

Invercargill introduced

Statistics New Zealand estimated the population of Invercargill in 2013 at 53,200.

Following its medium projection, the population is anticipated to peak at 56,300 in the 2028-2033 period.

All figures are GST exclusive unless otherwise stated.

Invercargill introduced

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

The District's coastal location provides a mild climate with long summer daylight hours and defined seasonal variations. The average annual temperature is 9.9°C with 1,614 sunshine hours. Rainfall averages 1,112mm/year and is spread evenly throughout the year.

Mayors Comment



Greetings and many thanks to the 440 submitters who made the effort to express their views on Council's direction over the next 10 years. The development of this Long-term Plan has highlighted both to the Council and also to the Community the large number of projects planned for the City and how the resources required for the day to day running of our existing facilities and infrastructure need to be balanced.

From Room 5 at Makarewa School, to members of our Community well into their golden years, the quality of submissions and passion of submitters has had a real impact on Councillors in their decision-making.

It appears from the submissions that most of our community support Council's vision to enhance our City and preserve its character, while embracing innovation and change. I consider that we are getting the balance right.

The traditional rift still exists between those who support art and culture and those who support sport and recreation, however, more of our facilities are developing as positive multi-purpose venues. The lines between the great divide are becoming more and more blurred. Our Stadium has hosted both Netball, Musical Concerts and Sheep Shearing Championships. Our Velodrome has hosted cycling events and for one week was home for 3,000 chickens.

We have indicated that the redevelopment of the Museum is a key priority of Council, and we have budgeted to assist in an interim museum presence. We are planning for a Living Dinosaurs Experience, Arts and Creativity Invercargill and the upgrade and earthquake strengthening of Anderson House. We have also committed to increasing our grant to the Southland Indoor Leisure Centre Charitable Trust in the 2018/19 year, to assist them to continue to provide a

world-class facility, and have planned for an additional pool at Splash Palace following our upgrade of a new hydroslide.

Although we have a number of exciting new projects in our Plan, I recognise that infrastructure provides the foundation for building strong and resilient communities and therefore Council has made sure that keeping good quality infrastructure and services remains the top priority. We are increasing spending on renewals within our infrastructure network to ensure that we maintain what we have. We are also planning to increase our resilience to climate change and natural disasters. One way in which we are doing this is by developing an alternative water source.

In March this year Council welcomed our new Chief Executive, Clare Hadley. I would like to take this opportunity to welcome her to the Invercargill City Council team, and to thank her, the Councillors and the staff who have put a great deal of work into developing this Plan. With the assistance of committed Councillors, dedicated staff and an enthusiastic community I know that Invercargill City can face any challenges that may rise to meet us over the next ten years.

Tim Shadbolt
Mayor of Invercargill

A handwritten signature in black ink, appearing to read 'Tim Shadbolt'.

Chief Executive's Comment



Invercargill City Council is at the beginning of a significant growth phase. A number of exciting projects have been consulted on and the Council has worked hard to prioritise these and set a manageable timetable for future development.

The change to the Museum situation has meant that a ten-year time frame for redevelopment has been shortened to a five-year plan. Council has also deferred the additional swimming pool at Splash Palace to assist in meeting its rates funding limits set within its financial strategy, and thereby keep the rates required at an affordable level. With projects such as the Living Dinosaurs Experience, the redevelopment of Anderson House and Arts and Creativity Invercargill all within the next ten years, it is important that Council manages the community's expectations. I am a firm believer that to ensure a new project is a success, a minimum of a three year timeline is necessary. The three years will allow Council to get the right people involved to design, consent and build. Although many of the public submitted asking the Council to bring projects forward, the timelines included in the final plan allow for the three year design, consent, and build process.

Alongside working with our partners to redevelop existing facilities and develop new and exciting attractions, Council is continuing to concentrate on core infrastructure and on business as usual activities. The Mayor and Councillors have tasked me and my staff with providing good quality infrastructure and services more efficiently and saving on our operating

expenditure throughout the year. With a target of saving an ongoing \$1 million in the first three years of this Plan, I will be looking with the Council at what we are doing and why.

A large proportion of Council expenditure is spent on funding the depreciation and renewal of core infrastructure. Previously the Council has funded core infrastructure on a "when-required" basis. It is this Council's aim to work toward fully funding the depreciation on core infrastructure assets by 2028. Infrastructure provides a foundation for building strong and resilient communities and how we plan to pay for this infrastructure is one of the biggest challenges facing the Council.

The Council's vision is to enhance our City and preserve its character, while embracing innovation and change. I believe this Plan will set us on the right course to achieve the vision. I am excited about working with Mayor Tim, the Councillors and the Council staff on improving the delivery of business as usual, and delivering on key projects, over the coming years.

A handwritten signature in blue ink, which appears to read 'Clare Hadley'. The signature is fluid and cursive.

Clare Hadley
Chief Executive

Elected Representatives



Tim Shadbolt
Mayor

03 211 1672

The Invercargill City Council is chosen by the Invercargill public in elections held every three years. The last election was held in October 2016; the next will be in 2019.

The Council consists of the Mayor and 12 Councillors and its role is to provide and maintain services and amenities for the public of Invercargill. The Council is chosen by electors (the Invercargill public) to govern the City's affairs, such as making decisions on spending, priorities and policies.

Here's how you can contact your Councillors:



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Rebecca Amundsen
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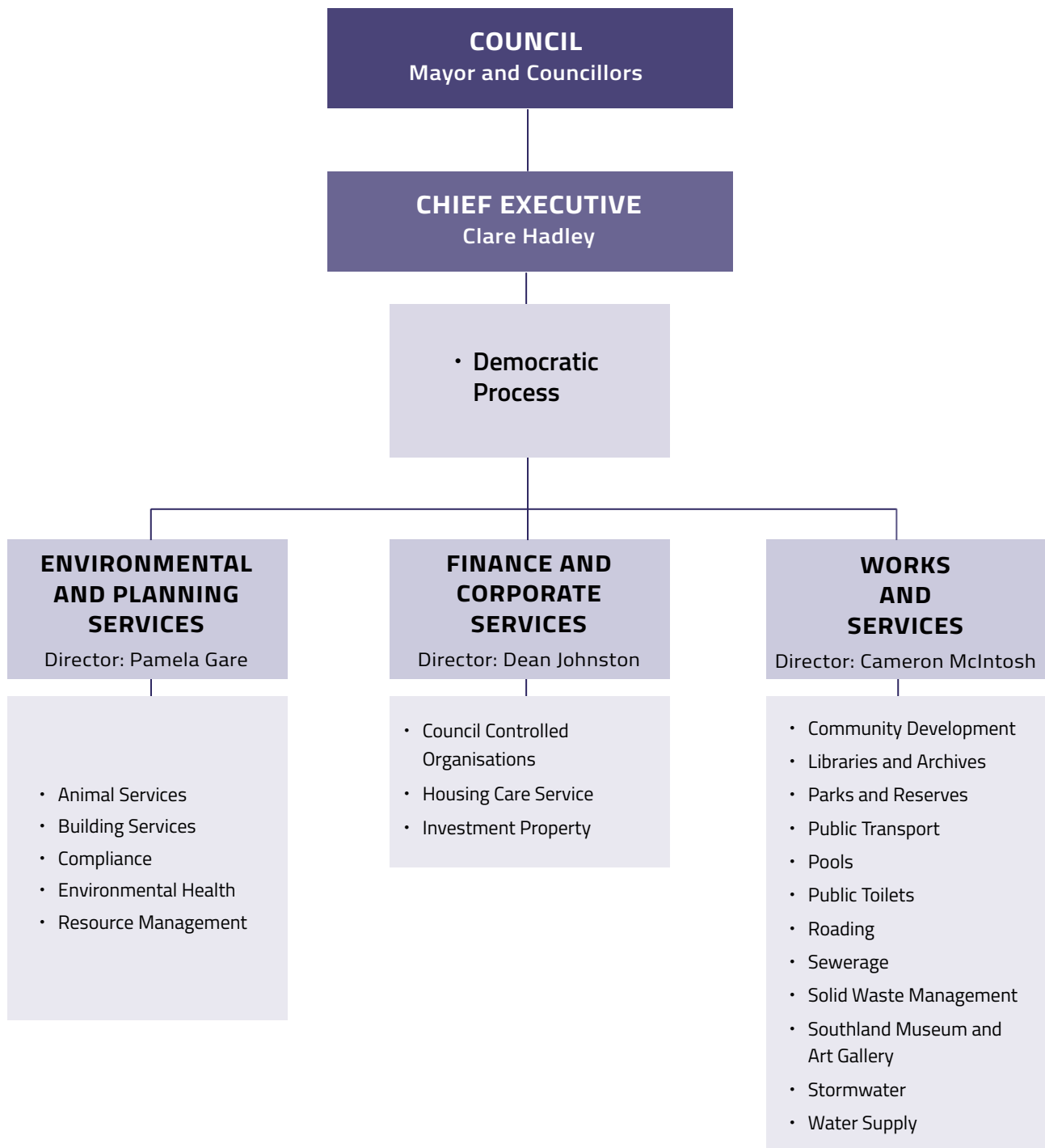


Lesley Soper
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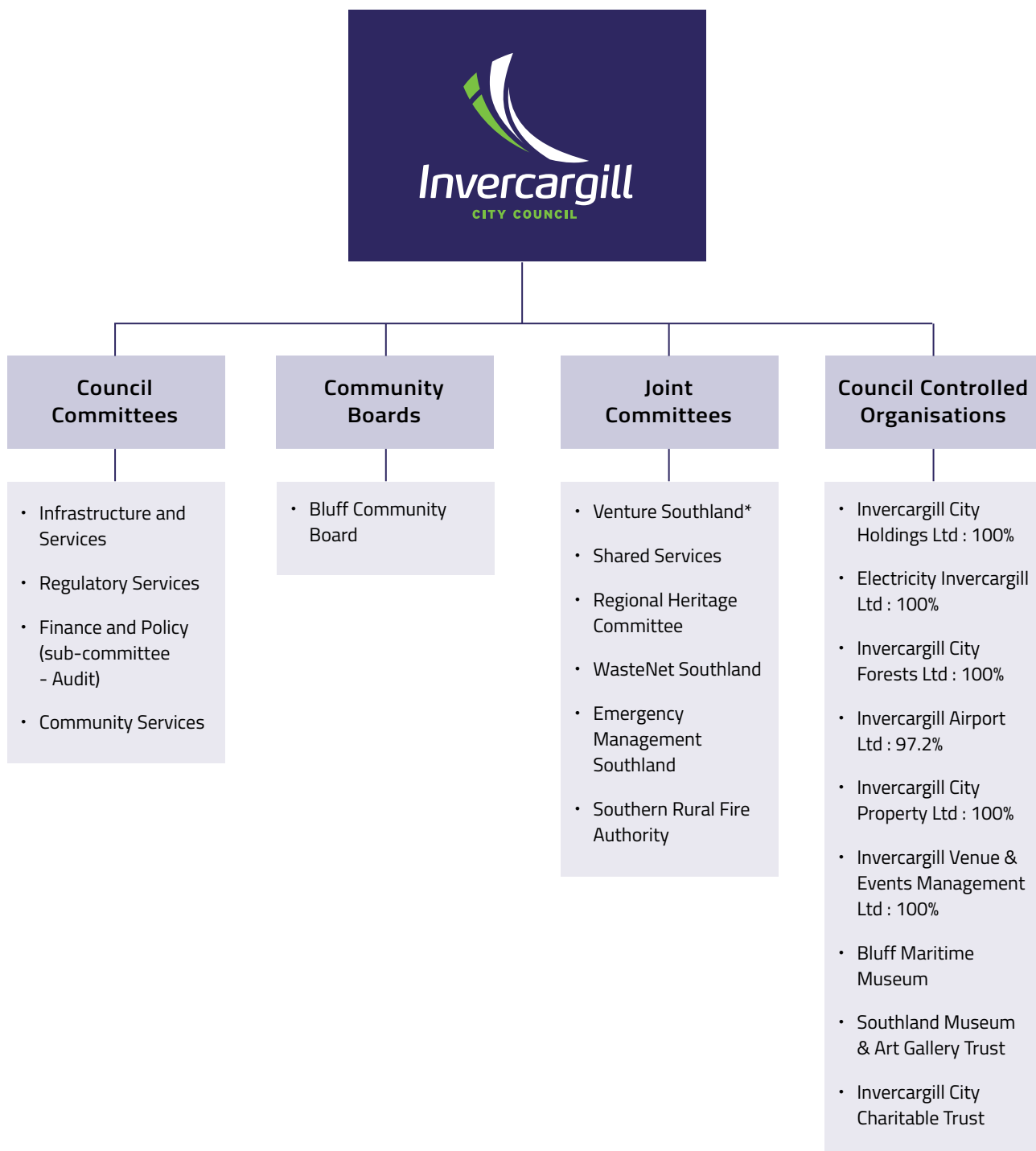
Lindsay Thomas
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Management Structure



The Council (elected members) employs the Chief Executive to head the management structure.

Council Structure



*Note: It has been recommended by 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.

Readers' Guide

The Long-term Plan shows how the Invercargill City Council will plan and deliver projects, programmes and services.

Guide on How to Read the Plan

The Plan is divided into ten sections.

Section 1 – Introduction

This section introduces the District and Council, and explains why we have developed a Long-term Plan. It includes the main assumptions on which the Plan is based, along with the key issues. The Financial Summary illustrates how Council proposes to fund its activities over the next ten years and the impact this will have on ratepayers. A copy of the report from Audit New Zealand on this Plan can also be found in this section.

Section 2 – Community Outcomes

The Community Outcomes for the Invercargill District are presented. This section also presents an overview of how Council will monitor performance towards them.

Section 3 – Financial Strategy

The Financial Strategy is Council's guide on funding and expenditure decisions, and aims to improve transparency and accountability. It addresses the anticipated factors that will have a significant impact on Council during the 2018-28 period and contains limits on rates and on borrowing. It also states the objectives and targets for Council's investments.

Section 4 – Infrastructure Strategy

The Infrastructure Strategy is Council's Strategy to provide infrastructure that is fit for the next 30 years and beyond. It highlights challenges that we will face and Council's solution for addressing them.

Section 5 – Council's Activities and Significant Projects

Council has eight groups of Activities which explain how we plan, manage, deliver and fund individual activities. The eight groups are:

- Rooding
- Sewerage
- Solid Waste Management
- Stormwater
- Water Supply
- Regulatory Services
(encompassing Animal Services, Building Services, Compliance, Environmental Health and Resource Management)
- Community Services
(including Community Development, Housing Care Service, Libraries and Archives, Parks and Reserves, Public Transport, Pools, Public Toilets and Specialised Community Services)
- Corporate Services
(including Democratic Process, and Investment Property).

This section also explains significant projects not included in other Council activities.



Section 6 – Council Controlled Organisations

This section summarises the Statements of Intent which have been developed by the Council Controlled Organisations.

Section 7 – Policies

This section contains policies which inform the Community of Council's position on particular matters, support the decision making of elected members and provide staff with clear direction on how decisions are to be implemented.

Section 8 – Funding Impact Statement

This section contains Council's approach to the rates revenue required and demonstrates the impact of rates in the 2018/19 year on a range of properties. It also contains the Invercargill City Council Funding Impact Statement.

Section 9 – Financial Management

This section includes a Prospective Statement of Financial Position, Prospective Statement of Comprehensive Revenue and Expense, Prospective Statement of Changes in Equity, Prospective Statement of Cashflows, Reconciliation of Rates Revenue, Operating Revenue and Operating Expenditure against Funding Impact Statements, Schedule of Reserves and supporting financial policies.

Section 10 – Other Information

This section contains the assumptions on which this Plan is based, and information about other Council plans.

Overview

What is local government and the long-term plan?

The purpose of Local Government is to enable democratic local decision making and action by, and on behalf of communities, and to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. The Invercargill City Council does this in relation to the Invercargill District.

The Long-term Plan provides a basis for integrated decision-making and coordination, and it helps Council and the community maintain a long-term focus on the decisions and activities of Council.

As a document, the Long-term Plan sets out Council's priorities for the next ten years and how it will promote the current and future interests of the Community. The Plan is based on a set of assumptions of how our future will look. The Plan is reviewed every three years to ensure it remains current and reflects changes in the District, the economy and the priorities of the Community. An Annual Plan is developed in the two years between Long-term Plans, showing in detail any changes to what was included in the Long-term Plan. Council's Annual Report explains how it has progressed in achieving the projects, services and financial results.

The Long-term Plan is based on Council's understanding of what its communities would like it to provide, its responsibility to take a long-term view of its activities and to show that its services and activities provide 'value for money'.

Key assumptions

Council's Vision is "To enhance our City and preserve its character while embracing innovation and change". Assumptions have been made which form the basis of the Long-term Plan. Council knows that the future will differ from its assumptions, but they are a "best guess" on which to base the Plan. Three key assumptions which have had a significant impact on the Plan are:

- There will be gradual positive growth in the Invercargill and Southland economy and, therefore, employment opportunities.
- Population growth will remain positive. In 2013 the population of the District was estimated at 53,200 and is estimated to be 56,300 by 2028.
- The cost of providing Council's services will increase. 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% of the index. The Council, however, purchases a different mix of goods and services. 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 Council's cost. Council's cost of providing services will change as follows:

Year	Local Government Cost Index % Adjustment	Consumer Price Index % Adjustment
2018/19	2.0	1.8
2019/20	2.2	1.6
2020/21	2.2	1.6
2021/22	2.2	1.7
2022/23	2.3	1.7
2023/24	2.3	1.8
2024/25	2.4	1.8
2025/26	2.5	1.9
2026/27	2.6	1.9
2027/28	2.7	2.0

Source: Derived from forecast indices from BERL Forecasts of Price Level Change Adjusters to 2028 (September 2017)

Projected number of rating units

Council has projected the number of rating units over the next ten years. This has been based on changes to the number of rating units experienced over the past

five years. The following table shows the projected number of rating units in each of the years for the Long-term Plan.

Year	Projected Number of Rating Units
2018/19	25,385
2019/20	25,575
2020/21	25,767
2021/22	25,960
2022/23	26,155
2023/24	26,351
2024/25	26,549
2025/26	26,748
2026/27	26,949
2027/28	27,151

Development of the Plan

The Consultation Document on the Long-term Plan was adopted by Council on 6 March 2018, and submissions invited until 20 April 2018. During the submission period, Council distributed its Consultation Document to all residential properties in the district.

Newspaper articles, radio announcements, social media including the Imagine Invercargill website and Council's Consultation Caravan were used to encourage submissions on the Long-term Plan. 441 submissions were received and a hearing was held on 1 and 2 May 2018. Eight key issues were identified and the following decisions made:

1. Rates

Council went out for public consultation with a proposed average rates increase of 3.96% in the 2018/19 year. Following the consultation process and decisions on submissions, the rates increase for the 2018/19 year will be 4.91%.

2. Alternative Water Source

Most submitters supported the alternative water supply, with many querying why it will not be brought forward and completed earlier. This project is scheduled to begin in 2025/26. An alternative water supply being constructed earlier, although a good idea, would raise issues of affordability and would not allow a thorough investigation into determining the best option.

Many challenges caused through climate change and natural disasters could have an impact on our water supply network. Alternative methods, such as on-site collection at private residences, have costs and benefits and the ability to impose this on new builds will likely be looked at by Council in the future. The most effective and efficient method of supplying water to residential, emergency services and commercial sites within the community is through a centralised supply.

Council decided to adopt its preferred option and develop the alternative water supply project beginning in the 2025/26 year. The project has a total estimated cost \$10.7 million. This work will be loan funded and will increase the level of service provided to the community.

3. Anderson House

Most submitters supported strengthening Anderson House to 67% of the New Building Standard with over 50% of all submitters adding that Council should include provision for the upgrade of the kitchen facility. Many added that the kitchen would encourage better use of the venue. This project is scheduled to begin in 2019/20. The Council considers that finding a tenant and working with them to establish the necessary kitchen facilities is a more efficient approach than establishing a kitchen facility immediately. Council intends that a tender process be undertaken in 2018/19 to ascertain if there is interest in running the facility.

Some submitters raised that the Museum redevelopment was now more important than Anderson House and others that Anderson House was now even more important following the Museum closure, but there was no overwhelming support for either position.

Council decided to adopt its preferred option and earthquake strengthen Anderson House to 67% of the New Building Standard. This project has a total estimated cost of \$1.72 million and will be loan funded beginning in the 2019/20 year. It will increase the level of service provided to the community.



4. Additional Pool at Splash Palace

Most submitters supported the additional pool at Splash Palace. This project was scheduled to begin in 2020/21, but Council deferred the project until the 2023/24 year in light of funding required for the Museum and other priorities.

Of the submitters opposed, many felt that it was now the time for Arts and Culture projects to receive funding, others believed that the location of Splash Palace could be improved and suggested establishing a pool elsewhere.

Demand management is difficult for the swimming facilities as most users prefer to use the pool before work, during the lunch break, or after work and into the evening. Swim classes for school aged children are scheduled at different times from these peak user periods.

This project provides a number of benefits to Council's objectives such as healthy families, sport and recreation opportunities, and water education. The project relies on receiving external funding for the pool.

Council decided to construct an additional pool adjacent to the facility at Splash Palace to begin development in the 2023/24 year. The total cost of the project is approximately \$6.7 million with half of this cost being met by external funders. This project would be loan funded and increases the level of service provided to the community.

The cost of the project has increased by \$400,000 due to the inflationary impacts of delaying the project.

5. Additional funding to the Southland Indoor Leisure Centre Charitable Trust

There was almost an even split amongst submitters as to whether Council should increase its grant to the Southland Indoor Leisure Centre Charitable Trust (SILCCT). Council's preferred option for consultation was not to increase the funding. Increasing funding by \$300,000 as requested by SILCCT will result in an approximately 0.6% increase on the previous year for the rates required.

Many submitters have commented that the Invercargill City Council does not own the facility and further that it is a regional facility that should receive further funding from other funders within the Region. Many submitters have also contended that the Stadium has received a great deal more funding than Arts and Cultural facilities and it was time that this was balanced. Those in favour of increasing funding highlighted the importance of the Stadium, not only as a sporting facility but also as a community events centre and that the events held at the Stadium have a positive economic impact on the City.

Council decided to increase its funding of the Southland Indoor Leisure Centre Charitable Trust with a one-off grant of an extra \$300,000 in the 2018/19 year. Council also expressed its wish to work with the Trust to establish different methods of meeting the shortfall in the future.

6. Arts and Creativity Invercargill

A small majority of submitters supported the development of the Art Centre. Many added that it was time that the cultural projects and facilities within Invercargill received funding and priority. Funding for this project is scheduled to begin in 2018/19 with the development beginning in 2021/22.

The tone of submissions changed following the Museum closure. Many of the submitters that both indicated they supported, and also those that indicated that they opposed, the Art Centre project raised that the Museum redevelopment was now more important than the development of the Art Centre. The alternative view was that the two projects should be completed together and within one facility.

The Art Centre is an important project for Council and will encompass the arts section of the Southland Museum and Art Gallery, leaving the Museum redevelopment to focus on the Museum functions in whatever form they take.

Council decided to develop and operate the Art Centre. The total cost of the project is estimated at \$16 million, \$6.3 million will be contributed to the project by the Invercargill City Council, with the remaining funding being funded by external funders. Council will also fund part of the operational costs of running Arts and Creativity Invercargill.

7. Living Dinosaurs

Most submitters supported the development of the Living Dinosaurs Experience project. Many added that it was an exciting project and assisted Council to achieve its Family Friendly vision. Funding for this project is scheduled for 2019/20, with the facility being self-sustaining in subsequent years.

As with the Art Centre, the tone of submissions changed following the Museum closure. Many of the submitters felt that providing a safe home for the Tuatara had become even more pressing. Many submitters were of the view that the two projects should be completed together and within one facility. Most considered that the Tuatara were best situated in a park setting like that provided by Queens Park.

There has not yet been commitment from the Department of Conservation for the project, although their submission stated that they support further investigation into the Living Dinosaurs Experience project as it would bring significant benefit to the Kākāpō Recovery programme. The Kākāpō chick rearing facility would be unique to Invercargill and a potential draw card for national and international tourism.

Council decided to develop the Living Dinosaurs Experience. It will be funded by external funders and Invercargill City Council. The total cost of the project is \$5.07 million with the Invercargill City Council meeting \$2.54 million of this cost. The facility will only cost ratepayers in its first year. Following this it is anticipated that the facility will be self-funding.



8. Regional Storage Facility and Museum Redevelopment

Following the close of the Museum most submitters raised the importance of that facility to them in their submissions. It is considered that many of the submissions received following the Museum's closure may not have been received had the situation not arisen. There is an overwhelming consensus within those who have submitted that the redevelopment of the Museum should be one of Council's top priorities.

In light of the closure of the Museum, some of the projects as outlined in the Long-term Plan consultation document have been re-prioritised.

Council decided that the grant for redeveloping the Museum would be moved from the 2027/28 year to the 2021/22 and 2022/23 years. It is considered that, although it is likely to be tight, this timeframe will give adequate development and design, consenting and building time for the project to go ahead. Council decided to budget \$9.5 million for this grant, spread over the two financial years.

Council also decided that the \$8.6 million grant budgeted toward the Regional Storage Facility would remain scheduled for the 2024/25 year.

Council further decided that an additional \$200,000 would be added to the budget for each of the first four years, on top of that already budgeted toward the Museum, to allow for an interim Museum presence.

Building Māori Capacity

Building Māori capacity to contribute to Decision Making

Māori & Invercargill City Council

The Local Government Act provides principles and requirements for local authorities that are intended to facilitate participation by Māori in local authority decision-making processes. This is to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

These principles and requirements are outlined as follows:

- Local authority decision-making – where, in the course of the decision-making process, a significant decision relates to land or a body of water, Invercargill City Council will take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga.
- Contributions to and involvement in decision-making processes – Invercargill City Council will provide opportunities for Māori to contribute to and be involved in the decision-making processes of the council and will also consider ways to foster the development of Māori capacity. This may include tangata whenua Hearing Commissioner appointments to hearing panels.
- Consultation with Māori – Invercargill City Council has in place processes for consulting with Māori which are in accordance with the principles of consultation as set out in section 82 of the Local Government Act.
- Supporting implementation, use and understanding of Te Tangi a Tauria – The Cry of the People Ngāi Tahu ki Murihiku Resource and Environmental Management Plan 2008.
- Supporting projects initiated by Māori that involve direct management of the district's natural resources.
- Development of Māori capacity to contribute to the decision-making processes of the local authority. These opportunities include:
 - Provision of information to all Māori to underpin processes that assist effective contribution to the decision-making processes of Invercargill City Council;
 - Invercargill City Council, where practicable, will continue to make available resources such as maps and GIS services;



- Building capacity to enable contribution of all Māori to the decision-making processes of Invercargill City Council. Related to this process is the need for Invercargill City Council to gain a clear understanding of expectations through hui and ongoing relationships with all Māori to agree and commit to practicable steps to building capacity.
- Ongoing consideration on a case by case basis for the provision of support to assist all Māori with resourcing, opportunities for training and engagement and promotion of matters that are of mutual benefit;
- Ongoing promotion and education of staff and elected representatives to develop skills in Māoritanga, Tikanga Māori and Te Reo Māori and gain an appreciation of the needs and expectations of all Māori in relation to the Local Government Act and the Resource Management Act;
- Effective and efficient consultation to improve existing relationships, processes and protocols related to local government and resource management issues.

Tangata whenua & Invercargill City Council Relationship

While the Local Government Act sets out provisions relating to all Māori, it is recognised that within the Southland and West Otago regions, Ngāi Tahu are the tangata whenua. They have a special status in terms of Invercargill City Council resource management activities, and are not just another interest group. The evolution of the relationship between Invercargill City Council and tangata whenua has reached the point where that relationship is evolving into a productive partnership.

Invercargill City Council is an active participant and signatory to a Charter of Understanding – He Huaraki mō Ngā Uri Whakatupu in place between the four Southland councils, three Otago councils, and the four Southland/Murihiku papatipu rūnanga. The Charter sets out the basis and conduct of the councils and rūnanga in the context of the Local Government Act 2002 and Resource Management Act 1991.

The Charter provides the basis for an ongoing relationship between relevant local authorities and tangata whenua of Southland and West Otago/Murihiku to assist in developing the capacity of Māori to contribute to the decision-making processes. It further provides principles and opportunities, is a foundation for consultation on a wide range of local government issues including Long-term and Annual Plans and assists councils through Te Ao Mārama Inc (Iwi liaison entity representing Southland rūnanga for resource management and local government issues), to consult with all Māori, those that hold manawhenua and matawaka (other tribal groups) living in Southland and West Otago.

In addition to the Local Government Act obligations set out above under Maori relationships, the Resource Management Act 1991 sets local authorities specific obligations regarding kaitiakitanga, the principles of the Treaty of Waitangi and the relationship between Māori and their culture and their traditions with their ancestral lands, water, sites, wāhi tapu and other taonga. To give effect to the obligations under the Local Government Act and the related obligations under the Resource Management Act, Invercargill City Council will continue to develop its relationships with all rūnanga in Southland through Te Ao Marama and with Te Rūnanga o Ngāi Tahu, the iwi authority. This is essential for achieving the sustainable management of the natural resources within the Southland and Otago regions.

Audit Opinion



AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the reader:

Independent auditor's report on Invercargill City Council's 2018-28 Long-Term Plan

I am the Auditor-General's appointed auditor for Invercargill City Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's long-term plan (the plan). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 26 June 2018.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long-term, integrated decision-making and co-ordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 45 to 52 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, which is available on the External Reporting Board's website. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information, which are available on the International Auditing and Assurance Standards Board's website, which were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select

appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.



I am responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

In addition to this report on the City Council's consultation document and all legally required external audits, we have provided an assurance report on certain matters in respect of the City Council's Debenture Trust Deed. These assignments are compatible with those independence requirements. Other than these assignments, we have no relationship with or interests in the City Council.

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

Financial Summary

This Plan has been prepared on the basis of concentrating on maintaining desired service levels, increasing funding for infrastructure renewals and introducing key projects such as Arts and Creativity Invercargill and the Alternative Water Supply.

Funding Expenditure

The guiding principle for the development of this Plan has been to provide sustainable financial management for Council's activities on behalf of the community.

The Revenue and Financing Policy provides the underlying basis to determine the mix between rates funding and other forms of income. In general terms, Council's funding policies ensure rates and subsidies are sufficient to maintain and replace existing assets.

Council uses loans to fund major capital projects, including new works and certain significant renewals where rate funding would be unaffordable. Other renewals are funded from operating surpluses. By using loans, future ratepayers, who will benefit from the capital works, fund the loan repayments.

Council funding for non-infrastructure activities is calculated from operating expenses. Infrastructure activity funding is calculated from cash, operating expenses, renewals of assets and debt refinancing costs. It then reviews these costs, taking a long-term affordability and sustainability approach. Activity Management Plans have been developed for each key asset and these highlight future replacements, upgrading or disposals that will occur over the life of the asset.

Impact on Rates

Council has tried to reduce the impact of rating increases on residents, by taking a prudent approach to what is in the Plan, when it will happen and how it is funded. This includes the shifting of projects which delays the impact of when rates need to be raised to pay for them. This helps smooth the overall impact of rates increases.

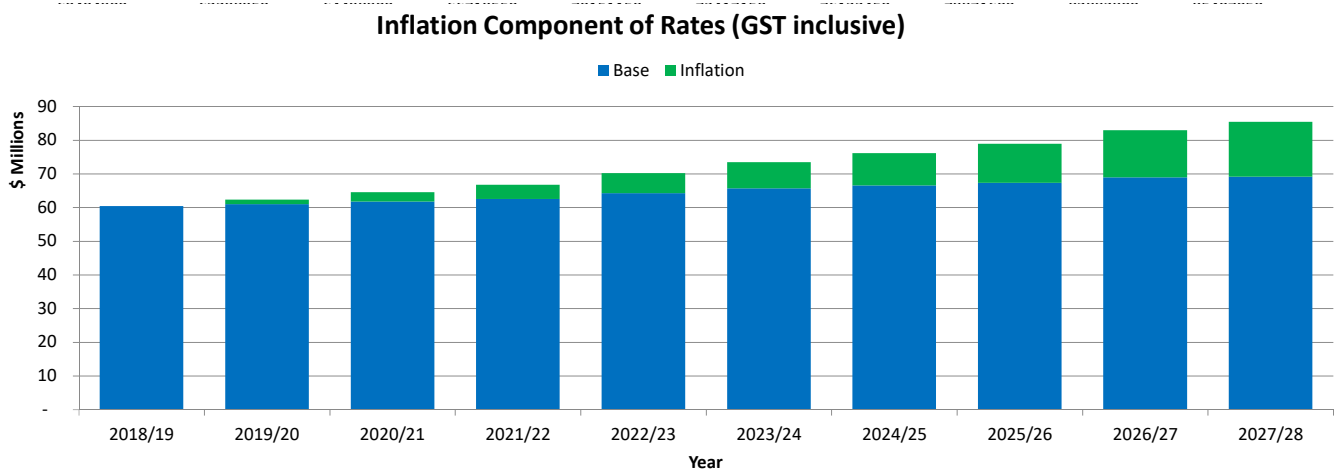
Council has monitored affordability closely through the submission process for this Plan and will continue to do so for each succeeding year, along with the overall economic climate in the District.



The rates revenue requirement over the next ten years is detailed below:

Year	Rates change (average)	Total rates requirement (\$'000) gst inclusive
2018/19	4.91%	60,405
2019/20	3.14%	62,299
2020/21	3.53%	64,499
2021/22	3.44%	66,720
2022/23	5.14%	70,152
2023/24	4.66%	73,417
2024/25	3.70%	76,133
2025/26	3.60%	78,872
2026/27	5.09%	82,883
2027/28	3.05%	85,408

This graph (below) shows the rates requirement for the next ten years. The inflation component has been derived from forecasts developed by BERL. The basis used for rates is the 2018/19 dollar value.



Overall Financial Performance and Position

Total revenue will increase from \$93.3 million in 2018/19 to \$128.7 million in 2027/28, a 38% increase.

Total Operating Expenditure will increase from \$96.9 million in 2018/19 to \$126.3 million in 2027/28, a 30% increase.

Council funding comes from a number of sources including 57% from rates and 16% from fees and charges. Other funding is received from grants and subsidies, interest, dividends, loan and reserves. This is based on the 2018/19 year and is shown in the pie graph on page 25.

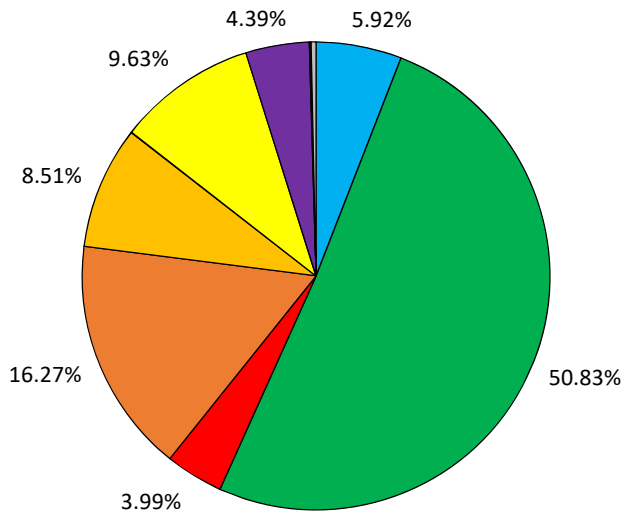
Most 2018/19 expenditure occurs within the Infrastructural Services group of activities (Roading, Sewerage, Solid Waste Management, Stormwater and Water Supply).

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

Rates support for activities may be reduced by increasing fees and charges for that activity. Council's financial strategy will assist Council in refining the projects that the community considers to be essential and those which it would like to have but cannot afford.

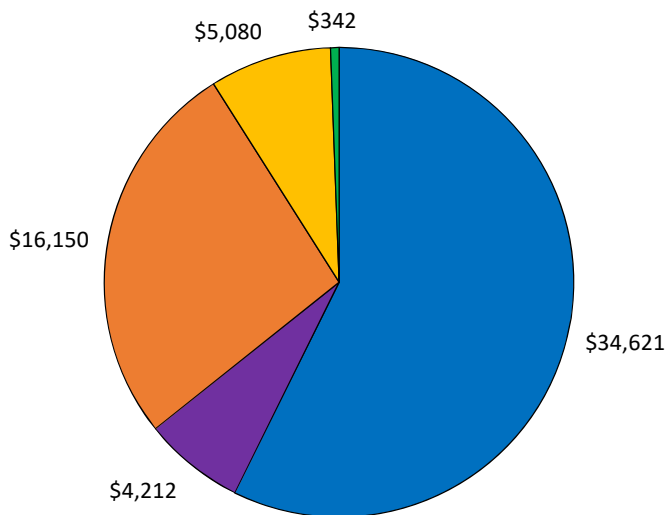


2018/19 Funding



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

2018/19 Rates (\$,000 including GST)



- Infrastructural
- Development and Regulatory
- Community Services
- Corporate Services
- Special Projects

Statement Of Compliance



The Invercargill City Council and its officers confirm that all the relevant statutory requirements of Part 6 of the Local Government Act 2002 have been complied with.

The Council and its officers accept responsibility for the preparation of the Long-term Plan and the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

The Plan was approved and adopted by a meeting of the Invercargill City Council on 26 June 2018.

In the opinion of the Council and its officers, the Long-term Plan for the ten years commencing 1 July 2018 provides a reasonable basis for long term integrated decision making and for participation in decision making by the public and subsequent accountability to the community about the activities of the Invercargill City Council.

A handwritten signature in blue ink, appearing to read "T R Shadbolt".

T R Shadbolt
MAYOR

A handwritten signature in blue ink, appearing to read "C Hadley".

C Hadley
CHIEF EXECUTIVE

Working Together

Building on several years of successful initiatives across a wide spectrum of services and core business activities, Southland’s councils and their neighbouring Otago local authorities look to continue the collaborative efforts achieved to date.

Commonly referred to as “shared services”, the local authorities have co-ordinated their efforts into common aspects that councils have a legal obligation to deliver to their respective communities, with the overall aim of delivering more for least cost. The economies of scale and the cost-effectiveness of working jointly or collaboratively and avoiding duplication, provide the rationale for the sharing of ideas and effort.

A 2014 review of the shared service model confirmed the value of the activity to the councils and the wider

community. The review identified a further opportunity to jointly develop a Regional Strategy relating to the development options and opportunities for the region. This Strategy would form the platform for consideration of other collaborative and shared service opportunities into the future. The Southland Regional Development Strategy (SoRDS) was developed and launched in October 2015 with the Action Plan released in November 2016.

One of the outcomes from the Regional Strategy work is the pending development of the Southland Regional Development Agency which will involve all four Southland councils, alongside iwi and the business community.

The following table shows examples of significant collaborative projects achieved or currently underway:

Baseline 2013/14	Building Maori capacity & partnerships	Emergency Management	Heritage Strategy	Transport Planning	Regional Strategy	Information Services
Gore District	✓	✓	✓		✓	
Southland District	✓	✓	✓		✓	✓
Invercargill City	✓	✓	✓		✓	✓
Environment Southland	✓	✓	✓	✓	✓	✓
Otago Region	✓			✓		
Queenstown Lakes District	✓					
Clutha District	✓					✓

The Councils continuously look at opportunities for effectiveness and efficiency gains throughout the range of activities and outcomes that they are expected to deliver to their communities and businesses.

The Council through this Long-term Plan commits to continuing its involvement in investigating and joining collaborative processes and shared projects with its neighbouring councils, where there are advantages and efficiencies in doing so for the council and the community.



INVERCARGILL SERVICES

