

Annual Report Summary

Mayor's Comment



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, Kmart 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. Over the next year we will face numerous challenges.

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

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.

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.

Clare Hadley
Chief Executive



In the opinion of the Council and management of Invercargill City Council, this Summary Annual Report represents fairly and consistently the financial position and operations of Council as detailed in the Annual Report 2018/19. This Summary Annual Report is authorised for release by the undersigned on This Summary Annual Report is authorised for release by the undersigned on 5 December 2019.



Tim Shadbolt
Mayor



Clare Hadley
Chief Executive



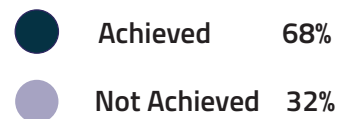
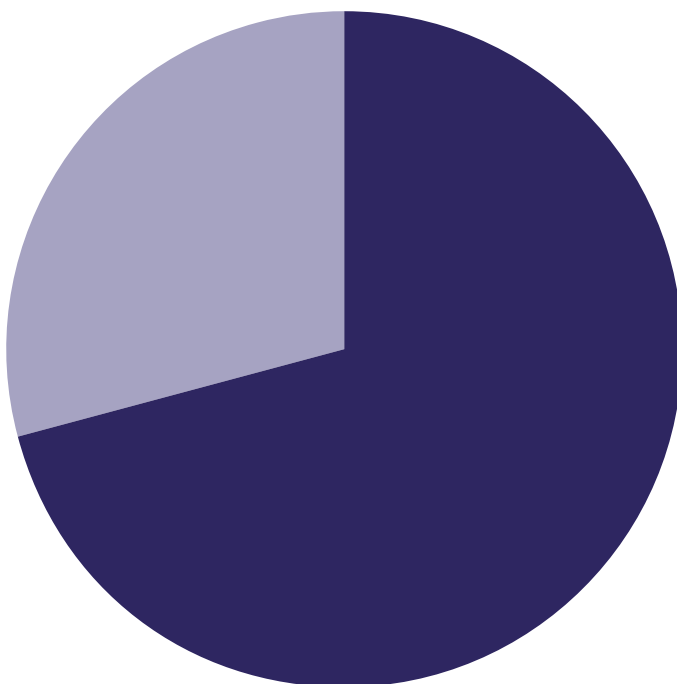
Dave Foster
Interim Group Manager

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 (left), "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%)

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

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%)

Statement of Service Performance 2018/2019



Council achieved a total of 52 of 76 activity measures for 2018/19. These measures helped Enhance our City, Preserve its Character and Embrace Innovation and Change.

There were a number of services that have met or exceeded expectations. These included; Infrastructure projects successfully completed (Windsor) or running as planned (Troopers Memorial Roundabout- including dealing with the associated heavy traffic from the K-Mart opening). Invercargill Airport limited upgrade, and the work of the Parks team in attaining a bronze Medal in the 2019 international Large Urban Parks Awards.

Road works are ongoing, and while the targeted percentage of sealed roads was not met this year (target was >6.25%, the actual was 5.8%), the associated cost was less than anticipated for the period. The renewals in the footpath renewal program, which included extra work in this area, were completed on time on the important arterial roads where the greatest level of traffic is experienced.

While some capital works projects were completed over budget (pipe renewals – 2018/19 proposed budget was \$2,271,000, the actual was \$2,572,000), this resulted in the projects being completed ahead of schedule.

The water service exceeded expectations. The exceptions were non-achieved targets of attendance to urgent call-outs and Ministry of Health grading of water quality. Both of these activities are managed to current guidelines and are within Ministry of Health Water Safety Planning rules.

The proposed spend on the water tower, was moved to 2019/20, in order for investigations into geotechnical foundation material, and for possible development into a tourist attraction.

Regulatory Services have had to deal with a backlog of building consents and insufficient staff. As a result many activities targets were not met. A number of new measures were introduced, which meant insufficient data was available for these areas.

For a full, detailed explanation of all activity measures, see the full 2018/19 Annual Report online at icc.govt.nz

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

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

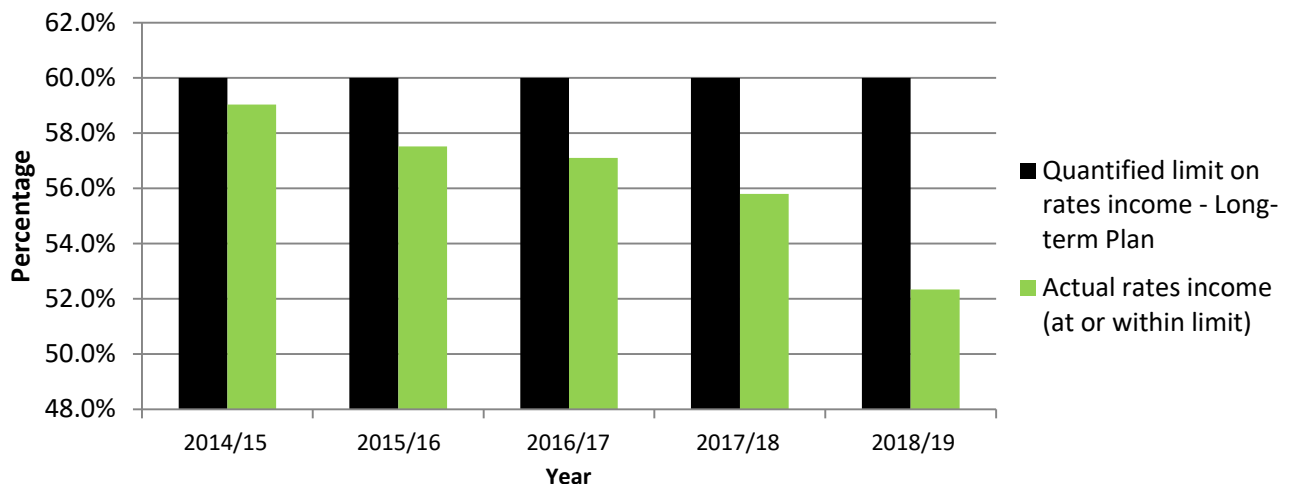
	2014/15	2015/16	2016/17	2017/18	Year of Annual Report 2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Rates Revenue - Annual Report	46,022	47,883	49,003	50,862	53,309
Other income - Annual Report	31,940	35,369	36,854	40,226	48,538
Total Income - Annual Report	77,962	83,252	85,857	91,088	101,847

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.

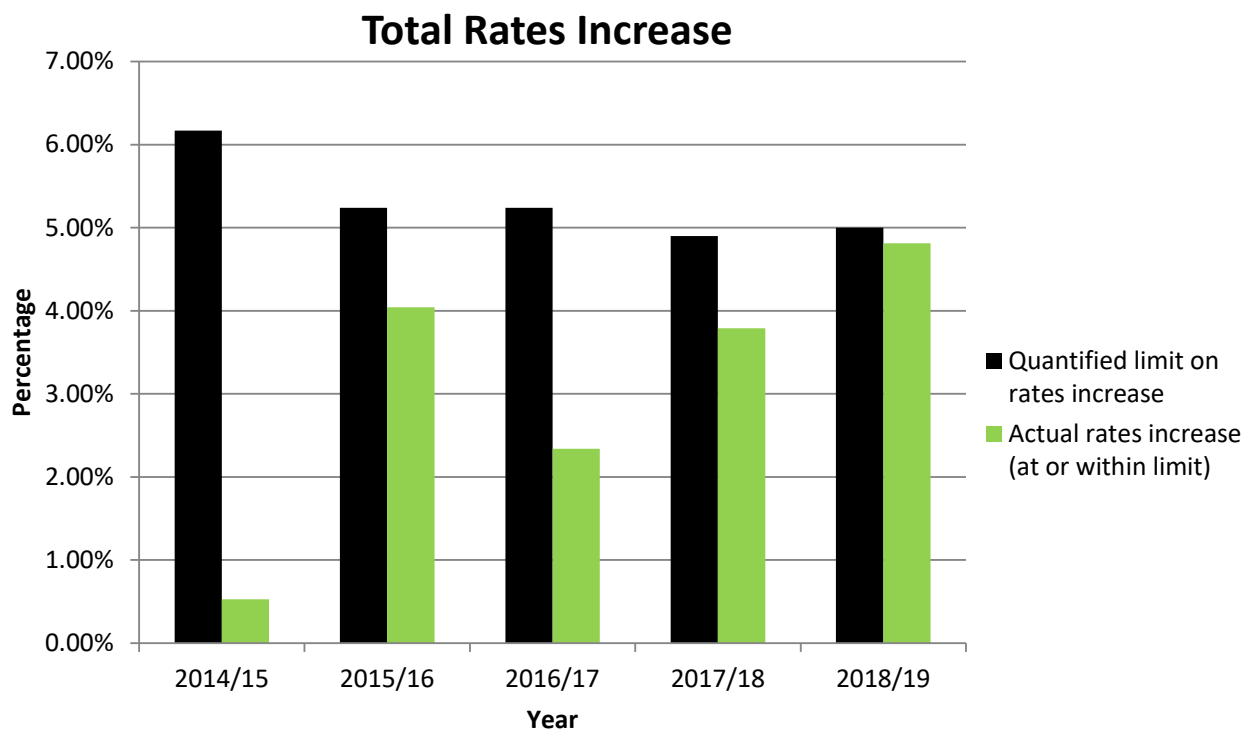
Total Rates Increase

	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.

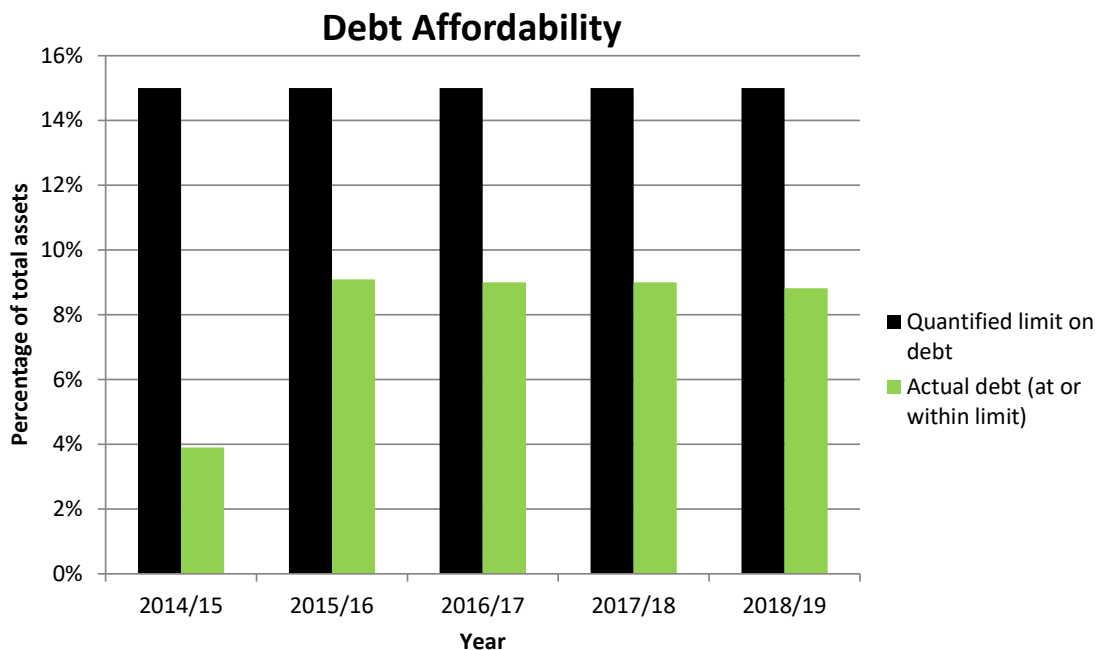


Debt Affordability Benchmark

	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".



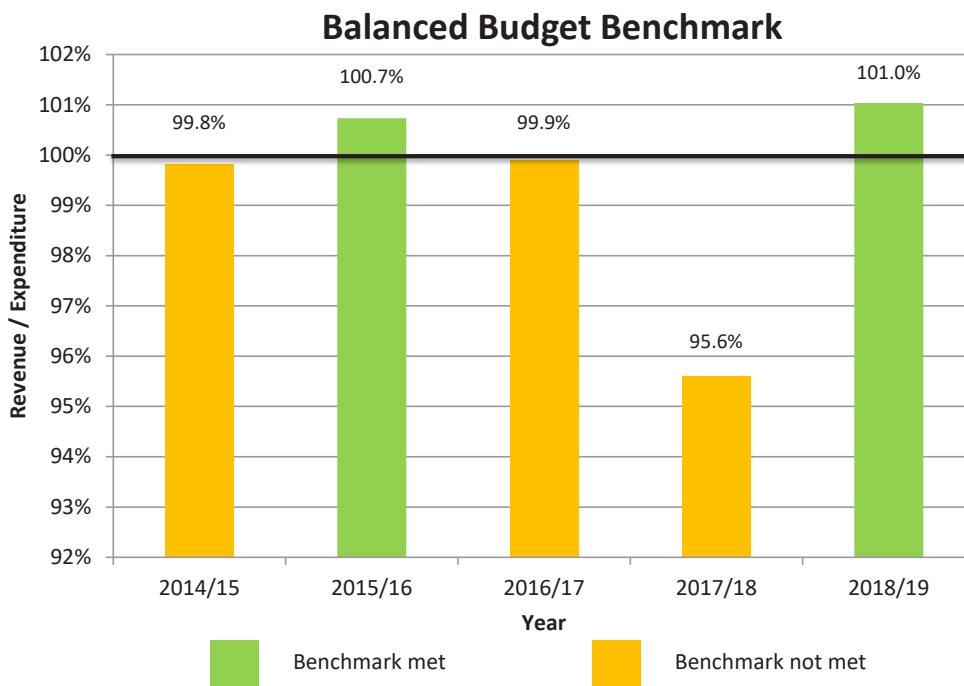
The Council has a low percentage of debt in relation to total assets, and is mindful of keeping debt to a manageable level. Council considers that setting a borrowing limit of 15% of assets will assist in prudently managing Council's borrowing activities to ensure the ongoing funding of Council.

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.

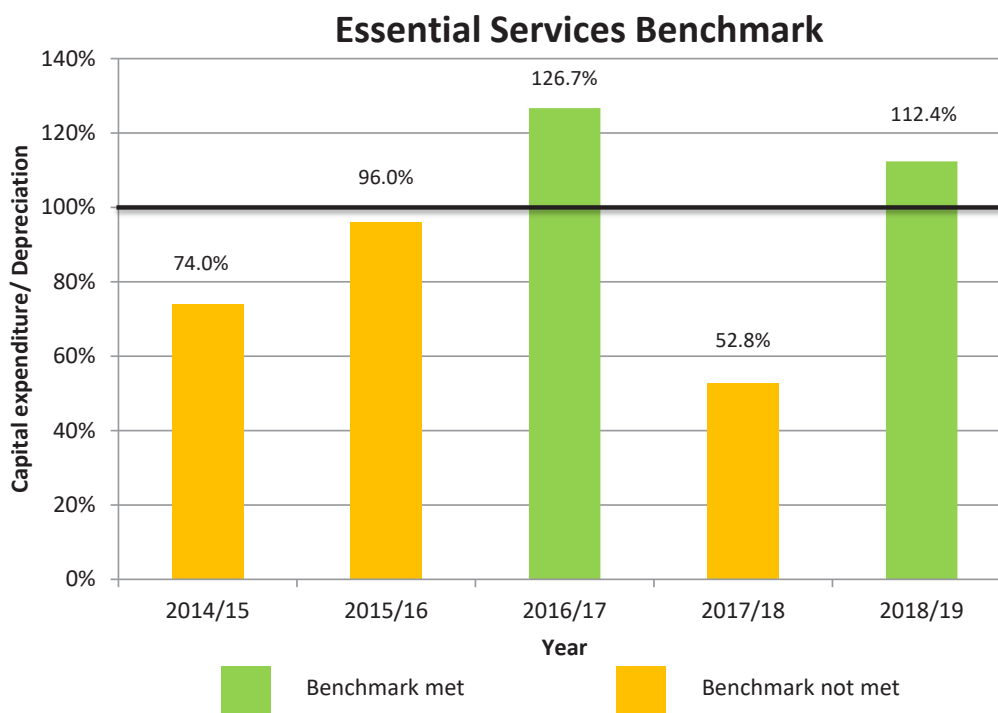
Council is aware of the issue of affordability and financial sustainability. Council revenue has been greater than its operating expenses for two of the past five years. Council continues to investigate efficiencies to reduce expenditure and increase other revenue, and by doing so reduce the revenue 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.

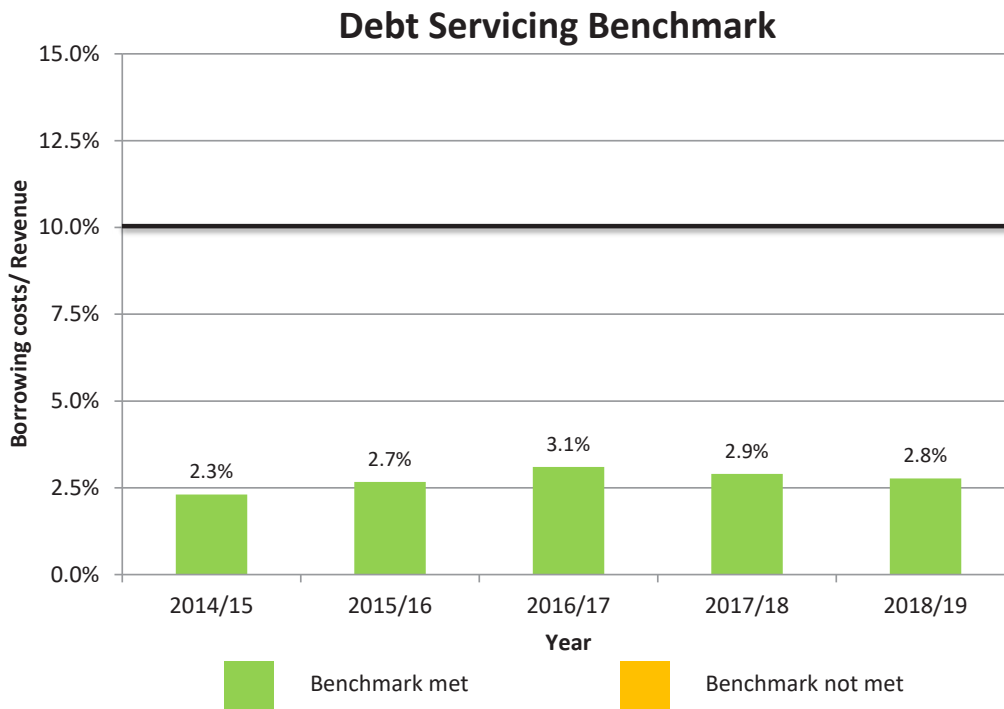
Over time Council's capital expenditure should equal its depreciation, which will mean that Council is replacing its assets as they deteriorate. However, due to some projects being large, it is hard to assess this on a year-by-year basis. During the 2017/18 year Council spent less on capital expenditure 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.

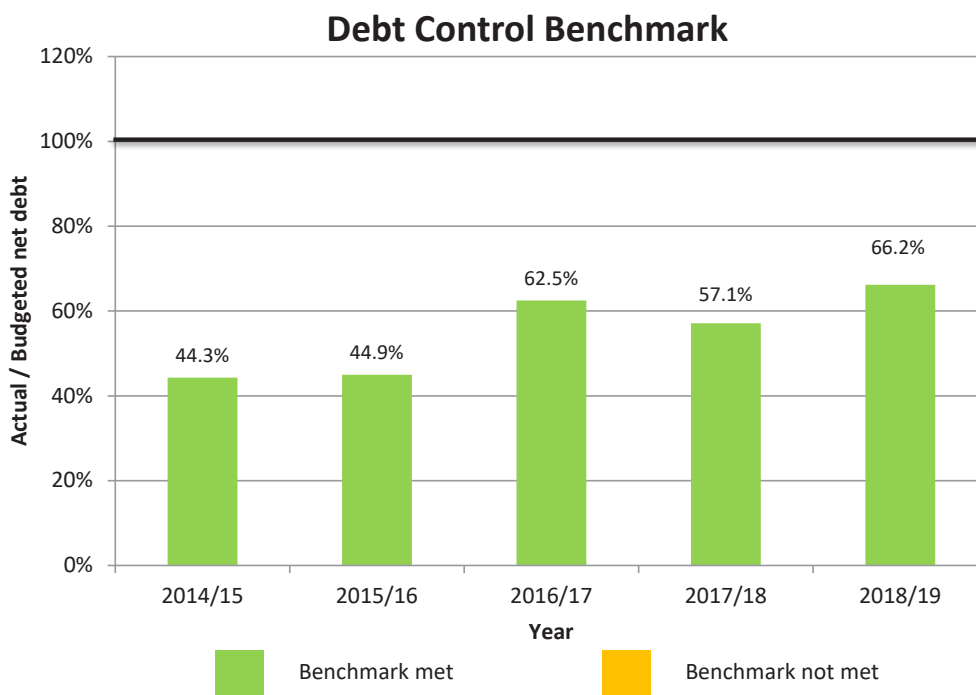
Debt Control Benchmark



	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 net 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.

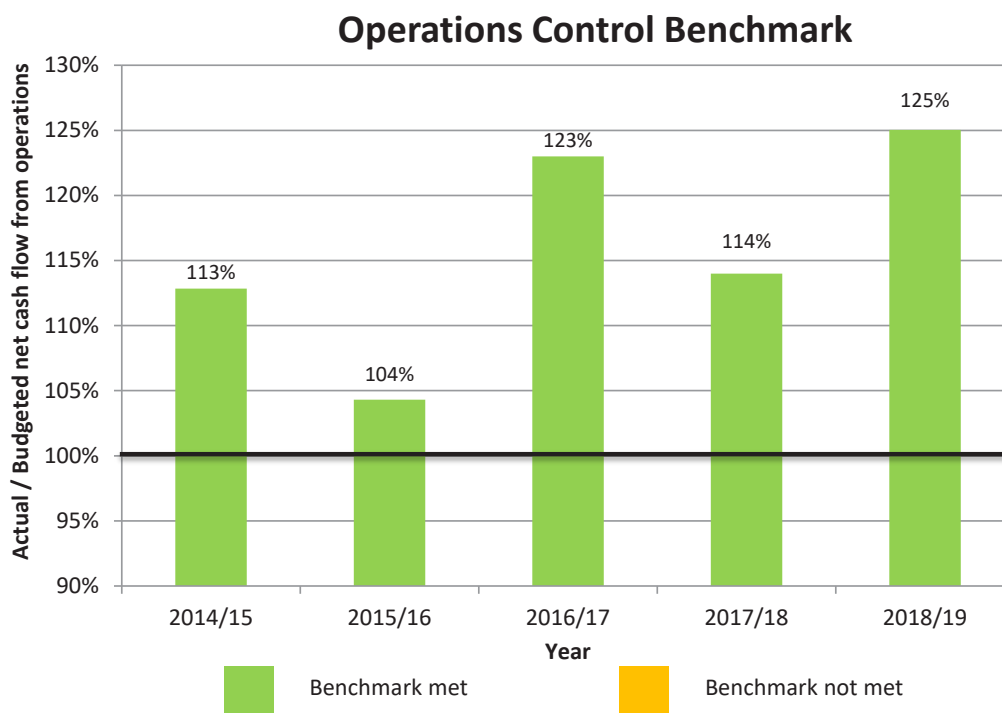
Council's actual net debt position has consistently been below its planned net debt position for the past five years. Council's net debt has remained lower than planned net debt due to the deferral of large debt funded capital projects, in particular the capital work planned for the Civic Administration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



Summary Statement of Financial Position

As at June 30, 2019

	Council Actual 2019 (\$000)	Council Budget 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Restated Actual 2018 (\$000)
Equity	914,164	878,415	825,716	1,014,506	932,624
Represented by:					
Current assets	65,240	37,113	61,113	57,834	57,853
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
Current liabilities	39,233	62,316	66,695	109,354	72,217
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
Net assets	914,164	878,415	825,716	1,014,506	932,624

Summary Statement of Changes in Net Assets

For the year ended June 30, 2019

	Council Actual 2019 (\$000)	Council Budget 2019 (\$000)	Council Actual 2018 (\$000)	Group 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	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
Components of net assets					
Retained earnings	375,856	393,185	380,594	446,073	457,423
Restricted and non-restricted reserves	40,105	27,858	34,189	40,652	34,736
Hedging reserve	(2,460)	(501)	(957)	(6,621)	(3,268)
Carbon credit revaluation reserve	527	335	464	503	464
Asset revaluation reserve	500,136	457,538	411,426	533,899	443,269
	914,164	878,415	825,716	1,014,506	932,624

Summary Statement of Comprehensive Revenue and Expense

For the year ended June 30, 2019



	Council Actual 2019 (\$000)	Council Budget 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Restated Actual 2018 (\$000)
Total Revenue	99,214	91,137	88,911	136,974	117,615
Less:					
Operating expenditure on activities	98,303	92,569	90,958	138,997	118,874
Results from operating activities	911	(1,432)	(2,047)	(2,023)	(1,259)
Less:					
Net finance costs	212	2,166	692	3,561	4,080
Operating surplus (deficit) before tax	699	(3,598)	(2,739)	(5,584)	(5,339)
Plus:					
Other gains/(losses)	479	841	(2,403)	(2,187)	482
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
Less:					
Income tax expense	-	-	-	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	4,355	(5,469)	81,859	(2,363)
Minority interest	-	-	-	23	8
	88,448	4,355	(5,469)	81,882	(2,355)

Summary Cash Flow Statement

For the year ended June 30, 2019

	Council Actual 2019 (\$000)	Council Budget 2019 (\$000)	Council Actual 2018 (\$000)	Group Actual 2019 (\$000)	Group Restated Actual 2018 (\$000)
Net cash flows from operating activities	29,334	23,460	22,239	39,196	27,708
Net cash flows from investing activities	(5,480)	(23,732)	(30,838)	(11,376)	(33,489)
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	27,270	1,175	1,347	32,091	7,177

Explanation of Major Variances



For the year ended June 30, 2019

Actual 2019 against Budget 2019

Statement of Financial Position

1. Current assets are higher than budget because some actual financial asset investments, including some short term deposits, were reclassified from non-current assets to current assets but remained as non-current assets in the budget.
2. Non-current assets are higher than budget because the 3 yearly revaluation of Council's infrastructure assets was significantly higher than anticipated. These revaluations are prepared by Council staff and then reviewed by AECOM NZ Ltd.
3. Current liabilities are lower than budget because of actual loans being reclassified from current to non-current but remaining as current liabilities in the budget. Non-current liabilities are higher than budget for the same reason. Total borrowings were less than budget because some capital expenditure projects have been deferred.

Statement of Comprehensive Revenue and Expense

4. Total revenue was higher than budget because of additional NZTA funding being received for prior year capital work being completed and paid for during 2018/19. This year also saw Council include it's share of Wastenet joint operation income as actual revenue but this was not in budgeted revenue.
5. Operating expenditure on activities was higher than budget due to several different reasons but mainly by the inclusion of Council's share of Wastenet joint operation expenses as actual expenditure but not in budgeted expenditure. Employee expenses were lower than expected because of changes in staffing levels during the year across the organisation.
6. Net finance costs were lower than budget due to the Council's average rate of borrowing being lower than anticipated during 2018/19 and because some loan funded capital expenditure projects have been deferred.
7. "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 2018/19 year.

Actual 2019 against Actual 2018

Statement of Comprehensive Revenue and Expense

1. Total revenue was higher than 2018 because of an increase in rates revenue, NZTA funding and the inclusion of the Wastenet joint operations revenue this year.
2. Operating expenditure on activities was higher than 2018 because of increases in depreciation and the inclusion of the Wastenet joint operations expenditure this year

Statement of Financial Position

1. Non-current assets are higher than 2018 because of the 3 yearly revaluation of Council's infrastructure assets which are carried out and/or verified by suitably qualified independent third parties.
2. Council's total liabilities are higher than last year due to an increase in external borrowings and a change in the value of Council's derivative financial instruments.

Notes to the Financial Statements

For the year ended June 30, 2019

The full financial statements are contained in the Annual Report, which can be viewed on the Council website at www.icc.govt.nz.

Basis of preparation

The Council is a public benefit entity for financial reporting purposes. The financial statements have been prepared in accordance with Tier 1 PBE accounting standards and comply with Public Benefit Entity standards and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The Annual Report 2018/19 includes a Statement of Compliance to this effect.

The summary financial statements are in compliance with PBE FRS 43 – Summary Financial Statements.

Audit New Zealand has audited Council's full Annual Report and Summary and has issued an unmodified report on both.

The disclosures included in the summary financial statements have been extracted from the full financial information in the Annual Report 2018/19 which was adopted by the Council on 7 November, 2019.

The summary financial statements do not include all the disclosures provided in the Annual Report 2018/19 and cannot be expected to provide as complete an understanding as provided by the full financial statements.

The summary financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars.

The group has early adopted PBE IFRS 9 Financial instruments this financial year which includes three areas of change: classification and measurement of financial instruments; a single, forward looking, 'expected credit loss' impairment model; and substantially reformed approach to hedge accounting. There was no material financial impact upon adoption.

Council commitments and contingencies

The Council and Group have financial commitments going forward into future periods. The main areas of commitments are contracts for expenditure for property, plant and equipment, and non-cancellable operating leases as a lessor. The level of commitments are summarised below:

	Council Actual 2019 (\$000)	Council Actual 2019 (\$000)	Group Actual 2019 (\$000)	Group Actual 2019 (\$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
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
	26,934	5,551	30,471	8,827



Council commitments and contingencies (continued)

The Council and Group have a number of contingent liabilities recorded in the 2018/19 Annual Report relating to the following issues:

- Local Government Funding Agency guarantee liability
- Carter Holt Harvey Limited's High Court proceedings with Ministry of Education
- 20 Spey Street property containment of contamination issue
- Forestry - deforestation liability

Council has not recognised a liability in the Statement of Financial Position because either the quantum of the potential liability could not be calculated or there is extremely low probability of a liability being enforced. Further information is provided in Note 26 to the Annual Report 2018/19.

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 and HWCP Management Ltd.

At meetings held on 27 June, 2019 and 13 September, 2019 Council resolved to exempt Invercargill Venue & 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).

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.

Prior year error correction

The Council's Group have adjusted their comparative year financial statements for the year ended 30 June, 2018 for the correction of prior period errors.

The adjustments have been summarised in the table below. Full details of the correction are contained in Note 32 to the financial statements in the 2018/19 Annual Report.

	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

Audit Opinion



AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Invercargill City Council and Group's summary of the annual report for the year ended 30 June 2019

The summary of the annual report was derived from the annual report of the Invercargill City Council and Group (City Council and Group) for the year ended 30 June 2019.

The summary of the annual report comprises the following summary statements on pages 3 to 7 and pages 17 to 24:

- the summary statement of financial position as at 30 June 2019;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2019;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of service report.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2019 in our auditor's report dated 7 November 2019.

Council's responsibility for the summary of the annual report

The City Council and Group is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

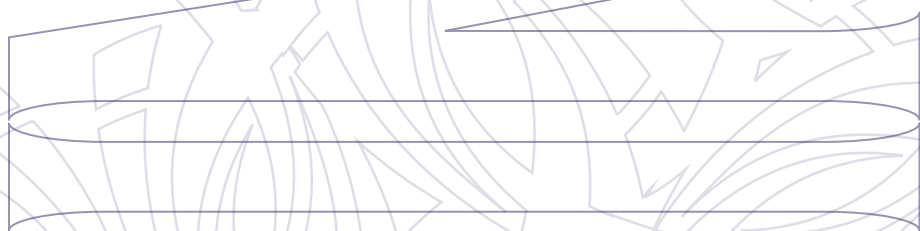
In addition to our audit and our report on the disclosure requirements, we have audited the City Council's 2018-28 Long-term plan and the City Council's Debenture Trust Deed, which is compatible with those independence requirements. Other than these engagements, we have no relationship with, or interests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



Andy Burns
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand
5 December 2019



LIBRARY





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