



Pūrongo-ā-tau
2017-2018
annual report

Contents

Invercargill Introduced Page 1

2	Mayor's Comment	7	Financial Overview
3	Chief Executive's Comment	9	Financial Prudence Benchmarks
4	Elected Representatives	19	Summary of Service Performance
5	Management Structure	24	Audit Opinion
6	Council Structure	28	Statement of Compliance

Council Activities and Projects Page 29

31	Roading		Community Services
46	Sewerage	94	Provision of Specialised Community Services
54	Solid Waste Management	98	Community Development
58	Stormwater	101	Housing Care Services
65	Water Supply	103	Libraries and Archives
	Development and Regulatory Services	108	Parks and Reserves
76	Animal Services	111	Passenger Transport
79	Building Control	114	Pools
82	Civil Defence Emergency Management	117	Public Toilets
85	Compliance	119	Theatre Services
88	Environmental Health		Corporate Services
91	Resource Management	121	Democratic Process
		124	Destinational Marketing
		127	Enterprise
		131	Investment Property
		133	Urban Rejuvenation
		135	City Centre Revitalisation

Council Controlled Organisations Page 137

138	Invercargill City Holdings Limited	142	Invercargill Venue and Events Management Limited
139	Group Structure	143	Invercargill City Charitable Trust
140	Southland Museum and Art Gallery Trust	144	Bluff Maritime Museum

Financial Management Page 145

146	Financial Statements	236	Statement of Accounting Policies
-----	----------------------	-----	----------------------------------

Other Information Page 255

256	Māori Capacity to Contribute to Decision-Making	257	Working Together - Shared Services
-----	---	-----	------------------------------------

Invercargill Introduced

Kupu Arataki Waihōpai



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. 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 (Motupōhue) 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.

council vision

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

Mayor's Comment

He karere nā te koromatua



Greetings to all the Residents and Ratepayers of Invercargill!

It is great to see the city is forging ahead. When we built Splash Palace we faced waves of criticism. Some claimed the

pool would leak like a sieve because it was located too close to the railway lines. This fear was proven to be unfounded. The aquatic centre has been a brilliant asset for both the City and the Region. This year we will be investing \$1.7 million on new changing rooms and a foyer upgrade. OK, with the benefit of hindsight we didn't correctly estimate the large numbers of senior citizens that would be using this facility. We focused our attention on teaching our children to swim, developing a wide range of water sports, hosting secondary school swimming championships and recreational activities.

Perhaps the most exciting developments are taking place in the Central Business District. K-mart is well underway, the Auction House is a new, popular café, the Library is undergoing a major facelift and our inner city streets have been lined with happy, victorious crowds cheering on our sporting heroes in cricket, basketball and netball.

The grand-daddy of all these projects is however nicknamed 'THE BLOCK'. This bold and innovative development proposal is spearheaded by a partnership involving the Richardson Group and the Invercargill City Council (HWCP). Yes there will be disruption on our city streets and yes there will be an element of risk involved but never forget the risk of doing nothing is also a factor that must be considered. We cannot stand by and watch our once proud city wither on the vine as a result of new legislation on earthquake prone buildings. Neither can we neglect iconic buildings on the periphery of the city. Anderson House needs a huge dollop of TLC. The new, state of the art, Braxholme Water Treatment Plant has proven to be a brilliant success and the ongoing upgrading of that superb strategic asset, Invercargill Airport, is increasing its passenger numbers with every passing year. Of course there will be a few unexpected bumps along the highway but after 24 years as this city's Mayor I am confident that Southlanders have the strength and resilience to face any challenge the future may throw in our direction.

Tim Shadbolt
MAYOR OF INVERCARGILL

Chief Executive's Comment

He karere nā te tumu whararae



The Council's Vision is 'To enhance our City and preserve its character, while embracing innovation and change' and the 2017/18 year has been one with an emphasis on change.

In March this year I started as Chief Executive at the Invercargill City Council. As in all cases where a new person is appointed to a role, I have looked at how we provide what we provide and am beginning to identify areas where I think we can improve the efficiency and effectiveness of our service delivery. I am looking forward to working with the organisation to deliver high quality services into the future.

Council's commitment to the maintenance and development of core infrastructure continued through 2017/18. The 2017/18 year was the first full year of operation of the upgraded Branxholme Water Treatment Plant and for the first time we have eliminated the earthy taste and smell that has characterised our water supply during the summer months.

Our Libraries and Archives team have had a very successful year, winning two awards for their Social Media work, including the Keeping up with the Librarians photo shoot that went viral.

Construction work for the improvements to the foyer and café areas and the increase in changing room space at Splash Palace began in March 2018. It is expected that the construction will be completed by February 2019.

In October 2015, the Southland Mayoral Forum published the Southland Regional Development Strategy (SoRDs). This is a significant community collaborative project and the City Council is doing its part to progress regionally significant projects. During 2017/18, the public were consulted on a proposal to create a Southland Regional Development Agency. This new entity will incorporate the current Venture Southland, but will be based on a wider community-based organisational structure rather than the present joint committee arrangement run by the Invercargill City, Gore District and Southland District Councils. Support for the proposal came from the Government, Ngai Tahu, local industries and businesses and the community. I am looking forward to working with our partners to progress regional development over the coming years.

The Long-term Plan has identified some challenging projects over the next ten years and I will continue to encourage staff to remember the affordability to ratepayers and look for efficiencies wherever possible.

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 Election Day will be in October 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.

Councillors for the 2017/18 year were:



Lindsay Abbott
027 290 1142



Rebecca Amundsen
DEPUTY MAYOR
027 225 2664



Allan Arnold
027 433 6408



Karen Arnold
027 268 8613



Toni Biddle
027 869 2065



Alex Crackett
021 535 953



Lloyd Esler
03 213 0404



Graham Lewis
021 676 647



Darren Ludlow
021 217 2848



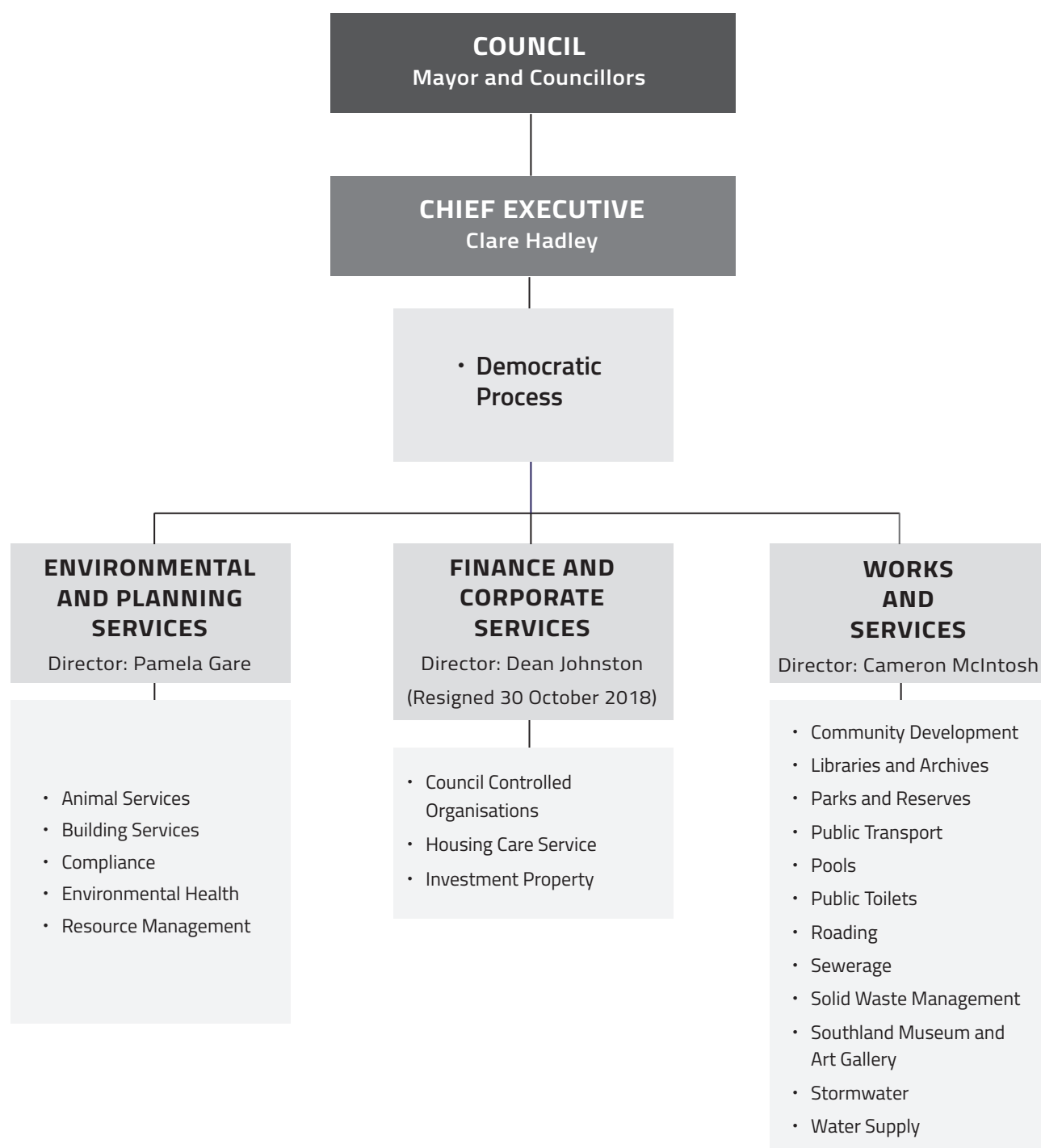
Ian Pottinger
03 217 4579



Lesley Soper
03 216 6427

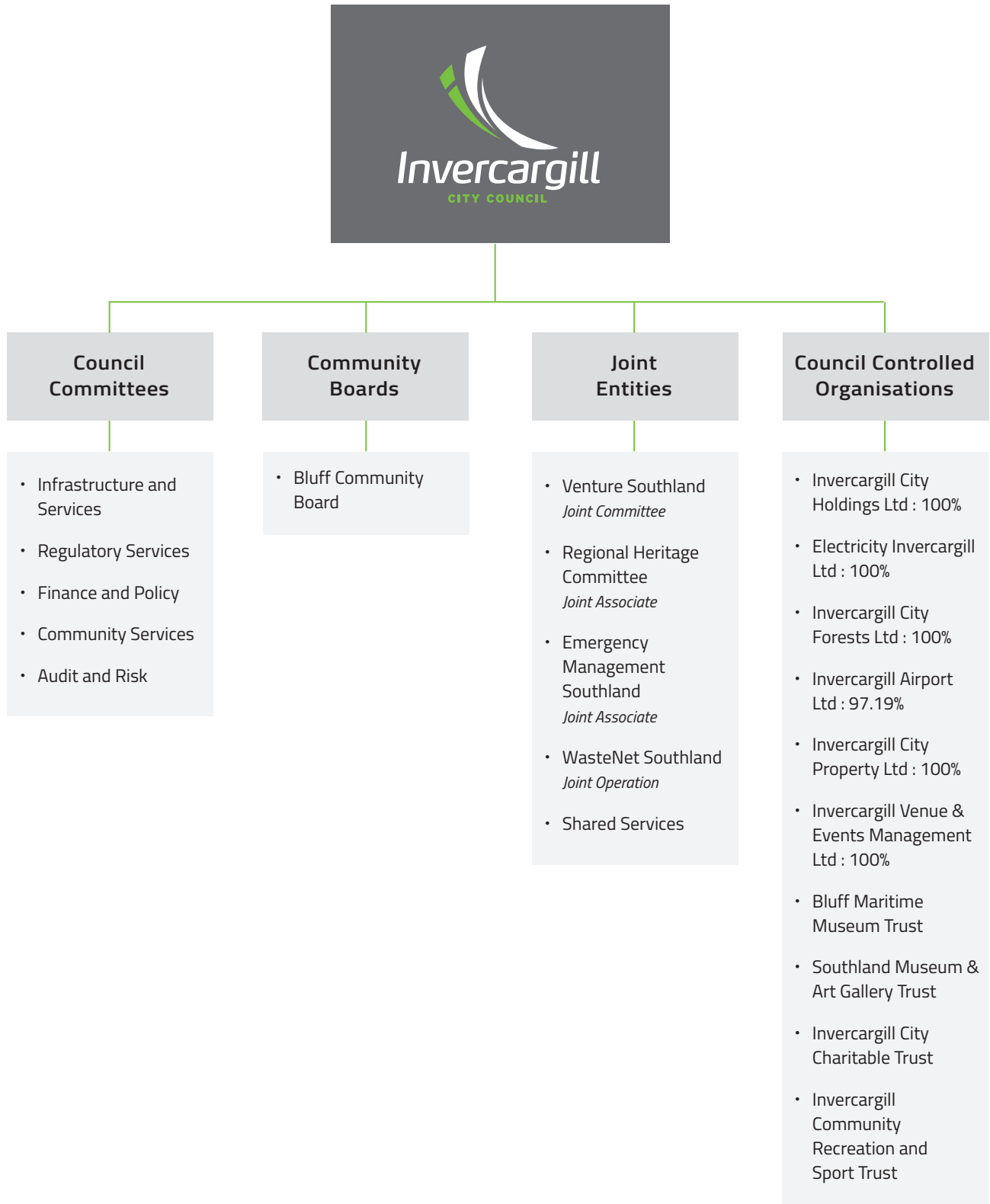


Lindsay Thomas
027 472 4730



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

Council Structure



Financial Overview

Financial Performance Summary	2016/17 \$000	2017/18 \$000
Rates Revenue	49,003	50,862
Other Revenue, Other Gains & Losses and Interest Revenue	37,327	37,823
Operating Expenditure including Interest Expenditure	86,962	93,827
Operating Surplus/(Deficit)	(632)	(5,142)
Working Capital (excluding loan facility)	(19,929)	(5,582)
Total Assets	932,760	930,456
External Debt	85,986	88,136
Fixed Assets (Net Book value)	812,463	810,057

Financial Statistics Summary	2016/17	2017/18
Proportion of rates to Total Operating Revenue	56.76%	57.35%
Average rate revenue per rateable property	\$1,944.87	\$2,013.62
External Term Debt (as a percentage of total assets)	9.22%	9.47%
External Term Debt (per rateable property)	\$3,412.68	\$3,489.29

Ratepayer Data	2016/17	2017/18
Total Rateable Properties*	25,196	25,259

* Please refer to Note 1 in the Notes to the Financial Statements for further information regarding rateable property numbers.

INVERCARGILL CITY COUNCIL: FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018

- WHOLE OF COUNCIL

The Funding Impact Statement shows the sources and applications of Council's funding.

	Annual Plan	Council Actual	Annual Plan	Council Actual
	2016/17	2016/17	2017/18	2017/18
	\$'000	\$'000	\$'000	\$'000
SOURCES OF OPERATIONAL FUNDING				
General rates, uniform annual general charges, rates penalties	6,893	7,115	6,477	6,641
Targeted rates	41,888	41,888	44,221	44,221
Subsidies and grants for operating purposes	3,488	3,934	3,514	4,127
Fees and charges	13,290	13,879	14,878	16,392
Interest and dividends from investments	7,390	7,302	7,920	7,509
Local authorities fuel tax, fines, infringements, fees and other receipts	8,280	10,975	9,100	10,616
Total operating funding (A)	81,229	85,093	86,110	89,506
Applications of operational funding				
Payments to staff and suppliers	62,016	62,494	65,381	66,247
Finance costs	3,842	2,738	4,322	2,869
Other operating funding applications	-	-	-	-
Total applications of operational funding (B)	65,858	65,232	69,703	69,116
Surplus (deficit) of operational funding (A-B)	15,371	19,861	16,407	20,390
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	3,449	2,815	3,160	3,897
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	8,220	16,325	414	1,328
Gross proceeds from sale of assets	139	810	156	2,341
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	11,808	19,950	3,730	7,566
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	8,425	10,733	377	2,560
- to improve the level of service	1,217	10,147	3,211	762
- to replace existing assets	18,110	17,661	18,457	17,009
Increase (decrease) in reserves	(1,559)	782	(2,399)	4,425
Increase (decrease) in investments	986	488	491	3,200
Total application of capital funding (D)	27,179	39,811	20,137	27,956
Surplus (deficit) of capital funding (C-D)	(15,371)	(19,861)	(16,407)	(20,390)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-	-
Depreciation expense (not included in the above FIS)	23,897	23,946	22,081	26,853

Financial Prudence Benchmarks

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

The Council is required to include the Statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this Statement.

KEY



Benchmark Met



Benchmark Not Met



Benchmark

RATES (INCOME) AFFORDABILITY BENCHMARK

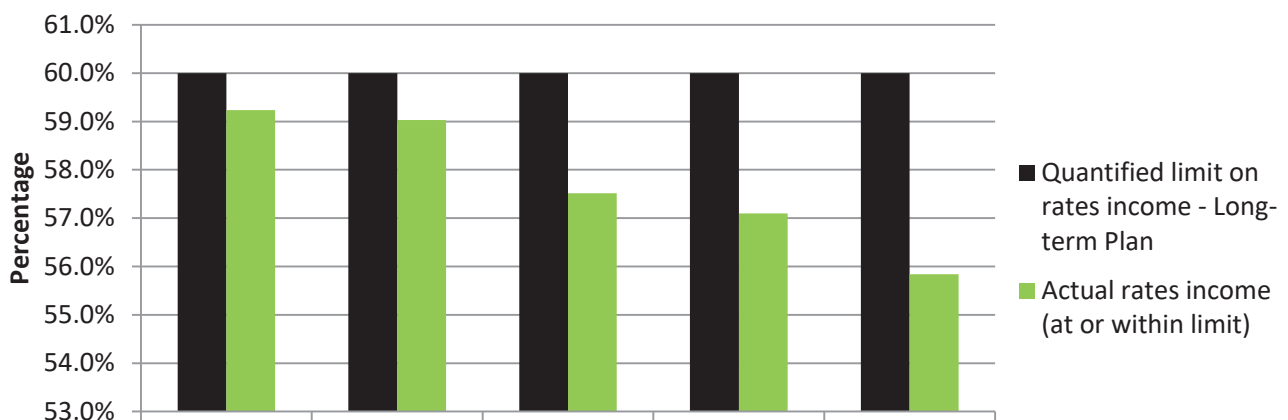
	2013/14	2014/15	2015/16	2016/17	Year of Annual Report 2017/18
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Rates Revenue - Annual Report	45,781	46,022	47,883	49,003	50,862
Other income - Annual Report	31,504	31,940	35,369	36,854	40,226
Total Income - Annual Report	77,285	77,962	83,252	85,857	91,088

The Council meets the rates affordability benchmark if -

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

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long-term Plan. The quantified limit is that "Rates revenue as a source will not exceed 60% of its total revenues".

Limit On Rates



Council aims to maintain the rates collected at a maximum of 60% of the total Council revenue. Council has achieved this over the past five years.

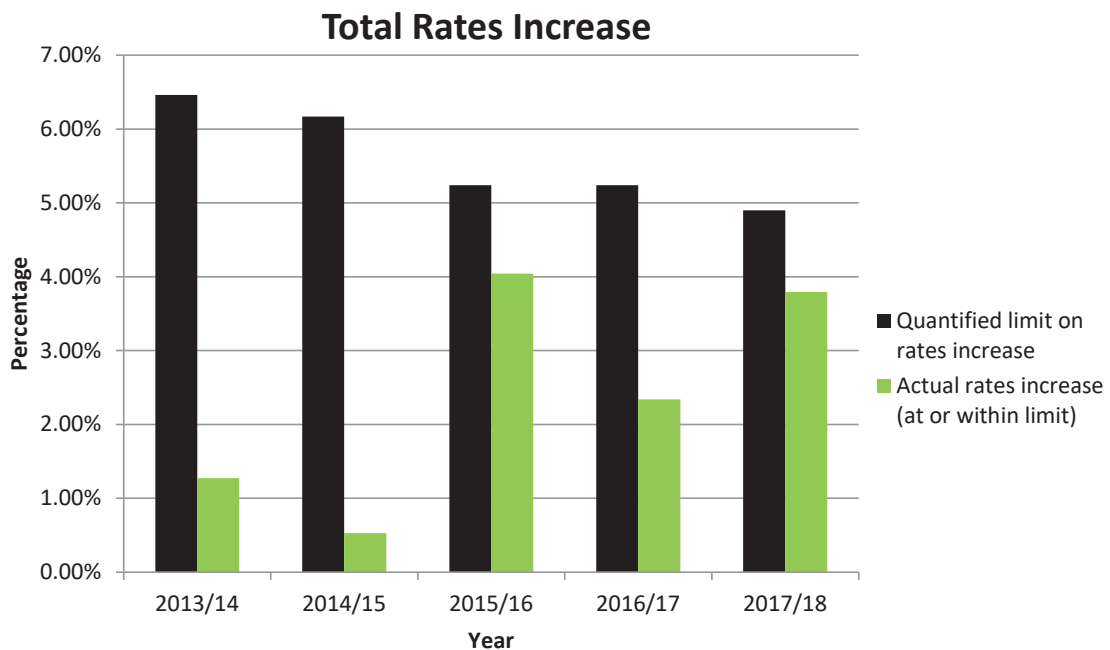
TOTAL RATES INCREASE

	2013/14	2014/15	2015/16	2016/17	Year of Annual Report 2017/18
	\$000	\$000	\$000	\$000	\$000
Total Rates Revenue - Annual Report	45,781	46,022	47,883	49,003	50,862
LGCI (Local Government Cost Index)	3.46%	3.17%	2.24%	2.24%	1.90%
Additional Limit	3.00%	3.00%	3.00%	3.00%	3.00%

The Council meets the rates affordability benchmark if -

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

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long-term Plan. The quantified limit is that "Total rates increases will be limited to forecast LGCI + 3.0%".



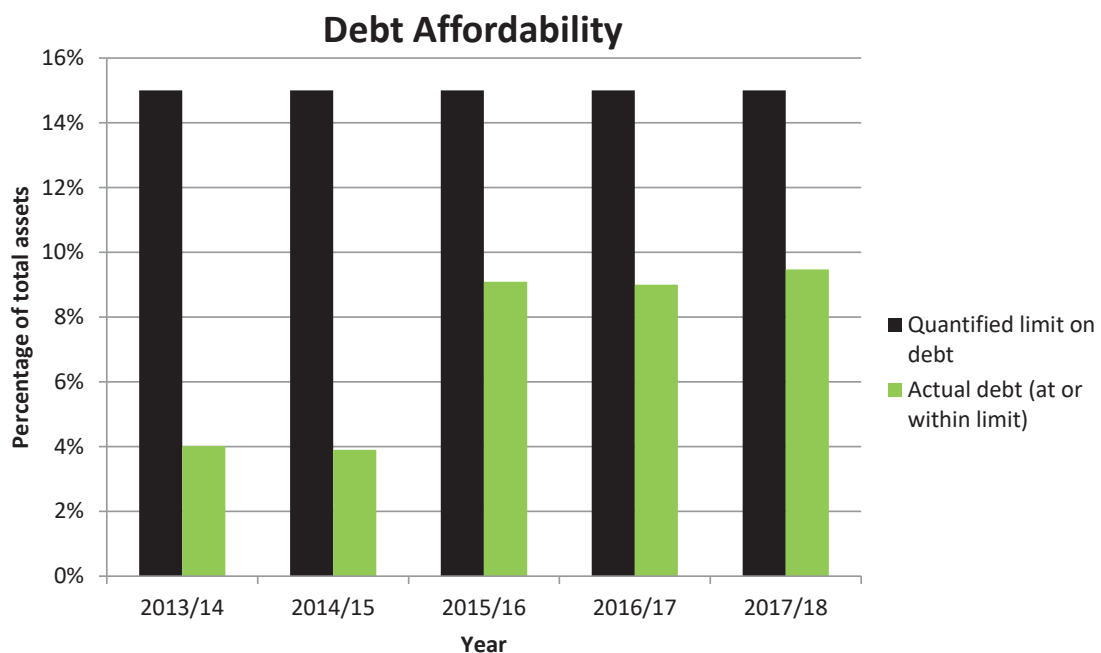
Council's financial strategy aims to limit rates increase to forecast LGCI + 3.0%. As shown above Council has achieved this goal for the last five financial years.

DEBT AFFORDABILITY BENCHMARK

	2013/14	2014/15	2015/16	2016/17	Year of Annual Report 2017/18
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Assets - Annual Report	740,095	739,944	783,386	938,060	930,456
External Borrowing	29,716	28,861	71,248	85,986	88,136

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

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Long-term Plan. The quantified limit is that "Borrowing of external funds is limited to 15% of total assets".



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

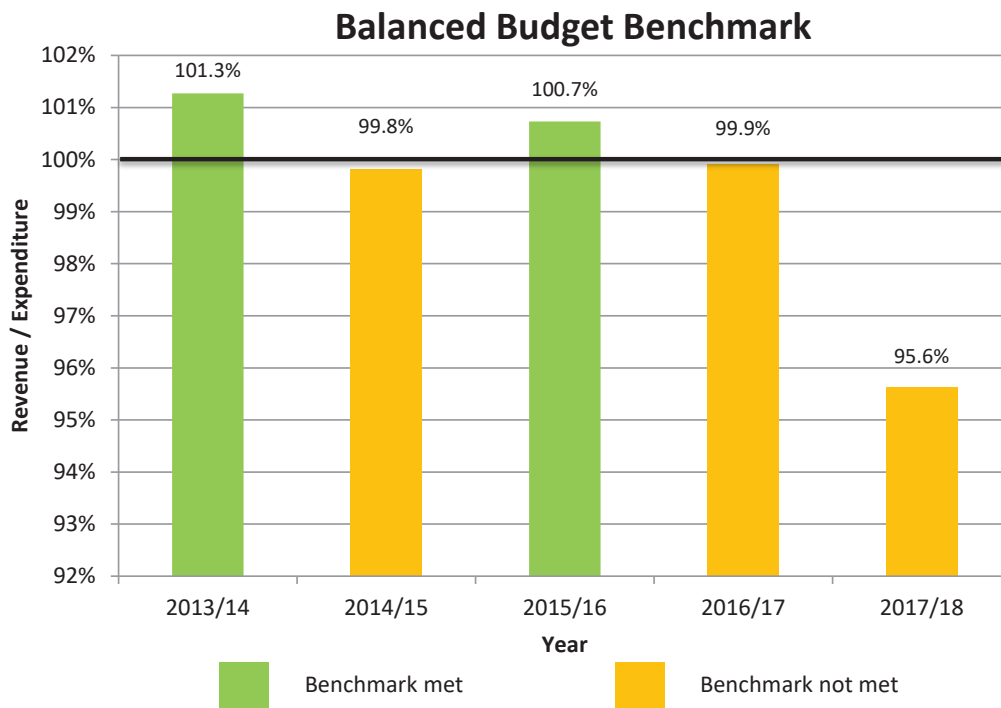
During the 2016/17 year Council increased actual debt from around \$72m up to \$86m. The 2016/17 year was also an asset revaluation year and this saw the Council's total assets increase from \$741m to \$938m. The effect of these two increases has meant the above benchmark has remained around 9% over the past three years.

BALANCED BUDGET BENCHMARK

	2013/14	2014/15	2015/16	2016/17	Year of Annual Report 2017/18
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Revenue (Excluding *)	77,285	77,962	84,474	87,495	98,419
Total Expenditure (Excluding ^)	76,314	78,104	83,860	87,602	102,929

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

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



* Excludes - Development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluation gains.

^ Excludes - Losses on derivative financial instruments and revaluations of property, plant and equipment.

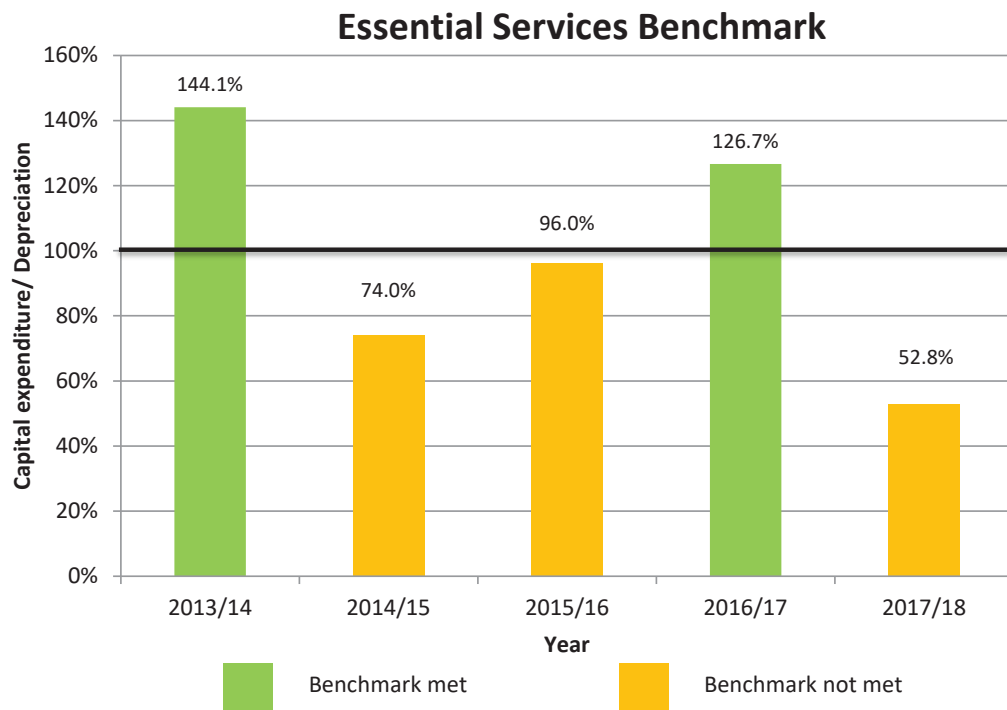
Note: Only revaluations of property, plant and equipment are excluded. Forestry revaluations and gains/losses on investments and investment property are included.

Council is aware of the issue of affordability and financial sustainability. Council revenue has been greater than its operating expenses for two of the past five years. Council continues to investigate efficiencies to reduce expenditure and increase other revenue, and by doing so reduce the revenue needed from rates. The 2017/18 Council depreciation expense increased significantly as a result of the June 2017 asset revaluation. This has had an impact on the 2017/18 result for this benchmark.

ESSENTIAL SERVICES BENCHMARK

	2013/14	2014/15	2015/16	2016/17	Year of Annual Report 2017/18
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Expenditure (Additions) *	21,468	12,455	16,684	23,977	10,630
Depreciation ^	14,895	16,839	17,373	18,928	20,121

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



* Capital expenditure on network assets has been deemed to be additions to Infrastructural Assets as per Note 12: Property, plant and equipment.

^ Depreciation on network assets has been deemed to be depreciation of Infrastructural Assets as per Note 12: Property, plant and equipment.

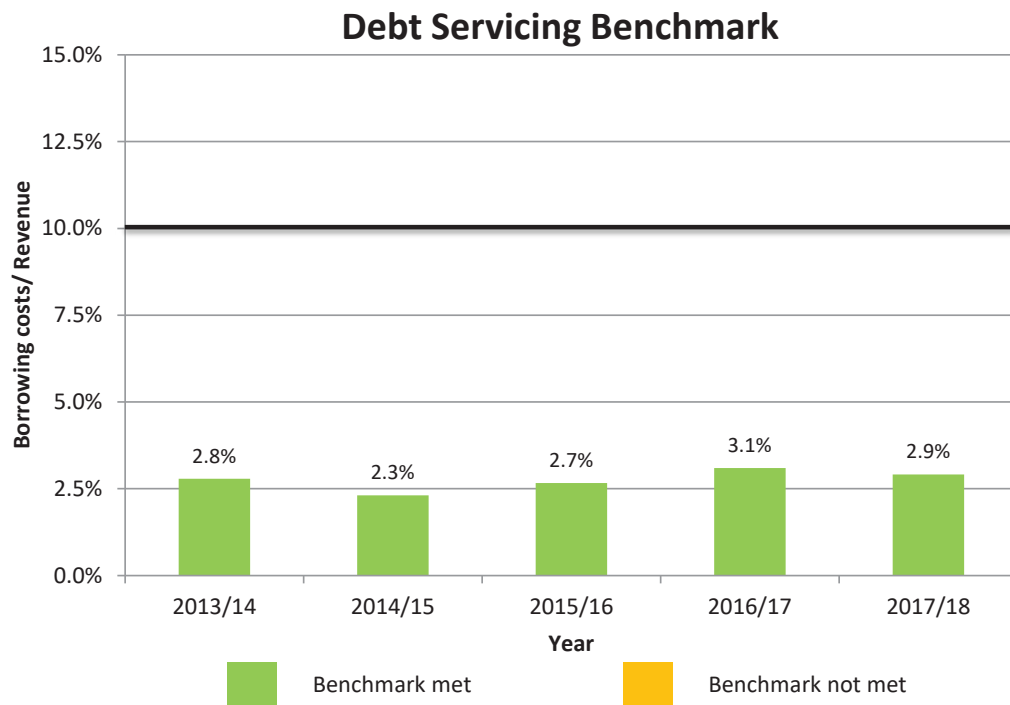
Over time Council's capital expenditure should equal its depreciation, which will mean that Council is replacing its assets as they deteriorate. However, due to some projects being large, it is hard to assess this on a year-by-year basis. During the 2017/18 year Council spent less on capital expenditure than depreciation. This was largely due some capital project scheduled to be completed within the 2017/18 year being started but not completed. The capital upgrade of the Library and Splash Palace are examples of this, both projects will be completed in the 2018/19 year.

DEBT SERVICING BENCHMARK

	2013/14	2014/15	2015/16	2016/17	Year of Annual Report 2017/18
	\$'000	\$'000	\$'000	\$'000	\$'000
Borrowing Costs *	2,154	1,801	2,253	2,738	2,869
Revenue (Balanced Budget)	77,285	77,962	84,474	87,495	98,419

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

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



* Deemed to be Finance Expenses from the Statement of Comprehensive Revenue and Expense.

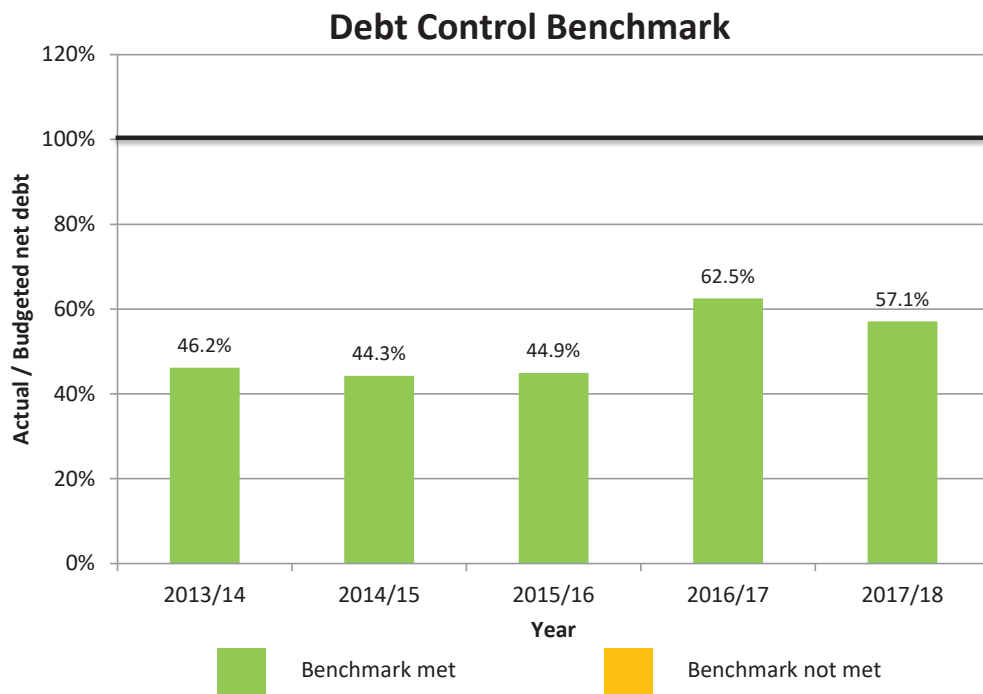
Council's cost of debt is well under the legislative threshold of 10% of revenue. Total borrowing have increased over the past three years due to the refinancing of internal debt with external debt and Council incurring more capital expenditure related debt. This has been largely offset by the Council cost of borrowing decreasing over the past three years, as a result of lower market interest rates.

DEBT CONTROL BENCHMARK

	2013/14	2014/15	2015/16	2016/17	Year of Annual Report 2017/18
	\$'000	\$'000	\$'000	\$'000	\$'000
Actuals					
Financial Assets - Annual Report *	13,746	15,278	59,529	60,704	66,157
Financial Liabilities - Annual Report ^	38,989	39,803	81,978	96,838	100,181
Actual Net Debt	25,243	24,525	22,449	36,134	34,024
Budgeted					
Financial Assets *	12,699	16,063	7,833	55,847	56,914
Financial Liabilities ^	67,368	71,436	57,791	113,616	116,494
Budgeted Net Debt	54,669	55,373	49,958	57,769	59,580

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

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



* Financial Assets (excluding trade and other receivables) - as per Annual Report or Annual Plan (LTP) - Statement of Financial Position.

^ Financial Liabilities - as per Annual Report or Annual Plan (LTP) - Statement of Financial Position.

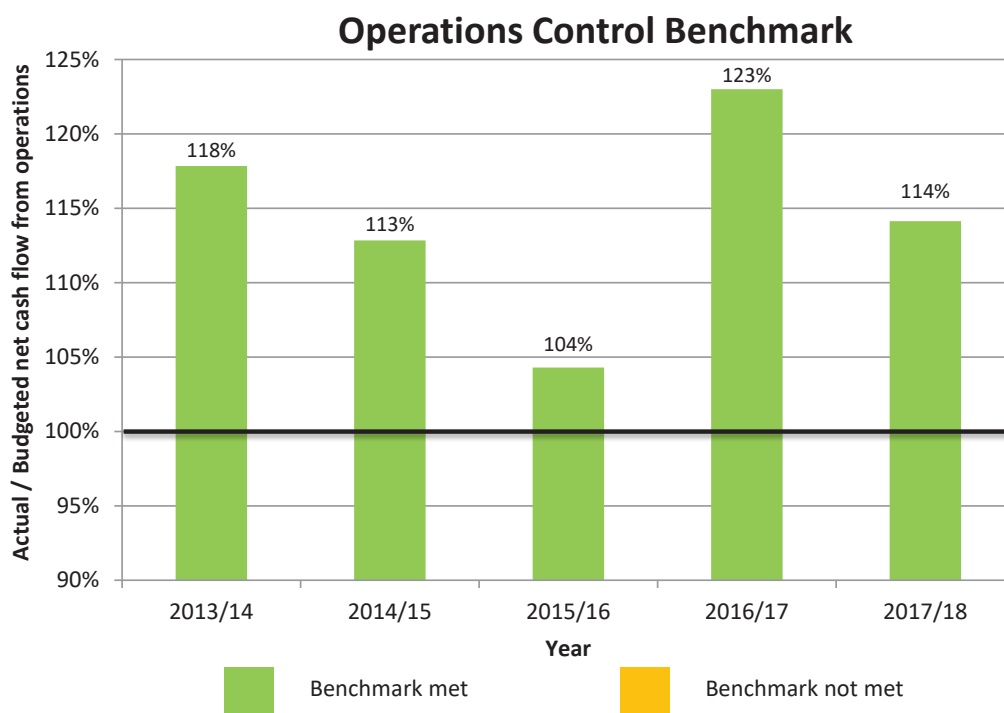
Council's actual net debt position has consistently been below its planned net debt position for the past five years. Council's net debt has remained lower than planned net debt due to the deferral of large debt funded capital projects, in particular the capital work planned for the Civic Administration Building, City Centre Revitalisation and other infrastructure projects.

OPERATIONS CONTROL BENCHMARK

	2013/14	2014/15	2015/16	2016/17	Year of Annual Report 2017/18
	\$'000	\$'000	\$'000	\$'000	\$'000
Actual Net Cash flows from Operations *	20,248	20,906	20,370	23,094	22,239
Budgeted Net Cash flows from Operations ^	17,183	18,526	19,530	18,769	19,485

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

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



* Taken from the Statement of Cash Flows in the relevant year's Annual Report.

^ Taken from the Statement of Cash Flows in the relevant year's Annual Plan.

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

UNCOMPLETED PROJECTS

Not all projects planned and funded in 2017/18 were completed. Projects valued over \$100,000 which will now be completed or undertaken in 2018/19 are:

Community Services	
▪ Passenger Transport - National Regional Ticketing Project	\$408,901 (funded from Rates)
Infrastructure and Services	
▪ Drainage - Sewerage - Clifton - Digester and Screening Upgrade	\$725,314 (funded from Loan)
▪ Drainage - Sewerage - Beatrice Street Treatment Pond	\$150,000 (funded from Loans and Rates)
▪ Drainage - Sewerage - Tay and Mersey Street Pipe Network	\$1,116,241 (funded from Rates)
▪ Drainage - Sewerage - Stead Street Stopbank	\$1,330,000 (funded From Loan)
▪ Parks and Reserves - Winter Garden	\$154,303 (funded from Rates)
▪ Parks and Reserves - Surrey park grandstand	\$514,000 (funded from Rates)
▪ Parks and Reserves - Storage Building	\$200,000 (funded from Rates)
▪ Parks and Reserves - Chinese garden	\$600,000 (funded from Special Reserve)
▪ Parks and Reserves - Gala Street Signage	\$180,000 (funded from Rates)
▪ Parks and Reserves - Bluff Boat Ramp	\$400,000 (funded from Loan)
▪ Property - Civic Theatre	\$150,000 (funded from Loan)
▪ Property - Scottish Hall	\$236,827 (funded from Special Reserves)
▪ Property - Library	\$2,004,323 (funded from Loan and Special Reserves)
▪ Property - Administration Building	\$4,735,000 (funded from Loan)
▪ Property - Splash Palace (Change Rooms, Carpark and Bulkhead Renewal)	\$1,930,957 (funded from Loan and Special Reserves)

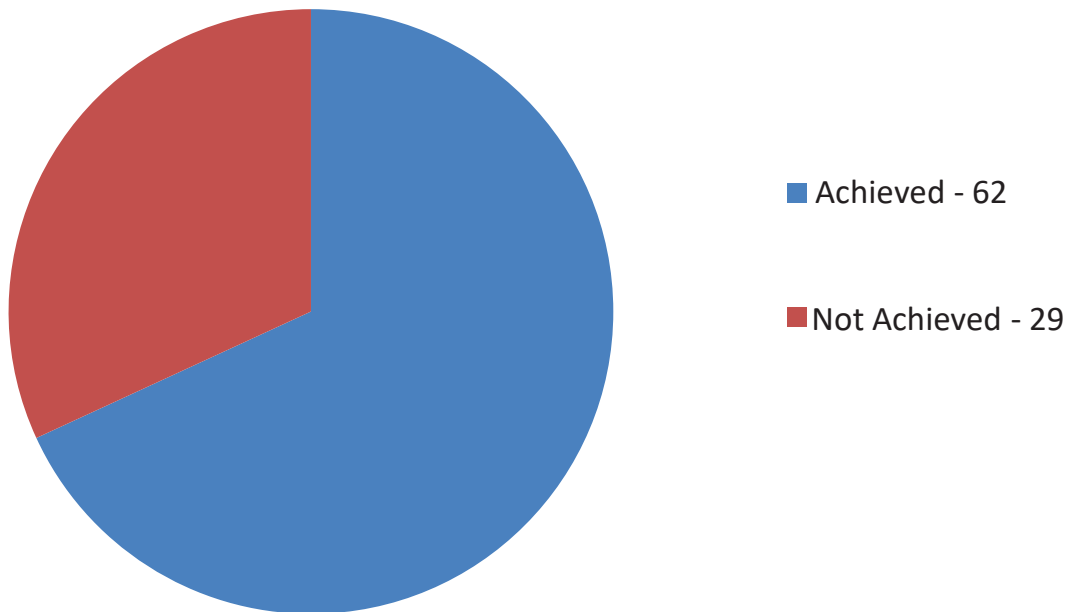
Infrastructure and Services continued	
▪ Public Toilets - New Exeloo Waikiwi	\$125,000 (funded from Loan)
▪ Roding - Surveillance Cameras	\$165,164 (funded from Rates)
▪ Roding - LED Upgrade	\$3,227,350 (funded from Rates and NZTA)
▪ Roding - Streetlight 11 year programme	\$716,280 (funded from Rates and NZTA)
▪ Roding - Stirling Point Safety Footpath	\$250,000 (funded from Rates)
▪ Roding - Onstreet Parking Meter Replacement	\$150,000 (funded from Loan)
▪ Water - Branxholme duplicate pipeline	\$280,000 (funded from Rates)
▪ Water - Supply to Awarua Industrial Estate	\$100,000 (funded from Loan)
▪ Water - Branxholme plant upgrade	\$247,300 (funded from Loan)
▪ Water - Asbestos cement mains renewal	\$1,809,000 (funded from Rates)
▪ Water - Gala Street Reservoir	\$214,000 (funded from Rates)
▪ Solid Waste - Transfer Station renewals	\$251,397 (funded from Rates)
Finance and Policy	
▪ CBD Redevelopment - Inner City Upgrade capital works	\$6,334,645 (funded from Loan and Special Reserves)

Summary of Service

SUMMARY OF ACTIVITIES AND LEVELS OF PERFORMANCE

The 2017/18 Annual Plan identified 91 levels of service against which its performance would be measured for its activities. The levels of service were what Council wanted to provide to its community and the actual measurement indicates whether or not it has been delivered.

Council achieved 62 out of 91 measures.



In the graph above, "Achieved" means that the 2017/18 performance measure was met or exceeded. "Not Achieved" means the 2017/18 performance measure was not undertaken or not provided to the target level.

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

Community Outcome	Activity and Performance Measure	2017/18 Target	2017/18 Actual
Healthy lifestyle in a healthy environment.	Civil Defence - Percentage of surveyed households prepared for an emergency including self-sufficiency for three days.	60% by 2021	Achieved Residents - 61% Farmers - 64% (2016/17: Achieved)
	Libraries and Archives - Membership as a percentage of the total population.	65% - 75%	Achieved - 70.03% (2016/17: Achieved)
	Passenger Transport - Homes in the Invercargill urban area are within 400 metres of a serviced bus route.	90%	Achieved - routes are unchanged from previous years - 90% (2016/17: Achieved)
	Pools - Number of visits to Splash Palace per head of Invercargill population.	At least 6	Achieved - 8.0 visits based on population of 51,696 (2016/17: Achieved 7.8)
	Public Toilets - Automated toilets are available 24 hours a day.	95%	Not Achieved - 92% (2016/17: 95%)
	Water Supply - Ministry of Health Grade.	Invercargill - Aa Bluff - Aa	Not Achieved - Invercargill is Aa, Bluff is Ab (2016/17: Not Achieved)

Community Outcome	Activity and Performance Measure	2017/18 Target	2017/18 Actual
A diverse and growing economy.	Compliance - Parking patrols of Council managed parking spaces.	Average 100 hours patrolling per week.	Not Achieved - 60 hours (2016/17: Achieved)
	Destinational Marketing - Number of tourism businesses using Venture Southland services.*	>25	Achieved - over 100 businesses (2016/17: Achieved - 133)
	Enterprise - Business Mentor Programme.	50 mentor/client matches.	Not Achieved - 30 (2016/17: Not Achieved)
	Investment Property - Rate of return is at least equal to the current market interest rate.	Achieve current market interest rate.	Not Achieved - 3.64% (2016/17 Achieved - 5.93%)
	Solid Waste Management - Maintain a regional materials discarded rate of 650kg disposed per person.	Maintain.	Not Achieved - 710kg (2016/17: Not Achieved - 678kg)
	Pools - Percentage of Swim School customers who rater their experience as good or very good when surveyed.	80%	Achieved - 86% (2016/17: Achieved - 92%)

* Note this is for the entire region not just the Invercargill City District.

Community Outcome	Activity and Performance Measure	2017/18 Target	2017/18 Actual
A city that is a great place to live and visit.	Building Control - Statutory time frames for processing consents are met.	100%	Not Achieved - 99.07% (2016/17: Not Achieved - 99.2%)
	Democratic Process - 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%	Not Achieved - 38% (2016/17: Not Achieved - 34%)
	Destinational Marketing - Number of media and famil* opportunities facilitated.	8 per year	Achieved - 37 (2016/17: Achieved 30)
	Housing - Rental does not exceed 30% of the gross superannuation benefit	<30%	Achieved - all rents are below 30% (2016/17 Achieved - all rents are below 30%)
	Parks and Reserves - Percentage of urban residents within 500 metres of a park or reserve.	100%	Achieved. (2016/17: Achieved)
	Passenger Transport - All members of the community have the opportunity to use the public transport.	Total Mobility Scheme is administered to the satisfaction of the Total Mobility Annual Combined Committee Meeting.	Achieved - The meeting was complimentary of the service. (2016/17: Achieved)

Community Outcome	Activity and Performance Measure	2017/18 Target	2017/18 Actual
Strong, innovative leadership.	Animal Services - An increase in new dog registrations.	5% increase in new dog registrations from the 2015/16 registration period.	Not Achieved - 4% increase (2016/17: Achieved)
	Compliance - Reduction in the number of infringements being sent to Courts for collection. (Number of tickets paid as a percentage total issued.)	75% of all tickets issued are paid without the need to refer to the Courts for collection.	Not Achieved - 68% of tickets issued were paid without being referred to the Courts. (2016/17: 67%)
	Roading - Council's cycling network is fully marked.	Increasing percentage.	Not Achieved - No new markings (2016/17: Achieved)
	Sewerage - Service disruptions for individual properties are less than 12 hours.	100%	Not Achieved - 96% (2016/17 Not Achieved - 86%)
	Stormwater - Complaints of stormwater blockage responded to within one hour.	90%	Not Achieved - 83% (2016/17: Not Achieved - 75%)

Audit Opinion

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Invercargill City Council's annual report for the year ended 30 June 2018

The Auditor-General is the auditor of Invercargill City Council (the City Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to report on the information in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the City Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 30 October 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 145 to 254:
 - present fairly, in all material respects:
 - the City Council and the Group's financial position as at 30 June 2018;
 - the results of the operations and cash flows for the year ended on that date; and;
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards; and
- the funding impact statement on page 8, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;
- the statement of service provision on pages 19 to 23 and 29 to 144:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, including:

- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 29 to 144, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's annual plan; and
- the funding impact statement for each group of activities on pages 29 to 144, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long-term plan.

Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 9 to 16, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council and Group's audited information and, where applicable, the City Council's Long-term plan and annual plans.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the City Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's annual plan.

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our audit report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 7, 17 to 18, 28 and 255 to 258, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the City Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the City Council's 2018-28 Long-term plan and the City Council's Debenture Trust Deed, which is compatible with those independence requirements. Other than these engagements, we have no relationship with, or interests in, the City Council or its subsidiaries and controlled entities.



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

Statement of Compliance



The Council and its officers are responsible for the preparation of this Annual Report for 2017/18.

This report has been prepared in accordance with the provisions of the Local Government Act 2002, and the Reporting Standards of the External Reporting Board (XRB).

This report was approved and adopted by a meeting of the Invercargill City Council on 30 October 2018.

It correctly reflects the Council's financial position and operating results for the year ended 30 June 2018 and complies with all statutory requirements in relation to the Annual Report.

A handwritten signature in black 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

Council Activities & Projects

Ā tātou mahi



This section outlines all of the activities of Council and includes information so that the community can see how we planned, managed, delivered and funded activities.

The first five groups of activities encompass the infrastructural services role of Council. These are generally accepted as essential for a predominantly urban population. The cost of providing these five groups of activities accounts for over 50% of Council's rates draw. These activities are:

- Roading
- Sewerage
- Solid Waste Management
- Stormwater
- Water Supply

The Development and Regulatory Services group of activities include those which enable people to live closely together by establishing with the community minimum standards for development and behaviour. The activities within this group are:

- Animal Services
- Building Services
- Civil Defence Emergency Management
- Compliance
- Environmental Health
- Resource Management

The Community Services Group include activities which provide services and facilities for the community's enjoyment. The activities within this group are:

- Community Development
- Housing Care Services
- Libraries and Archives
- Parks and Reserves
- Passenger Transport
- Pools
- Public Toilets
- Theatre Services

The Corporate Services activities include those which provide democratic processes and provide or promote business-to-business relationships. The activities are:

- Democratic Process
- Destinalional Marketing
- Enterprise
- Investment Property

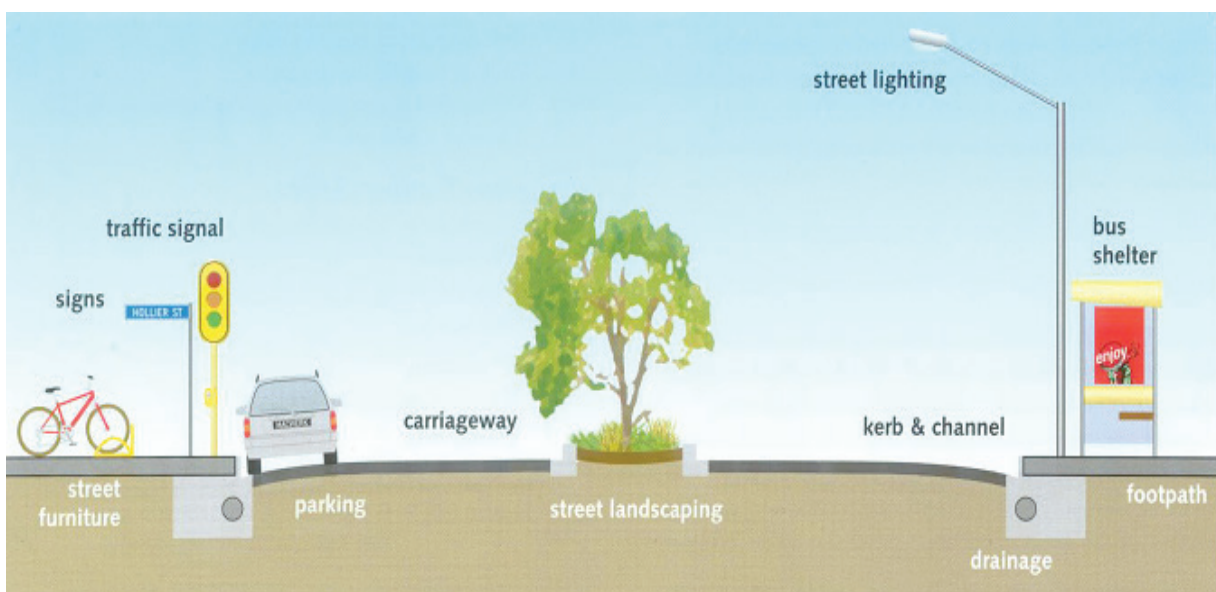
Roading



WHAT WE HAVE DONE

The Roding Activity provided a safe, convenient and efficient transport system in the City. This was achieved by providing smooth road surfaces appropriate for the level of road usage; enhancing the safety of the roading network through the provision

of street lighting; carrying out renewal programmes which ensured the assets were sustainably managed; and providing more opportunities for walking and cycling.



WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A city that is a great place to live and visit.	Design spaces, buildings and roads with community safety and interest in mind, and encourage others to do the same.	Council provides street lighting, signs, road markings and signals on urban roads so that vehicles, cyclists and pedestrians can travel in safety.	Provision of a street lighting network in urban areas.	Compliance with the New Zealand Street Lighting Standard.
A diverse and growing economy.	Ensure that the building blocks for sustainable business are in place, including energy, water, communications and workforce.	Quality road surfaces, road signs and markings and traffic signals allow people and vehicles to easily travel within the District in a safe and efficient manner for their business and leisure activity requirements.	Traffic signs, road name signs and public street maps are well maintained.	Road Safety.
				Response to Service Requests.
				Road condition.
				Road maintenance.
Healthy lifestyles in a healthy environment.	Provide and promote access to open spaces, including green spaces and the coast.	The footpaths and cycleway network encourages people to become physically active and provides access to open spaces.	Operational traffic signals promote the safe movement of people and vehicles.	Signs and maps are promptly "responded to" when vandalised or missing.*
				Traffic signals are "responded to" within one hour for emergency works, four hours for serious faults and 12 hours for minor faults.*
Healthy lifestyles in a healthy environment.	Provide and promote access to open spaces, including green spaces and the coast.	The footpaths and cycleway network encourages people to become physically active and provides access to open spaces.	Promotion of Council's cycling network.	Footpaths.
				Council's cycling network is fully marked.

* "Responded to" means that Council's contractor has been informed, inspected the issue and taken the necessary steps to resolve the problem.

HOW DID WE MEASURE UP

Measure	Target 2017/2018	Result 2017/2018
Compliance with the New Zealand Street Lighting Standard.	Increasing percentage.	Achieved - Increase in compliant lighting. (2016/17: Not achieved - 87%)
Vandalised/missing signs and maps are promptly "responded to".	Greater than 95% within 48 hours.	Not Achieved - 93.9% (2016/17: Achieved - 94.2%)
Traffic signals are "responded to" within one hour for emergency works, four hours for serious faults and 12 hours for minor faults.	92%	Achieved - 100% - Emergency Response (2016/17: Not Achieved - 82.8%)
Council's cycling network is fully marked.	Increasing percentage.	Not Achieved - No new markings (2016/17: Achieved)
National Non Financial – Performance Measure	Target 2017/2018	Result 2017/2018
Road Safety 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	Achieved - 12; which is nine fewer than the previous year. (1 Fatal : 12 Serious) [Period used is 1 Jan to 31 Dec] (2016/17: Not Achieved - 21; which is five more than the previous year (1 Fatal; 20 Serious))
Road Condition The average quality of ride on a sealed local road network, measured by smooth travel exposure.	Urban > 81% Rural > 93%	Achieved Urban : 91% Rural : 98% (2016/17: Achieved, Urban 88% Rural 96%)
Road Maintenance The percentage of the sealed local road network that is resurfaced.	Chipsealing 6.3%	Not Achieved - 5.6% (2016/17: Not Achieved - 4.1%)
Footpaths 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 10% of sealed footpaths have a condition of very poor.	Achieved - 1.2% in very poor condition (2016/17: Achieved - 1.23% condition of very poor)
Response to Service Requests 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.	85% within five days.	Not Achieved - 73.1% (2016/17: Not Achieved - 64.8%)

THE DETAILS

1 - Street Lighting

The project to complete the 11 year upgrade programme was deferred while LED procurement and installation started. The delay was signalled as the resources needed for the upgrade works were being deployed on the LED work. There would have been increased costs if both projects had proceeded. Only a small number of new lights were installed as part of projects but this is still an achievement.

2 - Traffic Signals

The contractor has responded well to the performance requirements. A further signalised intersection at Gala and Deveron Streets was successfully installed. The signals have operated well with minimal maintenance.

3 - Cycling Network

The cycling network has not been increased. Some of the planned areas are waiting resealing and did not warrant being marked out and then sealed over. The Cycling Strategy has been reviewed and adopted by Council.

4 - Road Safety

The crash statistics for Invercargill are better than the previous year but are still too high. A significant national campaign "Any Number is Too Many" was launched and is being developed through community partnerships.

5 - Road Maintenance

Ongoing maintenance has occurred with much effort being put into presealing repairs. Repairs are being prioritised on the ONRC hierarchy.

6 - Footpaths

Footpath renewals has been steady during the year with many completed. Further refinement of the programme and processes is needed to meet budget requirements.

7 - Responses to Service Requests

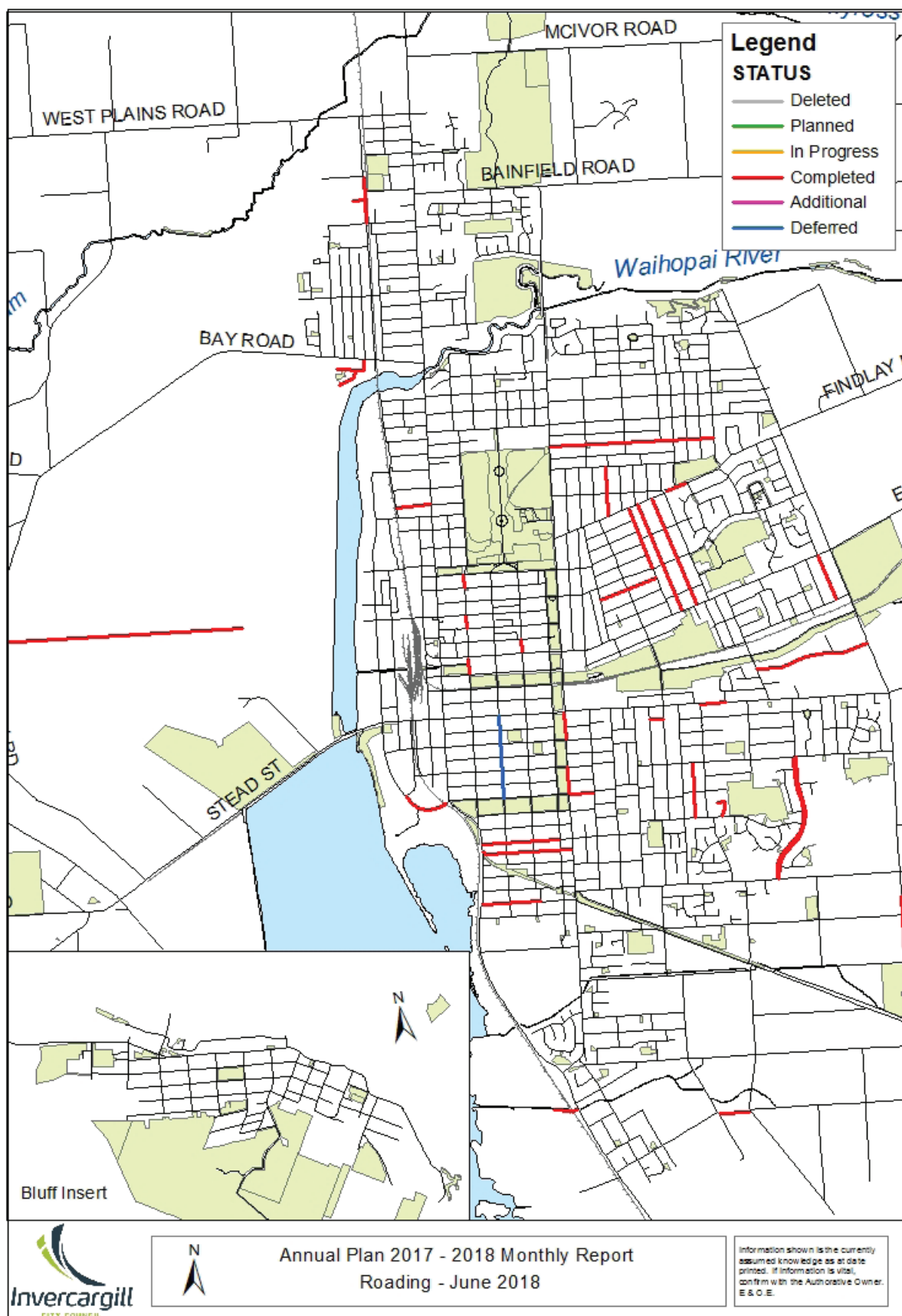
The measure relating to the response to requests for service is not achieved, but has improved on last year. Part of the issue is with the way the system recorded the actioned status. Some requests are not actioned until complete which can take some time whereas others are deemed to be complete when a contact or response is made.

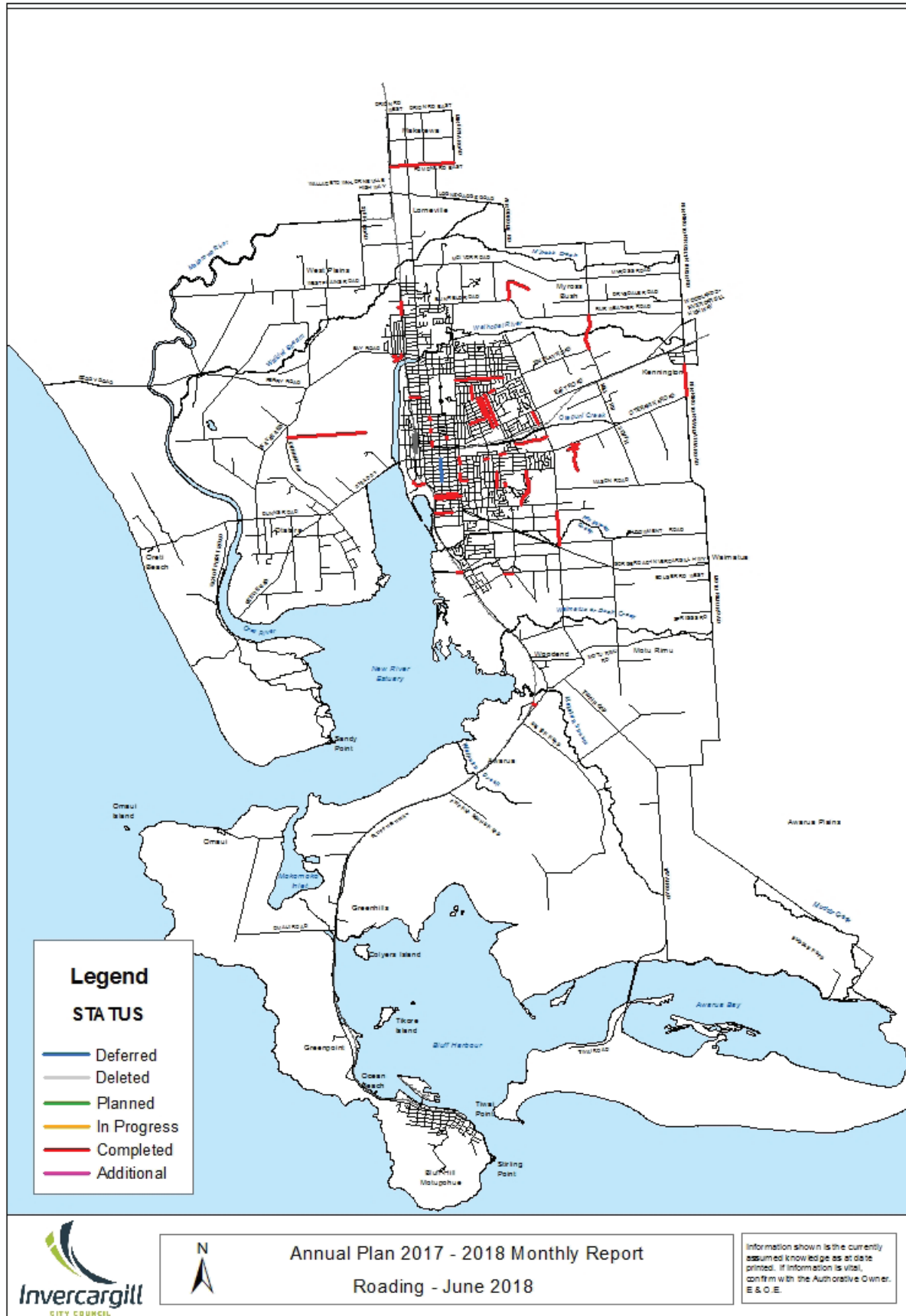
PROGRAMME OF WORKS - ROADING 2017/18

Street	Start	Finish	Activity	Status 2017/18 Annual Plan	Progress to 30 June 2018
Avon Rd	Bain St	Chesney St	Chipseal	Planned	Completed
Baird St	Ritchie St	Bamborough St	Chipseal	Planned	Completed
Bamborough St	Yarrow St	St Andrew St	Chipseal	Planned	Completed
Biggar St	Elles Rd	Princes St	Chipseal	Planned	Completed
Bond St	Clyde Road	Annan St	Chipseal	Planned	Completed
Bonnies Chance	Sunrise Drive	End	Chipseal	Planned	Completed
Conon St	Balmoral Drive	Tweed-Conon Roundabout	Chipseal	Planned	Deferred
Court Of Ascot	Sunrise Drive	End	Chipseal	Planned	Completed
Dublin St	St Andrew St	King St	Chipseal	Planned	Completed
Duncan St	West St	Tay St	Chipseal	Planned	Completed
George St	Queens Drive	Ward St	Chipseal	Planned	Completed
Gloucester St	Renfrew St	Switzer St	Chipseal	Planned	Completed
Gretna St	John St	End	Chipseal	Planned	Completed
Hope St	Venus St	Morton St	Chipseal	Planned	Completed
Janet St	Bluff Rd	Ness St	Chipseal	Planned	Completed
Jed St	Tay St	Esk St	Asphalt	Planned	Completed
Kekeno Pl	State Hwy (1)	Railway Line	Chipseal	Planned	Completed

Street	Start	Finish	Activity	Status 2017/18 Annual Plan	Progress to 30 June 2018
Louisa Street	Philip Street	Dee Street	Chipseal	Planned	Planned
MacQuarrie Street	Elles Road	Brown Street	Chipseal	Planned	Planned
McLew Road	McLew Road	Rimu Road	Chipseal	Planned	Planned
Mill Road North	Bainfield Road	Findlay Road	Rehabilitation	Planned	Completed
Moore Road	North Road	Steele Road	Chipseal	Planned	Completed
Moray Crescent	Bay Road	Moray Crescent	Chipseal	Planned	Deferred
Myross Road	Roslyn Bush Road	Mill Road North	Chipseal	Planned	Completed
Nevis Crescent	Moray Crescent	Nevis Crescent	Chipseal	Planned	Deferred
Racecourse Road	Herbert Street	St Andrew Street	Chipseal	Planned	Planned
Regent Street	Tramway Road	Lauder Crescent North	Rehabilitation	Planned	Completed
Rockdale Road	Centre Street	Tramway Road	Chipseal	Planned	Completed
Rons Place	Foreshore Road	Rons Place	Chipseal	Planned	Completed
Thames Street	Liffey Street	Philip Street	Chipseal	Planned	Completed
Tweed St Elles Road	Roundabout		Asphalt	Planned	Completed
Tweed Street	Elles Road	Ythan Street	Rehabilitation	Planned	Completed
Watt Road	Grant Road	Black Road	Chipseal	Planned	Completed
Kelvin St	Don St	Spey St	Asphalt	Planned	Completed
Kelvin St	Leet St	Gala St	Asphalt	Planned	Completed
Lake St	Cattlestop	Bluff Highway Sh1	Chipseal	Planned	Completed
Longford Rd	Curran Rd	Middle Rd North	Chipseal	Planned	Completed
Lorn St	Tay St	St Andrew St	Chipseal	Planned	Completed
Lowe St	Philip St	Dee St	Chipseal	Planned	Completed

Street	Start	Finish	Activity	Status 2017/18 Annual Plan	Progress to 30 June 2018
Majestic Chance	Sunrise Dr	End	Chipseal	Planned	Completed
Margaret St	Tay St	St Andrew St	Chipseal	Planned	Completed
Mill Rd North	Findlay Rd	Bainfield Rd	Chipseal	Planned	Completed
Moray Cres	No Exit	Bay Rd	Chipseal	Planned	Completed
Nevis Cres	No Exit	Moray Cres	Chipseal	Planned	Completed
Nith St	Forth St	Tay St	Asphalt	Planned	Completed
O'Hara St	Bluff Highway Sh1	Ythan St Nth	Chipseal	Planned	Completed
Onslow St	Inglewood Rd	Rockdale Rd	Chipseal	Planned	Completed
Pomona Rd East	Sh.6	Minerva Rd	Chipseal	Planned	Completed
Pomona Rd West	Sh.6	Seal Ends	Chipseal	Planned	Completed
Redmayne Rd	Bainfield Rd	No Exit	Chipseal	Planned	Completed
Regent St East	Tramway Rd	Centre-Regent Roundabout	Chipseal	Planned	Completed
Regent St West	Tramway Rd	Centre-Regent Roundabout	Chipseal	Planned	Completed
Selwyn St	Sh.1	Elles Rd	Chipseal	Planned	Completed
St Andrew North	Isabella St	Newcastle St	Asphalt	Planned	Completed
Stephens St	No Exit	Gloucester St	Asphalt	Planned	Completed
Sunrise Dr	Oteramika Road	End	Chipseal	Planned	Completed
View St	Centre St	Rimu St	Chipseal	Planned	Completed
Tweed St	Metzger St	Highfield Tce	Rehabilitation	Planned	Completed
Rockdale Rd	Moulson St	Lardner Rd	Rehabilitation	Planned	Completed
Kennington-Waimatua Rd	Oteramika Rd	Rimu Rd	Rehabilitation	Planned	Completed
Elles Rd	Ettrick St	Tweed St	Rehabilitation	Planned	Completed
Elles Rd	Balmoral Dr	Crinan St	Rehabilitation	Planned	Completed

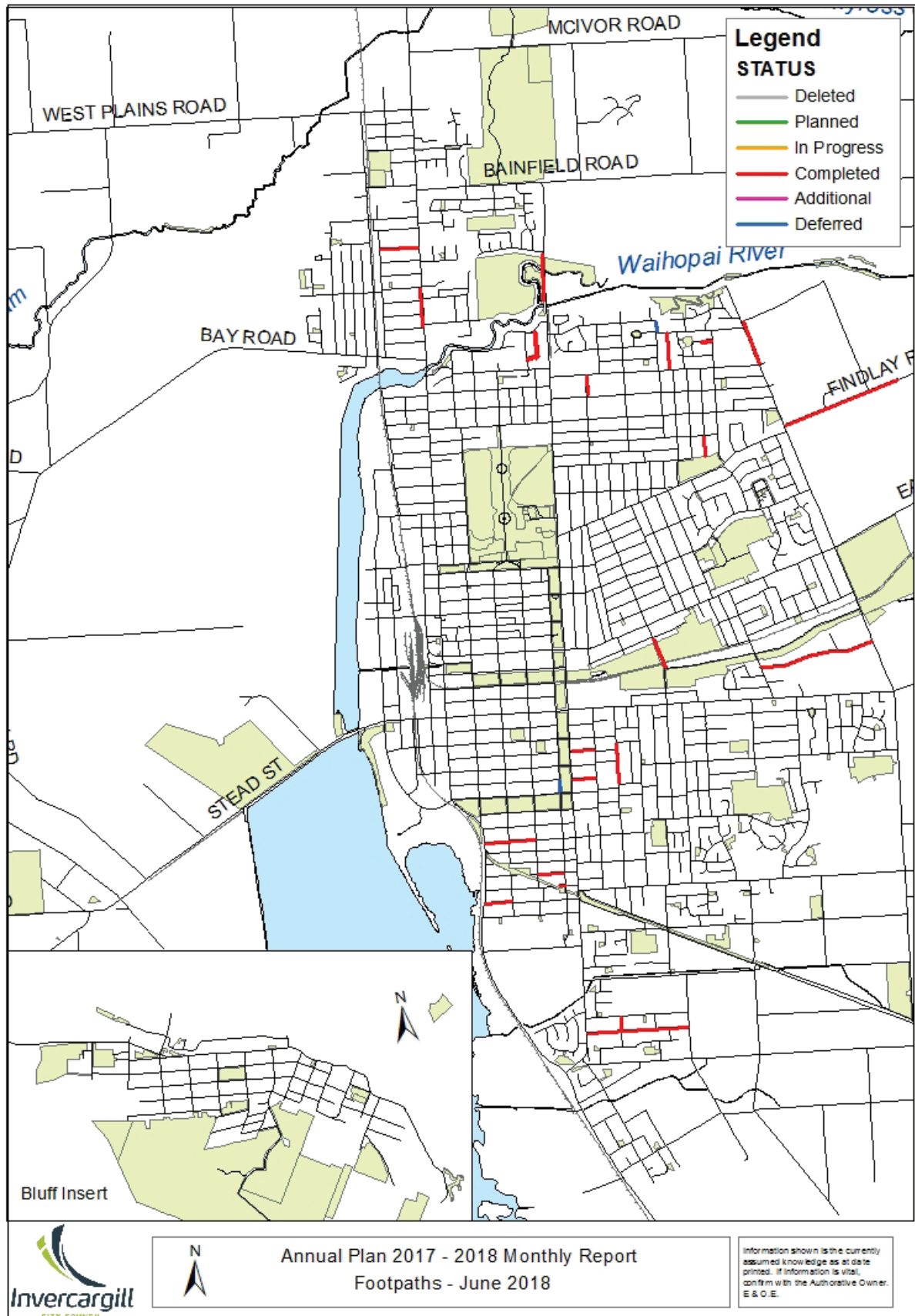


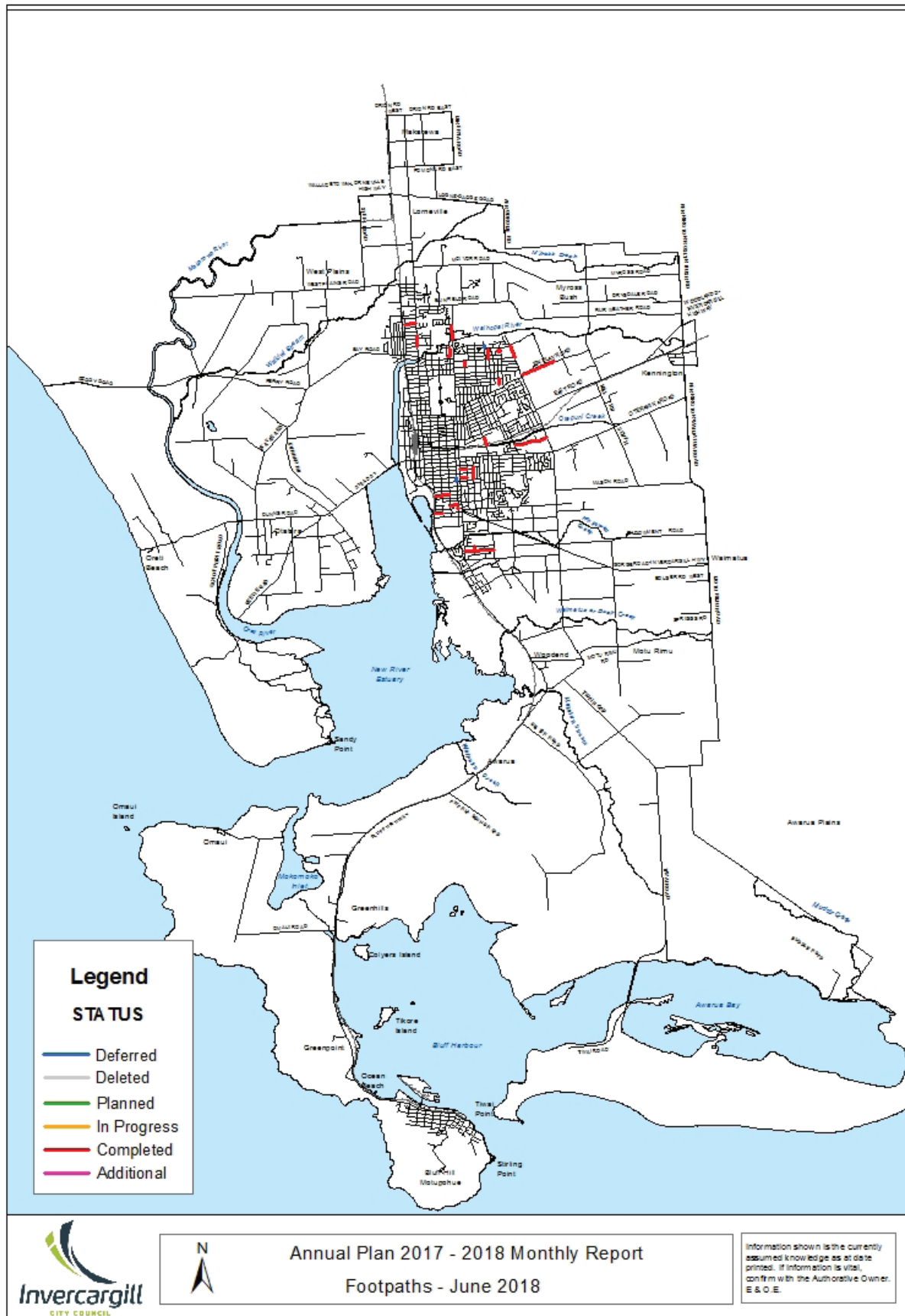


PROGRAMME OF WORKS - FOOTPATHS 2017/18

Street	Start	Finish	Activity	Status 2017/18 Annual Plan	Progress to 30 June 2018
Bowmont St	Elles Rd	Princes St	Concrete	Carried Forward	Completed
Earn St	Elles Rd	Princes St	Concrete	Planned	Completed
Elm Crs	Montrose St	No 7	Concrete	Carried Forward	Completed
Elm Crs	Montrose St	Gladstone Tce	Concrete	Carried Forward	Completed
Findlay Rd	End K&C	Tuai St	AC O/lay	Carried Forward	Completed
Janet St	Bluff Rd	Ythan St	Concrete	Carried Forward	Completed
Joseph St	End	George St	Concrete	Carried Forward	Completed
Kowhai Ave	Layard St	Lamond St	Concrete	Carried Forward	Completed
Lindisfarne St	Otepunu Ave	Islington St	Concrete	Planned	Completed
Lock St	Oreti St	Dipton St	Concrete	Planned	Completed
Manse St	End	Ness St	Concrete	Carried Forward	Completed
Nelson St	Hardy St	Rodney St	Concrete	Planned	Completed
Ness St	Balmoral Dv	Earn St	Concrete	Carried Forward	Deferred
North Rd	Dudley St	Galway St	Asphalt	Carried Forward	Completed
O'Hara St	Bluff Rd	Conon St	Concrete	Carried Forward	Completed
Onslow St	Inglewood Rd	Baker St	Asphalt	Planned	Completed
Onslow St	Baker St	Rockdale Rd	Asphalt	Planned	Completed
Oreti St	Elles Rd	Bain St	Concrete	Planned	In Progress

Street	Start	Finish	Activity	Status 2017/18 Annual Plan	Progress to 30 June 2018
Panton St	Ythan St	Ness St	Concrete	Carried Forward	Completed
Pine Crs	No 22	Ward St	Concrete	Carried Forward	Completed
Pine Crs	No 22	Ward St	Concrete	Carried Forward	Completed
Price St	Ross St	North Rd	Concrete	Carried Forward	Completed
Queens Dv West	Bridge	Gimblett St	Resurfacer	Carried Forward	Completed
Racecourse Rd East	Layard St	Auburn Rd	Concrete	Planned	Completed
Racecourse Rd West	Layard	Lamond St	Concrete	Planned	Completed
Racecourse Rd West	Lamond St	Talbot Place	Concrete	Planned	Completed
Salford St	Cruickshank Crs	Moana St	Concrete	Carried Forward	Deferred
Windsor St	Chelmsford St	Layard St	Concrete	Carried Forward	Completed





CAPITAL WORKS PROJECTS

Capital works having a value exceeding \$400,000 in 2017/18 were:

Project	2017/18 Proposed \$000	2017/18 Actual \$000
Road surface renewal and rehabilitation	3,247	3,532
Footpath renewals and rehabilitation.	1,330	1,211
Kerb and channel and culvert replacement.	740	922
Street lighting.	553	20

Road surface renewal and rehabilitation works are over budget due to undertaking additional rehabilitation of a section in Elles Road where pavement failure had occurred. Elles Road is classified as an arterial road and has high traffic counts.

The footpath expenditure is less than budget with the works at Stirling Point yet to be agreed and undertaken.

Additional kerbing and drainage works were undertaken. Inspections associated with the renewal

and resurfacing projects identified more drainage renewals were needed on kerbing, and culverts renewed.

Street lighting did not progress as planned during the year due to the unavailability of design staff and the changes in the LED approach to street lighting. NZTA also has offered a better Funding Assistance Rate for LED renewals and not having completed the work offers the chance to get a better financial contribution to the lighting.



INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR ROADING

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	387	389	368
Targeted rates	7,874	7,960	7,673
Subsidies and grants for operating purposes	2,072	2,139	2,698
Fees and charges	295	302	370
Internal charges and overheads recovered	278	286	329
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	918	942	749
Total operating funding (A)	11,824	12,018	12,187
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	6,501	6,775	6,852
Finance costs	256	214	87
Internal charges and overheads applied	278	286	329
Other operating funding applications	-	-	-
Total applications of operational funding (B)	7,035	7,275	7,268
Surplus (deficit) of operational funding (A-B)	4,789	4,743	4,919
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	3,601	3,414	3,897
Development and financial contributions	-	-	-
Increase (decrease) in debt	(708)	(753)	(1,131)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,893	2,661	2,766
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	41	42	-
- to improve the level of service	932	920	-
- to replace existing assets	6,674	6,383	7,529
Increase (decrease) in reserves	35	59	156
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	7,682	7,404	7,685
Surplus (deficit) of capital funding (C-D)	(4,789)	(4,743)	(4,919)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	11,231	10,102	9,613

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Sewerage



WHAT WE HAVE DONE

The Sewerage Activity provided a network of pipes, pumping stations and treatment plants for the collection, treatment and disposal of sewage

to protect public health, support city growth and contribute to the general well-being of the community.

Community Outcome	Council's Role	How the 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.
				System adequacy.
				Customer satisfaction.
				Fault response times.
		Sewage 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.
				Discharge compliance.
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.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
Service disruptions for individual properties are less than 12 hours.	100%	Not Achieved - 96% (2016/17: Not Achieved - 86%)
Compliance with effluent quality standards are defined in current discharge consents for Clifton and Bluff facilities.	100%	Achieved -100% (2016/17 Achieved - 100%)
Trade waste consent applications are responded to in ten working days.	80%	Achieved- 100% (2016/17 Achieved - 100%)
National Non Financial – Performance Measure	Target 2017/18	Result 2017/18
System and Adequacy The number of dry weather sewerage overflows from the Invercargill City Council's sewerage system, expressed per 1,000 sewerage connections to that sewerage system.	< 4 blockages per 1,000 properties annually.	Achieved - 1.02 blockages per 1,000 properties. (2016/17: Achieved - 0.77)
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"> • Abatement notices • Infringement notices • Enforcement orders • Convictions received by Council in relation to those resource consents. 	100% compliance. No abatement notices, enforcement orders or convictions are recorded against Council in relation to its resource consents in any one year.	Achieved -100%. No abatement notices, infringement notices, enforcement orders, or convictions were recorded against Council during the year. (2016/17: Achieved - 100% compliance)
Customer Satisfaction The total number of complaints received by Council about any of the following: <ul style="list-style-type: none"> • Sewage odour • Sewerage system faults • Sewerage system blockages The Council's response to issues with its sewerage system, expressed per 1,000 connections to Council's sewerage system.	Sewerage odour - zero complaints per year. Sewerage system faults and blockages - < 4 blockages per 1,000 connections per year.	Achieved - zero complaints (2016/17: zero complaints) Achieved - 2.29 blockages per 1,000 connections (2016/17: 2.91 blockages per 1,000 connections)

National Non Financial – Performance Measure	Target 2017/18	Result 2017/18
<p>Fault Response Times</p> <p>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:</p> <ul style="list-style-type: none"> • Attendance time - from the time that Council receives notification to the time that service personnel reach the site; and • Resolution time - from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault. 	<p>Service personnel reach site within one hour for emergency work and four hours for urgent events (90% compliance).</p> <p>Temporary repair completed within six hours for emergency events and 24 hours for urgent events (90% compliance).</p>	<p>Not achieved -</p> <p>Emergency events - 88%</p> <p>Urgent events - 89%</p> <p>(2016/17 Not Achieved - 88%)</p> <p>Achieved</p> <p>Emergency events - 99%</p> <p>Urgent events - 99%</p> <p>(2016/17 Achieved - 93%)</p>

THE DETAILS

Targets for response time to Emergency and Urgent work and for maximum time of service disruption to individual properties were not met due to failure of the contractor. Of 52 requests for service to sewerage disruptions, 50 (96%) were resolved within 12 hours with the longest disruption being 20 hours

and 31 minutes. Of 95 Emergency tasks, 84 (88%) were attended to in less than 45 minutes with the median time being 25 minutes. Of 74 Urgent tasks, 66 (89%) were attended to in less than 4 hours with the median time being 42 minutes.

PROGRAMME OF WORKS - SEWERAGE 2017/18

PIPEWORKS

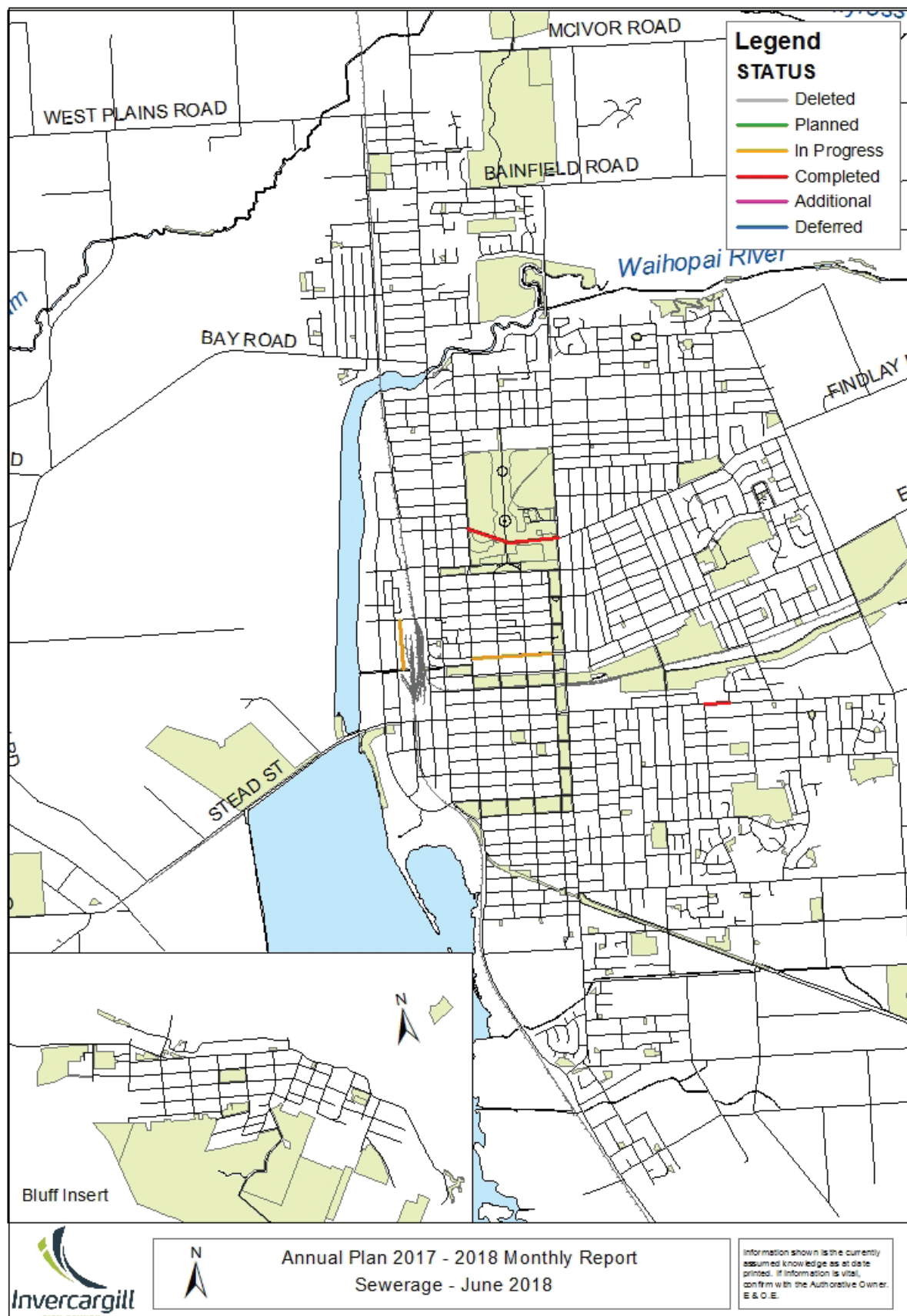
Street	Start	Finish	Activity	Status 2017/18 Annual Plan	Progress to 30 June 2018
Tweed St	Metzger St	Highfield Tce	Renewal	Planned	Completed
Queens Park	Queens Dr	Kelvin St	Project Completion	Planned	Completed
Tay St	Nith St	Doon St	Renewal	Planned	In Progress
Kennington Area	Kennington Area		Growth		Completed
Mersey St	Otepuni Stream	Spey St	Relining	Planned	In Progress

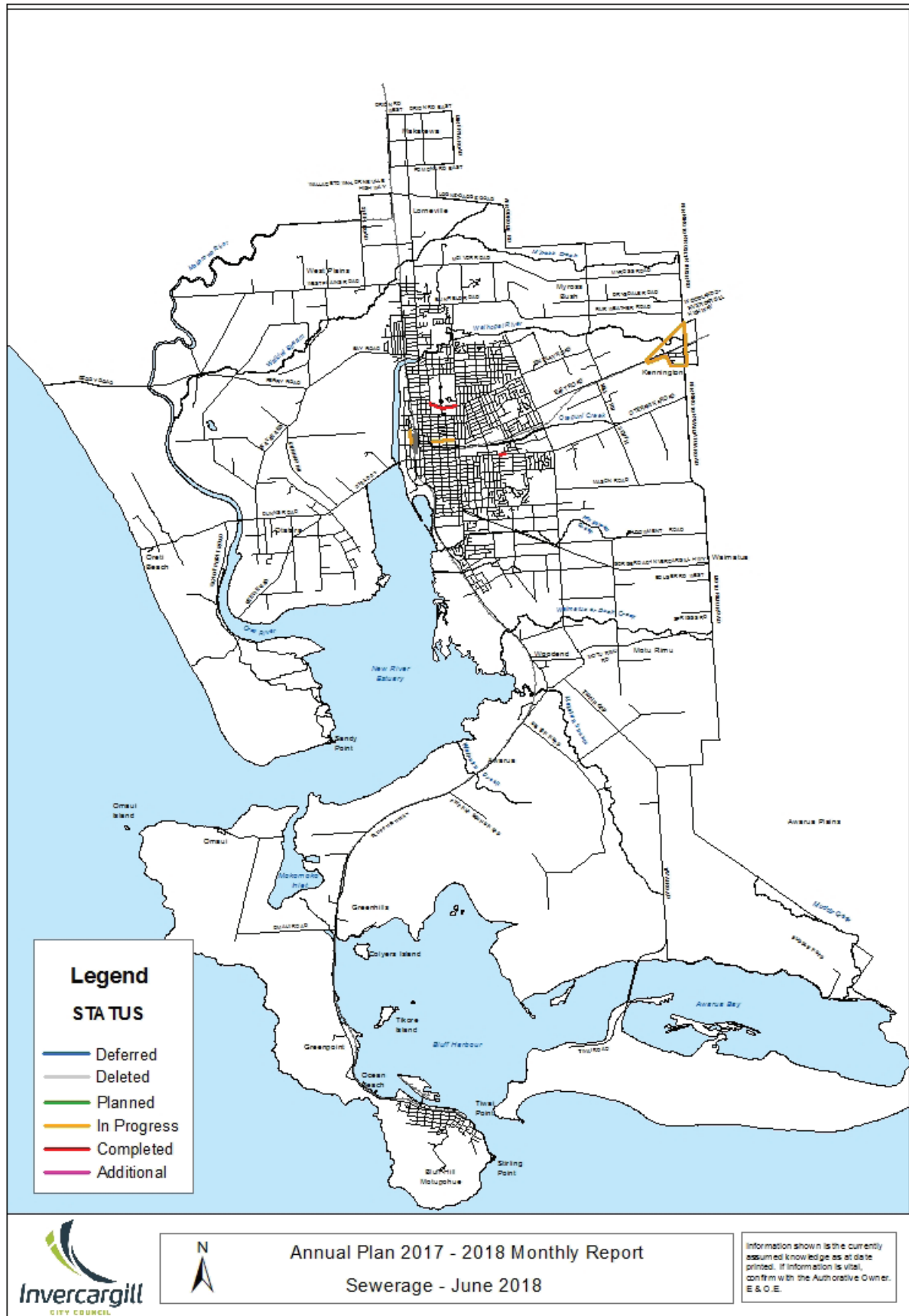
PUMP STATIONS

Street	Activity	Status 2017/18 Annual Plan	Progress to 30 June 2018
Grey St Foulsewer Pump Station	Electrical Upgrade include PLC	Planned	Completed
Lindisfarne St Foulsewer Pump Station	Electrical Upgrade include PLC	Planned	In Progress
Lindisfarne St Foulsewer Pump Station	Generator replacement	Planned	Deferred
Preston St Foulsewer Pump Station	PLC and Flow meter	Planned	In Progress
Talbot Street Foulsewer Pump Station	Electrical Upgrade include PLC	Planned	Completed

TREATMENT PLANTS

Street	Activity	Status 2017/18 Annual Plan	Progress to 30 June 2018
Clifton WWTP	Main Sewerage Pump 4 replacement	Planned	Completed
Clifton WWTP	Tractor - Screening	Planned	Completed
Clifton WWTP	Digester 1 and 2 Lid replacement and screening equipment	Planned	In Progress





CAPITAL WORKS PROJECTS

Capital works having a value exceeding \$400,000 in 2017/18 were:

Project	2017/18 Proposed \$000	2017/18 Actual \$000
Pipe Asset Renewals.	1,334	1,495
Treatment Plant Asset Renewals.	492	1,464

The proposed and actual figures for Treatment Plant Asset Renewals differed greatly due to \$1,572,000 for the Clifton Wastewater Treatment Plant upgrade being carried forward from the 2016/17 year. A large portion was spent in the 2017/18 year.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR SEWERAGE

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	5,173	5,704	5,609
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	615	630	900
Total operating funding (A)	5,788	6,334	6,509
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	3,051	3,127	3,112
Finance costs	456	419	169
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding (B)	3,507	3,546	3,281
Surplus (deficit) of operational funding (A-B)	2,281	2,788	3,228
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(732)	(665)	27
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(732)	(665)	27
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	2
- to improve the level of service	-	-	182
- to replace existing assets	1,549	2,123	2,949
Increase (decrease) in reserves	-	-	122
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	1,549	2,123	3,255
Surplus (deficit) of capital funding (C-D)	(2,281)	(2,788)	(3,228)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	2,432	2,399	3,555

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Solid Waste Management



WHAT WE HAVE DONE

The Solid Waste Activity, through WasteNet Southland, assisted in the disposal of solid waste in a way that protects the health of the community and the environment. This was achieved by the provision

of solid waste facilities for the collection and disposal of recycling and rubbish and the delivery of waste minimisation education in Southland.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council’s Role	How the 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.	Provision of solid waste facilities for the collection and disposal of recycling and rubbish.	Ensure regular kerbside collection services.	<div>Comparing trends in recycling and rubbish tonnages.</div> <ul style="list-style-type: none">▪ Kerbside recycling.▪ Kerbside rubbish▪ Solid waste to landfill.▪ Recycling to material recovery facility.
			Appropriate operating hours for facilities.	
			Encourage waste minimisation.	
Strong, innovative leadership.	Actively seek efficiencies through innovation, shared services and streamlining processes.	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.

HOW DID WE MEASURE UP

Measure	2017/18 Target	2017/18 Result
Increasing trend in kerbside recycling.	Increasing trend.	Achieved - 3,325 tonnes (2016/17: Not Achieved - 3,312 tonnes)
Decreasing trend in kerbside rubbish.	Decreasing trend.	Achieved - 10,565 tonnes (2016/17: Achieved - 10,649 tonnes.)
Decreasing trend in solid waste to landfill.	Decreasing trend.	Achieved - 19,227 tonnes (2016/17: Achieved - 20,073 tonnes.)
Increasing trend in diverted material.	Increasing trend.	Not Achieved - 8,671 tonnes (2016/17: Achieved - 8,950 tonnes)
Maintain a regional materials discarded rate of 650 kg disposed per person.	Maintain this level.	Not Achieved - 710 kgs (2016/17: Not Achieved - 678 kgs)

THE DETAILS

It has been business as usual for the solid waste services (Kerbside collections, Transfer stations, CBD and street litter-bin collections).

A significant challenge this year has been the high level of contamination in the yellow recycling bins. In

collaboration with WasteNet Southland the visual bin inspection programme has been continued, alongside the Kerbside recycling and rubbish collection policy which allows for enforcement notices and removal of recycling services.

WHAT ELSE HAVE WE DONE

In collaboration with WasteNet Southland, the Council has undertaken five educational campaigns this year:

- ILT Kidzone Festival 2017 - RecycleRama Activity Room
- Clean Up Week 2017
- Recycle Week 2017
- Waste Awareness Week 2018
- Love Food Hate Waste 2018

For further information review the "Year in Review 2017-2018" Report from WasteNet Southland.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR SOLID WASTE MANAGEMENT

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	3,933	4,032	4,295
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,694	2,763	4,372
Internal charges and overheads recovered	1,555	1,594	1,776
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	82	84	138
Total operating funding (A)	8,264	8,473	10,581
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	6,607	6,774	8,873
Finance costs	-	-	-
Internal charges and overheads applied	1,555	1,594	1,776
Other operating funding applications	-	-	-
Total applications of operational funding (B)	8,162	8,368	10,649
Surplus (deficit) of operational funding (A-B)	102	105	(68)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	102	105	10
Increase (decrease) in reserves	-	-	(78)
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	102	105	(68)
Surplus (deficit) of capital funding (C-D)	(102)	(105)	68
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	337	345	383

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Stormwater



WHAT WE HAVE DONE

The Stormwater Activity provided the removal of stormwater from residential, industrial and commercial properties reducing the risk of property damage due to flooding.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the 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 building environment.	Low levels of stormwater ponding on roads during rainfall events.	Complaints of stormwater blockage are responded to within one hour.
				Response times.
				Customer satisfaction.
		Provide a quick and effective response to potential environmental hazards or nuisance.	Reliable removal of stormwater where there are Council managed networks.	No flooding in living areas of houses during a five year return period storm.
				System adequacy.
				Discharge compliance.

HOW DID WE MEASURE UP

Measure	2017/18 Target	2017/18 Result
Complaints of stormwater blockage responded to within one hour.	90%	Not Achieved - 83% (2016/17: Not Achieved - 75%)
No flooding in living areas of houses during a five year return period storm.	No houses flooded.	Achieved - 0 (2016/17: Achieved 0)
National Non Financial – Performance Measure	2017/18 Target	2017/18 Result
System Adequacy The number of flooding events that occur in the Invercargill City district. For each flooding event, the number of habitable floors affected (expressed per 1,000 properties) connected to Council's stormwater system.	Zero habitable floors affected per 1,000 properties during any five year return storm.	Achieved - Two 'five year return period' storm events with zero habitable floors affected. (2016/17 Achieved - 69 events, 0 habitable floors affected)
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"> • Abatement notices • Infringement notices • Enforcement orders • Convictions received by Council in relation to those resource consents. 	100% compliance. No abatement notices, enforcement orders or convictions are recorded against Council in relation to its resource consents in any one year.	Achieved - 100% compliance No abatement notices, enforcement orders, or convictions recorded. (2016/17: 0 notices received, 100% compliance.)
Response Times 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.	Median response time to emergency events - one hour. Median response time to urgent events - four hours.	Achieved - Emergency median response time: 27 minutes. Urgent median response time: 1 hour and 9 minutes. (2016/17: Achieved. Emergency median time: 6 minutes. Urgent median time: 1 hour and 15 minutes.)
Customer Satisfaction 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.	< 4 complaints per 1,000 properties per annum.	Achieved - 0.97 complaints per 1,000 properties. (2016/17: Achieved - 0.82.)

THE DETAILS

The target for stormwater blockage complaints being responded to within one hour was not met. Of six emergency stormwater blockages, five (83%) were

responded to on time with the remaining event being responded to in one hour and three minutes.

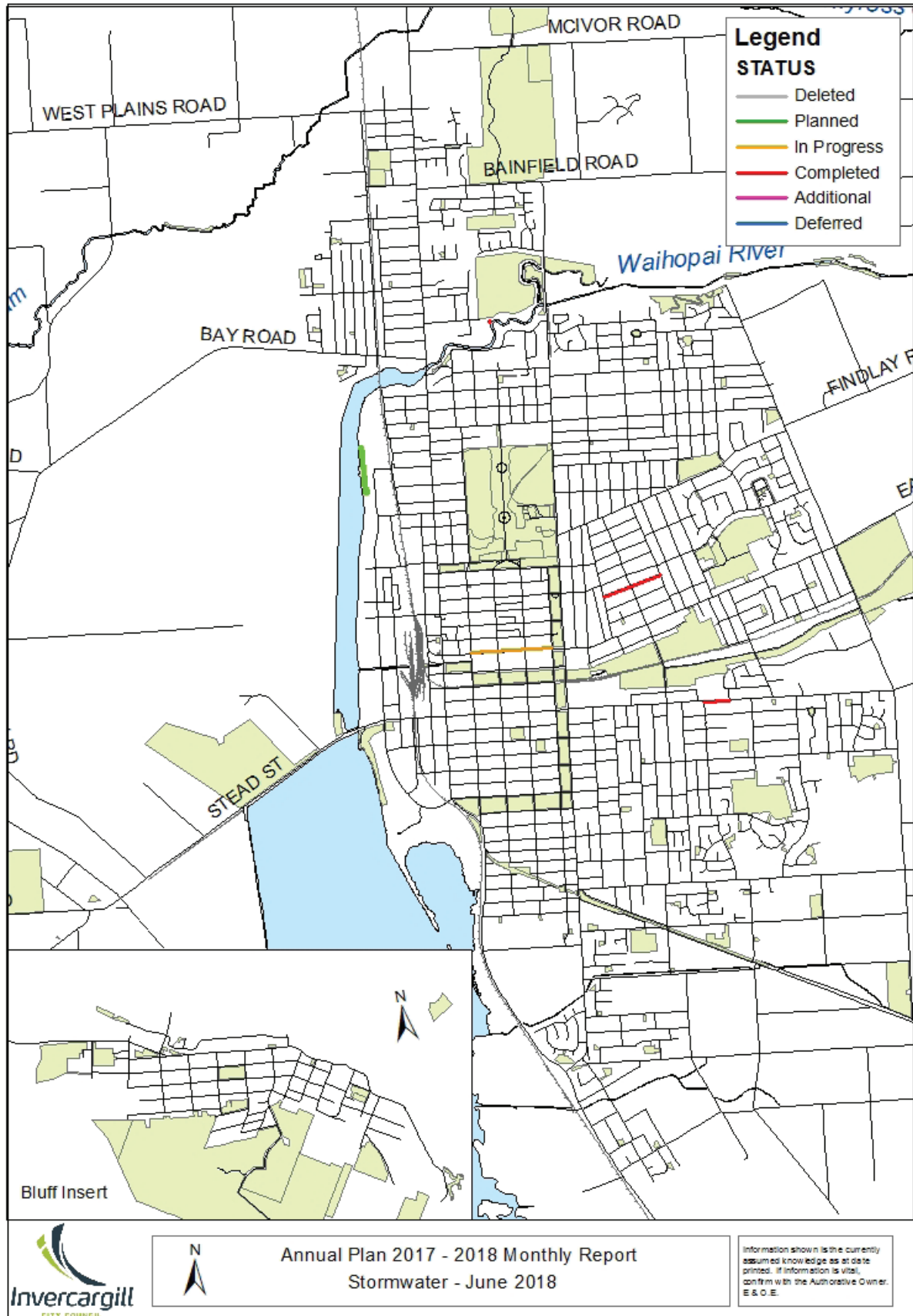
PROGRAMME OF WORKS - STORMWATER 2017/18

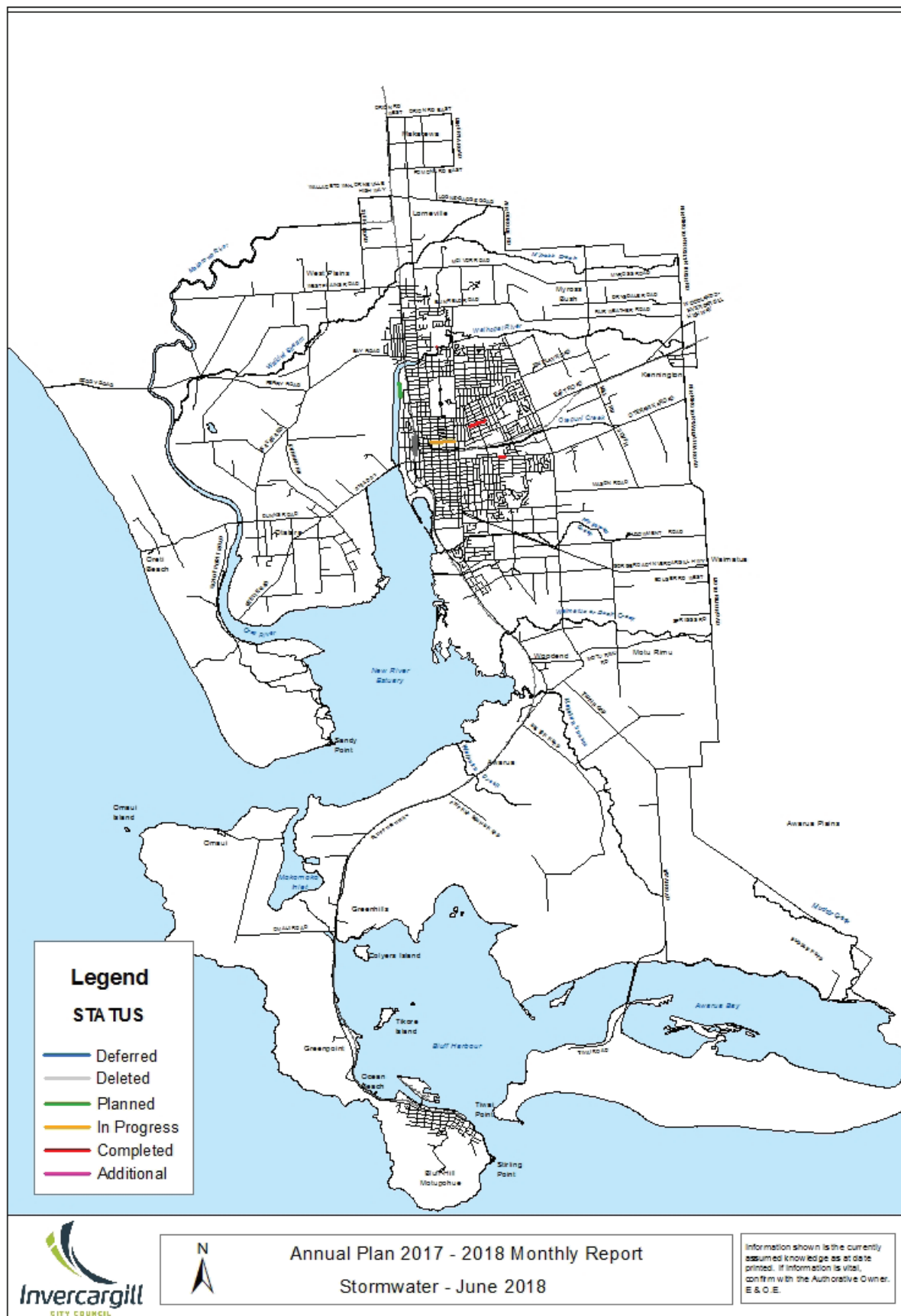
PIPEWORKS

Street	Start	Finish	Activity	Status 2017/18 Annual Plan	Progress to 30 June 2018
Tay St	Nith St	Doon St	Renewal	Planned	In Progress
Tweed St	Metzger St	Highfield Tce	Renewal	Planned	Completed
Baird St	Ritchie St	Lindisfarne	Renewal	Planned	Completed
Beatrice Street			SW Treatment Pond	Carry forward	Planned
Prestonville SWPS			Pump Replacement (3)	Carry forward	Completed

PUMP STATIONS / TREATMENT PLANT

Street	Activity	Status 2017/18 Annual Plan	Progress to 30 June 2018
Gladstone Tce Stormwater Pump Station	General Plant renewals	Planned	Deferred
Rifle Range Stormwater Pump Station	Pump replacement	Planned	Deferred
Beatrice St	SW Treatment Pond	Carry forward	Planned





CAPITAL WORKS PROJECTS

The capital works having a value exceeding \$100,000 in 2017/18 were:

Project	2017/18 Proposed \$000	2017/18 Actual \$000
Stormwater Pipe Asset Renewal/Upgrade.	1,731	1,782
Stormwater Pump Renewal.	109	72

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR STORMWATER

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	3,140	3,308	3,489
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	3
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	(14)
Total operating funding (A)	3,140	3,308	3,478
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	1,247	1,277	1,711
Finance costs	29	29	27
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding (B)	1,276	1,306	1,738
Surplus (deficit) of operational funding (A-B)	1,864	2,002	1,740
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(16)	(17)	(29)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(16)	(17)	(29)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	130	144	(447)
- to replace existing assets	1,718	1,841	2,596
Increase (decrease) in reserves	-	-	(438)
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	1,848	1,985	1,711
Surplus (deficit) of capital funding (C-D)	(1,864)	(2,002)	(1,740)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	2,283	2,291	3,344

FUNDING IMPACT STATEMENT ANALYSIS

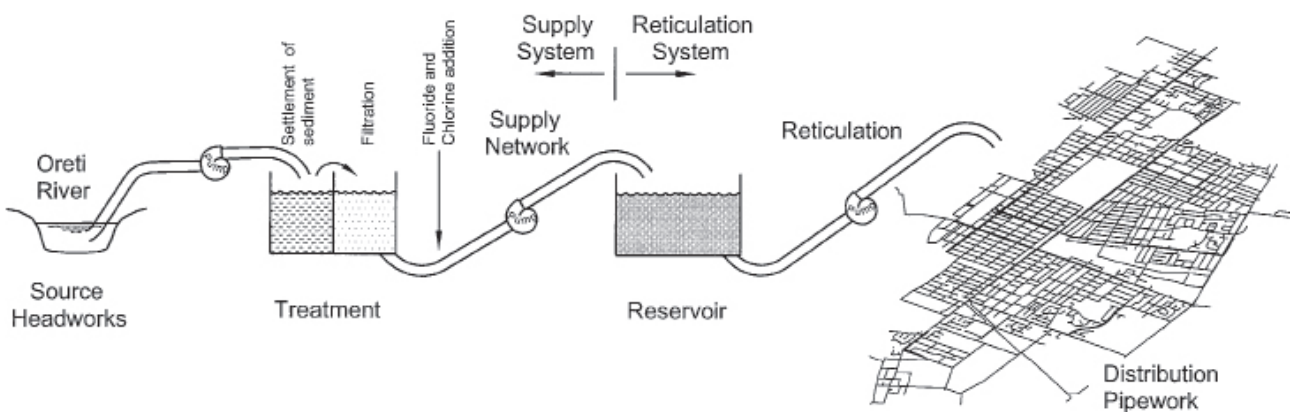
A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Water Supply



WHAT WE HAVE DONE

The Water Supply Activity supplied potable water at pressure to the boundary of each property in the Bluff and Invercargill urban areas. It did this through taking water from the Oreti River, treating it at Branhholme and piping it throughout the District. Council supplied water was also used for fire fighting via the street hydrants.



WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the 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.	Council provides a safe supply of water.	The water supply is safe to drink.	Ministry of Health Grade.
			The water is pleasant to drink.	Number of complaints of taste and smell.
			Reticulated properties receive a continuous supply of water.	Notification of planned shutdowns.
				Duration of break.
				Safety of Drinking Water.
				Customer Satisfaction.
A diverse and growing economy.	Ensure that the building blocks for sustainable business are in place, including energy, water, communications and work force.	Council provides a reliable water network with sufficient pressure for firefighting purposes.	There is sufficient water flow and pressure for fire-fighting purposes.	Demand management.
				Hydrants meet fire-fighting standards.
				Maintenance of the Reticulation Network.
				Fault response times.

HOW DID WE MEASURE UP

Measure	2017/18 Target	2017/18 Result
Ministry of Health Grade.	Invercargill - Aa Bluff - Aa	Not Achieved - Invercargill - Aa Bluff - Ab (2016/17: Not Achieved)
Number of complaints of taste and smell.	No more than ten per month.	Achieved - maximum three in December (2016/17: Not Achieved - maximum 20)
Notification of planned shutdowns.	At least 24 hours by letter drop.	Achieved. (2016/17: Not Achieved)
Duration of break.	No more than eight hours.	Not Achieved - One exceedance, see details below. (2016/17: Not Achieved - one exceedance)
Hydrants meet fire fighting standards.	At least 97.5% of hydrants tested by New Zealand Fire Service exceed 12.5 litres per second flow rate.	Achieved. - 98.1% (2016/17: Achieved - 100%)
National Non Financial – Performance Measure	2017/18 Target	2017/18 Result
Safety of Drinking Water The extent to which the local authority's drinking water complies with: (a) Part 4 of the drinking water standards (bacteria compliance criteria). (b) Part 5 of the drinking water standards (protozoal compliance criteria).	(a) 100% (b) 100%	Achieved - 100% (2016/17: Achieved) Achieved - 100% (2016/17: Not Achieved)
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 February 2010).	Less than 30%	Achieved - 26.3% (2016/17: Achieved - 22.6%)
Fault Response Times (Median Response) (a) Attendance for urgent call outs: from the time that Council receives notification to the time that service personnel reach the site.	(a) Four hours	Achieved - median response time 29 minutes. (2016/17: Achieved)

National Non Financial – Performance Measure	2017/18 Target	2017/18 Result
(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.	(b) 24 hours	Achieved - median time two hours and 57 minutes (2016/17: Achieved)
(c) Attendance for non urgent call outs: from the time that Council receives notification to the time that service personnel reach the site.	(c) Five working days	Achieved - median time four days, 20 hours and 49 minutes (2016/17: Achieved)
(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.	(d) Ten working days	Achieved - median time eight days, 23 hours and four minutes. (2016/17: Achieved)
Customer Satisfaction The total number of complaints received by Council about any of the following: (a) Drinking water clarity	(a) No more than 0.45 per month	Achieved - maximum of 0.19. (2016/17: Not Achieved - maximum 0.91)
(b) Drinking water taste	(b) No more than 0.45 per month	Achieved - maximum of 0.13 (2016/17: Not Achieved - maximum 0.77)
(c) Drinking water odour	(c) No more than 0.45 per month	Achieved - maximum of 0.05 (2016/17: Achieved - maximum 0.14)
(d) Drinking water pressure or flow	(d) No more than 0.45 per month	Achieved - maximum of 0.1 (2016/17: Achieved - maximum 0.23)
(e) Continuity of supply	(e) No more than 0.45 per month	Not Achieved - maximum of 0.76 (2016/17: Achieved - maximum 0.23)
(f) Council response to any of these issues Expressed per 1,000 connections to the Council's networked reticulation system.	(f) No more than 0.45 per month Per 1,000 connections	Achieved - maximum of 0.1 (2016/17: Achieved - no complaints received)
Demand Management The average consumption of drinking water per day per resident within the Invercargill City Council territorial district.	Less than 700 litres/day.	Achieved - 525 litres per person per day (2016/17: Achieved)

THE DETAILS

1 - Ministry of Health Grade

The grades remain as Invercargill Aa and Bluff Ab. The aim is to achieve an Aa grade for Bluff the same as that for Invercargill. Bluff has historically had issues of low and fluctuating water pressure. A major upgrade over several years plus an extension of a 100mm diameter water main in upper Lagan Street this year should have addressed the problem.

2 - Number of Complaints of Taste and Smell

The maximum number of complaints regarding taste was in the month of December when there were three complaints. For smell, no more than one complaint was received in any given month.

3 - Notification of Planned Shutdowns

There were 233 planned shut downs of which 192 were notified by issue of a "water shut down" notice which equated to a success rate of 82%.

4 - Duration of Break

Supply was resumed in all cases within the eight hour maximum. The maximum break duration was seven hours and 55 minutes. There was one instance in Bluff on the 22nd January when a break in the Slaney Street water main caused major depressurisation in the upper zone of Bluff. Supply was turned back on within three hours and 40 minutes but because of the entrapment of air, water supply to Pilcher Avenue, and the upper parts of Bann and Lagan Streets did not return to normal until the next day.

5 - Hydrants Meet Fire-Fighting Standards

A total of 53 hydrants were tested, 52 of these had flows in excess of 12.5 litres/second, a 98.1% success rate.

6 - Safety of Drinking Water - Part 5 of the Drinking Water Standard (Protozoal Compliance Criteria)

This is the first year that this standard has been met which is entirely due to completion of the upgrade of the Braxholme Water Treatment Plant.

7 - Maintenance of the Reticulation Network (% of Real Water Loss)

This year's result of 26.3% compares to the five year median of 22.8%. The range over the previous five years has been 22 to 29%.

8 - Fault Response Times

(a) Attendance for Urgent Callouts

89% of responses throughout the year were less than the four hour maximum allowable. The median time was 29 minutes.

(b) Resolution of Urgent Callouts

80% of resolutions throughout the year were less than the 24 hour maximum allowable. The median time was two hours and 57 minutes.

(c) Attendance for Non Urgent Callouts

59% of responses throughout the year were less than the five working days maximum allowable. The median time was four days, 20 hours and 49 minutes.

(d) Resolution of Non Urgent Callouts

94% of resolutions throughout the year were less than the 10 working day maximum allowable. The median time was eight days, 23 hours and 4 minutes.

9 - Customer Satisfaction

(a) Drinking Water Clarity

All months were well below the 0.45 ratio maximum. The highest months were September and October which each recorded a ratio of 0.19 (4 complaints).

(b) Drinking Water Taste

All months were well below the 0.45 ratio maximum. The highest month was December with a ratio of 0.14 (3 complaints). This result is entirely due to the success of the new treatment process commissioned as part of the Braxholme Water Treatment Plant Upgrade. The summer period experienced prolonged hot dry conditions which in turn created the earthy taste and odour producing substances well in excess of those previously recorded. If the new treatment

process had not been in service it is likely that the number of taste complaints would have exceeded the target maximum over the period December/January. There were no complaints recorded for January when the earthy taste in the Oreti River would have been at its highest.

(c) Drinking Water Odour

All months were well below the 0.45 ratio maximum. The highest months were September, December and February which each recorded a ratio of 0.05 (1 complaint). This result is attributable to the Branxholme Water Treatment Plant Upgrade - refer (b) above.

(d) Drinking Water Pressure or Flow

All months were well below the 0.45 maximum. The highest months were December and March which each recorded a ratio of 0.1 (2 complaints).

(e) Continuity of Supply

This was not achieved due to a water main failure in Bluff in January (refer to the details under Duration of Break). Sixteen complaints were received resulting in a ratio of 0.76, well in excess of the 0.45 maximum.

(f) Council Response to any of these Issues

This is the first year that any complaints regarding Council's response have been recorded. The maximum ratio was 0.1 which corresponds to two complaints a month. That occurred during the months of January and May. Complaints were usually concerning the amount of time Council Contractors took to complete a job.

10 - Demand Management

The average consumption of drinking water per day per resident over the entire year was 525 litres per person per day. During the months of December and January amounts of 720 and 792 litres per person per day were recorded. This was during an exceptional

period of prolonged hot dry weather with water restrictions being imposed on 23 January and lifted on 2 February. The restrictions were applied as required in the resource consent to draw water from the Oreti River. The Oreti River at this time was flowing at extremely low flow rates. For the first time the second level of restriction, which bans all outside residential use, had to be applied. Although only in place for five days the second level restriction was not well received by the public. The experience served as a reminder to develop an alternative/emergency water supply.

WHAT ELSE WE HAVE DONE

Water Treatment Plant Performance

This year witnessed the first full year of operation of the upgraded Branxholme Water Treatment Plant. It is pleasing to report that for the first time, water leaving the plant has fully complied with the New Zealand Drinking Water Standards and has eliminated the earthy taste and smell that for so long has characterised the water supply during summer months.

Water Demand

This year's annual water demand was 8,817,277 cubic metres with a maximum daily demand of 36,416. These are up on previous years, most notably the maximum daily demand which was up 11.5% on that for the previous year. These increases are attributed to the exceptional long hot summer.

CAPITAL WORKS PROJECTS

The capital works projects having a value exceeding \$500,000 in 2017/18 were:

Project	2017/18 Proposed \$'000	2017/18 Actual \$'000
Asbestos Cement Watermain Renewals.	3,013	1,251

THE DETAILS

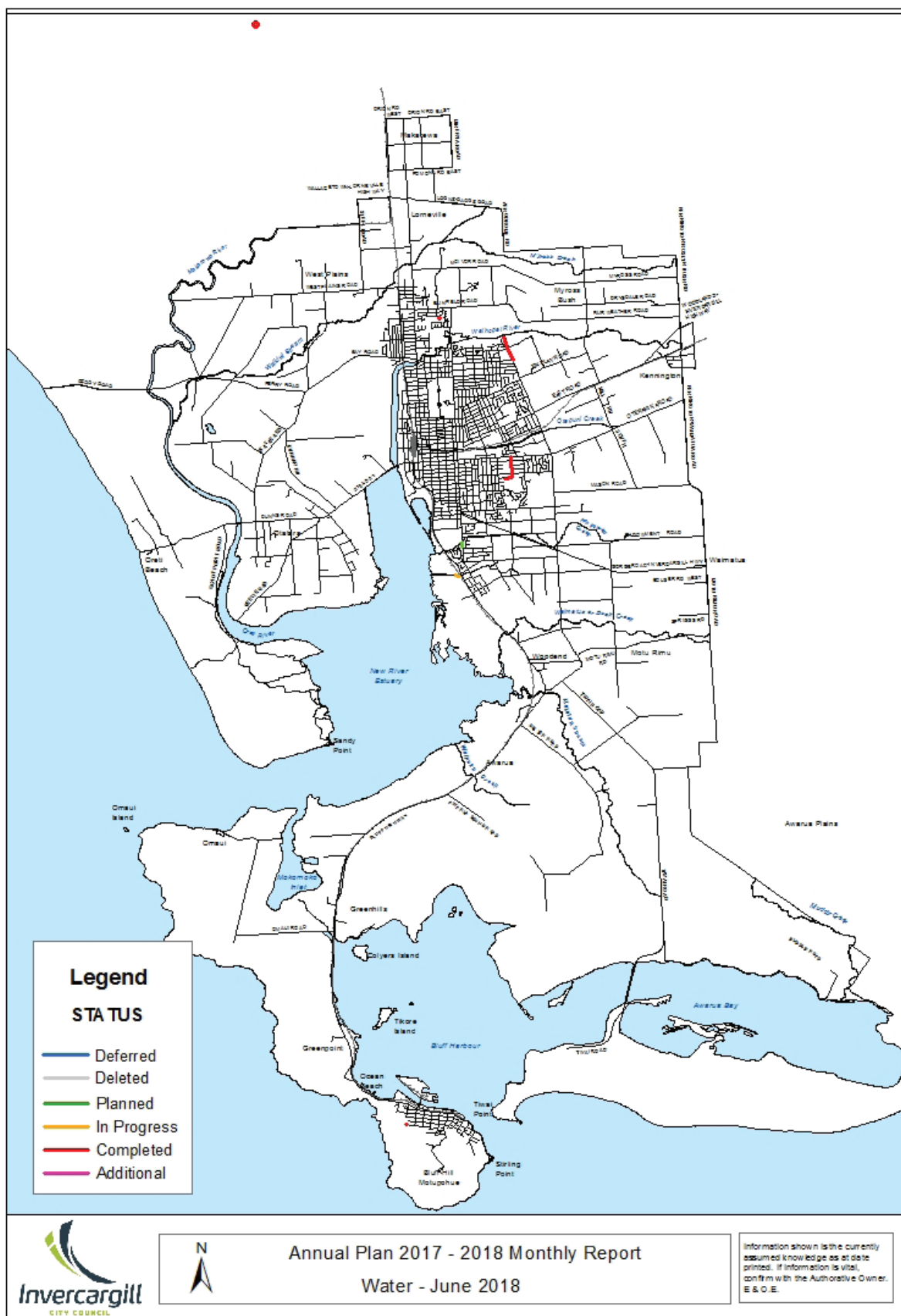
This year Council continued its commitment to asbestos cement water main renewal. Not all works were completed by 30 June. Four contracts were progressively let throughout the year. Works were completed in renewing mains in: Lime Street, Nicol Street, Racecourse Road between Layard Street and the north end. Contracts were let but not completed for renewal of Lake and Hyde Streets between Wicklow Street and Bluff Highway and Humber Street, Wicklow Street and Elles Road. Asbestos cement water main renewals will continue well into the future representing a significant cost within the Water Supply Activity.

PROGRAMME OF WORKS - WATER 2017/18

PIPEWORKS

Street	Start	Finish	Activity	Status 2017/18 Annual Plan	Progress to June 2018
Elles Rd	Kingswell Creek	Paisley Street	Renewal	Planned	In progress
Lake St	Bluff Highway	End	Renewal	Planned	In progress
Lime St	Tweed St	Nichol Street	Renewal	Planned	Completed
Lagan St	200 Lagan St	220 Lagan St	Upgrade	Planned	Completed
Racecourse Rd	Layard St	Talbot Place	Renewal	Planned	Completed





INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR WATER SUPPLY

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	6,732	7,898	7,548
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,246	1,351	1,419
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	43
Total operating funding (A)	7,978	9,249	9,010
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	4,282	4,422	4,445
Finance costs	908	894	564
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding (B)	5,190	5,316	5,009
Surplus (deficit) of operational funding (A-B)	2,788	3,933	4,001
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(613)	(652)	(830)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(613)	(652)	(830)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	708
- to replace existing assets	1,975	3,088	1,070
Increase (decrease) in reserves	200	193	1,393
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	2,175	3,281	3,171
Surplus (deficit) of capital funding (C-D)	(2,788)	(3,933)	(4,001)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	3,430	3,496	3,784

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Animal Services

WHAT WE HAVE DONE

The Animal Services Activity provided for the control of dogs and stock and assisted to minimise the harm done by dogs. It also promoted good dog care and welfare in the community through education and raising awareness. It did this through investigating

complaints received in relation to animal behaviour; maintaining a register of dogs in the City; and by providing a facility for impounding and caring for stray and seized animals.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A city that is a great place to live and visit.	Promote Invercargill actively as a great place to live, work, play and visit.	The Animal Services Activity minimises the effects of dogs on Invercargill residents' and visitors' quality of life.	The Animal Services activity encourages responsible dog ownership.	Education is undertaken relating to good animal control and care.
		Animal Services promotes good animal control and care through education and registration as well as enforcement.		
Healthy lifestyles in a healthy environment.	Provide a quick and effective response to potential environmental hazards or nuisance.	The Animal Services Activity provides 24-hour animal control services to ensure that animal related nuisances are minimised and handled in a humane manner.	The Animal Services Activity is professional and prompt, especially in instances of community safety.	Trained staff are available to respond to requests for service. All complaints are investigated and resolved within an acceptable resolution timeframe.

HOW DID WE MEASURE UP

Measure	2017/18 Target	2017/18 Result
An increase in new dog registrations.	5% increase in new dog registrations from the 2015/16 registration period.	Not achieved - 4% increase (2016/17: Achieved with an increase of 5%)
Complaints relating to barking dogs are investigated within five days.	80% of barking dog complaints are investigated within five days.	Not Achieved - 47% (2016/17: Not Achieved -67%)
Notification of a dog attack is attended to immediately.	All notifications of a dog attack are responded to within thirty minutes.	Achieved (2016/17: Achieved)

THE DETAILS

This year was a difficult one for Animal Services due to negative publicity around the Council's means of euthanasia for unclaimed dogs that were not considered suitable for re-homing. As a result Animal Services pulled back on some areas of enforcement while the Council set up an Independent Community Panel to review Council's practice and policy around rehoming and euthanasia. Animal Services were also down by two staff members for much of this period. As a result this had an impact on performance as follows:

Dog registration

Follow up action for those dog owners who had not

registered their dog(s) was not undertaken for much of the year and therefore our registration target was not achieved.

Barking dog complaints

Barking dog complaints continue to increase and with staff shortages the majority of complaints were unable to be investigated within five days. Now that Animal Services' is fully staffed, and improvements have been made in our investigation methodology, there has been an improvement in our response to barking complaints.

WHAT ELSE HAVE WE DONE

Other successful activities this period included:

Independent Community Panel

Animal Services has supported the Independent Community Panel in their task to seek the community and relevant organisations' view on rehoming and euthanasia of dogs from the Animal Care Facility.

After-hours Service

In May 2018 Armourguard Southland took over the after-hours contract for Animal Services. This contract was previously held by the SPCA who, following an internal restructure, gave notice to cease providing this service.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR ANIMAL SERVICES

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	246	197	284
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	667	736	585
Internal charges and overheads recovered	64	65	65
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	150	154	54
Total operating funding (A)	1,127	1,152	988
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	976	998	932
Finance costs	9	9	3
Internal charges and overheads applied	64	65	65
Other operating funding applications	-	-	-
Total applications of operational funding (B)	1,049	1,072	1,000
Surplus (deficit) of operational funding (A-B)	78	80	(12)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(5)	(6)	(10)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(5)	(6)	(10)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	12	13	-
Increase (decrease) in reserves	61	61	(22)
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	73	74	(22)
Surplus (deficit) of capital funding (C-D)	(78)	(80)	12
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	44	45	33

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Building Services

WHAT WE HAVE DONE

The Building Services Activity implemented the requirements of the Building Act fairly and impartially so that the public has confidence that buildings are constructed in accordance with the Building Code and consented buildings meet Building Code requirements.

This was achieved by providing advice and education to the community on proposed building work, by receiving and processing applications under the Building Act, and by enforcing the requirements of the Building Act.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A city that is a great place to live and visit.	Design spaces, buildings and roads with community safety and interest in mind, and encourage others to do the same.	The Building Services Activity ensures that all buildings are of a safe and durable standard for occupation.	The Council ensures that building work is safe and in accordance with the Building Act by processing applications, inspecting work, holding records and providing information and advice.	Statutory timeframes for processing consents are met.
		The Building Services Activity promotes best practice in the building industry through education and advice.		Council's 'Building Sector News' is regularly published.
		The Building Consenting system is a quality control process covering building work.		The Building Consenting system is a quality control process covering processing of building work.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
Statutory timeframes for processing consents are met.	100%	Not Achieved - 99.07% (2016/17: Not Achieved - 99.25%)
Council's 'Building Sector News' is regularly published at least 12 times per year.	Published 12 times per year.	Not Achieved. (2016/17: Not Achieved - 7 articles added through the year.)
Accreditation as a Building Consent Authority is retained.	Accreditation is retained.	Achieved - Assessment completed in June 2018. Report received with general nonconformance items to be rectified. (2016/17: Achieved)

THE DETAILS

Statutory timeframes

The statutory timeframes were not met for 12 of the 1,322 consents processed.

Building Sector News

This document has not been published for some time. The internet is now seen as the primary source of information. Building Sector News is a page on the Council's website that receives updates as required. Generally about one story is added each month.

Accreditation

Building Services had a successful accreditation assessment, in which the lead assessor complimented Council on our position and attitude to the process describing us as a "Mature Organisation".

WHAT ELSE HAVE WE DONE

Building Services was light on technical staff for the entire 2017/18 period, but this has not been reflected in the results of targets that we measure. This trend is likely to continue through the 2018/19 year and may begin to impact results.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR BUILDING SERVICES

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	615	652	754
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,356	2,416	2,179
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	113	116	(2)
Total operating funding (A)	3,084	3,184	2,931
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	3,040	3,139	2,674
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding (B)	3,040	3,139	2,674
Surplus (deficit) of operational funding (A-B)	44	45	257
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	20	21	33
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	20	21	33
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	52	54	55
Increase (decrease) in reserves	12	12	235
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	64	66	290
Surplus (deficit) of capital funding (C-D)	(44)	(45)	(257)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	44	45	44

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Civil Defence Emergency Management

WHAT WE HAVE DONE

The Civil Defence Emergency Management Activity, through Emergency Management Southland provided the Civil Defence Emergency Management service. This is to ensure Council has response and recovery

plans in place in the event of an emergency affecting the District and assisting the community in being prepared for an emergency.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
Healthy lifestyles in a healthy environment.	Provide a quick and effective response to potential environmental hazards or nuisance.	The Activity provides the necessary resources to co-ordinate and respond to emergency events and educates the Community on how best to prepare for emergency events.	Enhancing the Community's capability to respond to and recover from civil defence emergencies.	Overall score from the Ministry of Civil Defence Emergency Management assessment of the Southland Civil Defence Emergency Management
			Increasing Community awareness, understanding and preparedness and participation in Civil Defence Emergency Management.	Group's capability (five yearly assessment).
				Percentage of surveyed households prepared for an emergency including self sufficiency for three days.
Strong, innovative leadership.	Actively seek efficiencies through innovation, shared services and streamlining processes.	The Activity has led to the four Southland Councils working together to create efficiencies such as the establishment of a standalone Emergency Operations Centre and more focused attention on emergency planning.	Reducing the risk from hazards to acceptable levels.	Advocacy by EMS to appropriate councils on appropriate resources and policy to mitigate effects of natural disasters.
				Facilitation and funding of the Engineering Lifelines Group.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
Overall score from the Ministry of Civil Defence Emergency Management assessment of the Southland Civil Defence Emergency Management Group's capability (five yearly assessment).	75%-80% in 2016 assessment.	Not Achieved - 74.2% (2016/17: Not Achieved - 74.2%)
Percentage of surveyed households prepared for an emergency including self-sufficiency for three days*.	60% by 2021.	Achieved - Residents - 61% Farmers - 64% (2016/17: Residents - 57% Farmers - 52%)

*These results are for the entire Southland Region.

THE DETAILS

Five yearly assessment

The result from the Ministry of Civil Defence Emergency Management assessment of the Southland Civil Defence Emergency Management Group's capability hasn't changed as it is only carried out once during the Long-term Plan period.

Surveyed Households

Percentage of annually surveyed households prepared for an emergency including self-sufficiency for three days. The result is 61% for residents and is sourced from the lowest score from two questions in the July 2018 survey, 'do you have a family or household plan? (61%)', 'would you be self-sufficient for three days? (86%)'.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR CIVIL DEFENCE EMERGENCY MANAGEMENT

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	263	270	270
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	150	154	279
Total operating funding (A)	413	424	549
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	413	424	545
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding (B)	413	424	545
Surplus (deficit) of operational funding (A-B)	-	-	4
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	4
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	-	-	4
Surplus (deficit) of capital funding (C-D)	-	-	(4)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Compliance including Parking Services

WHAT WE HAVE DONE

The Compliance Activity managed parking enforcement services to ensure equitable parking for all and protecting pedestrians as well as responding to environmental nuisances. This was achieved by enforcing car parking in the District, monitoring

and removing vehicles left abandoned, promoting good parking behaviour, including education around schools, and providing support staff to the New Zealand Police when required.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A diverse and growing economy.	Provide an environment that is business friendly and nurtures strong business.	Promotes good parking practices and enforces parking time limits to ensure regular turnover of vehicles in areas of high parking demand, for example the City Centre.	Provide and manage equitable parking access for all users.	Parking patrols of Council managed parking spaces.
A city that is a great place to live and visit.	Ensure that all services consider how best they can cater for people with disabilities, the elderly, youth and families.	Promotes good parking practice, particularly around schools.	Ongoing education of drivers about safety around schools.	Educational material is distributed at schools.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
Parking patrols of Council managed parking spaces.	Average 100 hours patrolling per week.	Not Achieved - 60 hours per week (2016/17: Achieved)
Reduction in the number of infringements being sent to the Courts for collection. (Number of tickets paid as a percentage total issued).	75% of all tickets issued are paid without the need to refer to the Courts for collection.	Not Achieved - 68.24% (2016/17: Not Achieved - 67%)
Reduction in number of ticket exemptions. (Ratio of waivers to tickets issued).	Reducing trend in the number of waivers granted.	Achieved - 4.79% of tickets waived (2016/17: Achieved - 6% of tickets waived)

THE DETAILS

Parking Patrol Hours

This year has been one of significant change in relation to staffing numbers and hours. Compliance initially had four full time staff. During this year the opportunity was taken to reassess staffing levels and the hours that parking officers were required. As a result the service now has one full time and two part time officers.

At this stage the reduced hours are not having an adverse impact on the Council's infringement numbers and the service is making significant savings.

Reduction in the number of infringements being sent to the Courts for collection

Although the target was not achieved this area continues to show improvement. Tickets that are paid without the need to forward them to the Courts for collection result in the income being gained immediately and reduces the costs for Council.

Reduction in number of ticket exemptions

This reducing trend indicates a reduction in the number of ticket errors and that those being issued are robust and are not being challenged.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR COMPLIANCE

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	(120)	(123)	(115)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	87	89	111
Internal charges and overheads recovered	54	55	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	733	751	508
Total operating funding (A)	754	772	504
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	686	702	594
Finance costs	-	-	-
Internal charges and overheads applied	54	55	-
Other operating funding applications	-	-	-
Total applications of operational funding (B)	740	757	594
Surplus (deficit) of operational funding (A-B)	14	15	(90)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	2	2	-
Increase (decrease) in reserves	12	13	(90)
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	14	15	(90)
Surplus (deficit) of capital funding (C-D)	(14)	(15)	90
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	14	15	13

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Environmental Health

WHAT WE HAVE DONE

The Environmental Health Activity improved, promoted and protected public health within the District by controlling food premises and alcohol licencing as well as providing resolution of odour, noise, litter and pest nuisances.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
Healthy lifestyles in a healthy environment.	Provide a quick and effective response to potential environmental hazards or nuisance.	Environmental Health provides 24 hour noise response services.	Members of the community are not subjected to inappropriate noise levels.	Excessive noise complaints are investigated and responded to within one hour.
A diverse and growing economy.	Provide an environment that is business friendly and nurtures strong business.	All food premises operating under a Food Control Plan or National Programme are inspected in accordance with statutory requirements.	Food premises are safe and healthy for the public.	All premises operating under Food Control Plans or National Programmes will be audited at least annually.
				All food premises operating under the Food Hygiene Regulations are inspected annually.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
Excessive noise complaints are investigated and responded to within one hour.	95% of all noise complaints are responded to within one hour from the time of receipt.	Achieved - 95% (2016/17: Achieved - 96.7%)
Overgrown sections are monitored in Invercargill and Bluff areas from 1 September - 31 March each year.	100% of all empty sections are audited and action taken where necessary, with a reducing trend in the number of sections having to be cleared by the Council.	Achieved - 210 properties were inspected with 4.7% being cleared by Council. (2016/17: New Measures - 122 properties were inspected with 18% being cleared by Council.)
Food businesses operating under a Food Control Plan are verified or audited annually.	An increasing trend in number of Food Premises operating with a Food Control Plan and 70% of businesses under this category are audited annually.	Achieved - 100% (2016/17: Achieved - 83.8% - new businesses).

THE DETAILS

Excessive noise complaints

Seven complaints were over the timeframe.

Overgrown sections

The number of sections on our database is increasing but the majority of sections are being cleared by their owners without the Council having to undertake the work. A reducing trend has been achieved.

WHAT ELSE HAVE WE DONE

Food Check South

During the year the Council gained "Recognised Agency" status from the Ministry of Primary Industries (MPI). This means that we operate under a Quality Management System that meets MPI requirements and that our staff are competent to undertake verifications of Food Control Plans and National Programmes. MPI will audit Council in January 2019 to ensure that we are operating in accordance with our approved Quality Management System.

"Recognised Agency" status also includes the Registration Authority. This is a separate function to that of Food Check South. The Registration Authority register all our food businesses on a MPI register and notify Food Check South when a new business is registered. Food Check South is responsible to ensuring the verification is carried out within the statutory timeframe.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR ENVIRONMENTAL HEALTH

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	859	900	730
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	311	319	254
Internal charges and overheads recovered	90	93	53
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	46	26	104
Total operating funding (A)	1,306	1,338	1,141
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	1,185	1,213	1,239
Finance costs	-	-	-
Internal charges and overheads applied	90	93	53
Other operating funding applications	-	-	-
Total applications of operational funding (B)	1,275	1,306	1,292
Surplus (deficit) of operational funding (A-B)	31	32	(151)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	9	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	9	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	41	-	-
Increase (decrease) in reserves	(1)	32	(151)
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	40	32	(151)
Surplus (deficit) of capital funding (C-D)	(31)	(32)	151
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	31	32	17

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Resource Management

WHAT WE HAVE DONE

The Resource Management Activity promoted the sustainable management of the natural and physical resources of the District by developing policies that reflected the Invercargill environment;

processing applications made under the Resource Management Act; implementing the District Plan and other environmental policies; and by promoting best environmental practice.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
Healthy lifestyles in a healthy environment.	Implement and protect distinct development zones across the District.	The Resource Management Activity establishes environmental standards for activities throughout the District, and promotes sustainable development.	Development that does not meet the standards in the District Plan is subject to the resource consent process where it can be refused or granted with appropriate conditions.	Resource consent applications are processed in accordance with the Resource Management Act.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
Resource consent applications are processed in accordance with the Resource Management Act.	100%	Achieved - 100% (2016/17: Not Achieved - 99%)

WHAT ELSE HAVE WE DONE

During 2017/18 nine of the appeals to the Proposed District Plan have been resolved and consent orders released by the Environment Court. There are still seven appeals relating to three topics that are to yet to be resolved. Two topics covering six of the appeals

will be subject to Environment Court Hearings. In relation to the third topic the parties and Council have reached agreement and are now awaiting the Environment Court to give its signoff.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR RESOURCE MANAGEMENT

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,167	1,170	1,219
Subsidies and grants for operating purposes	-	-	-
Fees and charges	205	211	118
Internal charges and overheads recovered	25	25	4
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	19	19	7
Total operating funding (A)	1,416	1,425	1,348
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	1,386	1,396	1,270
Finance costs	-	-	-
Internal charges and overheads applied	25	25	4
Other operating funding applications	-	-	-
Total applications of operational funding (B)	1,411	1,421	1,274
Surplus (deficit) of operational funding (A-B)	5	4	74
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	2	2	-
Increase (decrease) in reserves	3	2	74
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	5	4	74
Surplus (deficit) of capital funding (C-D)	(5)	(4)	(74)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	5	4	4

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

94 Provision of Specialised Community Services

PROVISION OF SPECIALISED COMMUNITY SERVICES

Council has developed relationships with other entities which provide specialised community services which the Council supports financially to enhance the Community's cultural interests. These services support the "A city that is a great place to live and visit" Community Outcome by promoting Invercargill actively as a great place to live, work, play and visit and providing or promoting a range of events that create vibrancy and build community. These services

also support the "Healthy lifestyles in a healthy environment" Community Outcome by providing or promoting the provision of a diverse range of excellent quality and safe indoor and outdoor recreational facilities.

Significant entities that provided specialised services and the level of financial support from Council are detailed below:

Entity	Contribution towards the Specialised Service Provided	Proposed Level of Financial Support Per Annum 2017/18 (\$)	Actual Level of Financial Support Per Annum 2017/18(\$)
Service Contracts			
Anderson Park Art Gallery Trust Board	Operation and promotion of the Anderson Park Art Gallery and care of the extensive collection.	184,238	184,238
Invercargill Venue and Events Management	Managing operation of the Civic Theatre.	112,750	112,750
Southland Indoor Leisure Centre Charitable Trust	Operation and maintenance of Stadium Southland.	400,000	400,000
Southland Museum and Art Gallery Trust Board	Operation of the Southland Museum and Art Gallery.	634,410	634,408
Southland Regional Heritage Committee	Preserving the Regional Heritage of Southland.	865,949	854,898
Grants			
Awarua Museum	Towards opening costs.	5,000	5,000
Bluff Hill Motupohue Environment Trust	Support the pest control programme.	10,000	10,000
Bluff Maritime Museum Trust Board	Operation of the Bluff Maritime Museum.	20,000	20,000
Bluff Pool Trust	Operation of the Bluff Community Pool.	180,000	180,000
Citizens Advice Bureau	Operation of Citizens Advice Bureau.	26,000	24,000
Child, Youth and Family Friendly	Enhancing the Friendly Brand.	10,000	-
Community Ratepayers Groups	Contribution towards administration costs.	5,000	-
Environment Southland	Contribution towards the completion of the Bluff-Invercargill Walkway/ Cycleway	50,000	50,000

Entity	Contribution towards the Specialised Service Provided	Proposed Level of Financial Support Per Annum 2017/18 (\$)	Actual Level of Financial Support Per Annum 2017/18 (\$)
Events Fund*	Contribution towards event creation/ promotion.	100,000	103,391
Facilities Maintenance Fund	Contribution to the ongoing maintenance of Council owned facilities utilised by Community Groups and Sports Clubs.	250,000	250,000
Football for all Weathers	Loan interest and principle repayments.	11,728	11,727
Iconic Events Fund*	Contribution towards the holding of iconic events or performances in Invercargill.	100,000	139,000
Invercargill Grief and Loss Centre	Towards operating costs.	15,000	15,000
Safe in the South	To fund a local co-ordinator.	10,000	10,000
Santa Parade Charitable Trust	Storage of floats for parade.	10,000	10,000
Southland Indoor Leisure Centre Charitable Trust	Loan interest for 2017/18 year resulting from the contribution to Stadium Southland rebuild.	89,286	49,571
Southland Multicultural Council	Operation of the Southland Multicultural Council.	5,000	5,000
Southland Warm Homes Trust	Providing subsidies on Healthy Homes initiatives for citizens.	50,000	50,000
Southland Youth One Stop Shop Trust	Contribution towards building rental.	27,000	27,000
SPCA	Operation of the Southland SPCA.	11,000	11,000
Sport Southland	Contribution towards a South City Kiwisport programme and contribution to Sport Southland.	20,000	20,000
St John	Toward a new facility	100,000	-

*The purpose of the Events Fund is to provide financial assistance to encourage the holding of significant events or performances in Invercargill. Applicants must meet eligibility criteria and then Council will determine whether a financial contribution will be made. The purpose of the Iconic Events Fund is to provide financial assistance for iconic events or performances in Invercargill that no longer meet the eligibility criteria for the Events Fund, for example, events that have been operating for more than three years. Examples of iconic events are The Buskers' Festival and the Burt Munro Challenge.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR OTHER GRANTS

Excluding Venture Southland and Southland Regional Heritage Committee

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	2,279	2,300	2,343
Targeted rates	256	263	252
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	149	152	165
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	-
Total operating funding (A)	2,684	2,715	2,760
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	2,262	6,286	2,359
Finance costs	108	106	53
Internal charges and overheads applied	149	152	165
Other operating funding applications	-	-	-
Total applications of operational funding (B)	2,519	6,544	2,577
Surplus (deficit) of operational funding (A-B)	165	(3,829)	183
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(66)	3,930	(108)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(66)	3,930	(108)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	15
Increase (decrease) in reserves	99	101	60
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	99	101	75
Surplus (deficit) of capital funding (C-D)	(165)	3,829	(183)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-

Depreciation expense (not included in the above FIS)	9	9	38
--	---	---	----

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR SOUTHLAND REGIONAL HERITAGE COMMITTEE

	Long Term Plan 2015 - 2025	Long Term Plan 2015 - 2025	Actual
	2016/17 \$'000	2017/18 \$'000	2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	739	757	866
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	10
Local authorities fuel tax, fines, infringements, fees and other receipts	326	332	475
Total operating funding (A)	1,065	1,089	1,351
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	1,065	1,089	1,200
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding (B)	1,065	1,089	1,200
Surplus (deficit) of operational funding (A-B)	-	-	151
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	151
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	-	-	151
Surplus (deficit) of capital funding (C-D)	-	-	(151)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Community Development

WHAT WE HAVE DONE

The Community Development Activity provided individuals, groups and organisations with advice and information to assist them with project development, the administration of funding programmes and the co-

ordination of community based projects. The Activity also developed relationships and worked with youth and other identified sectors.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A city that is a great place to live and visit.	Provide and promote a range of events that create vibrancy and build community.	The Community Development Activity manages and implements the use of the 'friendly' brand.	Council continues to grow the use of the 'friendly' brand.	Number of events, agencies and businesses achieving the use of the 'friendly' brand.
Strong, innovative leadership.	Invercargill residents across the board are active and engaged citizens.	The Community Development Activity supports the Invercargill Youth Council and its initiatives.	Youth Council is enthused to plan and undertake initiatives.	Number of young persons taking part in initiatives.
Healthy lifestyles in a healthy environment.	Provide or promote the provision of a diverse range of excellent quality and safe indoor and outdoor recreational facilities.	The Community Development Activity administers and promotes funding programmes	Invercargill Active Communities and Creative Communities Invercargill funding programmes increase participation in sport, physical recreation, arts and cultural activities.	Number of residents participating in programmes funded by the two funding programmes.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
Number of events, agencies and businesses achieving the use of the 'friendly' brand.	Increasing number	Achieved - 20 (2016/17: Not Achieved - 11)
Number of young people taking part in initiatives.	Increasing number	Achieved - 940 (2016/17: Achieved - 588)
Number of residents participating in programmes funded by the two funding programmes.	Increasing number	Not Achieved - 20,811 (2016/17: Achieved - 47,941)

THE DETAILS

The number of residents participating in programmes funded by the Creative Communities Invercargill and Invercargill Active Communities funding programmes will always vary. Participation is dependent on the size and popularity of the projects being run by the community organisations who sought funding support. For example, in previous years we have supported Kidzone and therefore the total attendance at Kidzone would be reflected in the result. In the 2017/18 year we were not asked to support the creative programmes at Kidzone.

The popularity of the Friendly Brand continues to increase. The "101 Fun and Family Friendly Things To Do List" has been updated and reprinted.

The number of young people participating in initiatives organised by the Youth Council is dependent on the ideas of the current Youth Council and their ability to plan and carry out the projects. This year a very successful day-long leadership programme was held.

WHAT ELSE HAVE WE DONE

The Safe in the South programme has had a very successful year. The Champions Programme has continued to develop supporting the reduction of family harm in the city. A YouTube presentation on Foetal Alcohol Spectrum Disorder and the podcasts developed to highlight how anyone can prevent falls in the home and the community were both well received.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR COMMUNITY DEVELOPMENT

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	300	335	309
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	38
Fees and charges	-	-	17
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	2	2	5
Total operating funding (A)	302	337	369
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	293	300	406
Finance costs	6	6	3
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding (B)	299	306	409
Surplus (deficit) of operational funding (A-B)	3	31	(40)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(3)	(3)	(5)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(3)	(3)	(5)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	21	-
Increase (decrease) in reserves	-	7	(45)
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	-	28	(45)
Surplus (deficit) of capital funding (C-D)	(3)	(31)	40
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	-	7	-

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Housing Care Services

WHAT WE HAVE DONE

The Housing Care Service Activity provided housing for elderly people with limited financial resources for whom the general housing market presents a problem in terms of affordability and manageability. This was

achieved by providing 21 complexes with 215 units and maintaining these properties at their current standards.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A City that is a great place to live and visit.	Ensure that all projects/services consider how best they can cater for people with disabilities, the elderly, youth and families.	The provision of low cost, quality accommodation to pensioners, the disabled and those on low/fixed incomes who meet the entry criteria.	Affordable accommodation is provided.	Rental does not exceed 30% of the gross superannuation benefit.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
Rental does not exceed 30% of the gross superannuation benefit.	<30%	Achieved - all rents are below 30% (2016/17: Achieved - all rents are below 30%)

WHAT ELSE HAVE WE DONE

The 2017/18 year was a very active year with both regular and deferred maintenance being completed. Higher than anticipated occupancy levels, in addition to short turnaround times between tenancies, had an impact on time frames for maintenance work.

The following renewal maintenance work was completed in 2017/18:

- Fibre was installed at five complexes
- Three of the last five baths were removed
- Exterior painting/cladding repairs/ porch repairs at five complexes
- Grounds upgraded at two complexes
- Internal refurbishments for 11 units
- New flooring, carpet and vinyl at 11 units
- 18 new ovens
- 11 new washing machines
- Six new water cylinders
- New spouting at one complex
- New site drainage at four complexes.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR HOUSING CARE SERVICES

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,025	1,050	1,075
Internal charges and overheads recovered	794	814	775
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	1
Total operating funding (A)	1,819	1,864	1,851
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	675	692	1,008
Finance costs	32	41	-
Internal charges and overheads applied	794	814	775
Other operating funding applications	-	-	-
Total applications of operational funding (B)	1,501	1,547	1,783
Surplus (deficit) of operational funding (A-B)	318	317	68
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	191	188	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	191	188	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	19	19	-
- to replace existing assets	342	545	56
Increase (decrease) in reserves	148	(59)	12
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	509	505	68
Surplus (deficit) of capital funding (C-D)	(318)	(317)	(68)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	299	306	1,127

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Libraries & Archives

WHAT WE HAVE DONE

The Libraries and Archives Activity operated the central library with four departments (Adult Services, Children’s Services, Information Services and Activities and Technology Services) and the small

branch library in Bluff. By doing this the Activity provided a resource for education, recreation, culture and the well-being of the community.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council’s Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A diverse and growing economy.	Ensure that the building blocks for sustainable business are in place, including energy, water, communications and workforce.	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.	Library stock is of good quality, quantity and variety.	Number of issues per year.
				Level of reference enquiries.
Healthy lifestyles in a healthy environment.	Provide or promote the provision of a diverse range of excellent quality and safe, indoor and outdoor recreational facilities, both natural and man-made.	The Libraries and Archives Activity provides two libraries, the Central Library and the branch library in Bluff. These libraries provide safe public space for the community to use.	Services offer a good experience for all users.	Number of visits per year.
Strong, innovative leadership.	Actively seek efficiencies through innovation, shared services and streamlining processes.	The Libraries and Achives Activity is involved in Shared Services with the Clutha, Gore and Southland District Councils through membership in the Southlib (regional library management software) consortia.	Libraries are accessible and available to the wider community.	Membership as a percentage of total population.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
Number of issues per year.	615,000	Not Achieved - 611,598 (2016/17: Not Achieved - 596,507)
Level of reference enquiries.	85,000	Achieved - 98,954 (2016/17: Achieved - 109,468)
Increasing number of visits per year.	525,000	Not Achieved - 494,694 (2016/17: Not Achieved - 504,984)
Membership as a percentage of total population.	65%-75%	Achieved - 70.03% (2016/17: Achieved - 71.83%)

THE DETAILS

The levels of service results continue to reflect the changing use of Invercargill City Libraries and Archives. The number of issues has shown an increase on the previous year but visitor numbers

have shown a small decrease. The decrease in visitor numbers reflects the start of the Library refurbishment project in May 2018 which included four days when the Library was closed to the public.

WHAT ELSE HAVE WE DONE?

2017/18 has been the year of “Keeping up with the Librarians” and the start of the refurbishment project.

Social media

The past year has again seen great social media success for the Invercargill Public Library. The most popular Facebook post was “Keeping up with the Librarians”

The image went live at 12:00pm on October 14 2017. By 10:00am the next morning media had begun to contact the team in order to secure interviews. This included Newshub, One News, Sunrise (Australia), the Southland Times and the New Zealand Herald. Traction really gained on the night of October 15, where the photo and a write-up about it and the library Facebook page had been published on the front page of The Daily Mail website. The end results saw over 3,000 new Facebook likes, and over 1 million people worldwide seeing the image in some capacity, as well as the winning of an award.

Library refurbishment project

The Library refurbishment project began in May 2018 and is scheduled to be completed in December 2018. It has been split into four stages to allow the Library to remain operational while building work is being



done. Major improvements include repainting the interior, replacement of carpet tiles, installation of LED lighting, replacement of escalator with stairs, additional USB/power connections at study desks, improved teen area including a gaming space, creation of a makerspace, a new central help desk on the ground floor, a family change/toilet on the ground floor and removal of walls to create a more flexible space.

Events and programmes

The Library signature programme each year is the Summer Reading challenge which is open to all ages. This is in collaboration with Southland District and Gore libraries to provide a Southland-wide programme. The main target audience is children from 5-12 and the largest percentage of the participants come from this demographic with a 2.3% increase in participation over the previous year. The after school clubs and school holiday events continue to attract good numbers of children. Adult programming introduced Stepping Up, a computer based collaboration with the 20/20 Trust, which provides training in technology that is free and accessible and this year it was extended to provide a monthly session in Bluff. The latest initiative from this collaboration is the introduction of Spark Jump in May 2018. Spark Jump is a way for low income families with children to afford internet access to knowledge and information. Another new regular event this year is the Chatter Nights which provides an opportunity for people of different cultures to meet with each other and also with volunteers from the Citizens Advice Bureau to improve their English language skills. This is a weekly event on a Wednesday evening and regularly has between 20 and 30 attendees.

Collections

The Collection Development Policy underwent its three yearly review. This process involves staff from both Heritage and Collections and Customer Experience teams and includes looking at any changes that have been made to collections, statistics around use of collections and identifying future trends. Through the EPIC purchasing consortium the library has access to a number of vendors and the annual review of these electronic databases occurred in March 2018. Library PressReader and Ancestry databases continue to be very popular. eAudiobooks are an increasingly popular format for consuming books worldwide, and this is another trend which is reflected in our customers' borrowing habits.

Archives

The Archive Service has been focusing on the migration of its collection data to a new collection management system. The new collection management system "Archives Space" vastly improves public access to the Archives holdings by enabling online searching. This year also saw an audit of the Archives role as an Approved Repository. Once again Archives New Zealand has found that our Archive is a well-managed facility where the archival collections are cared for in appropriate environmental conditions for their long-term safekeeping.

The Archive Service continues to strengthen community bonds through its involvement in events such as Heritage Week and Family History Week. Additionally the Archive has also agreed to work with the Invercargill Public Art Gallery to safely store parts of its collection until permanent arrangements can be made.

Awards

The highlight for the Invercargill City Libraries and Archives was being presented with the following awards:

2017 Social Media Innovation Award

National Digital Forum

2018 IFLA International Marketing Award - 2nd Place

The International Federation of Library Associations and Institutions (IFLA)

CAPITAL WORKS PROJECTS

Project	2017/18 Proposed \$000	2017/18 Actual \$000
Auto Door Renewal	47	0

The Auto Door Renewal Project has been included in the capital works currently being undertaken in the 2018/19 Library Renewal project.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR LIBRARIES AND ARCHIVES

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	3,995	4,167	4,035
Subsidies and grants for operating purposes	5	5	-
Fees and charges	151	155	117
Internal charges and overheads recovered	733	822	751
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	29	30	18
Total operating funding (A)	4,913	5,179	4,921
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	3,348	3,434	3,356
Finance costs	159	199	54
Internal charges and overheads applied	733	822	751
Other operating funding applications	-	-	-
Total applications of operational funding (B)	4,240	4,455	4,161
Surplus (deficit) of operational funding (A-B)	673	724	760
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	620	(158)	403
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	620	(158)	403
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	5
- to improve the level of service	17	50	66
- to replace existing assets	1,207	485	1,061
Increase (decrease) in reserves	69	31	31
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	1,293	566	1,163
Surplus (deficit) of capital funding (C-D)	(673)	(724)	(760)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	1,305	1,124	1,088

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Parks & Reserves

including Cemeteries & Crematorium

WHAT WE HAVE DONE

The Parks and Reserves Activity provided and maintained public spaces, facilities and amenities for outdoor sports, recreation, beautification projects, as well as cemeteries for burial and cremation to

meet the needs of the community. This was achieved through the provision of 161 parks and reserves comprising a total land area of 3,016 hectares.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council’s Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A city that is a great place to live and visit.	Promote Invercargill actively as a great place to live, work, play and visit.	Parks and reserves enhance the aesthetic value of the city	Queens Park is recognised nationally as a significant municipal garden.	Queens Park is accredited as a “Garden of National Significance”.
		Parks and Reserves assist in protecting Invercargill’s environment, history and heritage.	Burial records are available to the general public.	Burial records, photos and inscriptions are available on Council’s website.
Healthy lifestyles in a healthy environment.	Provide or promote the provision of a diverse range of excellent quality and safe indoor and outdoor recreational and facilities, both natural and man-made.	Parks and reserves provide facilities and opportunities for sport, recreation and leisure activities.	A diverse range of parks and reserves are available and accessible.	Percentage of urban residents within 500 metres of a park or reserve.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
Queens Park is accredited as a "Garden of National Significance".	Accreditation retained.	Achieved (2016/17: Achieved.)
Percentage of urban residents within 500 metres of a park or reserve.	100%	Achieved - 100% - no change in the urban parks areas. (2016/17: Achieved.)
Burial records are available on Council's website.	100%	Achieved - 100% (2016/17: Achieved.)

THE DETAILS

Queens Park accreditation has been retained and will be reassessed in the 2018/19 year.

The cemeteries and crematorium records, including memorial photos and inscriptions are accessible 24 hour a day 7 day a week on our website.

There is still a growing trend toward more casual use of the open spaces that are provided by our Parks and Reserves. We have installed track counters on more walking tracks to better understand trends in this area. There continues to be a decline in areas such as golf and bowls, with two of these leases being handed back to Council.

CAPITAL WORKS PROJECTS

The capital works having a value exceeding \$75,000 in 2017/18 were:

Project	2017/18 Proposed \$000	2017/18 Actual \$000
Winter Gardens	80	0
New Play Equipment	142	85
Plant and Equipment	101	110
Surrey Park Grandstand	250	0
Queens Park Specialist Displays	90	30

The Surrey Park Grandstand requires further investigation so will be held over to the 2018/19 year.

Funding for the Winter Gardens is to be carried forward.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR PARKS AND RESERVES

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	6,025	6,163	6,182
Subsidies and grants for operating purposes	9	10	10
Fees and charges	1,058	1,085	1,086
Internal charges and overheads recovered	7,817	8,015	8,400
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	904	927	1,089
Total operating funding (A)	15,813	16,200	16,767
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	6,814	6,990	6,669
Finance costs	35	31	16
Internal charges and overheads applied	7,817	8,015	8,400
Other operating funding applications	-	-	-
Total applications of operational funding (B)	14,666	15,036	15,085
Surplus (deficit) of operational funding (A-B)	1,147	1,164	1,682
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(79)	(84)	9
Gross proceeds from sale of assets	51	53	167
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(28)	(31)	176
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	90
- to improve the level of service	-	-	-
- to replace existing assets	1,307	1,483	1,236
Increase (decrease) in reserves	(188)	(350)	532
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	1,119	1,133	1,858
Surplus (deficit) of capital funding (C-D)	(1,147)	(1,164)	(1,682)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	757	774	1,170

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Passenger Transport

WHAT WE HAVE DONE

The Passenger Transport Activity provided an affordable, accessible and sustainable transport system for the District. This was achieved by contracting a bus service for the Invercargill urban

area and by providing the Total Mobility Scheme, a subsidised taxi voucher system, for those who are unable to use the bus system because of disability or medical condition.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A diverse and growing economy.	Ensure 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 400 metres of a serviced bus route.
Healthy lifestyle in a healthy environment.	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 percentage.
A city that is a great place to live and visit.	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 provides 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.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
Homes in the Invercargill urban area are within 400 metres of a serviced bus route.	90%	Achieved - Routes unchanged from previous years. (2016/17: Achieved).
Farebox recovery percentage.	35%	Not achieved - 27.7% (2016/17: Not Achieved - 32.1%).
All members of the community have the opportunity to use public transport.	Total Mobility Scheme is administered to the satisfaction of the Total Mobility Annual Combined Committee Meeting.	Achieved - The Meeting was complimentary of the service. (2016/17 Achieved.)

THE DETAILS

The number of passengers who have used the bus service has again dropped. This is a trend which is also being seen nationally. The decline in numbers also directly reflects in the fare box recovery.

WHAT ELSE HAVE WE DONE?

During the year, preparatory work has been undertaken for converting the Total Mobility Service to the Ridewise electronic card system. This has required significant efforts in contacting clients and getting photo identification ready for a card to be issued. The system was to commence on 1 July 2018. The conversion was ready to occur with the back office software set up and most of the transport providers ready and active. Some operators have not participated willingly and some minor issues have occurred. Cards were produced and posted ready for the start date meaning the old sticker system could be retired.

Bus network planning for new routes has occurred through the Regional Public Transport Plan. The new ticketing system has had some implementation delays and new dates are being assigned. New routes cannot occur until following the new ticketing system being implemented. The existing Bus Smart card continues to operate well in the meantime. New Bus Smart buses have been implemented for the four routes with more modern single door buses which were refurbished and suitably sized for Invercargill. The existing contract for Go Bus was extended.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR PASSENGER TRANSPORT

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	190	195	216
Targeted rates	576	622	464
Subsidies and grants for operating purposes	1,120	1,172	1,049
Fees and charges	315	323	227
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	49	50	49
Total operating funding (A)	2,250	2,362	2,005
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	2,013	2,048	1,852
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding (B)	2,013	2,048	1,852
Surplus (deficit) of operational funding (A-B)	237	314	153
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	212	289	-
- to replace existing assets	25	25	102
Increase (decrease) in reserves	-	-	51
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	237	314	153
Surplus (deficit) of capital funding (C-D)	(237)	(314)	(153)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	34	35	19

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Pools

WHAT WE HAVE DONE

The Pools Activity provided aquatic facilities at the Southland Aquatic Centre (Splash Palace) to ensure affordable aquatic health and fitness, education, sport and leisure services for the community. This was achieved by delivering quality 'learn to swim'

programmes; ensuring the pools are kept within the required water treatment standards; and ensuring the pools are managed within the New Zealand Poolsafe Quality Management Scheme.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
Healthy lifestyles in a healthy environment.	Provide or promote the provision of a diverse range of excellent quality and safe indoor and outdoor recreational facilities, both natural and man-made.	The Pools Activity provides a safe, fun environment where people can enjoy a diverse range of sport, recreation and leisure opportunities.	Splash Palace is safe for users.	All water quality standards are within normal limits.
A city that is a great place to live and visit.	Ensure that all projects/ services consider how best they can cater for people with disabilities, the elderly, youth and families.	The Pools Activity offers a range of learn-to-swim, fitness and other water-based learning activities that cater for all members of the community.	Splash Palace is affordable and well utilised.	Number of visits to Splash Palace per head of Invercargill population.
	Promote Invercargill actively as a great place to live, work, play and visit.	The Pools Activity provides the only 50 metre swimming pool in the Southland Region.		
	Promote and provide a range of events that create vibrancy and build community.	The Pools Activity offers a high quality facility in which tournaments and championships are hosted.		
Strong, innovative leadership.	Develop and nurture partnerships with key stakeholders.	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.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
All water quality standards are within limits set in NZS 5876:2010.	All water quality standards are within the operational limits set in NZS 5826:2010 - 99%	Not Achieved - 98.87% 98.87% of the time water was compliant however 100% of the time the activity operated within the standard. (2016/17: - 99%).
Number of visits to Splash Palace per head of Invercargill population.	At least 6	Achieved - 8.0 visits based on population of 51,696 (2016/17: Achieved - 7.8 visits based on population of 51,696).
Percentage of Swim School customers who rate their experience as good or very good when surveyed.	80%	Achieved - 86% (2016/17: Achieved - 92%).

THE DETAILS

The measure for Water Quality Standards for the 2017/18 year requires that pool water is never outside operational limits set in NZS 5826:2010. This doesn't provide a useful measure for the public to determine whether the pools are operated in a manner that provides for safe use (in terms of water quality). A better measure would be that Pools are run in compliance with NZS 5826:2010 (Pool Water Quality)

which specifies, for example, closure of pools when water is deemed outside operational parameters. This is a more realistic and meaningful measure and as such will be used for the years 2018/19 onwards.

The number of visits to Splash Palace has continued to increase. It is likely that the constant increase in admissions will continue to create challenges around space availability.

WHAT ELSE HAVE WE DONE

One of the major issues affecting pool users identified during 2014 was the lack of changing room space at Splash Palace. An assessment of this in 2015/16 showed that the changing rooms were under excessive loading at most times during the day; this was due largely to early morning/late afternoon swimmers, early evening sports groups and school groups during the day.

Also identified was the need to improve the foyer,

retail and café areas at Splash Palace to improve customer flow and ease of access, thereby improving the total customer experience.

A plan to improve the foyer, café areas and increase changing room space was approved in mid-2017 and construction began at Splash Palace began in March 2018.

It is expected that the construction will be completed by January/February 2019.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR POOLS

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	2,091	1,949	2,183
Subsidies and grants for operating purposes	129	132	184
Fees and charges	1,224	1,265	961
Internal charges and overheads recovered	1,799	1,841	1,682
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	803	823	721
Total operating funding (A)	6,046	6,010	5,731
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	3,495	3,594	3,525
Finance costs	298	291	57
Internal charges and overheads applied	1,799	1,841	1,682
Other operating funding applications	-	-	-
Total applications of operational funding (B)	5,592	5,726	5,264
Surplus (deficit) of operational funding (A-B)	454	284	467
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(188)	(89)	223
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(188)	(89)	223
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	63
- to improve the level of service	-	-	242
- to replace existing assets	264	123	155
Increase (decrease) in reserves	2	72	230
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	266	195	690
Surplus (deficit) of capital funding (C-D)	(454)	(284)	(467)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	565	579	1,161

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Public Toilets

WHAT WE HAVE DONE

The Public Toilets Activity provided public toilets in retail areas and at Stirling Point in Bluff to provide an amenity to the community.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A city that is a great place to live and visit.	Design spaces, buildings and roads with community safety and interest in mind, and encourage others to do the same.	Provide an amenity to the community.	Public toilets are operational and accessible.	Automated toilets are available 24 hours a day.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
Automated toilets are available 24 hours a day.	95%	Not Achieved - 92% (2016/17: Achieved - 95%).

THE DETAILS

The target was not achieved due to vandalism and ongoing reduced opening hours at the Don Street Exeloo. The area is a target of vandalism on the AMI building, carpark and Exeloo. Temporary cameras were installed in the AMI building looking into the carpark and the opening hours on the toilet facility

were reduced (closed between 22:30 and 05:30 daily). The cameras enabled the reporting of incidents of vandalism to the Police, on one such incident the toilet door was damage beyond repair requiring new parts to be manufactured, and this resulted in the Exeloo being closed for two months.

CAPITAL WORKS PROJECTS

The capital works having a value exceeding \$75,000 in 2017/18 were:

Project	2017/18 Proposed \$000	2017/18 Actual \$000
Toilet in Waikiwi	125	0

The location for the Exeloo in Waikiwi is currently being investigated with the community and property

owners in the area. This project funding will be carried forward and undertaken in the 2018/19 financial year.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR PUBLIC TOILETS

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	362	371	343
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	-
Total operating funding (A)	362	371	343
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	294	302	274
Finance costs	22	21	11
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding (B)	316	323	285
Surplus (deficit) of operational funding (A-B)	46	48	58
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(20)	(21)	(26)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(20)	(21)	(26)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	55	57	13
Increase (decrease) in reserves	(29)	(30)	19
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	26	27	32
Surplus (deficit) of capital funding (C-D)	(46)	(48)	(58)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	29	30	28

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Theatre Services

WHAT WE HAVE DONE

The Theatre Services Activity provided a quality theatre and associated facility for hire and was extensively used by local and regional organisations as well as national and international touring companies. Within the Civic Theatre complex there are function rooms which are available for hire.

WHAT WE AGREED WITH THE COMMUNITY

Invercargill Venue and Events Management Limited (a Council Controlled Organisation) has been established to operate the Civic Theatre. This included the hiring of the Theatre to promoters / organisations with additional charges for specialist services. Levels of service that were provided by Invercargill Venue and Events Management are detailed on page 142.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR THEATRE SERVICES

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	947	971	966
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	948	996	920
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	-
Total operating funding (A)	1,895	1,967	1,886
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	292	274	401
Finance costs	-	-	111
Internal charges and overheads applied	948	996	920
Other operating funding applications	-	-	-
Total applications of operational funding (B)	1,240	1,270	1,432
Surplus (deficit) of operational funding (A-B)	655	697	454
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(350)	(338)	(386)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(350)	(338)	(386)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	35	-
- to replace existing assets	20	21	42
Increase (decrease) in reserves	285	303	26
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	305	359	68
Surplus (deficit) of capital funding (C-D)	(655)	(697)	(454)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	381	390	544

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Democratic Process

WHAT WE HAVE DONE

The Democratic Process Activity supported the implementation of the Local Government Act in Invercargill City through supporting elected representatives and ensuring they are informed of

issues and their responsibilities and by encouraging community involvement in Council's decision making processes.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
Strong innovative leadership.	Provide good governance underpinned by a clear vision, intelligent strategies, robust plans and informed decision making.	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.
Strong innovative leadership.	Communicate effectively with ratepayers, be accessible and respond to community need.	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.	The community is well informed about and contribute to Council's plans and progress.	Number of public meetings held during Long-term Plan and / or Annual Plan development. Alternative methods of communicating information are utilised.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
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%	Not Achieved - 38% (2016/17: Not Achieved - 34%).
Alternative methods of communicating information are utilised.	Consultation documents available on Council's website and use of social media.	Achieved. (2016/17: Achieved).

THE DETAILS

Alongside Council's website, Facebook, Consultation Caravan and traditional engagement methods such as radio advertising and interviews and the use of the local newspapers, the Council also introduced 'Imagine Invercargill' as an online platform for receiving the views of the public to help develop the 2018-28 Long-term Plan.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR DEMOCRATIC PROCESS

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	2,950	3,054	3,052
Targeted rates	74	76	72
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	374	383	645
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	5	5	52
Total operating funding (A)	3,403	3,518	3,821
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	3,026	3,132	3,335
Finance costs	-	-	-
Internal charges and overheads applied	374	383	645
Other operating funding applications	-	-	-
Total applications of operational funding (B)	3,400	3,515	3,980
Surplus (deficit) of operational funding (A-B)	3	3	(159)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	28
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	28
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	46	47	58
Increase (decrease) in reserves	(43)	(44)	(189)
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	3	3	(131)
Surplus (deficit) of capital funding (C-D)	(3)	(3)	159
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	49	50	71

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Destinational Marketing

WHAT WE HAVE DONE

Through Venture Southland, the Destinational Marketing Activity promoted Invercargill and Southland as a quality destination for visitors, skilled migrants, investors, students, conferences and events

and assisted with visitor industry development. Through doing this, the Activity ensured that the Invercargill and Southland communities enjoyed the social and economic benefits of tourism.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A city that is a great place to live and visit.	Promote Invercargill actively as a great place to live, work, play and visit.	The Destinational Marketing Activity promotes Invercargill and Southland as a quality destination for visitors, skilled migrants, investors, students, conferences and events and assists destination management and visitor industry development.	Council, through Venture Southland, works with local businesses, promotions associations, and key community stakeholder groups, as well as national and international agencies to support tourism growth and development within Invercargill.	Number of media and famil opportunities facilitated.
				Visitor nights.
				Number of tourism businesses using Venture Southland services.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
Number of Media and Famil opportunities facilitated.	Eight per year	Achieved - 37 famils (2016/17: Achieved - 30)
Visitor nights.	Increasing number	Achieved - Guest nights up 8.7% (excluding peer-to-peer such as AirBnB) (2016/17: Achieved - an increase of 4.7%)
Number of tourism businesses using Venture Southland services.	>25	Achieved - Over 100 businesses (2016/17: Achieved - 133)

Please Note: The above results are for the Southland Region, not just Invercargill.

THE DETAILS

1 - Media Engagement

Venture Southland places great importance on working with local and international media to pitch opportunities about the Region's activities, natural environment, food and history to raise the profile of the Region within domestic and international markets. For the 2017/18 year, 218 media pieces were published both in New Zealand and around the world. Thirty-seven famils (familiarisation of tourism related activities, locations, personalities and accommodation) were carried out. Of these, 24 were media based famils which contributed to the high number of media pieces generated about the Southland region for the year.

2 - TRENZ

Venture Southland partnered with Dunedin and Tourism Waitaki to bring TRENZ to Otago for the first time in the event's history. TRENZ is an annual business-to-business travel and trade event that showcases New Zealand's tourism industry. The event saw up to 1,500 international travel and tourism buyers, media and NZ tourism operators converge on Dunedin to meet New Zealand's top

tourism operators and learn about their products and services. Southland was strongly represented at the event with eight appointment streams for Destination Fiordland and five appointment streams for Venture Southland, the two Regional Tourism Organisations for the Southland region.

3 - Marketing and Promotional Campaigns

A number of marketing campaigns were carried out throughout the year with a variety of target audiences including Australian motoring enthusiasts, domestic wrestling fans, Chinese small groups and families, international hikers and North American silver surfers (mature empty nesters). Key messaging of the campaigns focused on "the NZ we all dream of", "Wrestling on the edge of the world", "Great walking" and "Classic Motoring". These campaigns integrate differing media channels and approaches, involve collaboration with local and national tourism operators and contribute to a growing awareness of Southland as a quality tourism destination.

THE DETAILS CONTINUED

4 - Trade Channels

Throughout the year Venture Southland carried out 416 meetings with trade channel representatives. Trends identified in the trade market as a result of these meetings included increased demand for character experiences like farm stays, growth in digitisation and strong performance of the US, UK, and German markets. Developing trade channels that connect businesses and visitors to Southland is a key method of destination marketing. Throughout the year Venture Southland worked with local tourism operators to prepare their businesses for trade and then promoted these businesses through a variety of channels that included inbound operators, wholesalers, Tourism New Zealand and retailers including the i-SITE network.

Enterprise

WHAT WE HAVE DONE

Through Venture Southland, the Enterprise Activity identified and promoted opportunities for diversification, employment and business growth in Invercargill and Southland. The Activity worked

with regional industry sectors, business and key stakeholder groups to support economic and industry development across the Southland region.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council’s Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A diverse and growing economy.	Attract a diverse range of business and industry to locate in Invercargill, targeting especially business that offer high skilled job opportunities.	The Enterprise Activity proactively identifies and promotes opportunities for diversification, employment and business growth in Invercargill and Southland.	Council, through Venture Southland works with regional industry sectors, business and key stakeholder groups to support economic and industry development across the Southland region.	Number of strategic projects facilitated.
				Number of investment opportunities facilitated.
				Business Mentor Programme.
				New Zealand Trade and Enterprise Programme delivered.

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
Number of strategic projects facilitated.	Six.	Achieved - Eight strategic projects were facilitated throughout the year. (2016/17: Achieved - 8)
Number of investment opportunities facilitated.	Two.	Achieved - Five investment opportunities were facilitated. (2016/17: Achieved - 6)
Business Mentor Programme.	50 mentor/client matches.	Not achieved - 30 mentor-to-client matches established. (2016/17: Not Achieved - 36)
New Zealand Trade and Enterprise Programme delivered.	Achieve.	Achieved (2016/17: Achieved)

Please note: The above results are for the Southland Region, not just Invercargill.

THE DETAILS

Strategic Projects

Venture Southland facilitated eight strategic projects throughout the 2017/18 year. Further information on these projects can be found below:

- **Living Dinosaurs feasibility study** - Phase one of a feasibility study into a conservation tourism experience showcasing the taonga species tuatara and kakapo completed.
- **Anderson House feasibility study** - A feasibility study of a multi-function facility with café, functions space, interactive historical experience and arts display space was completed.
- **Freedom Camping Review** - A review of freedom camping activity around the City was carried out.
- **Creative HQ Innovation Accelerator Programme** - A strategic business project to provide intensive support to innovative businesses in Southland.
- **Labour Market Strategy initiatives including Southland Youth Futures and Skills Placement service** - A number of initiatives developed to meet Southland's projected labour market constraints, with particular focus on making it easier for young people,

migrants, women and older people to participate in the labour market.

- **Wood Energy South** - An award-winning programme enabling businesses to convert to biomass boilers and helping achieve lower carbon and air quality targets for the region.
- **Update of regional roading funding and taxation assessment** - An econometric assessment of regional roading infrastructure investment in comparison to roading related taxes raised in Southland.
- **Cycling Strategy** - Venture Southland contributed to the facilitation of an enabling regional strategy to encourage safe community participation in cycling.

Investment opportunities outlined

Venture Southland completed investment profiles for the following:

- **Silica**
An update of the investment profile for high-grade silica for the solar industry investment opportunity was carried out for the NZTE international investments team

THE DETAILS CONTINUED

• *High health functional foods (oats)*

This opportunity is now at the final stage of engagement with potential investors identified and the development of food processing hub concept.

• *Data processing centre*

A concept for a data processing centre was produced in response to demand from a private sector investor requiring a high energy renewable supply contract - an alternative location closer to market was ultimately chosen.

• *Satellite Ground operations centre and data centre*

An investment concept for a Satellite ground operations centre and data centre was produced. The concept aimed at developing a new high-tech industry in Southland with a focus on lifting productivity in the primary sector and building on Southland's competitive advantages in satellite ground operations and earth systems data.

• *Large industry technology investment*

A multi-million dollar investment into private sector processing business R&D programme achieved (commercially confidential) was investigated.

Business Mentor Programme

Over the year 30 business mentor matches were made. Although the target of 50 mentor-client matches was not achieved every business that requested a mentor was matched with one in the programme. The targets set by Business Mentors NZ are aspirational and numbers achieved in 2017/18 are in line with matches made in previous years.

New Zealand Trade and Enterprise programme

As the regional business partner for Southland, Venture Southland delivered the New Zealand Trade and Enterprise programme for the region throughout the 2017/18 year. There were 357 businesses assisted through the programme and \$240,000 of training vouchers allocated to connect businesses with training and resources needed for success.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR ENTERPRISE

Council provides Destination Marketing and Enterprise activities via Venture Southland, a joint venture funded by contributions from Invercargill City, Southland District and Gore District Councils and the Community Trust of Southland. The Destination Marketing activity is incorporated in the Funding Impact Statement below.

	Long Term Plan 2015 - 2025	Long Term Plan 2015 - 2025	Actual
	2016/17 \$'000	2017/18 \$'000	2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	1,770	1,806	1,805
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	20
Local authorities fuel tax, fines, infringements, fees and other receipts	1,323	1,349	1,530
Total operating funding (A)	3,093	3,155	3,355
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	3,093	3,155	3,325
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding (B)	3,093	3,155	3,325
Surplus (deficit) of operational funding (A-B)	-	-	30
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	30
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	-	-	30
Surplus (deficit) of capital funding (C-D)	-	-	(30)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Investment Property

WHAT WE HAVE DONE

The Investment Property Activity managed Council’s investment property to maximise the financial returns from properties. In doing so the Investment Property Activity provided a continuing source of income to

Council, ensured Council’s Investment Property was maintained to an appropriate standard, and ensured the review and monitoring of the performance of individual investment properties.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council’s Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A diverse and growing economy.	Attract diverse range of business and industry to locate in Invercargill, targeting especially business that offer high skills job opportunities.	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. *	Rate of return is at least equal to the current market interest rate.

* Excluding land purchased for strategic purposes and land being prepared for disposal (rating sale).

HOW DID WE MEASURE UP

Measure	Target 2017/18	Result 2017/18
Rate of return is at least equal to the current market interest rate.	Achieve current market interest rate.	Not Achieved - 3.64% (2016/17: Achieved - 5.93%).

THE DETAILS

The rental return from Endowment and Trading properties was 3.64%. This is less than the current market interest rate of 3.7%.

The net rate of return from Endowment and Trading properties was -0.05%. This is calculated by deducting operating expenses from rental revenue.

The primary reason for a small negative net rate of return is due to the Don Street business house development. This property was not fully tenanted during the financial year, which has reduced the overall performance of the Investment Property portfolio.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR INVESTMENT PROPERTY

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	(646)	(660)	(329)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,203	1,465	782
Internal charges and overheads recovered	10	11	25
Interest and dividends from investments	-	-	5
Local authorities fuel tax, fines, infringements, fees and other receipts	935	959	1,075
Total operating funding (A)	1,502	1,775	1,558
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	1,215	1,246	1,149
Finance costs	118	363	732
Internal charges and overheads applied	10	11	25
Other operating funding applications	-	-	-
Total applications of operational funding (B)	1,343	1,620	1,906
Surplus (deficit) of operational funding (A-B)	159	155	(348)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,486	(50)	401
Gross proceeds from sale of assets	-	-	2,012
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	3,486	(50)	2,413
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	2,385
- to improve the level of service	-	-	-
- to replace existing assets	3,638	110	38
Increase (decrease) in reserves	7	(5)	(358)
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	3,645	105	2,065
Surplus (deficit) of capital funding (C-D)	(159)	(155)	348
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	25	26	23

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Urban Rejuvenation



WHAT WE HAVE ACHIEVED

South Invercargill Urban Rejuvenation Trust (South Alive)

Council continued with its commitment to repay (over five years) a \$200,000 loan from the Community Trust of Southland which contributed towards the purchase and upgrade of ‘The Pantry’ building, part of the South Alive Social Enterprise and Community Hub. Council contributed funds to enable the newsletter in The Eye to be published along with \$12,500 for office rent. Council provided a further \$13,500 for key events being organised by South Alive.

Windsor Business Group

Council contributed \$9,500 for the construction of planting boxes for the Windsor shopping centre.

THE DETAILS

Not all of the available urban rejuvenation funding was allocated in the 2017/18 year. Contestable grants from this funding will be allocated through the Neighbourhood Fund Committee from the 2018/19 year onwards. Through this funding Council will support projects and events in neighbourhood areas. The expectation from Council is that they will benefit an identifiable neighbourhood and encourage community-led revitalisation projects. Applicants will need to indicate how they plan to spend their grant if successful.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR URBAN REJUVENATION

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	271	277	306
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	80
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	-
Total operating funding (A)	271	277	386
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	217	223	305
Finance costs	22	20	17
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding (B)	239	243	322
Surplus (deficit) of operational funding (A-B)	32	34	64
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(32)	(34)	(58)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(32)	(34)	(58)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	15
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	(9)
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	-	-	6
Surplus (deficit) of capital funding (C-D)	(32)	(34)	(64)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

City Centre Revitalisation



WHAT WE HAVE ACHIEVED

It has been another busy year in the City Centre with the City Centre Co-ordinator continuing to build strong relationships between the Council and retailers, using our new branding to provide economic benefits to local retailers. We launched a new website (Invercargillnz.com) to stimulate economic investment in the City, showcase Invercargill to the rest of the world and offer an online shopping element for local businesses.

A big inner city clean-up was delivered. Rev Up Invercargill provided a fresh look for visitors to the Burt Munro Challenge and re-invigorated the City Centre. We also highlighted our City and its position in the world by working with Starbucks Coffee to develop a special mug that uses our new branding alongside the coordinates of the southernmost Starbucks in the world.

A number of projects and events were held to add vibrancy to the City Centre including:

- Gingerbread House Contest with over 70 participants
- Christmas Festival
- Matariki Festival
- Halloween Trick or Treating in the CBD
- Food Truck Fridays
- Supporting community initiatives such as pop up shops.

With the announcement of proposals for two significant developments in the City Centre no further streetscape development has been undertaken. Council intends to work with the developers on the necessary infrastructure and street improvements. This work is likely to begin during the 2018/19 financial year.

INVERCARGILL CITY COUNCIL FUNDING IMPACT STATEMENT FOR 30 JUNE, 2018 FOR CITY CENTRE REVITALISATION

	Long Term Plan 2015 - 2025 2016/17 \$'000	Long Term Plan 2015 - 2025 2017/18 \$'000	Actual 2017/18 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	192	400	164
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	-
Total operating funding (A)	192	400	164
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	14	12	-
Finance costs	122	266	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding (B)	136	278	-
Surplus (deficit) of operational funding (A-B)	56	122	164
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,305	1,102	(164)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,305	1,102	(164)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	2,361	1,224	-
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	-	-	-
Total application of capital funding (D)	2,361	1,224	-
Surplus (deficit) of capital funding (C-D)	(56)	(122)	(164)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2017/18 budgets prepared as part of the 2015 - 2025 Long-term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2017/18 Annual Plan.

Council Controlled Organisations

Ngā rōpū whakahaere a Kaunihera



Council Controlled Organisations and Council Organisations provide opportunities for councils to provide services and activities. A Council Controlled Organisation is a company or an organisation in which a council, or councils, hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers. A Council Controlled Trading Organisation is similar, but its main focus is trading. A Council Organisation is the same as a Council Controlled Organisation, but does not require 50% or more control.

Each Council Controlled Organisation prepares a Statement of Intent which sets out, for the benefit of its shareholders, its mission and objectives for each financial year. The following Council Controlled Organisations are included in this section:

- Invercargill City Holdings Limited
- Southland Museum and Art Gallery Trust
- Invercargill Venue and Events Management Limited
- Invercargill City Charitable Trust
- Bluff Maritime Museum Trust

Invercargill City Holdings Limited

HOW DID WE MEASURE UP

Invercargill City Holdings Limited (ICHL) is wholly owned by Invercargill City Council. There was no proposal to change the ownership or control of ICHL in 2017/18.

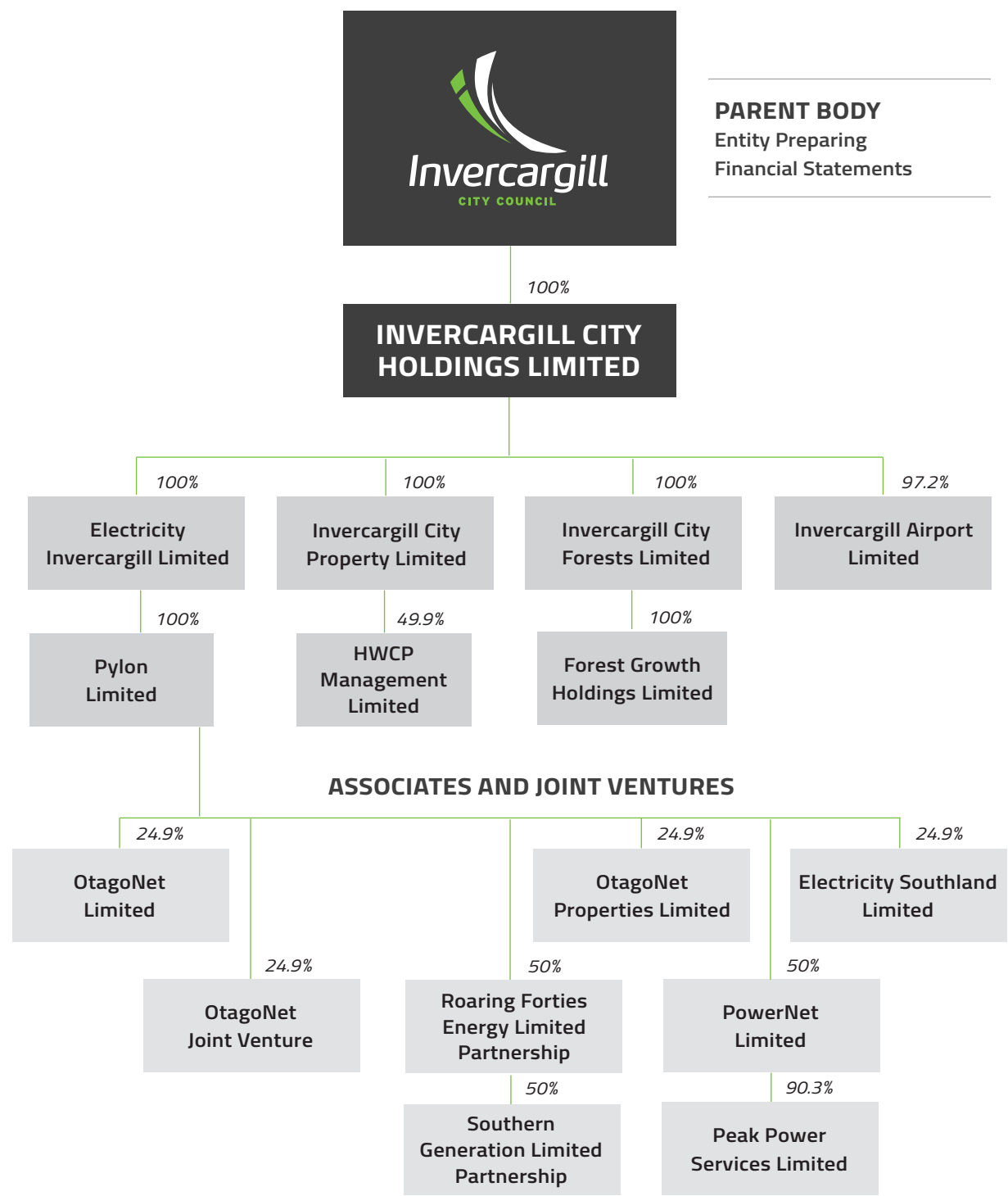
ICHL provide input into the Statement of Intent of each of its subsidiaries to ensure that they reflect the objectives and policies of Invercargill City

Council.

ICHL has turned over a greater trading surplus than last financial year, and the dividend that Invercargill City Council received has increased in turn. This income for Council offsets the amount needed to be raised through rates.

Financial Performance Targets – Rate of return on equity funds	2017/18 Targets	2017/18 Result
Invercargill City Holdings Limited - % Before Tax	10.15% before tax	10.44% before tax (2016/17 - 13.04%)
Invercargill City Holdings Limited - % After Tax	7.31% after tax	7.85% after tax (2016/17 - 9.92%)

Group Structure for Invercargill City Holdings Ltd



Southland Museum & Art Gallery

Southland Museum and Art Gallery Trust is a Council Controlled Organisation. There was no proposal to change the ownership or control of the Trust in 2017/18.

The scope and nature of the activities that the Southland Museum and Art Gallery Trust intended to provide was to focus the Museum as a regional

facility in the community and to provide a variety of experiences to the people of Southland that they would not otherwise have access to. This was achieved during the 2017/18 year by professionally managing and developing the collection so that it builds on its existing strengths.

HOW DID WE MEASURE UP

Measure	2017/18 Target	2017/18 Result
Promotion of Southland Museum and Art Gallery as a quality venue to visit for residents and visitors.	Annual visitor numbers exceed 200,000/ annum.	Not Achieved - 186,058 (up to closure on 12 April 2018) (2016/17: Achieved - 232,580)
Development and implementation of an annual visitor experience programme.	A minimum of 12 short-term exhibitions, including 8 in the community access gallery.	Not achieved - Six including four in the Community Access Gallery (up to closure on 12 April 2018) (2016/17: Achieved - 13 short term exhibitions, including 8 in the Community Access Gallery)
Collections are maintained in optimal conditions of their long term preservation.	Prepare for building refurbishment and extension to enable internal environmental conditions to meet national/international guidelines.	The museum redevelopment has been included in the Invercargill City Council Long-term Plan to be carried out in 2022-23 (2016/17: Achieved)

THE DETAILS

The Southland Museum and Art Gallery Trust Board decided to close the museum building to the public on 12 April 2018. In 2013, a seismic assessment was undertaken by Opus International Consultants. The report described the Museum as consisting of three older buildings which are enclosed by a fourth building, the pyramid. The assessment found the seismic ratings of all four of the buildings were less than 34 per cent of the New Building Standard. With the introduction of new health and safety legislation and amendment of the Building Act in regard to earthquake-prone buildings, the Board requested a peer review of the original seismic assessment. This was undertaken by structural engineer Win Clark, an advisor to Heritage New Zealand, in 2018. His review determined the original assessment was fair, and concluded the Museum buildings were “probably earthquake-prone”.

The Chief Executive of Invercargill City Council must provide a safe workplace under the Health and Safety

at Work Act 2015. Legal commentators have observed that if serious harm resulted from an earthquake, and the Chief Executive had not taken all practicable steps to ensure the safety of employees or people in or near the building, the Chief Executive could face enforcement under the Act. After considering all the facts and legislation, The Board, with the support of the Invercargill City Council, decided to close the museum building.

A redeveloped museum will take time to complete with a number of factors to consider including future storage options for the collection, determining the best way for the Story of Southland to be told and how to fund the redevelopment. It is anticipated that the museum will be redeveloped and re-opened by the 2023/24 year. In the interim, the Southland Museum and Art Gallery Trust Board wants to retain a presence within the City and is investigating options of having a temporary exhibition venue.



Invercargill Venue & Events Management Limited

Invercargill Venue and Events Management Limited's purpose is to operate and market the Civic Theatre, Scottish Hall and Rugby Park to promote the most appropriate venue for events. Invercargill Venue and Events Management Limited is a Council Controlled Organisation.

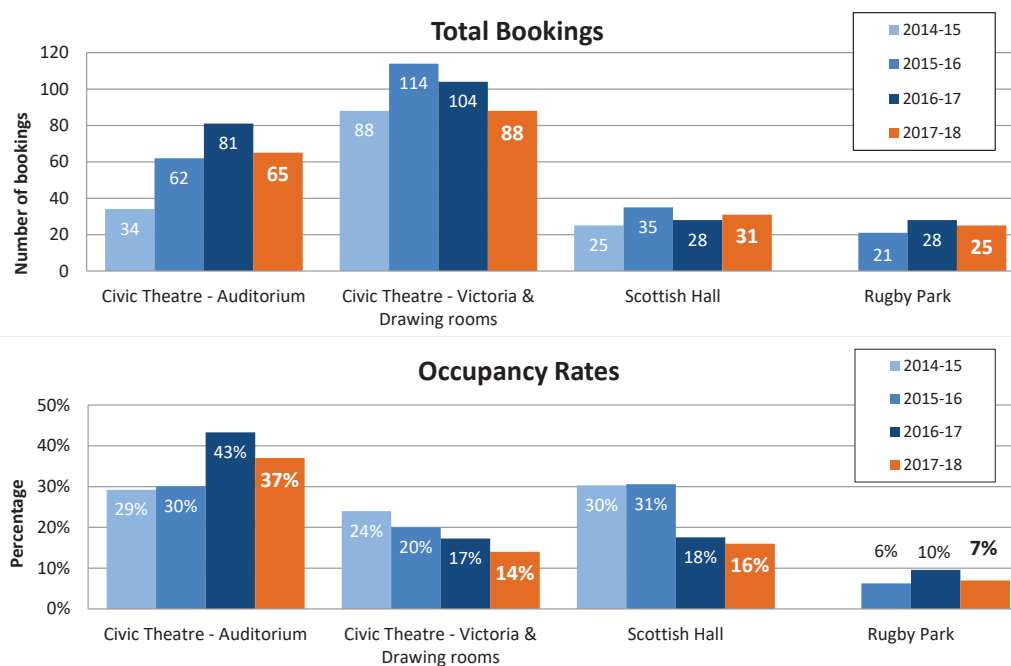
be provided by Invercargill Venue and Events Management are those of a venue management, operations and promotions company. This was achieved during the 2017/18 year by managing and operating the Civic Theatre and promoting events in Invercargill.

The nature and scope of activities intended to

HOW DID WE MEASURE UP

Measure	2017/18 Target	2017/18 Result
Increase in bookings for the Civic Theatre complex.	Book at least twelve major shows (nationally or internationally significant) per year.	(2017/18: 20 major shows Achieved) (2016/17: 30 major shows - Achieved)
	Increase bookings of the Civic Theatre complex by local groups and performers.	(2017/18: 30 local bookings - Achieved) (2016/17: - 28 local bookings - Not Achieved)
	Increase bookings of the Theatre's meeting spaces.	See "The Details" section for results

THE DETAILS



A booking is generated when a venue has been hired out for a period of time.

The occupancy rate is the percentage of time a venue is hired for over the total time the venue is available to be hired.

WHAT ELSE HAVE WE DONE

This is the company's third year of managing Rugby Park Stadium in Invercargill.

The company is continuing to work with historic hirers of the venue to ensure continued use by existing hirers (i.e. Rugby Southland and The Highlanders), along with promoting the venue to attract new hirers and events.

Relationships have been established with a large number of Southland community groups, as well as Rugby Southland, to ensure current bookings are retained, and new ones are sought.

Following on from our initial maintenance programme which was undertaken to raise the standard of the venue to a level which will ensure its viability as a hireable venue for the future, we are continuing to undertake venue maintenance, along with undertaking some improvements.

Invercargill City Charitable Trust (ICCT)

Invercargill City Charitable Trust (ICCT) is established to promote charitable purposes. The objective for the Invercargill City of particular focus is the provision of public amenities for the general benefit of the people of Invercargill City. This includes development of athletic sports, wholesome recreations and amenities.

The main outputs of the Trust are for costs incurred in the management, staging and promotion of the Southland Buskers Festival and cost relating to the ownership and maintenance of Rugby Park stadium.

Bluff Maritime Museum Trust

The Bluff Maritime Museum Trust's vision is to make the Bluff Maritime Museum a must-see attraction for residents and visitors.

Measure of Service	2017/18 Target	2017/18 Result
Maintain strong community relationships over issues relating to the collections.	The Museum is open for a minimum of six and a half hours each day during the Summer months and five and a half hours Monday to Friday during the Winter months.	Achieved. (2016/17: Achieved)

THE DETAILS

The Bluff Maritime Museum Trust contributes towards the achievement of Invercargill City's Community Outcomes. The Trust receives grants from the Southland Regional Heritage Committee, Environment Southland, the Invercargill City Council and the Bluff Community Board.

The Museum continues to offer engaging displays and interesting collections that have further contributed to their success.

Financial Management

Ō mātou tahua pūtea



The Council must under the Local Government Act, manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently, and in a manner that sustainably promotes the current and future interests of the Community.

This section includes:

- Statement of Financial Position
- Statement of Comprehensive Revenue and Expense
- Statement of Changes in Equity
- Cashflow Statement
- Notes to the Financial Statements
- Statement of Accounting Policies

Financial Statements

STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

		Council	Council	Council	Group	Group
		Actual	Budget	Restated	Actual	Restated
	Note	2018	2018	Actual	2018	Actual
		(\$000)	(\$000)	2017	(\$000)	2017
				(\$000)		(\$000)
ASSETS						
Current assets						
Cash and cash equivalents	8	1,347	8,385	7,796	7,177	12,899
Receivables	9	9,258	12,556	6,358	11,934	8,839
Prepayments		509	-	665	620	776
Tax receivables		-	-	-	2	1
Inventories	10	933	676	753	5,642	760
Non-current assets held for resale	11	-	-	1,803	-	1,803
Advances to associates and joint ventures		-	-	-	-	250
Other financial assets	18	49,066	20,275	11,503	32,478	13,003
Total current assets		61,113	41,892	28,878	57,853	38,331
Non-current assets						
Work in progress	12,13,15	7,473	-	13,945	9,097	15,807
Property, plant and equipment	12	769,373	711,838	782,973	908,534	918,424
Intangible assets	13	906	837	870	914	870
Forestry assets	14	2,885	3,093	3,426	26,850	23,293
Investment property	15	36,893	39,829	25,194	40,953	29,029
Investment in associates and joint ventures	16,17	-	-	-	83,060	86,040
Advances to associates and joint ventures		-	-	-	15,496	16,163
Investment in CCOs and similar entities	18	36,069	36,069	36,069	-	-
Other financial assets - Other investments	18	15,744	28,254	41,198	862	13,806
Other financial assets - Derivative financial instruments	18	-	-	207	-	254
Deferred tax assets	23	-	-	-	913	760
Total non-current assets		869,343	819,920	903,882	1,086,679	1,104,446
TOTAL ASSETS		930,456	861,812	932,760	1,144,532	1,142,777
LIABILITIES						
Current liabilities						
Trade and other payables	19	11,088	9,608	10,143	16,167	14,319
Provisions	20	112	149	112	112	112
Employee benefit liabilities	21	2,467	2,497	2,578	2,446	2,617
Borrowings	22	52,936	3,842	35,786	52,955	35,805
Tax payable		-	-	-	385	580
Derivative financial instruments	18	92	11	188	152	201
Total current liabilities		66,695	16,107	48,807	72,217	53,634
Non-current liabilities						
Provisions	20	816	646	816	816	816
Employee benefit liabilities	21	1,164	1,238	1,231	1,231	1,231
Borrowings	22	35,200	101,922	50,200	111,574	128,662
Deferred tax liabilities	23	-	-	-	25,221	24,306
Derivative financial instruments	18	865	1,111	521	4,013	3,226
Total non-current liabilities		38,045	104,917	52,768	142,855	158,241
TOTAL LIABILITIES		104,740	121,024	101,575	215,072	211,875
EQUITY						
Retained earnings	24	380,594	396,521	388,675	454,259	459,455
Other reserves	24	445,122	344,267	442,510	475,201	471,447
Total equity		825,716	740,788	831,185	929,460	930,902
TOTAL LIABILITIES AND EQUITY		930,456	861,812	932,760	1,144,532	1,142,777
Total equity attributable to the Council		825,716	740,788	831,185	926,609	928,051
Total equity attributable to the Minority Interests		-	-	-	2,851	2,851
TOTAL EQUITY		825,716	740,788	831,185	929,460	930,902

The accompanying notes form an integral part of these financial statements

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended June 30, 2018

	Note	Council Actual 2018 (\$000)	Council Budget 2018 (\$000)	Council Restated Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Restated Actual 2017 (\$000)
Revenue						
Rates revenue	1	50,862	50,068	49,003	50,862	49,003
Fines		264	519	279	264	279
Subsidies and grants		8,024	6,672	6,742	8,100	6,877
Direct charges revenue		22,152	19,802	20,451	56,080	53,488
Rental revenue		2,307	2,453	2,013	2,307	2,013
Finance revenue		2,177	2,070	1,970	2,827	2,459
Dividends		5,302	5,850	4,700	2	-
Property, plant and equipment acquired in non-exchange transactions		-	-	99	-	-
Total revenue (excluding gains)		91,088	87,434	85,257	120,442	114,119
Expenditure						
Employee expenses	4	24,012	24,502	23,602	25,332	25,001
Depreciation and amortisation		26,853	22,081	23,527	33,011	29,585
General expenses	5	40,093	39,043	37,095	60,531	56,071
Finance expenses		2,869	4,323	2,738	6,907	6,966
Total expenditure		93,827	89,949	86,962	125,781	117,623
Other gains/(losses)						
Other gains/(losses)	2	(2,403)	720	1,073	482	21,599
Operating surplus (deficit) before tax		(5,142)	(1,795)	(632)	(4,857)	18,059
Share of associate's and joint venture's surplus (deficit)		-	-	-	5,277	4,830
Surplus (deficit) before tax		(5,142)	(1,795)	(632)	420	22,925
Income tax expense	7	-	-	-	2,740	2,988
Surplus (deficit) after tax		(5,142)	(1,795)	(632)	(2,320)	19,937
Attributable to:						
Invercargill City Council		(5,142)	(1,795)	(632)	(2,328)	19,916
Minority interest		-	-	-	8	21
		(5,142)	(1,795)	(632)	(2,320)	19,937
Other comprehensive revenue and expense						
Property, plant and equipment revaluation gains/(losses)		-	-	139,155	1,592	141,018
Carbon credit revaluation gains/(losses)		129	-	(5)	129	(5)
Cash flow hedges		(456)	-	621	(843)	2,068
Total other comprehensive revenue and expense		(327)	-	139,771	878	143,081
Total comprehensive revenue and expense		(5,469)	(1,795)	139,139	(1,442)	163,018
Total comprehensive revenue and expense attributable to:						
Equity holders of the Council		(5,469)	(1,795)	139,139	(1,450)	162,997
Minority interest		-	-	-	8	21
		(5,469)	(1,795)	139,139	(1,442)	163,018

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2018

		Council	Council	Council	Group	Group
	Note	Actual 2018 (\$000)	Budget 2018 (\$000)	Restated Actual 2017 (\$000)	Actual 2018 (\$000)	Restated Actual 2017 (\$000)
Balance at 1 July		831,185	742,582	696,746	930,902	767,464
Restatement	36	-	-	(4,700)	-	420
Adjusted balance at 1 July		831,185	742,582	692,046	930,902	767,884
Total comprehensive revenue and expense for the year		(5,469)	(1,794)	139,139	(1,442)	163,018
Balance at 30 June	24	825,716	740,788	831,185	929,460	930,902
Attributable to:						
Invercargill City Council		825,716	740,788	831,185	926,601	928,051
Minority interest		-	-	-	2,859	2,851
Balance at 30 June		825,716	740,788	831,185	929,460	930,902

For further information relating to the restatement please refer to Note 36

The accompanying notes form an integral part of these financial statements

CASH FLOW STATEMENT

For the year ended June 30, 2018

		Council	Council	Council	Group	Group
		Actual	Budget	Restated	Actual	Restated
	Note	2018	2018	Actual	2018	Actual
		(\$000)	(\$000)	2017	(\$000)	2017
				(\$000)		(\$000)
Cash flows from operating activities						
Receipts from rates revenue		50,663	50,068	49,212	50,663	49,212
Receipts from other revenue		30,976	29,447	30,102	64,992	58,951
Interest received		2,177	2,070	1,970	3,027	3,324
Dividends received		5,302	5,850	4,700	2	-
Payments to suppliers and employees		(63,292)	(63,627)	(60,538)	(81,075)	(78,716)
Interest paid		(2,869)	(4,323)	(2,738)	(7,090)	(7,558)
Income tax paid (refund)		-	-	-	(2,029)	(2,016)
Goods and services tax (net)		(718)	-	386	(782)	163
Net cash flows from operating activities	25	22,239	19,485	23,094	27,708	23,360
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment		1,464	156	71	1,492	(19)
Proceeds from sale of biological assets		-	-	-	-	-
Proceeds from sale of investment		1,004	-	755	1,004	755
Proceeds from sale of investments		-	6,020	-	-	-
Advances repaid by subsidiaries and associates		-	-	-	-	4,173
Advances repaid by non subsidiaries		-	-	-	-	1,500
Purchase of property, plant and		(7,070)	(22,045)	(36,827)	(15,561)	(42,576)
Purchase of investments		(12,113)	(4,112)	(1,662)	(8,923)	(1,663)
Purchase of biological assets		-	-	-	(2,713)	-
Purchase of investment property		(14,090)	-	(759)	(14,090)	(759)
Purchase of intangible assets		(33)	-	(129)	(41)	(129)
Advances made to associates and joint		-	-	-	(4,047)	-
Advances made to non subsidiaries and associates		-	-	-	2,000	-
Acquisition of subsidiary, net of cash		-	-	-	228	-
Investments in associates and joint ventures		-	-	-	7,162	6,035
Net cash flows from investing activities		(30,838)	(19,981)	(38,551)	(33,489)	(32,683)

CASH FLOW STATEMENT CONTINUED

For the year ended June 30, 2018

		Council	Council	Council	Group	Group
	Note	Actual 2018 (\$000)	Budget 2018 (\$000)	Restated Actual 2017 (\$000)	Actual 2018 (\$000)	Restated Actual 2017 (\$000)
Cash flows from financing activities						
Proceeds from borrowings		8,771	3,595	28,595	9,846	30,614
Repayment of borrowings		(6,621)	(3,181)	(13,861)	(9,782)	(19,770)
Proceeds from equity (share issue)		-	-	-	(5)	-
Net cash flows from financing activities		2,150	414	14,734	59	10,844
Net (decrease) increase in cash, cash equivalents and bank overdrafts		(6,449)	(82)	(723)	(5,722)	1,521
Cash, cash equivalents and bank overdrafts at the beginning of the year		7,796	8,467	8,519	12,899	11,378
Cash, cash equivalents and bank overdrafts at the end of the year	8	1,347	8,385	7,796	7,177	12,899

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

1 Rates revenue

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)
General rates	6,159	6,607
Rates penalties	594	594
	6,753	7,201
Targeted rates attributable to activities		
Water	7,589	6,638
Sewerage and drainage	9,150	8,270
Refuse and recycling	4,313	4,176
Other activities	23,138	22,804
Total revenue from rates	50,943	49,089

Rates remissions

Rates revenue is shown net of rates remissions. The purpose of granting rates remission to an organisation is to:

- assist the organisation's survival, and
- make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, those with disabilities and economically disadvantaged people.

As required by the Local Government (Rating) Act 2002, details of rates remitted during the year are as follows:

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)
Halls, museums and other similar groups	3	4
Organisations whose object is the health and well-being of the community	34	27
Organisations whose principal object is the promotion of the arts or recreation	32	37
Organisations using premises as a showground or meeting venue	-	-
Organisations using premises for gaming and sport	-	2
Organisations using premises for branches of the arts	12	16
Total remissions	81	86
Rates revenue net of remissions	50,862	49,003

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under the Council's rates remission policy.

1 Rates revenue (continued)

Rating Base Information

The following disclosures are made in accordance with the Local Government Act 2002 Amendment Act 2014, Clause 30A of Schedule 10.

	Council Actual 2018	Council Actual 2017
Number of rating units within the Invercargill City Council	25,259	25,196
	(\$000)	(\$000)
Total rateable land value within the Invercargill City Council	2,939,213	2,560,305
Total rateable capital value within the Invercargill City Council	8,426,621	7,245,108

2 Other gains and losses

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Change in fair value and harvesting of biological assets (refer Note 14)	(451)	533	2,168	4,686
Change in fair value of investment property (refer Note 15)	(1,316)	535	(1,091)	592
Change in fair value of investments	(4)	29	306	29
Net gain/(loss) on sale of property, plant and equipment	(632)	(24)	(901)	(431)
Initial gain on acquisition of property, plant and equipment	-	-	-	16,723
Total other gains and losses	(2,403)	1,073	482	21,599

3 Reconciliations of Funding Impact Statements to Statement of Comprehensive Revenue & Expense

Rates revenue reconciliation from Funding Impact Statements to Statement of Comprehensive Revenue & Expense

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)
General rates, uniform annual general charges, rates penalties	6,641	7,115
Targeted rates	44,221	41,888
Total rates income as per Funding Impact Statement	50,862	49,003
Rates excluding targeted water supply rates	43,273	42,365
Rates - Targeted water supply rates	7,589	6,638
Total rates income as per Statement of Comprehensive Revenue & Expense	50,862	49,003

3 Reconciliations of Funding Impact Statements to Statement of Comprehensive Revenue & Expense (continued)

Operating revenue reconciliation from Funding Impact Statements to Statement of Comprehensive Revenue & Expense

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)
Total operating funding as per Funding Impact Statement	89,506	85,093
PLUS: Capital funding - Subsidies and grants for capital expenditure		
- Roading activity	3,897	2,815
LESS: Share of joint ventures' revenue	(2,315)	(2,150)
PLUS: Non cash capital additions		
- Investment property revaluation gain/(loss)	(1,316)	535
- Biological assets revaluation gain/(loss)	(451)	533
- Investments revaluation gain/(loss)	(4)	29
- De-recognition of property, plant and equipment gain/(loss)	(632)	(24)
Total revenue funding as per Statement of Comprehensive Revenue and Expense	88,685	86,930
Rates excluding targeted water supply rates	43,273	42,365
Targeted rates for water supply	7,589	6,638
Subsidies and grants	8,024	6,742
Other revenue	30,025	28,142
Change in fair value and harvesting of biological assets	(451)	533
Change in fair value of investment property	(1,316)	535
Change in fair value of investments	(4)	29
Gain/(Loss) on sale of assets	(632)	(24)
Finance revenue	2,177	1,970
Total revenue	88,685	86,930

3 Reconciliations of Funding Impact Statements to Statement of Comprehensive Revenue & Expense (continued)

Operating revenue reconciliation from Funding Impact Statements to Statement of Comprehensive Revenue & Expense (continued)

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)
Total applications of operating funding as per Funding Impact Statement	69,116	65,706
LESS: Share of joint ventures' expenses	(2,142)	(2,271)
	66,974	63,435
Per Statement of Comprehensive Revenue and Expense		
Employee benefit expenses	24,012	23,602
Other expenses	40,093	37,095
Finance expenses	2,869	2,738
	66,974	63,435
Plus depreciation expenses (not in Funding Impact Statement)	26,853	23,527
Total operating expenditure including finance costs as per Statement of Comprehensive Revenue and Expense	93,827	86,962

4 Employee expenses

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Wages and salaries	23,540	22,988	24,853	24,374
Contributions to defined contribution plans	644	610	644	610
Increase/(Decrease) in employee benefits	(172)	4	(165)	17
Total employee expenses	24,012	23,602	25,332	25,001

Employee severance payments:

Council did not make any severance payments during the year ended 30 June 2018.

Council made four severance payments during the year ended 30 June 2017 totalling \$72,175 comprising of \$1,000, \$11,750, \$15,000 and \$44,425.

5 General expenses

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Audit fees (refer Note 6)	270	135	485	327
Bad and doubtful debts	(15)	364	(15)	364
Directors' fees	-	-	653	644
Operating lease expenses	241	179	241	179
Impairment of investment in associate	-	-	-	279
Impairment of goodwill	-	-	641	-
Direct operating expenses (including repairs and maintenance) arising on investment properties	1,061	906	1,061	1,008
Biological assets cost of goods sold	90	-	1,445	-
Other expenses	38,446	35,511	56,020	53,270
Total general expenses	40,093	37,095	60,531	56,071

6 Auditor remuneration

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Auditor's remuneration to Audit New Zealand comprises:				
- Audit of financial statements	131	130	249	218
- Cost recoveries from audit of 2017 financial statements	26	-	26	
- Other audit-related services	113	5	113	5
Auditor's remuneration to other auditors comprises:				
- Audit of financial statements	-	-	38	48
- Other audit-related services	-	-	59	56
Total auditor remuneration	270	135	485	327

Other audit-related services for the audit or review of financial and non financial information other than financial reports including the Long-term Plan and the debenture trust deed.

7 Income tax expense

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Current tax expense				
Current period	-	-	1,829	1,572
Total current tax expense	-	-	1,829	1,572
Deferred tax expense				
Origination and reversal of temporary differences	-	-	521	991
Other	-	-	390	425
Total deferred tax expense	-	-	911	1,416
Total income tax expense	-	-	2,740	2,988
Reconciliation of effective tax rate				
Profit for the period excluding income tax	(5,142)	442	420	23,399
	(5,142)	442	420	23,399
Tax at 28%	(1,440)	124	343	6,553
Permanent differences	-	-	194	1
Non-deductible expenses	1,440	-	1,529	2
Tax exempt revenue	-	(124)	(7)	(4,699)
Group loss offset	-	-	(529)	(334)
Change in recognised permanent differences	-	-	1,119	1,673
Change in recognised temporary differences	-	-	105	-
Under/(Over) provided in prior periods	-	-	(14)	(207)
Total income tax expense	-	-	2,740	2,988

Within the Group; Invercargill City Holdings Limited will transfer tax losses to Electricity Invercargill Limited of \$Nil (2017: \$444,449).

From the above tax position of loss offsets transferred to other Group companies for the year ended 30 June 2018, there are no unrecognised tax losses of the Group (2017: \$Nil).

8 Cash and cash equivalents

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Bank balances	1,341	7,792	7,169	12,894
Cash on hand	6	4	8	5
Cash and cash equivalents in the Statement of Cash Flows	1,347	7,796	7,177	12,899

The carrying value of short-term deposits with maturity of three months or less approximates their fair value.

9 Receivables

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Rates and water receivables	1,966	1,767	1,966	1,767
Related party receivables	49	85	191	110
Sundry debtors	6,417	4,299	8,782	6,822
Goods and services tax	1,181	601	1,350	534
	9,613	6,752	12,289	9,233
Less provision for impairment of receivables	(355)	(394)	(355)	(394)
Total receivables	9,258	6,358	11,934	8,839
Total receivables comprises:				
Receivables from non-exchange transactions	7,671	5,788		
Receivables from exchange transactions	1,587	570		
Total receivables	9,258	6,358		

Receivables from non-exchange transactions includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates.

Receivables from exchange transactions includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates.

The carrying value of trade and other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables outside the Group, as the Group has a large number of customers.

The Council does not provide for any impairment on rates receivables as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place debts are discounted to the present value of future repayments.

These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

9 Receivables (continued)

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Current (Less than 3 months)	9,164	6,130	11,824	8,611
3 to 6 months	94	228	110	228
6 to 9 months	-	-	-	-
9 to 12 months	-	-	-	-
> 12 months	-	-	-	-
Carrying amount	9,258	6,358	11,934	8,839

As of 30 June 2018 and 2017, all overdue receivables, except for rates receivables, have been assessed for impairment and appropriate provisions applied. The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for the Council's pool of debtors. Expected losses have been determined based on an analysis of the Council's losses in previous periods, and review of specific debtors.

Movements in the provision for impairment of receivables and community loans are as follows:

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
At 1 July	(394)	(48)	(394)	(48)
Additional provisions made during the year	-	(346)	-	(346)
Receivables written off during the period	39	-	39	-
At 30 June	(355)	(394)	(355)	(394)

10 Inventories

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Inventory held for distribution or provision of services at charge or nominal charge				
Raw materials and consumables	352	223	352	223
Finished goods	500	436	500	436
	852	659	852	659
Inventory held for sale or provision of services at commercial terms				
Finished goods	81	94	90	101
Land and trees held for sale	-	-	4,700	-
	81	94	4,790	101
Total inventories	933	753	5,642	760

The carrying amount of inventories held for distribution are measured at cost less any loss of service potential as at 30 June, 2018 amounted to \$Nil (2017: \$Nil).

The write-down of inventories held for distribution amounted to \$Nil (2017: \$Nil), while reversals of write-downs amounted to \$Nil (2017: \$Nil).

The carrying amount of inventories pledged as security for liabilities is \$Nil (2017: \$Nil).

11 Non-current assets held for resale

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Land	-	1,050	-	1,050
Buildings	-	753	-	753
Total non-current assets held for resale	-	1,803	-	1,803

The Council owned properties at 13 and 17 Clyde Street and 26 Liddel Street have been presented as held for sale following the approval by the Council on 8 November, 2016 to sell the properties. The completion date of the sale was 22 February, 2018.

12 Property, plant and equipment

2018

	\$000	\$000	\$000	\$000	\$000	\$000
	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions and transfers	Disposals and Derecognition	Current year disposals accumulated depreciation
	1-Jul-17	1-Jul-17	1-Jul-17			
Council operational assets						
Land	16,147	-	16,147	151	-	-
Buildings	73,021	-	73,021	296	-	-
Library books	3,927	-	3,927	397	-	-
Plant and equipment	14,308	(9,453)	4,855	867	(130)	100
Motor vehicles	4,920	(3,026)	1,894	933	(735)	612
Furniture and fittings	437	(248)	189	59	-	-
Total Council operational assets	112,760	(12,727)	100,033	2,703	(865)	712
Council infrastructural assets						
Roads, bridges and footpaths	230,887	-	230,887	7,544	-	-
Stormwater systems	159,200	-	159,200	982	-	-
Wastewater systems - Treatment plants and facilities	22,199	-	22,199	10	-	-
Wastewater systems - Other assets	90,810	-	90,810	336	-	-
Water systems - Treatment plant and facilities	18,732	-	18,732	81	-	-
Water systems - Other assets	105,049	-	105,049	1,677	-	-
Land under roads	45,051	(5)	45,046	-	-	-
Total Council infrastructural assets	671,928	(5)	671,923	10,630	-	-
Council restricted assets						
Land	7,472	(120)	7,352	44	(11)	-
Land - Forestry	1,670	-	1,670	-	-	-
Buildings	3,292	(1,297)	1,995	136	-	-
Hard surfaces and reticulation systems	-	-	-	29	-	-
Total Council restricted assets	11,981	(1,333)	10,648	408	-	-
Total Council property, plant and equipment	797,122	(14,149)	782,973	13,542	(876)	712
Subsidiaries property, plant and equipment						
Land	1,494	-	1,494	-	-	-
Land - Forestry	6,005	-	6,005	818	-	-
Gravel and fencing	3,963	(836)	3,127	87	-	-
Buildings, yards and terminals	22,704	(896)	21,808	-	-	-
Network assets	106,500	(18,331)	88,169	7,553	(675)	402
Plant and equipment	2,811	(1,783)	1,028	33	(27)	4
Motor vehicles	2,637	(2,503)	134	4	-	-
Furniture and fittings	5,041	(1,018)	4,023	3	-	-
Runways and taxi ways	14,746	(6,691)	8,055	10	-	-
Roading	2,036	(428)	1,608	64	-	-
Total subsidiaries property, plant and equipment	167,937	(32,486)	135,451	8,572	(702)	406
Total Group property, plant and equipment	965,059	(46,635)	918,424	22,114	(1,578)	1,118

\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost transfers	Depreciation transfers	Impairment charges	Depreciation	Revaluation adjustment - Cost	Revaluation adjustment - Accumulated depreciation	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
						30-Jun-18	30-Jun-18	30-Jun-18
(85)	-	-	-	-	-	16,213	-	16,213
4,340	-	-	(4,079)	-	-	77,657	(4,079)	73,578
-	-	-	(566)	-	-	4,324	(566)	3,758
-	-	-	(1,017)	-	-	15,045	(10,370)	4,675
-	-	-	(706)	-	-	5,118	(3,120)	1,998
-	-	-	(25)	-	-	496	(273)	223
4,255	-	-	(6,393)	-	-	118,853	(18,408)	100,445
(7,026)	-	-	(9,451)	-	-	231,405	(9,451)	221,954
-	-	-	(3,345)	-	-	160,182	(3,345)	156,837
-	-	-	(953)	-	-	22,209	(953)	21,256
-	-	-	(2,599)	-	-	91,146	(2,599)	88,547
-	-	-	(633)	-	-	18,813	(633)	18,180
-	-	-	(3,140)	-	-	106,726	(3,140)	103,586
-	-	-	-	-	-	45,051	(5)	45,046
(7,026)	-	-	(20,121)	-	-	675,532	(20,126)	655,406
-	-	-	-	-	-	7,505	(120)	7,385
-	-	-	-	-	-	1,670	-	1,670
-	-	-	(84)	-	-	3,428	(1,381)	2,047
2,520	-	-	(129)	-	-	2,549	(129)	2,420
2,520	-	-	(213)	-	-	15,152	(1,630)	13,522
(251)	-	-	(26,727)	-	-	809,537	(40,164)	769,373
-	-	-	-	-	-	1,494	-	1,494
-	-	-	-	1,592	-	8,415	-	8,415
-	-	-	(162)	-	-	4,050	(998)	3,052
-	-	-	(640)	-	-	22,704	(1,536)	21,168
-	-	-	(3,894)	-	-	113,378	(21,823)	91,555
-	-	-	(148)	-	-	2,817	(1,927)	890
-	-	-	(18)	-	-	2,641	(2,521)	120
-	-	-	(382)	-	-	5,044	(1,400)	3,644
-	-	-	(814)	-	-	14,756	(7,505)	7,251
-	-	-	(100)	-	-	2,100	(528)	1,572
-	-	-	(6,158)	1,592	-	177,399	(38,238)	139,161
(251)	-	-	(32,885)	1,592	-	986,936	(78,402)	908,534

12 Property, plant and equipment**2017**

	\$000 Cost/ Revaluation	\$000 Accumulated depreciation and impairment charges	\$000 Carrying amount	\$000 Additions and transfers	\$000 Disposals and Derecognition	\$000 Current year disposals accumulated depreciation
	1-Jul-16	1-Jul-16	1-Jul-16			
Council operational assets						
Land	16,608	-	16,608	6	(11)	-
Buildings	69,986	(3,843)	66,143	291	-	-
Library books	5,554	(1,434)	4,120	401	-	-
Plant and equipment	13,476	(8,518)	4,958	923	(91)	80
Motor vehicles	4,511	(2,734)	1,777	832	(423)	350
Furniture and fittings	431	(230)	201	8	(2)	2
Total Council operational assets	110,566	(16,759)	93,807	2,461	(527)	432
Council infrastructural assets						
Roads, bridges and footpaths	226,632	(19,289)	207,343	5,247	-	-
Stormwater systems	109,430	(4,302)	105,128	2,270	-	-
Wastewater systems - Treatment plants and facilities	19,409	(1,130)	18,279	469	-	-
Wastewater systems - Other assets	64,538	(3,367)	61,171	1,093	-	-
Water systems - Treatment plant and facilities	7,796	(636)	7,160	11,866	-	-
Water systems - Other assets	97,405	(5,484)	91,921	3,032	-	-
Land under roads	45,051	(5)	45,046	-	-	-
Total Council infrastructural assets	570,261	(34,213)	536,048	23,977	-	-
Council restricted assets						
Land	7,163	(120)	7,043	309	-	-
Land - Forestry	1,625	-	1,625	-	-	-
Buildings	3,193	(1,213)	1,980	99	-	-
Total Council restricted assets	11,981	(1,333)	10,648	408	-	-
Total Council property, plant and equipment	692,808	(52,305)	640,503	26,846	(527)	432
Subsidiaries property, plant and equipment						
Land	509	-	509	985	-	-
Land - Forestry	6,005	-	6,005	-	-	-
Gravel and fencing	3,814	(677)	3,137	149	-	-
Buildings, yards and terminals	6,752	(257)	6,495	16,051	(99)	-
Network assets	101,368	(17,349)	84,019	5,768	(887)	476
Plant and equipment	2,696	(1,664)	1,032	151	(36)	32
Motor vehicles	2,637	(2,483)	154	-	-	-
Furniture and fittings	4,945	(638)	4,307	109	(13)	1
Runways and taxi ways	14,731	(5,877)	8,854	15	-	-
Roading	1,922	(329)	1,593	114	-	-
Total subsidiaries property, plant and equipment	145,379	(29,274)	116,105	23,342	(1,035)	509
Total Group property, plant and equipment	838,187	(81,579)	756,608	50,188	(1,562)	941

\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost transfers	Depreciation transfers	Impairment charges	Depreciation	Revaluation adjustment - Cost	Revaluation adjustment - Accumulated depreciation	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
						30-Jun-17	30-Jun-17	30-Jun-17
-	-	-	-	(456)	-	16,147	-	16,147
-	-	-	(1,949)	2,744	5,792	73,021	-	73,021
-	-	-	(798)	(2,028)	2,232	3,927	-	3,927
-	-	-	(1,015)	-	-	14,308	(9,453)	4,855
-	-	-	(642)	-	-	4,920	(3,026)	1,894
-	-	-	(20)	-	-	437	(248)	189
-	-	-	(4,424)	260	8,024	112,760	(12,727)	100,033
-	-	-	(11,063)	(992)	30,352	230,887	-	230,887
-	-	-	(2,267)	47,500	6,569	159,200	-	159,200
-	-	-	(602)	2,321	1,732	22,199	-	22,199
-	-	-	(1,761)	25,179	5,128	90,810	-	90,810
-	-	-	(328)	(930)	964	18,732	-	18,732
-	-	-	(2,907)	4,612	8,391	105,049	-	105,049
-	-	-	-	-	-	45,051	(5)	45,046
-	-	-	(18,928)	77,690	53,136	671,928	(5)	671,923
-	-	-	-	-	-	7,472	(120)	7,352
-	-	-	-	45	-	1,670	-	1,670
-	-	-	(84)	-	-	3,292	(1,297)	1,995
-	-	-	(84)	45	-	12,434	(1,417)	11,017
-	-	-	(23,436)	77,995	61,160	797,122	(14,149)	782,973
-	-	-	-	-	-	1,494	-	1,494
-	-	-	-	-	-	6,005	-	6,005
-	-	-	(159)	-	-	3,963	(836)	3,127
-	-	-	(639)	-	-	22,704	(896)	21,808
-	-	-	(3,795)	251	2,337	106,500	(18,331)	88,169
-	-	-	(151)	-	-	2,811	(1,783)	1,028
-	-	-	(20)	-	-	2,637	(2,503)	134
-	-	-	(381)	-	-	5,041	(1,018)	4,023
-	-	-	(814)	-	-	14,746	(6,691)	8,055
-	-	-	(99)	-	-	2,036	(428)	1,608
-	-	-	(6,058)	251	2,337	167,937	(32,486)	135,451
-	-	-	(29,494)	78,246	63,497	965,059	(46,635)	918,424

12 Property, plant and equipment (continued)

The net carrying amount of property, plant and equipment held under finance leases is \$Nil (2017: \$Nil).

No depreciation is charged on land and there have been no impairments of land throughout the period (2017: \$Nil).

Specialised buildings (infrastructure) are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Non - specialised buildings (operational building for example office buildings) are valued at fair value using market-based evidence.

The value of the land owned by Invercargill City Forests Limited, had it been carried at the cost model, would be \$5,245,505 at 30 June, 2018 (\$4,427,678 at 30 June, 2017).

Forestry 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. The land was valued by Thayer Todd Valuations Limited (independent valuers) as at 30 June, 2015. The fair value was determined on the highest and best use of the land using the market comparable on sales of comparable land, based on the Valuer's sales database. Invercargill City Council has assessed the carrying value of the forestry land for impairment as at 30 June, 2018. The assessment has shown the fair value of the land to be not materially different to the carrying amount shown in these financial statements.

Group forestry 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. The land was valued by Thayer Todd Valuations Limited (independent valuers) as at 30 June, 2018. The fair value was determined on the highest and best use of the land using the market comparable method on sales of comparable land, based on the Valuer's sales database. This resulted in a revaluation increase movement of \$1,592,000.

The value of the network assets owned by Electricity Invercargill Limited, had it been carried at the cost model, would be \$66,861,000 at 30 June, 2018 (\$63,475,000 at 30 June, 2017).

The network assets of Electricity Invercargill Limited were revalued to fair value using discounted cash flow methodology on 1 April, 2016 by Ernst & Young, who are independent valuers. This resulted in a revaluation increase movement of \$2,588,000.

The following valuation assumptions were adopted:

- The free cash flows is based on the Company's five year business plan and asset management plan adjusted for non recurring or non-arms length transactions and for transactions that arise from expansionary growth in the network after the date of the valuation.
- The corporate tax rate used is 28%.
- The weighted average cost of capital (WACC) used is 5.5%.
- The sustainable growth adjustment used is 0%.

12 Property, plant and equipment (continued)**Core infrastructure asset disclosures**

Included within the Council's infrastructure assets are the following core Council assets:

	Closing book value (\$000)	Additions: constructed by Council (\$000)	Additions: transferred to Council (\$000)	Most recent replacement cost estimate for revalued assets (\$000)
2018				
Roads, bridges and footpaths	221,954	7,544	-	486,034
Stormwater systems	156,837	982	-	320,697
Wastewater systems - Treatment plants and facilities	21,256	10	-	57,909
Wastewater systems - Other assets	88,547	336	-	217,060
Water systems - Treatment plants and facilities	18,180	81	-	61,082
Water systems - Other assets	103,586	1,677	-	203,703
Land under roads	45,046	-	-	159,972
	655,406	10,630	-	1,506,457
2017				
Roads, bridges and footpaths	230,887	5,247	-	486,034
Stormwater systems	159,200	2,270	-	320,697
Wastewater systems - Treatment plants and facilities	22,199	469	-	57,909
Wastewater systems - Other assets	90,810	1,093	-	217,060
Water systems - Treatment plants and facilities	18,732	11,886	-	61,082
Water systems - Other assets	105,049	3,032	-	203,703
Land under roads	45,046	-	-	159,972
	671,923	23,997	-	1,506,457

12 Property, plant and equipment (continued)

Insurance of Assets

The following disclosures are made in accordance with the Local Government Act 2002 Amendment Act 2014, clause 31A of Schedule 10.

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)
Total value of all assets that are covered by insurance contracts	1,019,722	978,765
Maximum amount to which these assets are insured	1,069,780	1,021,114
Total value of all assets that are covered by financial risk sharing arrangements	-	-
Maximum amount available to Council under those arrangements	-	-
Total value of all assets that are self-insured	-	-
Value of any fund maintained by Council for that purpose*	-	-

* Although Council does not have a specific self-insurance fund, Council has a number of reserves available that could be used for this purpose.

In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, drainage, and sewerage assets, and provide a subsidy towards the restoration of roads.

Work in progress

Capital work in progress in the course of construction by class of asset is detailed below:

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Buildings	1,222	121	1,237	1,983
Land	-	22	-	22
Network assets	-	-	1,609	-
Plant and equipment	103	43	103	43
Roads, bridges and footpaths	-	26	-	26
Stormwater systems	1,784	617	1,784	617
Wastewater systems	4,364	1,730	4,364	1,730
Total work in progress	7,473	2,559	9,097	4,421

13 Intangible assets

	Council		
	Computer Software (\$000)	Carbon credits (\$000)	Total (\$000)
Cost			
Balance at 1 July, 2016	1,288	559	1,847
Additions	129	-	129
Change in fair value	-	(5)	(5)
Balance at 30 June, 2017	1,417	554	1,971
Additions	33	-	33
Change in fair value	-	129	129
Balance at 30 June, 2018	1,450	683	2,133
Amortisation and impairment charges			
Balance at 1 July, 2016	1,010	-	1,010
Amortisation for the year	91	-	91
Balance at 30 June, 2017	1,101	-	1,101
Amortisation for the year	126	-	126
Balance at 30 June, 2018	1,227	-	1,227
Net book value			
Balance at 30 June, 2018	223	683	906
Balance at 30 June, 2017	316	554	870
Work in progress			
Balance at 30 June, 2018	-	-	-
Balance at 30 June, 2017	109	-	109

Restrictions

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Carbon credits

The Council considers that there is no impairment of carbon credits held, as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations.

Carbon units have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit for as long as the Emissions Trading Scheme is in place.

13 Intangible assets (continued)**Group**

	Goodwill (\$000)	Computer Software (\$000)	Carbon credits (\$000)	Total (\$000)
Cost				
Balance at 1 July 2016	-	1,288	559	1,847
Additions	-	129	-	129
Change in fair value	-	-	(5)	(5)
Balance at 30 June 2017	-	1,417	554	1,971
Additions	641	33	8	682
Change in fair value	-	-	129	129
Balance at 30 June 2018	641	1,450	691	2,782
Amortisation and impairment charges				
Balance at 1 July 2016	-	1,010	-	1,010
Amortisation for the year	-	91	-	91
Balance at 30 June 2017	-	1,101	-	1,101
Amortisation for the year	-	126	-	126
Impairment loss	641	-	-	641
Balance at 30 June 2018	641	1,227	-	1,868
Net book value				
Balance at 30 June, 2018	-	223	691	914
Balance at 30 June, 2017	-	316	554	870
Work in progress				
Balance at 30 June, 2018	-	-	-	-
Balance at 30 June, 2017	-	109	-	109

Amortisation of intangible assets is recognised within depreciation and amortisation in the Statement of Comprehensive Revenue and Expense.

14 Biological assets

	Council	Group
	Forestry (\$000)	Forestry (\$000)
Balance at 1 July, 2016	2,893	20,152
Forest assets logged at cost	-	(1,545)
Change in fair value less estimated point-of-sale costs	533	4,686
Balance at 30 June, 2017	3,426	23,293
Balance at 1 July 2017	3,426	23,293
Acquisitions	-	2,834
Forest assets logged at cost	(90)	(1,445)
Forest assets held in inventory	-	-
Change in fair value less estimated point-of-sale costs	(451)	2,168
Balance at 30 June 2018	2,885	26,850

At 30 June, 2018 standing timber comprised approximately 627 hectares (2017: 548 hectares) of plantations at one location, which range from newly established plantations to plantations that are 50 years old. The Council's group includes a further 2,800 hectares at twelve different locations (2017: 2,624 hectares at nine different locations).

The forests were revalued as at 30 June, 2018 by independent valuers Margules Groome Consulting Ltd (2017: Mr Geoff Manners of Woodlands Pacific Consulting Limited). The following significant assumptions have been adopted in determining the fair value of forestry assets:

- The valuation excludes funding and taxation as costs.
- The discount rate is based on the implied pre-tax discount rate from actual transactions (2017: the mid-point of WPC's analysis of the pre-tax discount rates from actual transactions). The pre-tax discount rate chosen for the 2018 valuation of the Invercargill City Forests Limited's forests is 6.75% (2017: 7.5%) and for the Council's forests it is 7.75% (2017: 9.5%).
- The valuation excludes any increases in value due to biological transformation.
- The valuation excludes any costs associated with future activities of the Council such as those related to enhancing future biological transformation.

Biological assets are categorised as Level 3 in the fair value hierarchy.

The Council and Group are exposed to a number of risks related to forestry assets. Refer to the end of this note for further details.

14 Biological assets (continued)

Emissions Trading Scheme

Pre-1990 Forest:

Pre-1990 forests are forests that were established before 1 January 1990. New Zealand Unit's (NZU'S) cannot be earned for an increase in the carbon stock (through forest growth) in a pre-1990 forest, but NZU's are allocated based on the size of the forested area in three tranches. Provided that pre-1990 forests are re-established after harvesting (by replanting or regeneration), there are no liabilities or obligations under the ETS. Landowners of pre-1990 forests must surrender NZUs equivalent to the carbon emissions from any deforestation.

Post-1989 Forests:

Post-1989 forests are exotic or indigenous forests established after 31 December 1989 on land that was not forest land on 31 December 1989. These forests earn credits under the Kyoto Protocol rules. Therefore, they are also known as "Kyoto Protocol-compliant" forests. Participating in the ETS is voluntary for post-1989 forest owners. If they are part of the ETS, then they earn NZUs for the carbon sequestered in the forest from 1 January 2008, but will need to surrender NZUs to the Crown when the carbon held in their trees decreases, whether through harvest or natural causes (such as by fire or storm). Any liability for post-1989 participants is capped at the amount of NZUs previously claimed for that area of forest land.

Council

Invercargill City Council has harvested a total of 215 hectares of pre 1990 forest. Of this harvested land, 14.4 hectares has not yet been replanted at 30 June, 2018 and carries a potential deforestation liability of \$266,677 if the land is not replanted. It is Invercargill City Council's intention that these harvested areas will be re-established to ensure that there will be no obligation to surrender units.

Invercargill City Council has received and sold the following carbon credits:

	2018 Units	2018 \$000	2017 Units	2017 \$000
Received:				
Post 1989	-	-	-	-
Pre 1990	-	-	-	-
		-		-
Sold:				
Post 1989	-	-	-	-
Pre 1990	-	-	-	-
		-		-

As at 30 June, 2018 there are 32,210 carbon credit units on hand (30 June, 2017: 32,210).

14 Biological assets (continued)

Invercargill City Forests Limited

Invercargill City Forest Limited has harvested a total of 17 hectares of pre 1990 forest which carries a potential deforestation liability of \$192,435 if the land is not replanted. It is Invercargill City Forests Limited's intention to replant all forests.

Invercargill City Forests Limited has received and sold the following carbon credits:

	2018 Units	2018 \$000	2017 Units	2017 \$000
Received:				
Post 1989	9,000	193	-	-
Pre 1990	-	-	-	-
		193		-
Sold:				
Post 1989	8,637	185	-	-
Pre 1990	-	-	-	-
		185		-

As at 30 June, 2018 there are 363 carbon credit units on hand (30 June, 2017: nil).

There are no future expected allocations.

14 Biological assets (continued)**Supply and demand risk**

The Group is exposed to risks arising from fluctuations in the price and sales volume of pine. Where possible the Group manages this risk by aligning its harvest volume to market supply and demand.

The Group is exposed to movements in the price of NZU's to the extent that, the Group has insufficient NZU's to offset a deforestation liability and has to purchase NZU's from the market.

Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and other risks

The Group's pine plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces.

The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

The Group also insures itself against natural disasters such as floods and snow damage.

15 Investment property

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Balance at 1 July	25,194	26,458	29,029	30,236
Acquisitions	14,090	759	14,090	759
Disposals	(1,004)	(755)	(1,004)	(755)
Transfer to non-current assets held for resale	-	(1,803)	-	(1,803)
Transfer from property, plant and equipment	250	-	250	-
Change in fair value	(1,637)	535	(1,412)	592
Balance at 30 June	36,893	25,194	40,953	29,029
Work in progress				
Investment property	-	11,385	-	11,385
Balance at 30 June	-	11,385	-	11,385

Investment property comprises a number of commercial properties that are leased to third parties.

Vacant land that has been acquired via purchase, abandonment or rating sale is included as Investment Property. This land is classed as Investment Property due to the intention for the land to be sold for a profit. The preparation for the sale is undertaken by the Investment Property department and the funds are returned to Investment Property to assist in off setting the Rates burden.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties, or for repairs, maintenance and enhancements.

The Council's investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence using the income approach and the comparable sales approach. The 2018 valuation was performed by Robert Todd, an independent valuer from Thayer Todd Valuations Limited. The valuer is an experienced valuer with extensive market knowledge of the types of investment properties owned by the Council.

The Group's investment properties are valued annually at fair value effective 30 June. All investment properties are related to Invercargill Airport Limited. For 2018 and 2017, all investment properties were valued based on open market evidence except for two properties being less than 20% of the portfolio value. These two properties are planned to be replaced within the next two years (2017: next year), hence the open market evidence has been adjusted by management to be valued on a discounted cash flow basis of their remaining expected earnings. The 2018 and 2017 valuations were performed by Robert Todd, an independent valuer from Thayer Todd Valuations Limited. The valuers are experienced with extensive market knowledge of the types of investment properties owned by the Group.

Investment property is categorised as Level 3 in the fair value hierarchy.

15 Investment property (continued)**Reconciliation of net surplus on investment properties**

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Rental revenue derived from investment properties	754	459	754	745
Direct operating expenses (including repairs and maintenance) generating rental revenue	(305)	(300)	(305)	(402)
Direct operating expenses (including repairs and maintenance) that did not generate rental revenue	(756)	(606)	(756)	(606)
Surplus/(Deficit) arising from investment properties carried at fair value	(307)	(447)	(307)	(263)

This reconciliation is a requirement of PBE IPSAS 16 - Investment Property, but it should be noted that it excludes dairy farming revenue while still requiring dairy farming expenditure to be included. Readers should also refer to the Funding Impact Statement - Investment Property in the Council Activities section of this report.

16 Investment in associates

	Percentage held by Group		Balance Date
	2018	2017	
Associate Companies			
Emergency Management Southland	25.9%	25.9%	30-Jun
Southland Regional Heritage Committee	63.0%	63.0%	30-Jun
Electricity Southland Limited	24.9%	24.9%	31-Mar
Forest Growth Holdings Limited	0.0%	32.1%	30-Jun
IFS Forestry Group Limited	0.0%	24.9%	30-Jun
HWCP Management Limited	49.9%	49.9%	30-Jun

HWCP Management Limited was incorporated on 29 March, 2017. The Group's initial investment of \$200,000 has been reduced to nil after the share of losses for the 2017 and 2018 years have been recognised. Further losses of \$157,000 for the 2018 year have not been recognised for the investment in HWCP Management Limited as Invercargill City Property Limited's share of the losses exceeds its interest in the associate.

On 30 September, 2017, Invercargill City Forests Limited sold its 24.9% shareholding in IFS Forestry Growth Limited.

31 March figures are used for the Electricity Invercargill Limited associates as this is the balance date for the Group. It would be impracticable and the Group would incur undue costs to prepare additional financial statements at 30 June.

16 Investment in associates (continued)

The information below reflects the amounts presented in the financial statements of each entity and not the Group's share.

	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
2018					
Emergency Management Southland, Southland Regional Heritage Committee, Electricity Southland Limited, Forest Growth Holdings Limited, IFS Forestry Group Limited and HWCP Management Limited	2,242	39,545	41,787	1,559	33,038
2017					
Emergency Management Southland, Southland Regional Heritage Committee, Electricity Southland Limited, Forest Growth Holdings Limited, IFS Forestry Group Limited and HWCP Management Limited	18,543	21,165	39,708	19,192	11,447

Movements in carrying value of associates

	Group Actual 2018 \$000	Group Actual 2017 \$000
Balance at 1 July	4,673	5,274
Investments in associates	-	200
Share of profit/(loss)	(14)	(271)
Impairment of goodwill	-	(280)
Transfer to advances to associates	-	(250)
Disposal of associates	(2,460)	-
Balance at 30 June	2,199	4,673

Total liabilities	Revenues	Expenses	Profit / (Loss)
(\$000)	(\$000)	(\$000)	(\$000)
34,597	8,505	8,843	(338)
30,639	10,818	11,556	(738)

16 Investment in associates (continued)

Subsidiary Company	Country of Incorporation	Percentage Held by Parent		Balance date
		2018	2017	
Forest Growth Holdings Limited	NZ	100%	-	30-June
				Parent 2018 \$000
Advance to subsidiary				3,910
Shares in subsidiary				1,200
Total investment in subsidiary				5,110

On 30 September 2017, Invercargill City Forests Limited (ICFL) acquired the other 67.9% of the issued share capital of Forest Growth Holdings Limited (FGH), a forestry dealer, thereby obtaining control. The fair value of the 32.1% previously held interest in FGH immediately prior to the 30 September 2017 acquisition was \$591,000.

The acquisition was made to enable ICFL to continue trading in FGH and make returns on forest sales. The details of the business combination are as follows:

Fair value of consideration transferred:	\$000
Amount settled in cash	1,250
	1,250

Recognised amounts of identifiable net assets:

Cash and cash equivalents	228
Trade and other receivables	98
Biological assets	121
Inventories	6,590
Non-current assets held for sale	25
Total current assets	7,062
Trade and other payables	(61)
Borrowings	(5,800)
Total current liabilities	(5,861)
Deferred tax liability	(1)
Total non-current liabilities	(1)
Identifiable net assets	1,200
Goodwill on acquisition	641

16 Investment in associates (continued)

The goodwill is attributable to the reputation of FGH in the market, its relationships with key customers and its intellectual property.

The acquisition of FGH was settled in cash amounting to \$1,250,000.

30 September 2017 a contingent liability existed in relation to the Overseas Investment Office (OIO) investigation into an alleged breach of the Overseas Investment Act 2005. At the time of the transaction, a settlement had not yet been reached with the OIO and the financial penalties imposed by the OIO were not able to be reliably measured.

Disposal of IFS Forestry Group Limited investment

	Group Actual 2018 (\$000)
Consideration received	2,150
Carrying amount of investment in associate as at 30 September	(2,179)
	(29)

On 30 September 2017, Invercargill City Forests Limited sold its 24.9% shareholding in IFS Forestry Growth Limited.

17 Investment in joint ventures

Joint Ventures	Percentage held by Group		Balance Date
	2018	2017	
Venture Southland	41.7%	41.7%	30-Jun
PowerNet Limited Group *	50.0%	50.0%	31-Mar
OtagoNet Joint Venture **	24.9%	24.9%	31-Mar
Roaring Forties Energy Limited Partnership ***	50.0%	50.0%	31-Mar

* In April 2017, PowerNet Ltd Group acquired an additional 38.62% shareholding in Peak Power Services Ltd, increasing the PowerNet shareholding to 90.32%.

** The Group holds a 25% voting right over OtagoNet Joint Venture.

*** Roaring Forties Energy Limited Partnership has a 50% interest in Southern Generation Ltd Partnership.

During the year the partners of Southern Generation Limited Partnership entered into a conditional agreement to purchase the assets relating to Matiri and Upper Fraser Hydro Stations. The expected generation output of these two hydro stations is about 58GWh, with Upper Fraser contributing 30 GWh and Matiri 28 GWh.

Effective from 1 April, 2016 the Group equity accounted its share of profits from the 50% owned joint venture PowerNet Group Ltd Group to be consistent with the economic benefits the Group receives based on the PowerNet dividend policy. The equity accounted share of profit in PowerNet in 2018 is 23.48% (2017: 24.69%).

31 March figures are used for the Electricity Invercargill Limited joint ventures as this is the balance date for the Group. It would be impracticable and the Group would incur undue costs to prepare additional financial statements at 30 June.

The information below reflects the amounts presented in the financial statements of each entity and not the Group's share.

	Current assets (\$000)	Non-current assets (\$000)	Total assets (\$000)	Current liabilities (\$000)
2018				
Venture Southland, PowerNet Limited Group, OtagoNet Joint Venture and Roaring Forties Energy Limited Partnership	35,747	277,003	312,750	21,731
2017				
Venture Southland, PowerNet Limited Group, OtagoNet Joint Venture and Roaring Forties Energy Limited Partnership	38,786	276,416	315,202	21,744

Movements in carrying value of joint ventures:

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)
Balance at 1 July	81,367	81,163
Investments in joint ventures	1	-
Share of profit/(loss)	6,655	6,439
Distributions from joint ventures	(7,162)	(6,235)
Balance at 30 June	80,861	81,367

Non-current liabilities	Total liabilities	Revenues	Expenses	Profit / (Loss)
(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
36,613	58,344	134,158	111,891	22,267
39,866	61,610	121,510	100,741	20,769

18 Other financial assets

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Current investments				
<i>Investments in other entities</i>				
Short term investments	49,066	11,503	32,478	13,003
Total current investments	49,066	11,503	32,478	13,003
Non-current investments				
<i>Investments in CCOs and similar entities</i>				
Investment in subsidiary	36,069	36,069	-	-
	36,069	36,069	-	-
Investments in other entities				
Other investments	15,062	40,516	180	13,124
Available-for-sale financial assets	682	682	682	682
	15,744	41,198	862	13,806
Total non-current investments	51,813	77,267	862	13,806
Current derivative financial instruments				
Interest rate swaps (cash flow hedges) - liabilities	(92)	(188)	(152)	(201)
	(92)	(188)	(152)	(201)
Non-current derivative financial instruments				
Interest rate swaps (cash flow hedges) - assets	-	207	-	254
Interest rate swaps (cash flow hedges) - liabilities	(865)	(521)	(4,013)	(3,226)
	(865)	(314)	(4,013)	(2,972)
Total financial instruments	(957)	(502)	(4,165)	(3,173)

Short Term investment

The carrying amount of term deposits approximates their fair value.

19 Trade and other payables

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Trade payables	6,194	5,514	6,961	6,165
Accrued expenses	3,341	3,001	5,114	5,209
Amounts due to related parties	43	-	2,559	1,268
Revenue in advance	1,510	1,628	1,533	1,677
Total trade and other payables	11,088	10,143	16,167	14,319
Total payables comprises:				
Payables from non-exchange transactions	1,510	1,628		
Payables from exchange transactions	9,578	8,515		
Total trade and other payables	11,088	10,143		

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximate their fair value.

20 Provisions

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Landfill aftercare provision				
Balance 1 July	928	928	928	928
Balance at 30 June	928	928	928	928
Current	112	112	112	112
Non-current	816	816	816	816
	928	928	928	928

The Council's current resource consent for the operation of its landfill expired in 2006. The Council has responsibility under the resource consent to provide maintenance and monitoring of the landfill after the site is closed. There are closure and post-closure responsibilities including the following:

Closure responsibilities

- Site; and
- Planting and maintenance of vegetation; and
- Development of roading and walking tracks.

Post closure responsibilities

- Ongoing maintenance of roading and walking tracks; and
- Treatment and monitoring of leachate; and
- Maintenance of vegetation.

The management of the closed landfill has been in line with the resource consent conditions established at the time of closure.

The conditions were established based on good practice guidelines known at the time. Recent regulatory changes aimed at improving the conditions of waterways and estuaries across the country have heightened awareness regarding the closed landfill.

21 Employee benefit liabilities

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Accrued pay	417	423	417	423
Annual leave	1,927	2,065	1,973	2,104
Long service leave	404	383	404	383
Retirement gratuities	883	938	883	938
	3,631	3,809	3,677	3,848
Current	2,467	2,578	2,446	2,617
Non-current	1,164	1,231	1,231	1,231
Total employee benefit liabilities	3,631	3,809	3,677	3,848

22 Borrowings

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Current				
Secured loans	52,936	35,786	52,955	35,805
Non-current				
Secured loans	35,200	50,200	111,574	128,662
Total borrowings	88,136	85,986	164,529	164,467

Secured loans of the Council are secured by a special rate over the rateable land value of the Invercargill City area. Loans are financed by a multi-option facility. The borrowing facility of \$50 million was renewed for a further three years on 12 November, 2015. The undrawn amount of this facility is \$11.864 million

The Council's secured loans are mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90 day bank bill rate.

Council has issued \$50 million of commercial bonds, with security being a charge over the rates revenue of the issuer. Terms of the bonds are between three and seven years.

The debentures are at a floating interest rate. The interest rate is reset quarterly based on the NZD-BBR- FRA rate plus a margin for credit risk.

In addition to the loans held by the Council, Invercargill City Holdings Limited holds a multi-option note facility of \$100 million, being \$35 million for 2 years and \$65 million for 3 years commenced on 5 September, 2016. Debt may be raised by a committed cash advance facility or by the issuance of promissory notes upon the multi-option note facility for a term of 90 days before being re-tendered.

22 Borrowings (continued)**Maturity analysis and effective interest rates**

The following is a maturity analysis of the Council's borrowings (excluding finance leases, which are shown separately below). There are no early repayment options.

Council 2018

	Overdraft (\$000)	Secured loans (\$000)	Total (\$000)
Less than one year	-	52,936	52,936
Later than one year but not more than five years	-	35,000	35,000
Later than five years	-	200	200
	-	88,136	88,136

Council 2017

	Overdraft (\$000)	Secured loans (\$000)	Total (\$000)
Less than one year	-	35,786	21,248
Later than one year but not more than five years	-	30,000	30,000
Later than five years	-	20,200	20,000
	-	85,986	71,248

Interest rates on these Council secured loans have an effective interest rate of 3.22% (2017: 3.68%) with hedging refer Note 31. Other Group loans have an effective interest rate of 4.14% (2017: 4.47%) with hedging refer Note 31.

22 Borrowings (continued)**Group 2018**

	Overdraft (\$000)	Secured loans (\$000)	Total (\$000)
Less than one year	-	52,955	52,955
Later than one year but not more than five years	-	91,374	91,374
Later than five years	-	20,200	20,200
	-	164,529	164,529

Group 2017

	Overdraft (\$000)	Secured loans (\$000)	Total (\$000)
Less than one year	-	35,805	35,805
Later than one year but not more than five years	-	108,462	108,462
Later than five years	-	20,200	20,200
	-	164,467	164,467

Due to interest rates on debt resetting to the market rate every three months the carrying amounts of secured loans approximate their fair values.

23 Deferred tax liabilities/(assets)

Movements in temporary differences during the year

	Balance at 1 July 2016	Recognised in profit or loss	Recognised in equity
	(\$000)	(\$000)	(\$000)
Property, plant and equipment	19,295	112	725
Biological assets	3,556	768	-
Investment property	274	16	-
Inventory	-	-	-
Derivatives	(1,311)	-	563
Other items	57	(18)	-
Tax losses	(1,030)	539	-
Total movements	20,841	1,417	1,288

Balance at 30 June 2017	Recognised in profit or loss	Recognised in equity	Balance at 30 June 2018
(\$000)	(\$000)	(\$000)	(\$000)
20,132	119	-	20,251
4,324	424	-	4,748
290	49	-	339
-	(74)	-	(74)
(748)	-	(150)	(898)
39	1	-	40
(491)	393	-	(98)
23,546	912	(150)	24,308

24 Equity

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Retained earnings				
As at 1 July	388,675	394,039	459,455	444,150
Transfers to:				
Restricted reserves	(7,634)	(10,834)	(7,634)	(10,834)
Transfers from:				
Restricted reserves	4,695	6,102	4,695	6,102
Transfer of revaluation reserve to retained earnings	-	-	63	100
Surplus/(deficit) for the year	(5,142)	(632)	(2,320)	19,937
As at 30 June	380,594	388,675	454,259	459,455
Restricted and non restricted reserves				
As at 1 July	31,250	26,518	31,797	27,065
Transfers to:				
Retained earnings	(4,695)	(6,102)	(4,695)	(6,102)
Transfers from:				
Retained earnings	7,634	10,834	7,634	10,834
As at 30 June	34,189	31,250	34,736	31,797
Hedging Reserve				
As at 1 July	(501)	(1,122)	(2,425)	(4,493)
Other comprehensive revenue and expenses:				
Effective portion of changes in fair value of cashflow hedges	(456)	621	(843)	2,068
As at 30 June	(957)	(501)	(3,268)	(2,425)
Carbon credit revaluation reserve				
As at 1 July	335	340	335	340
Other comprehensive revenue and expenses:				
Change in fair value of carbon credits	129	(5)	129	(5)
As at 30 June	464	335	464	335
Asset revaluation reserves				
As at 1 July	411,426	272,271	441,740	300,822
Other comprehensive revenue and expenses:				
Revaluation gains/(losses)	-	139,155	1,592	141,018
Transfer of revaluation reserve due to asset disposal	-	-	(63)	(100)
As at 30 June	411,426	411,426	443,269	441,740
Asset revaluation reserves consist of:				
Land and buildings	52,012	52,012	55,049	53,457
Library books	8,035	8,035	8,035	8,035
Infrastructural assets	351,379	351,379	380,185	380,248
Total asset revaluation reserve	411,426	411,426	443,269	441,740
Total other reserves	445,122	442,510	475,201	471,447

24 Equity (continued)

	Actual 2018			
	Opening Balance	Transfers In	Transfers Out	Closing Balance
	(\$000)	(\$000)	(\$000)	(\$000)
Restricted reserves				
The reserves can only be used for designated purposes.				
Category A (Legal restriction)	123	3	-	126
The restriction is designated from a statute or legal document. These reserves restrictions include the capital and interest or income generated. This reserve is related to the Parks activity and is to maintain the Feldwick Gates at Queens Park.				
Category B (Capital-only restriction)	4,235	1,429	(1,846)	3,818
These reserves are invested in property that provides a financial return to ratepayers (Investment Property, Library and Infrastructure activities)				
Category C (Specific purpose)	10,204	724	(264)	10,664
These reserves are to maintain and provide for improvements to separately identifiable areas. (Parks, crematorium and cemetery, community centres, waste and infrastructure activities)				
Non restricted reserves				
The reserves can be used for purposes other than the purpose currently specified.				
Loss of service potential	10,127	2,784	(755)	12,156
To set aside funds for the replacement of assets in the future (all activities).				
Development	5,096	127	(302)	4,921
To maintain and provide assets in identifiable areas. (Parks, Roding, and Water activities)				
Property	796	941	(290)	1,447
To provide for the purchase of properties. (Investment Property, and Infrastructure activities)				
Amenities	324	16	(113)	227
To provide funding for the ongoing operations of amenity areas. (Library, Museum, Pools, and Parks activities)				
Financial	9,321	1,601	(975)	9,947
To provide ongoing funding in a consistent manner for Council operations. (all activities)				
Community Board	120	9	-	129
To provide funding for Community Board areas for their activities and development of assets.				
Economic development	(9,096)	-	(150)	(9,246)
To develop economic growth in the city which will be funded by future activity. (Investment Property activity)				
	31,250	7,634	(4,695)	34,189

24 Equity (continued)

	Actual 2017			
	Opening Balance (\$000)	Transfers In (\$000)	Transfers Out (\$000)	Closing Balance (\$000)
Restricted reserves				
The reserves can only be used for the designated purposes.				
Category A (Legal restriction) The restriction is designated from a statute or legal document. These reserves restrictions include the capital and interest or income generated. This reserve is related to the Parks activity and is to maintain the Feldwick Gates at Queens Park.	120	3	-	123
Category B (Capital only restriction) These reserves are invested in property that provides a financial return to ratepayers (Investment Property, Library and Infrastructure activities)	4,409	579	(753)	4,235
Category C (Specific purpose) These reserves are to maintain and provide for improvements to separately identifiable areas. (Parks crematorium and cemetery, community centres, waste and infrastructure activities)	9,390	1,029	(215)	10,204
Non-restricted reserves				
The reserves can be used for purposes other than the purpose currently specified.				
Loss of service potential To set aside funds for the replacement of assets in the future (all activities).	8,265	4,456	(2,594)	10,127
Development To maintain and provide assets in identifiable areas. (Parks, Roading, and Water activities)	4,415	1,050	(369)	5,096
Property To provide for the purchase of properties. (Investment Property, and Infrastructure activities)	1,050	62	(316)	796
Amenities To provide funding for the ongoing operations of amenity areas. (Library, Museum, Pools, and Parks activities)	246	103	(25)	324
Financial To provide ongoing funding in a consistent manner for Council operations. (all activities)	7,398	3,144	(1,221)	9,321
Community Board To provide funding for Community Board areas for their activities and development of assets. (Democratic Process activity)	115	5	-	120
Economic Development To develop economic growth in the city which will be funded by future activity. (Investment Property activity)	(8,890)	403	(609)	(9,096)
	26,518	10,834	(6,102)	31,250

25 Reconciliation of net surplus (deficit) to net cash inflows (outflows) from operating activities

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Net surplus/(deficit) after taxation	(5,142)	(632)	(2,320)	19,937
Add non-cash items:				
Depreciation and amortisation of intangibles	26,853	23,527	33,008	29,584
(Gain)/Loss on sale of assets	632	24	902	427
(Gain)/Loss on revaluation of assets	-	-	-	(16,723)
Gain on previously held investment	-	-	(310)	-
Change in fair value of biological assets	451	(533)	(2,168)	(4,686)
Change in fair value of investment property	1,637	(535)	1,412	(592)
Change in fair value of investments	4	(29)	4	(29)
Change in fair value of intangible assets	(129)	5	(129)	5
Change in fair value of loan	-	-	24	-
Increase/(Decrease) in deferred taxation	-	-	916	1,382
Vested assets	-	(99)	-	-
Biological assets - Cost of goods sold	90	-	1,444	1,545
Associate and Joint Venture post-acquisition profits	-	-	(6,500)	(6,325)
Loss on sale of associates	-	-	29	-
Impairment of advance to associate	-	-	429	-
Impairment of investment in associate	-	-	-	279
Impairment of goodwill	-	-	641	-
	24,396	21,728	27,382	24,804
Add/(Less) movements in other working capital items:				
(Increase)/Decrease in stock, receivables and WIP	(2,162)	821	(131)	1,365
Increase/(Decrease) in sundry creditors	723	159	1,352	(2,825)
(Increase)/Decrease in GST and taxation	(718)	386	(895)	16
	(2,157)	1,366	326	(1,444)
Net cash from operating activities	22,239	23,094	27,708	23,360

26 Related party transactions

The following are details of related party transactions that took place with the Council and subsidiaries, and other related parties. The Council is the beneficial owner of Invercargill City Holdings Limited, Electricity Invercargill Limited, Invercargill City Forests Limited and Invercargill City Property Limited and holds a 97% stake in Invercargill Airport Limited. All transactions with the subsidiaries have been eliminated upon consolidation.

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
(a) Invercargill City Holdings Limited				
<i>Revenue</i>				
Provision of services	538	425	-	-
Dividend from Subsidiary to Parent	5,300	4,700	-	-
<i>Expenditure</i>				
Provision of goods and services	30	113	-	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(b) Electricity Invercargill Limited				
<i>Revenue</i>				
Provision of services	-	-	-	-
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(c) Invercargill City Forests Limited				
<i>Revenue</i>				
Provision of services	110	136	-	-
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(d) Invercargill Airport Limited				
<i>Revenue</i>				
Provision of services	117	71	-	-
<i>Expenditure</i>				
Provision of goods and services	-	15	-	-
Outstanding at balance date to Council and Group	-	2	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(e) Invercargill City Property Limited				
<i>Revenue</i>				
Provision of services	86	5	-	-
<i>Expenditure</i>				
Provision of goods and services	-	92	-	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-

26 Related party transactions (continued)

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
(f) Invercargill Venue & Events Management Limited				
<i>Revenue</i>				
Provision of goods and services	564	559	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	351	326	-	-
Outstanding at balance date to Council and Group	92	85	-	-
Outstanding at balance date by Council and Group	1	2	-	-
(g) Invercargill City Charitable Trust				
<i>Revenue</i>				
Provision of services	8	103	-	-
<i>Expenditure</i>				
Provision of grant and services	127	535	-	-
Outstanding at balance date to Council and Group	4	6	-	-
Outstanding at balance date by Council and Group	4	10	-	-
(h) Invercargill Community Recreation and Sport Trust				
<i>Revenue</i>				
Provision of services	1	5	-	-
<i>Expenditure</i>				
Provision of grant and services	4	5	-	-
Outstanding at balance date to Council and Group	1	5	-	-
Outstanding at balance date by Council and Group	4	5	-	-
(i) Southland Museum and Art Gallery Trust Board				
<i>Revenue</i>				
Provision of services	1,761	1,740	-	-
<i>Expenditure</i>				
Provision of grant and services	658	649	-	-
Outstanding at balance date to Council and Group	-	58	-	-
Outstanding at balance date by Council and Group	5	4	-	-
(j) Bluff Maritime Museum				
<i>Revenue</i>				
Provision of goods and services	1	1	1	1
<i>Expenditure</i>				
Provision of grants, goods and services	30	80	43	80
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	50	-	50

26 Related party transactions (continued)

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
(k) Venture Southland				
<i>Revenue</i>				
Provision of services	15	3	16	7
<i>Expenditure</i>				
Provision of grant and services	1,946	1,734	1,952	1,752
Outstanding at balance date to Council and Group	1	-	1	-
Outstanding at balance date by Council and Group	10	-	10	15
(l) Emergency Management Southland				
<i>Revenue</i>				
Provision of services	-	-	-	-
<i>Expenditure</i>				
Provision of goods and services	257	257	257	257
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(m) Southland Regional Heritage Committee				
<i>Revenue</i>				
Provision of services	5	15	5	15
<i>Expenditure</i>				
Provision of goods and services	866	838	866	838
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(n) PowerNet Limited				
<i>Revenue</i>				
Provision of services	20	16	314	176
<i>Expenditure</i>				
Provision of goods and services	7	9	10,886	8,940
Outstanding at balance date to Council and Group	1	3	79	37
Outstanding at balance date by Council and Group	-	-	2,423	1,029
Advances paid to (repaid by)	-	-	(272)	(356)
(o) Forest Growth Holdings Limited				
<i>Revenue</i>				
Provision of services	-	-	-	526
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	34
Outstanding at balance date by Council and Group	-	-	-	-

26 Related party transactions (continued)

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
(p) OtagoNet Joint Venture				
<i>Revenue</i>				
Provision of services	-	-	-	-
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(q) Electricity Southland Limited				
<i>Revenue</i>				
Provision of services	-	-	118	87
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Council and Group	-	-	34	24
Outstanding at balance date by Council and Group	-	-	-	-
Advances paid to (repaid by)	-	-	834	883
(r) AWS Legal				
<i>Revenue</i>				
Provision of services	-	-	-	2
<i>Expenditure</i>				
Provision of goods and services	-	-	25	5
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(s) AJO Management Limited				
<i>Revenue</i>				
Provision of services	-	-	-	21
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(t) Otago Power Services Limited				
<i>Revenue</i>				
Provision of services	-	-	-	-
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-

26 Related party transactions (continued)

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
(u) R M Walton				
<i>Revenue</i>				
Provision of services	-	-	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	3	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(v) IFS Growth Limited				
<i>Revenue</i>				
Provision of goods and services	-	-	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	641	751
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	41	111
(w) OneForest Limited				
<i>Revenue</i>				
Provision of goods and services	-	-	5,520	6,740
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	2,801	3,185
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(x) IFS Forestry Group Limited				
<i>Revenue</i>				
Provision of goods and services	-	-	-	-
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	3
Outstanding at balance date by Council and Group	-	-	-	-
(y) HWCP Management Limited				
<i>Revenue</i>				
Provision of goods and services	-	-	251	23
<i>Expenditure</i>				
Provision of goods and services	63	-	63	-
Outstanding at balance date to Council and Group	-	-	4,720	1,538
Outstanding at balance date by Council and Group	-	-	-	-

26 Related party transactions (continued)

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
(z) Invercargill Public Art Gallery Incorporated				
<i>Revenue</i>				
Provision of goods and services	-	-	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	184	294	187	294
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	15	113	15	113
(aa) Archdraught Limited				
<i>Revenue</i>				
Provision of goods and services	48	19	48	19
<i>Expenditure</i>				
Provision of grants, goods and services	1	1	1	1
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(ab) Glengarry Community Action Group				
<i>Revenue</i>				
Provision of goods and services	-	-	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	1	2
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(ac) Dan Davin Literary Foundation				
<i>Revenue</i>				
Provision of goods and services	-	-	5	-
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	1	5
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(ad) Ziff's Café Bar Limited				
<i>Revenue</i>				
Provision of goods and services	-	1	-	1
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-

26 Related party transactions (continued)

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
(ae) Buster Crabb Limited				
<i>Revenue</i>				
Provision of services	1	1	1	1
<i>Expenditure</i>				
Provision of goods and services	2	-	2	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(af) Southland Indoor Leisure Centre Charitable Trust				
<i>Revenue</i>				
Provision of goods and services	24	118	93	228
<i>Expenditure</i>				
Provision of grants, goods and services	400	400	400	400
Outstanding at balance date to Council and Group	-	-	5	1,500
Outstanding at balance date by Council and Group	-	-	-	-
(ag) Bluff 2024 Rejuvenation Trust				
<i>Revenue</i>				
Provision of goods and services	-	-	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	-	18	-	18
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(ah) Southland Art Foundation				
<i>Revenue</i>				
Provision of goods and services	-	-	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	-	4
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(ai) Southland Electronics Limited				
<i>Revenue</i>				
Provision of goods and services	-	-	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	14	2	14	2
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-

26 Related party transactions (continued)

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
(aj) Quality Foods Southland Limited				
<i>Revenue</i>				
Provision of services	11	11	11	11
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Council and Group	1	-	1	-
Outstanding at balance date by Council and Group	-	-	-	-
(ak) Omaui Tracks Trust				
<i>Revenue</i>				
Provision of goods and services	-	-	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	-	10
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(al) Southland Football Inc.				
<i>Revenue</i>				
Provision of goods and services	4	5	4	7
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date to Council and Group	1	3	1	3
Outstanding at balance date by Council and Group	-	-	-	-
(am) Southern Institute of Technology				
<i>Revenue</i>				
Provision of goods and services	23	-	37	-
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date to Council and Group	1	-	1	-
Outstanding at balance date by Council and Group	-	-	-	-
(an) Crowe Horwath NZ Ltd				
<i>Revenue</i>				
Provision of goods and services	3	-	23	-
<i>Expenditure</i>				
Provision of grants, goods and services	1	-	1	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-

26 Related party transactions (continued)

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
(ao) Age Concern Southland Inc.				
<i>Revenue</i>				
Provision of services	1	1	1	1
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(ap) Southland Warm Homes Trust				
<i>Revenue</i>				
Provision of goods and services	-	-	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	50	50	50	50
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(aq) Citizens Advice Bureau (Invercargill)				
<i>Revenue</i>				
Provision of goods and services	-	8	-	8
<i>Expenditure</i>				
Provision of grants, goods and services	24	35	24	35
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(ar) Heritage South				
<i>Revenue</i>				
Provision of goods and services	-	-	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	3	-	3	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(as) McIntyre Dick & Partners				
<i>Revenue</i>				
Provision of services	-	-	-	-
<i>Expenditure</i>				
Provision of goods and services	1	-	22	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-

26 Related party transactions (continued)

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
(at) Healthy Families Invercargill				
<i>Revenue</i>				
Provision of goods and services	2	-	2	-
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(au) Netball South				
<i>Revenue</i>				
Provision of goods and services	-	-	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	24	-	24	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
(av) Independent Forestry Services Ltd				
<i>Revenue</i>				
Provision of goods and services	-	-	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	5	-
Outstanding at balance date to Council and Group	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-

Mayor Tim Shadbolt received goods and services during the year, in a private capacity, to the value of \$29,907.47 (2017: \$23,689.86). These amounts were repaid during the year, with the amount outstanding as at 30 June 2018 of Nil (2017: Nil).

Electricity Invercargill Limited, through its joint venture interest in PowerNet Limited and OtagoNet Joint Venture, uses AWS Legal as its solicitors. A B Harper is a Partner of AWS Legal and is a Director of PowerNet Limited.

Invercargill Airport Limited purchased services from R M Walton (Director).

A \$240,000 loan from Invercargill City Holdings Limited to Invercargill City Property Limited was forgiven during the year. The loan was advanced in relation to the Awarua project and repayable only if the project was successful.

No related party transactions have been written off or were forgiven during the 2018 year (2017: nil).

26 Related party transactions (continued)

Below is the Key Management Personnel of Council and the capacity in which they are involved with related entities that have had financial transactions with the Council. All transactions have been on an arms length basis.

Mayor and Councillors	Relationship
Tim Shadbolt Invercargill Airport Limited The Invercargill City Charitable Trust Southern Institute of Technology	Director Trustee Contractor
Lindsay Abbott Invercargill Venue & Events Management Limited Invercargill Public Art Gallery	Director Officer
Rebecca Amundsen Archdraught Limited Glengarry Community Action Group Dan Davin Literary Foundation Heritage South Southland Museum and Art Gallery Trust Board Venture Southland Southland Regional Heritage Committee	Director Officer Trustee Contractor Trustee - Appointed Nov 2017 Officer Officer
Allan Arnold Ziff's Café Bar Limited Buster Crabb Limited Invercargill Community Recreation and Sport Trust	Director Director Trustee
Karen Arnold Electricity Invercargill Limited PowerNet Limited Invercargill Community Recreation and Sport Trust Southland Warm Homes Trust	Director Director Trustee Trustee
Toni Biddle Invercargill Venue & Events Management Limited Invercargill Community Recreation and Sport Trust Southland Museum and Art Gallery Trust Board McIntyre Dick & Partners	Director Trustee Trustee Executive
Alex Crackett Venture Southland	Officer

26 Related party transactions (continued)

Mayor and Councillors (continued)	Relationship
Lloyd Esler Southland Museum and Art Gallery Trust Board Bluff Maritime Museum	Trustee - Until Nov 2017 Officer
Graham Lewis Invercargill City Holdings Limited Invercargill Community Recreation and Sport Trust Hospice Southland Charitable Trust Southland Indoor Leisure Centre Charitable Trust Bluff 2024 Rejuvenation Trust	Director Trustee Trustee Trustee Officer
Darren Ludlow Invercargill City Holdings Limited Invercargill Venue & Events Management Limited Southland Museum and Art Gallery Trust Board Southland Art Foundation Healthy Families Invercargill	Director Director Trustee Officer Officer
Ian Pottinger Southland Electronics Limited Quality Foods Southland Limited	Director Shareholder
Lesley Soper Invercargill Community Recreation and Sport Trust Invercargill Public Art Gallery Omaui Tracks Trust Citizens Advice Bureau Invercargill Inc.	Trustee Officer Officer Officer
Lindsay Thomas Invercargill City Holdings Limited HWCP Management Limited Southland Football Incorporated	Director Director Trustee

26 Related party transactions (continued)

Chief Executive & Senior Executive Team	Relationship
Clare Hadley The Invercargill City Charitable Trust	Trustee - Appointed March 2018
Richard King The Invercargill City Charitable Trust	Trustee - Until March 2018
Dean Johnston Forest Growth Holdings Limited Invercargill City Holdings Ltd Invercargill City Forests Ltd Netball South Crowe Horwath NZ Ltd	Director Executive Executive Director Executive

Key management personnel

Details of transactions between Council and key management personnel are disclosed as part of Note 29 Remuneration.

27 Capital commitments and operating leases

Commitments

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Capital expenditure - Infrastructure	3,182	254	3,182	254
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	-	-	1,014	1,988
Total commitments	3,182	254	4,196	2,242

Investment commitments

In September 2017, the Electricity Invercargill Limited Group entered into a conditional agreement with the partners of Southern Generation Ltd Partnership to purchase the assets of two hydro generation developments upon completion of construction. The Upper Fraser hydro station is expected to generate approximately 30 GWh from March 2019, and the Matiri hydro station is expected to generate approximately 30 GWh annually from October 2019.

Other commitments

The Group has a conditional commitment as at 31 March 2018 of \$415,000 (2017: \$415,000). This relates to an agreement with Smart Co for the Group to provide a subordinated loan to Smart Co once a number of terms have been met.

Operating leases as lessee

The Council and Group have \$Nil non-cancellable operating leases as lessee (2017: \$Nil).

Operating leases as lessor

The Council leases its investment property under 53 operating leases. There are 25 leases that have a non-cancellable term of 21 years, 12 leases that range between 6 and 21 years, 5 leases from 2 to 5 years, 1 lease over 1 to 3 years, and 10 annual leases.

The Group leases its investment property under operating leases. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Non-cancellable operating leases as lessor				
Not later than one year	200	793	656	1,119
Later than one year and not later than five years	412	1,461	1,718	2,447
Later than five years	1,757	1,491	2,257	2,089
Total non-cancellable operating leases	2,369	3,745	4,631	5,655

No contingent rents have been recognised during the period.

Leases can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on the Council by any of the leasing arrangements.

When the Invercargill City Charitable Trust (ICCT) assumed ownership of Rugby Park stadium it took over the existing lease that was in place with Rugby Southland Incorporated for use of the administration offices. As at 30 June, 2018 the lease has a non-cancellable term of 13 years at \$55,000 per annum. As part of ICCT's charitable operations the Trustees have agreed to forego receipt of the lease payments from Rugby Southland Incorporated.

28 **Contingent liabilities**

The following contingent liabilities exist:

Carter Holt Harvey Limited

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 50 Councils, including Invercargill City Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 1 of which is located within Invercargill. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

20 Spey Street property

A contamination issue has been identified at the Spey Street site. In-depth investigations and analysis by an environmental consultant have confirmed that the problem is below ground and contained within a small portion of the site. As a consequence, no immediate remedial action is deemed necessary, but restrictions should be applied to any future site development. Due to a lack of certainty as to what the long term remedial action will be, it is not possible to quantify the likely expenditure (2001 issue unchanged).

Forestry

Invercargill City Council has harvested a total of 239 hectares of pre 1990 forest. Of this harvested land, 14.4 hectares has not yet been replanted at 30 June, 2018 and carries a potential deforestation liability of \$266,677 if the land is not replanted. It is Invercargill City Council's intention that these harvested areas will be re-established to ensure that there will be no obligation to surrender units.

Invercargill City Forests Limited has harvested a total of 17 hectares of pre-1990 forest (2017: 68 hectares). This harvested land will be replanted but at balance date carried a potential deforestation liability of \$192,345 (2017: \$836,659). It is Invercargill City Forest Limited's intention to replant all forests. Refer note 14.

Invercargill City Forests Limited has entered into contracts to purchase a 33 hectare forest at Dipton and a 105 hectare forestry right in the Nelson area at 30 June, 2018. Settlement of the two purchases occurred after balance date.

Electricity Invercargill Limited

Electricity Invercargill Limited has a contingent liability as at 31 March, 2018 of \$415,000 (31 March, 2017: \$415,000). This liability relates to an agreement with Smart Co for the Company to provide a subordinated loan to Smart Co once a number of terms have been met.

Contingent assets

There were no contingent assets as at 30 June, 2018

29 Remuneration

Key management personnel

Key management personnel of the Council include:

The Chief Executive, Councillors and Senior Management Team.

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2017: \$Nil).

The Council did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2017: \$Nil).

The Council did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2017: \$Nil).

The Council did not provide any loans to key management personnel or their close family members (2017: \$Nil).

The total remuneration of members of Council and the number of individuals, on a full-time equivalent basis, receiving remuneration from the Group are:

	Council Actual 2018 \$	Council Actual 2017 \$	Group Actual 2018 \$	Group Actual 2017 \$
Short-term employee benefits	1,951,580	1,821,010	2,367,580	2,445,010
Vehicle (market value plus FBT)	114,311	123,658	114,311	123,658
Retirement benefits	21,661	18,574	21,661	18,574
Directors' fees	-	-	653,000	644,000
Total remuneration	2,087,552	1,963,242	3,156,552	3,231,242
Number of persons recognised as key management personnel				
	Council Actual 2018	Council Actual 2017	Group Actual 2018	Group Actual 2017
Councillors or directors	18	18	33	36
Senior Management Team (including the Chief Executive)	5	5	6	6
Total key management personnel	23	23	39	42

29 Remuneration (continued)

Further details of the remuneration of Council key management personnel is provided below:

	Council Actual 2018 \$	Council Actual 2017 \$
C V Hadley (appointed March 2018) - Chief Executive	79,992	-
Short-term employee benefits	5,233	-
Vehicle (market value plus FBT)	2,400	-
Retirement benefits	87,625	-
R W King (retired March 2018) - Chief Executive		-
Short-term employee benefits	315,968	304,428
Vehicle (market value plus FBT)	15,276	20,762
	331,244	325,190
Invercargill City Council Senior Management Team		
Short-term employee benefits	924,921	894,090
Vehicle (market value plus FBT)	79,401	83,332
Retirement benefits	19,262	18,574
	1,023,584	995,996

29 Remuneration (continued)**Elected representatives**

Detailed below are gross remuneration figures for Council representatives during the year:

	Council Actual 2018 \$	Council Actual 2017 \$	Group Actual 2018 \$	Group Actual 2017 \$
T R Shadbolt (Mayor)				
Short-term employee benefits	115,224	113,222	115,224	113,222
Vehicle (market value plus FBT)	14,401	19,564	14,401	19,564
Directors' fees	-	-	24,600	24,600
	129,625	132,786	154,225	157,386
 Councillors				
R R Amundsen (Deputy Mayor)	54,605	43,802	54,605	43,802
D J Ludlow	50,834	57,062	81,134	93,955
L S Thomas	47,436	46,192	87,736	76,492
R L Abbott	47,487	46,198	47,487	46,198
I L Esler	35,518	34,931	35,518	34,931
I R Pottinger	41,438	40,528	41,438	40,528
G D Lewis	35,518	36,641	65,818	56,167
K F Arnold	35,678	35,411	64,678	46,930
A H Crackett	35,518	24,572	35,518	24,572
L F Soper	35,518	24,572	35,518	24,572
T M Biddle	35,518	24,572	35,518	24,572
A J Arnold	35,518	24,572	35,518	24,572
	490,586	484,954	620,486	645,476
 Community Board members				
Bluff:				
R J C Fife	8,297	8,000	8,297	8,000
W E Glassey	4,148	4,079	4,148	4,079
G V Henderson	4,148	4,079	4,148	4,079
P A Young	4,148	4,079	4,148	4,079
G A Laidlaw	4,148	4,079	4,148	4,079
	24,889	24,316	24,889	24,316
Total elected representatives' remuneration	645,100	642,056	799,600	827,178

29 Remuneration (continued)**Council employees**

Total annual remuneration by band for employees as at 30 June:

	Actual 2018
< \$60,000	318
\$60,000 - \$79,999	85
\$80,000 - \$99,999	19
\$100,000 - \$139,999	18
\$140,000 - \$279,999	6
\$280,000 - \$339,999	2
	448
	Actual 2017
< \$60,000	346
\$60,000 - \$79,999	86
\$80,000 - \$99,999	17
\$100,000 - \$139,999	15
\$140,000 - \$179,999	7
\$180,000 - \$339,999	4
	475

Total remuneration includes non-financial benefits provided to employees.

At balance date the Council employed 316 (2017: 273) full time employees, with the balance of staff representing 84 (2017: 60) full time equivalent employees. A full time employee is determined on the basis of a 40 hour working week.

30 Events after balance date

There have been no subsequent events. (2017: No subsequent events).

31 Financial instrument risk

The Council and Group have exposure to the following risks from its use of financial instruments:

- **Credit risk**
- **Liquidity risk**
- **Market risk.**

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

• Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing the Council to incur a loss. The Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

The Council invests funds only in deposits with registered banks and local authority stock and its Investment policy limits the amount of credit exposure to any one institution or organisation.

Investments in other Local Authorities are secured by charges over rates. Other than other local authorities, the Group only invests funds with those entities, which have a Standard and Poor's credit rating of at least A2 for short term and A - for long-term investments. Accordingly, the Group does not require any collateral or security to support these financial instruments.

The Group manages its exposure to credit risk from trade receivables by performing credit evaluations on all customers requiring credit whenever possible, and continuously monitoring the outstanding credit exposure to individual customers. The Group does not generally require or hold collateral against credit risk.

The Electricity Invercargill Limited group is exposed to a concentration of credit risk with regards to the amounts owing by energy retailers for line charges. However, these entities are considered to be high credit quality entities. An amount of \$1,654,000 (2016: \$1,654,000) is owed by energy retailers at balance date.

For counterparties with credit ratings the cash at bank and deposits are held in banks with credit ratings from BBB to AA-. Derivative financial instruments assets are held with banks with credit ratings of AA-. For counterparties without credit ratings the community (non subsidiary) and related party loans are with parties that have had no defaults in the past.

• Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months.

The Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of the Council's Long-Term Plan.

31 Financial instrument risk (continued)

The tables below analyse the Council's and the Group's financial assets and liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Council 2018

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Cash, cash equivalents and bank overdrafts	1,347	1,347	1,347	-	-	1,347
Receivables and prepayments	9,767	9,767	9,767	-	-	9,767
Available-for-sale financial assets	682	682	-	-	682	682
Short term investments	49,066	49,066	49,066	-	-	49,066
Other investments	15,062	15,062	-	-	15,062	15,062
Total financial assets	75,924	75,924	60,180	-	15,744	75,924
Financial liabilities						
Trade and other payables, provisions and employee benefit liabilities	15,647	15,230	13,250	1,980	-	15,230
Borrowings - secured loans	88,136	91,956	54,183	16,991	20,782	91,956
Total financial liabilities	103,783	107,186	67,433	18,971	20,782	107,186

Group 2018

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Cash and cash equivalents and bank overdrafts	7,177	7,177	7,177	-	-	7,177
Receivables and prepayments	12,556	12,675	12,675	-	-	12,675
Available-for-sale financial assets	682	682	-	-	682	682
Short term investments	32,478	34,716	34,716	-	-	34,716
Other investments	180	(1,527)	1,611	(71,602)	68,464	(1,527)
Total financial assets	53,073	53,723	56,179	(71,602)	69,146	53,723
Financial liabilities						
Trade and other payables, provisions and employee benefit liabilities	20,772	20,358	18,378	1,980	-	20,358
Borrowings - secured loans	164,529	178,386	61,288	20,066	97,032	178,386
Total financial liabilities	185,301	198,744	79,666	22,046	97,032	198,744

31 Financial instrument risk (continued)

The tables below analyse the Council's and the Group's financial assets and liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Council 2017

	Carrying amount (\$'000)	Contractual cash flows (\$'000)	Maturity dates			Total (\$'000)
			< 1 year (\$'000)	1-3 years (\$'000)	> 3 years (\$'000)	
Financial assets						
Cash, cash equivalents and bank overdrafts	7,796	7,796	7,796	-	-	7,796
Receivables and prepayments	7,023	7,024	7,024	-	-	7,024
Available-for-sale financial assets	682	682	-	-	682	682
Short term investments	11,503	11,503	11,503	-	-	11,503
Other investments	40,516	40,156	-	-	40,156	40,156
Total financial assets	67,520	67,161	26,323	-	40,838	67,161
Financial liabilities						
Trade and other payables, provisions and employee benefit liabilities	14,880	14,456	12,409	2,047	-	14,456
Borrowings - secured loans	85,986	92,427	2,338	68,197	21,892	92,427
Total financial liabilities	100,866	106,883	14,747	70,244	21,892	106,883

Group 2017

	Carrying amount (\$'000)	Contractual cash flows (\$'000)	Maturity dates			Total (\$'000)
			< 1 year (\$'000)	1-3 years (\$'000)	> 3 years (\$'000)	
Financial assets						
Cash, cash equivalents and bank overdrafts	12,899	12,899	12,899	-	-	12,899
Receivables and prepayments	10,340	10,340	10,340	-	-	10,340
Available-for-sale financial assets	682	682	-	-	682	682
Short term investments	13,003	13,003	13,003	-	-	13,003
Other investments	13,124	42,701	2,545	-	40,156	42,701
Total financial assets	50,048	79,625	38,787	-	40,838	79,625
Financial liabilities						
Trade and other payables, provisions and employee benefit liabilities	19,095	18,644	16,597	2,047	-	18,644
Borrowings - secured loans	164,467	210,136	5,421	71,281	133,434	210,136
	183,562	228,780	22,018	73,328	133,434	228,780

The maturity profiles of the Council's interest bearing borrowings are disclosed in note 22.

31 Financial instrument risk (continued)

The tables below analyse the Council's and the Group's derivative financial assets and liabilities that are settled on a net basis into their relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Council 2018

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Derivative financial instruments	-	76	26	11	39	76
Total financial assets	-	76	26	11	39	76
Financial liabilities						
Derivative financial instruments	957	1,107	313	519	275	1,107
Total financial liabilities	957	1,107	313	519	275	1,107

Group 2018

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Derivative financial instruments	-	76	26	11	39	76
Total financial assets	-	76	26	11	39	76
Financial liabilities						
Derivative financial instruments	4,165	5,152	1,351	2,035	1,766	5,152
Total financial liabilities	4,165	5,152	1,351	2,035	1,766	5,152

31 Financial instrument risk (continued)

Council 2017

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Derivative financial instruments	207	322	13	34	275	322
Total financial assets	207	322	13	34	275	322
Financial liabilities						
Derivative financial instruments	709	811	390	222	199	811
Total financial liabilities	709	811	390	222	199	811

Group 2017

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Derivative financial instruments	254	287	(24)	61	250	287
Total financial assets	254	287	(24)	61	250	287
Financial liabilities						
Derivative financial instruments	3,427	4,639	1,491	1,779	1,369	4,639
Total financial liabilities	3,427	4,639	1,491	1,779	1,369	4,639

31 Financial instrument risk (continued)**• Market risk.*****Price risk***

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of the Council's investment portfolio in accordance with the limits set out in the Council's Investment policy.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council is not exposed to currency risk, as it does not enter into foreign currency transactions.

Interest rate risk***Fair value interest rate risk***

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates expose the Council to fair value interest rate risk. The Council's Liability Management policy outlines the level of borrowing that is to be secured using fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where the Council has borrowed at fixed rates. In addition, investments at fixed interest rates expose the Council to fair value interest rate risk.

The interest rates on the Council's borrowings are disclosed in note 22.

31 Financial instrument risk (continued)

Interest rate risk (continued)

The financial assets and liabilities are exposed to interest rate risk as follows:

Financial assets

Cash and cash equivalents	Variable interest rates
Trade and other receivables	Non-interest bearing
Dividends receivable	Non-interest bearing
Derivative financial instruments (interest rate swaps)	Variable interest rates
Advances	Fixed and variable interest rates
Short term investments	Variable interest rates

Financial liabilities

Trade and other payables	Non-interest bearing
Dividends payable	Non-interest bearing
Advances	Variable interest rates
Borrowings - secured loans	Variable interest rates
Derivative financial instruments (interest rate swaps)	Variable interest rates

31 Financial instrument risk (continued)

Interest rate risk (continued)

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Council to cash flow interest rate risk.

The Council manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The notional principal outstanding in regard to the interest rate swaps is as follows:

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
	Liability	Liability	Liability	Liability
Maturity < 1 year	5,000	7,000	26,500	8,700
Maturity 1-2 years	-	5,000	7,500	26,500
Maturity 2-3 years	10,000	-	20,000	7,500
Maturity 3-4 years	-	7,000	8,000	17,000
Maturity 4-5 years	6,000	-	23,000	8,000
Maturity 5-6 years	5,000	-	22,500	13,000
Maturity 6-7 years	10,000	-	20,000	13,000
Maturity 7-10 years	9,000	15,000	23,000	34,000
	45,000	34,000	150,500	127,700

31 Financial instrument risk (continued)

Interest rate risk (continued)

Effectiveness of cash flow hedges

The matched terms method is used in applying hedges. In all cases the terms of both the hedge instrument (Interest rate swap derivative) and the underlying transaction are matched.

	Council		Group	
	2018	2017	2018	2017
	%	%	%	%
Effectiveness	100	100	100	100

Sensitivity analysis on financial instruments

Investments:

If interest rates on investments at 30 June, 2018 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus after tax by \$72,329 (2017: \$129,457).

Borrowings:

If interest rates on borrowings at 30 June, 2018 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus after tax. This is as a result of higher/lower interest expense on floating rate borrowings for Council by \$290,017 (2017: \$113,182) and for Invercargill City Holdings Limited \$116,599 (2017: \$116,599).

Cash and cash equivalents

included deposits at call which are at floating interest rates. Sensitivity to a 0.5% movements in rates is immaterial as these cash deposits are very short term.

Derivative asset: Cash flow hedge

The derivatives are hedge accounted and managed by the company to be 100% effective and thus there is no sensitivity to the profit and loss to change in the interest rates.

Sensitivity to a 0.5% movements in rates is as follows and affect the equity balance of the Group:

Interest rate swaps

	Carrying amount	Equity change	
	Year 2018	+0.5%	-0.5%
	\$000	\$000	\$000
Council	(957)	(183)	(1,834)
Invercargill City Holdings Limited	(3,208)	1,395	(1,440)
	(4,165)	1,212	(3,274)
	Year 2017	+0.5%	-0.5%
	\$000	\$000	\$000
Council	(502)	47	(1,070)
Invercargill City Holdings Limited	(2,671)	1,350	(1,396)
	(3,173)	1,397	(2,466)

31 Financial instrument risk (continued)

Fair Value measurements recognised in the Statement of Comprehensive Revenue and Expense

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 Financial instrument risk (continued)

Fair Value Measurement

	Council 2018			
	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Assets at fair value				
Derivatives	-	-	-	-
Biological assets	-	-	2,885	2,885
Network assets	-	-	655,406	655,406
Investment property	-	-	36,893	36,893
Land and buildings	-	-	89,791	89,791
Library books	-	-	3,758	3,758
Total assets at fair value	-	-	788,733	788,733

Liabilities at fair value

Derivatives	-	957	-	957
Total liabilities at fair value	-	957	-	957

	Council 2017			
	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Assets at fair value				
Derivatives	-	207	-	207
Biological assets	-	-	3,426	3,426
Network assets	-	-	671,923	671,923
Investment property	-	-	25,194	25,194
Land and buildings	-	-	89,168	89,168
Library books	-	-	3,927	3,927
Total assets at fair value	-	207	793,638	793,845

Liabilities at fair value

Derivatives	-	709	-	709
Total liabilities at fair value	-	709	-	709

31 Financial instrument risk (continued)

Fair Value Measurement (continued)

	Group 2018			
	Level 1	Level 2	Level 3	Total
	(\$000)	(\$000)	(\$000)	(\$000)
Assets at fair value				
Derivatives	-	-	-	-
Biological assets	-	-	26,850	26,850
Network assets	-	-	740,748	740,748
Investment property	-	-	40,953	40,953
Land and buildings	-	-	89,791	89,791
Library books	-	-	3,758	3,758
Total assets at fair value	-	-	902,100	902,100

Liabilities at fair value

Derivatives	-	4,165	-	4,165
Total liabilities at fair value	-	4,165	-	4,165

	Group 2017			
	Level 1	Level 2	Level 3	Total
	(\$000)	(\$000)	(\$000)	(\$000)
Assets at fair value				
Derivatives	-	254	-	254
Biological assets	-	-	23,293	23,293
Network assets	-	-	754,903	754,903
Investment property	-	-	29,029	29,029
Land and buildings	-	-	89,168	89,168
Library books	-	-	3,927	3,927
Total assets at fair value	-	254	900,320	900,574

Liabilities at fair value

Derivatives	-	3,427	-	3,427
Total liabilities at fair value	-	3,427	-	3,427

31 Financial instrument risk (continued)

	Council Actual 2018 (\$000)	Council Actual 2017 (\$000)	Group Actual 2018 (\$000)	Group Actual 2017 (\$000)
Level 3 fair value measurements				
Balance at beginning of the year	793,638	652,270	900,320	753,223
Unrealised net change in value of assets	(2,088)	140,178	755	146,976
Purchases	25,564	25,434	34,366	29,568
Sales	(1,094)	(766)	(2,726)	(2,650)
Reclassified to non-current assets held for resale	(2,521)	(1,803)	(2,521)	(1,803)
Depreciation and impairment	(24,766)	(21,675)	(28,094)	(24,994)
Balance at the end of the year	788,733	793,638	902,100	900,320

31 Financial instrument risk (continued)

Fair Value Measurement (continued)

The Council and Group carries interest rate swaps (derivative financial instruments) at fair value. These instruments are included in Level 2 of the fair value measurement hierarchy. Interest rate swaps are held with financial institutions with investment grade credit ratings. Interest rate derivative fair values are valued using swap model valuation techniques using present value calculations. The key inputs include interest rate curves and forward rate curves.

The Council's and Group's biological assets were valued by external valuation on the basis of fair value in accordance with the New Zealand Institute of Forestry (NZIF) valuation guidelines. The discounted cash flow (DCF) method is used with the exception of development forests where a compound cost basis is used. The valuation excludes funding and taxation. The discount rate is based on the mid-point of the valuer's analysis of the implied pre-tax discount rates from actual transactions. The pre-tax discount rate chosen for the Council's 2018 valuation is 7.75% (2017: 9.5%). The pre-tax discount rate chosen for the Group's 2018 valuation is 6.75% (2017: 7.5%). The cash flow term for the valuation is 12 years (Council) and 32 years (Group).

The Council's network assets (roads and bridges) and valued three yearly by staff of the Council and reviewed by AECOM NZ Ltd, an independent valuer. The depreciated replacement cost method is used based on the current age profile compared to useful life.

The Council's water, stormwater, and wastewater pipes and fittings are valued three yearly by staff of the Council and reviewed by AECOM Ltd, an independent valuer. The Council's water, stormwater, and wastewater plant assets are valued three yearly by AECOM directly. The depreciated replacement cost method is used based on the current age profile compared to useful life.

The Group's subsidiary, Electricity Invercargill Limited's network assets are valued by external valuation on the basis of fair value using the discounted cash flow (DCF) method. The network assets are revalued every five years. The key inputs include discount rate, growth rate and future cash flows. The cash flow term for the valuation is five years.

The Council's and Group's investment properties are valued annually by external valuation at fair value effective 30 June. All Council investment properties were valued based on open market evidence. The Group's investment properties were valued based on open market evidence with the exception of two properties that are planned to be replaced within the next two years, where a discounted cash flow (DCF) method is used.

The Council's operational land and buildings are valued three yearly at fair value by Quotable Value New Zealand, independent valuers.

The Council's library books are valued three yearly by staff of the Council on the basis of depreciated replacement cost.

32 Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

The Council has the following Council created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by the Council.

Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

33 Explanation of major variances

Statement of Comprehensive Revenue and Expense - Council

		Actual 2018 (\$000)	Budget 2018 (\$000)	Actual 2017 (\$000)	Variance to Budget 2018 (\$000)	Variance to Actual 2017 (\$000)
Revenue						
Rates revenue		50,862	50,068	49,003	794	1,859
Fines	1	264	519	279	(255)	(15)
Subsidies and grants	2	8,024	6,672	6,742	1,352	1,282
Direct charges revenue	3	22,152	19,802	20,451	2,350	1,701
Rental revenue		2,307	2,453	2,013	(146)	294
Finance revenue	4	2,177	2,070	1,970	107	207
Dividends	5	5,302	5,850	4,700	(548)	602
Development and financial contributions		-	-	-	-	-
Property, plant and equipment acquired in non-exchange transactions		-	-	99	-	(99)
Expenditure						
Employee expenses	6	24,012	24,502	23,602	(490)	410
Depreciation and amortisation	7	26,853	22,081	23,527	4,772	3,326
General expenses	8	40,093	39,043	37,095	1,050	2,998
Finance expenses	9	2,869	4,323	2,738	(1,454)	131
Other gains/(losses)	10	(2,403)	720	1,073	(3,123)	(3,476)
Other comprehensive revenue and expense						
Property, plant and equipment revaluation gains/(losses)		-	-	139,155	-	(139,155)
Carbon credit revaluation gains/(losses)		129	-	(5)	129	134
Cash flow hedges		(456)	-	621	(456)	(1,077)
Total variance in Statement of Comprehensive Revenue and Expense		(5,469)	(1,795)	139,139	(3,674)	(144,608)

33 Explanation of major variances (continued)

2018 Variance analysis against 2018 Budget

1 - Fines are lower than budget due to staff changes within the Compliance departments of Council and because of a change in procedure in Animal Services infringements.

2 - Subsidies and grant income is higher than budget due to additional NZTA funding being received for prior year capital work being completed and paid for during 2017/18.

3 - Direct charges are higher than budget due to ICC including it's share of the Wastenet joint operation revenue this year which is not included in the budget.

5 - Dividends received are less than budget due to the change in accounting policy relating to the timing of the recognition of the dividend, refer to Note 36.

6 - Employee expenses are lower than budget due to changes in staffing levels during the year across the organisation.

7 - Depreciation and amortisation is higher than budget because Council's asset revaluation resulted in a significantly larger increase in asset values than was anticipated. This has therefore lead to a higher depreciation expense.

8 - General expenses are higher than budget due to ICC including it's share of the Wastenet joint operation expenditure this year which is not included in the budget.

9 - Finance expenses are lower than budget due to the Council's average rate of borrowing being lower than anticipated during 2017/18. This is a result of interest rates being lower and staying lower longer than the market has been predicting. Also some loan funded projects that Council had planned to do during the year have not been completed. These relate to the CBD redevelopment project and work required on the Civic Administration building. Also some infrastructure projects are yet to be completed and have been carried forward into the 2018/19 year.

10 - Other gains/(losses) are lower than budget due to the revaluation of Council's Investment Property being less than anticipated. This is largely due to the Don Street Business House, which was not fully tenanted at 30 June.

2018 Variance analysis against 2017 Actuals

2 - Subsidies and grant income is higher than Actual 2017 due to additional NZTA funding being received for prior year capital work being completed and paid for during 2017/18.

3 - Direct charges are higher than Actual 2017 due to ICC including it's share of the Wastenet joint operation revenue this year.

4 - Finance revenue is higher than Actual 2017 due to Invercargill City Council receiving additional interest revenue from funds lent to Invercargill City Holdings Limited.

5 - Dividends received are higher than 2017 due to Invercargill City Holdings Limited increasing its dividend to Council for the 2018 year.

6 - Depreciation and amortisation is higher because Council's asset revaluation resulted in a significantly larger increase in asset values than was anticipated. This has therefore lead to a higher depreciation expense than last year.

7 - General expenses are higher than 2017 due to ICC including its share of the Wastenet joint operation expenditure this year.

33 Explanation of major variances (continued)*Statement of Financial Position - Council*

		Actual 2018 (\$000)	Budget 2018 (\$000)	Actual 2017 (\$000)	Variance to Budget 2018 (\$000)	Variance to Actual 2017 (\$000)
Current assets						
Cash and cash equivalents		1,347	8,385	7,796	(7,038)	(6,449)
Receivables		9,258	12,556	6,358	(3,298)	2,900
Prepayments		509	-	665	509	(156)
Inventories		933	676	753	257	180
Non-current assets held for resale		-	-	1,803	-	(1,803)
Other financial assets	1	49,066	20,275	11,503	28,791	37,563
Non-current assets						
Work in progress	2	7,473	-	13,945	7,473	(6,472)
Property, plant and equipment	2	769,373	711,838	782,973	57,535	(13,600)
Intangible assets		906	837	870	69	36
Forestry assets	3	2,885	3,093	3,426	(208)	(541)
Investment property	4	36,893	39,829	25,194	(2,936)	11,699
Investment in CCOs and similar entities		36,069	36,069	36,069	-	-
Other financial assets - Other investments	5	15,744	28,254	41,198	(12,510)	(25,454)
Other financial assets - Derivative financial instruments		-	-	207	-	(207)
Current liabilities						
Trade and other payables		11,088	9,608	10,143	1,480	945
Provisions		112	149	112	(37)	-
Employee benefit liabilities		2,467	2,497	2,578	(30)	(111)
Borrowings	6	52,936	3,842	35,786	49,094	17,150
Derivative financial instruments		92	11	188	81	(96)
Non-current liabilities						
Provisions		816	646	816	170	-
Employee benefit liabilities		1,164	1,238	1,231	(74)	(67)
Borrowings	6	35,200	101,922	50,200	(66,722)	(15,000)
Derivative financial instruments		865	1,111	521	(246)	344
Equity						
Retained earnings		380,594	396,521	388,675	(15,927)	(8,081)
Other reserves		445,122	344,267	442,510	100,855	2,612
Total variance in net assets and equity		825,716	740,788	831,185	84,928	(5,469)

33 Explanation of major variances (continued)

2018 Variance analysis against 2018 Budget

1 - Other financial assets are higher than budget due to accounts being reclassified from Cash and cash equivalents and from Non-current financial assets.

2 - Work in progress and Property, plant and equipment are higher than budget due to the 3 yearly asset revaluation being significantly higher than was anticipated. The overall revaluation showed an increase of approximately 30% on previous values. This increase was not included in the 2017/18 Annual Plan as it was prepared prior to the revaluation.

3 - Forestry assets are lower than budget due to the 2017 revaluation being lower than anticipated. These valuations were provided by independent valuers, Woodlands Pacific Ltd.

4 - Investment property is lower than budget due to the Don Street business building cost being devalued during the 2017/18 year. Council also disposed of several larger investment properties, being 2 & 10 Deveron Street and the Clyde and Liddell Street properties.

5 - Other financial assets - other investments are lower than budget due to some short term investments (less than 1 year to maturity) being reclassified as current assets.

6 - Total borrowings are lower than budget because less debt was drawn down than was anticipated during 2018. This was due to some capital expenditure projects being deferred.

2018 Variance analysis against 2016 Actuals

1 - Other financial assets are higher than 2017 due to accounts being reclassified from Cash and cash equivalents and Current investments.

2 - Work in progress and Property, plant and equipment are lower than Actual 2017 due to increased depreciation expense resulting from 2017's asset revaluation.

The above comments have focused on major variances only.

34 Impact of change in accounting standards

There has been no change in accounting standards that have had an impact on the preparation of these financial statements.

35 Impact of change in accounting policies

There have been no significant changes to accounting policies during the year.

36 Prior year error correction

The Council and Group have adjusted their comparative year financial statements for the year ended 30 June, 2017 for the correction of prior period errors.

A review was undertaken by Invercargill City Holdings Limited (ICHL) on the accounting treatment for dividends during the reporting period. It was determined that the dividend should not be recognised until it has been appropriately authorised and no longer at ICHL's discretion. ICHL has historically declared dividends annually in June, subject to final audit results and the resolution of a solvency certificate at the time the dividend payment is made, which occurs after 30 June. The Council has historically recognised the dividend as income when ICHL made the declaration annually in June.

The dividend should not have been recognised by either the Council or its subsidiary ICHL as at 30 June.

A review was also undertaken by ICHL on the deferred tax treatment of investment property during the reporting period. It was identified that the deferred tax had not been correctly accounted for on some investment land.

The financial statements for 2017, which are presented as comparative information in the 30 June, 2018 financial statements, have been restated to correct these errors. The adjustments are shown in the table below.

36 Prior year error correction (continued)**Movements in temporary differences during the year**

	Actual 2017		
	Before adjustments (\$000)	Correction of error (\$000)	After adjustments (\$000)
Council			
Revenue			
Dividends	5,300	(600)	4,700
Current assets			
Receivables	11,658	(5,300)	6,358
Equity			
Balance at 1 July, 2017	696,746	(4,700)	692,046
Retained earnings	393,975	(5,300)	388,675
Group			
Non-current liabilities			
Deferred tax liabilities	24,726	(420)	24,306
Equity			
Balance at 1 July, 2017	767,464	420	767,884
Retained earnings	459,035	420	459,455

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 Group consists of Invercargill City Council and its subsidiaries, Invercargill City Holdings Limited (100% owned), Invercargill Venue and Events Management Limited (100% owned), Invercargill City Charitable Trust (100% owned) and Invercargill Community Recreation and Sports Trust (100% owned). The Council has two joint ventures, a joint committee being Venture Southland (42% share of the voting rights), and a joint operation being WasteNet (56% share). Council has two joint associates being Southland Regional Heritage Committee (64% share of voting rights) and Emergency Management Southland (25% share of voting rights).

The Invercargill City Holdings Limited Group consists of:

- Electricity Invercargill Limited (100% owned) and its wholly owned subsidiary Pylon Limited. (Refer to page 139 for additional structure information. Electricity Invercargill Limited has a balance date of 31 March.
- Invercargill City Forests Limited (100% owned) and its wholly owned subsidiary Forest Growth Holdings. (Refer to page 139 for additional structure information.
- Invercargill Airport Limited (97% owned).
- Invercargill City Property Limited (100% owned) and its associate HWCP Management Limited (49.9% owned). (Refer to page 139 for additional structure information.

All Invercargill City Council subsidiaries and associates are incorporated in New Zealand.

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 has designated itself and the group as public benefit entities (PBE) for financial reporting purpose.

The financial statements of the Council are for the year ended 30 June 2018. The financial statements were authorised for issue by Council on 30 October 2018.

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.

SUBSIDIARIES

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 method used to prepare the consolidated financial statements, involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income 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 IRFS.

ASSOCIATES

The Council and Group accounts for investments in associates in the group financial statements using 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 Entities

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 uses 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.

The Council's investments in joint entities are carried at cost in the Council's own financial statements.

Joint Operations

Joint operation (WasteNet) is an operation which Council has joint control. The Consolidated Financial Statements of the Council recognise in the Statement of Financial Position the Council's Share of Assets and Liabilities. Council recognises in the Statement of Comprehensive Revenue and Expenses its share of Revenue and Expenses that it earns from the sale or provision of goods or service by the joint venture.

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.

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 is 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.

Rental Revenue

Rental revenue from investment property is recognised on a straight-line basis over the term of the lease.

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 using the effective interest method.

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 cost of logs harvested by group companies is the fair value less costs to sell at the time the logs are harvested which becomes the initial cost. Thereafter inventory is carried at the lower of cost and net realisable value.

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 remeasurement 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 uses derivative financial instruments to hedge exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Council and Group does 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 remeasured 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 is 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.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

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:

Council Operational Assets	
Buildings	Depreciation Rate
Structure	1.50-20% SL
Roof	2.86-20% SL
Electrical	2.50-20% SL
Plumbing	2.50-20% SL
Internal Fitout	2.44-20% SL
Plant	3.57-20% SL
Library Books	Depreciation Rate
Library Books	6.67-50% SL
Plant and Equipment	Depreciation Rate
Plant	8.80-60% SL/DV
Motor Vehicles	Depreciation Rate
Motor Vehicles	12.0-33%DV
Furniture & Fittings	Depreciation Rate
Furniture & Fittings	14.40-39.6% SL/DV
Council Infrastructural Assets	
Roads, Bridges and Footpaths	Depreciation Rate
Total Pavement Layers	3.21-3.59% SL
Total Roadway Assets	9.93-18.95% SL
Traffic Signs	10.78-14.30% SL
Street Lights	3.28-12.96% SL
Other Asset	1.33-63.34% SL/DV
Formation	0%
Stormwater Systems	Depreciation Rate
Stormwater	1.72-4.08% SL
Wastewater Systems	Depreciation Rate
Wastewater	2.42-5.71% SL
Water	Depreciation Rate
Water	1.22-12.55%

Council Restricted Assets	
Buildings	Depreciation Rate
Buildings	2.0-3.03% SL
Hard Surfaces and Reticulation Systems	2.0-2.16% SL/DV
Subsidiaries	
Subsidiaries - Property, Plant and Equipment	Depreciation Rate
Buildings	1.00-15% SL/DV
Furniture and Fittings	5.00-50% SL/DV
Plant	6.00-50% SL/DV
Motor Vehicles	12.00-33% DV
Subsidiaries - Infrastructure Asset	Depreciation Rate
Network Assets	1.4-15% SL
Metering Assets	2.5-6.7% SL
Airport Facilities	Depreciation Rate
Carpark and Fencing	1.00-21% SL
Runway, Apron and Taxiway (Base-course and sub-base	3.00% SL
Top Surface (Runway)	8.30% SL
Top Surface (Apron and Taxiway)	6.70% SL
Roads, carparks and stop banks	3.00% SL
Subsidiaries Forestry Road Improvements	Depreciation Rate
Forestry Road Improvements	6.00%DV

The residual value and useful life of an asset is reviewed and adjusted if applicable, at each balance date. Council changed the depreciation rates on its revalued assets at 1 July 2017 due to the change in useful life's of these assets. The effect of this change in the current and future periods is impractical to measure.

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.

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 by QV.co.nz (Registered Valuers) as at 30 June 2017. Valuations are completed three yearly.
- Restricted land (excluding forestry land) and buildings have been valued at deemed cost. Deemed cost is the fair value being the current valuation at 30 June 2005. This fair value is the net current value by Quotable Value New Zealand (Registered Valuers) as at 30 June 1992.
- Library collections are valued at depreciated replacement cost as at 30 June 2017. Valuation was completed by staff of the Invercargill City Council. 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.

Land and buildings in the 'Restricted Asset' category are subject to restrictions on either use or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the assets can be used).

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, Bridges and Footpaths

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. Valuation has been completed by staff of the Invercargill City Council and reviewed by AECOM NZ Ltd. The current valuation is as at 30 June 2017. 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. Valuation has been completed by Council staff and reviewed by AECOM NZ. The current valuation is as at 30 June 2017. Valuations are completed three yearly.

Vested assets

Certain infrastructure assets and land have been vested in the Council as part of the subdivisional consent process.

The vested reserve land has been valued at deemed cost. Deemed cost is the fair value being the current valuation at 30 June 2005. This fair value is the 2005 Beca Rating Valuation.

Vested infrastructural assets have been valued based on the actual quantities of infrastructural components vested and current "in the ground" cost of providing identical services. Unless there is a use or return condition attached to the asset.

Network assets of Electricity Invercargill Limited:

The electricity distribution network is valued at fair value. Fair value is determined on the basis of a periodic valuation, at a maximum of every five years based on discounted cashflow methodology.

Accounting for revaluations

The Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluating 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.

The replacement costs where appropriate, reflect optimisation due to design or surplus capacity. The Council has estimated that the necessary infrastructural asset network capacity to service the Invercargill City area is on 100% of the existing capacity, i.e. no surplus capacity. The valuation of these assets therefore assumes the existing assets will be replaced with assets of similar capacity.

CAPITAL WORK IN PROGRESS

Work in progress includes the cost of direct materials and direct labour used in putting replacement and new systems and plant in their present location and condition. It includes accruals for the proportion of work completed at the end of the period. Capital work in progress is not depreciated.

INTANGIBLE ASSETS

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

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.

Carbon Credits Intangible Asset

Carbon credits intangible assets that are acquired by Council have been measured at fair value upon acquisition and subsequently revalued to fair value annually. Any revaluation gain/losses are recognised in Other Comprehensive Revenue and Expense.

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.

Investment land and buildings have been valued at net realisable value by Registered Valuer, Robert Todd of Telfer Young. This valuation was as at 30 June 2017 and will be carried out on an annual basis. Any adjustment to the values has been accounted for as an increase (decrease) in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

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.

BUDGET FIGURES

The budget figures are those approved by the Council at the beginning of the year in the Long Term Plan or Annual Plan. The budget figures have been prepared in accordance with Tier 1 PBE accounting standards, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

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.

Landfill Aftercare Provision

Note 19 presents an analysis of the exposure of Invercargill City Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

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.

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.

Other Information

Ērā atu pāhono



This section contains the statement on enhancing Māori Capacity to Contribute to Decision-Making and a statement on Shared Services.

COUNCIL VISION

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

Māori Capacity to Contribute to Decision Making

Invercargill City Council acknowledges the importance of tikanga Māori and values its relationship with both Ngāi Tahu (through the four Southland papatipu runanga) and ngā matawaka (other Māori who are not Ngāi Tahu) living within Murihiku/Southland.

Charter of Understanding

To help promote and develop its relationship with Māori, Invercargill City Council together with six other local authorities in Southland/Otago, namely Environment Southland, Southland District Council, Gore District Council, Queenstown Lakes District Council, Clutha District Council and Otago Regional Council signed with Te Ao Mārama Inc the Charter of Understanding He Huarahi mā Ngā Uri Whakatapu - A Pathway for the Generations Coming Through.

The Charter was revised in 2015 to incorporate the wider responsibilities under the Local Government Act 2002; and underpins all dealings between the Council and Te Ao Mārama Inc. The revised document was re-signed by all the parties at Hokonui runanga marae on 7 March 2016.

The Charter of Understanding provides:

- the basis for an ongoing relationship between the seven councils and the tangata whenua of Murihiku to assist in developing the capacity of Māori to contribute to decision-making processes;
- a foundation for consultation on a wide range of local government issues;
- for the recognition and willingness of Te Ao Mārama Inc to assist all councils in consultation with all ngā matawaka living in Murihiku. This is important in terms of Māori contribution to decision-making in the Southland region, particularly as the Local Government Act responsibilities of the Council in relation to Māori are with all Māori, not solely the local Iwi.

Te Roopu Taiao is the collaborative structure put in place for the purposes of giving effect to the Charter of Understanding and the obligations of the parties to the charter. Senior Councillors and Council staff involved in resource management regularly attend Te Roopu Taiao meetings.

Consistent with the changes to the Charter referred to above, Te Roopu Taiao includes ngā matawaka (other Māori who are not Ngāi Tahu) representatives; and meetings are usually held quarterly.

Fostering Maori Capacity

Māori capacity was enhanced by consultation and discussion on the following in 2017/18:

- Regular liaison meetings between Te Ao Mārama Inc managers and Council's Executive Leadership Team.
- 2018-2028 Long-term Plan.
- Resource Consent Applications.

Council also:

- Maintained existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties.
 - Maintained our commitment to ongoing funding of Te Ao Mārama Inc.
-

Working Together - Shared Services

Council fully participates in relevant shared service arrangements via a Memorandum of Understanding with other local authorities both locally and nationally. There is better value obtained through those services than trying to undertake the work on our own. The following are examples of some of those collaborations.

BUILDING CONTROL

Four southern territorial authorities continue to work closely together on building control matters in terms of both information sharing and staff exchanges to support each other at busy times.

The Shared Services Forum had requested a combined Building Control Shared Service between Invercargill City Council (ICC), Gore District Council (GDC) and Southland District Council (SDC) with Clutha District Council (CDC) also opting to participate in this initiative.

The involved the development of a combined process and quality manual as well as shared regulation forms, which all four councils have adopted. The shared manual and forms standardise the consent processing methodology and quality assurance processes and has been the subject of formal IANZ reaccreditation reviews with all four councils. IANZ have complimented the shared manual approach and have referred several other building consent authorities to seek a copy of the manual.

The subsequent step was consideration of a shared approach to building consent fees across the councils, which is being considered as part of the Southland Regional Development Strategy Ease of Doing Business Action Team work. The investigation on the concept of standardised building consent fees has been progressed during 2017/18. Each of the Councils will need to support a combined fee structure and it is expected that such a structure would be available for the 2019/2020 year at the earliest.

EMERGENCY MANAGEMENT

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 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.

INFORMATION TECHNOLOGY

The IT Shared Services Operations Sub-Committee has over the past 12 months undertaken some activities that will have a positive outcome to all the member councils and the ability to provide a more collaborative platform moving forward.

Shared Services projects that were completed during the past year were:

- continuation of the CommVault offsite Backup and Recovery project; including a full health check of the system, ensuring that we are staying compliant with upgrades to the latest releases
- discussions have begun around a collaborative approach to the delivery of a Southland wide spatial and ePlan solution
- increased our connectivity for all our data connections
- continuation of the delivery of Retrolens website (a shared service with 11 other councils, including Southland Shared Services) makes use of the historic imagery that we purchased in conjunction with Land Information New Zealand. There is over 600,000 images across New Zealand being digitised over a period four years.

IWI LIAISON

All four Southland councils have continued to fund and support Te Ao Mārama Inc, the agency approved by Te Runanga o Ngāi Tahu to act on iwi liaison matters in Murihiku/ Southland under the Resource Management Act 1991 and the Local Government Act 2002. Since its inception, Queenstown Lakes District Council, Otago Regional Council and Clutha District Council have also joined supporting Te Ao Mārama Inc. The papatipu runanga and the participant councils continue to meet quarterly at the Te Roopu Taiao hui, which provides for excellent partnership and exchange of information. The key focus is to give these meetings more of a strategic focus and less focus on day to day operational/retrospective reporting back.

LIBRARY CONSORTIUM

The consortium came together to share a range of services during 2014/15 and these originally included the Symphony Library Management system which allowed access to the complete catalogues of Dunedin, Invercargill, Queenstown Lakes, Central Otago and Southland District Libraries for all residents.

Differing demands by various councils saw a very amiable split from this in 2016/2017 although all members are still using the Symphony management system.

A range of other opportunities are also being explored between the districts and these include integrated holiday and reading programmes, requests and holds able to be placed across boundaries and the possibility of staff exchanges. Purchase of large print, audio and ebook collections have long been shared by the consortium and these collections are exchanged, or made available, to all members. Authors' visits are co-ordinated to minimise costs such as travel and accommodation.

Training and professional development is at the forefront of SouthLib activities as this reduces costs, allows access to national and international speakers and offers benchmarking opportunities, which would possibly be outside the scope of a single authority. This also allows for networking and a spirit of collegiality for staff who often work in isolation.

REGIONAL DEVELOPMENT

In October 2015, the Southland Mayoral Forum published the Southland Regional Development Strategy. This is a significant community collaborative project.

The major goal of the Strategy and its subsequent Action Plan is to increase the Southland population by 10,000 more people by 2025, through creating more jobs and taking up more development opportunities.

During 2017/18, the public were consulted on a proposal to create a Southland Regional Development Agency, which would integrate the current Venture Southland and be based on a wider community-based organisational structure (such as a Council Controlled Organisation) rather than the present joint committee arrangement run by the three territorial authorities. Support for the proposal came from the Government, Ngāi Tahu, local industries and businesses and the community.

Following the consultation phase and the general endorsement obtained from the community, the Mayoral Forum continued through 2017/18 with developing arrangements for the creation of the new Agency. It is expected that the Agency will be established and launched in early 2019.



INVERCARGILL CITY COUNCIL • PRIVATE BAG 90104 • INVERCARGILL 9840 • NEW ZEALAND
PHONE (03) 211 1777 • FAX 03 211 1433 • www.icc.govt.nz