



Annual Report

Invercargill introduced

Statistics New Zealand estimated the population of Invercargill in 2018 at 54,204.

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

All figures are GST exclusive unless otherwise stated.

Invercargill introduced

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

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

Mayor's Comment



Generally speaking our democratic system is transparent and honest. However it is not always fair and those who are entitled to vote often don't bother to do so.

Apathy may rule but so far, New Zealand as a nation, can feel proud about extending the vote to women in 1893. Despite our liberal tendencies however elections are highly combative, competitive and arouse the passions of those who are actually involved.

I always encourage those who are prepared to face the public scrutiny, possible humiliation and the loss of privacy that are part of our electoral system. Without the courage of candidates elections would be a farcical, lack lustre affair.

The end of this term in office is also an ideal time for reflection. Powerful questions will inevitably arise as to what you have achieved during the last three years? It's a difficult question to answer. No one single person on their own can achieve virtually anything as an individual. When you look at our achievements over the last three years progress has inevitably been the result of partnerships. Direct jet flights between Auckland and Invercargill, the CBD Developments, the ILT Hotel, K-Mart and the Bill Richardson Transport World all involved commitment by several groups and organisations.

Southerners have shared the costs of progress and now we should share the benefits of success. Invercargill has had a fantastic year. Tourism, New Zealand's greatest export earner, is on the verge of a great leap forward. Increased flights to Stewart

Island, the success of Real Journeys, the investment throughout the Southern region by Ngāi Tahu, the stunning shrine of our Motorcycle Mecca and the modest but impressive display by E Hayes and Sons. We can all feel tremendous pride in the progress we have made.

Over the next year we will face numerous challenges. The threat to the management of the Southern Institute of Technology is a major factor. The recycling of rubbish has generated a media frenzy and councillors are evenly divided over how we respond now that China, India and other 3rd world countries are refusing to accept our rubbish. We also need to ensure that the South Island only have to pay our fair share of transmission costs for the Tiwai Smelter.

Finally, the mother of all challenges will be the raging increase in the cost of housing. There will inevitably be an influx of workers needed for construction work so we must find somewhere for them to live.

Only with forward planning and innovation will we overcome these challenges.

A handwritten signature in black ink, reading "Tim Shadbolt". The signature is written in a cursive, flowing style.

Tim Shadbolt
Mayor of Invercargill

Chief Executive's Comment



The Council's vision is 'To enhance our city and preserve its character, while embracing innovation and change' and the 2018/19 year has been of significant consequence in these areas.

Since joining the Invercargill City Council, I've been focused on getting us thinking as one organisation, delivering better customer service and improving our systems. Much staff time has been dedicated to these improvements.

Council's commitment to the maintenance and development of our infrastructure has seen major works taking place around the city. The replacement of kilometres of old water mains is no small task, and the new network will complement the upgraded Branxholme Water Treatment Plant. With growth forecast in the Southland region over the next decade, the upgrade is both economically sensible and socially responsible.

The Parks team have outdone themselves, by being named a bronze award-winner in the 2019 International Large Urban Parks awards. These awards are a benchmark for parks around the world, and recognise design, facilities, community engagement and park management.

Construction will soon begin on upgrading facilities at Splash Palace. Three new hydrosides will be built to replace the existing slide. The team have all worked very hard to provide a great community attraction and the extra investment is a great outcome for their efforts. We look forward to the completion of this project early next year.

Work will soon begin on an exciting project that has been many months in the making. A decision has been made, whereby Council voted to invest \$25 million dollars in the City Block development. This marks the beginning of a positive change for the City and the Southland region. It is the result of great community engagement and public submissions played a huge part in the decision making process. This is an exciting time for local industries, businesses and the community as we seek to cement Invercargill's path of regional growth and encourage investors back to a vibrant CBD.

The Long-term Plan has identified some challenging projects over the next ten years and staff will provide sound information to the Council so it can make informed choices as we tackle these projects head on. We understand our commitment to the ratepayers of Invercargill, and will continue to act with professionalism and knowledge when making the important decisions that will help shape this city in the years ahead.

A handwritten signature in blue ink, which appears to read 'Clare Hadley'. The signature is fluid and cursive, written on a light-colored background.

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 2019; the next will be in 2022.

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 2018/19 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
03 218 6385



Darren Ludlow
03 215 4777



Ian Pottinger
03 217 4579

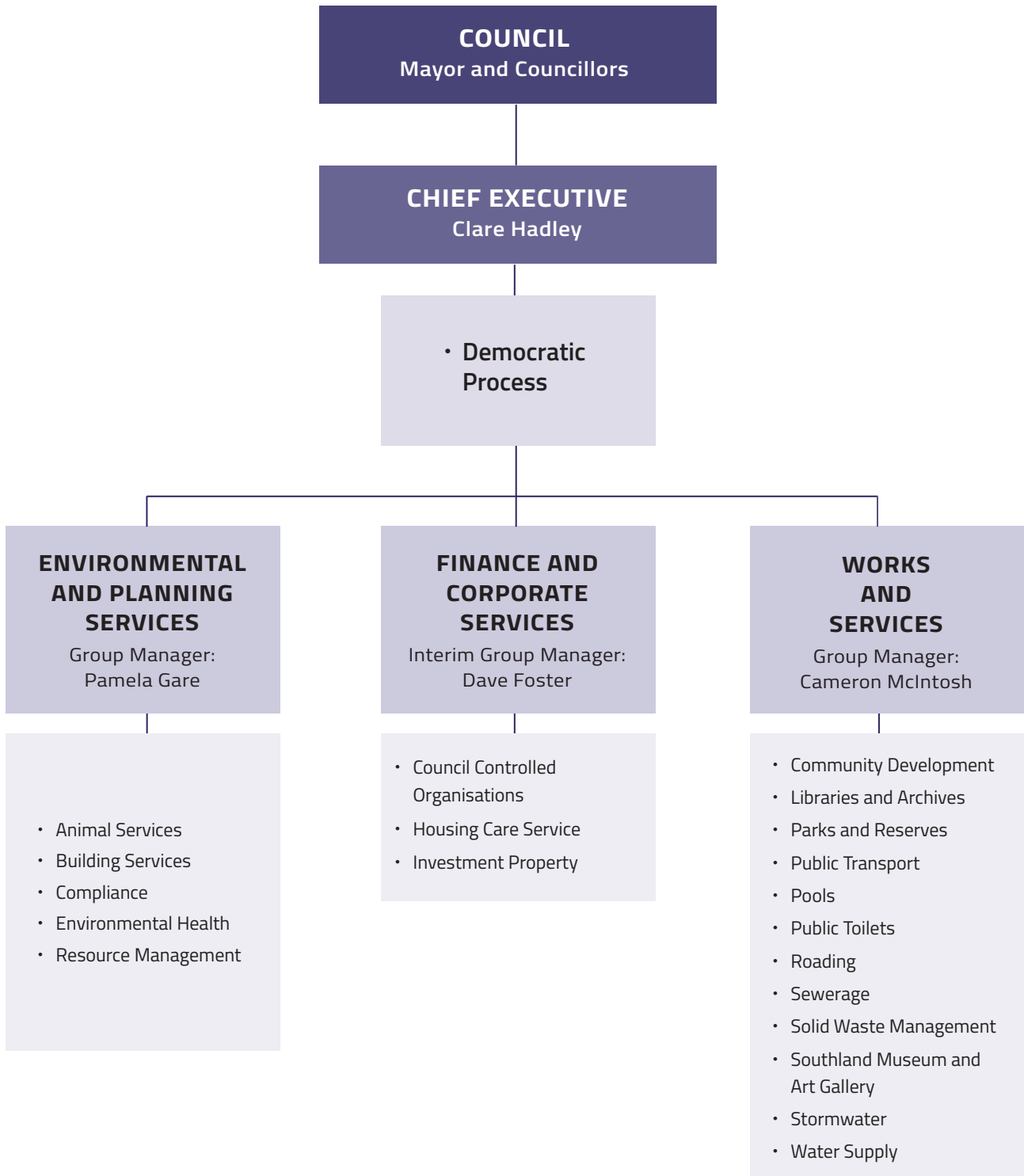


Lesley Soper
03 216 6427



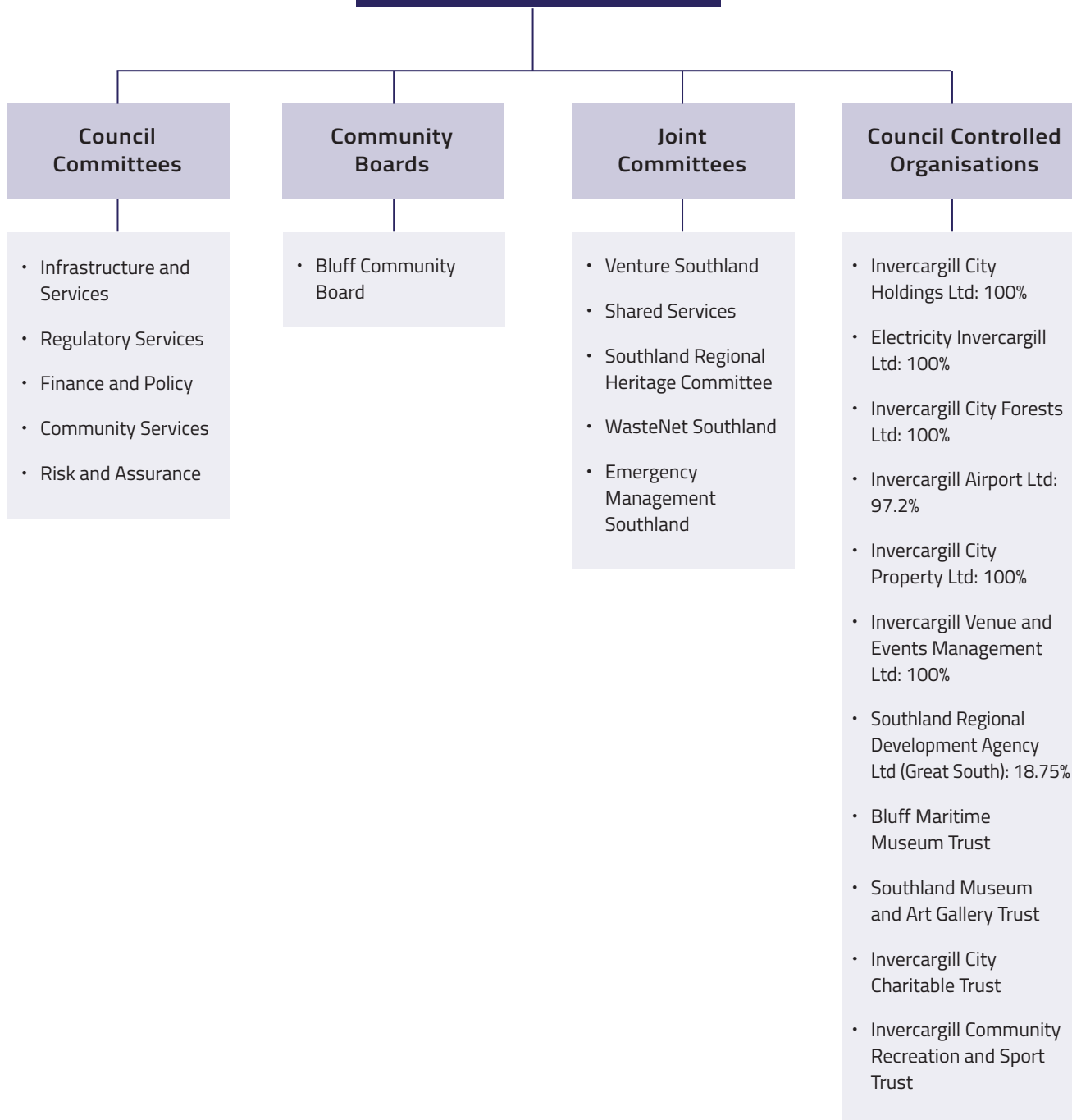
Lindsay Thomas
027 472 4730

Management Structure



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

Council Structure



Financial Overview



Financial Performance Summary	2017/18 \$'000	2018/19 \$'000
Rates Revenue	50,862	53,309
Other Revenue, Other Gains & Losses and Interest Revenue	37,823	49,017
Operating Expenditure including Interest Expenditure	93,827	101,148
Operating Surplus/(Deficit)	(5,142)	1,178
Working Capital (excluding loan facility)	(5,582)	26,007
Total Assets	930,456	1,022,965
External Debt	88,136	90,205
Fixed Assets (Net Book value)	810,057	900,602

Financial Statistics Summary	2017/18	2018/19
Proportion of rates to Total Operating Revenue	57.35%	52.10%
Average rate revenue per rateable property	\$2,015.93	\$2,110.50
External Term Debt (as a percentage of total assets)	9.47%	8.82%
External Term Debt (per rateable property)	\$3,493.30	\$3,571.20

Ratepayer Data	2017/18	2018/19
Total Rateable Properties*	25,230	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, 2019 Whole Of Council

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

	Annual Plan	Council Actual	Long-term Plan	Council Actual
	2017/18 \$'000	2017/18 \$'000	2018/19 \$'000	2018/19 \$'000
SOURCES OF OPERATIONAL FUNDING				
General rates, uniform annual general charges, rates penalties	6,477	6,641	5,550	5,703
Targeted rates	44,221	44,221	47,606	47,606
Subsidies and grants for operating purposes	3,514	4,127	3,741	4,760
Fees and charges	14,878	16,392	15,249	21,835
Interest and dividends from investments	7,920	7,509	7,977	7,426
Local authorities fuel tax, fines, infringements, fees and other receipts	9,100	10,616	9,023	12,481
Total operating funding (A)	86,110	89,506	89,146	99,811
APPLICATIONS OF OPERATIONAL FUNDING				
Payments to staff and suppliers	65,381	66,247	65,511	72,941
Finance costs	4,322	2,869	4,293	2,845
Other operating funding applications	-	-	-	-
Total applications of operational funding (B)	69,703	69,116	69,804	75,786
Surplus (deficit) of operational funding (A-B)	16,407	20,390	19,342	24,025
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	3,160	3,897	4,118	4,515
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	414	1,328	117	1,717
Gross proceeds from sale of assets	156	2,341	318	1,151
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	3,730	7,566	4,553	7,383
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	377	2,560	438	612
- to improve the level of service	3,211	762	5,514	1,568
- to replace existing assets	18,457	17,009	17,385	22,634
Increase (decrease) in reserves	(2,399)	4,425	558	6,594
Increase (decrease) in investments	491	3,200	-	-
Total application of capital funding (D)	20,137	27,956	23,895	31,408
Surplus (deficit) of capital funding (C-D)	(16,407)	(20,390)	(19,342)	(24,025)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-	-
Depreciation expense (not included in the above FIS)	22,081	26,853	27,098	27,807

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

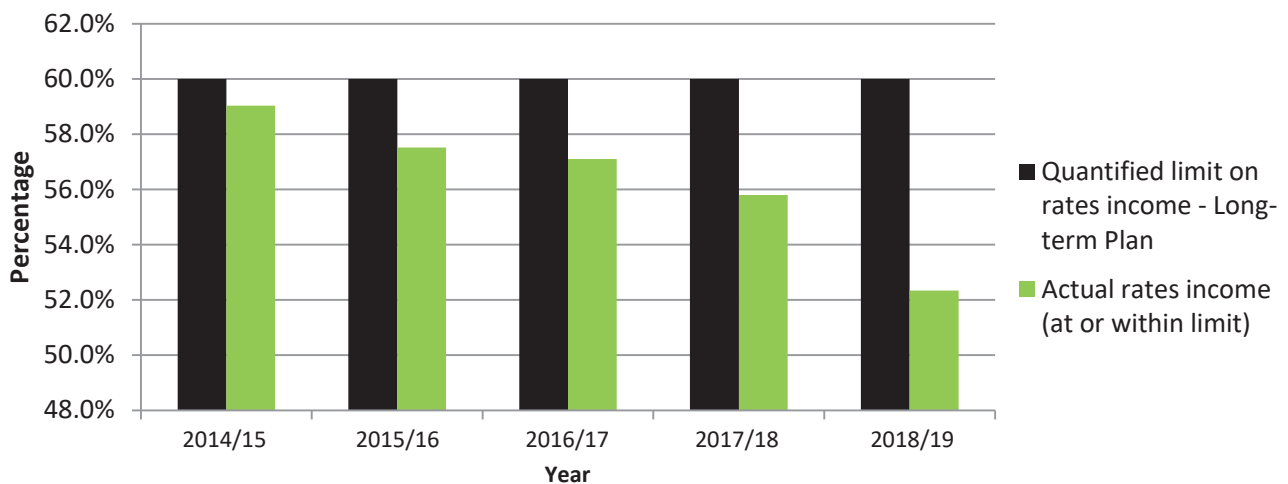
	2014/15	2015/16	2016/17	2017/18	Year of Annual Report 2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Rates Revenue - Annual Report	46,022	47,883	49,003	50,862	53,309
Other income - Annual Report	31,940	35,369	36,854	40,226	48,538
Total Income - Annual Report	77,962	83,252	85,857	91,088	101,847

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.



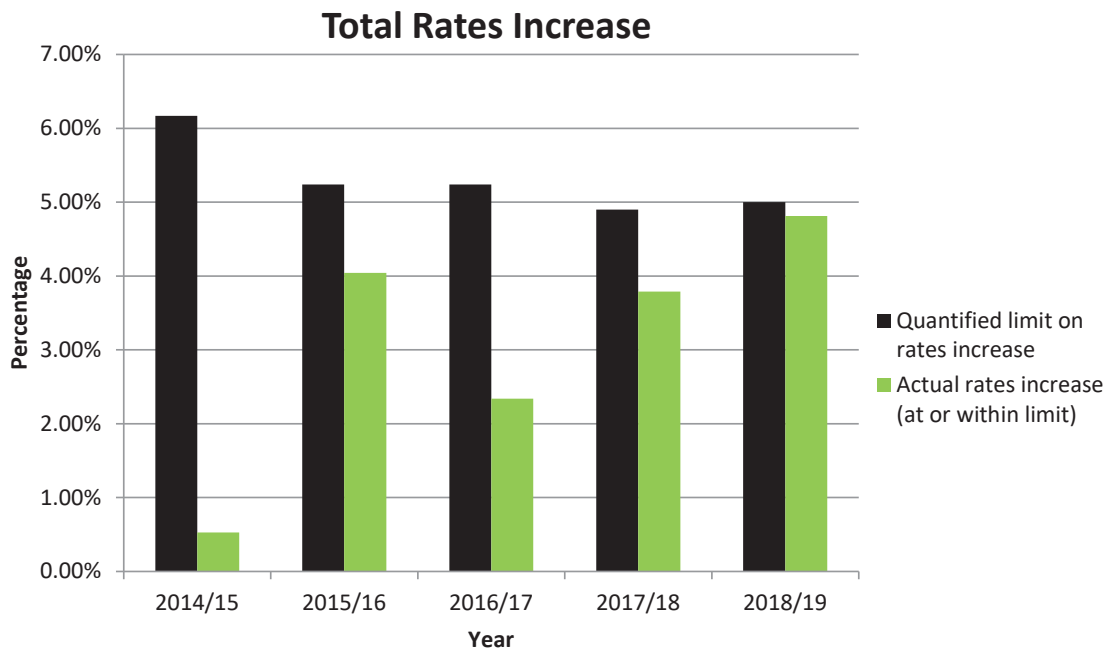
Total Rates Increase

	2014/15	2015/16	2016/17	2017/18	Year of Annual Report 2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Rates Revenue - Annual Report	46,022	47,883	49,003	50,862	53,309
LGCI (Local Government Cost Index)	3.17%	2.24%	2.24%	1.90%	2.00%
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%".



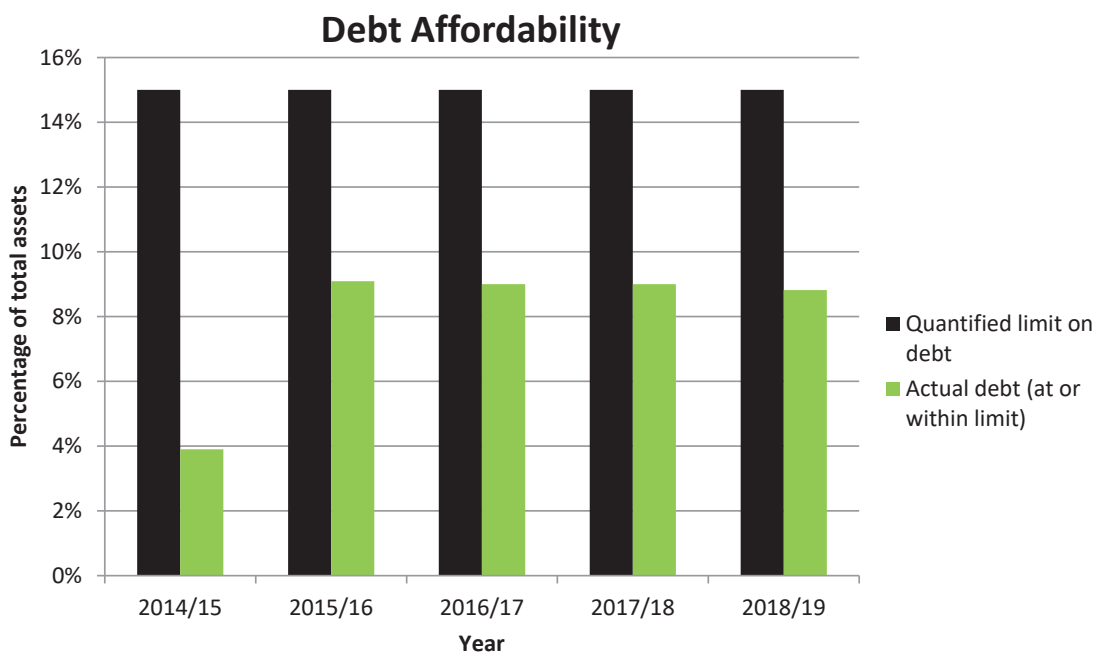
Council's financial strategy aims to limit rates increase to forecast LGCI + 3.0%. As shown above Council has achieved this goal for the last five financial years.

Debt Affordability Benchmark

	2014/15	2015/16	2016/17	2017/18	Year of Annual Report 2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Assets - Annual Report	739,944	783,386	938,060	930,456	1,022,965
External Borrowing	28,861	71,248	85,986	88,136	90,205

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.

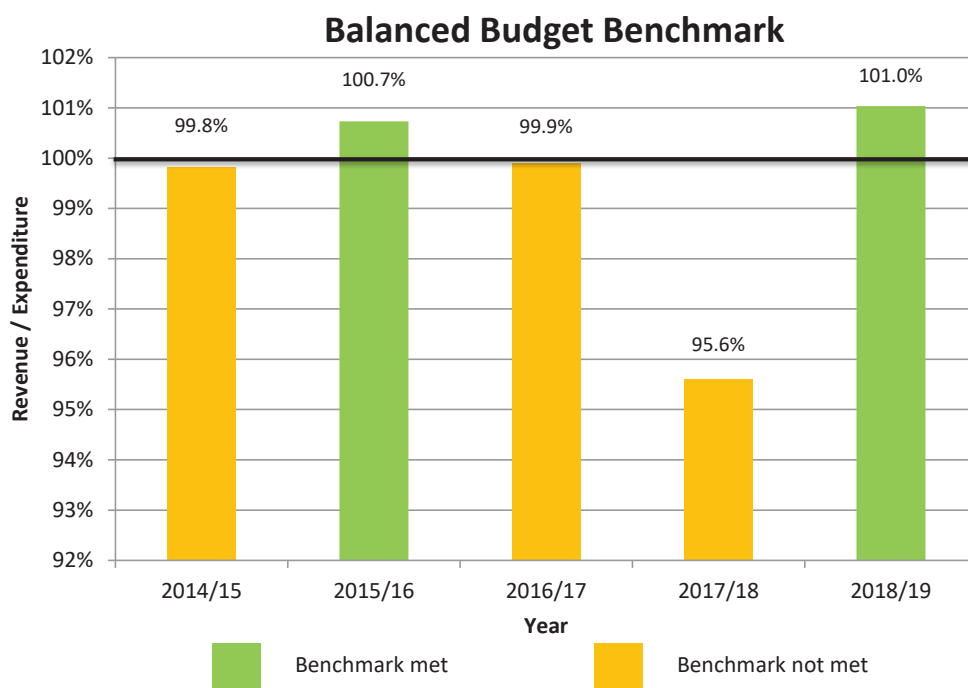


Balanced Budget Benchmark

	2014/15	2015/16	2016/17	2017/18	Year of Annual Report 2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Revenue (Excluding *)	77,962	84,474	87,495	98,419	102,882
Total Expenditure (Excluding ^)	78,104	83,860	87,602	102,929	101,827

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.

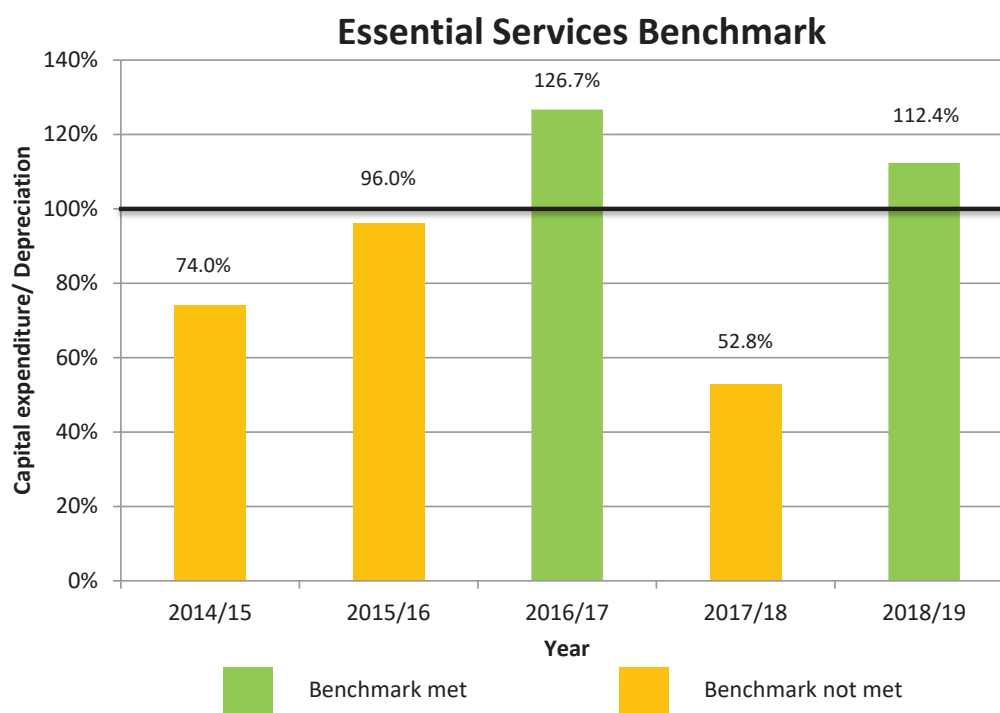
Note: Only revaluations of property, plant and equipment are excluded. Forestry revaluations and gains/losses on investments are included.

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.

Essential Services Benchmark

	2014/15	2015/16	2016/17	2017/18	Year of Annual Report 2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Expenditure (Additions) *	12,455	16,684	23,977	10,630	23,780
Depreciation ^	16,839	17,373	18,928	20,121	21,162

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 the Splash Palace changing rooms are examples of this, both projects were completed in the 2018/19 year.

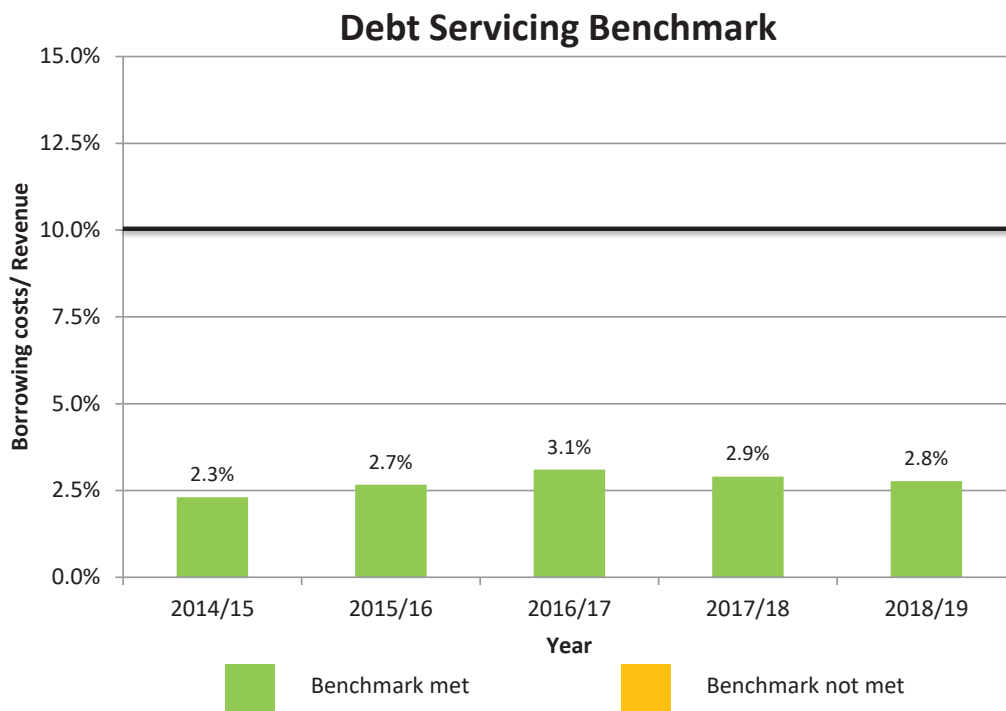


Debt Servicing Benchmark

	2014/15	2015/16	2016/17	2017/18	Year of Annual Report 2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
Borrowing Costs *	1,801	2,253	2,738	2,869	2,845
Revenue (Balanced Budget)	77,962	84,474	87,495	98,419	102,882

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.

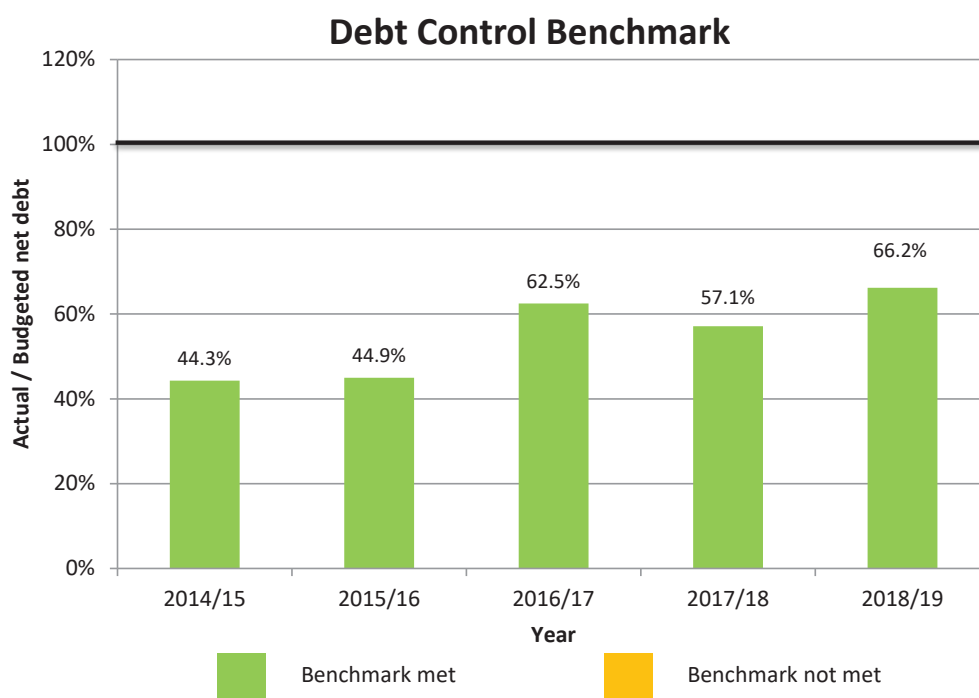
Council's cost of debt is well under the legislative threshold of 10% of revenue. Total borrowing have increased over the past two years due to the refinancing of internal debt with external debt and Council incurring more capital expenditure related debt. This has been largely offset by the Council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

Debt Control Benchmark

	2014/15	2015/16	2016/17	2017/18	Year of Annual Report 2018/19
Actuals	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets - Annual Report *	15,278	59,529	60,704	66,157	73,608
Financial Liabilities - Annual Report ^	39,803	81,978	96,838	100,181	104,621
Actual Net Debt	24,525	22,449	36,134	34,024	31,013
Budgeted					
Financial Assets *	16,063	7,833	55,847	56,914	63,859
Financial Liabilities ^	71,436	57,791	113,616	116,494	110,718
Budgeted Net Debt	55,373	49,958	57,769	59,580	46,859

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.

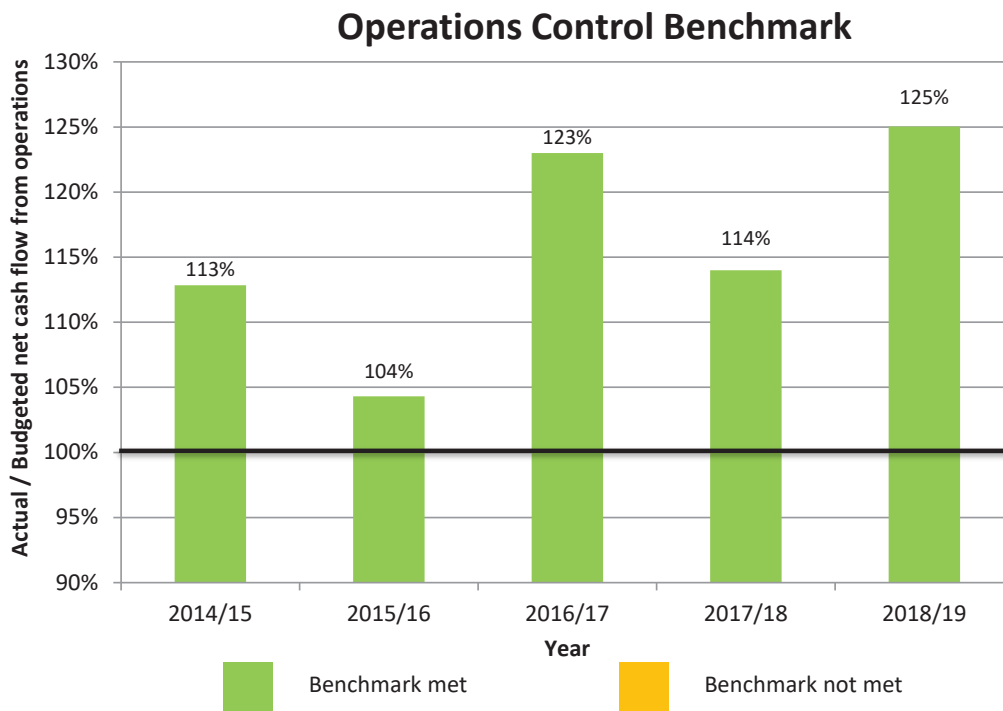


Operations Control Benchmark

	2014/15	2015/16	2016/17	2017/18	Year of Annual Report 2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
Actual Net Cash flows from Operations *	20,906	20,370	23,094	22,239	29,334
Budgeted Net Cash flows from Operations ^	18,526	19,530	18,769	19,485	23,460

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.

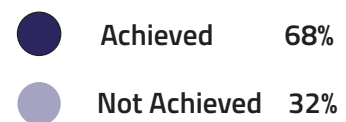
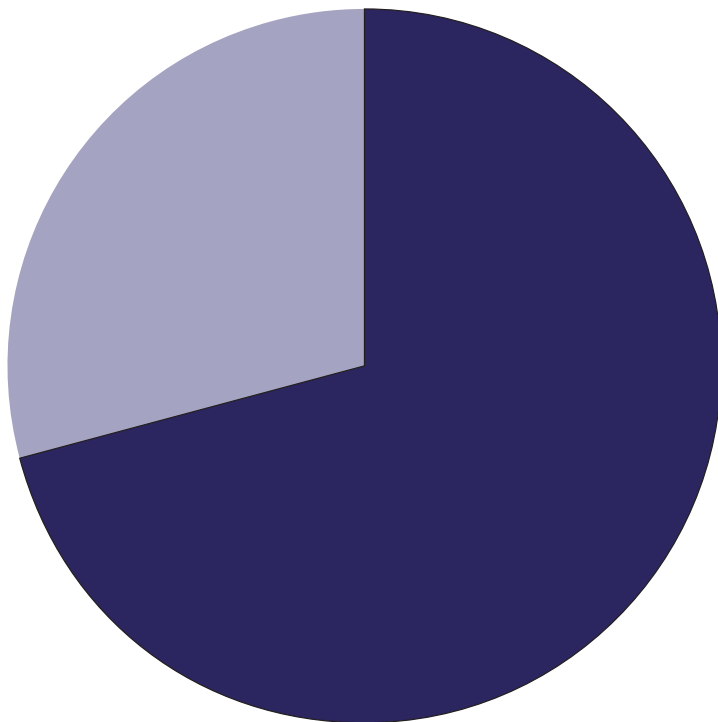
Summary of Service



Summary of Activities and Levels of Performance

The 2018/19 Long-term Plan identified 76 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 52 out of 76 measures.



In the graph above, "Achieved" means that the 2018/19 performance measure was met or exceeded. "Not Achieved" means the 2018/19 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 three Community Outcomes are detailed below.

Community Outcome	Activity and Performance Measure	2018/19 Target	2018/19 Actual
Enhance our City	Roading – The percentage of footpaths within the district that fall within the level of service, or service standard for the condition of footpaths as set out in the Activity Management Plan.	<8% in very poor condition.	Achieved – 1% in very poor condition. (2017/18: Achieved – 1.2% in very poor condition)
	Stormwater – The total number of complaints received by Council about the performance of its stormwater system expressed per 1,000 connections to Council's stormwater system.	<4 complaints per 1,000 properties per annum.	Achieved – 0.45 (2017/18: Achieved – 0.97)
	Water Supply – Hydrants meet firefighting standards.	At least 97.5% of hydrants tested exceed 12.5 litres per second flow rate.	Achieved – 100% (2017/18: Achieved – 100%)
	Libraries and Archives – Number of visits per year.	520,000	Achieved – 524,292 (2017/18 Not Achieved: 494,694)
	Pools – Number of pool visits per head of Invercargill population.	>6.5	Achieved – 8.3 (2017/18: Achieved – 8.0)

Community Outcome	Activity and Performance Measure	2018/19 Target	2018/19 Actual
Preserve its Character	Sewerage – Service disruptions for individual properties are less than 12 hours.	100%	Achieved – 100% (2017/18: Not Achieved: 96%)
	Solid Waste Management – Trend in kerbside recycling.	Increasing Trend.	Not Achieved – 3,307 tonnes. (2017/18: Achieved – 3,325 tonnes)
	Water Supply – The total number of complaints received by Council per 1,000 connections about continuity of supply.	No more than 0.45 per month.	Achieved – maximum of 0.14 (2017/18: Not Achieved – maximum of 0.76)
	Community Development – Number of young people taking part in initiatives.	400	Achieved – 514 (2017/18: Achieved – 940)
	Public Toilets – Public toilets are operational 95% of open hours, 24 hours per day.	95%	Achieved – 98% (2017/18: Not Achieved – 92%)



Community Outcome	Activity and Performance Measure	2018/19 Target	2018/19 Actual
Embrace Innovation and Change	Democratic Process – Alternative methods of communicating to, and receiving information from, the community are utilised.	Alternative method introduced.	Achieved – postcard delivered to all Invercargill City addresses raising awareness of City Block consultation. (2017/18: Achieved)
	Roading – The percentage of customer service requests relating to roads and footpaths, to which the territorial authority responds within the time frame specified in the Long Term Plan.	80% of requests are responded to in five or less business days.	Not Achieved – 75.5% (2017/18: Not Achieved – 73.1%)
	Stormwater – The median response time to attend a flooding event, measured from the time that Council received notification to the time that service personnel reach the site.	Response to emergency callouts – 1 hour (90% success).	Achieved – 93% - Median response 13 minutes. (2017/18: Achieved)
	Regulatory Services – An increasing percentage of applications are electronically lodged, processed and inspected.	80% of applications are lodged, processed and inspected electronically within five years of the service being offered.	Ongoing (Noted as Not Achieved for reporting purposes)
	Democratic Process – Percentage of residents who provide a rating of satisfied or greater with the opportunities Council provides for community involvement in decision making.	50%	Not Achieved – 28% (2017/18: Not Achieved – 38%)

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 2019

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, Andy Burns, 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 7 November 2019. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 95 to 195:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2019;
 - 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;
- the funding impact statement on page 9, 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;
- the statement of service provision (referred to as Council Activities) on pages 18 to 21 and 27 to 94:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, 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 27 to 94, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council’s Long-term plan; and
- the funding impact statement for each group of activities on pages 27 to 94, 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 10 to 17, 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.

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 Long-term 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 (referred to as Council Activities), 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 8, 22-26 and 197 to 200, 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 and our report on the disclosure requirements, we have performed a limited assurance engagement related to the City Council's debenture trust deed, which are 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.



Andy Burns
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 2018/19.

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 7 November 2019.

It correctly reflects the Council's financial position and operating results for the year ended 30 June 2019.

Council adopted this Annual Report on 7 November 2019, therefore did not meet the statutory deadline for adoption.

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



INVERCARGILL



Council Activities

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.

This section is divided into eight "groups of activities":

- Roading
- Sewerage
- Solid Waste Management
- Stormwater
- Water Supply
- Regulatory Services
- Community Services
- Corporate Services

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.

The Regulatory Services Activity includes those Council areas which enable people to live closely together by establishing with the Community minimum standards for development and behaviour. The departments within this activity are:

- Animal Services
- Building Services
- Compliance
- Environmental Health
- Resource Management.

Council Activities

The Community Services Group includes 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
- Public Transport
- Pools
- Public Toilets
- Theatre Services
- Specialised Community Services

The Corporate Services Group includes activities which provide democratic processes and provide or promote business-to-business relationships. The activities within this group are:

- Democratic Process
- Investment Property.

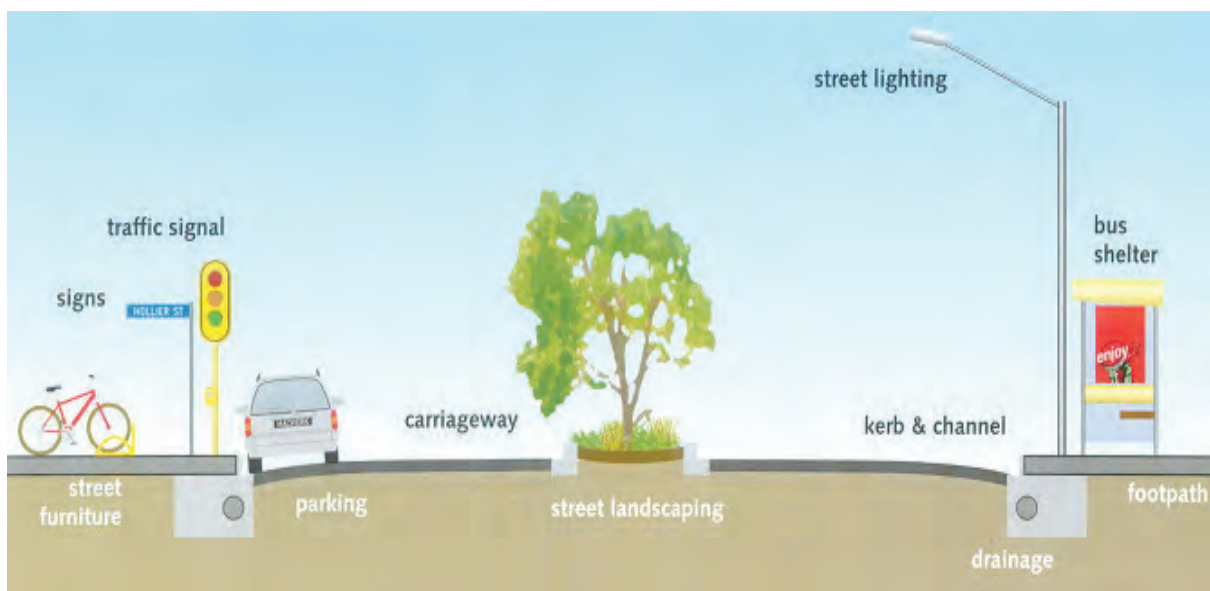
Roading



What we have done

The Roading Section of the Council provided a safe, effective and efficient transport system and contributed to the social and economic wellbeing of the Invercargill District. This was achieved by providing a road network that enables safe travel within and through the district including the provision of cycleways and footpaths.

The following diagram illustrates the assets that are managed by the Roading Section:





What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Healthy and active residents utilise space, including green space, throughout the City.	Roading (pavements) contributes to accessibility, via integrated networks of connected roads and footpaths. Safe roads allow freedom of movement for residents including appropriate lighting.	The total number of fatal and serious injuries each year on the network. Footpaths. Streetlighting.
	Invercargill's business areas are bustling with people, activities and culture.	Roading provides the vital connections with state highways for the freight task distributing the goods needed for a city and throughout the city.	Respond to vandalised signs. Traffic signals response.
		Roading provides roads to connect people, signs to direct, footpaths for pedestrians, street furniture for streetscape usage. CBD areas have high amenity.	Unplanned road closures. Street lighting. Respond to vandalised signs. Traffic signals response.
Preserve its Character	The building blocks, including water, sanitation and roading, for a safe, friendly city are provided for all members of the community.	Safe roads allow residents to select a mode of transport they wish to use with confidence. Street lighting allows residents to feel safe at nights. Wide streets and low traffic allows ease of movement, together with networks resilient and reliable for events.	The total number of fatal and serious injuries each year on the network. Street lighting. Respond to vandalised signs. Traffic signals response.
	Strong, collaborative leadership of the City is demonstrated.	Good roading management delivers a core infrastructure in leading the City.	The overall cost per km and vkt of routine maintenance activities, and cost by work category on each road network for the financial year.
Embrace Innovation and Change	The development of future industry is encouraged.	Street facilities such as visitor signs, streetscape, seating, and car charging offer high value people space and have flexibility to quickly adapt.	Footpaths.
	Technology is used in both existing and new City services.		
	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences. Invercargill has the 'wow factor' with the right facilities and events to enjoy.	Roading corridor management contributes to make events have safe road and pedestrian access to use.	Requests responded to in five or less business days.



How did we measure up

Measure	Target 2018/2019	Result 2018/2019
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	Decreasing annually.	Not Achieved – 6 more than previous year (2017/18: Achieved – 9 fewer than previous year)
The average quality of ride, on a sealed local road network, measured by smooth travel exposure.	Higher than the national average. Urban – 84.5% Rural – 95.1%	Achieved - Urban – 89% - Rural – 96% (2017/18: Achieved - Urban 91%, Rural 98%)
The percentage of the sealed local road network that is resurfaced.	>6.25%	Not Achieved ¹ 5.8% (2017/18: Not Achieved – 5.6%)
The percentage of footpaths within the district that fall within the level of service, or service standard for the condition of footpaths as set out in the Activity Management Plan.	< 8% in very poor condition.	Achieved – 1% in very poor condition. (2017/18: Achieved – 1.2% in very poor condition.)
The percentage of customer service requests relating to roads and footpaths, to which the territorial authority responds within the time frame specified in the Long-term Plan.	80% of requests are responded to in five or less business days.	Not Achieved – 75.5% ² (2017/18: 73.1%)
Street lighting is compliant with AS/ NZS 1158 to agreed levels within urban areas, adjusted for constraining factors.	Increasing percentage.	Achieved – 74% (1% increase) (2017/18: 73%)
Vandalised signs are promptly responded to and corrective actions commenced.	> 85% of requests within 2 business days.	Not Achieved – 77% ³ (2017/18: Not Achieved – 93.9% with target of 95%)
Damaged traffic signals are attended to promptly.	> 85% of emergency requests are responded to by attending the site within one hour.	Achieved – 99.5% (2017/18: Achieved – 100%)
The number of unplanned road closures and the number of vehicles affected by closures annually.	< 8	Not Achieved – this measure was not recorded. ⁴
The overall cost per km and vkt of routine maintenance activities, and cost by work category on each road network for the financial year.	< Peer Group Average.	Not Achieved – This measure is very inconsistent across the peer group and does not give a meaningful result. ⁴



The details

1 The percentage of roads resurfaced is a long-term target and while not achieved this year, the result shows a significant investment has occurred.

2 The response to customer feedback is improving with further effort required to improve and get better quality data.

3 Response to vandalised signs has relatively low numbers and can be affected by the data quality of recording responses and therefore was not achieved.

4 The unplanned closures and costs per Km are measures where further work is needed to get data which is meaningful and accurate.

What else have we done

The programme of renewals for pavements has been completed. These projects have been on the important arterial roads where the greatest level of traffic is experienced. The footpath renewal programme was fully

completed with additional work undertaken. This is one of a few years where the programme has been achieved by contractors and involved coordinating a number of sites for new assets and for resurfacing of pavements.

Capital Works Projects

Project	2018/19 Proposed \$000	2018/19 Actual \$000
Sealed road resurfacing	2,100	2,010
Sealed road pavement rehabilitation	1,300	1,293
Drainage renewals (Kerb and Channel, Culverts)	929	1,593
Footpaths	1,290	1,396
Traffic Services renewal	380	269
Street lighting renewal and 11 year upgrade	543	153

Additional works were required in the Drainage renewals (Kerb and Channel) project to ensure the rehabilitation and footpath programmes could be undertaken. Accordingly some of the other areas were re-prioritised to keep within budget.

The streetlight upgrading programme was not advanced during the year due to the LED renewal programmes being implemented across the city. The completion of the upgrade project is planned for the 2019/20 year.

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Roading



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	389	345	345
Targeted rates	7,960	7,424	7,424
Subsidies and grants for operating purposes	2,139	2,182	3,449
Fees and charges	302	382	477
Internal charges and overheads recovered	286	276	478
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	942	1,080	773
Total operating funding (A)	12,018	11,689	12,946
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	6,775	6,512	6,610
Finance costs	214	136	46
Internal charges and overheads applied	286	276	478
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,275	6,924	7,134
Surplus (deficit) of operating funding (A - B)	4,743	4,765	5,812
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	3,414	3,499	4,515
Development and financial contributions	-	-	-
Increase (decrease) in debt	(753)	82	(294)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,661	3,581	4,221
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	42	-	-
- to improve the level of service	920	968	-
- to replace existing assets	6,383	7,356	8,644
Increase (decrease) in reserves	59	22	1,389
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	7,404	8,346	10,033
Surplus (deficit) of capital funding (C - D)	(4,743)	(4,765)	(5,812)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	10,102	9,708	10,533

Sewerage



What we have done

The Sewerage Activity provided a sewerage system to provide a sewage disposal service to each property in Invercargill, Bluff, Otatara and Omaui residential areas. Treated effluent was discharged from the Clifton

Wastewater Treatment Plant to the New River Estuary, from the Bluff Wastewater Treatment Plant to Foveaux Strait and from the Omaui Oxidation Pond to land adjacent to the community.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill's economy continues to grow and diversify.	The Sewerage Activity receives and treats trade waste.	Applications for trade waste are processed efficiently.
Embrace Innovation and Change	The development of future industry is encouraged.		
Preserve its character	The building blocks, including water, sanitation and roading, for a safe, friendly city are provided for all members of the community.	The Sewerage Activity protects public health by the safe collection of sewage.	<p>Low levels of interruption from the sewerage network.</p> <p>Receiving waters are not adversely affected by effluent discharges.</p>



How did we measure up

Measure	Target 2018/19	Result 2018/19
The number of dry weather sewerage overflows from the Invercargill City Council's sewerage system (per 1,000 connections to the system).	< 4 blockages per 1,000 properties.	Achieved – 0.49 (2017/18: Achieved – 1.02)
Compliance with the Council's resource consents for discharge, as measured by; <ul style="list-style-type: none"> Abatement notices Infringement notices Enforcement orders Convictions, received by Council in relation to those resource consents	100% compliance.	Achieved. No notices, abatements, infringement notices or convictions recorded against the Council. (2017/18: Achieved, 0 notices)
Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following median response times measured: <ul style="list-style-type: none"> Attendance time – from the time that Council receives notification to the time that service personnel reach the site. Resolution time – from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault. 	Service personnel reach site within one hour for emergency work (90% compliance).	Achieved – 91% compliance - 21 minutes (2017/18: Not Achieved – 88%)
	Temporary repair completed within four hours for emergency events (95% compliance).	Achieved – 95% compliance - 1hr:4 min (2017/18: Achieved – 99%)
The total number of complaints received by Council about any of the following: <ul style="list-style-type: none"> Sewerage odour Sewerage system faults Sewerage system blockages and 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. System faults and blockages - <4 complaints per 1,000 connections per year.	Not Achieved – 0.05 complaints per 1,000 connections. (2017/18: Achieved) Achieved – 1.9 complaints per 1,000 connections (2017/18: Achieved - 2.29)
Service disruptions for individual properties are less than 12 hours.	100%	Achieved - 100% (2017/18: Not Achieved -96%)
Trade waste consent applications are responded to within 10 working days.	80%	Achieved - 100% (2017/18: Achieved - 100%)
Comply with effluent quality standards as defined in current discharge consents for Clifton and Bluff facilities	100%	Achieved - 100% (2017/18: Achieved - 100%)

Capital Works Projects

Capital works having a value exceeding \$250,000 in 2018/19 were:

Project	2018/19 Proposed \$000	2018/19 Actual \$000
Pipe renewals	1,500	1,915

The work completed was higher than the proposed budget. This was predominantly due to over expenditure on the Mersey Street sewer renewal project.

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Sewerage



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	5,704	5,848	5,848
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	630	675	985
Total operating funding (A)	6,334	6,523	6,833
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	3,127	3,141	2,939
Finance costs	419	198	184
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,546	3,339	3,123
Surplus (deficit) of operating funding (A - B)	2,788	3,184	3,710
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(665)	(595)	858
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(665)	(595)	858
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	16
- to improve the level of service	-	-	68
- to replace existing assets	2,123	1,500	3,168
Increase (decrease) in reserves	-	1,089	1,316
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	2,123	2,589	4,568
Surplus (deficit) of capital funding (C - D)	(2,788)	(3,184)	(3,710)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	2,399	3,616	3,569

Solid Waste Management



What we have done

The Solid Waste Management Activity managed the solid waste services including collection of kerbside recyclables, collection of kerbside landfill rubbish, the Solid Waste Transfer Station (resource recovery), landfill operations,

public place and event waste management and minimisation, education, behaviour change and advocacy. The Council collaborated with Southland and Gore District Councils as a shared service called WasteNet Southland.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Preserve its character	The building blocks for a safe, friendly city are provided for all members of the community.	The Solid Waste Activity provides solid waste facilities and services for the sorting, collection and disposal of waste.	<p>Ensure regular kerbside collection services.</p> <p>Appropriate facility opening hours.</p> <p>Encourage waste minimisation.</p>
	Strong, collaborative leadership of the City is demonstrated.	The Solid Waste Activity collaborates with other Local Territorial Authorities for the co-ordinated waste management and minimisation in Southland.	Operation of WasteNet Southland as a shared service for the benefit of Southland.

How did we measure up

Measure	Target 2018/2019	Result 2018/2019
Trend in kerbside recycling.	Increasing trend.	Not Achieved – 3,307 tonnes. (2017/18: Achieved – 3,325 tonnes)
Trend in kerbside landfill rubbish.	Decreasing trend.	Not Achieved - 10,672 tonnes. (2017/18: Achieved - 10,565 tonnes)
Trend in solid waste to landfill.	Decreasing trend.	Not Achieved – 19,705 tonnes. (2017/18 Achieved - 19,227 tonnes)
Trend in diverted material.	Increasing trend.	Achieved 9,062. (2017/18: Not Achieved - 8,671 tonnes)
Maintain a regional discarded materials rate of 650kgs per person per annum.	Maintain this level.	Not Achieved – 710 kgs. (2017/18: Not Achieved - 691kgs*)

The details

The trend in kerbside recycling remains steady and in alignment with the five-year average (being 3,400 tonnes).

The trend in kerbside rubbish remains steady and in alignment with the five-year average (being 10,570 tonnes).

The trend in solid waste to landfill is below the five-year average (being 20,628 tonnes).

The regional discarded material rate is below the five-year average (being 710 kilograms).

*Additional data changed the 2017/18 result from that reported in the 2017/18 Annual Report.



Invercargill City Council Funding Impact Statement For 30 June, 2019 for Solid Waste Management



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	4,032	4,295	4,295
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,763	2,441	3,442
Internal charges and overheads recovered	1,594	1,762	1,794
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	84	60	63
Total operating funding (A)	8,473	8,558	9,594
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	6,774	6,736	7,894
Finance costs	-	-	-
Internal charges and overheads applied	1,594	1,762	1,794
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,368	8,498	9,688
Surplus (deficit) of operating funding (A - B)	105	60	(94)
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)	-	-	-
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	105	100	87
Increase (decrease) in reserves	-	(40)	(181)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	105	60	(94)
Surplus (deficit) of capital funding (C - D)	(105)	(60)	94
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	345	384	381

Stormwater



What we have done

The Stormwater Activity managed the stormwater network of pipes, open drains and pumping stations for the collection and disposal of stormwater to protect property from flood damage. The Stormwater Activity provided a stormwater service to each property in the Invercargill and Bluff urban areas and approximately

15 kilometres of open drains, mostly situated in the Otatara area. The Activity also managed the tide protection banks around the Waihopai Arm of the New River Estuary as part of the City's flood protection schemes.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill's economy continues to grow and diversify.	The Stormwater Activity prevents urban areas from flooding.	Number of habitable floors affected by flooding.
Embrace innovation and change	The development of future industry is encouraged.		Complaints received by Council about the performance of its stormwater system.
Preserve its character	The building blocks, including water, sanitation and roading, for a safe, friendly city are provided for all members of the community.	The Stormwater Activity protects properties from flooding damage and receiving waters are not adversely affected by contaminated discharge.	Response time to flood events.
			Compliance with consents for discharge.

How did we measure up

Measure	Target 2018/2019	Result 2018/2019
Number of flooding events that occur in the Invercargill City district. For each flooding event, the number of habitable floors affected, per 1,000 properties connected to the stormwater system.	No houses flooded during five year return period storm.	Achieved - 0 flooding events recorded. (2017/18: Achieved – No flooding in houses reported)
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 notices ▪ Convictions, received by Council in relation to those resource consents.	100% Compliance.	Achieved - 100% Compliance (2017/18: Achieved - 100% Compliance)
The total number of complaints received by Council about the performance of its stormwater system expressed per 1,000 connections to Council’s stormwater system.	<4 complaints per 1,000 properties per annum.	Achieved – 0.45 (2017/18: Achieved – 0.97)
The median response time to attend a flooding event, measured from the time that Council received notification to the time that service personnel reach the site.	Response to emergency callouts – 1 hour (90% success).	Achieved - 93% - Median response 13 Minutes. (2017/18: Achieved)

Capital Works Projects

Capital works having a value exceeding \$250,000 in 2018/19 were:

Project	2018/19 Proposed \$000	2018/19 Actual \$000
Pipe renewals (including upgrade)	2,271	2,572

The work completed was higher than the proposed budget. This was due to projects being completed ahead of schedule.

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Storm Water



	Long-Term Plan 2015 - 2025	Long-Term Plan 2018 - 2028	Actual
	2017/18	2018/19	2018/19
	\$'000	\$'000	\$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	3,308	4,040	4,040
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	-	-	55
Total operating funding (A)	3,308	4,040	4,098
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	1,277	1,694	1,936
Finance costs	29	103	26
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,306	1,797	1,962
Surplus (deficit) of operating funding (A - B)	2,002	2,243	2,136
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(17)	28	(17)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(17)	28	(17)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	144	171	164
- to replace existing assets	1,841	2,100	2,652
Increase (decrease) in reserves	-	-	(697)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	1,985	2,271	2,119
Surplus (deficit) of capital funding (C - D)	(2,002)	(2,243)	(2,136)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	2,291	3,404	3,378

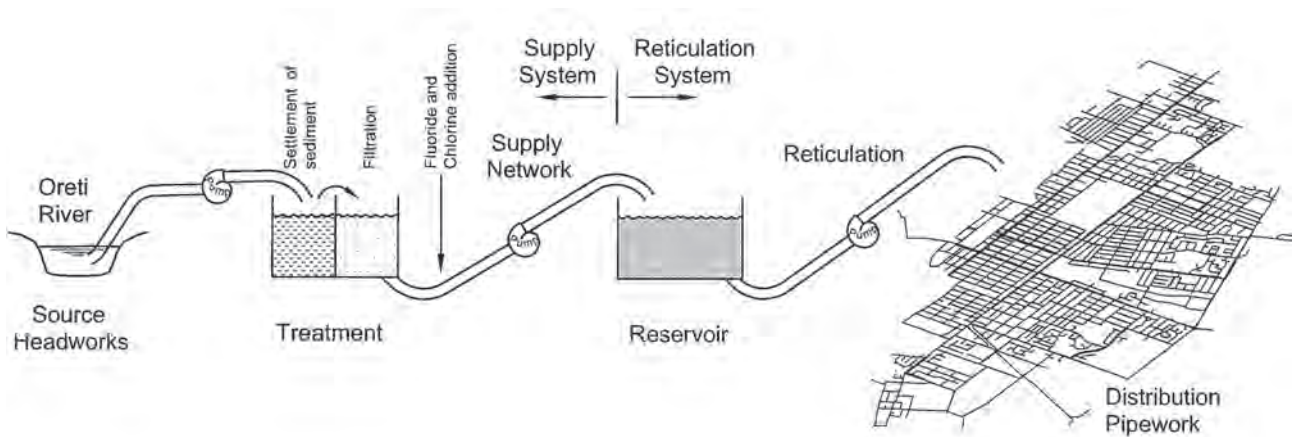


Water Supply

What we have done

The Water Supply Activity supplied potable water to residential, industrial and commercial properties to protect public health and support city growth. Council

supplied water at pressure to the boundary of each property in the Bluff and Invercargill suburban areas and also to properties where the main pipeline has been laid.



What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill's economy continues to grow and diversify.	The Water Supply Activity provides a water network with sufficient capacity to meet demand and firefighting requirements.	There is sufficient water flow and pressure for firefighting purposes.
Preserve its character	The building blocks, including water, sanitation and roading, for a safe, friendly city are provided for all members of the community.	The Water Supply Activity provides a safe, reliable supply of water.	The water supply is safe to drink. Reticulated properties receive a continuous supply of water.

How did we measure up

Measure	Target 2018/2019	Result 2018/2019
The extent to which the local authority's drinking water complies with part 4 (bacteria compliance criteria) of the drinking-water standards.	100% compliance.	Achieved - 100% (2017/18: Achieved – 100%)
The extent to which the local authority's drinking water complies with part 5 (protozoal compliance criteria) of the drinking water standards.	100% compliance.	Achieved - 100% (2017/18: Achieved – 100%)
The percentage of real water loss from the networked reticulation system, (calculated according to the methodology outlined in Water NZ Water Loss Guidelines publication, Feb 2010).	<30%	Achieved - 9.9%. (2017/18: Achieved – 26.3%)
The total number of complaints received by Council per 1,000 connections about:		
- Drinking water clarity.	No more than 0.45 per month.	Achieved – maximum of 0.24 (2017/18: Achieved – maximum of 0.19)
- Drinking water taste.	No more than 0.45 per month.	Achieved – maximum of 0.05 (2017/18: Achieved – maximum of 0.13)
- Drinking water odour.	No more than 0.45 per month.	Achieved – maximum of 0.05 (2017/18: Achieved – maximum of 0.05)
- Drinking water pressure or flow.	No more than 0.45 per month.	Achieved – maximum of 0.05 (2017/18: Achieved – maximum of 0.1)
- Continuity of supply.	No more than 0.45 per month.	Achieved – maximum of 0.14 (2017/18: Not Achieved – maximum of 0.76)
- Council's response time to any of the above issues.	No more than 0.45 per month.	Achieved – maximum of 0.05. (2017/18: Achieved – maximum of 0.1)
Attendance for urgent call-outs from the time Council receives notification to the time that service personnel reach the site.	Median response times do not exceed 4 hours.	Achieved – 26 minutes. (2017/18: Achieved – 29 minutes)
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.	Median response times do not exceed 24 hours.	Achieved – 1 hour 17 minutes. (2017/18: Achieved – 2 hours and 57 minutes)
Attendance for non-urgent call-outs from the time Council receives notification to the time that service personnel reach the site.	Median response times do not exceed five working days.	Not Achieved – five days 19 hours and 48 minutes. ¹ (2017/18: Achieved – four days, 20 hours and 49 minutes.)



Measure	Target 2018/2019	Result 2018/2019
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.	Median response times do not exceed 10 working days.	Achieved – seven days, four hours and five minutes. (2017/18: Achieved - eight days, 23 hours and four minutes.)
Average drinking water consumption per resident per day.	Less than 700 litres /day	Achieved – 462 litres/day (2017/18: Achieved – 525 litres/day)
Ministry of Health Grade.	Invercargill – Aa Bluff - Aa	Not Achieved – Invercargill – Aa Bluff – Ab (2017/18: Not Achieved - Invercargill Aa, Bluff AB)
Notification of planned shutdowns is given at least 24 hours beforehand by letter drop.	80%.	Achieved - 98% (2017/18: Achieved, 82%)
Duration of break.	No more than eight hours.	Achieved. (2017/18: Not Achieved – one exceedance)
Hydrants meet firefighting standards.	At least 97.5% of hydrants tested exceed 12.5 litres per second flow rate.	Achieved – 100% (2017/18: Achieved – 98.1%)

The details

1. Attendance for Non-Urgent Callouts.

These works are undertaken by contract. The most likely explanation of non - compliance for this measure is that at times the contractor’s resource was not sufficient to meet the target time due to commitment on other works. Despite not meeting the target start time, resolution of non-urgent works was achieved within the target time.

2. Ministry of Health Grade (Bluff reticulation)

A request was made to the Ministry of Health to review the Bluff reticulation grade. This follows extensive capital works in the new pipework and reservoir pump station within Bluff to address its shortcomings. The following advice was received from the local Ministry of Health agent, the Southern District Health Board:

“We have heard from the Ministry of Health that grading is no longer used. The information on the Ministry of health’s web site would be updated. Water Safety Planning is now used.”

As grading of water supplies is no longer supported this performance measure is no longer relevant.

The Council does have a current Water Safety Plan which covers Bluff and has been approved by the Ministry of Health.



What else have we done

Investigation into the feasibility of an underground water source to act as an emergency supply was commenced and continues to proceed.



Capital Works Projects

Project	2018/19 Proposed \$000	2018/19 Actual \$000
Pipe Renewal	2,236	3,103
Water Tower Earthquake Strengthening	1,482	20

Pipe renewals expenditure includes a substantial amount from the Elles Road trunk main project that commenced in the previous year but was completed in the 2018/19 year.

Water Tower strengthening was delayed to allow

consideration of development into a tourist attraction and to carry out a geotechnical investigation on foundation material. The project is proceeding in the 2019/20 year.

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Water Supply



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	7,898	7,634	7,634
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,351	1,530	1,392
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	32
Total operating funding (A)	9,249	9,164	9,058
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	4,422	4,729	4,623
Finance costs	894	769	522
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	5,316	5,498	5,145
Surplus (deficit) of operating funding (A - B)	3,933	3,666	3,913
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(652)	(696)	(472)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(652)	(696)	(472)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	1,482	152
- to replace existing assets	3,088	2,248	3,171
Increase (decrease) in reserves	193	(760)	118
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	3,281	2,970	3,441
Surplus (deficit) of capital funding (C - D)	(3,933)	(3,666)	(3,913)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	3,496	3,880	3,864



Regulatory Services

What we have done

The Regulatory Services Group of Activities interpreted and implemented the legislative responsibilities of the Council. The Group provided the Resource Management, Building Services, Environmental Health, Compliance and Animal Services activities in a friendly,

professional and efficient manner. The Group balanced acceptable community behaviour with the community's expectation for enforcement, for example, balancing the rights of dog ownership against barking dog nuisance.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill's business areas are bustling with people, activities and culture.	Development is promoted that provides for effective and sustained economic growth while meeting minimum environmental and health standards.	Development applications are assessed against our regulatory responsibilities.
Preserve its character	The building blocks for a safe, friendly city are provided for all members of the community.	The community's compliance with legislation and Council policies and bylaws enables us to live closely together in a safe environment.	Significant heritage is protected within Invercargill.
	Invercargill is celebrated for preserving its heritage character.	Opportunities are provided for development across the District.	
Embrace innovation and change	The development of future industry is encouraged.	Opportunities are provided for development across the District.	The community is able to engage with the development and review of plans relating to the development in the City.
	Technology is used in both existing and new City services.	Technology is increasingly utilised to enable stakeholders to more easily engage with our services.	Customers have options on how they engage the staff and lodge their applications.

How did we measure up

Measure	Target 2018/2019	Result 2018/2019
We process building, resource consent, food and alcohol applications in accordance with the quality manual and statutory timeframes.	100% building, non-notified resource consents not requiring a hearing and food applications are issued within 20 working days of receipt.	Not Achieved ¹ – 64% of Building consents, 100% Resource consents and 99% Food Applications issued within 20 working days. (New measure)
	100% alcohol applications not requiring a hearing are issued within 30 working days of receipt.	Not Achieved ² – 88% of alcohol applications not requiring a hearing were processed within 30 working days. (New measure)
We identify potentially earthquake-prone buildings.	Potentially earthquake-prone buildings are identified in 20% of the blocks identified by the Priority Buildings Area maps (note maps available on Council's website – icc.govt.nz)	Achieved – 78% (New measure)
We promote incentives to owners of heritage buildings, especially when they undertake earthquake strengthening.	Earthquake-prone buildings incentives are developed and implemented.	Not Achieved ³ . (New measure)
We regularly review plans and bylaws relating to Regulatory Services, and provide for an opportunity for public consultation.	Plans and Bylaws are reviewed regularly in line with the timetable included within the Regulatory Services Activity Management Plan.	Not Achieved. Of the 13 plans and bylaws requiring review, 8 were completed and 3 are in the process of being reviewed. (New measure)
An increasing percentage of applications are electronically lodged, processed and inspected.	80% of applications are lodged, processed and inspected electronically within five years of the service being offered.	Not Achieved. Ongoing. ⁴ (New measure)

The details

1 There has been a significant increase in both the number and value of building consents issued in the last 12 months, compared to the previous 12 and resources (both internal and external) have been insufficient to meet this demand. (This increase in applications is a nation-wide trend, as is the shortage in qualified staff.)

2 At the start of the financial year, applications were not always placed "on hold" while waiting for information or feedback from reporting authorities. This administrative matter has been addressed.

3 The development of financial incentives for earthquake prone buildings has been placed on hold until Council has adopted the Invercargill Heritage Strategy.

4 12.5% of new dog registrations and 26% of re-registrations were lodged through ePathway. This service became available in July 2015 for new animals and June 2016 for renewals. 21% of resource consents were lodged through ePathway. This service became available in October 2015. 50% of LIM applications were lodged through ePathway. This service became available in July 2017.

What else have we done

Planning

District Plan Review

The Proposed District Plan was updated to review decisions on appeals to submissions and Environment Court Orders. In April 2019 the government introduced National Planning Standards for the structure and form of District Plans. The District Plan was being reformatted to reflect the new Standard, prior to it being declared operative on 30 August 2019.

Invercargill Heritage Strategy

During 2018/19 the Invercargill Heritage Strategy was drafted and community feedback received on its direction. It is anticipated that the Strategy will be adopted in the new term of Council, followed by the adoption of financial incentives for heritage buildings - particularly those that are earthquake prone.

Significant resource consent applications

A resource consent application was granted in December 2018 to Invercargill Licensing Trust for the development of an eight-storey Hotel on the corner of Dee and Don Streets.

A resource consent application was granted in June 2019 to HWCP Management Limited for the redevelopment of the inner city block bounded by Dee/Esk/Kelvin/Tay Streets.

Animal Services

The Dog Control Bylaw and Dog Control Policy were reviewed in 2018/19 and changes included provision of a dog exercise area in Bluff and dogs are now able to be walked on lead in the inner city.

We have implemented a new approach to responding to wandering dogs which has contributed to fewer dogs being impounded - 237 in 2018/19 compared with 320 dogs impounded in 2017/18.

Environmental Health

The Food Act requires councils to be authorised to undertake their functions. During 2018/19 the accreditation agency undertook a desktop assessment and site visits in order to assess compliance with Council's quality manual and officer's technical knowledge and competencies. Accreditation was issued and will be reviewed three-yearly.



Invercargill City Council Funding Impact Statement For 30 June, 2019 for Regulatory Services



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	1,896	-	-
Targeted rates	1,170	3,442	3,442
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3,771	3,406	4,240
Internal charges and overheads recovered	238	2,326	2,210
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	1,220	1,103	1,217
Total operating funding (A)	8,295	10,277	11,109
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	7,872	7,951	8,697
Finance costs	9	3	2
Internal charges and overheads applied	238	2,326	2,210
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,119	10,280	10,909
Surplus (deficit) of operating funding (A - B)	176	(3)	200
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(6)	(10)	(5)
Gross proceeds from sale of assets	21	88	7
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	15	78	2
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	71	304	9
Increase (decrease) in reserves	120	(229)	193
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	191	75	202
Surplus (deficit) of capital funding (C - D)	(176)	3	(200)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	140	77	98



Community Development

What we do

The Community Development Activity assisted individuals, groups and organisations to identify not-for-profit opportunities and advocated for community services. The Activity also continued working 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
Preserve its character	The building blocks for a safe, friendly city is provided for all members of the community.	The Community Development Activity co-ordinates the Safe in the South programme on behalf of the Invercargill City Council and the Southland District Council, and co-ordinates the Neighbourhood Support programme in the City.	Council is committed to building a safe connected community.
Embrace innovation and change	Invercargill has the 'wow factor' with the right facilities and events to enjoy.	The Community Development Activity works collaboratively with the community to encourage the development of local events and administers funding through the Creative Communities Invercargill and Invercargill Active Communities programmes.	Funding is available for increasing participation in arts, culture and physical activity.
Enhance our City	Invercargill's business areas are bustling with people, activities and culture.	The Community Development Activity co-ordinates the use of the "friendly" brand.	Council believes that families are the building blocks of our city.
Preserve its character	Strong, collaborative leadership of the City is demonstrated.	The Community Development Activity co-ordinates and provides administrative support for the Youth Council.	Youth Council members are enthused to plan and undertake initiatives.

How did we measure up

Measure	Target 2018/2019	Result 2018/2019
Number of groups and households involved in the Neighbourhood Support programme.	Increasing number.	Not Achieved – 1,290 households and 130 groups (New measure)
Number of residents participating in programmes funded by the two funding programmes.	10,000	Achieved – 31,160 (2017/18: 20,811)
Number of events, agencies and businesses achieving the use of the Friendly brand.	12	Achieved – 15 (2017/18: Achieved – 20)
Number of young people taking part in initiatives.	400	Achieved – 514. (2017/18: 940)

The details

The Neighbourhood Support Programme has been reviewed during the 2018/19 year. The reduction in membership is largely caused by an inability to contact households who have moved. A small number of new groups have been formed which provides balance to the number of groups which have closed.

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Community Development



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	335	314	336
Targeted rates	-	124	124
Subsidies and grants for operating purposes	-	35	55
Fees and charges	-	-	7
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	2	3	6
Total operating funding (A)	337	476	528
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	300	468	353
Finance costs	6	4	3
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	306	472	356
Surplus (deficit) of operating funding (A - B)	31	4	172
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(3)	(4)	(2)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(3)	(4)	(2)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	21	15	-
Increase (decrease) in reserves	7	(15)	170
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	28	-	170
Surplus (deficit) of capital funding (C - D)	(31)	(4)	(172)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	7	-	-

Housing Care



What we have done

The Housing Care Section of the Council provided adequate affordable housing for the elderly, disabled and those on low fixed incomes that meet Council's

entry criteria. Council achieved this through the ownership of 21 complexes providing 215 units in Invercargill and Bluff.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Preserve its character	The building blocks for a safe, friendly city is provided for all members of the community.	Housing Care services provides low cost, quality accommodation to the elderly, disabled and those on fixed incomes.	Affordable accommodation is provided.

How did we measure up

Measure	Target 2018/2019	Result 2018/2019
Housing care rental does not exceed 30% of gross superannuation benefit.	<30%	Achieved – 23.35% (2017/18: Achieved)

The details

The maximum rent charged is 23.35% of GRI.



Invercargill City Council Funding Impact Statement For 30 June, 2019 for Housing Care

	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,050	1,121	1,142
Internal charges and overheads recovered	814	791	791
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	-
Total operating funding (A)	1,864	1,912	1,933
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	692	878	908
Finance costs	41	-	-
Internal charges and overheads applied	814	791	791
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,547	1,669	1,699
Surplus (deficit) of operating funding (A - B)	317	243	234
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	188	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	188	-	-
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	19	-	22
- to replace existing assets	545	198	141
Increase (decrease) in reserves	(59)	45	71
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	505	243	234
Surplus (deficit) of capital funding (C - D)	(317)	(243)	(234)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	306	1,159	1,133

Libraries and Archives



What we have done

The Libraries and Archives activity supported and encouraged lifelong learning, digital literacy and reading across all ages and abilities. It did this by offering welcoming and innovative library service,

including spaces for community participation and social connections. The activity collected, preserved and guided access to quality information and also provided opportunities to participate in the online world.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill's business areas are bustling with people, activities and culture.	Providing freely accessible shared community spaces which encourage social interaction and community cohesion.	Libraries are accessible and available to the wider community.
	New residents feel welcomed and embraced by Invercargill culture.		
Preserve its character	Invercargill is celebrated for preserving its heritage character.	Collecting, creating and conserving content relating to local community culture, identity and heritage.	Libraries collections, both digital and physical are of good quality, quantity and variety.
	Strong, collaborative leadership of the City is demonstrated.	The Library and Archives service collaborates with and provides leadership for inner city initiatives.	Services offer a good experience for all users.
Embrace innovation and change	Technology is utilised in both existing and new City services.	Providing access to the online world and the world at large through internet computers and access to Wi-Fi. Enabling members of the community to develop the appropriate skills and knowledge to be technologically competent and effective digital citizens.	Libraries collections, both digital and physical are of good quality, quantity and variety.
	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.	Programmes and events are provided for all ages.	Services offer a good experience for all users.

How did we measure up

Measure	Target 2018/2019	Result 2018/2019
Number of issues per year	600,000	Achieved – 613,139 (2017/18: 611,598)
Level of reference enquiries	85,000	Achieved – 90,432 (2017/18: Achieved – 98,954)
Number of visits per year	520,000	Achieved – 524,292 (2017/18: Not Achieved – 494,694)
Library membership as a % of total population.	65 – 75%	Achieved – 71.69% (2017/18: Achieved – 70.03%)

The details

The Libraries and Archives activity has achieved its performance targets despite some disruption during the refurbishment project.

What else have we done

Refurbishment of the Invercargill Public Library was completed in December 2018. During the eight month process the library was closed for three days. On the ground floor a number of walls and the escalators were removed. This increased the amount of public space and a new central Help Desk was installed. Free internet computers are now on the ground floor along with space for meeting and relaxing. A new makerspace has been added to the existing activity spaces where you can try

your hand at coding robots or virtual reality. Teens have their own dedicated area which can also be set up for video gaming. Archives, non-fiction, research and a quiet study area are available on the first floor. Archives are now providing access to collections using an online catalogue <http://archives.ilibrary.co.nz/>. At present this does not include all collections but is being updated as resources allow.

Capital Works Projects

Project	2018/19 Proposed \$000	2018/19 Actual \$000
Archive Mechanical Services and Lift Renewal	\$301	\$0

The Archive Mechanical Services and Lift Renewal project was not completed. This will now be carried out in 2019/20.

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Libraries and Archives



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	4,167	4,162	4,162
Subsidies and grants for operating purposes	5	5	6
Fees and charges	155	146	115
Internal charges and overheads recovered	822	820	820
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	30	31	15
Total operating funding (A)	5,179	5,164	5,118
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	3,434	3,453	3,270
Finance costs	199	127	75
Internal charges and overheads applied	822	820	820
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,455	4,400	4,165
Surplus (deficit) of operating funding (A - B)	724	764	953
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(158)	(142)	522
Gross proceeds from sale of assets	-	-	1
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(158)	(142)	523
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	50	-	728
- to replace existing assets	485	735	746
Increase (decrease) in reserves	31	(113)	2
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	566	622	1,476
Surplus (deficit) of capital funding (C - D)	(724)	(764)	(953)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	1,124	1,144	1,158



Parks and Cemeteries

What we have done

The Parks and Cemeteries Activity provided settings and venues for recreation and leisure activities within the Invercargill area and also provided burial and cremation services. Trees and open space enhanced

the amenity of the City, making it a pleasant place to live and attractive to visitors. The Parks and Cemeteries Activity did this by managing 3,328 hectares, comprising of 162 parks and cemeteries.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Healthy and active residents utilise space, including green space, throughout the City.	Parks and Cemeteries encourage residents and visitors to our green spaces of the City.	Visitor numbers through target parks and reserves locations are monitored annually.
Preserve its character	Our natural and existing points of difference are celebrated.	Parks and Cemeteries are managed in such a way as to protect important natural habitats, scenic landscapes and other environmental features.	Improved production of eco-friendly pest control to achieve a high level of pest control.
Embrace innovation and change	Invercargill has the 'wow factor' with the right facilities and events to enjoy.	Parks and Cemeteries enhance the aesthetic value of the City and usability of reserve land.	Queens Park is recognised nationally as a "Garden of National Significance".
	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.		Requests for service and reports of damage on Parks and Cemeteries (excluding monuments) are actioned within four working days.
			Parks and Cemeteries are safe.

How did we measure up

Measure	Target 2018/2019	Result 2018/2019
Queens Park is accredited as a 'Garden of National Significance'	Retain Accreditation.	Achieved. ¹ (2017/18: Achieved)
Percentage of requests actioned within four days.	100%	Not Achieved – not measured ² (New measure)
Number of justified complaints received relating to safety within Parks and Cemeteries.	0	Not Achieved – 3 ³ (New measure)
Policies around pest management are included in Reserve Management Plans.	Policies are reviewed as required.	Achieved (New measure)
Visitor counters are at access points to monitor users of target reserves.	Increasing use.	Achieved (New measure)

The details

1 Queens Park surpassed its target of accreditation as a 'Garden of National Significance' and received a Bronze Award for World Urban Parks.

2 The Parks and Cemeteries Activity has transitioned from its access database to Infor Public Access and the Pathways request for service system. During this transition it was challenging to measure the percentage of requests actioned within four days accurately.

3 The complaints regarding safety were in relation to trees; one for the Gala Street Reserve, one for road visibility and one for a fallen tree branch. The Parks and Cemeteries Activity is focusing on developing a Tree Plan that more effectively forward plans tree maintenance/ improvement works.

What else have we done

Surrey Park Grandstand

The Parks and Cemeteries Activity has undertaken an investigation of the seismic assessment of the Grandstand, future decisions for the Grandstand will be investigated through the Regional Spaces and Places Strategy work being undertaken by Sport Southland, which is expected to be completed in the 2019/20 year.

Russell Square

The Rotary Club of South Invercargill donated a new BBQ area in Russell Square.

Queens Park Chinese Garden

Development of the Chinese Garden is underway.

Capital Works Projects

Capital works having a value exceeding \$100,000 in 2018/19 were:

Project	2018/19 Proposed \$000	2018/19 Actual \$000
Play equipment	131	69
Toilets, Major Parks	136	64
Chinese Garden	0	200

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Parks and Cemeteries



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	6,163	6,350	6,350
Subsidies and grants for operating purposes	10	9	39
Fees and charges	1,085	1,071	1,094
Internal charges and overheads recovered	8,015	8,179	7,993
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	927	1,087	937
Total operating funding (A)	16,200	16,696	16,413
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	6,990	7,247	6,699
Finance costs	31	19	16
Internal charges and overheads applied	8,015	8,179	7,993
Other operating funding applications	-	-	-
Total applications of operating funding (B)	15,036	15,445	14,708
Surplus (deficit) of operating funding (A - B)	1,164	1,251	1,705
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(84)	(83)	(54)
Gross proceeds from sale of assets	53	56	36
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(31)	(27)	(18)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	238	596
- to improve the level of service	-	-	-
- to replace existing assets	1,483	1,119	871
Increase (decrease) in reserves	(350)	(133)	220
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	1,133	1,224	1,687
Surplus (deficit) of capital funding (C - D)	(1,164)	(1,251)	(1,705)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	774	1,051	1,122

Pools



What we have done

The Pools Activity provided aquatic facilities for the health, wellbeing and enjoyment of the community and provided a place where people can learn to swim

and learn water safety. The facilities also enabled a range of water sports to be practiced and enjoyed and attracted events to the city.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Healthy and active residents utilise space, including green space, throughout the city.	The Pools Activity provides a safe, fun environment where people can enjoy a diverse range of sport, recreation and leisure opportunities.	Splash Palace is affordable and well utilised.
Preserve its character	The building blocks for a safe, friendly city is provided for all members of the community.	The Pools Activity provides a range of learn-to-swim, fitness and other water based learning and recreation activities that cater for all members of the community.	
	Strong, collaborative leadership of the City is demonstrated.	The Pools Activity works together with the Invercargill Licensing Trust and the ILT Foundation in providing free Learn to Swim programmes.	Splash Palace provides accessible, quality learning opportunities.
Embrace innovation and change	Visitors to Invercargill give positive feedback and have great experiences.	The Pools Activity provides the only 50 metre swimming pool and hydroslide in the Southland region.	Splash Palace is affordable and well utilised.
	Invercargill has the 'wow factor' with the right facilities and events to enjoy.	The Pools Activity offers a high quality facility in which tournaments and championships are hosted.	

How did we measure up

Measure	Target 2018/2019	Result 2018/2019
Number of pool visits per head of Invercargill City population	>6.5	Achieved - 8.3 (2017/18: Achieved - 8.0)
Percentage of Swim School customers who rate their experience as good or very good when surveyed.	85%	Not Achieved - 78.3% (2017/18: Achieved - 86%)
Time when a minimum of four 25 metre public lanes are available for swimming.	90%	Achieved - 94.5% (New measure)

The details

Splash Palace continues to see high admissions and this is not expected to abate in the future.

The lower score for Swim School this year has been largely driven by changes to the Swim School Supervision

and school management software that has caused some initial frustrations with customers. These points have been identified and are being resolved.

What else have we done

Hydroslide construction should begin during September/October 2019. The time taken to complete Geo-tech surveys of the ground upon which the hydroslides are being built, and the unforeseen and additional

modifications required for the design to account for these conditions, means the completion of the hydroslides requires a new forecast.

Capital Works Projects

Capital works having a value exceeding \$100,000 in 2018/19 were:

Project	2018/19 Proposed \$000	2018/19 Actual \$000
Exterior repaint	379	0
Hydroslide	2,893	665

The exterior repaint project has been deferred due to it conflicting with the change room / foyer rebuild during the year. Progress payments for the Hydroslide project to date are \$665,842.

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Pools



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,949	2,433	2,433
Subsidies and grants for operating purposes	132	158	152
Fees and charges	1,265	825	911
Internal charges and overheads recovered	1,841	1,867	1,908
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	823	993	858
Total operating funding (A)	6,010	6,276	6,262
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	3,594	3,781	3,715
Finance costs	291	212	87
Internal charges and overheads applied	1,841	1,867	1,908
Other operating funding applications	-	-	-
Total applications of operating funding (B)	5,726	5,860	5,710
Surplus (deficit) of operating funding (A - B)	284	416	552
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	619	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(89)	2,548	1,251
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(89)	3,167	1,251
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	2,893	426
- to replace existing assets	123	523	2,010
Increase (decrease) in reserves	72	167	(633)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	195	3,583	1,803
Surplus (deficit) of capital funding (C - D)	(284)	(416)	(552)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	579	1,192	1,162

Public Toilets



What we have done

The Public Toilets Activity provided and managed facilities so that the public has access to clean, safe and accessible toilets. It did this by providing public toilet facilities in the City Centre, suburbs and Bluff.

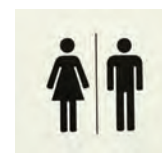
What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Preserve its character	The building blocks, including water, sanitation and roading, for a safe, friendly city is provided for all members of the community.	The facilities are safe to use, accessible for those with disabilities and well maintained.	The facilities meet demand.

How did we measure up

Measure	Target 2018/2019	Result 2018/2019
Public toilets are operational 95% of open hours, 24 hours per day.	95%	Achieved – 98% (2017/18: Not Achieved – 92%)

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Public Toilets



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	371	386	386
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)	371	386	386
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	302	311	279
Finance costs	21	20	10
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	323	331	289
Surplus (deficit) of operating funding (A - B)	48	55	97
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(21)	(26)	(12)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(21)	(26)	(12)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	57	-	2
Increase (decrease) in reserves	(30)	29	83
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	27	29	85
Surplus (deficit) of capital funding (C - D)	(48)	(55)	(97)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	30	28	27

Public Transport



What we have done

The Public Transport Activity managed regional public transport for Southland under its delegation from Environment Southland. The Public Transport Activity included the bus service and the discounted travel taxi

or private hire voucher system provided under the Total Mobility Scheme. By providing public transport, Council ensured that people have a choice for how they access work, education, social and health facilities.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill's economy continues to grow and diversify.	Public Transport ensures that a quality public transport service is available and affordable for people to travel to work and education centres.	Bus routes are convenient.
	Healthy and active residents utilise space, including green space, throughout the City.	Public Transport ensures that a quality public transport service is available and affordable for people to travel to recreational facilities.	The bus service is well utilised.
	Invercargill's areas are bustling with people, activities and culture.	Public Transport provides the Total Mobility service that is subsidised transport for people who are unable to use the bus service due to physical or mental impairment or condition.	Public Transport services are provided for all members of the community.

How did we measure up

Measure	Target 2018/2019	Result 2018/2019
Passenger numbers are increasing.	No decline.	Not Achieved – 182,627 (New measure)
Percentage of passengers satisfied with the level of fares.	80%	Achieved – 83% (New measure)
Percentage of passengers that are satisfied that the fare system is easy to understand.	80%	Achieved – 89% (New measure)
Council administers and supports the Total Mobility Scheme.	Total Mobility Scheme is administered.	Achieved. (2017/18 – Achieved)

The details

Passenger numbers continue to show a slow decrease. This is also being seen in many provincial areas. Council changed the fare structure during the year, and with a flat

fare, this may assist with keeping people travelling and fare recovery. Planned new routes have been delayed by other projects not having been implemented.

What else have we done

Total Mobility implemented a new card system, rather than stickers, in July 2018 and this has been well received by customers. It has been very effective in reducing

administration of the system. Ride numbers have continued to grow slowly. This encourages Council that this support is reaching the areas of community need.

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Public Transport



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	195	237	237
Targeted rates	622	515	515
Subsidies and grants for operating purposes	1,172	1,308	1,020
Fees and charges	323	278	242
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	50	48	51
Total operating funding (A)	2,362	2,386	2,065
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	2,048	2,320	1,956
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,048	2,320	1,956
Surplus (deficit) of operating funding (A - B)	314	66	109
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)	-	-	-
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	289	-	-
- to replace existing assets	25	126	(15)
Increase (decrease) in reserves	-	(60)	124
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	314	66	109
Surplus (deficit) of capital funding (C - D)	(314)	(66)	(109)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	35	30	10



Democratic Process

What we have done

The Democratic Process Activity ensured that the community had the opportunity to be involved in decision-making and understood how the process

works. It also supported elected members and their processes to ensure that decision-making was open, transparent, effective and democratically accountable.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Preserve its character	Strong, collaborative leadership of the City is demonstrated.	The Democratic Process Activity supports elected representatives with training and information. This enables representatives to make robust decisions to implement the Local Government Act incorporating the widespread views of the community.	Council's decision-making processes meet community expectations for opportunities to participate.
Embrace innovation and change	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.	The Democratic Process Activity provides opportunities for the community to share its views with Council.	The community is well informed about and contributes to Council's plans and progress.

How did we measure up

Measure	Target 2018/2019	Result 2018/2019
Percentage of residents who provide a rating of satisfied or greater with the opportunities Council provides for community involvement in decision making.	50%	Not Achieved – 28% (2017/18: Not Achieved – 38%)
Alternative methods of communicating to, and receiving information from, the community are utilised.	Alternative method introduced.	Achieved – postcard delivered to all Invercargill City addresses raising awareness of City Block consultation. (2017/18: Achieved)

The details

The results of the community involvement in decision-making survey were down 10% on the previous year. A number of respondents had moved from satisfied to the

neutral range. The neutral response will be targeted for improvement in the coming year.

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Democratic Process



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	3,054	3,273	3,273
Targeted rates	76	73	73
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	383	673	701
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	5	8	35
Total operating funding (A)	3,518	4,027	4,082
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	3,132	3,257	3,400
Finance costs	-	-	-
Internal charges and overheads applied	383	673	701
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,515	3,930	4,101
Surplus (deficit) of operating funding (A - B)	3	97	(19)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	33	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	33	-
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	47	125	11
Increase (decrease) in reserves	(44)	5	(30)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	3	130	(19)
Surplus (deficit) of capital funding (C - D)	(3)	(97)	19
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	50	59	58



Investment Property

What we have done

The Investment Property activity managed investment property owned by the Council by monitoring and reviewing returns achieved on individual investment

properties. Any profit from the Investment Property activity is used to offset rates funding.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill's economy continues to grow and diversify. Attract a diverse range of business and industry to Invercargill, targeting business that offers high skills job opportunities.	Investment Property supports appropriate commercial and economic development in the District environs through the acquisition, disposal and / or lease of land and buildings.	A commercial return is received on Endowment and Trading properties (excluding land purchased for strategic purposes and land acquired through rating sales).

How did we measure up

Measure	Target 2018/2019	Result 2018/2019
Net rate of return is at least equal to current market interest rate throughout the financial year.	Achieve	Achieved. (2017/18: Not Achieved)

The details

The rental return from Endowment and Trading properties was 5.29%. This is greater than the current market interest rate of 2.5%. The net rate of return for Endowment and Trading properties was +1.7%. This is calculated by deducting operating expenses from rental

revenue.

The net rate of return has improved since last year because of the increased tenancy of 20 Don Street Business House and is now a positive return.

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Investment Property



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	(660)	(426)	(426)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,465	1,510	1,030
Internal charges and overheads recovered	11	65	65
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	959	932	1,248
Total operating funding (A)	1,775	2,081	1,917
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	1,246	884	889
Finance costs	363	1,002	705
Internal charges and overheads applied	11	65	65
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,620	1,951	1,659
Surplus (deficit) of operating funding (A - B)	155	130	258
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(50)	(250)	356
Gross proceeds from sale of assets	-	-	680
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(50)	(250)	1,036
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	110	50	771
Increase (decrease) in reserves	(5)	(170)	523
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	105	(120)	1,294
Surplus (deficit) of capital funding (C - D)	(155)	(130)	(258)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	26	21	23

Theatre Services



What we have done

The Theatre Services Activity provided a quality theatre and associated facilities for hire and was extensively used by local and regional organisations, as well as national and international touring companies.

What we agreed with the Community

Invercargill Venues and Events Management Limited (a Council Controlled Organisation) operates 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 Venues and Events Management Limited are detailed in the Council Controlled Organisations section of this report.

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Theatre Services



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	971	1,040	1,040
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	996	998	998
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	-
Total operating funding (A)	1,967	2,038	2,038
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	274	408	419
Finance costs	-	142	95
Internal charges and overheads applied	996	998	998
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,270	1,548	1,512
Surplus (deficit) of operating funding (A - B)	697	490	526
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(338)	(404)	(222)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(338)	(404)	(222)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	35	-	-
- to replace existing assets	21	20	73
Increase (decrease) in reserves	303	66	231
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	359	86	304
Surplus (deficit) of capital funding (C - D)	(697)	(490)	(526)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	390	553	533

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 wellbeing.

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

Entity	Contribution toward the Specialised Service Provided	Proposed level of financial support 2018/19 \$	Actual level of financial support 2018/19 \$
Bluff Maritime Museum Trust	Operation of the Bluff Maritime Museum.	20,000	20,000
Bluff Pool Trust	Operation of the Bluff Community Pool.	180,000	180,000
Emergency Management Southland	Delivery of Civil Defence and Emergency Management.	269,928	296,056
Environment Southland	Contribution toward the Invercargill – Bluff Walkway.	50,000	50,000
Facilities Maintenance Fund	Contribution to the ongoing maintenance of Council owned regional facilities utilised by community groups and sports clubs.	250,000	250,000
Football for all weather	Loan interest and principle repayments.	10,839	9,199
Invercargill Public Art Gallery Trust	Operation and care of the extensive collection.	187,554	187,554
Invercargill Venue and Events Management Limited	Managing operation of Civic Theatre and other venues.	112,750	112,750
Safe in the South	To fund a local co-ordinator.	10,000	0
Southland Indoor Leisure Centre Charitable Trust	Operation and Maintenance of Stadium Southland.	700,000	700,000
Southland Indoor Leisure Centre Charitable Trust	Loan interest for the 2018/19 year resulting from the contribution to Stadium Southland rebuild.	132,140	110,133
Southland Museum and Art Gallery Trust	Operation of the Southland Museum and Art Gallery.	972,179	972,179
Southland Regional Heritage Committee	Preserving the Regional Heritage of Southland.	884,864	884,864
Southland Youth One Stop Shop Trust	Contribution toward building rental.	27,000	27,000
Venture Southland	Provision of destination marketing and economic development initiatives for the Southland region.	1,900,000	1,758,127

Alongside the contracts above, Council also provides Community Grants and Event Funding. These funds acknowledge the Council's awareness that it is not always best placed to deliver projects within the

community, and that through financial assistance Council can assist the wider community to be a catalyst for positive change.

The grants available and level of financial contribution provided from each is outlined below.

Fund	Amount available 2018/19 \$	Amount allocated 2018/19 \$
Community Grants	200,000	114,238
Neighbourhood Fund	50,000	3,539
Iconic Events Fund	100,000	144,000
Events Fund	100,000	109,893

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Specialised Community Services



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	2,300	3,307	3,307
Targeted rates	263	252	252
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	152	135	135
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	194	-
Total operating funding (A)	2,715	3,888	3,694
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	6,286	3,584	3,301
Finance costs	106	82	49
Internal charges and overheads applied	152	135	135
Other operating funding applications	-	-	-
Total applications of operating funding (B)	6,544	3,801	3,485
Surplus (deficit) of operating funding (A - B)	(3,829)	87	209
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,930	(82)	(41)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	3,930	(82)	(41)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	6
- to replace existing assets	-	-	36
Increase (decrease) in reserves	101	5	126
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	101	5	168
Surplus (deficit) of capital funding (C - D)	3,829	(87)	(209)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	9	9	52

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Southland Regional Heritage Committee

	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	757	885	885
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	13
Local authorities fuel tax, fines, infringements, fees and other receipts	332	578	488
Total operating funding (A)	1,089	1,463	1,386
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	1,089	1,463	1,521
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,089	1,463	1,521
Surplus (deficit) of operating funding (A - B)	-	-	(135)
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)	-	-	-
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	(135)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	-	-	(135)
Surplus (deficit) of capital funding (C - D)	-	-	135
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Venture Southland



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	1,806	1,958	1,958
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	15
Local authorities fuel tax, fines, infringements, fees and other receipts	1,349	893	3,255
Total operating funding (A)	3,155	2,851	5,228
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	3,155	2,851	4,962
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,155	2,851	4,962
Surplus (deficit) of operating funding (A - B)	-	-	266
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)	-	-	-
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	266
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	-	-	266
Surplus (deficit) of capital funding (C - D)	-	-	(266)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

Invercargill City Council Funding Impact Statement For 30 June, 2019 for City Centre Revitalisation

	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	400	129	129
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)	400	129	129
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	12	-	-
Finance costs	266	78	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	278	78	-
Surplus (deficit) of operating funding (A - B)	122	51	129
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,102	(51)	10
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,102	(51)	10
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	1,224	-	-
Increase (decrease) in reserves	-	-	139
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	1,224	-	139
Surplus (deficit) of capital funding (C - D)	(122)	(51)	(129)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

Invercargill City Council Funding Impact Statement For 30 June, 2019 for Arts, Creativity and Living Dinosaurs



	Long-Term Plan 2015 - 2025 2017/18 \$'000	Long-Term Plan 2018 - 2028 2018/19 \$'000	Actual 2018/19 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	168	168
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)	-	168	168
APPLICATIONS OF OPERATIONAL FUNDING			
Payment to staff and suppliers	-	160	-
Finance costs	-	5	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	-	165	-
Surplus (deficit) of operating funding (A - B)	-	3	168
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	197	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	197	-
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	200	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	168
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	-	200	168
Surplus (deficit) of capital funding (C - D)	-	(3)	(168)
FUNDING BALANCE ((A - B) + (C - D))	-	-	-
Depreciation expense (not included in the above FIS)	-	4	-



INVERCARGILL



Council Controlled Organisations

Council Controlled Organisations and Council Organisations provide opportunities for councils to provide services and activities. A Council Controlled Organisation is a company or 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.

All figures are GST exclusive unless otherwise stated.

Council Controlled Organisations

A Council Controlled Trading Organisation is similar, but its main focus is making a profit. 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
- Bluff Maritime Museum Trust
- Invercargill City Charitable Trust

Invercargill City Holdings Limited

How did we measure up

Invercargill City Holdings Limited (ICHL) is wholly owned by the Invercargill City Council. There was no proposal to change the ownership or control of ICHL in 2018/19.

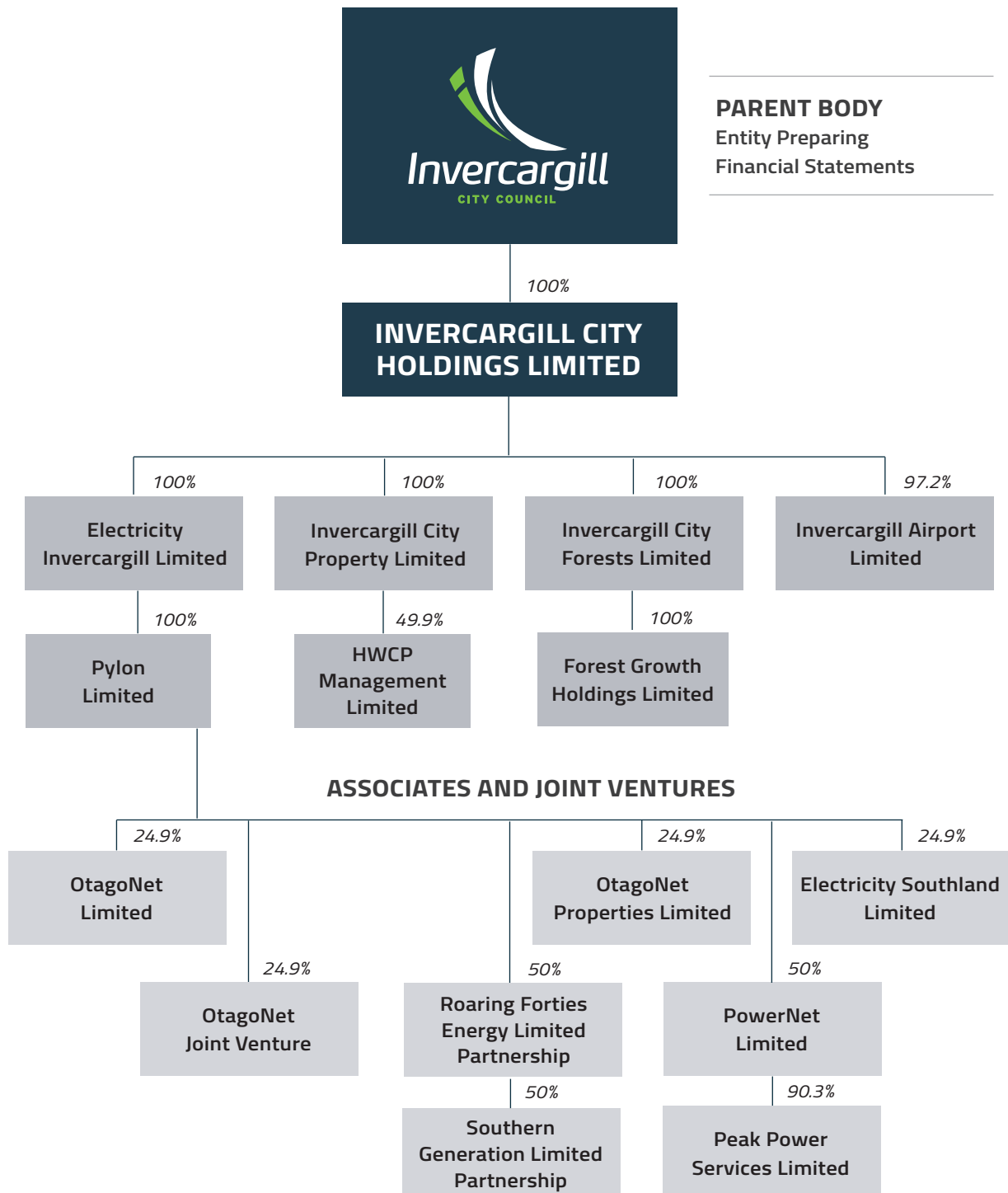
ICHL provided input into the Statement of Intent of each of its subsidiaries to ensure that they reflect the objectives and policies of Invercargill City Council.

The dividend received from ICHL each year offsets the amount Council needs to raise through rates.

Financial Performance Targets – Rate of return on equity funds	2018/19 Target	2018/19 Result
Invercargill City Holdings Limited - % Before Tax	9.78%	-1.68% (2017/18: 10.44%)
Invercargill City Holdings Limited - % After Tax	7.04%	-2.40% (2017/18: 7.85%)

Invercargill City Holdings Limited's Annual Report for the 2018/19 year is available on the Invercargill City Council's website.

Group Structure for Invercargill City Holdings Ltd



Southland Museum & Art Gallery

The Southland Museum and Art Gallery Trust is a Council Controlled Organisation. The owners of the Trust are currently in discussions to develop a proposal for a change in ownership and control of the Trust. There was no proposal to change ownership or control of the Trust in 2018/19.

The Southland Museum and Art Gallery Trust's mission is to preserve and tell the story of Southland – the experience of people and places over time – and inspire Southlanders to explore and understand the world around them.

The Southland Museum and Art Gallery Trust's Annual Report for the 2018/19 year is available on the Invercargill City Council's website.

Invercargill Venue & Events Management Limited

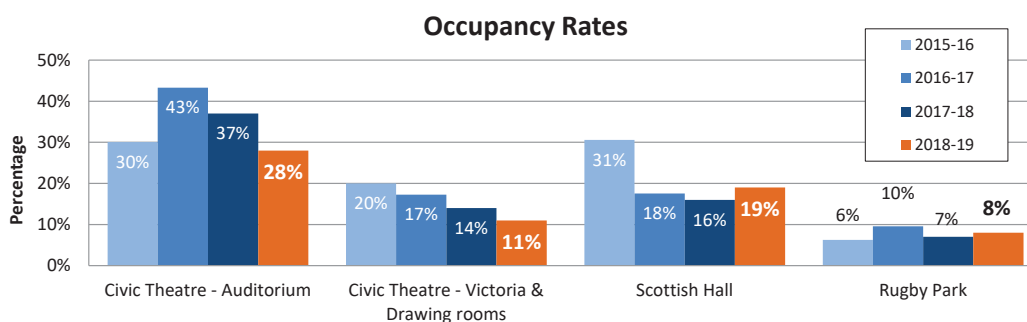
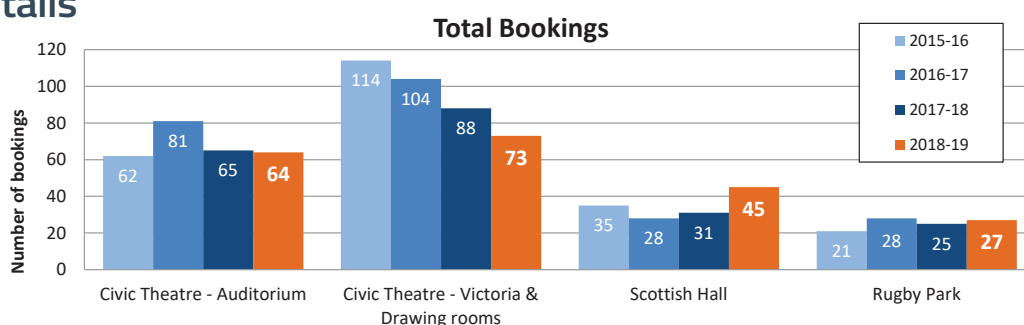
Invercargill Venue and Events Management Limited's purpose it to operate and market the Civic Theatre,

Scottish Hall and Rugby Park to promote the most appropriate venue for events.

How did we measure up

Measure	2018/19 Targets	2018/19 Result
Increasing public awareness and use of the Civic Theatre complex and its range of facilities.	Book at least twelve major shows (nationally or internationally significant) per year for the Civic Theatre.	Achieved - 23 major shows. (2017/18: 20 major shows)
	Increase bookings of the Civic Theatre complex by local groups and performers.	Not achieved - 27 local bookings (2017/18: 30 local bookings)
	Increase bookings of the Civic Theatre's meeting spaces.	See graphs below.
Expanding the use and the awareness of the Scottish Hall as a venue for meetings and a range of social and cultural experiences.	Increase the bookings and use of the Scottish Hall	See graphs below.
Expanding the use and the awareness of Rugby Park as a venue for meetings and a range of social, cultural and sporting experiences.	Increase the bookings and use of Rugby Park.	See graphs below.

The details



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. The Bluff Maritime Museum Trust receives funding from the Southland Regional Heritage Committee, Environments 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.

Measure of Service	2018/19 Target	2018/19 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 . (2017/18: Achieved)

There was no proposal to change the ownership or control of the Bluff Maritime Museum Trust in 2018/19.

Invercargill City Charitable Trust

The Invercargill City Charitable Trust was established to promote charitable purposes. The main outputs of the Trust are for costs incurred in the management, staging and promotion of the Southland Buskers Festival and costs relating to the ownership and maintenance of Rugby Park stadium.

The operation of Rugby Park Stadium was contracted to Invercargill Venue and Events Management Limited.

There was no proposal to change the ownership or control of Invercargill City Charitable Trust in 2018/19.



INVERCARGILL



Financial Management

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:

- Prospective Statement of Comprehensive Revenue and Expense.
- Prospective Statement of Cashflows.
- Prospective Statement of Financial Position.
- Prospective Statement of Changes in Equity.
- Schedule of Reserves.
- Benchmarks.
- Prospective Statement of Accounting Policies.

All figures are GST exclusive unless otherwise stated.

Financial Statements

Statement of Financial Position

As at June 30, 2019

		Council	Council	Council	Group	Group
		Actual	Budget	Actual	Actual	Restated
	Note	2019	2019	2018	2019	2018
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
ASSETS						
Current assets						
Cash and cash equivalents	9	27,270	1,175	1,347	32,091	7,177
Receivables	10	8,879	7,045	9,258	10,485	11,934
Prepayments		530	-	509	655	620
Tax receivables		-	-	-	20	2
Inventories		1,056	753	933	1,067	5,642
Non-current assets held for resale		625	-	-	625	-
Other financial assets	17	26,880	28,140	49,066	12,891	32,478
Total current assets		65,240	37,113	61,113	57,834	57,853
Non-current assets						
Work in progress	11,12,14	1,596	-	7,473	3,964	9,097
Property, plant and equipment	11	860,151	842,290	769,373	1,001,887	908,534
Intangible assets	12	1,010	910	906	1,330	914
Biological assets	13	3,156	3,699	2,885	27,404	26,850
Investment property	14	36,285	39,165	36,893	40,535	40,953
Investment in associates and joint ventures	15,16	-	-	-	80,594	83,060
Advances to associates and joint ventures		-	-	-	13,170	15,496
Investment in CCOs and similar entities	17	36,069	36,069	36,069	-	-
Other financial assets	17	19,458	34,544	15,744	1,376	862
Deferred tax assets	21	-	-	-	5,172	4,234
Total non-current assets		957,725	956,677	869,343	1,175,432	1,090,000
TOTAL ASSETS		1,022,965	993,790	930,456	1,233,266	1,147,853
LIABILITIES						
Current liabilities						
Trade and other payables	18	11,956	10,143	11,088	16,914	16,167
Provisions		112	41	112	112	112
Employee benefit liabilities	19	2,160	2,578	2,467	2,216	2,446
Borrowings	20	25,005	49,366	52,936	90,024	52,955
Tax payable		-	-	-	-	385
Derivative financial instruments		-	188	92	88	152
Total current liabilities		39,233	62,316	66,695	109,354	72,217
Non-current liabilities						
Provisions		816	807	816	816	816
Employee benefit liabilities	19	1,092	1,231	1,164	1,092	1,231
Borrowings	20	65,200	50,500	35,200	74,800	111,574
Deferred tax liabilities	21	-	-	-	24,549	25,378
Derivative financial instruments		2,460	521	865	8,149	4,013
Total non-current liabilities		69,568	53,059	38,045	109,406	143,012
TOTAL LIABILITIES		108,801	115,375	104,740	218,760	215,229
EQUITY						
Retained earnings	22	375,856	393,185	380,594	446,073	457,423
Other reserves	22	538,308	485,230	445,122	568,433	475,201
Total equity		914,164	878,415	825,716	1,014,506	932,624
TOTAL LIABILITIES AND EQUITY		1,022,965	993,790	930,456	1,233,266	1,147,853
Total equity attributable to the Council		914,164	993,790	825,716	1,011,655	929,773
Total equity attributable to the Minority Interests		-	-	-	2,851	2,851
TOTAL EQUITY		914,164	993,790	825,716	1,014,506	932,624

The accompanying notes form an integral part of these financial statements



Statement of Comprehensive Revenue and Expense

For the year ended June 30, 2019

		Council	Council	Council	Group	Group
	Note	Actual 2019 (\$000)	Budget 2019 (\$000)	Actual 2018 (\$000)	Actual 2019 (\$000)	Restated Actual 2018 (\$000)
Revenue						
Rates revenue	1	53,309	52,526	50,862	53,309	50,862
Fines		335	486	264	335	264
Subsidies and grants		9,276	7,859	8,024	9,354	8,100
Direct charges revenue		28,947	21,388	22,152	71,409	56,080
Rental revenue		2,582	3,028	2,307	2,567	2,307
Finance revenue		2,633	2,127	2,177	3,307	2,827
Dividend income		3,850	5,850	5,302	-	2
Subvention payments received		915	-	-	-	-
Development and financial contributions		-	-	-	-	-
Total revenue (excluding gains)		101,847	93,264	91,088	140,281	120,442
Expenditure						
Employee expenses	4	24,330	24,774	24,012	25,730	25,332
Depreciation and amortisation	5	27,807	27,098	26,853	34,133	33,011
General expenses	6	46,166	40,697	40,093	79,134	60,531
Finance expenses		2,845	4,293	2,869	6,868	6,907
Total expenditure		101,148	96,862	93,827	145,865	125,781
Other gains/(losses)						
Other gains/(losses)	2	479	841	(2,403)	(2,187)	482
Operating surplus (deficit) before tax		1,178	(2,757)	(5,142)	(7,771)	(4,857)
Share of associates' and joint ventures' surplus (deficit)		-	-	-	2,833	5,277
Surplus (deficit) before tax		1,178	(2,757)	(5,142)	(4,938)	420
Income tax expense	8	-	-	-	607	3,653
Surplus (deficit) after tax		1,178	(2,757)	(5,142)	(5,545)	(3,233)
Attributable to:						
Invercargill City Council		1,178	(2,757)	(5,142)	(5,568)	(3,241)
Minority interest		-	-	-	23	8
		1,178	(2,757)	(5,142)	(5,545)	(3,233)
Other comprehensive revenue and expense						
Property, plant and equipment revaluation gains/(losses)		88,710	46,112	-	90,741	1,592
Carbon credit revaluation gains/(losses)		63	-	129	39	129
Cash flow hedges		(1,503)	-	(456)	(3,353)	(843)
Total other comprehensive revenue and expense		87,270	46,112	(327)	87,427	878
Total comprehensive revenue and expense		88,448	43,355	(5,469)	81,882	(2,355)
Total comprehensive revenue and expense attributable to:						
Equity holders of the Council		88,448	43,355	(5,469)	81,859	(2,363)
Minority interest		-	-	-	23	8
		88,448	43,355	(5,469)	81,882	(2,355)

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

For the year ended June 30, 2019

		Council	Council	Council	Group	Group
	Note	Actual 2019 (\$000)	Budget 2019 (\$000)	Actual 2018 (\$000)	Actual 2019 (\$000)	Group Restated Actual 2018 (\$000)
Balance at 1 July		825,716	835,060	831,185	932,624	930,902
Restatement		-	-	-	-	4,077
Adjusted balance at 1 July		825,716	835,060	831,185	932,624	934,979
Total comprehensive revenue and expense for the year		88,448	43,355	(5,469)	81,882	(2,355)
Balance at 30 June	22	914,164	878,415	825,716	1,014,506	932,624
Attributable to:						
Invercargill City Council		914,164	878,415	825,716	1,011,647	929,765
Minority interest		-	-	-	2,859	2,859
Balance at 30 June		914,164	878,415	825,716	1,014,506	932,624

The accompanying notes form an integral part of these financial statements



Cash Flow Statement

For the year ended June 30, 2019

		Council	Council	Council	Group	Group
	Note	Actual 2019 (\$000)	Budget 2019 (\$000)	Actual 2018 (\$000)	Actual 2019 (\$000)	Restated Actual 2018 (\$000)
Cash flows from operating activities						
Receipts from rates revenue		53,193	52,526	50,663	53,193	50,663
Receipts from other revenue		42,038	31,096	30,976	85,664	64,992
Interest received		2,633	2,127	2,177	3,633	3,027
Dividends received		3,850	5,850	5,302	-	2
Subvention payments received		915	-	-	-	-
Payments to suppliers and employees		(70,808)	(63,846)	63,292	(95,155)	(81,075)
Interest paid		(2,845)	(4,293)	(2,869)	(7,388)	(7,090)
Income tax paid (refund)		-	-	-	(1,147)	(2,029)
Goods and services tax (net)		358	-	(718)	396	(782)
Net cash flows from operating activities	23	29,334	23,460	22,239	39,196	27,708
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment		234	318	1,464	290	1,492
Proceeds from sale of biological assets		-	-	-	-	-
Proceeds from sale of investment property		680	-	1,004	680	1,004
Proceeds from sale of investments		14,583	5,378	-	14,593	-
Purchase of property, plant and equipment		(24,071)	(23,267)	(7,070)	(31,577)	(15,561)
Purchase of investments		3,922	(6,091)	(12,113)	7,086	(8,923)
Purchase of biological assets		-	-	-	(6,130)	(2,713)
Purchase of investment property		(735)	-	(14,090)	(735)	(14,090)
Purchase of intangible assets		(93)	(70)	(33)	(430)	(41)
Advances made to associates and joint ventures		-	-	-	(2,494)	(4,047)
Advances made to non subsidiaries and associates		-	-	-	650	2,000
Acquisition of subsidiary, net of cash		-	-	-	-	228
Investments in associates and joint ventures		-	-	-	6,691	7,162
Net cash flows from investing activities		(5,480)	(23,732)	(30,838)	(11,376)	(33,489)

Cash Flow Statement continued

For the year ended June 30, 2019

		Council	Council	Council	Group	Group
	Note	Actual 2019 (\$000)	Budget 2019 (\$000)	Actual 2018 (\$000)	Actual 2019 (\$000)	Group Restated Actual 2018 (\$000)
Cash flows from financing activities						
Proceeds from borrowings		30,000	3,594	8,771	34,050	9,846
Repayment of borrowings		(27,931)	(3,477)	(6,621)	(36,956)	(9,782)
Proceeds from equity (share issue)		-	-	-	-	(5)
Net cash flows from financing activities		2,069	117	2,150	(2,906)	59
Net increase (decrease) in cash, cash equivalents and bank overdrafts						
		25,923	(155)	(6,449)	24,914	(5,722)
Cash, cash equivalents and bank overdrafts at the beginning of the year		1,347	1,330	7,796	7,177	12,899
Cash, cash equivalents and bank overdrafts at the end of the year	9	27,270	1,175	1,347	32,091	7,177

The accompanying notes form an integral part of these financial statements



Notes to the Financial Statements

For the year ended June 30, 2019

1 Rates revenue

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)
General rates	5,214	6,159
Rates penalties	619	594
	5,833	6,753
Targeted rates attributable to activities		
Water	7,702	7,589
Sewerage and drainage	10,008	9,150
Refuse and recycling	4,317	4,313
Other activities	25,532	23,138
Total revenue from rates	53,392	50,943

The provision of this rates revenue information is required by Council's LGFA Guarantee and Indemnity Deed. For further information and requirements refer to Note 20 - Borrowings.

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 2019 (\$000)	Council Actual 2018 (\$000)
Halls, museums and other similar groups	4	3
Organisations whose object is the health and well-being of the community	36	34
Organisations whose principal object is the promotion of the arts or recreation	30	32
Organisations using premises as a showground or meeting venue	-	-
Organisations using premises for gaming and sport	-	-
Organisations using premises for branches of the arts	11	12
Organisations using premises for historic conservation purposes	2	-
Total remissions	83	81
Rates revenue net of remissions	53,309	50,862

1 Rates revenue (continued)

Rates remissions

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.

Rating base information

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

	Council Actual 2019	Council Actual 2018
Number of rating units within the Invercargill City Council	25,259	25,230
	(\$000)	(\$000)
Total rateable land value within the Invercargill City Council	2,939,213	2,564,299
Total rateable capital value within the Invercargill City Council	8,426,621	7,315,251

2 Other gains and losses

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Change in fair value and harvesting of biological assets (refer Note 13)	375	(451)	(2,147)	2,168
Change in fair value of investment property (refer Note 14)	(53)	(1,316)	137	(1,091)
Change in fair value of investments	33	(4)	33	306
Net gain/(loss) on sale of property, plant and equipment	124	(632)	(210)	(901)
Total other gains and losses	479	(2,403)	(2,187)	482



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 2019 (\$000)	Council Actual 2018 (\$000)
General rates, uniform annual general charges, rates penalties	5,703	6,641
Targeted rates	47,606	44,221
Total rates revenue as per Funding Impact Statement	53,309	50,862
Rates excluding targeted water supply rates	45,607	43,273
Rates - Targeted water supply rates	7,702	7,589
Total rates revenue as per Statement of Comprehensive Revenue & Expense	53,309	50,862

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 2019 (\$000)	Council Actual 2018 (\$000)
Total operating funding as per Funding Impact Statement	99,811	89,506
PLUS: Capital funding - Subsidies and grants for capital expenditure		
- Roading activity	4,515	3,897
LESS: Share of joint ventures' revenue	(2,479)	(2,315)
PLUS: Non cash revaluations		
- Investment property revaluation gain/(loss)	(53)	(1,316)
- Biological assets revaluation gain/(loss)	375	(451)
- Investments revaluation gain/(loss)	33	(4)
- De-recognition of property, plant and equipment gain/(loss)	124	(632)
Total revenue funding as per Statement of Comprehensive Revenue and Expense	102,326	88,685
Rates excluding targeted water supply rates	45,607	43,273
Targeted rates for water supply	7,702	7,589
Subsidies and grants	9,276	8,024
Other revenue	36,629	30,025
Change in fair value and harvesting of biological assets	375	(451)
Change in fair value of investment property	(53)	(1,316)
Change in fair value of investments	33	(4)
Gain/(Loss) on sale of assets	124	(632)
Finance revenue	2,633	2,177
Total revenue	102,326	88,685



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

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

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)
Total applications of operating funding as per Funding Impact Statement	75,786	69,116
LESS: Share of joint ventures' expenses	(2,445)	(2,142)
	73,341	66,974
Per Statement of Comprehensive Revenue and Expense		
Employee benefit expenses	24,330	24,012
Other expenses	46,166	40,093
Finance expenses	2,845	2,869
	73,341	66,974
Plus depreciation expense (not in Funding Impact Statement)	27,807	26,853
Total operating expenditure including finance costs as per Statement of Comprehensive Revenue and Expense	101,148	93,827

4 Employee expenses

	Council	Council	Group	Group
	Actual	Actual	Actual	Actual
	2019	2018	2019	2018
	(\$000)	(\$000)	(\$000)	(\$000)
Wages and salaries	24,148	23,540	25,538	24,853
Contributions to defined contribution plans	552	644	552	644
Increase/(Decrease) in employee benefits	(370)	(172)	(360)	(165)
Total employee expenses	24,330	24,012	25,730	25,332

Employee severance payments:

Council made seven severance payments during the year ended 30 June 2019 totalling \$178,183 comprising of \$10,750, \$28,034, \$58,229, \$66,877, \$3,417, \$5,550, \$5,326

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

5 Depreciation and amortisation expense by group of activity

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)
Roading	10,533	9,613
Sewerage	3,569	3,555
Solid waste management	381	383
Stormwater	3,378	3,344
Water supply	3,864	3,784
Regulatory services	98	111
Housing care	1,133	1,127
Libraries and archives	1,158	1,088
Parks and cemeteries	1,122	1,170
Pools	1,162	1,161
Public toilets	27	28
Passenger transport	10	19
Democratic process	58	71
Investment property	23	23
Theatre services	533	544
Specialised community services	52	38
Total directly attributable depreciation and amortisation by group of activity	27,101	26,059
Depreciation and amortisation not directly related to group activities	706	794
Total depreciation and amortisation	27,807	26,853

6 General expenses

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Audit fees (refer Note 7)	132	270	373	485
Bad and doubtful debts	(8)	(15)	(8)	(15)
Directors' fees	-	-	659	653
Operating lease expenses	282	241	267	241
Impairment of goodwill	-	-	-	641
Direct operating expenses (including repairs and maintenance) arising on investment properties	927	1,061	927	1,061
Biological assets cost of goods sold	104	90	3,418	1,445
Other expenses	44,729	38,446	73,498	56,020
Total general expenses	46,166	40,093	79,134	60,531

7 Auditor remuneration

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Auditor's remuneration to Audit New Zealand comprises:				
- Audit of financial statements	122	131	227	249
- Cost recovery from audit of last year's financial statements	4	26	4	26
- Other audit-related services	6	113	6	113
Auditor's remuneration to other auditors comprises:				
- Audit of financial statements	-	-	53	38
- Other audit-related services	-	-	83	59
Total auditor remuneration	132	270	373	485

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.



8 Income tax expense

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Current tax expense				
Current period	-	-	1,661	1,829
Adjustment for prior period	-	-	(6)	-
Total current tax expense	-	-	1,655	1,829
Deferred tax expense				
Origination and reversal of temporary differences	-	-	(1,147)	521
Adjustment for prior periods	-	-	99	-
Recognition of previously unrecognised tax losses	-	-	-	913
Other	-	-	-	390
Total deferred tax expense	-	-	(1,048)	1,824
Total income tax expense	-	-	607	3,653
Reconciliation of effective tax rate				
Profit for the period excluding income tax	1,178	(5,142)	(4,938)	420
	1,178	(5,142)	(4,938)	420
Tax at 28%	330	(1,440)	(1,383)	343
Permanent differences	-	-	1,407	194
Non-deductible expenses	-	-	444	2,442
Tax exempt revenue	(1,515)	(2,088)	(1,345)	(536)
Group loss offset	270	3,528	-	-
Subvention payments (made) received	915	-	-	-
Continuity loss of shareholding change	-	-	-	-
Change in recognised permanent differences	-	-	1,078	1,119
Change in recognised temporary differences	-	-	(14)	105
Under/(Over) provided in prior periods	-	-	420	(14)
Total income tax expense	-	-	607	3,653

Council has not recognised a deferred tax asset in relation to tax losses of \$11.6 million (2018: \$11.3 million). However, the asset has been recognised at the Group level.

9 Cash and cash equivalents

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Bank balances	27,264	1,341	32,084	7,169
Cash on hand	6	6	7	8
Cash and cash equivalents in the Statement of Cash Flows	27,270	1,347	32,091	7,177

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

10 Receivables

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Rates and water receivables	2,085	1,966	2,085	1,966
Related party receivables	154	49	200	191
Sundry debtors	6,117	6,417	7,531	8,782
Goods and services tax	860	1,181	1,006	1,350
	9,216	9,613	10,822	12,289
Less provision for impairment of receivables	(337)	(355)	(337)	(355)
Total receivables	8,879	9,258	10,485	11,934
Total receivables comprises:				
Receivables from non-exchange transactions	7,360	7,671		
Receivables from exchange transactions	1,519	1,587		
Total receivables	8,879	9,258		

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.

10 Receivables (continued)



	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Current (less than 3 months)	8,788	9,164	10,390	11,824
3 to 6 months	91	94	95	110
6 to 9 months	-	-	-	-
9 to 12 months	-	-	-	-
> 12 months	-	-	-	-
Carrying amount	8,879	9,258	10,485	11,934

As of 30 June 2019 and 2018, 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 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
At 1 July	(355)	(394)	(355)	(394)
Additional provisions made during the year	-	-	-	-
Receivables written off during the period	18	39	18	39
At 30 June	(337)	(355)	(337)	(355)

11 Property, plant and equipment

2019

	\$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-18	1-Jul-18	1-Jul-18			
Council operational assets						
Land	16,213	-	16,213	-	-	-
Buildings	77,657	(4,079)	73,578	4,770	-	-
Library books	4,324	(566)	3,758	369	-	-
Plant and equipment	15,045	(10,370)	4,675	486	(130)	118
Motor vehicles	5,118	(3,120)	1,998	449	(400)	306
Furniture and fittings	496	(273)	223	40	(17)	13
Total Council operational assets	118,853	(18,408)	100,445	6,114	(547)	437
Council infrastructural assets						
Roads, bridges and footpaths	231,405	(9,451)	221,954	8,623	-	-
Stormwater systems	160,182	(3,345)	156,837	4,221	-	-
Wastewater systems - Treatment plants and facilities	22,209	(953)	21,256	2,902	-	-
Wastewater systems - Other assets	91,146	(2,599)	88,547	4,794	-	-
Water systems - Treatment plants and facilities	18,813	(633)	18,180	29	-	-
Water systems - Other assets	106,726	(3,140)	103,586	3,211	-	-
Land under roads	45,051	(5)	45,046	-	-	-
Total Council infrastructural assets	675,532	(20,126)	655,406	23,780	-	-
Council restricted assets						
Land	7,505	(120)	7,385	27	-	-
Land - Forestry	1,670	-	1,670	-	-	-
Buildings	3,428	(1,381)	2,047	-	-	-
Monuments and statues	-	-	-	-	-	-
Hard surfaces and appurtenance	2,549	(129)	2,420	27	-	-
Total Council restricted assets	15,152	(1,630)	13,522	54	-	-
Total Council property, plant and equipment	809,537	(40,164)	769,373	29,948	(547)	437
Subsidiaries property, plant and equipment						
Land	1,494	-	1,494	-	-	-
Land - Forestry	8,415	-	8,415	623	-	-
Terminals	7,014	(648)	6,366	-	-	-
Gravel and fencing	4,050	(998)	3,052	-	-	-
Buildings and yards	15,690	(888)	14,802	-	-	-
Network assets	113,378	(21,823)	91,555	6,576	(743)	449
Plant and equipment	2,817	(1,927)	890	14	(37)	23
Motor vehicles	2,641	(2,521)	120	-	(31)	18
Furniture and fittings	5,044	(1,400)	3,644	-	(91)	18
Runways and taxi ways	14,756	(7,505)	7,251	-	-	-
Roading	2,100	(528)	1,572	51	-	-
Total subsidiaries property, plant and equipment	177,399	(38,238)	139,161	7,264	(902)	508
Total Group property, plant and equipment	986,936	(78,402)	908,534	37,212	(1,449)	945



\$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-19	30-Jun-19	30-Jun-19
(754)	-	-	-	1,609	-	17,068	-	17,068
(698)	(939)	-	(4,122)	2,775	9,140	84,504	-	84,504
-	-	-	(622)	(850)	1,188	3,843	-	3,843
(140)	333	-	(1,014)	-	-	15,261	(10,933)	4,328
43	51	-	(660)	-	-	5,210	(3,423)	1,787
(91)	3	-	(29)	-	-	428	(286)	142
(1,640)	(552)	-	(6,447)	3,534	10,328	126,314	(14,642)	111,672
-	-	-	(10,366)	(2,558)	19,817	237,470	-	237,470
(72)	3	-	(3,380)	13,680	6,722	178,011	-	178,011
-	-	-	(954)	1,707	1,907	26,818	-	26,818
(61)	2	-	(2,613)	1,773	5,210	97,652	-	97,652
-	-	-	(636)	(295)	1,269	18,547	-	18,547
(50)	6	-	(3,213)	19,269	6,347	129,156	-	129,156
-	-	-	-	-	-	45,051	(5)	45,046
(183)	11	-	(21,162)	33,576	41,272	732,705	(5)	732,700
1,028	(8)	-	-	-	-	8,560	(128)	8,432
-	-	-	-	-	-	1,670	-	1,670
(2,800)	1,133	-	(76)	-	-	628	(324)	304
437	(44)	-	-	-	-	437	(44)	393
2,805	(241)	-	(31)	-	-	5,381	(401)	4,980
1,470	840	-	(107)	-	-	16,676	(897)	15,779
(353)	299	-	(27,716)	37,110	51,600	875,695	(15,544)	860,151
-	-	-	-	515	-	2,009	-	2,009
-	-	-	-	-	-	9,038	-	9,038
-	-	-	(210)	-	-	7,014	(858)	6,156
-	-	-	(164)	-	-	4,050	(1,162)	2,888
-	-	-	(430)	429	1,087	16,119	(231)	15,888
-	-	-	(4,078)	-	-	119,211	(25,452)	93,759
-	-	-	(144)	-	-	2,794	(2,048)	746
-	-	-	(15)	-	-	2,610	(2,518)	92
-	-	-	(375)	-	-	4,953	(1,757)	3,196
-	-	-	(815)	-	-	14,756	(8,320)	6,436
-	-	-	(95)	-	-	2,151	(623)	1,528
-	-	-	(6,326)	944	1,087	184,705	(42,969)	141,736
(353)	299	-	(34,042)	38,054	52,687	1,060,400	(58,513)	1,001,887

11 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 plants 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 appurtenance	-	-	-	29	-	-
Total Council restricted assets	12,434	(1,417)	11,017	209	(11)	-
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	-	-
Terminals	7,014	(438)	6,576	-	-	-
Gravel and fencing	3,963	(836)	3,127	87	-	-
Buildings and yards	15,690	(458)	15,232	-	-	-
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

11 Property, plant and equipment (continued)

The net carrying amount of property, plant and equipment held under finance leases is \$Nil (2018: \$Nil).

No depreciation is charged on land and there have been no impairments of land throughout the period (2018: \$Nil).

Revaluations

a) Forestry land

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 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, 2019. The assessment has shown the fair value of the land to be not materially different to the carrying amount shown in these financial statements.

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, 2019 (\$5,245,505 at 30 June, 2018).

b) Operational land and buildings

Operational land and buildings were valued by Quotable Value Limited (independent valuers) as at 30 June, 2019. Residential and commercial properties have been valued at fair market value in relation to market based evidence. Specialised buildings have been valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings. Replacement cost rates have been estimated from construction contracts of like assets, reference to publications such as QV Cost Builder, recent costings obtained from construction details and Property Institute of New Zealand's cost information. The effective age of the structures have been sourced from the records held by Quotable Value Ltd where available, otherwise based on visual inspection. This resulted in a revaluation reserve increase movement of \$13.524 million.

c) Council infrastructural assets

Council's water, stormwater and waste water assets were valued by Council staff and then peer reviewed by AECOM (NZ) Limited (independent valuers) as at 30 June, 2019. All assets were valued using optimised depreciated replacement cost (ORDC). This requires the determination of quantities of assets optimised to relate to those required for current service delivery and foreseeable demand, unit rates that reflect replacement with modern engineering equivalent assets, effective lives that take into account local influences, and depreciation that defines current value given a definable remaining life. This resulted in a revaluation reserve increase movement of \$57.589 million.

Council's roads, bridges and footpaths were valued by Council staff and then peer reviewed by AECOM (NZ) Limited (independent valuers) as at 30 June, 2019. All assets were valued using depreciated replacement cost (DRC), being gross replacement cost less accumulated depreciation to date, based on the current age profile compared to useful life. This resulted in a revaluation reserve increase movement of \$17.259 million.

d) Library books

Council's library collections were valued by Council staff as at 30 June, 2019. All assets were valued using depreciated replacement cost (DRC), being gross replacement cost less accumulated depreciation to date, based on the current age profile compared to useful life. This resulted in a revaluation reserve increase movement of \$0.338 million.



11 Property, plant and equipment (continued)

e) Group network assets

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%.

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, 2019 (\$66,861,000 at 30 June, 2018).

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)
2019				
Roads, bridges and footpaths	237,470	8,623	-	514,254
Stormwater systems	178,011	4,221	-	481,859
Wastewater systems - Treatment plants and facilities	26,818	2,902	-	61,180
Wastewater systems - Other assets	97,652	4,794	-	250,249
Water systems - Treatment plants and facilities	18,547	29	-	63,724
Water systems - Other assets	129,156	3,211	-	216,584
Land under roads	45,046	-	-	159,972
	732,700	23,780	-	1,747,822
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

11 Property, plant and equipment (continued)

Insurance of assets

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

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)
Total value of all assets that are covered by insurance contracts	1,418,183	1,019,722
Maximum amount to which these assets are insured	1,435,546	1,069,780
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 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Buildings	701	1,222	1,278	1,237
Network assets	-	-	1,791	1,609
Plant and equipment	119	103	119	103
Roads, bridges and footpaths	150	-	150	-
Stormwater systems	307	1,784	307	1,784
Wastewater systems	-	4,364	-	4,364
Water systems	85	-	85	-
Restricted land	212	-	212	-
Hard surfaces and appurtenance	22	-	22	-
Total work in progress	1,596	7,473	3,964	9,097



12 Intangible assets

Council

	Computer Software (\$'000)	Carbon credits (\$'000)	Total (\$'000)
Cost			
Balance at 1 July, 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
Reclassifications	253	-	253
Additions	93	-	93
Change in fair value	-	63	63
Balance at 30 June, 2019	1,796	746	2,542
Amortisation and impairment charges			
Balance at 1 July, 2017	1,101	-	1,101
Amortisation for the year	126	-	126
Balance at 30 June, 2018	1,227	-	1,227
Reclassifications	214	-	214
Amortisation for the year	91	-	91
Balance at 30 June, 2019	1,532	-	1,532
Net book value			
Balance at 30 June, 2019	264	746	1,010
Balance at 30 June, 2018	223	683	906
Work in progress			
Balance at 30 June, 2019	-	-	-
Balance at 30 June, 2018	-	-	-

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.

12 Intangible assets (continued)

	Group			
	Goodwill (\$000)	Computer Software (\$000)	Carbon credits (\$000)	Total (\$000)
Cost				
Balance at 1 July 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
Reclassifications	-	253	-	253
Additions	-	93	336	429
Change in fair value	-	-	39	39
Balance at 30 June 2019	641	1,796	1,066	3,503
Amortisation and impairment charges				
Balance at 1 July 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
Reclassifications	-	214	-	214
Amortisation for the year	-	91	-	91
Balance at 30 June 2019	641	1,532	-	2,173
Net book value				
Balance at 30 June, 2019	-	264	1,066	1,330
Balance at 30 June, 2018	-	223	691	914
Work in progress				
Balance at 30 June, 2019	-	-	-	-
Balance at 30 June, 2018	-	-	-	-

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



13 Biological assets

	Council	Group
	Forestry (\$000)	Forestry (\$000)
Balance at 1 July 2017	3,426	23,293
Acquisitions	-	2,834
Forest assets logged at cost	(90)	(1,445)
Change in fair value less estimated point-of-sale costs	(451)	2,168
Balance at 30 June, 2018	2,885	26,850
Balance at 1 July 2018	2,885	26,850
Acquisitions	-	6,119
Forest assets logged at cost	(104)	(3,418)
Change in fair value less estimated point-of-sale costs	375	(2,147)
Balance at 30 June 2019	3,156	27,404

At 30 June, 2019 standing timber comprised approximately 628 hectares (2018: 627 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 3,174 hectares at sixteen different locations (2018: 2,800 hectares at twelve different locations).

The forests were revalued as at 30 June, 2019 by independent valuers Margules Groome Consulting Ltd (2018: Margules Groome 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 (2018: same method) The pre-tax discount rate chosen for the 2019 valuation of the Invercargill City Forests Limited's forests is 6.50% (2018: 6.75%) and for the Council's forests it is 7.5% (2018: 7.75%).
- 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.

13 Biological assets (continued)

Emissions Trading Scheme

Pre-1990 Forests:

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 237.6 hectares of pre 1990 forest. Of this harvested land, 35.4 hectares has not yet been replanted at 30 June, 2019 and carries a potential deforestation liability of \$522,440 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

Invercargill City Forests Limited has harvested a total of 48 hectares of pre 1990 forest which carries a potential deforestation liability of \$578,182 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:

	2019 Units	2019 \$000	2018 Units	2018 \$000
Received:				
Post 1989	22,460	529	9,000	193
Pre 1990	-	-	-	-
		529		193
Sold:				
Post 1989	8,637	185	8,637	185
Pre 1990	-	-	-	-
		185		185

As at 30 June, 2019 there are 13,823 carbon credit units on hand (30 June, 2018: 363). There are no future expected allocations.



13 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, fire, lightning and snow damage.

14 Investment property

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Balance at 1 July	36,893	25,194	40,953	29,029
Acquisitions	735	14,090	735	14,090
Disposals	(680)	(1,004)	(680)	(1,004)
Transfer to non-current assets held for resale	(625)	-	(625)	-
Transfer (to) from property, plant and equipment	15	250	15	250
Change in fair value	(53)	(1,637)	137	(1,412)
Balance at 30 June	36,285	36,893	40,535	40,953
Work in progress				
Investment property	-	-	-	-
Balance at 30 June	-	-	-	-

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 2019 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 2019 and 2018, 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 (2018: next two years), 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 2019 and 2018 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.



14 Investment property (continued)

Reconciliation of net surplus on investment properties

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Rental revenue derived from investment properties	992	754	992	754
Direct operating expenses (including repairs and maintenance) generating rental revenue	(404)	(305)	(404)	(305)
Direct operating expenses (including repairs and maintenance) that did not generate rental revenue	(523)	(756)	(523)	(756)
Surplus/(Deficit) arising from investment properties carried at fair value	65	(307)	65	(307)

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.

15 Investment in associates

	Percentage held by Group		Balance Date
	2019	2018	
Associate entities			
Emergency Management Southland	25.90%	25.90%	30-Jun
Southland Regional Heritage Committee	63.00%	63.00%	30-Jun
Electricity Southland Limited	24.90%	24.90%	31-Mar
HWCP Management Limited	49.90%	49.90%	30-Jun
Southland Regional Development Agency Limited	18.75%	0.00%	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 and \$2,157,000 for the 2019 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.

On 30 September, 2017, Invercargill City Forests Limited purchased an additional 67.9% shareholding in Forest Growth Holdings Limited, thereby obtaining control and taking their total shareholding to 100%, making Forest Growth Holdings Limited a subsidiary of Invercargill City Forests Limited.

15 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 (\$000)	Non-current assets (\$000)	Total assets (\$000)	Current liabilities (\$000)	Non-current liabilities (\$000)
2019					
Emergency Management Southland, Southland Regional Heritage Committee, Electricity Southland Limited, HWCP Management Limited and Southland Regional Development Agency Limited	20,744	24,568	45,312	25,501	17,862

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
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Movements in carrying value of associates

	Group Actual 2019 \$000	Group Actual 2018 \$000
Balance at 1 July	2,199	4,673
Share of profit/(loss)	(111)	(14)
Disposal of associates	-	(2,460)
Balance at 30 June	2,088	2,199



Total liabilities	Revenues	Expenses	Profit / (Loss)
(\$000)	(\$000)	(\$000)	(\$000)
43,363	7,181	12,068	(4,887)
34,597	8,505	8,843	(338)

16 Investment in joint ventures

Joint ventures	Percentage held by Group		Balance Date
	2019	2018	
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%.

** 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.

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)
2019				
Venture Southland, PowerNet Limited Group, OtagoNet Joint Venture and Roaring Forties Energy Limited Partnership	36,421	277,560	313,981	20,379
2018				
Venture Southland, PowerNet Limited Group, OtagoNet Joint Venture and Roaring Forties Energy Limited Partnership	35,747	277,003	312,750	21,731

Movements in carrying value of joint ventures:

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)
Balance at 1 July	80,861	81,367
Investments in joint ventures	-	1
Share of profit/(loss)	4,336	6,655
Distributions from joint ventures	(6,691)	(7,162)
Balance at 30 June	78,506	80,861



Non-current liabilities (\$000)	Total liabilities (\$000)	Revenues (\$000)	Expenses (\$000)	Profit / (Loss) (\$000)
41,831	62,210	126,666	110,308	16,358
36,613	58,344	134,158	111,891	22,267

17 Other financial assets

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Current financial assets				
Loans to related parties	15,000	15,000	-	-
Short term deposits	11,880	34,066	12,891	32,478
Total current financial assets	26,880	49,066	12,891	32,478
Non-current financial assets				
Loans to related parties	18,200	15,000	-	-
LGFA Borrower notes	480	-	480	-
Other investments	56	62	174	180
Equity share investments	722	682	722	682
Total non-current financial assets	19,458	15,744	1,376	862
Investments in CCOs and similar entities				
Loans to subsidiary - Redeemable preference share value	16,777	16,777	-	-
Investment in subsidiary - Ordinary share value	19,292	19,292	-	-
	36,069	36,069	-	-

The redeemable preference shares bear no interest or dividend payable unless Council notifies the Directors of the Company prior to 31 August of each year that payment is required. The rate determined shall not exceed 5% above the 90 day Bank Settlement Rate as quoted on the Reuters Monitor screen page BKBM on the date fixed for redemption.

On a return of assets on liquidation or otherwise the assets of the Company available for distribution amongst its members shall be applied first in repaying the holders of the redeemable preference shares the amounts paid up on the redeemable preference share, and the balance of such assets subject to any special rights which may be attached to any other class of shares shall be distributed in accordance with the Company's constitution.

Short term investment

The carrying amount of term deposits approximates their fair value.



18 Trade and other payables

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Trade payables	6,395	6,194	6,323	6,961
Accrued expenses	3,158	3,341	5,165	5,114
Amounts due to related parties	147	43	3,097	2,559
Revenue in advance	2,256	1,510	2,329	1,533
Total trade and other payables	11,956	11,088	16,914	16,167
Total payables comprises:				
Payables from non-exchange transactions	1,719	1,510		
Payables from exchange transactions	10,237	9,578		
Total trade and other payables	11,956	11,088		

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.

19 Employee benefit liabilities

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Accrued pay	408	417	408	417
Annual leave	1,678	1,927	1,734	1,973
Long service leave	358	404	358	404
Retirement gratuities	808	883	808	883
Total employee benefit liabilities	3,252	3,631	3,308	3,677
Current	2,160	2,467	2,216	2,446
Non-current	1,092	1,164	1,092	1,231
Total employee benefit liabilities	3,252	3,631	3,308	3,677



20 Borrowings

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Current				
Secured loans	25,005	52,936	90,024	52,955
Non-current				
LGFA Debt	40,000	-	40,000	-
Other secured loans	25,200	35,200	34,800	111,574
Total borrowings	90,205	88,136	164,824	164,529

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 reduced to \$10 million and renewed for a further two years on 12 November, 2018. The undrawn amount of this facility is \$10 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 \$90 million of commercial bonds (2018: \$50 million), with security being a charge over the rates revenue of the issuer. Terms of the bonds are between one and eight years.

The debentures are at fixed and floating interest rates. 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, made up of \$35 million maturing in September 2021 and \$65 million maturing in September 2020. 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.

20 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).

Council 2019

	Secured loans (\$000)	Total (\$000)
Less than one year	25,005	25,005
Later than one year but not more than five years	55,000	55,000
Later than five years	10,200	10,200
	<u>90,205</u>	<u>90,205</u>

Council 2018

	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
	<u>88,136</u>	<u>88,136</u>

Interest rates on these Council secured loans have an effective interest rate of 2.99% (2018: 3.22%) with hedging refer Note 29. Other Group loans have an effective interest rate of 4.05% (2018: 4.14%) with hedging refer Note 29.



20 Borrowings (continued)

Group 2019

	Secured loans (\$000)	Total (\$000)
Less than one year	90,024	90,024
Later than one year but not more than five years	55,000	55,000
Later than five years	19,800	19,800
	164,824	164,824

Group 2018

	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

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

21 Deferred tax liabilities/(assets)

Group

Movements in temporary differences during the year

	Balance at 1 July 2017	Recognised in profit or loss	Recognised in equity
	(\$000)	(\$000)	(\$000)
Property, plant and equipment	20,132	119	-
Biological assets	4,324	424	-
Investment property	290	49	-
Inventory	-	(74)	-
Derivatives	(748)	-	(150)
Other items	39	1	-
Tax losses	(4,568)	1,306	-
Total movements	19,469	1,825	(150)



Balance at 30 June 2018	Recognised in profit or loss	Recognised in equity	Balance at 30 June 2019
(\$000)	(\$000)	(\$000)	(\$000)
20,251	88	-	20,339
4,748	(912)	-	3,836
339	(3)	-	336
(74)	74	-	-
(898)	-	(719)	(1,617)
40	(2)	-	38
(3,262)	(293)	-	(3,555)
21,144	(1,048)	(719)	19,377

22 Equity

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Retained earnings				
As at 1 July	380,594	388,675	457,423	463,532
Transfers to:				
Restricted and non-restricted reserves	(11,076)	(7,634)	(11,076)	(7,634)
Transfers from:				
Restricted and non-restricted reserves	5,160	4,695	5,160	4,695
Transfer of revaluation reserve to retained earnings	-	-	111	63
Surplus/(deficit) for the year	1,178	(5,142)	(5,545)	(3,233)
As at 30 June	375,856	380,594	446,073	457,423
Restricted and non restricted reserves				
As at 1 July	34,189	31,250	34,736	31,797
Transfers to:				
Retained earnings	(5,160)	(4,695)	(5,160)	(4,695)
Transfers from:				
Retained earnings	11,076	7,634	11,076	7,634
As at 30 June	40,105	34,189	40,652	34,736
Hedging Reserve				
As at 1 July	(957)	(501)	(3,268)	(2,425)
Other comprehensive revenue and expenses:				
Effective portion of changes in fair value of cash flow hedges	(1,503)	(456)	(3,353)	(843)
As at 30 June	(2,460)	(957)	(6,621)	(3,268)
Carbon credit revaluation reserve				
As at 1 July	464	335	464	335
Other comprehensive revenue and expenses:				
Change in fair value of carbon credits	63	129	39	129
As at 30 June	527	464	503	464
Asset revaluation reserves				
As at 1 July	411,426	411,426	443,269	441,740
Other comprehensive revenue and expenses:				
Revaluation gains/(losses)	88,710	-	90,741	1,592
Transfer of revaluation reserve to retained earnings	-	-	(111)	(63)
As at 30 June	500,136	411,426	533,899	443,269
Asset revaluation reserves consist of:				
Land and buildings	65,536	52,012	70,604	55,049
Library books	8,373	8,035	8,373	8,035
Infrastructural assets	426,227	351,379	454,922	380,185
Total asset revaluation reserve	500,136	411,426	533,899	443,269
Total other reserves	538,308	445,122	568,433	475,201



22 Equity (continued)

	Actual 2019			
	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)	126	3	-	129
The restriction is designated from a statute or legal document. These reserves restrictions include the capital and interest or revenue generated.				
This reserve is related to the Parks activity and is to maintain the Feldwick Gates at Queens Park.				
Category B (Capital-only restriction)	3,818	539	-	4,357
These reserves are invested in property that provides a financial return to ratepayers.				
(Investment Property, Library and Infrastructure activities)				
Category C (Specific purpose)	10,664	871	(7)	11,528
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	12,156	2,157	(1,111)	13,202
To set aside funds for the replacement of assets in the future.				
(All activities)				
Development	4,921	97	-	5,018
To maintain and provide assets in identifiable areas.				
(Parks, Roading, and Water activities)				
Property	1,447	34	-	1,481
To provide for the purchase of properties.				
(Investment Property, and Infrastructure activities)				
Amenities	227	187	-	414
To provide funding for the ongoing operations of amenity areas.				
(Library, Museum, Pools, and Parks activities)				
Financial	9,947	7,183	(4,042)	13,088
To provide ongoing funding in a consistent manner for Council operations.				
(All activities)				
Community Board	129	5	-	134
To provide funding for Community Board areas for their activities and development of assets. (Democratic process activity)				
Economic development	(9,246)	-	-	(9,246)
To develop economic growth in the city which will be funded by future activity. (Investment Property activity)				
	34,189	11,076	(5,160)	40,105

22 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 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 revenue generated. This reserve is related to the Parks activity and is to maintain the Feldwick Gates at Queens Park.	123	3	-	126
Category B (Capital only restriction) These reserves are invested in property that provides a financial return to ratepayers (Investment Property, Library and Infrastructure activities)	4,235	1,429	(1,846)	3,818
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)	10,204	724	(264)	10,664
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)	10,127	2,784	(755)	12,156
Development To maintain and provide assets in identifiable areas. (Parks, Roding, and Water activities)	5,096	127	(302)	4,921
Property To provide for the purchase of properties. (Investment Property, and Infrastructure activities)	796	941	(290)	1,447
Amenities To provide funding for the ongoing operations of amenity areas. (Library, Museum, Pools, and Parks activities)	324	16	(113)	227
Financial To provide ongoing funding in a consistent manner for Council operations. (All activities)	9,321	1,601	(975)	9,947
Community Board To provide funding for Community Board areas for their activities and development of assets. (Democratic process activity)	120	9	-	129
Economic Development To develop economic growth in the city which will be funded by future activity. (Investment Property activity)	(9,096)	-	(150)	(9,246)
	31,250	7,634	(4,695)	34,189

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

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Net surplus/(deficit) after taxation	1,178	(5,142)	(5,545)	(2,320)
Add non-cash items:				
Depreciation and amortisation of intangibles	27,807	26,853	34,131	33,008
(Gain)/Loss on sale of assets	(124)	632	210	902
(Gain)/Loss on revaluation of assets	-	-	-	-
(Gain)/Loss on disposal of investments	-	-	294	-
Gain on previously held investments	-	-	-	(310)
Change in fair value of biological assets	(375)	451	2,146	(2,168)
Change in fair value of investment property	53	1,637	(137)	1,412
Change in fair value of investments	(33)	4	(33)	4
Change in fair value of intangible assets	-	(129)	-	(129)
Change in fair value of loan	-	-	(24)	24
Increase/(Decrease) in deferred taxation	-	-	(1,054)	916
Increase/(Decrease) in current year's tax	-	-	540	-
Biological assets - Cost of goods sold	104	90	3,516	1,444
Associate and Joint Venture post-acquisition profits	-	-	(4,217)	(6,500)
Loss on sale of associates	-	-	-	29
Impairment of trade receivables	-	-	460	-
Impairment of advance to associate	-	-	4,821	429
Impairment of goodwill	-	-	-	641
	28,610	24,396	35,108	27,382
Add/(Less) movements in other working capital items:				
(Increase)/Decrease in stock, receivables and WIP	782	(2,162)	5,421	(131)
Increase/(Decrease) in sundry creditors	(416)	723	(680)	1,352
(Increase)/Decrease in GST and taxation	358	(718)	(653)	(895)
	724	(2,157)	4,088	326
Net cash from operating activities	29,334	22,239	39,196	27,708



24 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 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
(a) Invercargill City Holdings Limited				
Revenue				
Provision of services	443	538	-	-
Interest received	1,365	990	-	-
Dividend from Subsidiary to Parent	3,850	5,300	-	-
Expenditure				
Provision of goods and services	30	30	-	-
Tax losses transferred from Parent to Group	-	415	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(b) Electricity Invercargill Limited				
Revenue				
Subvention payment received	915	-	-	-
Expenditure				
Provision of goods and services	-	-	-	-
Tax losses transferred from Parent to Group	-	2,354	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(c) Invercargill City Forests Limited				
Revenue				
Provision of services	28	110	-	-
Expenditure				
Tax losses transferred from Parent to Group	-	282	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(d) Invercargill Airport Limited				
Revenue				
Provision of services	120	117	-	-
Expenditure				
Provision of goods and services	-	-	-	-
Tax losses transferred from Parent to Group	-	20	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(e) Invercargill City Property Limited				
Revenue				
Provision of services	-	86	-	-
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-

24 Related party transactions (continued)



	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
(f) Invercargill Venue & Events Management Limited				
Revenue				
Provision of goods and services	531	564	-	-
Expenditure				
Provision of grants, goods and services	341	351	-	-
Tax losses transferred from Parent to Group	21	127	-	-
Outstanding at balance date to Parent and Group	79	92	-	-
Outstanding at balance date by Parent and Group	40	1	-	-
(g) Invercargill City Charitable Trust				
Revenue				
Provision of grants, goods and services	58	8	-	-
Expenditure				
Provision of grants, goods and services	127	127	-	-
Outstanding at balance date to Parent and Group	4	4	-	-
Outstanding at balance date by Parent and Group	100	4	-	-
(h) Invercargill Community Recreation and Sport Trust				
Revenue				
Provision of services	3	1	-	-
Expenditure				
Provision of grants, goods and services	5	4	-	-
Outstanding at balance date to Parent and Group	3	1	-	-
Outstanding at balance date by Parent and Group	4	4	-	-
(i) Southland Museum and Art Gallery Trust Board				
Revenue				
Provision of services	2,089	1,761	-	-
Expenditure				
Provision of grants, goods and services	987	658	-	-
Outstanding at balance date to Parent and Group	53	-	-	-
Outstanding at balance date by Parent and Group	-	5	-	-
(j) Bluff Maritime Museum Trust				
Revenue				
Provision of services	-	1	-	1
Expenditure				
Provision of grants, goods and services	30	30	30	43
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-

24 Related party transactions (continued)

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
(k) Venture Southland				
Revenue				
Provision of services	7	15	13	16
Expenditure				
Provision of grants, goods and services	2,002	1,946	2,042	1,952
Outstanding at balance date to Parent and Group	-	1	-	1
Outstanding at balance date by Parent and Group	-	10	-	10
(l) Emergency Management Southland				
Revenue				
Provision of services	-	-	-	-
Expenditure				
Provision of grants, goods and services	296	257	296	257
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(m) Southland Regional Heritage Committee				
Revenue				
Provision of services	4	5	6	5
Expenditure				
Provision of grants, goods and services	885	866	813	866
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(n) PowerNet Limited				
Revenue				
Provision of services	13	20	372	314
Expenditure				
Provision of goods and services	9	7	13,492	10,886
Outstanding at balance date to Parent and Group	2	1	94	79
Outstanding at balance date by Parent and Group	-	-	2,879	2,423
Advances paid to (repaid by)	-	-	1,447	(272)
(o) R M Walton				
Revenue				
Provision of services	-	-	-	-
Expenditure				
Provision of goods and services	-	-	26	3
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-



24 Related party transactions (continued)

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
(p) Electricity Southland Limited				
Revenue				
Provision of services	-	-	188	118
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	49	34
Outstanding at balance date by Parent and Group	-	-	-	-
Advances paid to (repaid by)	-	-	798	834
(q) AWS Legal				
Revenue				
Provision of services	-	-	-	-
Expenditure				
Provision of goods and services	-	-	-	25
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(r) IFS Growth Limited				
Revenue				
Provision of services	-	-	-	-
Expenditure				
Provision of goods and services	-	-	-	641
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	41
(s) OneForest Limited				
Revenue				
Provision of goods and services	-	-	-	5,520
Expenditure				
Provision of goods and services	-	-	-	2,801
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(t) HWCP Management Limited				
Revenue				
Provision of goods and services	191	-	191	251
Expenditure				
Provision of goods and services	84	63	84	63
Outstanding at balance date to Parent and Group	115	-	115	4,720
Outstanding at balance date by Parent and Group	-	-	-	-

24 Related party transactions (continued)

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
(u) Invercargill Public Art Gallery Inc				
Revenue				
Provision of goods and services	26	-	26	-
Expenditure				
Provision of grants, goods and services	190	184	190	187
Outstanding at balance date to Parent and Group	23	-	23	-
Outstanding at balance date by Parent and Group	-	15	-	15
(v) Archdraught Limited				
Revenue				
Provision of goods and services	35	48	35	48
Expenditure				
Provision of goods and services	1	1	1	1
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(w) Glengarry Community Action Group				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of grants, goods and services	2	-	2	1
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(x) Dan Davin Literary Foundation				
Revenue				
Provision of goods and services	-	-	-	5
Expenditure				
Provision of grants, goods and services	-	-	1	1
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(y) Ziff's Café Bar Limited				
Revenue				
Provision of goods and services	2	-	2	-
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-



24 Related party transactions (continued)

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
(z) Buster Crabb Limited				
Revenue				
Provision of goods and services	1	1	1	1
Expenditure				
Provision of goods and services	-	2	-	2
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(aa) Southland Indoor Leisure Centre Charitable Trust				
Revenue				
Provision of goods and services	25	24	25	93
Expenditure				
Provision of grants, goods and services	671	400	671	400
Outstanding at balance date to Parent and Group	-	-	-	5
Outstanding at balance date by Parent and Group	-	-	-	-
(ab) Bluff 2024 Rejuvenation Trust				
Revenue				
Provision of goods and services	2	-	2	-
Expenditure				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(ac) Southland Art Foundation				
Revenue				
Provision of goods and services	1	-	1	-
Expenditure				
Provision of grants, goods and services	-	-	4	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(ad) Southland Electronics Limited				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of goods and services	1	14	1	14
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-

24 Related party transactions (continued)

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
(ae) Quality Foods Southland Limited				
Revenue				
Provision of goods and services	9	11	9	11
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	1	-	1
Outstanding at balance date by Parent and Group	-	-	-	-
(af) Hospice Southland Charitable Trust				
Revenue				
Provision of goods and services	1	-	1	-
Expenditure				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(ag) Southland Football Inc.				
Revenue				
Provision of goods and services	3	4	3	4
Expenditure				
Provision of grants, goods and services	1	-	1	-
Outstanding at balance date to Parent and Group	-	1	-	1
Outstanding at balance date by Parent and Group	-	-	-	-
(ah) Southern Institute of Technology				
Revenue				
Provision of goods and services	23	23	37	37
Expenditure				
Provision of grants, goods and services	1	-	1	-
Outstanding at balance date to Parent and Group	-	1	-	1
Outstanding at balance date by Parent and Group	-	-	-	-
(ai) Findex NZ Ltd				
Revenue				
Provision of goods and services	2	3	7	23
Expenditure				
Provision of goods and services	14	1	28	1
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	7	-	13	-



24 Related party transactions (continued)

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
(aj) Age Concern Southland Inc.				
Revenue				
Provision of goods and services	1	1	1	1
Expenditure				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(ak) Southland Warm Homes Trust				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of grants, goods and services	50	50	50	50
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(al) Citizens Advice Bureau (Invercargill)				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of grants, goods and services	34	24	34	24
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	5	-	5	-
(am) Heritage South				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of grants, goods and services	-	3	-	3
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(an) McIntyre Dick & Partners				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of goods and services	1	1	20	22
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-

24 Related party transactions (continued)

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
(ao) Healthy Families Invercargill				
Revenue				
Provision of goods and services	-	2	-	2
Expenditure				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(ap) Netball South				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of grants, goods and services	-	24	-	24
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(aq) Independent Forestry Services Ltd				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of goods and services	-	-	-	5
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
(ar) Forest Growth Holdings Ltd				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Tax losses transferred from Parent to Group	249	329	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-



24 Related party transactions (continued)

Mayor Tim Shadbolt received goods and services during the year in a private capacity to the value of \$6,129.30 (2018: \$29,907.47). These amounts were repaid during the year, with the amount outstanding as at 30 June, 2019 being Nil (2018: 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 who was a director until 31 October, 2018.

A \$240,000 loan from Invercargill City Holdings Limited to Invercargill City Property Limited was forgiven during the 2018 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 2019 year (2018: nil).

24 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 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 until February 2019 Director until February 2019 Trustee until March 2019 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



24 Related party transactions (continued)

Mayor and Councillors (continued)	Relationship
<p>Lloyd Esler Southland Museum and Art Gallery Trust Board Bluff Maritime Museum</p>	<p>Trustee Officer</p>
<p>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</p>	<p>Director Trustee Trustee Trustee Officer</p>
<p>Darren Ludlow Invercargill City Holdings Limited Invercargill Venue & Events Management Limited Southland Museum and Art Gallery Trust Board Southland Art Foundation Healthy Families Invercargill</p>	<p>Director Director Trustee Officer Officer</p>
<p>Ian Pottinger Southland Electronics Limited Quality Foods Southland Limited</p>	<p>Director Shareholder</p>
<p>Lesley Soper Invercargill Community Recreation and Sport Trust Invercargill Public Art Gallery Omaui Tracks Trust Citizens Advice Bureau Invercargill Inc.</p>	<p>Trustee Officer Officer Officer</p>
<p>Lindsay Thomas Invercargill City Holdings Limited HWCP Management Limited Southland Football Incorporated</p>	<p>Director Director Trustee</p>

24 Related party transactions (continued)

Chief Executive & Senior Executive Team	Relationship
Clare Hadley The Invercargill City Charitable Trust	Trustee
Dean Johnston - ceased September 2018 Forest Growth Holdings Limited Invercargill City Holdings Limited Invercargill City Forests Limited Netball South Findex NZ Limited	Director Executive Executive Director Executive

Key management personnel

Details of transactions between Council and key management personnel are disclosed as part of Note 27 Remuneration.



25 Capital commitments and operating leases

Commitments

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	3,982	3,182	5,699	4,196
Total commitments	3,982	3,182	5,699	4,196

Investment commitments

In August 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 July 2019, and the Matiri hydro station is expected to generate approximately 30 GWh annually from February 2020.

Other commitments

The Group has a conditional commitment as at 31 March 2019 of \$415,000 (2018: \$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 (2018: \$Nil).

Operating leases as lessor

The Council leases its investment property under 53 operating leases. There are 23 leases that have a non-cancellable term of 21 years or more, 15 leases that range between 6 and 20 years, 5 leases from 2 to 5 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 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Non-cancellable operating leases as lessor				
Not later than one year	1,389	200	1,795	656
Later than one year and not later than five years	4,698	412	5,775	1,718
Later than five years	16,865	1,757	17,202	2,257
Total non-cancellable operating leases as lessor	22,952	2,369	24,772	4,631

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.

26 Contingent liabilities

The following contingent liabilities exist:

Local Government Funding Agency

Invercargill City Council is a shareholder and guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current rating from S&P Global Ratings of AA+ (Stable).

The council is one of 52 local authority guarantors of the LGFA. The LGFA's loans to local authorities are \$9.5 billion (2018: \$8.3 billion), of which Invercargill City Council have borrowed \$40 million (2018: Nil). As a result, the Council and Group's cross-guarantee to other local authorities is \$9.46 billion (2018: Nil).

PBE Accounting Standards require Council and Group to initially recognise the guarantee liability by applying the 12 month expected credit loss model (as fair value could not be reliably measured) and subsequently at the higher of the provision for impairment at balance date determined by the expected credit loss model and the amount initially recognised. At the end of the financial year, the Council and Group have assessed the 12 month expected credit losses of the guarantee liability, based on market information of the underlying assets held by the LGFA. The estimated 12 month expected credit losses are immaterial due to the extremely low probability of default by the LGFA in the next 12 months, and therefore, the Council and group have not recognised a liability.

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 237.6 hectares of pre 1990 forest. Of this harvested land, 35.4 hectares has not yet been replanted at 30 June, 2019 and carries a potential deforestation liability of \$522,440 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 47 hectares of pre-1990 forest (2018: 17 hectares). This harvested land will be replanted but at balance date carried a potential deforestation liability of \$578,182 (2018: \$192,345). It is Invercargill City Forest Limited's intention to replant all forests. Refer note 13.

Contingent assets

There were no contingent assets as at 30 June, 2019



27 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 (2018: \$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 (2018: \$Nil).

The Council did not provide any loans to key management personnel or their close family members (2018: \$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:

Remuneration	Council	Council	Group	Group
	Actual 2019 \$	Actual 2018 \$	Actual 2019 \$	Actual 2018 \$
Short-term employee benefits	1,960,460	1,951,580	2,184,460	2,367,580
Vehicle (market value plus FBT)	97,828	114,311	97,828	114,311
Retirement benefits	25,782	21,661	25,782	21,661
Directors' fees	-	-	659,000	653,000
Total remuneration	2,084,070	2,087,552	2,967,070	3,156,552
Number of persons recognised as key management personnel				
	Council	Council	Group	Group
	Actual 2019 \$	Actual 2018 \$	Actual 2019 \$	Actual 2018 \$
Councillors or directors	18	18	33	33
Senior Management Team (including the Chief Executive)	6	5	6	6
Total key management personnel	24	23	39	39

27 Remuneration (continued)

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

	Council Actual 2019 \$	Council Actual 2018 \$
C V Hadley (appointed March 2018) - Chief Executive		
Short-term employee benefits	310,329	79,992
Vehicle (market value plus FBT)	19,402	5,233
Retirement benefits	9,310	2,400
	339,041	87,625
Invercargill City Council Senior Management Team		
Short-term employee benefits	1,007,896	924,921
Vehicle (market value plus FBT)	64,025	79,401
Retirement benefits	16,473	19,262
	1,088,394	1,023,584



27 Remuneration (continued)

Elected representatives

Elected representatives received the following remuneration:

	Council Actual 2019 \$	Council Actual 2018 \$	Group Actual 2019 \$	Group Actual 2018 \$
T R Shadbolt (Mayor)				
Short-term employee benefits	119,345	115,224	119,345	115,224
Vehicle (market value plus FBT)	14,401	14,401	14,401	14,401
Directors' fees	-	-	24,600	24,600
	133,746	129,625	158,346	154,225
Councillors				
R R Amundsen (Deputy Mayor)	55,337	54,605	55,337	54,605
D J Ludlow	52,156	50,834	82,456	81,134
L S Thomas	48,013	47,436	78,313	87,736
R L Abbott	48,013	47,487	48,013	47,487
I L Esler	35,948	35,518	35,948	35,518
I R Pottinger	41,941	41,438	41,941	41,438
G D Lewis	35,948	35,518	66,248	65,818
K F Arnold	36,188	35,678	62,771	64,678
A H Crackett	35,948	35,518	35,948	35,518
L F Soper	35,948	35,518	35,948	35,518
T M Biddle	36,308	35,518	36,308	35,518
A J Arnold	35,948	35,518	35,948	35,518
	497,696	490,586	615,179	620,486
Community Board members				
Bluff:				
R J C Fife	8,398	8,297	8,398	8,297
W E Glassey	4,199	4,148	4,199	4,148
G V Henderson	4,199	4,148	4,199	4,148
P A Young	4,199	4,148	4,199	4,148
G A Laidlaw	4,199	4,148	4,199	4,148
	25,194	24,889	25,194	24,889
Total elected representatives' remuneration	656,636	645,100	798,719	799,600

27 Remuneration (continued)

Council employees

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

	Actual 2019
< \$60,000	285
\$60,000 - \$79,999	83
\$80,000 - \$99,999	20
\$100,000 - \$119,999	9
\$120,000 - \$139,999	9
\$140,000 - \$179,999	6
\$180,000 - \$339,999	3
	<hr/> 415 <hr/>
	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
	<hr/> 448 <hr/>

Total remuneration includes non-financial benefits provided to employees.

At balance date the Council employed 269 (2018: 316) full time employees, with the balance of staff representing 65 (2018: 84) full time equivalent employees. A full time employee is determined on the basis of a 40 hour working week.

28 Events after balance date

On 12 August, 2019 Council voted to invest \$25 million in stages 1, 2 and 3 of the city centre block redevelopment being planned by HWCP Management Ltd, with a further \$5 million being delegated to ICC Chief Executive and Invercargill City Holdings Ltd's Chairperson, for any design changes which may need to be negotiated.

Invercargill City Property Ltd (a 100% owned Council company) has a 49.9% shareholding in HWCP Management Ltd.

At meetings held on 27 June, 2019 and 13 September, 2019 Council resolved to exempt Invercargill Venue and Events Management Limited from being a council controlled trading organisation and to amend the constitution to remove the requirement for an audit of their current and future annual reports.

(2018: No subsequent events).



29 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. Council has overall responsibility for the establishment and oversight of the Group's risk management framework.

▪ **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.

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash, short term investments, trade and receivables, foreign exchange transactions and other financial instruments.

The Council only invests funds 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 that 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.

For counterparties with credit ratings, the cash at bank and deposits are held in banks with credit ratings from BBB to AA-. Derivative financial instrument 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 represents Council's and the Group's ability to meet their contractual obligations. Council and Group evaluate their liquidity requirements on an ongoing basis. In general Council and the Group generate sufficient cash flows from their operating activities to meet their contractual obligations arising from their financial liabilities and have credit lines in place to cover potential shortfalls and meet capital expenditure requirements. 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.

29 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 2019	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	27,270	27,270	27,270	-	-	27,270
Receivables	8,019	8,019	8,019	-	-	8,019
Equity share investments	722	722	-	-	722	722
Short term investments	26,880	26,880	26,880	-	-	26,880
Other investments	35,513	35,513	-	-	35,513	35,513
Total financial assets	98,404	98,404	62,169	-	36,235	98,404
Financial liabilities						
Trade and other payables	11,956	11,956	11,956	-	-	11,956
Borrowings - secured loans	90,205	96,707	26,855	27,653	42,199	96,707
Total financial liabilities	102,161	108,663	38,811	27,653	42,199	108,663
Group 2019						
Group 2019	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	32,091	32,091	32,091	-	-	32,091
Receivables	11,160	10,571	10,571	-	-	10,571
Equity share investments	722	722	-	-	722	722
Short term investments	12,891	11,405	11,405	-	-	11,405
Other investments	654	1,547	1,011	-	536	1,547
Total financial assets	57,518	56,336	55,078	-	1,258	56,336
Financial liabilities						
Trade and other payables	21,150	17,503	17,503	-	-	17,503
Borrowings - secured loans	164,824	173,613	93,673	27,897	52,043	173,613
Total financial liabilities	185,974	191,116	111,176	27,897	52,043	191,116



29 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	9,767	9,767	9,767	-	-	9,767
Equity share investments	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	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, cash equivalents and bank overdrafts	7,177	7,177	7,177	-	-	7,177
Receivables	12,556	12,675	12,675	-	-	12,675
Equity share investments	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	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

The maturity profiles of the Council's interest bearing borrowings are disclosed in note 20.

29 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 2019	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	-	-	-	-	-	-
Total financial assets	-	-	-	-	-	-
Financial liabilities						
Derivative financial instruments	2,460	2,862	478	1,108	1,276	2,862
Total financial liabilities	2,460	2,862	478	1,108	1,276	2,862
Group 2019						
	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	-	-	-	-	-	-
Total financial assets	-	-	-	-	-	-
Financial liabilities						
Derivative financial instruments	8,237	9,634	1,684	3,592	4,358	9,634
Total financial liabilities	8,237	9,634	1,684	3,592	4,358	9,634



29 Financial instrument risk (continued)

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

29 Financial instrument risk (continued)

▪ Market risk.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of risk: interest rate risk, currency risk and other price risk such as equity price risk or commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

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. The Group is exposed to currency risk through Invercargill City Forests Limited as it sells logs to overseas markets, which require it to enter into transactions denominated in a foreign currency. The Group has mitigated this risk by selling the majority of its logs at wharf gate in New Zealand dollars.

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. Borrowings 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 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 Group through the Parent uses interest rate swaps to manage its exposure to interest rate movements on its multi-option facility borrowings.

The interest rates on the Council's borrowings are disclosed in note 20.



29 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

29 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 to fixed rates that are generally lower than those available if 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 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
	Liability	Liability	Liability	Liability
Maturity < 1 year	-	5,000	7,500	26,500
Maturity 1-2 years	10,000	-	20,000	7,500
Maturity 2-3 years	-	10,000	8,000	20,000
Maturity 3-4 years	6,000	-	23,000	8,000
Maturity 4-5 years	5,000	6,000	22,500	23,000
Maturity 5-6 years	10,000	5,000	20,000	22,500
Maturity 6-7 years	5,000	10,000	19,000	20,000
Maturity 7-10 years	4,000	9,000	12,000	23,000
	40,000	45,000	132,000	150,500



29 Financial instrument risk (continued)

Interest rate risk (continued)

Effectiveness of cash flow hedges

The matched items 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	
	2019	2018	2019	2018
	%	%	%	%
Effectiveness	100	100	100	100

Sensitivity analysis on financial instruments

Investments:

If interest rates on investments at 30 June, 2019 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus after tax by \$173,582 (2018: \$72,329).

Borrowings:

If interest rates on borrowings at 30 June, 2019 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 \$274,658 (2018: \$290,017) and for Invercargill City Holdings Limited \$117,852 (2018: \$116,599).

Cash and cash equivalents:

Cash and cash equivalents included deposits at call which are at floating interest rates. Sensitivity to a 0.5% movement 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% movement in rates is as follows and affects the equity balance of the Group.

Interest rate swaps

	Carrying amount Year 2019 (\$000)	Equity change	
		+0.5% (\$000)	-0.5% (\$000)
Council	33,609	(2,000)	(3,536)
Invercargill City Holdings Limited	(5,777)	1,369	(1,410)
	27,832	(631)	(4,946)
	Year 2018 (\$000)	+0.5% (\$000)	-0.5% (\$000)
Council	(957)	(183)	(1,834)
Invercargill City Holdings Limited	(3,208)	1,395	(1,440)
	(4,165)	1,212	(3,274)

29 Financial instrument risk (continued)

Interest rate 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).



29 Financial instrument risk (continued)

Fair value measurement

	Council 2019			
	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Assets at fair value				
Derivatives	-	-	-	-
Biological assets	-	-	3,156	3,156
Network assets	-	-	732,700	732,700
Investment property	-	-	36,285	36,285
Land and buildings	-	-	101,572	101,572
Library books	-	-	3,843	3,843
Total assets at fair value	-	-	877,556	877,556

Liabilities at fair value

Derivatives	-	2,460	-	2,460
Total liabilities at fair value	-	2,460	-	2,460

	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

29 Financial instrument risk (continued)

Fair value measurement (continued)

	Group 2019			Total (\$000)
	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	
Assets at fair value				
Derivatives	-	-	-	-
Biological assets	-	-	27,405	27,405
Network assets	-	-	819,025	819,025
Investment property	-	-	40,535	40,535
Land and buildings	-	-	101,572	101,572
Library books	-	-	3,843	3,843
Total assets at fair value	-	-	992,380	992,380

Liabilities at fair value

Derivatives	-	8,237	-	8,237
Total liabilities at fair value	-	8,237	-	8,237

	Group 2018			Total (\$000)
	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$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



29 Financial instrument risk (continued)

Fair value measurement (continued)

	Council Actual 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Actual 2018 (\$000)
Level 3 fair value measurements				
Balance at beginning of the year	788,733	793,638	902,100	900,320
Unrealised net change in value of assets	89,032	(2,088)	86,701	755
Purchases	29,550	25,564	40,367	34,366
Sales	(680)	(1,094)	(4,327)	(2,726)
Reclassified from other asset categories	(3,173)	(2,521)	(3,173)	(2,521)
Depreciation and impairment	(25,906)	(24,766)	(29,288)	(28,094)
Balance at the end of the year	877,556	788,733	992,380	902,100

29 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 2019 valuation is 7.50% (2018: 7.75%). The pre-tax discount rate chosen for the Group's 2019 valuation is 6.50% (2018: 6.75%). The cash flow term for the valuation is 12 years (Council) and 32 years (Group).

The Council's network assets (roads and bridges) are 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 NZ 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.



30 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. Ratepayers' 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.

31 Explanation of major variances

Statement of Comprehensive Revenue and Expense - Council

		Actual 2019 (\$000)	Budget 2019 (\$000)	Actual 2018 (\$000)	Variance to Variance to	
					Budget 2019 (\$000)	Actual 2018 (\$000)
Revenue						
Rates revenue		53,309	52,526	50,862	783	2,447
Fines	1	335	486	264	(151)	71
Subsidies and grants	2	9,276	7,859	8,024	1,417	1,252
Direct charges revenue	3	28,947	21,388	22,152	7,559	6,795
Rental revenue	4	2,582	3,028	2,307	(446)	275
Finance revenue		2,633	2,127	2,177	506	456
Dividends	5	3,850	5,850	5,302	(2,000)	(1,452)
Subvention payments received		915	-	-	915	915
Expenditure						
Employee expenses	6	24,330	24,774	24,012	(444)	318
Depreciation and amortisation		27,807	27,098	26,853	709	954
General expenses	7	46,166	40,697	40,093	5,469	6,073
Finance expenses	8	2,845	4,293	2,869	(1,448)	(24)
Other gains/(losses)	9	479	841	(2,403)	(362)	2,882
Other comprehensive revenue and expense						
Property, plant and equipment revaluation gains/(losses)	10	88,710	46,112	-	42,598	88,710
Carbon credit revaluation gains/(losses)		63	-	129	63	(66)
Cash flow hedges		(1,503)	-	(456)	(1,503)	(1,047)
Total variance in Statement of Comprehensive Revenue and Expense		88,448	43,355	(5,469)	45,093	93,917



31 Explanation of major variances (continued)

2019 Variance analysis against 2019 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 2018/19.

4 - Rental revenue is less than budget mainly due to the Don Street Business House not being fully tenanted for the whole year as had been budgeted.

5 - Dividends received are less than budget due to a smaller dividend being paid by ICHL than what was budgeted.

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

8 - Finance expenses are lower than budget due to the Council's average rate of borrowing being lower than anticipated during 2018/19. 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 2019/20 year.

9 - 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 for the entire year.

10 - Property, plant and equipment revaluation gains/(losses) are higher than budget due to the revaluation information from independent third party valuers being significantly higher than expected.

2019 Variance analysis against 2018 Actuals

1 - Fines are higher than 2018 due to increasing staff levels within the Compliance departments of Council back to budgeted levels during the year.

2 - Subsidies and grant income is higher than Actual 2018 due to additional NZTA funding being received for prior year capital work being completed and paid for during 2018/19.

3 - Direct charges are higher than Actual 2018 due to ICC including its share of the Wastenet joint operation revenue this year.

5 - Dividends received are lower than 2018 due to Invercargill City Holdings Limited reducing its dividend to Council for the 2019 year.

6 - Employee expenses are lower than 2018 Actual due to changes in staffing levels during the year across the organisation.

7 - General expenses are higher than 2018 due to ICC including its share of the Wastenet joint operation expenditure this year.

9 - Other gains/(losses) are higher than last year due to increases in the revaluation of Council's Investment Property and Biological Assets by independent third party valuers.

31 Explanation of major variances (continued)

Statement of Financial Position - Council				Variance to		
		Actual 2019 (\$'000)	Budget 2019 (\$'000)	Actual 2018 (\$'000)	Budget 2019 (\$'000)	Actual 2018 (\$'000)
Current assets						
Cash and cash equivalents	1	27,270	1,175	1,347	26,095	25,923
Receivables		8,879	7,045	9,258	1,834	(379)
Prepayments		530	-	509	530	21
Inventories		1,056	753	933	303	123
Non-current assets held for resale		625	-	-	625	625
Other financial assets	2	26,880	28,140	49,066	(1,260)	(22,186)
Non-current assets						
Work in progress	3	1,596	-	7,473	1,596	(5,877)
Property, plant and equipment	3	860,151	842,290	769,373	17,861	90,778
Intangible assets		1,010	910	906	100	104
Forestry assets	4	3,156	3,699	2,885	(543)	271
Investment property	5	36,285	39,165	36,893	(2,880)	(608)
Investment in CCOs and similar entities		36,069	36,069	36,069	-	-
Other financial assets	6	19,458	34,544	15,744	(15,086)	3,714
Current liabilities						
Trade and other payables		11,956	10,143	11,088	1,813	868
Provisions		112	41	112	71	-
Employee benefit liabilities		2,160	2,578	2,467	(418)	(307)
Borrowings	7	25,005	49,366	52,936	(24,361)	(27,931)
Derivative financial instruments		-	188	92	(188)	(92)
Non-current liabilities						
Provisions		816	807	816	9	-
Employee benefit liabilities		1,092	1,231	1,164	(139)	(72)
Borrowings	7	65,200	50,500	35,200	14,700	30,000
Derivative financial instruments		2,460	521	865	1,939	1,595
Equity						
Retained earnings		375,856	393,185	380,594	(17,329)	(4,738)
Other reserves		538,308	485,230	445,122	53,078	93,186
Total variance in net assets and equity		914,164	878,415	825,716	35,749	88,448



31 Explanation of major variances (continued)

2019 Variance analysis against 2019 Budget

1 - Cash and cash equivalents are higher than budget due to the timing of Council's redistribution of its investments resulting in some being reclassified as cash and cash equivalents.

2 - Other current financial assets are lower than budget due to accounts being reclassified to cash and cash equivalents.

3 - 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.

4 - Forestry assets are lower than budget due to the 2019 revaluation being lower than anticipated. These valuations were provided by independent valuers, Margules Groome Consulting Ltd.

5 - Investment property is lower than budget due to the Don Street business building being revalued lower than expected. Council also disposed of several investment properties, being 4 & 6 Tay Street and 14 Yarrow Street.

6 - Other non-current financial assets are lower than budget due to some short term investments (less than 1 year to maturity) being reclassified as current assets, and as cash and cash equivalents.

7 - Total borrowings are lower than budget because less debt was drawn down than was anticipated during 2019. This was due to some capital expenditure projects being deferred.

2019 Variance analysis against 2018 Actuals

1 - Cash and cash equivalents are higher than last year due to the timing of Council's redistribution of its investments resulting in some being reclassified as cash and cash equivalents.

3 - Work in progress and Property, plant and equipment are higher than 2018 because of the 3 yearly asset revaluation carried out and/or verified by independent third parties.

The above comments have focused on major variances only.

32 Prior year error correction

In prior years, Council had incorrectly disclosed that there were no unrecognised tax losses for Council. However, Council had tax losses of approximately \$14m in 2017 and \$11m in 2018.

These losses should have been disclosed in the tax note for Council, and a deferred tax asset should have been recognised for these losses in the Group.

The financial statements for 2018, which are presented as comparative information in the 30 June, 2019 financial statements, have been restated to correct these errors. The adjustments are shown in the table below.

	Actual 2018		
	Before adjustments (\$000)	Correction of error (\$000)	After adjustments (\$000)
Group			
Income tax expense	2,740	913	3,653
Surplus/(deficit) after tax	(2,320)	(913)	(3,233)
Non-current assets			
Deferred tax assets	913	3,321	4,234
Non-current liabilities			
Deferred tax liabilities	25,221	157	25,378
Equity			
Balance at 1 July, 2017	930,902	4,077	934,979
Retained earnings	459,455	4,077	463,532

33 Breach of statutory deadline

Section 98 of the Local Government Act 2002 requires that Council adopts its annual report within four months after the end of the financial year. Council was not able to comply with this requirement for the year ended 30 June, 2019. The annual report was adopted on 7 November, 2019.

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 three joint associates being Southland Regional Heritage Committee (64% share of voting rights), Emergency Management Southland (28% share of voting rights) and Southland Regional Development Agency (18.75% 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 Limited. (Refer to page 140 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 140 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 2019. The financial statements were authorised for issue by Council on 7 November 2019.

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 its 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 are 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

A joint operation (WasteNet) is an operation that Council has joint control. The consolidated financial statements of the Council recognises 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 services by the joint operation.

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 categories: amortised cost, fair value through other comprehensive income, and fair value through profit or loss. The classification is determined by the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

Financial assets at amortised cost

(2018: Other loans and receivables and Held to maturity)

These are non-derivative financial assets which are not quoted in an active market. Council and Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

1. The asset is held within a business model whose objective is to collect the contractual cash flows; and
2. The contractual terms give rise to cash flows that are solely payments of principal and interest.

The assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Any impairment losses are presented as a separate line item in the Statement of Comprehensive Revenue and Expense.

Fair value through other comprehensive income

(2018: Available for sale)

Financial assets at fair value through other comprehensive income (FVOCI) comprise Equity shares investments which are not held for trading, and which Council and Group have irrevocably elected at initial recognition to recognise in this category. These are strategic investments and Council and Group consider this classification to be more relevant. These assets are initially recognised at fair value and subsequently measured at quoted market prices (unadjusted) from the NZX Market as at 30 June each year, and changes in the value are recognised in other comprehensive income.

Amortised cost

(2018: Loans and receivables)

Financial assets at amortised cost comprise short term investments, term deposits and loans to related parties. These other financial assets are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

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.

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.

Council and Group apply the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance. The measurement of expected credit losses is a function of the probability of default, loss given default and the present value of estimated future cash flows discounted at the effective interest rate compared at initial recognition.

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.

Cash and short term deposits are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

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.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at subsequent reporting dates. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedge

Council and Group designate hedges of highly probable forecast transactions as cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised directly in other comprehensive revenue and expenditure.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and the hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps.

Hedge ineffectiveness for interest rate swaps may occur due to, the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and differences in critical terms between the interest rate swaps and loans.

When a hedging instrument expires or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Comprehensive revenue and Expense. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Statement of Comprehensive Revenue and Expense. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Statement of comprehensive Revenue and Expense.

Borrower notes

Borrower notes are subordinated convertible debt instruments that the Council subscribes for an amount equal to 0.005% of the total borrowing from LGFA. LGFA will redeem borrower notes when the Council's related borrowings are repaid or no longer owed to LGFA.

The fair value of borrower notes is calculated using the discounted cash flow method. The significant input used in the fair value measurement of borrower notes is the forward interest rate yield curve.

Property, Plant And Equipment

Property, plant and equipment consists of:

Operational assets - These include land, buildings, library books, plant and equipment, motor vehicles, and furniture and fittings.

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 cost 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%

Depreciation continued

Council Infrastructural Assets continued	
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
Monuments and Statues	1.67-2.00SL/NOND
Hard Surfaces and Appurtenance	2.0-2.16% SL/DV
Subsidiaries	
Subsidiaries - Property, Plant and Equipment	Depreciation Rate
Buildings	1.00-15% SL/DV
Furniture and Fittings	5.00-17.5% SL/DV
Plant	6.00-80.4% 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 the useful lives 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 2019. 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 2019. 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 their 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 through a bequest or donation that restricts the purpose for which the asset 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 2019. 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 Ltd. The current valuation is as at 30 June 2019. 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 cash flow methodology.

Accounting for revaluations

The Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses will be recognised first in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

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 100% of the existing capacity, i.e. no surplus capacity. The valuation of these assets therefore assumes that 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 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 gains/losses are recognised in Other Comprehensive Revenue and Expenses.

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 2019 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 non-cash-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 20 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.



New Standards Adopted

Council has applied the following standards for the first time for the annual reporting period commencing 1 July 2018:

NZ PBE IFRS 9 – Financial Instruments

This standard was issued in January 2017 replacing the existing standard PBE IPSAS 29 – Financial Instruments: Recognition and Measurement. The standard is effective for periods beginning on or after 1 January 2021. Council has resolved to early adopt this standard from 1 July 2018 due to the mandatory adoption of NZ IFRS 9 for the for-profit subsidiaries within the Group. Council has changed its accounting policies to reflect the new standards but the adoption has had no material effects on the financial statements. Accordingly, there has been no change to opening equity.

In accordance with the transition provisions of NZ PBE IFRS 9, Council and Group have elected not to restate comparatives of financial assets and financial liabilities.

Impact of initial application of NZ PBE IFRS 9 – Financial Instruments

PBE IFRS 9 addresses the following three key areas:

Classification and measurement of financial instruments;

1. Classification and measurement of financial instruments;

2. Introduces the concept of 'expected credit loss model' to measure impairment of financial instruments; and
3. Reforms the approach to hedge accounting.

Classification and measurement of financial instruments

Under PBE IFRS 9 financial assets are classified and measured into three principal categories:

1. Amortised cost
2. Fair value through other comprehensive income (FVOCI)
3. Fair value through profit and loss (FVTPL)

All recognised financial assets that are within the scope of IFRS PBE 9 are required to be measured at amortised cost or fair value on the basis of Council's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification depends on the purpose for which the investments were acquired.

The Group completed a detailed assessment of its financial assets and liabilities as at 1 July 2018. The following table shows the original classification under PBE IPSAS 29 and the new classification under PBE IFRS 9:

Financial assets	Original (PBE IPSAS 29) 2018	New (PBE IFRS 9) 2019
Cash and cash equivalents	Loans and receivables	Amortised cost
Receivables	Loans and receivables	Amortised cost
Short term deposits	Loans and receivables	Amortised cost
Term deposits	Loans and receivables	Amortised cost
Loans to related parties	Loans and receivables	Amortised cost
LGFA Borrower notes	Loans and receivables	Fair value through surplus or deficit
Equity share investments	Available for sale	Fair value through other comprehensive income

Financial assets	Original (PBE IPSAS 29) 2018	New (PBE IFRS 9) 2019
Trade and other payables	Loans and receivables	Amortised cost
Borrowings	Loans and receivables	Amortised cost
Derivative financial instruments	Held to maturity	Fair value through other comprehensive income

Expected credit loss model

PBE IFRS 9 introduces an 'expected credit loss' (ECL) model to replace the previous incurred loss model. This means it is no longer necessary for a trigger event to have occurred before recognising credit losses. The Council and Group have applied the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance. The measurement of expected credit losses is a function of the probability of default, losses given default and the exposure at default.

Hedge accounting

PBE IFRS 9 has introduced a new hedge accounting framework with an aggregate exposure concept. PBE IFRS 9 has updated the hedge effectiveness requirements to a more forward looking approach.

New Standards and Interpretations Issued But Not Yet Effective

Standards and amendments issued but not yet effective that have not been early adopted are:

- PBE IPSAS 21 – Impairment of Non-Cash Generating Assets
- PBE IPSAS 26 – Impairment of Cash Generating Assets
- PBE IPSAS 34 – Separate Financial Statements
- PBE IPSAS 35 – Consolidated Financial Statements

- PBE IPSAS 36 – Investments in Associates and Joint Ventures
- PBE IPSAS 37 – Joint Arrangements
- PBE IPSAS 38 – Disclosure of Interests in Other Entities
- PBE IPSAS 39 – Employee Benefits
- PBE FRS 48 – Service Performance Reporting

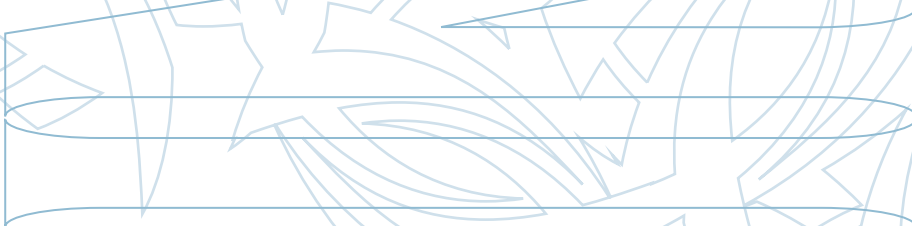
The Council and Group has not yet assessed the effects of these new standards.

Changes in Accounting Policies

There have been no changes in accounting policies during the period except for those arising from the adoption of the new standards. All accounting policies have been consistently applied throughout the period covered by these financial statements.



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Other information

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 2018/19:

- 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.

Collaboration across Councils

– Shared Services



Council fully participates in relevant shared service arrangements via a Memorandum of Understanding with the other local authorities 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 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 has 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 work. The investigation on the concept of standardised building consent fees has been progressed during 2018/19. 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 2019/20 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:

- 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 rūnanga and the participant councils continue to meet quarterly at the Te Roopū 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 2016/17 although all members are still using the Symphony management system. Dunedin City, Central Otago and Queenstown Lakes Districts and Southland District have joined the national consortium, Kōtui, which provides enhanced support, searching and ongoing enhancements.

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 e-book 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/travel and accommodation.

Although consortium membership remains unchanged, member authorities do some things slightly differently. However, this is unlikely to impact upon the level of service members of the public receive. Reciprocal membership is available at all libraries from Waitaki south for any resident of those local authorities.

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.

Following public consultation in 2017/18, a Southland Regional Development Agency (branded as "Great South") which integrates the former Venture Southland, was formed and directors appointed taking effect as of 1 July 2019.

Great South is a council-controlled organisation with a broad range of shareholders helping to drive regional growth including the Invercargill City Council, Southland District Council, Gore District Council, Environment Southland, Invercargill Licensing Trust, Maitaia Licensing Trust, Southland Chamber of Commerce and the Southern Institute of Technology.

Great South also has the support of Community Trust South who is a member of the shareholder committee.



Private Bag 90104, Invercargill 9840, New Zealand - Phone 03 211 1777 - www.icc.govt.nz