



NOTICE OF MEETING

**Notice is hereby given of the Meeting of the
Finance and Projects Committee to be held in the
Council Chamber, First Floor, Civic Administration
Building, 101 Esk Street, Invercargill on
Tuesday 22 November 2022 at 3.00 pm**

Cr G M Dermody (Chair)
Mayor W S Clark
Cr A J Arnold
Cr T Campbell
Cr D J Ludlow
Cr I R Pottfenger
Cr L F Soper
Cr B R Stewart

CLARE HADLEY
CHIEF EXECUTIVE

Finance and Projects Committee - Public

22 November 2022 03:00 PM

Agenda Topic	Page
1. Apologies	
2. Declaration of Interest	
a. Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.	
b. Elected members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.	
3. Public Forum	4
3.1 Mr Noel J Peterson - Museum Rebuild and City Debt	4
4. Minutes of the Extraordinary Meeting of the Finance and Projects Committee Held on 1 November 2022 (A4136885)	10
5. Museum Acceleration Report (Project 1225) (A4155831)	12
5.1 Appendix 1 - Acceleration Risk Table_Project 1225 (A4168971)	20
5.2 Appendix 2 - Annual Plan Consultation Document (A4167891)	22
6. City Streets Stage 1 Cost Update (A4116454)	36
7. Project Management Office Status Report (A4161769)	39
7.1 Appendix 1 - PMO Dashboard (A4157008)	40
8. 2022/2023 Quarter One Performance (A4145814)	45
8.1 Appendix 1 - Q1 ICC Performance Report (A4135079)	49
9. Financial Update (A4154151)	104
9.1 Appendix 1 - Finance and Projects – Invercargill City Council Treasury Report – September 2022 (A4166963)	112
10. Public Excluded Session	

Public Excluded Session

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

- a) *Minutes of the Public Excluded Session of the Extraordinary Meeting of the Finance and Projects Committee Held on 1 November 2022*
- b) *Financial Update*

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
a) Minutes of the Public Excluded Session of the Extraordinary Meeting of the Finance and Projects Committee Held on 1 November 2022	Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
b) Financial Update	Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
	Section 7(2)(a) Protect the privacy of natural persons, including that of deceased natural persons	

To Finance and Projects Committee – Invercargill City Council.

Speaking to public forum November 22nd 2022

Supporting material in regard to:

Southland Museum & Art Gallery Niho O Te Taniwha & City Debt.

Thank you for the opportunity to submit and further the democratic process via public forum.

Having a lifelong involvement with The Museum of New Zealand Te Papa Tongarewa as a collector providing natural history specimens for the museum science collection – from 1960 onward - directly with the then Dominion Museum Director Dr.R.K. Dell – museum scientists - museum curators - collection managers over six decades to this day. I therefore consider I have some knowledge relating to museums. I also have an active involvement in the Southland Art Community.

I also have museum connections in my home town of Tauranga - in 1975 the Tauranga Historic Village and District Museum was opened at the bottom of 17th Avenue. With the support of the community the collection grew rapidly and ownership was transferred to the Tauranga City Council. However, in 1998, it was decided to close the village and store the collection in anticipation of a new museum opening in 2002 – which was never built – 24 years later there is still no museum though a \$300 million dollar museum & cultural centre is planned – unsure how ratepayers will pay for this – this has created much disquiet within the Tauranga community.

Ironically, I have concerns about the museum project here in Invercargill - although I originally supported the proposal to demolish (including materials reuse) the existing structure and build a new museum complex on the site of the existing Southland Museum & Art Gallery & adjacent Tennis court. - Much has changed – including my views on the museum project with many new factors becoming evident.

Since the recent election a new plan and directive has been touted – like the original proposal very little design detail – no designer – builder information publicly disclosed – this is a concern – there is little transparency – the proposals seem railroaded and vague – who are the architects – what is the detailed design – who are the proposed contractors?

Much is left unanswered in the initial consultation – Ratepayers – just continue to provide tens of millions of dollars – I have yet to see any detailed costings provided publicly – only “ballpark figures” created from what detailed financial information? Transparency is needed here – details of costings provided.

Museums are a luxury – not everyone’s “cup of tea” and a continual cost to maintain & sustain – a cost to ratepayers – (some of whom object to the cost as they have no interest in museums) if like in this instance owned by council – the forward financial costing for upkeep needs to be provided publicly & considered by the community as part of the discussion.

Last year at a risk and assurance meeting it was pointed out the city is at risk of breaching it's (self-imposed) credit rating – apparently a technical breach which in turn would affect the

city's credit rating and increase interest rates on loans – it was suggested this breach could be mitigated by adjusting the LTP – which is essentially saying cut back on planned projects.

The solution I suggest, is a new museum build be put on hold – review the cost of & continue with the Tisbury storage (there are strong reasons to have a proper regional storage facility) project – strengthen & refurbish the existing museum building – I question the accuracy of the suggested \$57.1m “ballpark” figure – where are the detailed costings?

Continue providing He Waka Tuia as a permanent satellite facility – my observation is He Waka Tuia is particularly popular with young people with many school groups visiting – providing an Art Gallery / Museum in the CBD is important – many people working / visiting the city visit this facility. – Invercargill is a small city - with a small population – currently around 56,800 – consider also only a fraction of this total population is the ratepayer base you are expecting to pay for a new museum build – in my view to regain the trust and involvement of the community in local government council needs to consider delivering a nil or negative rate increase and show the example of “living within our means” to the community.

There is currently much talk of major global recession – which will surely affect us here in Southland / Invercargill – fiscal prudence is needed in uncertain times – you are surely aware there are many ratepayers who are at their limits of ability to pay further rate increases – the majority of ratepayers are struggling to meet day-to-day costs with all the across the board inflationary costs we are all being bombarded with – the last thing ratepayers need is a rate increase to pay for a nice to have new museum building – we risk some low-income ratepayers becoming homeless – living on the streets or in cars & vans when they can't afford to pay their rates – low income families are already suffering as they can't afford the basics. - Where is the wisdom of spending tens of millions in the current inflationary & unstable global financial environment? Much of this instability is due to: - Climate Change influences - Warfare - Covid19 - resulting in resource & financial instability – please take these factors into serious consideration.

Council will likely have substantial additional costs relating to climate mitigation & adaptation appear on the horizon in the future - details here:

<https://environment.govt.nz/publications/climate-change-and-local-government-what-the-national-adaptation-plan-means-for-you/> And here: <https://environment.govt.nz/what-government-is-doing/areas-of-work/climate-change/adapting-to-climate-change/climate-change-adaption-local-government/> - the need to consider these increases needs to be considered. – More focus also needs to be given to maintaining existing council services & infrastructure – rather than building new nice to have museum builds – when / if in the future we can afford to consider a new museum building/s – preferably (in my opinion) two smaller new buildings could be built consecutively to spread the cost.

Councils have statutory responsibilities to avoid or mitigate natural hazards and to have regard to the effects of climate change when making certain decisions. They are also responsible for civil defence and emergency management, as well as improving community resilience through public education and local planning. Details here:

<https://environment.govt.nz/publications/climate-change-and-local-government-what-the-national-adaptation-plan-means-for->

[you/#:~:text=Councils%20have%20statutory%20responsibilities%20to,publi
c%20education%20and%20local%20planning.](#)

Resilience will also need to be considered – additional cost:

Excerpts from the Office of the Auditor-General:

Matters arising from our audits of the 2018-28 long-term plans

Part 6: How have councils considered resilience?

Matters arising from our audits of the 2018-28 long-term plans.

6.1

Section 101B(3)(e) of the Act requires councils in their infrastructure strategies to:

... outline how the local authority intends to manage its infrastructure assets, taking into account the need to ... provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks.

6.2

In this Part, we discuss what councils said in their LTPs – in particular, in their infrastructure strategies – about how they intend to provide for the resilience of their infrastructure assets so that they can continue to deliver services to their communities.

6.3

We consider that there is a need for councils to have a comprehensive discussion about resilience³³ and climate change issues with their communities. The discussion needs to cover financial and non-financial effects. There is the need and opportunity for a national approach to provide leadership for resilience, including the resilience to climate change.

Details here: <https://oag.parliament.nz/2019/ltps/part6.htm>

.

On inspection it has been discovered the existing museum building is not officially registered as being earthquake prone <https://epbr.building.govt.nz/register/view/4a129e9e-62e0-4ce2-a4a6-7c6d53c1bea8> – “The earthquake rating for this building or part has not been determined.” – I note there have been reports to council in the past that suggest there are

building design issues – reports which also suggest solutions – any defects can surely be remediated - I also note the deadline for completing seismic survey work is by 14TH January 2034 – over a decade away - so what was the reasoning to close a popular public building that has no determined earthquake risk? – Suddenly with the recent proposal apparently the pyramid would be the storage building – which would suggest there no longer any safety concerns – I note the building has been regularly staffed since the public closure – in my view there is no reason why the existing building could not be reopened by Christmas 2022 – let the community view what is happening inside the building - remedial work could likely be done piecemeal without the need to close the entire building – let the community see the collection packing process - as is currently done at He Waka Tuia when displays are changed – of educational value & interest to many people – particularly young people. - Personal onsite observations often show a continual stream of people attempting to access the currently closed Niho O Te Taniwha building. We are fortunate to still have the existing museum building effectively ready to be opened and used - part of our historic heritage - Taonga in its own right – the pyramid is considered by some people a city icon – notably the southernmost pyramid structure on the planet with a museum within a museum – particularly unique points if you wish to attract visitors. – though our wishful thinking of masses of tourists will likely reduce in the future as the effects of climate mitigation & adaptation come forward and global tourism is restricted by travel cost and disruption. - If refurbished now and maintained in the future Invercargill citizens can continue to have an operating museum regardless of what happens with tourism. – All of the space within the existing building would be available for museum & art display if the Tisbury storage facility is built. During past debate about the museum there has been considerable interest by many people to see the existing museum simply reopened – the reasoning for closure is doubted by many people - many people also wanting the pyramid retained. - The choice is yours – do we want to refurbish & maintain a local & sustainable museum - or build an expensive new build which may with a climate induced downturn in tourism become a “white elephant” which we can ill afford to build or afford to maintain in the future.

The matter of earthquake risk buildings needs to be publicly debated between the council and community – there are literally hundreds of “at risk buildings” currently open and used in Invercargill – thousands nationally. – A recent debate occurred here which could be considered as a lead:

<https://www.rnz.co.nz/national/programmes/nights/audio/2018854861/residential-apartment-owners-and-earthquake-prone-legislation>

Also here: <https://www.rnz.co.nz/news/ldr/472935/rotorua-s-blue-baths-could-have-remained-open-former-leaseholder-says> “The estimated fatality risk in a building under 34 percent NBS was about one in 40,000 to 100,000.”

Climate mitigation involves reducing emissions – refurbishing & repairing existing infrastructure fits with climate change mitigation & adaptation philosophy & policy - the Environment & Climate Change is a key and leading focus of the Great South - Beyond 2025 Southland Strategy: <https://greatsouth.nz/projects/beyond-2025-southland> leads us in the same direction. - Any future new build (when we can afford to do so) would need to be strictly green building technology – with transparent process to mitigate any greenwash opportunity a proposal put forward without design & build details could present. Lead comments here: <https://www.rnz.co.nz/news/world/478372/corporate-climate-pledges-rife->

[with-greenwashing-un-expert-group?fbclid=IwAR1kJV0WB_h_ICGhkUw6fdWTNjGhQ4gdwJe2cZe2adnpTwInnxwM5KA99w8](https://www.facebook.com/groups/1wAR1kJV0WB/?fbclid=IwAR1kJV0WB_h_ICGhkUw6fdWTNjGhQ4gdwJe2cZe2adnpTwInnxwM5KA99w8)

In today's environmental climate the thought of building on the large area of greenspace in front of Queens Park along Gala Street as recently proposed is preposterous – all public community owned greenspace in the city should be ring fenced and protected.

It would be good to see more transparency in regard to the museum debate – no more behind closed doors – the ability to look at other options – personally I would like to see two smaller museums built when affordability permits – one on the Sir Joseph Ward Reserve to provide Bluff with an attraction and a new home for the Marine Museum and Bluff history – another utilizing the Queens Park tennis court site to complement the current building – built consecutively to spread the cost. Also, in my view linking & supporting the many existing small museums (many are struggling to survive) in Southland / Invercargill would also be money well spent – small is good.

There is also the option of building over the top of existing asphalt parking areas (or any other asphalt areas in the city) in front of Queens Park thus not affecting the greenspace – the existing parking space could remain under the building and provide all weather destination cover for a public transport hub.

I personally in this day and age I would wish to see a museum that puts focus on science & technology & environment and climate education – something of practical educational use for our youth & future generations – and of course include a place for art.

There are many more possibilities – please give the community the opportunity to be involved in a proper debate – there should be no mad rush to build a new building – in the meantime the existing building could surely be reopened by Christmas and used as our museum as it was for many decades – what a great gift to the community that would be – in the process build confidence between council & community – that council does listen and serve the needs of the community.

In regard to the Tisbury storage – to the layperson there may not seem a need to provide modern long term collection storage – to the museum specialist there is very good reason – there is a dire need for collection storage for all the Southland region – I know of many valuable private collections which will be lost – scattered to the four winds if not collected soon and put into safe & secure storage. Do we wish to maintain our rich heritage of collections or lose them to eternity due to a short-sighted decision – the choice is up to you. – It would also seem prudent to talk with Southland District Councils & likely Regional Council about contributing to the cost of Tisbury as a regional storage facility.

Another matter relating to city debt – the stage two of the city streetscape upgrade – personally I think the upgrade of the streetscape should go ahead while the opportunity exists – the contracting team and funding is available - provided the museum new build is put on hold this should be affordable – the cost could though should be reviewed – much of the old infrastructure could be retained to reduce the cost – a mixture of old and new – reuse and recycle all that can be retained.

An investment in Climate Mitigation & Adaptation - Environmental Education and environmentally friendly city infrastructure is also urgently needed for community wellbeing – I would dare to suggest more of a priority than a shiny new nice to have museum building – perhaps environmental goals would be more affordable if we resist building white elephants.

Noel. J. Peterson,
Dunvegan, Bluff 9814.

MINUTES OF THE EXTRAORDINARY MEETING OF THE FINANCE AND PROJECTS COMMITTEE, HELD IN THE COUNCIL CHAMBERS, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING, 101 ESK STREET, INVERCARGILL ON TUESDAY 1 NOVEMBER 2022 AT 5.27 PM

Present: Cr G M Dermody – Chair
Mayor W S Clark
Cr A J Arnold
Cr T Campbell
Cr D J Ludlow
Cr I R Pottinger
Cr B R Stewart

In Attendance: Cr T Boyle
Cr P W Kett
Cr N D Skelt
Cr L F Soper
Mrs P Coote – Kaikaunihera Māori – Awarua
Mrs C Hadley – Chief Executive
Mr M Day – Group Manager – Finance and Assurance
Ms T Hurst – Group Manager – Customer and Environment
Ms E Moogan – Group Manager – Infrastructure Services
Mr S Gibling – Group Manager – Leisure and Recreation
Mr A Cameron – Strategic Advisor/GM – ICHL
Mr M Morris – Manager – Governance and Legal
Ms R Suter – Manager – Strategy and Policy
Ms L Knight – Manager – Strategic Communications
Mr A Eng – Digital and Communications Advisor
Ms M Cassiere – Executive Governance Officer

1. Apologies

Cr Bond and Cr Crackett.

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

2. Declaration of Interest

Nil.

3. Public Excluded Session

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

a. Tisbury Storage Facility – Pause/Cancellation of Contract

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds

under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
a. Tisbury Storage Facility – Pause/Cancellation of Contract	Section 7(2)(g) To maintain legal professional privilege.	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

There being no further business, the meeting finished at 5.47 pm.

MUSEUM ACCELERATION REPORT (PROJECT 1225)

To:	Finance and Projects Committee
Meeting Date:	Tuesday 22 November 2022
From:	Erin Moogan - Group Manager - Infrastructure Services
Approved:	Clare Hadley - Chief Executive
Approved Date:	Thursday 17 November 2022
Open Agenda:	Yes
Public Excluded Agenda:	No

Purpose and Summary

This report is provided to the Committee to inform discussion on accelerating delivery of the new museum building including the assumptions, challenges and risks acceleration brings.

Recommendations

That the Committee:

1. Receive the report Museum Acceleration Report (Project 1225).
2. Note that Project 1225 is a response to the desire by Council to have a museum building completed by December 2025.
3. Note the background to the existing museum development programme as set out in the previous consultation documents and other material in support of that decision making including that:
 - a) Council committed in its Long Term Plan 2021-2031 to invest \$39.4 million to redevelop the city's museum. This was to be part of a \$52.5 million total budget including \$13.1 million of third party funding.
 - b) Based on public feedback and the findings of the Museum Governance Group Council also decided through the 2022/23 Annual Plan process to:
 - i. Deliver a new museum building in Queens Park to be completed in the 2026/2027 financial year at a total cost of \$65.5m made up of \$54.5m of Council investment and \$11m of external funding;
 - ii. Keep Queens Park as the site of the new museum;
 - iii. Provide a new home for the Tuatara near the new museum providing a connection with other Queens Park facilities; and
 - iv. Construct a separate storage facility at Tisbury to support the redevelopment.

4. **Recommend to Council** that it:
 - a) Confirm the accelerated delivery of the new museum to achieve Project 1225 through a new building completion date (excluding fit out) of December 2025;
 - b) That it direct staff that acceleration is to be achieved either through;
 - i. The proposed Plan A, a new museum building on the existing pyramid site and construction of the separate storage facility at Tisbury; or
 - ii. Plan B, a new museum building on a site adjacent to the existing pyramid with the pyramid retained as storage in the short to medium term.

5. **Recommend to Council** that in light of the decision on recommendation 2 staff be requested to either:
 - a) Proceed with the storage project for the Tisbury site; or
 - b) Not to proceed with the storage project for the Tisbury site; and
 - i. Provide further advice to the Committee/Council on the contractual approach to the pause/termination of the Tisbury contract;
 - ii. Provide further advice on what steps and investment is required for the Pyramid to be retained as the museum storage facility in the short to medium term – minimum 3 years.

6. **Recommend to Council** that it accepts:
 - a) That accelerating the programme places the project outside Council's risk appetite adopted on 21 June 2021 of Medium for projects (Risk and Assurance Minutes A3432968).
 - b) That cutting the programme by ten months increases the project risk profile and that it is prepared to accept that level of project risk to achieve the Project 1225 goals and asks staff to report back on steps to mitigate them.
 - c) The acceleration risks outlined in the attached risk table particularly in the areas of procurement and tendering acceleration.
 - d) There is likely to be additional cost to the business to de-risk, where possible, the consequences of the accelerated program.
 - e) The 7 Project Pillars and 6 Critical Success Factors developed to guide the project as outlined in the attached Annual Plan consultation document.

Background

The museum project is a strategic objective of Council. This was recognised by its inclusion in the Long Term Plan (LTP) Roadmap to Renewal. Following feedback from the community the Council committed in its Long Term Plan 2021-2031 to invest \$39.4 million to redevelop the city's museum. This was to be part of a \$52.5 million total budget including \$13.1 million of third party funding.

As part of its Long Term Plan deliberations Council resolved to establish a Governance Group to consider whether additional funding should be invested to reimagine the museum with a completely new building and approach.

Based on public feedback and the findings of the Museum Governance Group Council decided through the 2022 Annual Plan process to:

- i. Deliver a new museum building in Queens Park to be completed in the 2026/2027 financial year at a total cost of \$65.3m made up of \$54.3m of Council investment and \$11.3m of external funding;
- ii. Keep Queens Park as the site of the new Museum;
- iii. Provide a new home for the Tuatara near the new museum providing a connection with other Queens Park facilities [this did not discount the ability to have a smaller Tuatara exhibit within the main museum]; and
- iv. Construct a separate storage facility at Tisbury to support the redevelopment.

7 Project Pillars and 6 Critical Success Factors were also developed to guide the project. The Project Pillars and Critical Success Factors have been used to underpin the tender briefing package for the new museum due out to market in December. Further information on the museum vision is provided in the attached Consultation Document.

Issues and Options

Analysis

In a meeting attended by the Mayor, Deputy Mayor and Museum Project Lead on 31 October 2022 staff were requested to consider the ability to accelerate construction of the new museum to achieve a build completion date (excluding fit out) of December 2025. This is 10 months faster than the build completion date previously planned.

The Council consequence matrix for projects reflects the three usual criteria for success, time, quality and cost. The current programme is designed to optimise all three and remain within Council's stated risk appetite adopted on 21 June 2021 of Medium for projects (Risk and Assurance Minutes A3432968).

Cutting the programme by ten months will increase the risk on all three criteria and move the project risk to High. Council has the ability to accept that increased risk as within its risk tolerance to achieve strategic objectives.

Staff were asked to consider two alternative pathways to achieve "Project 12-25". The Project 12-25 Plan A sees a new museum building on the existing pyramid site and construction of the separate storage facility at Tisbury. Project 12-25 Plan B sees a new museum building on a site adjacent to the existing pyramid with the pyramid retained as storage in the short to medium term.

Plan A has been assessed as the lowest risk of the 2 options to achieving the Project 12-25 objective. Delivery of the base build has been assessed as possible under Plan A by December 2025. Although Plan A is a longer overall programme it is currently 7 months into delivery. Plan B is a shorter overall programme however no work has yet commenced. All other things being equal this does not make the delivery of the base build under Plan B possible until April 2026.

The table below outlines the time, cost and quality differences between the two approaches. There are risks, some of which are significant, which are common to both approaches. As this report does not seek to provide an analysis of the existing 2026/2027 programme, risks common to both approaches are detailed in Appendix 1. Options to reduce these common risks are being actively explored by staff but will have cost implications.

Table A – Risks specific to Plan A v Plan B

		12-25 Plan A Build on existing pyramid site + storage at Tisbury	Plan B New site with pyramid retained as storage.
Time	Existing work	Underway – 37 months to possible build completion	None commenced – 40 months to possible build completion
	Consents	Allowable activity due to the site being designated Special Purpose - Museum Collection needs to be moved out of the pyramid before ground conditions below the pyramid can be fully assessed. In Ground, information is key to facilitating a smooth building consent process.	Not an allowable activity. Would require a change of reserve status process 6-8 months in length. Some activities can be undertaken in parallel with this process but not all. Further delay possible if process to change reserve status is challenged.
	Consultation	Year of delivery - Only amendments are to which year of the Long Term Plan costs fall into. No requirement for consultation	Location - was consulted on as Queens Park. No requirement to consult on a different location within the park.
	Demolition	Moving the collection has been reduced from the planned seven-month move to four. The urgency is driven by the need for design information on the ground conditions below the pyramid. The Tuatara will need to be moved into an existing temporary home within Queens Park until the new Tuataram is complete to allow for demolition of the pyramid. Moving the Tuatara twice will have some minor operational cost impacts. The staff are confident animal welfare will be managed and will be operating within the existing Department of Conservation Wildlife Permit.	None

Cost	Museum	Option was extensively scoped during the 2021 Museum Visioning process	Yet to be fully scoped/understood
	Storage	Option has been extensively scoped during visioning process, concept and detailed design. Construction ready to commence.	Unknown
Quality	Consequential Loss	None	Removal of storage project - officer advice is that, subject to any mitigation available, the consequence of cancellation of the Storage Facility Contract may be significant.
	Unknown Storage risk	None	The feasibility of the pyramid for medium term storage needs to be confirmed.

Significance

The current project was included as part of the Annual Plan consultation.

A change to this project does not trigger a definitive requirement to consult under the Local Government Act. However, Council must take steps to ensure it has robustly considered significance and consultation requirements. These steps ensure protection of Council reputation given the priority nature of the project, the risks identified by the Office of the Auditor General at the time of adoption of the Long Term Plan and the advice of the DIA during the Working on Working Together initiative.

Under the Significance and Engagement Policy, Council must consider the following issues in determining significance:

	12-25 Plan A Build on existing pyramid site + storage at Tisbury	Plan B New site with pyramid retained as storage.
Importance to Council	This project is a strategic priority for Council	This project is a strategic priority for Council
Community interest	Community interest in the Museum is high. The community has been clear that they wish the museum to be open as soon as possible. On the basis, that Council understands the community's views on this matter, the issue would be assessed as significant but not requiring further consultation.	Community interest in the Museum is high. In addition, Mana whenua interest in the storage of taoka has also been identified as high. It is recommended that their views be sought on the storage as part of Plan B.
Inconsistency with existing	Plan A is strategically	Plan B is diverges from the

policy and strategy	consistent with the Annual Plan although there is a change in timing.	Annual plan in the area of storage.
Impact on Council's capability and approach	Plan A differs from the Annual Plan in the area of timing. As noted under financial implications this will have impact on Council's debt affordability benchmark and potentially require change to other projects.	Plan B potentially has implications for the debt affordability benchmark and may have impact on other projects.
Cost to the ratepayer and impact on funders	While the Significance and Engagement Policy does not contain specific financial triggers, as a general guide approximately \$600,000 operational costs (equivalent to 1% in rates) and \$5 million in capital expenditure is considered to be significant.	It is not yet possible to estimate the cost of cancelling the contract for the storage facility and it is also important to note that Council has applied for \$3.9 million external funding for the Storage Facility through the Three Waters Better Off funding process.
Summary	<p>Officer advice is that the issue is significant whether Plan A or Plan B is followed.</p> <p>Regarding consultation, the primary issue for Plan A would be the impact on any other projects which could no longer proceed as a result of the change to the debt affordability benchmark.</p> <p>Officer recommendation would be to consider any consultation requirements in relation to those projects at the time at which those details are available.</p>	<p>Museum location: Consultation on Plan B would not be required on the basis of a change of location within Queens Park. Note: consultation would be required under the Reserves Act on a change in Reserve Status.</p> <p>Storage: The change in plan for the storage is a significant change and consultation should be considered. It would be particularly important to seek the views of Mana whenua given their priority for appropriate storage for taoka.</p>

Community Views

The Community have voiced their desire for the Museum to be open as soon as possible, particularly in order to ensure that tamariki and mokopuna have access to their cultural heritage.

The community also expressed a preference that the Museum retain its location in Queens Park.

Implications and Risks

Strategic Consistency

The Long-term Plan (LTP) and Annual Plan are not binding on ICC. The Local Government Act (LGA) does however place significance on these documents and the decision making process around them. It is worth noting that Local Government consultation documents are subject to scrutiny by Audit New Zealand as to its representation of the matters set out in that document. This significance will be discussed below under legal implications and risks of any decision.

The entry into a contract by Council further complicates question around the significance of this decision for the community.

Plan A aligns to the Annual Plan and Long-term Plan, with the exception of timing. The impact on deliverability and funding of other projects in light of the impact on the debt affordability benchmark and availability of both internal and external resources would need to be considered.

Plan B aligns with the Long-term Plan and Annual Plan in relation to the location of the Museum facility but does not align with the Annual Plan in relation to the storage facility.

Financial Implications

From a financial perspective Council will have the same level of borrowing once the project is complete just in a shorter period. Both the Annual Plan and Plan A anticipate the \$55 million capital spend over 5 years but Plan A has much higher spend in years 2 and 3.

The impact of the higher borrowing earlier in the programme will put significant pressure on the Council's Debt Affordability Benchmark and borrowing headroom. This could be managed by reducing the capital spend which is borrowed for in other parts of the capital programme. The quantum of the reduction/pause required will need to be modelled as part of the 2023/24 Annual Plan development.

Legal Implications

If Project 1225 Plan B is recommended for approval by Council there will be legal consequences of pausing/terminating the Museum Storage Project. Council has been advised on these possible consequences. The Committee may wish to recommend formal legal advice be obtained by Council before making this decision.

Risk

Analysis of the risks associated with Plan A and B respectively is provided in Table A. Risks associated with acceleration in general are provided at Appendix 1.

Next Steps

Plan A –

- The PMO will issue an instruction to ABL to mobilise to the site ASAP,
- The PMO will go to market ASAP for the museum building design team,
- The PMO will expedite the moving or removal of part of the collection to gain access for ground investigations to the current museum site.
- As part of the 2023/24 Annual Plan:
 - The impact of the accelerated borrowing will be fully assessed in conjunction with the Council's total capital programme and Council will be advised of the quantum of reduction in borrowing necessary to stay within the benchmark levels.
 - The additional operation costs expected to arise as a result of the acceleration will be modelled for inclusion.

Plan B –

- The PMO will direct a planner to start the change of use for the new site,
- Negotiate with ABL to terminate the contract (Tisbury)
- The PMO will go to market ASAP for the museum building design team,
- Officers will seek to amend the Three Waters Better Off Funding application so the \$3.858 million can be obtained for the Museum build.
- As part of the 2023/24 Annual Plan:
 - The impact of the accelerated borrowing will be fully assessed in conjunction with the Council's total capital programme and Council will be advised of the quantum of reduction in borrowing necessary to stay within the benchmark levels.
 - The additional operation costs expected to arise as a result of the acceleration will be modelled for inclusion.

Attachments

Appendix 1 - Acceleration Risk Table (A4168971)

Appendix 2 - Annual Plan Consultation Document (A4167891)

ACCELERATION RISK TABLE

Appendix 1 - Acceleration Risk Summary, 12-2025 could be achieved, under Plan A, but by bringing forward the date for building completion by 10 months there is an increased risk that this timing will not be achieved. Increased financial costs and programme impacts can be substantial when there is increased risk placed on the project delivery timelines. If Council is to hold the completion date as fixed then there is also an increased risk that quality could be compromised impacting on the critical success factors laid out in the MGG report.

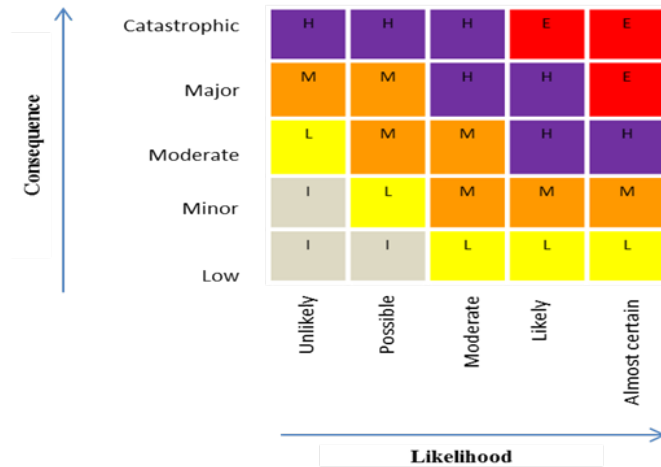
The table below shows the assessed residual risk, at this stage as High (consequence moderate/major and likelihood moderate/likely) in the noted areas. In accordance with the Council Risk Management Framework and request of Council these risks will be reported upon bi-monthly and potential mitigations explored.

Acceleration Risk Table

Risk	Impact	Time	Cost	Quality
Procurement acceleration - General	Staff will have limited time to read and digest bids that will be complex and high value; staff will have limited time to for analysis, to ask questions and undertake detailed legal and cost reviews.			
Tendering acceleration – design team	Market analysis has suggested designers will potentially come from out of region and Council will be competing for resource with other large projects in the country. Limiting the tender response times has the potential to impact whom we attract, the quality of the bids and the contractual tags we get in the response.			
Tendering acceleration – Main Build Contractor	There are some significant construction projects in plan in the lower south island. Reduced time in the market could influence how many responses we get, deter some quality contractors from bidding, and limit the quality of the tender response.			
Separate building design and experience design	For a project like this, it would be expected to develop the concept for the experience ahead of the concept for the building, a good way to explain that is having a fragile object given to you before ordering the box and packing to put around it. To deliver "12-2025" we have flipped this around and expedited the building design, this can pose quality, experience and user risks in the final facility.			
Build time	Build time has been trimmed only slightly due to the very slow recovery of the supply chain and ongoing resource constraints we are seeing on other projects, both ICC and further afield. The "12-2025" timeline does assume that the market will improve in 2023, and we see improvements in the supply chain, resources and other cost drivers such as fuel and inflation.			

Extract from Council's risk framework

Source of Risk	Consequence Rating				
	Low	Minor	Moderate	Major	Catastrophic
Project/ quality management	Project overspend of less than 5%. Quality is lower than planned but still meets the project's requirements or product specification. Delay of 1-2 weeks.	Project overspend of between 5-10%. Quality is lower than planned but still meets the project's mandatory requirements or product specification. Delay of 2-4 weeks.	Project overspend of between 10-50%. Quality and mandatory requirements compromised. Requirements can still be met by relaxing them or modifying scope. Delay of 4-8 weeks.	Project overspend of between 50-100%. Quality is compromised but requirements can be met with increases in cost, time, or scope. Quarantined product could be reworked. Delay of 8-16 weeks.	Project overspend of over 100%. Quality is compromised and unrecoverable. Requirements cannot be met within increased cost, time or scope, or product must be disposed of. Delay of 16+ weeks.



Te Unua - Reimagining the Museum

Kapahewatia Te Whare Taoka



Te Unua – Museum Redevelopment | options for feedback

Te Unua -Whakaahu Hou | Urupare kōwhirika

What we're asking you

He aha a mātou pātai

Based on your feedback in last year's Long-term Plan, the Council is pushing ahead with the development of a new cultural facility for Invercargill. When we agreed to move ahead with this project we asked whether a new building would better meet the needs of the community.

Over the past year, an independent Museum Governance Group was formed and has prepared a report outlining a vision for the reimagined facility, establishing critical success factors that will ensure the right outcome for the community and identifying three options for the future of the facility.

As part of the process, the project has been gifted the name Te Unua by Waihōpai Rūnaka and Te Rūnanga o Awarua.

We're now asking for your views, thoughts and feedback on three options for our future cultural facility.

What do you want for our museum?



Background

Tuarongo

The potential redevelopment of the Southland Museum and Art Gallery has been the subject of discussion in the local community for the past 10 years. In April 2018, the facility was closed because it did not meet earthquake seismic codes, and the conversation about the future of the facility was accelerated.

Following feedback from the community last year, the Council committed in its Long-term Plan 2021-31 to invest \$39.4 million to redevelop the city's museum and art gallery. This was to be part of a \$52.5m total budget, including \$13.1m of third party funding.

At the same time, Council noted that there were differing views on the right option for the future of the facility itself and agreed that more options should be considered.

A Governance Group was formed in August 2021 to reimagine the museum and art gallery and make recommendations to Council on the best outcomes to deliver a future cultural facility in the city. It was also tasked with creating measurable success factors, considering the preferred location of the facility and testing whether there were any alternative sites.

Timeline

Rārangai Wā

2012, 2015 & 2017

Southland Museum and Art Gallery (SMAG) Trust Board redevelopment proposals considered but not progressed.

April 2018

SMAG closed due to earthquake risk.

2020

Release of strategic review of facility and redevelopment options.

April-May 2021

Council asks for public feedback on future of facility in Long Term Plan consultation.

June 2021

Based on feedback, Council agrees to fund the redevelopment of the Southland Museum and Art Gallery and consider whether a new building would be a better option.

August 2021

Museum Governance Group formed.

August-November 2021

Museum Governance Group meets to consider the future of the facility.

December 2021

Museum Governance Group report presented to Council.

February 2022

Te Unua name gifted by Waihōpai Rūnaka and Te Rūnanga o Awarua.

March 2022

Council Infrastructure Committee agrees to consult on options for the future of Te Unua.

March-April 2022

Consultation on Te Unua options through Annual Plan.

June 2022

Council makes a decision on future cultural facility.

2022-2023

Cultural facility design phase.

November 2022

Storage facility construction begins.

2024-2026

Cultural facility construction, fit-out and occupation.

2027

Cultural facility opens to public.

● COMPLETED

● TO BE COMPLETED

Museum Governance Group

Te Rōpu Mana Whakaruruhau a Te Whare Taonga

As part of its Long Term Plan deliberations, the Invercargill City Council in 2021 resolved to establish a governance group to provide advice on reimagining a cultural facility for the region.

The purpose of the group was to create a unique and compelling vision for the museum that defines the nature of the service for the community of Invercargill and solidifies its role in the Southland region.

Experienced South Island director Rex Williams was appointed Independent Chairman of the group in August 2021. The appointed members of the group: Rūnaka appointee Evelyn Cook, Gavin Bishop, Trish Lindsay, Lou Sanson, Roger Beattie and Simon Owen.

Over 16 weeks, the Governance Group developed a vision, pillars and critical success factors to deliver a new cultural facility. The exercise considered community views, iwi partnerships and aspirational goals for the region.



Vision Te Unua - Exploring the Stories of Southland

Moemoeā Te Unua – Kimihia kā Pūrākau o te takiwā

Pillars Pou

- **Connecting** with Murihiku, the land, sea and sky
- **Involving** he tākata through diversity and inclusion
- **Inspiring** with stories shaped by our people, our land, and our waters
- **Aspiring** to bring change and understanding
- **Protecting** our taoka for future generations
- **Engaging** with the past, the present, and the future
- **Value** balancing cost with quality.



Critical success factors

Piki kā tauwehe mātua

What will Te Unua need to deliver for visitors and the community?

Connecting

Visitors to Te Unua will enjoy an immersive experience. This experience, be it exhibition, education, research, staff contact, performance or reflection, will leave the visitor with a deeper awareness of Murihiku's land, sea,

sky, and its people. This will make Te Unua unique to Southland and unprecedented in New Zealand.

Te Unua will be inviting, a community precinct of internal and external spaces that connect people. Welcoming all, Te Unua is inclusive, accessible and diversely appealing to all ages, cultures and demographics of the region, nation, and the world – a reflection of the people of Southland. This will be achieved through consultation and collaboration with the community.

Inspiring

Te Unua will be an experiential visitor journey based on taoka, art, the natural world and compelling storytelling. The visitor experience will be a narrative through people and time rather than an ordered sequence of artefacts. The visitor will leave Te Unua with a deeper understanding of the history of Murihiku and New Zealand, and the people and stories behind the exhibited collection.

Aspiring

Te Unua will be an enquiry hub that sparks curiosity for continuous learning. It will offer a variety of formal and informal learning opportunities, within the built space and throughout the adjoining precinct.

Te Unua's approach to storytelling will include tactile and technological interactive exhibits that engage both young and more mature minds.

Protecting

Te Unua will be a safe environment for people and collection, achieving agreed resilience for seismic and flood risks and providing appropriate environmental controls to protect taoka over time. Design approach, materials and systems will be selected to ensure permanence and managed to reduce load on the present and future environment.

Engaging

Te Unua will be designed as a highly flexible space for exhibition and service with sufficient volume, floor area, and systems to enable future reconfiguration. Physical and technological aspects of development are provided to accommodate future change and development. Te Unua will be responsive to cultural change, how that affects the collection and how it is reflected in the stories we tell.

Value

When complete, Te Unua will represent excellent value for the community's investment. This consideration, while including monetary assessment, will extend to non-monetised aspects such as culture, energy, and resources. Te Unua will have delivered all foreseeable operational requirements, with appropriate materials for permanence, durability, and maintenance, while offering optimised ongoing running costs for future efficiency.



Te Unua – Explore the Stories of Murihiku Southland

Te Unua – Kimihia kā Pūrākau o te takiwā

Based on public feedback and the findings of the Governance Group report, the Council has decided:

- **The cultural facility will remain in Queens Park** – the community has a strong connection with the park and has been clear they wish the facility to remain there.
- **A new home for the tuatara** – Southlanders love the tuatara and a new home is proposed for them near Te Unua and connecting with other Queens Park facilities. Discussions are ongoing with iwi and the Department of Conservation before final decisions are made.
- **A separate storage facility** – an alternative location of Tisbury Reserve has been identified for a separate storage facility to support the redevelopment.



You will be able to taste the salt air, smell the upheaval of the sea, hear the cries of life as they are constantly challenged in a changing landscape; touch the fossils of life embedded forever in a cocoon of sedimentary preservation; and witness the impossibility of how life beat the odds and survived.

Throughout time the layers of our landscape will be revealed – the human story comes much later than geography, geology, and flora and fauna. These will include, but not be limited to:

- **The story of Minnie Dean** – as a hologram
- **The violence of the sea** – the loss of Tuhawaiki, wreck of the Endeavour, Tararua and General Grant
- **When nature wins** – The Enderby Settlement
- **The unscrupulous** – Joseph Hatch and the Macquarie Island Hatchery
- **The dreamers** – Ernest Robert Godward, Peter Beck
- **Lost opportunities** – Southland Provincial Council – gold and railway
- **The legacy** – The Underwood Milk Company (Highlander Condensed Milk); Owen McShane; Richard Henry
- **Conflict** – Tukurau, Spencer, South African War, world wars
- **The Home Front** – Coast Watchers, women
- **Commerce** – H & J Smith; Broad Smalls, Calder McKay

What visitors can expect from Te Unua

Te Unua will provide a major additional attraction in Queens Park, and will be the pre-eminent cultural facility in Invercargill where visitors will engage in the stories of Murihiku Southland.

A journey

You arrive at your new facility – Te Unua – where the strength of two waka lashed together will invite you on a journey into our community. The sound of the sea, a volcanic eruption, the screech of a seabird and a blast of cold air will quicken the senses as your eye adjusts from natural light, and you enter the world of Te Ao Mārama.

Public spaces

For all options, the arrival area includes main entry point, foyer and reception. Close by will be visitor spaces including retail, cafe, kitchen and back-of-house, parents' room, toilets, lockers and light storage.

A multi-use space is included for temporary displays, functions (suitable for holding medium-sized groups), pōwhiri and other cultural welcoming ceremonies. Adjacent will be an “education space”. The public spaces will have easy flow between key visitor touchpoints with links to the nearby exhibition spaces on ground and upper levels.

Exhibition spaces

In all options, there will be four different spaces for different types of exhibitions:

- **Long-term storytelling** – encapsulating the stories of the region using immersive displays, in-built technology, cases and display mounts, and reflecting the surrounding Queens Park area.
- **Short-term storytelling** – content will change over time using collections of art and visual media.
- **Special exhibition space(s)** – a flexible area that can be open to support large travelling or international exhibitions, or separated into smaller spaces to display special collections.
- **Education-focused space** – aimed at school-aged children and operating as an on-site learning space, this area will change depending on the local or visiting exhibition topics.

What are the options for Te Unua?

He aha kā kōwhirika mō Te Unua?

Three options have been identified for the redevelopment of the museum. The Council's preferred option is the largest 4150m² rebuild. There is a significant difference in experience offered by each option.

WILL THIS OPTION OFFER...	PYRAMID STRENGTHENING AND REFURBISHMENT (OPTION 1)	NEW BUILD 3550M ² (OPTION 3)	PREFERRED OPTION NEW BUILD 4150M ² (OPTION 2)
A captivating and immersive experience?	A refurbished building would allow the experience at the museum to be improved, but we would be severely restricted by the constraints of the shape, size, fabric and structure of the current building. It will limit our ability to create new experiences within the current building and to implement new technology. It's also unclear at this stage how much the seismic structural strengthening work would impact on the already-limited space and flexibility of exhibitions. ★	This option would also give us the opportunity to build and design a thrilling and enveloping experience from scratch. While there won't be quite as much space as option 2, we would not be limited by space or technological capabilities like in option A. ★★★	This option would give us the opportunity to start from scratch in creating the most captivating and immersive experience possible, with the building designed and built purposefully. There would be a huge amount of space for technology and an experience that captures your imagination from the beginning. ★★★
Science, Technology, Engineering, Arts and Mathematics?	STEAM is all about learning and in the current building we do have a classroom space, but it's not spacious enough to allow large groups of our tamariki and it doesn't have capacity for additional technology and learning tools. ★	This new build option will offer expansive educational spaces with hands-on technology and learning tools for tamariki to experience STEAM in new ways. ★★★	The biggest new build option would allow the learning areas to expand in space and in the technology and tools we could provide, giving an entirely new and flexible hands-on educational experience. ★★★

★ Okay ★★ Great ★★★ Excellent



What are the options for Te Unua continued?

Ka haere tonu te kōrero

WILL THIS OPTION OFFER...	PYRAMID STRENGTHENING AND REFURBISHMENT (OPTION 1)	NEW BUILD 3550M ² (OPTION 3)	PREFERRED OPTION NEW BUILD 4150M ² (OPTION 2)
<p>National and international touring exhibitions?</p>	<p>The physical space, structure and layout of the current building means we are limited in our ability to receive touring exhibitions.</p> <p>But, more importantly, the maximum rating of the seismic building standards we could achieve at the pyramid building are still not enough to allow us to house touring exhibitions, or even to borrow items from other national collections.</p> <p>While we would make the building as safe as possible, there would be insurance impacts that mean we may not have the ability to fully protect taoka or treasured items in this building. There may even be cases where we can't display items from our own collection. (-)</p>	<p>This option will deliver an extremely resilient and safe building to house our collections and to welcome visiting exhibitions and items. We would see national and international exhibitions through our doors frequently and we would have the flexibility to house many of them. While we'll have the opportunity for most of them, it is possible we could miss out on a few really big ones if they are larger than the space available. ★★</p>	<p>A new and resilient building means we could completely and confidently protect our own taoka and those borrowed from other collections. We would have enough space and flexibility to house exciting national and international exhibitions that we've never seen in Murihiku before, and like those many of our residents travel to Dunedin or further afar to see. ★★★</p>
<p>Spatial rethinking and opportunities?</p>	<p>The current structure of the pyramid building is what we have to work with in this option. It means we can't be as flexible with moving exhibitions and displays in and out to utilise different spaces and make it fresh and interesting. ★</p>	<p>We'd be able to provide an exciting, flexible and changing space with this option. With no limits on structure and layout, you could expect to see something new and different at every visit. ★★★</p>	<p>This option would provide a huge amount of space and flexibility to change and adapt our displays, move exhibitions in and out and create a constantly changing and engaging cultural experience. ★★★</p>
<p>An enhanced physical connection to Queens Park?</p>	<p>At the moment, while the building is set within Queens Park, you can't see much of it from inside. ★</p>	<p>This option means we could design a building that is physically and visually connected to Queens Park so you would know that this cultural facility is part of the park, and not just set within it. ★★★</p>	<p>To design a new building would give us the opportunity to create a clear physical connection with Queens Park. We could create indoor-outdoor flow with the special spaces we know and love in the park, and we could include windows and spaces that are directly connected. ★★★</p>

★ Okay ★★ Great ★★★ Excellent

WILL THIS OPTION OFFER...	PYRAMID STRENGTHENING AND REFURBISHMENT (OPTION 1)	NEW BUILD 3550M ² (OPTION 3)	PREFERRED OPTION NEW BUILD 4150M ² (OPTION 2)
Improved retail and hospitality opportunities?	The current museum café is limited by its size and a commercial kitchen that is only capable of basic fare. The space for retail is also limited here. (-)	This new build would give us the opportunity for a larger and more flexible kitchen, café, retail and function space. It wouldn't be as sizeable as option 2, but we could still accommodate events and more people. ★★	A new build would allow us to create a larger kitchen, more space for hospitality and functions, and a new area for retail. We would have the flexibility to expand and shift this area to showcase our region's products or to allow for events. ★★★
Suitable staff and back-of-house facilities?	In this option, there is almost no space for back-of-house activities, such as preparing and setting up new exhibitions. It limits staff's capability to plan and create the best displays possible. (-)	This new build would give us the opportunity for a larger and more flexible kitchen, café, retail and function space. It wouldn't be as sizeable as option 2, but we could still accommodate events and more people. ★★	This option allows for a significant increase in back-of-house facilities. It would ensure staff would have plenty of space to prepare, set up, create and pack down as we shift between exhibits. There would also be storage solutions and great spaces for our staff. ★★★
Opportunities for visitors to return, connect and engage?	With less ability to change exhibitions, show precious taoka, create expansive or immersive experiences, or attract touring exhibitions, it's less likely that our visitors will want to come back time and again. ★	More space, changing exhibitions and displays, clever and creative learning tools and facilities, and touring exhibitions, mean option 2 would provide a multitude of opportunities for visitors and residents to consistently visit, engage and connect with the facility. ★★★	The huge space on offer in this option, the ability to be flexible and change displays, create engaging experiences and learning opportunities, as well as draw large and unique touring exhibitions, means this option creates the most opportunities and incentive for visitors to return, connect and engage. ★★★
A user-friendly experience?	The current building has limitations in accessibility and it can be difficult to find your way around. This could potentially be limited further after the building has been seismically strengthened. ★	This option means we can ensure accessibility for everyone, and create a wayfinding experience that is easy, enjoyable and natural. ★★★	A new building gives us the opportunity to ensure our spaces are completely accessible for those who use wheelchairs or other mobility devices. It also means we can create a purposeful flow and focus on clear, natural and clever wayfinding. ★★★
A resilient facility that will be around for many years?	We know the pyramid has seismic strength issues, and the maximum we could achieve with structural support is 67% of the national building standards. While it would be improved and safe, if there was an earthquake event, this building could be damaged beyond repair. (-)	This option would provide an extremely resilient building that meets 100% of building standards. It would be large enough for us now and into the future, but at some point, it's likely our collection and ambitions may outgrow the physical size and space. ★★	A large new building would be built to meet 100% of the national building standards. It would be safe, secure and physically last many years, and it would also be large enough to allow us to expand our collection and grow our experiences into the future. ★★★

★Okay ★★Great ★★★Excellent



Options and funding

Kōwhirika me te putea.

The 2021-31 Long-term Plan set aside funding of \$52.5m for a new cultural facility, with \$39.4m from Council and the remaining \$12.9m from external funding. This included \$4.5m for storage. It was expected that the new facility would be delivered in 2026/27.

Three options have been identified for the development of the museum. All of the options will require additional Council funding over what was set out in last year's Long-term Plan. This is variously due to cost escalations, higher build costs for new builds and current circumstances reflecting a lower expected level of external funding.

For all three options, Council will be required to manage the role of achieving the expected level of external funding by underwriting these costs.

For the option to redevelop the pyramid, this is \$6 million, which equates to a 0.72% rates increase.

For the smaller new build option, this is \$11 million, which equates to a 1.32% rates increase.

For the preferred option, this is \$20 million, which equates to a 2.4% rates increase.

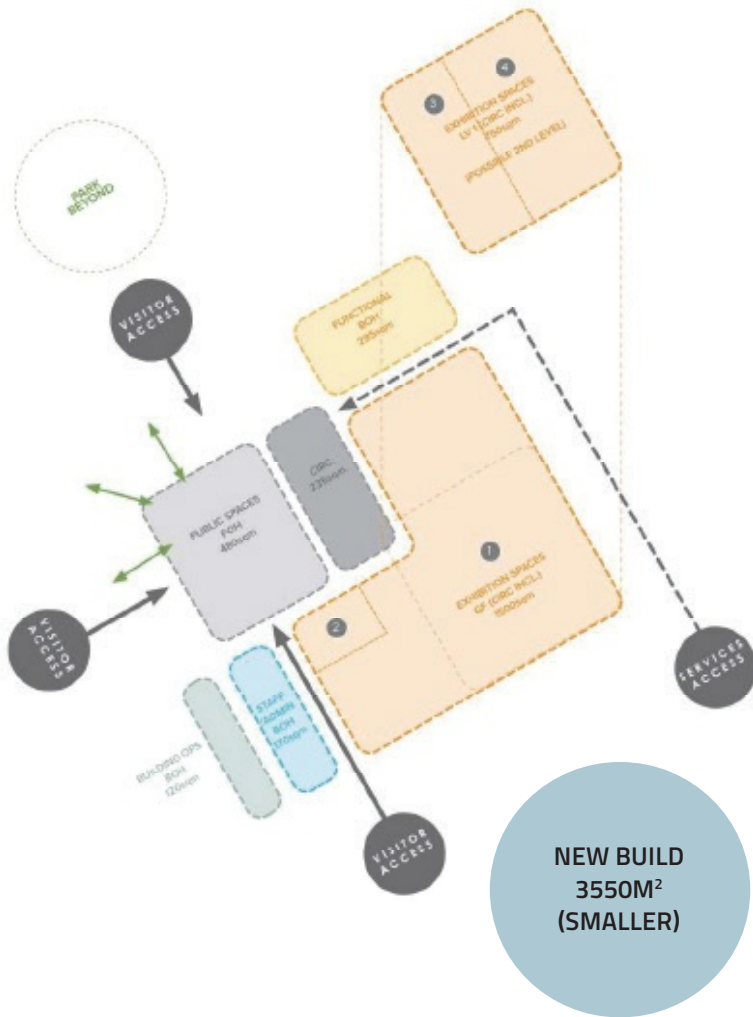
PYRAMID STRENGTHENING AND REFURBISHMENT



PYRAMID STRENGTHENING AND REFURBISHMENT (OPTION 1)

DESCRIPTION	COSTS	RATES IMPACT	ECONOMIC IMPACT	OPERATING COSTS
<p>Strengthen the Pyramid to 67% of new building standards and refurbish.</p> <p>This option addresses the structural issues of highest concern and increases the building's ability to withstand an earthquake.</p> <p>It does not address increased seismic requirements for storage.</p> <p>It does not comply with the Te Unua vision, critical success factors, services or functional brief.</p> <p>Forecast to open 2027.</p>		2022/23 +0.30%		
	Total \$57.1m	2023/24 +0.55%		
	Council \$51.1m	2024/25 +0.52%	Generates between \$1.15 and \$3.66 for the Southland region for every dollar invested	\$0.1-\$0.3m additional operational costs during the construction phase
	External \$6m			
	Additional to LTP \$11.7m	Total average rates per year (includes increase already rated in 2021) \$158.05 per year		
	Investment required 2022/2023 \$2.9m			

*THE AVERAGE DOLLAR INCREASE PER WEEK.
\$3.04



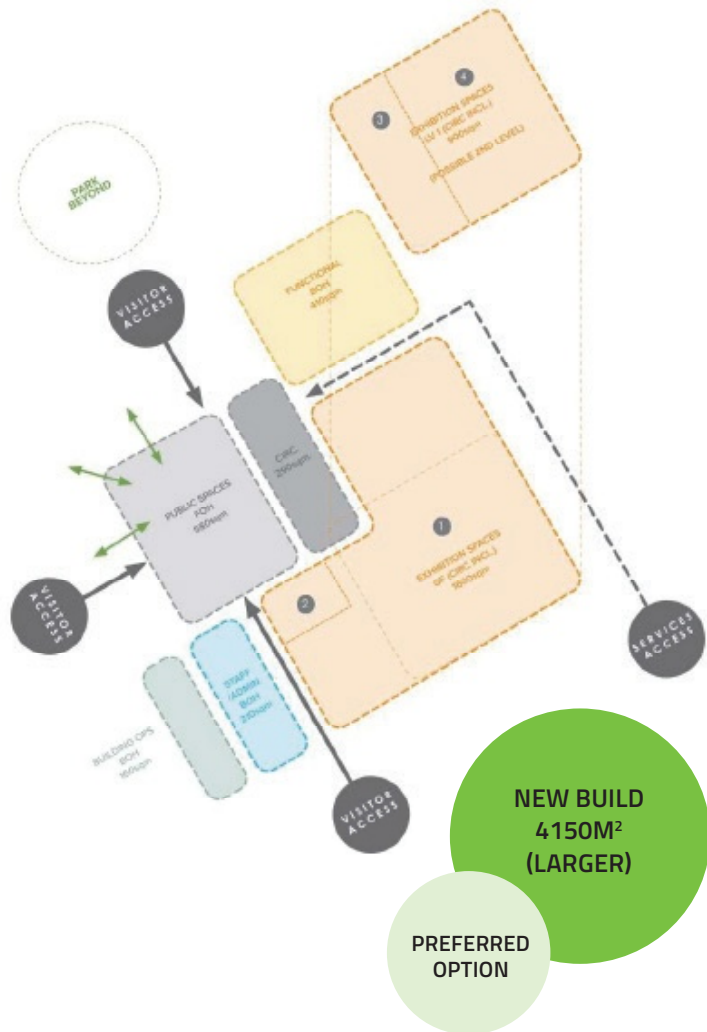
NEW BUILD 3550M ² (SMALLER) (OPTION 3)				
DESCRIPTION	COSTS	RATES IMPACT	ECONOMIC IMPACT	OPERATING COSTS
<p>The Pyramid is demolished and a replacement building positioned within the current footprint. A new standalone storage facility is built off-site. The design is a smaller version of option two, but also provides a modern new building with similar features. The 600m² reduction in space means smaller public, exhibition and staff areas. This would not adversely affect the delivery on the vision and critical success factors; it requires a more flexible approach.</p>	Total	2022/23		
	\$65.3m	+0.60%		
	Council	2023/24		
	\$54.3m	+0.55%		
	External	2024/25		
	\$11m	+0.59%	Generates between \$1.26 and \$3.69 for the Southland region for every dollar invested	\$0.1-\$0.3m additional operational costs during the construction phase
	Additional to LTP			
	\$14.9m			
	Investment required 2022/2023			
	\$11.7m	Total average rates per year (includes increase already rated in 2021)		
		\$167.23 per year		

*THE AVERAGE DOLLAR INCREASE PER WEEK.

\$3.22

Options and funding continued

Ka haere tonu te kaupapa



THE PREFERRED OPTION - NEW BUILD 4150M ² (LARGER) (OPTION 2)				
DESCRIPTION	COSTS	RATES IMPACT	ECONOMIC IMPACT	OPERATING COSTS
The Pyramid is demolished and a replacement building positioned within the current footprint. A new standalone storage facility is built off-site. The design offers a world-class, spacious and modern new building, maximised opportunities to showcase the stories of Murihiku Southland, and right-size for future requirements.	Total	2022/23		
	\$75.7m	+0.61%		
	Council	2023/24		
	\$55.7m	+0.64%		
	External	2024/25		
	\$20m	+0.66%	Generates between \$1.19 and \$3.60 for the Southland region for every dollar invested	0.2m additional ongoing operational costs
	Additional to LTP			
	\$16.3m			
	Investment required 2022/2023	Total average rates per year		
	\$12.5m	(includes increase already rated in 2021)		
		\$171.34 per year		

*THE AVERAGE DOLLAR INCREASE PER WEEK.
\$3.30

Frequently asked questions

Kā pātai pūputu

Why are we consulting on this again?

Public feedback during the Long Term Plan consultation made it clear that people wanted to see the facility reopened, however, there were differing views about options for the future, with some people agreeing the refurbishment of the pyramid was the right way to go, and others suggesting a rebuild would be better. As a result, the Council decided to look a little deeper into the options, forming a Governance Group to advise on a future cultural facility for Invercargill and consider a range of options. We now want your feedback on the options considered so we can make decisions for the future.

What will be the name of the facility?

The new facility has been gifted the name “Te Unua” by Waihōpai Rūnaka and Te Rūnanga o Awarua.

When will the museum open?

Under proposed plans, the museum is scheduled to be opened in 2027.

Why is the pyramid building no longer suitable?

The existing pyramid building had to be closed in 2018 due to the fact it did

not meet earthquake building code and is considered a significant safety risk. As work has progressed on options to reopen the facility, it has become clear that significant work and cost would be incurred to bring the pyramid building to 67% of New Building Standards – the minimum allowed for existing buildings. During public consultation in 2021, the idea of a new build was raised and the option of a new, modern facility that meets all building standards and can offer larger spaces has arisen.

What parking will be available?

There will be plenty of free parking available at the new facility.

What will happen to the pyramid building?

We know the local community has developed a strong connection to the pyramid over the years. While the building would need to be demolished to make way for a new structure, we would like to work with the community to capture the memories and feelings associated with the pyramid as part of the process.

What will happen to Henry the Tuatara and his mates?

Through the reimagining phase it was agreed that a new enclosure for the tuatara should be built separate from the new cultural facility but remaining within Queens Park. It was also agreed they should have some level of visibility and accessibility within Te Unua. Tuatara are now seen by many as an important part of the Invercargill and Southland story. However, Council does not own the tuatara so we are talking with iwi and the Department of Conservation about the proposed changes to ensure the solution is suitable for everyone.

Will entry to the museum be free?

Entry to the main areas of the museum will be free for locals and visitors alike. Special exhibitions will require an entry fee.

What kind of exhibitions will there be?

Entry and public spaces will lead through to a multi-use space for temporary displays, functions (suitable for holding medium sized groups), pōwhiri and other

cultural welcoming ceremonies. The public spaces will have easy flow between key visitor touchpoints with links to the nearby exhibition spaces on ground and upper levels. Exhibition spaces will include long-term storytelling, shorter-term exhibitions, space for special exhibitions and touring shows, and an education exhibition space. Both new build options will provide greater opportunity for visiting exhibitions.

How much is this going to cost ratepayers?

Each option has a different cost. The full details on costs and the impact on rates can be found on page 5.

What happens if Council is not successful in achieving the level of external funding required?

Council will be required to underwrite all costs. This means that if external funders provide less than expected, Council will need to make up the shortfall and this will need to be paid from rates.



Frequently asked questions

Kā pātai pūputu

Where is the museum going to be?

There was strong public feedback in 2021 that Queens Park is the right location for Te Unua and the Council has decided it should remain there. A separate storage facility is planned off-site on Tisbury Reserve.

What is happening with the material (artwork, exhibitions, artefacts) the museum has in it?

Right now, these are being catalogued to go into long-term storage at the planned new facility. These will be used in the long-term and short-term storytelling spaces in Te Unua as well as part of other changing exhibitions.

Why is the storage facility being built first and the museum not being prioritised?

The delivery of the new cultural facility in 2026-27 is intrinsically linked to a storage solution. The reimagining phase tested and confirmed the preferred location for Te Unua as Queens Park; however, this approach will require the alternative storage solution to be completed and the collection decanted in full by early 2024. Should the storage project be delayed, this will impact the start date and potentially the completion date of Te Unua.

To mitigate the risk to the Te Unua programme, the Project Control Group agreed to decouple the storage project from the delivery of the new facility. There is funding available within the Long Term Plan (\$4.5m) to allow this process to commence immediately, reducing any delay associated with the public consultation of Te Unua. It has been estimated that the design and construction period for a new storage facility is 24 months. The new location meets requirements for seismic and flooding risk management.

Further consideration for temporary storage should be carried through to the next phase of the project; should the storage project experience delays that negatively impact Te Unua construction programme ie. delay the commencement of demolition.

What will happen to the Arts and Creativity Invercargill project?

Arts and Creativity Invercargill (ACI) is a facility to enable art activity in the central city. This project is still planned for delivery in 2027 – 2030. Council will consider the projects focus as part of future planning.

Why is it taking so long to make a decision about rebuilding the museum?

The museum is an integral part of the Invercargill community and people have strong feelings about what happens next. The redevelopment of the facility will also cost ratepayers a significant amount of money and will result in an outstanding facility for the region and visitors alike. It's important to take time to hear from experts, compare with other facilities and listen to public views to make sure we get the best possible outcome for Invercargill.

Why are workers allowed to access the museum and not us?

Earthquake building standards mean the museum is unsafe for public. Workers are allowed on site to carry out essential work under strict health and safety guidelines and following correct procedures.

Will the new building be a pyramid shape?

The pyramid shape is not intended to be replicated in any of the proposed new builds. The Council does, however, recognise the community's affiliation with the pyramid and would like to consider how memories and feelings could be shared through the redevelopment process.

What modern/tech features are being built into the new museum?

Te Unua will reflect modern exhibition and display techniques and include special technological features. This may include virtual or augmented reality displays as well as screens and other tech concepts. There will be more options to include these in the new build options.

What about He Waka Tuia? Doesn't that building have an earthquake risk too? Will He Waka Tuia be open until the new museum is complete? What will happen to that space afterwards?

While the building in the inner city that is host to He Waka Tuia has been identified as an earthquake-prone building, Council is working with the landlord of the building to address the identified issues. This building is not considered to be the same level of critically earthquake-prone as the pyramid.

No decision has been made on the future of He Waka Tuia after Te Unua is opened, but it will remain open until then.

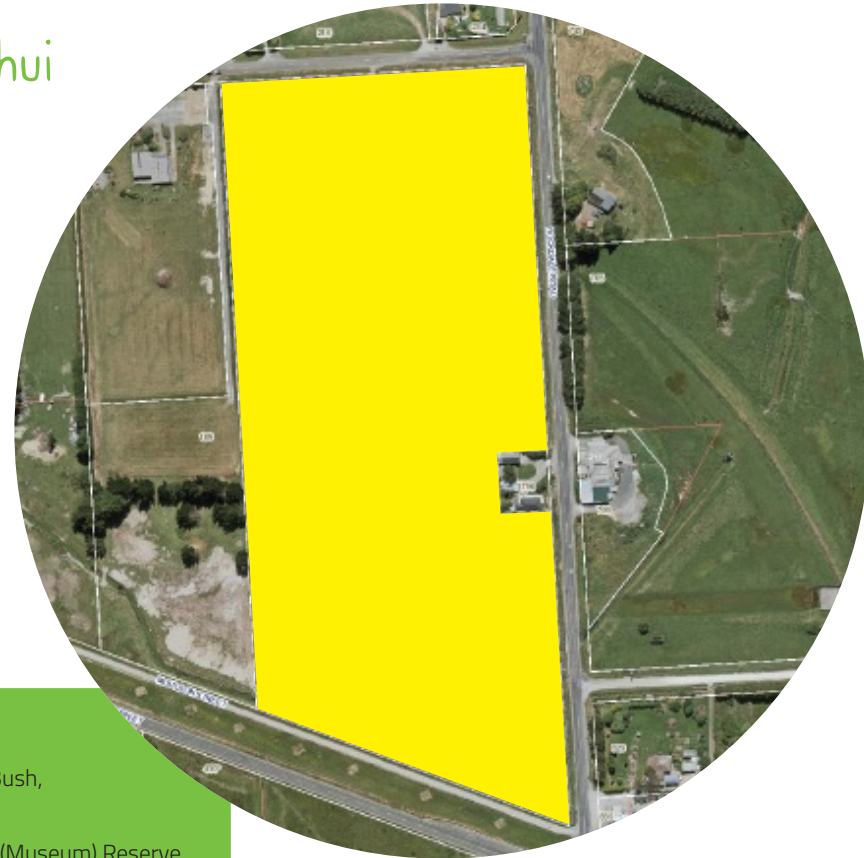
Storage facility for the Museum – Tisbury Reserve

Te Whata mau taoka – Te Whenua Rāhui

We are proposing to amend Rural Reserves Omnibus Management Plan 2012 to reclassify Tisbury Reserve to allow for the museum storage facility development.

Creating somewhere safe to store the region's taoka (artefacts) will be key to the success of the project. It is proposed to build a new storage facility (Te Unua) on Tisbury Reserve. This location meets the requirements for a seismically safe location that is within a good distance to Queens Park. Tisbury Reserve is currently used for grazing (lease soon expiring) and pony club activities. Discussions are being made to look at alternative locations if needed.

Submissions are invited on a proposal to amend the Rural Reserves Omnibus Management Plan 2012 to change the classification of Tisbury Reserve from Recreation Reserve to Local Purpose (Museum) Reserve for Te Unua Development.



- Location:** 800 and 820 Rockdale Road
- Legal Description:** Secs 68, 69,71 and part Section 70 Blk II Town of Seaward Bush, Sec 72 Blk II Town of Seaward Bush SO 1278
- Reserve Status:** Recreation Reserve – Proposed to change to Local Purpose (Museum) Reserve
- Area:** 9.0364 hectares



CITY STREETS STAGE 1 COST UPDATE

To:	Finance and Projects Committee
Meeting Date:	Tuesday 22 November 2022
From:	Russell Pearson, Manager Strategic Asset Planning
Approved:	Erin Moogan - Group Manager - Infrastructure Services
Approved Date:	Thursday 17 November 2022
Open Agenda:	Yes
Public Excluded Agenda:	No

Purpose and Summary

The purpose of this report is to provide a financial update on the first stage of the City Streets project including the forecast cost to complete.

Recommendations

That the Finance and Projects Committee:

1. Receives the report "City Streets Stage 1 Cost Update";

Recommends to Council that it:

2. Notes the current cost to complete the project is estimated to be \$20.74m or 10% above the project budget;
3. Notes the outdoor dining changes outside ICL have provided the opportunity to review the shelter component of the City Streets project;
4. Approves the remaining shelter budget of \$460,000 be reallocated to the main project fund noting that further budget will be required if additional shelter proceeds at a later date.

Background

The City Streets project commenced a masterplanning process in early 2020. The masterplan was endorsed in February 2021. Detailed design was undertaken and a contract with Downer for City Streets Esk and Don approved. Work commenced on Esk and Don Streets in late August 2021.

The original project timeline was recognised as challenging to be able to undertake this scale of work on two adjacent streets, coordinate with the three large adjacent developments and operate in the busiest sections of road whilst managing relationships with adjacent retailers. The timeline was considered to be a key project risk but was driven by the desire to align with proposed dates for completion of the Langlands Hotel, Stage One opening of Invercargill Central (ICL) and Stage 2 opening of ICL respectively.

In September 2022 Council's Infrastructure Services Committee was advised that there have been several competing and adjacent events which have impacted the progress of the project and resulted in an estimated completion date of March 2023.

These included:

- Commencement of work on site being delayed due to the 2021 Covid lockdown
- Significant contamination of ground in Esk Street preventing access to the site during December 2021 and January 2022
- A high number of archaeological finds increasing heritage observation requirements
- Requirement to support the Langlands and ICL developments with infrastructure connections and street level tie ins which impacted project efficiency
- Slippage in the programmes for the Langlands and ICL developments bringing the programmes into greater conflict with access to the same areas of site required by multiple parties at the same time.

Implications and Risks

Strategic Consistency

The project is consistent with the Long Term Plan Outcomes. This paper is an update on the project costs.

Financial Implications

Budget for City Streets Stage 1 is provided for in the Long Term Plan. The financial implications of the project are noted in the discussions below.

Risk

The key projects risks identified are:

Risk	Issue	Mitigation
Additional problems not well understood and not resolved occur	Additional issues are identified and result in costs	Most underground work is now well completed and this has reduced the unknowns. Most product is on order and costs established
Budget	More expenditure is anticipated to complete the project than allowed for in the project budget	Project is being closely managed. Project team to report back to committee on status not later than February 2023
Community Expectation not met	The project when completed does not meet the community expectations for the funds which have been invested	Provide ongoing communications. The visibility of the project increases as it nears completion
Project is not completed on time	As sections of adjacent developments open, the Street elements are not completed and limit the access from buildings	Work closely with developers and meet regularly to discuss future timelines
Conflict over use of the street space for work	Both the City Streets project and the developers need to use the street area to either finish exteriors of building or to complete pavements and garden areas	Work closely with developers whilst looking to maximise productivity of teams to avoid time and costs due to access issues wherever possible

Issues and Options

Analysis

The project team have continued to best manage project impacts but cost increases have occurred that are over and above the original budget

The most significant cost increases include inflation escalations (for costs not able to be fixed at the project outset), allowances for further disposal of contaminated materials, undercutting of unsuitable road foundation, labour for the extended construction time, design rework (ie rework to accommodate ICL outdoor dining, levels interface with the developments, incorrect design assumptions due to the necessary speed of design). There has also been increased costs for the professional services which includes archaeological over-viewing and specialist environmental advice which have been over and above what was anticipated.

As at October 2022 the project was tracking approximately 17% over budget. Weekly programme updates are being provided to the GM Infrastructure, the project is being closely monitored and workshops have been held to explore options for cost reductions to ensure cost increases are limited wherever possible.

The outdoor dining changes outside ICL have also provided the opportunity to review the shelter component of the City Streets project. It is proposed not to proceed with further outdoor shelter at this stage and monitor the need for additional cover once the project is complete. This provides for approximately \$460,000 to be diverted to the budget shortfall. The required foundations have been installed which will allow shelter to be installed at a later date if this is deemed appropriate.

Following workshopping the forecast to complete the project has been reduced to approximately \$20.74M or 10% above the allocated budget. Approximately one third of that reduction comes from reallocation of the shelter budget. A further update to the Committee will be provided on progress against time and budget at the next scheduled Finance and Projects meeting.

Significance

This project is a significant deliverable for the City with Heart and the street improvements in Don and Esk streets are key elements in ensuring that open space is available for people to use whilst linking the adjacent retail developments.

Community Views

The community has high expectations for the city streets project as a vital outdoor area to encourage people to stay longer in the City Centre. The extent of funding committed highlights the high importance this project has to the community. There has been much delay and disruption and the completion of the project to meet the expectations of the community is an important element within developing a City with Heart.

Next Steps

The project will continue to be closely monitored. The works are now predominantly above ground and the risks are reducing as uncertainty is removed.

Staff will report back to the next Finance and Projects Committee meeting on status of the project.

Attachments

None.

PROJECT MANAGEMENT OFFICE STATUS REPORT

To: Finance and Projects Committee

Meeting Date: Tuesday 22 November 2022

From: Lee Butcher – Programme Director

Approved: Erin Moogan - Group Manager - Infrastructure Services

Approved Date: Monday 14 November 2022

Open Agenda: Yes

Public Excluded Agenda: No

Purpose and Summary

This report updates elected members on the status of Strategic Projects being delivered by the Project Management Office (PMO).

Recommendations

That the Finance and Projects Committee receives the report "Project Management Office Status Report".

Background

The PMO carry out oversight and direct project management of several strategic projects while supporting the ICC in the development of tools and processes to manage and deliver projects and support better internal processes.

The PMO provides a bi-monthly snapshot of progress, risk, and commentary on the programme through this report.

Attachments

Attachment 1 - PMO Dashboard (A4157008)

Finance and Projects Committee - Public - Project Management Office Status Report (A4161769)

ICC PMO Programme Dashboard
(Strategic Capital works July 2021 - June 2031)



Report to 01 November 2022

Programme Sponsor: Erin Moogan

Programme Lead: Lee Butcher

Project					PMO forecasting - Risk - ETC - tracking			RAG	Comments
	Budget (inc Cont.)	Actuals (from Tech One)	Remaining	Committed	Estimate to Complete (ETC)	Contingency (remaining)	Variation - Budget vs ETC		
City Centre Streets - Stage (100229)	\$ 18,947,800	\$ 14,228,928	\$ 4,718,872	\$ 18,947,800	\$ 20,740,000	1,565,768 (0)	-\$ 1,792,200	Red	Progress in October has been mixed again, with earthworks still uncovering poor and contaminated fill at the Dee street end; the team has now estimated to spend the full (reforecasted) funds for undercut materials. The site team are now reporting to the ICC a number of times a week as we monitor progress at an almost daily frequency. Of the four weeks of October, the team missed production goals for the initial two weeks. Access to shop frontage and rain again being huge factors in slowing down progress. A positive milestone was reached with the upper 3/5 of the esk now barrier-free and open for full public use.
Stead Street Stop Bank - (100298)	\$ 15,500,000	\$ 13,968,134	\$ 1,531,866	\$ 13,579,803	\$ 15,050,000	2,000,000 (450,000)	\$ 450,000	Green	Planning underway for short closure for Art Install, final production underway. Airport Ave Works is progressing well. Planting contractor selected. Project closeout planned Jan 2023, planting April 2023 (seasonal)
Branxholme Water Main - (100349)	\$ 25,348,575	\$ 8,164,093	\$ 17,184,482	\$ 8,061,568	\$ 24,782,000	2,163,104 (2,163,104)	\$ 566,575	Green	Both Drill-shots complete 100% Stage 1 pipe-install about 2.5 weeks behind programme due to unforeseen obstructions in the NZTA road corridor. Safety has improved across the work sites with issues reducing weekly. Stage 2 of the pipe install has gone to market on programme.
Rugby Park - (100305)	\$ 4,900,000	\$ 424,333	\$ 4,475,667	\$ 609,195	\$ 4,900,000	150,000 (150,000)	\$ -	Green	Minor snagging and tidying-up works are underway, the engineer's inspection is complete on all finished work and producer statements are ready to be lodged with building control. Planning for stage 2 will start in December for a start in the new year on the engineering works.
CAB Refurbishment - (100315)	\$ 16,000,000	\$ 400,459	\$ 15,599,541	\$ 1,731,645	\$ 16,000,000	1,600,000 (3,483,263)	\$ -	Yellow	Stage 1 Discovery and Stage 2 utilisation has now been completed, and the team have worked on five delivery solutions and budgets. All options tested to date have failed to meet the needs and scope of the project. A full design pause has been considered as we prepare papers for ELT and Council.
Te Unua Programme - (100551, 100689, 100715)	\$ 65,355,000	\$ 1,380,273	\$ 63,974,727	\$ 8,321,393	\$ 65,355,000	5,700,000 (686,154)	\$ -	Yellow	Contractor site possession has been delayed by 1 month; building consent was lodged on the programme. A site selection review was undertaken for Tuatara. We are down to two preferred locations. Racking design and costs received via tender on the programme and under review. The first funding application results are due very soon. Council paper due Nov 2022 for programme review 12-2025.
Bluff Boat Ramp - (100335)	\$ 1,800,000	\$ 299,439	\$ 1,500,561	\$ 5,549	\$ 1,530,000	270,000 (270,000)	\$ 270,000	Green	The first community-focused PCG was held and well received; feedback has been received for both the west and east jetty. Ongoing work with ES on Haul out location. Early diver works are planned for November to survey rock and current piles. Resource consent review is underway for west jetty as this was not part of the stage 1 RC consent. detailed design for both jetties, the next milestone and contractor selection early in 2023.
Housing Innovation - (100653)	\$ 2,145,000	\$ 76,013	\$ 2,068,987	\$ 55,900	\$ 2,560,000	214,500 (214,500)	-\$ 415,000	Yellow	Planning lodged for the site, Detailed design underway with a goal to lodge building consent this year. Early notice has gone to the construction market slightly behind programme but we plan to make up time next year in delivery.
Programme Total	\$ 149,996,375	\$ 38,941,672	\$ 111,054,703	\$ 51,312,854	\$ 151,972,105		-\$ 1,975,730		At the end of the Year two of the LTP we're a quarter through the spend and a fifth through the programme timeline, overall we're tracking well in what has been a turbulent period of two years for construction in NZ.



ICC PMO Programme Dashboard: Risks (Overview)										
Report to 1 November 2022			Programme Sponsor: Erin Moogan				Programme Lead: Lee Butcher			
PROGRAMME STATUS										
PROGRAMME HEALTH STATUS (1 = GREEN (OK), 2 = AMBER (ON WATCH), 3 = RED (ESCALATE))										
ID	ITEM	City Streets	Stead Street Stop Bank	Ruby Park STG 1/3	CAB Refurb	Te Unua Facility	Branxholme	Bluff Boat Ramp	Healthy Homes	DESCRIPTION
1	Schedule	Red	Green	Green	Green	Yellow	Green	Yellow	Yellow	<p>City Streets; delivery now forecasted to Q1 2023</p> <p>Storage; access to side delayed 1 month, paper due to Council 11/2022</p> <p>Bluff Boat Ramp; slightly behind programme for design.</p> <p>Healthy Homes; Behind the design programme due to concept design taking longer than expected and delays with site selection. The next milestone is Building consent pre-Christmas (on track to hit that goal)</p>
2	Financials	Red	Green	Green	Green	Green	Green	Yellow	Yellow	<p>City Streets; Under full review with a potential cost gap of 2.8million, minor value engineering completed. An undated Cost to Complete has been requested for early December for ICC review. We are expecting some minor savings to come through.</p> <p>Branxholme; Will stay amber until full confidence in the ETC, Stage 2 in the market.</p> <p>Healthy Homes; QS estimate was reviewed, and this shows a possible minor overspend. Designers will look at savings and possible scope changes.</p>
3	Scope	Green	Green	Green	Yellow	Yellow	Green	Green	Green	<p>CAB; Report on Stage 2 to be provided to ELT December 2022 and Council 2023</p> <p>Museum; Final scope to be agreed upon and instructed at the Council meeting in November 2022.</p>
4	Resources	Yellow	Green	Green	Green	Green	Green	Green	Green	<p>City Streets; Resourcing is still being reported as a problem, contractor supplementing staff from Christchurch and Auckland.</p>
5	Dependencies	Yellow	Green	Green	Green	Green	Green	Green	Green	<p>City Streets; Several dependencies still present risks to the project. Access and delivery pressures on other projects are impacting our own delivery.</p>
6	Quality	Yellow	Green	Green	Green	Green	Green	Green	Green	<p>City streets; Quality on both ESK & Don street was noted at the last PCG. Ongoing audits to monitor.</p>
7	Stakeholder	Green	Green	Green	Green	Green	Green	Green	Green	
8	Benefits	Green	Green	Green	Green	Green	Green	Green	Green	
9	Health & Safety	Yellow	Green	Green	Green	Green	Green	Yellow	Yellow	<p>City streets; A serious accident report from the neighbouring contractor, ABL; we are awaiting the full information at the time of this report.</p> <p>Branxholme; Issues in the last week have been actioned, and a reduction of issues noted to stay at amber as H&S is on watch.</p>
Overall		Red	Green	Green	Yellow	Yellow	Green	Green	Yellow	<p>City Streets; The project has had a significant number of issues, and financial and programme assumptions have not been met. A detailed review will be undertaken in early 2023.</p> <p>CAB; Moved to amber until ELT and Council endorse the next steps.</p> <p>Storage / Museum; Papers due to Council Nov 2022</p> <p>Healthy Homes; Project proceeding with a close eye on budgets and the next QS report at detailed design. We expect to deliver on or below budget. Early feedback from the contractors is positive regarding supply chain and material costs.</p>

Finance and Projects Committee - Public - Project Management Office Status Report (A4161769)

Healthy Homes																					
Overall Timeline - Phase Two																					
ILM Phase 1 - Dec 2021																					
Design Brief - April 2022																					
Procurement - Design team (full) July 2022 (October 2022)																					
Delivery 3 per year - Feb 2023 - Nov 2024 (contractor award)																					
ICC Museum Project - Storage Phase																					
Overall Timeline - Programme																					
Storage development phase start		27-May-22																			
Council adopt option		28-Jun-22																			
Design team kick off - storage		Jun-22																			
Contractor design submitted for review 60%		Aug - 2022																			
Contractor design submitted for review 100%		Nov - 2022																			
Contractor build Phase start		Nov - 2022																			
CAB Refurbishment																					
Overall Timeline - Phase One																					
Stage 1 - Discovery commences - Nov 2021 (6 months)																					
Stage 2 - Delivery Strategy commences - April 2022 (2 months)																					
workplace options (test fits) report to PCG / ELT (end July / early August)																					
Prelim design work starts (September 2022)																					
Options report with Costings (Jan 2023)																					
Detailed design work starts (June 2023)																					
Start Decant workshops (01 Aug 2022)																					
Decant report (Jan / Feb 2023)																					

2022/2023 QUARTER ONE PERFORMANCE

To:	Finance and Projects Committee
Meeting Date:	Tuesday 22 November 2022
From:	Rhiannon Suter, Manager – Strategy and Policy and Patricia Christie, Manager – Financial Services
Approved:	Michael Day - Group Manager - Finance and Assurance
Approved Date:	Thursday 17 November 2022
Open Agenda:	Yes

Purpose and Summary

This report provides the Finance and Projects Committee with the 2022/2023 Quarter One Performance Report.

Recommendations

That the Finance and Projects Committee recommend to Council that it:

1. Receives the report "2022/2023 Quarter One Performance" and the Quarter One Performance Report (A4135079)
2. Acknowledges that 68 of the 99 performance measures are currently on target, with six confirmed as not met for the year.
3. Recognises the lift in visitor numbers across Council's public facing services demonstrating a rebound after Covid, noting the exception of passenger transport.
4. Recognises that the financial performance is slightly above forecast, principally due to lower expenditure.
5. Recognises the importance of non-financial indicators to financial performance and seeks an amendment to the Governance Statement that the integrated quarterly performance report is within the delegated authority of the Finance and Projects Committee.
6. Approve the forecast changes outlined Schedule of Forecast Changes in the Quarter One Performance Report (A4145814).

Background

The quarterly performance reports provide Council with the opportunity to monitor the delivery of Council's services and the financial performance which underpins that delivery.

All performance indicators are traffic lighted based on expected delivery by the end of the financial year based on current performance. Service level performance results are cumulative. Many performance indicators are legally. Others are set by Council as part of the Long-term Plan process.

It is worth noting that the satisfaction measures are new measures introduced with the LTP and that this is the first quarter of continuous surveying. This means that Council will receive cumulative updates on satisfaction each quarter which will be adjusted for weighting. As a result statistical confidence will only be possible by the end of the year.

The Forecast year to date amounts included in the Performance Report are typically 3/12 of the Annual Plan amount. Smoothing or seasonal adjustments have been made for a very small number of balances.

A number of the activities within the performance report have no Employee Costs. This is not because there are no staff working on these activities but that staff are working over a number of activities and their cost has been allocated. For a number of years we have allocated the cost of our Engineering Services team to the three waters and roading activities that they support in addition to internal staff time to capital projects. In 2022/23, this practice has been expanded to include Water, Sewerage, Stormwater, Roading Services, Solid Waste Management, and General Services - Public Transport, Public toilets, Housing Care activities. This internal recharge is included within the Other Expenses category with the credit included in the General Services – Corporate Services Other expense line. At 30 September 2022 the full recharge had not been processed.

Issues

Roadmap to renewal delivery

The first project in the Roadmap – Anderson House - is now complete within budget. Stage 1 of Rugby Park is complete and the Bluff Boat Ramp has commenced. Design work for the Museum Storage is complete and City Streets Stage 1, while delayed, is due to complete in April 2023. \$16.9 million of the \$142.6 million allocated in the Long-term Plan has been expended.

Service level performance.

68 of the 99 performance measures are currently on target. There are 14 which are currently of concern, and six which cannot be met this year – these are primarily measures that require 100 % delivery which has not been met in quarter one. The remainder of the measures are annual, or do not have enough data to report on at this stage in the year.

The water, stormwater and sewerage activities are performing well, with the only measure of concern related to contractor response times to non-urgent enquiries.

Solid Waste Management continues to be an area of concern, although significant progress has been made in the first quarter to reduce volumes of waste to landfill and improve recycling rates.

Across the general services, Council has seen a return to more of a business as usual at Council facilities. With the end of government restrictions around Covid, all facilities are now reporting as on track to meet their visitor targets this year which is a marked improvement from last year. Passenger transport numbers remain down – the residents survey will target this service next quarter which should give improved understanding of what might be done to lift numbers.

This year, the resident survey has moved from an annual event to continuous monitoring which is allowing for an insight into how the satisfaction measures are tracking throughout the year. It is important to note that the data is cumulative so it may move as more responses are obtained throughout the year. At the end of quarter one, parks and recreation are on track to achieve their target of 80%, while libraries are just below their target of 85%. The other satisfaction measures are reporting broadly comparable results to last year. As the new Council begins their term, the extent to which public satisfaction with opportunities to influence decision making changes will be monitored.

Regulatory Services are legislatively required to maintain 100% targets for processing, which they have met in regards to the food and alcohol applications, but were under target on the building and resource consents. This is being addressed internally, however, it is notable that the resource consent result of 94% is a significant improvement on last year's result and compliance has been trending upwards for the last two quarters.

Financial performance

For the three months to 30 September 2022, excluding depreciation the Council had a surplus of \$5.7 million. This is \$0.3 million better than forecast (\$5.4 million). Including depreciation, Council had a deficit for the quarter of \$4.3 million, this is \$0.3 million better than \$4.6 million deficit forecast.

Total revenue for the quarter was \$25.5 million and is lower than forecast by \$1.9 million. The key drivers of this change are:

- No subsidy claim had been lodged with Waka Kotahi for the quarter. This is due to minimal costs incurred in Rooding and Public Transport activities. The first claim for the year will occur in the next quarter.
- No forestry revenue generated in the first quarter of the year from the Sandy point forestry.
- Revenue gathered from users of Council services remain lower than forecast. This is expected to improve as the year progresses and user numbers continue to increase.

Total expenditure for the quarter was \$29.8 million and is lower than forecast by \$2.1 million. The key drivers of this change are:

- Rising interest rates have contributed to additional interest expenses above forecast.
- Lower repairs and maintenance expenses incurred during the quarter due to material and contractors availability. This is expected to increase over the rest of the year with better weather conditions and availability to improve.
- Differing timing recognition of salaries and wages actuals against forecast phasing has led to an under spend within Employee expenses. This will be corrected within the next quarter.

Forecast Changes

A number of forecast changes have been identified during the preparation of the quarterly performance report. These are changes from the number that was budgeted in the 2022/23 Annual Plan. The changes are detailed in the Schedule of Forecast Changes section of the Performance report attachment.

The key forecast changes that Council will be asked to approve are:

- Additional \$1.3 million of rates revenue reflecting the additional growth between the annual plan rates modelling and the setting of rates in early July 2022.
- \$8.3 million of additional depreciation expense as a result of the revaluation of three waters, roading and operational building assets at 30 June 2022.
- The allocation of the training budgets from the Corporate Services activity to each individual activity. In the Annual Plan the training budget for the whole organisation was included in the Corporate Services activity, this has now been allocated out to each activity where the actual costs will be incurred. This is a net \$0 change to Council as a whole but has changed the forecast in many activities.
- A number of changes to the balance sheet to reflect the actual opening balances for 2022/23 and the forecast changes above.
- A decrease in the cash and cash equivalents balance of \$10 million, as cash funds from the sale of investment properties in 2021/22 was used to repay borrowings given the increase in interest rates. This was not anticipated in the Annual Plan.

Capital Delivery

Capital expenditure of \$10.2 million has been spent for the quarter which is 14% of the forecast for the year of \$75.6 million. While overall the programme is a little slower than forecast there is high confidence that delivery will increase and the forecast will be met.

Next Steps

Improvements will be made to the Quarterly Performance Report for Q2, with inclusion of "speedometers" for service performance alongside financial performance.

Attachments

2022 11 22 2022 2023 Q1 ICC Performance Report (A4135079)



PERFORMANCE REPORT

For the year ending 30 September 2022

He Ngākau Aroha - Our City with Heart





PERFORMANCE REPORT

For the year ending 30
September 2022

Contents

Traffic Light Colour Key

Performance summary

Roadmap to renewal

Capital Expenditure Summary

Activity Summary

Water	<i>Wai</i>
Sewerage	<i>Waikeri</i>
Stormwater	<i>Wai tupuhi</i>
Roading Services	<i>Ratonga rori</i>
Solid Waste Management	<i>Para</i>
General Services	<i>Ngā ratonga</i>

Democratic Process

Regulatory Services

Parks and Reserves

Libraries

Aquatic Services

Arts, Culture and Heritage

Venue and Events Services

Public Transport

Public Toilets

Housing Care

Investments

Corporate Services

Property

City Centre

Support of External Organisations

Schedule of Forecast changes

Statement of Comprehensive Revenue and Expense

Statement of Financial Position



PERFORMANCE REPORT

For the year ending 30
September 2022



Traffic Light Colour Key

Level of service performance

	On target or achieved
	Of concern
	Not achieved
	No measure currently available

Financial performance

Revenue

Positive variance (+) = Income higher than forecast
 Negative variance (-) = Income lower than forecast

Expenses

Positive variance (+) = Spend lower than forecast
 Negative variance (-) = Spend higher than forecast



Actual / Forecast	Revenue	Expenses
<= 92%		
92 < >=94%		
94 < >98%		
98 < >102%		
102 < > 106%		
>106%		
If variance is below \$10,000		

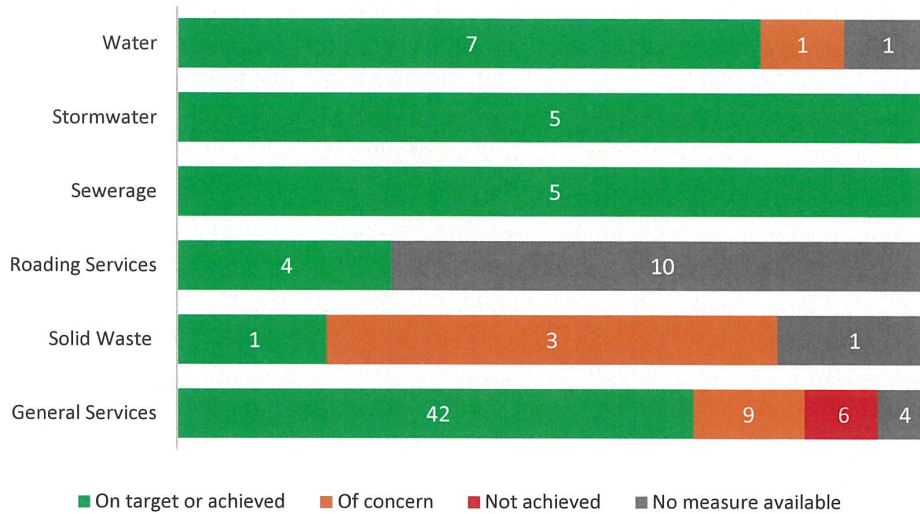
Note: If no forecast amount, the traffic light is green

Net Operating surplus / (deficit)	
If Variance is positive	
If Variance is negative:	
Variance as % of forecast <6%	
Variance as % of forecast >6%	

Performance Summary

AS AT 30 September 2022

Level of service performance



Commentary - Level of service performance

Council has begun the second year of this Long-term Plan cycle continuing to deliver on its core water, stormwater, sewerage and roading services, as well as seeing a rebound in visitor numbers across Council facilities. In total, 63 of the 99 performance measures are currently on target. There are 14 which are of concern, and six which cannot be met this year – these are primarily measures that require 100 % delivery which has not been met in quarter one. The remainder of the measures are annual, or do not have enough data to report on at this stage in the year.

The water, stormwater and sewerage activities are performing well, with the only measure of concern related to contractor response times to non-urgent enquiries. Rooding is primarily reported on an annual basis, but is currently on target for those measures reported this quarter.

Solid Waste Management continues to be an area of focus, with work focused on reducing volumes of waste going to landfill and increased rates of recycling.

Across the general services, Council has seen a return to more of a business as usual at Council facilities. With the end of government restrictions around Covid, all facilities are now reporting as on track to meet their visitor targets this year, which is a marked improvement from last year. The public transport activity, however, has not seen a return to pre-Covid numbers.

Regulatory Services are legislatively required to maintain 100% performance for processing applications within the target timeframe, which they have met in regards to the food and alcohol applications, but were under target on the building and resource consents. This is being addressed, however, it is notable that the resource consent result of 94% is a significant improvement on last year’s result and compliance has been trending upwards for the last two quarters.

The Housing Care activity is maintaining an occupation rate of 99%, and has had no urgent requests for service this quarter. There is a 100% target for requests for service, which means the non-urgent requests, although at 98%, will not meet the target for 2022/2023.

Performance Summary

AS AT 30 September 2022

Commentary - Level of service performance

This year, the resident survey has moved from an annual event to continuous monitoring which is allowing for an insight into how the satisfaction measures are tracking throughout the year. At the end of quarter one, parks and recreation are on track to achieve their target of 80%, while libraries are just below their target of 85%. The other satisfaction measures are reporting broadly comparable results to last year, with public transport not yet having enough responses to be able to report. As the new Council begins their term, the extent to which public satisfaction with opportunities to influence decision making changes will continue to be monitored.



Performance Summary

AS AT 30 September 2022

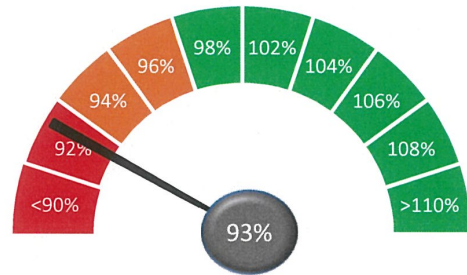
Financial performance YTD (\$000)

Net operating surplus / (Deficit)

Actual: **(\$4,315)** Forecast: (\$4,573)
 Variance: \$258 favourable

Revenue

Actual: **\$25,474**
 Forecast: \$27,352
 Variance: (\$1,878) unfavourable



Expenditure

Actual: **\$29,789**
 Forecast: \$31,925
 Variance: \$2,136 underspent



	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	16,771	16,771	-		67,084	65,777
Subsidies and grants	2,198	3,387	- 1,189		13,549	13,549
Income from activities	6,265	7,021	- 756		28,325	28,325
Investment revenue	240	173	+ 67		5,781	5,781
Total revenue	25,474	27,352	- 1,878		114,739	113,432
Employee expenses	6,984	7,670	+ 686		30,602	30,602
Other expenses	12,122	13,710	+ 1,588		51,377	51,377
Finance expenses	661	523	- 138		2,325	2,325
Depreciation	10,022	10,022	-		40,322	32,023
Total expenses	29,789	31,925	+ 2,136		124,626	116,327
Net operating surplus / (deficit)	(4,315)	(4,573)	+ 258		(9,887)	(2,895)

Performance Summary

AS AT 30 September 2022

Net operating surplus by activity group

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Water	135	(286)	+ 421		306	1,756
Stormwater	436	(376)	+ 812		693	805
Sewerage	(740)	(838)	+ 98		(2,804)	368
Roading Services	(969)	258	- 1,227		1,092	2,640
Solid Waste	229	(238)	+ 467		(890)	(953)
General Services	(3,405)	(3,092)	- 313		(8,285)	(7,511)
Council	(4,314)	(4,572)	+ 258		(9,888)	(2,895)

Commentary

For the three months to 30 September 2022, if we exclude depreciation the Council had a surplus of \$5.7 million this is \$0.3 million better than the \$5.4 million forecast. After depreciation, Council had a deficit for the quarter of \$4.3 million, this is \$0.3 million better than \$4.6 million deficit forecast.

Total revenue for the quarter was \$25.5 million and is lower than forecast by \$1.9 million. The key drivers of this change are:

- No subsidy claim had been lodged with Waka Kotahi for the quarter. This is due to minimal costs incurred in Roothing and Public Transport activities. The first claim for the year will occur in the next quarter.
- No forestry revenue generated in the first quarter of the year from the Sandy point forestry.
- Revenue gathered from users of Council services remain lower than forecast. This is expected to improve as the year progresses and user numbers continue to increase.

Total expenditure for the quarter was \$29.8 million and is lower than forecast by 2.1 million. The key drivers of this change are:

- Rising interest rates have contributed to additional interest expenses above forecast.
- Lower repairs and maintenance expenses incurred during the quarter due to material and contractors availability. This is expected to increase over the rest of the year with better weather conditions and availability to improve.
- Differing timing recognition of salaries and wages actuals against forecast phasing has led to an under spend within Employee expenses. This will be corrected within the next quarter.

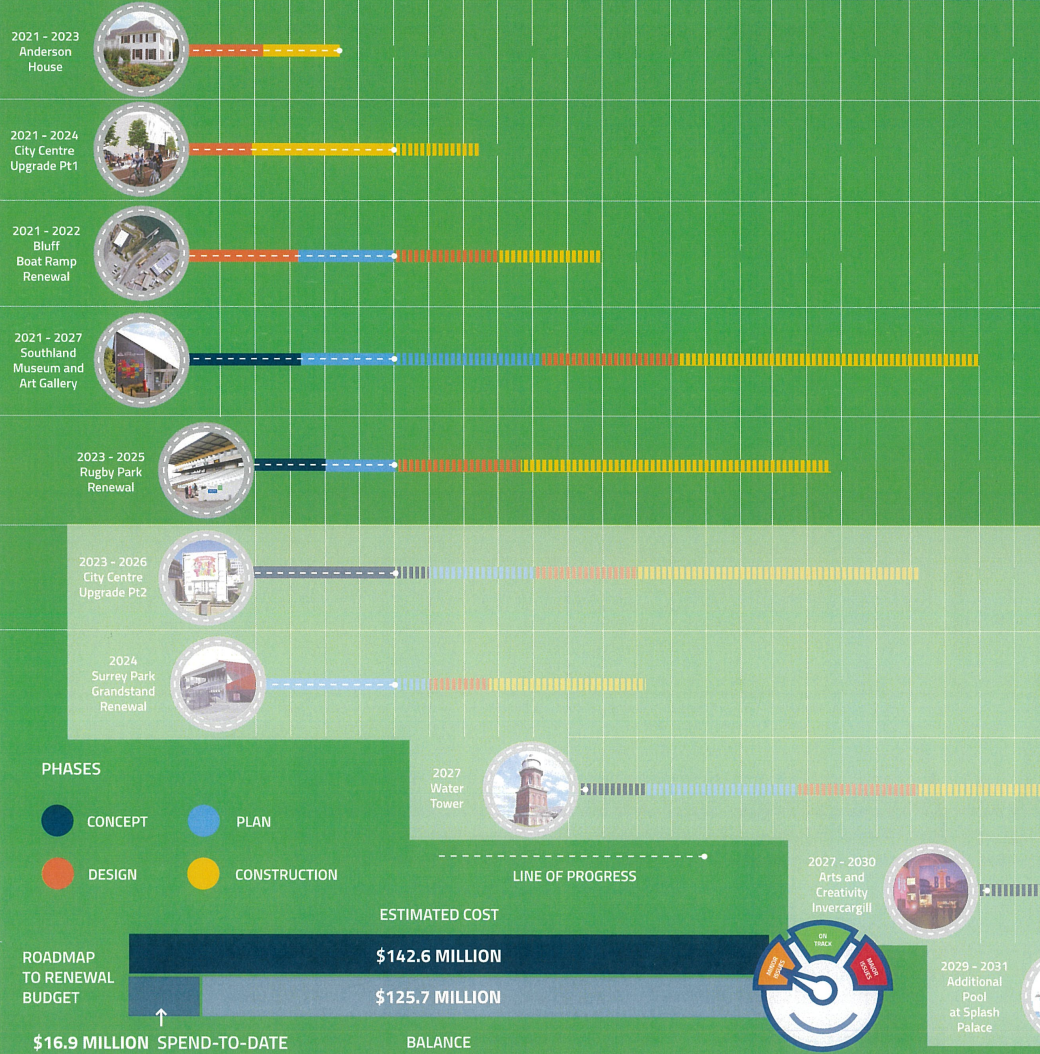
Forecast Changes

A number of forecast changes have been identified during the preparation of the quarterly performance report. These are changes from the number that was budgeted in the 2022/23 Annual Plan. The changes are detailed in the Schedule of Forecast Changes section.



Roadmap to Renewal Delivery - Progress to date

July 2021, October 2021, January 2022, April 2022, July 2022, October 2022, January 2023, April 2023, July 2023, October 2023, January 2024, April 2024, July 2024, October 2024, January 2025, April 2025, July 2025, October 2025, January 2026, April 2026, July 2026, October 2026, January 2027, April 2027, July 2027, October 2027, January 2028, April 2028, July 2028, October 2028, January 2029, April 2029, July 2029, October 2029, January 2030, April 2030, July 2030, October 2030, January 2031, April 2031, June 2031



✓ Anderson House is complete – delivered on budget.

Delivery challenges to City Centre Streets Stage 1 have resulted in budget increases in some areas. The project is due to be complete in April 2023. City Street stage 2 will be paused while we go over the lessons learnt from stage 1.

Design work for the Bluff Boat Ramp has commenced, with underwater works starting in December.

Rugby Park Stage 1 is complete – The media tower now meets the required earthquake standards.

Design work for the Museum project storage facility is complete.



Capital Expenditure Summary

AS AT 30 September 2022

Commentary

While a few projects are running slightly slower than forecasted, there is high confidence spend for the whole capital programme for 2022/2023 will meet or exceed the forecast. One risk being tracked is the potential council strategy change; this could have a significant impact on spending and yearly forecasting.

Capital Expenditure by activity group

	Actual YTD	Forecast	Variance	% of	Full year	A/Plan
	(\$000)	YTD	(\$000)	Full year	forecast	Planned
				forecast	(\$000)	capital
						(\$000)
Water	3,590	4,510	- 919	20%	18,039	18,973
Stormwater	808	1,154	- 346	18%	4,614	5,692
Sewerage	850	892	- 42	24%	3,568	4,463
Roading Services	598	3,279	- 2,681	5%	13,116	13,191
Solid Waste	13	17	- 4	19%	70	100
General Services	4,366	9,052	- 4,686	12%	36,209	37,368
Council	10,226	18,904	- 8,678	14%	75,616	79,787

Road map to renewals projects

See Roadmap to renewals table for progress details on projects

Project		Actual	Forecast	% of	Amended
		(\$000)	(\$000)	forecast	LTP Planned
				spent	capital
				%	(\$000)
Anderson House	2022/23	92	204	45%	204
	LTP	1,358	1,400	97%	1,400
City Centre Masterplan Streetscape - Stage 1	2022/23	2,283	5,925	39%	5,925
	LTP	13,846	17,487	79%	17,487
City Centre Masterplan Streetscape - Stage 2	2022/23	-	2,300	0%	2,300
	LTP	108	13,724	1%	13,724
Southland Museum and Art Gallery	2022/23	468	10,090	5%	10,090
	LTP	1,167	65,460	2%	65,460
Bluff Boat Ramp renewal	2022/23	0	1,000	0%	1,000
	LTP	299	1,800	17%	1,800
Rugby Park renewal	2022/23	138	1,676	8%	1,676
	LTP	138	4,900	3%	4,900
Water Tower	LTP	3	4,100	0%	4,100
City Centre Masterplan Urban Play	LTP	-	6,500	0%	6,500
Surrey Park Grandstand renewal	LTP	-	1,500	0%	1,500
Arts and Creativity Invercargill	LTP	-	17,600	0%	17,600
Additional Pool at Splash Palace	LTP	-	8,200	0%	8,200
Total	2022/23	2,980	21,195	14%	21,195
	LTP	16,918	142,671	12%	142,671



Water

Wai

Commentary

The Water Activity has continued to ensure the delivery of a safe water supply to Invercargill properties. In the first quarter, the activity is on track to deliver all but one of their KPIs, with responses to non-urgent call-outs happening just outside the targeted five day window. Council is working on communicating with the contractor to ensure they are meeting the targeted timeframe.

The Branxholme pipeline is progressing to the programme at present; once stage 2 pipelay tender has been received the whole programme will be re-forecasted (still planned delivery end 2024).

Level of Service

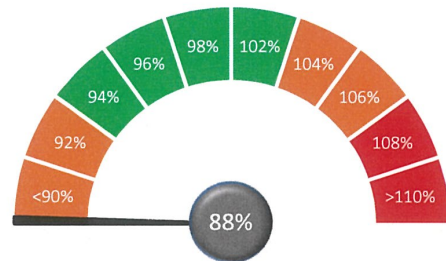
■ On target or achieved ■ Of concern
■ Not achieved ■ No measure available



Finance



Revenue YTD



Expenditure YTD

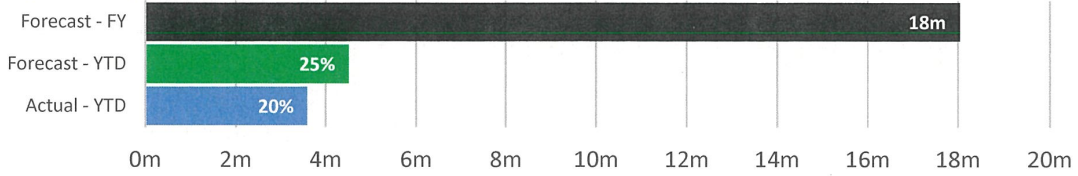
	Operating Revenue	Operating Expenditure	Net Operating surplus
Actual YTD:	\$ 2,786,000	\$ 2,651,000	\$ 135,000
Forecast YTD:	\$ 2,724,000	\$ 3,010,000	(\$ 286,000)
Variance:	+ \$ 62,000 Favourable	+ \$ 359,000 Underspent	+ \$ 421,000 Favourable



Water

Wai

Capital expenditure against forecast



Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
The extent to which the Council's drinking water supply complies with part 4 of the drinking-water standards. (Bacteria compliance criteria)		100%	100%		100%
The extent to which the local authority's drinking water complies with part 5 of the drinking-water standards (protozoal compliance criteria)		100%	100%		100%
The percentage of real water loss from the Council's networked reticulation system. (Calculated according to the methodology outlined in Water NZ Water Loss Guidelines publication Feb 2010)		Less than 30%	Annual measure		Annual measure
The median response time for urgent callouts, (from the time the Council receives notification to the time that service personnel reach the site).		4 Hours	0h 56m		0h 17m
The median time to resolve urgent callouts (from the time the Council receives notification to the time that service personnel confirm resolution of the fault or interruption).		24 Hours	2h 17m		1h 37m



Water

Wai

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
Attendance for non-urgent call-outs: from the time that council receives notification to the time that service personnel reach the site		5 working days	5d 9h		6d 05h 47m
Council will continue to communicate with the contractor to ensure the delivery of service within the targeted timeframe.					
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		10 working days	5d 21m		7d 01h 13m
The average consumption of drinking water per day per resident within the Invercargill City Council territorial district		Less than 300 litres/day	258		273
The total number of complaints received by Council per 1,000 connections about any of the following: - Drinking water clarity - Drinking water taste - Drinking water odour - Drinking water pressure of flow - Continuity of supply - Council's response to any of these issues		<10 in total	0.68		0.47



Water

Wai

Financials

	Actual YTD	Forecast YTD	Variance		Full year forecast	Annual Plan
Rates and penalties	2,325	2,309	+ 16	<div style="width: 100%; height: 10px; background-color: green;"></div>	9,236	9,236
Subsidies and grants	-	-	-	<div style="width: 100%; height: 10px; background-color: green;"></div>	-	-
Income from activity	461	415	+ 46	<div style="width: 100%; height: 10px; background-color: green;"></div>	1,659	1,659
Investment revenue	-	-	-	<div style="width: 100%; height: 10px; background-color: green;"></div>	-	-
Total revenue	2,786	2,724	+ 62	<div style="width: 100%; height: 10px; background-color: green;"></div>	10,895	10,895
Employee expenses	-	-	-	<div style="width: 100%; height: 10px; background-color: green;"></div>	-	-
Other expenses	1,159	1,518	+ 359	<div style="width: 100%; height: 10px; background-color: orange;"></div>	4,440	4,440
Finance expenses	-	-	-	<div style="width: 100%; height: 10px; background-color: green;"></div>	182	182
Depreciation	1,492	1,492	-	<div style="width: 100%; height: 10px; background-color: green;"></div>	5,967	4,517
Total expenses	2,651	3,010	+ 359	<div style="width: 100%; height: 10px; background-color: orange;"></div>	10,589	9,139
Net operating	135	(286)	+ 421	<div style="width: 100%; height: 10px; background-color: green;"></div>	306	1,756

Key capital projects over \$250,000

	Actual YTD	Forecast YTD	Variance	% of Full year forecast	Full year forecast	A/Plan planned capital
	(\$000)	(\$000)	(\$000)		(\$000)	(\$000)
Treatment plant renewals	228	116	+ 113	<div style="width: 49%; height: 10px; background-color: blue;"></div> 49%	462	660
Pumping stations renewals	152	202	- 50	<div style="width: 19%; height: 10px; background-color: blue;"></div> 19%	808	1,154
Pipe renewals	456	228	+ 228	<div style="width: 50%; height: 10px; background-color: blue;"></div> 50%	910	1,300
Branxholme pipeline	2,729	3,965	- 1,236	<div style="width: 17%; height: 10px; background-color: blue;"></div> 17%	15,859	15,859
The spending tracking programme, and invoicing has been a little slow in the last month.						



Sewerage

Waikeri

Commentary

Sewerage Activity covers the pipes, pumping stations and treatment plants for the collection, treatment and disposal of sewage in order to enhance the health and wellbeing of Invercargill residents. The performance measures are set by the DIA, and have all been met in quarter one.

Level of Service

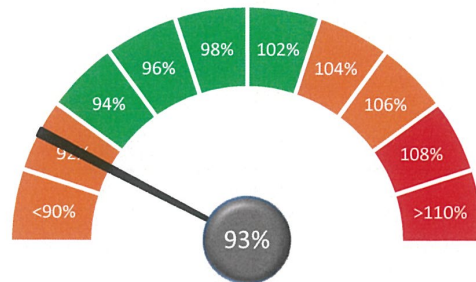
- On target or achieved
- Of concern
- Not achieved
- No measure available



Finance



Revenue YTD



Expenditure YTD

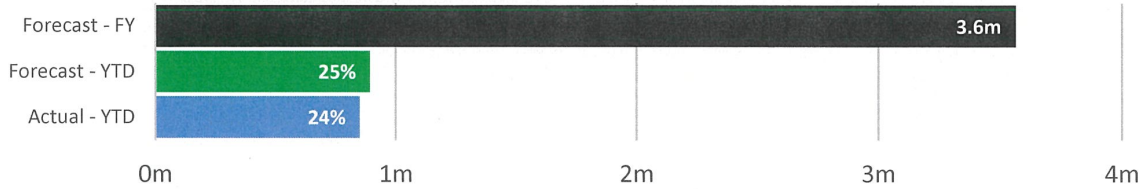
	Operating Revenue	Operating Expenditure	Net Operating surplus
Actual YTD:	\$ 1,930,000	\$ 2,670,000	(\$ 740,000)
Forecast YTD:	\$ 2,034,000	\$ 2,872,000	(\$ 838,000)
Variance:	- \$ 104,000 Unfavourable	+ \$ 202,000 Underspent	+ \$ 98,000 Favourable



Sewerage

Waikeri

Capital expenditure against forecast



Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
Number of dry weather sewerage overflows per 1,000 properties - DIA Performance Measure 1 (system and adequacy)	DIA	Max 4	0.18	Green	0.22
Compliance with Council's resource consents for discharge from its sewerage system - DIA Performance measure 2 (discharge compliance)	DIA	Max 0	0	Green	0
DIA Performance Measure 3 (fault response times)					
(a) The median response time to attend emergency blockages	DIA	<1 hour	14m	Green	0.01
(b) The median response time to resolve emergency blockages	DIA	<6 hours	1h 8m	Green	0.06
DIA Performance Measure 4 (customer satisfaction) The number of complaints received about:		Max 4	0.18	Green	0.85



Sewerage

Waikeri

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	1,791	1,787	+ 4		7,147	7,147
Subsidies and grants	-	-	-		-	-
Income from activity	139	247	- 108		988	988
Investment revenue	-	-	-		-	-
Total revenue	1,930	2,034	- 104		8,135	8,135
Employee expenses	2	3	+ 1		13	13
Other expenses	753	954	+ 201		3,268	3,268
Finance expenses	-	-	-		-	-
Depreciation	1,915	1,915	-		7,658	4,486
Total expenses	2,670	2,872	+ 202		10,939	7,767
Net operating	(740)	(838)	+ 98		(2,804)	368

Key capital projects over \$250,000

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)	% of Full year forecast	Full year forecast (\$000)	A/Plan planned capital (\$000)
Treatment plant renewals	22	370	- 348	2%	1,480	1,480
Pipe renewals	693	479	+ 213	36%	1,918	2,740



Stormwater

Wai tupuhi

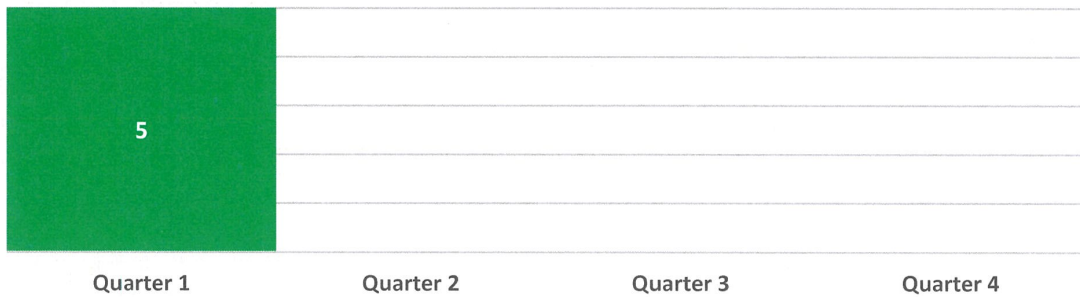
Commentary

The Stormwater Activity ensures that stormwater is appropriately managed Invercargill’s rivers, streams and estuary are not adversely affected by contaminated discharges. The performance measures are set by the DIA, and have all been met in quarter one.

Stead Street Stop Bank will complete with an estimated \$500k return to the programme vs Budget. Final pricing is being worked through at present; confidence is high in the Estimate to Complete.

Level of Service

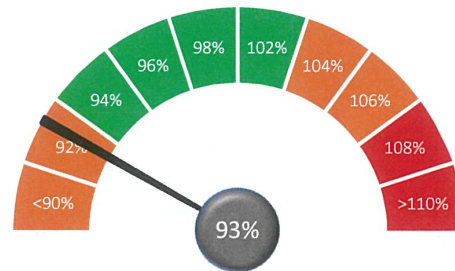
- On target or achieved
- Of concern
- Not achieved
- No measure available



Finance



Revenue YTD



Expenditure YTD

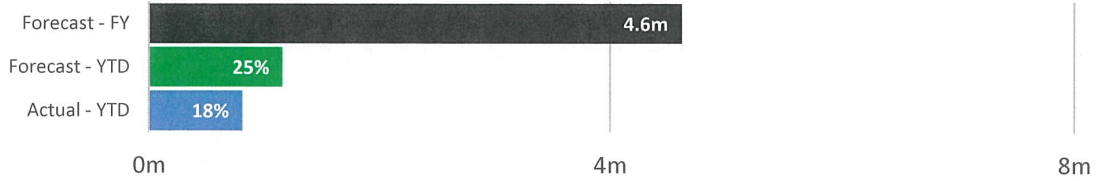
	Operating Revenue	Operating Expenditure	Net Operating surplus
Actual YTD:	\$ 2,543,000	\$ 2,107,000	\$ 436,000
Forecast YTD:	\$ 1,885,000	\$ 2,261,000	(\$ 376,000)
Variance:	+ \$ 658,000 Favourable	+ \$ 154,000 Underspent	+ \$ 812,000 Favourable



Stormwater

Wai tupuhi

Capital expenditure against forecast



Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
DIA Performance measure 1 (system adequacy) (a) The number of flooding events that occur in the Invercargill City district	DIA	0	0	Green	2
DIA Performance measure 1 (system adequacy) (b) For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the Council's stormwater system)	DIA	0	0	Green	0
DIA Performance measure 2 (discharge compliance) Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of: - Abatement notices - Infringement notices - Enforcement orders - Convictions	DIA	0	0	Green	0
DIA Performance measure 3 (response times) The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site	DIA	<1 hour	24m	Green	1
DIA Performance Measure 4 (customer satisfaction) The number of complaints received about the performance of the stormwater system (expressed per 1,000 properties connected to the Council's stormwater system)	DIA	<4	0	Green	1



Stormwater

Wai tupuhi

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	1,493	1,471	+ 22	<div style="width: 100%; height: 15px; background-color: green;"></div>	5,884	5,884
Subsidies and grants	1,044	412	+ 632	<div style="width: 100%; height: 15px; background-color: green;"></div>	1,647	1,647
Income from activity	6	2	+ 4	<div style="width: 100%; height: 15px; background-color: green;"></div>	9	9
Investment revenue	-	-	-	<div style="width: 100%; height: 15px; background-color: green;"></div>	-	-
Total revenue	2,543	1,885	+ 658	<div style="width: 100%; height: 15px; background-color: green;"></div>	7,540	7,540
Employee expenses	-	-	-	<div style="width: 100%; height: 15px; background-color: green;"></div>	-	-
Other expenses	985	1,139	+ 154	<div style="width: 100%; height: 15px; background-color: orange;"></div>	2,360	2,360
Finance expenses	-	-	-	<div style="width: 100%; height: 15px; background-color: green;"></div>	-	-
Depreciation	1,122	1,122	-	<div style="width: 100%; height: 15px; background-color: green;"></div>	4,487	4,375
Total expenses	2,107	2,261	+ 154	<div style="width: 100%; height: 15px; background-color: orange;"></div>	6,847	6,735
Net operating	436	(376)	+ 812	<div style="width: 100%; height: 15px; background-color: green;"></div>	693	805

Key capital projects over \$250,000

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)	% of Full year forecast	Full year forecast (\$000)	A/Plan planned capital (\$000)
Pipe renewals	89	576	- 487	<div style="width: 4%; height: 15px; background-color: blue;"></div> 4%	2,303	3,290
Stead Street stop bank	716	524	+ 192	<div style="width: 34%; height: 15px; background-color: blue;"></div> 34%	2,097	2,097
Estimate to complete \$500k lower than budget.						



Roving Services

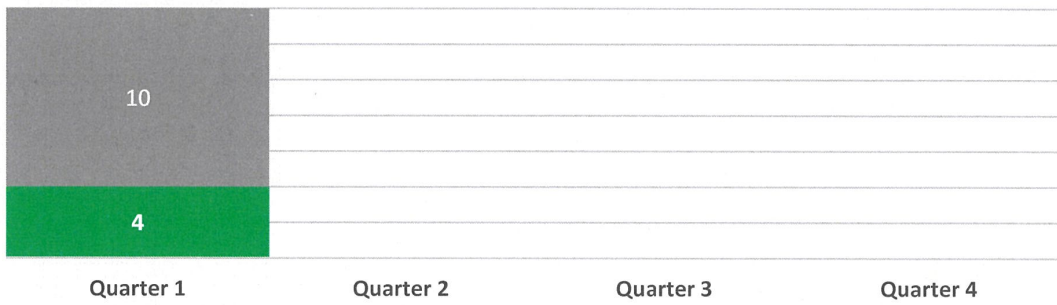
Ratonga rori

Commentary

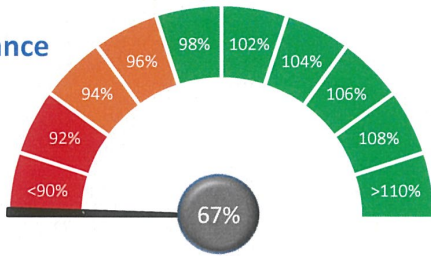
The Roving Activity is responsible for providing a safe, connected and accessible transport system within Invercargill city. Many of the performance measurements are set by the DIA and are unavailable at the end of quarter one as they are annual measures. Where data is available the activity is currently on target.

Level of Service

- On target or achieved
- Of concern
- Not achieved
- No measure available



Finance



Revenue YTD



Expenditure YTD

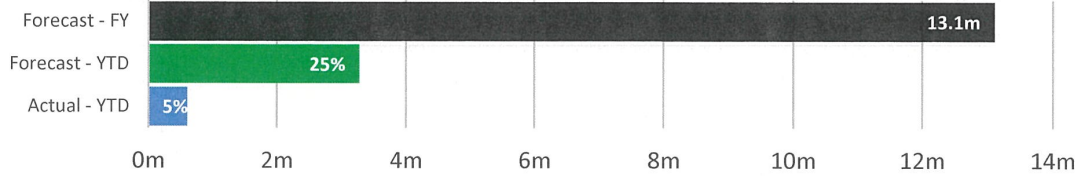
	Operating Revenue	Operating Expenditure	Net Operating surplus
Actual YTD:	\$ 3,431,000	\$ 4,400,000	(\$ 969,000)
Forecast YTD:	\$ 5,126,000	\$ 4,868,000	\$ 258,000
Variance:	-\$ 1,695,000 Unfavourable	+\$ 468,000 Underspent	-\$ 1,227,000 Unfavourable



Roading Services

Ratonga rori

Capital expenditure against forecast



Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
The number of and change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	DIA & ONRC	Decreasing annually	Annual Assessment		Annual
Collective risk (crash density) – fatal and serious injury rate per km of road	ONRC	Decreasing annually	Annual Assessment		Annual
Personal risk – average annual fatal and serious injury crashes per 100 million vehicle-kilometres	ONRC	Decreasing annually	Annual Assessment		Annual
The average quality of ride, on a sealed local road network, measured by smooth travel exposure	DIA & ONRC	Higher than national average	Annual Assessment		Annual
The percentage of the sealed local road network that is resurfaced	DIA	> 5.5%	Annual Assessment		Annual



Roading Services

Ratonga rori

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
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	DIA	< 8% in very poor condition	Annual Assessment		Annual
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	DIA	75%	77%		88%
	On target				
The number of unplanned road closures and the number of vehicles affected by closures annually	ONRC	< 8	Annual Assessment		Annual
Proportion of network not available to Class 1 heavy vehicles and 50MAX vehicles	ONRC	Maintain / Increase proportion	No decrease in % of network		Annual
	On target				
Mean travel times for private motor vehicles on key routes	ONRC	Maintain stable trend	0%		Annual
The overall cost per km and vkt of routine maintenance activities, and cost by work category on each road network for the financial year	ONRC	<= Peer Group Average	Annual Assessment		Annual



Roading Services

Ratonga rori

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
An Invercargill street lighting fault is responded to promptly	ICC	> 75%	0%		100%
Vandalised signs are promptly responded to and corrective actions commenced	ICC	> 85%	96%		80%
	On target				
Damaged traffic signals are attended to promptly	ICC	> 85%	100%		100%
	On target				

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	2,159	2,159	-		8,637	8,637
Subsidies and grants	863	2,468	- 1,605		9,871	9,871
Income from activity	409	499	- 90		1,996	1,996
Investment revenue	-	-	-		-	-
Total revenue	3,431	5,126	- 1,695		20,504	20,504
Employee expenses	-	-	-		-	-
Other expenses	1,313	1,781	+ 468		7,063	7,063
Finance expenses	-	-	-		-	-
Depreciation	3,087	3,087	-		12,349	10,801
Total expenses	4,400	4,868	+ 468		19,412	17,864
Net operating	(969)	258	- 1,227		1,092	2,640

Key capital projects over \$250,000

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)	% of Full year forecast	Full year forecast (\$000)	A/Plan planned capital (\$000)
Resurfacing. Rehabilitation and drainage renewals	163	1,953	- 1,790	2%	7,814	7,775
Footpath renewals	215	215	+ 1	25%	858	858
Low cost, low risk capital renewals	4	1,042	- 1,038	0%	4,168	4,129



Solid Waste Management

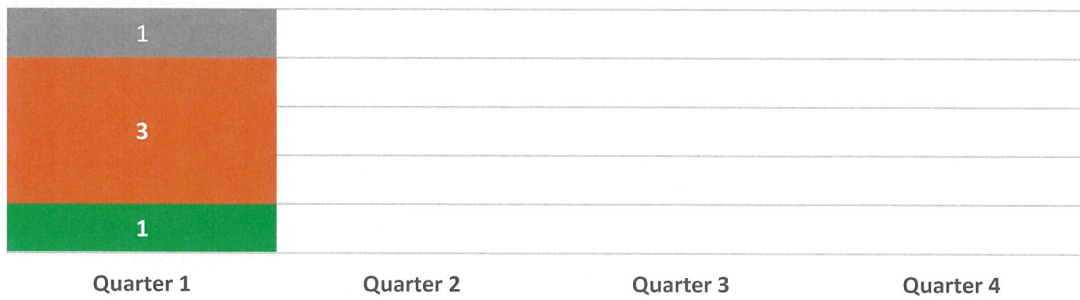
Para

Commentary

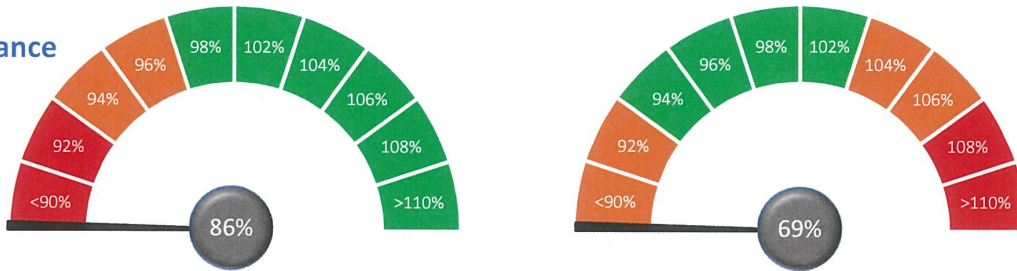
The Solid Waste Activity has three measures of performance which are flagging as of concern at the end of the first quarter, these are the trends in kerbside recycling, solid waste and diverted material to landfill. Currently, the decreasing trend of landfill rubbish to landfill is on target. Where measures are showing an increasing or decreasing trend, the baseline is the Long-term Plan. In comparison to last year, Solid Waste to landfill is currently tracking 2.56% above the same quarter this time last year. Waste is, however, 50% below the 6% forecast for the end of this financial year. Recycling is 11.29% up on this time last year.

Level of Service

- On target or achieved
- Of concern
- Not achieved
- No measure available



Finance



Revenue YTD

Expenditure YTD

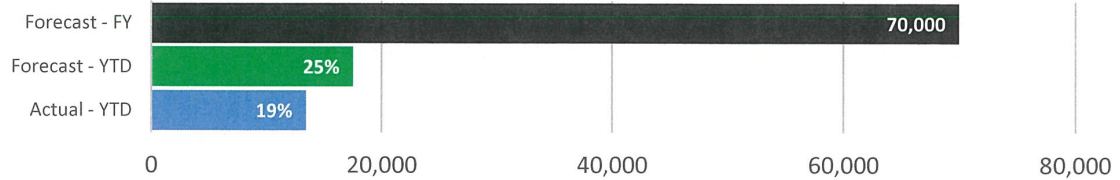
	Operating Revenue	Operating Expenditure	Net Operating surplus
Actual YTD:	\$ 1,968,000	\$ 1,739,000	\$ 229,000
Forecast YTD:	\$ 2,280,000	\$ 2,518,000	(\$ 238,000)
Variance:	- \$ 312,000 Unfavourable	+ \$ 779,000 Underspent	+ \$ 467,000 Favourable



Solid Waste Management

Para

Capital expenditure against forecast



Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD	
Discarded materials rate per person per annum (kgs)	ICC	Maintain a regional materials discarded rate of 650kg per person per annum.	NA		N/A	
Monitoring the trends in key material types to landfill (i.e. cleanfill green waste, recyclables)	Trend in kerbside recycling	ICC	Increasing trend	767		689
		1. Implementing education and community engagement initiatives 2. Investigating opportunities to separate glass and organics from other recyclables 3. Investigating sources of funding to support initiatives				
	Trend in landfill rubbish	ICC	Decreasing trend	2,645		2,873
		Continue to engage and communicate with the community.				
Trend in solid waste to landfill	ICC	Decreasing trend	5,670		5,528	
	Analysing the contribution of commercial waste to landfill to determine opportunities to divert commercial waste.					
Trend in diverted material	ICC	Increasing trend	1,550		1,118	
	SOL-1, 2 & 3 will support this					



Solid Waste Management

Para

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	1,334	1,254	+ 80		5,015	5,015
Subsidies and grants	-	-	-		-	-
Income from activity	634	1,026	- 392		5,903	5,903
Investment revenue	-	-	-		-	-
Total revenue	1,968	2,280	- 312		10,918	10,918
Employee expenses	-	-	-		1	1
Other expenses	1,617	2,396	+ 779		11,267	11,267
Finance expenses	-	-	-		52	52
Depreciation	122	122	-		488	551
Total expenses	1,739	2,518	+ 779		11,808	11,871
Net operating	229	(238)	+ 467		(890)	(953)



General Services

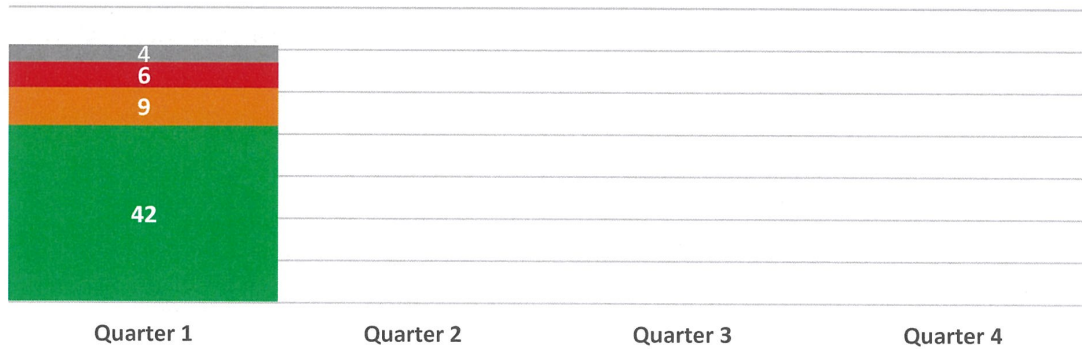
Ngā ratonga

Commentary

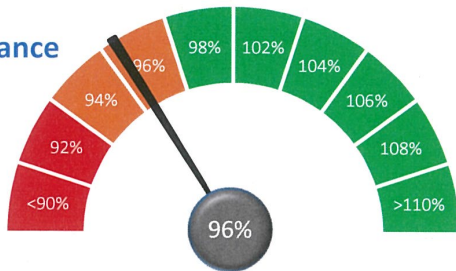
The General Services activity covers a range of activities of Council. Performance in each of these areas is reported individually.

Level of Service

- On target or achieved
- Of concern
- Not achieved
- No measure available



Finance



Revenue YTD



Expenditure YTD

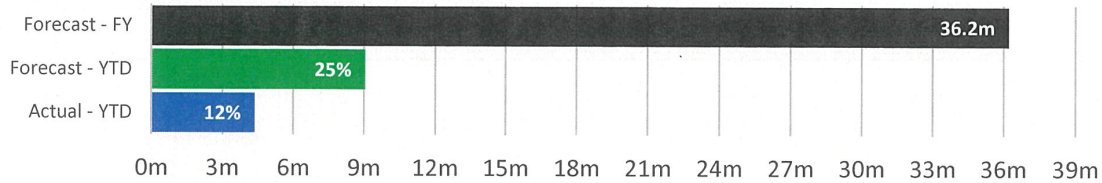
	Operating Revenue	Operating Expenditure	Net Operating surplus
Actual YTD:	\$ 12,817,000	\$ 16,222,000	(\$ 3,405,000)
Forecast YTD:	\$ 13,305,000	\$ 16,397,000	(\$ 3,092,000)
Variance:	- \$ 488,000 Unfavourable	+ \$ 175,000 Underspent	- \$ 313,000 Unfavourable



General Services

Ngā ratonga

Capital expenditure against forecast



Financials - Group

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	7,669	7,791	- 122		31,165	29,858
Subsidies and grants	292	508	- 216		2,031	2,031
Income from activity	4,616	4,833	- 217		17,770	17,770
Investment revenue	240	173	+ 67		5,781	5,781
Total revenue	12,817	13,305	- 488		56,747	55,440
Employee expenses	6,982	7,667	+ 685		30,588	30,588
Other expenses	6,294	5,922	- 372		22,979	22,979
Finance expenses	661	523	- 138		2,091	2,091
Depreciation	2,285	2,285	-		9,374	7,293
Total expenses	16,222	16,397	+ 175		65,032	62,951
Net operating	(3,405)	(3,092)	- 313		(8,285)	(7,511)

Financials - Net operating surplus / (deficit) by activity

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Democratic Process	217	(98)	+ 315		(349)	(230)
Regulatory Services	394	363	+ 31		49	-
Parks and Reserves	(76)	(16)	- 60		(9)	-
Libraries	142	73	+ 69		302	-
Aquatic Services	(291)	(12)	- 279		(11)	-
Arts, Culture and Heritage	79	(1)	+ 80		(1)	-
Venue and Events Services	(61)	(2)	- 59		(7)	-
Public Transport	(50)	(74)	+ 24		(297)	(361)
Public Toilets	38	4	+ 34		18	-
Housing Care	(563)	(506)	- 57		(2,022)	(914)
Investments	(290)	(291)	+ 1		4,515	4,512
Corporate Services	(3,038)	(2,314)	- 724		(9,462)	(10,518)
Property	(1)	(276)	+ 275		(1,010)	-
City Centre	92	59	+ 33		-	-
Net operating	(3,408)	(3,091)	- 317		(8,284)	(7,511)



General Services

Ngā ratonga

Key capital projects over \$250,000

	Actual YTD	Forecast YTD	Variance	% of Full year forecast	Full year forecast	A/Plan planned capital
	(\$000)	(\$000)	(\$000)		(\$000)	(\$000)
Museum building redevelopment	468	2,523	- 2,055	5%	10,090	10,090
	In contract for storage, spending will meet the Yearly forecast unless the project is stopped. Racking Procurement 1 month behind (circa 1million)					
City Centre Masterplan Streetscape - Stage 1	2,283	1,481	+ 801	39%	5,925	5,925
	The project forecast is over budget; this is work in progress. This highlighted by the increase spend YTD					
City Centre Masterplan Streetscape - Stage 2	-	575	- 575	0%	2,300	2,300
	Project Paused at present pending a full cost review.					
Housing Care building improvements	67	712	- 645	2%	2,847	2,847
	Appointment of lead designer behind 2 months, full year forecast will be achieved.					
Property file digitalisation	351	433	- 83	20%	1,733	1,733
	Has commenced and aligned with plan					
Business Enhancement Programme (technology)	2	375	- 373	0%	1,500	1,500
	Project planning has continued during first quarter with configuration workshops occurring in quarter 2.					
Rugby Park renewals	138	419	- 281	8%	1,676	1,676
	Media Tower work completed					
Bluff Boat Ramp renewal	0	250	- 250	0%	1,000	1,000
	Deign work has commenced, with underwater works starting in December.					
Public Toilets renewals	-	73	- 73	0%	291	416
Animal Care facility renewals	4	82	- 77	1%	326	326
Anderson House strengthening	92	51	+ 41	45%	204	204
	Project complete, final accounts underway. There will be a saving to the full year spend.					
Library building renewals	-	84	- 84	0%	335	335
Splash Palace building renewals	214	140	+ 73	38%	561	561
Civic building renewals	194	139	+ 56	35%	555	555



General Services

Democratic Process

Commentary

The Democratic Process activity includes Council's governance, strategy and community support functions. 23% of the community is satisfied with their ability to be involved with Council decision making, up from 18% for 2021/2022. This is still well below the target of 50%. The Community Wellbeing Fund is in its second year of operation and on track with its delivery of the targeted number of activities and events supported.

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
Percentage of residents' survey respondents who provide a rating of satisfied or greater with the opportunities Council provides for community involvement in decisionmaking.		50%	23%		N/A
	The resident survey is now administered throughout the year, providing a snapshot of how Council is performing. The results shown here are based on a smaller sample size, and cumulative results will be reported over subsequent quarters. It is important to be aware that there is a lower level of statistical confidence on the interim data than that from the full sample at the end of the year.				
Number of activities or events supported by the Community Wellbeing Fund		25	7		4

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan forecast (\$000)
Rates and penalties	1,898	1,839	+ 59		7,357	7,357
Subsidies and grants	24	19	+ 5		74	74
Income from activity	161	40	+ 121		161	161
Investment revenue	-	-	-		-	-
Total revenue	2,083	1,898	+ 185		7,592	7,592
Employee expenses	827	893	+ 66		3,559	3,554
Other expenses	1,032	1,096	+ 64		4,356	4,256
Finance expenses	-	-	-		-	-
Depreciation	7	7	-		26	12
Total expenses	1,866	1,996	+ 130		7,941	7,822
Net operating surplus / (deficit)	217	(98)	+ 315		(349)	(230)



General Services

Regulatory Services

Commentary

The Regulatory Services Activity is responsible for implementing national legislation in the Invercargill context. They have legislatively required performance measures which have a target of 100% delivery within 20 working days. In two areas, building consents and non-notified resource consents not requiring a hearing, the activity was not able to meet this target in quarter one. However, in the national context, these results are positive given the challenge to recruit staff in competitive market in both of these activities. The food and alcohol applications are continuing to meet their timeframes 100 percent of the time. The Regulatory Services Activity is also working on earthquake prone buildings, and has now identified all of these within the priority area.

Planning and Building have significantly improved their service levels over the last three years with only minor increases in fees and charges, however, the cost of providing this service has increased ahead of revenue which has remained consistent in line with forecasts and the current financial climate.

Looking ahead it is clear that if revenue stays the same, or as is more likely declines, it will be important to ensure that fees and charges for providing services accurately captures the true cost of providing service to our customers.

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
We process building, resource consent, food and alcohol applications in accordance with the quality manual and statutory timeframes		100% of food applications are issued within 20 working days of receipt	100%		100%
		100% alcohol applications not requiring a hearing are issued within 30 working days of receipt	100%		100%
		100% of building	98%		96%
	Significant compliance that has been let down by simple human errors in a very small number of consents. The team are working to resolve this.				
		100% of non-notified	94%		79%
	Compliance with statutory timeframes has been trending upwards for the last two quarters. Whilst this is falling short of the 100% it is still a significant improvement on previous quarters.				



General Services

Regulatory Services

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
We identify potentially earthquake-prone buildings		Potentially earthquake-prone buildings are all identified by 1 July 2022	100%		100%
We promote incentives to owners of heritage buildings, especially when they undertake earthquake strengthening		Earthquake-prone buildings incentives are developed and implemented	Achieved		Not Available
Under the Seismic Strengthening Fund– our reports show that Council paid out \$1320 between 1 July and 30 September 2022.					

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	258	258	-		1,032	1,032
Subsidies and grants	-	-	-		-	-
Income from activity	1,800	1,771	+ 29		5,519	5,519
Investment revenue	-	-	-		-	-
Total revenue	2,058	2,029	+ 29		6,551	6,551
Employee expenses	823	932	+ 109		3,563	3,508
Other expenses	837	730	- 107		2,921	3,021
Finance expenses	-	-	-		-	-
Depreciation	4	4	-		18	22
Total expenses	1,664	1,666	+ 2		6,502	6,551
Net operating surplus / (deficit)	394	363	+ 31		49	-

An analysis of fees and charges across the Environmental Services department is being undertaken to ensure revenue is in line with services provided.



General Services

Parks and Reserves

Commentary

The Parks and Recreation team have met all of the performance targets in the first quarter. This includes a satisfaction rating of 81% from the resident survey, which highlights the positive view the community has towards its parks. The community partnerships are continuing to grow, with work being undertaken in partnership with Active Southland, Murihiku Kai Collective, South Alive, Southland Mountain Bike Club and many more. Minimal subsidy revenue has been applied during the first quarter of the year. Income from activity is lower due to no forestry revenue received in the first quarter and is partly offset by lower operational costs.

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
Queens Park is accredited as a "Garden of National Significance"		Retain accreditation	Achieved		Achieved
Percentage of customers satisfied with parks identified through annual user surveys		New measure	81%		Annual
	The resident survey is now administered throughout the year, providing a snapshot of how Council is performing. The results shown here are based on a smaller sample size, and cumulative results will be reported over subsequent quarters. It is important to be aware that there is a lower level of statistical confidence on the interim data than that from the full sample at the end of the year.				
Maintain the area of actively maintained parks and recreational land at or above the national median	Area of actively maintained parkland (hectares per 1000)	24.4ha	24.4ha		100%
	Including Premier Parks (i.e. Queens Park, Anderson House, Otepunu)	112ha	112ha		100%
	Area of natural parkland (hectares per 1000 residents)	27.9ha	27.9ha		100%
	Area of Sports Parks (hectares per 1000 residents)	2.5ha	2.5ha		100%
	Grass fields (total)	105.6ha	105.6ha		100%
	Non-grass sports surfaces (total)	2.1ha	2.1ha		100%



General Services

Parks and Reserves

Level of Service

Measure		Baseline	Target	Actual YTD	Status	Last yr YTD
Maintain the area of actively maintained parks and recreational land at or above the national median	Number of Playgrounds (per 1000 children)		6.8	6.8	On Target	1.0
	Number of street trees (approximate number per 1000)		Maintain	109	On Target	On Target
	Gardens/ Horticultural planted beds (m ² per 1000)		4,701m ²	4,701m ²	On Target	4,701m ²
	Grass Mowing (hectares per 1000 residents)		8.1ha	8.1ha	On Target	8.1ha
	Trails (km per 1000 residents) note: assessed numbers		700.4m	700.4m	On Target	700.4m
	Percentage of health and safety complaints are investigated and mitigated where appropriate		100%	100%	On Target	100%
	Community groups are working with Council to implement pest control		Maintained or increasing	3	On Target	4
	Omaui Landcare Group, BHMET, Otatara Landcare Group					
Number of visitors per head of Invercargill population identified through annual user surveys		Increasing use	Maintained (165,848)	On Target	Not Achieved	



General Services

Parks and Reserves

Financials

	Actual YTD	Forecast YTD	Variance		Full year forecast	Annual Plan
	(\$000)	(\$000)	(\$000)		(\$000)	(\$000)
Rates and penalties	1,745	1,745	-		6,980	6,980
Subsidies and grants	8	164	- 156		656	656
Income from activity	471	678	- 207		2,711	2,711
Investment revenue	-	-	-		-	-
Total revenue	2,224	2,587	- 363		10,347	10,347
Employee expenses	1,123	1,285	+ 162		5,085	5,067
Other expenses	1,018	1,159	+ 141		4,635	4,635
Finance expenses	-	-	-		-	-
Depreciation	159	159	-		636	645
Total expenses	2,300	2,603	+ 303		10,356	10,347
Net operating surplus / (deficit)	(76)	(16)	- 60		(9)	-



General Services

Libraries

Commentary

The start of the new financial year has seen visitor numbers to the library return to normal following challenges in recent years due to external restrictions. All programmes and events are now operating without Covid restrictions with the most recent Halloween event attended by over 800. Staff are also working on improving promotional material to reach non-users and as long as there are no major changes to facility requirements the visitor target will be reached. Currently, the performance indicators around the library collection and customer satisfaction are just outside of the targets for this year. Supply chain issues have now been resolved and expectations are for the collections target to be back on track by the next quarterly report. The YTD underspend in employee expenditure is due to a 2022 year end accrual adjustment which is not reflected in the forecast phasing. This will be resolved within the next quarter.

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
Percentage of collection published in the past 5 years (excludes heritage collections)		>60%	59%		62%
	There have been delays in freight deliveries which have impacted the result.				
Percentage of library customers who rate the library collections as satisfactory or greater in annual residents' survey		>85%	83%		Not Available
	The resident survey is now administered throughout the year, providing a snapshot of how Council is performing. The results shown here are based on a smaller sample size, and cumulative results will be reported over subsequent quarters. It is important to be aware that there is a lower level of statistical confidence on the interim data than that from the full sample at the end of the year.				
Number of visits per year		515,000	128,109		106,107



General Services

Libraries

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	750	750	-		2,999	2,999
Subsidies and grants	-	1	- 1		5	5
Income from activity	14	29	- 15		116	116
Investment revenue	-	-	-		-	-
Total revenue	764	780	- 16		3,120	3,120
Employee expenses	373	472	+ 99		1,877	1,874
Other expenses	135	121	- 14		483	483
Finance expenses	-	-	-		-	-
Depreciation	114	114	-		458	763
Total expenses	622	707	+ 85		2,818	3,120
Net operating surplus / (deficit)	142	73	+ 69		302	-



General Services

Aquatic Services

Commentary

Splash Palace has started to see an increase in participation in the first quarter compared to the same period in 2021/2022. The removal of the operating restrictions brought on by Covid-19 has enabled Splash Palace to provide more lane space for public lane swimming. The user satisfaction of 73% is currently lower than the desired 85%. Revenue is lower than forecast but is significantly improved on previous years and will continue to increase as participation grows, noting the ILT grant for the school swimming programme is yet to be received.

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
Number of visits per head of (Invercargill City) population	>6.5	6.55		Numbers coming back to pre-covid levels	
User Satisfaction Survey shows 85% or more rate the overall quality as satisfactory or above	85%	73%		The resident survey is now administered throughout the year, providing a snapshot of how Council is performing. The results shown here are based on a smaller sample size, and cumulative results will be reported over subsequent quarters. It is important to be aware that there is a lower level of statistical confidence on the interim data than that from the full sample at the end of the year.	



General Services

Aquatic Services

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
Time when a minimum of four 25 metre public lanes are available for swimming		95%	99%		76%
Time pools are kept within operating guidelines of the New Zealand Pool Water Standards NZS5826:2010		100%	100%		100%

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	5	5	-		21	21
Subsidies and grants	-	43	- 43		173	173
Income from activity	508	651	- 143		2,603	2,603
Investment revenue	-	-	-		-	-
Total revenue	513	699	- 186		2,797	2,797
Employee expenses	471	408	- 63		1,598	1,587
Other expenses	328	298	- 30		1,191	1,191
Finance expenses	-	-	-		-	-
Depreciation	5	5	-		19	19
Total expenses	804	711	- 93		2,808	2,797
Net operating surplus / (deficit)	(291)	(12)	- 279		(11)	-



General Services

Arts, Culture and Heritage

Commentary

Visitor numbers to He Waka Tuia have begun to normalise as Covid restrictions are removed, and in quarter one with 5,027 visitors, is on track to exceed the target of 14,000 for the year. The satisfaction result has remained the same as last year's with 19% of all respondents to the Council's Resident Survey rating the venue satisfactory or above. The ongoing challenge for the venue is wider engagement with the community both onsite at HWT as well as through a number of off-site exhibitions. Repeat visitors numbers are positive and through a varied exhibition programme the aim is to continue to attract a "new" audience. Employee expenses for the quarter are down on forecast due to timing of filling vacancies.

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
He Waka Tuia - Number of visits		14,000	5,027		1,918
Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
He Waka Tuia - Customer satisfaction rating is satisfactory or above		7-8	19%		N/A
The resident survey is now administered throughout the year, providing a snapshot of how Council is performing. The results shown here are based on a smaller sample size, and cumulative results will be reported over subsequent quarters. It is important to be aware that there is a lower level of statistical confidence on the interim data than that from the full sample at the end of the year.					

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan forecast (\$000)
Rates and penalties	477	485	- 8		1,940	1,940
Subsidies and grants	-	-	-		-	-
Income from activity	305	323	- 18		1,291	1,291
Investment revenue	-	-	-		-	-
Total revenue	782	808	- 26		3,231	3,231
Employee expenses	124	201	+ 77		798	795
Other expenses	542	571	+ 29		2,285	2,285
Finance expenses	-	-	-		-	-
Depreciation	37	37	-		149	151
Total expenses	703	809	+ 106		3,232	3,231
Net operating surplus / (deficit)	79	(1)	+ 80		(1)	-



General Services

Venue and Events Services

Commentary

Council venues are on track to deliver the targeted number of events over the coming year after a positive result in quarter one. The vaccination clinic at the Civic Theatre continues to provide an outlier result, as the venue is fully booked by a single booking. The satisfaction measure has improved slightly from last year, but is still short of its 80% target. Other expenses are high than YTD forecast due to Community Hall grants being paid in the first quarter.

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
Increase public use of venue services through the attraction and support for a range of community events through to touring shows and performances	Auditorium	>55 bookings	11	Green	13
		>28% occupancy rate	66 1/2 Days 9.5%	Green	32% (30 days occupied)
	Victoria and Drawing Rooms	>70 bookings	1	Red	1
		>11% occupancy rate	1	Green	1
	Increasing public awareness and use of the Civic Theatre complex and its range of facilities	>10 regional events	11	Green	NA
		>6 special interest events	3	Green	NA
		>35 community events	8	Green	12
	Expanding the use and awareness of the Scottish Hall as a venue for meetings and a range of social and cultural experiences	>40 bookings	15	Green	10
		>18% occupancy rate	29.5 1/2 days 8.5%	Green	10% (11 days occupied)
		>10 special interest events	7	Green	NA
		>30 community events	9	Green	11



General Services

Venue and Events Services

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
Expanding the use and awareness of the Rugby Park as a venue for meetings and a range of social, cultural and sporting experiences		>25 bookings	6		7
		>8% occupancy	12 1/2 Days 1%		6%
		>13 regional events	6		NA
		>12 community events	1		2
Number of visits per head of Invercargill City population		40%	0.5 Vph 50% (27,160)		70% (39,968 visits)
Percentage of Venues and Events Services customers (hirers and patrons) who rate the experience or the venue as good or very good		>80%	44%		Not yet Measured
The resident survey is now administered throughout the year, providing a snapshot of how Council is performing. The results shown here are based on a smaller sample size, and cumulative results will be reported over subsequent quarters. It is important to be aware that there is a lower level of statistical confidence on the interim data than that from the full sample at the end of the year.					

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	86	86	-		345	345
Subsidies and grants	-	-	-		-	-
Income from activity	134	108	+ 26		431	431
Investment revenue	-	-	-		-	-
Total revenue	220	194	+ 26		776	776
Employee expenses	134	113	- 21		451	451
Other expenses	144	80	- 64		322	322
Finance expenses	-	-	-		-	-
Depreciation	3	3	-		10	3
Total expenses	281	196	- 85		783	776
Net operating surplus / (deficit)	(61)	(2)	- 59		(7)	-



General Services

Public Transport

Commentary

The public transport activity has four performance measures, three of which cannot be reported on in quarter one. Passenger numbers are a concern at this stage as they have not returned to their pre-Covid levels and continues to have a financial impact with lower passenger revenue received. The customer satisfaction measures are normally obtained via an onboard bus survey in December.

Due to the lower passenger usage, lower repairs and maintenance and administration costs have been incurred. Subsidy revenue has yet to be received as a claim was made outside the current period.

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
Total public transport boardings		Year on Year increase	36,642		26,132
Passenger numbers have been impacted by Covid.					
Customer satisfaction rating for quality is satisfactory or above		70%	Annual		Annual
Customer satisfaction with price is satisfactory or above		80%	Annual		Annual
Council administers and supports the Total Mobility scheme.		Total Mobility Scheme is administered	Annual		Annual



General Services

Public Transport

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	241	239	+ 2		954	954
Subsidies and grants	260	281	- 21		1,123	1,123
Income from activity	38	106	- 68		425	425
Investment revenue	-	-	-		-	-
Total revenue	539	626	- 87		2,502	2,502
Employee expenses	-	-	-		-	-
Other expenses	565	676	+ 111		2,705	2,705
Finance expenses	-	-	-		-	-
Depreciation	24	24	-		94	158
Total expenses	589	700	+ 111		2,799	2,863
Net operating surplus / (deficit)	(50)	(74)	+ 24		(297)	(361)



General Services

Public Toilets

Commentary

The public toilets have fallen just short of their targeted 95% operational timing due to delays on receiving a part needed for required repairs. This has also contributed to lower repairs & maintenance expenses cost to date.

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
Public toilets are operational 95% of open hours (which is 24 hours per day)		95%	92%		98%
One of the exeloo toilets required repairs to the door with a delay on receiving parts					

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	188	188	-		753	753
Subsidies and grants	-	-	-		-	-
Income from activity	-	-	-		-	-
Investment revenue	-	-	-		-	-
Total revenue	188	188	-		753	753
Employee expenses	-	-	-		-	-
Other expenses	120	154	+ 34		616	616
Finance expenses	-	-	-		-	-
Depreciation	30	30	-		119	137
Total expenses	150	184	+ 34		735	753
Net operating surplus / (deficit)	38	4	+ 34		18	-



General Services

Housing Care

Commentary

Council's housing units continue to be occupied in excess of the 95% target, and to date there have been no urgent requests for service. Of the non-urgent requests for service, 98% of the time Council remedial action was in place within five days. For three of 121 requests, staff absence hampered the response times. Other expenses are higher than forecast due to the full payment of ICC property rates for the year in the first quarter.

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
Units are occupied 95% of the time		95%	99%		99%
Requests for service are responded to and remedial action in place: - Urgent		24 hours	0 received		2400%
Requests for service are responded to and remedial action in place: - Non-Urgent		5 working days	98%		500%
	116 were responded to within 1 day, 2 within 2-4 days, 3 within 6-8 days Staff on leave delayed response to non urgent information requests				

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	-	-	-		-	-
Subsidies and grants	-	-	-		-	-
Income from activity	394	389	+ 5		1,558	1,558
Investment revenue	-	-	-		-	-
Total revenue	394	389	+ 5		1,558	1,558
Employee expenses	-	-	-		-	-
Other expenses	426	364	- 62		1,457	1,457
Finance expenses	-	-	-		-	-
Depreciation	531	531	-		2,123	1,015
Total expenses	957	895	- 62		3,580	2,472
Net operating surplus / (deficit)	(563)	(506)	- 57		(2,022)	(914)



General Services

Investments

Commentary

The investment performance measures are taken as an annual result, but as an update they are currently not on target. This is due to leases being under negotiation or administered at a community rate. Higher interest rates from renewed and new borrowings has lifted the Finance expenses above YTD forecast (weighted borrowing rate is 2.51%). This has been partly offset by greater interest revenue generated from investments.

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
All properties, excluding those prepared, are leased		95%	90%		N/A
	46 total leases from 16 Properties with 5 leases under negotiation				
Lease agreements are current at market rental levels		100%	85%		N/A
	5 Leases under negotiation and 2 leases at Community rate				
Net rate of return		> Market interest rate (historic and current)	Not assessed		N/A

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	-	-	-		-	-
Subsidies and grants	-	-	-		-	-
Income from activity	498	440	+ 58		1,760	1,760
Investment revenue	162	164	- 2		5,745	5,745
Total revenue	660	604	+ 56		7,505	7,505
Employee expenses	2	-	- 2		-	-
Other expenses	286	371	+ 85		896	896
Finance expenses	661	523	- 138		2,091	2,091
Depreciation	1	1	-		3	6
Total expenses	950	895	- 55		2,990	2,993
Net operating surplus / (deficit)	(290)	(291)	+ 1		4,515	4,512



General Services

Corporate Services

Commentary

Corporate services includes a range of support functions including finance, customer services, quality assurance and IT. Forecast changes have been made to reflect additional rates income, change in training costs allocation and the increased depreciation charge as a result of the asset revaluations at 30 June 2022.

It should be noted that the Other expenses forecast YTD amount includes the recovery of employee expenses to capital projects. The Actual YTD amount does not include this recovery at present as this is still being processed. Employee expenses remain lower than YTD forecast due to timing of filling positions compared to forecast phasing.

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	311	487	- 176		1,946	639
Subsidies and grants	-	-	-		-	-
Income from activity	289	296	- 7		1,185	1,185
Investment revenue	78	9	+ 69		36	36
Total revenue	678	792	- 114		3,167	1,860
Employee expenses	3,104	3,362	+ 258		13,654	13,749
Other expenses	377	(491)	- 868		(1,965)	(1,965)
Finance expenses	-	-	-		-	-
Depreciation	235	235	-		940	594
Total expenses	3,716	3,106	- 610		12,629	12,378
Net operating surplus / (deficit)	(3,038)	(2,314)	- 724		(9,462)	(10,518)



General Services

Property

Commentary

Repairs and maintenance expenses are running lower than forecast with work expected to pick up over the summer months.

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	1,618	1,618	-		6,472	6,472
Subsidies and grants	-	-	-		-	-
Income from activity	1	2	- 1		10	10
Investment revenue	-	-	-		-	-
Total revenue	1,619	1,620	- 1		6,482	6,482
Employee expenses	-	1	+ 1		3	3
Other expenses	484	759	+ 275		2,944	2,944
Finance expenses	-	-	-		-	-
Depreciation	1,136	1,136	-		4,545	3,535
Total expenses	1,620	1,896	+ 276		7,492	6,482
Net operating surplus / (deficit)	(1)	(276)	+ 275		(1,010)	-



General Services

City Centre

Commentary

This activity's other expenses are for city centre activation. The forecast for depreciation relates to capital of the City Centre Masterplan Streetscape projects and will be allocated out to the other activities once the projects are completed.

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	92	92	-		366	366
Subsidies and grants	-	-	-		-	-
Income from activity	-	-	-		-	-
Investment revenue	-	-	-		-	-
Total revenue	92	92	-		366	366
Employee expenses	-	-	-		-	-
Other expenses	-	33	+ 33		133	133
Finance expenses	-	-	-		-	-
Depreciation	-	-	-		233	233
Total expenses	-	33	+ 33		366	366
Net operating surplus / (deficit)	92	59	+ 33		-	-

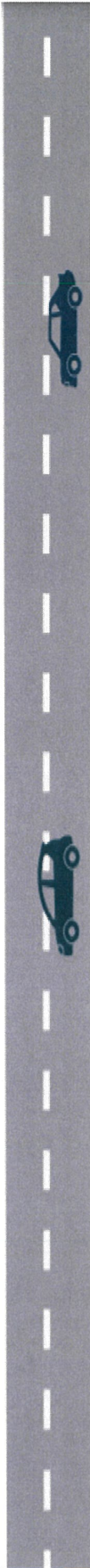
Support for external organisations

AS AT 30 September 2022

Organisation / Fund	Actual YTD (\$000)	Full year forecast (\$000)	Funds remaining (\$000)	Long-term Plan (\$000)
Bluff Indoor Pool Trust	-	120	120	120
Bluff Maritime Museum Trust (Council Controlled Organisation)	20	20	-	20
Emergency Management Southland	-	417	417	417
Great South (Council controlled organisation)	412	1,800	1,388	1,800
Invercargill Public Art Gallery	79	323	244	323
Saving Grace (IC2 Trust)	-	100	100	100
Southland Indoor Leisure Centre Trust	350	700	350	700
Southland Regional Heritage Committee	251	1,038	787	1,038
Southland One Stop Shop Trust	30	27	(3)	27
Te Ao Marama Inc.	-	152	152	152
	1,142	4,697	3,555	4,697

Other grants funds:

Community Wellbeing fund	67	565	498	565
Rugby Park Maintenance	-	350	350	350
Heritage Building Strategy fund	17	120	103	120
Facilities Maintenance fund	-	100	100	100
	84	1,135	1,051	1,135



Schedule of Forecast Changes

AS AT 30 September 2022

Item Name	Activities	Nature Of Change	Quarter 1 (\$000)	Quarter 2 (\$000)	Quarter 3 (\$000)	Quarter 4 (\$000)	Total Change (\$000)
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES							
Revenue							
Rates Revenue	Various Activities	Revised to align with rates set amount for 2022/23 year due to growth in rates base above annual plan estimate	1,307				1,307
							0
Total Forecast Adjustments to Revenue			1,307	0	0	0	1,307
Expenses							
Depreciation and amortisation	Various Activities	Revised to reflect the increase in replacement cost value of fixed assets during the revaluation in 2021/22	8,299				8,299
Employee expenses	Various Activities	Staff training forecast allocated out to activities from pool based on actual spend	0				0
Total Forecast Adjustments to Expenses			8,299	0	0	0	8,299
							0
							0
Total other comprehensive revenue and expense			-	0	0	0	0
Adjustments to Surplus / (Deficit) After Tax			(6,992)	0	0	0	-6,992

Schedule of Forecast Changes

AS AT 30 September 2022

Item Name	Activities	Nature Of Change	Quarter 1 (\$000)	Quarter 2 (\$000)	Quarter 3 (\$000)	Quarter 4 (\$000)	Total Change (\$000)
STATEMENT OF FINANCIAL POSITION							
Assets							
Cash and cash equivalents	Various Activities	To reflect additional funds raised from higher rates revenue forecast	1,307				1,307
Property, plant and equipment	Various Activities	To reflect higher depreciation expenses forecast cause by higher asset revaluation in 2021/22	-8,299				-8,299
Cash and cash equivalents	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	5,933				5,933
Trade and other receivables	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	1,777				1,777
Prepayments	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	216				216
Inventories	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	-252				-252
Property, plant and equipment	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	52,847				52,847
Intangible assets	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	424				424
Biological assets	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	-293				-293
Investment property	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	231				231
Other financial assets - other investments	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	-2,251				-2,251
Derivative financial instruments	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	481				481
Cash and cash equivalents	Investments	Funds from sale of investment property in 2021/22 used to repay borrowings	-10,000				-10,000
Total Forecast Adjustments to Assets			42,121	0	0	0	42,121
Liabilities							
Trade and other payables	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	-4,955				-4,955
Provisions	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	0				0
Employee benefit liabilities	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	254				254
Borrowings	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	8,348				8,348
Derivative financial instruments	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	-1,904				-1,904
Borrowings	Investments	Funds from sale of investment property in 2021/22 used to repay borrowings	-10,000				-10,000
Total Forecast Adjustments to Liabilities			-8,257	0	0	0	-8,257
Equity							
Retained earnings	Various Activities	Movements in operating surplus (deficit) and other reserves	-6,992				-6,992
Retained earnings	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	7,290				7,290
Other reserves	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	50,080				50,080
Total Forecast Adjustments to Equity			50,378	0	0	0	50,378

Statement of Comprehensive Revenue and Expense

For the year ending 30 September 2022

	YTD Actual Sep 2022 (\$000)	YTD Forecast Sep 2022 (\$000)	Full Year Forecast 2023 (\$000)	Annual Plan 2023 (\$000)
REVENUE				
Rates and penalties	16,771	16,771	67,084	65,777
Fines	93	151	605	605
Subsidies and grants	2,198	3,387	13,549	13,549
Direct charges revenue	5,366	6,028	24,350	24,350
Rental revenue	806	842	3,370	3,370
Finance revenue	240	173	692	692
Dividends & subvention revenue	0	0	5,089	5,089
Total revenue	25,474	27,352	114,739	113,432
EXPENSES				
Employee expenses	6,984	7,670	30,602	30,602
Depreciation and amortisation	10,022	10,022	40,322	32,023
Other expenses	12,122	13,710	51,377	51,377
Finance expenses	661	523	2,325	2,325
Total expenses	29,789	31,925	124,626	116,327
Net operating surplus (deficit)	(4,315)	(4,573)	(9,887)	(2,895)
Other gains/(losses)	0	185	742	742
Surplus / (deficit) before tax	(4,315)	(4,388)	(9,145)	(2,153)
Income tax expense	0	0	0	0
Surplus (deficit) after tax	(4,315)	(4,388)	(9,145)	(2,153)
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Property, plant and equipment revaluation gain (loss)	0	0	0	0
Carbon credit revaluation gains/(losses)	0	0	0	0
Cash flow hedges	0	0	0	0
Total other comprehensive revenue and expense	0	0	0	0
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	(4,315)	(4,388)	(9,145)	(2,153)

Statement of Financial Position

AS AT 30 September 2022

	YTD Actual	Full Year Forecast	Draft Annual Report
	Sep 2022	2023	2022
	(\$000)	(\$000)	(\$000)
ASSETS			
Cash and cash equivalents	10,457	9,903	18,596
Trade and other receivables	2,296	13,426	13,153
Prepayments	1,660	1,305	1,279
Inventories	482	499	481
Non-current assets held for resale	0	0	0
Property, plant and equipment	1,083,638	1,119,139	1,083,209
Intangible assets	3,110	3,179	3,179
Biological assets	3,848	3,953	3,848
Investment property	26,761	26,761	26,761
Investment in CCOs and similar entities	76,569	84,069	76,569
Other financial assets - other investments	48,892	41,013	40,237
Derivative financial instruments	0	481	481
TOTAL ASSETS	1,257,713	1,303,728	1,267,793
LIABILITIES			
Trade and other payables	9,178	15,305	15,070
Provisions	928	928	928
Employee benefit liabilities	3,587	3,789	3,707
Borrowings	102,308	146,825	102,062
Derivative financial instruments	0	0	0
Total liabilities	116,001	166,847	121,767
TOTAL EQUITY			
Retained earnings	365,086	542,500	398,037
Other reserves	776,626	594,381	747,989
Total equity	1,141,712	1,136,881	1,146,026
TOTAL LIABILITIES AND EQUITY	1,257,713	1,303,728	1,267,793

FINANCIAL UPDATE

To:	Finance and Projects Committee
Meeting Date:	Tuesday 22 November 2022
From:	Patricia Christie – Manager – Financial Services
Approved:	Michael Day - Group Manager - Finance and Assurance
Approved Date:	Thursday 17 November 2022
Open Agenda:	Yes
Public Excluded Agenda:	No

Purpose and Summary

The purpose of this report is to provide an update on the Council's financial position including:

- Treasury report at 30 September 2022
- Level of debt owed to Council from rates and operations to October 2022
- Breakdown of specific Council expense areas

Recommendations

That the Finance and Projects Committee that it:

1. Receives the report 'Financial Update'.

Recommend to Council

2. That it notes:
 - a. At 30 September 2022, Council had \$101 million of debt outstanding and \$58.04 million of cash and cash investments, resulting in a Net Debt balance of \$42.96 million.
 - b. Outstanding debt has increased by \$0.7 million to \$1.4 million at 31 October 2022. The most significant increases are in the 1 and 3 month overdue amounts and the Finance team will continue its collection activities.

Background

This report provides the Council with an update on key financial issues and areas for Council including the regular reporting of net debt of Council (Borrowings and investments) and debt owed to Council (Debt Management).

This report will also provide an additional information on key financial areas such as other expenses and staff expenses.

Issues

Net debt

At 30 September 2022 the Council had borrowings of \$101 million and cash and cash investments of \$58.04 million. These generated a net debt balance of \$42.96 million.

The Council's weighted average cost of debt as at 30 September 2022 was 2.51%. This is expected to rise significantly in the next quarter as new borrowing is taken on at much higher interest rates. These rises are expected to continue over the coming years with borrowing fixed at lower interest rates maturing and will be refinanced at higher rates as well as additional borrowing required to fund the capital programme.

On 29 October a \$20 million floating rate note which was issued at 3.74% matured. This was repaid using \$10 million of cash held from the sale of the Awarua Farm property and borrowing \$10 million of commercial paper from LGFA.

The highlights of Council's net debt position as at 30 September 2022 are provided below. The full Treasury Report is available in Appendix 1.

Invercargill Central Limited Loan

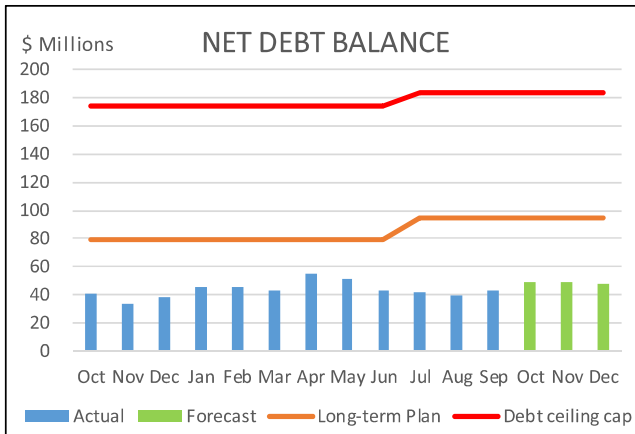
At 9 November 2022 the current balance of the loan with Invercargill Central Limited (ICL) was \$18.95 million. The maximum facility provided to ICL is \$31.45 million.

The loan agreement anticipates that \$22.75 million of the total amount borrowed will be repaid by December 2023. The remaining balance is expected to remain owing for a longer period.

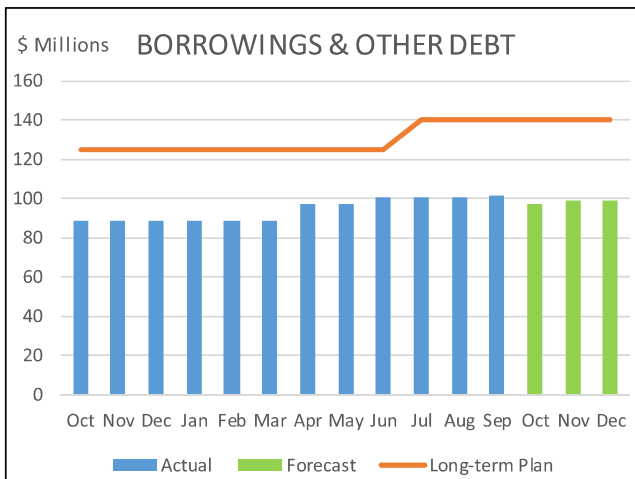
Should the first \$22.75 million not be repaid by December 2023 there is the potential that this could impact on Council's ability to borrow for its other projects.

As at 30 September 2022

Credit Rating	Net Debt Balance	<i>Borrowings & other debt</i>
AA+	\$43m	\$101m
		<i>LESS: Cash & Cash Investments</i>
		\$58m



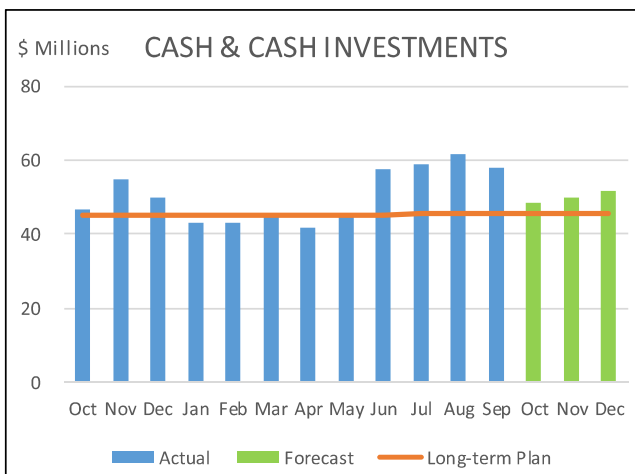
Debt ceiling cap is set at 2.5 times total revenue less a provision for uncalled capital of \$100m



April & June 2022: \$12.8m of borrowings was drawn down to loan advance to ICL.

October 2022: Borrowings maturing in Oct, planned to consolidate ICL loan + draw down additional advance totalling ICL loan to \$18.9m

Forecast: An additional \$3m is expected to be drawn down to cover advances to ICL



July - October 2022: \$6.15m of short term loan advance was loaned to ICL;

June 2022: \$11.2m placed on short term deposit until required for debt repayment in October

Forecast: Continuation of short term advance investments to ICL will continue.

Net Debt Breakdown

Borrowings & other debt				Note
Borrowings				
<u>Party</u>	<u>Maturity date</u>	<u>Interest rate</u>		
LGFA	Oct-22	3.15% Fixed	\$3,500,000	A
LGFA	Oct-22	2.74% Fixed	\$9,300,000	A
ANZ	Oct-22	3.74% floating	\$20,000,000	B
LGFA	Oct-23	0.44% Fixed	\$5,000,000	
LGFA	Apr-24	3.63% floating	\$10,000,000	
LGFA	Apr-25	1.49% Fixed	\$15,000,000	
LGFA	Oct-25	0.59% Fixed	\$8,500,000	
LGFA	Apr-26	1.09% Fixed	\$10,000,000	
LGFA	Apr-27	2.62% Fixed	\$10,000,000	
LGFA	May-28	4.06% Fixed	\$10,000,000	
Accrued interest payable			\$807,552	
			Total	\$102,107,552
Other debt				
LGFA Borrower Notes			(\$1,307,500)	
Environment Southland -Clean Air Scheme			\$200,000	
			Total	(\$1,107,500)
TOTAL BORROWINGS & OTHER DEBT				\$101,000,052
LESS: Cash & Cash Investments				
Cash and cash equivalents				\$10,457,084
Term Deposits				
<u>Party</u>	<u>Maturity date</u>	<u>Interest rate</u>		
BNZ	Oct-22	2.18%	\$11,217,205	C
WP	Oct-22	1.50%	\$5,075,531	D
SBS	Oct-22	2.00%	\$4,121,860	D
SBS	Jan-23	2.35%	\$4,131,792	
BNZ	Jan-23	3.23%	\$4,143,253	
SBS	Jan-23	3.07%	\$123,068	
Accrued interest receivable			\$272,018	
			Total	\$29,084,727
Other Investments				
Share investments			\$1,101,118	
Loan advances issued - Invercargill Central Limited			\$17,350,000	E
Loan advances issued - Other			\$49,180	
			Total	\$18,500,298
TOTAL CASH & CASH INVESTMENTS				\$58,042,109
NET DEBT BALANCE				\$42,957,943

- A This borrowing is aligned to the loan advance issued to ICL.
In October the \$9.3m + \$3.5m matured then \$18.95m was raised as a commercial paper with LGFA to cover all advances to ICL, which included a further \$2.35m in August 22, \$2.2m in September 22 and \$1.6m in October 22.
- B \$20m ANZ Loan matured in October 22 of which \$10m was drawn back down with LGFA commercial paper and \$10m of funds from the sale of Awarua Farm covering the rest.
- C
The BNZ Term investment of \$11.2m was withdrawn and \$10m was used to repay the ANZ loan with the remaining \$1.2m left in cash to cover capital expenses
- D Westpac and SBS Term investments matured in October. Of which \$5.16m was reinvested with Westpac to mature in October 2023 and \$4.18m was reinvested with SBS to mature July 2023.
- E As at 9 November the balance of loan advances issued to ICL total \$18.95m, the current limit ICC can lend to ICL is \$31.45m

Debt Management

Sundry (Non-rates) Debt

At 31 October 2022 the non-rates debtors outstanding was \$1.4 million, an increase of \$0.7 million from 30 June 2022 (\$0.7 million).

The table below details the total Council debt and the age of the debt.

	As at 31 October 2022					As at 30 June 2022				
	1 Month	2 Months	3 Months	4 + Months	Total	1 Month	2 Months	3 Months	4 + Months	Total
Grand Total	447,501	98,270	349,265	491,026	1,386,062	165,642	61,548	61,861	364,532	653,773

Of the above balance \$0.5 million (\$0.4 million at 30 June 2022) relates to debtors with outstanding debts over \$5,000 and more than 2 months overdue. Details of these are provided in the public excluded paper.

From 1 July to 31 October 2022 no sundry (non-rates) debt has been written off. Debts are only written off followed an extensive review of amounts which are two or more months overdue where it was not considered cost effective to be sent to our external debt collectors for debt recovery.

Rates Debtors

The table below summarises at November the amount of rates arrears and penalties charged. These relate to rates levied in the 2021/22 financial years or earlier. This table does not include any unpaid 2022/23 rates.

Rates	November 2022		August 2022		May 2022		February 2022	
	\$	Ratepayers	\$	Ratepayers	\$	Ratepayers	\$	Ratepayers
Arrears unpaid	1,326,343	902	2,069,742	1726	518,552	339	744,937	469
Arrears < \$1000	106,371	451	116,646	627	22,683	137	72,615	235
Arrears > \$1000	1,219,972	451	1,953,096	1099	495,869	202	672,322	234

92.0% (August 94.4%, May 95.7%, February 90.3% November 86.2%) of Council's rates arrears by value are owed on 451 (August 1099, May 202, February 234, November 365) properties with amounts greater than \$1,000 outstanding.

Rates arrears per rating year	Rating Year					Total
	2021-2022	2020-2021	2019-2020	2018-2019	2017 & older	
As at November 2022	1,055,366	161,968	49,391	24,387	35,232	1,326,343
As at August 2022	1,738,026	205,383	59,252	29,208	37,872	2,069,742
As at May 2022	0	361,845	79,793	37,308	39,606	518,552

The above table illustrates which rating year the arrears relate to. As at November the vast majority are 2021/22 arrears. Unpaid rates for 2021/22 became arrears on 1 July 2022.

Council has a number of debt recovery methods available to it under the Rating Act should normal reminder activities be unsuccessful. The final recovery method is a rating sale where Council obtains a court judgement to sell the property to recover the rates owed.

Water Billing

Water billing relates to invoices raised quarterly to non-residential ratepayers who use more than a prescribed m3 of water. At present the threshold for charging is use above 249m3.

The total value of water bills overdue at October is \$63,285 (August \$48,676, May: \$21,828, February: \$26,867, November: \$30,403) relating to 78 (August: 137, May: 83, February: 89, November: 101) customers. The majority of this relates to water charged in the 2021/22 financial years or earlier. The vast majority of these are for amounts under \$1,000 while 88.11% (\$55,760) of the outstanding amount relates to 9 customers.

Dog Registrations

The total value of dog registrations unpaid at October is \$197,205 (August: \$256,002, May: \$106,683, February: \$111,223 November: \$117,507) relating to 1,557 animals (August: 2,216, May: 1,105, February: 1,149, November: 1,860). \$80,658 (August: \$80,708, May: 85,350, February: \$90,100) of this debt relates to the 2022 dog registration period while \$95,315 of this debt relates to the current 2023 dog registration period.

Infringements

The table below summarises the total number and value of infringements which have been sent to the Ministry of Justice for collection as at 30 September 2022.

	Sept 2022	June 2022	April 2022	January 2022	November 2021
Fines per Category			\$	\$	\$
Parking	584,076	498,313	524,304	540,559	573,600
Dogs	55,981	61,195	63,215	72,686	75,939
RMA	8,066	8,066	8,084	8,084	8,084
Noise	5,873	6,215	6,224	6,386	6,449
Litter	2,790	450	450	450	450
Total	656,786	574,239	602,277	628,165	664,522

Infringements are sent to the Ministry of Justice for collection after Council have completed its collection processes.

Expense Analysis

While the Quarter 1 Performance Report also on the agenda for this meeting provides financial commentary the Financial Update will provide more detailed analysis of certain expense categories.

Employee Expenses and Other Expenses

Employee and Other Expenses are the two most significant expense categories for Council and a further breakdown and commentary is provided below.

	3 months to September			Full Year			Costs included
	Actual	Forecast	Variance	Forecast	Plan	Variance	
Employee Expenses							
Salary and Wages	6,360	7,267	907	29,068	29,068	0	ACC, Salary and Wages, all leave types
Other Staff Expenses	634	403	(230)	1,534	1,534		Training, travel, recruitment and uniforms
	6,994	7,670	676	30,602	30,602	0	
Other Expenses							
Administration Expenses	2,889	2,799	(89)	6,101	6,101		Rates, audit, honoraria, software licences, printing, postage, photocopying, subscriptions, elections, legal fees, debt recovery
Insurance	10	342	332	1,368	1,368		
Consultants	519	893	374	3,870	3,870		
Operational expenses	5,463	6,719	1,256	28,211	28,211		Contracts, Contractors, cleaning, petrol, diesel
Internal job cost allocation	(170)	(736)	(566)	(2,942)	(2,942)		Reallocation of internal staff to capital projects
Electricity	761	731	(31)	2,923	2,923		Electricity cost
Repairs and maintenance	1,491	1,400	(91)	5,599	5,599		Repairs and maintenance cost
Grants and subsidies	1,280	1,562	282	6,247	6,247		
Internal charges and overheads applied	(122)	(0)	122	0	0		
	12,122	13,710	1,588	51,377	51,377	0	

Variance analysis

Employee Expenses

Salary and Wages – The lower than planned salary and wages expense for the first quarter is the result of a number of issues including; a mis-match between budget allocation and pay periods, a higher level of vacancies and union agreements still to be settled.

Other Staff Expenses – the take up of staff training has been higher for than planned for the first quarter however, this is expected to reduce over December and January.

Other Expenses

Insurance – the lower cost is a timing issue, with the expenditure expected to be incurred later in the year

Consultants – the lower than planned consultants cost is the result of equal phasing across the year. Consultant spend can be uneven through the year and at this point in the year the full budget is forecast to be spent.

Internal job cost allocation – Council allocates costs including internal staff costs for those staff members who are directly working on its capital projects to the cost of the project. As such a portion of employee expenses is allocated to capital work in progress. This credit is shown as the Internal job cost allocation amount. The amount allocated to capital is \$566,000 lower than planned as a number of allocations were still to be processed when the financials were closed for the quarter. These will be processed and reported in the next quarter.

Grants and subsidies – The \$282,000 lower expense for the quarter is a timing issue with grants and subsidies not being uplifted during the quarter, we do expect that this will be caught up during the year.

Depreciation

The revaluation of operating building, roading and three waters (water supply, sewerage and stormwater) network assets at 30 June 2022 has resulted in an increase in asset values above the budgeted amount by \$52.8 million.

The asset revaluation also reviewed the remaining useful life of the assets. The combination of changes in useful life and the increase in asset values has increased the depreciation and amortisation charge for the year by \$8.3 million. This increase has been reflected in the forecasts.

Next Steps

Collection activities will continue on outstanding debtors and rates arrears.

Attachments

1. 2022 11 22 Finance and Projects – Invercargill City Council Treasury Report – September 2022 (A4166963)

CONFIDENTIAL

TREASURY REPORT

FOR



AS AT 30 SEPTEMBER 2022



BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • CHRISTCHURCH

CONTENTS

1.	MARKET ENVIRONMENT	1
1.1	GLOBAL MARKETS OVERVIEW (FOR THE SEPTEMBER 2022 QUARTER).....	1
1.2	NEW ZEALAND – OVERVIEW (FOR THE SEPTEMBER 2022 QUARTER)	2
1.3	LOCAL AUTHORITY FUNDING.....	2
2.	CURRENT POSITION	4
2.1	SUMMARY OF CURRENT POSITION.....	4
2.2	PROJECTED INTEREST RATES	6
3.	POLICY COMPLIANCE REPORT	8

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.

1. MARKET ENVIRONMENT

1.1 GLOBAL MARKETS OVERVIEW (FOR THE SEPTEMBER 2022 QUARTER)

The global fight against inflation was the key factor over the September quarter, with interest rate increases prevalent across the OECD. The August meeting of the world's central bankers in Jackson Hole, Wyoming, provided the perfect opportunity for policymakers to publicly state their inflation-fighting credentials. US Federal Reserve ("Fed") Chair, Jerome Powell, in his keynote speech, stated that the Fed would *"use our tools forcefully"* to attack inflation and that higher interest rates would persist *"for some time"*. He also warned that further tightening would cause pain for many households and businesses, *"but a failure to restore price stability would mean far greater pain"*, concluding that *"we must keep at it until the job is done."*

Following on from the Jackson Hole meeting, risk appetite evaporated following the US inflation release, which exceeded expectations at 8.3%. Energy costs surged 23.8% on the year while food prices increased 11.4%. However, the real shock was the fact that core inflation rose to 6.3%, from July's 5.9%, highlighting the risk that inflation could become embedded in the US economy and, by default, the global economy. This was then followed by the September FOMC meeting where the Fed raised the Fed Funds rate by 75bps for the third consecutive time into a 3.0%-3.25% range, with the forecasts suggesting the midpoint will eventually top out in a 4.4%-4.9% range in 2023, up on June's 3.6%- 4.1% range.

Market reacted quickly, with equity markets hit particularly hard, while the 10-year US treasury spiked from its early August low near 2.50% to a decade high of 3.93%, before finishing the quarter at 3.71%. Jerome Powell was explicit stating, *"in light of the high inflation we're seeing, we think that we'll need to bring our fund's rate to a restrictive level, and to keep it there for some time. We believe that we need to raise our policy stance overall to a level that is restrictive, putting meaningful downward pressure on inflation."* With a soft landing, or even a moderate recession unlikely, investors are battenning down the hatches in preparation for a prolonged recession, with global equity markets remaining under pressure. Meanwhile, commodity markets are under pressure as traders start to price in the possibility of a global recession.

In England there was a severe market backlash against the UK mini-budget and its fiscal policies, part of which saw significant unfunded tax cuts for the wealthy. The pound fell to record lows against the US dollar and while the Bank of England has been forced to intervene in their bond markets, significant interest rate increases are expected in the short term.

The Reserve Bank of Australia ("RBA") increased the cash rate in September by 0.50% to 2.35%, as expected, with financial markets pricing in a another 50bps at its October meeting after the Board gave itself some 'wiggle room' to adjust the pace of tightening cycle after the Governor stated it's *"not on a pre-set path,"* which contributed to further AUD weakness.

1.2 NEW ZEALAND – OVERVIEW (FOR THE JUNE 2022 QUARTER)

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
30 Jun 2022	2.00%	2.83%	4.06%	4.08%	4.04%	4.07%	4.11%
30 Sep 2022	3.00%	3.85%	4.74%	4.67%	4.55%	4.51%	4.50%
Change	+1.00%	+1.02%	+0.68%	+0.59%	+0.51%	+0.44%	+0.39%

At its August meeting, the Reserve Bank of New Zealand (“RBNZ”) increased the Official Cash Rate (“OCR”) by 0.50%, to 3.00%, and indicated further hikes will be required. The RBNZ Governor, Adrian Orr, also noted in an interview at Jackson Hole that, “we think there will be at least another two rate hikes (although) our core view is we won’t see a technical recession.” But while the New Zealand economic data remains weak and the consumer and business confidence remaining at recessionary levels, there was some positivity after the Q2 GDP print was at the top of market expectations at 1.7%, although the data didn’t impact markets given the ‘backwards-looking’ nature of the release.

After falling sharply from 4.50% back towards 3.50% by early August, swap rates moved sharply higher over the remainder of the quarter finishing in the mid to high 4.00’s as local markets took their cue from US moves. The domestic curve remains inverted with the 2-year and 10-year swap spread at minus 0.24%, this inversion in the past having been a precursor to a recession. The volatility in swap rates over the past few months has been extremely high, this showcased the challenging times that both central banks and the markets are having, dealing with the after-effects of the massive amount of stimulus pumped into the financial system to counteract the economic impact of COVID-19.

A key focus/headwind for the RBNZ is the sharply weaker NZD over the September quarter (which is approaching levels like that seen during the GFC), which will likely see imports cost more and lead to further inflationary pressures. While a very strong USD is the main factor behind this weakness the NZD also came under renewed selling pressure after the RBNZ Governor, Adrian Orr, stated “we still have some work to do but the good news is because we’ve done so much already, the tightening cycle is very mature, it’s well advanced.” The next *Monetary Policy Review* is on 5 October where a 50bps point increase is universally expected. There is also a heightened level of anticipation as to whether the Governor will make any comment on the level of the NZ dollar considering its very sharp fall. Some commentators are even suggesting that conditions are ripe for some form of intervention in the local currency, something not seen for a long time.

Beyond October markets are pricing in another 50bps increase in the OCR in November but after those expectations as to the size of the tightening’s decrease with a further 75 bps hikes projected by July 2023 and the OCR peaking around 4.75%. However, by the time the RBNZ meets in late November the all-important inflation data for the September quarter will have been released, which will have an impact on the direction of monetary policy.

1.3 LOCAL AUTHORITY FUNDING

Listed below are the credit spreads and applicable interest rates as at 30 September for Commercial Paper ("CP"), Floating Rate Notes ("FRN") and Fixed Rate Bonds ("FRB"), at which Invercargill City Council ("ADC") could source debt from the Local Government Funding Agency ("LGFA").

Maturity	Margin	FRN (or CP) Rate	FRB
3-month CP	0.15%	4.03%	N/A
6-month CP	0.15%	4.42%	N/A
April 2024	0.40%	4.23%	5.14%
April 2025	0.44%	4.27%	5.21%
April 2026	0.52%	4.35%	5.26%
April 2027	0.56%	4.39%	5.23%
April 2028	0.60%	4.43%	5.26%
April 2029	0.66%	4.49%	5.30%
May 2031	0.69%	4.52%	5.34%
April 2033	0.78%	4.61%	5.43%
May 2035	0.88%	4.71%	5.57%
April 2037	0.91%	4.74%	5.69%

Margins for LGFA debt increased during the September quarter, reversing the June quarter's contraction in margins. This is consistent with the trend of credit spreads increasing in the wider capital markets and banking sector. The outright yields for LGFA debt continued to increase sharply over the three-month period due to the increase in underlying rates, as the RBNZ's tightening cycle gathered momentum and in parallel with higher US/global rates.

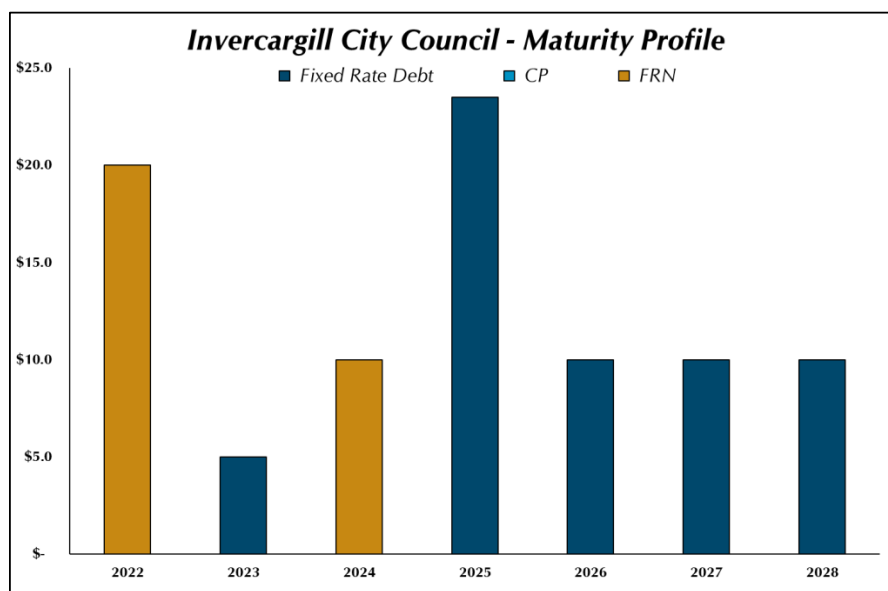
2. CURRENT POSITION

2.1 SUMMARY OF CURRENT POSITION

As at 30 September, ICC’s had \$88,500,000 of core debt. Details of the core debt are listed below:

Issuer/Type	Amount	Maturity	Margin	Rate
ICC FRN	\$20,000,000	29-Oct-22	60 bps	3.74%
LGFA FRB	\$5,000,000	15-Oct-23	43 bps	0.44%
LGFA FRN	\$10,000,000	29-Apr-24	48.75 bps	3.63%
LGFA FRB	\$15,000,000	15-Apr-25	80 bps	1.49%
LGFA FRB	\$8,500,000	15-Oct-25	48 bps	0.59%
LGFA FRB	\$10,000,000	15-Apr-26	63 bps	1.09%
LGFA FRB	\$10,000,000	29-Apr-27	70 bps	2.62%
LGFA FRB	\$10,000,000	15-May-28	70 bps	4.06%
Total	\$88,500,000			

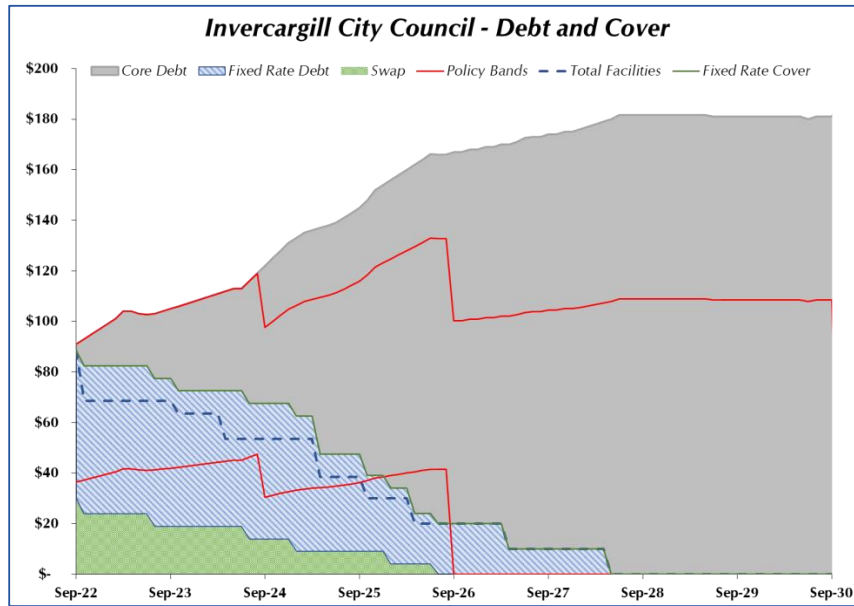
The debt maturity profile incorporating the core debt of \$88,500,000 is depicted in the chart below. The profile does not include the undrawn bank facility with BNZ.



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

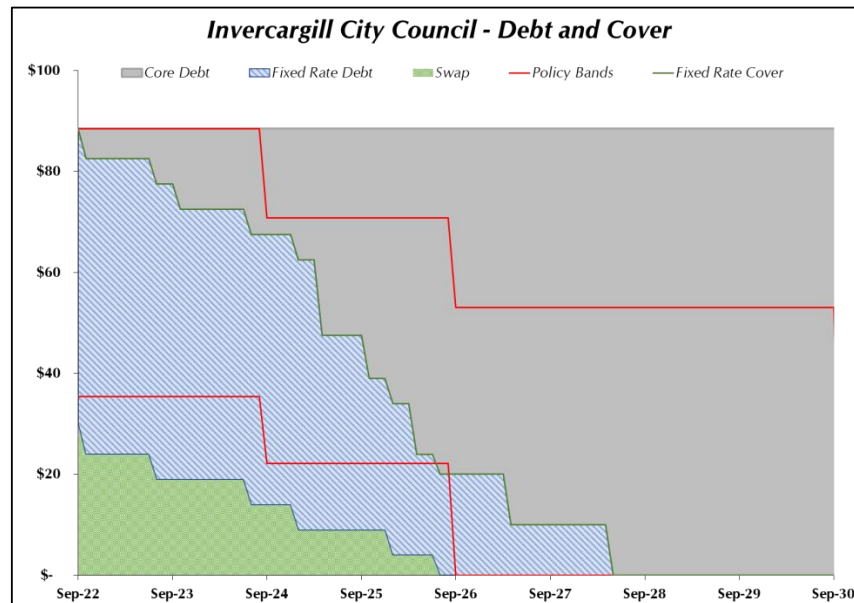
Fixed Rate Hedging Percentages		
	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0 - 2 years	40%	100%
2 - 4 years	25%	80%
4 - 8 years	0%	60%

The projected debt and cover profile incorporating the Fixed Rate Hedging Percentages is depicted in the following chart.

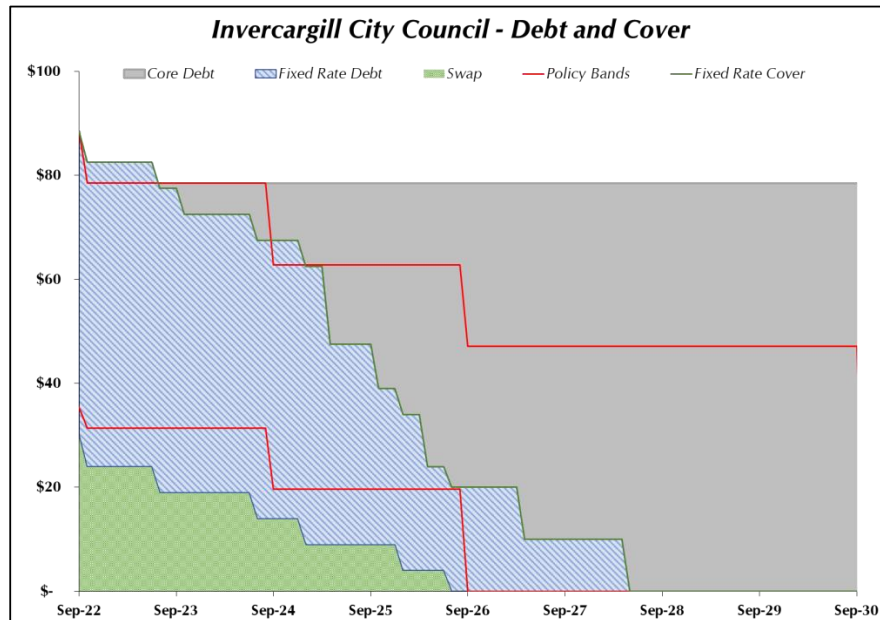


The graph shows that as at 30 September 2022 ICC had a minor breach in the 2 – 4-year time bucket from January 2026 to July 2026 when it is under-covered. However, this breach is predicated on the debt level increasing to approximately \$160.0 million by the date of the breach, this due to future capital expenditure which has not yet been confirmed.

Another way to look at the debt and cover profile is to use the existing debt level of \$88.5 million which is depicted in the following graph. This indicates that ICC has a miniscule policy breach in July and August 2026.



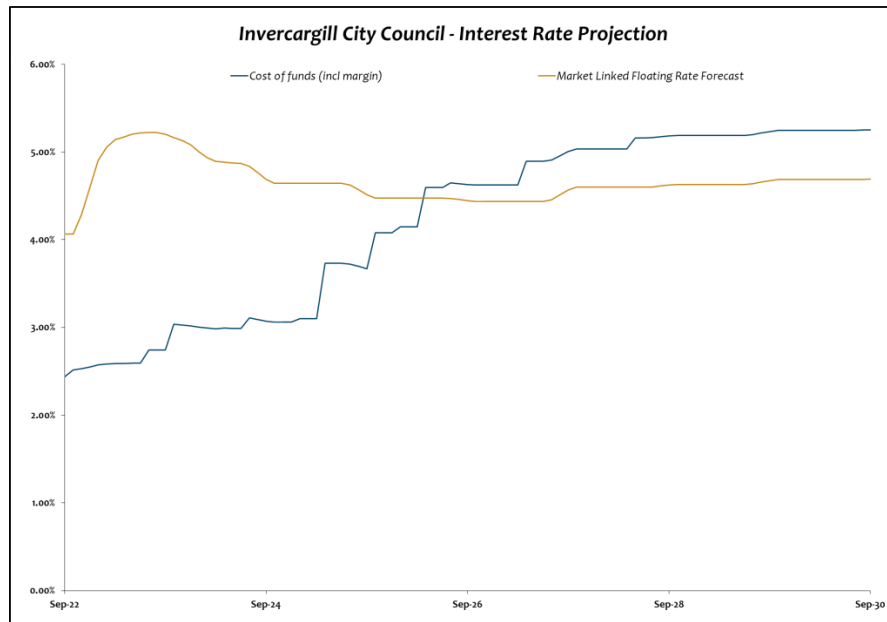
Alternatively, the debt can be profiled with the nominal amount declining to \$78.5 million in October when a FRN for \$20.0 million matures which is just after three Term Deposits (“TD”) totalling \$20.0 million mature. ICC has indicated that it may only refinance \$10.0 million of the maturing FRN and use \$10.0 million of the maturing TDs to repay the remaining \$10.0 million. The debt and cover profile with the debt reducing to \$78.5 million in October is depicted in the following graph.



This profile eradicates the minor breach where ICC is under covered in 2026 but does produce two new breaches where it is overcovered from October 2023 to June 2023 and from September 2024 to December 2024. The options to deal with these breaches are to note and sanction them, with the knowledge that all of ICC’s swaps produce a positive rate set outcome, that is the 3-month bank bill rate is higher than all of the swap rates. Alternatively, ICC could closeout sufficient cover to bring it back within policy. Given where current swap rates are compared to ICC’s swaps, the closeout would result in a profit to ICC.

2.2 PROJECTED INTEREST RATES

The chart on the following page shows the interest rate projections including margins for the next eight years. This assumes debt follows the forecast projections to rise to around \$160.0 million as illustrated in the chart at the top of the preceding page and that the 90-day bank bill rate will move in line with the market’s prevailing projected track. The chart shows that the all-up interest rate will increase from the current level of 2.51%. The projected cost of funds is based on the floating rate increasing to around 5.50%. However, we have doubts as to whether such an aggressive increase in floating rates will actually materialise and if this is the case then the cost of funds will not increase to the extent that is depicted in the graph.



For borrowers who have historical legacy debt, ICC’s cost of funds is one of the very lowest in the local government sector that Bancorp Treasury is aware of.

3. POLICY COMPLIANCE REPORT

Core debt for ICC as at 30 September 2022: **\$88.5 million**

Total swap cover is detailed in the table below.

Amount	Start date	Maturity date	Rate	Market Value
6,000,000	29-Oct-20	31-Oct-22	2.830%	(\$37,394)
5,000,000	29-Jul-16	31-Jul-23	2.580%	\$81,005
5,000,000	20-Jun-16	29-Jul-24	2.650%	\$183,850
5,000,000	29-Jan-19	29-Jan-25	3.965%	\$75,165
5,000,000	30-Oct-17	29-Jan-26	3.220%	\$214,606
4,000,000	29-Jul-20	29-Jul-26	3.200%	\$194,889
30,000,000				\$712,119

Total cover (including fixed rate bonds): **\$88.5 million**

Weighted average cost of debt excluding bank line fee** 2.51%

***This is the weighted average rate as at 30 September 2022 and does not represent a cumulative average rate for the current financial year.*

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts said are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document