

2020  
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# Annual Report



**Invercargill**  
CITY COUNCIL



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# Invercargill introduced

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

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

All figures are GST exclusive unless otherwise stated.



# Invercargill introduced

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

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

# Mayor's Comment



This year has seen significant achievements but also challenges for Invercargill, as well as for Council. The community coped well through Lockdown, and while the announcement on the future of Tiwai is a further blow, Southlanders will pull together as we always do.

Our city is undergoing transformation, with demolition commencing not only for City Block, but also for the new Invercargill Licensing Trust hotel. Breaking ground on the Langlands Hotel is a great way to mark the 75th anniversary of ILT, and a huge vote of confidence in the future of the region.

In October we welcomed a new Council – my ninth Council in my time as Mayor. Together we have a vision of a city with heart. We asked the community whether we should invest extra in City Block and heard you clearly. We are investing in the future of our city and welcome the additional support of Central Government for this project.

We have been working together as a team to address the issues caused by aging infrastructure and the need to meet higher Earthquake standards. As we prepare the 2021 – 2031 Long-term Plan we are considering a range of projects including the Southland Museum and Art Gallery and Rugby Park. We have made the decision to bring the management of the Museum into Council and we look forward to the opening of He Waka Tuia, the joint venture between the Museum Trust and the Invercargill Public Art Gallery. Toxic mould, as well as structural issues have plagued Rugby Park – the safety of workers working to make the building useable must be protected. Looking after aging infrastructure is never easy and it our responsibility to support the community now and into the future.

We have also kept the Spirit of Southland alive with iconic events such as Kidzone, the Surf to City fun run, and the Burt Munro Challenge. The artwork surrounding the city block is both colourful and inspirational.

We have a responsibility to protect our environment and have worked hard to find a solution to the challenge of continuing recycling – a new contract is now in place with Southland Disability Enterprises. The parks team has also been busy preparing for the future, with a project to plant a tree for every person living in Invercargill and surrounds well underway.

The new Chinese Garden is a beautiful and restful addition to our award winning Queens Park. I look forward to travel restrictions being lifted, so that we can welcome our friends from our Sister City, Suqian, to an official opening.

A handwritten signature in blue ink, reading 'Tim Shadbolt'.

Sir Tim Shadbolt  
Mayor of Invercargill

# Chief Executive's Comment



This has been a year unlike any other.

The Covid-19 lockdown meant the organisation was forced to operate in a new way to maintain essential services, with many staff setting up home offices to be able to continue the work of Council remotely. Our people – and our IT infrastructure – rose to the challenge.

Covid-19 significantly disrupted the availability of services which is reflected in the performance results included here. I saw many residents enjoying our beautiful parks and reserves each day as we all stayed within our bubble. It has been pleasing to see community back visiting the Library and Pool, although the programme at the theatre has been significantly affected and will take longer to return to full service.

Management's focus has been to ensure we're doing the right thing, and doing things right. Just as the needs of the community have evolved, it is important also for Council to evolve. In this period the activities of Invercargill Venues and Events Management Ltd have been brought back into core Council. The arrangements relating to the Southland Museum and Art Gallery took a step towards greater clarity, with the agreement that governance of the Museum will revert to Invercargill City Council. Discussions are now underway in relation to governance and operations of the collection of the Museum.

The way in which we communicate and engage has been reviewed. Moving into 2020/2021 the organisation will be aligned in a new way, with new groups focusing on leisure and recreation, and strategy and engagement.

Our regulatory role is being clarified by the development of a policy for monitoring, compliance and enforcement. Our building consent team have implemented new processes, which has been recognised in a very positive outcome to the Building Consent Authority accreditation process.

Collaboration will be central to success for Council and for the City over the year ahead. We look forward to working with Central Government and local partners to support the community to respond, recover and rebound.

A handwritten signature in blue ink, which appears to read 'Clare Hadley'. The signature is fluid and cursive.

Clare Hadley

Chief Executive - Invercargill City Council



# Elected Representatives



**Tim Shadbolt**  
Mayor

03 211 1672

The Invercargill City Council is chosen by the Invercargill public in elections held every three years. The last election was held in October 2019; the next will be in 2022.

The Council consists of the Mayor and 12 Councillors and its role is to provide and maintain services and amenities for the public of Invercargill. The Council is chosen by electors (the Invercargill public) to govern the City's affairs, such as making decisions on spending, priorities and policies.

**Councillors for the 2019/2020 year were:**



**Lindsay Abbott**  
027 290 1142



**Rebecca Amundsen**  
027 225 2664



**Allan Arnold**  
027 433 6408



**Toni Biddle**  
Deputy Mayor  
027 869 2065



**Alex Crackett**  
021 535 953



**Nobby Clark**  
027 859 9313



**Peter Kett**  
027 437 7420



**Graham Lewis**  
021 676 647



**Darren Ludlow**  
021 217 2848



**Ian Pottinger**  
027 432 3597

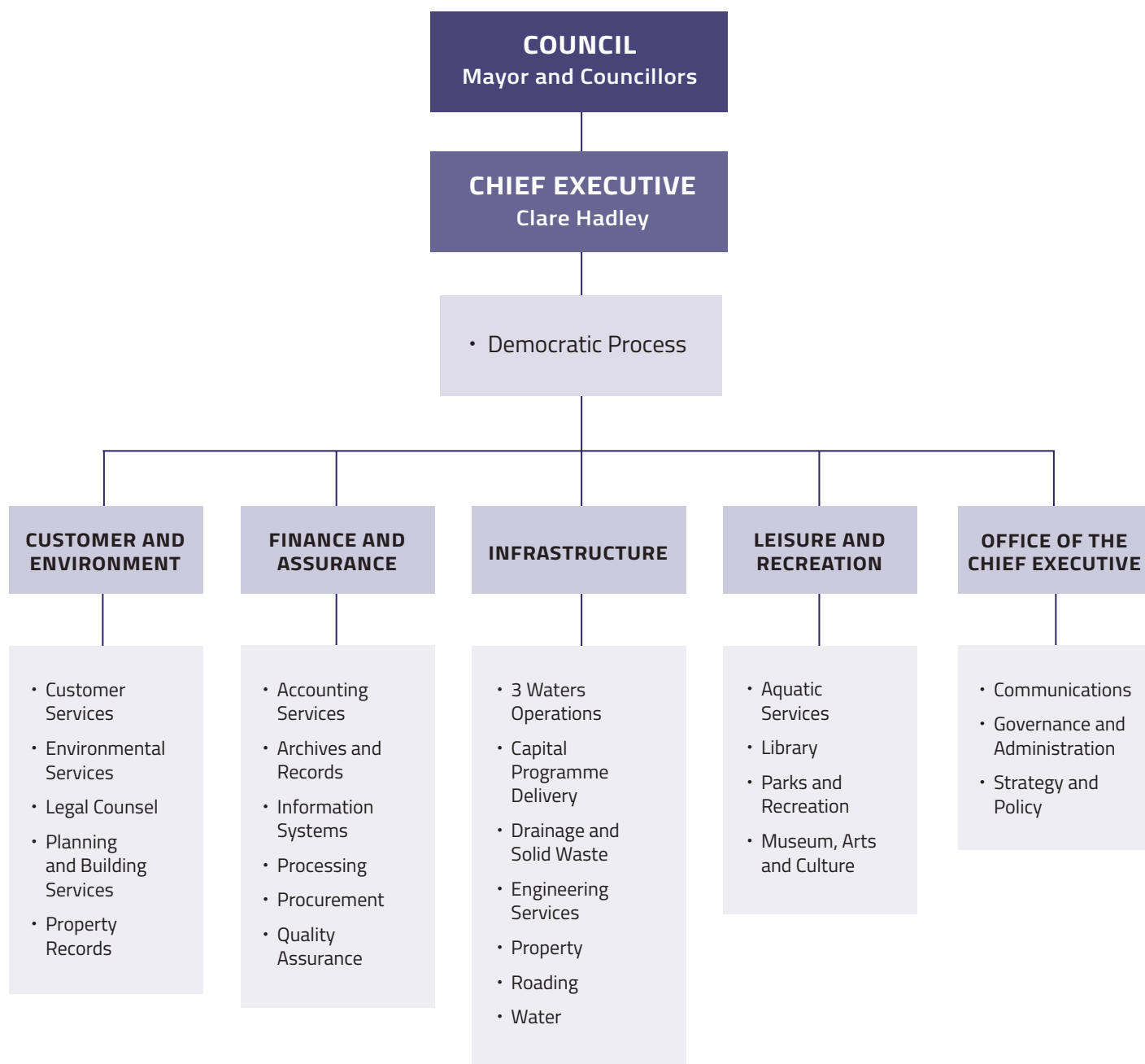


**Nigel Skelt**  
027 226 4621



**Lesley Soper**  
027 603 8037

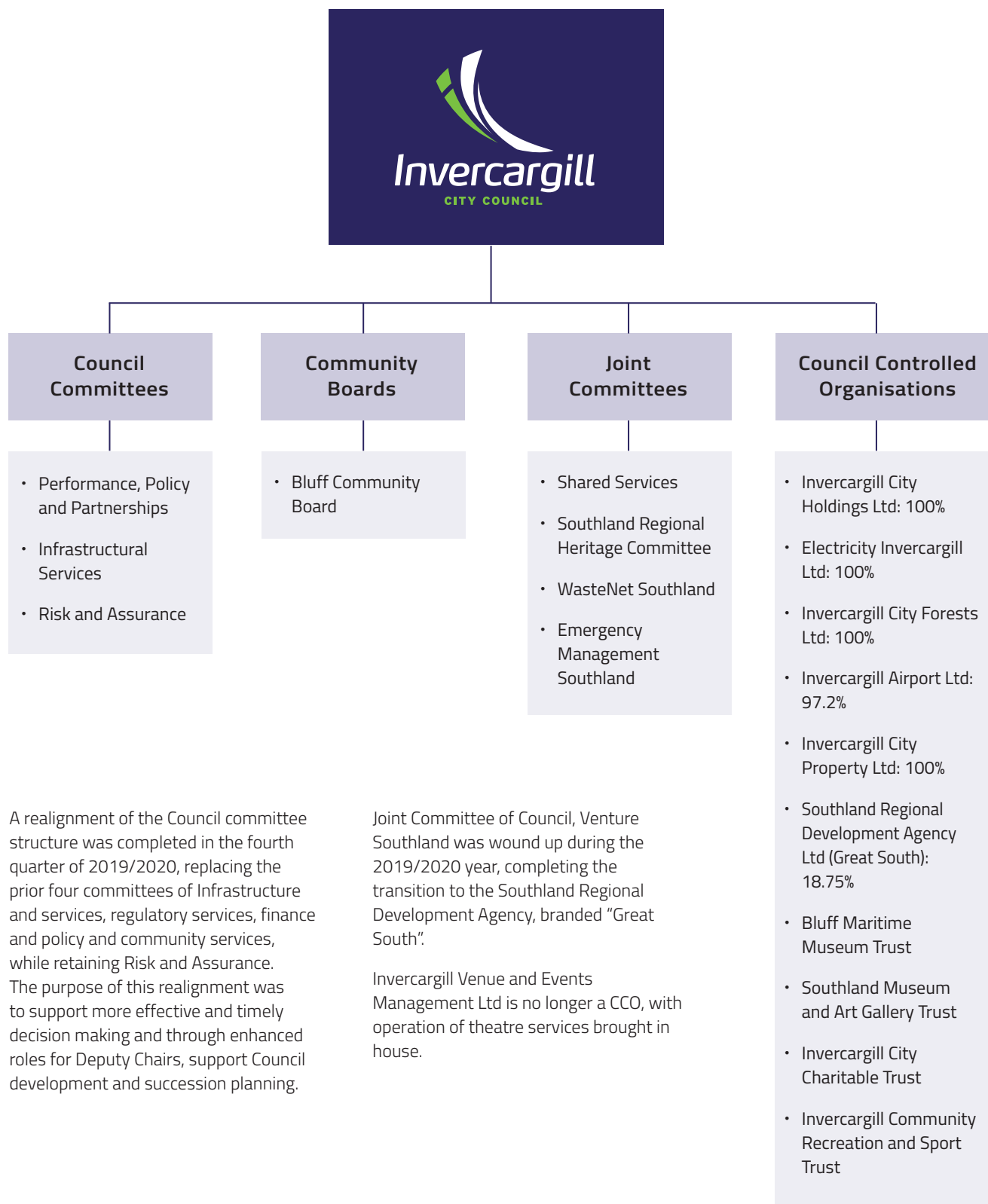
# Management Structure



A realignment of the management structure was undertaken towards the end of 2019/2020, replacing the prior structure of three groups: environmental and planning services, finance and corporate services and works and services.

There were three main drivers for the changes: behaving as one organisation; focusing on customer services; improving our systems and processes.

# Council Structure





# Financial Overview



Financial Performance Summary	2018/19 \$'000	2019/20 \$'000
Rates Revenue	53,309	55,550
Other Revenue, Other Gains & Losses and Interest Revenue	49,017	43,639
Operating Expenditure including Interest Expenditure	101,148	98,833
Operating Surplus/(Deficit)	1,178	1,012
Working Capital (excluding loan facility)	26,007	23,072
Total Assets	1,022,965	1,062,340
External Debt	90,205	125,514
Fixed Assets (Net Book value)	900,602	888,194

Financial Statistics Summary	2018/19	2019/20
Proportion of rates to Total Operating Revenue	52.10%	56.00%
Average rate revenue per rateable property	\$2,110.50	\$2,192.97
External Term Debt (as a percentage of total assets)	8.82%	11.81%
External Term Debt (per rateable property)	\$3,571.20	\$4,954.96

Ratepayer Data	2018/19	2019/20
Total Rateable Properties*	25,259	25,331

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

# Invercargill City Council: Funding Impact Statement For 30 June, 2020

## Whole Of Council

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

	Long-term Plan	Council Actual	Annual Plan	Council Actual
	2018/19 \$'000	2018/19 \$'000	2019/20 \$'000	2019/20 \$'000
<b>SOURCES OF OPERATIONAL FUNDING</b>				
General rates, uniform annual general charges, rates penalties	5,550	5,703	5,492	6,227
Targeted rates	47,606	47,606	49,325	49,323
Subsidies and grants for operating purposes	3,741	4,760	3,738	5,242
Fees and charges	15,249	21,835	15,955	18,579
Interest and dividends from investments	7,977	7,426	8,343	8,958
Local authorities fuel tax, fines, infringements, fees and other receipts	9,023	12,481	9,442	7,793
<b>Total operating funding (A)</b>	<b>89,146</b>	<b>99,811</b>	<b>92,295</b>	<b>96,122</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>				
Payments to staff and suppliers	65,511	72,941	66,490	69,036
Finance costs	4,293	2,845	4,764	2,251
Other operating funding applications	-	-	-	-
<b>Total applications of operational funding (B)</b>	<b>69,804</b>	<b>75,786</b>	<b>71,254</b>	<b>71,287</b>
<b>Surplus (deficit) of operational funding (A-B)</b>	<b>19,342</b>	<b>24,025</b>	<b>21,041</b>	<b>24,835</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	4,118	4,515	6,131	3,312
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	117	1,717	5,319	34,995
Gross proceeds from sale of assets	318	1,151	193	1,289
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>4,553</b>	<b>7,383</b>	<b>11,643</b>	<b>39,596</b>
<b>APPLICATION OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand	438	612	6,545	1,896
- to improve the level of service	5,514	1,568	1,194	1,430
- to replace existing assets	17,385	22,634	25,461	15,345
Increase (decrease) in reserves	558	6,594	(516)	5,921
Increase (decrease) in investments	-	-	-	39,839
<b>Total application of capital funding (D)</b>	<b>23,895</b>	<b>31,408</b>	<b>32,684</b>	<b>64,431</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(19,342)</b>	<b>(24,025)</b>	<b>(21,041)</b>	<b>(24,835)</b>
<b>FUNDING BALANCE ( (A-B) + (C-D) )</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.

# Financial prudence benchmarks

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

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

## KEY



Benchmark Met



Benchmark Not Met



Benchmark

## Rates (income) Affordability Benchmark

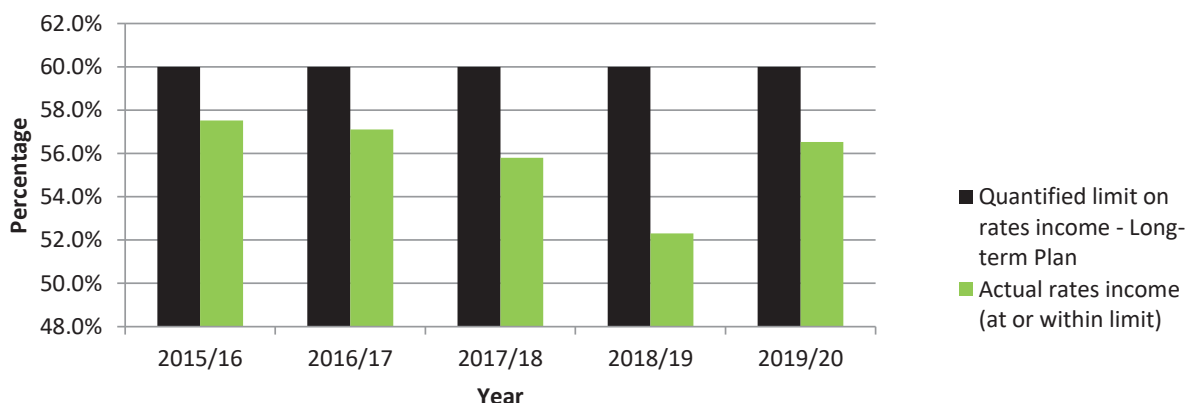
	2015/16	2016/17	2017/18	2018/19	Year of Annual Report 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Rates Revenue - Annual Report	47,883	49,003	50,862	53,309	55,550
Other income - Annual Report	35,369	36,854	40,226	48,538	42,729
Total Income - Annual Report	83,252	85,857	91,088	101,847	98,279

The Council meets the rates affordability benchmark if -

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

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

## Limit On Rates



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





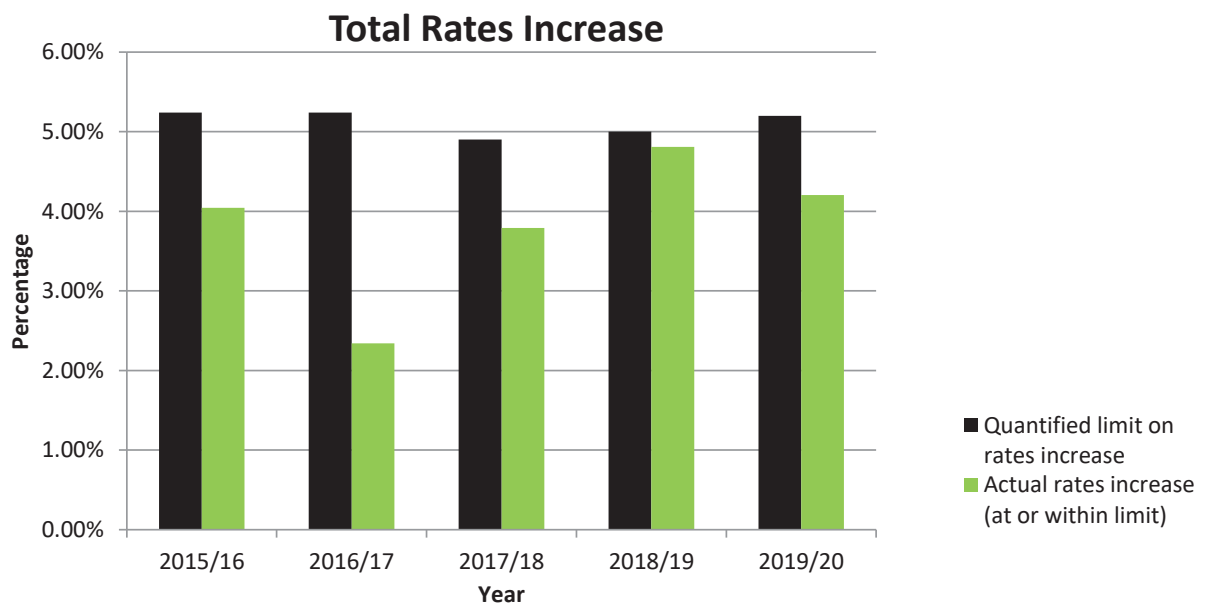
## Total Rates Increase

	2015/16	2016/17	2017/18	2018/19	Year of Annual Report 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Rates Revenue - Annual Report	47,883	49,003	50,862	53,309	55,550
LGCI (Local Government Cost Index)	2.24%	2.24%	1.90%	2.00%	2.20%
Additional Limit	3.00%	3.00%	3.00%	3.00%	3.00%

The Council meets the rates affordability benchmark if -

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

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



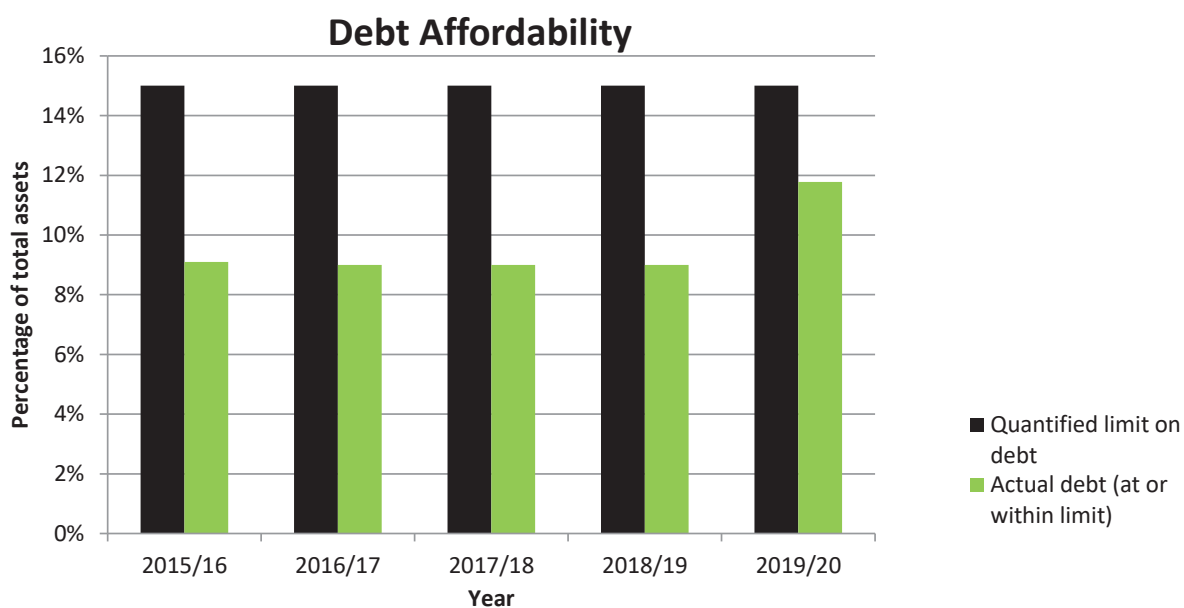
Council's financial strategy aims to limit rates increase to forecast LGCI + 3.0%. As shown above Council has achieved this goal for the last five financial years.

## Debt Affordability Benchmark

	2015/16	2016/17	2017/18	2018/19	Year of Annual Report 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Assets - Annual Report	783,386	938,060	930,456	1,022,965	1,062,340
External Borrowing	71,248	85,986	88,136	90,205	125,514

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

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



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

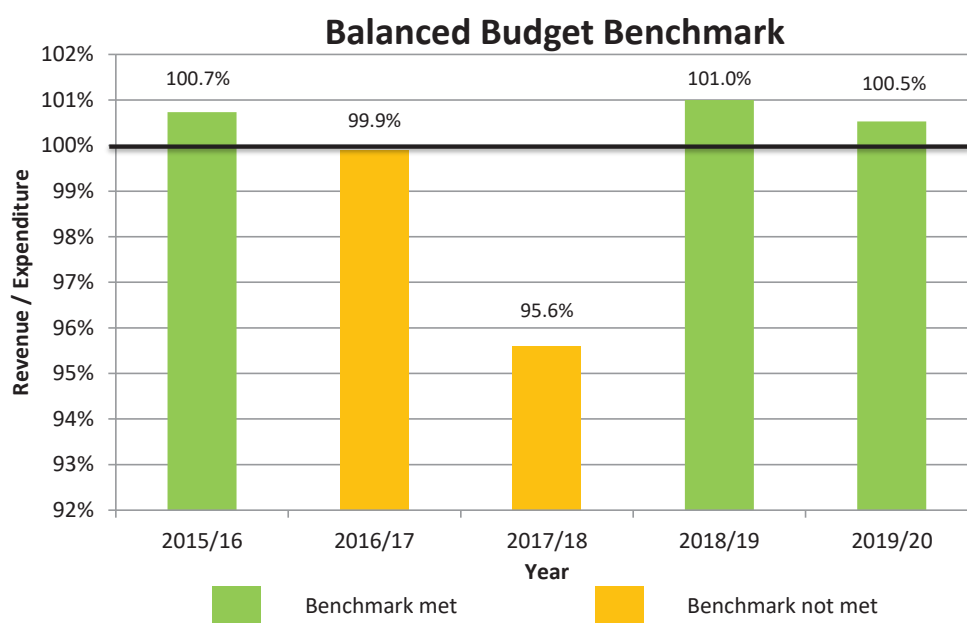


## Balanced Budget Benchmark

	2015/16	2016/17	2017/18	2018/19	Year of Annual Report 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Revenue (Excluding *)	84,474	87,495	98,419	102,882	100,213
Total Expenditure (Excluding ^)	83,860	87,602	102,929	101,827	99,684

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

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



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

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

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

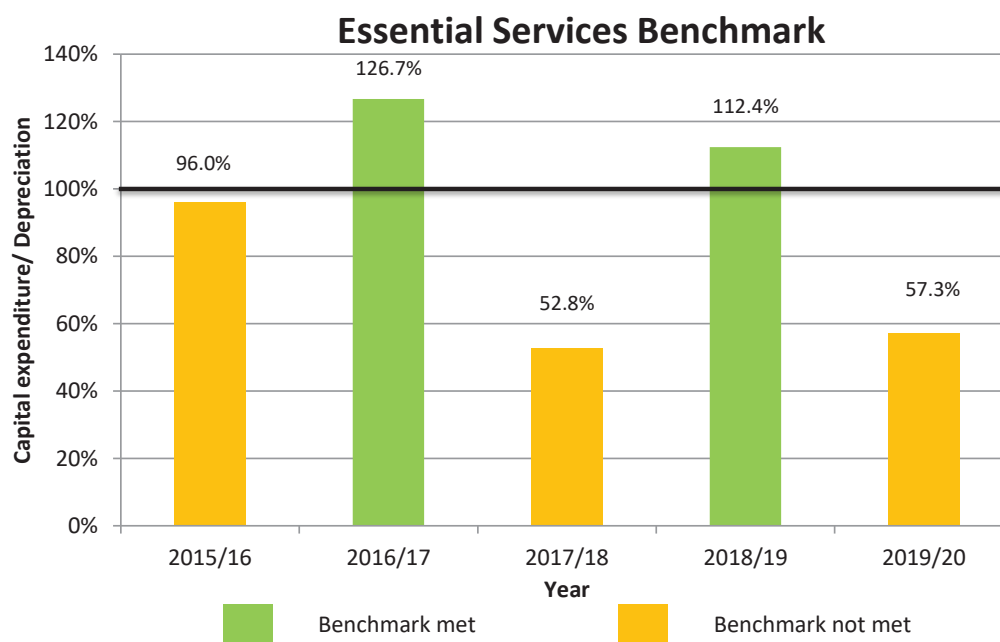
Council is aware of the issue of affordability and financial sustainability. Council revenue has been greater than its operating expenses for two of the past five years. Council continues to investigate efficiencies to reduce expenditure and increase other revenue, and by doing so reduce the revenue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



## Essential Services Benchmark

	2015/16	2016/17	2017/18	2018/19	Year of Annual Report 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Expenditure (Additions) *	16,684	23,977	10,630	23,780	12,360
Depreciation ^	17,373	18,928	20,121	21,162	21,589

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



\* Capital expenditure on network assets has been deemed to be additions to Infrastructural Assets as per Note 13: Property, plant and equipment.

^ Depreciation on network assets has been deemed to be depreciation of Infrastructural Assets as per Note 13: Property, plant and equipment.

Over time Council's capital expenditure should equal its depreciation, which will mean that Council is replacing its assets as they deteriorate. However, due to some projects being large, it is hard to assess this on a year-by-year basis. During the 2017/18 year Council spent less on capital expenditure than depreciation. This was largely due some capital project scheduled to be completed within the 2017/18 year being started but not completed. During 2019/20 the Covid-19 lockdowns and procedures meant that some capital projects could not be worked on.

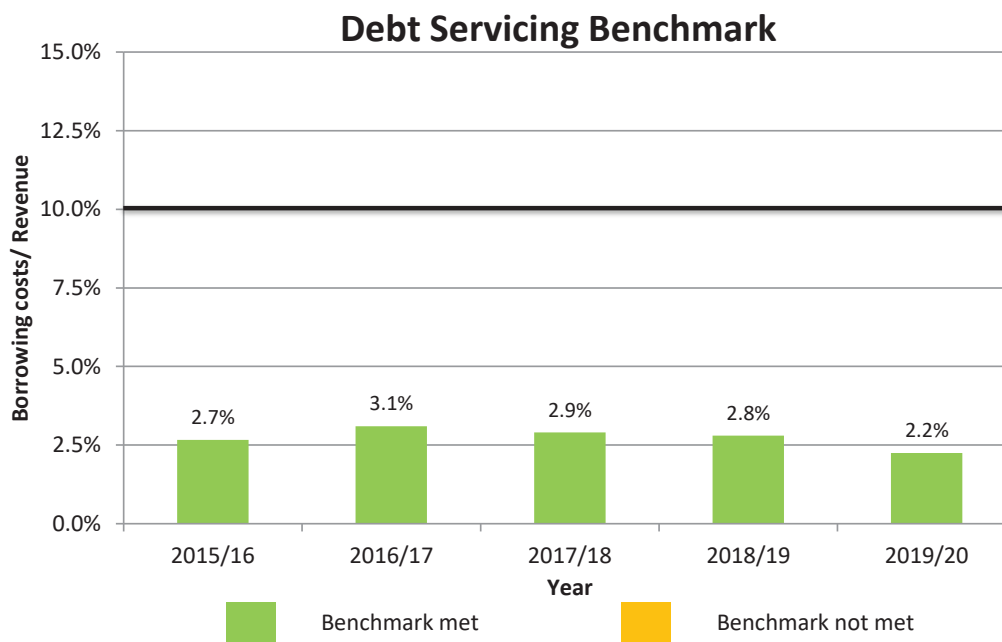


## Debt Servicing Benchmark

	2015/16	2016/17	2017/18	2018/19	Year of Annual Report 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Borrowing Costs *	2,253	2,738	2,869	2,845	2,263
Revenue (Balanced Budget)	84,474	87,495	98,419	102,882	100,213

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

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



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

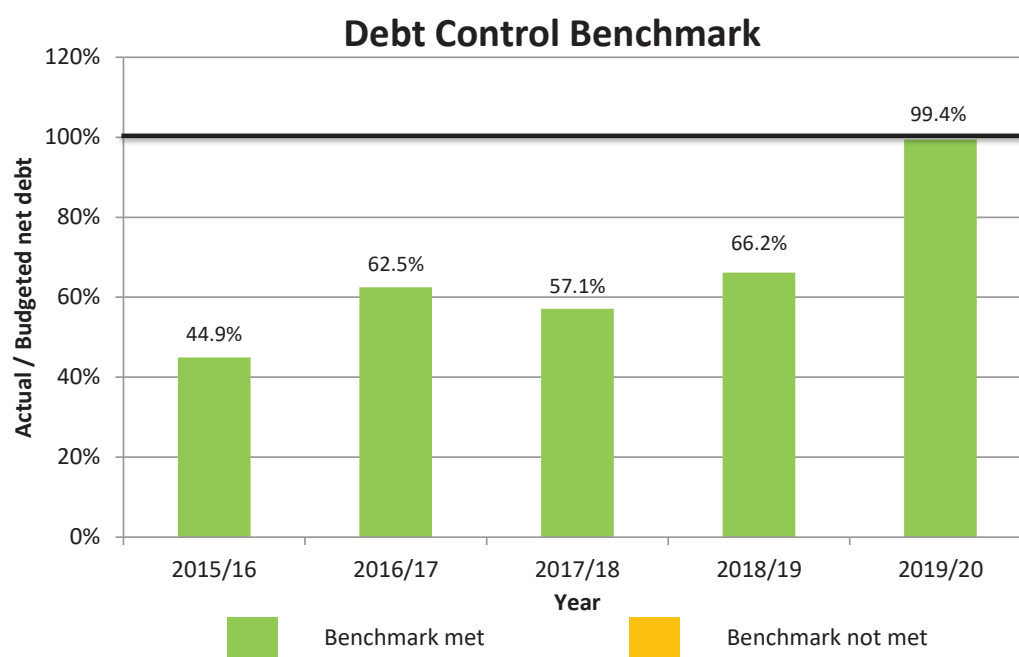
Council's cost of debt is well under the legislative threshold of 10% of revenue. Total borrowing have increased over the past two years due to the refinancing of internal debt with external debt and Council incurring more capital expenditure related debt. This has been largely offset by the Council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

## Debt Control Benchmark

	2015/16	2016/17	2017/18	2018/19	Year of Annual Report 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Actuals</b>					
Financial Assets - Annual Report *	59,529	60,704	66,157	73,608	94,920
Financial Liabilities - Annual Report ^	81,978	96,838	100,181	104,621	143,779
Actual Net Debt	22,449	36,134	34,024	31,013	48,859
<b>Budgeted</b>					
Financial Assets *	7,833	55,847	56,914	63,859	53,607
Financial Liabilities ^	57,791	113,616	116,494	110,718	102,745
Budgeted Net Debt	49,958	57,769	59,580	46,859	49,138

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

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



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

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

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

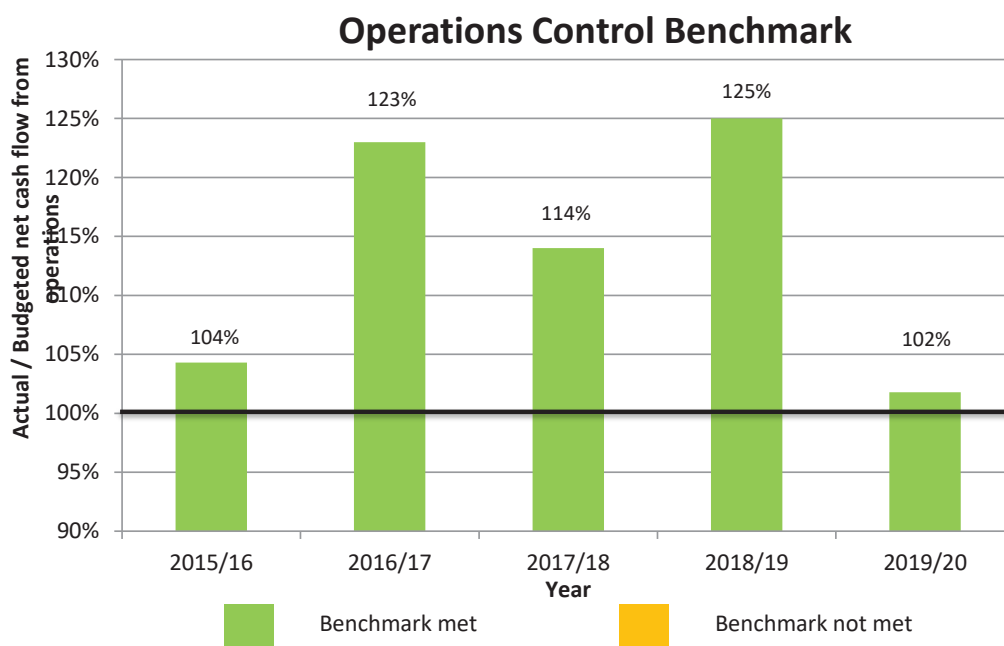


## Operations Control Benchmark

	2015/16	2016/17	2017/18	2018/19	Year of Annual Report 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Actual Net Cash flows from Operations *	20,370	23,094	22,239	29,334	28,316
Budgeted Net Cash flows from Operations ^	19,530	18,769	19,485	23,460	27,823

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

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



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

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

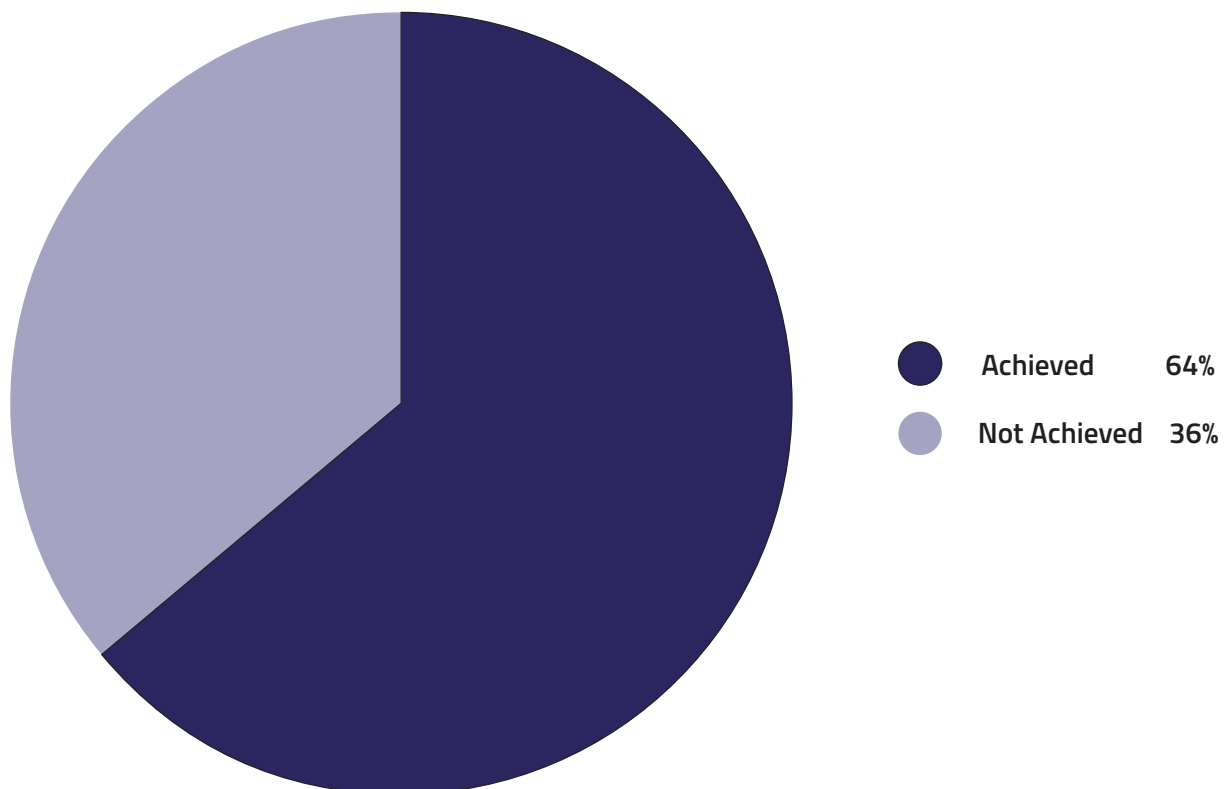
Council has consistently met the operations control benchmark, with actual net cash flows from operations higher than planned cash flows in all five years.

# Summary of Service

## Summary of Activities and Levels of Performance

The 2018 - 2028 Long-term Plan identified 48 Levels of Service and 69 Measures against which its performance would be measured for its activities. The levels of service were what Council wanted to provide to its community and the measures are performance indicators as to whether the Levels of service have been achieved.

**Council achieved 44 out of 69 measures.**



In the graph above, "Achieved" means that the 2019/2020 performance measure was met or exceeded. "Not Achieved" means the 2019/2020 performance measure was not undertaken or not provided to the target level.

The impact of Covid-19 was greater on some activities than others. Where Covid-19 was a factor in not achieving performance targets is noted in the section on each activity.

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



Community Outcome	Activity and Performance Measure	2019/2020 Target	2019/2020 Actual
Enhance our City	Roading – The percentage of footpaths within the district that fall within the level of service, or service standard for the condition of footpaths as set out in the Activity Management Plan.	<8% in very poor condition.	Achieved - 0.8% in very poor condition (2018/19: Achieved - 1% in very poor condition)
	Stormwater – The total number of complaints received by Council about the performance of its stormwater system expressed per 1,000 connections to Council's stormwater system.	<4 complaints per 1,000 properties per annum.	Achieved - 0.86 (2018/19: Achieved - 0.45)
	Water Supply – Hydrants meet firefighting standards.	At least 97.5% of hydrants tested exceed 12.5 litres per second flow rate.	Achieved - 100% (2018/19: Achieved - 100%)
	Libraries and Archives – Number of visits per year.	520,000	Not achieved - 442,988 (2018/19: Achieved - 524,292)
	Pools – Number of pool visits per head of Invercargill population.	>6.5	Achieved - 6.7 (2018/19 - Achieved 8.3)



Community Outcome	Activity and Performance Measure	2019/2020 Target	2019/2020 Actual
Preserve its Character	Sewerage – Service disruptions for individual properties are less than 12 hours.	100%	Achieved - 100% (2018/19: Achieved 100%)
	Solid Waste Management – Trend in kerbside recycling.	Increasing Trend.	Not achieved - 3,040 tonnes (2018/19: Not achieved - 3,307 tonnes)
	Water Supply – The total number of complaints received by Council per 1,000 connections about continuity of supply.	No more than 0.45 per month.	Achieved - Maximum of 0.14 (2018/19: Achieved - maximum of 0.14)
	Community Development – Number of young people taking part in initiatives.	400	Achieved - 1253 (2018/19: 514)
	Public Toilets – Public toilets are operational 95% of open hours, 24 hours per day.	95%	Not Achieved - 94% (2018/19: Achieved - 98%)



Community Outcome	Activity and Performance Measure	2019/2020 Target	2019/2020 Actual
Embrace Innovation and Change	Democratic Process – Alternative methods of communicating to, and receiving information from, the community are utilised.	Alternative method introduced.	Achieved - Strategy and policy email newsletter established (2018/19: Achieved)
	Roading – The percentage of customer service requests relating to roads and footpaths, to which the territorial authority responds within the time frame specified in the Long Term Plan.	80% of requests are responded to in five or less business days.	Not Achieved - 79% (2018/19: Not Achieved - 75.5%)
	Stormwater – The median response time to attend a flooding event, measured from the time that Council received notification to the time that service personnel reach the site.	Response to emergency callouts – 1 hour (90% success).	Achieved - 100% Median response 23 minutes (2018/19: Achieved 93%, Median response 13 minutes)
	Regulatory Services – An increasing percentage of applications are electronically lodged, processed and inspected.	80% of applications are lodged, processed and inspected electronically within five years of the service being offered.	Not achieved - 44% of applications are lodged electronically (62% of LIM applications; 42% of resource consents; 28% of dog registrations (2018/19: - 50% of LIM applications, 21% of resource consents and 12.5% of new dogs, 26% of re-registrations)
	Democratic Process – Percentage of residents who provide a rating of satisfied or greater with the opportunities Council provides for community involvement in decision making.	50%	N/A

# Audit Opinion



AUDIT NEW ZEALAND

Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of Invercargill City Council's annual report for the year ended 30 June 2020

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

We are also required to report on:

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

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

We completed our work on 15 December 2020. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 97 to 206:
  - present fairly, in all material respects:
    - the City Council and the Group's financial position as at 30 June 2020;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the funding impact statement on page 9, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan; and
- the statement of service performance on pages 29 to 96:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 36, 39, 42, 45, 50, 54, 57, 59, 62, 66, 69, 71, 74, 77, 79, 82, 85 to 90, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's long-term plan; and
- the funding impact statement for each group of activities on pages 36, 39, 42, 45, 50, 54, 57, 59, 62, 66, 69, 71, 74, 77, 79, 82, 85 to 90 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan.

### **Report on the disclosure requirements**

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 10 to 17, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's audited information and, where applicable, the City Council's long-term plan and annual plans.

### **Emphasis of matter – impact of Covid-19**

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the City Council as set out in note 37 to the financial statements and page 31 of the performance information. We draw specific attention to the following matters due to the significant level of uncertainty caused by Covid-19:

- ***Sensitivity of the valuation model used in the impairment assessment***

Page 204 describes the sensitivity of the Group's impairment model for airport related property, plant and equipment to changes in major inputs and assumptions. The Group's estimates of passengers, recovery, and growth rates remain uncertain due to Covid-19.



- ***Investment property***

Note 16 on page 128 describes the significant uncertainties highlighted by the valuer, related to estimating the fair values of the City Council and the Group's investment property.

### **Basis for our opinion on the audited information**

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

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

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

### **Responsibilities of the Council for the audited information**

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

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

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

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

### **Responsibilities of the auditor for the audited information**

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they

could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

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

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

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

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





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

### **Other information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 8, 18 to 21 and 207 to 211, but does not include the audited information and the disclosure requirements.

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

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

### **Independence**

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

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the City Council's debenture trust deed, which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the City Council or its subsidiaries and controlled entities.

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

# Statement Of Compliance



The Council and its officers are responsible for the preparation of this Annual Report for 2019/20.

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

This report was approved and adopted by a meeting of the Invercargill City Council on 15 December 2020.

It correctly reflects the Council's financial position and operating results for the year ended 30 June 2020.

Council adopted this Annual Report on 15 December 2020 and complies with all statutory requirements in relation to the Annual Report.

A handwritten signature in black ink, appearing to read "T R Shadbolt".

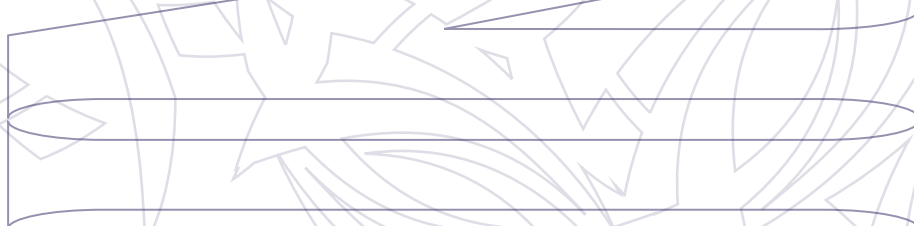
**T R Shadbolt**  
MAYOR

A handwritten signature in blue ink, appearing to read "C Hadley".

**C Hadley**  
CHIEF EXECUTIVE



# INVERCARGILL



# Council Activities

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

This section is divided into eight “groups of activities”:

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

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

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

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

# Council Activities

The Community Services Group includes activities which provide services and facilities for the Community's enjoyment.

The activities within this group are:

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

The Corporate Services Group includes activities which provide democratic processes and provide or promote business-to-business relationships.

The activities within this group are:

- Democratic Process
- Investment Property.

# Statement of Service Performance 2019/2020



Council achieved a total of 44 of 69 service measures for 2019/2020. These measures helped Enhance our City, Preserve its Character and Embrace Innovation and Change.

Covid-19 had a significant impact on the services provided in 2020/2021. This was particularly the case for non-essential services which were closed to the public over lockdown, including the pools, libraries and the solid waste service, whose performance measures were all effected, although pools still achieved all their targets. Public toilets were also impacted due to maintenance issues which could not be addressed over lockdown for two exoloos and numbers using the buses were also impacted. Most impacted were theatres services, with cancellations of performances leading to effective closure of some facilities continuing for some time after lockdown. In comparison parks were heavily used, as people took advantage of the opportunity to enjoy the parks for exercise. In addition, the Chinese Garden was completed in Queen's Park which retained its accreditation as a garden of national significance.

Some parts of the capital renewal programme were delayed as a result of contractors not being able to work over lockdown. This included delays to reticulation work in the city centre, some parts of the roading programme and pipe renewals, as well as delays to construction of the new hydroslide at Splash Palace. However, significant progress was made in the pavement programme, with contractors able to complete projects on major arterial roads, where other projects were not able to proceed.

In the regulatory area, changes to the way some consents are processed, including implementation of electronic applications, continue to bed in, with increases in electronic applications. The processing

of building consents were negatively impacted by staff availability although this issue has now been addressed and performance has lifted significantly. Only minor delays as a result of lockdown were experienced with no significant impact on the regulatory service.

One measure in the area of democratic process was impacted by the residents survey not proceeding. While in depth customer research into levels of service, including focus groups and over 700 telephone surveys with residents was undertaken this was delayed by Covid-19 and did not include the measure.

Despite the impact of Covid-19 there were a number of services which met or exceeded expectations. Council's sewerage system performed very well, meeting or exceeding all its service measures. Water also performed well, meeting all its measures, with the exception of two. The high performance of these two services are crucial to human health.

Covid-19 was not the only emergency event experienced in Southland in 2020. Solid waste measures of regional discarded materials were up as a result of the impact of the major flooding event in the early part of 2020. This flooding also impacted on one property and one sewer overflow event. These events meant that two of the stormwater measures were not achieved.



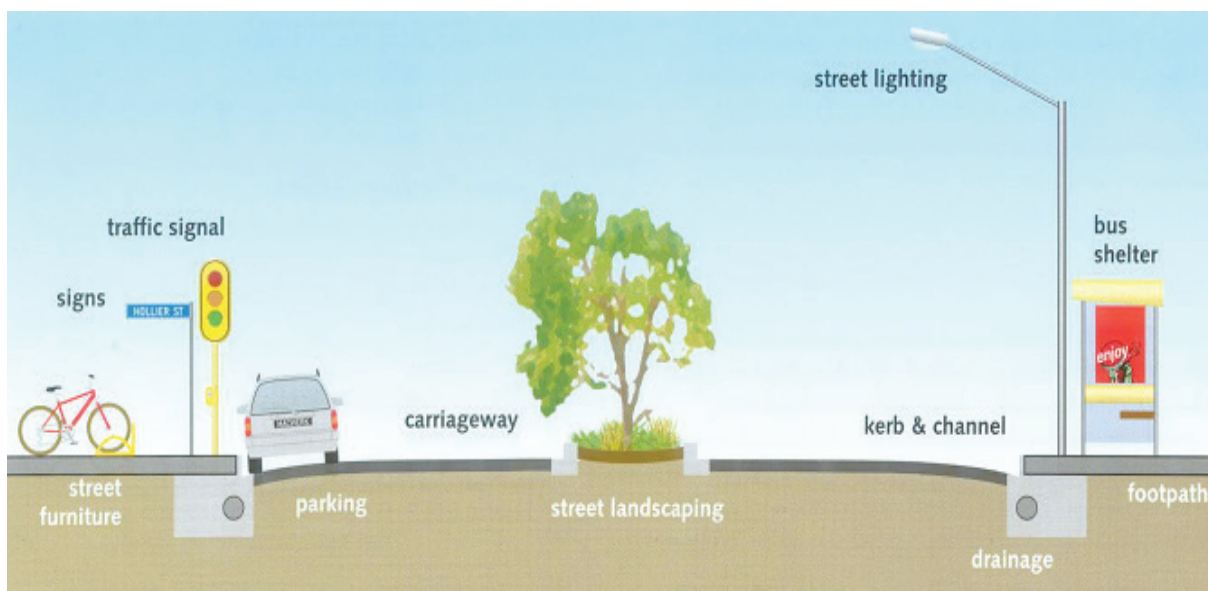
# Roding



## What we have done

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

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





## What we agreed with the Community

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

## How did we measure up



Measure	Target 2019/2020	Result 2019/2020
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	Decreasing annually.	Achieved - 2 less than in previous year (2018/19: Not achieved - 6 more than in previous year)
The average quality of ride, on a sealed local road network, measured by smooth travel exposure.	Higher than the national average. Urban - 84.5% Rural - 94.4%	Achieved - urban 89%; rural 98% (2018/19: Achieved - Urban 89%; rural - 96%)
The percentage of the sealed local road network that is resurfaced.	>6.25%	Not Achieved - 6.10% (2018/19: Not Achieved - 5.8%)
The percentage of footpaths within the district that fall within the level of service, or service standard for the condition of footpaths as set out in the Activity Management Plan.	< 8% in very poor condition.	Achieved - 0.8% in very poor condition (2018/19: Achieved - 1% in very poor condition)
The percentage of customer service requests relating to roads and footpaths, to which the territorial authority responds within the time frame specified in the Long-term Plan.	80% of requests are responded to in five or less business days.	Not Achieved - 79% (2018/19: Not Achieved - 75.5%)
Street lighting is compliant with AS/ NZS 1158 to agreed levels within urban areas, adjusted for constraining factors.	Increasing percentage.	Achieved - 78% (2018/19: Achieved 74%)
Vandalised signs are promptly responded to and corrective actions commenced.	> 85% of requests within 2 business days.	Not Achieved - 71% (2018/19: Not Achieved - 77%)
Damaged traffic signals are attended to promptly.	> 85% of emergency requests are responded to by attending the site within one hour.	Achieved - 100% (2018/19: Achieved - 99.5%)
The number of unplanned road closures and the number of vehicles affected by closures annually.	< 8	Not achieved - this measure was not recorded. (2018/19: N/A)
The overall cost per km and vkt of routine maintenance activities, and cost by work category on each road network for the financial year.	< Peer Group Average.	Not achieved - Invercargill cost per km is 67% of the national average and cost per vehicle km travelled is 32% of the national average. However the following categories were more expensive than average and as a result the KPI is not achieved: arterial pavement and secondary collector pavement cost per km and arterial pavement, primary collector pavement and secondary collector pavement cost per VKT. (2018/19: N/A)



## The details

- 1 The percentage of roads resurfaced is a long-term target and while not achieved this year, the full programme was delivered with a focus primarily on urban streets.
- 2 The response to customer feedback is improving with further effort required to improve and get better quality data.
- 3 The response to vandalised signs has relatively low numbers and can be effected by the data quality of recording responses and therefore was not achieved.
- 4 The unplanned closures and costs per km are measures where further work is needed to get data which is meaningful and accurate.

## What else have we done

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

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

## Capital Works Projects

Project	2019/2020 Proposed \$000	2019/2020 Actual \$000
Sealed road resurfacing	2,146	2,114
Sealed road pavement rehabilitation	1,328	776
Drainage renewals (kerb and Channel, Culverts)	1,103	756
Footpaths	1,318	1,788
Traffic Services renewals	388	327
Street lighting renewal and 11 year upgrade	555	516

The programme for resurfacing of sealed roading has been completed, although parts of the programme to rehabilitate road pavement were deferred as a result of Covid and in order to align with other NZTA projects. Additional work on footpaths was possible due to

resources being available post-covid, which meant that projects deferred from previous years could also be completed. Delays as a result of Covid were experience in kerbing works, as well as minor delays to traffic services and street lighting renewals.

# Invercargill City Council Funding Impact Statement For 30 June, 2020 for Roading



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	345	347	192
Targeted rates	7,424	7,923	7,923
Subsidies and grants for operating purposes	2,182	2,146	3,647
Fees and charges	382	390	405
Internal charges and overheads recovered	276	284	155
Interest and dividends from investments	-	-	86
Local authorities fuel tax, fines, infringements, fees and other receipts	1,080	1,130	743
<b>Total operating funding (A)</b>	<b>11,689</b>	<b>12,220</b>	<b>13,151</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	6,512	6,574	4,934
Finance costs	136	130	-
Internal charges and overheads applied	276	284	871
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>6,924</b>	<b>6,988</b>	<b>5,805</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>4,765</b>	<b>5,232</b>	<b>7,346</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	3,499	3,594	3,312
Development and financial contributions	-	-	-
Increase (decrease) in debt	82	(587)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,581</b>	<b>3,007</b>	<b>3,312</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	968	989	6
- to replace existing assets	7,356	7,019	7,540
Increase (decrease) in reserves	22	231	3,112
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>8,346</b>	<b>8,239</b>	<b>10,658</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(4,765)</b>	<b>(5,232)</b>	<b>(7,346)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.

# Sewerage



## What we have done

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

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

## What we agreed with the Community

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





## How did we measure up

Measure	Target 2019/2020	Result 2019/2020
The number of dry weather sewerage overflows from the Invercargill City Council's sewerage system (per 1,000 connections to the system).	< 4 blockages per 1,000 properties.	Achieved - 0.59 (2018/19: Achieved 0.49)
Compliance with the Council's resource consents for discharge, as measured by; <ul style="list-style-type: none"> <li>Abatement notices</li> <li>Infringement notices</li> <li>Enforcement orders</li> <li>Convictions, received by Council in relation to those resource consents</li> </ul>	100% compliance.	Achieved. No notices, abatements, infringement notices or convictions recorded against the Council. (2018/19: Achieved, 0 notices)
Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following median response times measured: <ul style="list-style-type: none"> <li>Attendance time – from the time that Council receives notification to the time that service personnel reach the site.</li> <li>Resolution time – from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.</li> </ul>	Service personnel reach site within one hour for emergency work (90% compliance).	Achieved - 95% compliance - Median response 18 minutes (2018/19: Achieved - 91%)
	Temporary repair completed within four hours for emergency events (95% compliance).	Achieved - 98% compliance - Median response 1 hour (2018/2019: Achieved 95% - 1hr: 4min)
The total number of complaints received by Council about any of the following: <ul style="list-style-type: none"> <li>Sewerage odour</li> <li>Sewerage system faults</li> <li>Sewerage system blockages and the Council's response to issues with its sewerage system</li> </ul> Expressed per 1,000 connections to Council's sewerage system.	Sewerage odour – zero complaints per year.	Achieved - No complaints received. (2018/19: Not achieved - 0.05 complaints per 1000 connections)
	System faults and blockages - <4 complaints per 1,000 connections per year.	Achieved - 1.26 complaints per 1,000 connections (2018/19: Achieved 1.9 complaints per 1000 connections)
Service disruptions for individual properties are less than 12 hours.	100%	Achieved - 100% (2018/19: Achieved 100%) Response to issues 1.157 - Council received 163 requests for information, of which 51 were complaints about issues related to the stormwater system.
Trade waste consent applications are responded to within 10 working days.	80%	Achieved - 100% (2018/19: Achieved 100%)
Comply with effluent quality standards as defined in current discharge consents for Clifton and Bluff facilities	100%	Achieved - 100% (2018/19: Achieved 100%)

## Capital Works Projects

Capital works having a value exceeding \$250,000 in 2019/20 were:

Project	2019/2020 Proposed \$000	2019/2020 Actual \$000
Pipe renewals	1,840	886
Pump station Renewals	287	66
Sewerage Treatment Plants	195	111

The works completed this year is less than expected due to a number of issues. Timing and confirmation of the of the works associated with the Invercargill Central block and COVID-19 delayed

reticulation work. Pump Station Renewals have been delayed by required upgrades to the Council SCADA and IT network connectivity. Third party delays to the pipe programme have resulted in deferment of road surfacing work at the Sewerage Treatment Plants.

# Invercargill City Council Funding Impact Statement For 30 June, 2020 for Sewerage



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	5,848	6,023	6,023
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	1
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	675	690	873
<b>Total operating funding (A)</b>	<b>6,523</b>	<b>6,713</b>	<b>6,897</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	3,141	3,208	2,948
Finance costs	198	181	126
Internal charges and overheads applied	-	-	396
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,339</b>	<b>3,389</b>	<b>3,470</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,184</b>	<b>3,324</b>	<b>3,427</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(595)	(586)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(595)</b>	<b>(586)</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	5
- to replace existing assets	1,500	2,322	1,058
Increase (decrease) in reserves	1,089	416	2,364
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,589</b>	<b>2,738</b>	<b>3,427</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,184)</b>	<b>(3,324)</b>	<b>(3,427)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.

# Solid Waste Management



## What we have done

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

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

## What we agreed with the Community

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

## How did we measure up

Measure	Target 2019/2020	Result 2019/2020
Trend in kerbside recycling.	Increasing trend.	Not achieved - 3,040 tonnes (2018/19: Not achieved - 3,307 tonnes)
Trend in kerbside landfill rubbish.	Decreasing trend.	Not achieved - 11,483 tonnes (2018/19: Not achieved - 10,672 tonnes)
Trend in solid waste to landfill.	Decreasing trend.	Not achieved - 21,329 tonnes (2018/19: Not achieved - 19,705 tonnes)
Trend in diverted material.	Increasing trend.	Not achieved - 8,931 tonnes (2018/19: Achieved - 9,602 tonnes)
Maintain a regional discarded materials rate of 650kgs per person per annum.	Maintain this level.	Not achieved - 726 kgs (2018/19: Not achieved 710kgs)

## The details

The trend in kerbside recycling is below the five-year average (being 3,294 tonnes), due to the closure of the recycling processing facility during COVID-19 response.

The trend in kerbside rubbish is above the five-year average (being 10,807 tonnes), due to the COVID-19 response

The trend in solid waste to landfill is above the five-year average (being 20,333 tonnes), due to the COVID-19 response.

The regional discarded materials rate above the five-year average (being 662 kilograms) due to flooding and COVID-19 responses.



## Invercargill City Council Funding Impact Statement For 30 June, 2020 for Solid Waste Management

	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	4,295	4,390	4,390
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,441	2,495	4,665
Internal charges and overheads recovered	1,762	1,801	2,012
Interest and dividends from investments	-	-	39
Local authorities fuel tax, fines, infringements, fees and other receipts	60	61	12
<b>Total operating funding (A)</b>	<b>8,558</b>	<b>8,747</b>	<b>11,118</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	6,736	6,885	8,861
Finance costs	-	-	11
Internal charges and overheads applied	1,762	1,801	2,303
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>8,498</b>	<b>8,686</b>	<b>11,175</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>60</b>	<b>61</b>	<b>(57)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	100	102	171
Increase (decrease) in reserves	(40)	(41)	(228)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>60</b>	<b>61</b>	<b>(57)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(60)</b>	<b>(61)</b>	<b>57</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.

# Stormwater



## What we have done

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

47 kilometres of open drains, mostly situated in the Otatara area. The Activity also managed the tide protection banks around the Stead Street and Cobbe Road (rifle range) as part of the City's flood protection schemes.

## What we agreed with the Community

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

## How did we measure up

Measure	Target 2019/2020	Result 2019/2020
Number of flooding events that occur in the Invercargill City district. For each flooding event, the number of habitable floors affected, per 1,000 properties connected to the stormwater system.	No houses flooded during five year return period storm.	Not achieved - 0.001. 1 flooding event as a result of consistent rain. 1 single property was affected by the flooding event which equates to habitable floors/1000 properties affected. (2019/19 Achieved - 0 flooding events recorded).
Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of: <ul style="list-style-type: none"> <li>Abatement notices</li> <li>Infringement notices</li> <li>Enforcement notices</li> <li>Convictions,</li> </ul> received by Council in relation to those resource consents.	100% Compliance.	Not achieved 1 enforcement order event and 1 conviction for a sewer overflow discharging into stormwater (2018/19: Achieved - 100% compliance)
The total number of complaints received by Council about the performance of its stormwater system expressed per 1,000 connections to Council's stormwater system.	<4 complaints per 1,000 properties per annum.	Achieved - 0.86 (2018/19: Achieved - 0.45)
The median response time to attend a flooding event, measured from the time that Council received notification to the time that service personnel reach the site.	Response to emergency callouts – 1 hour (90% success).	Achieved - 100% Median response 23 minutes (2018/19: Achieved 93%, Median response 13 minutes)

## Capital Works Projects

Capital works having a value exceeding \$250,000 in 2019/20 were:

Project	2019/2020 Proposed \$000	2019/2020 Actual \$000
Pump Station Renewals	13	4
Pipe Renewals (including upgrade)	2,760	1,056

The reticulation works completed this year is less than expected due to the timing and confirmation of the of the works associated with the Invercargill Central block and COVID-19 limitation.

## Invercargill City Council Funding Impact Statement For 30 June, 2020 for Storm Water



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	4,040	4,286	4,286
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	2
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	54
<b>Total operating funding (A)</b>	<b>4,040</b>	<b>4,286</b>	<b>4,342</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	1,694	1,730	1,295
Finance costs	103	108	48
Internal charges and overheads applied	-	-	337
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,797</b>	<b>1,838</b>	<b>1,680</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>2,243</b>	<b>2,448</b>	<b>2,662</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	28	325	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>28</b>	<b>325</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	171	205	235
- to replace existing assets	2,100	2,568	1,030
Increase (decrease) in reserves	-	-	1,397
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,271</b>	<b>2,773</b>	<b>2,662</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(2,243)</b>	<b>(2,448)</b>	<b>(2,662)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.



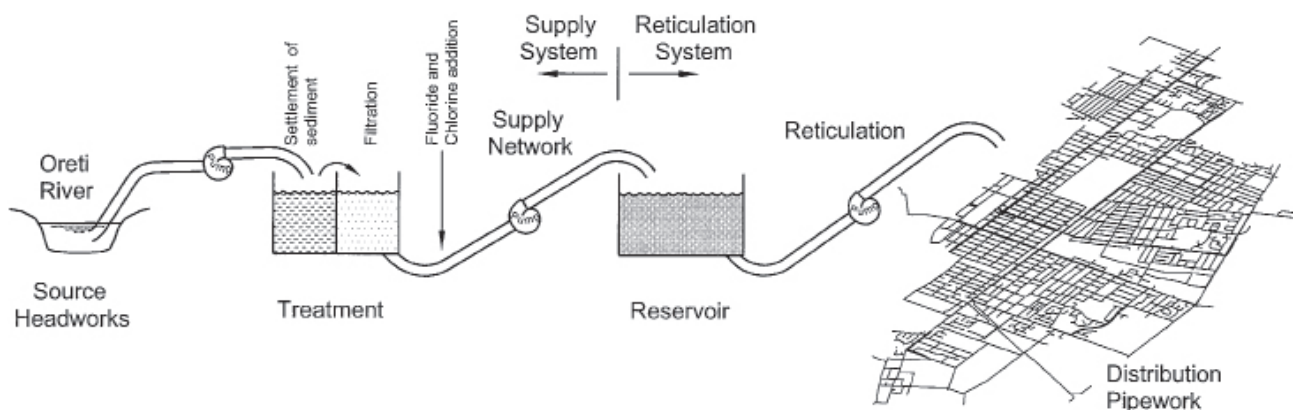


# Water Supply

## What we have done

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

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



## What we agreed with the Community

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

## How did we measure up

Measure	Target 2019/2020	Result 2019/2020
The extent to which the local authority's drinking water complies with part 4 (bacteria compliance criteria) of the drinking-water standards.	100% compliance.	Achieved - 100% (2018/19: Achieved - 100%)
The extent to which the local authority's drinking water complies with part 5 (protozoal compliance criteria) of the drinking water standards.	100% compliance.	Achieved - 100% (2018/19: Achieved - 100%)
The percentage of real water loss from the networked reticulation system, (calculated according to the methodology outlined in Water NZ Water Loss Guidelines publication, Feb 2010).	<30%	Achieved - 9.6% (2018/19: Achieved - 9.9%)
The total number of complaints received by Council per 1,000 connections about:		
- Drinking water clarity.	No more than 0.45 per month.	Achieved - Maximum of 0.24 (2018/19: Achieved - maximum of 0.24)
- Drinking water taste.	No more than 0.45 per month.	Achieved - Maximum of 0.10 (2018/19: Achieved - maximum of 0.05)
- Drinking water odour.	No more than 0.45 per month.	Achieved - Maximum of 0.0 (2018/19: Achieved - maximum of 0.05)
- Drinking water pressure or flow.	No more than 0.45 per month.	Achieved - Maximum of 0.14 (2018/19: Achieved - maximum of 0.05)
- Continuity of supply.	No more than 0.45 per month.	Achieved - Maximum of 0.10 (2018/19: Achieved - maximum of 0.14)
- Council's response time to any of the above issues.	No more than 0.45 per month.	Achieved - Maximum of 0.05 (2018/19: Achieved - maximum of 0.05)
Attendance for urgent call-outs from the time Council receives notification to the time that service personnel reach the site.	Median response times do not exceed 4 hours.	Achieved - 16 minutes (2018/19: Achieved - 26 minutes)
Resolution of urgent call-outs from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	Median response times do not exceed 24 hours.	Achieved - 1 hour and 17 minutes (2018/19: Achieved - 1 hour and 17 minutes)
Attendance for non-urgent call-outs from the time Council receives notification to the time that service personnel reach the site.	Median response times do not exceed five working days.	Not achieved - Five days, 9 hours and 23 minutes (2018/19: Not Achieved - Five days, 19 hours and 48 minutes)



Measure	Target 2019/2020	Result 2019/2020
Resolution of non-urgent call-outs from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	Median response times do not exceed 10 working days.	Achieved - 6 days, 4 hours and 26 minutes (2018/19: Achieved - 7 days, 4 hours and 5 minutes)
Average drinking water consumption per resident per day.	Less than 700 litres /day	Achieved - 431 litres/ day (2018/19: Achieved - 462 litres/ day)
Ministry of Health Grade.	Invercargill – Aa Bluff – Aa	Not Achieved - Invercargill – Aa, Bluff – Ab (2018/19: Not Achieved - Invercargill – Aa, Bluff – Ab)
Notification of planned shutdowns is given at least 24 hours beforehand by letter drop.	80%.	Achieved - 98% (2018/19: Achieved - 98%)
Duration of break.	No more than eight hours.	Achieved - 100% (2018/19: Achieved)
Hydrants meet firefighting standards.	At least 97.5% of hydrants tested exceed 12.5 litres per second flow rate.	Achieved - 100% (2018/19: Achieved - 100%)

## The details

### 1. Attendance for Non-Urgent Callouts.

These works are undertaken by contract. This result is an understatement of actual achievement as the report calculation has used total days and has not discounted for working days.

### 2. Ministry of Health Grade (Bluff reticulation)

Grading of water supplies is no longer supported by the Ministry of Health and so this performance measure is no longer relevant. Council does have a current Water Safety Plan which covers Bluff and has been approved by the Ministry of Health.



# What else have we done

Phases one and two of the four phase investigation into the feasibility of an underground water source were completed.



## Capital Works Projects

Project	2019/2020 Proposed \$000	2019/2020 Actual \$000
Pipe Renewal	5,733	2,597

The under expenditure is directly related to obtaining acceptable easement for the installation of the Branhholme supply water main and its associated

ground condition investigation. Following obtaining the easements, Covid-19 delayed further investigation work on this project.

# Invercargill City Council Funding Impact Statement For 30 June, 2020 for Water Supply



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	7,634	7,867	7,867
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,530	1,657	1,549
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	35
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	35
<b>Total operating funding (A)</b>	<b>9,164</b>	<b>9,524</b>	<b>9,486</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	4,729	4,886	4,299
Finance costs	769	795	424
Internal charges and overheads applied	-	-	685
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>5,498</b>	<b>5,681</b>	<b>5,408</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,666</b>	<b>3,843</b>	<b>4,078</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(696)	1,307	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(696)</b>	<b>1,307</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,482	-	83
- to replace existing assets	2,248	5,873	2,967
Increase (decrease) in reserves	(760)	(723)	1,028
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,970</b>	<b>5,150</b>	<b>4,078</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,666)</b>	<b>(3,843)</b>	<b>(4,078)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.



# Regulatory Services

## What we have done

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

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

## What we agreed with the Community

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

## How did we measure up

Measure	Target 2019/2020	Result 2019/2020
We process building, resource consent, food and alcohol applications in accordance with the quality manual and statutory timeframes.	100% building, non-notified resource consents not requiring a hearing and food applications are issued within 20 working days of receipt.	Not achieved - 58% of building consents, 94% of resource consents and 100% of food applications issued within 20 working days (2018/19: 64% of building consents, 100% of resource consents and 99% of food applications issued within 20 working days) .
	100% alcohol applications not requiring a hearing are issued within 30 working days of receipt.	Achieved - 100% of applications applications were processed within 30 working days (2018/19: Not achieved - 88%)
We identify potentially earthquake-prone buildings.	Potentially earthquake-prone buildings are identified in 20% of the blocks identified by the Priority Buildings Area maps (note maps available on Council's website – <a href="http://icc.govt.nz">icc.govt.nz</a> )	Achieved - 100% (2018/19: Achieved - 78%)
We promote incentives to owners of heritage buildings, especially when they undertake earthquake strengthening.	Earthquake-prone buildings incentives are developed and implemented.	Achieved. (2018/19: Not achieved)
We regularly review plans and bylaws relating to Regulatory Services, and provide for an opportunity for public consultation.	Plans and Bylaws are reviewed regularly in line with the timetable included within the Regulatory Services Activity Management Plan.	Not achieved (2018/19: Not achieved)
An increasing percentage of applications are electronically lodged, processed and inspected.	80% of applications are lodged, processed and inspected electronically within five years of the service being offered.	Not achieved - 44% of applications are lodged electronically - 62% of LIM applications; 42% of resource consents; 28% of dog registrations (2018/19: - 50% of LIM applications, 21% of resource consents and 12.5% of new dogs, 26% of re-registrations lodged electronically)

## The details

- 1 The Building department has made good progress in the first half of 2020 which has been emphasised by the low-risk rating ICC has received at its recent IANZ reassessment in July 2020 identifying that we are complying with the statutory requirements in order to remain accredited as a Building Consent Authority. Currently close to 100% of building consent applications are being granted within the statutory timeframe (as at 10th July 2020)
- 2 Building consent applications continue to increase in number and value in line with the nation-wide trend, however, ICC has been able to implement electronic processing in 2020 which enables us to process building consents far more quickly than previously and we are now well resourced in order to be able to meet our anticipated workload.
- 3 Council was recently successful in coordinating a multiple building funding application to central government's Heritage Earthquake Upgrade Incentive Programme (Heritage EQUIP). The largest group application approved by Heritage EQUIP to date, it secures 67% funding (\$135,00 in total) towards seismic reporting for 11 heritage building owners with potentially earthquake-prone buildings. Of the 11 buildings, two are Heritage NZ Category 2 and the remained are recognised as 'Locally Significant' within our District Plan.
- 4 This funding is for seismic reporting, which will give owners an idea of where their building sits in terms of %NBS (a seismic building rating system meaning '% new building standard') and subsequent options for strengthening if needed. Our goal was to help owners get the ball moving towards strengthening and eventually fulfilling their legal obligations.
- 5 All bylaws and plans were completed within the prescribed review period, however five were not completed in line with the timetable laid out in the Activity Management Plan.

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## What else have we done

### Planning

#### *District Plan Review*

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

#### *Invercargill Heritage Strategy*

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

#### *Significant resource consent applications*

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

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

### Animal Services

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

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

### Environmental Health

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



# Invercargill City Council Funding Impact Statement For 30 June, 2020 for Regulatory Services



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	3,442	3,672	3,672
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3,406	3,454	4,796
Internal charges and overheads recovered	2,326	2,373	-
Interest and dividends from investments	-	-	6
Local authorities fuel tax, fines, infringements, fees and other receipts	1,103	1,126	707
<b>Total operating funding (A)</b>	<b>10,277</b>	<b>10,625</b>	<b>9,181</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	7,951	8,169	6,734
Finance costs	3	2	-
Internal charges and overheads applied	2,326	2,373	2,272
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>10,280</b>	<b>10,544</b>	<b>9,006</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(3)</b>	<b>81</b>	<b>175</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(10)	(11)	-
Gross proceeds from sale of assets	88	49	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>78</b>	<b>38</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	5
- to improve the level of service	-	-	3
- to replace existing assets	304	134	-
Increase (decrease) in reserves	(229)	(15)	167
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>75</b>	<b>119</b>	<b>175</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>3</b>	<b>(81)</b>	<b>(175)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.



# Community Development

## What we do

The Community Development Activity assisted individuals, groups and organisations to identify not-for-profit opportunities and advocated for community services. The Activity also continued working with youth and other identified sectors.

## What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Preserve its character	The building blocks for a safe, friendly city is provided for all members of the community.	The Community Development Activity co-ordinates the Safe in the South programme on behalf of the Invercargill City Council and the Southland District Council, and co-ordinates the Neighbourhood Support programme in the City.	Council is committed to building a safe connected community.
Embrace innovation and change	Invercargill has the 'wow factor' with the right facilities and events to enjoy.	The Community Development Activity works collaboratively with the community to encourage the development of local events and administers funding through the Creative Communities Invercargill and Invercargill Active Communities programmes.	Funding is available for increasing participation in arts, culture and physical activity.
Enhance our City	Invercargill's business areas are bustling with people, activities and culture.	The Community Development Activity co-ordinates the use of the "friendly" brand.	Council believes that families are the building blocks of our city.
Preserve its character	Strong, collaborative leadership of the City is demonstrated.	The Community Development Activity co-ordinates and provides administrative support for the Youth Council.	Youth Council members are enthused to plan and undertake initiatives.

## How did we measure up

Measure	Target 2019/2020	Result 2019/2020
Number of groups and households involved in the Neighbourhood Support programme.	Increasing number.	Not achieved - 1275 households and 125 groups (2018/19: Not achieved - 1,290 households and 130 groups)
Number of residents participating in programmes funded by the two funding programmes.	10,000	Achieved - 30,094 (2018/19: Achieved - 31,160)
Number of events, agencies and businesses achieving the use of the Friendly brand.	12	Not achieved - 8 (2018/19 Achieved - 15)
Number of young people taking part in initiatives.	400	Achieved - 1253 (2018/19: 514)

## The details

The Neighbourhood Support Programme was reviewed in the 2018/19 year and has been closed with the end of the 2019/20 year.

A number of events were cancelled as a result of Covid-19. Council funding supported events attended by over 30,000 people.

The Friendly Brand has been reviewed and will be retired as it is no longer achieving the goals of the Child Youth and Family Friendly Policy.

Over lockdown, use of Zoom and Youtube increased participation by young people.

The Community Development function was disestablished at the end of 2019/2020 financial year, with continuing functions to be undertaken by the Strategy and Policy team.

# Invercargill City Council Funding Impact Statement For 30 June, 2020 for Community Development



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	314	336	186
Targeted rates	124	127	127
Subsidies and grants for operating purposes	35	25	55
Fees and charges	-	-	1
Internal charges and overheads recovered	-	-	150
Interest and dividends from investments	-	-	3
Local authorities fuel tax, fines, infringements, fees and other receipts	3	3	4
<b>Total operating funding (A)</b>	<b>476</b>	<b>491</b>	<b>526</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	468	478	348
Finance costs	4	4	-
Internal charges and overheads applied	-	-	59
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>472</b>	<b>482</b>	<b>407</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>4</b>	<b>9</b>	<b>119</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(4)	(4)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(4)</b>	<b>(4)</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	15	-	-
Increase (decrease) in reserves	(15)	5	119
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>5</b>	<b>119</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(4)</b>	<b>(9)</b>	<b>(119)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.

# Housing Care



## What we have done

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

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

## What we agreed with the Community

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

## How did we measure up

Measure	Target 2019/2020	Result 2019/2020
Housing care rental does not exceed 30% of gross superannuation benefit.	<30%	Achieved - 25% (2018/19: Achieved - 23.35%)



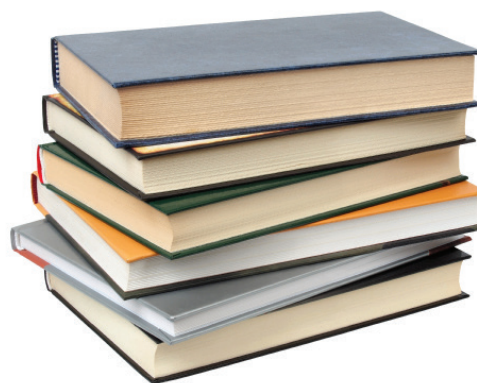
## Invercargill City Council Funding Impact Statement For 30 June, 2020 for Housing Care

	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,121	1,171	1,201
Internal charges and overheads recovered	791	808	-
Interest and dividends from investments	-	-	22
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>1,912</b>	<b>1,979</b>	<b>1,223</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	878	889	718
Finance costs	-	-	-
Internal charges and overheads applied	791	808	302
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,669</b>	<b>1,697</b>	<b>1,020</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>243</b>	<b>282</b>	<b>203</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	198	128	126
Increase (decrease) in reserves	45	154	77
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>243</b>	<b>282</b>	<b>203</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(243)</b>	<b>(282)</b>	<b>(203)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.

# Libraries



## What we have done

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

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

## What we agreed with the Community

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

## How did we measure up

Measure	Target 2019/2020	Result 2019/2020
Number of issues per year	600,000	Not achieved - 531,645 (2018/19: Achieved 613,139)
Number of visits per year	85,000	Not achieved - 442,988 (2018/19: Achieved - 524,292)
Level of reference enquiries	520,000	Achieved - 104,278 (2018/19: Achieved - 90,432)
Library membership as a % of total population.	65 – 75%	Achieved - 69% (2018/19: Achieved - 71.6%)

## The details

The number of issues and number of visits were not achieved following the closure of the Library due to Covid 19.

## What else have we done

The Library team received positive feedback on the newly refurbished spaces in Invercargill. The more flexible spaces have allowed an increased range of programmes to be held. Covid 19 restrictions saw the Library in Invercargill and Bluff close on 22 Mar 2020 and reopen on 14 May 2020. This saw a dramatic increase in online usage of library collections. A streaming service "Beamafilm" was introduced and usage of eBooks and eAudio increased by 116%. During lockdown staff were able to work on projects

including oral history abstracts, Southland Times indexing, digitizing negatives, and updating catalogue records as well as being redeployed if required. Following reopening there has been a slow move towards a "new normal" with regular programmes starting from 15 Jun 2020. The "My Book Bag" service introduced during Alert Level 2 proved very popular and is set to continue with delivery to those unable to visit the Library.



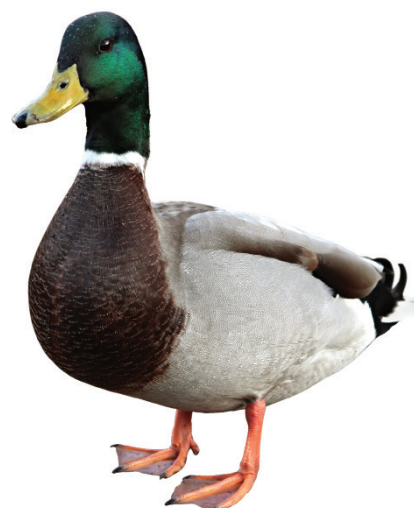
# Invercargill City Council Funding Impact Statement For 30 June, 2020 for Libraries



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	4,162	4,249	4,249
Subsidies and grants for operating purposes	5	5	1
Fees and charges	146	149	92
Internal charges and overheads recovered	820	838	-
Interest and dividends from investments	-	-	10
Local authorities fuel tax, fines, infringements, fees and other receipts	31	32	8
<b>Total operating funding (A)</b>	<b>5,164</b>	<b>5,273</b>	<b>4,360</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	3,453	3,524	2,977
Finance costs	127	127	61
Internal charges and overheads applied	820	838	487
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,400</b>	<b>4,489</b>	<b>3,525</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>764</b>	<b>784</b>	<b>835</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(142)	(147)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(142)</b>	<b>(147)</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	1
- to replace existing assets	735	485	494
Increase (decrease) in reserves	(113)	152	340
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>622</b>	<b>637</b>	<b>835</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(764)</b>	<b>(784)</b>	<b>(835)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.



# Parks and Cemeteries

## What we have done

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

amenity of the City, making it a pleasant place to live and attractive to visitors. The Parks and Cemeteries Activity did this by managing 3,309 hectares, comprising of 160 parks and cemeteries.

## What we agreed with the Community

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

## How did we measure up

Measure	Target 2019/2020	Result 2019/2020
Queens Park is accredited as a 'Garden of National Significance'	Retain Accreditation.	Achieved (2018/19: Achieved)
Percentage of requests actioned within four days.	100%	Achieved (2018/19: Not measured - new measure)
Number of justified complaints received relating to safety within Parks and Cemeteries.	0	Not Achieved - 3 (2018/19: Not achieved - 3)
Policies around pest management are included in Reserve Management Plans.	Policies are reviewed as required.	Achieved (2018/9: Achieved)
Visitor counters are at access points to monitor users of target reserves.	Increasing use.	Achieved (2018/19: Achieved)

## The details

- 1 Queens Park surpassed its target of accreditation as a 'Garden of National Significance' and received a Bronze Award for World Urban Parks.
- 2 All complaints brought to staff attention were mitigated during response timeframes.

- 3 Visitor counters at access points within target reserves were introduced in 2018/19. Just over a million visitors were recorded compared to 757,000 in 2018/19. Use of the parks is understood to have increased as a result of Covid-19.

## What else have we done

### Queens Park Chinese Garden

During 2019/2020 the Chinese Garden was completed. This is a major new area in the park completed to mark the relationship with sister city Suqian. Other significant projects included Gore Street Playground Improvements

and the commencement of a programme to plant a tree for every person in the city. Extensive Engagement with the Parks and Recreation sector has been undertaken for the development of the Parks and Recreation Strategy.

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## Capital Works Projects

Capital works having a value exceeding \$100,000 in 2019/20 were:

Project	2019/2020 Proposed \$000	2019/2020 Actual \$000
Play equipment	91	43
Anderson House Strengthening	1,717	15
Chinese Garden	-	177

New play equipment was installed to in Gore Street.

Playground in Bluff. New equipment was also purchased for Avon Road Playground, as this is work in progress the capital will be reported next annual report.

Investigations into Anderson House Strengthening are underway and will be progress during 2020/2021.

The Chinese Garden in Queens Park was carried forward from 2019 and was completed this year.

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## Invercargill City Council Funding Impact Statement For 30 June, 2020 for Parks and Cemeteries

	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	6,350	6,440	6,440
Subsidies and grants for operating purposes	9	10	93
Fees and charges	1,071	1,095	1,094
Internal charges and overheads recovered	8,179	8,359	632
Interest and dividends from investments	-	-	187
Local authorities fuel tax, fines, infringements, fees and other receipts	1,087	1,111	183
<b>Total operating funding (A)</b>	<b>16,696</b>	<b>17,015</b>	<b>8,629</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	7,247	7,354	7,463
Finance costs	19	59	2
Internal charges and overheads applied	8,179	8,359	1,297
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>15,445</b>	<b>15,772</b>	<b>8,762</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,251</b>	<b>1,243</b>	<b>(133)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(83)	1,642	-
Gross proceeds from sale of assets	56	57	725
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(27)</b>	<b>1,699</b>	<b>725</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	238	172	115
- to improve the level of service	-	-	73
- to replace existing assets	1,119	2,755	616
Increase (decrease) in reserves	(133)	15	(212)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,224</b>	<b>2,942</b>	<b>592</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,251)</b>	<b>(1,243)</b>	<b>133</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.

# Pools



## What we have done

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

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

## What we agreed with the Community

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

## How did we measure up

Measure	Target 2019/2020	Result 2019/2020
Number of pool visits per head of Invercargill City population	>6.5	Achieved - 6.7 (2018/19 - Achieved 8.3)
Percentage of Swim School customers who rate their experience as good or very good when surveyed.	85%	Achieved - 87% (2018/19: Achieved - 78.3%)
Time when a minimum of four 25 metre public lanes are available for swimming.	90%	Achieved - 94% (2018/19: Achieved - 94.5%)

## The details

Splash Palace admissions were significantly impacted by Covid-19, however the target was still achieved.

## What else have we done

Construction of the hydroslide commenced with opening planned for March 2021.

## Capital Works Projects

Capital works having a value exceeding \$100,000 in 2019/20 were:

Project	2019/2020 Proposed \$000	2019/2020 Actual \$000
UV Treatment	356	133
Hydroslide	-	881

UV treatment costs were under the expected amount as a result of the actual installation costs being less than anticipated. This is because the availability and efficiencies in the technology reduced the cost from when budgets

were first set. The hydroslide was originally scheduled for construction in 2018/2019 but construction was delayed as a result of consenting, foundation issues and the impact of Covid 19.

## Invercargill City Council Funding Impact Statement For 30 June, 2020 for Pools



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	2,433	2,296	2,296
Subsidies and grants for operating purposes	158	161	159
Fees and charges	825	1,118	743
Internal charges and overheads recovered	1,867	1,995	62
Interest and dividends from investments	-	-	4
Local authorities fuel tax, fines, infringements, fees and other receipts	993	1,013	683
<b>Total operating funding (A)</b>	<b>6,276</b>	<b>6,583</b>	<b>3,947</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	3,781	3,907	3,481
Finance costs	212	295	131
Internal charges and overheads applied	1,867	1,995	598
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>5,860</b>	<b>6,197</b>	<b>4,210</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>416</b>	<b>386</b>	<b>(263)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	619	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,548	300	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,167</b>	<b>300</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	2,893	-	868
- to replace existing assets	523	555	243
Increase (decrease) in reserves	167	131	(1,374)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,583</b>	<b>686</b>	<b>(263)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(416)</b>	<b>(386)</b>	<b>263</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.



# Public Toilets



## What we have done

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

## What we agreed with the Community

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

## How did we measure up

Measure	Target 2019/2020	Result 2019/2020
Public toilets are operational 95% of open hours, 24 hours per day.	95%	Not Achieved - 94% (2018/19: Achieved - 98%)

## The details

It was necessary to close two public toilets during the Covid-19 lockdown, one as it was within a building which

was closed to the public and the other due to a mechanical fault.

## Invercargill City Council Funding Impact Statement For 30 June, 2020 for Public Toilets



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	386	395	219
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	176
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>386</b>	<b>395</b>	<b>395</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	311	319	238
Finance costs	20	19	-
Internal charges and overheads applied	-	-	56
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>331</b>	<b>338</b>	<b>294</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>55</b>	<b>57</b>	<b>101</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(26)	(27)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(26)</b>	<b>(27)</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	29	30	101
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>29</b>	<b>30</b>	<b>101</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(55)</b>	<b>(57)</b>	<b>(101)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.

# Public Transport



## What we have done

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

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

## What we agreed with the Community

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

## How did we measure up

Measure	Target 2019/2020	Result 2019/2020
Passenger numbers are increasing.	No decline.	Not Achieved - 148,349 (2018/19: Not Achieved - 182,627)
Percentage of passengers satisfied with the level of fares.	80%	Achieved - 88% (2018/19: Achieved -83%)
Percentage of passengers that are satisfied that the fare system is easy to understand.	80%	Achieved - 84% (2018/19: Achieved - 89%)
Council administers and supports the Total Mobility Scheme.	Total Mobility Scheme is administered.	Achieved - (2018/19: Achieved)

## The details

Passenger numbers have continued to decline, an effect which was increased by Covid-19.

## What else have we done

Total Mobility implemented a new card system, rather than stickers, in July 2018 and this has been well received by customers. It has been very effective in reducing administration of the system. Ride numbers have continued to grow slowly. This encourages Council that this support is reaching the areas of community need.

The Total Mobility Scheme continues to show some growth and the use of the Ridewise Card has assisted the effective delivery of service. The new routes planned for the Bus Smart trips are yet to be implemented.

# Invercargill City Council Funding Impact Statement For 30 June, 2020 for Public Transport



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	237	239	132
Targeted rates	515	691	691
Subsidies and grants for operating purposes	1,308	1,346	1,243
Fees and charges	278	272	164
Internal charges and overheads recovered	-	-	107
Interest and dividends from investments	-	-	5
Local authorities fuel tax, fines, infringements, fees and other receipts	48	49	38
<b>Total operating funding (A)</b>	<b>2,386</b>	<b>2,597</b>	<b>2,380</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	2,320	2,216	1,870
Finance costs	-	-	-
Internal charges and overheads applied	-	-	170
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,320</b>	<b>2,216</b>	<b>2,040</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>66</b>	<b>381</b>	<b>340</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	156
- to replace existing assets	126	381	-
Increase (decrease) in reserves	(60)	-	184
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>66</b>	<b>381</b>	<b>340</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(66)</b>	<b>(381)</b>	<b>(340)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.



# Democratic Process

## What we have done

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

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

## What we agreed with the Community

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

## How did we measure up

Measure	Target 2019/2020	Result 2019/2020
Percentage of residents who provide a rating of satisfied or greater with the opportunities Council provides for community involvement in decision making.	50%	N/A - Survey was not undertaken. (2018/2019: N/A)
Alternative methods of communicating to, and receiving information from, the community are utilised.	Alternative method introduced.	Achieved - Strategy and policy email newsletter established (2018/19: Achieved)

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## The details

The residents survey did not take place in 2019.

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## Invercargill City Council Funding Impact Statement For 30 June, 2020 for Democratic Process



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	3,273	3,364	1,865
Targeted rates	73	74	72
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	673	686	2,174
Interest and dividends from investments	-	-	3
Local authorities fuel tax, fines, infringements, fees and other receipts	8	8	135
<b>Total operating funding (A)</b>	<b>4,027</b>	<b>4,132</b>	<b>4,249</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	3,257	3,324	4,243
Finance costs	-	-	-
Internal charges and overheads applied	673	686	580
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,930</b>	<b>4,010</b>	<b>4,823</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>97</b>	<b>122</b>	<b>(574)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	33	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>33</b>	<b>-</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	125	26	-
Increase (decrease) in reserves	5	96	(574)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>130</b>	<b>122</b>	<b>(574)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(97)</b>	<b>(122)</b>	<b>574</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.





# Investment Property

## What we have done

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

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

## What we agreed with the Community

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

## How did we measure up

Measure	Target 2019/2020	Result 2019/2020
Net rate of return is at least equal to current market interest rate throughout the financial year.	Achieve	Achieved. (2018/19: Achieved)

## The details

The net rate of return was 5.61%, significantly higher than the market interest rate of 1.65%. The result was significantly greater than the target due to lower interest rates and increased tenancies at the Don Street property.

# Invercargill City Council Funding Impact Statement For 30 June, 2020 for Investment Property



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	(426)	(255)	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,510	1,543	1,045
Internal charges and overheads recovered	65	66	25
Interest and dividends from investments	-	-	90
Local authorities fuel tax, fines, infringements, fees and other receipts	932	952	1,299
<b>Total operating funding (A)</b>	<b>2,081</b>	<b>2,306</b>	<b>2,459</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	884	903	1,050
Finance costs	1,002	1,039	918
Internal charges and overheads applied	65	66	255
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,951</b>	<b>2,008</b>	<b>2,223</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>130</b>	<b>298</b>	<b>236</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(250)	(410)	-
Gross proceeds from sale of assets	-	-	770
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(250)</b>	<b>(410)</b>	<b>770</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	1,032
- to improve the level of service	-	-	-
- to replace existing assets	50	71	288
Increase (decrease) in reserves	(170)	(183)	(314)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(120)</b>	<b>(112)</b>	<b>1,006</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(130)</b>	<b>(298)</b>	<b>(236)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FUNDING IMPACT STATEMENT ANALYSIS

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# Theatre Services



## What we have done

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

## What we agreed with the Community

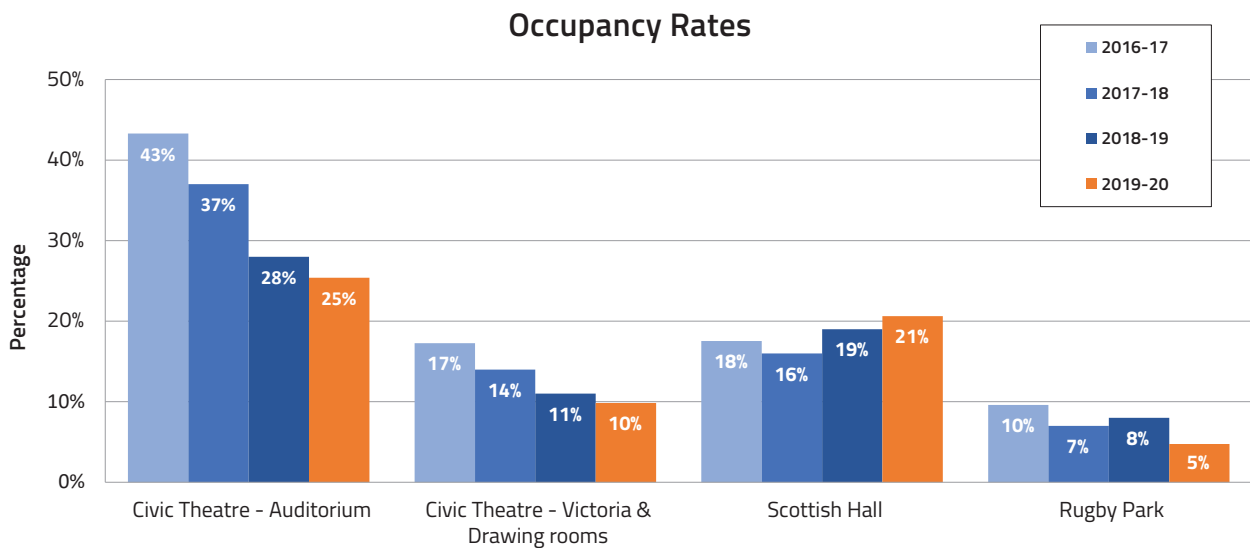
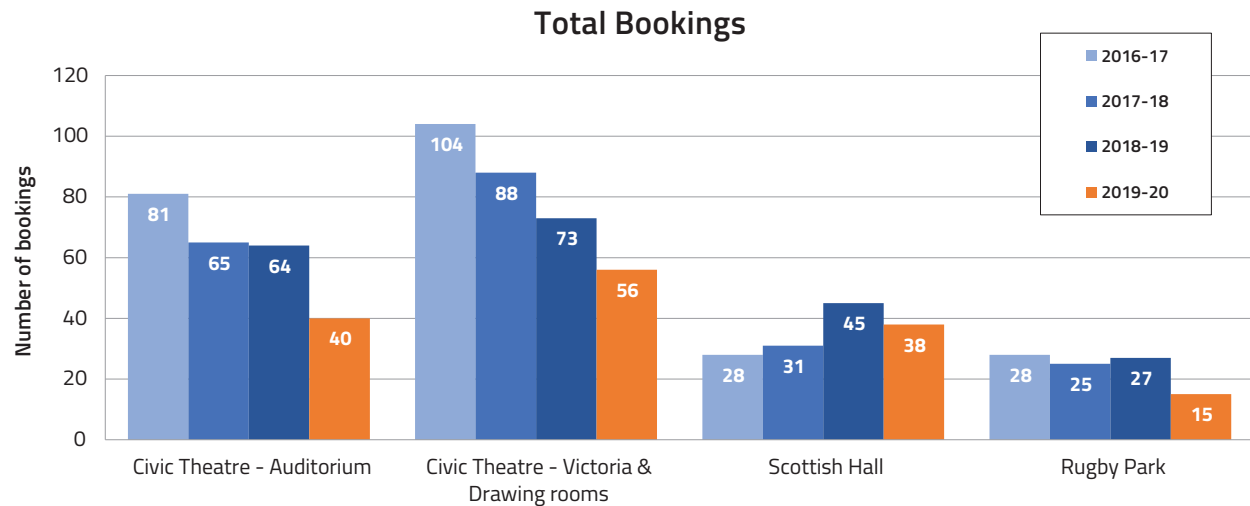
Invercargill Venues and Events Management Limited (a Council Controlled Organisation) previously operated the Civic Theatre until 30 June 2019. Theatre Services are now delivered in-house. This included the hiring of the Theatre to promoters / organisations with additional charges for specialist services.

## How did we measure up

Measure	2019/2020 Targets	2019/2020 Result
Increasing public awareness and use of the Civic Theatre complex and its range of facilities.	Book at least twelve major shows (nationally or internationally significant) per year for the Civic Theatre.	Not achieved - 9 major shows (2018/19: 23 major shows)
	Increase bookings of the Civic Theatre complex by local groups and performers.	Not achieved - 21 (2018/19: Not Achieved - 27 local bookings)
	Increase bookings of the Civic Theatre's meeting spaces.	Not achieved. See the graphs below.
Expanding the use and the awareness of the Scottish Hall as a venue for meetings and a range of social and cultural experiences.	Increase the bookings and use of the Scottish Hall	Achieved. See the graphs below.
Expanding the use and the awareness of Rugby Park as a venue for meetings and a range of social, cultural and sporting experiences.	Increase the bookings and use of Rugby Park.	Not achieved. See the graphs below.

## The details

Theatre services was on track to achieve the KPIs prior to the major impact of Covid-19 on events in all venues. Targets were still achieved for the Scottish Hall.



\* Venues were only available for 315 days during 2019-20 due to restrictions in place from New Zealand's Covid-19 alert levels 3 & 4

# Invercargill City Council Funding Impact Statement For 30 June, 2020 for Theatre Services



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	1,040	1,073	595
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	998	1,030	478
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>2,038</b>	<b>2,103</b>	<b>1,073</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	408	416	272
Finance costs	142	164	-
Internal charges and overheads applied	998	1,030	-
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,548</b>	<b>1,610</b>	<b>272</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>490</b>	<b>493</b>	<b>801</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(404)	974	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(404)</b>	<b>974</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	20	1,437	-
Increase (decrease) in reserves	66	30	801
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>86</b>	<b>1,467</b>	<b>801</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(490)</b>	<b>(493)</b>	<b>(801)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FUNDING IMPACT STATEMENT ANALYSIS

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# Provision of Specialised Community Services



Council has developed relationships with other entities which provide specialised community services which the Council supports financially to enhance the community's wellbeing.

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

Entity	Contribution toward the Specialised Service Provided	Actual level of financial support 2019/2020 \$
Bluff Maritime Museum Trust	Operation of the Bluff Maritime Museum.	20,000
Bluff Pool Trust	Operation of the Bluff Community Pool.	180,000
Emergency Management Southland	Delivery of Civil Defence and Emergency Management.	333,972
Environment Southland	Contribution toward the Invercargill – Bluff Walkway.	50,000
Facilities Maintenance Fund	Contribution to the ongoing maintenance of Council owned regional facilities utilised by community groups and sports clubs.	100,000
Invercargill Public Art Gallery Trust	Operation and care of the extensive collection.	190,368
Southland Indoor Leisure Centre Charitable Trust	Operation and Maintenance of Stadium Southland.	700,000
Southland Museum and Art Gallery Trust	Operation of the Southland Museum and Art Gallery.	977,449
Southland Regional Heritage Committee	Preserving the Regional Heritage of Southland.	922,691
Southland Youth One Stop Shop Trust	Contribution toward building rental.	27,000
Great South	Provision of destination marketing and economic development initiatives for the Southland region.	1,660,000
Southland Warm Homes Trust	Provide subsidies on Healthy Homes initiatives for citizens	50,000

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

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

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

Fund	Amount available 2019/2020 \$	Amount allocated 2019/2020 \$
Community Grants	200,000	81,287
Neighbourhood Fund	30,000	0
Iconic Events Fund	100,000	164,000
Events Fund	100,000	42,831

## Invercargill City Council Funding Impact Statement For 30 June, 2020 for Specialised Community Services

Excluding Venture Southland and Southland Regional Heritage Committee

	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	3,307	3,052	1,692
Targeted rates	252	253	253
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	288
Internal charges and overheads recovered	135	138	1,360
Interest and dividends from investments	-	-	2
Local authorities fuel tax, fines, infringements, fees and other receipts	194	202	98
<b>Total operating funding (A)</b>	<b>3,888</b>	<b>3,645</b>	<b>3,693</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	3,584	3,336	3,781
Finance costs	82	82	(12)
Internal charges and overheads applied	135	138	145
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,801</b>	<b>3,556</b>	<b>3,914</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>87</b>	<b>89</b>	<b>(221)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(82)	(84)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(82)</b>	<b>(84)</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	34	12
Increase (decrease) in reserves	5	(29)	(233)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5</b>	<b>5</b>	<b>(221)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(87)</b>	<b>(89)</b>	<b>221</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING IMPACT STATEMENT ANALYSIS

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# Invercargill City Council Funding Impact Statement For 30 June, 2020 for Southland Regional Heritage Committee



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	885	902	902
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	10
Local authorities fuel tax, fines, infringements, fees and other receipts	578	559	488
<b>Total operating funding (A)</b>	<b>1,463</b>	<b>1,461</b>	<b>1,400</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	1,463	1,461	1,462
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,463</b>	<b>1,461</b>	<b>1,462</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>-</b>	<b>-</b>	<b>(62)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	(62)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>-</b>	<b>(62)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>-</b>	<b>-</b>	<b>62</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.

## Invercargill City Council Funding Impact Statement For 30 June, 2020 for Enterprise

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

	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	1,958	2,059	1,141
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	918
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	893	1,058	-
<b>Total operating funding (A)</b>	<b>2,851</b>	<b>3,117</b>	<b>2,059</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	2,851	3,117	1,660
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,851</b>	<b>3,117</b>	<b>1,660</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>-</b>	<b>-</b>	<b>399</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	399
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>-</b>	<b>399</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>-</b>	<b>-</b>	<b>(399)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.

## Invercargill City Council Funding Impact Statement For 30 June, 2020 for City Centre Revitalisation



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	129	132	132
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	187
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>129</b>	<b>132</b>	<b>319</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	-	-	61
Finance costs	78	79	81
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>78</b>	<b>79</b>	<b>142</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>51</b>	<b>53</b>	<b>177</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(51)	(53)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(51)</b>	<b>(53)</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	177
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>-</b>	<b>177</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(51)</b>	<b>(53)</b>	<b>(177)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.

## Invercargill City Council Funding Impact Statement For 30 June, 2020 for Arts, Creativity and Living Dinosaurs



	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	168	368	204
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	164
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>168</b>	<b>368</b>	<b>368</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	160	200	-
Finance costs	5	105	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>165</b>	<b>305</b>	<b>-</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3</b>	<b>63</b>	<b>368</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	2,537	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	197	3,773	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>197</b>	<b>6,310</b>	<b>-</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	200	6,373	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	368
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>200</b>	<b>6,373</b>	<b>368</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3)</b>	<b>(63)</b>	<b>(368)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.

## Invercargill City Council Funding Impact Statement For 30 June, 2020 for Non-Significant

	Long-Term Plan 2018 - 2028 2018/19 \$'000	Long-Term Plan 2018 - 2028 2019/20 \$'000	Actual 2019/20 \$'000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	44
Fees and charges	-	-	2,531
Internal charges and overheads recovered	-	-	9,783
Interest and dividends from investments	-	-	8,270
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	2,434
<b>Total operating funding (A)</b>	<b>-</b>	<b>-</b>	<b>23,062</b>
<b>APPLICATIONS OF OPERATIONAL FUNDING</b>			
Payment to staff and suppliers	-	-	10,339
Finance costs	-	-	461
Internal charges and overheads applied	-	-	7,386
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>-</b>	<b>-</b>	<b>18,186</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>-</b>	<b>-</b>	<b>4,876</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	34,995
Gross proceeds from sale of assets	-	-	(206)
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>34,789</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	744
- to improve the level of service	-	-	-
- to replace existing assets	-	-	800
Increase (decrease) in reserves	-	-	(1,718)
Increase (decrease) in investments	-	-	39,839
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>-</b>	<b>39,665</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>-</b>	<b>-</b>	<b>(4,876)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2019/20 budgets prepared as part of the 2018 - 2028 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2019/20 Annual Plan.

# Council Controlled Organisations

Council Controlled Organisations and Council Organisations provide opportunities for councils to provide services and activities. A Council Controlled Organisation is a company or organisation in which a council, or councils, hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers.

All figures are GST exclusive unless otherwise stated.

# Council Controlled Organisations

A Council Controlled Trading Organisation is similar, but its main focus is making a profit. A Council Organisation is the same as a Council Controlled Organisation, but does not require 50% or more control.

Each Council Controlled Organisation prepares a Statement of Intent which sets out, for the benefit of its shareholders, its mission and objectives for each financial year.

The following Council Controlled Organisations are included in this section.

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

# Invercargill City Holdings Limited

## How did we measure up

Invercargill City Holdings Limited (ICHL) is wholly owned by the Invercargill City Council. There was no proposal to change the ownership or control of ICHL in 2019/2020.

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

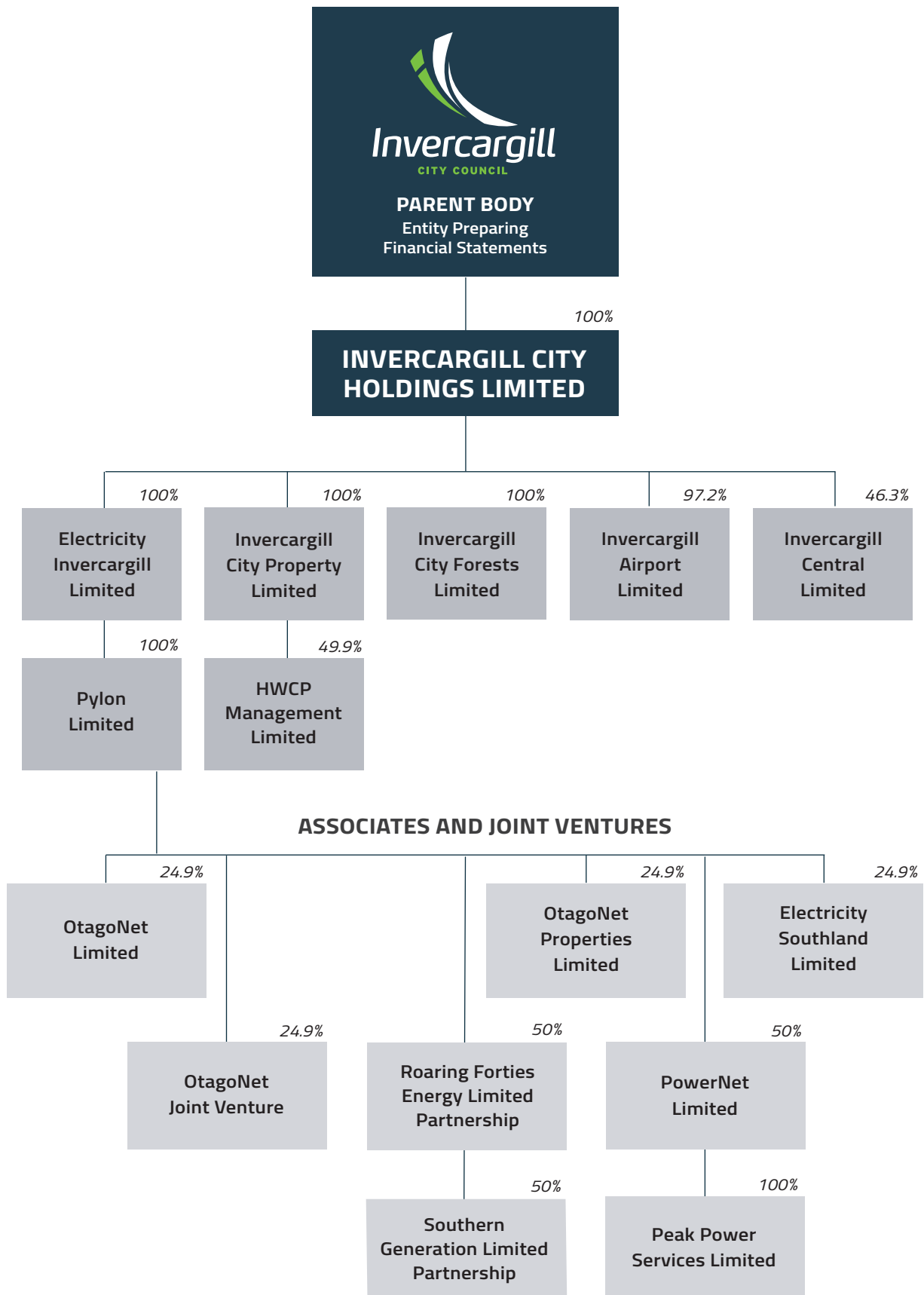
ICHL provided input into the Statement of Intent of each of its subsidiaries to ensure that they reflect the objectives and policies of Invercargill City Council.

Financial Performance Targets – Rate of return on equity funds	2019/2020 Target	2019/2020 Result
Invercargill City Holdings Limited - % Before Tax	8.83%	10.42% (2018/19: 1.68%)
Invercargill City Holdings Limited - % After Tax	6.35%*	8.75% (2018/19: 2.40%)

Invercargill City Holdings Limited's Annual Report for the 2019/2020 year is available on the Invercargill City Council's website.



# Group Structure for Invercargill City Holdings Ltd



# Southland Museum & Art Gallery

The Southland Museum and Art Gallery Trust is a Council Controlled Organisation. The Trust and its stakeholders have agreed to undertake a restructure of the Trusts' governance structure. The Council stakeholders are to contribute their views to the board on changes to the trust deed before the board agree the future structure. It has also been agreed to transfer the management of the museum operations, including future museum redevelopments, to the Invercargill City Council. The Trust will continue to operate as the guardians / owners of the collection. These changes are expected to be carried out in the 2020/2021 year.

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

The Southland Museum and Art Gallery Trust's Annual Report for the 2019/2020 year is available on the Invercargill City Council's website.

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## Bluff Maritime Museum Trust

The Bluff Maritime Museum Trust's vision is to make the Bluff Maritime Museum a must-see attraction for residents and visitors. The Bluff Maritime Museum Trust receives funding from the Southland Regional Heritage Committee, Environments Southland, the Invercargill City Council, and the Bluff Community Board.

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

Measure of Service	2019/2020 Target	2019/2020 Result
Maintain strong community relationships over issues relating to the collections.	The museum is open for a minimum of six and a half hours each day during the summer months and five and a half hours Monday to Friday during the winter months.	Not achieved – as a result of closure required by Covid-19 (2018/2019: Achieved)

There was no proposal to change the ownership or control of the Bluff Maritime Museum Trust in 2019/2020.

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# Invercargill City Charitable Trust

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

The main outputs of the Trust are for costs incurred in the management of the Trust and costs relating to the ownership and maintenance of Rugby Park Stadium.

The operation of Rugby park Stadium was contracted to Invercargill City Council.

There was no proposal to change the ownership or control of the Invercargill City Charitable Trust in 2019/2020.

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# Financial Management

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

**This section includes:**

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

All figures are GST exclusive unless otherwise stated.

# Financial Statements

## Statement of Financial Position

As at June 30, 2020

		Council	Council	Council	Group	Group
		Actual	Budget	Actual	Actual	Actual
	Note	2020	2020	2019	2020	2019
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	9	26,505	1,693	27,270	30,389	32,091
Receivables	10	11,328	9,612	8,879	13,764	10,485
Prepayments		461	-	530	647	655
Tax receivables		-	-	-	1	20
Inventories	11	825	933	1,056	833	1,067
Non-current assets held for resale	12	-	-	625	42,437	625
Other financial assets	19	51,193	27,694	26,880	37,168	12,891
<b>Total current assets</b>		<b>90,312</b>	<b>39,932</b>	<b>65,240</b>	<b>125,239</b>	<b>57,834</b>
<b>Non-current assets</b>						
Work in progress	13,14,16	5,543	-	1,596	8,270	3,964
Property, plant and equipment	13	846,839	833,121	860,151	978,190	1,001,887
Intangible assets	14	1,219	1,982	1,010	4,414	1,330
Biological assets	15	3,618	3,039	3,156	3,618	27,404
Investment property	16	36,518	41,143	36,285	40,718	40,535
Investment in associates and joint ventures	17,18	-	-	-	119,701	80,594
Advances to associates and joint ventures		-	-	-	10,105	13,170
Investment in CCOs and similar entities	19	61,069	36,069	36,069	-	-
Other financial assets	19	17,222	24,220	19,458	2,340	1,376
Deferred tax assets	24	-	-	-	6,050	5,172
<b>Total non-current assets</b>		<b>972,028</b>	<b>939,574</b>	<b>957,725</b>	<b>1,173,406</b>	<b>1,175,432</b>
<b>TOTAL ASSETS</b>		<b>1,062,340</b>	<b>979,506</b>	<b>1,022,965</b>	<b>1,298,645</b>	<b>1,233,266</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Trade and other payables	20	13,937	11,088	11,956	17,758	16,914
Provisions	21	112	112	112	1,112	112
Employee benefit liabilities	22	2,877	2,467	2,160	2,977	2,216
Borrowings	23	50,314	40,000	25,005	50,361	90,024
Tax payable		-	-	-	1,107	-
Derivative financial instruments	32	-	92	-	175	88
<b>Total current liabilities</b>		<b>67,240</b>	<b>53,759</b>	<b>39,233</b>	<b>73,490</b>	<b>109,354</b>
<b>Non-current liabilities</b>						
Provisions	21	816	735	816	816	816
Employee benefit liabilities	22	1,160	1,164	1,092	1,160	1,092
Borrowings	23	75,200	50,700	65,200	161,171	74,800
Deferred tax liabilities	24	-	-	-	28,824	24,549
Derivative financial instruments	32	3,493	865	2,460	10,814	8,149
<b>Total non-current liabilities</b>		<b>80,669</b>	<b>53,464</b>	<b>69,568</b>	<b>202,785</b>	<b>109,406</b>
<b>TOTAL LIABILITIES</b>		<b>147,909</b>	<b>107,223</b>	<b>108,801</b>	<b>276,275</b>	<b>218,760</b>
<b>EQUITY</b>						
Retained earnings	25	366,796	379,411	375,856	441,978	446,073
Other reserves	25	547,635	492,872	538,308	580,392	568,433
<b>Total equity</b>		<b>914,431</b>	<b>872,283</b>	<b>914,164</b>	<b>1,022,370</b>	<b>1,014,506</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,062,340</b>	<b>979,506</b>	<b>1,022,965</b>	<b>1,298,645</b>	<b>1,233,266</b>
Total equity attributable to the Council		914,431	872,283	914,164	1,019,519	1,011,655
Total equity attributable to the Minority Interests		-	-	-	2,851	2,851
<b>TOTAL EQUITY</b>		<b>914,431</b>	<b>872,283</b>	<b>914,164</b>	<b>1,022,370</b>	<b>1,014,506</b>

The accompanying notes form an integral part of these financial statements



## Statement of Comprehensive Revenue and Expense

For the year ended June 30, 2020

		Council	Council	Council	Group	Group
	Note	Actual 2020 (\$'000)	Budget 2020 (\$'000)	Actual 2019 (\$'000)	Actual 2020 (\$'000)	Actual 2019 (\$'000)
<b>Revenue</b>						
Rates revenue	1	55,550	55,372	53,309	55,550	53,309
Fines		208	497	335	208	335
Subsidies and grants		8,554	9,126	9,276	8,637	9,354
Direct charges revenue		22,351	23,989	28,947	49,666	71,409
Rental revenue		2,679	2,966	2,582	2,679	2,567
Finance revenue		1,563	2,561	2,633	1,205	3,307
Dividend income		5,141	4,850	3,850	341	-
Subvention payments received		2,233	-	915	-	-
Total revenue (excluding gains)		98,279	99,361	101,847	118,286	140,281
<b>Expenditure</b>						
Employee expenses	4	24,586	25,429	24,330	25,839	25,730
Depreciation and amortisation	5	27,910	28,053	27,807	34,472	34,133
General expenses	6	44,074	42,808	46,166	59,440	79,134
Finance expenses		2,263	3,260	2,845	5,176	6,868
Total expenditure		98,833	99,550	101,148	124,927	145,865
<b>Other gains/(losses)</b>						
Other gains/(losses)	2	910	943	479	8,762	(2,187)
Operating surplus (deficit) before tax		356	754	1,178	2,121	(7,771)
Capital distribution on liquidation of associates and joint ventures		656	-	-	-	-
Share of associates' and joint ventures' surplus (deficit)		-	-	-	6,718	2,833
<b>Surplus (deficit) before tax</b>		1,012	754	1,178	8,839	(4,938)
Income tax expense	8	-	-	-	2,912	607
<b>Surplus (deficit) after tax</b>		<b>1,012</b>	<b>754</b>	<b>1,178</b>	<b>5,927</b>	<b>(5,545)</b>
<b>Attributable to:</b>						
Invercargill City Council		1,012	754	1,178	5,904	(5,568)
Minority interest		-	-	-	23	23
		1,012	754	1,178	5,927	(5,545)
<b>Other comprehensive revenue and expense</b>						
Property, plant and equipment revaluation gains/(losses)		-	-	88,710	2,629	90,741
Carbon credit revaluation gains/(losses)		288	-	63	1,579	39
Cash flow hedges		(1,033)	-	(1,503)	(2,271)	(3,353)
Total other comprehensive revenue and expense		(745)	-	87,270	1,937	87,427
<b>Total comprehensive revenue and expense</b>		<b>267</b>	<b>754</b>	<b>88,448</b>	<b>7,864</b>	<b>81,882</b>
<b>Total comprehensive revenue and expense attributable to:</b>						
Equity holders of the Council		267	754	88,448	7,841	81,859
Minority interest		-	-	-	23	23
		267	754	88,448	7,864	81,882

The accompanying notes form an integral part of these financial statements

## Statement of Changes in Equity

For the year ended June 30, 2020

	Council	Council	Council	Group	Group
Note	Actual 2020 (\$000)	Budget 2020 (\$000)	Actual 2019 (\$000)	Actual 2020 (\$000)	Actual 2019 (\$000)
<b>Balance at 1 July</b>	914,164	871,529	825,716	1,014,506	932,624
Total comprehensive revenue and expense for the year	267	754	88,448	7,864	81,882
<b>Balance at 30 June</b>	<b>914,431</b>	<b>872,283</b>	<b>914,164</b>	<b>1,022,370</b>	<b>1,014,506</b>
<b>Attributable to:</b>					
Invercargill City Council	914,431	872,283	914,164	1,019,511	1,011,647
Minority interest	-	-	-	2,859	2,859
<b>Balance at 30 June</b>	<b>914,431</b>	<b>872,283</b>	<b>914,164</b>	<b>1,022,370</b>	<b>1,014,506</b>

The accompanying notes form an integral part of these financial statements



## Cash Flow Statement

For the year ended June 30, 2020

		Council	Council	Council	Group	Group
	Note	Actual 2020 (\$000)	Budget 2020 (\$000)	Actual 2019 (\$000)	Actual 2020 (\$000)	Actual 2019 (\$000)
<b>Cash flows from operating activities</b>						
Receipts from rates revenue		55,025	55,372	53,193	55,025	53,193
Receipts from other revenue		31,751	34,758	42,038	59,844	85,664
Interest received		1,563	2,561	2,633	2,118	3,633
Dividends received		5,141	4,850	3,850	341	-
Subvention payments received		2,233	-	915	-	-
Payments to suppliers and employees		(65,244)	(66,458)	(70,808)	(84,249)	(95,155)
Interest paid		(2,251)	(3,260)	(2,845)	(6,064)	(7,388)
Income tax paid (refund)		-	-	-	906	(1,147)
Goods and services tax (net)		98	-	358	22	396
Net cash flows from operating activities	26	28,316	27,823	29,334	27,943	39,196
<b>Cash flows from investing activities</b>						
Proceeds from sale of property, plant and equipment		1,289	251	234	1,323	290
Proceeds from sale of biological assets		-	-	-	1,004	-
Proceeds from sale of investment property		-	-	680	-	680
Proceeds from sale of investments		656	16,800	14,583	724	14,593
Purchase of property, plant and equipment		(18,671)	(36,364)	(24,071)	(26,098)	(31,577)
Purchase of investments		(47,350)	(5,621)	3,922	(22,382)	7,086
Purchase of biological assets		-	-	-	-	(6,130)
Purchase of investment property		-	(1,800)	(735)	-	(735)
Purchase of intangible assets		-	(1,075)	(93)	(1,082)	(430)
Advances made to associates and joint ventures		-	-	-	-	(2,494)
Advances repaid by subsidiaries and associates		-	-	-	3,064	-
Advances made to non subsidiaries and associates		-	-	-	-	650
Investments in associates and joint ventures		-	-	-	(28,843)	6,691
Net cash flows from investing activities		(64,076)	(27,809)	(5,480)	(72,290)	(11,376)



## Cash Flow Statement continued

For the year ended June 30, 2020

		Council	Council	Council	Group	Group
	Note	Actual 2020 (\$000)	Budget 2020 (\$000)	Actual 2019 (\$000)	Actual 2020 (\$000)	Restated Actual 2019 (\$000)
<b>Cash flows from financing activities</b>						
Proceeds from borrowings		40,020	-	30,000	58,520	34,050
Repayment of borrowings		(5,025)	-	(27,931)	(15,875)	(36,956)
Net cash flows from financing activities		34,995	-	2,069	42,645	(2,906)
<b>Net increase (decrease) in cash, cash equivalents and bank overdrafts</b>						
		(765)	14	25,923	(1,702)	24,914
Cash, cash equivalents and bank overdrafts at the beginning of the year		27,270	1,679	1,347	32,091	7,177
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>9</b>	<b>26,505</b>	<b>1,693</b>	<b>27,270</b>	<b>30,389</b>	<b>32,091</b>

The accompanying notes form an integral part of these financial statements



## Notes to the Financial Statements

For the year ended June 30, 2020

### 1 Rates revenue

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>
General rates	5,437	5,214
Rates penalties	654	619
	<b>6,091</b>	<b>5,833</b>
<b>Targeted rates attributable to activities</b>		
Water	7,982	7,702
Sewerage and drainage	10,366	10,008
Refuse and recycling	4,476	4,317
Other activities	26,726	25,532
Total revenue from rates	<b>55,641</b>	<b>53,392</b>

The provision of this rates revenue information is required by Council's LGFA Guarantee and Indemnity Deed. For further information and requirements refer to Note 23 - Borrowings.

### Rates remissions

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

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

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

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>
Halls, museums and other similar groups	4	4
Organisations whose object is the health and well-being of the community	44	36
Organisations whose principal object is the promotion of the arts or recreation	30	30
Organisations using premises as a showground or meeting venue	-	-
Organisations using premises for gaming and sport	-	-
Organisations using premises for branches of the arts	11	11
Organisations using premises for historic conservation purposes	2	2
Total remissions	<b>91</b>	<b>83</b>
Rates revenue net of remissions	<b>55,550</b>	<b>53,309</b>

## 1 Rates revenue (continued)

### Rates remissions

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

### Rating base information

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

	<b>Council Actual 2020</b>	<b>Council Actual 2019</b>
Number of rating units within the Invercargill City Council	25,331	25,259
	<b>(\$000)</b>	<b>(\$000)</b>
Total rateable land value within the Invercargill City Council	2,949,746	2,939,213
Total rateable capital value within the Invercargill City Council	8,490,927	8,426,621

## 2 Other gains and losses

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
Change in fair value and harvesting of biological assets (refer Note 15)	492	375	8,527	(2,147)
Change in fair value of investment property (refer Note 16)	232	(53)	182	137
Change in fair value of investments	(273)	33	(273)	33
Net gain/(loss) on sale of property, plant and equipment	459	124	326	(210)
Total other gains and losses	910	479	8,762	(2,187)



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

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

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)
General rates, uniform annual general charges, rates penalties	6,227	5,703
Targeted rates	49,323	47,606
<b>Total rates revenue as per Funding Impact Statement</b>	<b>55,550</b>	<b>53,309</b>
Rates excluding targeted water supply rates	47,568	45,607
Rates - Targeted water supply rates	7,982	7,702
<b>Total rates revenue as per Statement of Comprehensive Revenue &amp; Expense</b>	<b>55,550</b>	<b>53,309</b>

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

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

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)
Total operating funding as per Funding Impact Statement	96,122	99,811
PLUS: Capital funding - Subsidies and grants for capital expenditure - Roading activity	3,312	4,515
LESS: Share of joint ventures' revenue	(499)	(2,479)
LESS: Capital distribution on liquidation of associates and joint ventures	(656)	-
PLUS: Non cash revaluations		
- Investment property revaluation gain/(loss)	232	(53)
- Biological assets revaluation gain/(loss)	492	375
- Investments revaluation gain/(loss)	(273)	33
- De-recognition of property, plant and equipment gain/(loss)	459	124
<b>Total revenue funding as per Statement of Comprehensive Revenue and Expense</b>	<b>99,189</b>	<b>102,326</b>
Rates excluding targeted water supply rates	47,568	45,607
Targeted rates for water supply	7,982	7,702
Subsidies and grants	8,554	9,276
Other revenue	32,612	36,629
Change in fair value and harvesting of biological assets	492	375
Change in fair value of investment property	232	(53)
Change in fair value of investments	(273)	33
Gain/(Loss) on sale of assets	459	124
Finance revenue	1,563	2,633
<b>Total revenue</b>	<b>99,189</b>	<b>102,326</b>



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

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

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)
Total applications of operating funding as per Funding Impact Statement	71,287	75,786
LESS: Share of joint ventures' expenses	(364)	(2,445)
	<b>70,923</b>	<b>73,341</b>
Per Statement of Comprehensive Revenue and Expense		
Employee benefit expenses	24,586	24,330
Other expenses	44,074	46,166
Finance expenses	2,263	2,845
	<b>70,923</b>	<b>73,341</b>
Plus depreciation expense (not in Funding Impact Statement)	27,910	27,807
Total operating expenditure including finance costs as per Statement of Comprehensive Revenue and Expense	<b>98,833</b>	<b>101,148</b>

#### 4 Employee expenses

	Council	Council	Group	Group
	Actual	Actual	Actual	Actual
	2020	2019	2020	2019
	(\$000)	(\$000)	(\$000)	(\$000)
Wages and salaries	23,805	24,148	25,014	25,538
Contributions to defined contribution plans	552	552	552	552
Increase/(Decrease) in employee benefits	229	(370)	273	(360)
Total employee expenses	24,586	24,330	25,839	25,730

#### Employee severance payments:

Council made twelve severance payments during the year ended 30 June 2020 totalling \$354,422, two of which exceeded contractual provisions comprising of \$55,316 split as \$45,107 and \$10,209.

Council made seven severance payments during the year ended 30 June 2019 totalling \$178,183 which aligned with the contractual provisions.

## 5 Depreciation and amortisation expense by group of activity

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)
Roading	9,793	10,533
Sewerage	4,107	3,569
Solid waste management	113	381
Stormwater	3,862	3,378
Water supply	4,039	3,864
Regulatory services	76	98
Housing care	923	1,133
Libraries and archives	1,076	1,158
Parks and cemeteries	1,133	1,122
Pools	1,299	1,162
Public toilets	29	27
Passenger transport	9	10
Democratic process	44	58
Investment property	18	23
Theatre services	510	533
Specialised community services	95	52
Total directly attributable depreciation and amortisation by group of activity	27,126	27,101
Depreciation and amortisation not directly related to group activities	784	706
<b>Total depreciation and amortisation</b>	<b>27,910</b>	<b>27,807</b>



## 6 General expenses

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
Audit fees (refer Note 7)	173	132	350	373
Bad and doubtful debts	(65)	(8)	(65)	(8)
Directors' fees	-	-	547	659
Operating lease expenses	381	282	381	267
Direct operating expenses (including repairs and maintenance) arising on investment properties	1,108	927	1,108	927
Biological assets cost of goods sold	30	104	258	3,418
Other expenses	42,447	44,729	56,861	73,498
Total general expenses	44,074	46,166	59,440	79,134

## 7 Auditor remuneration

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
<b>Auditor's remuneration to Audit New Zealand comprises:</b>				
- Audit of financial statements	135	122	263	227
- Cost recovery from audit of last year's financial statements	30	4	30	4
- Other audit-related services	8	6	8	6
<b>Auditor's remuneration to other auditors comprises:</b>				
- Audit of financial statements	-	-	49	53
- Other audit-related services	-	-	-	83
Total auditor remuneration	173	132	350	373

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



## 8 Income tax expense

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
<b>Current tax expense</b>				
Current period	-	-	814	1,661
Adjustment for prior period	-	-	10	(6)
Total current tax expense	-	-	824	1,655
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	-	-	2,098	(1,147)
Adjustment for prior periods	-	-	(7)	99
Other	-	-	(3)	-
Total deferred tax expense	-	-	2,088	(1,048)
Total income tax expense	-	-	2,912	607
<b>Reconciliation of effective tax rate</b>				
Profit for the period excluding income tax	1,012	1,178	8,839	(4,938)
	1,012	1,178	8,839	(4,938)
Tax at 28%	283	330	2,475	(1,383)
Permanent differences	-	-	(62)	1,407
Non-deductible expenses	-	-	120	444
Tax exempt revenue	(283)	(1,515)	393	(1,345)
Group loss offset	-	270	3	-
Subvention payments (made) received	-	915	-	-
Change in recognised permanent differences	-	-	-	1,078
Change in recognised temporary differences	-	-	(10)	(14)
Under/(Over) provided in prior periods	-	-	(7)	420
Total income tax expense	-	-	2,912	607

Council has not recognised a deferred tax asset in relation to tax losses of \$5.5 million (2019: \$11.6 million). However, the asset has been recognised at the Group level.

## 9 Cash and cash equivalents

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
Bank balances	26,498	27,264	30,382	32,084
Cash on hand	7	6	7	7
Cash and cash equivalents in the Statement of Cash Flows	26,505	27,270	30,389	32,091

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

The Council holds \$550,000 of funds designated for construction of a boat ramp at Bluff, these funds are restricted for this purpose.

## 10 Receivables

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
Rates and water receivables	2,610	2,085	2,610	2,085
Related party receivables	150	154	86	200
Sundry debtors	8,042	6,117	10,524	7,531
Goods and services tax	798	860	816	1,006
	11,600	9,216	14,036	10,822
Less provision for impairment of receivables	(272)	(337)	(272)	(337)
Total receivables	11,328	8,879	13,764	10,485
<b>Total receivables comprises:</b>				
Receivables from non-exchange transactions	6,105	7,360		
Receivables from exchange transactions	5,223	1,519		
Total receivables	11,328	8,879		

## 10 Receivables (continued)



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

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

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

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

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

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

## 10 Receivables (continued)

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
Current (less than 3 months)	10,860	8,788	13,296	10,390
3 to 6 months	468	91	468	95
6 to 9 months	-	-	-	-
9 to 12 months	-	-	-	-
> 12 months	-	-	-	-
Carrying amount	11,328	8,879	13,764	10,485

As of 30 June 2020 and 2019, all overdue receivables, except for rates receivables, have been assessed for impairment and appropriate provisions applied. The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

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

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

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
At 1 July	(337)	(355)	(337)	(355)
Receivables written off during the period	65	18	65	18
At 30 June	(272)	(337)	(272)	(337)

## 11 Inventories

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
<b>Inventory held for distribution or provision of services at charge or nominal charge</b>				
Raw materials and consumables	174	202	174	202
Finished goods	579	787	579	787
	753	989	753	989
<b>Inventory held for sale or provision of services at commercial terms</b>				
Finished goods	72	67	80	78
	72	67	80	78
<b>Total inventories</b>	<b>825</b>	<b>1,056</b>	<b>833</b>	<b>1,067</b>

The carrying amount of inventories held for distribution are measured at cost less any loss of service potential as at 30 June, 2020 amounted to \$Nil (2019: \$Nil).

The write-down of inventories held for distribution amounted to \$Nil (2019: \$Nil), while reversals of write-downs amounted to \$Nil (2019: \$Nil).

The carrying amount of inventories pledged as security for liabilities is \$Nil (2019: \$Nil).

## 12 Non-current assets held for resale

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
Land	-	625	-	625
Land - Forestry	-	-	9,960	-
Roading	-	-	1,436	-
Land and trees held for sale			31,041	
<b>Total non-current assets held for resale</b>	<b>-</b>	<b>625</b>	<b>42,437</b>	<b>625</b>

### 13 Property, plant and equipment

2020

	\$000 Cost/ Revaluation	\$000 Accumulated depreciation and impairment charges	\$000 Carrying amount	\$000 Additions and transfers	\$000 Disposals and Derecognition	\$000 Current year disposals accumulated depreciation
	1-Jul-19	1-Jul-19	1-Jul-19			
<b>Council operational assets</b>						
Land	17,068	-	17,068			
Buildings	165,436	(80,932)	84,504	620		
Library books	3,843	-	3,843	372		
Plant and equipment	15,261	(10,933)	4,328	448	(80)	64
Motor vehicles	5,210	(3,423)	1,787	304	(387)	344
Furniture and fittings	428	(286)	142	10		
<b>Total Council operational assets</b>	<b>207,246</b>	<b>(95,574)</b>	<b>111,672</b>	<b>1,754</b>	<b>(467)</b>	<b>408</b>
<b>Council infrastructural assets</b>						
Roads, bridges and footpaths	514,254	(276,784)	237,470	6,945		
Stormwater systems	366,954	(188,943)	178,011	1,443		
Wastewater systems - Treatment plants and facilities	50,389	(23,571)	26,818	60		
Wastewater systems - Other assets	261,041	(163,389)	97,652	780		
Water systems - Treatment plants and facilities	28,615	(10,068)	18,547	345		
Water systems - Other assets	251,694	(122,538)	129,156	2,787		
Land under roads	45,051	(5)	45,046			
<b>Total Council infrastructural assets</b>	<b>1,517,998</b>	<b>(785,298)</b>	<b>732,700</b>	<b>12,360</b>	<b>-</b>	<b>-</b>
<b>Council restricted assets</b>						
Land	8,560	(128)	8,432	550	(144)	
Land - Forestry	1,670	-	1,670			
Buildings	628	(324)	304			
Monuments and statues	437	(44)	393			
Hard surfaces and appurtenance	5,381	(401)	4,980	59		
<b>Total Council restricted assets</b>	<b>16,676</b>	<b>(897)</b>	<b>15,779</b>	<b>609</b>	<b>(144)</b>	<b>-</b>
<b>Total Council property, plant and equipment</b>	<b>1,741,920</b>	<b>(881,769)</b>	<b>860,151</b>	<b>14,723</b>	<b>(611)</b>	<b>408</b>
<b>Subsidiaries property, plant and equipment</b>						
Land	2,009	-	2,009			
Land - Forestry	9,038	-	9,038			
Terminals	7,014	(858)	6,156	242		
Gravel and fencing	4,050	(1,162)	2,888	262	(7)	3
Buildings and yards	16,119	(231)	15,888			
Network assets	119,211	(25,452)	93,759	5,458	(650)	499
Plant and equipment	2,794	(2,048)	746	47	(27)	21
Motor vehicles	2,610	(2,518)	92			
Furniture and fittings	4,953	(1,757)	3,196	585		
Runways and taxi ways	14,756	(8,320)	6,436	218		
Roading	2,151	(623)	1,528			
Total subsidiaries property, plant and equipment	184,705	(42,969)	141,736	6,812	(684)	523
<b>Total Group property, plant and equipment</b>	<b>1,926,625</b>	<b>(924,738)</b>	<b>1,001,887</b>	<b>21,535</b>	<b>(1,295)</b>	<b>931</b>



\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost transfers	Depreciation transfers	Impairment charges	Depreciation	Revaluation adjustment - Cost	Revaluation adjustment - Accumulated depreciation	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
						30-Jun-20	30-Jun-20	30-Jun-20
						17,068	-	17,068
			(4,226)			166,056	(85,158)	80,898
			(590)			4,215	(590)	3,625
			(699)			15,629	(11,568)	4,061
			(593)			5,127	(3,672)	1,455
			(31)			438	(317)	121
-	-	-	(6,139)	-	-	208,533	(101,305)	107,228
			(9,624)			521,199	(286,408)	234,791
			(3,862)			368,397	(192,805)	175,592
			(1,064)			50,449	(24,635)	25,814
			(3,016)			261,821	(166,405)	95,416
			(673)			28,960	(10,741)	18,219
			(3,350)			254,481	(125,888)	128,593
						45,051	(5)	45,046
-	-	-	(21,589)	-	-	1,530,358	(806,887)	723,471
(1)			(4)			8,965	(132)	8,833
						1,670	-	1,670
			(18)			628	(342)	286
			(2)			437	(46)	391
			(79)			5,440	(480)	4,960
(1)	-	-	(103)	-	-	17,140	(1,000)	16,140
<b>(1)</b>	<b>-</b>	<b>-</b>	<b>(27,831)</b>	<b>-</b>	<b>-</b>	<b>1,756,031</b>	<b>(909,192)</b>	<b>846,839</b>
						2,009	-	2,009
(9,961)				923		-	-	-
			(217)			7,256	(1,075)	6,181
			(175)			4,305	(1,334)	2,971
			(439)			16,119	(670)	15,449
			(4,243)			124,019	(29,196)	94,823
			(139)			2,814	(2,166)	648
			(11)			2,610	(2,529)	81
			(418)			5,538	(2,175)	3,363
			(828)			14,974	(9,148)	5,826
(2,151)	715		(92)			-	-	-
(12,112)	715	-	(6,562)	923	-	179,644	(48,293)	131,351
<b>(12,113)</b>	<b>715</b>	<b>-</b>	<b>(34,393)</b>	<b>923</b>	<b>-</b>	<b>1,935,675</b>	<b>(957,485)</b>	<b>978,190</b>



### 13 Property, plant and equipment

2019

	\$000 Cost/ Revaluation	\$000 Accumulated depreciation and impairment charges	\$000 Carrying amount	\$000 Additions and transfers	\$000 Disposals and Derecognition	\$000 Current year disposals accumulated depreciation
	1-Jul-18	1-Jul-18	1-Jul-18			
<b>Council operational assets</b>						
Land	16,213	-	16,213	-	-	-
Buildings	77,657	(4,079)	73,578	4,770	-	-
Library books	4,324	(566)	3,758	369	-	-
Plant and equipment	15,045	(10,370)	4,675	486	(130)	118
Motor vehicles	5,118	(3,120)	1,998	449	(400)	306
Furniture and fittings	496	(273)	223	40	(17)	13
<b>Total Council operational assets</b>	<b>118,853</b>	<b>(18,408)</b>	<b>100,445</b>	<b>6,114</b>	<b>(547)</b>	<b>437</b>
<b>Council infrastructural assets</b>						
Roads, bridges and footpaths	231,405	(9,451)	221,954	8,623	-	-
Stormwater systems	160,182	(3,345)	156,837	4,221	-	-
Wastewater systems - Treatment plants and facilities	22,209	(953)	21,256	2,902	-	-
Wastewater systems - Other assets	91,146	(2,599)	88,547	4,794	-	-
Water systems - Treatment plants and facilities	18,813	(633)	18,180	29	-	-
Water systems - Other assets	106,726	(3,140)	103,586	3,211	-	-
Land under roads	45,051	(5)	45,046	-	-	-
<b>Total Council infrastructural assets</b>	<b>675,532</b>	<b>(20,126)</b>	<b>655,406</b>	<b>23,780</b>	<b>-</b>	<b>-</b>
<b>Council restricted assets</b>						
Land	7,505	(120)	7,385	27	-	-
Land - Forestry	1,670	-	1,670	-	-	-
Buildings	3,428	(1,381)	2,047	-	-	-
Monuments and statues	-	-	-	-	-	-
Hard surfaces and appurtenance	2,549	(129)	2,420	27	-	-
<b>Total Council restricted assets</b>	<b>15,152</b>	<b>(1,630)</b>	<b>13,522</b>	<b>54</b>	<b>-</b>	<b>-</b>
<b>Total Council property, plant and equipment</b>	<b>809,537</b>	<b>(40,164)</b>	<b>769,373</b>	<b>29,948</b>	<b>(547)</b>	<b>437</b>
<b>Subsidiaries property, plant and equipment</b>						
Land	1,494	-	1,494	-	-	-
Land - Forestry	8,415	-	8,415	623	-	-
Terminals	7,014	(648)	6,366	-	-	-
Gravel and fencing	4,050	(998)	3,052	-	-	-
Buildings and yards	15,690	(888)	14,802	-	-	-
Network assets	113,378	(21,823)	91,555	6,576	(743)	449
Plant and equipment	2,817	(1,927)	890	14	(37)	23
Motor vehicles	2,641	(2,521)	120	-	(31)	18
Furniture and fittings	5,044	(1,400)	3,644	-	(91)	18
Runways and taxi ways	14,756	(7,505)	7,251	-	-	-
Roading	2,100	(528)	1,572	51	-	-
Total subsidiaries property, plant and equipment	177,399	(38,238)	139,161	7,264	(902)	508
<b>Total Group property, plant and equipment</b>	<b>986,936</b>	<b>(78,402)</b>	<b>908,534</b>	<b>37,212</b>	<b>(1,449)</b>	<b>945</b>



\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost transfers	Depreciation transfers	Impairment charges	Depreciation	Revaluation adjustment - Cost	Revaluation adjustment - Accumulated depreciation	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
						30-Jun-19	30-Jun-19	30-Jun-19
(754)	-	-	-	1,609	-	17,068	-	17,068
(698)	(939)	-	(4,122)	83,707	(71,792)	165,436	(80,932)	84,504
-	-	-	(622)	(850)	1,188	3,843	-	3,843
(140)	333	-	(1,014)	-	-	15,261	(10,933)	4,328
43	51	-	(660)	-	-	5,210	(3,423)	1,787
(91)	3	-	(29)	-	-	428	(286)	142
(1,640)	(552)	-	(6,447)	84,466	(70,604)	207,246	(95,574)	111,672
-	-	-	(10,366)	274,226	(256,967)	514,254	(276,784)	237,470
(72)	3	-	(3,380)	202,623	(182,221)	366,954	(188,943)	178,011
-	-	-	(954)	25,278	(21,664)	50,389	(23,571)	26,818
(61)	2	-	(2,613)	165,162	(158,179)	261,041	(163,389)	97,652
-	-	-	(636)	9,773	(8,799)	28,615	(10,068)	18,547
(50)	6	-	(3,213)	141,807	(116,191)	251,694	(122,538)	129,156
-	-	-	-	-	-	45,051	(5)	45,046
(183)	11	-	(21,162)	818,869	(744,021)	1,517,998	(785,298)	732,700
1,028	(8)	-	-	-	-	8,560	(128)	8,432
-	-	-	-	-	-	1,670	-	1,670
(2,800)	1,133	-	(76)	-	-	628	(324)	304
437	(44)	-	-	-	-	437	(44)	393
2,805	(241)	-	(31)	-	-	5,381	(401)	4,980
1,470	840	-	(107)	-	-	16,676	(897)	15,779
<b>(353)</b>	<b>299</b>	<b>-</b>	<b>(27,716)</b>	<b>903,335</b>	<b>(814,625)</b>	<b>1,741,920</b>	<b>(881,769)</b>	<b>860,151</b>
-	-	-	-	515	-	2,009	-	2,009
-	-	-	-	-	-	9,038	-	9,038
-	-	-	(210)	-	-	7,014	(858)	6,156
-	-	-	(164)	-	-	4,050	(1,162)	2,888
-	-	-	(430)	429	1,087	16,119	(231)	15,888
-	-	-	(4,078)	-	-	119,211	(25,452)	93,759
-	-	-	(144)	-	-	2,794	(2,048)	746
-	-	-	(15)	-	-	2,610	(2,518)	92
-	-	-	(375)	-	-	4,953	(1,757)	3,196
-	-	-	(815)	-	-	14,756	(8,320)	6,436
-	-	-	(95)	-	-	2,151	(623)	1,528
-	-	-	(6,326)	944	1,087	184,705	(42,969)	141,736
<b>(353)</b>	<b>299</b>	<b>-</b>	<b>(34,042)</b>	<b>904,279</b>	<b>(813,538)</b>	<b>1,926,625</b>	<b>(924,738)</b>	<b>1,001,887</b>

### 13 Property, plant and equipment (continued)

The net carrying amount of property, plant and equipment held under finance leases is \$Nil (2019: \$Nil).

No depreciation is charged on land and there have been no impairments of land throughout the period (2019: \$Nil).

#### Revaluations

##### a) Forestry land

Forestry land is revalued with sufficient regularity to ensure carrying value does not differ materially from that which would be determined as fair value. It is anticipated that the land revaluation will occur every three years, unless circumstances require otherwise. The land was valued by Thayer Todd Valuations Limited (independent valuers) as at 30 June, 2018. The fair value was determined on the highest and best use of the land using the market comparable on sales of comparable land, based on the Valuer's sales database. Invercargill City Council has assessed the carrying value of the forestry land for impairment as at 30 June, 2020. The assessment has shown the fair value of the land to be not materially different to the carrying amount shown in these financial statements.

In 2019, Invercargill City Forests Limited resolved to place its forest estates on the market. While the parties had agreed the terms of sale prior to 30 June 2020, the sale will not be completed until late 2020. The assets held for resale have been reclassified as non-current assets held for sale. The recorded value reflects the terms of the negotiated sale less the costs to sell.

##### b) Operational land and buildings

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

The Invercargill City Charitable Trust Board property, plant and equipment was valued by Quotable Value Ltd at 30 June 2019 as \$17,488,000, with fair value being determined on the basis of depreciated replacement cost.

An impairment assessment of the group of assets referred to as Rugby Park Stadium has been performed in accordance with the standard, PBE IPSAS 26 - Impairment of Cash Generating Assets. A section of the west-end stand has been identified as being unsafe for use in the current year, the estimated cost of structural repairs and seismic strengthening is \$1,064,900. Also identified is 75% of the seats in this section of the stadium have suffered UV light deterioration and require immediate replacement. The estimated cost of replacement is \$225,000. Therefore a total impairment of \$1,289,900 (2019: nil) has been recognised.

A loss on impairment has been recognised in line with the standard, allocating the value of the impairment against the revaluation reserve as part of comprehensive revenue and expenses (in line with the standard PBE IPSAS 17 - Property, Plant and Equipment).

##### c) Council infrastructural assets

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

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

##### d) Library books

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



### 13 Property, plant and equipment (continued)

#### e) Group network assets

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

The following valuation assumptions were adopted:

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

The value of the network assets owned by Electricity Invercargill Limited, had it been carried at the cost model, would be \$70,129,000 at 31 March, 2020 (\$69,065,000 at 31 March, 2019).

#### Core infrastructure asset disclosures

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

	<b>Closing book value (\$'000)</b>	<b>Additions: constructed by Council (\$'000)</b>	<b>Additions: transferred to Council (\$'000)</b>	<b>Most recent replacement cost estimate for revalued assets (\$'000)</b>
<b>2020</b>				
Roads, bridges and footpaths	234,791	6,945	-	514,254
Stormwater systems	175,592	1,443	-	481,859
Wastewater systems - Treatment plants and facilities	25,814	60	-	61,180
Wastewater systems - Other assets	95,416	780	-	250,249
Water systems - Treatment plants and facilities	18,219	345	-	63,724
Water systems - Other assets	128,593	2,787	-	216,584
Land under roads	45,046	-	-	159,972
	<b>723,471</b>	<b>12,360</b>	<b>-</b>	<b>1,747,822</b>
<b>2019</b>				
Roads, bridges and footpaths	237,470	8,623	-	514,254
Stormwater systems	178,011	4,221	-	481,859
Wastewater systems - Treatment plants and facilities	26,818	2,902	-	61,180
Wastewater systems - Other assets	97,652	4,794	-	250,249
Water systems - Treatment plants and facilities	18,547	29	-	63,724
Water systems - Other assets	129,156	3,211	-	216,584
Land under roads	45,046	-	-	159,972
	<b>732,700</b>	<b>23,780</b>	<b>-</b>	<b>1,747,822</b>

### 13 Property, plant and equipment (continued)

#### Insurance of assets

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

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)
Total value of all assets that are covered by insurance contracts	1,268,592	1,418,183
Maximum amount to which these assets are insured	1,298,279	1,435,546
Total value of all assets that are covered by financial risk sharing arrangements	-	-
Maximum amount available to Council under those arrangements	-	-
Total value of all assets that are self-insured	-	-
Value of any fund maintained by Council for that purpose*	-	-

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

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

#### Work in progress

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

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
Buildings	2,303	701	2,355	1,278
Network assets	-	-	2,675	1,791
Plant and equipment	246	119	246	119
Furniture and fittings	15	-	15	-
Roads, bridges and footpaths	724	150	724	150
Stormwater systems	573	307	573	307
Wastewater systems	197	-	197	-
Water systems	-	85	-	85
Restricted land	-	212	-	212
Restricted buildings	15	-	15	-
Hard surfaces and appurtenance	-	22	-	22
Total work in progress	4,073	1,596	6,800	3,964



## 14 Intangible assets

### Council

	Computer Software (\$000)	Carbon credits (\$000)	Total (\$000)
<b>Cost</b>			
Balance at 1 July, 2018	1,450	683	2,133
Reclassifications	253	-	253
Additions	93	-	93
Change in fair value	-	63	63
Balance at 30 June, 2019	1,796	746	2,542
Change in fair value	-	288	288
Balance at 30 June, 2020	1,796	1,034	2,830
<b>Amortisation and impairment charges</b>			
Balance at 1 July, 2018	1,227	-	1,227
Reclassifications	214	-	214
Amortisation for the year	91	-	91
Balance at 30 June, 2019	1,532	-	1,532
Amortisation for the year	79	-	79
Balance at 30 June, 2020	1,611	-	1,611
<b>Net book value</b>			
Balance at 30 June, 2020	185	1,034	1,219
Balance at 30 June, 2019	264	746	1,010
<b>Work in progress</b>			
Balance at 30 June, 2020	383	-	383
Balance at 30 June, 2019	-	-	-

### Restrictions

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

### Carbon credits

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

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

## 14 Intangible assets (continued)

	Group			
	Goodwill (\$000)	Computer Software (\$000)	Carbon credits (\$000)	Total (\$000)
<b>Cost</b>				
Balance at 1 July 2018	641	1,450	691	2,782
Reclassifications	-	253	-	253
Additions	-	93	336	429
Change in fair value	-	-	39	39
Balance at 30 June 2019	641	1,796	1,066	3,503
Additions	-	-	1,082	1,082
Change in fair value	-	-	2,081	2,081
Balance at 30 June 2020	641	1,796	4,229	6,666
<b>Amortisation and impairment charges</b>				
Balance at 1 July 2018	641	1,227	-	1,868
Reclassifications	-	214	-	214
Amortisation for the year	-	91	-	91
Balance at 30 June 2019	641	1,532	-	2,173
Amortisation for the year	-	-	79	79
Balance at 30 June 2020	641	1,532	79	2,252
<b>Net book value</b>				
Balance at 30 June, 2019	-	264	4,150	4,414
Balance at 30 June, 2020	-	264	1,066	1,330
<b>Work in progress</b>				
Balance at 30 June, 2020	-	383	-	383
Balance at 30 June, 2019	-	-	-	-

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



## 15 Biological assets

	Council	Group
	Forestry (\$000)	Forestry (\$000)
Balance at 1 July 2018	2,885	26,850
Acquisitions	-	6,119
Forest assets logged at cost	(104)	(3,418)
Change in fair value less estimated point-of-sale costs	375	(2,147)
Balance at 30 June, 2019	3,156	27,404
Balance at 1 July 2019	3,156	27,404
Acquisitions	-	(1,014)
Forest assets logged at cost	(30)	(258)
Forest assets held for sale	492	8,527
Change in fair value less estimated point-of-sale costs	-	(31,041)
Balance at 30 June 2020	3,618	3,618

At 30 June, 2020 standing timber comprised approximately 639 hectares (2019: 628 hectares) of plantations at one location, which range from newly established plantations to plantations that are 50 years old. The Council's group includes a further 3,301 hectares at sixteen different locations (2019: 3,174 hectares at sixteen different locations).

The forests are valued annually effective 30 June. In 2019 Invercargill City Forests Limited placed its forest estates on the market. While the parties agreed the terms of sale of the estates prior to 30 June, 2020 the sale will not be completed until late 2020. The assets held for sale have been reclassified as forestry assets held for sale. The recorded value reflects the terms of the negotiated sale less the costs to sell. The 2019 valuation was performed by Brian Johnson, an independent valuer from Margules Groome. The following significant assumptions have been adopted in determining the fair value of forestry assets:

- The valuation excludes funding and taxation as costs.
- The discount rate is based on the implied pre-tax discount rate from actual transactions (2019: same method)  
The pre-tax discount rate chosen for the 2019 valuation of the Invercargill City Forests Limited's forests is 6.50% (2019: 6.50%) and for the Council's forests it is 7.50% (2019: 7.75%).
- The valuation excludes any increases in value due to biological transformation.
- The valuation excludes any costs associated with future activities of the Council such as those related to enhancing future biological transformation.

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

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



## 15 Biological assets (continued)

### Emissions Trading Scheme

#### Pre-1990 Forests:

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

#### Post-1989 Forests:

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

### Council

Invercargill City Council has harvested a total of 243.6 hectares of pre 1990 forest. Of this harvested land, 41.4 hectares has not yet been replanted at 30 June, 2020 and carries a potential deforestation liability of \$836,128 if the land is not replanted. It is Invercargill City Council's intention that these harvested areas will be re-established to ensure that there will be no obligation to surrender units.

### Invercargill City Forests Limited

Invercargill City Forest Limited has harvested a total of 47 hectares of pre 1990 forest which carries a deforestation liability of \$801,713 (2019: \$578,182). The Company is exposed to a number of risks relating to its forestry assets.



## 15 Biological assets (continued)

### Supply and demand risk

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

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

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

### Climate and other risks

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

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

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

## 16 Investment property

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
Balance at 1 July	36,285	36,893	40,535	40,953
Acquisitions	-	735	-	735
Disposals	-	(680)	-	(680)
Transfer to non-current assets held for resale	-	(625)	-	(625)
Transfer (to) from property, plant and equipment	1	15	1	15
Change in fair value	232	(53)	182	137
Balance at 30 June	36,518	36,285	40,718	40,535
<b>Work in progress</b>				
Investment property	1,087	-	1,087	-
Balance at 30 June	1,087	-	1,087	-

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

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

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

The Council's investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence using the income approach and the comparable sales approach. The 2020 valuation was performed by Robert Todd, an independent valuer from Thayer Todd Valuations Limited. The valuer is an experienced valuer with extensive market knowledge of the types of investment properties owned by the Council.

The Group's investment properties are valued annually at fair value effective 30 June. All investment properties are related to Invercargill Airport Limited. For 2020 and 2019, all investment properties were valued based on open market evidence except for two properties being less than 20% of the portfolio value. These two properties are planned to be replaced within the next two years (2019: next two years), hence the open market evidence has been adjusted by management to be valued on a discounted cash flow basis of their remaining expected earnings. The 2020 and 2019 valuations were performed by Robert Todd, an independent valuer from Thayer Todd Valuations Limited. The valuers are experienced with extensive market knowledge of the types of investment properties owned by the Group.

Due to the impact of Covid-19 and the severe market disruption and lack of transactional data, the valuation of investment properties has been reported on the basis of material uncertainty, meaning less certainty and a higher degree of caution should be applied. The following major inputs and assumptions were adopted:

- An explicit allowance for rent rebates has been calculated. This does not include an allowance for operating expenditure.
- The capitalisation rate adopted on rental car tenancies pre-Covid-19 has been softened by 50 points to price in the additional risks.
- With the exception of Hangars 1 and 2, yields have been softened by 25 points.
- Hangars 1 and 2 have a remaining useful life of two years.

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



## 16 Investment property (continued)

### Reconciliation of net surplus on investment properties

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
Rental revenue derived from investment properties	1,045	992	1,045	992
Direct operating expenses (including repairs and maintenance) generating rental revenue	(460)	(404)	(460)	(404)
Direct operating expenses (including repairs and maintenance) that did not generate rental revenue	(648)	(523)	(648)	(523)
Surplus/(Deficit) arising from investment properties carried at fair value	(63)	65	(63)	65

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

## 17 Investment in associates

	<b>Percentage held by Group</b>		<b>Balance Date</b>
	<b>2020</b>	<b>2019</b>	
<b>Associate entities</b>			
Emergency Management Southland	25.9%	25.9%	30-Jun
Southland Regional Heritage Committee	63.0%	63.0%	30-Jun
Electricity Southland Limited	24.9%	24.9%	31-Mar
HWCP Management Limited	49.9%	49.9%	30-Jun
Southland Regional Development Agency Limited	18.8%	18.8%	30-Jun

## 17 Investment in associates (continued)

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

	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>2020</b>					
Emergency Management Southland, Southland Regional Heritage Committee, Electricity Southland Limited, HWCP Management Limited and Southland Regional Development Agency Limited	22,784	30,165	52,949	23,340	7,814

<b>2019</b>					
Emergency Management Southland, Southland Regional Heritage Committee, Electricity Southland Limited, HWCP Management Limited and Southland Regional Development Agency Limited	20,744	24,568	45,312	25,501	17,862

### Movements in carrying value of associates

	Group Actual 2020 \$000	Group Actual 2019 \$000
Balance at 1 July	2,088	2,199
Share of profit/(loss)	3,361	-
Disposal of associates	(126)	(111)
Balance at 30 June	5,323	2,088



Total liabilities	Revenues	Expenses	Profit / (Loss)
(\$000)	(\$000)	(\$000)	(\$000)
31,154	16,720	12,223	4,497
43,363	7,181	12,068	(4,887)

## 18 Investment in joint ventures

Joint ventures	Percentage held by Group		Balance Date
	2020	2019	
Venture Southland	41.7%	41.7%	30-Jun
PowerNet Limited Group	50.0%	50.0%	31-Mar
OtagoNet Joint Venture	24.9%	24.9%	31-Mar
Roaring Forties Energy Limited Partnership	50.0%	50.0%	31-Mar
Invercargill Central Limited	46.4%	0.0%	30-Jun

During the year the Group acquired the 46.4% shareholding in Invercargill Central Limited.

	Current assets (\$000)	Non-current assets (\$000)	Total assets (\$000)	Current liabilities (\$000)
<b>2020</b>				
Venture Southland, PowerNet Limited Group, OtagoNet Joint Venture, Roaring Forties Energy Limited Partnership and Invercargill Central Limited	68,449	355,322	423,771	39,046
<b>2019</b>				
Venture Southland, PowerNet Limited Group, OtagoNet Joint Venture and Roaring Forties Energy Limited Partnership	36,421	277,560	313,981	20,379

Movements in carrying value of joint ventures:

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)
Balance at 1 July	78,506	80,861
Investments in joint ventures	31,705	-
Share of profit/(loss)	7,822	4,336
Revaluation gain on network assets	3,224	-
Distributions from joint ventures	(6,223)	(6,691)
Capital distribution on liquidation of joint venture	(656)	-
Balance at 30 June	114,378	78,506



Non-current liabilities	Total liabilities	Revenues	Expenses	Profit / (Loss)
(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
47,301	86,347	134,637	99,219	35,418
41,831	62,210	126,666	110,308	16,358



## 19 Other financial assets

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
<b>Current financial assets</b>				
Loans to related parties	15,000	15,000	-	-
Short term deposits	36,193	11,880	37,168	12,891
Total current financial assets	51,193	26,880	37,168	12,891
<b>Non-current financial assets</b>				
Loans to related parties	15,020	18,200	-	-
LGFA Borrower notes	1,040	480	1,040	480
Other investments	53	56	191	174
Equity share investments	1,109	722	1,109	722
Total non-current financial assets	17,222	19,458	2,340	1,376
<b>Investments in CCOs and similar entities</b>				
Loans to subsidiary - Redeemable preference share value	16,777	16,777	-	-
Investment in subsidiary - Ordinary share value	44,292	19,292	-	-
	61,069	36,069	-	-

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

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

### Current derivative financial instruments

Interest rate swaps (cash flow hedges) - liabilities	(72)	-	(175)	(88)
	(72)	-	(175)	(88)

### Non-current derivative financial instruments

Interest rate swaps (cash flow hedges) - liabilities	(3,420)	(2,460)	(10,813)	(8,148)
	(3,420)	(2,460)	(10,813)	(8,148)
Total financial instruments	(3,492)	(2,460)	(10,988)	(8,236)

### Short term investment

The carrying amount of term deposits approximates their fair value.



## 20 Trade and other payables

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
Trade payables	8,184	6,395	8,745	6,323
Accrued expenses	2,760	3,158	4,167	5,165
Amounts due to related parties	-	147	1,761	3,097
Revenue in advance	2,993	2,256	3,079	2,329
<b>Total trade and other payables</b>	<b>13,937</b>	<b>11,956</b>	<b>17,152</b>	<b>16,914</b>
<b>Total payables comprises:</b>				
Payables from non-exchange transactions	2,995	1,719		
Payables from exchange transactions	10,942	10,237		
<b>Total trade and other payables</b>	<b>13,937</b>	<b>11,956</b>		

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

## 21 Provisions

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
<b>Landfill aftercare provision</b>				
Balance 1 July	928	928	928	928
Additional provisions made during the year	-	-	-	-
Amounts used during the year	-	-	1,000	-
Unused amounts reversed during the year	-	-	-	-
Balance at 30 June	928	928	1,928	928
Current	112	112	1,112	112
Non-current	816	816	816	816
Total provisions	928	928	1,928	928

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

### Closure responsibilities

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

### Post-closure responsibilities

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

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

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



## 22 Employee benefit liabilities

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
Accrued pay	587	408	587	408
Annual leave	2,290	1,678	2,390	1,734
Long service leave	315	358	315	358
Retirement gratuities	845	808	845	808
Total employee benefit liabilities	4,037	3,252	4,137	3,308
Current	2,877	2,160	2,977	2,216
Non-current	1,160	1,092	1,160	1,092
Total employee benefit liabilities	4,037	3,252	4,137	3,308

## 23 Borrowings

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
<b>Current</b>				
Secured loans	15,314	25,005	15,361	90,024
LGFA Debt	35,000	-	35,000	-
<b>Non-current</b>				
LGFA Debt	55,000	40,000	55,000	40,000
Other secured loans	20,200	25,200	106,171	34,800
Total borrowings	125,514	90,205	211,532	164,824

### Other secured loans

Secured loans of the Council are secured by a special rate over the rateable land value of the Invercargill City area. Loans are financed by a multi-option facility. The borrowing facility of \$50 million was reduced to \$10 million and renewed for a further two years on 12 November, 2018. The undrawn amount of this facility is \$10 million.

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

Council has issued \$100 million of bonds and notes (2019: \$90 million) and \$25 million of coupon securities, with security being a charge over the rates revenue of the issuer. Terms of the bonds are between one and eight years.

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

In addition to the loans held by the Council, Invercargill City Holdings Limited holds a multi-option note facility of \$100 million, made up of \$35 million maturing in September 2021 and \$65 million maturing in September 2021. Debt may be raised by a committed cash advance facility or by the issuance of promissory notes upon the multi-option note facility for a term of 90 days before being re-tendered.

## 23 Borrowings (continued)

### Maturity analysis and effective interest rates

The following is a maturity analysis of the Council's borrowings (excluding finance leases, which are shown separately below).

#### Council 2020

	<b>Secured loans (\$000)</b>	<b>Total (\$000)</b>
Less than one year	50,314	50,314
Later than one year but not more than five years	55,200	55,200
Later than five years	20,000	20,000
	<u>125,514</u>	<u>125,514</u>

#### Council 2019

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

Interest rates on these Council secured loans have an effective interest rate of 1.84% (2019: 2.99%) with hedging refer Note 32. Other Group loans have an effective interest rate of 3.41% (2019: 4.05%) with hedging refer Note 32.



## 23 Borrowings (continued)

### Group 2020

	Secured loans (\$'000)	Total (\$'000)
Less than one year	50,361	50,361
Later than one year but not more than five years	140,791	140,791
Later than five years	20,380	20,380
	211,532	211,532

### Group 2019

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

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

## 24 Deferred tax liabilities/(assets)

### Group

#### Movements in temporary differences during the year

	Balance at 1 July 2018	Recognised in profit or loss	Recognised in equity
	(\$000)	(\$000)	(\$000)
Property, plant and equipment	20,251	88	-
Biological assets	4,748	(912)	-
Carbon credits	-	-	-
Investment property	339	(3)	-
Inventory	(74)	74	-
Derivatives	(898)	-	(719)
Provisions	-	-	-
Other items	40	(2)	-
Tax losses	(3,262)	(293)	-
Total movements	21,144	(1,048)	(719)



Balance at 30 June 2019	Recognised in profit or loss	Recognised in equity	Balance at 30 June 2020
(\$000)	(\$000)	(\$000)	(\$000)
20,339	77	903	21,319
3,836	2,819	-	6,655
-	495	-	495
336	(14)	-	322
-	-	-	-
(1,617)	-	(481)	(2,098)
-	(280)	-	(280)
38	(5)	-	33
(3,555)	(117)	-	(3,672)
19,377	2,975	422	22,774



## 25 Equity

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
<b>Retained earnings</b>				
As at 1 July	375,856	380,594	446,073	457,423
Transfers to:				
Restricted and non-restricted reserves	(44,353)	(11,076)	(44,353)	(11,076)
Transfers from:				
Restricted and non-restricted reserves	34,281	5,160	34,281	5,160
Transfer of revaluation reserve to retained earnings	-	-	50	111
Surplus/(deficit) for the year	1,012	1,178	5,927	(5,545)
As at 30 June	366,796	375,856	441,978	446,073
<b>Restricted and non restricted reserves</b>				
As at 1 July	40,105	34,189	40,652	34,736
Transfers to:				
Retained earnings	(34,281)	(5,160)	(34,281)	(5,160)
Transfers from:				
Retained earnings	44,353	11,076	44,353	11,076
As at 30 June	50,177	40,105	50,724	40,652
<b>Hedging Reserve</b>				
As at 1 July	(2,460)	(957)	(6,621)	(3,268)
Other comprehensive revenue and expenses:				
Effective portion of changes in fair value of cash flow hedges	(1,033)	(1,503)	(2,271)	(3,353)
As at 30 June	(3,493)	(2,460)	(8,892)	(6,621)
<b>Carbon credit revaluation reserve</b>				
As at 1 July	527	464	503	464
Other comprehensive revenue and expenses:				
Change in fair value of carbon credits	288	63	1,579	39
As at 30 June	815	527	2,082	503
<b>Asset revaluation reserves</b>				
As at 1 July	500,136	411,426	533,899	443,269
Other comprehensive revenue and expenses:				
Revaluation gains/(losses)	-	88,710	2,629	90,741
Transfer of revaluation reserve to retained earnings	-	-	(50)	(111)
As at 30 June	500,136	500,136	536,478	533,899
Asset revaluation reserves consist of:				
Land and buildings	65,536	65,536	70,604	70,604
Library books	8,373	8,373	8,373	8,373
Infrastructural assets	426,227	426,227	457,501	454,922
Total asset revaluation reserve	500,136	500,136	536,478	533,899
Total other reserves	547,635	538,308	580,392	568,433

## 25 Equity (continued)



### Actual 2020

	Opening Balance (\$000)	Transfers In (\$000)	Transfers Out (\$000)	Closing Balance (\$000)
<b>Restricted reserves</b>				
The reserves can only be used for designated purposes.				
Category A (Legal restriction)	129	3		132
The restriction is designated from a statute or legal document. These reserves restrictions include the capital and interest or revenue generated. This reserve is related to the Parks activity and is to maintain the Feldwick Gates at Queens Park.				
Category B (Capital-only restriction)	4,357	359		4,716
These reserves are invested in property that provides a financial return to ratepayers. (Investment Property, Library and Infrastructure activities)				
Category C (Specific purpose)	11,528	442	(8)	11,962
These reserves are to maintain and provide for improvements to separately identifiable areas. (Parks, Crematorium and Cemetery, Community Centres, Waste and Infrastructure activities)				
<b>Non restricted reserves</b>				
The reserves can be used for purposes other than the purpose currently specified.				
Council created reserves	-	34,303	(936)	33,367
To provide funding for the ongoing operations and replacement of assets in the future. (All activities)				
Loss of service potential	13,202		(13,202)	-
To set aside funds for the replacement of assets in the future. (All activities)				
Development	5,018		(5,018)	-
To maintain and provide assets in identifiable areas. (Parks, Roading, and Water activities)				
Property	1,481		(1,481)	-
To provide for the purchase of properties. (Investment Property, and Infrastructure activities)				
Amenities	414		(414)	-
To provide funding for the ongoing operations of amenity areas. (Library, Museum, Pools, and Parks activities)				
Financial	13,088		(13,088)	-
To provide ongoing funding in a consistent manner for Council operations. (All activities)				
Community Board	134		(134)	-
To provide funding for Community Board areas for their activities and development of assets. (Democratic process activity)				
Economic development	(9,246)	9,246		-
To develop economic growth in the city which will be funded by future activity. (Investment Property activity)				
	40,105	44,353	(34,281)	50,177

## 25 Equity (continued)

	Actual 2019			
	Opening Balance (\$000)	Transfers In (\$000)	Transfers Out (\$000)	Closing Balance (\$000)
<b>Restricted reserves</b>				
The reserves can only be used for the designated purposes.				
Category A (Legal restriction) The restriction is designated from a statute or legal document. These reserves restrictions include the capital and interest or revenue generated. This reserve is related to the Parks activity and is to maintain the Feldwick Gates at Queens Park.	126	3	-	129
Category B (Capital only restriction) These reserves are invested in property that provides a financial return to ratepayers (Investment Property, Library and Infrastructure activities)	3,818	539	-	4,357
Category C (Specific purpose) These reserves are to maintain and provide for improvements to separately identifiable areas. (Parks, Crematorium and Cemetery, Community Centres, Waste and Infrastructure activities)	10,664	871	(7)	11,528
<b>Non-restricted reserves</b>				
The reserves can be used for purposes other than the purpose currently specified.				
Loss of service potential To set aside funds for the replacement of assets in the future. (All activities)	12,156	2,157	(1,111)	13,202
Development To maintain and provide assets in identifiable areas. (Parks, Roading, and Water activities)	4,921	97	-	5,018
Property To provide for the purchase of properties. (Investment Property, and Infrastructure activities)	1,447	34	-	1,481
Amenities To provide funding for the ongoing operations of amenity areas. (Library, Museum, Pools, and Parks activities)	227	187	-	414
Financial To provide ongoing funding in a consistent manner for Council operations. (All activities)	9,947	7,183	(4,042)	13,088
Community Board To provide funding for Community Board areas for their activities and development of assets. (Democratic process activity)	129	5	-	134
Economic Development To develop economic growth in the city which will be funded by future activity. (Investment Property activity)	(9,246)	-	-	(9,246)
	34,189	11,076	(5,160)	40,105

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

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
Net surplus/(deficit) after taxation	1,012	1,178	5,927	(5,545)
<b>Add non-cash items:</b>				
Depreciation and amortisation of intangibles	27,910	27,807	34,472	34,131
(Gain)/Loss on sale of assets	(459)	(124)	(323)	210
(Gain)/Loss on disposal of investments	-	-	-	294
Change in fair value of biological assets	(492)	(375)	(8,527)	2,146
Change in fair value of investment property	(233)	53	(183)	(137)
Change in fair value of investments	273	(33)	273	(33)
Change in fair value of loan	-	-	-	(24)
Increase/(Decrease) in deferred taxation	-	-	1,380	(1,054)
Increase/(Decrease) in current year's tax	-	-	-	540
Biological assets - Cost of goods sold	30	104	258	3,516
Associate and Joint Venture post-acquisition profits	-	-	(7,745)	(4,217)
Impairment of trade receivables	-	-	-	460
Impairment of advance to associate	-	-	-	4,821
	28,041	28,610	25,532	35,108
<b>Add/(Less) movements in other working capital items:</b>				
(Increase)/Decrease in stock, receivables and WIP	(3,221)	782	(1,806)	5,421
Increase/(Decrease) in sundry creditors	3,398	(416)	2,972	(680)
(Increase)/Decrease in GST and taxation	98	358	1,245	(653)
	275	724	2,411	4,088
Net cash from operating activities	28,316	29,334	27,943	39,196



## 27 Related party transactions

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

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
<b>(a) Invercargill City Holdings Limited</b>				
Revenue				
Provision of services	441	443	-	-
Interest received	984	1,365	-	-
Subvention payment received	2,189	915	-	-
Dividend from Subsidiary to Parent	4,800	3,850	-	-
Expenditure				
Provision of goods and services	30	30	-	-
Tax losses transferred from Parent to Group	-	-	-	-
Outstanding at balance date to Parent and Group	30,000	30,000	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(b) Electricity Invercargill Limited</b>				
Revenue				
Subvention payment received	1,600	915	-	-
Expenditure				
Provision of goods and services	-	-	-	-
Tax losses transferred from Parent to Group	4,113	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(c) Invercargill City Forests Limited</b>				
Revenue				
Provision of services	23	28	-	-
Expenditure				
Tax losses transferred from Parent to Group	-	70	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(d) Invercargill Airport Limited</b>				
Revenue				
Provision of services	79	120	-	-
Subvention payment received	589	-	-	-
Expenditure				
Provision of goods and services	-	-	-	-
Tax losses transferred from Parent to Group	1,513	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-

## 27 Related party transactions (continued)



	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
<b>(e) Invercargill Venue &amp; Events Management Limited</b>				
Revenue				
Provision of goods and services	110	531	-	-
Subvention payment received	6	-	-	-
Expenditure				
Provision of grants, goods and services	23	341	-	-
Tax losses transferred from Parent to Group	14	21	-	-
Outstanding at balance date to Parent and Group	-	79	-	-
Outstanding at balance date by Parent and Group	-	40	-	-
<b>(f) Invercargill City Charitable Trust</b>				
Revenue				
Provision of grants, goods and services	26	58	-	-
Expenditure				
Provision of grants, goods and services	124	127	-	-
Outstanding at balance date to Parent and Group	3	4	-	-
Outstanding at balance date by Parent and Group	100	100	-	-
<b>(g) Invercargill Community Recreation and Sport Trust</b>				
Revenue				
Provision of services	-	3	-	-
Expenditure				
Provision of grants, goods and services	8	5	-	-
Outstanding at balance date to Parent and Group	6	3	-	-
Outstanding at balance date by Parent and Group	-	4	-	-
<b>(h) Southland Museum and Art Gallery Trust Board</b>				
Revenue				
Provision of goods and services	2,139	2,089	-	-
Expenditure				
Provision of grants, goods and services	999	987	-	-
Outstanding at balance date to Parent and Group	-	53	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(i) Southland Regional Development Agency Limited</b>				
Revenue				
Provision of services	2	-	2	-
Expenditure				
Provision of grants, goods and services	1,660	-	1,682	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-

## 27 Related party transactions (continued)

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
<b>(j) HWCP Management Limited</b>				
Revenue				
Provision of services	141	191	456	191
Expenditure				
Provision of grants, goods and services	1,131	84	1,131	84
Outstanding at balance date to Parent and Group	-	115	776	115
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(k) Bluff Maritime Museum Trust</b>				
Revenue				
Provision of services	-	-	-	-
Expenditure				
Provision of grants, goods and services	33	30	33	30
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(l) Invercargill Central Limited</b>				
Revenue				
Provision of services	150	-	150	-
Expenditure				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	147	-	147	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(m) Venture Southland</b>				
Revenue				
Provision of services	104	7	104	13
Expenditure				
Provision of grants, goods and services	-	2,002	-	2,042
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(n) Emergency Management Southland</b>				
Revenue				
Provision of services	-	-	-	-
Expenditure				
Provision of grants, goods and services	334	296	334	296
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-



## 27 Related party transactions (continued)

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
<b>(o) Southland Regional Heritage Committee</b>				
Revenue				
Provision of services	10	4	10	6
Expenditure				
Provision of grants, goods and services	922	885	922	813
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(p) PowerNet Limited</b>				
Revenue				
Provision of services	10	13	384	372
Expenditure				
Provision of goods and services	-	9	10,554	13,492
Outstanding at balance date to Parent and Group	-	2	80	94
Outstanding at balance date by Parent and Group	-	-	1,745	2,879
Advances paid to (repaid by)	-	-	334	1,447
<b>(q) R M Walton</b>				
Revenue				
Provision of services	-	-	-	26
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Advances paid to (repaid by)	-	-	-	-
<b>(r) Electricity Southland Limited</b>				
Revenue				
Provision of goods and services	-	-	151	188
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	15	49
Outstanding at balance date by Parent and Group	-	-	-	-
Advances paid to (repaid by)	-	-	(2,730)	798
<b>(s) Invercargill Public Art Gallery Inc</b>				
Revenue				
Provision of goods and services	205	26	205	26
Expenditure				
Provision of grants, goods and services	176	190	176	190
Outstanding at balance date to Parent and Group	201	23	201	23
Outstanding at balance date by Parent and Group	-	-	-	-



## 27 Related party transactions (continued)

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
<b>(t) Archdraught Limited</b>				
Revenue				
Provision of goods and services	26	35	26	35
Expenditure				
Provision of goods and services	-	1	-	1
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(u) Glengarry Community Action Group</b>				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of grants, goods and services	-	2	1	2
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(v) Dan Davin Literary Foundation</b>				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of grants, goods and services	-	-	-	1
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(w) Ziff's Café Bar Limited</b>				
Revenue				
Provision of goods and services	1	2	1	2
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(x) Buster Crabb Limited</b>				
Revenue				
Provision of goods and services	1	1	1	1
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-



## 27 Related party transactions (continued)

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
<b>(y) Southland Indoor Leisure Centre Charitable Trust</b>				
Revenue				
Provision of goods and services	-	25	-	25
Expenditure				
Provision of grants, goods and services	-	671	-	671
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(z) Bluff 2024 Rejuvenation Trust</b>				
Revenue				
Provision of goods and services	-	2	-	2
Expenditure				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(aa) Southland Art Foundation</b>				
Revenue				
Provision of goods and services	-	1	-	1
Expenditure				
Provision of grants, goods and services	-	-	-	4
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(ab) Southland Electronics Limited</b>				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of goods and services	3	1	3	1
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(ac) Quality Foods Southland Limited</b>				
Revenue				
Provision of goods and services	-	9	-	9
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-

## 27 Related party transactions (continued)

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
<b>(ad) Hospice Southland charitable Trust</b>				
Revenue				
Provision of goods and services	-	1	-	1
Expenditure				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(ae) Southland Football Inc.</b>				
Revenue				
Provision of goods and services	4	3	4	3
Expenditure				
Provision of grants, goods and services	4	1	4	1
Outstanding at balance date to Parent and Group	2	-	2	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(af) D Foster and Associates Limited</b>				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of goods and services	256	211	256	211
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	51	21	51	21
<b>(ag) Southern Institute of Technology</b>				
Revenue				
Provision of goods and services	252	23	252	37
Expenditure				
Provision of grants, goods and services	1	1	1	1
Outstanding at balance date to Parent and Group	4	-	4	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(ah) Age Concern Southland Inc</b>				
Revenue				
Provision of goods and services	1	1	1	1
Expenditure				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-



## 27 Related party transactions (continued)

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
<b>(ai) Southland Warm Homes Trust</b>				
Revenue				
Provision of goods and services	-	-	125	-
Expenditure				
Provision of grants, goods and services	50	50	50	50
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(aj) McIntyre Dick &amp; Partners</b>				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of grants, goods and services	2	1	3	20
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(ak) Citizens Advice Bureau Invercargill</b>				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of grants, goods and services	30	34	30	34
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	5	-	5
<b>(al) Southland Aero club</b>				
Revenue				
Provision of goods and services	-	-	14	-
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	1,495	-
<b>(am) Invercargill Club</b>				
Revenue				
Provision of goods and services	2	-	2	-
Expenditure				
Tax losses transferred from Parent to Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-

## 27 Related party transactions (continued)

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
<b>(an) Environment Southland</b>				
Revenue				
Provision of goods and services	76	-	76	-
Expenditure				
Provision of goods and services	197	-	199	-
Outstanding at balance date to Parent and Group	2	-	2	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(ao) ILT Stadium Southland</b>				
Revenue				
Provision of goods and services	-	-	3	-
Expenditure				
Provision of grants, goods and services	23	-	23	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(ap) Bluff Community Charitable Trust</b>				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of grants, goods and services	17	-	17	-
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
<b>(aq) SouthRoads Limited</b>				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of grants, goods and services		-	15	41
Outstanding at balance date to Parent and Group	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-



## **27 Related party transactions (continued)**

Mayor Tim Shadbolt received goods and services during the year in a private capacity to the value of \$685.30 (2019: \$6,129.30). These amounts were repaid during the year, with the amount outstanding as at 30 June, 2020 being Nil (2019: Nil).

Invercargill Airport Limited purchased services from R M Walton who was a director until 31 October, 2018.

No related party transactions have been written off or were forgiven during the 2020 year (2019: nil).

## 27 Related party transactions (continued)

Below is the Key Management Personnel of Council and the capacity in which they are involved with related entities that have had financial transactions with the Council.

Mayor and Councillors	Relationship
<b>Tim Shadbolt</b> Invercargill Airport Limited The Invercargill City Charitable Trust Southern Institute of Technology	Director - ceased Nov 2019 Trustee Contractor
<b>Lindsay Abbott</b> Invercargill Venue & Events Management Limited	Director
<b>Rebecca Amundsen</b> Archdraught Limited Glengarry Community Action Group Heritage South Southland Museum and Art Gallery Trust Board Arts Murihiku Southland Regional Heritage Committee	Director Volunteer Contractor Trustee Trustee Member
<b>Allan Arnold</b> Ziff's Café Bar Limited Buster Crabb Limited Invercargill Community Recreation and Sport Trust Southland Aero Club Invercargill Club	Director Director Trustee - ceased Nov 2019 Member Member
<b>Toni Biddle</b> Invercargill Venue & Events Management Limited Invercargill City Charitable Trust Invercargill Community Recreation and Sport Trust Southland Museum and Art Gallery Trust Board McIntyre Dick & Partners	Director Trustee Trustee - ceased Nov 2019 Trustee Executive
<b>Alex Crackett</b> Sport Southland McIntyre Dick & Partners Invercargill Community Recreation and Sport Trust	Trustee Contractor Trustee - appointed Nov 2019
<b>Peter Kett</b> Age Concern Southland Invercargill Community Recreation and Sport Trust	Officer Trustee - appointed Nov 2019



## 27 Related party transactions (continued)

Mayor and Councillors (continued)	Relationship
<b>Graham Lewis</b> Southland Regional Heritage Committee Invercargill Community Recreation and Sport Trust Invercargill City Charitable Trust	Member Trustee Trustee
<b>Darren Ludlow</b> Invercargill Venue & Events Management Limited Southland Museum and Art Gallery Trust Board Environment Southland	Director Trustee Spouse is Councillor
<b>Ian Pottinger</b> Southland Electronics Limited Quality Foods Southland Limited	Director Shareholder
<b>Nigel Skelt</b> ILT Stadium Southland	Employee
<b>Lesley Soper</b> Invercargill Community Recreation and Sport Trust Citizens Advice Bureau Invercargill Inc. Southland Warm Hones Trust	Trustee Officer Trustee
<b>Lindsay Thomas</b> HWCP Management Limited	Director - ceased Nov 2019
<b>William Clark</b> Invercargill Ratepayers Advocacy Group	Member
<b>Clare Hadley</b> The Invercargill City Charitable Trust Bluff Maritime Museum Trust Board	Trustee Trustee
<b>David Foster</b> D Foster and Associates Limited	Director

### Key management personnel

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



## 28 Capital commitments and operating leases

### Commitments

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	2,018	3,982	5,233	5,699
Total commitments	2,018	3,982	5,233	5,699

### Investment commitments

In August 2017, the Electricity Invercargill Limited Group entered into a conditional agreement with the partners of Southern Generation Ltd Partnership to purchase the assets of two hydro generation developments upon completion of construction. The Upper Fraser hydro station is expected to generate approximately 30 GWh from July 2019, and the Matiri hydro station is expected to generate approximately 30 GWh annually from February 2020.

### Other commitments

The Group has a conditional commitment as at 31 March 2020 of \$415,000 (2019: \$415,000). This relates to an agreement with Smart Co for the Group to provide a subordinated loan to Smart Co once a number of terms have been met.

### Operating leases as lessee

The Council and Group have \$Nil non-cancellable operating leases as lessee (2018: \$Nil).

### Operating leases as lessor

The Council leases its investment property under 53 operating leases. There are 23 leases that have a non-cancellable term of 21 years or more, 16 leases that range between 6 and 20 years, 4 leases from 2 to 5 years, and 10 annual leases.

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

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
<b>Non-cancellable operating leases as lessor</b>				
Not later than one year	1,403	1,389	1,800	1,795
Later than one year and not later than five years	4,613	4,698	5,451	5,775
Later than five years	15,266	16,865	15,407	17,202
Total non-cancellable operating leases as lessor	21,282	22,952	22,658	24,772

No contingent rents have been recognised during the period.

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

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



## 28 Capital commitments and operating leases (continued)

### Operating leases as lessor

The Council leases its other property under operating leases. There are five properties with terms of one year (one), two to five years (two) and five plus years is two properties.

The Group leases its property under operating leases. The majority of these leases are casual short-term leases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
<b>Non-cancellable operating leases as lessor</b>				
Not later than one year	239	155	239	155
Later than one year and not later than five years	205	160	205	160
Later than five years	389	418	389	418
Total non-cancellable operating leases as lessor	833	733	833	733

No contingent rents have been recognised during the period.

Leases can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition.

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

### Operating leases as lessee

The Council has leased 5 properties under operating leases in the normal course of its business. There are two leases which are yearly, two leases which have less than 5 years and one lease which is long term.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
<b>Non-cancellable operating leases as lessee</b>				
Not later than one year	288	236	288	236
Later than one year and not later than five years	784	512	784	512
Later than five years	372	150	372	150
Total non-cancellable operating leases as lessee	1,444	898	1,444	898

No contingent rents have been recognised during the period.

Leases can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition.

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

## 29 Contingencies

The following contingent liabilities exist:

### Local Government Funding Agency

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

The council is one of 52 (2019: 52) local authority guarantors of the LGFA. The LGFA's loans to local authorities are \$11.9 billion (2019: \$9.5 billion), of which Invercargill City Council have borrowed \$90 million (2019: \$40 million). As a result, the Council and Group's cross-guarantee to other local authorities is \$11.81 billion (2019: \$9.46 billion).

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

### Carter Holt Harvey Limited

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

### 20 Spey Street property

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

### Forestry

Invercargill City Council has harvested a total of 243.6 hectares of pre 1990 forest. Of this harvested land, 41.4 hectares has not yet been replanted at 30 June, 2020 and carries a potential deforestation liability of \$836,128 if the land is not replanted. It is Invercargill City Council's intention that these harvested areas will be re-established to ensure that there will be no obligation to surrender units.

Invercargill City Forests Limited has harvested a total of 47 hectares of pre-1990 forest (2019: 47 hectares). This harvested land will be replanted but at balance date carried a potential deforestation liability of \$801,713 (2019: \$578,182). Refer note 13.



## 29 Contingencies (continued)

The following contingent liabilities exist:

### Airport

During the year the Group received a \$500,000 grant from the Provincial Growth Fund. The grant was in recognition that Air New Zealand was to commence a 12 month pilot of scheduled jet services from Auckland to Invercargill on 25 August, 2019 and Invercargill Airport needed to rapidly deliver urgent airside and non-airside upgrades to handle the scheduled jet services.

There are no unfulfilled conditions but a contingency for repayment exists for a 10 year term from 31 October, 2019 if Invercargill Airport either:

- sells, disposes or transfers the asset without the Ministry's prior written consent; or
- the asset will no longer be used for the purposes intended.

### Legal Costs Court case

The Council has a case before the courts for recovery of legal costs. The case is likely to be 18 months before a legal decision is determined. The potential contingent cost is up to \$600,000 to the Council if the case is lost. The court proceeding process has to occur to determine the extent of liability, if any.

### Asbestos

Invercargill City Council has identified areas where asbestos is present and is working through a planned approach for remediation of specific areas. This process involves an independent survey of the contaminated area to determine both the extent of the asbestos contamination and the approach used to remedy any potential risk, ranging from encapsulating the asbestos to contain it to removing it completely from various sites. As the remediation option is determined on a case by case basis, the impairment provision recognised on ICC buildings may not cover all the associated impact or costs.

### Holidays Act 2003

A number of New Zealand's public and private organisations have identified issues with the calculation of leave entitlements under the Holidays Act 2003 ("the Act").

For employers such as the Council that have workforces that include differential occupational groups with complex entitlements, non-standard hours, allowances and/or overtime, the process of assessing non-compliance with the Act and determining if any additional payment is required, is time consuming and complicated.

The remediation project is a significant undertaking and work to assess and amend all non-compliance will continue through the 2020/21 financial year. The review process is expected to be over 18 months, although Council readiness and availability of resources may impact this timeframe. The final outcome of the remediation project and timeline addressing any non-compliance will not be determined until this work is completed.

The remediation project has three steps in its approach. These are:

- verify and balance annual leave in weeks for current employees at their next anniversary date
- review historical annual leave payments made for current employees
- balance and review annual leave payments made to terminated employees

The first two steps have been calculated concurrently and any subsequent remediation actions are implemented immediately. The remediation project commenced during September 2019.

### Contingent assets

There were no contingent assets as at 30 June, 2020 (2019: Nil).

### 30 Remuneration

#### Key management personnel

Key management personnel of the Council include:

The Chief Executive, Councillors and Senior Management Team.

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2019: \$Nil).

The Council did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2019: \$Nil).

The Council did not provide any loans to key management personnel or their close family members (2019: \$Nil).

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

Remuneration	<b>Council Actual 2020 \$</b>	<b>Council Actual 2019 \$</b>	<b>Group Actual 2020 \$</b>	<b>Group Actual 2019 \$</b>
Short-term employee benefits	2,060,830	1,960,460	2,336,830	2,184,460
Vehicle (market value plus FBT)	60,252	97,828	60,252	97,828
Retirement benefits	34,188	25,782	34,188	25,782
Directors' fees	-	-	580,000	659,000
Total remuneration	2,155,270	2,084,070	3,011,270	2,967,070

Number of persons recognised as key management personnel

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
Councillors or directors	18	18	33	33
Senior Management Team (including the Chief Executive)	7	6	7	6
Total key management personnel	25	24	40	39



### 30 Remuneration (continued)

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

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>
<b>C V Hadley (appointed March 2018) - Chief Executive</b>		
Short-term employee benefits	304,729	310,329
Vehicle (market value plus FBT)	19,739	19,402
Retirement benefits	9,310	9,310
	<b>333,778</b>	<b>339,041</b>
<b>Invercargill City Council Senior Management Team</b>		
Short-term employee benefits	1,089,139	1,007,896
Vehicle (market value plus FBT)	26,230	64,025
Retirement benefits	24,878	16,473
	<b>1,140,247</b>	<b>1,088,394</b>

### 30 Remuneration (continued)

#### Elected representatives

Elected representatives received the following remuneration:

	<b>Council Actual 2020 \$</b>	<b>Council Actual 2019 \$</b>	<b>Group Actual 20 \$</b>	<b>Group Actual 2019 \$</b>
T R Shadbolt (Mayor)				
Short-term employee benefits	129,541	119,345	129,541	119,345
Vehicle (market value plus FBT)	14,283	14,401	14,283	14,401
Directors' fees	-	-	-	24,600
	143,824	133,746	143,824	158,346
<b>Councillors</b>				
T M Biddle (Deputy Mayor)	49,186	36,308	49,186	36,308
R L Abbott	47,991	48,013	47,991	48,013
R R Amundsen	45,433	55,337	45,433	55,337
A J Arnold	43,808	35,948	43,808	35,948
W S Clark	31,612	-	31,612	-
A H Crackett	37,321	35,948	37,321	35,948
P W Kett	25,389	-	25,389	-
G D Lewis	37,321	35,948	37,321	66,248
D J Ludlow	43,688	52,156	43,688	82,456
I R Pottinger	48,330	41,941	48,330	41,941
N D Skelt	25,389	-	25,389	-
L F Soper	36,599	35,948	36,599	35,948
K F Arnold	11,932	36,188	11,932	62,771
I L Esler	11,932	35,948	11,932	35,948
L S Thomas	15,937	48,013	15,937	78,313
	511,868	497,696	511,868	615,179
<b>Community Board members</b>				
Bluff:				
R J C Fife	8,455	8,398	8,455	8,398
G V Henderson	4,273	4,199	4,273	4,199
G A Laidlaw	4,275	4,199	4,275	4,199
N J Peterson	2,864	-	2,864	-
T M Topi	2,864	-	2,864	-
W E Glassey	1,411	4,199	1,411	4,199
P A Young	1,411	4,199	1,411	4,199
	25,553	25,194	25,553	25,194
Total elected representatives' remuneration	681,245	656,636	681,245	798,719

### 30 Remuneration (continued)

#### Council employees

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

	<b>Actual 2020</b>
< \$60,000	270
\$60,000 - \$79,999	88
\$80,000 - \$99,999	24
\$100,000 - \$119,999	10
\$120,000 - \$159,999	9
\$160,000 - \$360,999	6
	<b>410</b>
	<b>Actual 2019</b>
< \$60,000	285
\$60,000 - \$79,999	83
\$80,000 - \$99,999	20
\$100,000 - \$119,999	9
\$120,000 - \$139,999	9
\$140,000 - \$370,999	6
\$180,000 - \$339,000	3
	<b>415</b>

Total remuneration includes non-financial benefits provided to employees.

At balance date the Council employed 270 (2019: 269) full time employees, with the balance of staff representing 65 (2019: 65) full time equivalent employees. A full time employee is determined on the basis of a 40 hour working week.



### 31 Events after balance date

In July 2020, the New Zealand Government announced an initial funding package of \$761m to provide a post COVID-19 stimulus to maintain and improve water networks infrastructure, and to support a three year programme of reform of local government water services delivery arrangements.

A Funding agreement was signed by the Acting Chief Executive on 30 September 2020. The agreement will provide \$6.04m of funding for infrastructure and \$10.8m for Stead Street stopbanks. (2019 Nil)

Invercargill City Forests Limited has entered into a contract for the sale of the forestry assets. The sale is subject to approval from the Overseas Investment Office and it is anticipated to occur within the next 12 months. The Company has listed a small parcel of remaining bare land for sale.

The Invercargill City Charitable Trust Board subsequent to year end adopted a recommendation which was put forward to the Invercargill City Council's Infrastructural Services Committee at a meeting on the 25th August 2020 that the asset, Rugby Park Stadium, currently owned by Invercargill City Charitable Trust Board be sold to Invercargill City Council.

Invercargill City Council has had an independent market valuation of Rugby Park Stadium completed by Telfer Young Property Valuers & Advisors. As per the market valuation report dated 7 August 2020, the property has been valued on a Market Value - Vacant Possession basis. The property has been valued using best alternative use of residential/suburban commercial development site due to the limited to non-existent market for stadium/sporting ground infrastructure on the open market. A Comparable Transactions Method of a \$/m2 basis has been calculated based on recent sales of vacant land taking into consideration zoning and location. The current market valuation (taking into consideration demolition costs) is \$1,000,000.

A resolution was passed that the report be accepted by the Infrastructure Committee and a report and draft terms of sale be drawn up and presented to Council. As per the report, ICCTB has the responsibility to remedy the toxic mould issue prior to sale of the Stadium to ICC. The toxic mould has subsequently been remedied, therefore ICCTB has fulfilled all its measures for sale of the property.

There have been no other significant events between the year end and the signing date of the financial statements.



## 32 Financial instrument risk

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

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

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council has established Council Approved Liability Management and Investment Policies. These policies do not allow any transactions that are speculative in nature to be entered into. Council has overall responsibility for the establishment and oversight of the Group's risk management framework.

### ▪ **Credit risk**

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

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

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

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

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

The Electricity Invercargill Limited group is exposed to a concentration of credit risk with regards to the amounts owing by energy retailers for line charges. However, these entities are considered to be high credit quality entities.

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

### ▪ **Liquidity risk**

Liquidity risk represents Council's and the Group's ability to meet their contractual obligations. Council and Group evaluate their liquidity requirements on an ongoing basis. In general Council and the Group generate sufficient cash flows from their operating activities to meet their contractual obligations arising from their financial liabilities and have credit lines in place to cover potential shortfalls and meet capital expenditure requirements. Council aims to maintain flexibility in funding by keeping committed credit lines available.

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

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

## 32 Financial instrument risk (continued)

The tables below analyse the Council's and the Group's financial assets and liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. The following tables detail the exposure to liquidity risk as at 30 June:

Council 2020			Maturity dates			Total (\$000)
	Carrying amount (\$000)	Contractual cash flows (\$000)	< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Cash, cash equivalents and bank overdrafts	26,505	26,505	26,505	-	-	26,505
Receivables	10,530	10,530	10,530	-	-	10,530
Equity share investments	1,109	1,109	-	-	1,109	1,109
Short term investments	51,193	51,193	51,193	-	-	51,193
Other investments	32,890	32,890	-	-	32,890	32,890
Total financial assets	122,227	122,227	88,228	-	33,999	122,227
Financial liabilities						
Trade and other payables	13,937	13,937	13,937	-	-	13,937
Borrowings - secured loans	125,514	96,707	26,855	27,653	42,199	96,707
Total financial liabilities	139,451	110,644	40,792	27,653	42,199	110,644
Group 2020			Maturity dates			Total (\$000)
	Carrying amount (\$000)	Contractual cash flows (\$000)	< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Cash, cash equivalents and bank overdrafts	30,389	30,389	30,389	-	-	30,389
Receivables	14,412	12,854	12,854	-	-	12,854
Equity share investments	1,109	1,109	-	-	1,109	1,109
Short term investments	37,168	36,193	36,193	-	-	36,193
Other investments	1,231	2,088	975	-	1,113	2,088
Total financial assets	84,309	82,633	80,411	-	2,222	82,633
Financial liabilities						
Trade and other payables	23,823	17,706	17,706	-	-	17,706
Finance lease payable	614,917	614,917	47,000	141,000	426,917	614,917
Borrowings - secured loans	176,532	184,485	43,369	98,917	42,199	184,485
Total financial liabilities	815,272	817,108	108,075	239,917	469,116	817,108



## 32 Financial instrument risk (continued)

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

Council 2019			Maturity dates			Total (\$'000)
	Carrying amount (\$'000)	Contractual cash flows (\$'000)	< 1 year (\$'000)	1-3 years (\$'000)	> 3 years (\$'000)	
<b>Financial assets</b>						
Cash, cash equivalents and bank overdrafts	27,270	27,270	27,270	-	-	27,270
Receivables	8,019	8,019	8,019	-	-	8,019
Equity share investments	722	722	-	-	722	722
Short term investments	26,880	26,880	26,880	-	-	26,880
Other investments	35,513	35,513	-	-	35,513	35,513
Total financial assets	98,404	98,404	62,169	-	36,235	98,404
<b>Financial liabilities</b>						
Trade and other payables	11,956	11,956	11,956	-	-	11,956
Borrowings - secured loans	90,205	96,707	26,855	27,653	42,199	96,707
Total financial liabilities	102,161	108,663	38,811	27,653	42,199	108,663
<b>Group 2019</b>						
	Carrying amount (\$'000)	Contractual cash flows (\$'000)	< 1 year (\$'000)	1-3 years (\$'000)	> 3 years (\$'000)	Total (\$'000)
<b>Financial assets</b>						
Cash, cash equivalents and bank overdrafts	32,091	32,091	32,091	-	-	32,091
Receivables	11,160	10,571	10,571	-	-	10,571
Equity share investments	722	722	-	-	722	722
Short term investments	12,891	11,405	11,405	-	-	11,405
Other investments	654	1,547	1,011	-	536	1,547
Total financial assets	57,518	56,336	55,078	-	1,258	56,336
<b>Financial liabilities</b>						
Trade and other payables	21,150	17,503	17,503	-	-	17,503
Borrowings - secured loans	164,824	173,613	93,673	27,897	52,043	173,613
Total financial liabilities	185,974	191,116	111,176	27,897	52,043	191,116

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

## 32 Financial instrument risk (continued)

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

Council 2020		Maturity dates			Total (\$000)	
Carrying amount (\$000)	Contractual cash flows (\$000)	< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)		
Financial assets						
Derivative financial instruments	-	-	-	-	-	
Total financial assets	-	-	-	-	-	
Financial liabilities						
Derivative financial instruments	3,493	3,894	905	1,637	1,352	3,894
Total financial liabilities	3,493	3,894	905	1,637	1,352	3,894
Group 2020						
Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)	
		< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)		
Financial assets						
Derivative financial instruments	-	-	-	-	-	
Total financial assets	-	-	-	-	-	
Financial liabilities						
Derivative financial instruments	10,988	12,163	2,681	5,172	4,310	12,163
Total financial liabilities	10,988	12,163	2,681	5,172	4,310	12,163



## 32 Financial instrument risk (continued)

### Council 2019

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
<b>Financial assets</b>						
Derivative financial instruments	-	-	-	-	-	-
Total financial assets	-	-	-	-	-	-
<b>Financial liabilities</b>						
Derivative financial instruments	2,460	2,862	478	1,108	1,276	2,862
Total financial liabilities	2,460	2,862	478	1,108	1,276	2,862

### Group 2019

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
<b>Financial assets</b>						
Derivative financial instruments	-	-	-	-	-	-
Total financial assets	-	-	-	-	-	-
<b>Financial liabilities</b>						
Derivative financial instruments	8,237	9,634	1,684	3,592	4,358	9,634
Total financial liabilities	8,237	9,634	1,684	3,592	4,358	9,634

## 32 Financial instrument risk (continued)

### ▪ Market risk.

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

### Price risk

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

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council is not exposed to currency risk as it does not enter into foreign currency transactions. The Group is exposed to currency risk through Invercargill City Forests Limited as it sells logs to overseas markets, which require it to enter into transactions denominated in a foreign currency. The Group has mitigated this risk by selling the majority of its logs at wharf gate in New Zealand dollars.

### Interest rate risk

#### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings issued at fixed rates expose the Council to fair value interest rate risk. The Council's Liability Management policy outlines the level of borrowing that is secured using fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where the Council has borrowed at fixed rates. In addition, investments at fixed interest rates expose the Council to fair value interest rate risk. The Group through the Parent uses interest rate swaps to manage its exposure to interest rate movements on its multi-option facility borrowings.

The interest rates on the Council's borrowings are disclosed in note 23..



## 32 Financial instrument risk (continued)

### Interest rate risk (continued)

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

#### **Financial assets**

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

#### **Financial liabilities**

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



## 32 Financial instrument risk (continued)

### Interest rate risk (continued)

#### Cash flow interest rate risk

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

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

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

	<b>Council Actual 2020 (\$000)</b>	<b>Council Actual 2019 (\$000)</b>	<b>Group Actual 2020 (\$000)</b>	<b>Group Actual 2019 (\$000)</b>
	<b>Liability</b>	<b>Liability</b>	<b>Liability</b>	<b>Liability</b>
Maturity < 1 year	10,000	-	20,000	7,500
Maturity 1-2 years	-	10,000	8,000	20,000
Maturity 2-3 years	6,000	-	23,000	8,000
Maturity 3-4 years	5,000	6,000	22,500	23,000
Maturity 4-5 years	5,000	5,000	15,000	22,500
Maturity 5-6 years	10,000	10,000	24,000	20,000
Maturity 6-7 years	4,000	5,000	12,000	19,000
Maturity 7-10 years	-	4,000	-	12,000
	<b>40,000</b>	<b>40,000</b>	<b>124,500</b>	<b>132,000</b>



## 32 Financial instrument risk (continued)

### Interest rate risk (continued)

#### Effectiveness of cash flow hedges

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

	Council		Group	
	2020	2019	2020	2019
	%	%	%	%
Effectiveness	100	100	100	100

#### Sensitivity analysis on financial instruments

##### Investments:

If interest rates on investments at 30 June, 2020 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus after tax by \$138,274 (2019: \$173,582).

##### Borrowings:

If interest rates on borrowings at 30 June, 2020 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus after tax. This is as a result of higher/lower interest expense on floating rate borrowings for Council by \$150,411 (2019: \$274,658) and for Invercargill City Holdings Limited \$141,888 (2019: \$117,852).

##### Cash and cash equivalents:

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

##### Derivative asset: Cash flow hedge

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

Sensitivity to a 0.5% movement in rates is as follows and affects the equity balance of the Group.

#### Interest rate swaps

	Carrying amount	Equity change	
	Year 2020	+0.5%	-0.5%
	(\$000)	(\$000)	(\$000)
Council	(3,493)	(3,225)	(4,532)
Invercargill City Holdings Limited	(7,496)	1,178	(1,208)
	(10,989)	(2,047)	(5,740)
	Year 2019	+0.5%	-0.5%
	(\$000)	(\$000)	(\$000)
Council	33,609	(2,000)	(3,536)
Invercargill City Holdings Limited	(5,777)	1,369	(1,410)
	27,832	(631)	(4,946)

## 32 Financial instrument risk (continued)

### Interest rate risk (continued)

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

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

#### Level 1

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

#### Level 2

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

#### Level 3

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



## 32 Financial instrument risk (continued)

### Fair value measurement

	Council 2020			Total (\$000)
	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	
<b>Assets at fair value</b>				
Derivatives	-	-	-	-
Biological assets	-	-	3,618	3,618
Network assets	-	-	723,471	723,471
Investment property	-	-	36,518	36,518
Land and buildings	-	-	97,966	97,966
Library books	-	-	3,625	3,625
Total assets at fair value	-	-	865,198	865,198

<b>Liabilities at fair value</b>				
Derivatives	-	3,493	-	3,493
Total liabilities at fair value	-	3,493	-	3,493

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

<b>Liabilities at fair value</b>				
Derivatives	-	2,460	-	2,460
Total liabilities at fair value	-	2,460	-	2,460

## 32 Financial instrument risk (continued)

### Fair value measurement (continued)

	Group 2020			Total
	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	
<b>Assets at fair value</b>				
Derivatives	-	-	-	-
Biological assets	-	-	34,659	34,659
Network assets	-	-	809,886	809,886
Investment property	-	-	40,718	40,718
Land and buildings	-	-	97,966	97,966
Library books	-	-	3,625	3,625
Total assets at fair value	-	-	986,854	986,854

### Liabilities at fair value

Derivatives	-	-	-	10,989
Total liabilities at fair value	-	-	-	10,989

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

### Liabilities at fair value

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



## 32 Financial instrument risk (continued)

### Fair value measurement (continued)

#### Level 3 fair value measurements

	Council Actual 2020 (\$000)	Council Actual 2019 (\$000)	Group Actual 2020 (\$000)	Group Actual 2019 (\$000)
Balance at beginning of the year	877,556	788,733	992,380	902,100
Unrealised net change in value of assets	724	89,032	8,709	86,701
Purchases	13,322	29,550	17,124	40,367
Sales	-	(680)	(1,415)	(4,327)
Reclassified from other asset categories	1	(3,173)	1	(3,173)
Depreciation and impairment	(26,405)	(25,906)	(29,945)	(29,288)
Balance at the end of the year	865,198	877,556	986,854	992,380

## 32 Financial instrument risk (continued)

### Fair value measurement (continued)

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

The Council's and Group's biological assets were valued by external valuation on the basis of fair value in accordance with the New Zealand Institute of Forestry (NZIF) valuation guidelines. The discounted cash flow (DCF) method is used with the exception of development forests where a compound cost basis is used. The valuation excludes funding and taxation. The discount rate is based on the mid-point of the valuer's analysis of the implied pre-tax discount rates from actual transactions. The pre-tax discount rate chosen for the Council's 2020 valuation is 7.50% (2019: 7.75%). The pre-tax discount rate chosen for the Group's 2019 valuation is 6.50%. The cash flow term for the valuation is 12 years (Council) and 32 years (Group).

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

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

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

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

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

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



### 33 Capital management

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

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

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

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

The Council has the following Council created reserves:

- Reserves for different areas of benefit;
- Self-insurance reserves; and
- Trust and bequest reserves.

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

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

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



### 34 Explanation of major variances

#### Statement of Comprehensive Revenue and Expense - Council

		Actual 2020 (\$'000)	Budget 2020 (\$'000)	Actual 2019 (\$'000)	Variance to Budget 2020 (\$'000)	Variance to Actual 2019 (\$'000)
<b>Revenue</b>						
Rates revenue		55,550	55,372	53,309	178	2,241
Fines	1	208	497	335	(289)	(127)
Subsidies and grants	2	8,554	9,126	9,276	(572)	(722)
Direct charges revenue	3	22,351	23,989	28,947	(1,638)	(6,596)
Rental revenue	4	2,679	2,966	2,582	(287)	97
Finance revenue	5	1,563	2,561	2,633	(998)	(1,070)
Dividends	6	5,141	4,850	3,850	291	1,291
Subvention payments received		2,233	-	915	2,233	1,318
<b>Expenditure</b>						
Employee expenses	7	24,586	25,429	24,330	(843)	256
Depreciation and amortisation		27,910	28,053	27,807	(143)	103
General expenses	8	44,074	42,808	46,166	1,266	(2,092)
Finance expenses	9	2,263	3,260	2,845	(997)	(582)
Other gains/(losses)	10	910	943	479	(33)	431
<b>Other comprehensive revenue and expense</b>						
Property, plant and equipment revaluation gains/(losses)	11	-	-	88,710	-	(88,710)
Carbon credit revaluation gains/(losses)		288	-	63	288	225
Cash flow hedges		(1,033)	-	(1,503)	(1,033)	470
<b>Total variance in Statement of Comprehensive Revenue and Expense</b>		267	754	88,448	(487)	(88,181)



### 34 Explanation of major variances (continued)

#### 2020 Variance analysis against 2020 Budget

- 1 - Fines are less than budget due to the effects of Covid-19 and the ensuing lockdown which meant people were at home rather than incurring fines.
- 2 - Subsidies and grant income is less than budget due to less NZTA funding being received as a result of less roading capital work being completed because of Covid-19.
- 3 - Direct charges are less than budget due to Covid-19, which means that for the entire period of lock down the ability to earn revenue was inhibited, particularly at pools and library.
- 4 - Rental revenue is less than budget mainly due to the Don Street Business House not being fully tenanted for the whole year as had been budgeted. Rental holidays were applied to some leases due to COVID-19 lockdown.
- 5 - Finance revenue is less than budget due to interest rates on investments being lower than expected.
- 6 - Dividends received are more than budget due to unbudgeted payments being received from Venture Southland and Civic Financial Services.
- 7 - Employee expenses are lower than budget as the budget is adopted with the assumption of 100% of roles filled. During 2020 there has been a high level of vacant positions, an organisation restructure was also undertaken.
- 8 - General expenses are greater than budget due to WasteNet management fees charged being greater.
- 9 - Finance expenses are lower than budget due to the Council's average rate of borrowing being lower than anticipated during 2019/20. This is a result of interest rates being lower and staying lower longer than the market has been predicting. Also some loan funded projects that Council had planned to do during the year have not been completed. These relate to the CBD redevelopment project and work required on the Civic Administration building. Also some infrastructure projects are yet to be completed and have been carried forward into the 2020/21 year.
- 11 - Other comprehensive income, except for property, plant and equipment revaluations are not typically budgeted for so there will always be a variance from actual amounts.

#### 2020 Variance analysis against 2019 Actuals

- 1 - Fines are less than 2019 due to the effects of Covid-19 on parking fine revenue.
- 2 - Subsidies and grant income is less than 2019 due to less NZTA funding being received as a result of less roading capital work being completed because of Covid-19.
- 3 - Direct charges are less than 2019 due to Covid-19.
- 5 - Finance revenue is less than 2019 due to increased periods of low interest rates on investments.
- 6 - Dividends received are more than 2019 due payments being received from Venture Southland and Civic Financial Services.
- 7 - Employee expenses are greater than 2019 this is primarily in relation to redundancy payments in the current year.
- 8 - General expenses are greater than 2019 as WasteNet management fees were greater. There was also a reclassification of Engineering Services Group internal charges which differs in treatment to the prior year.
- 9 - Finance expenses are less than 2019 due to increased periods of low interest rates on borrowings.
- 10 - Other gains/(losses) are higher than last year due to increases in the revaluation of Council's Investment Property and Biological Assets by independent third party valuers, and gains on disposal of property, plant and equipment.
- 11 - Other comprehensive income is less than 2019 and as revaluations of property, plant and equipment are only carried out every three years. The last revaluation was in 2018/19 and the next revaluation will not be until the 2021/22 year.

### 34 Explanation of major variances (continued)

#### Statement of Financial Position - Council

		Actual 2020 (\$'000)	Budget 2020 (\$'000)	Actual 2019 (\$'000)	Variance to Budget 2020 (\$'000)	Variance to Actual 2019 (\$'000)
<b>Current assets</b>						
Cash and cash equivalents	1	26,505	1,693	27,270	24,812	(765)
Receivables		11,328	9,612	8,879	1,716	2,449
Prepayments		461	-	530	461	(69)
Inventories		825	933	1,056	(108)	(231)
Non-current assets held for resale		-	-	625	-	(625)
Other financial assets	2	51,193	27,694	26,880	23,499	24,313
<b>Non-current assets</b>						
Work in progress	3	5,543	-	1,596	5,543	3,947
Property, plant and equipment	3	846,839	833,121	860,151	13,718	(13,312)
Intangible assets		1,219	1,982	1,010	(763)	209
Forestry assets	4	3,618	3,039	3,156	579	462
Investment property	5	36,518	41,143	36,285	(4,625)	233
Investment in CCOs and similar entities	6	61,069	36,069	36,069	25,000	25,000
Other financial assets	2	17,222	24,220	19,458	(6,998)	(2,236)
<b>Current liabilities</b>						
Trade and other payables	7	13,937	11,088	11,956	2,849	1,981
Provisions		112	112	112	-	-
Employee benefit liabilities		2,877	2,467	2,160	410	717
Borrowings	8	50,314	40,000	25,005	10,314	25,309
Derivative financial instruments		-	92	-	(92)	-
<b>Non-current liabilities</b>						
Provisions		816	735	816	81	-
Employee benefit liabilities		1,160	1,164	1,092	(4)	68
Borrowings	8	75,200	50,700	65,200	24,500	10,000
Derivative financial instruments		3,493	865	2,460	2,628	1,033
<b>Equity</b>						
Retained earnings		366,796	379,411	375,856	(12,615)	(9,060)
Other reserves		547,635	492,872	538,308	54,763	9,327
Total variance in net assets and equity		914,431	872,283	914,164	42,148	267

### 34 Explanation of major variances (continued)



#### 2020 Variance analysis against 2020 Budget

- 1 - Cash and cash equivalents are higher than budget due to the timing of Council's redistribution of its investments resulting in some being reclassified as cash and cash equivalents.
- 2 - Other financial assets are higher than budget due to more funds being placed on term deposit than budgeted for.
- 3 - Property, plant and equipment are higher than budget due to the significantly greater capitalisation of projects in the current period than was planned. These relate to infrastructure assets. Work in Progress is projects commenced but not completed at balance date. These projects are primarily Don Street fitout, new hydroslide at Splash Palace and costs incurred regarding the Museum.
- 4 - Forestry assets are higher than budget due to the 2020 revaluation being more than anticipated. These valuations were provided by independent valuers, Margules Groome Consulting Ltd.
- 5 - Investment property is lower than budget due to the Don Street business building being revalued lower than expected.
- 6 - Investment in CCOs and similar entities is more than budget due to the increase in funding provided to ICHL for the city centre development.
- 7 - Trade and other payables are higher than budget because of larger contractor payments being accrued in June 2020 due to increased capital works spending coming out of Covid-19 lockdown.
- 8 - Total borrowings are more than budget due to further loans being drawn down for the city centre development (\$25m) and for cash cover due to Covid-19 (\$10m).

#### 2020 Variance analysis against 2019 Actuals

- 1 - Cash and cash equivalents are higher than last year due to the timing of Council's redistribution of its investments resulting in some being reclassified as cash and cash equivalents.
- 2 - Other financial assets are higher than 2019 due to more funds being placed on term deposit.
- 3 - Work in progress and Property, plant and equipment is less than 2019 because Council's spending on capital works was less than depreciation for the year.
- 4 - Forestry assets are higher than 2019 because of the annual revaluation being a positive amount. These valuations are provided by independent valuers, Margules Groome Consulting Ltd.
- 6 - Investment in CCOs and similar entities is more than 2019 because of the increase in funding provided to ICHL for the city centre development.
- 7 - Trade and other payables are higher than 2019 because of larger contractor payments being accrued in June 2020 due to increased capital works spending coming out of Covid-19 lockdown.
- 8 - Total borrowings are more than 2019 due to further loans being drawn down for the city centre development (\$25m) and for cash cover due to Covid-19 (\$10m).

The above comments have focused on major variances only.

### 35 Impact of change in accounting standards

There has been no change in accounting standards that have had an impact on the preparation of these financial

### 36 Impact of change in accounting policies

There have been no significant changes to accounting policies during the year.

## 37 Covid disclosure

On 31 December 2019 China alerted the World Health Organisation to the outbreak of a virus, now commonly referred to as COVID-19, with the outbreak declared a pandemic on 11 March 2020. The New Zealand Government declared a State of National Emergency on 25 March 2020. The next day the country was put into Alert level 4 and effectively lockdown. On 28 April 2020, the Alert Level was reduced to Level 3, and then further reduced to Level 2 on 14 May 2020. The country moved to Level 1 on 9 June 2020.

In anticipation of the evolving situation, staff maintained the Council's cash holdings and term deposits to around \$50m from our ordinary cash holding of \$35m during this period to strengthen our liquidity position going into the lockdown. This was achieved by drawing down an additional \$10m in debt plus the effect of the capital work programme being delayed by the lockdown, which occurred during our high construction period.

During Level 4 and Level 3 most staff were able to work from home either in a business as usual mode, while other staff focused on the COVID-19 response. Staff supported the work by the Civil defence group of the region. Staff also supported MSD in contacting people who may be in need during the lockdown. During Level 2, most of our business activity resumed with the required health and safety protocols in place and our staff began returning to their usual place of work. Level 1 predominantly saw a return to pre COVID-19 activity.

Work on our capital project resumed after 28 April 2020 following the move to Level 3. Council staff have worked together with our contractors to mitigate the lost time during Level 4.

Council's Water Unit worked through the lock down period to ensure repairs and maintenance on 3 waters assets were performed in a timely manner.

The lockdown and potential future impacts of COVID-19 may negatively impact residents' ability to pay rates. This could lead to a short term cashflow impact and increased rates arrears. Rates arrears could increase further. Council has adopted an additional policy for postponement of rates. This policy allows ratepayers financially impacted by COVID-19, to delay payment of up to 1 year's rates. Council staff will work with effected ratepayers to set up affordable payment plans. To date there has been little impact on our rates receipts and the response to the new remission has led to a number of ratepayers contacting Council to go onto a payment plan for their rates.

Council also incurred costs for capital works contracts as a result of the COVID-19 Level 4 lockdown and subsequent requirements for Alert Levels 3/2/1. Costs associated with COVID-19 varied with each contract, however, these costs can generally be broken into costs associated with the lockdown itself (disestablishment, reestablishment, making the site safe, and time related costs) and costs associated with the additional requirements for working in Alert Levels 3/2/1 (additional PPE, staff education, cleaning equipment, and physical distancing requirements). The costs were estimated to be less than \$100,000.

There has been an impact on the Council's achievement of its performance targets during the year. The impact on the performance targets are explained in the relevant activity sections of the annual report.

Based on the fair value assessment there was no requirement for a formal revaluation at 30 June 2020 (fair value assessment indicates that the 30 June 2020 carrying value for the portfolio is not materially different to what a formal revaluation would produce.) For the Council's infrastructure assets construction costs (replacement costs) is the key market based assumption that will influence value changes. An assessment of COVID-19 on construction costs has been undertaken and COVID-19 has not materially impacted pricing at the current time. This could change in the future depending on global and domestic events. An impairment assessment has been completed for tangible and intangible assets. The result of this assessment was that there has been no material movement in asset values resulting from COVID-19.

The Council also has an investment property portfolio that was revalued as at 30 June 2020 the valuation highlighted that there were market uncertainties that effected the valuation refer to note 16 of the financial statements for further information. Staff and Council worked to identify savings for the 2020/21 Annual Plan. Due to the COVID-19 pandemic Council revised the Annual Plan 2020/21 to keep rates increases as low as possible - from a proposed 3.5% down to 2%. This was achieved by examining the inflation expectations for the year. While little firm information was available market commentary suggested that inflation would be close to zero. Information from BERL has supported the view that inflation close to zero is a fair assumption.

Due to COVID-19 restrictions, the Council incurred costs and lost income. However there were a number of factors impacting on Council finance during the year, and prior to COVID-19 restrictions our forecasts were reflecting a position significantly better than planned. Those expectations were impacted by COVID-19 but the final result is still favourable to the Annual Plan position. To the extent that capital work was delayed by the restrictions that work will be undertaken in following years.

# Statement of Accounting Policies



## Reporting Entity

Invercargill City Council ("the Council") is a territorial local authority governed by the Local Government Act 2002.

The Council Group consists of Invercargill City Council and its subsidiaries, Invercargill City Holdings Limited (100% owned), Invercargill Venue and Events Management Limited (100% owned), Invercargill City Charitable Trust (100% owned) and Invercargill Community Recreation and Sports Trust (100% owned). The Council has two joint ventures, a joint committee being Venture Southland (42% share of the voting rights), and a joint operation being WasteNet (56% share). Council has three joint associates being Southland Regional Heritage Committee (64% share of voting rights), Emergency Management Southland (28% share of voting rights) and Southland Regional Development Agency (18.75% share of voting rights).

The Invercargill City Holdings Limited Group consists of:

- Electricity Invercargill Limited (100% owned) and its wholly owned subsidiary Pylon Limited. (Refer to page 92 for additional structure information). Electricity Invercargill Limited has a balance date of 31 March.
- Invercargill City Forests Limited (100% owned). Refer to page 94 for additional structure information.
- Invercargill Airport Limited (97% owned).
- Invercargill City Property Limited (100% owned) and its associate HWCP Management Limited (49.9% owned). (Refer to page 94 for additional structure information).

All Invercargill City Council subsidiaries and associates are incorporated in New Zealand.

The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself and the group as public benefit entities (PBE) for financial reporting purpose.

The financial statements of the Council are for the year ended 30 June 2020. The financial statements were authorised for issue by Council on 15 December 2020.

## Basis of Preparation

The financial statements of the Council have been prepared in accordance with the Tier 1 PBE accounting standards with the requirements of the LGA Part 6, Section 98 and Part 3 of Section 10 and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which includes the requirements to comply with New Zealand Generally Accepted Accountability practice (NZ GAAP) these Financial Statements have been prepared in accordance with and comply with Tier 1 PBE accounting standards. These standards are based on International Public Sector Accounting Standards (IPSAS) with amendments for the New Zealand environment.

These financial statements comply with the PBE standards.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on the going concern basis.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructure assets, investment property, biological assets and financial instruments (including derivative instruments).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$' 000) unless otherwise stated. The functional currency of the Council and Group is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Revenue and Expense.

## Subsidiaries

The Council consolidates its subsidiaries in the group financial statements all entities where the Council has the capacity to control their financing and operating policies as to obtain benefits from the activities of the entity. This power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The Council measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or presumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over the Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

## Basis of Consolidation

The method used to prepare the consolidated financial statements involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

The Council's investment in its subsidiaries are carried at deemed cost in the Council's own "parent entity" financial statements. Deemed cost is based on the net asset value of the subsidiary on conversion to NZ IFRS.

## Associates

The Council and Group accounts for investments in associates in the group financial statements using the equity methods. An associate is an entity over which the Council and Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investments in associates is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council's and Group's share of the surplus or deficit of the associates is recognised in the Council's and Group's Statement of Comprehensive Revenue and Expenses at the group level. Distributions received from associates reduce the carrying amount of the investment.

The Council's and Group's share in the associate's surplus or deficit resulting from unrealised gains on transactions between the Council and Group and its associates are eliminated.

The Council investments in associates are carried at cost in the Council's own financial statements.

## Joint Ventures

### Joint Entities

Joint ventures are those entities over which the Council and Group has joint control, established by contractual agreement. The consolidated financial statements of the Group uses the Equity method of consolidation. The Group's share of the surplus or deficit of the joint venture is recognised in the Group's Statement of Comprehensive Revenue and Expenses, from the date joint control commences until the date control ceases.

The Council's investments in joint entities are carried at cost in the Council's own financial statements.





### Joint Operations

A joint operation (WasteNet) is an operation that Council has joint control. The consolidated financial statements of the Council recognises in the Statement of Financial Position the Council's share of assets and liabilities. Council recognises in the Statement of Comprehensive Revenue and Expenses its share of revenue and expenses that it earns from the sale or provision of goods or services by the joint operation.

### Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

#### Revenue from non-exchange transactions:

##### General and targeted rates

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

##### Government grants and funding

The Council receives government grants from the New Zealand Transport Agency, which subsidises part of the Council's costs in maintaining the local roading infrastructure.

Revenues from non-exchange transactions with the Government and government agencies is recognised when the Group obtains control of the transferred asset (cash, goods, services, or property), and:

- It is probable that the economic benefits or service potential related to the asset will flow to the Group and can be measured reliably; and
- The transfer is free from conditions that require the asset to be refunded or returned to the Government if the conditions are not fulfilled.

Revenue from government grants and funding is measured at the fair value of the assets (cash, goods, services, or property) transferred over to the Group at the time of transfer.

To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only when the Group has satisfied these conditions.

New Zealand Units (NZU's) allocated by the Crown represent non-monetary government grants and are initially recognised at nil value. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These are included in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

##### Fines

Traffic and parking infringements are recognised when tickets are issued.

##### Direct Charges – subsidised

###### (i) Rendering of services – subsidised

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council or Group is considered a non-exchange transaction. This includes rendering of services where the price does not



allow the Council to fully recover the cost of providing the service (such as resource consents, building consents, water connections, dog licensing, etc.), and where the shortfall is subsidised by income from other activities, such as rates. Generally there are no conditions attached to such revenue.

Revenue from such subsidised services is recognised when the Council or Group issues the invoice or bill for the service. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council or Group has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from the Council or Group for the service) if the service is not completed.

Contributions from customers in relation to the construction of new lines for the network are accounted for as income in the year which they have been received.

#### (ii) Sale of goods – subsidised

The sale of goods at a price that is not approximately equal to the value of the goods provided by the Council or Group is considered a non-exchange transaction. This includes the sale of goods where the price does not allow the Council to fully recover the cost of producing the goods, and where the shortfall is subsidised by income from other activities such as rates.

Revenue from the sale of such subsidised goods is recognised when the Council or Group issues the invoice or bill for the goods. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the goods.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in the Council are recognised as revenue when control over the asset is obtained.

### **Revenue from exchange transactions:**

#### **Direct charges – full cost recovery**

##### (i) Rendering of other services – full cost recovery

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

##### (ii) Sale of goods – full cost recovery

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be reliably estimated and there is no continuing management involved with the goods.

#### **Interest Revenue**

Interest income is recognised using the effective interest method.

#### **Dividends**

Dividends are recognised when the right to receive payment has been established.

#### **Rental Revenue**

Rental revenue from investment property is recognised on a straight-line basis over the term of the lease.

### **Construction Contracts**

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.



Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the Statement of Comprehensive Revenue and Expenses.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

## **Borrowing Costs**

Borrowing costs are recognised as an expense in the period in which they occurred using the effective interest method.

## **Grant Expenditure**

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

## **Income Tax**

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date. Current tax and deferred tax is charged or credited to the surplus/deficit in the Statement of Comprehensive Revenue and Expenses, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

## **Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset, or assets, or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

### **Finance leases**

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

### **Operating leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

## **Inventories**

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The cost of logs harvested by group companies is the fair value less costs to sell at the time the logs are harvested which becomes the initial cost. Thereafter inventory is carried at the lower of cost and net realisable value.

The write down from cost to current replacement cost or net realisable value is recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.



## Financial Assets

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

### Financial assets at amortised cost

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

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

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

### Fair value through other comprehensive income

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

### Amortised cost

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

### Shareholdings that Invercargill City Council holds for strategic purposes

Shareholdings that Invercargill City Council holds for strategic purposes: Invercargill City Council's investments in its subsidiaries and associate companies are not included in this category as they are held at cost (as allowed by PBE IPSAS 6 (PS) Consolidated and Separate Financial Statements (Public Sector) and PBE IPSAS 7 Investments in Associates) whereas this category is to be measured at fair value.

### Impairment of Financial Assets

At each balance sheet date the Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

## Financial Instruments

### Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Loans, including loans to community organisations made by the Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the

face value and present value of expected future cash flows of the loan is recognised in the Statement of Comprehensive Revenue and Expenses as a grant.

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

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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

#### **Borrowings**

Borrowings are initially recognised at their fair value, net of any transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability at least 12 months after the balance date.

#### **Trade and other payables**

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost using the effective interest method.

#### **Accounting for derivative financial instruments and hedging activities**

The Council and Group uses derivative financial instruments to hedge exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Council and Group does not hold or issue derivative financial instruments for trading purposes.

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

#### **Cash flow hedge**

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

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

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



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

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

#### **Borrower notes**

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

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

### **Property, Plant And Equipment**

Property, plant and equipment consists of:

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

Restricted assets - Restricted assets are parks and reserves owned by the Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets - Infrastructure assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

### **Additions**

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

The cost of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

### **Disposals**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset.

Gains and losses on disposals are included in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

## Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

## Depreciation

Depreciation is provided on a straight-line and diminishing value basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Council Operational Assets	
Buildings	Depreciation Rate
Structure	1%-3% SL
Roof	1%-10% SL
Electrical	1%-10% SL
Plumbing	1%-10% SL
Internal Fitout	1%-10% SL
Plant	1%-10% SL
Library Books	Depreciation Rate
Library Books	9%-50% SL
Plant and Equipment	Depreciation Rate
Plant	1%-60% SL/DV
Motor Vehicles	Depreciation Rate
Motor Vehicles	12%-33% DV
Furniture & Fittings	Depreciation Rate
Furniture & Fittings	10%-35% SL/DV
Council Infrastructural Assets	
Roads, Bridges and Footpaths	Depreciation Rate
Total Pavement Layers	1%-3% SL
Total Roadway Assets	1.5%-6% SL
Traffic Signs	4%-14.6% SL
Street Lights	1.5%-4% SL
Other Asset	1%-25% SL/DV
Formation	0%



## Depreciation continued

Council Infrastructural Assets continued	
Stormwater Systems	Depreciation Rate
Stormwater	.5%-2.5% SL
Wastewater Systems	Depreciation Rate
Wastewater	1%-3% SL
Water	Depreciation Rate
Water	1-4% SL
Council Restricted Assets	
Buildings	Depreciation Rate
Buildings	1%-4% SL
Monuments and Statues	3%-21.6% SL/DV/NOND
Hard Surfaces and Appurtenance	1%-21.6% SL/DV/NOND
Subsidiaries	
Subsidiaries - Property, Plant and Equipment	Depreciation Rate
Buildings	1.00-19.2% SL
Furniture and Fittings	9.6%-30% DV 6%-21%SL
Plant	6%-61% SL/DV
Motor Vehicles	10%-15.6% DV
Subsidiaries - Infrastructure Asset	Depreciation Rate
Network Assets	1.4%-15% SL
Metering Assets	2.5-6.7% SL
Airport Facilities	Depreciation Rate
Carpark and Fencing	1%-21% SL
Runway, Apron and Taxiway (Base-course and sub-base)	3% SL
Top Surface (Runway)	8.3% SL
Top Surface (Apron and Taxiway)	6.7% SL
Roads, carparks and stop banks	3% SL
Subsidiaries Forestry Road Improvements	Depreciation Rate
Forestry Road Improvements	6.00% DV

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date. Council changed the depreciation rates on its revalued assets at

1 July 2019 due to the change in the useful lives of these assets. The effect of this change in the current and future periods is impractical to measure.



## Revaluation

Those asset classes that are revalued are valued on a valuation cycle as described below on the basis described below. All other asset classes are carried at depreciated historical cost.

## Valuation

All assets are valued at historic cost less accumulated depreciation and impairment costs, except the following:

- Operational land and buildings have been valued at fair value by QV.co.nz (Registered Valuers) as at 30 June 2019. Valuations are completed three yearly.
- Restricted land (excluding forestry land) and buildings have been valued at deemed cost. Deemed cost is the fair value being the current valuation at 30 June 2005. This fair value is the net current value by Quotable Value New Zealand (Registered Valuers) as at 30 June 1992.
- Library collections are valued at depreciated replacement cost as at 30 June 2019. Valuation was completed by staff of the Invercargill City Council. Valuations are completed three yearly.

Forest land is revalued to fair value and carried at valuation and is not depreciated. The fair value is determined by independent registered valuers based on the highest and best use of the land. In determining the highest and best use consideration is given as to whether the land has been registered under the New Zealand Emissions Trading Scheme and hence whether there are restrictions on the land use. Land is revalued with sufficient regularity to ensure carrying value does not differ materially from that which would be determined as fair value. It is anticipated that the Land revaluation will occur every three years, unless circumstances require otherwise. New Zealand units received from the government are recognised at cost in the financial statements, which is nil value.

Land and buildings in the 'Restricted Asset' category are subject to restrictions on either their use or disposal or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired through a bequest or donation that restricts the purpose for which the asset can be used).

### Infrastructural assets:

#### *Land under Roads*

Land under roads has been valued at deemed cost at transition to NZIFRS. Deemed cost is the fair value being the current valuation at 30 June 2005.

#### *Roads, Bridges and Footpaths*

Roads and Bridges are valued at depreciated replacement cost, being gross replacement cost less accumulated depreciation to date, based on the Current Age Profile compared to Useful Life. Valuation has been completed by staff of the Invercargill City Council and reviewed by AECOM NZ Ltd. The current valuation is as at 30 June 2019. Valuations are completed three yearly.

#### *Stormwater, Wastewater and Water Systems*

Assets are valued at depreciated replacement cost, being gross replacement cost less accumulated depreciation to date, based on the Current Age Profile compared to Useful Life. Valuation has been completed by Council staff and reviewed by AECOM NZ Ltd. The current valuation is as at 30 June 2019. Valuations are completed three yearly.

#### *Vested assets*

Certain infrastructure assets and land have been vested in the Council as part of the subdivisional consent process.

The vested reserve land has been valued at deemed cost. Deemed cost is the fair value being the current valuation at 30 June 2005. This fair value is the 2005 Beca Rating Valuation.

Vested infrastructural assets have been valued based on the actual quantities of infrastructural components vested and current "in the ground" cost of providing identical services. Unless there is a use or return condition attached to the asset.

**Network assets of Electricity Invercargill Limited:**

The electricity distribution network is valued at fair value. Fair value is determined on the basis of a periodic valuation, at a maximum of every five years based on discounted cash flow methodology.

**Accounting for revaluations**

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

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

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

The replacement costs where appropriate, reflect optimisation due to design or surplus capacity. The Council has estimated that the necessary infrastructural asset network capacity to service the Invercargill City area is 100% of the existing capacity, i.e. no surplus capacity. The valuation of these assets therefore assumes that the existing assets will be replaced with assets of similar capacity.

**Capital Work In Progress**

Work in progress includes the cost of direct materials and direct labour used in putting replacement and new systems and plant in their present location and condition. It includes accruals for the proportion of work completed at the end of the period. Capital work in progress is not depreciated.

**Intangible Assets**

Intangible assets that are acquired by the Group, which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the surplus/deficit in the Statement of Comprehensive Revenue and Expenses on a straight-line basis over the estimated useful economic lives of the intangible assets. The amortisation rates for the current period are as follows: Software 12.5 – 48% Straight Line/Diminishing Value.

**Goodwill**

Goodwill is initially measured at its cost, being the excess of the cost of the acquisition over the Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill on acquisition of subsidiaries is included in intangible assets by applying the purchase method. Goodwill on acquisition of associates is included in investments in associates by applying the equity method.

**Carbon Credits Intangible Asset**

Carbon credits intangible assets that are acquired by Council have been measured at fair value upon acquisition and subsequently revalued to fair value annually. Any revaluation gains/losses are recognised in Other Comprehensive Revenue and Expenses.

**Forestry Assets**

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

The costs to maintain the forestry assets are included in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

## Investment Property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, the Council measures all investment property at fair value as determined annually by an independent valuer.

Investment land and buildings have been valued at net realisable value by Registered Valuer, Robert Todd of Telfer Young. This valuation was as at 30 June 2020 and will be carried out on an annual basis. Any adjustment to the values has been accounted for as an increase (decrease) in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

## Impairment Of Non-Financial Assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are

reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve.

However, to the extent that an impairment loss for that class of asset was previously recognised in the Statement of Comprehensive Revenue and Expenses, a reversal of the impairment loss is also recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.



## Employee Benefits

### Short-term benefits

Employee benefits that the Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

### Long-term benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses in the period in which they arise.

### Superannuation schemes

Defined contribution schemes:

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Revenue and Expenses as incurred.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

## Provisions

The Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

## Landfill Post Closure Costs

The Council has a legal obligation under the Resource Consent to provide ongoing maintenance and monitoring services at the landfill site after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure. The discount rate applied is 7% which represents the risk free discount rate.

## Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Retained earnings
- Council reserves (includes sinking funds, special reserves and endowment reserves)
- Fair value and hedging reserves
- Asset revaluation reserves

## Goods And Services Tax (Gst)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

## Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the Long Term Plan or Annual Plan. The budget figures have been prepared in accordance with Tier 1 PBE accounting standards, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

## Cost Allocation

The Council has derived the cost of service for each significant activity of the Council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

## Critical Accounting Estimates and Assumptions

In preparing these financial statements Invercargill City Council has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the



circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### **Classification of non-financial assets as cash-generating assets or non-cash-generating assets**

For the purpose of assessing impairment indicators and impairment testing, the Group classifies nonfinancial assets as either cash-generating or noncash- generating assets. The Group classifies a nonfinancial asset if the primary objective of the asset is to generate a commercial return. All other assets are classified as non-cash-generating assets.

All property, plant and equipment and intangible assets (excluding goodwill) held by Council are classified as non-cash-generating assets, except for rental properties that are earning a market rental. This includes assets that generate fee revenue or other cash flows for Council as these cash flows are generally not sufficient to represent commercial return on the assets.

All property, plant and equipment held by Invercargill City Holdings Limited are classified as cash-generating assets as it is a for-profit entity and the primary objective of its assets is to generate commercial return.

#### **Properties**

Invercargill City Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of Invercargill City Council's social housing policy. These properties are accounted for as property, plant and equipment.

#### **Landfill Aftercare Provision**

Note 20 presents an analysis of the exposure of Invercargill City Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

#### **Infrastructural Assets**

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Invercargill City Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Income. To minimise this risk Invercargill City Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Invercargill City Council's asset management planning activities, which gives Invercargill City Council further assurance over its useful life estimates. Experienced independent valuers review the Council's infrastructural asset revaluations.

## Subsidiary critical accounting estimates and assumptions

### Invercargill Airport Limited

- Determination of the recoverable amount of assets.
- Due to the impact of COVID-19, and its impact on the economy and air travel, an impairment assessment was carried out by Peter Seed of Airbiz, an independent expert effective 30 June 2020. The following major inputs and assumptions were adopted:
- The forecast free cashflows reflect the charges determined following the 2019 aeronautical pricing consultation with airline customers.
- Expected revenues also reflect expected passenger numbers. There is uncertainty around forecast future passenger movements. The forecasts assume a significant reduction in passengers during the 2021 and 2022 financial years with a recovery back to pre-COVID-19 levels occurring in the 2023 financial year.
- The weighted average cost of capital (WACC) used ranges from 4.51% to 5.91% (average WACC rate of 5.33%) depending on the asset class.
- The assessment indicated that the value of property, plant and equipment was not impaired. The assessment is sensitive to the WACC applied. An impairment arises if the WACC for all asset classes is increased by any amount more than 1.85% (resulting average WACC of 7.17%).
- The Group's estimates of passengers, recovery and growth rates remain uncertain and dependent on a number of factors with respect to COVID-19 including restrictions on domestic travel, border controls for international travel, public demand and behaviour with respect to travel and airline scheduling. Material changes in any of these factors might have a material impact on the Group's estimates of income and cashflows used in the valuations and fair value assessments at 30 June 2020.

### Electricity Invercargill Limited Group Estimates and Assumptions.

- The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances and have been used in the following areas:
- Property, plant and equipment
- Revenue estimation - Network Charges;
- Joint arrangement classification;
- In the process of applying accounting policies, Electricity Invercargill Limited management has made the following judgements, estimates and assumptions that have the most significant impact on the amounts recognised in these financial statements.
- The Group operates extensive integrated electricity distribution networks comprising large numbers of relatively minor individual network asset components. These components are replaced over time as part of an ongoing maintenance/ refurbishment programme, consistent with the Group's approved network asset management plans. The costs associated with recording and tracking all individual components replaced and removed from the networks substantially outweigh the benefits of doing so. Management has estimated the quantities and the carrying values of components removed from the networks in each reporting period. Any errors in the estimates of such removals are corrected at the next asset revaluation, and are not considered to be material on either an annual or a cumulative basis with respect to either reported net surpluses on carrying values of the networks.
- Every five years, the Group obtains a valuation of their electricity distribution network, determined by independent valuers, in accordance with their accounting policy. The valuation of the Group's electricity distribution network was performed as at 1





April 2016. The best evidence of fair value is discounted cash flow methodology. The major assumptions used include discount rate, growth rate and future cash flows. Changes in future cash flows arising from changes in regulatory review may result in the fair value of the electricity distribution network being different from previous estimates.

- The Group invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on the basis of an estimation of usage, adjusted for the latest wash-up data available from the electricity wholesale market and certain metering data from electricity retailers. Management has made an allowance in revenue and in current assets/liabilities for any amounts which are estimated to be under/over charged during the reporting period. However, as final wash-up metering data is not available for in excess of 12 months, it is possible for the final amounts payable or receivable to vary from that calculated.

## New Standards Adopted

Council has applied the following standards for the first time for the annual reporting period commencing 1 July 2019:

- PBE IPSAS 34 – Separate Financial Statements
- PBE IPSAS 35 – Consolidated Financial Statements
- PBE IPSAS 36 – Investments in Associates and Joint Ventures
- PBE IPSAS 37 – Joint Arrangements
- PBE IPSAS 38 – Disclosure of Interests in Other Entities

### *Implementation of new and amended standards*

The New Zealand Accounting Standards Board issued these standards to incorporate the equivalent standards issued by the International Public Sector Accounting Standards Board into PBE Standards. These standards replaces PBE IPSAS 6 Consolidated and Separate Financial

Statements, IPSAS 7 Investments in Associates and PBE IPSAS 8 Interests in Joint Ventures.

The Group adopted these standards with effect from 1 July 2019. The key changes introduced by the new standards and the expected impact on the Group are as follows:

- (i) Control: The new standards introduce an amended definition of control including extensive guidance on this definition, which if applicable, results in consolidation of entities that are not owned by virtue of shareholding. The adoption of new standards has not resulted in the consolidation of additional entities.
- (ii) Investment entities: The standards introduce the concept of an “investment entity”. They exempt investment entities from consolidating controlled entities and instead require investment entities to recognise controlled entities at fair value through surplus or deficit.

These requirements do not apply to the group, as neither the council nor any of its controlled entities meet the definition of an investment entity.

- (iii) Joint arrangements: PBE IPSAS 37 introduces a new classification of joint arrangements, sets out the accounting requirements for each type of arrangement (joint operations and joint ventures), and removes the option of using the proportionate consolidation method. The group has reclassified its interests in jointly controlled entities as joint ventures under the new standards and will continue to account for these interests using the equity method of accounting.
- (iv) Disclosures of interests in other entities: The standards require PBEs to disclose information of their interests in other entities, including some additional disclosures that are not currently required under PBE IPSAS 6, 7 and 8. This will result in additional disclosures for the group regarding the group’s controlled entities, associates and joint arrangements.





### **New Standards and Interpretations Issued But Not Yet Effective**

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

- PBE IPSAS 21 – Impairment of Non-Cash Generating Assets
- PBE IPSAS 26 – Impairment of Cash Generating Assets
- PBE IPSAS 39 – Employee Benefits
- PBE FRS 48 – Service Performance Reporting

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

### **Changes in Accounting Policies**

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

# Other information

# Māori Capacity to Contribute to Decision Making



Invercargill City Council acknowledges the importance of tikanga Māori and values its relationship with both Ngāi Tahu (through the four Southland papatipu runanga) and ngā matawaka (other Māori who are not Ngāi Tahu) living within Murihiku/Southland.

## Charter of Understanding

To help promote and develop its relationship with Māori, Invercargill City Council together with six other local authorities in Southland/Otago, namely Environment Southland, Southland District Council, Gore District Council, Queenstown Lakes District Council, Clutha District Council and Otago Regional Council signed with Te Ao Mārama Inc the Charter of Understanding He Huarahi mā Ngā Uri Whakatapu - A Pathway for the Generations Coming Through.

The Charter was revised in 2015 to incorporate the wider responsibilities under the Local Government Act 2002; and underpins all dealings between the Council and Te Ao Mārama Inc. The revised document was re-signed by all the parties at Hokonui runanga marae on 7 March 2016.

The Charter of Understanding provides:

- the basis for an ongoing relationship between the seven councils and the tangata whenua of Murihiku to assist in developing the capacity of Māori to contribute to decision-making processes;
- a foundation for consultation on a wide range of local government issues;
- for the recognition and willingness of Te Ao Mārama Inc to assist all councils in consultation with all ngā matawaka living in Murihiku. This is important in terms of Māori contribution to decision-making in the Southland region, particularly as the Local Government Act responsibilities of the Council in relation to Māori are with all Māori, not solely the local Iwi.

Te Roopu Taiao is the collaborative structure put in place for the purposes of giving effect to the Charter of Understanding and the obligations of the parties to the charter. Senior Councillors and Council staff involved in resource management regularly attend Te Roopu Taiao meetings.

Consistent with the changes to the Charter referred to above, Te Roopu Taiao includes ngā matawaka (other Māori who are not Ngāi Tahu) representatives; and meetings are usually held quarterly.

## Fostering Maori Capacity

Māori capacity was enhanced by consultation and discussion on the following in 2019/20:

- Regular liaison meetings between Te Ao Mārama Inc managers and Council's Executive Leadership Team.
- Resource Consent Applications.

Council also:

- Maintained existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties.
- Maintained our commitment to ongoing funding of Te Ao Mārama Inc.

# Collaboration across Councils

## – Shared Services



Council fully participates in relevant shared service arrangements via the Southland Triennial Agreement and a Memorandum of Understanding with the other local authorities locally and nationally. There is better value obtained through those services than trying to undertake the work on our own. The following are examples of some of those collaborations.

### Building Control

Four southern territorial authorities continue to work closely together on building control matters in terms of both information sharing and staff exchanges to support each other at busy times.

Invercargill City Council (ICC), Gore District Council (GDC) and Southland District Council (SDC) with Clutha District Council (CDC) have developed a combined process and quality manual as well as shared regulation forms, which all four councils have adopted.

The shared manual and forms standardise the consent processing methodology and quality assurance processes and has been the subject of formal IANZ reaccreditation reviews with all four councils. IANZ has complimented the shared manual approach and has referred several other building consent authorities to seek a copy of the manual.

The subsequent step was consideration of a shared approach to building consent fees across the councils, which is being considered as part of the Southland Regional Development Strategy Ease of Doing Business work.

### Emergency Management

Emergency Management Southland (EMS) is a shared service between Invercargill City Council, Southland District Council, Environment Southland and Gore District Council. It focuses on ensuring resilience in communities by preparing for emergencies and ensuring communities are able to respond to and recover from these when they do happen. Specific actions include public education and ensuring a pool of trained personnel.

During 2019/20 EMS managed two major emergencies – flooding, which affected the wider Southland region, and COVID-19.

### Information Technology

The IT Shared Services Operations Sub-Committee has over the past 12 months undertaken some activities that will align the operations of member councils and the ability to provide a more collaborative platform moving forward.

Shared Services initiatives that were completed during the past year were:

- a shared review of backup and disaster recovery capabilities. This resulted in running a joint Request for Proposal to identify a suitable service which fulfilled the requirement to improve member councils' business continuity capability. The Request for Proposal was largely performed during the COVID-19 lockdown, benefiting from the ability to work remotely during this time;
- discussion has continued around a shared Geographic Information System portal to provide a comprehensive graphical view of member councils' information;
- member councils supported each other during the COVID-19 lockdown period to ensure high availability of networks and services to enable staff members to work effectively from remote locations;
- worked on closer alignment of services. Southland District Council was integrating with Environment Southland on a solicitor web portal to provide a single source for property rating information.

## Iwi Liaison

All four Southland councils have continued to fund and support Te Ao Mārama Inc, the agency approved by Te Runanga o Ngāi Tahu to act on iwi liaison matters in Murihiku/Southland under the Resource Management Act 1991 and the Local Government Act 2002. Since its inception, Queenstown Lakes District Council, Otago Regional Council and Clutha District Council have also joined supporting Te Ao Mārama Inc.

The four papatipu rūnanga and the participant councils continue to meet quarterly at the Te Roopū Taiao hui, which provides for excellent partnership and exchange of information. The key focus is to give these meetings more of a strategic focus and less focus on day to day operational/retrospective reporting back. There is a potential change (which will become clearer during the 2020/21 year) to the membership of Te Ao Mārama being considered with one of the rūnanga stepping out of the structure in order to manage its own resource management involvements directly with the local authority it is situated within.

## SouthLib Library Consortium

The consortium came together to share a range of services during 2014/15 and these originally included the Symphony Library Management system, which allowed access to the complete catalogues of Dunedin, Invercargill, Queenstown Lakes, Central Otago and Southland District Libraries for all residents.

Differing demands by various councils saw a very amiable split from this in 2016/17 although most consortium members still use the symphony management system. Dunedin City, Central Otago and Queenstown Lakes Districts and Southland District have joined the national consortium, Kōtuiti, which provides enhanced support, searching and ongoing enhancements.

A range of other opportunities are also being explored between the districts and these include integrated holiday and reading programmes, requests and holds able to be placed across boundaries and the possibility of staff exchanges. Purchase of large print, audio, e-book and e-audio collections have long been shared by the consortium and these collections are exchanged, or made available, to all members. Authors visits are co-ordinated to minimise costs/travel and accommodation.

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

Training and professional development is at the forefront of SouthLib activities, as this reduces costs, allows access to national and international speakers and offers benchmarking opportunities, which would possibly be outside the scope of a single authority. This also allows for networking and a spirit of collegiality for staff who often work in isolation.

## Regional Development

In October 2015, the Southland Mayoral Forum published the Southland Regional Development Strategy. The major goal of the Strategy and its subsequent Action Plan is to increase the Southland population by 10,000 more people by 2025, through creating more jobs and taking up more development opportunities. The Southland Regional Development Agency (branded as "Great South") which integrates the former Venture Southland, was formed and directors appointed taking effect as of 1 July 2019.

Great South is a council-controlled organisation with a broad range of shareholders helping to drive regional growth including the Invercargill City Council, Southland

District Council, Gore District Council, Environment Southland, Invercargill Licensing Trust, Maitauro Licensing Trust, Southland Chamber of Commerce and the Southern Institute of Technology. Great South also has the support of Community Trust South who is a member of the shareholder committee.

The Southland Regional Development Agency Ltd (Great South) provides regional development, business development, regional events, tourism development and regional wellbeing activities for Southland on behalf of its shareholders. Invercargill City Council owns 18.5% of shares. 2019/20 was the first year of operation, following the winding up of Venture Southland.

Great South has four long-term goals:

- 1. Grow the population
- 2. Diversify the economy
- 3. Grow innovative businesses
- 4. Build a skilled workforce

Future Challenges			
Water and Land Plan implementation and monitoring	Adapting to impacts of climate change	Implementation of Te Mana o te Wai	Direct involvement in Council decision-making





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