

# Corporate Services Activity Plan

## Preface

The Activity Plan demonstrates responsible management of the function on behalf of ratepayers and stakeholders and assists with the achievement of community outcomes and statutory compliance. The Activity Plan combines management, financial, and technical practices to ensure that the level of service required by the law and expected by the Community is provided in the most operationally effective and sustainable manner.

The target audience for this Activity Plan document is Council staff, Councillors and the community. The appendices provide more in-depth information for the management of the activity and are therefore targeted at the Activity Managers. The entire document is available within the public domain.

This Activity Plan is based on existing levels of service, currently available information, and the existing knowledge / judgement of the Council staff. Among other things, this Plan supports and justifies the financial forecasts and the objectives laid out in the Long-term Plan. It also provides a guide for the preparation of each Annual Plan and other forward work programmes.

# 1. What we deliver

## What the activity is

The purpose of this Plan is to outline and to summarise in one place, the Council's strategic approach for the delivery of the Corporate Services Activity, which covers a number of key areas:

- **Chief Executive's Office** (exc. Governance and Strategy and Policy, which are in Democratic Processes)
- **Archives and Records** - trains and supports staff in the creation and maintenance of council records. They manage Council's electronic document management system Objective (also known as Burt), prepare records that are no longer 'active' for archiving or disposal, and also provides the mailroom function for Council. Council's purpose built archive facility adjoins the Invercargill Public Library in Dee Street. The Archive is home to not only Council's archives but also the Southland Community's historically important documents, photographs and school records.
- **Communications** - The communications team provides strategic and operational support, advice and assistance to ensure any ICC project or ongoing work is professionally and appropriately communicated to the targeted audience. The team manages the production of public information across all media channels including advertisements. It is responsible for the Council's website (internet and intranet) and social media pages. The team provides graphic design services, promotional and public relations advice across the organisation. It provides support and guidance for organising and managing events. It provides advice and guidance on the use of the ICC brand.
- **Customer services** - responsible for Council front Counter operation and cashiering. This department is also responsible for the Bluff service centre.
- **Finance** - The Accounting Services team provides financial business partnering assistance to all council departments as well as managing the Council's treasury portfolio and reporting. Some of the responsibilities of the Accounting Services team include:
  - Preparing the Long Term Plan, Annual Plan and Annual Report
  - Managing the Council's borrowing, investment and banking requirements
  - Preparing budgets, end of year reports, bank reconciliations, fixed asset register maintenance, payment of Goods and Services Tax (GST) and Fringe Benefit Tax (FBT)
  - Preparing monthly management financial reports for Council departments and Council subsidiaries
  - Administers Council's Insurance portfolio, including claims lodged
  - Administers the Clean Air Loan scheme.
- **Processing** - provides a number of centralised, daily financial and administrative duties. Some of the responsibilities of the Processing team include:
  - Processing and reconciling of Accounts Payable and Accounts Receivable
  - Credit Control for any overdue debts
  - Collecting and administering rates from the owners of all properties in Invercargill
  - Processing Rates Rebates for ratepayers on lower incomes
  - Valuations – Keeping property valuations up to date, processing notice of sale documents, setting up subdivisions/amalgamations in our property systems

- Uploading information between our receipting system and our financial system
- **Information Systems** - manage all of Council's IT environment, including the support and maintenance of current systems and implementation of new services. The team support all staff members in their use of their Council computer, applications and mobile devices.
- **People and Capability** - delivering fundamental services related to employment, recruitment, performance and development plans, health and safety, training, leave, and remuneration. This also includes Payroll.
- **Procurement** - purchasing activities, including raising purchase order requests, organising stationery, keeping a register of cell phones and arranging all flights, accommodation, rental cars and taxis for Council related travel.
- **Quality Assurance**

These departments were previously allocated to other Council activity plans. Separating them into their own activity plan provides transparency and accountability.

### Community outcomes

The contributions of these activities support the Council in their work to achieve the key community outcomes of enhancing our city, preserving its character and embracing innovation and change.

**Table 1**

Community Outcomes

| <b>Community Outcomes</b>  |  |  |
|--|--|--|
| <b>Enhance our City</b>  | <b>Preserve its Character</b>  | <b>Embrace Innovation and Change</b>   |
| We will know success when:   |  |  |
| Invercargill's population is over 1.2% of the New Zealand population                   | Invercargill is celebrated for preserving its heritage character   | Invercargill's culture is embraced through community projects  |
| New residents feel welcomed and embraced by Invercargill culture                       | Ease of access throughout the City is maintained   | The development of future industry is encouraged   |
| Healthy and active residents utilise space (including green space) throughout the City | Our natural and existing points of difference are celebrated   | Technology is utilised in both existing and new City services  |
| Invercargill's economy continues to grow and diversify                                 | The building blocks (including water, sanitation and roading) for a safe, friendly City is provided for all members of the community | Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences |
| Invercargill's business areas are bustling with people, activities and culture         | Strong, collaborative leadership of the City is demonstrated   | Invercargill has the 'wow factor' with the right facilities and events to enjoy                      |

## 2. How we determine what we do

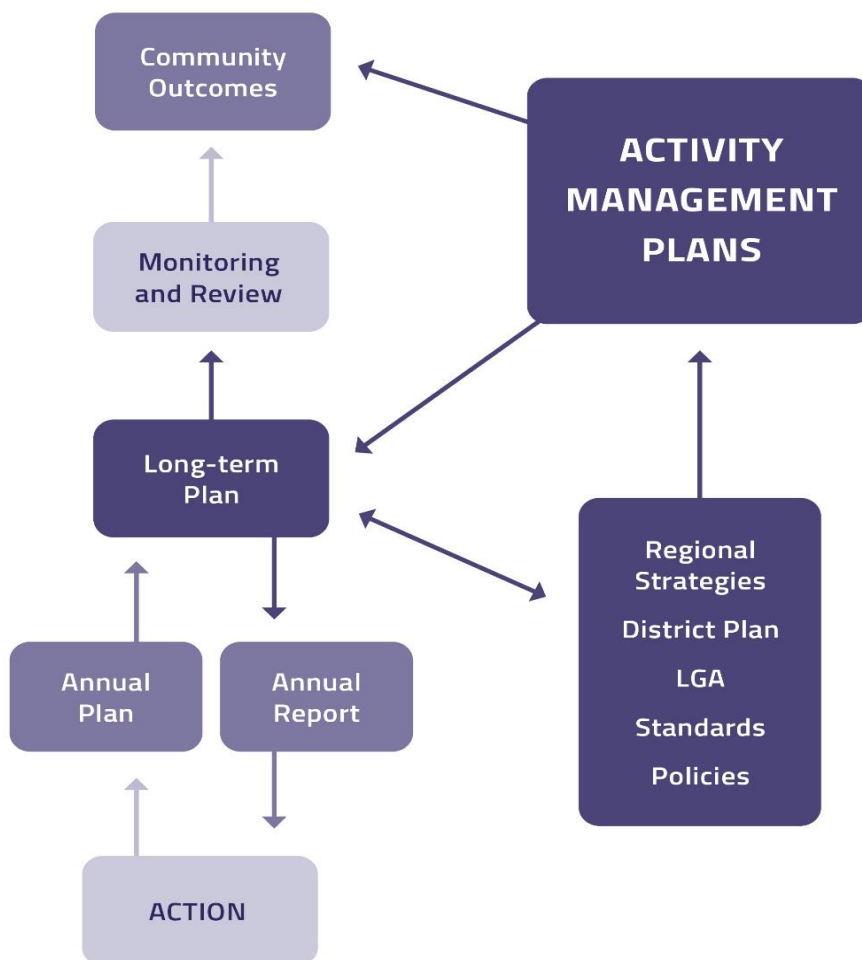
### Our Strategic Framework

Activity Management Plans underpin the activities in the Long Term Plan, they record the current and desired Levels of Service and Maintenance, Capital Works Programmes and budgets (if applicable) required to ensure the activity meets the desired Levels of Service.

Adoption of the budgets for these programmes is carried out through the Long Term Plan process. Changes to budgets for programmes may occur during the consultation process and adoption of Long Term Plan budgets.



## Activity Management Plan Strategic Framework



### 3. What we're planning

#### The assumptions we've made

The assumptions for the Long-term Plan show that Council is expecting steady population increase at 1%. This will cause a steady but manageable increase in demand for corporate services which support the rest of the organization.

No amalgamation is expected for the life of the plan but if amalgamation does occur, this would have significant impact on corporate services.

A full list of assumptions can be found online.

| Population             |  |                    |   |   |
|------------------------|--|--------------------|---|---|
|                        | Assumption   | Level of certainty | Impact of uncertainty   | Council response  |
| Significant Assumption | <p><b>Population growth</b><br/>At 30 June 2020, the estimated population of Invercargill was approximately 57,100<sup>12</sup>.</p> <p>The population growth for Invercargill is around 1%<sup>3</sup>. This rate has been observed during eight of approximately the past twelve years, making it a reasonable assumption for the current plan.</p> <p>Based on a 1% growth assumption, the expected population for 2031 is estimated to be around 62,810.</p> <p>Covid-19 might significantly change the previous growth forecasts for Council. Population growth is expected to be minimal in the short term as a result of Covid-19 limiting the ability of students and migrant workers to travel, along with continued aging of the population.</p> | Medium             | <p>Council is not planning for a major change in population during the life of the current plan.</p> <p>There are multiple uncertainties related to population growth in Invercargill:</p> <ul style="list-style-type: none"> <li>• While International students currently in New Zealand are able to return to SIT for study, the number of EFTS<sup>4</sup> to date for 2021 is only 337. This is compared to 775 in 2020.</li> <li>• Riding out recession impacts of Covid-19 Alert Levels 4 and 3</li> <li>• Proposed Tiwai Aluminium Smelter closure</li> <li>• Mid-range population forecast but noting underlying increase in population that has already surpassed StatsNZ estimates</li> </ul> | <p>The critical infrastructure and resources that Council provides were designed for a city with a population larger than we are now. Council has appropriate infrastructure and resources to service our population without significant financial impact as we have plenty of room to grow.</p> <p>This is in line with the higher forecast of the Southland Regional Development Strategy.</p> <p>Council will continue to monitor change in population growth during the life of the current long term plan to prepare for/respond to any significant changes realised from the multiple uncertainties identified.</p> |

<sup>1</sup> [Subnational population estimates \(TA, SA2\), by age and sex, at 30 June 1996-2020 \(2020 boundaries\) \(stats.govt.nz\)](https://www.stats.govt.nz/subnational-population-estimates-ta-sa2-by-age-and-sex-at-30-june-1996-2020-2020-boundaries)

<sup>2</sup> [Stats NZ Overview of data quality ratings, interim coverage and response rates, and data sources for 2018 census](https://www.stats.govt.nz/data-quality-overview)

<sup>3</sup> As above.

<sup>4</sup> EFTS – Equivalent Full Time Student

|                        |  |        |   |  |
|------------------------|--|--------|---|--|
| Significant Assumption | <b>Diversity</b><br>The population will continue to become more diverse. The Maori population will grow from 17% to 19% <sup>5</sup> . The Asian population will grow from 6% to 9% <sup>6</sup> .   | Medium | Interruptions to travel may affect international migration although it is not expected to effect this assumption significantly. Impact of uncertainty is low. | Council continues to explore new ways of engaging and ensures a balanced sample in customer research to ensure it understands changing needs and expectations.         |
| Significant Assumption | <b>Ageing population</b><br>Those aged 65 and older will form 23% of the population in 2031, which is higher than the current aged population in 2020 <sup>7</sup> (estimated at 10,000 of 57,100, or 17.51%) <sup>8</sup> .                 | High   | The pattern of aging in the population is a long-term trend which is not expected to be disrupted.  | The needs of older people and younger people are different from those in the working age and Council will continue to consider the needs of all users of its services. |
| Significant Assumption | <b>Households</b><br>The number of households will increase as the population ages.<br><br>The size of households will decrease slightly and may vary between 2.35 and 2.25 people over the time of the infrastructure strategy <sup>9</sup> | Medium | The impact of a potential decline in numbers of students and migrant workers on demand for housing is uncertain.  | Council's infrastructure has sufficient capacity to accommodate the potential increase in population and/or demand.  |

<sup>5</sup> Growth in line with NZ stats estimate of 2% growth in the Southland region (NZ. Stats, population projections)

<sup>6</sup> Growth in line with NZ stats estimate of 3% growth in the Southland region (NZ. Stats, population projections)

<sup>7</sup> NZ Census Area unit forecast

<sup>8</sup> [Subnational population estimates \(TA, subdivision\), by age and sex, at 30 June 2018-20 \(2020 boundaries\)](#)

<sup>9</sup> To calculate the projected average occupancy rates we took past and projected population data from Statistics New Zealand and cross referenced this to past and projected number of households. The average occupancy is the total population divided by the total occupied households.

| <b>Economy</b>         |  |                    |   |  |
|------------------------|--|--------------------|---|--|
|                        | Assumption   | Level of certainty | Impact of uncertainty   | Council response   |
| Significant Assumption | <p><b>COVID-19</b><br/>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.</p> | Medium             | To date there has been little impact on our rates receipts and the response to the new rates postponement and remission policy has led to a number of ratepayers contacting Council to go onto a payment plan for their rates.  | Council has adopted an additional policy for postponement and remission 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 affected ratepayers to set up affordable payment plans. |
| Significant Assumption | <p><b>Economy</b><br/>A recessionary period is expected for the first five years of the LTP and longer-term structural changes to the economy beyond this time. This will lead to higher unemployment and lower GDP.<sup>10</sup></p>                      | Medium             | The shape of the recession (u or v) is as yet unknown. The relative impact across regions, based on industries impacted most by COVID-19, as well as potential impacts of proposed Tiwai closure and SIT becoming a subsidiary of Te Pūkenga needs to be better understood by Council in order to reduce this uncertainty. Significant errors in this area could have a significant impact on Councils budgets over the forecast period <sup>11</sup> . | <p>Council will focus on efficiency savings. Investment will only be made in activities which can be serviced.</p> <p>Council will continue to review its work programme and priorities as the level of uncertainty reduces.</p>   |
| Significant Assumption | <p><b>Community funding</b><br/>Council can expect to see increased funding applications from groups as a</p>  | Medium             | The immediate impact of Covid-19 has been seen in the local community, with reduced funding   | Council acknowledges the potential community expectation that Council will be  |

<sup>10</sup> BERL Local Government Cost Adjustor Forecasts – Three Scenarios Reference No: #6109

<sup>11</sup><https://www.infometrics.co.nz/industry-concentrations-and-the-fall-of-think-big/> ; <https://www.infometrics.co.nz/examining-the-nz-industries-hit-hardest-by-the-covid-19-pandemic/> ; BERL Local Government Cost Adjustor Forecasts – Three Scenarios Reference No: #6109



|                        |   |        |  |  |
|------------------------|---|--------|--|--|
|                        | result of Covid-19 and its impact on Community Trust of Southland and Invercargill Licencing Trust's ability to fund.   |        | available from major community funders including the Community Trust of Southland and Invercargill Licencing Trust and Foundation.   | positioned to distribute grants to fund community wellbeing related activities.  |
| Significant Assumption | <b>Economic diversification</b><br>Volatility in the global economy may affect one or more of Invercargill's key export industries. This will drive diversification but will slow growth. There may be a delayed effect through the risk of impacted industries abandoning properties.  | Medium | The relative impact needs to be better understood by Council to reduce uncertainty, as significant errors could have a significant impact on Council budgets over the forecast period <sup>12</sup> . This may directly impact rates and ability of Council to fund projects.  | Council will continue to monitor changes in the global markets.  |
| Activity Report Level  | <b>Central Business District</b><br>Following a period of static activity until 2023 when the City Block development is complete, the CBD will become more vibrant and have increased connectivity.<br><br>Council will work in collaboration with others to enable strategic activities and initiatives to support the success of the CBD. | High   | The city centre is at the centre of Council's vision. As with any major investment of this type there is a level of uncertainty as to the impact of the development on future use patterns within the city. If the development does not succeed in drawing people to the city centre it will have an impact on Council strategy. | Council strategic activities and economic development activities delivered through Great South will align to support the success of the city centre projects<br><br>Streetscape works will be designed to support connectivity to the city centre. Council will need to plan for the structural change this is anticipated to involve.<br><br>Council has support for heritage buildings through the Regional Heritage Strategy and associated funds to support businesses managing high costs of older buildings. |
| Significant Assumption | <b>Tourism</b><br>Tourism numbers will slowly increase, returning to 2019 levels by 2031.   | Low    | The tourism sector is the hardest hit in the economy and is not expected to fully recover out to 2030.   | Council expects some impact, but tourism is not a major proportion of Invercargill's GDP so the effect is expected to be relatively minor.   |

<sup>12</sup> <https://www.infometrics.co.nz/industry-concentrations-and-the-fall-of-think-big/> and <https://www.infometrics.co.nz/examining-the-nz-industries-hit-hardest-by-the-covid-19-pandemic/>

|                        |  |     |   |  |
|------------------------|--|-----|---|--|
|                        |  |     | This may have an impact on the Airport and other infrastructure needs that may or may not be required in short term as tourist numbers reduce.  |  |
| Significant Assumption | <b>International education</b><br>The numbers of International students studying at the Southern Institute of Technology will slowly increase back to 2019 levels by 2031. | Low | Students are an important part of the economy, creating significant demand. The impact on retail, hospitality and housing could be significant. | Council is working with Great South on economic development. |

| Social and cultural                      |   |                    |  |   |
|--|---|--------------------|--|---|
|  | Assumption  | Level of certainty | Impact of uncertainty  | Council response  |
| Activity Level                           | <p><b>Māori culture</b><br/>Māori culture will become more visible in the city.</p>   | Medium             | Increased awareness of the need to recognise Maori culture and tikanga (methodology), with a particular focus on partnership, participation and protection.  | Council will invest more in Maori engagement to ensure strategic projects reflect Maori culture in the city.  |
| Activity Level<br>Significant Assumption | <p><b>Socio-economic</b><br/>The impact of COVID-19 is yet to be realised, and there may be changes in Invercargill's socio-economic patterns over time.</p> <p>Māori have been disproportionately affected by the economic crisis brought about by the COVID-19 containment measures, and it is expected to continue to play out over the ten year recovery period.<sup>13</sup></p> | Medium             | <p>With GDP softening the long range economic outlook will hinge largely on the ability for the current and successive governments to provide economic stimulus.</p> <p>This may have an impact on Council activities that rely on users discretionary spend for revenue</p> | Council acknowledges the potential community expectation that Council will be positioned to distribute grants to fund community wellbeing related activities. |

<sup>13</sup> BERL (July 2020). Economic Scenarios to 2030. The post-COVID-19 scene.

| Resilience                 |   |                    |  |  |
|----------------------------|---|--------------------|--|--|
|                            | Assumption  | Level of certainty | Impact of uncertainty  | Council response   |
| Significant Assumption     | <b>Community wellbeing</b><br>The COVID-19 response measures will have long term impacts on the wellbeing of communities, requiring a long term perspective response.   | Medium             | The situation is evolving and will continue to be monitored.   | Council has tasked Great South, the regional development agency, to focus on resilience and economic diversification. A Community Wellbeing Fund has been established. |
| Asset/ Activity Plan level | <b>Community resilience</b><br>The amalgamation of Southern Institute of Technology with Te Pūkenga, and the potential loss of zero fees advantage, will have an uncertain long-term effect on Invercargill's population and economy. | Medium             | The effects of COVID-19 on immigration will impact student numbers in the short to medium term.<br><br>The risk of losing the zero fees advantage could have an impact on our growth strategy. | Council funds Great South to promote the region and continues to monitor and plan for the impact.  |
| Asset/ Activity Plan level | <b>Community resilience</b><br>Tiwai Point Aluminium Smelter will continue to operate until 31 December 2024.   | Medium             | A transition plan will be developed to prepare for the eventual closure. It is not yet clear where and how the impact will be felt in the community.   | Council is working with the Just Transition team and Great South on economic diversification.  |
| Significant Assumption     | <b>Natural disaster</b><br>No natural disaster is expected to impact the City during the life of the plan.  | Medium             | The impacts of a disaster will be assessed at the time and an appropriate response prepared.<br><br>Infrastructure renewals are undertaken using resilient design practices.                   | Council has a focus on resilience. Council continues to support and invest in Emergency Management Southland.  |

### Environment – Climate Change

Climate change impacts will vary across regions in Southland. The following is a summary of impacts taken from the *Southland climate change impact assessment, August 2018* report.

|             | Assumption  | Level of certainty | Impact of uncertainty   | Management response  |
|-------------|---|--------------------|---|--|
| Significant | <p><b>Mean annual and extreme temperatures</b> (days where temp. exceeds 25°C) are expected to increase with time:<br/>                     By 2040: mean annual temperature increase of 0.5-1°C with 0-10 more hot days per annum.<br/>                     By 2090: mean annual temperature increase of 0.7-3°C, with 5-55 more hot days per annum.</p> | High               | <p>Water - Longer period of drought may result in increased demand, whilst flood events create turbidity and increase the cost to treat for consumption.</p> <p>Flood Banks – increased temperature results in more extreme weather events, with a corresponding increase in height and frequency of storm surges.</p>  | A planned pathway for the review of these assumptions and the impacts will minimise large impacts upon activities. |
| Significant | <p><b>Annual rainfall</b> is expected to increase:<br/>                     By 2040: +0-10%<br/>                     By 2090: +5-20%<br/>                     Increased frequency of high rainfall days, i.e. increase in intensity of rainfall.</p>  | High               | <p>Roading - increased frequency and intensity of rainfall may require extra drainage works in the road network that may alter long-term maintenance costs</p> <p>Stormwater – increased frequency and intensity of rainfall events resulting in increased demand on the network.</p> <p>Wastewater - Increased frequency and intensity of rainfall events results in infiltration and inflows that increase volumes to be treated.</p> | A planned pathway for the review of these assumptions and the impacts will minimise large impacts upon activities. |
| Significant | <p><b>Mean sea level</b> is expected to rise.<br/>                     By 2040: 0.2-0.3 m<br/>                     By 2090: 0.4-0.9 m</p>   | High               | <p>Errors in modelling will have significant impact on capital works programme required</p> <p>Stormwater – increased tailwater levels require consideration for outfall design.</p>  | A planned pathway for the review of these assumptions and the impacts will minimise large impacts upon activities. |

|  |  |  |  |  |
|--|--|--|--|--|
|  |  |  | Flood Banks – Renewals need to consider increased sea level during design life.<br>Sewerage – Clifton outfall may need to be pumped long term. |  |
|--|--|--|--|--|

| Council operations                                 |  |                    |  |   |
|--|--|--------------------|--|---|
|  | Assumption   | Level of certainty | Impact of uncertainty  | Council response  |
| Significant Assumption                             | <b>Council services and structure</b><br>Council is planning for the current structure to deliver the current set of services, with the exception of water and sewerage.   | Medium             | If amalgamation does occur, costs to the ratepayer will remain the same, although revenue and financing will be done by a different operator.  | Council will proactively engage with neighbouring authorities and central government to ensure that the best result is achieved from any amalgamation.  |
| Asset/Activity Level                               | <b>Water Reform</b><br>As a result of the Central Government directed Waters Reform, it is assumed there will be a change in water reticulation and sewerage delivery services within the life of the plan. This will result in a structural change for Council in relation to the ownership of assets and associated debt capacity.<br>The services will continue to be delivered, but these will be provided by another party.<br><br>This will include increased regulatory requirements as required by the new regulatory authority. | High               | The services will continue to be delivered but these will be provided by another party.<br><br>This will be managed in line with Government best practice, and will remain within the Council financial and 10-year assumptions. | Council will assess proposed reform options when Central Government has provided their final recommendations to Local Government entities.<br><br>Council will proactively engage with neighbouring authorities and central government to ensure that the best result is achieved from any reforms.<br><br>Council is incorporating management of this potential outcome through planning for management of debt. |
| Asset/Activity Level<br><br>Significant Assumption | <b>Legislative changes</b><br>There will be changes to legislation that have an impact on how Council will provide services. These changes may affect the Council organizational structure but not change the level of service received by the customer/ratepayer.   | High               | Changes may affect the Council organizational structure but not change the level of service received by the customer/ratepayer.  | Management will continue to engage with Government and plan for changes in services in response to policy and regulation changes as these arise.  |

|  |  |        |  |   |
|--|--|--------|--|---|
| Asset/Activity Level                               | <b>Consents</b><br>Council will continue to carry out legislation-directed ordinary functions while factoring in an increase to required quality for consent conditions.   | Medium | If unexpected consent conditions are imposed there may be unexpected costs to compliance.  | Council will work with the Regional Council early to minimise the risk of unexpected consent conditions.<br><br>The cost of obtaining consents, knowing environmental standards are increasing, will be built into activities.                            |
| Asset/Activity Level                               | <b>The Funding Assistance Rate</b> (as advised from Waka Kotahi NZTA) will reduce by 1% each year until reaching 51% funding assistance in the 2023/2024 and then remain at 51% for the life of the plan.  | High   | Increase in demand on rate funding for roading activities, including the forecast NZTA portion of the city centre streetscape project.       | Continue to engage with NZTA on funding assistance.   |
| Asset/Activity Level<br><br>Significant Assumption | <b>Asset life</b><br>Assets will remain useful until the end of their average useful life, assuming asset average life expectancy assumptions are correct. <sup>14</sup><br><br>Infrastructure installed in the 1920s are nearing the end of their lives and require renewal within the term of the Infrastructure Strategy. | High   | Assets may need renewal earlier if this assumption is incorrect and change the renewal profile. Or may allow delayed renewal in other cases. | Review the appropriateness of assets at the time of renewal including, where appropriate, whole of life cycle assessment.<br><br>Increase knowledge of asset conditions to better predict the average use of life if assumptions are lower than expected. |
| Asset/Activity Level<br><br>Significant Assumption | <b>Investment property and Forestry</b><br>Investment Property and Forestry Assets are valued on a yearly basis. They are expected to increase in line with inflation. This is reflected in our Financial Strategy, and Accounting policies.   | High   | Variation in valuations have no cash flow implications for Council.  | Continue to value Investment Property and Forestry assets on an annual basis.   |

<sup>14</sup> Council will use national standards is asset revaluation.



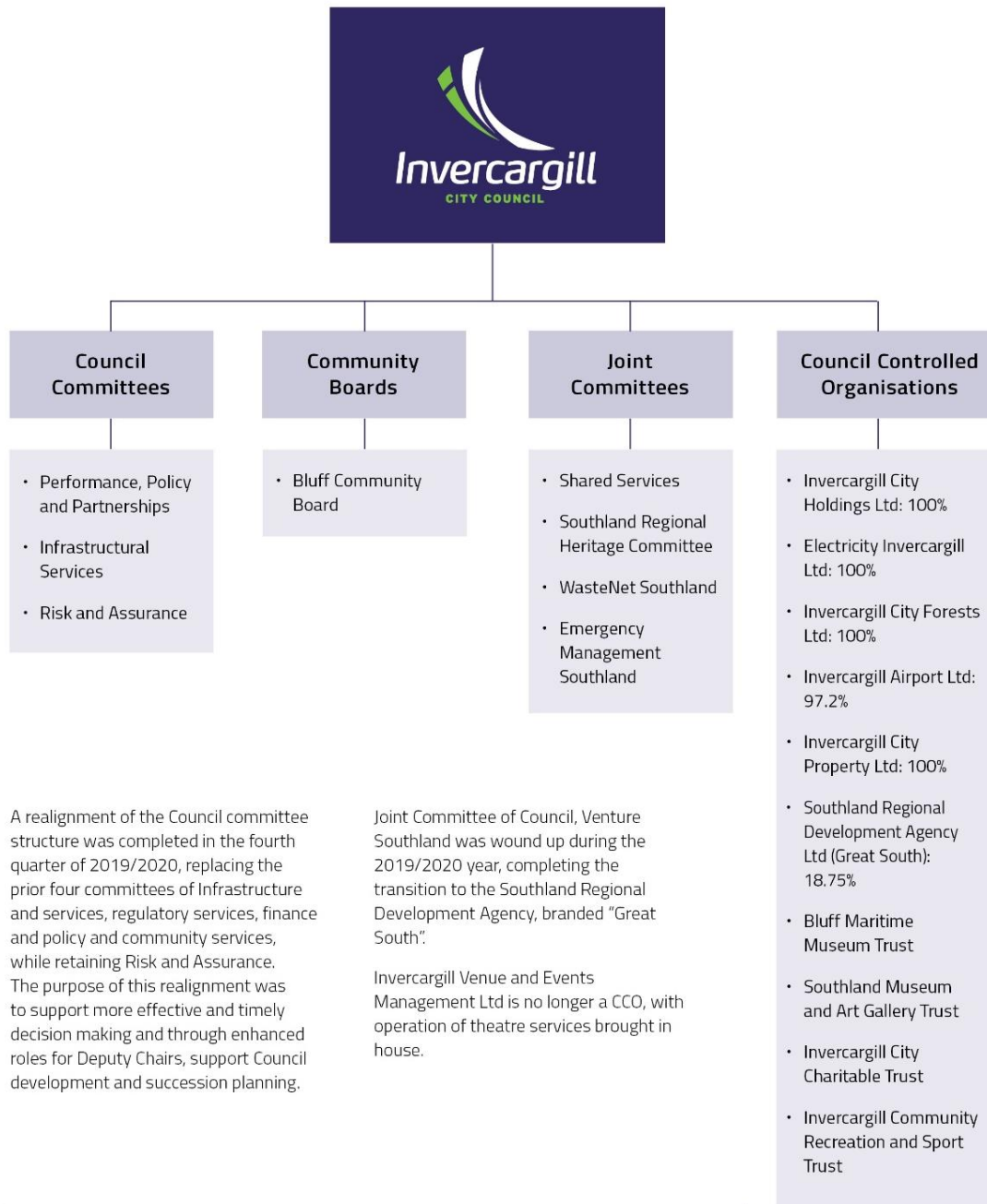
|                             |   |             |  |  |
|-----------------------------|---|-------------|--|--|
| <p>Asset/Activity Level</p> | <p><b>Capital programme delivery</b><br/> Implementation of a Project Management Office will increase effectiveness of delivery of the capital programme over the Long-term Plan. 75% of the capital programme will be delivered In Year 1, 80% in Year 2, 85% in Year 3.</p> | <p>High</p> | <p>It may take longer to implement the Project Management Office than expected, including as a result of challenges in attracting qualified personnel. Availability of contractors may have a greater impact than expected. Delay in the programme will result in higher costs as a result of inflation.</p> | <p>Active management of project processes, including engaging consultants as required, active and early engagement with contractors. Management of the programme rather than individual projects will enable contractor availability as well as funding levels to be actively managed. The financial risk of higher levels of delivery than expected across multiple areas will be monitored. Any impact of delayed capital expenditure on renewals on maintenance budgets will be actively managed.</p> |
|-----------------------------|---|-------------|--|--|

| <b>Financial forecasting</b> |   |                           |   |   |
|------------------------------|---|---------------------------|---|---|
|                              | <b>Assumption</b>   | <b>Level of certainty</b> | <b>Impact of uncertainty</b>  | <b>Council response</b>   |
| Significant Assumption       | <b>Inflation</b><br>Operational forecasts and capital work programmes will increase by the accumulated Local Government Cost Index inflation forecast by BERL.  | Medium                    | Cost change factors are based on information developed for Council's by Business and Economic Research Limited (BERL). Significant variations to inflation would have an impact on Council's financial management.  | Council will continue on the planned pathway for the Capital Works programme and review operational revenue & expenses each year.   |
| Significant Assumption       | <b>Asset revaluation</b><br>Asset values will increase by the accumulated Local Government Cost Index inflation forecast be BERL on the last valuation value. Revaluation occurs in 2021/22 and every third year therefore. | Medium                    | Changes in the valuation or life of Council assets may have a significant impact on Council's financial management and capital programme.   | Council will continue on the planned pathway for the Capital Works programme and monitor with after each revaluation cycle.   |
| Activity Report Level        | <b>Interest rates - Borrowing</b><br>Expected interest rates on borrowing will be 2.5%.   | High                      | The treasury report from Bancorp projects the ICC Borrowing interest rate are currently at 2.20% in 2020, and is expected to fall and remain under 2% for the next 10 years. Significantly higher interest rates would impact Council's financial position. | 2.5% would allow some upside if the situation changed (interest rates increase or credit rating decreases); but Council have potential to go to 2.25% or 2% to lower costs. |
| Activity Report Level        | <b>Interest rates – Cash and Deposits</b><br>Return on cash and term deposits are forecasted to expect a negative rate at some stage within 2020/2021.  | Medium                    | Term deposit rates currently vary from 0.5% for under 6 months to a flat 1% for longer. Most forecasts still expect a negative rate at some stage within 2020/2021.   | An assumption of 0.5% should be comfortable and if rates do increase again in the future, this will put Council in a more positive position.                                |
| Activity Report Level        | <b>Dividends from ICHL</b> will be \$4.8m + CPI.  | Medium                    | This would have a negative impact on Council's overall revenue and cash position, which would increase the burden on ratepayers.  | Council will consider strategic reliance on dividends noting increased levels of economic uncertainty.  |

|                              |   |             |   |  |
|------------------------------|---|-------------|---|--|
| <p>Activity Report Level</p> | <p><b>External Funding</b><br/>It is assumed Council will achieve the level of external funding as estimated.</p> | <p>High</p> | <p>The immediate impact of Covid-19 has been seen in the local community, with reduced funding available from major community funders including the Community Trust of Southland and Invercargill Licencing Trust and Foundation.</p> | <p>Council acknowledges the challenge of obtaining external funding at this time.</p> <p>Should Council not be able to obtain funding as indicated this would impact project scope and in some cases require further consultation.</p> |
|------------------------------|---|-------------|---|--|

### 3. How we'll manage what we do

## Council Structure



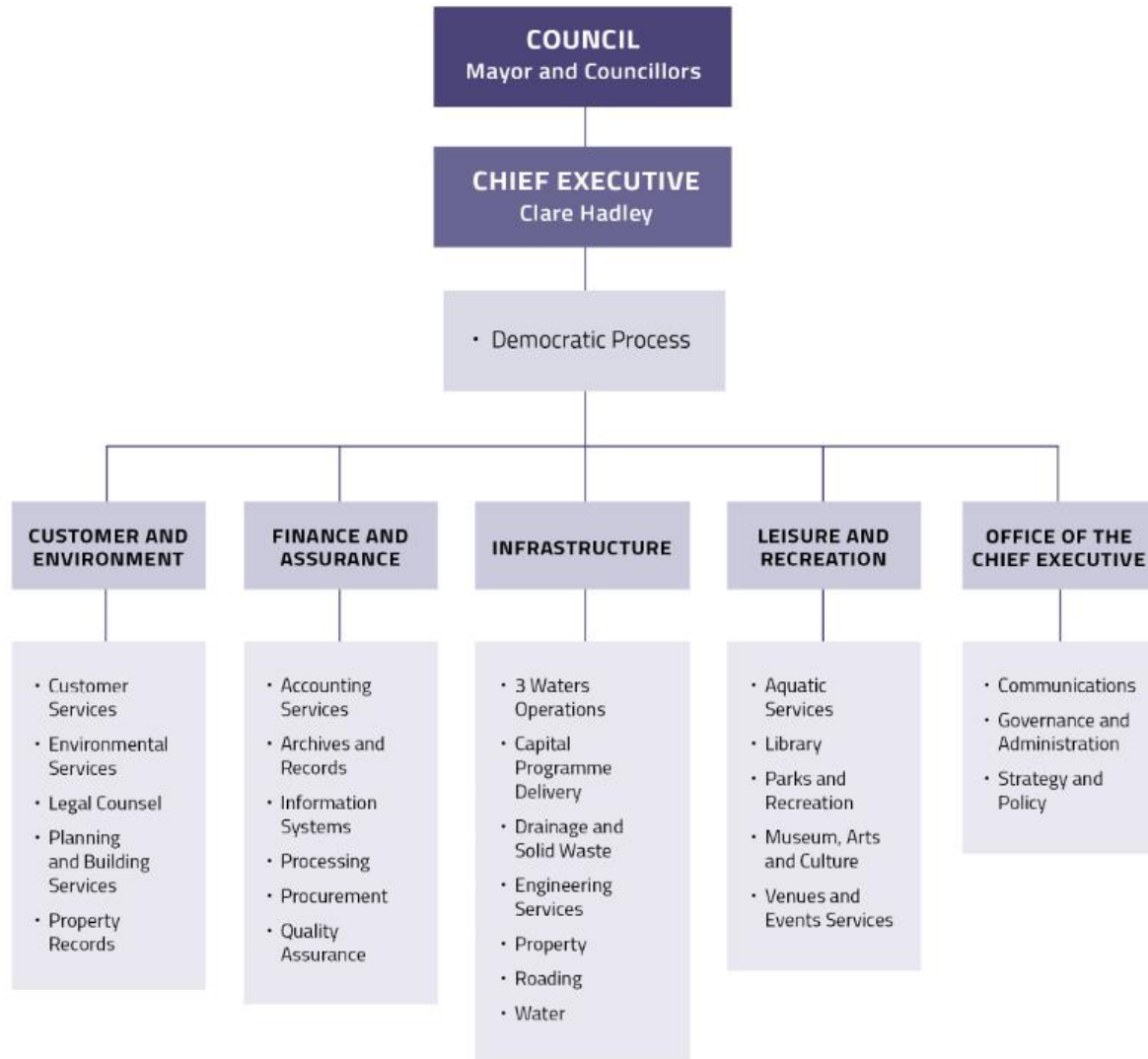
A realignment of the Council committee structure was completed in the fourth quarter of 2019/2020, replacing the prior four committees of Infrastructure and services, regulatory services, finance and policy and community services, while retaining Risk and Assurance. The purpose of this realignment was to support more effective and timely decision making and through enhanced roles for Deputy Chairs, support Council development and succession planning.

Joint Committee of Council, Venture Southland was wound up during the 2019/2020 year, completing the transition to the Southland Regional Development Agency, branded "Great South".

Invercargill Venue and Events Management Ltd is no longer a CCO, with operation of theatre services brought in house.

Invercargill introduced

# Management Structure



Corporate services are managed primarily by the Finance and Assurance Group, with some services provided by Customer and Environment and the Office of the Chief Executive.

## 4. How we'll fund it

| Activity                  | Rates | User Fees |
|---------------------------|-------|-----------|
| Maintenance and Operation | Y     | Y         |

The majority of corporate services are funded from rates, with marginal income for user fees and charges.

**Table 2***Corporate Services Total Expenditure OPEX and CAPEX 10 years*

|  | 2020/21<br>Annual Plan<br>(\$000) | 2020/21<br>Forecast<br>(\$000) | 2021/22<br>LTP<br>(\$000) | 2022/23<br>LTP<br>(\$000) | 2023/24<br>LTP<br>(\$000) | 2024/25<br>LTP<br>(\$000) | 2025/26<br>LTP<br>(\$000) | 2026/27<br>LTP<br>(\$000) | 2027/28<br>LTP<br>(\$000) | 2028/29<br>LTP<br>(\$000) | 2029/30<br>LTP<br>(\$000) | 2030/31<br>LTP<br>(\$000) |
|--|-----------------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>OPERATING</b>                         |                                   |                                |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| Rates revenue                            | 273                               | 273                            | 600                       | 600                       | 600                       | 600                       | 600                       | 600                       | 600                       | 600                       | 600                       | 600                       |
| Subsidies and grants (Capital)           | 763                               | -                              | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| Subsidies and grants (Operational)       | (993)                             | -                              | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| Direct charges revenue                   | 2,932                             | 275                            | 405                       | 422                       | 438                       | 457                       | 472                       | 492                       | 509                       | 525                       | 540                       | 556                       |
| Rental revenue                           | 85                                | -                              | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| Finance revenue                          | 145                               | -                              | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| Dividends                                | 500                               | 500                            | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| Fines                                    | (104)                             | -                              | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| Other revenue                            | (1,343)                           | 751                            | 751                       | 773                       | 792                       | 811                       | 832                       | 853                       | 875                       | 900                       | 924                       | 949                       |
| Internal charges and overheads recovered | 9,455                             | -                              | -                         | -                         | -                         | 1                         | (1)                       | 1                         | -                         | (1)                       | 1                         | -                         |
| <b>Total revenue</b>                     | <b>11,713</b>                     | <b>1,799</b>                   | <b>1,756</b>              | <b>1,795</b>              | <b>1,830</b>              | <b>1,869</b>              | <b>1,903</b>              | <b>1,946</b>              | <b>1,984</b>              | <b>2,024</b>              | <b>2,065</b>              | <b>2,105</b>              |
| Employee expenses                        | 9,130                             | 9,281                          | 10,017                    | 10,306                    | 10,566                    | 10,827                    | 11,108                    | 11,390                    | 11,680                    | 11,998                    | 12,325                    | 12,642                    |
| Administration expenses                  | 2,188                             | 2,273                          | 2,318                     | 2,388                     | 2,489                     | 2,573                     | 2,672                     | 2,784                     | 2,876                     | 2,994                     | 3,124                     | 3,230                     |
| Grants & subsidies expenses              | 10                                | 10                             | 10                        | 10                        | 10                        | 10                        | 10                        | 10                        | 10                        | 10                        | 10                        | 10                        |
| Operational expenses                     | (2,550)                           | (2,310)                        | (2,247)                   | (2,814)                   | (3,384)                   | (3,970)                   | (4,070)                   | (4,176)                   | (4,282)                   | (4,396)                   | (4,517)                   | (4,637)                   |
| Repairs & maintenance expenses           | 89                                | 89                             | 89                        | 91                        | 94                        | 95                        | 98                        | 101                       | 103                       | 105                       | 107                       | 114                       |
| Depreciation and amortisation            | 695                               | 695                            | 721                       | 790                       | 863                       | 997                       | 1,133                     | 1,260                     | 1,260                     | 1,325                     | 1,392                     | 1,461                     |
| Finance expenses                         | (1)                               | -                              | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| Internal charges and overheads applied   | 2,046                             | 13                             | 13                        | 13                        | 16                        | 17                        | 17                        | 19                        | 19                        | 19                        | 20                        | 20                        |
| <b>Total expenses</b>                    | <b>11,607</b>                     | <b>10,562</b>                  | <b>12,059</b>             | <b>12,387</b>             | <b>12,727</b>             | <b>13,043</b>             | <b>13,398</b>             | <b>13,763</b>             | <b>14,119</b>             | <b>14,524</b>             | <b>14,947</b>             | <b>15,339</b>             |
| <b>OPERATING SURPLUS / (DEFICIT)</b>     | <b>106</b>                        | <b>(8,252)</b>                 | <b>(9,165)</b>            | <b>(8,989)</b>            | <b>(8,824)</b>            | <b>(8,680)</b>            | <b>(9,065)</b>            | <b>(9,442)</b>            | <b>(9,682)</b>            | <b>(10,031)</b>           | <b>(10,396)</b>           | <b>(10,735)</b>           |
| <b>CAPITAL EXPENDITURE</b>               |                                   |                                |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| • to meet additional demand              | -                                 | -                              | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| • to improve the level of service        | -                                 | 752                            | 1,450                     | 1,556                     | 2,683                     | 2,750                     | 2,293                     | -                         | 1,166                     | 1,198                     | 1,230                     | -                         |
| • to replace existing assets             | -                                 | 661                            | 605                       | 746                       | 813                       | 833                       | 854                       | 876                       | 899                       | 922                       | 947                       | 972                       |
| <b>TOTAL CAPITAL EXPENDITURE</b>         | <b>-</b>                          | <b>1,413</b>                   | <b>2,055</b>              | <b>2,302</b>              | <b>3,496</b>              | <b>3,583</b>              | <b>3,147</b>              | <b>876</b>                | <b>2,065</b>              | <b>2,120</b>              | <b>2,177</b>              | <b>972</b>                |
| Gross proceeds from sale of assets       | -                                 | -                              | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |

**Table 3***Corporate Services Total Expenditure OPEX and CAPEX 30 years*

|                                      | 2022-2026       | 2027-2031       | 2032-2036       | 2037-2041       | 2042-2046       | 2047-2051       |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                      | LTP             | LTP             | LTP             | LTP             | LTP             | LTP             |
|                                      | (\$000)         | (\$000)         | (\$000)         | (\$000)         | (\$000)         | (\$000)         |
| <b><u>OPERATING</u></b>              |                 |                 |                 |                 |                 |                 |
| Rates revenue                        | 3,000           | 3,000           | 3,000           | 3,000           | 3,000           | 3,000           |
| Subsidies and grants (Capital)       | -               | -               | -               | -               | -               | -               |
| Subsidies and grants (Operational)   | -               | -               | -               | -               | -               | -               |
| Direct charges revenue               | 2,194           | 2,622           | 3,037           | 3,520           | 4,080           | 4,732           |
| Rental revenue                       | -               | -               | -               | -               | -               | -               |
| Finance revenue                      | -               | -               | -               | -               | -               | -               |
| Dividends                            | -               | -               | -               | -               | -               | -               |
| Fines                                | -               | -               | -               | -               | -               | -               |
| Other revenue                        | 3,959           | 4,501           | 5,063           | 5,645           | 6,291           | 7,017           |
| Internal charges                     | -               | 1               | (2)             | 4               | 2               | 1               |
| <b>Total revenue</b>                 | <b>9,153</b>    | <b>10,124</b>   | <b>11,098</b>   | <b>12,169</b>   | <b>13,373</b>   | <b>14,750</b>   |
| Employee expenses                    | 52,824          | 60,035          | 67,518          | 75,289          | 83,934          | 93,593          |
| Administration expenses              | 12,440          | 15,008          | 17,245          | 19,226          | 21,433          | 23,898          |
| Grants & subsidies expenses          | 50              | 50              | 50              | 50              | 50              | 50              |
| Operational expenses                 | (16,485)        | (22,008)        | (24,751)        | (27,591)        | (30,766)        | (34,293)        |
| Repairs & maintenance expenses       | 467             | 530             | 602             | 669             | 740             | 836             |
| Depreciation and amortisation        | 4,504           | 6,698           | 7,305           | 7,305           | 7,305           | 7,305           |
| Finance expenses                     | -               | -               | -               | -               | -               | -               |
| Internal charges                     | 76              | 97              | 108             | 120             | 135             | 148             |
| <b>Total expenses</b>                | <b>53,876</b>   | <b>60,410</b>   | <b>68,077</b>   | <b>75,068</b>   | <b>82,831</b>   | <b>91,537</b>   |
| <b>OPERATING SURPLUS / (DEFICIT)</b> | <b>(44,723)</b> | <b>(50,286)</b> | <b>(56,979)</b> | <b>(62,899)</b> | <b>(69,458)</b> | <b>(76,787)</b> |
| <b><u>CAPITAL EXPENDITURE</u></b>    |                 |                 |                 |                 |                 |                 |
| • to meet additional demand          | -               | -               | -               | -               | -               | -               |
| • to improve the level of service    | 10,732          | 3,594           | -               | -               | -               | -               |
| • to replace existing assets         | 3,851           | 4,616           | 5,191           | 5,788           | 6,452           | 7,194           |
| <b>TOTAL CAPITAL EXPENDITURE</b>     | <b>14,583</b>   | <b>8,210</b>    | <b>5,191</b>    | <b>5,788</b>    | <b>6,452</b>    | <b>7,194</b>    |
| Gross proceeds from sale of assets   | -               | -               | -               | -               | -               | -               |



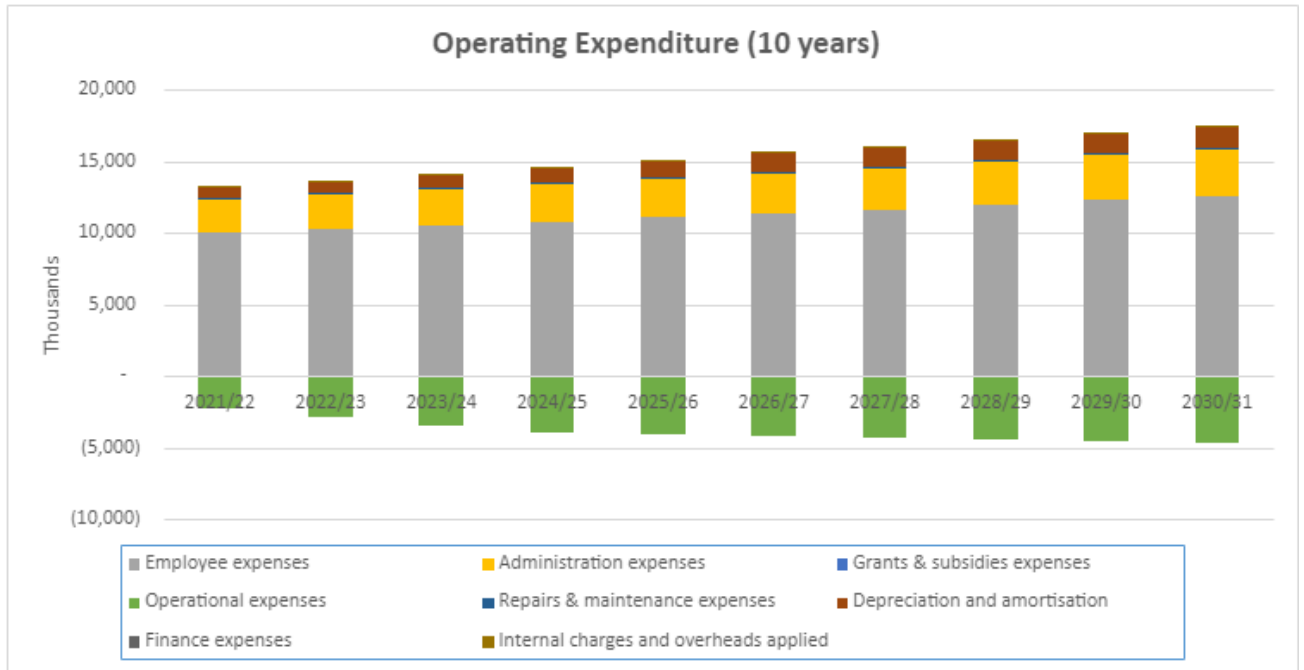
**Table 4**

*Corporate Services Capital Expenditure Planned Delivery vs Required*

|   | 2020/21<br>Annual<br>Plan<br>(\$000) | 2020/21<br>Forecast<br>(\$000) | 2021/22<br>LTP<br>(\$000) | 2022/23<br>LTP<br>(\$000) | 2023/24<br>LTP<br>(\$000) | 2024/25<br>LTP<br>(\$000) | 2025/26<br>LTP<br>(\$000) | 2026/27<br>LTP<br>(\$000) | 2027/28<br>LTP<br>(\$000) | 2028/29<br>LTP<br>(\$000) | 2029/30<br>LTP<br>(\$000) | 2030/31<br>LTP<br>(\$000) |
|---|--------------------------------------|--------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b><u>Capital expenditure required based on age</u></b>   |                                      |                                |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| • to meet additional demand                               |                                      | -                              | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| • to improve the level of service                         |                                      | 990                            | 1,600                     | 1,688                     | 2,784                     | 2,854                     | 2,307                     | -                         | 1,166                     | 1,198                     | 1,230                     | -                         |
| • to replace existing assets                              |                                      | 944                            | 806                       | 932                       | 956                       | 979                       | 1,005                     | 1,030                     | 1,057                     | 1,085                     | 1,115                     | 1,144                     |
| <b>Total capital expenditure required based on age</b>    |                                      | <b>1,934</b>                   | <b>2,406</b>              | <b>2,620</b>              | <b>3,740</b>              | <b>3,834</b>              | <b>3,312</b>              | <b>1,030</b>              | <b>2,223</b>              | <b>2,283</b>              | <b>2,345</b>              | <b>1,144</b>              |
| <b><u>Capital expenditure planned to be delivered</u></b> |                                      |                                |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| • to meet additional demand                               |                                      | -                              | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| • to improve the level of service                         |                                      | 752                            | 1,450                     | 1,556                     | 2,683                     | 2,750                     | 2,293                     | -                         | 1,166                     | 1,198                     | 1,230                     | -                         |
| • to replace existing assets                              |                                      | 661                            | 605                       | 746                       | 813                       | 833                       | 854                       | 876                       | 899                       | 922                       | 947                       | 972                       |
| <b>Total capital expenditure planned to be delivered</b>  |                                      | <b>1,413</b>                   | <b>2,055</b>              | <b>2,302</b>              | <b>3,496</b>              | <b>3,583</b>              | <b>3,147</b>              | <b>876</b>                | <b>2,065</b>              | <b>2,120</b>              | <b>2,177</b>              | <b>972</b>                |

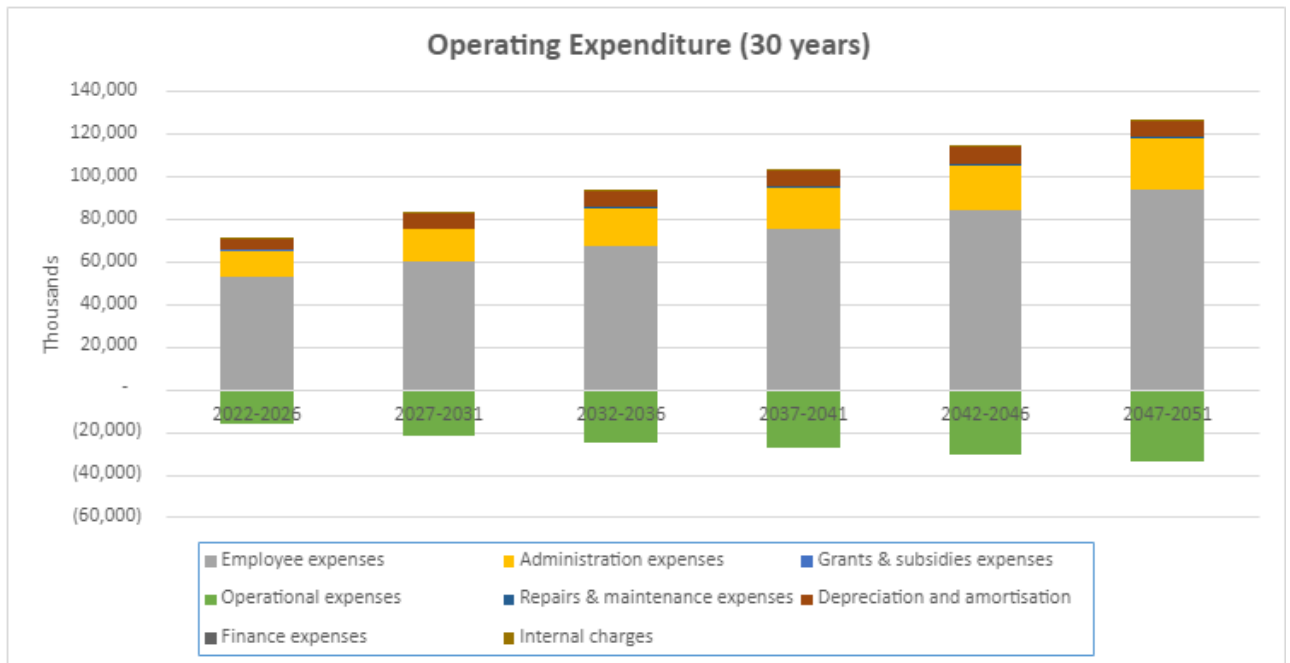
**Figure 1**

*Corporate Services Operating Expenditure 10 years*



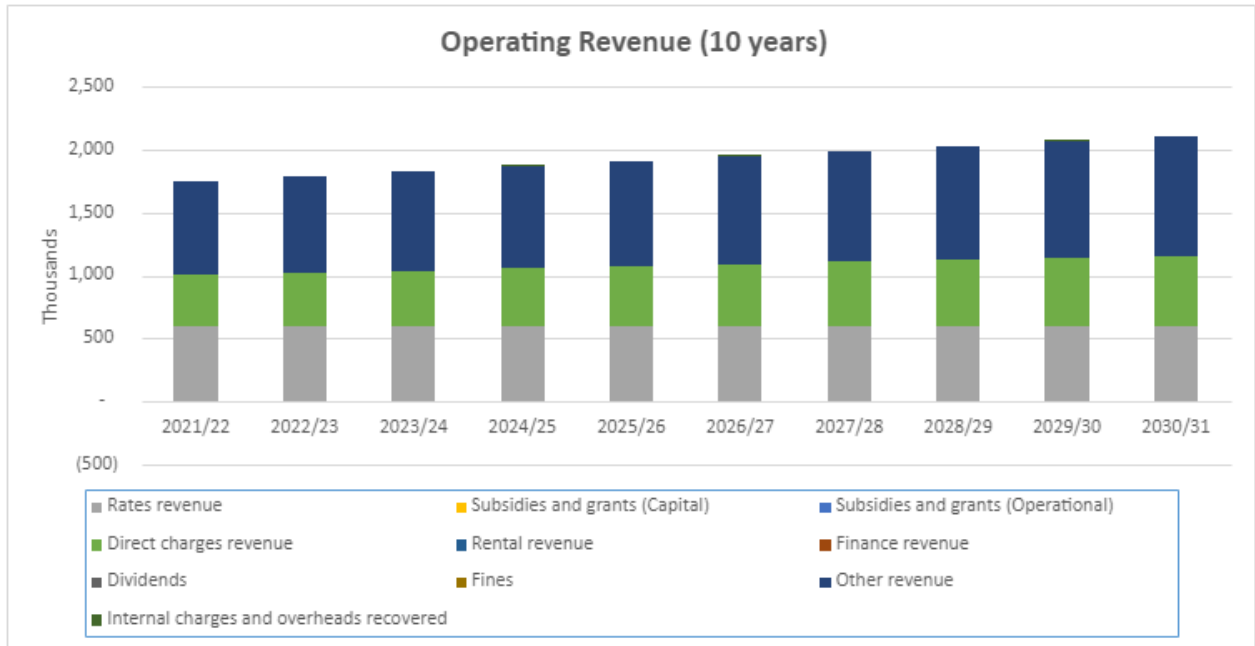
**Figure 2**

*Corporate Services Operating Expenditure 30 years*



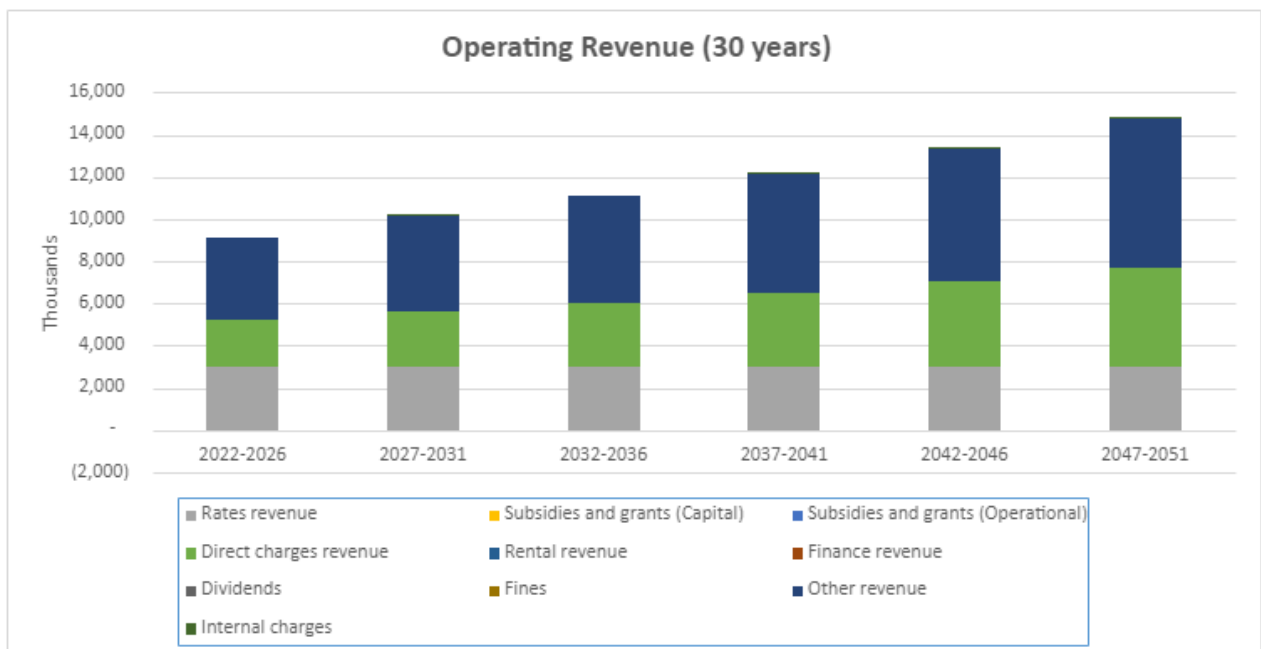
**Figure 3**

*Corporate Services Operating Revenue 10 years*



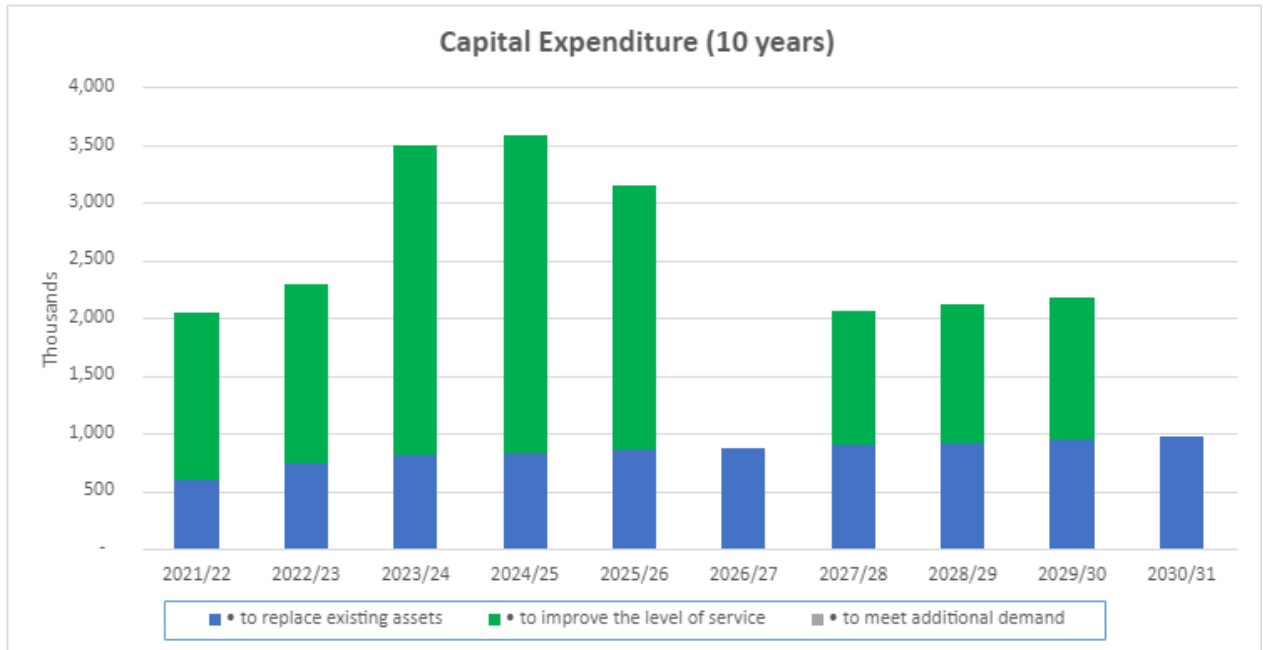
**Figure 4**

*Corporate Services Operating Revenue 30 years*



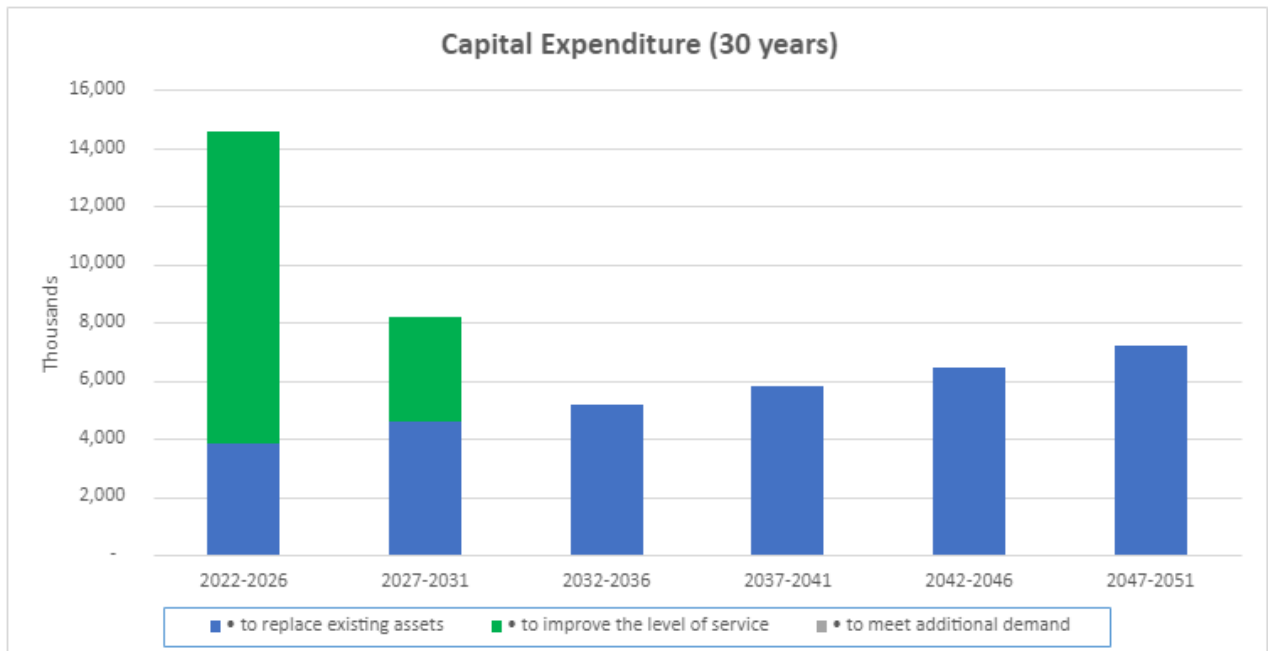
**Figure 5**

*Corporate Services Capital Expenditure 10 years*



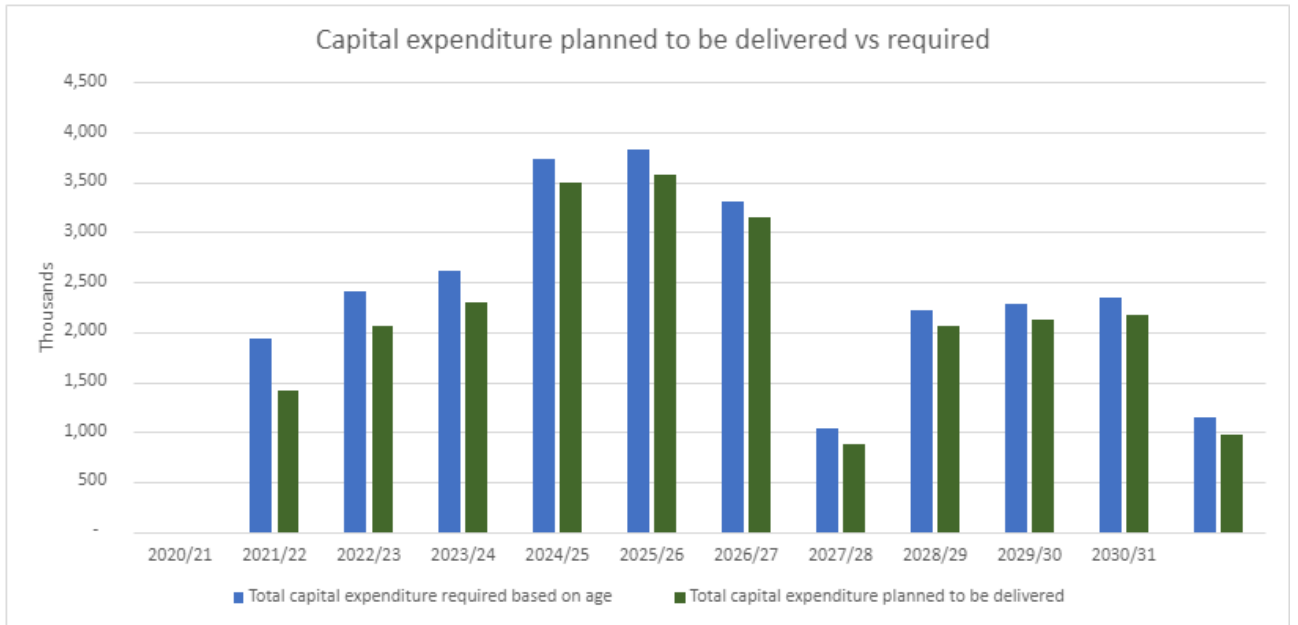
**Figure 6**

*Corporate Services Capital Expenditure 30 years.*



**Figure 7**

*Corporate Services Capital Expenditure Planned to be Delivered vs Required*



## 5. How we'll know we're delivering

### How we'll manage improvements

Council operates on a four-weekly cycle with meetings for the two committees of Infrastructural Services Committee and Performance, Policy and Partnership Committee. These Committees monitor and consider reports on levels of services for activities and assets alongside monthly financial accounts for each department. Committee members question these reports with Managers present to answer any questions that arise from the reports.

The information for these reports is entered into various software systems. This monitors the performance both fiscal, and service based against targets and budgets from Council's Long-term Plan. Targets can be key performance indicators, internally driven targets or provided from a Ministry that oversees that area, i.e. Department of Internal Affairs. At a full Council meeting these reports are then received.

### Frequency of Review

Every financial year Council prepares an Annual Report that is the key document in ensuring the expenditure for the year was efficient and is pertinent in ensuring accountability to the community and ratepayers.

The Annual Report does not just show the current financial status, but also shows the levels of service for all Council activities and assets measured against the yearly targets set in the Long-Term Plan. These are measured and reported quarterly in the Council meetings. The Annual Report is a holistic overview of their performance.