
Enterprise (including Destination Marketing)	3,154	2,851	3,117	2,620	2,666	2,711	2,760	2,811	2,864	2,919	2,978
Investment Property	2,015	1,951	2,008	2,110	2,110	2,109	2,208	2,205	2,207	2,301	2,305
<b>Corporate Services</b>	<b>8,917</b>	<b>8,732</b>	<b>9,135</b>	<b>9,050</b>	<b>8,951</b>	<b>9,082</b>	<b>9,564</b>	<b>9,460</b>	<b>9,611</b>	<b>10,123</b>	<b>10,030</b>
CBD Redevelopment	104	78	79	84	188	288	305	293	282	292	279
Invercargill Development Strategy	500	165	305	1,362	1,633	2,101	2,158	2,195	2,229	2,273	2,282
<b>Special Projects</b>	<b>604</b>	<b>243</b>	<b>384</b>	<b>1,446</b>	<b>1,821</b>	<b>2,389</b>	<b>2,463</b>	<b>2,488</b>	<b>2,511</b>	<b>2,565</b>	<b>2,561</b>
Non significant activities	17,865	19,280	19,746	19,971	20,381	21,037	21,399	21,841	22,571	22,950	23,459
<b>Total applications of operating funding - per activity FIS's</b>	<b>99,468</b>	<b>105,506</b>	<b>108,101</b>	<b>112,043</b>	<b>115,681</b>	<b>119,113</b>	<b>122,605</b>	<b>133,144</b>	<b>127,752</b>	<b>131,891</b>	<b>145,524</b>

Extraordinary Council Agenda - REPORT OF THE CHIEF EXECUTIVE

LESS: Internal charges and overheads recovered - per FIS	(29,765)	(34,783)	(35,588)	(36,731)	(37,949)	(38,909)	(39,799)	(40,744)	(41,679)	(42,928)	(44,043)
<b>Total applications of operating funding - per council FIS</b>	<b>69,703</b>	<b>70,723</b>	<b>72,513</b>	<b>75,312</b>	<b>77,732</b>	<b>80,204</b>	<b>82,806</b>	<b>92,400</b>	<b>86,073</b>	<b>88,963</b>	<b>101,481</b>
LESS: Landfill aftercare provision used - Solid Waste activity		(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(50)
PLUS: Depreciation expenses (not in FIS)	22,081	27,098	27,804	28,935	30,409	31,077	31,843	32,652	33,357	34,273	35,276
<b>Total expenses - per statement of comprehensive revenue and expense</b>	<b>91,784</b>	<b>97,781</b>	<b>100,276</b>	<b>104,205</b>	<b>108,098</b>	<b>111,237</b>	<b>114,604</b>	<b>125,006</b>	<b>119,383</b>	<b>123,188</b>	<b>136,707</b>
<b>Per statement of comprehensive revenue and expense:</b>											
Employee expenses	24,502	25,725	26,328	27,412	28,100	28,670	29,244	29,835	30,443	31,056	31,688
Depreciation and amortisation	22,081	27,098	27,804	28,935	30,409	31,077	31,843	32,652	33,357	34,273	35,276
Other expenses	40,878	40,656	41,354	41,935	42,920	44,461	45,987	54,999	47,877	49,679	61,514
Finance expenses	4,323	4,302	4,790	5,923	6,669	7,029	7,530	7,520	7,706	8,180	8,229
<b>Total expenses</b>	<b>91,784</b>	<b>97,781</b>	<b>100,276</b>	<b>104,205</b>	<b>108,098</b>	<b>111,237</b>	<b>114,604</b>	<b>125,006</b>	<b>119,383</b>	<b>123,188</b>	<b>136,707</b>

**TO: EXTRAORDINARY COUNCIL**

**FROM: CHIEF EXECUTIVE**

**MEETING DATE: TUESDAY 6 MARCH 2018**

<b>ADOPTION OF LONG-TERM PLAN 2018-28 CONSULTATION DOCUMENT</b>
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**Report Prepared by:** Melissa Short – Manager Strategy and Policy

**SUMMARY**

This report presents the Long-term Plan 2018-28 Consultation Document for adoption by the Council.
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**RECOMMENDATION**

It is recommended that Council:

Adopt the Consultation Document for the 2018 - 28 Long-term Plan;

AND

Note that Council's auditors, Audit New Zealand, will issue their audit report following the adoption of the Consultation Document;

AND

Approve the process for consultation outlined in this report.

**IMPLICATIONS**

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> This forms part of the development of the Long-term Plan.
2.	<i>Is a budget amendment required?</i> The Long-term Plan process is used to set the proposed budgets for Council's activities.
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> The adoption of the Consultation Document for the Long-term Plan 2018-28 for public consultation initiates the process under the Local Government Act 2002.

**FINANCIAL IMPLICATIONS**

No new financial implications arise from this report.

**CONSULTATION DOCUMENT**

The preparation of a Consultation Document (**Appendix 1**) is a requirement under the Local Government Act 2002. The purpose of the Consultation Document is to provide an effective basis for public participation in local authority decision-making processes relating to the content of the Long-term Plan.

The Consultation Document must include:

- Key issues facing the Council;
- A summary of the financial and infrastructure strategies;
- The impacts of proposals on rates, debt and levels of service; and
- The impact of rating proposals across different categories of rating units.

Council, once it has adopted its Consultation Document for the Long-term Plan 2018-28, will need to consult with its community on its content. The following timetable is proposed:

<b>Action</b>	<b>Date</b>
Council adopts Consultation Document for consultation.	6 March 2018
Public Notice in The Southland Times.	12 March 2018
Consultation Document on Council's website.	12 March 2018
Copies available at Invercargill Public Library, Bluff Service Centre and Civic Administration Building.	21 March 2018
Copies delivered to households in the Invercargill City District.	21 - 28 March 2018
Submission period.	12 March – 20 April 2018
Hearing of submissions.	1 & 2 May 2018
Council considers submissions.	8 May 2018
Council considers His Worship the Mayor's report on submissions.	15 May 2018
Council amends Long-term Plan 2018-28 for final Audit.	22 May 2018
Council adopts audited Long-term Plan.	26 June 2018.

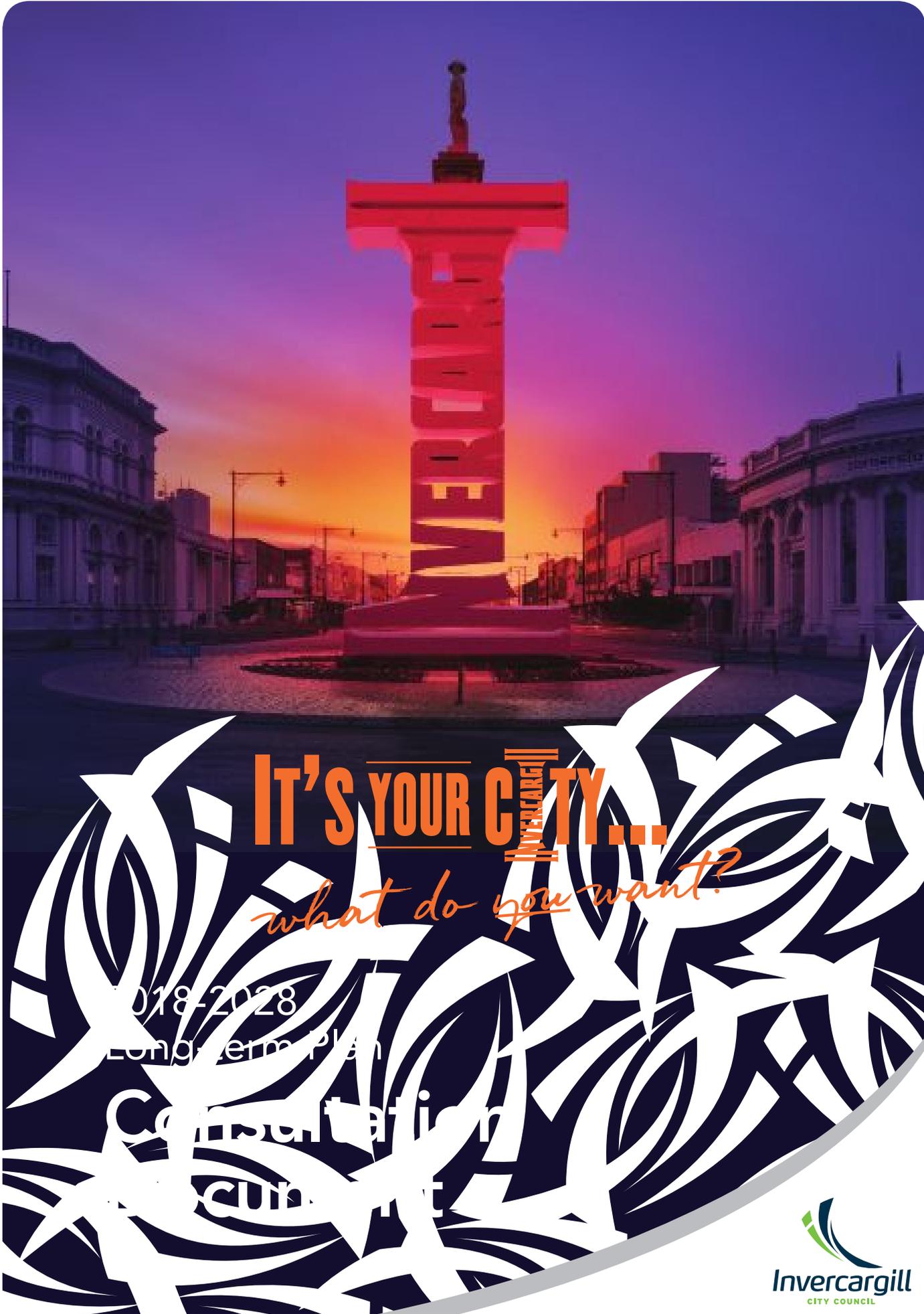
## CONSULTATION

Consultation with the Community over the issues raised in the Consultation Document provides the community with opportunity to become aware of the issues and to make their views known. The minimum period for consultation is one month. Consultation, hearings and deciding on submissions, amending the Long-term Plan and an audit of the amended Long-term Plan all need to be undertaken, and the final document adopted before 1 July 2018.

Council uses a number of techniques to engage its communities on Council issues. The following consultation opportunities are proposed for the Consultation Document:

Newspaper:	Formal public notice in The Southland Times.  Information on how to obtain a copy of the Consultation Document, and discussion opportunities with Councillors.  Key Long-term Plan issues published in Council's newspaper pages.
Consultation Document Distribution:	The Consultation Document will be delivered to all households.
Radio:	A reminder to the Community that the Long-term Plan Consultation Document is open for submissions and encouraging people to give Council their opinion by lodging a submission to run in the Council Radio News.
Internet:	A copy of the Consultation Document, supporting information and submission form be made available on Council's website.
Social Media page:	A programme for engagement run through Council's Facebook. A survey will be available on Imagine Invercargill, our Engagement website, where people can provide their views.
Consultation Caravan:	A number of opportunities for the public to meet with staff and Councillors will be available using the Consultation Caravan. The location and times of these opportunities will be well advertised. Staff will be available to assist people to complete a submission during these times.

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**IT'S YOUR CITY...**  
*what do you want?*

2018-2028  
Long-term Plan

Consultation

Submission



# CONTENTS

- 3 - Mayor and Chief Executive's Comment
- 4 - Our future
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- 20 - Priorities explained
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  - 24 - Additional pool at Splash Palace
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Indoor Leisure Centre Charitable Trust
  - 28 - Arts and Creativity Invercargill
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Museum and Art Gallery Redevelopment
- 33 - Impact on your rates
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# IT'S YOUR CITY... INVERCARGILL what do you want?

At the Invercargill City Council we are currently planning the next ten years of Council services, activities and projects. As part of our planning we want to hear from you. Tell us what is important to you, what we can't do without and what you would prefer we don't do.

As with previous years, the key focus of our Council this year is the City's infrastructure. In the coming years, Invercargill City will experience increasing pressure on infrastructure renewals as the existing networks age towards their end of life. During the periods of the 1920s, 1960s and 1970s, large areas of our city were developed over short periods of time reflecting the growth of the City. Council has previously funded core infrastructure on a "when-required" basis. How we move towards funding the depreciation of our assets is a key challenge for Council. We aim to fully fund the depreciation on core infrastructure assets by 2028. We need to ensure that we are delivering the right level of infrastructure services at a cost that the community can afford, both now and into the future.

Although we are focusing on our core business, we also have some exciting new projects planned that we are asking for your feedback on. We understand that we can't do everything all at once so we are staggering our project initiatives over the next ten years. Please tell us what you think about the proposal for an Alternative Water Supply, earthquake strengthening Anderson House and its potential for future use, providing an additional pool at our popular swimming facility, Splash Palace and whether you believe we should be giving extra funding to assist with the running of Stadium Southland.

As a part of our Inner-City rejuvenation, we are looking at arts and culture projects. These projects include developing an Art Centre, a Living Dinosaurs Experience, the upgrade of the Southland Museum and working with the other councils in Southland to develop a regional storage facility.

There are also a wide range of issues, opportunities and challenges that are not part of Council's core business, but are potentially of major significance to our City. Transmission costs for electricity, SIT's accommodation project, the demolition plans for some heritage buildings, refugees, social housing, sheep milk, tourism, space projects at Awarua, Climate Change and Le Quesnoy to name just a few.

The most important thing to us here at Council is delivering the services that you want at a cost you can afford, that's why it is so important that you tell us what you think about our plans. We have many different ways to engage, our formal submission process, online feedback and even popping in to the caravan and chatting with Councillors or staff about the different projects.

Remember, it's your City – what do you want?



Tim Shadbolt  
MAYOR OF INVERCARGILL



Richard King  
CHIEF EXECUTIVE

## OUR FUTURE

This is the Council's Consultation Document for its 2018-28 Long-term Plan. It forms the basis of discussion between the Council and the community about issues facing Invercargill City over the next ten years and how we propose to address them.

This new plan builds on our previous Long-term Plans and what we are already doing.

The Council receives regular feedback from residents and from this we understand the community's priorities are:

- Maintaining core infrastructure services
- Keeping the high quality of community facilities and services
- Ensuring our environment is protected
- Sustaining the city's business and social fabric
- Recognising the importance of rates affordability

Our challenge is to create a ten-year plan that meets the different priorities of our community and determines how we balance them against each other. Our priorities change as we age. Each generation uses our services and facilities differently and there is always a demand for new/upgraded facilities.

The Council provides many services to our community and we are not proposing to change the way most are funded or provided. These are not included in this consultation document.

The Council is consulting on new projects, those that fall outside of our core business or make a change to our business as usual.

We also discuss rates affordability and how we manage our infrastructure.

The Long-term Plan will set out the Council's direction and commitments for the next ten years. This is supported by the Financial Strategy which sets the overall direction for the Council's finances, and the Infrastructure Strategy which sets out the key infrastructural issues that Council is likely to face over the next 30 years.

The Plan will be adopted after we receive and consider feedback on the key issues contained in this document.

# INSPIRATIONAL INVERCARGILL

# KEY ISSUES FOR DISCUSSION



## Core infrastructure services

Infrastructure provides a foundation for building strong and resilient communities. We are facing a number of challenges over the coming years. These challenges include meeting our long-term renewal expectations for infrastructure, responding to our changing environment (both natural and technological), and the City's changing demographic and its ability and willingness to pay. We also face the challenge of encouraging growth projects while ensuring that we operate in a financially prudent way that promotes both the current and future interests of the community. To meet these challenges we intend to maintain our current asset base, focus on critical assets, make evidence-based decisions and increase the amount we spend on renewing our assets. We have previously funded our core asset renewals on a 'when-required' basis. Over the next ten years we aim to increase our funding to 100% of depreciation.

As a large proportion of our infrastructure assets are reaching the end of their useful life they need replacement. As we replace assets we may have the opportunity to upgrade the level of service provided, improving our environmental impact. We are also looking to build resilience into our Water Supply Network. We would like to hear your views on the Alternative Water Supply Project (See page 20).

How we will manage our core infrastructure assets over the next 30 years is detailed in the Infrastructure Strategy Summary. (See page 12).

## Community facilities and services

We are proud of the high level of community facilities and services we make available to our residents. The Council also funds other organisations to provide specialist community facilities, such as the Southland Museum and Art Gallery and Stadium Southland.

During the next ten years we propose to make significant improvements to Splash Palace by building an additional pool. (See page 24)

We are intending to undertake a number of Community Facility projects over the next ten years. These projects will not only give our residents and ratepayers more social options in the City, but will also attract tourists and help grow our economy. The key projects are:

- Anderson House (see page 21)
- Art Centre (see page 28)
- Living Dinosaurs (see page 30)
- Regional Storage and the Southland Museum (see page 32)

# DISCUSSION

## Supporting Community-led initiatives

We have changed the way that we allocate Community Funding. Council is aware that we are not always the best placed to deliver projects within the community, and that through financial assistance we can assist the wider community to be a catalyst for positive change. Through our Community Development Service we administer the Creative Communities Invercargill and the Invercargill Active Community funds. Council also offers three of its own community funds; the Community Grants Fund, the Events Fund and the Neighbourhood Fund.

The Community Grants Fund is a contestable fund of \$250,000 and is to support projects and activities that will help achieve Council's vision – "to enhance our City and preserve its character while embracing innovation and change".

The Events Fund provides financial assistance to encourage the holding of significant events or performances in Invercargill or Bluff. The Neighbourhood Fund replaces the Urban Rejuvenation Project that Council has been undertaking. This is a \$50,000 fund that will fund smaller projects and events that benefit neighbourhoods.

Every year during our Annual Plan or Long-term Plan consultation process we have received submissions regarding Community Funding applications. This year we have introduced a new system. We are using this Consultation Document to inform you of what is available through our community grants programmes. Submissions to the Long-term Plan should relate to key issues facing our City, we have highlighted in this document what we see as the key issues. If you are seeking funding please apply through the grants process.

## Rates affordability

The Council recognises that Invercargill's population is ageing and that by the end of this ten year plan, over 22% of our population will be aged 65 years or older.

It is important to us that our rates are collected in a fair and equitable way. For this reason we have made the following changes to our Rating Policy for the 2018/19 year:

- The maximum value which an industrial property is rated has been increased from \$21 million to \$25 million.
- The Rural Farming differential has been decreased from -30% to -25%.
- The Resource Management rate has been renamed 'Regulatory Services Rate' and now includes all rates for regulatory services which have been removed from the General Rate. This aligns with the new Regulatory Services Activity, combining Resource Management, Environmental Health, Compliance, Animal Services and Building Services.
- We have changed the Waste Minimisation rate from one where everyone pays the same amount into a rate in the dollar based on the capital value of your property. This rate will be targeted on all ratepayers with the exception of the Rural-Farming ratepayer type.

We recognise that because of what we need to purchase, the cost of providing Council services is rising at a higher rate than usual household costs. We are mindful of affordability issues among our ratepayers. We continue to investigate cost-cutting methods to ensure the revenue required to run the Council is kept relatively steady.

# HOW YOU CAN PARTICIPATE



This Consultation Document identifies the key issues and possible options for you to consider. We are taking a ten-year view of how we believe the district will develop and the priorities for Council spending.

This document is supported by a number of strategies and plans, which can be found on the Council's website – [www.icc.govt.nz](http://www.icc.govt.nz).

You can make submissions on the Consultation Document or the supporting strategies and plans by using the form in the middle of this booklet. If you have a different option for any of the issues that you think the Council should consider, please tell us.

The Council is also carrying out a separate consultation on its Fees and Charges for 2018/19 and also on its Revenue and Financing Policy. You are also welcome to make a submission on either or both of these. The outcome of these consultations will form part of the final Long-term Plan 2018-2028.

Copies of the proposed Fees and Charges and the proposed Revenue and Financing policy are available at the Civic Administration Building, or at [www.icc.govt.nz](http://www.icc.govt.nz).

If you want to discuss anything you have read in this Consultation Document, please give one of your Councillors a call.

- His Worship The Mayor Tim Shadbolt  
03 211 1777
- Cr Rebecca Amundsen (Deputy Mayor)  
027 225 2664
- Cr Lindsay Abbott  
027 290 1142
- Cr Allan Arnold  
027 433 6408
- Cr Karen Arnold  
027 268 8613
- Cr Toni Biddle  
027 869 2065
- Cr Alex Crackett  
021 535 953
- Cr Lloyd Esler  
03 213 0404
- Cr Graham Lewis  
03 218 6385
- Cr Darren Ludlow  
03 215 4777
- Cr Ian Pottinger  
03 217 4579
- Cr Lesley Soper  
03 216 6427
- Cr Lindsay Thomas  
027 472 4730

Submissions close at 5pm, 20 April 2018 for the Long-term Plan Consultation Document, Fees and Charges and Proposed Revenue and Financing Policy.

# FINANCIAL STRATEGY SUMMARY

The Council's Financial Strategy explains how our finances will be managed over the next ten years. We intend to maintain our assets at an effective and efficient level and minimise the risk of our critical assets failing. Council also intends to minimise the impact on rates.

The balance that we are trying to achieve depends on many factors; the following are key:

- Focusing on core infrastructure (roads, pipes, water supply, parks etc). We are aiming to maintain existing levels of service, renewing core infrastructure in a planned, cyclic fashion and improving the quality of service to ratepayers and residents;
- Ensuring core Council debt remains below \$140 million;
- Receiving increasing dividends from Invercargill City Holdings Limited;
- Researching ways to get funding other than rates and loans;
- Continuously reviewing operational expenditure for short and long term cost savings.

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

- Meeting our long-term renewal expectations for infrastructure.
- Encouraging growth projects, such as the Art Centre, while ensuring financial and operational sustainability for future generations.
- Ensuring that we work in a financially prudent manner to benefit both the current and future needs of our community.
- The City's changing demographic profile and our community's ability and willingness to pay.

- Responding to the changing environment (both natural and technological) and retaining Invercargill's character including its built environment.

We are heading into a period of increased expenditure over the next five years, particularly for our sewerage, stormwater and water supply systems. Expenditure will then level out for the last five years of this Long-term Plan. Some of the infrastructure work that we need to do requires significant expenditure and we will use debt to spread the cost when this is appropriate. Debt would largely be used where there is a new project or the spending relates to growth although debt will also be required for renewal capital. You can find more information on these core capital projects in our Infrastructure Strategy.

The Council is required to develop balanced budgets where operating revenues are set at a level sufficient to meet operating expenses. We will not achieve this over eight of the next ten years. This would not be achieved for nine of the next ten years if external funding for the Art Centre project was not received.

We are doing this for three reasons:

1. To manage the level of rates increases over the ten years by avoiding significant fluctuations.
2. To reflect the underfunding of infrastructure asset depreciation, particularly within the early years of the plan, with the goal being 100% funding of depreciation by 2028.
3. To enable us to provide the \$8.5 million grant towards the capital development of a Regional Storage Facility in 2024/25 and the \$10.8 million grant to the Southland Museum and Art Gallery



Trust for the redevelopment of the Southland Museum in 2027/28, both being funded by loans rather than rates. The \$10.8 and \$8.5 million estimates are subject to change as they are preliminary figures that have been used for planning purposes. Prior to these projects proceeding, feasibility studies and further investigation into cost will occur. When these processes are undertaken it is likely that the figures used will change.

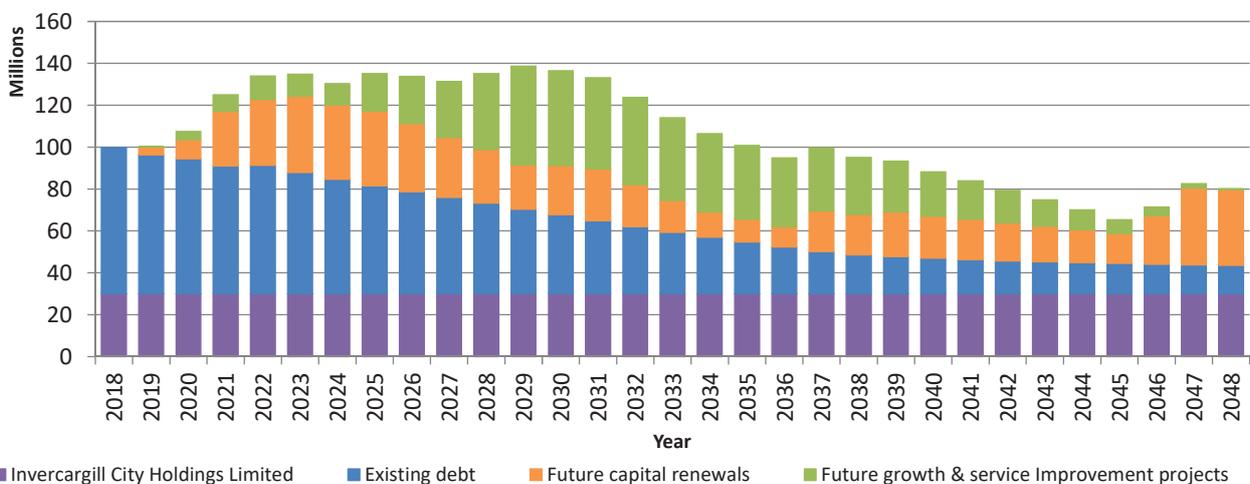
The Council is taking this approach because we are in a healthy financial position and we are confident that we are managing operating and capital expenditure to provide our community with the most cost-effective solution.

Council has previously funded core infrastructure on a “when-required” basis. How we move towards funding the depreciation of our assets is a key

challenge for Council. We aim to fully fund the depreciation on core infrastructure assets by the following dates:

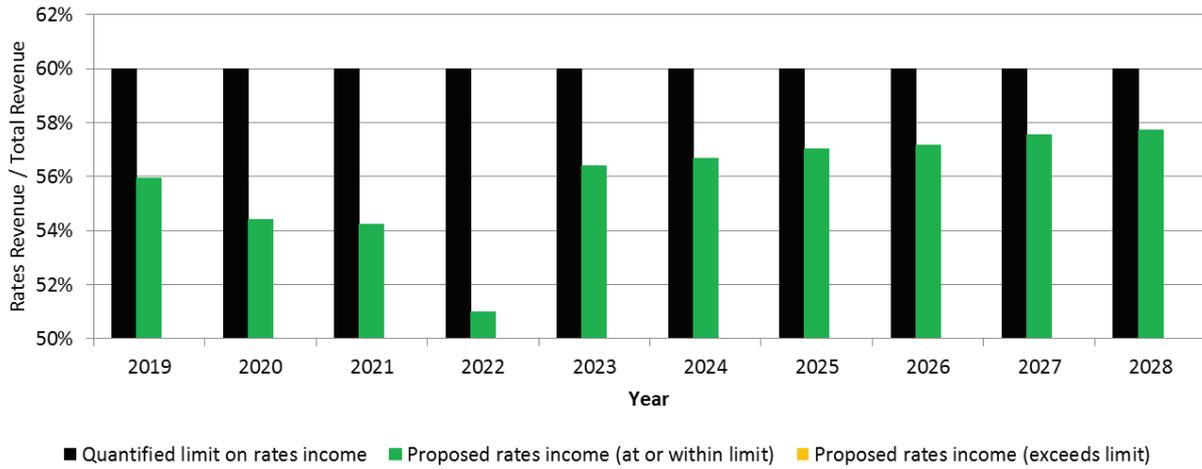
- Stormwater capital work to be funded at 100% of depreciation by 2028
  - Pipe network capital expenditure to 100% by 2022 funding the difference by loans
- Wastewater capital work to be funded at 100% of depreciation by 2028
  - Pipework capital expenditure to 100% by 2022, funding the difference by loans
- Water Supply capital work to be funded at 100% of depreciation by 2028
- Roads, bridges and footpaths to be funded at 100% of depreciation by 2028.

## ICC Debt Forecast Profile



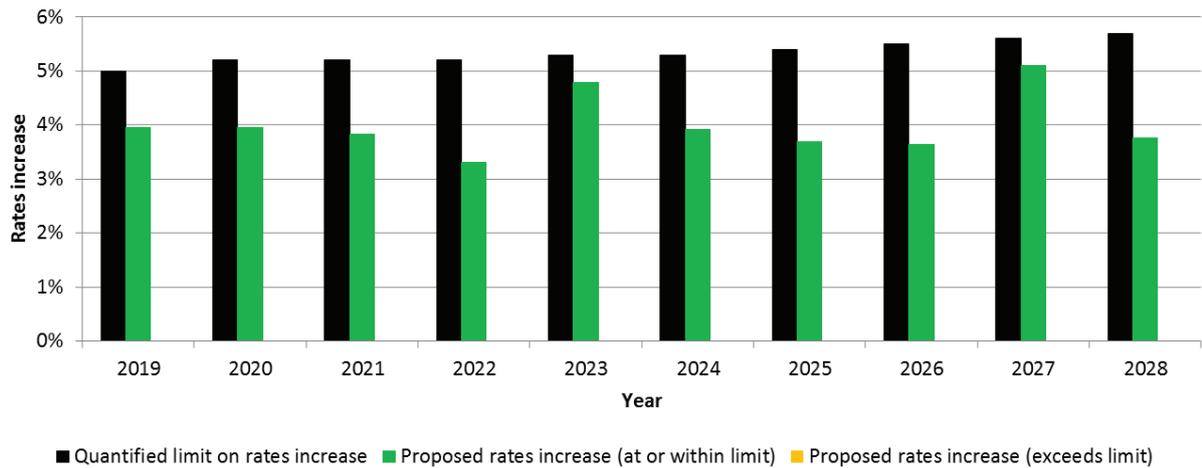
## FINANCIAL STRATEGY SUMMARY CONTINUED

### Rates (Income) Affordability Benchmark (2019 - 2028)



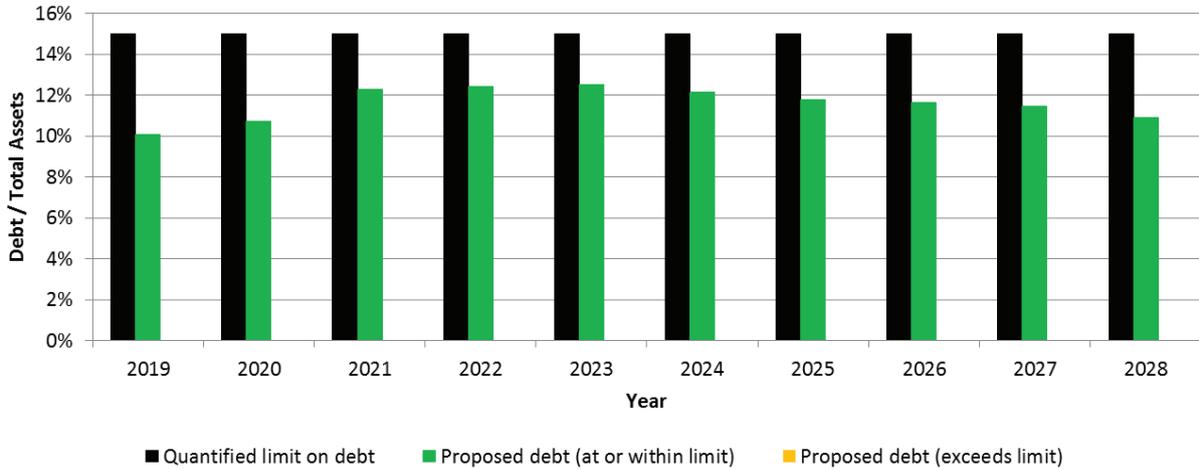
The graph above compares the Council's actual rates income with the limit imposed in the Long-term Plan being "Rates revenue as a source will not exceed 60% of its total revenues".

### Rates (Increases) Affordability Benchmark (2019 - 2028)



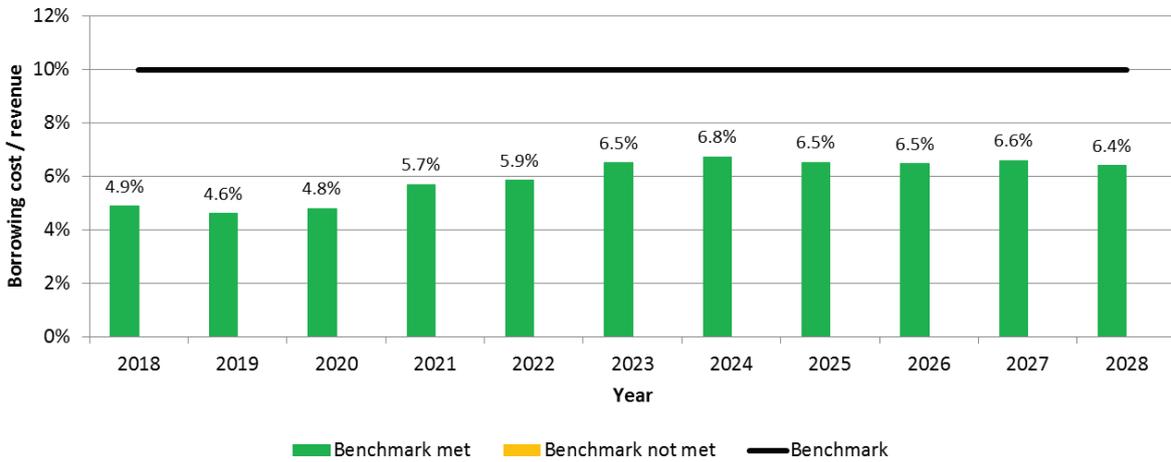
The graph above compares the Council's actual rates income with the limit imposed in the Long-term Plan being "Total rates increases will be limited to forecast LGCI + 3.0%".

### Debt Affordability Benchmark (2019 - 2028)



The graph above compares the Council's total borrowings against total assets in the Long-term Plan being total debt will not exceed 15% of total assets.

### Debt Servicing Benchmark (2018 - 2028)



The graph above displays the Council's borrowing costs as a proportion of revenue. The Council meets the debt servicing if its borrowing costs equal or are less than 10% of its revenue.

A copy of the full Financial Strategy is available on our website [www.icc.govt.nz](http://www.icc.govt.nz)

# **INVERCARGILL** INFRASTRUCTURE STRATEGY SUMMARY



The following is a summary of the Invercargill City Council's Infrastructure Strategy. A copy of the full strategy is available on our website - [www.icc.govt.nz](http://www.icc.govt.nz).

Infrastructure provides a foundation for building strong and resilient communities. Our Strategy sets out how the Council will use its existing infrastructure base of roading, water supply, sewerage, stormwater, building assets, and parks assets to support the community. Council operates against a background of legislation contained in the Local Government Act. While the legislation only requires that we develop a strategy for roading, water supply, sewerage and stormwater, Council has chosen to also include solid waste, building assets, parks and cemeteries. By doing this the full picture of planned infrastructure management, including renewals, can be seen for the next 30 years and beyond.

The Strategy identifies how we will meet the demands of long-term renewals for significant assets, adapting to the changing environment and population trends while embracing growth projects aligned with Council's vision. It also sets out how we plan to manage the renewal funding demands for Invercargill's infrastructure over the next 30 years within a constrained funding environment.

# OUR INFRASTRUCTURE SUMMARY

We own and manage \$783m (value as at 30 June 2017) of public infrastructure.



## CORE INFRASTRUCTURE

### ROADING **\$275M**

- Urban sealed roads 294km
- Rural sealed roads 178km
- Rural unsealed roads 123km
- Kerb and Channels 555km
- Bridges 51
- Footpaths 500km
- Street lighting
- Off street carparks 6



### STORMWATER **\$159M**

- Pipe Network 419km
- Pumping Station 9
- Open Drains 15km
- Tidal Protection Banks 3km
- Stead Street and Rifle Range

### SEWERAGE **\$113M**

- Pipe Network 368km
- Pumping Stations 31
- Treatment Plants 3



### WATER **\$124M**

- Pipe Network 419km
- Pump Stations 6
- Branholme Water Treatment Plant
- Reservoirs 7

## OTHER INFRASTRUCTURE

### BUILDING ASSETS



### **\$78M**

- Corporate Buildings 2
  - Civic Admin
  - Bluff Service Centre
- Community Facilities 6
  - Civic Theatre
  - Splash Palace
  - Eve Poole Library and Archives Building
  - Scottish Hall
- Animal Care Facility
- Southland Museum and Art Gallery (facility managed but not owned by Council)
- Housing Care Flats 215
- Public Toilets 9
- Other Infrastructure 3

### PARKS AND CEMETERIES



### **\$27M**

- Premier Parks 4
  - Queens Park 54.7ha
  - Otepunu Gardens 4.7ha
  - Anderson Park 5.5ha
  - Gala Street 5.1ha
- Amenity Parks 17
- Environmental Parks 24
- Linkage Reserves 27
- Neighbourhood Parks 61
- Outdoor Adventure Parks 3
- Sports Fields Reserves 20
- Special Purpose 11
- Civic Space 4
- Cultural Heritage 7
- Undeveloped Parks 8
- Non-Council Owned 4



### SOLID WASTE **\$7M**

- Closed landfills 2
- Transfer Stations 2
- Kerbside Bins 42,869

## **INVERCARGILL** INFRASTRUCTURE STRATEGY CONTINUED



### **Background**

In the coming years, Invercargill City will experience increasing pressure on infrastructure renewals as the existing networks age towards their end of life. During the periods of the 1920s, 1960s and 1970s, large areas of our city were developed over short time periods reflecting the growth of the City. The Governments of the time assisted development of growth including installing pipes and building roads but, under current funding structures, the renewals are now the financial responsibility of Council (the exception to this is some aspects of roading which is partially funded by the New Zealand Transport Agency). The strategies planned to manage this work will be reflected in the costs to our community.

Development peaks need careful and structured renewal strategies to ensure that we are renewing assets at the right time to meet future demand. The Water Supply Activity has highlighted a type of pipe network (asbestos cement pipes), where pipes may

have to be renewed before their previously expected end of life. However, those pipes have currently served more than 50 years. They are widely used in New Zealand and many councils will be experiencing similar issues.

For some of our infrastructure activities Council has decided to spend less than the renewal rate predicted by our calculation of the use and consumption (our depreciation forecasts). 'Pushing the asset harder' is now more widely accepted as getting value for money, but has the potential for more risk. This approach enables Council to better manage, through the use of its data and optimisation approaches, renewals through a 'just-in-time' method for each asset. The knowledge about level of importance, resilience and risk will help our staff to make informed decisions about how the risk to the community should be managed.



For example, Council is proposing to defer the renewal of the footpath programme as it understands it can be done at low risk and we can see and regularly inspect the footpaths. We can respond if a problem occurs and remove risks quickly, because of that, Council plans to extend the overall life of all of the footpath assets beyond what was earlier estimated and signalled in previous Roading Activity Management Plans. The opposite approach has been taken with important parts of the water reticulation network where some critical pipe replacements are planned to happen earlier than the originally scheduled end of life.

Council needs to ensure that it is delivering the 'right' level of infrastructure services at a cost the community can afford and sustain, both now and into the future.

We plan to manage investment in our network through a business case approach, which is supported by good evidence and data and also considers what the future demand may be including possible shifts over time as factors such as technology change.

To do this we have looked closely at planned new infrastructure projects, renewals and the maintenance of existing infrastructure. The detail and options available for addressing these matters are expanded on in our Activity Management Plans. The Strategy sets out what Council believes to be the most likely scenario for infrastructure needs in the future. It also assesses the options available to address these needs.

## INFRASTRUCTURE STRATEGY CONTINUED

### What is our Strategy?

- Maintain our current asset base while responding to the challenges.
- Focus on critical ageing assets and allow non-critical assets to experience limited failure before renewal (more specifically water piped assets).
- Don't expand the existing infrastructure networks (especially at our own cost), only improve levels of service to meet consent and legislated requirements, utilise the networks current capacity to meet forecast growth.
- Focus on sound evidence-based activity investment decisions, rather than just the management of assets.
- Incrementally increase the dollar amounts allocated to renewal of assets to meet the calculated level of annual depreciation (as a baseline measure).
- Should unplanned failures occur, use a mix of Council's financial "good health", accumulated reserves and/or insurance (where appropriate) to manage risks.
- Ensure growth is focused on social, financial and operational sustainability and aligned to the Council's vision.
- Better understand our community's needs through consultation and agreed levels of service.
- Utilise subsidies, user payments, rates and loans to ensure that both current and future communities pay for the asset they are using.

### The tools we are going to use

- Strengthen our asset management to improve cost-efficiency and make better informed decisions. We will have robust and detailed asset management plans which will be updated regularly to reflect changes in the sector and develop these aligned with best practice.
- Improve business decisions when investing by using an evidence-based business case approach. We will challenge and test when decision making, so we can demonstrate the decision to be the right choice.
- Engage our customers to better understand their needs and desires. We will ask and listen more to know and understand what is needed, challenge and test theories and communicate the result so what is planned is widely understood.

## Our assumptions at a glance

Our Strategy has used a number of assumptions to help us plan for the next 30 years. These assumptions have been consistently used across the Council and are summarised as:

- There will be a gradual positive growth in the Invercargill and Southland economy but the growth can be accommodated within the existing network.
- The population growth will remain steady and the population will rise from 51,696 (2013 census) to 56,000 in 2038.
- The impacts of climate change will gradually increase over the next ten years, including rainfall, the intensity of storms, median temperature and rising sea levels. This will increase requirements on our infrastructure including roading, water supply, stormwater, sewerage and flood banks.
- Stormwater and sewerage discharge consents will have similar conditions as the current resource consents for the ten years of the Long-term Plan.
- We have assumed that there will be no major catastrophes in the Southland Region and therefore the plan is about a steady approach.

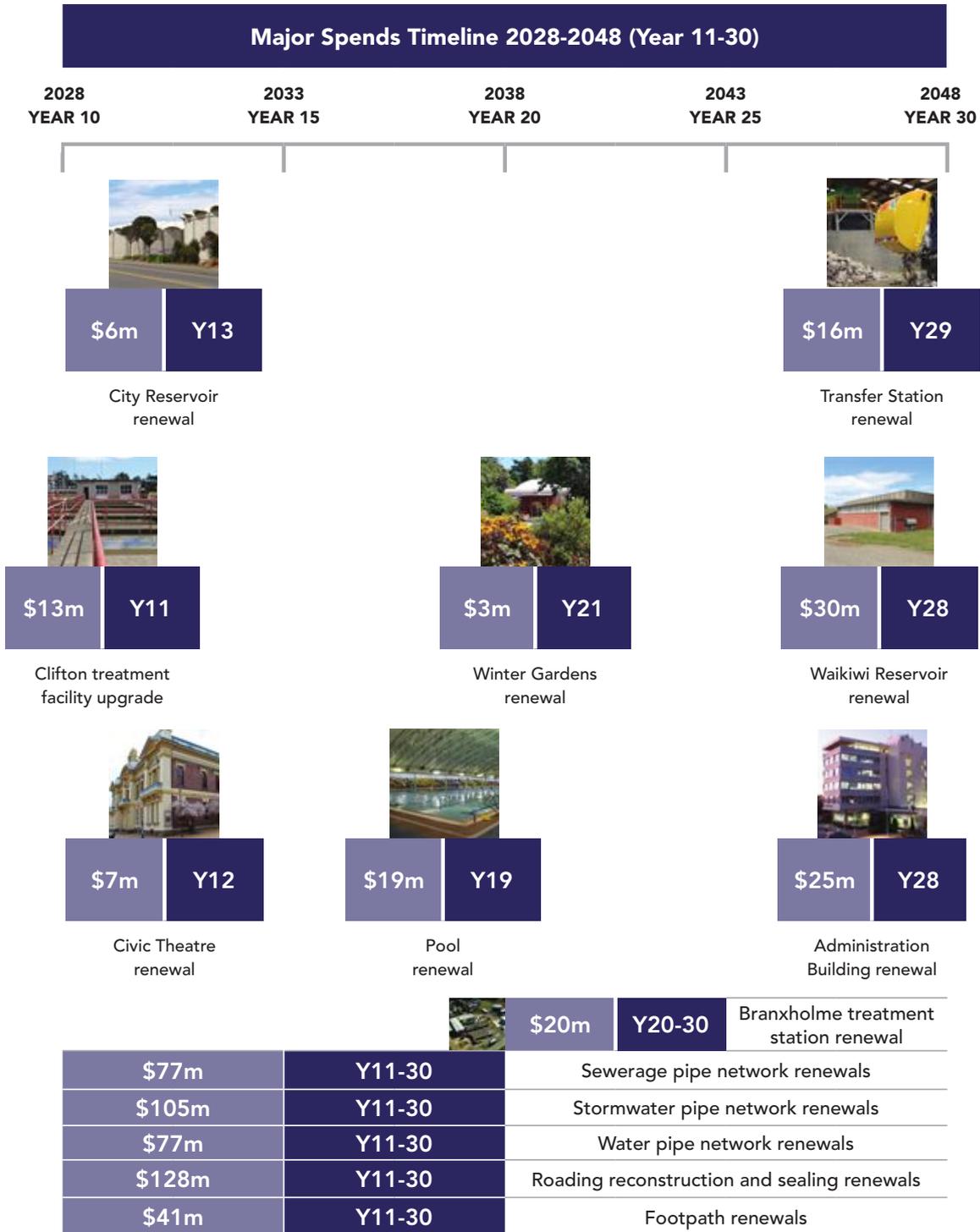
## Where will we be in 30 years?

We will use our Infrastructure Strategy and other tools to manage our priority projects so that in 30 years the infrastructure in Invercargill continues to meet the needs of the community. Our assets will have had sufficient maintenance and renewal to be able to operate to meet the agreed community levels of service and legislative requirements. Council will have good knowledge on how to sustain and support the assets over their lives and our staff will use asset systems to accurately predict future demands. Our assets will contribute to Invercargill developing as the vibrant hub of Southland.



# INVERCARGILL INFRASTRUCTURE STRATEGY CONTINUED





# PRIORITIES EXPLAINED INVERCARGILL

## Alternative Water Supply

In Invercargill we currently only have one source of drinking water. We get our water from the Oreti River at Branxholme. If, for any reason, this water supply is disrupted, the City would only have two and a half days' supply of water. A disruption would lead to water restrictions that would affect businesses and industry, affect firefighting capability, the ability to flush away waste and threaten the availability of drinking water. Invercargill is one of very few communities of our size that rely on a single supply of water.

The Council has begun investigating what and where the alternative source may be, the second part of this project is to develop the source into a useable alternative. The source would need to have a different risk exposure to the current source and be developed to a sufficient capacity to protect the Community. The focus of the alternative supply would be providing



for domestic and firefighting supplies, not necessarily business and industry.

Although a major event that would make the Oreti supply unavailable is considered unlikely, the potential impact of such an event is huge. Events such as drought and contamination of the water supply could have a detrimental effect on the Community and health and safety would be compromised.

The cost of developing the alternative water supply is budgeted at \$10.7 million and will be loan funded. The work will be undertaken over the 2025/26 and 2026/27 financial years.

### Option 1 Council's Preferred Option

Develop an alternative water supply. This will be funded by loans of \$5.28m in 2025/26 & \$5.42m in 2026/27 and will be repaid over a 20 year period.

#### Level of Service

Will increase as the Community is provided with an emergency water supply.

#### Cost to Ratepayers

Year	Total rates	year/week (average)
2025/26	\$226,316	\$8.46 / \$0.16
2026/27	\$715,152	\$26.54 / \$0.51
2027/28	\$960,578	\$35.38 / \$0.68

### Option 2

Retain the status quo.

#### Level of Service

No change.

#### Cost to Ratepayers

No additional cost to ratepayers.

# SUBMISSION FORM

## Consultation Document



2018-2028  
Long-term Plan

IT'S YOUR CITY...  
*what do you want?*

### Submitter Details

First Name	<input type="text"/>	Surname	<input type="text"/>
Organisation	<input type="text"/>	Postal Address	<input type="text"/>
(if appropriate)	<input type="text"/>		<input type="text"/>
Phone (daytime)	<input type="text"/>		Postcode
Email	<input type="text"/>	Date	<input type="text"/>
IF NON-RESIDENTIAL RATEPAYER, PROPERTY(IES) LOCATED IN	<input type="text"/>	Signature	<input type="text"/>

### Returning your submission

Return by 5pm, Friday, April 20.

**Deliver to:** Civic Administration Building  
101 Esk Street  
Invercargill

**Email:** Policy@icc.govt.nz

**Post to:** Submission Long-term Plan  
Invercargill City Council  
Private Bag 90104  
Invercargill 9840

### Presentation of submission

Please tick as appropriate. If neither of the boxes is ticked, it will be considered that you do not wish to be heard.

- I wish to speak to the Mayor and Councillors about my submission.
- I do NOT wish to speak in support of my submission and ask that the following written submission be fully considered.

### Submission details

If you have a different option for any of the issues that you think the Council should consider, please tell us.

### Tips for making an effective submission

- + Head each of your topics with a title so we clearly know what issue you are submitting on. Make it clear what you are supporting or opposing and give reasons why.
- + Bullet points help you form ideas clearly and are easy for the Mayor and Councillors to read.
- + Dark coloured pens make it easier to read and copy your submission.

**Please note:** Submissions received on the Proposed 2018/28 Long-term Plan will be made available to the public as required by the Local Government Act 2002 and subject to the Local Government Official Information and Meetings Act 1987. This will include the name and address of submitters.



















## Anderson House

Anderson House and Park were gifted to the Council in 1951. The Council became responsible for stewardship of the grounds, native bush areas and the buildings. The House is iconic, and has a deep history for Southland. Anderson House has been identified as having strength of less than 33% of the New Building Standards, and as such makes it an earthquake-prone building. We are not permitting long-term internal use of the building before it has been strengthened.

There is an expectation from some sectors of the Community that the House and Park will be managed and maintained for the use of future generations. We have begun investigating potential future uses of Anderson House as well as the options for strengthening the House.

Council's Preferred Option	
Level of Service	Ratepayer \$
↑	↑

Our proposed option is to earthquake strengthen Anderson House to 67% of the New Building Standard. The necessary building consent will also trigger a responsibility for us to upgrade access in relation to means of escape, a lift to the first floor and toilet facilities.

The cost of strengthening and meeting the Building Act requirements at Anderson House is budgeted at \$1,716,960 and will be undertaken in the 2019/20 financial year.



## Anderson House continued

### Option 1 Council's Preferred Option

Earthquake Strengthen Anderson House to 67% of the New Building Standard, triggering building consent and responsibilities for access in regard to means of escape, a lift to the first floor and toilet facilities. This will be funded by loans of \$1.72m in 2019/20 and will be repaid over a 20 year period.

#### Level of Service

Will increase as the Community will once again be able to access Anderson House on both the ground and first levels.

#### Cost to Ratepayers

Year	Total rates	year/week (average)
2019/20	\$67,947	\$2.66 / \$0.05
2020/21	\$142,073	\$5.51 / \$0.11
2021/22	\$142,047	\$5.47 / \$0.11
2022/23	\$142,020	\$5.43 / \$0.10
2023/24	\$147,521	\$5.60 / \$0.11
2024/25	\$147,201	\$5.54 / \$0.11
2025/26	\$147,303	\$5.51 / \$0.11
2026/27	\$152,299	\$5.65 / \$0.11
2027/28	\$152,382	\$5.61 / \$0.11

### Option 2

Maintain external shell of building only and abandon use, making it as safe as possible without triggering Building Consent. This will be funded by loans of \$0.19m in 2019/20 and will be repaid over a 20 year period.

#### Level of Service

No change.

#### Cost to Ratepayers

Year	Total rates	year/week (average)
2019/20	\$7,661	\$0.30 / \$0.01
2020/21	\$16,019	\$0.62 / \$0.01
2021/22	\$16,016	\$0.62 / \$0.01
2022/23	\$16,013	\$0.61 / \$0.01
2023/24	\$16,633	\$0.63 / \$0.01
2024/25	\$16,597	\$0.63 / \$0.01
2025/26	\$16,609	\$0.62 / \$0.01
2026/27	\$17,172	\$0.64 / \$0.01
2027/28	\$17,181	\$0.63 / \$0.01



**Option 3**

Earthquake Strengthen Anderson House to 33% of the New Building Standard, triggering building consent and responsibilities for access in regard to means of escape and toilet facilities - no use of upper story. This will be funded by loans of \$0.95m in 2019/20 and will be repaid over a 20 year period.

**Level of Service**

Will increase as the Community will once again be able to access Anderson House but only on the ground level.

**Cost to Ratepayers**

Year	Total rates	year/week (average)
2019/20	\$37,766	\$1.48 / \$0.03
2020/21	\$78,965	\$3.06 / \$0.06
2021/22	\$78,951	\$3.04 / \$0.06
2022/23	\$78,936	\$3.02 / \$0.06
2023/24	\$81,993	\$3.11 / \$0.06
2024/25	\$81,816	\$3.08 / \$0.06
2025/26	\$81,873	\$3.06 / \$0.06
2026/27	\$84,469	\$3.14 / \$0.06
2027/28	\$84,695	\$3.12 / \$0.06

**Option 4**

Earthquake strengthen Anderson House to 67% of the New Building Standard, triggering building consent and responsibilities for access in regard to means of escape, a lift to the first floor and toilet facilities, and renovate the kitchen area. This is similar to Option 1, but we have added in the kitchen renovation. This will be funded by loans of \$1.92m in 2019/20 and will be repaid over a 20 year period.

**Level of Service**

Will increase as a safe facility is provided for public use. The building will have a number of functional uses.

**Cost to Ratepayers**

Year	Total rates	year/week (average)
2019/20	\$75,838	\$2.97 / \$0.06
2020/21	\$158,574	\$6.15 / \$0.12
2021/22	\$158,545	\$6.11 / \$0.12
2022/23	\$158,514	\$6.06 / \$0.12
2023/24	\$164,654	\$6.25 / \$0.12
2024/25	\$164,297	\$6.19 / \$0.12
2025/26	\$164,412	\$6.15 / \$0.12
2026/27	\$169,988	\$6.31 / \$0.12
2027/28	\$170,080	\$6.26 / \$0.12

## Additional Pool at Splash Palace

Swimming and water sports at Splash Palace are very popular activities for Invercargill's community. There are over 400,000 admissions to Splash Palace every year and this number is increasing. Due to its popularity, Splash Palace is unable to provide adequate space for all users including general admissions, clubs and learn to swim.

To meet this ongoing demand, and to provide appropriate disabled access, we are proposing to build an additional pool adjacent to the existing complex. The pool is scheduled to be constructed in the 2020/21 year.

The pool would:

- Be 25 x 25 x 2 metres.
- Have built in wheelchair access and stairs.
- Meet FINA (International Swimming Federation) competition requirements.
- Provide competition seating.
- Be appropriately positioned to make use of the existing ancillary activities, for example the café and changing rooms, and will keep all staff in the same location.

Council's Preferred Option	
Level of Service	Ratepayer \$
↑	↑



The anticipated outcomes of constructing a new pool are:

- Provision of more public space for lane swimming, aqua jogging and other uses.
- Provision of a competition pool to allow for national water polo, swimming and canoe events.
- A 'redundancy' should the main 50 metre pool need to be closed for any reason.
- Provision of modern disabled accessibility options, for example, a permanent ramp and stairs.

We intend to fund the \$6.3 million cost of constructing the second pool by loan and by asking other community funders for assistance through a grant. We have based our preferred option on obtaining external funding for the additional pool. We will apply for this funding only if we get community support for the project. There is still a level of uncertainty around whether we will obtain the funding when applied for. If we do not receive the funding, the project will not go ahead.



**Option 1**  
Council's Preferred Option

Construct an additional pool adjacent to the existing Splash Palace facilities. This will be funded by external funders of \$3.13m and loans of \$3.13m in 2020/21 which will be repaid over a 20 year period.

**Level of Service**

Will increase as more space is made available for pool users.

**Cost to Ratepayers**

Year	Total rates	year/week (average)
2020/21	\$129,018	\$5.01 / \$0.10
2021/22	\$190,212	\$7.33 / \$0.14
2022/23	\$194,587	\$7.44 / \$0.14
2023/24	\$199,062	\$7.55 / \$0.15
2024/25	\$203,840	\$7.68 / \$0.15
2025/26	\$208,936	\$7.81 / \$0.15
2026/27	\$214,368	\$7.95 / \$0.15
2027/28	\$220,156	\$8.11 / \$0.16

**Option 2**

Retain the status quo.

**Level of Service**

Pool space remains inadequate for the current number of pool users.

**Cost to Ratepayers**

No additional cost to ratepayers.

## Increase grant funding to Southland Indoor Leisure Centre Charitable Trust

The Southland Indoor Leisure Centre Charitable Trust (the Trust) operates Stadium Southland. The Trust has approached the Council to increase its annual grant contribution from \$400,000 to \$700,000.

At present funding levels, the Trust has advised that it would only be able to continue to provide the current level of service at Stadium Southland for the next 12-18 months.

Additional funding will enable the Stadium to continue to provide the current level of service to stadium users into the future along with meeting maintenance and capital renewal requirements.

On top of the current \$400,000 grant, we presently rate for loan repayments on a \$2 million grant supplied to the Trust in 2012/13. This loan has 15 years of repayments remaining. In 2018/19, loan servicing costs will amount to \$132,140 bringing the total stadium related funding by the Council to \$532,140.

Our preferred option is to retain grant contributions at the current level of \$400,000 and continue to meet loan servicing requirements (\$132,140 in 2018/19).

Council's Preferred Option	
Level of Service	Ratepayer \$
No Change	No Change



### Option 1 Council's Preferred Option

Continue to fund the Southland Indoor Leisure Centre Charitable Trust at current levels of funding (\$400,000 grant & \$132,140 loan servicing).

Total funding of \$532,140 in 2018/19.

#### Level of Service

No change to ratepayers.

Stadium users may experience a lower level of service.

#### Cost to Ratepayers

No impact to ratepayers but there will be an impact to Stadium users in the future.



### Option 2

Increase funding to the Southland Indoor Leisure Centre Charitable Trust by \$300,000 to \$700,000 and continue to rate for loan repayments (\$132,140 in 2018/19).

Total funding of \$832,140 in 2018/19.

#### Level of Service

No change to ratepayers or Stadium users.

#### Cost to Ratepayers

Year	Total rates	year/week (average)
2018/19	\$300,000	\$11.82/\$0.23
2019/20	\$300,000	\$11.73/\$0.23
2020/21	\$300,000	\$11.64/\$0.22
2021/22	\$300,000	\$11.56/\$0.22
2022/23	\$300,000	\$11.47/\$0.22
2023/24	\$300,000	\$11.38/\$0.22
2024/25	\$300,000	\$11.30/\$0.22
2025/26	\$300,000	\$11.22/\$0.22
2026/27	\$300,000	\$11.13/\$0.21
2027/28	\$300,000	\$11.05/\$0.21

### Option 3

Increase funding to the Southland Indoor Leisure Centre Charitable Trust by \$150,000 to \$550,000 and continue to rate for loan repayments (\$132,140 in 2018/19).

Total funding of \$682,140 in 2018/19.

#### Level of Service

No change to ratepayers.  
Stadium users may experience a lower level of service.

#### Cost to Ratepayers

Year	Total rates	year/week (average)
2018/19	\$150,000	\$5.91/\$0.11
2019/20	\$150,000	\$5.87/\$0.11
2020/21	\$150,000	\$5.82/\$0.11
2021/22	\$150,000	\$5.78/\$0.11
2022/23	\$150,000	\$5.74/\$0.11
2023/24	\$150,000	\$5.69/\$0.11
2024/25	\$150,000	\$5.65/\$0.11
2025/26	\$150,000	\$5.61/\$0.11
2026/27	\$150,000	\$5.57/\$0.11
2027/28	\$150,000	\$5.52/\$0.11

## Arts and Creativity Invercargill

The Southland Regional Development Strategy has identified the need for an Art Centre in the heart of the City. We have undertaken consultation with our Community to determine whether there is demand for an Art Centre and what format it should take. This research has shown us that a traditional art gallery may not be well utilised, but an innovative art centre would deliver the rejuvenation that we are wanting.

We are proposing to develop "Arts and Creativity Invercargill" an Art Centre that is focused on people and will serve as a social hub. The Art Centre will have a social space, an activity space, service areas as well as the traditional presentation gallery space. The Art Centre will not only be a place for enjoying others artworks, but also for doing and creating your own.

The following diagram on top of page 29, outlines the spaces that will be included in the Art Centre. The approach inverts the traditional idea of entering empty galleries by placing the busier, welcoming and more flexible spaces and activities up front and moving the quieter galleries deeper into the facility.

The design work will be undertaken from 2018/19 financial years with the facility opening to the public in 2022/23.

As a part of this proposal, we intend to undertake three separate projects over the next ten years. The first is the Art Centre, followed by a regional storage facility for our art and museum artefacts and finally the redevelopment of the Southland Museum and Art Gallery. You can read more about these projects on page 32.

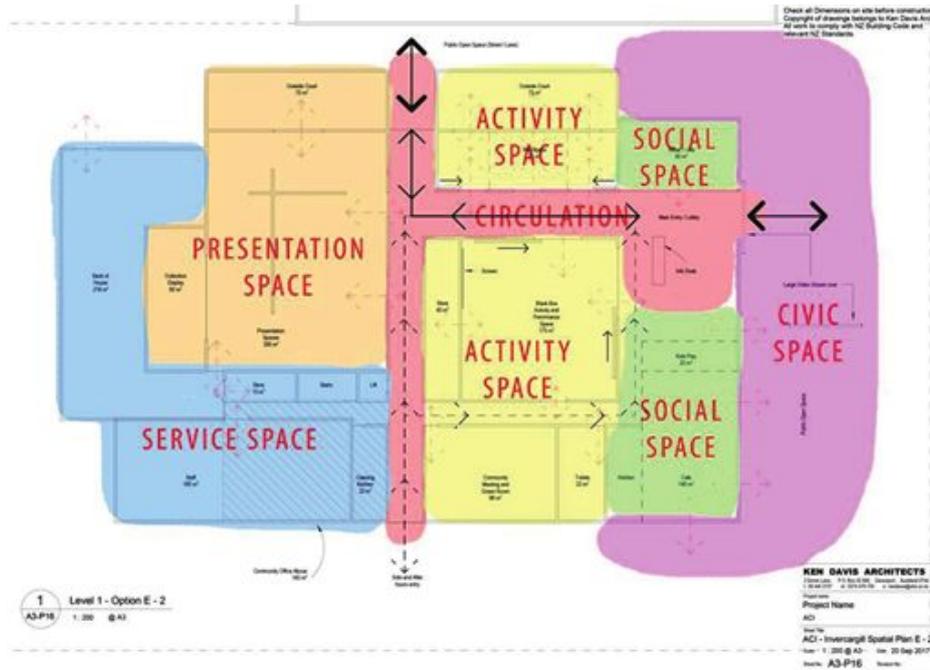
Council's Preferred Option	
Level of Service	Ratepayer \$
↑	↑



The recommended site for the Art Centre is at Wachner Place using Esk Street West. The total cost of developing the Art Centre is \$16 million. Not all of this will be met by the Council and we anticipate receiving funding from Central Government and local Trusts to support the project. We are committing a \$6.3 million contribution and we are seeking \$5.3 million from the Ministry for Culture and Heritage, \$3.2 million is expected to come from other Trust funds, which leaves a further \$1.2 million to be fund raised. We have based our preferred option on obtaining external funding for the Art Centre project. We will apply for this funding only if we get community support for the project. There is still a level of uncertainty around whether we will receive the funding when applied for. If we do not receive the funding, the project will not go ahead.

We will also fund part of the operational costs of running the Art Centre which will be collected from rates.

Our preferred option is to develop the Art Centre on the Wachner Place site.



**Option 1**  
Council's Preferred Option

Develop and operate the Art Centre. This will be funded by external funders of \$9.70m and loans totalling \$16.00m by 2021/22 which will be repaid over a 20 year period.

**Level of Service**

Will increase as a new attraction is available.

**Cost to Ratepayers**

Year	Total rates	year/week (average)
2018/19	\$167,736	\$6.61 / \$0.13
2019/20	\$267,324	\$10.45 / \$0.20
2020/21	\$373,505	\$14.50 / \$0.28
2021/22	\$721,650	\$27.80 / \$0.53
2022/23	\$1,269,457	\$48.54 / \$0.93
2023/24	\$1,307,606	\$49.62 / \$0.95
2024/25	\$1,324,756	\$49.90 / \$0.96
2025/26	\$1,344,759	\$50.28 / \$0.97
2026/27	\$1,384,680	\$51.38 / \$0.99
2027/28	\$1,407,281	\$51.83 / \$1.00

**Option 2**

Retain the status quo.

**Level of Service**

Remains at the current level.

**Cost to Ratepayers**

No additional cost to ratepayers but will impact the cost of the Museum redevelopment.

A detailed report on the Art Centre proposal can be accessed through Council's website [www.icc.govt.nz](http://www.icc.govt.nz)

## Living Dinosaurs

We are proposing to build a high-quality tuatara and kākāpō experience beside the Southland Museum and Art Gallery, enhancing and expanding the current tourism attraction. The Living Dinosaur Experience will celebrate two significant taonga species who call Murihiku their home.

The proposal is our response to a number of issues:

1. Development of a new tourism attraction in Invercargill.
2. The presence of tuatara is a risk to the environment of the museum collection and as such they require separation. The current tuatara facility requires significant renewals to improve appearance and address corrosion.
3. The Department of Conservation is looking for a permanent home to hand rear kākāpō chicks every 2-3 years as the current temporary location is not fit for purpose.
4. The foyer at the Southland Museum and Art Gallery would require development to allow entry from the reception area to the Living Dinosaur experience.

The Living Dinosaur Experience will provide a significant tourism asset and align with other anchor projects seeking to reinvigorate the City in accordance with the Southland Regional Development Strategy. It will also provide ongoing support to conservation programmes and protect an important part of Southland's heritage.

The proposal is to build an indoor and outdoor facility which includes a Tuatara enclosure, a Kākāpō hand rearing enclosure and Lab and a Living Dinosaur Experience Area. The total capital cost

Council's Preferred Option	
Level of Service	Ratepayer \$
↑	↑



of the project is estimated at \$5.07 million. We intend to seek a commercial partner to co-invest in the facility and there is an opportunity for the Department of Conservation to operate the Kākāpō Lab and fund this work. We have based our preferred option on obtaining a commercial partner for the Living Dinosaurs Experience. We will complete our investigation into, and negotiations with, a commercial partner only if we get community support for the project. There is still a level of uncertainty around whether we will obtain a commercial partner. If we do not get a commercial partner, the project will not go ahead.

We will also fund part of the operational costs of running the Living Dinosaur Experience which will be collected from rates and entry fees.

It is our intention that Southlanders will have free entry to see tuatara behind glazing in an artificial environment, a similar tuatara experience as they have at present. Southlanders would then have the option to pay for the enhanced experience that would be available to all paying visitors.

The facility will only cost ratepayers in its first year. Following this it is anticipated that it will be self-funding.



**Option 1**  
Council's Preferred Option

Develop the Living Dinosaurs Experience. This will be funded by external funders of \$2.54m and loans of \$2.54m in 2019/20 which will be repaid over a 10 year period.

**Level of Service**

Will increase as a new attraction is available.

**Cost to Ratepayers**

Year	Total rates	year/week (average)
2019/20	\$100,384	\$3.93/ \$0.08

**Option 2**

Retain the status quo.

**Level of Service**

Remains at the current level, although renewal work will still be required for the current Tuatara facility.

**Cost to Ratepayers**

No additional cost to ratepayers but will impact the cost of the Museum redevelopment.

A detailed report on the Living Dinosaur Experience can be accessed through Council's website [www.icc.govt.nz](http://www.icc.govt.nz)

## ADDITIONAL INFORMATION

### Regional Storage Facility and Southland Museum and Art Gallery Redevelopment



As mentioned on the previous pages the development of an arts centre and the Living Dinosaurs Experience project are part of a wider development for art, heritage and culture in Invercargill. Alongside these projects there is also a proposal for the construction of a regional storage facility and the redevelopment of the Museum. These four projects are interlinked and the outcome of some depends on the others.

For example, if the Living Dinosaurs Experience or Art Centre does not go ahead, the Museum redevelopment will change from what we have planned. The Museum would then have to include an art gallery and also a home for the tuatara. This would change the overall cost of the project and we would once again ask the Community for their input.

As three publicly owned art collections will be merged through this development, a storage facility is required. The Southland Regional Heritage Committee and the Southland Councils are currently discussing the creation of a regional storage facility for the storage and preservation of movable cultural heritage held in district museums around Southland. We believe that a practical solution is to provide one storage facility which can house the heritage and arts collections. Having one central storage facility will also maximise the opportunity to employ and retain specialised professional collection, cataloguing, conservation and storage management staff to operate the facility. The Storage Facility is planned to be constructed in the 2024/25 financial year.

The development of a regional storage facility will also provide the opportunity to redevelop the Southland Museum and Art Gallery in the most economical way. By removing storage from the existing pyramid, all of the floor space can be used for exhibitions. This will provide 45% more public space within the existing building area. This also means that any building developments carried out in the short-term, such as the modification of the foyer and replacement of the lift, can be retained in the redeveloped museum. The Museum redevelopment is planned for the 2027/28 financial year.

Due to the interdependence of the four projects, there is a specific order in which the work needs to be carried out. The art centre development and Living Dinosaurs Experience project will be achieved first; this is followed by the storage facility being developed so that it is ready to begin to receive collections in approximately five years' time. Removal of the collection from the Museum has a lead time of approximately six to eight years, while all of the collection is prepared for removal by cataloguing and packaging in storage containers. The collection will then take approximately two years to be removed from the Museum as there are around 75,000 objects to transport. The Museum building would be emptied and ready to begin redevelopment in nine to ten years.

## **IMPACT ON YOUR RATES**



The Council has developed its budget, which will result in a 3.96% overall average rates increase in 2018/19, and has considered the impact on people's rates. The table below details the rates revenue requirement over the next ten years.

How we will achieve this over the next ten years is detailed in our Financial Strategy. (Summary see page 8).

All figures in the Consultation Document are inflation adjusted.

Year	Rates change (average)	Total rates requirement (\$'000) GST INCLUSIVE
2018/19	3.96%	59,857
2019/20	3.96%	62,229
2020/21	3.82%	64,608
2021/22	3.31%	66,749
2022/23	4.80%	69,950
2023/24	3.92%	72,692
2024/25	3.69%	75,373
2025/26	3.64%	78,114
2026/27	5.10%	82,095
2027/28	3.76%	85,178

# **IMPACT ON YOUR RATES**

## INVERCARGILL IMPACT ON YOUR RATES CONTINUED

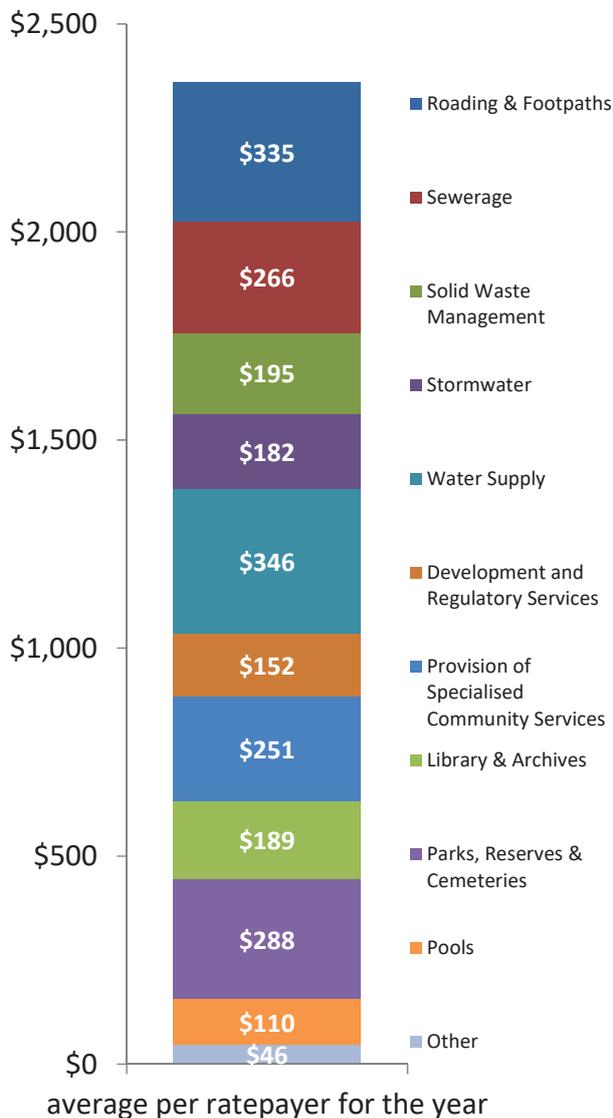
There will be an estimated **25,385** ratepayers in Invercargill

A total of **\$59,857,084** rates paid (GST inclusive)

An average rate bill of **\$2,360** per ratepayer for the year

or **\$45.38** per week

### So... what do you get for your rates money?



#### Roading and Footpaths

- Above New Zealand average standard roading
- Safe footpaths
- Convenient road side parking

#### Sewerage

- Collection service of discharged household sewerage
- Treatment of sewerage so is it environmentally safe to discharge into the waterways

#### Solid Waste Management

- Kerbside residual waste & recycling collection service
- Transfer station for customers to drop off residual and green waste

#### Stormwater

- Pipe network system to discharge rainfall through to waterways reducing the risk of flooding

#### Water Supply

- Fresh treated water, piped to Invercargill and Bluff residents' taps
- Fire fighting water supplies

#### Development and Regulatory Services

- Animal and Environmental Health control services
- Building and Parking Compliance services
- Resource Management district planning

#### Provision of Specialised Community Services

- Provides funding to support a number of community services including Regional Heritage, Southland Museum, Stadium Southland and Bluff Pool

#### Library and Archives

- Free access to a large book collection numerous programmes and resources

#### Parks, Reserves and Cemeteries

- Public use of green recreation spaces

#### Pools

- Aquatic facilities for the health, wellbeing and enjoyment of the community

#### Other

- Bus passenger transport service
- Public Toilets
- Theatre and hall facilities
- In house support services



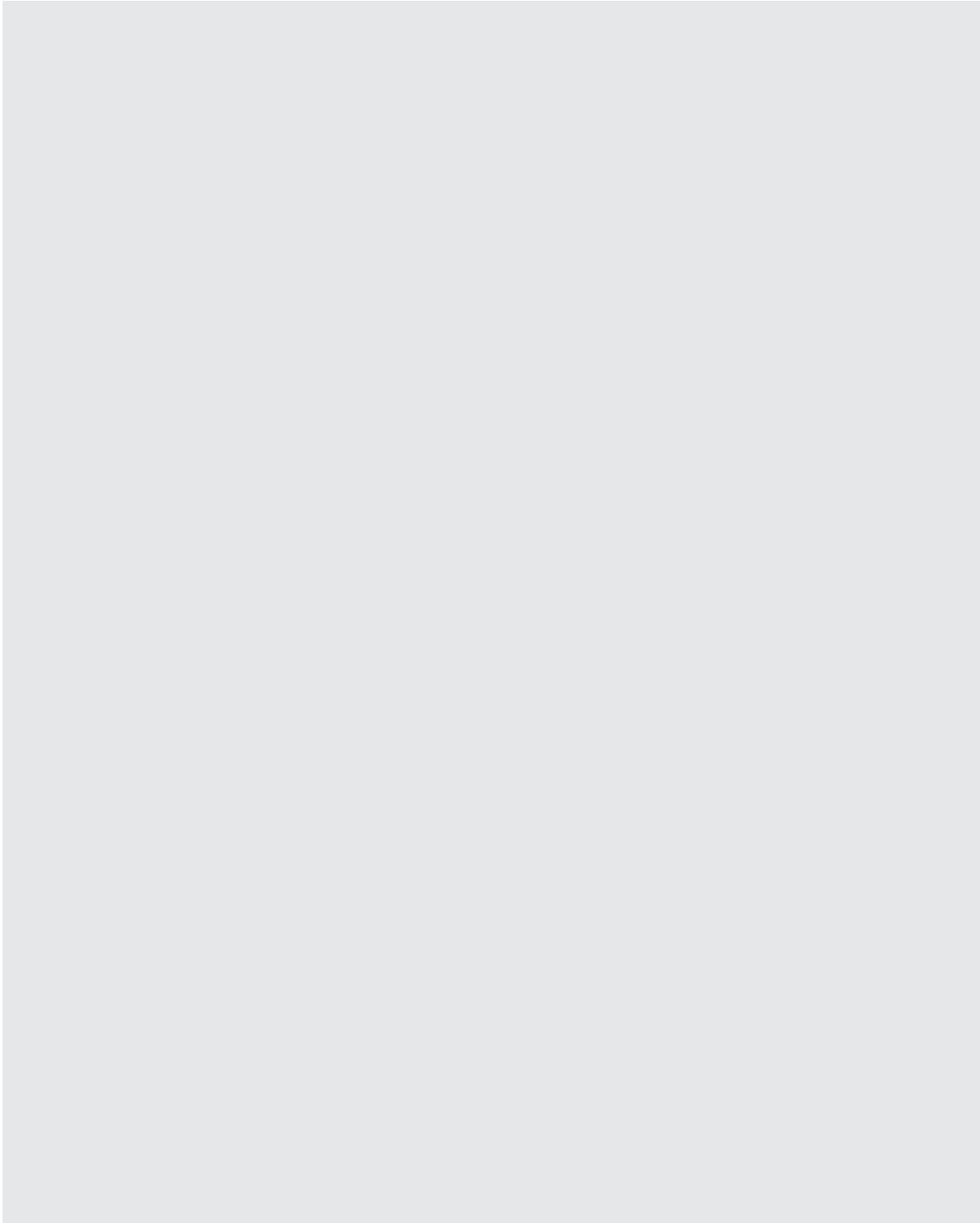
The proposed overall average rates increase for 2018/19 is 3.96% based on the Council's preferred options, however many properties will have a rates change different to this. The table of Rating Changes below show some examples of different properties, their valuation change and the impact this has had on the rates payable by the rate payer.

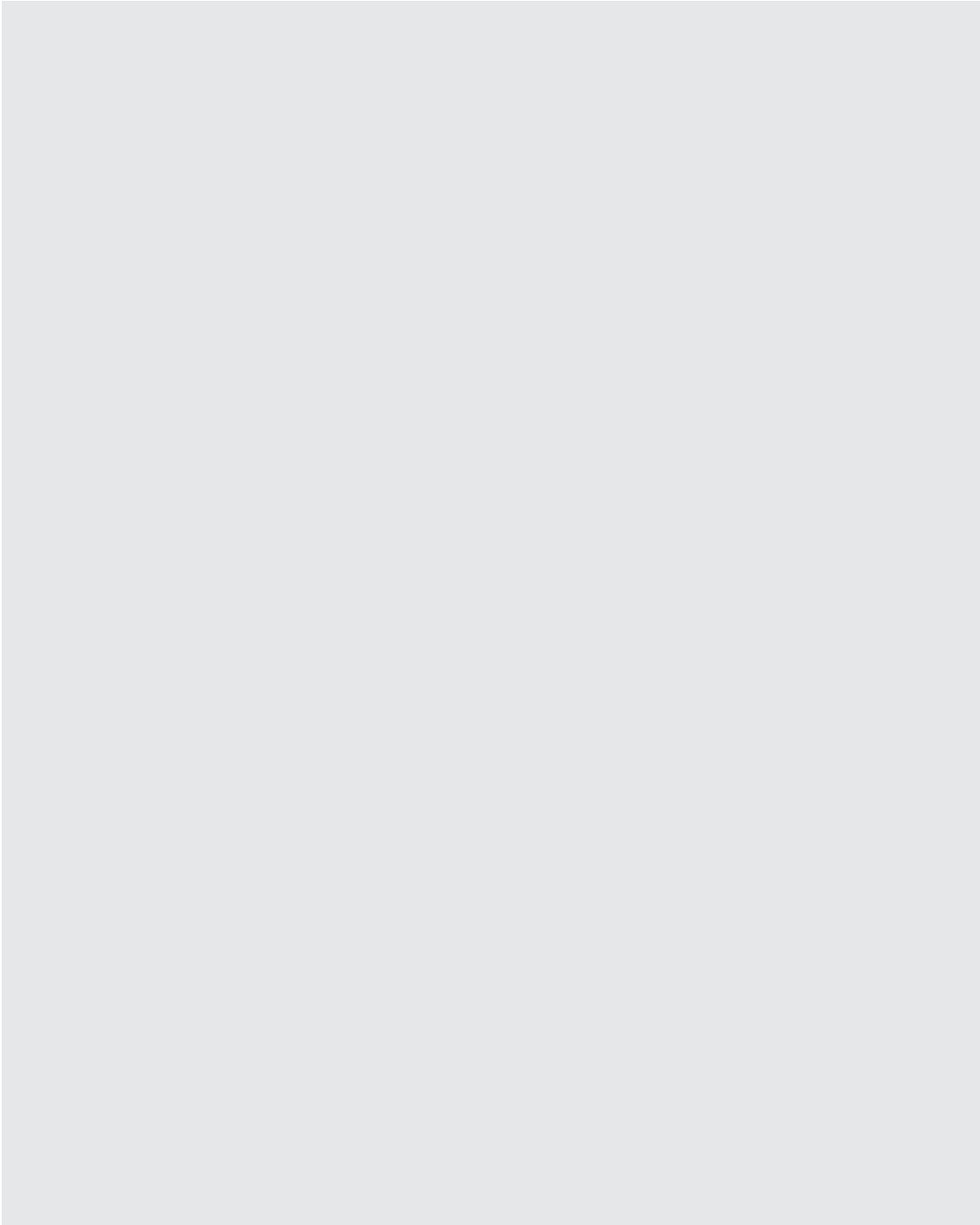
### Table of Rating Changes

Type of Property	Rateable Value (Current) \$	Rateable Value (Proposed) \$	Rates 2017/18 \$	Rates 2018/19 \$	\$ Change Annual	\$ Change Weekly	% Change Rates
Residential	109,000	130,000	1,745	1,798	53	1.01	3.01%
Residential	215,000	255,000	2,188	2,282	93	1.80	4.27%
Residential	310,000	350,000	2,585	2,650	63	1.25	2.48%
Residential	485,000	540,000	3,317	3,385	68	1.31	2.05%
Residential	600,000	660,000	3,797	3,849	52	1.00	1.36%
Commerical	690,000	750,000	5,855	5,963	109	2.08	1.85%
Commerical	1,100,000	1,090,000	8,891	8,705	-186	-3.58	-2.10%
Commerical	2,450,000	2,900,000	13,521	14,399	878	16.88	6.49%
Commerical	3,500,000	3,590,000	19,760	19,190	-570	-10.96	-2.89%
Farms	620,000	620,000	1,455	1,377	-78	-1.50	-5.34%
Farms	1,730,000	1,730,000	2,955	2,819	-136	-2.61	-4.59%
Farms	5,300,000	5,370,000	8,532	8,284	-248	-4.77	-2.91%
Farms	10,050,000	10,050,000	15,514	14,868	-646	-12.42	-4.17%
Industrial	17,700,000	19,500,000	52,417	52,475	58	1.12	-1.27%
Industrial	1,000,000	1,030,000	6,952	6,864	-88	-1.70	1.84%
Industrial	2,000,000	2,200,000	11,928	12,147	219	4.22	0.11%

Rating revaluations were reviewed in 2017. This has resulted in a change in value of most properties in the district.

# AUDIT REPORT





## AUDIT REPORT CONTINUED

