NOTICE OF MEETING

Notice is hereby given of the Meeting of the Finance and Policy Committee to be held in the Council Chamber, First Floor, Civic Administration Building, 101 Esk Street, Invercargill on Tuesday 18 February 2020 at 3.00 pm

Cr W S Clark (Chairman)
Sir T R Shadbolt, KNZM JP
Cr I R Pottinger
Cr R L Abbott
Cr A J Arnold
Cr T M Biddle
Cr P W Kett

CLARE HADLEY
CHIEF EXECUTIVE

A2922618

A G E N D A

		Page
2.	**APOLOGIES**	
3.	**PUBLIC FORUM**	
	3.1 **PRESENTATION OF THE OTATARA LANDCARE COMMITTEE**	
	Mr Maurice Rodway and Brian Rance will be in attendance to speak to this item.	**4**
4.	**INTEREST REGISTER** A2279220	**5**
5.	**QUARTERLY FINANCIAL REPORT – 31 DECEMBER 2019** A2906321	**10**
	5.1 Appendix 1	**54**
	5.2 Appendix 2	**57**
6.	**ENGAGEMENT PLAN – ANNUAL PLAN AND LONG TERM PLAN** A2911961	**66**
7.	**URGENT BUSINESS**	
8.	**PUBLIC EXCLUDED SESSION**	

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting; namely

(a) 11-15 Clyde Street Boundary Adjustment and Disposal of Land.
(b) Disposal of Land – Otepuni Avenue.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
(a) 11-15 Clyde Street Boundary Adjustment and Disposal of Land	Enable any local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	**Section 7(2)(i)**
(b) Disposal of Land – Otepuni Avenue	Enable any local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	**Section 7(2)(i)**

Presentation to Invercargill City Council re Assistance to purchase property with significant natural features in Otatara

A property of 80 ha on Oreti Road Otatara, is for sale by deadline sale on 25th Feb The property contains significant natural features, including lowland coastal dune totara/matai/kahikatea forest and dune systems that are recognised in the district plan.

The forest area of about 40ha has had a High Value Assessment completed which recognised the importance of the area. A Protected Natural Areas assessment was also completed and it recommended that this area be protected.

The area offers potential for passive recreation such as walking and nature appreciation over a relatively large area. It would complement other areas in the Otatara Sandy point area and would be consistent with the Governments proposed Biosecurity Strategy. The area is particularly suited to forest restoration by the removal of cattle and allowing the area to revegetate naturally with some careful intervention.

Members of the Otatara Landcare group have been negotiating with the NZ Native Forest Restoration Trust (NZNFRT) to purchase the property. The Trust has expressed strong interest.

The purchase would be significantly assisted by support by the Invercargill City Council, either by a cash contribution, and, or support with administrative matters such as legal, surveying, access, interpretation and related costs.

Environment Southland and QEII trust representatives have indicated that they could provide support for matters such as fencing, pest control and revegetation programmes.

The Otatara Landcare group would be able to provide some support with the management of the area including restoration planting and maintenance of a walking track.

Ongoing costs to the ICC would be minimal.

A request is made for the ICC to work with the NZFRT to facilitate the purchase of the property so that its significant natural features can be protected and the area made available for the public to enjoy and appreciate.

Contacts: Geoff Davidson (NZNFRT) oratia@oratiadavidsons.onmicrosoft.com
Brian Rance 027 408 3418 rances@southlandcommunitynursery.org.nz
Maurice Rodway 021 221 5801 maurice.rodway@gmail.com

INVERCARGILL CITY COUNCIL ELECTED MEMBERS
INTEREST REGISTER

A2279220

ELECTED MEMBERS			
NAME	**ENTITY**	**INTERESTS**	**PROPERTY**
RONALD LINDSAY ABBOTT	Invercargill City Council Kiwi-Pie Radio 88FM Invercargill	Councillor Director / Broadcaster	
REBECCA RAE AMUNDSEN	Invercargill City Council Arch Draught Ltd BP Orr Ltd Task Ltd Arts Murihiku Dan Davin Literary Foundation Heritage South Glengarry Community Action Group SMAG Board	Councillor Director Director Director Trustee Trustee/Chair Contractor Events Co-ordinator (Volunteer) Council Representative	

INVERCARGILL CITY COUNCIL ELECTED MEMBERS

INTEREST REGISTER

A2279220

ALLAN JAMES ARNOLD	Invercargill City Council Ziff's Café Bar Ltd Buster Crabb Ltd Ziff's HR Ltd Ziff's Trust Southland Aero Club Invercargill Club Invercargill East Rotary	Councillor Executive Director Executive Director Executive Director Trustee Administrator Member Member Member	
TONI MARIE BIDDLE	Invercargill City Council Southland Museum and Art Gallery Trust Board McIntyre and Dick	Councillor Trustee Husband (Kris MacLellan) – Chief Executive Officer	
WILLIAM STUART CLARK	Invercargill City Council Invercargill Ratepayers Advocacy Group	Councillor Member	

Members Interest Register 12 February 2020

INVERCARGILL CITY COUNCIL ELECTED MEMBERS

INTEREST REGISTER

A2279220

ALEX HOLLY CRACKETT	Invercargill City Council Ride Southland Southland Youth Futures Advisory Board Sport Southland McIntyre Dick	Councillor Chair Chair Trustee Marketing Manager	High Street Invercargill
PETER WARREN KETT	Invercargill City Council Age Concern Southland Kite Investments Limited Invercargill Harness Racing Club Board Member Ascot Consortium	Councillor Board Member Director Vice President and Life Member Member	
GRAHAM DAVID LEWIS	Invercargill City Council Bluff 2024 Rejuvenation Hospice Southland City Centre Heritage Steering Group	Councillor Officer Trustee Member	
DARREN JAMES LUDLOW	Invercargill City Council Radio Southland Healthy Families Invercargill Murihiku Maori Wardens Southland Community Law Centre Thrive Community Trust Environment Southland	Councillor Manager Board Member Board Member Board Member Trustee Lyndal Ludlow (wife) – Councillor	770 Queens Drive Invercargill

Members Interest Register 12 February 2020

INVERCARGILL CITY COUNCIL ELECTED MEMBERS
INTEREST REGISTER

A2279220

IAN REAY POTTINGER	Invercargill City Council Southland Electronics Limited Santa Parade Organiser	Councillor Director Alice Pottinger (Wife)	171 Terrace Street Invercargill 9810
TIMOTHY RICHARD SHADBOLT	Invercargill City Council Kiwi Speakers Limited SIT Ambassador	Mayor Director Member	
NIGEL DEAN SKELT	Invercargill City Council Badminton New Zealand Badminton Oceania Badminton World Federation ILT Stadium Southland	Councillor Board Member Vice President Council Member (Chair of Communications and Media) General Manager	
LESLEY FRANCES SOPER	Invercargill City Council Breathing Space Southland Trust (Emergency Housing) Omaui Tracks Trust National Council of Women (NCW) Citizens Advice Bureau Southland ACC Advocacy Trust Southern District Health Board Southland Warm Homes Trust	Councillor Chair Director Secretary / Treasurer Member Board Member Employee Member Member	137 Morton Street Strathern Invercargill 24 Margaret Street Glengarry Invercargill

Members Interest Register 12 February 2020

INVERCARGILL CITY COUNCIL ELECTED MEMBERS
INTEREST REGISTER

A2279220

EXECUTIVE STAFF			
NAME	**ENTITY**	**INTERESTS**	**PROPERTY**
CLARE HADLEY	Invercargill City Council Hadley Family Trust	Chief Executive Trustee	
CAMERON MCINTOSH	Invercargill City Council	Group Manager - Works and Services	
DAVID FOSTER	Invercargill City Council	Acting Group Manager - Finance and Corporate Services Executive Director Foster and Associates Ltd	
DARREN EDWARDS	Invercargill City Council	Group Manager - Environmental and Planning Services	

TO: **FINANCE AND POLICY COMMITTEE**

FROM: **DAVE FOSTER – ACTING GROUP MANAGER FINANCE**

DATE: **TUESDAY 18 FEBRUARY 2020**

QUARTERLY FINANCIAL REPORT – 31 DECEMBER 2019

SUMMARY

This report is to update the Council on the financial performance and position for the second quarter ended 31 December 2019 and the year-end forecast to 30 June 2020.

RECOMMENDATIONS

That the report be received

IMPLICATIONS

1.	*Has this been provided for in the Long Term Plan/Annual Plan?* No
2.	*Is a budget amendment required?* No
3.	*Is this matter significant in terms of Council's Policy on Significance?* No
4.	*Implications in terms of other Council Strategic Documents or Council Policy?* No
5.	*Have the views of affected or interested persons been obtained and is any further public consultation required?* Not required
6.	*Has the Child, Youth and Family Friendly Policy been considered?* N/A

REPORT

Presented is the Council's quarterly performance report for the 2nd quarter ended 31 December 2019, including a forecast for the year ended 30 June 2020.

The quarter reporting format include the following content:

- Commentary
- Total Council Financial Snapshot
- Performance Summary
  - Key Indicator Graphs
  - Consolidated Financial Performance
  - Net operating surplus by activity group
  - Capital expenditure by activity group

- Treasury Report
- Statement of Comprehensive Revenue & Expenses
- Statement of Cash Flows
- Statement of Financial Position
- Detailed performance by activity group
- Schedule of Forecast Changes

Appendix

1. Key capital projects over $250,000 summary.
2. Funding Impact Statements
3. Detailed Key Performance Indicators
4. Bancorp Treasury Report
    a. Market Environment
    b. Current Position
    c. Policy Compliance Report
5. Five year comparison of Staff related costs

****

QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

Year to date performance

At the end of the second financial quarter ending 31 December 2019, Council is showing a $24.2m surplus on the Statement of Comprehensive Revenue and Expenses for the year, in line with the forecasted surplus of $24.1m. The high level of surplus, which is product of recognising the full year's rates revenue when the rates are set, has reduced as expected and will continue to reduce as we progress through the year and expenditure is occurred.

- Total revenue for the year to date is $0.6m higher than forecast. This increased revenue is primarily due to the following:
  - $1.2m higher fees received including above normal levels of consent lodgements received for the year.
  - $0.3m dividend received from Civic Financial Services for the sale of Civic Assurance House. The Council still retains shares in the Civic Financial Services however the value is likely to decrease as their asset base has lowered from the sale of the building. This change will be reflected at year end when the Civic Financial Services publish their annual report.
  - $1.0m lower NZTA capital subsidies received by Roading. This reflects the restricted capital works able to be carried out on street lights upgrade and road pavement renewals due contractor's availability. These capital works are still planned to be completed in this year.

- Operating expenses, being total expenses less depreciation, is $1.0m higher than forecast at the end of the second quarter. This is comprised of a number of minor variations including:
  - Lower employee expenses which reflects vacancies that are currently unfilled.
  - Higher levels of contractors and consultants used to perform work requests. This includes Sandy Point forestry archaeological assessments & in the Building Services areas to meet the volume of consents demand.
  - Bulk materials purchased for use during the summer season.

- Other gains/ (losses) includes the gains on sale of various assets including disposal of some Investment property land.

Year-end forecast

The year-end forecast performance remains better than the Annual Plan by $0.5m to show a $1.3m surplus from $0.8m on the Statement of Comprehensive Revenue and Expenses.

- Some of the significant forecast changes include:
  - Incorporating the Invercargill Venues & Events Management Limited's operations into Council's activities.
  - Employee expenses have been re-forecast for the first half of the year to reflect vacancies that are currently unfilled.
  - Lower Finance expenditure to reflect that current interest rate of 2.8% is lower than forecast in the Annual Plan.

Further details of forecast changes can be found in the "Schedule of forecast changes" section

The Statement of Cashflows shows the year end capital expenditure and borrowing required to fund it, and also the sale or acquisition of investments.

- The capital expenditure forecast has further reduced from quarter one by an extra $1.6m and now shows a projection of $29.8m compared to the Annual Plan of $39.2m. The revised capital works programme takes into account the deferred commencement of some capital projects which will now run into the 2020/21 year.

- Investment movements are forecast to have a net purchase of $24.9m, compared to the planned net sale of $11.2m. The change of $36.1m reflects three factors:
  - Council redistributed investment funds across our banking partners in line with the Council's Finance Strategy at the end of the 2018/19 financial year. Some of these funds were not reinvested until this year and therefore are reflected in the decrease in the Cash and cash equivalents balance.
  - The reduction of the capital expenditure forecast which is to be accomplished by the end of this financial year.
  - Investment of $13.6m into the CBD development.

- Borrowing movements are forecast to increase with a drawdown of $13.6m to fund the contributions to the CBD development investment.

Further details of forecast changes can be found in the "Schedule of forecast changes" and "Capital expenditures by activity" sections within the quarterly report.

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
TOTAL COUNCIL FINANCIAL SNAPSHOT

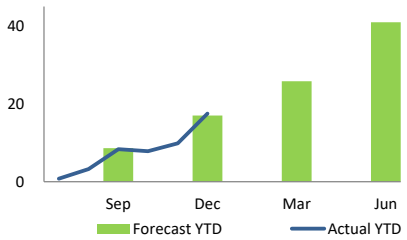
NON-RATES REVENUE ($Millions)
Fees and charges, grants, interest and dividends.

$17.5m

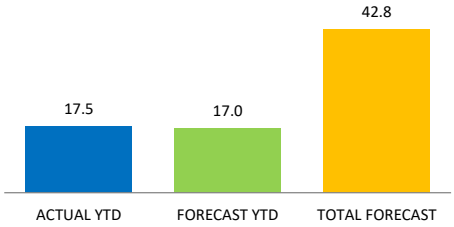
$0.5m favourable YTD

Full year forecast of $42.8m

NON-RATES REVENUE ($Millions)
Fees and charges, grants, interest and dividends.



NON-RATES REVENUE ($Millions)
Fees and charges, grants, interest and dividends.



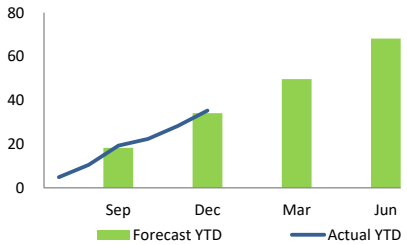
OPERATING EXPENDITURE
Cost to deliver existing levels of service.

$35.1m

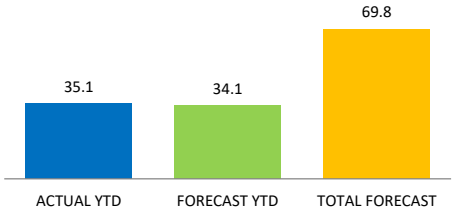
$1m unfavourable YTD

Full year forecast of $69.8m

OPERATING EXPENDITURE ($Millions)
Cost to deliver existing levels of service.



OPERATING EXPENDITURE ($Millions)
Cost to deliver existing levels of service.



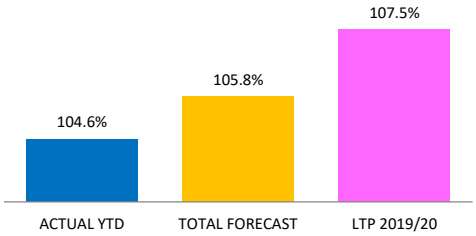
NET DEBT
Total debt less total investments.

$26.9m

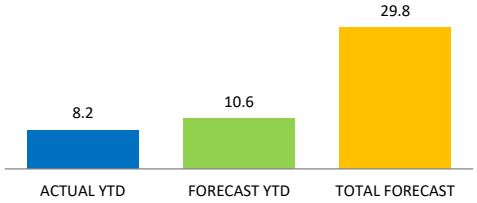
$17.7m favourable to LTP year end

LTP year end of $44.6m

DEBT/REVENUE RATIO
Council's External Debt/Operating Revenue and Rates at year end.



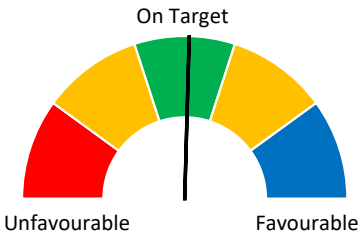
CAPITAL EXPENDITURE ($Millions)
To provide new and replacement assets.



INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019 PERFORMANCE SUMMARY

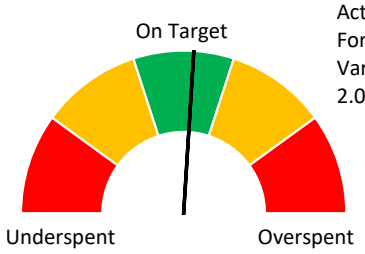
Financial performance YTD ($000)

Income



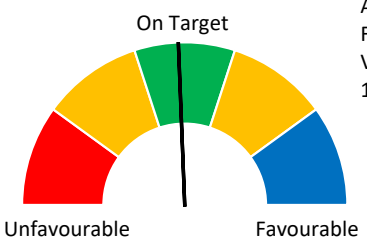
Actual: $ 72,801
Forecast: $ 72,164
Variance: $ 637 or 0.9% favourable

Expenditure



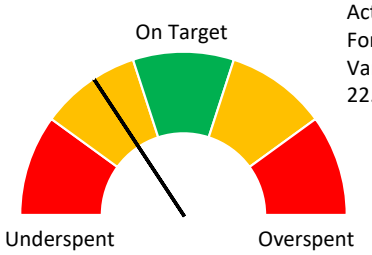
Actual: $ 49,006
Forecast: $ 48,064
Variance: $ 942 or 2.0% overspent

Net operating surplus



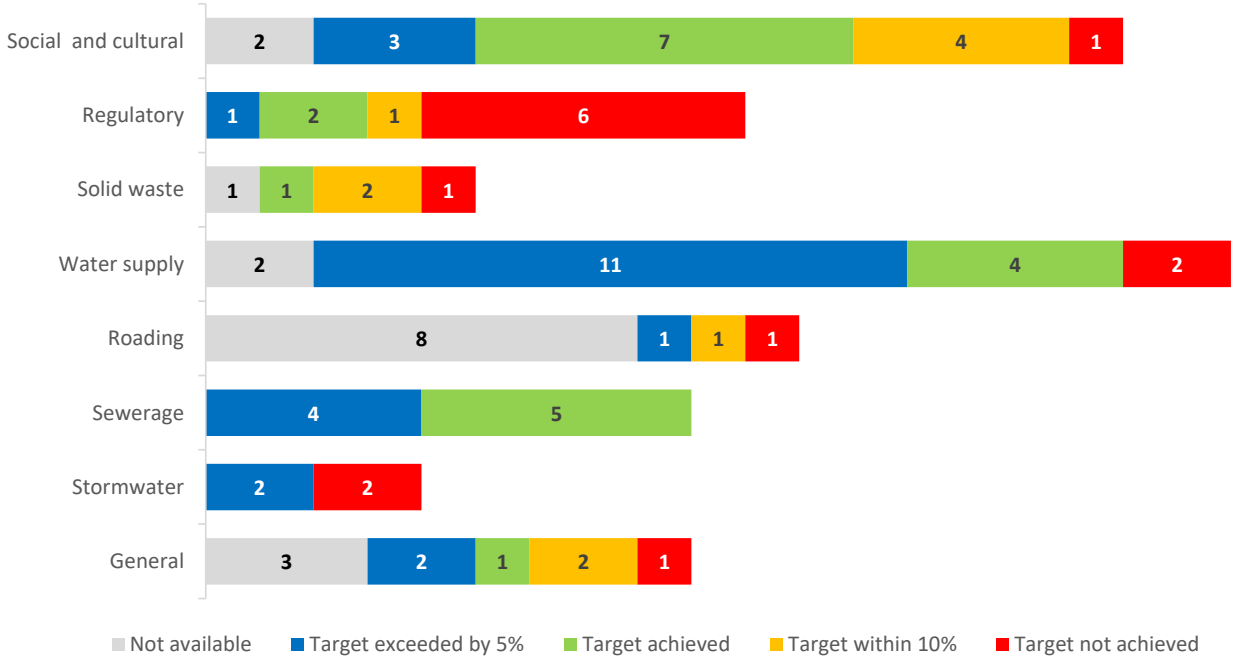
Actual: $ 23,795
Forecast: $ 24,100
Variance: $ 305 or 1.3% favourable

Capital expenditure



Actual: $ 8,183
Forecast: $ 10,596
Variance: $ 2,413 or 22.8% underspent

Non-financial performance



INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
PERFORMANCE SUMMARY

Consolidated financial performance

	Actual YTD ($000)	Forecast YTD ($000)	Variance ($000)		Full year forecast ($000)	Long-term plan ($000)
Rates and penalties	55,299	55,159	140		55,372	55,372
Income from activities	14,790	14,299	491		32,476	33,612
Rental revenue	1,356	1,485	(129)		2,983	2,966
Investment revenue	1,356	1,221	135		7,308	7,411
Total income	**72,801**	**72,164**	**637**		**98,139**	**99,361**
Employee expenses	11,977	12,228	(251)		25,152	25,429
Other operating expenses	21,870	20,592	1,278		42,044	42,808
Finance expenses	1,208	1,267	(59)		2,624	3,260
Depreciation and amortisation	13,951	13,977	(26)		27,954	28,053
Total expenditure	**49,006**	**48,064**	**942**		**97,774**	**99,550**
Net operating surplus / (deficit)	**23,795**	**24,100**	**(305)**		**365**	**(189)**

Net operating surplus by activity group

Activity group	Actual YTD ($000)	Forecast YTD ($000)	Variance ($000)		Full year forecast ($000)	Long-term plan ($000)
Roading	5,031	5,079	(48)		2,376	2,193
Sewerage	2,289	2,498	(209)		(216)	116
Solid waste	2,252	2,259	(7)		332	71
Stormwater	1,482	1,463	19		(973)	(653)
Water supply	3,971	4,144	(173)		903	832
Regulatory	3,715	2,954	761		2,075	1,914
Social and cultural	7,597	8,111	(514)		2,546	2,242
General	(2,517)	(2,402)	(115)		(6,678)	(6,906)
Council	**23,820**	**24,106**	**(286)**		**365**	**(191)**

Positive or nil variance 5% or lower negative variance greater than 5% negative variance

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019 PERFORMANCE SUMMARY

Capital expenditure by activity group

Activity group	Actual YTD ($000)	Forecast YTD ($000)	Variance ($000)	Percentage of full year spent		Full year forecast ($000)	Long-term plan ($000)
Roading	2,896	3,731	(835)	27%		10,697	10,923
Sewerage	755	1,604	(849)	31%		2,449	2,311
Solid waste	59	0	59	100%		0	0
Stormwater	1,532	1,081	451	80%		1,915	2,833
Water supply	1,080	1,015	65	27%		3,958	7,630
Regulatory	0	10	(10)	0%		573	298
Social and cultural	1,530	2,633	(1,103)	24%		6,416	7,189
General	331	522	(191)	9%		3,759	8,056
Council	**8,183**	**10,596**	**(2,413)**	**27%**		**29,767**	**39,240**

Less than 45% of total year's budget is spent

45% to 75% of total year's budget is spent

More than 75% of total year's budget is spent

The full year forecast capital expenditure position includes the following reprogramming of capital expenditure:

- $3.2m Branxholme water pipeline renewals deferred to 2020/21
- $1.4m Conversion of Don Street between Dee and Kelvin Street to two lanes and introduction of a right hand turn into Esk Street's one lane system deferred start in Q4 2019/20 and into 2020/21.
- $1.2m Civic Theatre interior renewal deferred to a future year
- $0.7m Sewerage pipe network renewals deferred to future years
- $0.5m Stormwater pipe network renewals deferred to future years
- $1.7m Anderson House strenghtening deferred until a decision is made on future use (2020/21)
- $0.8m capital fitout for museum presence on Corner of Kelvin & Don Street
- $1.6m lower capital work expected on 20 Don Street

A list of the key capital projects over $250,000 can be found in Appendix 1

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
TREASURY REPORT

Debt

Statement of borrowings	Actual YTD 31 Dec 2019 ($000)	Forecast to 30 Jun 2020 ($000)
Borrowings at the start of the year	90,205	90,205
New loans raised	12,500	13,600
Loan repayments	(8)	0
Borrowings at the end of the period	**102,697**	**103,805**

Borrowing facility

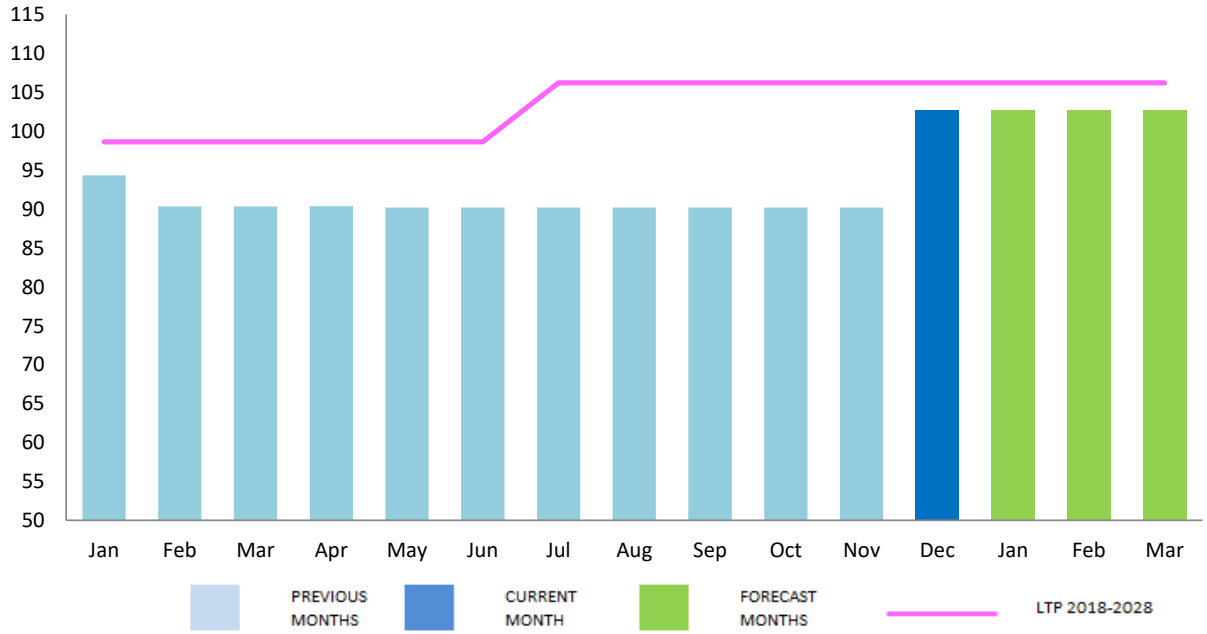
Invercargill City Council funding lines consist of:

Bank of New Zealand*	10,000	10,000
LGFA	40,000	40,000
LGFA - On lent to ICHL	15,000	15,000
LGFA - CBD development	12,500	13,600
ANZ Issued Bond	20,000	20,000
ANZ Issued Bond - On lent to ICHL	15,000	15,000
Total borrowing facility	**112,500**	**113,600**
Facility headroom at the end of the period	**9,803**	**9,795**

*The BNZ loan facility was renewed in November 2018 for a further two years

BORROWINGS ($Millions)

12 Month trend of external debt levels and 3 month forecast compared to closing LTP



INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
TREASURY REPORT

Investments

Investment	Amount ($000)	Interest Rate	Date Invested	Maturity Date
SBS 2	3,959	2.91%	29 Oct 2019	29 Apr 2020
SBS 3	3,968	2.87%	28 Nov 2019	29 May 2020
SBS 4	3,987	2.82%	30 Dec 2019	29 Jun 2020
BNZ Term Deposit #1	3,921	3.07%	22 Jul 2019	31 Jan 2020
BNZ Term Deposit #2	3,921	2.75%	27 Aug 2019	28 Feb 2020
BNZ Term Deposit #3	3,946	2.70%	26 Sep 2019	26 Mar 2020
Westpac	11,764	2.75%	06 Sep 2019	30 Jun 2020
Invercargill City Properties Limited	3,200	5.00%	01 Jul 2019	30 Jun 2020
SBS - Staff Welfare Fund	116	2.70%	30 Dec 2019	29 Jun 2020
Invercargill City Holdings Limited - Fixed	15,000	3.66%	08 Apr 2016	08 Apr 2021
Invercargill City Holdings Limited - Floating	15,000	1.89%	09 Dec 2019	09 Jun 2020
CBD development	13,600			
Shares	722			
Miscellaneous	619			
Investments under Cash & cash equivalents	(7,927)			
Total	**75,797**			

Treasury Policy Compliance

Investment	Policy Limit (%)	Actual		Compliant
Fixed Interest		Minimum (%)	Maximum (%)	
0 - 2 Years	50 - 100	41%	48%	Yes
2 - 5 Years	30 - 80	19%	41%	Yes
5 - 10 Years	0 - 60	0%	19%	Yes

This is using the Council's current debt of $60.3

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	YTD Actual Dec 2019 ($000)	YTD Forecast Dec 2019 ($000)	Full Year Forecast 2020 ($000)	Annual Plan 2020 ($000)
REVENUE				
Rates and penalties	55,299	55,159	55,372	55,372
Fines	108	257	497	497
Subsidies and grants	3,882	4,485	9,126	9,126
Direct charges revenue	10,800	9,557	22,853	22,171
Other revenue	0	0	0	1,818
Rental revenue	1,356	1,485	2,983	2,966
Finance revenue	1,014	1,221	2,458	2,561
Dividends & subvention revenue	342	0	4,850	4,850
Total revenue	**72,801**	**72,164**	**98,139**	**99,361**
EXPENSES				
Employee expenses	11,977	12,228	25,152	25,429
Other operating expenses	21,870	20,592	42,044	42,808
Finance expenses	1,208	1,267	2,624	3,260
Depreciation and amortisation	13,951	13,977	27,954	28,053
Total expenses	**49,006**	**48,064**	**97,774**	**99,550**
Net operating surplus (deficit)	**23,795**	**24,100**	**365**	**(189)**
Other gains/(losses)	429	0	943	943
Surplus / (deficit) before tax	**24,224**	**24,100**	**1,308**	**754**
Income tax expense	0	0	0	0
Surplus (deficit) after tax	**24,224**	**24,100**	**1,308**	**754**
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Property, plant and equipment revaluation gain (loss)	0	0	0	0
Carbon credit revaluation gains/(losses)	0	0	0	0
Cash flow hedges	0	0	0	0
Total other comprehensive revenue and expense	**0**	**0**	**0**	**0**
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	**24,224**	**24,100**	**1,308**	**754**

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019

STATEMENT OF CASHFLOWS

	YTD Actual Dec 2019 ($000)	Full Year Forecast 2020 ($000)	Annual Plan 2020 ($000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus from operations	23,795	365	(189)
Reverse depreciation and non cash provisions	13,951	27,954	28,012
Change in current assets	(27,408)	37	-
Change in current liabilities	(1,884)	1	-
Net cash flows from operating activities	**8,454**	**28,357**	**27,823**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	1,243	221	251
Proceeds from sale of investments	(200)	14,822	16,800
Purchase of property, plant and equipment	(8,184)	(28,546)	(36,364)
Purchase of biological assets	-	-	-
Purchase of intangible assets	0	(1,075)	(1,075)
Purchase of investment property	0	(148)	(1,800)
Purchase of investments	(29,264)	(39,769)	(5,621)
Net cash flows from investing activities	**(36,405)**	**(54,495)**	**(27,809)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12,500	13,600	0
Repayment of borrowings	0	0	0
Net cash flows from financing activities	**12,500**	**13,600**	**0**
Net (decrease) increase in cash and cash equivalents	**(15,451)**	**(12,538)**	**14**
Cash and cash equivalents at the beginning of the year	27,270	27,270	1,679
Cash and cash equivalents at the end of the year	**11,819**	**14,732**	**1,693**

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019

STATEMENT OF FINANCIAL POSITION

	YTD Actual Dec 2019 ($000)	Full Year Forecast 2020 ($000)	Annual Report 2019 ($000)
ASSETS			
Cash and cash equivalents	11,819	14,732	27,270
Trade and other receivables	36,817	9,372	9,409
Inventories	1,681	1,681	1,681
Property, plant and equipment	855,830	862,211	861,747
Intangible assets	970	1,991	1,010
Biological assets	3,156	3,237	3,156
Investment property	35,660	37,295	36,285
Investment in CCOs and similar entities	36,069	36,069	36,069
Other financial assets - other investments	75,797	71,286	46,338
TOTAL ASSETS	**1,057,799**	**1,037,874**	**1,022,965**
LIABILITIES			
Trade and other payables	10,072	11,957	11,956
Provisions	928	928	928
Employee benefit liabilities	3,252	3,252	3,252
Borrowings	102,697	103,805	90,205
Derivative financial instruments	2,460	2,460	2,460
Total liabilities	**119,409**	**122,402**	**108,801**
TOTAL EQUITY			
Retained earnings	399,132	377,963	375,856
Restricted reserves	41,055	39,306	40,105
Hedging reserves	(2,460)	(2,460)	(2,460)
Carbon credit revaluation reserves	527	527	527
Asset revaluation reserves	500,136	500,136	500,136
Total equity	**938,390**	**915,472**	**914,164**
TOTAL LIABILITIES AND EQUITY	**1,057,799**	**1,037,874**	**1,022,965**

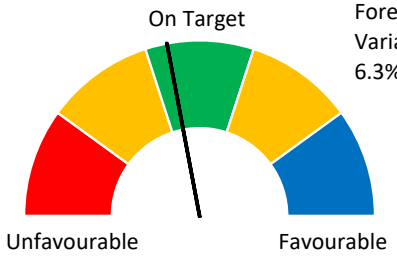
INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
PERFORMANCE BY ACTIVITY

Social and cultural

Financial performance YTD ($000)

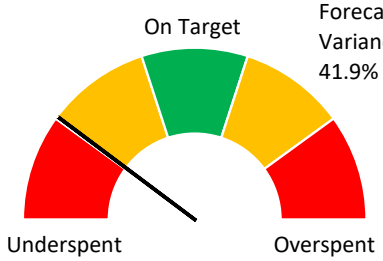
Net operating surplus

Actual: $ 7,597
Forecast: $ 8,111
Variance: $ 514 or
6.3% unfavourable



Capital expenditure

Actual: $ 1,530
Forecast: $ 2,633
Variance: $ 1,103 or
41.9% underspent



	Actual YTD ($000)	Forecast YTD ($000)	Variance ($000)		Full year forecast ($000)	Long-term plan ($000)
Rates and penalties	15,259	15,239	20		15,239	15,239
Income from activities	3,689	3,419	270		8,469	9,028
Rental revenue	640	659	(19)		1,321	1,321
Investment revenue	148	129	19		257	264
Total revenue	**19,736**	**19,446**	**290**		**25,286**	**25,852**
Employee expenses	4,485	4,414	71		8,801	8,781
Other operating expenses	5,336	4,598	738		9,293	9,852
Finance expenses	95	92	3		184	251
Depreciation and amortisation	2,223	2,231	(8)		4,462	4,726
Total expenditure	**12,139**	**11,335**	**804**		**22,740**	**23,610**
Net operating surplus / (deficit)	**7,597**	**8,111**	**(514)**		**2,546**	**2,242**

Positive or nil variance 5% or lower negative variance greater than 5% negative variance

Net operating surplus by activity	Actual YTD ($000)	Forecast YTD ($000)	Variance ($000)		Full year forecast ($000)	Long-term plan ($000)
Cemeteries	417	319	98		361	354
Housing care services	(309)	(336)	27		(432)	(641)
Libraries and archives	2,290	2,360	(70)		453	327
Museum	163	188	(25)		420	412
Parks	2,984	3,611	(627)		1,587	1,566
Passenger transport	692	515	177		239	219
Pools	904	982	(78)		(101)	(15)
Regional heritage	454	471	(17)		20	21
Support services	0	0	0		0	0
Social and cultural	**7,595**	**8,110**	**(515)**		**2,547**	**2,243**

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019 PERFORMANCE BY ACTIVITY

Commentary: Total revenue is ahead of forecast YTD by $290 but other operating expenditure is also ahead of forecast by $738, so the net surplus YTD is $514 below forecast. The Cemeteries and Passenger transport activities are showing combined net surpluses YTD of $275 whereas Parks activities is showing a net deficit of $627 (a 17.4% variance from forecast).

Non-financial performance

Commentary: Three of the seventeen KPIs measured against target were exceeded, seven were met, four were substantially met (within 10%) this year to date. One KPI had an unfavourable variance of 10% or more and the remaining two KPIs did not have the data available to report on. The table below outlines only KPIs with an unfavourable variance of 10% or more, or those KPIs where the data is unavailable. The full list of KPIs are included as an appendix.

Measure	Actual	Target	Variance	Explanation
% of passengers satisfied with the level of fares	N/A	82%	N/A	
% of passengers satisfied that the fare system is easy to understand	N/A	82%	N/A	
Number of justified complaints received relating to safety within parks and cemeteries	3	0	(300%)	

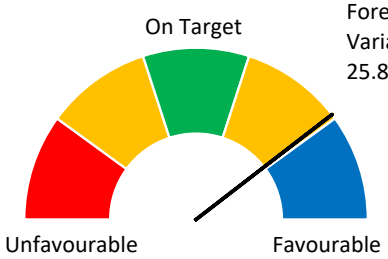
INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019 PERFORMANCE BY ACTIVITY

Regulatory

Financial performance YTD ($000)

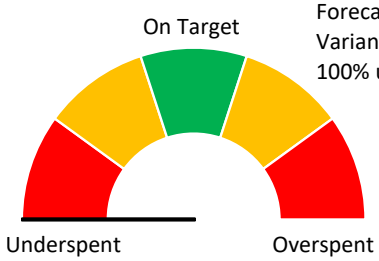
Net operating surplus

Actual: $ 3,715
Forecast: $ 2,954
Variance: $ 761 or
25.8% favourable



Capital expenditure

Actual: $ Nil
Forecast: $ 10
Variance: $ 10 or
100% underspent



	Actual YTD ($000)	Forecast YTD ($000)	Variance ($000)		Full year forecast ($000)	Long-term plan ($000)
Rates and penalties	3,831	3,819	12		3,819	3,819
Income from activities	3,608	2,531	1,077		4,631	4,631
Rental revenue	0	0	0		0	0
Investment revenue	9	129	(120)		15	9
Total revenue	**7,448**	**6,479**	**969**		**8,465**	**8,459**
Employee expenses	1,949	1,990	(41)		4,266	4,566
Other operating expenses	1,747	1,373	374		2,042	1,822
Finance expenses	(4)	0	(4)		0	2
Depreciation and amortisation	41	41	0		82	155
Total expenditure	**3,733**	**3,404**	**329**		**6,390**	**6,545**
Net operating surplus / (deficit)	**3,715**	**3,075**	**640**		**2,075**	**1,914**

Commentary: Regulatory has a net surplus YTD variance of $640 which is due to more income from building consents than forecasted.

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019 PERFORMANCE BY ACTIVITY

Non-financial performance

Commentary: One of the ten KPIs measured against target was exceeded by 5% or more, two were met and one was substantially met (within 10%) this year to date. Six KPIs had unfavourable variances of more than 10%. The table below outlines only KPIs with an unfavourable variance of 10% or more, or those KPIs where the data is unavailable. The full list of KPIs are included as an appendix.

Measure	Actual	Target	Variance	Explanation
Building consents are issued within 20 working days	47%	100%	(53%)	
% of LIM applications lodged electronically	54%	80%	(26%)	This measure's target is at the end of a 3 year period. The actual measurement is in year 2.
% of resource consent applications lodged electronically	21%	80%	(59%)	This measure's target is at the end of a 3 year period. The actual measurement is in year 2.
% of dog registrations lodged electronically	25%	80%	(55%)	This measure's target is at the end of a 3 year period. The actual measurement is in year 2.
Earthquake-prone buildings incentives are developed and implemented	No	Yes	(100%)	
Plans and bylaws are reviewed in line with the timetable included in the Regulatory Services Activity Management Plan	No	Yes	(100%)	

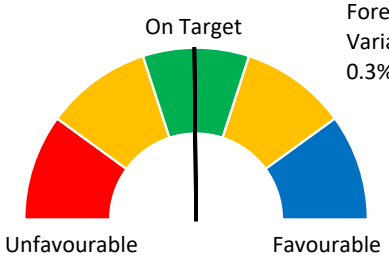
INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
PERFORMANCE BY ACTIVITY

Solid waste

Financial performance YTD ($000)

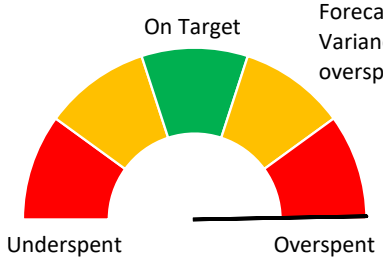
Net operating surplus

Actual: $ 2,252
Forecast: $ 2,259
Variance: $ 7 or 0.3% favourable



Capital expenditure

Actual: $ 59
Forecast: $ Nil
Variance: $ 59 overspent



	Actual YTD ($000)	Forecast YTD ($000)	Variance ($000)		Full year forecast ($000)	Long-term plan ($000)
Rates and penalties	4,476	4,479	(3)		4,479	4,479
Income from activities	1,128	1,138	(10)		4,315	4,315
Rental revenue	10	0	10		0	0
Investment revenue	18	11	7		257	264
Total revenue	**5,632**	**5,628**	**4**		**9,051**	**9,058**
Employee expenses	0	0	0		0	0
Other operating expenses	3,320	3,312	8		8,384	8,384
Finance expenses	4	2	2		5	0
Depreciation and amortisation	56	55	1		111	384
Total expenditure	**3,380**	**3,369**	**11**		**8,500**	**8,768**
Net operating surplus / (deficit)	**2,252**	**2,259**	**(7)**		**551**	**290**

Commentary: Solid waste's net surplus YTD variance is $7 behind forecast which is a variance of 0.31%. The capital overspend is the final costs of the weigh bridge repairs started in 2018/19.

Non-financial performance

Commentary: One of the five KPIs measured against target was met, two were substantially met (within 10%) and one had an unfavourable variance of more than 10% this year to date. The table below outlines only KPIs with an unfavourable variance of 10% or more, or those KPIs where the data is unavailable. The full list of KPIs are included as an appendix.

Measure	Actual	Target	Variance	Explanation
Increase in diverted material (tonnes)	3,036	4,531	(33%)	
Regional discarded materials rate per person per annum (kgs)	N/A	325	N/A	

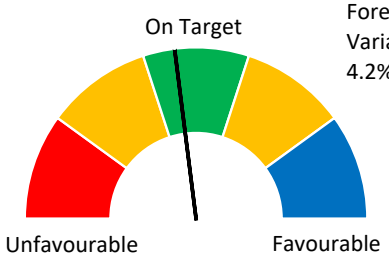
INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
PERFORMANCE BY ACTIVITY

Water supply

Financial performance YTD ($000)

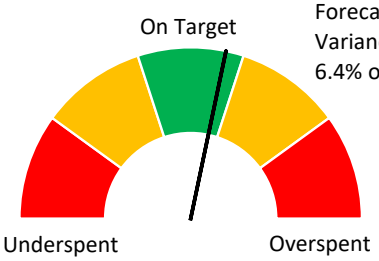
Net operating surplus

Actual: $ 3,971
Forecast: $ 4,144
Variance: $ 173 or
4.2% unfavourable



Capital expenditure

Actual: $ 1,080
Forecast: $ 1,015
Variance: $ 65 or
6.4% overspent



	Actual YTD ($000)	Forecast YTD ($000)	Variance ($000)		Full year forecast ($000)	Long-term plan ($000)
Rates and penalties	7,982	7,960	22		7,960	7,960
Income from activities	707	761	(54)		1,466	1,466
Rental revenue	0	0	0		0	0
Investment revenue	22	19	3		38	0
Total revenue	**8,711**	**8,740**	**(29)**		**9,464**	**9,426**
Employee expenses	0	0	0		0	0
Other operating expenses	2,520	2,369	151		4,108	4,108
Finance expenses	201	208	(7)		415	479
Depreciation and amortisation	2,019	2,019	0		4,038	4,007
Total expenditure	**4,740**	**4,596**	**144**		**8,561**	**8,594**
Net operating surplus / (deficit)	**3,971**	**4,144**	**(173)**		**903**	**832**

Commentary: Water supply has a YTD net surplus variance of ($173), largely due to increased contractor costs in the first quarter ($755 more than forecast). Revenue from water consumption charges is also $54 less than expected at YTD.

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019 PERFORMANCE BY ACTIVITY

Non-financial performance

Commentary: Eleven of the nineteen KPIs measured against target were exceeded by 5%, four were met and two had an unfavourable variance of more than 10%. The remaining two KPIs did not have the data available to report on. The table below outlines only KPIs with an unfavourable variance of 10% or more, or those KPIs where the data is unavailable. The full list of KPIs are included as an appendix.

Measure	Actual	Target	Variance	Explanation
% of real water loss from the networked reticulation system	N/A	30%	N/A	
Median time for service personnel to reach site for non-urgent events	5d 18h 08m	≤ 5 working days	(15%)	
The Bluff water supply is safe to drink as measured by the Ministry of Health grades	Ab	Aa	(100%)	
% of hydrants tested that exceed a flow rate of 12.5 litres per second	N/A	97.5%	N/A	

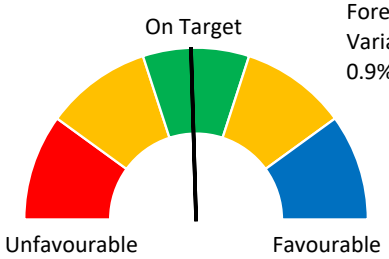
INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
PERFORMANCE BY ACTIVITY

Roading

Financial performance YTD ($000)

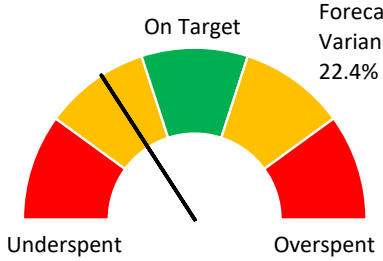
Net operating surplus

Actual: $ 5,031
Forecast: $ 5,079
Variance: $ 48 or
0.9% unfavourable



Capital expenditure

Actual: $ 2,896
Forecast: $ 3,731
Variance: $ 835 or
22.4% underspent



	Actual YTD ($000)	Forecast YTD ($000)	Variance ($000)		Full year forecast ($000)	Long-term plan ($000)
Rates and penalties	8,123	8,101	22		8,101	8,101
Income from activities	3,840	4,685	(845)		9,584	9,584
Rental revenue	33	13	20		26	26
Investment revenue	54	47	7		93	128
Total revenue	**12,050**	**12,846**	**(796)**		**17,804**	**17,839**
Employee expenses	0	0	0		0	0
Other operating expenses	2,131	2,860	(729)		5,615	5,615
Finance expenses	(9)	0	(9)		0	0
Depreciation and amortisation	4,897	4,907	(10)		9,813	10,031
Total expenditure	**7,019**	**7,767**	**(748)**		**15,428**	**15,646**
Net operating surplus / (deficit)	**5,031**	**5,079**	**(48)**		**2,376**	**2,193**

Commentary: Roading shows a net surplus YTD $48 behind forecast which is a variance of 0.95%. Capital expenditure is $835 underspent YTD due to the restricted availability of contractors to undertake the work.

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019 PERFORMANCE BY ACTIVITY

Non-financial performance

Commentary: One of the eleven KPIs measured against target was exceeded by 5%, one was substantially met (within 10%) and one had an unfavourable variance of more than 10%. The remaining eight KPIs did not have the data available to report on. The table below outlines only KPIs with an unfavourable variance of 10% or more, or those KPIs where the data is unavailable. The full list of KPIs are included as an appendix.

Measure	Actual	Target	Variance	Explanation
Damaged signs are responded to within 48 hours of notification	71%	> 85%	(14%)	
Decrease in the annual number of fatalities and serious crashes on the local road network	N/A	↓	N/A	
Higher than the national average quality of ride on a sealed local network - Urban	N/A	N/A	N/A	
Higher than the national average quality of ride on a sealed local network - Rural	N/A	N/A	N/A	
% of the sealed local road network that is resurfaced	N/A	> 6.25%	N/A	
% of footpaths in very poor condition	N/A	< 8%	N/A	
Street lighting is compliant with AS/NZS 1158 to agreed levels	N/A	↑	N/A	
Number of unplanned road closures	N/A	< 8	N/A	
The overall annual cost per km and vkt of routine maintenance on each road network	N/A	< Peer Group Average	N/A	

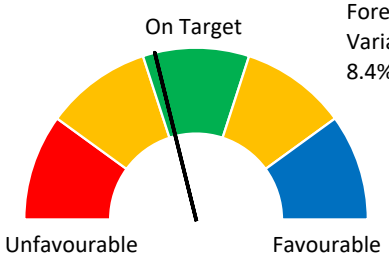
INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019 PERFORMANCE BY ACTIVITY

Sewerage

Financial performance YTD ($000)

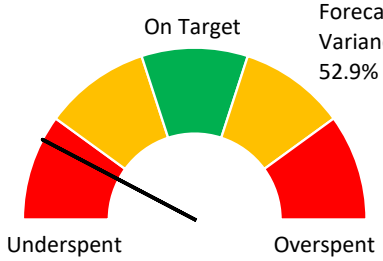
Net operating surplus

Actual: $ 2,289
Forecast: $ 2,498
Variance: $ 209 or
8.4% unfavourable



Capital expenditure

Actual: $ 755
Forecast: $ 1,604
Variance: $ 849 or
52.9% underspent



	Actual YTD ($000)	Forecast YTD ($000)	Variance ($000)		Full year forecast ($000)	Long-term plan ($000)
Rates and penalties	6,136	6,098	38		6,098	6,098
Income from activities	359	268	91		700	700
Rental revenue	0	0	0		0	0
Investment revenue	0	0	0		0	0
Total revenue	**6,495**	**6,366**	**129**		**6,798**	**6,798**
Employee expenses	0	0	0		0	0
Other operating expenses	1,874	1,749	125		2,775	2,775
Finance expenses	279	66	213		133	175
Depreciation and amortisation	2,053	2,053	0		4,106	3,732
Total expenditure	**4,206**	**3,868**	**338**		**7,014**	**6,682**
Net operating surplus / (deficit)	**2,289**	**2,498**	**(209)**		**(216)**	**116**

Commentary: Sewerage has a net YTD surplus variance of $(209) due to more contractor costs than expected. This is a timing variance as Sewerage have been charged a full year's worth of contractor fees up front from Council's 3 Waters department. Capital expenditure is currently tracking below forecast but is expected to meet forecast at year end.

Non-financial performance

Commentary: All nine KPIs were met with four being exceeded by 5% or more. The full list of KPIs are included as an appendix.

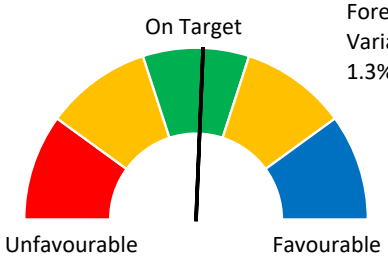
INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019 PERFORMANCE BY ACTIVITY

Stormwater

Financial performance YTD ($000)

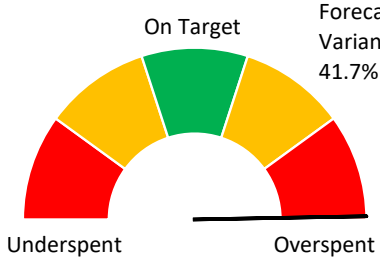
Net operating surplus

Actual: $ 1,482
Forecast: $ 1,463
Variance: $ 19 or 1.3% favourable



Capital expenditure

Actual: $ 1,532
Forecast: $ 1,081
Variance: $ 451 or 41.7% overspent



	Actual YTD ($000)	Forecast YTD ($000)	Variance ($000)		Full year forecast ($000)	Long-term plan ($000)
Rates and penalties	4,229	4,212	17		4,212	4,212
Income from activities	25	6	19		6	6
Rental revenue	2	2	0		3	3
Investment revenue	0	0	0		0	0
Total revenue	**4,256**	**4,220**	**36**		**4,221**	**4,221**
Employee expenses	0	0	0		0	0
Other operating expenses	817	806	11		1,292	1,292
Finance expenses	26	20	6		40	69
Depreciation and amortisation	1,931	1,931	0		3,862	3,513
Total expenditure	**2,774**	**2,757**	**17**		**5,194**	**4,874**
Net operating surplus / (deficit)	**1,482**	**1,463**	**19**		**(973)**	**(653)**

Commentary: Stormwater has a YTD net surplus variance of $19. Contractor costs paid is more than forecasted but this is a timing variance as Stormwater have been charged a full year's worth of contractor fees up front from Council's 3 Waters department. Capital expenditure is currently ahead of forecast with additional work required at the Branxholme Street settling ponds and is still in line to meet the full year forecast.

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
PERFORMANCE BY ACTIVITY

Non-financial performance

Commentary: Two of the four KPIs measured were met with two being exceeded by 5% or more. Two were not met. The full list of KPIs are included as an appendix.

Measure	Actual	Target	Variance	Explanation
Number of flooding events	1	0	(100%)	
Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of: - Abatement notices - Infringement notices - Enforcement orders - Convictions	2	0	(200%)	

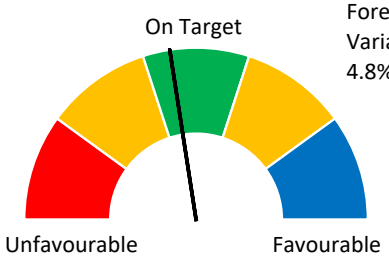
INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019 PERFORMANCE BY ACTIVITY

General

Financial performance YTD ($000)

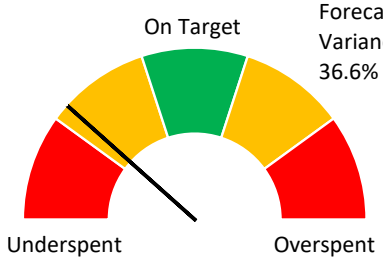
Net operating surplus

Actual: $ (2,517)
Forecast: $ (2,402)
Variance: $ 115 or
4.8% unfavourable



Capital expenditure

Actual: $ 331
Forecast: $ 522
Variance: $ 191 or
36.6% underspent



	Actual YTD ($000)	Forecast YTD ($000)	Variance ($000)		Full year forecast ($000)	Long-term plan ($000)
Rates and penalties	5,263	5,251	12		5,464	5,464
Income from activities	1,436	1,492	(56)		3,305	3,881
Rental revenue	672	812	(140)		1,633	1,616
Investment revenue	1,106	1,009	97		6,867	6,964
Total revenue	**8,477**	**8,564**	**(87)**		**17,269**	**17,925**
Employee expenses	5,543	5,824	(281)		12,086	12,082
Other operating expenses	4,105	3,524	581		8,535	8,960
Finance expenses	616	878	(262)		1,846	2,284
Depreciation and amortisation	730	740	(10)		1,480	1,505
Total expenditure	**10,994**	**10,966**	**28**		**23,947**	**24,831**
Net operating surplus / (deficit)	**(2,517)**	**(2,402)**	**(115)**		**(6,678)**	**(6,906)**

Net operating surplus by activity	Actual YTD ($000)	Forecast YTD ($000)	Variance ($000)		Full year forecast ($000)	Long-term plan ($000)
Communtiy development	363	297	66		67	65
Democratic services	1,580	1,736	(156)		(9)	(99)
Halls and theatres	868	597	271		254	242
Investment property	(246)	(63)	(183)		387	(115)
Investments	(5,930)	(5,854)	(76)		(879)	(1,119)
Public toilets	261	257	4		119	120
Regional development	803	796	7		41	41
Specialised community services	1,827	1,963	(136)		197	199
Arts and Living dinosaurs	176	175	1		(21)	(51)
City centre revitalisation	110	115	(5)		95	109
Support services	(2,329)	(2,421)	92		(6,931)	(6,299)
General	**(2,517)**	**(2,402)**	**(115)**		**(6,680)**	**(6,907)**

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
PERFORMANCE BY ACTIVITY

Commentary: General's net deficit variance of $115 is more than forecast resulting from various factors. Rental revenue is below forecast due to delays in filling vacant spaces at 20 Don Street but is partly offset by reduced operating and capital expenditure . Employee expenses are running lower than forecast which reflects vacancies that are currently unfilled. This is partly offset by higher contractors and consultants expenses used to cover work requests.

Non-financial performance

Commentary: Two of the nine KPIs measured against target were exceeded by 5% or more, one was met, two were substantially met (within 10%) and one was not met this year to date. The remaining three KPIs did not have the data available. The table below outlines only KPIs with an unfavourable variance of 10% or more, or those KPIs where the data is unavailable. The full list of KPIs are included as an appendix.

Measure	Actual	Target	Variance	Explanation
Number of events, agencies and businesses achieving the use of the friendly brand	0	6	(100%)	
% of surveyed residents satisfied or greater with opportunities Council provides for Community involvement in decision-making	N/A	50%	N/A	
Number of alternative methods of communicating to and receiving information from the community introduced	N/A	1	N/A	
Investment property's net rate of return ≥ current market interest rate	N/A	Yes	N/A	

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
TOTAL COUNCIL - SCHEDULE OF FORECAST CHANGES

Item Name	Nature Of Change	Quarter 1 ($000)	Quarter 2 ($000)	Quarter 3 ($000)	Quarter 4 ($000)	30 Jun 2020 ($000)
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES						
Revenue						
Direct charges revenue	Bringing in IVEM operations into ICC	683	-	-	-	683
Rental revenue	Bringing in IVEM operations into ICC	17	-	-	-	17
Other revenue	Remove Consolidated Entities Other revenue from Council activities (Included in ICC group consolidation)	(1,818)	-	-	-	(1,818)
Finance revenue	Re-forecast of net debt interest revenue based on funds invested and current interest rate assumption of 2.5%	(103)	-	-	-	(103)
Total Forecast Adjustments to Revenue		**(1,221)**	**-**	**-**	**-**	**(1,221)**
Expenses						
Employee expenses	Bringing in IVEM operations into ICC	622	-	-	-	622
Employee expenses	Re-forecast to reflect current vacancies during Q1 & Q2	(898)	-	-	-	(898)
Depreciation and amortisation	Reforecast of Depreciation expense from 2019 revaluation data	(98)	-	-	-	(98)
Other expenses	Bringing in IVEM operations into ICC	313	-	-	-	313
Other expenses	Remove Consolidated Entities Other expenses from Council activities (Included in ICC group consolidation)	(1,818)	-	-	-	(1,818)
Other expenses	Remove IVEM grant payments (operations now incorporated into ICC)	(263)	-	-	-	(263)
Other expenses	Re-forecast to reflect increase use of consultants and contractors to cover vacancies in key positions	964	-	-	-	964
Other expenses	Re-forecast Landfill aftercare provision to reflect accounting treatment of recognising provision when actual expenses occur	41	-	-	-	41
Finance expenses	Re-forecast of net debt interest expenses based on funds drawn down and current interest rate assumption of 2.8%	(727)	-	-	-	(727)
Finance expenses	Re-forecast of net debt interest expenses based on addition funds drawndown for CBD development	-	90	-	-	90
Total Forecast Adjustments to Expenses		**(1,865)**	**90**	**-**	**-**	**(1,775)**
Adjustments to Surplus / (Deficit) After Tax		**643**	**(90)**	**-**	**-**	**553**

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
TOTAL COUNCIL - SCHEDULE OF FORECAST CHANGES

Item Name	Nature Of Change	Quarter 1 ($000)	Quarter 2 ($000)	Quarter 3 ($000)	Quarter 4 ($000)	30 Jun 2020 ($000)
STATEMENT OF FINANCIAL POSITION						
Assets						
Cash and cash equivalents	Movements in additional operating surplus (deficit) and movements in investments.	8,508	1,460	-	-	9,968
Property, plant and equipment assets	Re-forecast capital expenditure profiles to reflect revised programme	(7,922)	102	-	-	(7,821)
Property, plant and equipment assets	Reforecast of depreciation expense from 2019 revaluation data	120	-	-	-	120
Intangible assets	Reforecast of depreciation expense from 2019 revaluation data	(22)	-	-	-	(22)
Investment property	Re-forecast capital expenditure profiles to reflect revised programme	-	(1,652)	-	-	(1,652)
Other financial assets - other investments	Movements in additional reserve uplifts & contributions	-	13,600	-	-	13,600
Total Forecast Adjustments to Assets		**684**	**13,510**	**-**	**-**	**14,194**
Liabilities						
Provisions	Re-forecast Landfill aftercare provision to reflect accounting treatment of recognising provision when actual expenses occur.	41	-	-	-	41
Borrowings	Loan funding for Investment into Invercargill Central Limited for CBD development	-	13,600	-	-	13,600
Total Forecast Adjustments to Liabilities		**41**	**13,600**	**-**	**-**	**13,641**
Equity						
Retained earnings	Movements in additional operating surplus (deficit).	643	(90)	-	-	553
Total Forecast Adjustments to Equity		**643**	**(90)**	**-**	**-**	**553**

Key capital projects over $250,000 summary

	Current year			Total Project life				
	Actual Dec YTD ($,000)	Forecast current year ($,000)	% of forecast spent	Total Project spend to date ($,000)	Forecast total cost of project ($,000)	% of total project spent	Project timeline	Current status
Roading								
Sealed road resurfacing 2020	816	2,142	38%	816	2,142	38%	2020	In progress
Sealed road pavement rehabilitation 2020	721	2,291	31%	721	2,291	31%	2020	In progress
	Road construction is currently behind schedule due to the unavailability of contractors but will be caught up by the year's end.							
Drainage renewals 2020	82	948	9%	82	948	9%	2020	In progress
Footpaths 2020	692	1,447	48%	692	1,447	48%	2020	In progress
Traffic services renewals 2020	156	439	36%	156	439	36%	2020	In progress
Street lighting upgrade 2020	100	2,005	5%	100	2,005	5%	2020	In progress
	Street lighting is currently behind schedule due to the unavailability of contractors but will be caught up by the year's end.							
On street parking meters	0	700	0%	0	825	0%	2020	On hold
	On hold until inner city upgrade plans released							
Sewerage								
Pipe renewals 2020	668	2,224	30%	668	2,224	30%	2020	In progress
	0							
Stormwater								
Pipe renewals 2020	970	1,422	68%	970	1,422	68%	2020	In progress
	0							
Water Supply								
Pipe renewals - Distribution 2020	855	3,516	24%	855	3,516	24%	2020	In progress
	0							
Water tower strengthening	110	190	58%	136	405	33%	2019-2020	In progress
	0							
Regulatory								
Dog Pound - Sound Proofing & exercise area	0	290	0%	0	290	0%	2020	Not started
	0							

Key capital projects over $250,000 summary

	Current year			Total Project life				
	Actual Dec YTD ($,000)	Forecast current year ($,000)	% of forecast spent	Total Project spend to date ($,000)	Forecast total cost of project ($,000)	% of total project spent	Project timeline	Current status
Social & Cultural								
Library - Chiller replacement	0	250	0%	0	250	0%	2020	Not started
	Currently seeking a source of required equipment							
Pool - Exterior repaint	0	260	0%	0	260	0%	2020	Not started
	Planned for Q3 2020							
Pool - Hydro slide	564	1,459	39%	1,232	2,893	43%	2019-2020	In progress
	Delays in ground work likely to shifted completion into the 2021 year							
Parks - Chinese Garden development	70	400	18%	315	600	53%	2019-2020	In progress
	Recommenced under revised plan							
Parks - Surrey Park grandstand renewal	0	100	0%	35	509	7%	2020	On hold
	Full stratgic review of Surrey Park to be completed in 2020 year							
Parks - Bluff Boat Ramp	7	500	1%	7	1,841	0%	2020-2021	In progress
	Designs being developed							
Parks - Anderson House strengthening	8	30	26%	8	1,741	0%	2020-2021	Not started
	Planning investigation to be current out 2020 with work to start in 2021							
Museum - Kelvin Street Gallery fit out	208	823	25%	0	823	0%	2020	In progress
	Lease signed in Q2 2020. Work expected to be completed in Q3 2020.							
General								
Don street development	22	148	15%	16,231	18,100	90%	2014-2020	In progress
	Possible work required in Q4 for fitout of space in top floor.							
Arts Creativity Invercargill (ACI)	0	1,318	0%	0	16,000	0%	2019-2022	On hold
	Project on hold until managers appointed							
Right hand turn into Esk St / two lane Don St	0	250	0%	0	1,645	0%	2020-2021	Not started
	Work to commence in Q4 2020 and run into 2021.							
IT Software strategy	0	1,075	0%	0	1,075	0%	2020	Not started
	New finance system implementation to be completed by Jun 2020.							
Halls & Theatre - Civic Theatre Interior renewals	0	205	0%	0	1,435	0%	2020	Not started
	Work to commence Q3 -Q4							

FUNDING IMPACT STATEMENT - INVERCARGILL CITY COUNCIL

	YTD Actual Dec 2019 ($000)	YTD Forecast Dec 2019 ($000)	Full Year Forecast 2020 ($000)	Annual Plan 2020 ($000)
SOURCES OF OPERATING FUNDING				
Rates and penalties	55,299	55,159	55,372	55,372
Subsidies and grants for operating purposes	2,643	2,254	4,664	4,664
Fees and charges	9,166	8,042	17,877	17,360
Interest and dividends from investments	1,356	1,222	7,308	7,411
Local authorities fuel tax, fines, infringement fees, and other receipts	3,099	3,258	8,456	10,092
Total operating funding (A)	**71,563**	**69,935**	**93,677**	**94,899**
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	33,848	32,820	67,197	68,277
Finance costs	1,208	1,267	2,624	3,260
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	**35,056**	**34,087**	**69,821**	**71,537**
Surplus (deficit) of operating funding (A - B)	**36,507**	**35,848**	**23,856**	**23,362**
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	1,238	2,231	4,462	4,462
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	12,500	13,600	13,600	0
Gross proceeds from sale of assets	1,244	0	221	251
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	**14,982**	**15,831**	**18,283**	**4,713**
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	315	675	3,036	2,466
- to improve the level of service	1,136	2,033	5,140	5,174
- to replace existing assets	6,732	7,888	21,591	31,600
Increase (decrease) in reserves	1,149	(1)	(1,227)	(85)
Increase (decrease) of investments	13,600	13,600	13,600	(11,080)
Total applications of capital funding (D)	**22,932**	**24,195**	**42,140**	**28,075**
Surplus (deficit) of capital funding (C - D)	**(7,950)**	**(8,364)**	**(23,857)**	**(23,362)**
FUNDING BALANCE ((A - B) + (C - D))	**28,557**	**27,484**	**(1)**	**0**
Depreciation expense (not included in the above FIS)	13,951	13,977	27,954	28,053

FUNDING IMPACT STATEMENT - ROADING

	YTD Actual Dec 2019 ($000)	YTD Forecast Dec 2019 ($000)	Full Year Forecast 2020 ($000)	Annual Plan 2020 ($000)
SOURCES OF OPERATING FUNDING				
Rates and penalties	8,123	8,101	8,101	8,101
Subsidies and grants for operating purposes	1,921	1,635	3,269	3,269
Fees and charges	235	155	369	369
Interest and dividends from investments	54	47	93	128
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	479	677	1,509	1,509
Total operating funding (A)	**10,812**	**10,615**	**13,341**	**13,376**
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	2,131	2,860	5,615	5,615
Finance costs	(9)	0	0	0
Internal charges and overheads applied	843	842	842	842
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	**2,965**	**3,702**	**6,457**	**6,457**
Surplus (deficit) of operating funding (A - B)	**7,847**	**6,913**	**6,884**	**6,919**
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	1,238	2,231	4,462	4,462
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	**1,238**	**2,231**	**4,462**	**4,462**
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	33	225	625	625
- to improve the level of service	20	725	2,168	2,168
- to replace existing assets	2,843	2,781	7,904	8,130
Increase (decrease) in reserves	0	0	649	458
Increase (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	**2,896**	**3,731**	**11,346**	**11,381**
Surplus (deficit) of capital funding (C - D)	**(1,658)**	**(1,500)**	**(6,884)**	**(6,919)**
FUNDING BALANCE ((A - B) + (C - D))	**6,189**	**5,413**	**0**	**0**
Depreciation expense (not included in the above FIS)	4,897	4,907	9,813	10,031

FUNDING IMPACT STATEMENT - SEWERAGE

	YTD Actual Dec 2019 ($000)	YTD Forecast Dec 2019 ($000)	Full Year Forecast 2020 ($000)	Annual Plan 2020 ($000)
SOURCES OF OPERATING FUNDING				
Rates and penalties	6,136	6,098	6,098	6,098
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	(1)	0	0	0
Interest and dividends from investments	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	359	268	700	700
Total operating funding (A)	**6,494**	**6,366**	**6,798**	**6,798**
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	1,874	1,749	2,775	2,775
Finance costs	279	66	133	175
Internal charges and overheads applied	357	340	340	340
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	**2,510**	**2,155**	**3,248**	**3,290**
Surplus (deficit) of operating funding (A - B)	**3,984**	**4,211**	**3,550**	**3,508**
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	**0**	**0**	**0**	**0**
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	3	0	0	0
- to replace existing assets	752	1,604	2,449	2,311
Increase (decrease) in reserves	0	0	1,101	0
Increase (decrease) of investments	0	0	0	1,197
Total applications of capital funding (D)	**755**	**1,604**	**3,550**	**3,508**
Surplus (deficit) of capital funding (C - D)	**(755)**	**(1,604)**	**(3,550)**	**(3,508)**
FUNDING BALANCE ((A - B) + (C - D))	**3,229**	**2,607**	**0**	**0**
Depreciation expense (not included in the above FIS)	2,053	2,053	4,106	3,732

FUNDING IMPACT STATEMENT - SOLID WASTE

	YTD Actual Dec 2019 ($000)	YTD Forecast Dec 2019 ($000)	Full Year Forecast 2020 ($000)	Annual Plan 2020 ($000)
SOURCES OF OPERATING FUNDING				
Rates and penalties	4,476	4,479	4,479	4,479
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	1,134	1,138	4,276	4,276
Interest and dividends from investments	18	11	38	45
Internal charges and overheads recovered	953	916	1,821	1,821
Local authorities fuel tax, fines, infringement fees, and other receipts	5	0	39	39
Total operating funding (A)	**6,586**	**6,544**	**10,653**	**10,660**
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	3,320	3,312	8,385	8,425
Finance costs	4	2	5	0
Internal charges and overheads applied	1,240	1,204	2,108	2,108
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	**4,564**	**4,518**	**10,498**	**10,533**
Surplus (deficit) of operating funding (A - B)	**2,022**	**2,026**	**155**	**127**
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	**0**	**0**	**0**	**0**
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	49	0	0	0
- to replace existing assets	10	0	0	0
Increase (decrease) in reserves	0	0	154	126
Increase (decrease) of investments	0	0	0	1
Total applications of capital funding (D)	**59**	**0**	**154**	**127**
Surplus (deficit) of capital funding (C - D)	**(59)**	**0**	**(154)**	**(127)**
FUNDING BALANCE ((A - B) + (C - D))	**1,963**	**2,026**	**1**	**0**
Depreciation expense (not included in the above FIS)	56	55	111	384

FUNDING IMPACT STATEMENT - STORMWATER

	YTD Actual Dec 2019 ($000)	YTD Forecast Dec 2019 ($000)	Full Year Forecast 2020 ($000)	Annual Plan 2020 ($000)
SOURCES OF OPERATING FUNDING				
Rates and penalties	4,229	4,212	4,212	4,212
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	2	2	3	3
Interest and dividends from investments	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	25	6	6	6
Total operating funding (A)	**4,256**	**4,220**	**4,221**	**4,221**
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	817	806	1,292	1,292
Finance costs	26	20	40	69
Internal charges and overheads applied	335	335	335	335
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	**1,178**	**1,161**	**1,667**	**1,696**
Surplus (deficit) of operating funding (A - B)	**3,078**	**3,059**	**2,554**	**2,525**
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	**0**	**0**	**0**	**0**
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	140	240	480	265
- to replace existing assets	1,392	841	1,435	2,568
Increase (decrease) in reserves	0	0	639	6
Increase (decrease) of investments	0	0	0	(314)
Total applications of capital funding (D)	**1,532**	**1,081**	**2,554**	**2,525**
Surplus (deficit) of capital funding (C - D)	**(1,532)**	**(1,081)**	**(2,554)**	**(2,525)**
FUNDING BALANCE ((A - B) + (C - D))	**1,546**	**1,978**	**0**	**0**
Depreciation expense (not included in the above FIS)	1,931	1,931	3,862	3,513

FUNDING IMPACT STATEMENT - WATER SUPPLY

	YTD Actual Dec 2019 ($000)	YTD Forecast Dec 2019 ($000)	Full Year Forecast 2020 ($000)	Annual Plan 2020 ($000)
SOURCES OF OPERATING FUNDING				
Rates and penalties	7,982	7,960	7,960	7,960
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	700	761	1,466	1,466
Interest and dividends from investments	22	19	38	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	7	0	0	0
Total operating funding (A)	**8,711**	**8,740**	**9,464**	**9,426**
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	2,520	2,369	4,108	4,108
Finance costs	201	208	415	479
Internal charges and overheads applied	680	678	678	678
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	**3,401**	**3,255**	**5,201**	**5,265**
Surplus (deficit) of operating funding (A - B)	**5,310**	**5,485**	**4,263**	**4,161**
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	**0**	**0**	**0**	**0**
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	182	100	190	1,282
- to replace existing assets	898	915	3,768	6,348
Increase (decrease) in reserves	0	0	304	0
Increase (decrease) of investments	0	0	0	(3,469)
Total applications of capital funding (D)	**1,080**	**1,015**	**4,262**	**4,161**
Surplus (deficit) of capital funding (C - D)	**(1,080)**	**(1,015)**	**(4,262)**	**(4,161)**
FUNDING BALANCE ((A - B) + (C - D))	**4,230**	**4,470**	**1**	**0**
Depreciation expense (not included in the above FIS)	2,019	2,019	4,038	4,007

FUNDING IMPACT STATEMENT - REGULATORY

	YTD Actual Dec 2019 ($000)	YTD Forecast Dec 2019 ($000)	Full Year Forecast 2020 ($000)	Annual Plan 2020 ($000)
SOURCES OF OPERATING FUNDING				
Rates and penalties	3,831	3,819	3,819	3,819
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	3,268	1,958	3,504	3,504
Interest and dividends from investments	9	8	15	9
Internal charges and overheads recovered	0	0	72	72
Local authorities fuel tax, fines, infringement fees, and other receipts	339	573	1,127	1,127
Total operating funding (A)	**7,447**	**6,358**	**8,537**	**8,531**
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	3,696	3,363	6,307	6,387
Finance costs	(4)	0	0	2
Internal charges and overheads applied	2,109	2,109	2,181	2,181
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	**5,801**	**5,472**	**8,488**	**8,570**
Surplus (deficit) of operating funding (A - B)	**1,646**	**886**	**49**	**(39)**
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	90	90
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	**0**	**0**	**90**	**90**
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	0	10	573	298
Increase (decrease) in reserves	41	0	(434)	(76)
Increase (decrease) of investments	0	0	0	(171)
Total applications of capital funding (D)	**41**	**10**	**139**	**51**
Surplus (deficit) of capital funding (C - D)	**(41)**	**(10)**	**(49)**	**39**
FUNDING BALANCE ((A - B) + (C - D))	**1,605**	**876**	**0**	**0**
Depreciation expense (not included in the above FIS)	41	41	82	155

FUNDING IMPACT STATEMENT - SOCIAL AND CULTURAL

	YTD Actual Dec 2019 ($000)	YTD Forecast Dec 2019 ($000)	Full Year Forecast 2020 ($000)	Annual Plan 2020 ($000)
SOURCES OF OPERATING FUNDING				
Rates and penalties	15,259	15,239	15,239	15,239
Subsidies and grants for operating purposes	687	607	1,369	1,369
Fees and charges	2,808	2,857	5,922	5,922
Interest and dividends from investments	148	129	257	264
Internal charges and overheads recovered	633	455	455	455
Local authorities fuel tax, fines, infringement fees, and other receipts	833	613	2,499	3,059
Total operating funding (A)	**20,368**	**19,900**	**25,741**	**26,308**
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	9,821	9,012	18,093	18,632
Finance costs	95	92	184	251
Internal charges and overheads applied	3,256	3,112	3,112	3,112
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	**13,172**	**12,216**	**21,389**	**21,995**
Surplus (deficit) of operating funding (A - B)	**7,196**	**7,684**	**4,352**	**4,313**
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	593	0	58	58
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	**593**	**0**	**58**	**58**
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	260	450	968	398
- to improve the level of service	732	968	2,302	1,459
- to replace existing assets	538	1,215	3,146	5,332
Increase (decrease) in reserves	697	(1)	(2,007)	(1,269)
Increase (decrease) of investments	0	0	0	(1,549)
Total applications of capital funding (D)	**2,227**	**2,632**	**4,409**	**4,371**
Surplus (deficit) of capital funding (C - D)	**(1,634)**	**(2,632)**	**(4,351)**	**(4,313)**
FUNDING BALANCE ((A - B) + (C - D))	**5,562**	**5,052**	**1**	**0**
Depreciation expense (not included in the above FIS)	2,223	2,231	4,462	4,726

FUNDING IMPACT STATEMENT - GENERAL

	YTD Actual Dec 2019 ($000)	YTD Forecast Dec 2019 ($000)	Full Year Forecast 2020 ($000)	Annual Plan 2020 ($000)
SOURCES OF OPERATING FUNDING				
Rates and penalties	5,263	5,251	5,464	5,464
Subsidies and grants for operating purposes	36	12	25	25
Fees and charges	1,019	1,170	2,337	1,820
Interest and dividends from investments	1,105	1,009	6,867	6,964
Internal charges and overheads recovered	10,483	10,483	10,483	10,483
Local authorities fuel tax, fines, infringement fees, and other receipts	1,052	1,122	2,576	3,652
Total operating funding (A)	**18,958**	**19,047**	**27,752**	**28,408**
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	9,667	9,348	20,622	21,042
Finance costs	616	878	1,846	2,284
Internal charges and overheads applied	3,246	3,232	3,232	3,232
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	**13,529**	**13,458**	**25,700**	**26,558**
Surplus (deficit) of operating funding (A - B)	**5,429**	**5,589**	**2,052**	**1,850**
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	12,500	13,600	13,600	0
Gross proceeds from sale of assets	651	0	73	103
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	**13,151**	**13,600**	**13,673**	**103**
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	22	0	1,443	1,443
- to improve the level of service	10	0	0	0
- to replace existing assets	293	522	2,316	6,613
Increase (decrease) in reserves	412	0	(1,634)	669
Increase (decrease) of investments	13,600	13,600	13,600	(6,771)
Total applications of capital funding (D)	**14,337**	**14,122**	**15,725**	**1,954**
Surplus (deficit) of capital funding (C - D)	**(1,186)**	**(522)**	**(2,052)**	**(1,851)**
FUNDING BALANCE ((A - B) + (C - D))	**4,243**	**5,067**	**0**	**(1)**
Depreciation expense (not included in the above FIS)	730	740	1,480	1,505

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
KEY PERFORMANCE INDICATORS

Social and cultural

Description	YE 2019 Actual	Q 1	Q 2	Q 3	Q 4		YE 2020 Target	Variance
Library items issued	613,139	147,348	298,281	0	0	😐	600,000	(1%)
Number of library visits	524,292	120,950	253,183	0	0	😐	520,000	(3%)
Number of reference enquiries	90,432	30,575	64,181	0	0	✓	85,000	51%
Library membership as % of total population	72%	N/A	69%	0%	0%	✓	> 65%	4%
Number of pool visits per head of Invercargill City population	8	8	8	0	0	✓	> 6.5	23%
Survey of Swim School customers rating good or very good	78%	78%	78%	0%	0%	😐	85%	(7%)
Time when a minimum of four 25m public lanes are available for swimming	95%	96%	95%	0%	0%	✓	90%	5%
Housing care rental does not exceed 30% of gross superannuation benefit	23%	26%	26%	0%	0%	✓	< 30%	4%
Passenger transport numbers are increasing	182,627	47,623	90,835	0	0	😐	↑	(1%)
% of passengers satisfied with the level of fares	83%	N/A	N/A	0%	0%	😐	82%	N/A
% of passengers satisfied that the fare system is easy to understand	89%	N/A	N/A	0%	0%	😐	82%	N/A
Council administers and supports the Total Mobility Scheme	Yes	Yes	Yes	0%	0%	✓	Yes	0%
Queens Park is accredited as a "Garden of National Significance"	Yes	Yes	Yes	0%	0%	✓	Yes	0%
% of requests actioned within 4 working days	N/A	100%	100%	0%	0%	✓	100%	0%
Number of justified complaints received relating to safety within parks and cemeteries	3	0	3	0	0	✗	0	(300%)
Policies around pest management are included in Reserve Management Plans	Yes	Yes	Yes	0%	0%	✓	Yes	0%
Increasing use of targeted reserves as measured by visitor counters at access points	757,396	241,988	523,747	0	0	✓	↑	38%

Regulatory

Description	YE 2019 Actual	Q 1	Q 2	Q 3	Q 4		YE 2020 Target	Variance
Building consents are issued within 20 working days	64%	66%	47%	0%	0%	✗	100%	(53%)
Non-notified resource consents not requiring a hearing are issued within 20 working days	100%	98%	90%	0%	0%	😐	100%	(10%)
Food applications are issued within 20 working days	99%	100%	100%	0%	0%	✓	100%	0%
Alcohol licences not requiring a hearing are issued within 30 working days	88%	100%	100%	0%	0%	✓	100%	0%
% of LIM applications lodged electronically	50%	45%	54%	0%	0%	✗	80%	(26%)
% of resource consent applications lodged electronically	12%	26%	21%	0%	0%	✗	80%	(59%)
% of dog registrations lodged electronically	20%	14%	25%	0%	0%	✗	80%	(55%)
% of blocks in the Priority Buildings Area investigated for potentially earthquake-prone buildings	78%	82%	100%	0%	0%	✓	40%	60%
Earthquake-prone buildings incentives are developed and implemented	No	No	No	0%	0%	✗	Yes	(100%)
Plans and bylaws are reviewed in line with the timetable included in the Regulatory Services Activity Management Plan	No	No	No	0%	0%	✗	Yes	(100%)

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
KEY PERFORMANCE INDICATORS

Solid waste

Description	YE 2019 Actual	Q 1	Q 2	Q 3	Q 4		YE 2020 Target	Variance
Increase in kerbside recycling (tonnes)	3,307	793	1,673	0	0	✓	↑	1%
Decrease in kerbside rubbish collection (tonnes)	10,672	2,661	5,431	0	0	😐	↓	(2%)
Decrease in solid waste to landfill (tonnes)	19,705	4,871	10,372	0	0	😐	↓	(5%)
Increase in diverted material (tonnes)	9,062	1,533	3,036	0	0	✗	↑	(33%)
Regional discarded materials rate per person per annum (kgs)	710	N/A	N/A	0	0	😐	650	N/A

Water supply

Description	YE 2019 Actual	Q 1	Q 2	Q 3	Q 4		YE 2020 Target	Variance
Number of breaches of part 4 of the drinking-water standards	0	0	0	0	0	✓	0	0%
Number of breaches of part 5 of the drinking-water standards	0	0	0	0	0	✓	0	0%
% of real water loss from the networked reticulation system	9.9%	N/A	N/A	0.0%	0.0%	😐	< 30%	N/A
Number of complaints received by Council per 1,000 connections about any of the following:								
- Drinking water clarity	0.24	0.05	0.14	0.00	0.00	✓	≤ 0.45 per month	69%
- Drinking water taste	0.05	0.14	0.14	0.00	0.00	✓	≤ 0.45 per month	69%
- Drinking water odour	0.05	0.00	0.05	0.00	0.00	✓	≤ 0.45 per month	89%
- Drinking water pressure of flow	0.05	0.10	0.00	0.00	0.00	✓	≤ 0.45 per month	100%
- Continuity of supply	0.14	0.14	0.05	0.00	0.00	✓	≤ 0.45 per month	89%
- Council's response to any of these issues	0.05	0.00	0.00	0.00	0.00	✓	≤ 0.45 per month	100%
Median time for service personnel to reach site for urgent events	0h 26m	0h 16m	0h 15m	0h 00m	0h 00m	✓	≤ 4 hours	94%
Median time for the resolution of urgent events	0d 1h 17m	0d 1h 07m	0d 1h 17m	0d 0h 00m	0d 0h 00m	✓	≤ 24 hours	95%
Median time for service personnel to reach site for non-urgent events	5d 19h 48m	5d 5h 40m	5d 18h 08m	0d 0h 00m	0d 0h 00m	✗	≤ 5 working days	(15%)
Median time for the resolution of non-urgent events	7d 4h 05m	6d 3h 28m	6d 6h 15m	0d 0h 00m	0d 0h 00m	✓	≤ 10 working days	37%
Average drinking water consumption (litres per resident per day)	462	389	425	0	0	✓	< 700	39%
The Invercargill water supply is safe to drink as measured by the Ministry of Health grades	Aa	Aa	Aa	0	0	✓	Aa	0%
The Bluff water supply is safe to drink as measured by the Ministry of Health grades	Ab	Ab	Ab	0	0	✗	Aa	(100%)
Notification of planned shutdowns is given at least 24 hours beforehand by letter drop	1	1	1	0	0	✓	90%	8%
Duration of planned shutdowns is no more than 8 hours	1	1	1	0	0	✓	100%	0%
% of hydrants tested that exceed a flow rate of 12.5 litres per second	100%	N/A	N/A	0	0	😐	97.5%	N/A

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
KEY PERFORMANCE INDICATORS

Roading

Description	YE 2019 Actual	Q 1	Q 2	Q 3	Q 4		YE 2020 Target	Variance
Damaged signs are responded to within 48 hours of notification	77%	70%	71%	0%	0%	✗	> 85%	(14%)
Traffic signal faults are responded to within 1 hour for emergency work, 4 hours for serious faults and 12 hours for minor faults	100%	78%	100%	0%	0%	✓	> 85%	15%
% of customer service requests responded to within 5 days	76%	76%	77%	0%	0%	😐	82%	(5%)
Decrease in the annual number of fatalities and serious crashes on the local road network	18	N/A	N/A	0%	0%	😐	↓	N/A
Higher than the national average quality of ride on a sealed local network - Urban	89%	N/A	N/A	0%	0%	😐	N/A	N/A
Higher than the national average quality of ride on a sealed local network - Rural	96%	N/A	N/A	0%	0%	😐	N/A	N/A
% of the sealed local road network that is resurfaced	6%	N/A	N/A	0%	0%	😐	> 6.25%	N/A
% of footpaths in very poor condition	1%	N/A	N/A	0%	0%	😐	< 8%	N/A
Street lighting is compliant with AS/NZS 1158 to agreed levels	74%	N/A	N/A	0%	0%	😐	↑	N/A
Number of unplanned road closures	N/A	N/A	N/A	0%	0%	😐	< 8	N/A
The overall annual cost per km and vkt of routine maintenance on each road network	N/A	N/A	N/A	0%	0%	😐	< Peer Group Average	N/A

Sewerage

Description	YE 2019 Actual	Q 1	Q 2	Q 3	Q 4		YE 2020 Target	Variance
Number of dry weather sewerage overflows per 1,000 properties	0.49	0.18	0.18	0.00	0.00	✓	< 4	91%
Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of: - Abatement notices - Infringement notices - Enforcement orders - Convictions	0	0	0	0	0	✓	0	0%
Total number of complaints received by Council about sewerage odour	0	0	0	0	0	✓	0	0%
Total number of complaints received by Council about blockages and faults per 1,000 connections	2.50	0.45	0.54	0.00	0.00	✓	< 4	73%
Service personnel reach site within 1 hour for emergency events	91%	95%	97%	0%	0%	✓	90%	7%
Temporary repairs completed within 4 hours for emergency events	95%	100%	98%	0%	0%	✓	95%	3%
Service disruptions for individual properties are less than 12 hours	100%	100%	100%	0%	0%	✓	100%	0%
Trade waste consent applications are responded to within 10 working days	100%	100%	100%	0%	0%	✓	80%	20%

INVERCARGILL CITY COUNCIL QUARTERLY REPORT TO 31 DECEMBER 2019
KEY PERFORMANCE INDICATORS

Stormwater

Description	YE 2019 Actual	Q 1	Q 2	Q 3	Q 4		YE 2020 Target	Variance
Number of flooding events	0	0	1	0	0	✗	0	(100%)
Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of: - Abatement notices - Infringement notices - Enforcement orders - Convictions	0	0	2	0	0	✗	0	(200%)
Number of complaints received by Council about stormwater system performance per 1,000 properties	0.45	0.32	0.46	0.00	0.00	✓	< 4	77%
Service personnel reach site within 1 hour for emergency events	93%	100%	100%	0%	0%	✓	90%	10%

General

Description	YE 2019 Actual	Q 1	Q 2	Q 3	Q 4		YE 2020 Target	Variance
Number of households involved in Neighbourhood Support	1,290	1,289	1,266	0	0	😐	↑	(2%)
Number of groups involved in Neighbourhood Support	130	130	125	0	0	😐	↑	(4%)
Number of residents participating in funded programmes	31,160	N/A	26,131	0	0	✓	10,000	161%
Number of events, agencies and businesses achieving the use of the friendly brand	15	5	0	0	0	✗	12	(100%)
Number of young people participating in initiatives	514	240	313	0	0	✓	400	57%
Automated toilets are available 24 hours	98%	93%	96%	0%	0%	✓	95%	1%
% of surveyed residents satisfied or greater with opportunities Council provides for Community involvement in decision-making	28%	N/A	N/A	0%	0%	😐	50%	N/A
Number of alternative methods of communicating to and receiving information from the community introduced	1	N/A	N/A	0	0	😐	1	N/A
Investment property's net rate of return ≥ current market interest rate	4%	N/A	N/A	0%	0%	😐	Yes	N/A

TO: **FINANCE AND POLICY**

FROM: **DAVE FOSTER, INTERIM GROUP MANAGER FINANCE AND CORPORATE**

MEETING DATE: **TUESDAY 18 FEBRUARY 2020**

FIVE YEAR COMPARISON OF STAFF RELATED COSTS

Summary

This report compares the staff costs for Invercargill City Council for the past 3 years and the expected forecast for the current financial year.

BACKGROUND

Finance has been asked to prepare a report comparing Staff costs over the past 3 years and to identify the expected spend for the current financial year.

Analysis of the Past 5 Years

While we have been asked to analyse only the staff costs for 3 years, we felt it more appropriate to also contextualise that information within a whole of Council operating costs and revenue review. This agenda also contains the Quarterly report and financial forecast for the current year ending 30 June 2020. Also we are aware that the Annual plan and LTP are emerging bodies of work. Key components of that work is the budgets and it is important that Council have an awareness of the history and the trends that are in place over the last 6 years.

The information shows some interesting trends. Average rates rises for the last 6 years have been at just over 3.1%, and when growth in the rating base is factored in this would mean that the average per property rates rise would be about 2.95%. This is because growth has been occurring at about 0.15% over those years.

Income from activities has risen faster than rates rises and a key component in this is the increase in NZTA subsidy now that footpaths are also subsidised.

Rental and investment income has risen about 7% compounding per annum. While this may appear to be a good thing it is not necessarily as the increase in rent does not necessarily mean that the properties are making a fair return. Factors that need to be considered in this is the extent to which the increased rent comes from a larger property portfolio which is partly a reason for the increase in Depreciation charges. However as we can see rental and investment revenue is an important and growing revenue source and enhanced management will be focused on maintaining and improving these returns.

Employee expenses have risen on average 2.9% per annum. This is the slowest increase in all of Council expenditure. As a number of staff vacancies are being filled with contractors, which are reported under the Operating expenses line in our reports we have adjusted this year forecast and last year actual to reflect if those positions were staff. This means the table below slightly differs to last year's Annual Report and our quarterly report.

The net result though remains the same.

Operating expenses have risen by 3.7% per annum on average. It is important to note that Operating costs are substantially provided by external providers under procurement contracts, which are competitively let.

Finance expenses are the cost of interest on Council debt. The increase of 6.5% per annum disguises the fact that interest rates have steadily reduced over the 6 years analysed and so the increase in cost relates to a substantially higher increase in debt levels.

Depreciation is a non-cash cost, but is a very real cost as it shows the extent to which the assets are aging and will require funds for future replacement. It is interesting to note that in 2015 depreciation was slightly lower than employee costs and is now more than 10% higher than staff costs. Depreciation is a major factor in the need for rates rises, as decay of assets means new assets will be required in future.

In future Finance meetings staff will be briefing Council on the financial modelling occurring to support the Annual Plan, the LTP and also other investment decisions. While there are a lot of complicated moving parts in the financial management world, the fundamentals are quite basic and it is essential that we are able to deliver a simplified and understandable picture to inform Council decision making for current and future generations.

Finance will prepare a presentation on the analysis to the meeting.

Financial analysis for past 5 years

	2015	2016	2017	2018	2019	AP 2020	Forecast 2020		6 Year increase		Average PA increase	
Rates	46,022	47,883	49,003	50,862	53,309	55,372	55,372		120%		103.13%	
Income from Activities	25,447	27,775	27,472	30,440	38,558	33,612	32,476		128%		104.15%	
Rental Revenue	1,852	1,851	2,013	2,307	2,582	2,966	2,983		161%		108.27%	
Investment revenue	4,641	5,743	6,769	7,479	7,398	7,411	7,308		157%		107.86%	
Total Revenue	**77,962**	**83,252**	**85,257**	**91,088**	**101,847**	**99,361**	**98,139**		**126%**		**103.91%**	
Employee Expenses	21,613	23,012	23,602	24,012	24,660	25,429	25,652		119%		102.89%	
Operating Expenses	33,399	36,490	37,095	40,093	45,836	42,808	41,544		126%		103.7%	
Finance Expenses	1,801	2,253	2,738	2,869	2,845	3,260	2,624		146%		106.47%	
Depreciation	21,291	21,890	23,527	26,853	27,807	28,053	27,954		131%		104.64%	
Total Expenses	**78,104**	**83,645**	**86,962**	**93,827**	**101,148**	**99,550**	**97,774**		**125%**		**103.81%**	
Surplus/(Deficit	**- 142**	**- 393**	**- 1,705**	**- 2,739**	**699**	**- 189**	**365**					

CONFIDENTIAL

TREASURY REPORT

FOR

Invercargill
CITY COUNCIL

AS AT 31 DECEMBER 2019

BANCORP
BANCORP TREASURY SERVICES LIMITED

AUCKLAND • CHRISTCHURCH

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1. MARKET ENVIRONMENT

1.1 GLOBAL – OVERVIEW (FOR THE DECEMBER 2019 QUARTER)

The main focus for central banks and financial markets over the December 2019 quarter were the US/China trade war and Brexit. A number of central banks, led by the Federal Reserve ("Fed"), People's Bank of China, Reserve Bank of Australia ("RBA") and the Reserve Bank of New Zealand ("RBNZ"), cut their target interest rates over the quarter and called on their respective governments to loosen fiscal policy through increased spending.

By the end of December, the same central banks, along with those of the Eurozone, UK, Japan and Canada, had concluded that global downside risks had abated or been addressed by monetary policy actions and to quote the Fed "*the current stance of monetary policy is appropriate*" and it "*will continue to monitor the implications of incoming information for the economic outlook, including global developments and muted inflation pressures*."

Those conclusions came about after the US and China agreed a Phase 1 trade deal and the UK Conservative Party won a landslide election victory that made Brexit on 31 January 2020 a near certainty. The general consensus among central banks was that the worst was over, although downside risks remain, and that it was appropriate to maintain a watching brief to allow for the time lags between cause and effect of monetary policy.

As if to emphasise this shift by central banks, Sweden's Riksbank, one of the central bank pioneers of negative cash rates after the GFC, raised its target cash (repo) rate by 25 basis points to 0.00% in late December. However, it made it clear that it had no plans to raise its repo rate in the coming year, which markets inferred as the Riksbank conceding that negative interest rates are more harmful than helpful in stimulating economic growth, employment and inflation.

The yield on the benchmark US 10 year Treasury bond typified the ebb and flow of sentiment and interest rates over the December quarter. It ended the September quarter at 1.67%, fell to a low of 1.51% in early October amid escalating economic and geopolitical worries. It peaked at 1.97% in early November before falling to a low of 1.69% in early December as geopolitical and trade worries intensified. However, these worries quickly abated resulting in the yield climbing throughout December to finish the quarter at 1.92%.

The RBA kept its cash rate at 0.75% at its December meeting and repeated that it will be assessing "*the long and variable lags in the transmission of monetary policy*," also that "*it was reasonable to expect that an extended period of low interest rates will be required in Australia to reach full employment and achieve the inflation target*" and that it "*is prepared to ease monetary policy further if needed*."

1.2 NEW ZEALAND – OVERVIEW (FOR THE DECEMBER 2019 QUARTER)

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
30 September 2019	1.00%	1.15%	0.94%	0.91%	0.94%	1.04%	1.21%
31 December 2019	1.00%	1.29%	1.28%	1.32%	1.44%	1.59%	1.78%
Change	Nil	+0.14%	+0.34%	+0.41%	+0.50%	+0.55%	+0.57%

New Zealand's CPI rose 0.7% over the September quarter, up from 0.6% in the June quarter and slightly higher than the RBNZ forecasted. Annual CPI fell from 1.7% in June to 1.5% in September.

GDP was unexpectedly strong over the September quarter, rising 0.7%, from 0.1% in the June quarter (revised down from 0.5%), aided by a lift in retail spending. Revisions to previous quarters softened the annual rise to 2.3%, up from 2.1% in June.

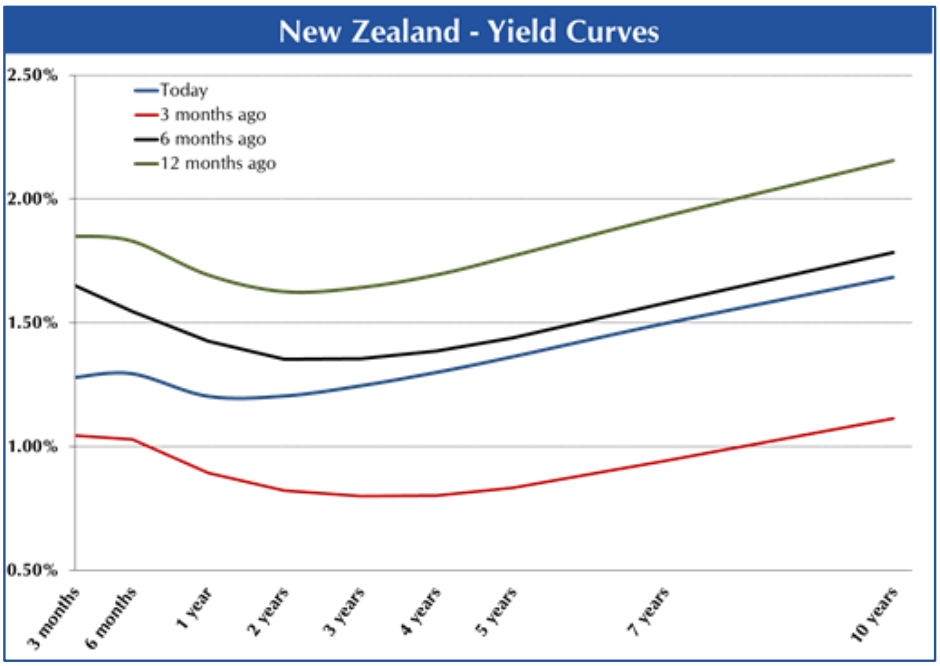
New Zealand's unemployment rate jumped from 3.9% in June to 4.2% in September, a bigger rise than expected. Wages rose 0.8% over the September quarter and 2.4% over the year, from 0.7% and 2.1% respectively in June.

The RBNZ's Monetary Policy Committee ("MPC") kept the Official Cash Rate ("OCR") at 1.00% at its November meeting. The MPC reasoned that "*economic developments since the August Statement do not warrant a change to the already stimulatory monetary setting at this time*" but it warned that "*economic growth continued to slow in mid-2019 reflecting weak business investment and soft household spending.*"

Looking ahead, the MPC considers that "*domestic economic activity is expected to increase during 2020 supported by low interest rates, higher wage growth, and increased government spending and investment.*" Nevertheless, "*interest rates will need to remain at low levels for a prolonged period to ensure inflation reaches the mid-point of our target range and employment remains around its maximum sustainable level.*"

The MPC's decision to leave the OCR at 1.00% and its implicit neutral forward guidance prompted local markets to adjust their expectations for further OCR cuts. At the end of the September quarter, with the surprise 50 basis points OCR cut in August still fresh, markets fully priced in a 25 basis points OCR cut in February 2020 and a 68% chance of a second in 2020. At the end of the December, market pricing implied only a 36% chance of a single 25 basis points OCR cut in 2020.

New Zealand medium to longer term interest rates moved in line with both global trends and developments in the domestic economy over the December quarter. After falling to new record lows in early October, they rebounded as the RBNZ and markets adjusted to an improving outlook for the global and New Zealand economies. The following chart shows the extent to which they moved over the past year, especially over the December quarter.

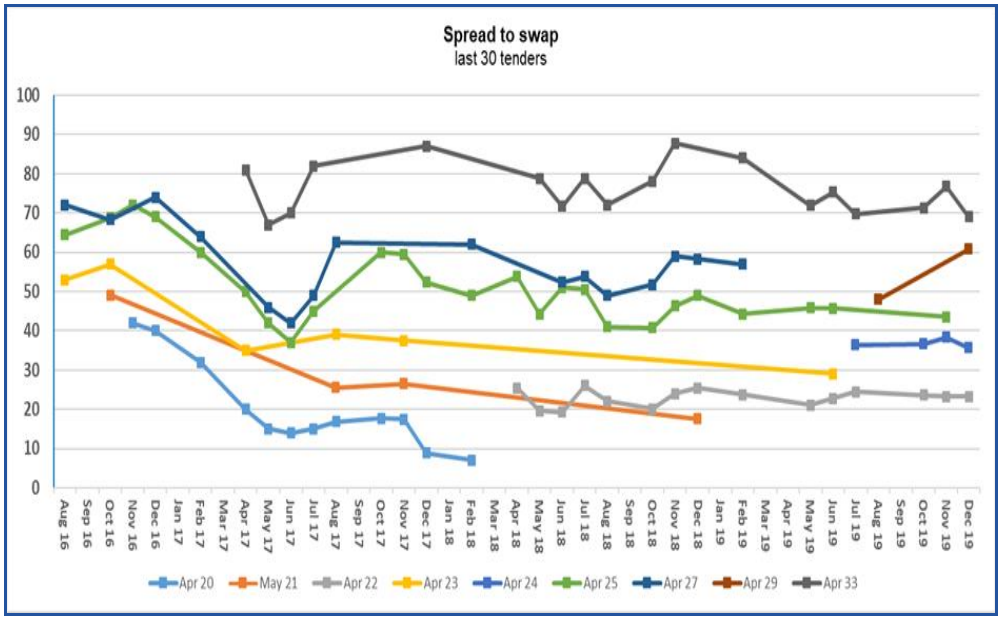


1.3 Local Authority Funding

Listed on the following page are the credit spreads and applicable interest rates for Commercial Paper ("CP"), Floating Rate Notes ("FRN") and Fixed Rate Bonds ("FRB"), at which Invercargill City Council ("ICC") could source debt from the Local Government Funding Agency ("LGFA").

Maturity	Credit Spread	FRN (or CP) Rate	Fixed Rate Bond
3 month CP	0.12%	1.32%	N/A
6 month CP	0.12%	1.32%	N/A
April 2020	0.20%	1.40%	1.37%
May 2021	0.31%	1.51%	1.48%
April 2022	0.34%	1.54%	1.58%
April 2023	0.44%	1.64%	1.68%
April 2024	0.50%	1.70%	1.82%
April 2025	0.55%	1.75%	1.95%
April 2027	0.69%	1.89%	2.16%
April 2029	0.70%	1.90%	2.40%
April 2033	0.88%	2.08%	2.69%

The following chart, that is produced by the LGFA, shows the credit spreads for all LGFA issued debt going back to mid 2016 and highlights the stability in these spreads over this period.



2. CURRENT POSITION

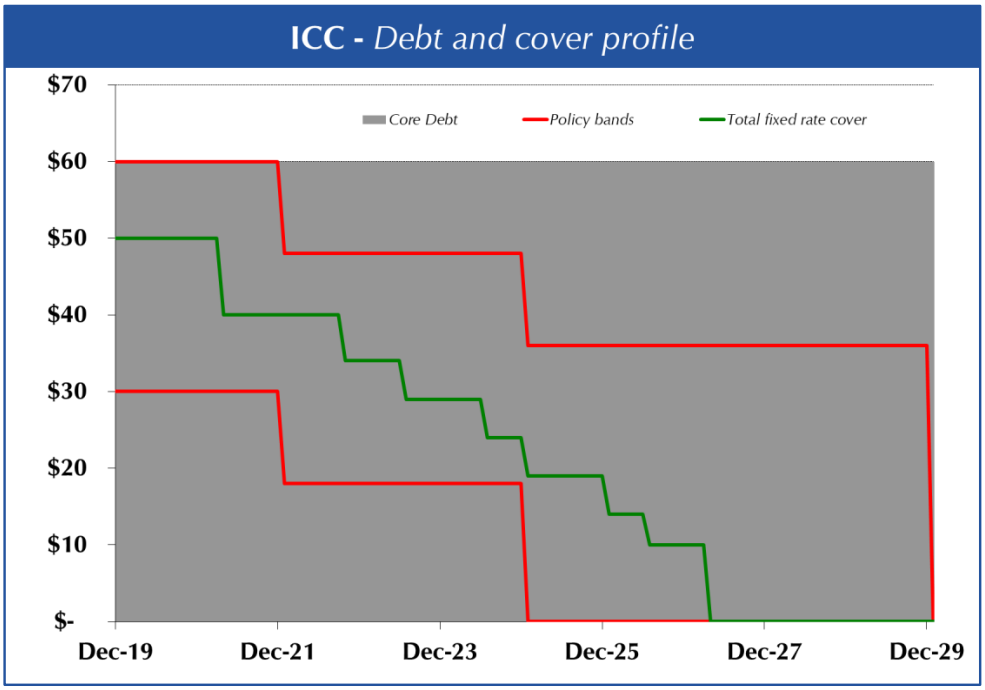
2.1 SUMMARY OF CURRENT POSITION

ICC manages its interest rate exposure on an assumed constant future core debt level of $60.0 million.

The policy parameters under which ICC manages its interest rate risk on this debt are detailed below.

Fixed Rate Hedging Percentages		
	Minimum Fixed Rate Amount	**Maximum Fixed Rate Amount**
0 - 2 years	50%	100%
2 - 5 years	30%	80%
5 - 10 years	0%	60%

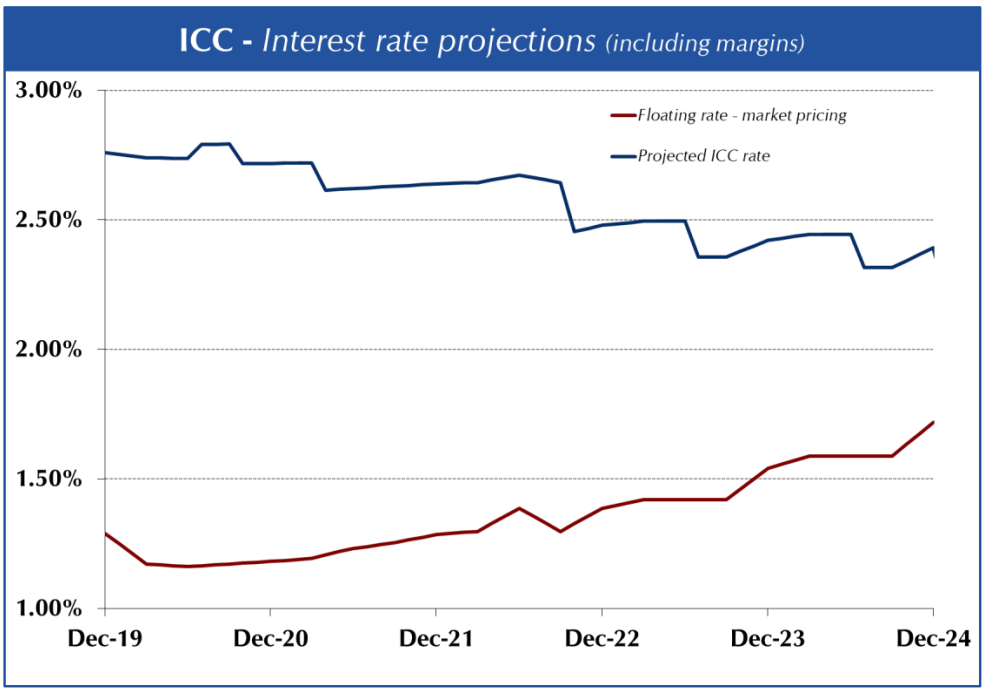
As at 31 December 2019 the debt and associated hedging profile using the above policy parameters is as follows:



The chart shows that as at 31 December, ICC was policy compliant.

2.2 PROJECTED INTEREST RATES

The following chart shows the interest rate projections including margins for the next five years. This assumes debt remains at $60.0 million as forecast and that the 90 day rate bank bill rate will move in line with the futures market's prevailing projected track. The chart shows that the all up interest rate will fall from around 2.75% to below 2.50% as fixed rate swaps mature.



3. POLICY COMPLIANCE REPORT

Total debt for ICC as at 31 December 2019: **$60.0 million**

Total swap cover is detailed in the table below.

Amount	Start date	Maturity date	Rate	Market Value
4,000,000	29-Jul-17	29-Jul-20	2.405%	($61,090)
3,000,000	08-Nov-13	29-Oct-20	4.703%	($140,839)
3,000,000	29-Jan-18	29-Oct-20	2.480%	($57,616)
6,000,000	29-Oct-20	31-Oct-22	2.830%	($174,846)
5,000,000	29-Jul-16	31-Jul-23	2.580%	($260,824)
5,000,000	20-Jun-16	29-Jul-24	2.650%	($320,857)
5,000,000	29-Jan-19	29-Jan-25	3.965%	($691,578)
5,000,000	30-Oct-17	29-Jan-26	3.220%	($552,786)
4,000,000	29-Jul-20	29-Jul-26	3.200%	($364,601)
40,000,000				**($2,625,037)**

Total cover (including fixed rate bonds): **$50.0 million**

Current fixed rate cover as percentage of core debt: 83.3**%**

		POLICY	BREACH
Fixed rate cover bands			
0 - 2 years	*50% - 100%*	✓	
2 - 5 years	*30% - 80%*	✓	
5 - 10 years	*0% - 60%*	✓	
Average rate of fixed rate swaps*			3.11%
Average rate of FRBs			2.24%
Floating rate at last roll date			1.06%
Weighted average cost of debt			2.30%
Weighted average borrowing margin			0.49%
Weighted average cost of debt including margin and line fee**			2.79%

** Does not include forward starting swaps*

***This is the weighted average rate as at 31 December 2019 and does not represent a cumulative average rate for the current financial year.*

TO: **FINANCE AND POLICY**

FROM: **RHIANNON SUTER, MANAGER – STRATEGY AND POLICY**

MEETING DATE: **TUESDAY 18 FEBRUARY 2020**

ENGAGEMENT PLAN – ANNUAL PLAN AND LONG TERM PLAN

SUMMARY

This report details the proposed engagement approach for the delivery of consultation and engagement requirements for the Annual Plan and Long Term Plan processes.

RECOMMENDATIONS

That the Council:

1. **Receives the report titled "Engagement Plan – Annual Plan and Long Term Plan";**

2. **Determines to consult on the 2020/ 2021 Annual Plan, in line with legislative requirements and the Council's Significance and Engagement Policy;**

3. **Note the intended timetable for delivery of key Annual Plan and Long Term Plan processes for the period until June 2020, which will be brought to full Council.**

IMPLICATIONS

1.	*Has this been provided for in the Long Term Plan/Annual Plan?* Yes
2.	*Is a budget amendment required?* No
3.	*Is this matter significant in terms of Council's Policy on Significance?* No
4.	*Implications in terms of other Council Strategic Documents or Council Policy?* *This engagement is required as part of the Annual Plan and Long Term Plan processes*
5.	*Have the views of affected or interested persons been obtained and is any further public consultation required?* This engagement plan outlines the approach to Annual Plan engagement
6.	*Has the Child, Youth and Family Friendly Policy been considered?* Yes

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FINANCIAL IMPLICATIONS

None.

BACKGROUND

This year the Long-term Plan process will commence resulting in the adoption of the 2021 – 2031 Long-term Plan by the end of June 2021. There is an opportunity for early engagement in the first half of 2020.

Formal consultation on the Long-term Plan will take place in the first half of 2021.

Consultation on the 2020/21 Annual Plan would take place in April and May for the plan to be adopted by the end of June 2020.

Long-Term Plan

Under Section 93 of the Local Government Act, a local authority must at all times have a Long-term Plan, which must be consulted on and renewed each three year period.

The purpose of a Long-term Plan is to:
- Describe the activities for the local authority, and
- Describe the community outcomes of the local authority's district or region, and
- Provide integrated decision making and coordination of the resources of the local authority, and
- Provide long term focus for the decisions and activities of the local authority, and
- Provide a basis for accountability of the local authority to the community.

The Long-term Plan is one of the most important guiding documents for Council and an opportunity to set a clear strategic vision and outline the detailed ten year delivery plan and budget to achieve that vision.

Annual Plan

Under Section 95 of the Local Government Act, a local authority must prepare and adopt an Annual Plan for each financial year, consulting on those matters where there are variances to the Long-term Plan, which meet the criteria of the Council's Significance and Engagement policy.

No matters were determined to be significant as part of the 2019/20 process and consultation was not undertaken.

It is recommended that Council consult on the following matters as part of the 2020/21 Annual Plan:
- The capital works programme – Changes to timeframes in delivery for a range of reasons have resulted in significant variance for key projects to be delivered in the 2020/21 year
- Contract for delivery of recycling services – As a result of issues relating to the awarding of the recycling contract, there are potentially significant additional costs for ratepayers
- Southland Indoor Leisure Centre Trust request for additional $300,000 funding ($700,000 total annual funding) – A separate paper provides detail on this matter.
- Governance recommendations for the Southland Museum and Art Gallery Board

It is recommended that the formal consultation process for the Annual Plan is an appropriate and valuable mechanism to seek the public's views on these matters. In addition there may be other matters, where the timing of decision making requirements will determine if they should also be included in the process.

Alignment of Long-term Plan and Annual Plan Engagement

The requirement to consult on the Annual Plan and to undertake engagement for the Long-term Plan within the same period presents challenges, and associated opportunities.

Consultation on the Annual Plan is restricted to very specific issues where there is a variance from the 2018 – 2028 Long-term Plan. Residents are asked to consider only these issues, and only for the period of the 2020/21 Annual Plan.

Engagement for the Long-term Plan is, in comparison, an opportunity for residents to share their views on a much broader range of topics, with a view to the next ten years of Council operation, and with regard to the infrastructure assets, the next thirty years.

Engagement can be green-field (i.e. undirected in topic) or can be more directive, through the choice of questions asked of residents.

Given the need to balance these two very different conversations with the public over a similar time period, a number of strategies are recommended:

- Alignment through an overarching communications strategy which tells the story of progress since the adoption of the 2018 Long Term Plan, including focus on the high profile capital works where forecast commencement dates have varied with the Long-term Plan
- Given the recommendation to consult on the Capital works programme in the Annual Plan, there is an opportunity to link this to the communications strategy
- Long-term Plan engagement will be more valuable with a clear story on progress on high profile capital works projects, as this is an area of significant public interest. This story will help the conversation to move forward, and incorporate important long-term matters such as climate change, rather than remain focused primarily on concerns regarding delays
- In order to develop the overarching communications story, strategic Council workshop(s) in the first quarter of 2020 will be required to build on the prioritisation work undertaken in April and November 2019
- Active participation from Councillors in Long-term Plan engagement will be essential to raising the profile of these conversations and encouraging meaningful participation from the public. Active participation has the benefit of enabling Councillors to both hear from the public and support communication of the overarching story of progress on the priorities of the 2018 – 2028 Long-term Plan.

TIMETABLE

Council strategic workshops (Further details on Long-term plan engagement events will be developed following this)	February / March 2020
Council approves Annual Plan consultation document	7 April 2020
Draft Annual Plan on Council website, hard copies available at ICC Civic Administration building, Invercargill Public Library and Bluff Service Centre	9 April 2020

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Annual Plan Submission period	10 April – 8 May 2020
Hearing of Annual Plan submissions	w/c 11 May 2020
Council considers submissions	19 May 2020
Council adopts 2020 – 2021 Annual Plan with any changes requested	16 June 2020

CONCLUSION

The congruence of the Annual Plan consultation and Long Term Plan engagement is a risk and opportunity which must be actively managed. Without careful preparation, there is a risk that residents will become confused between the discrete matters for Annual Plan consultation and the broader discussions relating to the Long-term Plan and / or that their feedback will be over-focused on issues relating to concerns around delivery timeframes for key capital projects. The approach outlined in this report has been designed to manage these risks to enable productive engagement.