NOTICE OF MEETING

Notice is hereby given of the Meeting of the Infrastructural Services Committee to be held in the Council Chamber, First Floor, Civic Administration Building, 101 Esk Street, Invercargill on Tuesday 7 July 2020 at 3.00 pm

Cr I R Pottinger (Chair)
Cr A H Crackett (Deputy Chair)
Sir T R Shadbolt, KNZM JP
Cr R R Amundsen
Cr R L Abbott
Cr A J Arnold
Cr T M Biddle
Cr W S Clark
Cr P W Kett
Cr G D Lewis
Cr D J Ludlow
Cr N D Skelt
Cr L F Soper

CLARE HADLEY
CHIEF EXECUTIVE

A3068108

A G E N D A

Page

2. **APOLOGIES**

3. **PUBLIC FORUM**

3.1 **ACCESSING THE CITY**

Tracy Peters will be in attendance to speak to this item.

3.2 **FISH PROJECT**

Alan Watson and Simon Mapp will be in attendance to speak to this item.

4. **INTEREST REGISTER**
A2279220

5. **MINUTES OF MEETING OF THE WASTENET ADVISORY GROUP HELD ON 25 JUNE 2020**
A3056928

To be moved:
That the minutes of the WasteNet Advisory Committee Group Committee meeting held on 25 June 2020 be received.

6. **MINUTES OF MEETING OF THE INFRASTRUCTURAL SERVICES COMMITTEE HELD ON 15 JUNE 2020**
A3045713

To be moved:
That the minutes of the Infrastructural Services Committee meeting held on 15 June 2020 be confirmed.

7. **MINUTES OF THE EXTRAORDINARY INFRASTRUCTURAL SERVICES COMMITTEE HELD ON 29 JUNE 2020**
A3065335

To be moved:
That the minutes of the Extraordinary Infrastructural Services Committee meeting held on 29 June 2020 be confirmed.

8. **FELDWICK GATES TREE REMOVAL AND LANDSCAPING PROJECT**
A3019845

8.1 Appendix 1

9. **EMERGENCY WATER SUPPLY**
A3048239

9.1 Appendix 1

10. **SPLASH PALACE HYDROSLIDE PROJECT UPDATE**
A3045548

11. **MEMORIAL FUNDING APPLICATION**
A3051483

12. **DRAFT INFRASTRUCTURE STRATEGY 2021-2051**
A3064303

12.1 Appendix 1
12.2 Appendix 2
12.3 Appendix 3

13. **NOTICE OF MOTION – CR TONI BIDDLE**
A3068108

14. **URGENT BUSINESS**

15. **PUBLIC EXCLUDED SESSION**

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

(a) Receiving of Public Excluded Session Minutes of the WasteNet Advisory Group held 25 June 2020.
(b) Confirming of Public Excluded Session Minutes of the Infrastructural Services Committee held 15 June 2020.
(c) Confirming of Extraordinary Public Excluded Session Minutes of the Infrastructural Services Committee held 29 June 2020.
(d) Outcome of Negotiations – Commercial Rental Fair Proportion.

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)	Receiving of Minutes – WasteNet Advisory Group 25 June 2020	**Section 7(2)(i)** Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	**Section 48(1)(a)** That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
(b)	Confirming of Minutes – Infrastructural Services Committee 15 June 2020	**Section 7(2)(i)** Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	**Section 48(1)(a)** That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
(c)	Confirming of Minutes – Extraordinary Infrastructural services Committee 29 June 2020	**Section 7(2)(i)** Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	**Section 48(1)(a)** That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
(d)	Outcome of Negotiations – Commercial Rental Fair Proportion	**Section 7(2)(i)** Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	**Section 48(1)(a)** That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

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	

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	
JANE PARFITT	Invercargill City Council Dementia Canterbury Charitable Trust	Interim Group Manager – Infrastructure Board Member	

MINUTES OF THE WASTE ADVISORY GROUP COMMITTEE HELD IN THE COUNCIL CHAMBERS, INVERCARGILL CITY COUNCIL 101 ESK STREET, INVERCARGILL AND CONDUCTED BY AUDIO / VISUAL LINK VIA THE PLATFORM OF ZOOM ON THURSDAY 25 JUNE 2020 AT 1.30 PM

PRESENT: Cr A Crackett (Chair)
Cr D Ludlow
Mayor G Tong
Cr C Bolger

IN ATTENDANCE: Ms C Hadley
Mrs J Parfitt
Ms D Peterson
Mr I Evans
Mr M Russell
Mr R Sharma
Mrs J Affleck (Committee Secretary)

1. **APOLOGIES AND WELCOME**

Cr N Davis, Cr E Kremer

Moved Cr Ludlow, seconded Mayor Tong and **RESOLVED** that the apologies be accepted.

2. **MINUTES OF THE MEETING HELD ON 13 MAY 2020**
A2999220

Moved Cr Ludlow, seconded Mayor Tong and **RESOLVED** that the minutes be confirmed as a true and correct record.

3. **BUSINESS PLAN 2020-2021**
A3045052

Mrs Parfitt spoke to the report, which has a particular focus on education and communication, and the transition period for the sector.

Cr Crackett asked if we knew when the Communication and Education Strategy Review would be completed, to which Ms Parfitt said there is no timeline as yet but this could be treated as a priority. Cr Ludlow said that he also sees this as a priority, although this is something WasteNet has always done well.

Moved Cr Ludlow, seconded Mayor Tong and **RESOLVED** that the report "Business Plan 2020-2021" be received, and that

1. The Waste Advisory Group approves the Business Plan including the budget, and that

2. Invercargill City Council continues to be contracted to provide the deliverables for WasteNet Southland.

4. **WASTE MANAGEMENT AND MINIMISATION PLAN REVIEW**
A3044127

Mrs Parfitt spoke to this report. Ministry for the Environment (MfE) have confirmed that WasteNet is doing all that they are required to do, as long as they get the three councils to agree to these recommendations prior to the next payment which is due around 20 July 2020.

In regard to the last levy payment, MfE have advised that there is no ex-gratia payment.

To Mr Russell's question as to whether an extraordinary meeting of each Council needed to be held, Ms Parfitt confirmed that ICC are progressing this on Monday at an extraordinary meeting, and the other two Councils should also make it a priority.

Ms Hadley confirmed that given the issues, it would be wise for all three Councils to confirm these recommendations by extraordinary meeting, even it was by an audio visual link (NB. Government issued the Epidemic Preparedness (COVID-19) Notice 2020 Renewal Notice 2020 on 23 June which allows council meetings via audio or visual link to meet quorum requirements regardless of Council Standing Orders until 24 September 2020).

Moved Cr Bolger, seconded Cr Ludlow AND **RESOLVED** that the Waste Advisory Group receive the report "Waste Management and Minimisation Plan Review" and that

1. The Waste Advisory Group recommends to the three councils that they adopt the Southland Waste Assessment 2020 subject to approval from the Medical Officer of Health, and that

2. The Waste Advisory Group recommends to the three councils that they agree to amend the Southland Waste Management and Minimisation Plan.

5. **COMMITTEE IN PUBLIC EXCLUDED SESSION**

Moved Cr Ludlow, seconded Cr Bolger and **RESOLVED** that the public be excluded from the following parts of the proceedings of this meeting, namely:

(a) Minutes of the public excluded session held on 13 May 2020
(b) Contract 650 Recyclables Acceptance Service

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) Minutes of the public excluded session held on 13 May 2020	Section 7(2)(h) Enable any local authority holding the information to carry out,	Section 48(1)(a) That the public conduct of this item would be likely to result in the

		without prejudice or disadvantage, commercial activities.	disclosure of information for which good reason for withholding would exist under Section 7.
(b)	Landfill Fees and Charges 2020-2021	Section 7(2)(h) Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.
(c)	Contract 650 – Exit Payment	Section 7(2)(h) Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.

Meeting was moved into public excluded at 1.49 pm

Meeting was moved back into public at 1.55 pm

There being no further business the meeting closed at 1.55 pm

MINUTES OF A MEETING OF THE INFRASTRUCTURAL SERVICES COMMITTEE HELD IN THE COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING, 101 ESK STREET, INVERCARGILL ON MONDAY 15 JUNE 2020 AT 3.00 PM

PRESENT: Sir T R Shadbolt, KNZM JP
Cr I R Pottinger – Chairperson
Cr A H Crackett – Deputy Chairperson
Cr R L Abbott (via Zoom)
Cr R R Amundsen
Cr T M Biddle (via Zoom)
Cr A J Arnold
Cr W S Clark
Cr P W Kett
Cr G D Lewis
Cr D J Ludlow
Cr N D Skelt
Cr L F Soper

IN ATTENDANCE: Mrs J Parfitt – Interim Group Manager – Infrastructure
Mr D Edwards – Group Manager – Environmental and Planning Services
Ms J Conway – Manager Governance and Administration
Ms R Suter – Manager Strategy and Policy
Mr P Horner – Building Assets Manager
Ms M Frey – Interim Parks and Reserves Manager
Miss A Bremer - Policy Advisor
Ms L Kuresa – Governance Officer

2. **APOLOGIES**

Nil.

3. **PUBLIC FORUM**

Nil.

4. **INTEREST REGISTER**
A2279220

Nil.

Note: Cr Abbott joined the meeting at 3.20 pm.

5. **DEREK GOSTELOW'S LEGACY – PETITION RESPONSE ($90,000 BEQUEST TO INVERCARGIL CITY COUNCIL)**
A3039105

Ms Frey took the meeting through the draft Concept Plan.

Moved Cr Pottinger, seconded Cr Soper and **RESOLVED** that:
1. The report "Derek Gostelow's Legacy – Petition Response ($90,000 Bequest to Invercargill City Council)" be received; and

2. Council reaffirm the criteria:
   - Alignment to the interests and aspirations of Mr Gostelow (based on the information known about him)
   - Impact
   - Community need
   - Community desires
   - Cost (construction costs and ongoing maintenance costs)
   - Alignment with development plans for Otatara (this is limited to site by site Reserve Management Plan guidance, noting that there is no Otatara-wide Masterplan for what has been, and will be developed in the future)

   As guiding the appropriate use of Derek Gostelow's legacy funds.

Cr Clark moved that the rest of the recommendations be changed as follows:

That the legacy be used for two sets of recommendations from the Otatara Community meeting of 11 February 2020:
1. That the Bush Haven Native Bird Rehabilitation Trust, Otatara Nursery Trust and Southland Community Nursery Trust each receive $7,000, and
2. The remaining part of the legacy be used to develop the ICC reserve at the corner of Taiepa and Grant Roads, to be renamed Gostelow Reserve.

Councillors spoke and set out their reasons why they were for or against this motion. After discussion, it was agreed that this item be left on the table.

Moved Cr Pottinger, seconded Cr Soper and **RESOLVED** that this item be left on the table.

Note: Cr Clark and Cr Crackett voted against the recommendation.
Cr Biddle abstained from voting.

6. ESK STREET WEST – FUTURE OF COUNCIL OWNED BUILDINGS

A2938801

Mr Horner took the meeting through the report.

Moved Cr Kett, seconded Cr Crackett and **RESOLVED** that the report "Esk Street West – Future of Council Owned Building"; and

1. Further work is required to ascertain the cost of demolition of the Council owned buildings at 6–18 Esk Street West; and
2. This work will be completed during July 2020; and
3. This will enable resolution about the future of the buildings to be made in August 2020**.**

7. COUNCIL CHAMBERS UPGRADE – PART ONE

A3039862

It was suggested that the cost for straight tables also be investigated and be brought back to the next meeting, which was agreed to.

The question was discussed as to whether this was the right time to carry out this work when there were concerns about the loss of jobs here at Council and within the community, due to Covid-19 pandemic.

Moved Cr Amundsen, seconded Cr Ludlow and **RESOLVED** that:

1. The report 'Council Chambers Refurbishment' be received; and
2. That the upgrade of the Council Chamber to make the room more flexible be confirmed, noting a total cost of around $45,000 for this part; and
3. That a report be presented to the next Committee on the cost associated with sound/audio upgrade for livestreaming/video conferencing facilities.

Note: Cr Abbott and Cr Lewis voted against the motion.

8. **MINOR LATE ITEM – STEAD STREET WHARF**

Moved Cr Pottinger, seconded Cr Crackett and **RESOLVED** that the minor late item, Stead Street Wharf be discussed at this meeting.

Ms Frey took the meeting through a verbal report and said that Council instructed the staff in 2019 to continue with the proposed temporary fence and associated landscaping around that area. A design concept was prepared to a budget of $60,000. It had taken some time to obtain the archaeological authority for that work, which was provisionally received on 18 May 2020. It had 15 day notice for acceptance, so all contractor and the Archaeologist were programmed to commence work on site on 17 June. The work was projected to be completed by 10 July subject to weather and site conditions.

Moved Cr Ludlow, seconded Cr Soper and **RESOLVED** that the verbal report be received.

9. **PUBLIC EXCLUDED SESSION**

Moved Cr Pottinger, seconded Cr Abbott and **RESOLVED** that the public be excluded from the following parts of the proceedings of this meeting, namely:

(a) Three Waters Reform.

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) Three Waters Reform	Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(i)(a)

There being no further business, the meeting finished at 4.30 pm.

MINUTES OF THE EXTRAORDINARY MEETING OF THE INFRASTRUCTURAL SERVICES COMMITTEE HELD IN THE COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING, 101 ESK STREET, INVERCARGILL ON MONDAY 29 JUNE AT 4.00 PM

PRESENT: Cr I R Pottinger (Chair)
Cr A H Crackett (Deputy Chair)
Sir T R Shadbolt, KNZM JP
Cr R L Abbott (via Zoom)
Cr R R Amundsen
Cr A J Arnold
Cr T M Biddle
Cr W S Clark
Cr P W Kett
Cr G D Lewis
Cr D J Ludlow
Cr N D Skelt
Cr L F Soper

IN ATTENDANCE: Mr D Edwards – Group Manager – Environmental and Planning
Mrs J Parfitt – Interim Group Manager – Infrastructure
Mr D Foster – Interim Group Manager – Finance and Corporate Services (via Zoom)
Ms J Conway – Manager Governance and Administration
Ms H McLeod – Interim Team Leader – Communication Services
Ms L Kuresa – Governance Officer

Note: The meeting was opened at 4.02 pm.

Moved Cr Pottinger, seconded Cr Crackett and **RESOLVED** that the meeting be adjourned at 4.03 pm.

Moved Cr Pottinger, seconded Cr Soper and **RESOLVED** that the meeting resume at 4.46 pm.

2. **APOLOGIES**

Nil.

3. **INTEREST REGISTER**

Nil.

4. **PUBLIC EXCLUDED SESSION**

Moved Cr Pottinger, seconded Cr Crackett and **RESOLVED** that the public be excluded from the following parts of the proceedings of this meeting, with the exception of Mr Ross Jackson to report on the Recyclables Services Contract item and Mrs Sue Wells, Standing Orders and Meetings process expert, namely:

(a) Recyclables Services Contract.
(b) Central City Governance Framework.

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) Recyclables Services Contract	**Section 7(2)(h)** Enable any local authority holding the information to carry on, without prejudice or disadvantage, commercial activities	**Section 48(1)(a)** That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
(b) Central City Governance Framework	**Section 7(2)(h)** Enable any local authority holding the information to carry on, without prejudice or disadvantage, commercial activities	**Section 48(1)(a)** That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

Note: The meeting moved back into public meeting at 5.28 pm.

5. **MAJOR LATE ITEM – WASTE MANAGEMENT AND ADMINISTRATION PLAN REVIEW**

Mrs Parfitt took the meeting through the report.

Moved Cr Ludlow, seconded Cr Soper and **RESOLVED** that:

1. The report "Waste Management and Minimisation Plan Review" be received, and
2. Adopts the Waste Advisory Group's recommendation to adopt the Southland Waste Assessment 2020 subject to approval from the Medical Officer of Health; and
3. Adopts the Waste Advisory Group's recommendation to amend the Southland Waste Management and Minimisation Plan.

There being no further business, the meeting finished at 5.31 pm.

A3065335

TO: **INFRASTRUCTURAL SERVICES COMMITTEE**

FROM: **CHRIS MCAULAY – PARKS OPERATIONS MANAGER**

MEETING DATE: **TUESDAY 7 JULY 2020**

FELDWICK GATES TREE REMOVAL AND LANDSCAPING PROJECT

SUMMARY

A group of mature Macrocarpa trees directly to the south of the Feldwick Gates in Queens Park are at an advanced age and pose a risk to the public if they are not removed.

Due to the high profile nature of the Feldwick Gates area, removal of the large trees will result in a significant visual change to the area. A landscape concept design has therefore been prepared for the area, with the key objective to mitigate any adverse amenity impacts resulting from the loss of the large trees.

The total project cost estimate for the Feldwick Gates tree removal and landscape improvements is $370,000 excluding GST, and can be funded from existing budgets. We propose that the works for Feldwick Gates proceed immediately following a public information communications exercise, due to the risk posed by the aging trees and the opportunity to provide immediate contracting work to the local market. Upgrades to the other entrances are proposed to follow next financial year to ensure consistency across the Park.

RECOMMENDATIONS

That the Infrastructural Services Committee:

Receive the report "Feldwick Gates Tree Removal and Landscaping Project"

AND

Endorse the removal of trees south of the Feldwick Gates (three either side of the gates), associated landscape improvements to this area, and landscape improvements to the Herbert Street and Queens Drive entrances in general accordance with the Plans presented to the Infrastructural Services Committee on 7 July 2020, to a cost of $370,100.

IMPLICATIONS

1.	*Has this been provided for in the Long Term Plan/Annual Plan?* No
2.	*Is a budget amendment required?* No

A3019845

3.	*Is this matter significant in terms of Council's Policy on Significance?* N/A
4.	*Implications in terms of other Council Strategic Documents or Council Policy?* N/A
5.	*Have the views of affected or interested persons been obtained and is any further public consultation required?* A communications plan will be implemented to advise members of the public for educational and health and safety purposes
6.	*Has the Child, Youth and Family Friendly Policy been considered?* N/A

FINANCIAL IMPLICATIONS

The following table provides a breakdown of project costs and associated budgets for this work. The cost for the Feldwick Gates project based on the current landscape concept design is estimated at $370,000 excluding GST and includes earthworks, plumbing and drainage, concrete works, electrical works, paving and landscaping. A contingency of 15% has been applied to all direct and indirect costs.

Item	**Value**
Tree Removal and Stump Grinding	$70,000
Landscaping and Consultants Fees (including paving, lighting and replanting)	$249,735
Contingency	$47,960
TOTAL	**$367,695**
Budget	**Value**
Forecast Spend	$200,000
Feldwick Gates Fund	$60,000
Un-forecast projected Capital Projects request F[1]	$107,695
TOTAL	**$367,695**

Due to the specialised nature of this work, tree felling works have already been quoted and three quotes were sought. For other project sub-components, the costs above are estimates based on the landscape concept design and competitive quotes will be sought (where the market allows).

THE PROJECT

Queens Park is one of the most iconic parts of the City. The issue of requiring trees to be removed in this area, creates an opportunity to re-imagine this space for the City. If done properly now, this area will be an attraction for many more years (refer to ***Appendix 1*** for the landscape concept design).

A total of six large trees need to be removed. This is likely to take approximately one week and will be undertaken by external contractors.

[1] We plan to adjust our capital programme to enable this project to proceed

Once the trees have been felled, logs will be retained where appropriate and used in Queens Park in some form (either milled or as a sculpture), and landscaping work will be undertaken.

The total project duration is estimated to take 10 weeks following approval to proceed.

Traffic management will be in place at times which will limit the thoroughfare through this area.

Communication

Parks and Recreation Officers will be working with the ICC communications team to provide a clear communications plan, including regular ongoing progress and updates to keep the public informed. We do not however propose public consultation on the landscape concept design.

Project Risks

- Project cost increases due to unforeseen engineering requirements, leading to the potential for scope growth, concept estimate errors or emissions, and increasing costs.
- Discovery of contaminated material and / or archaeological artefacts.

BACKGROUND

Tree Risks

In March 2019 Parks and Recreation Officers commissioned Franklin Trees, arboriculture specialists, to undertake a tree assessment of the trees adjacent to the Feldwick Gates, as well as further trees located on the southern boundary of Queens Park.

In the report to the Parks Operations Manager, it was recommended that three trees be removed. Officers also recommend the removal of the remaining three trees in the immediate area due to them being exposed after removal of problem trees. This will reduce future problems and works being required in this area moving forward.

Feldwick Gates

The trees are located in a historically significant area with the Feldwick Gates of particular significance being a category II structure on the New Zealand Heritage Register. For this reason, particular care will be taken during tree removal to ensure the integrity of the Gates is maintained.

The Feldwick Gates have been an integral part of Queens Park's image as a Garden of National Significance from its creation and to this day, create an impactful influence on those entering and enjoying the park.

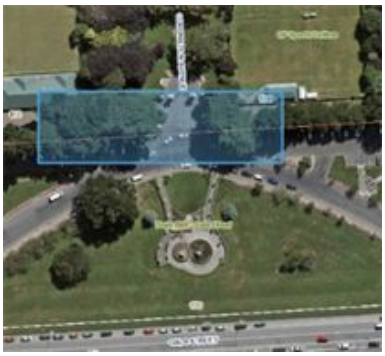


Figure 1 - Location of trees at Feldwick Gates entrance to Queens Park

The landscape concept design (***Appendix 1***) highlights the Feldwick Gates and the main entrance to our premier park having a direct link to the fountain on Gala Street Reserve opposite the gates.

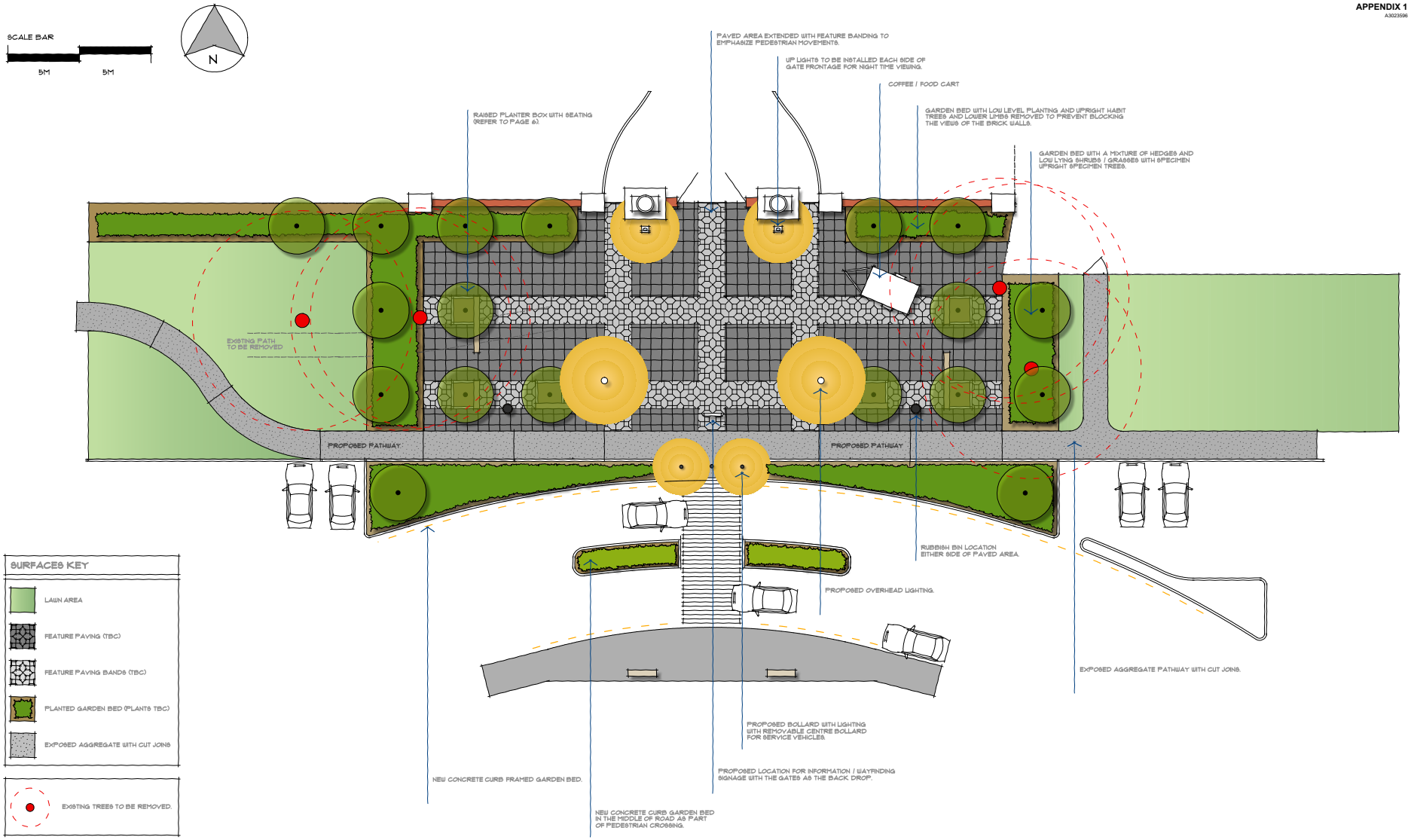
NOTE: Due to the significance of Queens Park, landscape concept plans were also prepared for the other two entrances to Queens Park (Herbert Street Gates and Queens Drive

entrance) primarily to ensure the overall theme remained consistent across all entrances to the Park. Improvements to the other entranceways is planned for the next financial year.

CONCLUSION

Based on the information above, we recommend that Council endorse the removal of trees south of the Feldwick Gates (three either side of the gates), associated landscape improvements to this area, and landscape improvements to the Herbert Street and Queens Drive entrances.

APPENDIX 1
A3023596



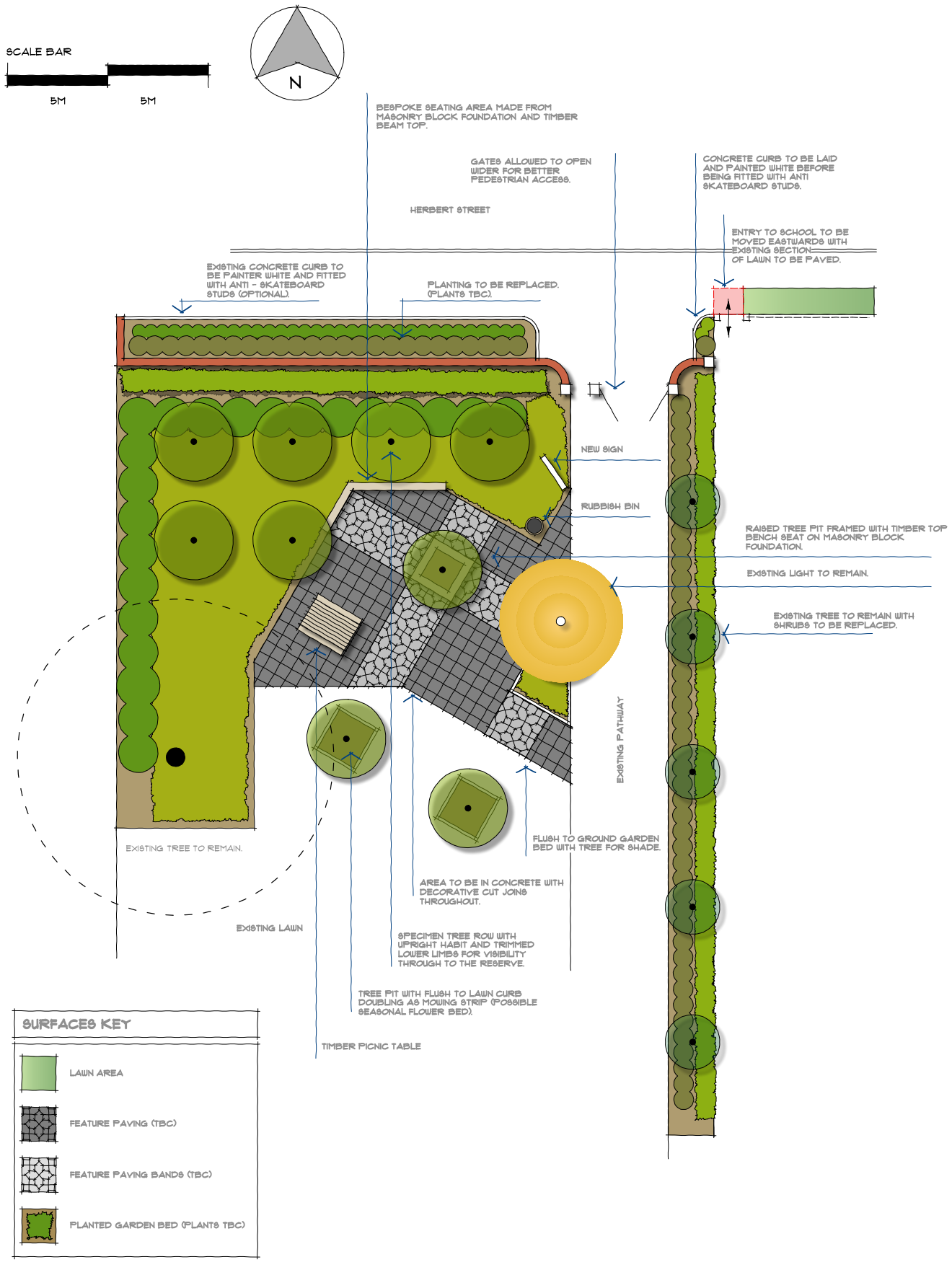
NOTE

THIS PLAN IS AT A CONCEPTUAL LEVEL SUBJECT TO FURTHER DESIGN DEVELOPMENT. IT IS NOT TO BE SCALED OFF OR USED FOR ANY CONSTRUCTION PURPOSES.

CONCEPT LANDSCAPE PLAN
FELDWICK GATES ENTRY - VICTORIA AVENUE
INVERCARGILL

SCALE:	1:150 @ A2
DATE:	30 APRIL 2020
PAGE:	1 OF 6
REVISION:	1
DRAWN BY:	D. GREIG

INNATE LANDSCAPE ARCHITECTURE



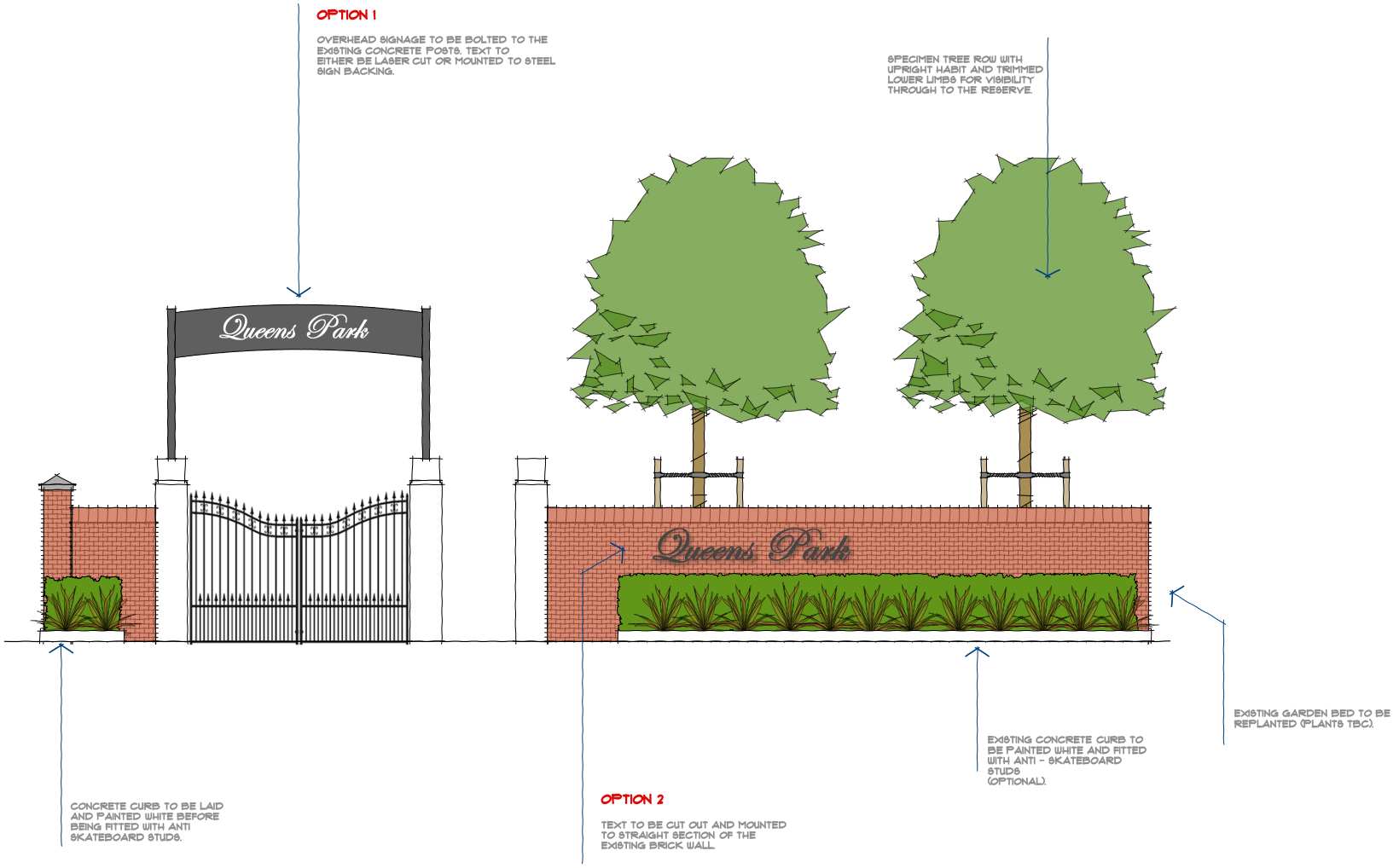
NOTE

THIS PLAN IS AT A CONCEPTUAL LEVEL SUBJECT TO FURTHER DESIGN DEVELOPMENT. IT IS NOT TO BE SCALED OFF OR USED FOR ANY CONSTRUCTION PURPOSES.

CONCEPT LANDSCAPE PLAN
QUEENS PARK ENTRY - HERBERT STREET
INVERCARGILL

SCALE:	1: 150 @ A2
DATE:	30 APRIL 2020
PAGE:	2 OF 6
REVISION:	1
DRAWN BY:	D. GREIG

INNATE LANDSCAPE ARCHITECTURE



NOTE

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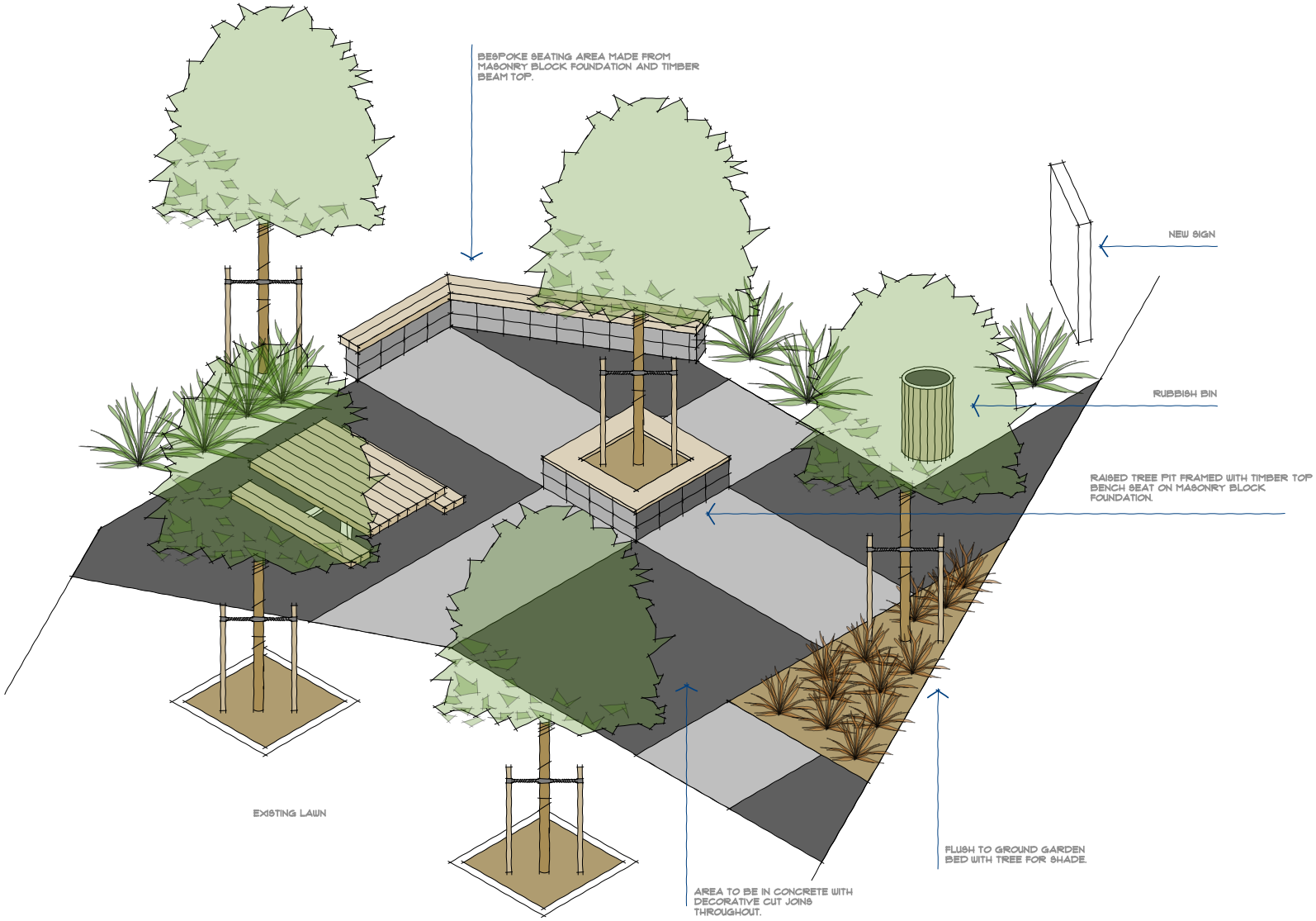
CONCEPT SECTION - ELEVATION
QUEENS PARK ENTRY - HERBERT STREET
INVERCARGILL

SCALE:	1:150 @ A2
DATE:	30 APRIL 2020
PAGE:	3 OF 6
REVISION:	1
DRAWN BY:	D. GREIG

INNATE LANDSCAPE ARCHITECTURE



NOTE

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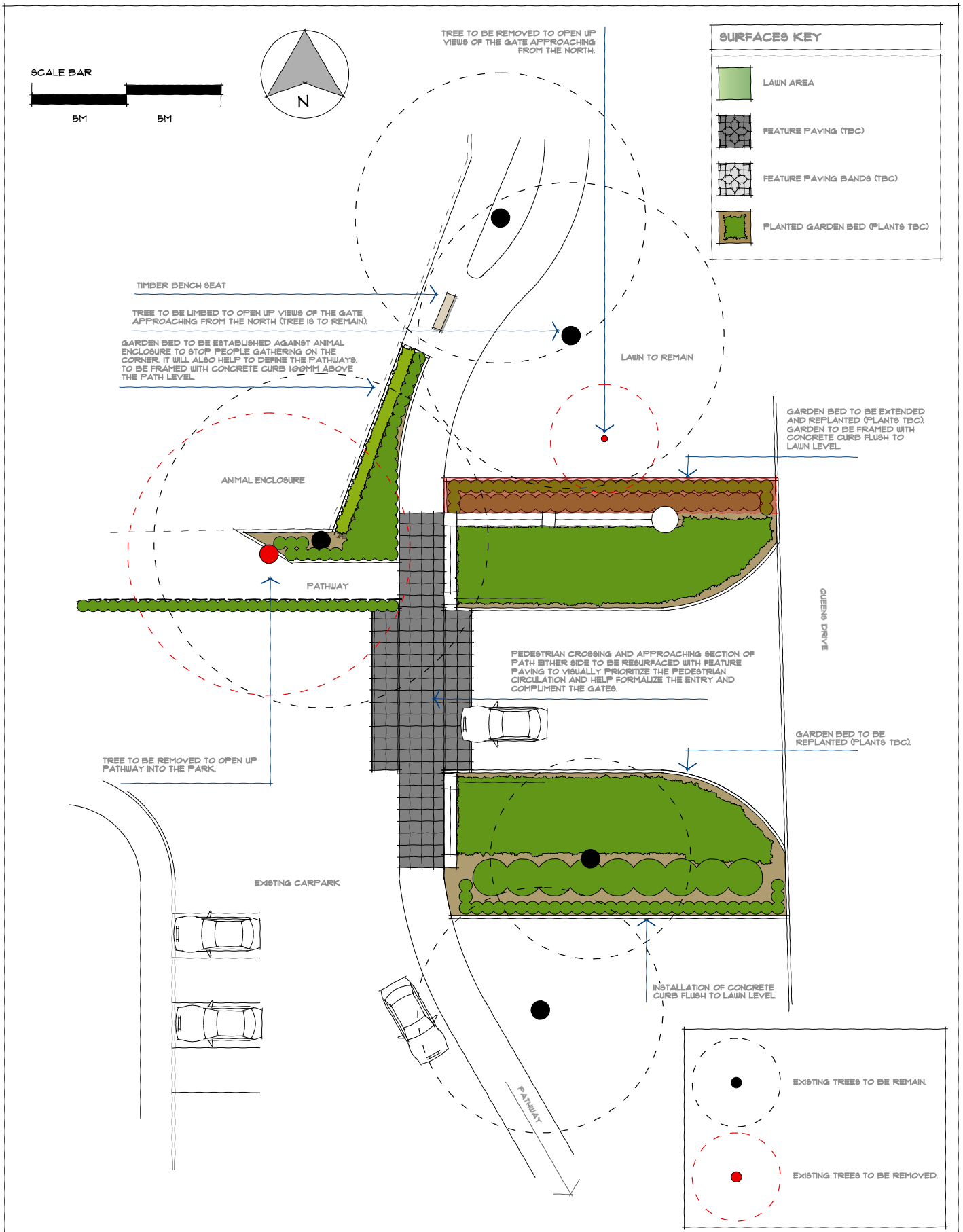
CONCEPT ISOMETRIC VIEW
QUEENS PARK ENTRY - HERBERT STREET
INVERCARGILL

SCALE:	1:150 @ A2
DATE:	30 APRIL 2020
PAGE:	4 OF 6
REVISION:	1
DRAWN BY:	D. GREIG

INNATE LANDSCAPE ARCHITECTURE



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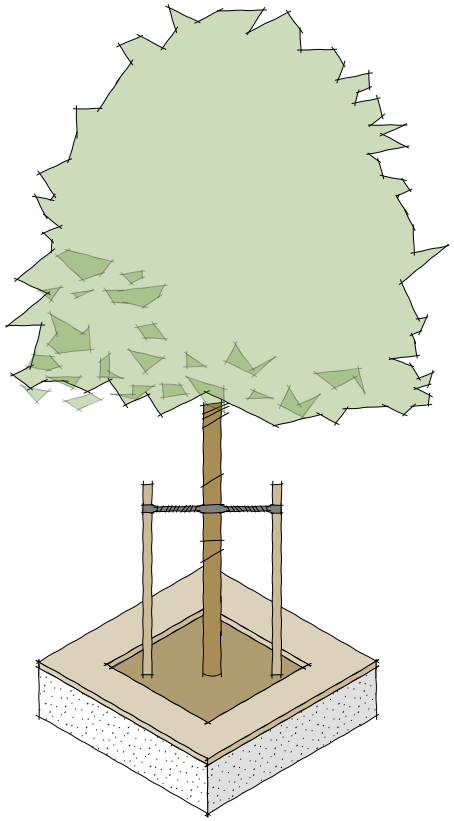
CONCEPT LANDSCAPE PLAN
QUEENS PARK ENTRY - QUEENS DRIVE
INVERCARGILL

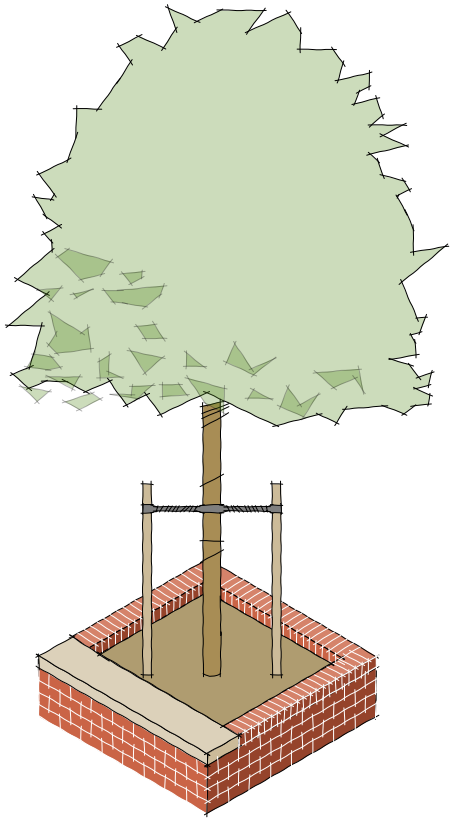
SCALE:	1: 150 @ A2
DATE:	30 APRIL 2020
PAGE:	5 OF 6
REVISION:	1
DRAWN BY:	D. GREIG

INNATE LANDSCAPE ARCHITECTURE



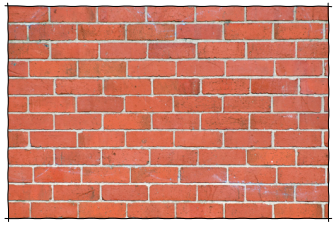
OPTION 1

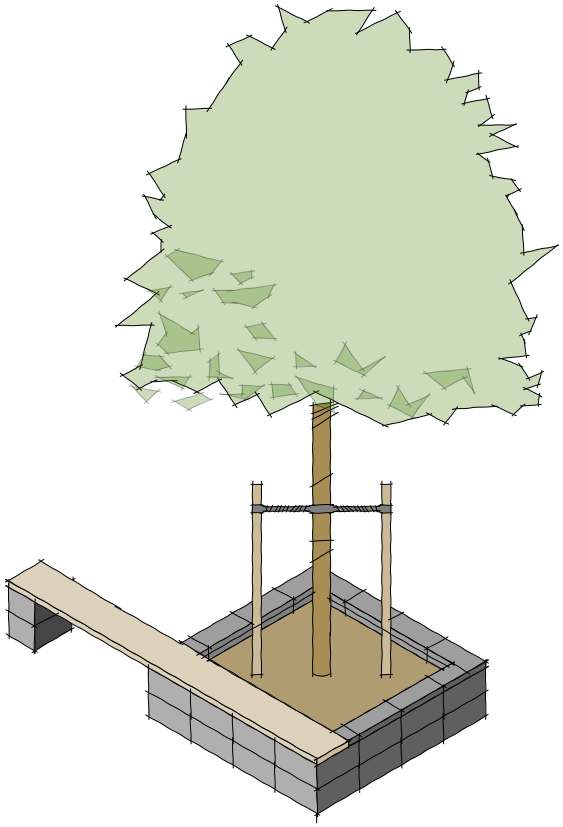
RENDERED PLASTER FINISH ON BLOCKWORK
FULL TIMBER BENCH SEAT SURROUND



OPTION 2

RED BRICK WITH WHITE MORTAR
SINGLE SIDED TIMBER BEAM





OPTION 3

20 SERIES HONED MASONRY BLOCK WITH DARK MORTAR
EXTENDED TIMBER BENCH SEAT WITH SUPPORT

NOTE

THIS PLAN IS AT A CONCEPTUAL LEVEL SUBJECT TO FURTHER DESIGN DEVELOPMENT. IT IS NOT TO BE SCALED OFF OR USED FOR ANY CONSTRUCTION PURPOSES.

ISOMETRIC VIEW - RAISED PLANTER / SEAT
QUEENS PARK ENTRY - HERBERT STREET
INVERCARGILL

SCALE:	1:150 @ A2
DATE:	30 APRIL 2020
PAGE:	6 OF 6
REVISION:	1
DRAWN BY:	D. GREIG

INNATE LANDSCAPE ARCHITECTURE

TO: **INFRASTRUCTURAL SERVICES COMMITTEE**

FROM: **ALISTER MURRAY, WATER MANAGER**

MEETING DATE: **TUESDAY 7 JULY 2020**

EMERGENCY WATER SUPPLY

SUMMARY

Following the May update report to the Committee of Council, the peer reviews of recommendations as to the likely form of treatment identified by the water treatment specialists Lutra and likely location as to where to search for an underground source to act as an emergency water supply, as identified by the water science consultancy of Land and Water Science (LWS), have been completed.

Two peer reviewers were engaged. Environment Southland to review the LWS report and Stantec to review the Lutra report. Neither peer review altered the recommendations made in the originating reports and so their recommendations stand, namely:

1. Treatment will be required to bring the source water to potable standard with a likely capital cost of $26 million +/- 50%.
2. The locations of Awarua within the land held by Council for industrial development and in the Myers Street Reserve adjacent to the Waikiwi reservoir have been selected to carry out field investigations to locate an underground water supply. Of the two, the Awarua site is considered the most promising. Field investigations will involve both above ground survey plus the construction of two pilot bores to establish actual water quality plus aquifer yield at the Awarua site. Only an above ground seismic survey is intended at Myers Street Reserve.
3. The cost of undertaking the field investigations described above is $300,000, which will be accommodated within the Water account capital budget for the 2020/21 year.

RECOMMENDATIONS

That the Infrastructural Services Committee:

Receive the report "Emergency Water Supply"

AND

Approve the commitment to proceed with investigations at Council's industrial estate in Awarua and in the Myers Street Reserve

AND

Approve the management of the water account for the 2020/21 financial year to accommodate expenditure up to $300,000 to undertake investigation into underground water resource for an emergency water supply

AND

Will receive notification via the quarterly finance and performance reports should the $300,000 cost for investigation into underground water resource for an emergency water supply prove to signal an over commitment in the 2020/21 water capital budget.

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?* None
5.	*Have the views of affected or interested persons been obtained and is any further public consultation required?* No
6.	*Has the Child, Youth and Family Friendly Policy been considered?* N/A

FINANCIAL IMPLICATIONS

As above.

BACKGROUND

This report extends that submitted to the Committee of Council on 4 May 2020 which is attached for your reference (refer to ***Appendix 1***).

The establishment of an emergency water supply to reduce the risk of sole dependence on the Oreti / Branxholme system is a project high on Council's priorities. It has been included in Council's Activity and Long Term Plans, timed to occur mid-way through this decade.

As a brief recap, Council has sought advice on two parts of the four stage process in examining an underground water source as a suitable emergency water supply. Stage 1 was to assess the likely quality and treatment requirements of an underground source. Stage 2 was to develop a model with the aim of recommending where best to prospect for it. The consultancy of Land and Water Science (LWS) were engaged to undertake the work with the specialist consultancy, Lutra, engaged to comment on treatment requirements. (Lutra, then trading as H2OPE, were fundamental in identifying treatment improvements for the recent Branxholme Water Treatment upgrade.) Progression onto undertaking Stages 3 and 4 was subject to receipt of validation of the earlier stages by favourable peer review. The May report to the Committee of Council was classed as provisional, as recommendations from LWS and Lutra had not been peer reviewed. This report describes the outcomes of the peer review process and requests approval to proceed with field investigations.

Environment Southland (ES) were approached to review the work done by LWS. It was considered involvement by ES could be beneficial to the overall project of seeking an emergency supply as they are the regulatory body in issuing water consents, as well as having a water science capability. Additionally, by their involvement they would become familiarised with the City's intent. The consultancy of Stantec, using the capability of their specialist Melbourne office, were engaged to peer review the treatment recommendations put forward by Lutra.

The ES review did not find fundamental fault with the LWS report and its recommendations, other than to suggest incorporation of additional comments in regard to:

- Recent works undertaken by the Southland District Council (SDC) in developing an underground water supply for Riverton.
- The difficulties that the SDC have encountered with the Riverton supply.
- The uncertainty in estimating the yield from underground waters in Southland.
- The risk of saline intrusion to underground water sources close to the coast.
- The need for local territorial councils to collaborate or at least share information.
- Given the uncertainties surrounding the search for suitable underground water, the possibility of using increased storage to provide coverage in an emergency situation should be considered.

In regard to the last bullet point, throughout the various reports submitted to Council, the point has repeatedly been made that searching for a suitable underground supply does carry a risk, the same as when prospecting for any underground resource. Further, that the risk be minimised by accessing all information available, then using specialist advice as to how to proceed. Additionally, that communication of findings is well disseminated back to Council to allow their direction and agreement to any further investigations. The idea of constructing extra storage has been discounted at an earlier stage because in simple terms any storage of sufficient volume will be expensive to construct with a finite volume likely to be a fraction of that accessible from an underground water aquifer system.

LWS have received the ES peer review and will make what amounts to clarifications in the final report.

The Stantec review similarly did not disagree with the treatment proposal recommended by Lutra but did allude to the need to develop a strategy as to how the emergency supply would be operated and the distinct probability of customer complaints when two different types of water were combined in the one water supply system. The Lutra report advised that treatment in the form of lime softening plus manganese and possibly iron removal would be required, as well as ultraviolet radiation and chlorination, to bring the source water up to potable standard.

In summary, the peer review process did not find variance with the recommendations made in regard to where best to prospect for an underground source nor the form of treatment it would likely require.

The LWS report identified four possible sites to search for an underground water supply and made the recommendation to proceed with field investigations at two sites, namely Awarua in land currently owned by Council, the Awarua Industrial site, and at the Myers Street Reserve close to the Waikiwi Reservoir. Of the two, LWS consider Awarua the most likely based on the fact that there had been promising results from extensive testing done there in the mid 1980's. Field investigations at the Awarua site would include surface based seismic and geo – electric surveys plus the construction of two pilot bores to evaluate water chemistry and likely aquifer yield. Myers Street is considered worth a look from a water operational perspective but only a surface seismic survey will be conducted there. That will conclude Stages 3 and 4 of this investigation.

Once field investigations are completed, a report will be prepared and most likely a workshop held for Councillor participation to allow clarification of information and strategy as to the development of an emergency water supply.

Estimated cost to complete Stages 3 and 4 - $300,000.

Time to complete – Three months from instruction to proceed subject to the availability of a suitable drilling rig and issue of the necessary resource consents.

It should be noted that while there is no specific provision in the 2020/21 Annual Plan to complete Stages 3 and 4, it is considered that this cost can be accommodated within the 2020/21 capital budget which will include the residue of the 2019/20 uncompleted capital works programme. Total capital expenditure will be monitored and reported to Council via the quarterly financial and performance reports. Should it become evident that the incorporation of these investigative works cannot be so absorbed then this will be brought to the attention of Council.

CONCLUSION

The peer review process has not altered the recommendations as to the extent of treatment, nor the location to prospect for an underground water supply.

APPENDIX 1
A3059248

TO: **COMMITTEE OF COUNCIL**

FROM: **ALISTER MURRAY, WATER MANAGER**

MEETING DATE: **MONDAY 4 MAY 2020**

EMERGENCY WATER SUPPLY – UPDATE ON PROGRESS

SUMMARY

This report has been submitted to keep Councillors advised of the status of the investigation into underground aquifer systems to act as an emergency water supply in the event of Invercargill's sole supply becoming inoperable. It is a provisional report in that much of the information received since March 2019, in various reports, has yet to be peer reviewed. The main points are:

1. Water quality. Water will require treatment to meet drinking water standard.
    a. Cost of treatment would be of the order of $26 million for a stand alone plant, reducing to $2.5 million if the existing Branxholme Plant had an appropriate treatment process installed.
    b. Resilience of the complete water supply system would be lessened if all water is treated at Branxholme then conveyed through the same trunk main system to reservoir storage in the city, compared to the stand alone treatment option.
2. Likely locations to prospect for an underground water supply.
    a. Awarua Plains-Greenhills (20 km south of Invercargill)
    b. Gorge Road Kapuka (30 km from Invercargill)
    c. Taramoa and Wallacetown (20 km northwest of Invercargill) – Geological mapping indicates a potential site at the confluence of the Oreti and Makarewa Rivers
    d. In addition to those locations above, a site in the Myers reserve would be worth investigation as it is convenient from a water infrastructure perspective being immediately adjacent to the City's largest reservoir storage, the Waikiwi reservoir. Therefore there would not be the need for a long pipeline which may be required for the other locations to transport water either to the Invercargill distribution system or to the Branxholme Treatment Plant.

The next progression will be to seek peer reviews of the reports received since March 2019.

RECOMMENDATIONS

That this report "Emergency Water Supply – Update on Progress" be received;

AND THAT

Council receive notification of the validity of the recommendations outlined in this report once the peer review process has been completed.

A2986598

IMPLICATIONS

1.	*Has this been provided for in the Long Term Plan/Annual Plan?* No
2.	*Is a budget amendment required?* It will need inclusion into the 2020/21 Annual Plan
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?* None
5.	*Have the views of affected or interested persons been obtained and is any further public consultation required?* No
6.	*Has the Child, Youth and Family Friendly Policy been considered?* N/A

FINANCIAL IMPLICATIONS

As above.

BACKGROUND

This report has been prepared at the request of the Chairman of the Infrastructure and Services Committee, Councillor Ian Pottinger, to keep Councillors updated on the search for an alternative supply to that from the Oreti River, to act as a backup in emergencies.

Project History

Invercargill has only one source of water supply, that being from the Oreti River with treatment at the Branxholme Plant. Having complete dependence on only one supply does expose the Invercargill and Bluff communities to an unacceptable risk should the Oreti supply or treatment become inoperable. Risks such as drought or contamination could threaten the continuance of supply (as recently observed during the 2017/18 dry summer) and restrictions on the amount of water able to be drawn from the Oreti may have to be faced in the future.

An underground source is considered to offer the best protection from the threats likely to be experienced by the Oreti source and be the most cost effective. In a year 2000 exercise, sources from lakes such as Hauroko and Wakatipu were costed at over $50 million to develop.

Accordingly provision was made in the Long Term Plan to develop an alternative source to act as an emergency supply midway through this decade with an allocation of $11 million. The expectation being that the source would be from an underground water aquifer system. Before committing to the development of any source, investigative works need to be undertaken sufficient to check its viability and enable detailed design.

The search for an underground water supply has the same risk of uncertainty as the search for anything underground such as minerals or petroleum. That is to say, it is possible to incur

significant costs by way of putting down bores without striking the desired resource and so a cautious approach has been taken to first obtain the best information available, then use expert analysis to the likely location and quality of water aquifer systems in the near vicinity of Invercargill. To date, Council has contributed to a regional study convened by the then Venture Southland to extend regional knowledge of the geophysical makeup of Southland, part of which was to look at underground water supplies as well as the presence of minerals and seismic faulting. That study concluded that the most likely source to supply Invercargill's needs would be from a deep source known as the Chatton Formation.

In March 2019, Council approved a commitment to undertake the first two phases of a four phase investigation and that phases 3 and 4 are considered in the 20/21 Annual Plan Process subject to a peer review of the results of phase 1 and 2. [Phase 1 was to evaluate likely water parameters with a view to evaluate extent of treatment to comply with the drinking water standard. Phase 2 was to model the likely position of the Chatton Formation and therefore best places to prospect for it. Phase 3 was to carry out exploratory drilling to prove water quality and likely yield. Phase 4 was to construct a pilot test well and undertake pumped aquifer testing. Note that none of the bores as drilled in phases 3 and 4 would be production bores.]

Progress since March 2019

Reports for phases 1 and 2 have been received but have not yet been peer reviewed and so recommendations made should be considered as provisional at this stage. In summary, the main points to come out of phase 1 and 2 reports are as listed below.

Water Quality / Treatability

- Chatton Formation water is likely to be 'hard' water with levels of manganese and possibly iron which will require treatment to comply with drinking water standards. Treatment will take the form of softening by lime addition, oxidation of manganese and iron, ultraviolet radiation for protozoal removal and chlorination for disinfection.

- Capital cost of establishing a stand alone treatment plant of 20,000 cubic metres per day capability would be of the order of $26 million +/- 50%. This estimate does not include pipeline cost to convey water to the water distribution system.

- Capital costs would be greatly reduced if the water was brought to the existing Branxholme plant, which in turn would need to incorporate a treatment process for the underground water source. [The existing treatment process does not include water softening.] Capital cost to develop the Branxholme plant would be of the order of $2.5 million +/- 50% and does not include pipe line cost to convey water to Branxholme.

Likely Locations to Prospect for the Chatton Formation

- There is an underground formation known as the East Southland group comprising the Gore Lignite measures and the Chatton Formation described as "a multi layered leaky ground water system with water bearing layers separated above and below by lignite seams or lower permeability sediments which probably has the best potential to act as an emergency water supply for Invercargill".

- The shallower and hence more accessible parts of the East Southland Group with the Chatton Formation at its base, are found at three main localities within pipeline reach of Invercargill:

    1. Awarua Plains-Greenhills (20 km south of Invercargill)
    2. Gorge Road Kapuka (30 km from Invercargill)

3. Taramoa and Wallacetown (20 km northwest of Invercargill) – geological mapping indicates a potential site at the confluence of the Oreti and Makarewa Rivers

- In addition to those locations above, a site in the Myers reserve would be worth investigation as it is convenient from a water infrastructure perspective being immediately adjacent to the City's largest reservoir storage, the Waikiwi reservoir. Therefore there would not be the need for a long pipeline which may be required for the other locations to transport water either to the Invercargill distribution system or to the Branxholme Treatment Plant.

Observations

The cost of treatment is significant, especially if it is to be addressed by a stand alone treatment facility. A compromise (at a lower cost but at the expense of decreasing resilience, as all supplies would then be dependant on the common Branxholme trunk main system) may be to incorporate treatment at the existing Branxholme Plant. However, viability would be further influenced by where the source was developed, i.e. if the source was located in the Awarua plains south of the city, it would not be practical to pipe the water north past the city to Branxholme.

Where to From Here?

Proceed with the peer review process and confirm findings by report back to Council.

TO: **INFRASTRUCTURAL SERVICES COMMITTEE**

FROM: **PETE THOMPSON, MANAGER – AQUATIC SERVICES**

MEETING DATE: **TUESDAY 7 JULY 2020**

SPLASH PALACE HYDROSLIDE PROJECT UPDATE

SUMMARY

Due to the national lockdown the Hydroslide project at Splash Palace has been delayed. Subject to known current conditions a revised practical completion date has been scheduled for January 2021 and handover in March 2021.

RECOMMENDATIONS

That the Infrastructural Services Committee receive the report "Splash Palace Hydroslide Project Update".

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?* No
5.	*Have the views of affected or interested persons been obtained and is any further public consultation required?* N/A
6.	*Has the Child, Youth and Family Friendly Policy been considered?* N/A

BACKGROUND

Prior to the national lockdown as a result of Covid-19 the Hydroslide Project at Splash Palace had a scheduled completion date of December 2020 / January 2021.

In the period up to 25 March 2020 (when the national lockdown for Covid-19 occurred) the contractor had completed onsite establishment, bulk excavation, piles preparation and foundation work.

The national lockdown at Level 4 however meant work was unable to continue on site. The restrictions of activity under levels 3 and 2 have meant that while screw piles, pipework and internal modifications of the existing Splash Palace building have been undertaken the project

has seen an extension of contract time as a result of the initial site suspension and subsequent restrictions under the various levels.

In an effort to mitigate this Aquatic Services staff and project contractors have worked in conjunction with each other to identify, streamline and where possible mitigate timeline extensions on the remaining construction activities. The proposed construction schedule now indicates a practical completion date of mid-January 2021 and client handover of March 2021.

The construction contractor is also currently going through a revised procurement process for outstanding supplies post-lockdown and while no immediate risks have been identified in material supply all parties are staying cognizant of as yet unidentified delays with manufacture or supply that could impact this project further.

CONCLUSION

Due to the national lockdown the Hydroslide project at Splash Palace has been delayed. Whilst construction has proceeded under levels 3 and 2 subject to known current conditions a revised practical completion date has been scheduled for January 2021 and handover in March 2021.

TO: **INFRASTRUCTURAL SERVICES COMMITTEE**

FROM: **LESLEY MCCOY – MANAGER PARKS PLANNING**

MEETING DATE: **TUESDAY 7 JULY 2020**

MEMORIAL FUNDING APPLICATION

SUMMARY

Council Officers have applied for funding from MBIE from the Provincial Growth Fund for the restoration of Invercargill's memorials as they are in urgent need of repair. These assets have an important role in Invercargill's cityscape and heritage value.

Each memorial is an individual project request, with a maximum grant fund available for each of $200,000 from MBIE.

RECOMMENDATION

That the Infrastructural Services Committee receives the report "Memorial Funding Application".

IMPLICATIONS

1.	*Has this been provided for in the Long Term Plan/Annual Plan?* Yes, some memorials brought forward due to funding availability. The Troopers Memorial (Boer War Memorial) is programmed and budgeted for in the 2020/21 financial year.
2.	*Is a budget amendment required?* Dependent on outcome of funding application
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?* No
6.	*Has the Child, Youth and Family Friendly Policy been considered?* N/A

FINANCIAL IMPLICATIONS

Budget amendment required dependent on funding application outcomes.

A3051483

MEMORIAL REPAIRS

Invercargill City Council's war memorials throughout Invercargill have been repaired and maintained in a reactive manner.

Parks and Recreation initiated an investigation into the condition, repair and maintenance requirements for the War Memorials. MBIE opened a round of funding post COVID-19 for Memorials and Halls and the following projects were applied for:

Memorial	**Funding Request**
Troopers Memorial (Boer War Memorial)	$196,685
Southland's Cenotaph	$261,624
South Invercargill War Memorial	$101,584
Kennington Memorial Gates	$ 64,340
Myross Bush Memorial Gates	$ 19,370
Waikiwi Domain Memorial Gates	$ 29,740
Rugby Park Footballers Memorial	$ 6,430
Total	**$679,773**

In conjunction with Parks and Recreation's own planning, landscape work in these reserves is proposed to maximise the impact of the memorials' repairs. Any structural work should be held off until summer as the frost damage from the work could be counter-productive.

The work on the Troopers Memorial (Boer War Memorial) will continue as programmed and budgeted in the 2021 financial year regardless of funding application outcome. If this application is unsuccessful other repair work will be programmed into Parks and Recreation budgets in the Long-term Plan.

CONCLUSION

Funding, if approved, will help restore these iconic features back into the community and help to enhance their historical importance.

TO: **INFRASTRUCTURAL SERVICES COMMITTEE**

FROM: **RHIANNON SUTER – STRATEGY AND POLICY MANAGER AND JEREMY REES – ENGINEERING SERVICES MANAGER**

MEETING DATE: **TUESDAY 7 JULY 2020**

DRAFT INFRASTRUCTURE STRATEGY 2021-2051

SUMMARY

The draft Infrastructure Strategy has been developed as part of the preparation for the 2021-2031 Long-term Plan.

RECOMMENDATIONS

That the Infrastructural Services Committee:

1. **Receive the report "Draft Infrastructure Strategy 2021-2051"**
2. **Note the key elements which are required to be completed by Council, including the vision and project prioritisation process, prior to the draft Infrastructure Strategy being finalised**

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?* N/A
4.	*Implications in terms of other Council Strategic Documents or Council Policy?* The Infrastructure Strategy is a supporting document for the Long-term Plan
5.	*Have the views of affected or interested persons been obtained and is any further public consultation required?* Key issues will be consulted on as part of the Long-term Plan process
6.	*Has the Child, Youth and Family Friendly Policy been considered?* N/A

FINANCIAL IMPLICATIONS

The Infrastructure Strategy outlines the level of investment in key assets which will be required for the period 2021-2031. This will be considered as part of the budgeting process for the Long-term Plan.

A3064303

BACKGROUND

Under Section 101B of the Local Government Act 2002, Council is required to have an Infrastructure Strategy which covers a period of at least 30 years. Section 101B is provided for reference (refer to ***Appendix 1***).

The infrastructure strategy tells the story of how assets and renewals are managed in order to deliver the Council's vision, community outcomes and levels of service.

Council includes the following areas within the Infrastructure Strategy:

- Water supply
- Sewerage
- Stormwater and flood protection
- Roading
- Property
- Parks and Recreation

The Draft Infrastructure Strategy (refer to ***Appendix 2***) and Draft Finance Strategy, which has been received by the Performance, Policy and Partnerships Committee (refer to ***Appendix 3***) align and should be considered together.

It is important to note that this is an early draft which requires a number of other inputs prior to completion. These include finalisation of the vision by Council, along with the priority projects they wish included in the Long-term plan. Also required are the finalised levels of service, assumptions and completed asset management plans, which will be delivered in October.

STRATEGIC ISSUES AND ASSUMPTIONS AFFECTING INFRASTRUCTURE

The Infrastructure Strategy has been developed to reflect how Council will respond to a number of major strategic issues. In addition to the strategic issues already included, there are strategic areas of focus for this Long-term Plan process:

- Inner city revitalisation
- Climate change
- Water reform
- Demographics and population

NEXT STEPS

The Infrastructure Strategy will be finalised as part of the Long-term Plan process. A draft plan will be available in 2020 and consultation will take place in early 2021.

CONCLUSION

The Draft Infrastructure Strategy is provided for information and feedback.

A3064303

APPENDIX 1

A3064369

Section 101B of the Local Government Act 2002

(1) A local authority must, as part of its long-term plan, prepare and adopt an infrastructure strategy for a period of at least 30 consecutive financial years.
(2) The purpose of the infrastructure strategy is to—
(a) identify significant infrastructure issues for the local authority over the period covered by the strategy; and
(b) identify the principal options for managing those issues and the implications of those options.
(3) The infrastructure strategy must outline how the local authority intends to manage its infrastructure assets, taking into account the need to—
(a) renew or replace existing assets; and
(b) respond to growth or decline in the demand for services reliant on those assets; and
(c) allow for planned increases or decreases in levels of service provided through those assets; and
(d) maintain or improve public health and environmental outcomes or mitigate adverse effects on them; and
(e) provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks.
(4) The infrastructure strategy must outline the most likely scenario for the management of the local authority's infrastructure assets over the period of the strategy and, in that context, must—
(a) show indicative estimates of the projected capital and operating expenditure associated with the management of those assets—
(i) in each of the first 10 years covered by the strategy; and
(ii) in each subsequent period of 5 years covered by the strategy; and
(b) identify—
(i) the significant decisions about capital expenditure the local authority expects it will be required to make; and
(ii) when the local authority expects those decisions will be required; and
(iii) for each decision, the principal options the local authority expects to have to consider; and
(iv) the approximate scale or extent of the costs associated with each decision; and
(c) include the following assumptions on which the scenario is based:
(i) the assumptions of the local authority about the life cycle of significant infrastructure assets:
(ii) the assumptions of the local authority about growth or decline in the demand for relevant services:
(iii) the assumptions of the local authority about increases or decreases in relevant levels of service; and
(d) if assumptions referred to in paragraph (c) involve a high level of uncertainty,—
(i) identify the nature of that uncertainty; and
(ii) include an outline of the potential effects of that uncertainty.
(5) A local authority may meet the requirements of section 101A and this section by adopting a single financial and infrastructure strategy document as part of its long-term plan.
(6) In this section, infrastructure assets includes—
(a) existing or proposed assets to be used to provide services by or on behalf of the local authority in relation to the following groups of activities:
(i) water supply:
(ii) sewerage and the treatment and disposal of sewage:
(iii) stormwater drainage:
(iv) flood protection and control works:
(v) the provision of roads and footpaths; and
(b) any other assets that the local authority, in its discretion, wishes to include in the strategy.

APPENDIX 2

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Infrastructure Strategy: 2021 - 2051

Contents

1. Introduction

Infrastructure provides a foundation for building strong and resilient communities. This Strategy sets out how the Invercargill City Council's existing infrastructure base for roading, water supply, sewerage, stormwater, building assets, parks, including cemeteries, will be continued into the near future. The Local Government Act requires that the Council include Roading and 3 Waters, including flood protection, in its Infrastructure Strategy. Building Assets, and parks have also been included to provide the full picture of planned Infrastructure spending over the next 30 years. Solid waste has been previously included within this Infrastructure Strategy, however is more aligned to an activity management plan approach and therefore not included within this strategy.

Invercargill City Council is required under legislation to plan for the next thirty years and identify what issues relating to infrastructure may be experienced over this timeframe, how Council intends to manage these issues, and what implications may arise. It will further outline how Council will renew or replace their infrastructure assets and respond to varying levels of service for these assets.

This document is supplied under Section 101B of the Local Government Act 2002.

The Strategy identifies how Council will meet their long-term renewals for significant assets, adapting to the changing environment and demographic trends while embracing growth projects aligned with Council's vision.

Invercargill City Council provides residents with services that are essential to the community. The Long-term Plan (LTP) sets out the services, the standard to which they are provided and what they will cost. Some of these services are provided by using assets that form part of the City's infrastructure.

The Infrastructure Strategy is the document that summarises the way in which Invercargill City Council will adapt its infrastructure to meet the challenges ahead.

2. Infrastructure Strategy Overview

2.1 WHO ARE WE?

Invercargill City is a relatively small and compact City extending from Makarewa in the north to Bluff in the south, Kennington in the east and Oreti Beach in the west. The Invercargill City District encompasses an area of 49,142 hectares. Generally we cover a land area 33.8 km by 20.1 km. Landscape features of importance to the community include Bluff Hill (Motupohue) and four major waterways which thread through the City (Makarewa, Waihopai, Otepuni, and Kingswell rivers). These, along with the Oreti River all flow into the New River Estuary. The urban areas of Invercargill and Bluff contain extensive areas of open space as well as distinct heritage buildings.

Invercargill has many extensive parks and recreational areas that are both close and accessible to residents. Queens Park is a centrally located, nationally recognised premier park offering wide and varied recreational use. Sandy Point area is a large environment and recreational area and is close to the city residents.

Road networks are generally formed on a grid layout and with relatively flat terrain, which makes mobility and accessibility easy for all modes of transport. The roading network has plenty of capacity. This ensures that travel reliability is a given for all road users.

The pipe networks provide potable water supply, wastewater (sewerage) reticulation and stormwater reticulation. The piped networks are compact and generally contained within road reserve and generally not located in residents private property where access is more difficult. They are well structured and historically well sized to provide for the City's requirements with only short travel distances to and from treatment facilities, with the exception of drinking water. Water is sourced and treated at Branxholme to the north of the City and piped 16.5km to reservoirs within the urban areas of Invercargill and Bluff

This map outlines the territorial boundaries of the Invercargill City Council.

2.2 COUNCIL'S VISION AND DIRECTION

Council's vision is to "*enhance the city and preserve its character while embracing innovation and change*." Council must provide sound management of its infrastructure to realise this vision.

Commented [JR1]: *Updated vision to be provided by Council*

Challenges faced by Council

- Meeting our long-term renewal obligations for infrastructure
- Ensuring Council decisions are financially prudent and recognise the current and future interests of the community
- Responding to the changing environment (both natural and technological) and retaining Invercargill's character including its built environment
- Recognising the City's changing demographic profile, and its ability and willingness to pay for the services required
- Encouraging growth projects whilst ensuring financial and operational sustainability for future generations
- Climate change and the impacts of this upon our infrastructure now and future demands
- Central Government water reform and the uncertainty of the impact of this
- Ensuring the CBD revitalisation achieves its goals

Commented [JR2]: Growth projects are to be identified by Steve Bramley's work

What is our Strategy to achieve the vision and manage the challenges?

- Maintain our current asset base, while responding to the challenges in a strategic manner
- Focus on critical aging assets and allow non-critical assets to experience limited failure before renewal
- Avoid expanding existing infrastructure networks (at our own cost), except to improve levels of service to meet consent and legislative requirements, and utilise current network capacity to meet forecast growth needs
- Focus on sound evidence-based activity investment decisions, rather than just the management of assets
- Renew assets at the rate of asset consumption
- Design pipe network renewals to accommodate impacts of climate change
- Should unplanned failures occur, use a mix of Council's financial "good health", accumulated reserves and / or insurances (where appropriate) to manage risks
- Ensure growth is focused on social, financial and operational sustainability and aligned to Council's vision
- Better understand and meet our community's needs, through consultation and delivery of agreed levels of service
- When arranging contracts or significant activities, consider how investment decisions may impact a viable competitive supplier market in the Region

The tools we are going to use

- Strengthen our asset management capabilities and practices, in order to improve cost-efficiency, better manage our risks, and make better informed decisions about infrastructure
- Improve business decisions when investing by using an evidence based business case approach
- Engage our customers more often to better understand their needs and desires and how these may change over time

Our Assumptions at a glance

Commented [JR3]: To be finalised once Assumption document is completed by others.

Assumption	*Level of Uncertainty*
Economic Climate and Growth	Moderate
Population Growth	Moderate
Climate Change	Moderate
Resource Consents	Moderate
Catastrophes	High
Delivery of Service	Moderate
Asset Valuations and Useful Lives	Moderate
Cost Change Factors	Moderate
Interest Rates on Borrowing	Moderate
External Funding for Projects	High

Where will we be in 30 years?

- Infrastructure in Invercargill will continue to meet the needs of the community.
- The CBD will be a vibrant hub and have Community Facilities which support it.
- Assets will have had sufficient maintenance and renewal, and will operate by meeting the agreed community levels of service. Council will have good knowledge on how to sustain and support the assets over their lives.

Commented [JR4]: To be updated by graphics team. Need to get up to date figures

This information has been developed from the valuations undertaken for 30 June 2019, for more detail please see individual Asset Management Plans.

2.3 WHAT DO WE DELIVER?

Roading – The Roading activity provides a safe, convenient and efficient transport system for all transport modes within the city including pavements, streetlights, traffic signs and signals, footpaths, drainage, kerbing, bridges, culverts, street furniture, parking facilities, vehicle access crossings and cycle tracks.

Water Supply – The Water Supply activity owns and maintains assets, including treatment stations, reservoirs, pump stations plus a pipe network to supply potable water to residential, industrial and commercial properties to protect public health, water for firefighting, support city growth and contribute to the general well-being of the community.

Sewerage – The Sewerage activity owns and maintains assets which include pipes, pump stations and treatment plants for the removal of sewage from residential, industrial and commercial properties in urban areas of Invercargill, Bluff, parts of Otatara and Omaui. Treated effluent is discharged to Foveaux Strait at Bluff, to the New River Estuary at Invercargill, and to land at Omaui.

Stormwater – The Stormwater activity owns and maintains assets which include pipes and pump stations to provide for the removal of stormwater from residential, industrial and commercial properties to reduce the risk of property damage by flooding. Stormwater is discharged to natural waterways including the Waikiwi Stream, Waihopai River, Kingswell Creek, Clifton Channel, Otepuni Stream, the New River Estuary and Bluff Harbour.

Tidal Protection Banks The City is protected by a series of flood protection schemes on the main waterways through the City which includes walls, banks and detention dams The majority of these schemes are owned and managed by Environment Southland, with Invercargill City Council managing tide protection banks at the Waihopai Arm at Stead Street and Cobbe Road. These banks protect again the sea tidal movements and storm surge rather than river flooding.

Property - The Property activity acts as the owner of public building assets such as the such as the Invercargill Public Library, Southland Aquatic Centre (Splash Palace), Civic Theatre, Housing Care flats, Public Toilets, Investment Buildings and Parks buildings to maintain and improve the buildings so that they continue to be used to provide services to the community of Invercargill. The Property activity also manages the operation of Public Toilets and the tenanting of Investment Buildings and Housing Care flats.

Parks and Recreation – The Parks and Recreation Activity provides spaces and places to ratepayers and visitors to the City for amenity value, recreation, sport and leisure. We act as Kaitiaki (Guardian) to Invercargill districts parks, reserves, cemeteries and public conveniences, using asset management practices.

3. Background

In the coming years, Invercargill City will experience greater pressures on infrastructure renewals as the existing networks age towards their end of life. During the periods of the 1920s, 1960s and 1970s, large areas of our city and associated infrastructure were developed over short periods reflecting the growth of the City. These assets will require renewal as they reach end of life and the strategies deployed to manage this work will reflect in the cost to the Community.

Council has built good quality asset data over the last 30 years and this is included in its asset management plans. This has enabled Council to establish budgets that work to ascertain the level of expenditure necessary to ensure a reliable and consistent level of service in our infrastructure areas. Council has maintained its assets well and believes that there is not a large deferred risk on assets from the past but recognise that renewals are essential for service continuity as assets have a finite life.

Roading, Water Supply, Stormwater and Sewerage activities account for 23% of Council's operating expenditure and 62% of Council's capital renewal expenditure. Council is also proposing to invest in new Community projects.

Commented [JR5]: To be updated with financials

Commented [JR6]: To be updated after Steve Bramley's work

Council has renewal programmes in place; however these programmes are expected to increase. The increase is to enable Council to meet the end of life needs of the assets which were installed in earlier growth periods. During these times Central Government supported and assisted development and growth, however under current funding structures the renewals are now the financial responsibility of Council (apart from the New Zealand Transport Agency Funding Assistance where applicable). These development peaks need careful and structured renewal strategies to renew assets at the right time to meet well understood future demand. The Water Supply AMP has highlighted an area of the pipe network where asbestos cement (AC) pipes may have to be renewed before their expected end of life, but have served more than 50 years currently. These pipe materials are widely used across New Zealand and most Councils will be experiencing similar responses as pipes become older and failure more likely.

For some of Council's infrastructure activities a decision has been made to reduce the rate of renewal for some assets. This 'sweating of the asset' is now more widely accepted as getting value for money, but has the potential for more risk if the condition of the "sweated" assets is not well known. Sweating of an asset will enable Council to manage change and extend the predicted life cycle of the asset. It also allows Council to use better data and optimisation approaches to predict a just-in-time renewal of the asset. The use of criticality, resilience and risk to balance decisions with experienced practitioners mitigates the level of risk the community is exposed to.

For example, Council is proposing to under fund the renewal of the footpath programme as it can be done with low risk and has high visibility for future monitoring. In doing so, Council is hoping to extend the overall life of all footpath assets beyond what has been earlier planned for and signalled in its Roading Asset Management Plan. The opposite approach has been taken with critically important parts of the water reticulation network where replacement is programmed to coincide with scheduled end of life rather than waiting for failure.

Council needs to ensure that it is delivering the right level of infrastructure at a sustainable cost the community can afford, both now and into the future. Investment needs to be

managed through business cases which support current evidence and future demands including possible shifts in demand.

To do this Council has looked closely at the renewals and maintenance of existing infrastructure as well as any planned new infrastructure projects; details of these options are expanded on in the Asset Management Plans. This strategy sets out what Council believes to be the most likely scenario for infrastructure needs in the future and assesses the options available to Council and the Community for addressing these needs.

4. Key Assumptions

Note: The assumption table below is yet to be finalised and is reproduced fully from the current draft. This will be consolidated once the Assumptions document is complete.

Having suitable and relevant assumptions is a solid foundation for the Strategy. The following assumptions and potential impacts have been considered while developing and preparing Asset Management Plans and are seen to be the best and most likely influencing factors to consider and where appropriate develop into the strategy and Asset Management Plans. Assumptions are taken from the Long-term Plan Background and Assumptions 2021-31 document and only the assumptions that require an infrastructure response are included here.

Population			
Assumption	**Level of certainty**	**Impact of uncertainty**	**Management response**
Population growth is expected to be minimal in the short term as a result of Covid-19 limiting the ability of students and migrant workers to travel, along with continued aging of the population. The population will remain static at 55,300[1] for the first three years before increasing to 56,300 by 2031[2]. The population is forecast to decline again to 55,500 eight years before the end of the 30 year strategy[3].	Medium	Low	Council has appropriate infrastructure and resources to service a population of up to 60,000 without significant financial impact. This is in line with the higher forecast of the Southland Regional Development Strategy.
The population will continue to become more diverse. The Maori population will grow from 17% to 19%[4]. The Asian population will grow from 6% to 9%[5]	Medium		

[1] NZ Stats forecast 2018 (Census 54,204)
[2] Estimate based on NZ stats original medium range forecast
[3] Return to trend included in 2018 LTP
[4] Growth in line with NZ stats estimate of 2% growth in the Southland region (NZ Stats, population projections)
[5] Growth in line with NZ stats estimate of 3% growth in the Southland region (NZ Stats, population projections)

Those 65 and older will form 23% of the population in 2031[6]			
The number of households will increase as the population ages and size of households decrease slightly. The size of household will vary between 2.2 and 2.4 people over the time of the infrastructure strategy[7]	Medium – The impact of numbers of students and migrant workers on demand for housing is uncertain.		Council will increase the supply of pensioner housing over the period of anticipated demand increase. Old stock will then be demolished in line with expected demand decline. Housing units will increase from 215 – 300, before declining again to 215. 3 Waters – Council's infrastructure has sufficient capacity to accommodate the increase in demand resulting from this increased population.
Economy			
A recessionary period is expected for the first five years of the LTP and longer-term structural changes to the economy beyond this time. This will lead to higher unemployment and lower GDP.	Medium – the shape of the recession (u or v) is as yet unknown		Council will focus on efficiency savings. Investment will only be made in services which can be serviced.
More business will be conducted online.	Medium	High – potential impact on businesses within the CBD is significant if more people work from home	
Tourism numbers will slowly increase over the first five years, returning to 2019 levels by 2031	Low		
The numbers of international students studying at the Southern Institute of Technology will slowly increase back to 2019 levels by 2031	Low		
The CBD will remain in the Esk Street area and, following a period of static activity until 2023 when the City Block development is complete, will	Medium		The city centre is at the centre of Council's vision. Council strategic activities and economic development delivered through

[6] NZ Census Area unit forecast

[7] Original: Average Household size will remain steady at 2.3 per house.[7] Need to work out detail of assumption

become more vibrant . The trend of reducing retail space requirements will continue.			Great South will align to support the success of the city centre projects
Volatility in the global economy may affect one or more of Invercargill's key export industries. This will drive diversification but will slow growth	Medium		
Social and cultural			
Maori culture will become more visible in the city.			Council will invest more in Maori engagement to ensure strategic projects reflect Maori culture and the city
Socio-economic/ deprivation patterns will remain the same (impact of possible Tiwai closure?)			
Resilience			
No significant natural disaster will impact the city in the life of the plan[8]	Low		Council has a focus on resilience. While it is not possible to plan for a major earthquake or similar disaster, Council continues to support and invest in Emergency Management Southland. Infrastructure renewals are undertaken using resilient design practices.
One more wave of Covid-19 or a similar pandemic will return to Invercargill during the period of the Long-term Plan, with a period of social distancing required. No further lockdown is forecast.			
A major economic shock is expected during the life of the plan (this may be closure of Tiwai, International education impacted by Government policy	Low		Council has tasked Great South, the regional development agency, to focus on resilience and economic diversification.

[8] Refer to AF8 study

Environment – Climate Change			
Climate change impacts will vary across regions in Southland. The following is a summary of impacts taken from the *Southland climate change impact assessment, August 2018* report.			
Mean annual and extreme temperatures (days where temp. exceeds 25^{0}C) are expected to increase with time: By 2040: mean annual temperature increase of 0.5-1^{0}C with 0-10 more hot days per annum. By 2090: mean annual temperature increase of 0.7-3^{0}C, with 5-55 more hot days per annum.	High	Medium – a planned pathway for the review of these assumptions and the impacts will minimise large impacts upon activities.	Water - Longer period of drought may result in increased demand whilst flood events create turbidity and increase the cost to treat for consumption. Flood Banks – increased temperature results in more extreme weather events, with a corresponding increase in height and frequency of storm surges.
Annual rainfall is expected to increase: By 2040: +0-10% By 2090: +5-20% Increased frequency of high rainfall days, i.e. increase in intensity of rainfall.	High	Medium – a planned pathway for the review of these assumptions and the impacts will minimise large impacts upon activities.	Roading - increased frequency and intensity of rainfall may require extra drainage works in the road network that may alter long-term maintenance costs Stormwater – increased frequency and intensity of rainfall events resulting in increased demand on the network. Wastewater - Increased frequency and intensity of rainfall events results in infiltration and inflows that increase volumes to be treated.
Mean sea level is expected to rise. By 2040: 0.2-0.3 m By 2090: 0.4-0.9 m	High	Medium – a planned pathway for the review of these assumptions and the impacts will minimise large impacts upon activities.	Stormwater – increased tailwater levels require consideration for outfall design. Flood Banks – Renewals need to consider increased sea level during design life. Sewerage – Clifton outfall may need to be pumped long term.
Council operations			
Amalgamation will not occur during the life of the Plan	Medium	If amalgamation does occur, costs to the ratepayer will remain the	

		same, although revenue and financing may be set differently.	
There will be no significant change to the way that Council delivers services, either directly or via contractors	Medium	Change may be required to the delivery of water services as a result of the Water Reform noted below.	This will be managed in line with Government best practice.
There will be changes to legislation that have an impact on how Council will provide services. These changes may affect the Council organizational structure but not change the service received by the customer/ratepayer.	High		Management will continue to engage with Government and plan for changes in services in response to policy and regulation changes as these arise.
The Water Reform will not be implemented within the current LTP review cycle and if any changes are implemented they will not be significant.	High	Medium – Central Government have not provided much guidance on the expected timeline for the Water Reform implementation. If a change does occur suddenly there is a possible change in the model of service delivery, but the long term renewal and operational costs are expected to be consistent.	Management and the relevant asset managers will continue to monitor and engage with Central Government, as far as possible, to understand the proposed changes and timeline and the implications for Council.
Stormwater and foul sewer discharge consents will be obtained with reasonable conditions and negligible impact on how Council provides services.	Medium	If unexpected consent conditions are imposed there may be unexpected costs to comply	Council will work with the Regional Council early to minimise the risk of unexpected consent conditions.
Changing technology will drive changes in how Council delivers its services. This, together with changing social mores, will result in increasing delivery of services online	High		Council will focus on achieving efficiency gains while ensuring access for people who do not have internet access or low internet skills.
The NZTA Funding Assistance Rate will reduce by 1% each year for the life of the plan			
Assets will reach the end of useful life indicated when supplied[9]			

[9] Council will use national standards is asset revaluation.

In line with growth forecasts, vested assets will have a negligible impact on Council's overall infrastructure and finances			
Financial forecasting			
Inflation will occur at the rates set by BERL as LGCI forecasts.			
Council borrowing facility will be renewed (three yearly) with the terms and conditions mirroring market trends			
Expected interest rates on borrowing: will be: to be populated			
Return on cash and term deposits will be the same as the interest rate on borrowing.;			
Asset values and the capital work programme will increase by the accumulated Local Government Cost Index inflation on the last valuation value			
dividends from ICHL will be $4.8m + CPI			

5. Significant Challenges and Issues

Like many parts of New Zealand, the area served by Invercargill City Council faces a number of strategic challenges in the years ahead.

5.1 MEETING OUR LONG-TERM RENEWAL EXPECTATIONS FOR INFRASTRUCTURE

Past investment cycles in the 1920's, 1960s and 1990s, particularly in piped networks, have created an echo of renewal requirements, which means that a significant part of Council's infrastructure will require renewal within the term of the Infrastructure Strategy, i.e. 30 years. These forecasts are in line with the assessed industry life expectation of the materials used.

The services provided from piped network assets, namely water supply, stormwater and wastewater, will be subject to larger expenditure increases in coming years to meet demand. These increases are due to the pipes reaching the end of their useful life and the need to renew them before significant failure occurs.

The magnitude of renewals expected within Invercargill City and the Southland Region may exceed the capacity for the work to be undertaken in the market place. To managed this Council plan to develop a regional forward work plan to allow the contracting market to appropriately for resourcing.

Council's building assets are reaching half their useful life with significant renewals required. The renewal plan for Council's building assets is included in the Property Asset Management Plan.

5.2 RESPONDING TO THE CHANGING ENVIRONMENT (BOTH NATURAL AND TECHNOLOGICAL) AND RETAINING INVERCARGILL'S CHARACTER INCLUDING ITS BUILT ENVIRONMENT

Climate change is a significant issue for most activities. The most likely immediate risk to assets is the rise in sea level, coupled with increased intensity of rainfall which raises the risk of flooding, unless properly planned for. There will also be a need to review Invercargill's tidal flood protection schemes with wider consultation on the future provision or renewal of flood banks alongside Environment Southland on the waterways through the City, or decide whether it is no longer viable to protect parts of the City. These are long term issues but require a planned pathway for considering them.

Policy setting from Central Government will possibly have the most volatility. Responding to regulation can place extra cost pressures on Council, for example in meeting increasing environmental standards for fresh water or new Discharge Consent Conditions requiring improved discharge water quality.

Council has a good road network but has identified problem areas including safety, asset condition and performance, environment and accessibility as key focus areas for future plans. Council has a number of risks (when considered against national peers) particularly for cycling and pedestrians and at intersections) and investment will be focused on safety improvements to reduce crashes, deaths and serious injuries. Additional funding is needed in resurfacing and rehabilitation programmes and Council will promote programmes for more cycling and walking (active mode of transport). Resilience against more frequent storm events will require contribution to investment in some stop banking.

More recent trends in technology, particularly around retail, accommodation and vehicle use will have the potential to change our society. This has already been seen in the use of community facilities which are changing to be more social and open spaces.

Monitoring the compliance of existing resource consent conditions will provide a record of compliance for future processes. The renewal of consents is dependent upon the legislative and environmental standards and expectations that exist at that time. If a resource consent was not granted, or failed to be renewed for a major Council activity, this would have significant impacts on both costs and the ability to provide that activity. A major non-renewal may mean an entirely new approach to the activity would be required. This could be an issue for future stormwater and sewerage discharge consents.

An option for operational sustainability of our provision of water is to investigate an alternative water supply and in turn increase the resilience of the network.

5.3 THE CITY'S CHANGING DEMOGRAPHIC PROFILE AND ITS ABILITY AND WILLINGNESS TO PAY

Council's network assets typically have sufficient capacity to meet the needs of the projected demographic profile. However, the continued and increasing investment required in our renewal programmes to maintain levels of service makes up a significant proportion of Council expenditure. The impact of this is that a relatively static ratepayer base (which is aging) is required to pay for a wave of infrastructure renewals on limited means. The respective Asset Management Plans provide a smoothed renewal plan for infrastructure This is coupled with Council's Financial Strategy to set out the plan to fund capital and operational expenditure long-term.

Longstanding and slowly advancing issues like population aging are progressively being felt. This can drive increased demand on community infrastructure such as housing care and recreation spaces, including accessibility and capacity at facilities. There is no longer adequate space at Splash Palace due to the current demand on the facility; there is also an increase in disabled users at the facility. As the population ages, Council considers that demand, particularly demand from disabled users, will continue to increase.

5.4 ENCOURAGING GROWTH PROJECTS WHILST ENSURING FINANCIAL AND OPERATIONAL SUSTAINABILITY FOR FUTURE GENERATIONS

Commented [JR7]: To be updated once Steve Bramley's work is complete

The Southland Regional Development Strategy action plan has two transformational projects noted for Invercargill. Their purpose is to rejuvenate the City. They are an art gallery and redevelopment of the museum. These projects are in the feasibility phase to establish if they will be viable. Other growth project options include increasing pool capacity at Splash Palace and the future use of Anderson House.

5.5 ENSURING COUNCIL WORKS IN A FINANCIALLY PRUDENT MANNER THAT PROMOTES THE CURRENT AND FUTURE INTERESTS OF THE COMMUNITY

The biggest challenge of all is one of funding; the changing demographic will mean a high percentage of our population will be on a fixed income. Based on the best information available, this document, in conjunction with the Financial Strategy, aims to provide a transparent response to the strategic challenges and ensure that the financial cost of providing the necessary infrastructure is predictable.

In the past Council has funded renewals as and when required. Council looks to focus on critical infrastructure assets and allocate capital budgets on renewals at a rate that equals the long-term economic consumption of assets. In some cases, the work is not yet required due to better than expected asset condition. Council is seeking to improve its understanding of asset condition to develop a more mature asset renewal programme. This can lead to smoothing of renewal profiles to minimise yearly variations in asset renewal budgets. This assists in informing the contracting market in order to provide appropriate resources over a longer term and also assists in achieving better value for money.

Assets were revalued in June 2019 and will be revalued each three years thereafter. The asset revaluation process informs the financial allocation (the equivalent of economic asset consumption) each year and considers the latest costings and understanding of lives, allowing for renewals undertaken or additional assets acquired during the period, such as assets vested from subdivisions.

Funding assistance from Waka Kotahi New Zealand Transport Agency (NZTA) is important for roading activities; this is the Funding Assistance Rate (FAR). Council's 2020-2021 rate was 54% but is reducing to 51% by financial year 2023-2024. This will mean more ratepayer funding is necessary as less is contributed by NZTA.

5.6 WATER REFORM

Central Government has signified its dissatisfaction with the current model of delivery of service by Territorial Authorities for potable water and foul sewer. Central Government has suggested that fewer, but larger, organisations would result in an improved level of service. Territorial Authorities in the Southland and Otago region have committed to a study to investigate what form of organisation would best suit the region. Stormwater, at this stage, has been excluded from the reform, however it is likely to be impacted by the new National Environmental Standards for Freshwater. The full impact of the reform cannot be quantified at the time of preparation of this strategy or the associated AMPs. However, the potential impacts upon the individual activities are discussed within the respective AMPs.

5.7 CBD REVITALISATION

The CBD revitalisation is an important challenge for Invercargill. This includes the Invercargill Central development along with CBD master planning which looks at integration of the Invercargill Central development with the wider CBD. While there is limited impact on Council's 3 Waters (stormwater, foul sewer and water) infrastructure as a result of the CBD revitalisation there is a potential impact on the roading and parks and recreation activities. The master planning work has begun and the roading and parks and recreation activities will respond to the potential impacts once the result of the master plan has been confirmed. Reasonable estimates of the capital programme requirements have been included within this LTP.

6. Our Strategic Response to the Challenges and Issues

Council has recognised a number of important challenges and issues which will impact the community over the next 30 years and potentially longer given the expected lives of some asset components.

Council has developed a number of key responses which will be utilised in making decisions in day to day operations and the long-term planning for assets. The Strategy for the delivery of Asset Management is listed below.

6.1 MAINTAIN OUR CURRENT ASSET BASE

Council sees that it is important not to encourage wider expansion in providing infrastructure beyond that which is currently serviced or outlined in the Asset Management Plans or District Plan. By limiting future growth of services, the long-term financial responsibility can be better managed. Invercargill has, through the district planning process, clearly set where planned growth is desirable and required. Where expansion of infrastructure is acceptable the initial cost of this infrastructure is expected to be met by the development while also ensuring the whole of life cost for the new infrastructure is acceptable. Limiting expansion to align with these processes is appropriate.

6.2 RENEW ASSETS AT THE RATE OF ASSET CONSUMPTION

Over the medium to long-term, Council proposes to renew assets at the rate of asset consumption. This ensures the long-term sustainability of our asset portfolio. Within specific asset types there will be a need to smooth renewal programmes to minimise the impacts of past investment cycles, as noted within the Significant Challenges and Issues section of this strategy.

6.3 FOCUS ON ASSET CRITICALITY

In a move to reduce large and sudden increases in rates on the Community, the strategy looks to balance the risks of failure of some elements of each system (e.g. water pipes). Simply put, pipes with a lower criticality rating will have their replacement delayed. This strategy will enable a reduced financial demand in the short-term but it clearly needs to be understood that this approach increases potential failure risks which must have supporting financial mechanisms. These risks need to be understood and managed by improving our asset management maturity.

6.4 FOCUS ON SOUND EVIDENCE BASED ACTIVITY DECISION MAKING

Council has identified that making better investment decisions is an important response for managing long-term assets. Using tools such as the better business case approach are another way of supporting good asset decisions.

6.5 UNDERSTAND OUR COMMUNITY

Council has recognised that a better understanding and improved communication with the community will enhance the way in which infrastructural assets are managed. It is vital to align the community's expectations and needs with the service delivered by the assets, given that they are long life assets and a significant financial investment. The assumptions made in any planning process create tangible inputs to future design and decision making. Council is developing an engagement strategy to assist develop a better understanding.

Other considerations include:

- Should unplanned failures occur, use a mix of Council's financial "good health", accumulated reserves and/or insurances (where appropriate) to manage risks.
- Ensure growth is focused on social, financial and operational sustainability, and aligned to the vision.
- Utilise subsidies, user payments, rates and loans to ensure that both current and future communities pay for the asset they are using.
- When arranging contracts or significant activities, consider how investment decisions may impact a viable competitive supplier market in the Region.

7. Our Tools to Deliver the Strategy

7.1 STRENGTHEN OUR ASSET MANAGEMENT

Council has recognised that strengthening its asset management processes will produce more robust long term outcomes.

Responding to this Council has established a whole of organisation approach to Asset Management, and aligned desired outcomes with the Asset Management Policy and Strategy.

Council continues to utilise the International Infrastructure Management Manual 2015 (IIMM) to identify what is achievable through adopting best appropriate international practice and also strengthen internal knowledge and expertise.

Having a strong platform for delivering asset management will allow robust plans to be developed and then delivered. This will require upskilling of asset managers and their support teams with a goal to continually improve asset management knowledge within the organisation. Without this knowledge and ability to know and analyse the networks and assets, future renewals decision-making may be less than optimal. The long term understanding (in its widest context) of the renewal of assets is the key to ensuring assets are being managed at the right level in the most appropriate way.

The Asset Management Policy confirms for Council the asset management objectives and responsibilities, with the high level commitment of Councillors ensuring the appropriate stewardship decisions are developed, understood and through the business case process appropriate investment decisions are being made. Asset management is not just how well the asset is managed, but also understanding the assets and utilising an investment focused approach to decision making for the community in both the short and long term.

The Asset Management Strategy defines a detailed approach to how Council will advance the management of infrastructure assets to appropriate levels of maturity, how the objectives in the Policy will be achieved, and the approach for developing and implementing Asset Management Plans. Council will continue to develop the quality of our asset data, better understand how the assets need to be managed, with these improvements ongoing for the life of the strategy.

Using independent peer reviews of Asset Management Plans, the Asset Managers development work has been assessed to ensure that future delivery plans meet legislative requirements. Where gaps in best or appropriate practice expectations have been identified in the activity, improvements have been noted within the Improvement Plan sections which highlight those future actions needed to strengthen the delivery of the activity.

The following diagram shows how each aspect of asset management contributes to successful delivery. Also important is the “line of sight” from the Long Term Plan to delivery of programmes, with clear linkages between work programmes and the objectives.

7.2 BETTER INVESTMENT DECISION MAKING

Asset management decisions have both short and long term impacts on the community. This strategy looks to ensure that these decisions are made with the best knowledge available using current thinking in understanding and communicating investment logic.

Government, through Treasury has accepted the "The Better Business Case (BBC) approach" as being a way to ensure that investment is well considered and appropriate decision making can occur. This approach asks questions of the asset areas - what is the problem, what are the benefits of solving it, and how should this occur considering the options available.

7.3 ENGAGE OUR CUSTOMERS TO BETTER UNDERSTAND THEIR NEEDS AND WANTS

Council is currently developing an Engagement Strategy that will shape how each area of Council, including elected members and staff, will engage with our Community in the future. It is anticipated that the Engagement Strategy will assist in delivering positive outcomes to the Community by identifying how the different groups within our Community wish to be engaged on different topics.

8. Linking the Long-term Plan to Activity Plans

8.1 CORE INFRASTRUCTURE

Community Outcome	Council's Objectives	How each Activity Contributes
Enhance our city	Invercargill's economy continues to grow and diversify	Roading provides the vital connections with state highways for the freight task distributing the goods needed for a city and throughout the city. The stormwater activity protects urban areas from flooding. The sewerage activity receives and treats trade waste. The water activity provides a water network with sufficient capacity to meet demand and firefighting requirements. The flood protection and control activity provides protection to the airport and Stead St area from flooding
	Invercargill's business areas are bustling with people, activities and culture.	Roading contributes to accessibility, via integrated networks of connected roads and footpaths. Safe roads allow freedom of movement for residents including appropriate lighting.
Preserve its character	The building blocks for a safe, friendly city are provided for all members of the community	Safe roads allows residents to select a mode of transport they wish to use with confidence. Street lighting allows residents to feel safe at nights. Roading corridor management contributes to ensure events have safe road and pedestrian access. Wide streets and low traffic flows allow ease of movement, together with networks resilient and reliable for all public events. Properties are protected from flooding damage, and receiving waters are not adversely affected by contaminated discharge. The sewerage activity protects public health by the safe collection of sewage. The water activity provides a safe reliable supply of water.
	Ease of access throughout the City is maintained.	Roading provides roads to connect people, signs to direct, footpaths for pedestrians, street furniture for streetscape usage. CBD areas have high amenity values.
	Strong, collaborative leadership of the City is demonstrated.	Good asset management delivers core infrastructure supporting the City to preserve its character.
Embrace innovation and change	The development of future industry is encouraged	The stormwater activity protects urban areas from flooding. The sewerage activity receives and treats trade waste.
	Technology is utilised in both existing and new City services.	Street facilities such as visitor signs, streetscape, seating, and car charging etc. offer high value people space and have flexibility to quickly adapt.

Commented [JR8]: Assume Community outcomes remain unchanged. To be confirmed during remaining LTP process

8.2 OTHER INFRASTRUCTURE

Community Outcome	Council's Role	How each Activity Contributes
Enhance our city	Invercargill has the 'wow factor' with the right facilities and events to enjoy	Parks and Recreation enhances the aesthetic value of the City and usability of reserve land.
	Healthy and active residents utilise space, including green space, throughout the City	Parks and Recreation encourages residents and visitors to our green spaces within the City.
Preserve its character	The building blocks for a safe, friendly city are provided for all members of the community	The building assets are safe to use, accessible for those with disabilities and well maintained. Council owned buildings on Parks, Cemeteries and Crematorium land are provided and maintained in a safe condition. Parks, Cemeteries and crematorium are provided and maintained in a safe condition. Burial, interment and bereavement needs of the community are met with sensitivity and professionalism. Provision of solid waste facilities and services for the sorting, collection and disposal of waste.
	Our natural and existing points of difference are celebrated	Parks and Recreation are managed in such a way as to protect important natural habitats, scenic landscapes and other environmental features.
	Invercargill is celebrated for preserving its heritage character.	Our heritage building assets are maintained well and keep their heritage status. Parks and Recreation assists in protecting Invercargill's history and heritage.
	Strong, collaborative leadership of the City is demonstrated.	Good asset management delivers core infrastructure supporting the City to preserve its character. Collaboration with other Local Territorial Authorities for the coordinated delivery of waste management and minimisation in Southland.
	Technology is utilised in both existing and new City services.	New innovations are investigated during the building asset renewal process. Parks and Recreation endeavours to utilise technology in order to engage effectively with the community through communication methods.
	Invercargill's culture is embraced through Community projects	Parks and Recreation endeavours to provide Council facilities and resources for community based activities, including the best utilisation of volunteers.
	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences	Parks and Recreation enhances the aesthetic value of the City and usability of reserve land.

9. Priority Projects and Options

Commented [JR9]: Need to be confirmed. Pending Steve Bramley's work

The focus of Council's Infrastructure Strategy over the next 30 years is to maintain and renew its current assets to ensure that the assets remain in such a condition as to continue to deliver a reliable and similar level of service to that currently being provided. They will be upgraded where appropriate to enable Council to meet increasingly higher environmental standards. The levels of service and how they are provided will also reflect the changing needs of our ageing population.

Council does not anticipate any significant expansion of the infrastructure networks.


Major Spends Timeline 2028-2048 (Year 11-30)
2028 YEAR 10
2033 YEAR 15
2038 YEAR 20
2043 YEAR 25
2048 YEAR 30
$6m
Y13
City Reservoir renewal
$16m
Y29
Transfer Station renewal
$13m
Y11
Clifton treatment facility upgrade
$3m
Y21
Winter Gardens renewal
$30m
Y28
Waikiwi Reservoir renewal
$7m
Y12
Civic Theatre renewal
$19m
Y19
Pool renewal
$25m
Y28
Administration Building renewal
$20m
Y20-30
Branxholme treatment station renewal
$77m
Y11-30
Sewerage pipe network renewals
$105m
Y11-30
Stormwater pipe network renewals
$77m
Y11-30
Water pipe network renewals
$128m
Y11-30
Roading renewals
$41m
Y11-30
Footpath renewals

10. Significant Decisions:

These following sections will be updated once the initial Priority Project consultation with Council is undertaken. This content is not intended to be updated for the initial draft and is currently as per the 2018 IS.

10.1 WATER – ALTERNATIVE WATER SOURCE

Issue and Consequence	Option	Implication	Cost
Invercargill City is at high risk being reliant on one open source water supply. If this water supply is contaminated or not useable as a result of a catastrophic event, the City could be without access to water for a significant time.	Develop a new secondary water source.	Invercargill has a resilient supply of water, any event of significance will have a reduced risk to the community.	$ 10,700,000
	Increase water storage. Either untreated water at the Branxholme Water Treatment Plant or within the City.	Level of protection will be limited to size of storage. And is likely to mitigate only for short term events. Any storage structure will be subject to being managed as any other constructed asset, i.e. maintenance and renewal plus exposure to damage during seismic events.	Not costed but likely to exceed that for option above.
	Do nothing.	Invercargill is vulnerable to the potential of having limited water after a catastrophic event. Should there be no water supply then evacuation of the city may become necessary.	$0

10.2 WATER – RENEWAL PIPE NETWORK

Issue and Consequence	Option	Implication	Cost
The asbestos cement (a/c) pipe within the water pipe network is reaching the end of useful life. The timing of their renewal will influence reliability of supply as well as have cost implications. Options identified relate to the level of risk exposure associated with the rate of renewal of non-critical pipes (those that if fail, will have a low impact on the likes of public health and amount of damage caused). All options identified allow for renewal of critical	All a/c pipes renewed by expiry of the shortest expected pipe life.	Maintains high network reliability and low risk but quantum of work larger than local contracting resources could complete within a very short timeframe.	$63,000,000 varying from $1 to $40 million per annum.
	Critical a/c pipe renewed by expiry of the shortest expected pipe life. Non critical a/c pipe renewed by expiry of the longest expected pipe life.	Network reliability slightly reduced and risk elevated but quantum of work is still larger than local contracting resources could complete within the short timeframe.	$48,200,000 varying from $2.2 to $16 million per annum.
	Critical a/c pipe renewed by expiry of the shortest expected pipe life.	Expect the occurrence of pipe failure to increase, thus network reliability will further	$34,900,000 varying from $2.2 to $5.9 million per annum.

pipes by their nominated conservatively assessed asset life but vary according to the commitment in timing of renewal of non-critical pipes.	Non-critical pipe renewed according to a budget set by affordability as set down within the parameters of the Financial Strategy.	reduce and risk exposure increase.	

10.3 STORMWATER – RENEWAL PIPE NETWORK

Issue and Consequence	Option	Implication	Cost
The oldest parts of the Invercargill stormwater network are reaching the end of their useful life, and renewal of these assets will reduce risk of failure, improve capacity and reduce the risk of stormwater contamination.	Prioritise pipe renewals by material, criticality, capacity and condition. Renewal of non-critical pipes may be delayed until maintenance requirements and disruption to the end user become unacceptable.	Critical, aging, high cost infrastructure is renewed and overall quality of the network is maintained or improved.	Increase renewals spend to $3,520,000 per annum (depreciation allocation) by 2022.
	Replace pipe network on age or condition factors alone.	Structural integrity and maintenance requirement would remain at current levels. Capacity issues and stormwater quality would take longer to resolve.	Increase renewal spend to $3,520,000 per annum by 2022.
	Replace pipe network at twice rate of depreciation to address contamination problems more quickly.	Would require significant additional expenditure, and place high demand on the supply market which could inflate prices. Would not address contamination issues within private properties.	Increase renewal expenditure to $7,039,000 per annum by 2022.

10.4 STORMWATER – INVESTIGATE INFILTRATION SOURCES

Issue and Consequence	Option	Implication	Cost
The stormwater network receives stormwater from properties which are susceptible to contamination prior to entering the stormwater network. This may result in failure to comply with discharge consent conditions.	Increase monitoring of system to trace infiltration to the source, and require property owners to repair.	Improved data on the sources of contamination to the system. Improvement of water discharge quality in to the environment over time.	$200,000 per annum for monitoring and investigation programmes. Additional costs of repair to property owners.
	Accept infiltration will happen in the system, put post collection treatment in place.	This option comes at an extremely high financial cost to Council and will not encourage the correct behaviours at the source of the issue. This also increases the cost to all ratepayers when it is not the fault of the community but sporadic private properties.	$42,000,000 per annum for capital and financing costs, and maintenance of treatment systems, over the life of the treatment devises. (Based on “Southland Industrial and Municipal Water Values” Invercargill Case Study, 2013)

	Do nothing.	Failure to comply with consent conditions would result in regulatory action by Environment Southland, and directive to fix.	Unknown cost to defend regulatory action, and for fines imposed by courts. Court imposed costs to correct may also apply.

10.5 SEWERAGE – RENEWAL PIPE NETWORK

Issue and Consequence	Option	Implication	Cost
The oldest parts of the Invercargill sewerage network are reaching the end of useful life, and have increased risk of failure, public health issues, and of contamination of stormwater.	Prioritise pipe renewals by material, criticality, capacity and condition, at rate of depreciation. Renewal of non-critical pipes may be delayed until maintenance requirements and disruption to the end user become unacceptable.	High risk, high cost infrastructure is renewed and overall quality of the network is maintained or improved.	Increase renewal expenditure to $2,563,000 per annum (depreciation allocation) by 2022.
	Replace pipe network on age and condition factors alone.	Structural integrity and maintenance would be maintained at current levels, or improved. Capacity issues and cross contamination of stormwater may take longer to resolve.	Increase renewal spend to $2,563,000 per annum by 2022.
	Replace pipe network at twice the rate of depreciation to address contamination issues.	Additional cost to ratepayers would be a significant burden, and higher demand on the supply market may inflate prices. Cross contamination issues within private properties would not be addressed.	Increase renewal spend to $5,126,000 per annum by 2022.

10.6 SEWERAGE – DISCHARGE CONSENT RENEWAL 2029

Issue and Consequence	Option	Implication	Cost
Wastewater Treatment Plant Discharge Consents require renewal in 2025 for Bluff, and 2029 for Clifton.	Negotiate new consents for discharge to Coastal Marine Area.	Bluff: Impacts on receiving environment are low. Quality improvement may not be required. Invercargill: Nutrient removal likely to be required to reduce load on estuary.	Bluff: $200,000 for consent renewal. Invercargill: $10,000,000 plus for nutrient removal.
	Remove discharges from Coastal Marine Area. Pump Bluff effluent to Clifton (2025), and discharge Clifton effluent to land (2029).	Bluff: Discharge Consent not required. Receiving water improvement at Bluff, and additional effects at Clifton would both be minor. Clifton: Effects on estuary would reduce,	Bluff: $3,100,000 capital plus $164,000 per annum operational. Clifton: $28,000,000 capital plus $3,100,000 per annum operational.

		and may be transferred to catchment in which land disposal area is located. Suitable disposal site has not been identified.	
	Do nothing.	Failure to renew consents would result in regulatory action by Environment Southland, and directive to fix.	Unknown cost to defend legal action, and for fines imposed by courts. Court imposed directives to upgrade may also apply.

10.7 COMMUNITY FACILITIES – NEW POOL 2022

Issue and Consequence	Option	Implication	Cost
There is no longer adequate space at Splash Palace due to current demand on the facility; there is also an increase in disabled users at the facility. In consideration of population and demographic projections, the demand will only continue to increase with special regard to the ageing and disabled users.	Build additional FINA standard pool space, a 25m x 25m and 2m deep, with accessibility ramp and stair access.	This will increase the available space in the water at the facility and improve accessibility. It will reduce tension between pool users as space is currently at a premium. Potential to engage more national water based competitions and meets to the City with FINA approved competition area.	Capital Cost $ 6,266,000 – $3,3,133,000 loan funded by Council and $3,000,000 of proposed grant funding. Ongoing operational increase required from rates of $129,000 in 2020/2021 increasing to $220,000 by 2027/28.
	Increase opening hours of the current facility.	May reduce overall demand, but demand peak times would remain the same (due to competing time demands on the customer).	Operational cost increase
	Increase admission costs.	This would reduce the demand for the facility, but would shift affordability to a wealthier demographic.	Unknown – could increase or decrease revenue to the facility.

10.8 COMMUNITY FACILITIES – ANDERSON HOUSE 2019

Issue and Consequence	Option	Implication	Cost
Issue: Not up to EQ standard. Issue: Council has responsibility of stewardship for grounds, bush and buildings – expectations are that we continue to use the building for the public. Consequence: engage in public consultation to find out what the public want	Make the building safe to look at from the outside but not useable inside.	Public cannot use the inside of the building but it will be aesthetically pleasing as a background.	$194,000
	Earthquake strengthen buildings to 33% - 67% and minimal work to open ground floor only.	Restricted use.	$954,000 Capital Cost
	Strengthen, provide toilets, lift and regress but no fit out for restaurant and heritage displays.	Restricted use.	$1,717,000 Capital Cost

and what they are prepared to pay for.	Complete all work as per Venture Southland's Report.	Very high cost and continual subsidisation.	$1,916,000 Capital Cost

10.9 ROADING – SAFETY

Issue and Consequence	Option	Implication	Cost
Invercargill has a number of unsafe road layouts and together with unsafe driving behaviours continues to cause too many fatal and serious crashes occurring, especially to vulnerable drivers.	A low-budget around 5% of the road renewals budgets and limit the projects which can be completed typically to one lane projects.	Limits to the speed in response to issues and problems wait until they are prioritised. Public do not see any improvements. Some major projects once identified can take 10 years to be enacted. A limited response to a key problem. Current budget range.	$400,000 per annum increasing with inflation.
	A mid-range budget where two significant improvements are targeted each year.	A more proactive response. Still has limitations on budget but has greater ability to increase improvements in key areas, deliver two big improvements per year and reduce the deficiency listings.	$600,000 per annum increasing with inflation.
	A high-range budget where the deficiencies identified are completed over 10 years with some projects having a lower priority.	A significant shift in project work needing skills and resources to ensure sound investment. Would require NZTA to also agree that the safety projects meet a national threshold of importance. Identified deficiencies would be removed in a more responsive manner.	$1,200,000 per annum increasing with inflation.

10.10 ROADING – ACCESSIBILITY

Issue and Consequence	Option	Implication	Cost
Current infrastructure together with changing land use is restricting choices of travel for people around the city.	Low Budget Model $4.0M – for resurfacing including chip sealing, asphalting and rehabilitation works.	The renewals of the road pavement model has suggested that the optimum investment is the low model and that given the available budget that less can be wisely invested to achieve the output of roughness and road gutting required from the model. The users however seek smoother roads and this option continues to deliver similar statistical indicators (STE) results.	$3,400,000 per annum increasing with inflation.

	Normal Budget Model $4,3M – for resurfacing including chip sealing, asphalting and rehabilitation works.	More investment would mean some roads are smoother earlier. NZTA are unlikely to agree to invest beyond the optimum model output.	$4,300,000 per annum increasing with inflation.
	High Budget Model $5.0M – for resurfacing including chip sealing, asphalting and rehabilitation works.	Smoother roads in some targeted places which would allow wider access for heavier trucks earlier. Higher costs are not an optimum solution but potentially more aligned to customer wants (which may change when the cost impacts are tested). NZTA are unlikely to support or fund at the higher level making the extra investment much more expensive.	$5,000,000 per annum increasing with inflation.

10.11 SPECIAL PROJECT – ARTS CENTRE INVERCARGILL 2019

Issue and Consequence	Option	Implication	Cost	
The Art Gallery was identified by the Southland Regional Development Strategy as a driver of inner city rejuvenation. The project identified there was a strong community interest in a dedicated Arts Centre with the opportunity to include and house the various local art collections.	Build a new art centre using a mixture of council, local and central government funds with the operation being delivered by council.	A new Art Centre would allow the collections to be better stored and would also assist the Southland Museum to refine its redevelopment to focus on areas other than art.	Council's estimated capital contribution Year 1 = 2019/20:	
			Year 1	$200,000
			Year 2	$1,300,000
			Year 3	$1,200,000
			Year 4	$13,300,000
			Ongoing operational costs:	
			Year 1	$168,000
			Year 2	$267,000
			Year 3	$374,000
			Year 4	$722,000
			Year 5	$1,269,000
			Year 6	$1,308,000
			Year 7	$1,325,000
			Year 8	$1,345,000
			Year 9	$1,385,000
			Year 10	$1,407,000
	Status quo.	Non co-ordinated art activity and a regional missed opportunity.	No increased costs.	

10.12 SPECIAL PROJECT – LIVING DINOSAURS 2020

Issue and Consequence	Option	Implication	Cost
The tuataras current facility within the museum has a couple of issues. The presence of tuatara are a risk to the required environment of the museum collection which is significantly	Renew current tuatara enclosure remaining in the Museum Building.	The tuatara roof requires renewal as it is believed that the degrading of the roof surface is reducing the success of the breeding programme. The climatic atmosphere	Estimated cost is $400,000.

Issue and Consequence	Option	Implication	Cost
different to that of the tuatara and therefore they require separation. The current space that the tuatara are in requires significant renewals to improve appearance and prevent corrosion. DOC are looking for a permanent home for the kakapo chick rearing, the current temporary lab is not fit for purpose. The foyer at SMAG requires development for a seamless flow from SMAG reception to Living Dinosaur experience. Create tourism attractions in Invercargill. More tourists will visit Invercargill and stay for multiple days.		and feeding requirements of the tuatara are in conflict with requirements for the Museum collection, posing a higher risk than desired.	
	Build an enclosure beside the Southland Museum and Art Gallery suitable for an enhanced tuatara experience. Tuataras have a purpose built facility and continued success of the tuatara breeding programme.	• Create tourism attractions in Invercargill. • More tourists will visit Invercargill and stay for multiple days. • A significant taonga species whose 'home' is Murihiku are celebrated. • Risk to the tuatara and museum collection is reduced. • The feasibility study indicates this can be cash positive from year one if partly co-funded or from year six if fully loan funded.	Estimated capital cost is $5M loan funded. Ongoing operational impact to the rates in Year 2019/20 – $100,000. From Year 2020/21 there is an estimated $260,000 contribution to the Museum Activity.
	Build an enclosure beside the Southland Museum and Art Gallery suitable for an enhanced tuatara experience; include facilities for rearing kakapo chicks which will also be a highly desirable attraction. Tuataras and Kakapō have a purpose built facility, continued success of the tuatara breeding programme.	• Create tourism attractions in Invercargill. • More tourists will visit Invercargill and stay for multiple days. • Two significant taonga species whose 'home' is Murihiku are celebrated. • Risk to the tuatara and museum collection is reduced. • The feasibility study indicates this can be cash positive from year one if partly co-funded or from year six if fully loan funded. • Purpose build facility for rearing of Kakapo chicks – they currently have no fixed facility. The chick will be present 10 weeks of the year every second, third or fourth year, dependant on their natural food source and success of breeding.	Estimated capital cost is $5M loan funded. Ongoing operational impact to the rates in Year 2019/20 – $100,000. From Year 2020/21 - there is an estimated $260,000 contribution to the Museum Activity. Cost of Kakapō funded by others (Sponsorship of project, income and ongoing operational cost responsibility of DOC)

10.13 SPECIAL PROJECT – STORAGE FACILITY 2025 AND SMAG RE-DEVELOPMENT 2028

Issue and Consequence	Option	Implication	Cost
Southland Museum and Art Gallery has identified a need to provide better public areas and exhibition space, seismic strengthening and a weatherproof roof. The Museum and collection is needed to be relocated to a facility designed for purpose.	Remove the museum collection and art collection to a nearby purpose built building for separate storage of regional museum collections.	Reduced risks to heritage of Southland by storing collection objects in optimum conditions. Heritage of Southland is catalogued in a common system.	Estimated Council Capital Grant contribution $8,600,000.
	Redevelop the existing pyramid building.	Building will be more functional, attractive to visit and increase seismic capacity. Storage of collection will be off current site, allowing the Pyramid to have increased display and operational space.	Estimated Council Capital Grant contribution $10,800,000 (not including Storage Facility).
	Build additional areas associated with the development of an Arts Centre in the Invercargill.	One facility delivering a number of outcomes co-located. Additional costs in an Inner City location where land is more expensive.	Costs yet to be identified.

11. Changes to Levels of Service

Commented [JR10]: This section will be updated once the Level of Service consultation is undertaken late June/early July

Levels of Service (LOS) for asset groups included within this Strategy are not planned to have significant changes implemented unless noted below. During the Long-term Plan (10 years) and the Asset Management Plan (AMP) (30 years), ongoing consideration of the LOS will be undertaken and where changes are sought these will be included in future plans. This strategy looks to manage our existing assets at the same level of service. As options are selected within the LTP process, some changes can occur. Where these are different from the recommended programmes within the AMP this document would need adjustment.

Council intends to maintain and renew its infrastructure assets to ensure that the assets remain in such a condition to continue to deliver a reliable and similar level of service to that currently being provided.

Required significant LOS adjustment:

- For stormwater the proposed Southland Water and Land Plan will require improvements to stormwater quality

Propose options for LOS changes:

- Additional pool at Splash Palace
- Alternative water supply
- Living Dinosaurs display
- ACI (Art Centre) development – museum changes

12. Our Approach to Asset Management

Council has recognised that to provide a better service to the community we must strengthen our approach to asset management and the systems we use. We must have and use sound evidence based information for decision making, the risks faced must be quantified in a consistent and formal way, and we must work closely as a coordinated team within Council across all departments.

We will deliver asset management through the following means:

12.1 STATUTORY AND REGULATORY REQUIREMENTS

Asset Managers must ensure that all Statutory and Legislative requirements are known and are covered by the set levels of service which are monitored. Regular reports on performance against these targets are made through Council Committees and Council structures.

Corporate wide approach to Health and Safety systems for all employees and contractors working on assets is in place and managed outside this strategy.

12.2 ASSET MANAGEMENT POLICY AND ASSET MANAGEMENT STRATEGY

Council must continue to maintain suitable governance and guidance documents in the form of policies and strategies to direct the delivery of asset management. These documents are considered by Council and when adopted they set the forward governance framework for staff to operate within. These documents also provide a high level plan which Council should expect itself to meet and exceed through having systems and processes which aid delivery. These areas may include the level of maturity Council sets for each asset group, how it is resourced, and the level of expertise it holds in-house. These documents also set the commitment to funding renewals and other activities, and need to be aligned and referenced when reviewing budgets or financial decision making.

12.3 ASSET MANAGEMENT INFORMATION SYSTEMS (AMIS)

Council will have systems which are capable of storing asset information and data in a coordinated and managed way, which is able to assist with the stewardship of owning assets.

These systems will be nationally recognised and have a low Information Management operational risk.

Currently two systems are utilised being Infor IPS (for piped networks, buildings and Parks) and RAMM for roading. Both are recognised systems and are capable of delivering analytical processes to assist in the development of advanced asset management solutions.

RAMM has been used by Council for nearly 30 years and has high data availability. It is supported in decision-making by dTIMS which has been used in NZ for around 20 years for long term predictive modelling and pavement renewal forecasting. Infor IPS has been recently implemented and updated data is now being sought for identified gaps.

Council's AMIS systems need to be adequately resourced and funded and will be budgeted within the relevant asset budget.

12.4 PROGRESSIVELY IMPROVE ASSET EVIDENCE

All asset data are collected and maintained accurately using Asset Management Information Systems (AMIS), this data includes:

- Asset attributes – e.g. size, material
- Asset condition
- Performance
- Age and expected life
- Value and cost to replace
- Criticality

A common criticality framework is planned to be developed which considers risk and resilience in decisions. Predictive models for asset condition will be developed and used to determine preventative maintenance needs and improve renewal programmes when and where data is available, and if it is not available, start to gather the data which is required.

12.5 OPERATE IN A PRUDENT MANNER

When assets are added to existing portfolios, lifecycle management and operational costs are considered.

Services will be regularly reviewed to ensure they are being delivered effectively, efficiently and to best practice. Structures will also be reviewed (Section 17A of LGA) to ensure that any opportunities are understood and changes implemented.

When procuring operational and/or maintenance services (in house and outsourced) or renewal works, value for money is attained through competitive procurement processes aligned to best practice. Generally, an open market process is used for contracts with key outcomes being whole of life cost, contractor performance, and Health and Safety.

Financial performance will be monitored and reported against Annual Plan Budgets aligned with quarterly reports to Council.

12.6 RENEW IN A FINANCIALLY PRUDENT MANNER

Existing assets are maintained and networks are only extended in accordance with the District Plan, Asset Management Plans, or where Council resolves on a case by case basis. It is generally expected that where an extension to the network is required for a subdivision or development, the costs associated with these extensions will be borne by the developer. The strategy suggests that we need to maintain and manage existing assets and not look to grow or expand the services provided by these assets.

Risk, cost, whole of life operating costs and benefits will be considered before accepting any new privately funded assets constructed in association with property development.

Financial inputs are a key element to decision making and working closely with Council's finance teams is important. Making evidence driven sound investment decisions through the use of advanced asset management and business case analysis is the direction planned.

An organisational approach is taken to prepare for the Long-term, Annual and Asset Management Plans. This approach prioritises renewal projects based on optimised decision making, major expenditure decisions are prioritised in order from the highest benefit cost ratio with consideration of condition, criticality, performance and non-asset solutions being recognised in the process.

The revaluation cycle has been adjusted to ensure it is carried out the year before the review of Asset Management Plans. Therefore the 2019 asset valuations are being used in the 2021 Asset Management Plans and LTP.

This strategy in conjunction with the Financial Strategy, requires a funding level that allows for the renewal of assets at a rate that is equivalent to their respective asset consumption profiles moderated by criticality, unless agreed otherwise such as in footpaths. The Financial Strategy provides details on how Council will fund these renewals.

This approach allows for a balance between renewal funding and depreciation, but develops an understood and acknowledged risk profile for Council that can be assessed and managed through financial, risk-based and investment-focused tools and techniques.

12.7 LEVELS OF SERVICE AND DEMAND

Commented [JR11]: The levels of service are still being reviewed and have not been updated in the IS yet.

Levels of service are consulted on and agreed through the Long-term Plan. This is the best time to review demand forecasts, and these are documented in AMPs. We seek to understand customer and community requirements for levels of service and identify any gaps or demands for change by:

- Monitoring requests for service
- Understanding the utilisation and capacity of our infrastructure
- Using satisfaction surveys and/or specific focus groups

Council endeavours to ensure that levels of service are set at agreed sustainable levels and moving forward any change to levels of service will have an evidence based decision (benefit cost ratio or similar assessment factor) developed to demonstrate the impact of the changes.

12.8 IMPROVE THE ASSET MANAGEMENT SYSTEM

Asset Management Plans are developed to agreed maturity levels as outlined within the Asset Management Policy. This policy is reviewed as part of the Long-Term Plan development and more frequently if required.

Commented [JR12]: This review is underway but will not be completed for the draft IS.

Each plan is developed using a consistent framework and approach with similar sections and layout. This has been based on the Treasury Better Business Case Model. This approach assists to ensure all components are developed consistently, has similar and high visibility of key areas for readers to compare activities, and uses techniques developed for evidence based decision making.

Asset Management Plans have a 30 year minimum horizon for planning, particularly for renewals. However, many assets, such as piped networks, bridges, kerbing, and buildings have lives in excess of the plan length of 30 years. These assets, with lives sometimes up to 100 years or more are considered over their whole of life with the AMP generally only reporting the 30-year window. Technical analysis is used and wherever

possible modelled for impacts over the life cycle. Should a significant impact be identified just beyond the AMP minimum report period, it will be included to show that material aspect of the future planning cycle.

Each plan has an improvement plan and proposed actions are a key area where future advancement needs to occur. The Improvement Plans and Actions are reviewed and ideally reported to the Executive Leadership Team.

The wider Asset Teams co-ordinate to ensure common direction and actions are known and best practice is acknowledged and shared.. Each plan has a specific owner and responsibility.

The Corporate Risk framework is under review with all plans having a specific risk register which is actively maintained and evaluated to reduce impacts.

12.9 SUSTAINABILITY AND RESILIENCE

Environmental effects are considered in operational and renewal planning and decision-making in order to reduce negative impacts wherever possible. Emerging technologies will be considered when appropriate for sustainability and if they can deliver service improvements. Both resilience and vulnerability are considered through corporate lifeline projects and as these plans are strengthened their outputs will be included in current AMPs.

Resilience is planned to be reviewed and improved along with the Corporate Risk framework, which includes contingency planning. When planning asset renewals, resilience is considered in the optioneering process. Further work is planned on understanding specific infrastructure risks, such as liquefaction susceptibility, as this influences renewal strategies for different parts of Invercargill.

The effects of climate change and sea level rise on future renewals and existing infrastructure is also to be considered in order to minimise negative impacts on both infrastructure and Invercargill's communities.

13. How Are We Going To Fund Infrastructure?

This Infrastructure Strategy develops the asset activities which need to be planned for and delivered over at least the next 30 years. This strategy needs to work and interact with the Financial Strategy and through these connections develop methods and options for the planned works to be funded in the short and long term in a sustainable way.

The Financial Strategy provides details on the methods that Council will use to balance the financial demands from assets with the ability and willingness from ratepayers and users to pay for them.

By getting infrastructure spending right, Council can assist our community and economy in continuing to thrive, while fairly distributing costs across generations of users. This strategy will assist both Council and the Community to make well-informed decisions regarding the future development of any assets, as well as the maintenance and renewal of our existing assets.

The Financial Strategy and Long-term Plan sets out which of the options are selected for each asset to fund their activity.

Council believes it has a strong financial position which allows a 'safety net' if renewals demands are required sooner than anticipated and planned by the strategy timing.

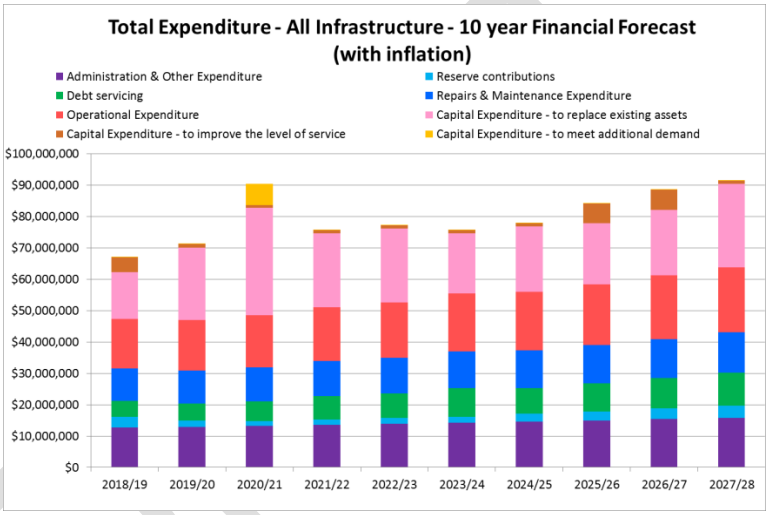
14. Long Term Financial Estimates

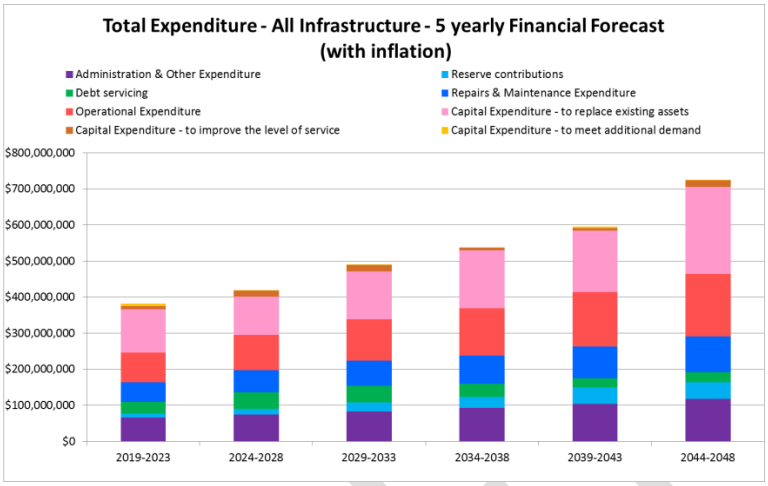
Commented [JR13]: These will not be completed for the draft IS and rely on financial work from the finance team.

The content below is from the 2018 Infrastructure Strategy and is pending updated financial input from the finance team. This content is not intended to be updated for the initial draft.

14.1 TOTAL INFRASTRUCTURE EXPENDITURE BY TYPE

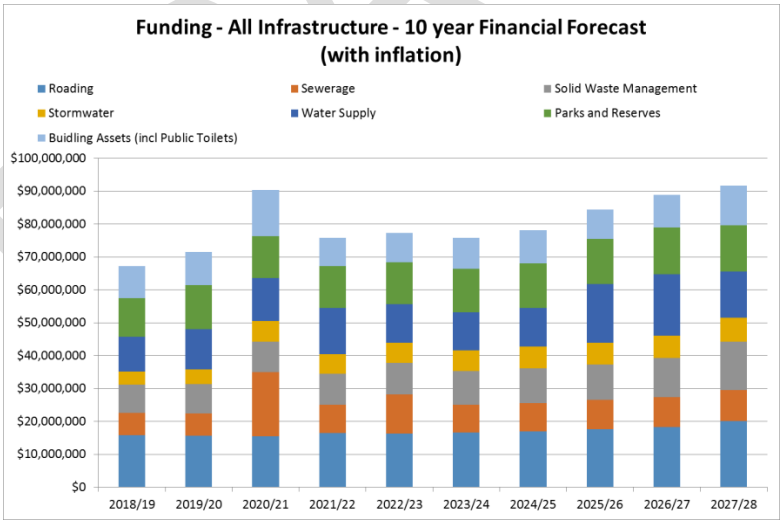
The two graphs below show, in detail for the first 10 years and then in five year blocks, the total infrastructure expenditure anticipated (excluding Special Projects) over the next 30 years.

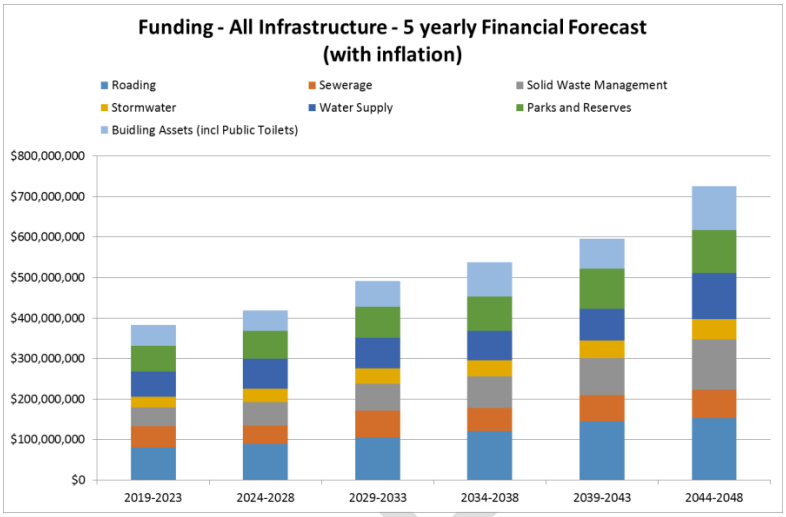




14.2 TOTAL INFRASTRUCTURE EXPENDITURE BY ASSET GROUP

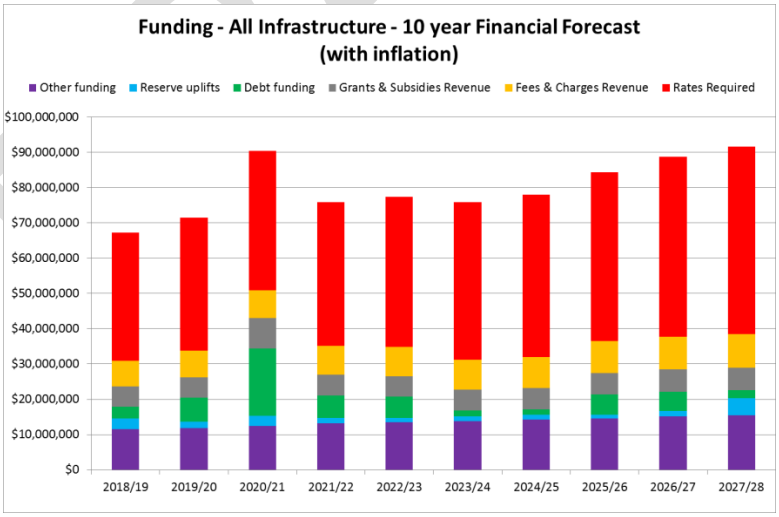
The two graphs below (in detail for the first 10 years and then in five year blocks) show the total infrastructure funding anticipated (excluding Special Projects) over the next 30 years.

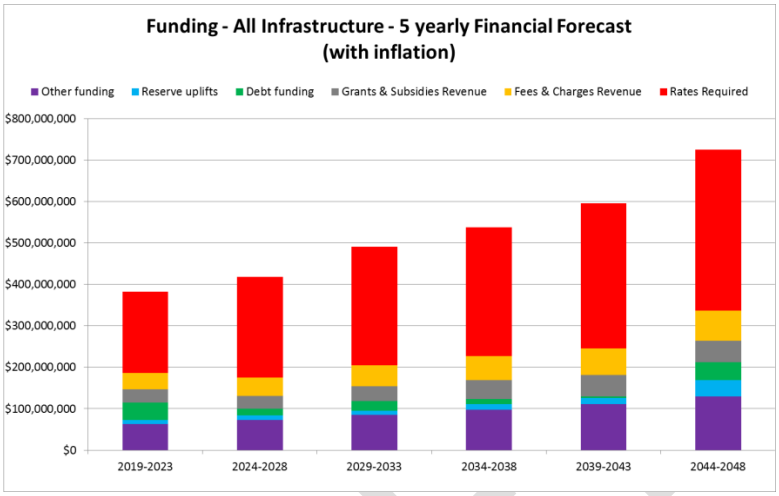




14.3 TOTAL INFRASTRUCTURE FUNDING FORECAST

The two graphs below (in detail for the first 10 years and then in five year blocks) show the total infrastructure funding anticipated (excluding Special Projects) over the next 30 years.




Funding - All Infrastructure - 5 yearly Financial Forecast
(with inflation)
Other funding
Reserve uplifts
Debt funding
Grants & Subsidies Revenue
Fees & Charges Revenue
Rates Required
$800,000,000
$700,000,000
$600,000,000
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
$0
2019-2023
2024-2028
2029-2033
2034-2038
2039-2043
2044-2048

14.4 TOTAL INFRASTRUCTURE FINANCIALS

Below are details for the first 10 years, of the total infrastructure financials anticipated (excluding Special Projects) over the next 10 years.

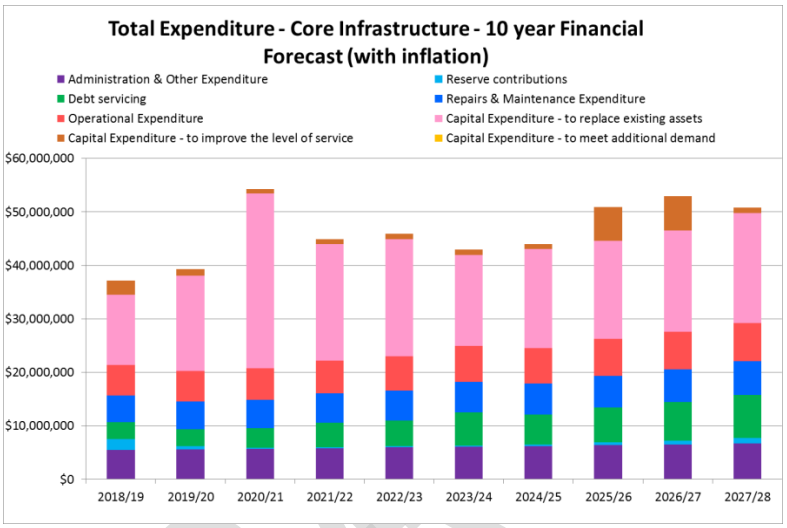
	2018/19 LTP	2019/20 LTP	2020/21 LTP	2021/22 LTP	2022/23 LTP	2023/24 LTP	2024/25 LTP	2025/26 LTP	2026/27 LTP	2027/28 LTP
Internal Revenue	11,175,799	11,433,961	12,027,105	12,676,655	13,071,686	13,374,298	13,699,077	13,981,754	14,575,009	14,968,535
Fees & Charges Revenue	7,365,407	7,620,448	7,883,146	8,153,714	8,341,250	8,577,784	8,783,650	9,003,242	9,237,326	9,486,734
Grants & Subsidies Revenue	5,741,152	5,749,861	8,742,580	5,999,345	5,777,551	5,796,974	5,953,604	6,084,504	6,275,183	6,411,254
Rates Revenue	0	0	0	0	0	0	0	0	0	0
Financial Revenue	403,323	438,799	450,590	463,305	475,873	488,765	500,503	513,016	526,354	540,566
Total Revenue	**24,685,681**	**25,243,069**	**29,103,421**	**27,293,019**	**27,666,359**	**28,237,820**	**28,936,834**	**29,582,515**	**30,613,872**	**31,407,088**
Internal Expenditure	9,318,423	9,474,721	9,727,071	9,945,838	10,169,335	10,399,203	10,646,800	10,906,598	11,343,394	11,641,744
Staff Expenditure	1,322,310	1,348,843	1,375,908	1,403,516	1,431,725	1,460,501	1,489,905	1,519,950	1,550,653	1,582,030
Administration Expenditure	2,161,857	2,165,503	2,210,060	2,270,752	2,324,891	2,380,318	2,437,446	2,498,382	2,563,340	2,632,550
Financial Expenditure	2,015,971	2,219,230	3,022,547	3,583,331	3,723,234	4,025,858	3,824,147	3,744,594	4,032,214	3,840,855
Grants & Subsidies Expenditure	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance Expenditure	10,373,776	10,633,885	10,867,831	11,130,141	11,401,422	11,648,015	11,927,567	12,237,482	12,543,626	12,882,304
Operational Expenditure	15,679,580	16,007,954	16,596,704	17,208,768	17,682,212	18,541,340	18,711,787	19,244,071	20,349,298	20,849,309
Depreciation Expenditure	25,353,250	25,919,770	26,549,002	27,620,514	28,260,671	28,915,044	29,620,293	30,372,321	31,168,171	32,013,797
Total Expenditure	**66,225,167**	**67,769,906**	**70,349,124**	**73,162,860**	**74,993,490**	**77,370,280**	**78,657,945**	**80,523,398**	**83,550,698**	**85,442,589**
Operating Surplus / (Deficit)	**(41,539,486)**	**(42,526,837)**	**(41,245,703)**	**(45,869,841)**	**(47,327,131)**	**(49,132,460)**	**(49,721,111)**	**(50,940,883)**	**(52,936,826)**	**(54,035,501)**
Capital Expenditure - to meet additional demand	238,303	171,662	6,804,184	170,333	131,835	166,531	182,536	110,783	290,473	197,148
Capital Expenditure - to improve the level of service	4,736,152	1,193,948	866,405	916,804	937,891	959,462	982,489	6,284,861	6,448,267	1,061,132
Capital Expenditure - to replace existing assets	15,010,361	23,183,233	34,189,781	23,668,892	23,665,428	19,147,644	20,920,895	19,665,447	20,740,325	26,494,756
Capital Expenditure	**19,984,816**	**24,548,844**	**41,860,370**	**24,756,029**	**24,735,153**	**20,273,637**	**22,085,921**	**26,061,091**	**27,479,065**	**27,753,036**
Proceeds from Asset Disposal	**(25,500)**	**(26,061)**	**(26,634)**	**(27,220)**	**(27,846)**	**(28,487)**	**(29,171)**	**(29,900)**	**(30,677)**	**(31,505)**
Debt movements	**(248,273)**	**(3,552,694)**	**(15,747,189)**	**(2,453,080)**	**(2,111,047)**	**3,418,501**	**2,935,837**	**(509,824)**	**184,698**	**4,405,600**
Reserve movements	**455,956**	**127,167**	**(1,312,648)**	**105,470**	**777,856**	**639,129**	**1,056,155**	**1,778,904**	**1,743,608**	**(911,756)**
Cash Back Depreciation	**(25,353,250)**	**(25,919,770)**	**(26,549,002)**	**(27,620,514)**	**(28,260,671)**	**(28,915,044)**	**(29,620,293)**	**(30,372,321)**	**(31,168,171)**	**(32,013,797)**
Rates Required	**36,353,235**	**37,704,323**	**39,470,600**	**40,630,526**	**42,440,576**	**44,520,197**	**46,149,561**	**47,868,832**	**51,145,348**	**53,237,079**

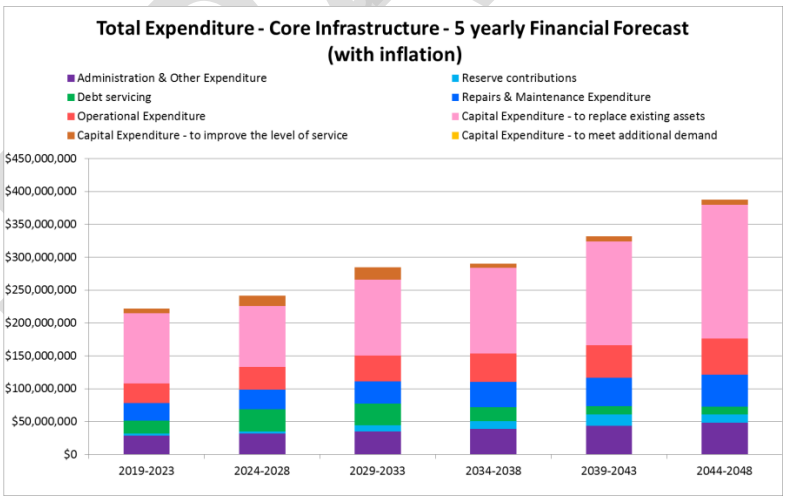
Below are details in five year blocks, of the total infrastructure financials anticipated (excluding Special Projects) over the next 30 years.

	2019-2023 LTP	2024-2028 LTP	2029-2033 LTP	2034-2038 LTP	2039-2043 LTP	2044-2048 LTP
Internal Revenue	60,385,206	70,598,672	81,916,236	94,067,455	107,656,964	125,147,270
Fees & Charges Revenue	39,363,965	45,088,735	50,960,166	57,376,046	64,599,685	72,732,779
Grants & Subsidies Revenue	32,010,488	30,521,518	36,092,233	45,730,972	51,858,406	52,034,795
Rates Revenue	0	0	0	0	0	0
Financial Revenue	2,231,890	2,569,203	2,903,772	3,269,357	3,680,969	4,144,403
Total Revenue	**133,991,549**	**148,778,129**	**171,872,407**	**200,443,830**	**227,796,024**	**254,059,246**
Internal Expenditure	48,635,389	54,937,740	60,624,079	67,966,447	76,482,611	86,913,789
Staff Expenditure	6,882,302	7,603,040	8,401,007	9,281,653	10,254,744	11,330,004
Administration Expenditure	11,133,063	12,512,036	14,141,347	15,921,741	17,926,287	20,183,205
Financial Expenditure	14,564,313	19,467,669	18,657,254	12,029,248	10,677,091	9,528,694
Grants & Subsidies Expenditure	0	0	0	0	0	0
Repairs & Maintenance Expenditure	54,407,055	61,238,994	69,585,186	78,345,954	88,209,702	98,765,898
Operational Expenditure	83,175,217	97,695,806	113,989,438	131,472,756	151,321,279	172,807,766
Depreciation Expenditure	133,703,208	152,089,626	172,052,163	193,875,542	218,502,208	246,261,016
Total Expenditure	**352,500,547**	**405,544,910**	**457,450,473**	**508,893,340**	**573,373,922**	**645,790,371**
Operating Surplus / (Deficit)	**(218,508,998)**	**(256,766,781)**	**(285,578,067)**	**(308,449,510)**	**(345,577,899)**	**(391,731,125)**
Capital Expenditure - to meet additional demand	7,516,317	947,471	1,149,513	1,591,354	4,753,469	1,038,073
Capital Expenditure - to improve the level of service	8,651,200	15,736,211	18,351,717	6,417,759	7,225,754	18,549,234
Capital Expenditure - to replace existing assets	119,717,695	106,969,068	133,469,810	160,334,130	169,602,474	241,642,096
Capital Expenditure	**135,885,212**	**123,652,749**	**152,971,041**	**168,343,243**	**181,581,696**	**261,229,403**
Proceeds from Asset Disposal	**(133,262)**	**(149,740)**	**(169,239)**	**(190,546)**	**(214,536)**	**(241,546)**
Debt movements	**(24,112,283)**	**10,434,812**	**4,779,603**	**11,672,436**	**10,913,054**	**(25,372,813)**
Reserve movements	**153,800**	**4,306,040**	**14,485,030**	**16,420,077**	**30,760,452**	**7,074,153**
Cash Back Depreciation	**(133,703,208)**	**(152,089,626)**	**(172,052,163)**	**(193,875,542)**	**(218,502,208)**	**(246,261,016)**
Rates Required	**196,599,259**	**242,921,017**	**285,592,339**	**310,819,178**	**350,116,358**	**388,159,307**

14.5 CORE INFRASTRUCTURE EXPENDITURE BY TYPE

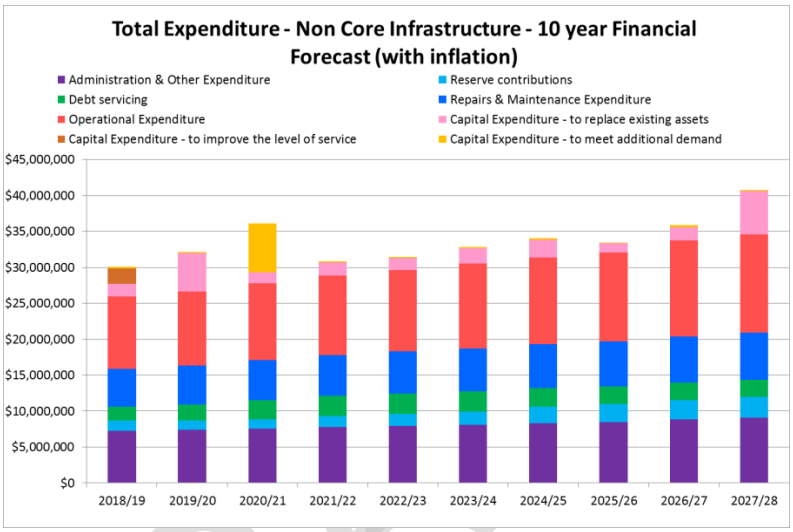
The two graphs below show, in detail for the first 10 years and then in five year blocks, the core infrastructure expenditure anticipated over the next 30 years.

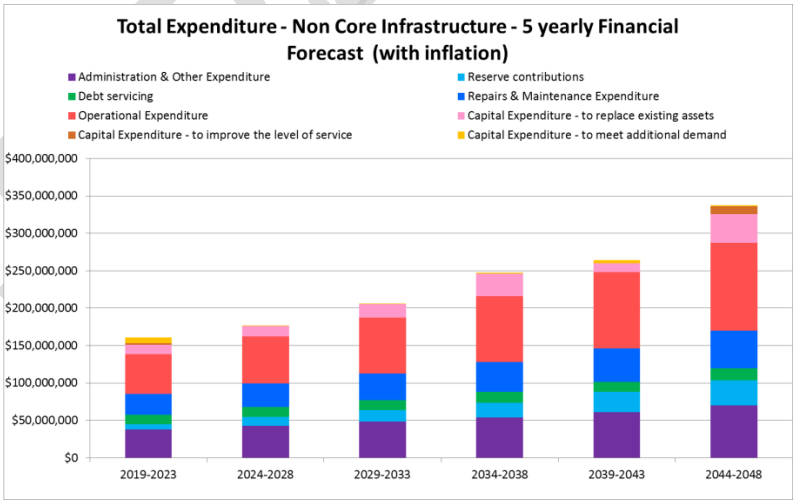




14.6 OTHER INFRASTRUCTURE EXPENDITURE BY TYPE

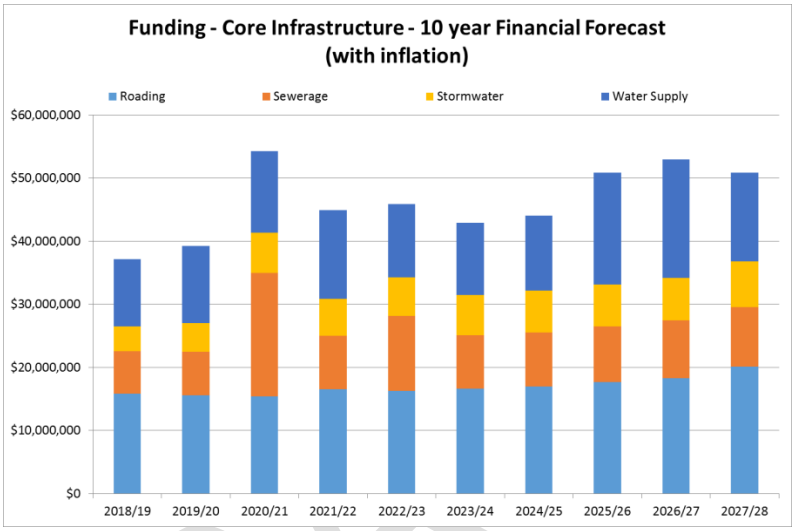
The two graphs below show, in detail for the first 10 years and then in five year blocks, the other infrastructure expenditure anticipated (excluding Special Projects) over the next 30 years.

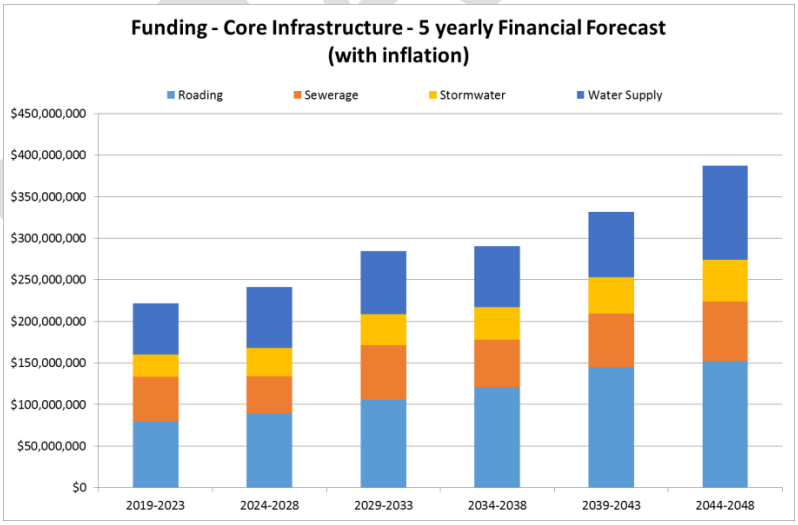




14.7 CORE INFRASTRUCTURE EXPENDITURE BY ASSET GROUP

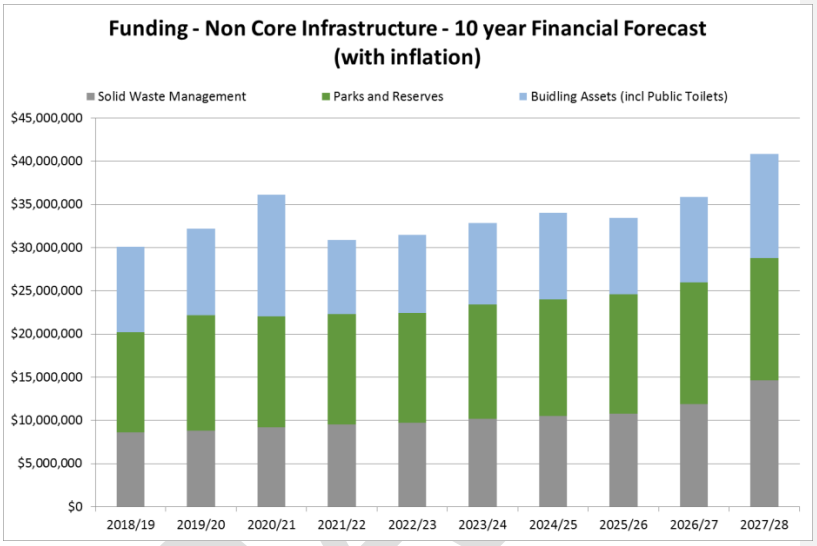
The two graphs below (in detail for the first 10 years and then in five year blocks) show the core infrastructure funding anticipated over the next 30 years.

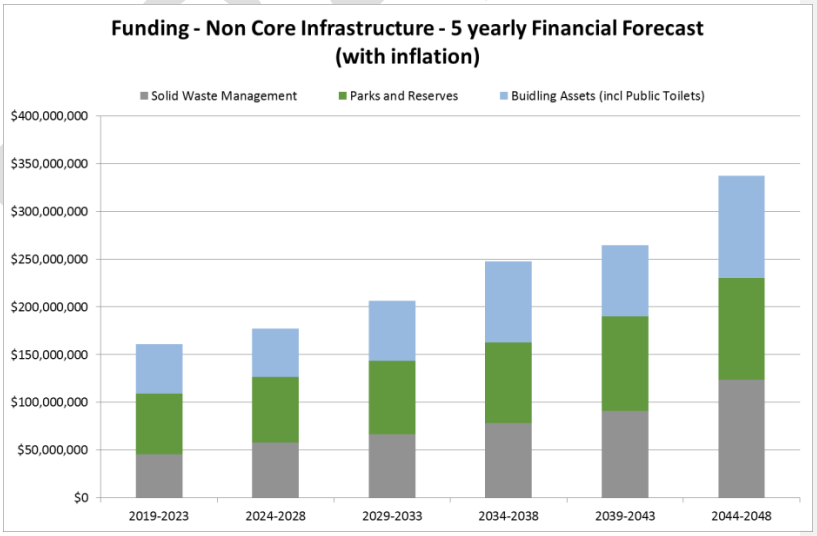




14.8 OTHER INFRASTRUCTURE EXPENDITURE BY ASSET GROUP

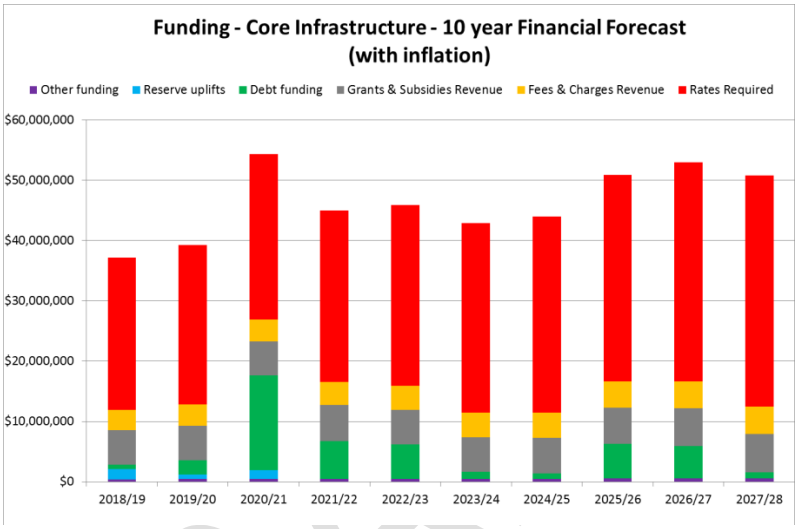
The two graphs below (in detail for the first 10 years and then in five year blocks) show the other infrastructure funding anticipated (excluding Special Projects) over the next 30 years.

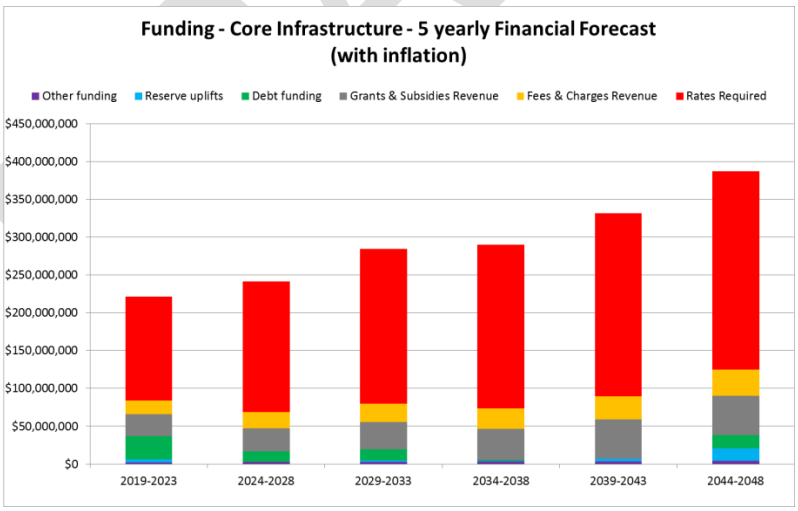




14.9 CORE INFRASTRUCTURE FUNDING FORECAST

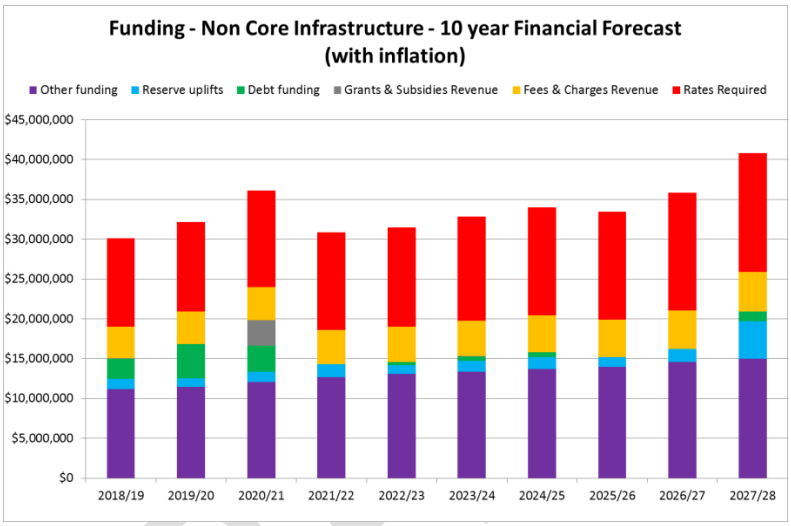
The two graphs below (in detail for the first 10 years and then in five year blocks) show the core infrastructure funding anticipated over the next 30 years.

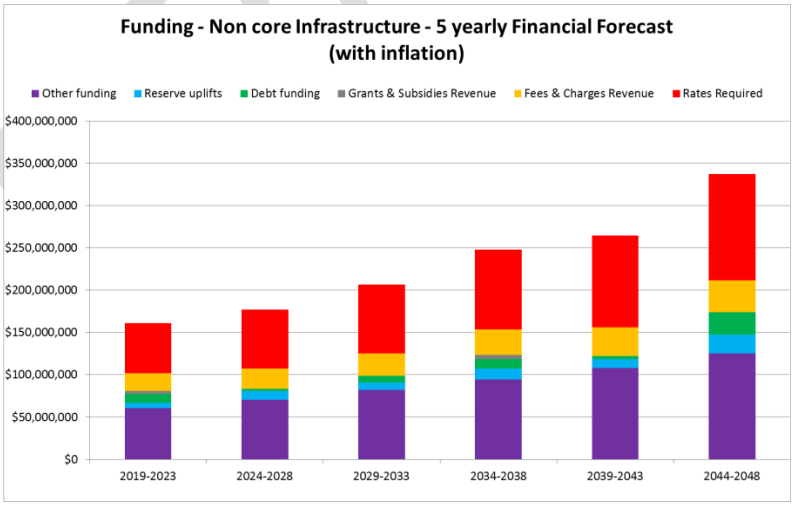




14.10 OTHER INFRASTRUCTURE FUNDING FORECAST

The two graphs below (in detail for the first 10 years and then in five year blocks) show the other infrastructure funding anticipated (excluding Special Projects) over the next 30 years.





APPENDIX 3

A3064630

FINANCIAL STRATEGY

Background

Prudent Financial Management

Prudent financial management is a legal requirement for councils. It is outlined in the Local Government Act. That Act provides for a level of predictability for ratepayers, and highlights the need for decisions to be made in the interest of current and future residents.

The major components of a good strategy tie in three key factors:

- Capital expenditure identified to continue to deliver sustainable levels of service. This includes costs to renew existing assets, to provide for increasing levels of service where desired and to provide for growth if necessary.
- Borrowing is a rationed resource. Council does not have unlimited borrowing capacity and the ratepayers do not have unlimited resources to pay increasing rates for increased debt servicing.
- Rates are also a limited resource. Council must be mindful of the impact rates has on ratepayers. It runs into two limitations. The first is ability to pay, and the second is willingness to pay. Ability to pay is addressed through the government rates rebate, but willingness to pay is harder to define.

The above components have a strong interaction. They are like the legs on a three legged stool. If the legs are not in balance the stool is unstable.

Key Challenges

Invercargill will be exposed to several challenges over the next ten years. Those challenges include:

- A demographic change toward an ageing population with less growth than forecast.
- Growing pressure to recognise climate change effects,
- Significant capital expenditure on existing infrastructure
- Emerging pressure on higher standards for water, stormwater and Sewage disposal
- Growing pressure to amalgamate Three Waters in to larger service delivery entities
- Investment in the Inner city
- Ageing Buildings needing significant upgrade or replacement (including Rugby Park, Museum, Civic Administration building among others)
- External changes in Invercargill – Tiwai; SIT

Acknowledging these challenges is the first hurdle to overcome.

Demographic Changes

In the recent past there was a short-term trend for provincial city populations to decrease, leading some commentators to raise the spectre of “zombie towns”. This followed several years of slow decrease in population with an increased drift to major urban centres. In the past 3 years this trend of lower populations and decreasing real estate values has slowly reversed. Invercargill has seen significant lifts in property values and discussions have emerged relating to housing shortages. The recent outbreak of Covid-19 will create significant uncertainty about the near- and medium-term economic outlook and that will flow through to property and population. However, it is too early to determine whether that will be a short term “blip’ in the statistics or move provincial NZ to more growth or more retraction. That trend will take some time to determine.

Potential impact / recovery time of Tiwai – if and when.

While Council will be taking action to influence a positive outcome rather than a negative impact, it is worth reflecting on what the impact of change may be for Council and the community. In relation to growth the city has most of the infrastructure necessary to service a population of 60,000. We have already identified a need for another water supply to mitigate the risks of a single source of supply, that need would be accelerated if population rises. The Costs of an alternative water supply are highlighted in the Water activity. Another effect of growth would be on the volume of sewage outfalls. An increased population may put additional pressure to improve the quality of the outlets for treated sewage, however it is expected that the standards for these will be lifted when the current consent need to be renewed. Increasing population would likely see the current increase in house prices to continue, with more houses being built to cope. Subdivision capacity for growth is not unlimited but is able to respond to market demand. New subdivision are responsible for providing all of the infrastructure for new properties (roads, footpath, stormwater pipes and water and sewerage pipes) so the increase for Council is the maintenance of those assets, which is funded from the increased rates. Costs only fall to Council if the major arterials and collector pipes need to be upgraded through growth. This is not envisaged to be a factor in the next 20 years.

Major demographic “shocks” are possible through Central Government reform. Those reforms include:

- SIT has lost its ‘Zero Fees’ point of difference, and how a reform of the Southland Institute of Technology will have an uncertain impact on the number of both foreign and NZ students living in Invercargill to complete their studies.
- Increasing likelihood that Water, Sewage disposal and stormwater disposal will need to meet higher standards.
- Potential future closure of Tiwai Point.

These changes are uncertain, and so cannot be planned for. The extent of the change and impact is unknown. However, it takes a significant change to significantly impact on Council services and costs. Also, it takes some time for the community to make decisions and adjust to the change. Council will need to respond to the collective impact of individuals choices.

If population reduces it can have different impacts:

- The same number of properties but a lower average persons per property.
- Sales prices of properties reduce and they take longer to sell. The Market adjusts for these changes.
- Properties are unable to sell and get abandoned. This has occurred in NZ in past decades but typically in much smaller communities than Invercargill. A trend at this level takes time to emerge and so there is time to manage it if it emerges. Communities need to be mindful of this possibility. The sooner it is identified the better it can be managed.

Council is not planning for major changes in population. Our past observation is that the changes in recent year have been both up and down and the impact has been minor.

There is a consistent theme within the Council’s Community Outcomes. The Outcomes demonstrate that the Council will maintain a strong, safe and well- utilised City with an increased, more diverse and active population who encourage the development of future technology and embrace the facilities offered to them.

The Council seeks to encourage this through the development of growth projects and sustainability of existing services. However, it is not anticipated that land use will change to an extent that would have an impact on debt over this course.

With low growth anticipated for the number of properties, the Council notes that the current infrastructure network is set to service the community, provided it is renewed when required. The Council's infrastructure network has been built to service a population much larger than what currently resides within the City.

The historic pattern of Invercargill growth and development means that a number of the Council's assets were built at the same or a similar time, and therefore generally require renewal at a similar time, there will be peaks in renewal costs that are evident within this Strategy.

Growing Pressure of Climate Change

Climate change has been noticeable in some forms for a number of years. While some dispute the name "global warming" there is no doubt that the weather patterns have become more extreme. We are noticing a combination of more storms, with flooding, and more droughts. These higher extremes place more pressure on Council infrastructure services. Higher frequency of storms lead to increased costs on roads to recover from Storm damage. Increased frequency of flood events could lead to a need to upgrade the capacity of the stormwater network to mitigate flooding of buildings. Droughts create more frequency and longer duration of water peak use, and that puts stress on the current single source of water.

In addition to the weather pattern changes, rising sea levels are a future concern. Invercargill is a flat and low-lying city; parts of the City are likely to be impacted by rising sea levels.

While not wanting to diminish the significant future impact of these issues the timeframes for sea level rises are into the future, rather than the ten-year planning horizon of this plan. It is expected that rising sea levels will have an impact on some Invercargill properties, particularly those that are low lying and close to the sea. That will emerge over time and individual property owners will become aware of the impacts well in advance. Council will be aware of future developments and will be mindful of rising sea levels when considering resource consents for new properties. Council will not impact individual's property rights by taking pre-emptive action on existing properties where the current uncertainty remains, as this may have an effect of making a future possible loss for a property owner a certain current loss. At this stage that would be unfair to both the property owner and the ratepayers who may then have to fund the loss. We will look for Regional Council leadership on this issue.

Significant Capital Expenditure

This Strategy operates in line with the Infrastructure Strategy and observes that over the next ten years the cost to the Invercargill Community to preserve, renew and maintain our infrastructure assets will be significantly higher than previous renewal costs. Why? Because of this the rates increase will be higher than in previous years. When looking at this Strategy it is important to understand where we are starting from and where we want to get to in ten years. As at 30 June 2020 the financial situation of Council is one of reasonably good health.

Council was meeting seven of the eight prudence benchmarks, has a relativity low level of debt compared to other New Zealand Councils and low level of debt compared to its rate revenue. Council asset position showed total assets of over $900 million and investments of $55 million with no significant liabilities outside of term debt. Council also had its credit rating from Fitch Rating upgraded from AA to AA+ stable, which further supports Council's strong financial position.

The ten years covered by the Long-term Plan does present the Council with challenges financially. This is in response to the Council's increasing knowledge of its infrastructural assets and the increasing demand for improving infrastructure. This is of particular importance for Water Supply and Stormwater, as communities within New Zealand are becoming more concerned about drinking water quality and reducing contaminant entering our waterways via stormwater runoff.

Council is also focused on growing Invercargill's community assets and reinvigorating Invercargill's CBD. A number of large community projects are planned throughout the ten years, all part of making Invercargill a more desirable place to live and work. These initiatives are also designed to complement and support the Southland Regional Development Strategy. The main projects that fall within this category include a new Art Centre within the CBD, a new Heritage storage facility in the CBD, plus and a Museum Redevelopment. Other projects include Anderson House, Rugby Park, Surrey Park and Bluff projects.

Our Aquatic Centre is planning an additional pool.

The Council via its subsidiary company, Invercargill City Holdings Limited, is taking part ownership of a company that is planning a major upgrade of the inner city area.

The end goal for Council is to provide its citizens with a City that is maintaining and improving its key infrastructure assets while understanding that a City needs to also be a vibrant, entertaining and an interesting place to live, work and play.

Financially this means that the Council will be increasing its debt over the life of the Plan in order to achieve what it has set out to do.

Summary of Capital expenditure will be inserted here. It will cover for each group of activities capital expenditure broken down to:

Activity Group	**Renewals**	**Level of Service**	**Major Projects**
Water	$quite a lot	$Not as much as to the left	$alternative water supply

Obviously the words after the $ will be replaced by proper numbers and this note will not be in the final draft.

Depreciation is calculated on an annual basis and currently represents 26% of total operating expenditure.

Charging depreciation each year spreads the cost of an asset over its useful life. Council is proposing to balance its budget in each year of the LTP. This means that the depreciation is "funded". Council does not transfer depreciation into special reserves but for some targeted rates outlined below any cash surplus after meeting all costs (excluding depreciation) and capital spending, will be placed in a targeted reserve so rates for that purpose will only be used for that purpose. Those targeted rates that will have a targeted reserve are:

- Water Rates
- Sewage disposal rates.

While depreciation is an important indicator of the true long term cost of the service, as it reflects a level of asset consumption in a particular period, it is not a panacea for the long term sustainability of a given service. Assets have been purchased by a combination of debt and annual revenue. The goal of the funding of services is that there is a level of equity between generations; that is that each generation pays a fair share. Depreciation can be a proxy for this equity but there are a number of circumstances where this does not hold true. New assets that have a high debt, have the cost of debt and depreciation to meet. However, debt has a lower cost over time due to inflation, and the generation that has the debt pays interest and contributes to repayment of the debt. This reduction of debt lowers the costs for future generations through two mechanisms. The first being the inflation effect on debt and the second being the debt repayment.

Therefore the financial strategy reflects a prudent approach to debt and inter-generational equity.

Intergenerational Equity

The services that the Council provides are costly due to the value and amount of assets that are used. The Council's strategy is to ensure that both current and future ratepayers pay their fair share of the cost of providing services. Intergenerational equity is achieved through loan funding long-term assets and drawing rates to pay for the loan over an extended period of time. Also depreciation assists in intergenerational equity by ensuring that a cost is recognised for the consumption of the assets. Where debt is low and future asset renewal is approaching that generation that is consuming the asset should also be contributing to its replacement. For major renewal the level of service remains the same before and after. This ensures that both current and future users pay for the assets. Examples of this can be found in the Invercargill City Council Infrastructure Strategy.

Replacement of an asset with a like asset should not lead to a significant increase in the funding required for a service. If that occurs it indicates that funding is not equitable, as ratepayers of the future are paying a higher cost for the same level of service enjoyed by previous ratepayers at a lower cost.

Net Debt

To aide understanding and predictability of funding requirements Council has adopted the concept of net debt.

Net Debt = total borrowings less cash and cash investments.

Council is able to borrow and invest money at similar interest rates. Sometimes it is slightly higher and sometime slightly lower. Currently the interest rate we pay on debt is lower than the amount we can earn on an investment. As Council is a conservative organisation we do not borrow for the sole purpose of investing. In some years there may be financial gain from that but in other years it will have a cost. Borrowing for the sole purpose of investing is considered to be too close to speculation, and we do not believe it is prudent to speculate with ratepayers' money. However, to gain future certainty of funding costs Council may decide to borrow in anticipation of capital spending. In such a case the funds will be invested for a short period.

Borrowings

The Council's debt remains relatively low against the Council's total assets base (10% as at 30 June 2020). However, Council recognises that it has $100m of uncalled capital within ICHL. That capital can be called at the discretion of the directors of ICHL. Therefore in determining the maximum debt to would be prudent to incur, allowance needs to be made for the possibility of the capital to be called.

As a borrower from LGFA there is a maximum debt that Council can borrow. As a Credit rated Council that limit has been 250% of annual operating revenue. This is expected to rise to 300% before falling back to 280% over a number of years. Due to the reduction to 280% being in 5% steps, it would be unwise to take debt above 280%. In addition to the uncalled capital we need to make provision for unforeseen shocks. It would not be prudent to be at the maximum debt and then find a recession or natural disaster impacts on costs or revenue, with the potential to push the organisation above debt limits and therefore not able to access necessary cash.

To be prudent Council has set a maximum debt level of 150% of revenue. This provides an increasing debt cap over time rising from $_____ to $_____.

While the Council remains focused on keeping debt to a manageable level over the course of the Long-term Plan, large infrastructure projects as well as future growth projects necessitate the need for the Council to take on an increased level of debt.

Comment on forecast debt levels will be included here.

- *Debt graph goes here.*
- *ICC Debt Forecast Profile*

Debt Repayment

A significant issue for this LTP and this strategy is the increasing debt at a time when interest rates are at historic lows. This exposes the community to a significant risk of increased interest rates.

Debt is predicted to get close to the debt limits in the first 5 years of the plan. With borrowing rates as low as 1%, a rise of 1% will double the rates requirement to pay the interest. Every 1% increase in the interest rate equals a rates rise above the forecast rates increase of about 2.5%. So a 2% rates rise would become 5%. Part of this impact can be managed through prudent borrowing, but only for a period of time.

In the interests of intergenerational equity Council should not go to the debt limits without a recognition that the debt will need to be reduce to allow future ratepayers to also undertake projects that will emerge in the future.

The funding strategy for rates will incorporate an amount of 2% of debt to go to the repayment of the debt.

Security for Borrowings

Council borrows from the Local Government Funding agency. Part of borrowing from that source is that a standard security over rates is required. This is the most common security for Local Authority borrowing and is understood by the financial market lenders. It means that there is the ability in the event of a debt default for a security agent to set a rate to be able to pay the loan requirements.

The Council currently maintains an AA+ credit rating.

Cash and Cash Investments

The Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's operating expenses, unless the local authority resolves that it is financially prudent not to do so.

The Council aims to operate a surplus for the duration of the Long-term Plan. To maintain sound treasury practice Council holds a range of investments in cash deposits. These are in two groups, funds held for restricted and non-restricted reserves.

Restricted reserves are held for a specific purpose and money is only available to be used for that purpose. In contrast a non-restricted reserve can be for a variety of reasons. These investments build up or reduce over time due to funding needs.

Holding a level of cash in investments provides a safety buffer for Council in times of uncertainty in the financial markets, as it gives us the option to use funds if the interest rates are considered to be artificially high. Having this flexibility is one factor contributing to Council's strong financial position and good credit rating. Council is targeting to maintain a cash investment portfolio of around $40m, this will fluctuate according to financial need.

Council Limit on Borrowing

Council is setting its limit on borrowing based on the Net debt measurement. The net debt limit is 150% of annual operating revenue (excluding significant one off revenue items).

Gross debt will be limited to 150% of annual operating revenue (excluding significant one off revenue items) plus the value of Cash and cash investments.

Rates

The Council will ensure that there are sufficient cash resources available to meet its obligations. The Council's current assets need to outweigh current liabilities, where current assets include cash on hand and available lines of credit

Rates are the "balancing factor" in the financial equations of Council. Revenue for all sources is examined on an annual basis, as are costs. Capital expenditure is evaluated for priority, need and timing for maintaining levels of service. Capital is funded from rates and borrowing or use of investments. In the long term there is a limit on borrowing so either rates need to rise or the capital needs to reduce. This is an iterative process where the outcome is to get the service level desired by the community at a cost that is both affordable and does not hit the unwillingness to pay trigger.

Rates are set based on the factors relating to the property, one of the main factors that impacts predictability of rates is the three yearly revaluation of every property to establish the "Rateable values'. When properties are revalued it creates distortion in the rates increases each ratepayer has compared to Council stated rates rise. Unfortunately there is very little Council can do to alleviate this effect. However, council is mindful that the rates increases should be predictable, not just in terms of total rates rise but also in impact on an individual property. For the past two years Council has set a uniform increase in rates, that is each rate has risen by the same percentage.

This means each ratepayer has the same increase, unless the owner has made changes to the property that trigger a need for a revaluation. It is part of this strategy that Council will maintain that practice for years that are not a Rates revaluation year.

In this strategy Council has put an emphasis on the predictability of rates. Council also recognises that the LTP is a ten year plan rather than being 10 one year plans. This means that the work programmes are established to maintain levels of service. Therefore if work is not completed in one year it still needs to be funded over the period of the plan.

Managing Financial Investments and Equity Securities

The Council holds investments in companies, property and cash.

Investments in Companies/Trusts

The Council is an equity holder in companies and has a controlling influence over four Trusts. The principal reason for holding an equity interest in the company investments is to provide a financial return on investment for ratepayers. The interests in the Trust are to enable more efficient and targeted community outcomes for the community. Trusts provide a good opportunity for community engagement with a particular outcome. Council does not seek financial return for the Trusts. The Council's interest in the companies and trusts are as follows:

Company	Shareholding / Interest	Principal Reason for Investment	Budgeted Return
Invercargill City Holdings Ltd	100%	To undertake commercial opportunities and provide dividend returns to the City.	$4,850,000 for 2020/21
Southland Museum and Art Gallery Trust Board	Controlling interest	To provide specialised governance for the Museum	Nil
Bluff Maritime Museum Trust	Controlling Interest	To provide specialised governance for the Museum	Nil
Invercargill City Charitable Trust	100%	To provide access and recreational and cultural events within the City, in line with community outcomes.	Nil
Invercargill Community Sport and Recreation Trust	100%	To increase Invercargill residents' active participation in sports and physical activities and arts and cultural activities	Nil

The Council has no plans to change its shareholding, although in accordance with good practice this is reviewed regularly.

Property Investments

The Council's Property Department oversees the development and undertaking of investment in property within the City. The properties are divided into two categories:

- Endowment properties which have been either allocated (per above) or purchased from endowment funds.
- Trading properties (fee simple, no classification on title, currently leased).

The Council's objective is to maximise return from endowment and trading properties, however due to historic lease arrangements (21 year Glasgow leases) the return from these properties is below market rates. The objective for the net return on investment from both endowment and trading properties is at least equal to current market interest rates.

Council also has a portfolio of operational properties and properties acquired for a strategic purpose. Where a property acquired for a strategic purpose is no longer required for that purpose, it is placed in the Trading Properties portfolio and is considered to be available for sale. Council does not see itself as a property investor for profit, with the exception of the endowment property portfolio.

Three significant properties acquired for strategic purposes are the Don Street property developed by Council, the Esk Street West properties and the Awarua farmland.

Cash Investments

The Council holds cash for two main reasons:

- To ensure strong lines of liquidity and access to cash remains available to Council.
- To support the balance of reserves through short- term investments (90 to 360 days) to maximise return on investment.

Rates and Affordability

The Council has come through a period of medium-level rates rises over the previous three years (2015/16: 3.89%, 2016/17: 2.32% and 2017/18: 3.95%). This was due to the Council focusing on ensuring that rates were low and consistent from year to year.

For future years there are some key challenges that will present themselves in relation to affordability. This will occur as the Council enters a period of accelerated capital expenditure to develop our services, whilst looking to be a growing and innovative City.

Increasing costs of providing council services is likely to intensify the affordability issues in the future. In certain years of the Long-term Plan, pressure from required infrastructure renewals has led to rates increases that are less affordable than what the Council would like.

Below is a table of key growth projects that the Council intends to undertake over the course of the Long-term Plan and the year that will be heavily impacted.

A larger rates increase will not necessarily occur in these years as growth projects are loan-funded and will be paid back over time so as not to unfairly unburden the current ratepayers with the large costs associated with these projects.

The Council seeks to embrace innovation and change over the upcoming years, and with the constant evolution and growth of technology, we are witnessing and experiencing the change first-hand.

Invercargill City Holdings Limited (ICHL)

Invercargill City Holdings Limited is a 100% owned subsidiary of Invercargill City Council. ICHL was formed to provide a clear differentiation between Council's core ratepayer orientated activities and its commercial trading enterprises and investments.

It was established for the purpose of consolidation and management of existing Council companies, with the responsibility of control and oversight of the performance of the Council Owned Companies activities on behalf of the ultimate shareholder, Invercargill City Council.

Companies that sit within the ICHL group include, Invercargill City Forests Limited (ICFL), Invercargill City Property Limited (ICPL), Invercargill Airport Limited and Electricity Invercargill Limited (EIL). Within both ICFL and ICPL sits an additional entity. Within EIL sits a number of utility based entities. One of the main purposes of ICHL is for these individual companies to trade profitably in order for ICHL to return a dividend to Council and help offset the rates demand as a result.

Since 1999, ICHL has historically given a dividend to Council. In order to provide predictability for rates Council has set an expectation that the dividend is set at a level that allows ICHL to be able to pay an annual dividend that will increase with inflation each year. This dividend is forecast to increase over the next ten years with $4,850,000 predicted for the 2018/19 year. Should this dividend fail to increase as predicted, Council would have less income received to minimise the impact on the general rates draw.

Council has noted that they cannot be financially reliant on an increasing dividend to match 10% of the general rates draw every year. Whilst ICHL strives to produce greater dividends year on year this is not necessarily going to be in line with the anticipated rates requirement increase.

Disclosure Statement

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings. The Council is required to include this statement in its Long-term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Presented by Cr Biddle

29 June 2020

Notice of Motion to be presented at Infrastructure Committee Meeting 7 July, 2020

To fulfil obligations under Section 77 of the Local Government Act. Council ask the CEO to report to Council with all options for the redevelopment of the Museum within 5 months.

AND that

Council's preference, where possible is that Local firms are used on behalf of Council due to our desire to support local businesses.

Toni Biddle