



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, Te Hīnaki Civic
Building, 101 Esk Street, Invercargill on
Tuesday 15 August 2023 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 Pottinger
Cr L F Soper
Cr B R Stewart

MICHAEL DAY
CHIEF EXECUTIVE

Finance and Projects Committee - Public

15 August 2023 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	
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**MINUTES OF FINANCE AND PROJECTS COMMITTEE, HELD IN THE COUNCIL CHAMBERS,
FIRST FLOOR, TE HINAKI CIVIC BUILDING, 101 ESK STREET, INVERCARGILL ON
TUESDAY 20 JUNE 2023 AT 3.00 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 L F Soper
Cr B R Stewart

In Attendance: Cr P W Kett
Rev E Cook – Māngai – Waihōpai
Mrs P Coote – Kaikaunihera Māori – Awarua
Mr M Day – Chief Executive
Mr S Gibling – Group Manager – Leisure and Recreation
Ms E Moogan – Group Manager – Infrastructure
Mrs P Christie – Acting Group Manager – Finance and Assurance
Ms J Hutton – Interim GM – Customer, Communications and People
Mr J Shaw – Interim GM – Consents and Compliance
Mr A Cameron – Chief Risk Officer
Mr M Morris – Manager – Governance and Legal
Mr L Butcher – Programme Director – Programme Management Office
Mr R Pearson – Manager – Strategic Asset Planning
Ms L Knight – Manager – Strategic Communications
Ms H Guise – Property Portfolio Manager
Mr G Caron – Digital and Communications Advisor
Ms M Cassiere – Executive Governance Officer
Ms K Ball – Director – Invercargill Central Limited

1. Apologies

Nil.

2. Declaration of Interest

Nil.

3. Public Forum

Nil.

4. Major Late Items

4.1. Approach to Naming Our Museum

4.2. Invercargill Central Limited Funding Status Report (in public excluded session)

Moved Cr Campbell, seconded Cr Soper and **RESOLVED** that the Major Late Items 'Approach to Naming Our Museum' and 'Invercargill Central Limited Funding Status Report' be accepted.

The reason that the items were not in the agenda: The items were not ready at the time of the publication of the agenda.

The reason why the discussion of the items could not be delayed: Matters could be progressed in a timely manner.

Reasons for Exclusion being:

Local Government Information and Meetings Act 1987 –

Section 7(2)(h) - Enable any local authority holding the information to carry on, without prejudice or disadvantage, commercial activities

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

Ground(s) under Section 48(1) (a) for the passing of this resolution

The local authority is required, by any enactment, to make a recommendation in respect of the matter that is the subject of those proceedings.

5. Minutes of the Meeting of Finance and Projects Committee held on Tuesday 18 April 2023

A4487608

Moved Cr Pottinger, seconded Cr Soper and **RESOLVED** that the minutes of the Finance and Projects Committee held on Tuesday 18 April 2023 be confirmed.

6. Minutes of the Extraordinary Meeting of the Finance and Projects Committee held on Tuesday 9 May 2023

A4519912

Moved Cr Ludlow, seconded Cr Soper and **RESOLVED** that the minutes of the Extraordinary meeting of the Finance and Projects Committee held on Tuesday 9 May 2023 be confirmed.

7. Minutes of the Extraordinary Meeting of the Finance and Projects Committee held on Tuesday 23 May 2023

A4579467

Moved Cr Stewart, seconded Cr Soper and **RESOLVED** that the minutes of the Extraordinary meeting of the Finance and Projects Committee held on Tuesday 23 May 2023 be confirmed.

8. Strategic Capital Projects Report

A4594148

Moved Cr Stewart, seconded Cr Pottinger and **RESOLVED** that the Finance and Projects Committee:

1. Receives the report "Strategic Capital Projects Report".

Mr Lee Butcher spoke to the report and provided a summary of the activities listed on the programme dashboard. He noted that a report on the CAB (Te Hinaki Civic Building) was planned to be presented at this meeting and that the report could not be presented at this meeting without including the broader picture. He said that the CAB project continued to be a bit of a challenge, that they had gone through the whole building assessment phase and that the status was understood from the building maintenance perspective.

In response to a query about what was meant by 'a broader context' around the report on CAB, it was noted that from a building maintenance perspective the report was not a great read. It was noted that if the report was read without the context of what the refurbishment project would look like, councillors would have a very dim view of the building. When taken in isolation, the maintenance piece was challenging in itself and the cost would also be quite high.

In response to a query as to why the CAB could not be done up using innovative means such as those used at the Menzies building, even if work had to be done floor by floor when budgets became available, it was noted that the initial budget did not fit the aspirations. It was also noted that the team had been asked to view the project with a different lens with a focus on maintenance, and while work could be done floor by floor, as soon as the budget did not fit the aspirations then there would be bigger issues to deal with at that time.

Ms Moogan joined Mr Butcher and noted that she had asked for further information which was why the report was not presented at this meeting. She said that the report indicated that the building was nearing its end of usable life before significant funds would have to be spent on it. She noted that a significant portion of the existing allocation of funds were to tick off the really red items provided in the report. She stated that she had reservations about coming back to Council with a plan only around the existing allocation of funds and without a plan on what needed to be done in another three years' time, and so on for every three years. She further stated that she wanted to ensure that Council had a full picture of what the next tranches of investment would look like to enable Council to make an informed decision.

In response to a query whether people had been notified about removing the moorings in front of the Bluff boat ramp, it was noted that the jurisdiction for that lay with South Port and that they would need to notify the people.

The Chair noted that consideration would have to be given to questions such as how much investment would be required to make the CAB usable and functional for staff for the next 50 years, what would be the alternative, whether Council should move somewhere else or partner with someone else to build a completely new building. The dynamics of the CBD (Central Business District) had changed over past few months and as such understanding some of these aspects would be quite useful.

In response to a query about when a report which contained the above considerations would be available, it was noted that the report on the CAB was there however the indicative costs for maintenance alone were very high therefore, it had been decided that the team would revisit the path taken earlier and break it down into stages and bring back a report that looked at the future and also at the maintenance.

In response to a query whether the report to be brought back to Council included potentially partnering with someone else, it was noted in the negative as it was not within the scope at the moment. However, Council could provide direction on what else should be included in the scope.

Discussion took place around bringing back a report which would include information on a new Council building that could also house an art gallery, information on the cost to upgrade the CAB, the value to sell the CAB, information on how many more years the CAB could be used if nothing was spent on it so that the potential savings from that could be utilised towards a new building and information on potential costs for other alternatives. It was noted that the report on CAB indicated that doing nothing would not be an option. It was also noted that a report would be brought back which would include a full review of the CAB for councillors to consider the future for the building and provide direction, as well as information on potential costs for other alternatives.

In response to a query whether the design brief for the new museum would include tuatara being present in the building, it was noted in the affirmative however, it would be appropriate to discuss that aspect once the design team had provided the designs to Council for consideration.

Moved Cr Stewart, seconded Cr Pottinger and **RESOLVED** that the Finance and Projects Committee:

2. Receives the 'ICC PMO Programme Dashboard' attached.

9. City Streets Stage 2

A4658015

Moved Cr Pottinger, seconded Cr Campbell and **RESOLVED** that the Finance and Projects Committee:

1. Receives the report "City Streets Stage 2".

Mr Russell Pearson spoke to the report.

A query was raised about previous workshop discussions where the majority understood that Stages Two and Three, being down Kelvin Street and up Esk Street would be cancelled, and that focus would only be on Wachner Place and Esk Street West. It was noted that as per the report Stage Two referred to Kelvin Street precinct while Stage Three referred to Esk Street West precinct. The two stages were two separate parts and could be run independently at whatever timing Council decided. From the roadmap, the Kelvin Street works were proposed for a later time and was paused however, the budget had been set at approximately \$13.6 million, the amount on which public consultation had taken place.

In response to a query whether the budget approved for Stage Two was still available to be used for Stage Three, it was noted that it was a forecasted budget so it would need to be revisited.

In response to a query whether the offer of financial assistance from a developer was still available, it was noted that there was keen interest from the developer and that discussion around it should be held.

In response to a query whether the project plan could be delivered in time as the new hotel would be ready to open next year, it was noted that while some of the options may be unable to progress at a rapid pace, it was important that appropriate business practices and consultation practices be protected since the proposed area for development was a public space.

It was noted that a paper would be brought back which would scope out the project in detail including developer contributions and a timeframe, after which it would be handed over to the projects team for the project to be managed. It was also noted that some elements of the project would be deliverable however, some aspects would require consultation.

It was noted that the report indicated the development of Esk Street West as a priority and that consideration of time would have to be taken for public consultation since allocation of budget from one project to the other could not be done without consultation. It was also noted that renewal improvements might be necessary especially around footpaths.

Moved Cr Soper, seconded Cr Campbell that the Finance and Projects Committee:

2. Notes that two City Centre Projects are required to deliver the outcomes needed for the City Centre - being Stage 2 Kelvin Precinct and Stage 3 Esk Street West (Wachner Place).

The motion, now put, was **RESOLVED**.

3. Agrees that Stage 3 Esk Street West is a priority and needs to be advanced to align to the adjacent development timelines.

The motion, now put, was **RESOLVED**.

4. Confirms that Stage 2 Kelvin Precinct which was planned for 2024/2025 - 2025/2026 years and budgeting is required in the LTP for design works is paused.

The motion, now put, was **RESOLVED**.

5. A further report be presented to identify a budget for Stage 3 which would also consider timing of works and reallocation of Stage 2 budgets.

The motion, now put, was **RESOLVED**

6. A further report be presented to confirm the consultation process required for Stage 3 for Wachner Place area.

The motion, now put, was **RESOLVED**.

7. Selects the design approach as advance Concept Design for Stage 3 – Esk West – Joint Council/Developer Lead.

The motion, now put, was **RESOLVED**.

10. Financial Update – June 2023

A4591122

Moved Cr Stewart, seconded Cr Soper and **RESOLVED** that the Finance and Projects Committee:

1. Receives the report “Financial Update – June 2023”.

Mrs Patricia Christie spoke to the report. She noted that there was a small breach in Treasury which had been monitored for some time and that there was now an action in place to take out some forward starting swaps as the market was starting to turn. She also noted that the net debt position was at \$58 million, and that the rates debt was coming down significantly. She stated that due to the regular reporting being done on the rates debt, a trend could be observed which indicated that rates debt fluctuated in a pattern. She spoke about the significant increase in direct debit dishonours for rates which was due to bank processing changes and that at present the bank cannot provide transactions made during the weekend until Tuesday.

In response to a query whether this meant that on Mondays, the debtors list would include people who had paid their rates over the weekend, it was noted in the affirmative. It was also noted that staff were trying to work with the bank to get the information on a more timely basis.

In response to queries whether the treasury breach was an internal policy breach and not a breach of any lending requirements, it was noted that it was only an internal treasury management policy breach.

In response to a query around cash and cash investments whether funds that would have traditionally been in the bank gone towards Invercargill Central Limited (ICL) by way of loans, it was noted that the bank funds had been allocated towards capital projects and that funds provided to ICL was through loan borrowing.

In response to a query whether a trend had emerged where ratepayers entering payment plans had increased considerably, it was noted that while there were more payment plan arrangements, it did not necessarily mean that it was a considerable increase.

Moved Cr Ludlow, seconded Cr Stewart and **RESOLVED** that the Finance and Projects Committee:

Recommend to Council :

2. That it notes the sensitive expenditure for the period 1 January 2023 – 30 April 2023.

11. Invercargill Central Limited Outcomes Report

A4658040

Mr Andrew Cameron spoke to the report. He noted that Council had considered various factors when investing in ICL and one of the factors had been a report from the New Zealand Institute of Economic research (NZIER) around the potential broader benefits to Invercargill and Southland from the investment. The potential broader benefits was one of the key factors which Council took into consideration when determining whether or not Council should step into what was effectively a commercial space. This report provided Council information around whether those outcomes were realised and it was suggested that it would be good practice to do this again in a number of years.

In response to queries around the time for return of investment in ICL and around occupancy levels, it was noted that the equity investment will take about 10 years to show a return and that occupancy levels showed that space was still available with the first floor being a challenge, while the retail space was at almost 100 percent occupancy.

In response to a query about whether an update could be provided around the big space that was behind the bank building, it was noted that discussions were still ongoing, that nothing had progressed at a fast pace, and that it would have to be considered.

In response to a query how many people were currently employed at the ICL building including those employed by the retailers, it was noted that about 75 percent of the forecasted number were employed. It was also noted that a report could be brought back with the information.

In response to a query about the risk on other aspects apart from financials, it was noted that the information would be brought back in a public excluded report.

In response to a query about why the free parking time had been reduced. It was noted that the free car park time had been changed from an hour to half an hour and that it should be noted that the car park was built to be a revenue generator.

It was raised that at the recent consultation on the Long-term Plan, the disability community had commented that the half hour parking time was very short as they would require extra time once they had parked. It was noted that this would be fed back to the management, and ensure that consideration would be brought back to Council.

Moved Cr Ludlow, seconded Cr Soper that the Finance and Projects Committee:

1. Receives the report "Invercargill Central Limited Outcomes Report".
2. Note the qualitative and quantitative benefits as set out in the NZIER report Invercargill CBD regeneration Revisiting 2019's estimates.

3. Confirm that the community wellbeing outcomes continue to outweigh the risks of the investment.

The motion, now put, was **RESOLVED**.

Note: Cr Pottinger left the meeting at 4.14 pm.

12. Approach to Naming Our Museum

A4667504

Mr Steve Gibling spoke to the report.

A query was raised as to why was the Iwi liaison Komiti being approached to provide the Te Reo Māori name as it was an advisory to the Southland Museum and Art Gallery (SMAG) Trust Board and not to Council or to the museum. It was also noted that the Iwi Liaison Komiti members would not be the correct avenue and that Rūnaka has already provided the Te Unua name.

It was noted that the design of the museum had not yet been seen by the Iwi Liaison Komiti so this process would allow the Iwi Liaison Komiti to view the designs and consider if the name was still fit for purpose.

Discussion took place around the name provided and that the name should be mutually agreed. The use of Murihiku as part of the name of the museum was also discussed. It was noted that discussion would take place with Rūnaka instead of the Iwi Liaison Komiti as the Iwi Liaison Komiti was set up by the Rūnaka.

It was noted that the naming the museum should be a united and collaborative approach.

Moved Cr Ludlow, seconded Cr Soper and **RESOLVED** that the Finance and Projects Committee:

1. Receives the report "Approach to Naming Our Museum".
2. Approve the proposed approach with the following change that, in place of the Iwi Liaison Komiti, reference is to the four Papatipu Rūnaka of Murihiku.
3. Request the Rūnaka to also provide comment on Southland or Murihiku as the English equivalent name.

13. Public Excluded Session

Moved Cr Soper, seconded Cr Ludlow that the public be excluded from the following parts of the proceedings of this meeting, with the exception of Ms Kathryn Ball, Director at Invercargill Central Limited, namely:

- a. Confirmation of Minutes of the Public Excluded Session of the Finance and Projects Committee Meeting Held on 18 April 2023
- b. Confirmation of Minutes of the Public Excluded Extraordinary Session of the Finance and Projects Committee Held on 9 May 2023

- c. *Confirmation of Minutes of the Public Excluded Extraordinary Session of the Finance and Projects Committee Held on 23 May 2023*
- d. *Financial Update – June 2023*
- e. *Investment Property Portfolio Update*
- f. *Business Enhancement Programme – Projects Dashboard*
- g. *Invercargill Central Limited Monitoring Report*
- h. *Invercargill Central Limited Funding Status Report*

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) Confirmation of Minutes of the Public Excluded Session of the Finance and Projects Committee Meeting Held on 18 April 2023	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) Confirmation of Minutes of the Public Excluded Extraordinary Session of the Finance and Projects Committee Held on 9 May 2023	Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
c) Confirmation of Minutes of the Public Excluded Extraordinary Session of the Finance and Projects Committee Held on 23 May 2023	Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
d) Financial Update – June 2023	Section 7(2)(a)	Section 48(1)(a)

		Protect the privacy of natural persons, including that of deceased natural persons	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)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	
e)	Investment Property Portfolio Update	Section 7(2)(h) Enable any local authority holding the information to carry on, without prejudice or disadvantage, commercial activities	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
f)	Business Enhancement Programme – Projects Dashboard	Section 7(2)(h) Enable any local authority holding the information to carry on, without prejudice or disadvantage, commercial activities	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
g)	Invercargill Central Limited Monitoring Report	Section 7(2)(h) Enable any local authority holding the information to carry on, without prejudice or disadvantage, commercial activities 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

- h) Invercargill Central
Limited Funding
Status Report

Section 7(2)(h)

Enable any local authority holding the information to carry on, without prejudice or disadvantage, commercial activities

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

There being no further business, the meeting finished at 6.15 pm.

STRATEGIC CAPITAL PROJECTS REPORT

To: Finance and Projects Committee

Meeting Date: Tuesday 15 August 2023

From: Lee Butcher – Programme Director

Approved: Erin Moogan - Group Manager - Infrastructure Services

Approved Date: Wednesday 9 August 2023

Open Agenda: Yes

Public Excluded Agenda: No

Purpose of the report:

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

Programme summary

As we progress with concept designs on the 1225 programme and other projects, we are seeing a trend in “cost plans” breaching or coming very close to our budgets. Value engineering is becoming the “norm”, not “if required”.

When we interrogate this in detail, two big stand-outs that present themselves are “inflation on materials” and “cost of living increases (labour, fuel, preliminaries and general).”

We have also started to look at these in fine detail, and some contents are costing 20+ per cent more in 2023 than in 2021.

We are in a good position to pivot in design and be clear about costs and what levers can be pulled by the council to address cost risks.

Forecasting Information



As reported in the last Finance and Projects meeting, forecasting has come back on track, with the PMO now slightly above forecast (June 2023 forecast 15.3 vs Actual 17.1).

This is mainly due to more projects in the physical build phase and the pace we are delivering the overall LTP capital programme.

The PMO is still working on better forecasting tools and will continue to improve this going forward. We have appointed one of the PMO coordinators to champion "forecasting"; she is working with all project managers to get regular updates and figures.

Elected Member Updates

The Communication team and PMO have finalised the first edition of the elected member updates, which have been released to the group. We look forward to your feedback and look to build on these moving forward.

Recommendations

That the Finance and Projects Committee:

1. Receives the report "Strategic Capital Projects Report".
2. Receives the 'ICC PMO Programme Dashboard' attached.
3. Note the current status of the projects including project risk assessment

Background

The PMO carry out oversight and management of eight strategic projects. Through the PMO, Invercargill City Council (ICC) develops tools and internal staff to manage and deliver projects directly and support better internal processes.

The PMO provides a snapshot of progress, risk, and commentary on the programme through the ICC PMO Programme Dashboard presented to the Finance and Projects Committee bi-monthly.

Attachments

1. Attachment 1 - ICC PMO Programme Dashboard (A4774429).

ICC PMO Programme Dashboard (Roadmap To Renewal LTP July 2021 - June 2031)								
Report to 31 July 2023		Programme Sponsor: Erin Moogan		Programme Lead: Lee Butcher				
Project Budget	Spend to date			PMO forecasting - Risk - ETC - tracking				
Project	Budget (inc Cont.)	Actuals (from Tech One)	Remaining	Estimate to Complete (ETC)	Contingency (remaining)	Variation - Budget vs ETC	RAG	Comments
Branxholme Water Main - (100349)	\$ 25,348,575	\$ 13,124,814	\$ 12,223,761	\$ 25,348,575	2,163,104 (1,760,000)	\$ -	Yellow	Rooney Contracting has signed the contract and programmed in their mobilising to Invercargill in late August. The Contract sits just within budget with a number of provisional sums agreed. Should we spend a number of Provisional sums we will need to access the programme contingency. We prefer to manage this over time and report progress and costs via the PCG and PSG.
Rugby Park - (100305)	\$ 4,900,000	\$ 315,968	\$ 4,584,032	\$ 4,900,000	150,000 (150,000)	\$ -	Yellow	Stage two is in the design phase, we have found issues with the roof detailing and waterproofing. This has significantly impacted design and construction methodology; however, engineers and fabricators are reviewing it and have had some early ideas that may overcome some of the issues. We have a change in resourcing issue with the lead structural engineer moving on. This has impacted our early design programme, but we do not see this as an issue come delivery.
CAB Refurbishment - (100315)	\$ 16,000,000	\$ 588,491	\$ 15,411,509	\$ 16,000,000	1,600,000 (1,600,000)	\$ -	Red	The report was presented to ELT on 01/08/2023 - the CAB refurb project is not viable with the current budget and requires further options brought to the council. The next step recommended is a workshop. All consultants have now been paused.
P1225 - Museum (100551)	\$ 54,500,000	\$ 1,159,729	\$ 53,340,271	\$ 54,500,000	6,451,147 (6,254,944)	\$ -	Green	Overall the Museum project is tracking well in terms of time commitment; there was praise at the council workshop regarding the concept. The sole concern has been the cost to build (cost plan). It is clear that the cost to build has risen from the time we budgeted the project and early thoughts of a basic build have been replaced with an iconic concept design that stakeholders endorse. The project remains green due to the wide endorsement of the current design and the request to bring this forward to the full council.
P1225 - Storage (100689)	\$ 10,260,000	\$ 5,923,942	\$ 4,336,058	\$ 10,260,000	1,062,550 (170,884)	\$ -	Yellow	Tracking to time and budget, staff visit undertaken 31/07/2023. (Amber, due to Relocation Risks and ongoing gaps in information and planning)
P1225 - Tuatara (100715)	\$ 500,000	\$ 59,917	\$ 440,083	\$ 500,000	55,000 (55,000)	\$ -	Green	Tracking the design stage well, some minor changes to the concept due to water quality at well and the first cost plan coming in slightly over budget—overall project green.
Bluff Boat Ramp - (100335)	\$ 1,800,000	\$ 481,411	\$ 1,318,589	\$ 1,800,000	270,000 (252,655)	\$ -	Yellow	We now have draft consenting conditions, and they are as planned, so there are no surprises there; the process has taken longer than expected. Some value-engineering solutions have been tabled and accepted by the team. There have been some new developments due to land ownership, which has some impacts on stage 2, and we are working with Museum and community board chair on this. The first cut of the cost report shows that stage one is affordable (just). We're keen to get to market, and RFP is in draft at present with a planned issue date of 23/8/2023
Housing Innovation - (100653)	\$ 2,145,000	\$ 259,650	\$ 1,885,350	\$ 2,145,000	225,352 (225,352)	\$ -	Green	contractor has broken ground and is underway, recent wet weather has made the start a bit slow, but the first slabs are still on track from Late Aug as planned.
Programme Total	\$ 115,453,575	\$ 21,913,922	\$ 93,539,653	\$ 115,453,575		\$ -		



ICC PMO Programme Dashboard: Risks (Overview)										
Report to 31 July 2023				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	Branxholme	Rugby Park STG 1/3	P1225 Museum	P115 Storage	P1225 Tuatara	CAB Refurb	Bluff Boat Ramp	Housing Innovation	DESCRIPTION
1	Schedule	Green	Yellow	Green	Green	Green	Yellow	Yellow	Green	Rugby Park - Our contractor is managing some resourcing challenges, and issues with the roof detailing were noted on inspections. CAB - is on hold as awaiting the council options paper. Bluff Boat Ramp - Consenting has taken longer than programmed, and this has had a flow-on effect with piling and getting to market.
2	Financials	Yellow	Green	Yellow	Green	Yellow	Red	Green	Green	Branxholme - we will be close to budget or may require some minor increase in budget closer to the end of the project; this will be under review by the project team. 1225 - Concept design has been met with wide endorsement, but the cost plan has come in over budget "construction" There are a number of affecting issues to hit the construction market since we started to form the budget early last year. Tuatara - the cost plan has come in just over budget, but we were confident of working this down to budget in time for tenders.
3	Scope	Green	Green	Yellow	Green	Yellow	Red	Green	Green	1225 - The concept has thrown up some challenges, and one has been space and square meter allowances in the budget; we have looked at scope, size and materials to bring this back to as close to brief and budget. Tuatara - We have noted a number of minor tweaks to the scope to VE the cost plan; these do not detract from the overall facility quality. CAB - The scope of work and budget is challenging. The building condition report notes many items in poor condition; the new H1 building standards also call for a significant upgrade to insulation levels which will add cost to the project as this is a big leap in levels of insulation.
4	Resources	Green	Yellow	Green	Yellow	Green	Green	Green	Green	Rugby Park - Supplier and PMO working to replace staff (engineer) Storage - Museum staff and relocation is a concern; a number of vacant positions.
5	Dependencies	Green	Green	Yellow	Yellow	Green	Green	Green	Green	P1225 Museum & Storage - Relocation is a medium-risk activity. Will we await an updated plan. Resourcing is still a concern; this has the potential to impact both projects.
6	Quality	Green	Green	Green	Green	Green	Green	Green	Green	
7	Stakeholder	Green	Green	Green	Green	Green	Green	Green	Green	
8	Benefits	Green	Green	Green	Green	Green	Green	Green	Green	
9	Health & Safety	Green	Green	Green	Green	Green	Green	Green	Green	
	Overall	Yellow	Yellow	Green	Yellow	Green	Red	Yellow	Green	Branxholme - Underway with the remaining stages budget is very tight. Rugby Park - We have uncovered some issues on the roof that are tricky to resolve; minor resourcing issues are also frustrating the team. Storage - Relocation planning (updated) CAB - Will resolve through the road map to the council and through a good process. A very challenging project, the building's poor condition was not fully known to ICC at the time of LTP planning, and this has impacted the project to a critical level. Bluff-Boat ramp - Some further delays frustrate the delivery team and impact the timeline promised to the community board; most of this is out of our control. Despite this, we are progressing (slowly) with the project.



FINANCIAL RISK MANAGEMENT POLICY

To:	Finance and Projects
Meeting Date:	Tuesday 15 August 2023
From:	Rhiannon Suter – Manager Strategy, Policy and Engagement
Approved:	Patricia Christie - Acting Group Manager - Finance and Assurance
Approved Date:	Wednesday 9 August 2023
Open Agenda:	Yes

Purpose and Summary

This report provides the Financial Risk Management Policy for adoption, outlining the proposed changes to the sensitive expenditure, gifts and benefits, credit card management, debtors' management and fraud policies which it replaces, along with details of the proposed approach to managing koha.

Recommendations

That the Finance and Projects Committee:

1. Receives the report "Financial Risk Management Policy".
2. Notes proposed amendments to the existing policies, and the provisions of the newly formulated policy.

Recommend to Council:

3. Approves the "Draft Financial Risk Management Policy" (A4222312) for adoption by Council, as presented.

Background

Local Authorities are required under the Local Government Act 2002 to manage their financial dealings prudently, appropriately, and transparently. To this end Council already has in place a number of policies relating to financial management and the mitigation of risk. These include the Sensitive Expenditure Policy (A773994), Credit Card Policy (A2395575 / A1185032), Debtors Policy (A1185055), Fraud Policy (A1302278), and Gifts and Benefits Policy (A2232419). Most of these policies were last reviewed in or around 2018. A full review of Council's major financial policies is required by Audit, and has been requested by the Risk and Assurance Committee.

On beginning the review, it was identified that it would be beneficial to combine all these aspects of good financial risk management into one easily accessible document, leading to greater awareness of, and adherence to these policies, and with better consistency and transparency.

It has also been identified that there is a gap in the current suite of policies regarding the giving and receiving of koha. A new draft policy has therefore been developed to address this, in consultation with Mana Whenua representatives.

The draft policy was provided in full to the Risk and Assurance Committee on 18 July 2023 for review and comment. There were no amendments suggested nor issues raised with the draft. Since then there have been a small number of relatively minor changes, and these are noted below where there is a change from what was seen by the Risk and Assurance Committee.

The remainder of this report speaks to the approach taken with this policy, the likely impacts, and suggested next steps.

Issues and Options

Analysis of approach

The existing policies mentioned above relating to financial risk have been combined in order to provide increased ease of reference and visibility within the organisation, and to provide greater consistency and transparency to Councillors, Council staff and the public. It is proposed that the policy apply in its entirety to both staff and elected members, as those policy areas not already explicitly relating to elected members were in most cases already covered by the requirements of the Code of Conduct.

Each section of the policy has been fully reviewed for accuracy, alignment with current internal processes, compliance with relevant legislation, alignment with good practice (including guidelines from the Office of the Auditor General (OAG)) and general clarity and ease of use. Where appropriate it has also been compared to the approach of other councils. The majority of the content is not new, but a number of changes, mostly minor or procedural in nature, have been made as part of this review and refinement process.

As a pragmatic approach, it is proposed that various procedural matters that have been incorporated into the policy can be updated over time as the policy and our systems mature, with the ability to make these changes delegated to the policy owner (Group Manager – Finance and Assurance).

Below is a detailed overview of the significant changes that have been made to the previous policies, along with certain more minor changes that were made after the meeting of the Risk and Assurance Committee noted with an *.

Preamble

- Under "Purpose", the phrase "best practice" has been changed to "good practice", to recognise the fact that "best" may be an unobtainable and/or unrealistic standard*.

Section 1 – Sensitive Expenditure

- Under 1.2 "Principles", the word "ethical" has been changed to "principled", to reflect the fact that ethics can be personal and subjective, whereas the requirement is to exercise power "in a manner true to the values, purpose, and duties for which that power is held", and the word "principled" more accurately reflects that requirement*.
- Pre-approval in the form of a Purchase Order is now required for all sensitive expenditure, except in relation to a limited exemption list. This aligns with current practice at Council, which in turn aligns with the OAG guidelines. Reimbursement is not guaranteed without prior approval.
- The previous section on authorisation has been replaced with an overarching "one-up" approval hierarchy (found in the opening part of the policy under the heading "Authorisation"). This should provide consistency and reduce the risks of any conflict of interest.
- The current rules around minor expenditure, receipts and GST receipts are updated and included.
- There is a new requirement to consider virtual attendance at meetings or conferences where this is an option. Virtual attendance is usually the more fiscally moderate option, but there will always be cases where in-person attendance is more appropriate. The policy seeks to strike a balance here.
- A cap of \$300 per night for accommodation has been introduced, along with a requirement to use preferred providers, where possible. It has been clarified that sundry expenses not related to conducting Council business will not be reimbursed.
- It has been clarified that alcoholic beverages will not be reimbursed and mini bar expenses may not be charged to hotel rooms, in line with good practice.
- The statement that alcoholic beverages will not be reimbursed has been removed from section 1.6.5 "Meals and Beverages" (compared to the draft provided to the Risk and Assurance Committee) because it was recognised that this was inconsistent with the provision of a fixed per diem allowance, which it has been agreed is the most efficient management approach*.
- The phrase "and if the private travel is incidental to the business purpose of the travel" has been removed from 1.6.8 "Private Arrangements and Stopovers", on the basis that it may be difficult to prove whether or not the private travel is "incidental" and the significant issue is ensuring there is no additional cost to Council.*
- Section 1.6.9 "Entertainment and Hospitality Expenditure", "building revenue" has been removed as an allowable use of hospitality practices as it is felt to be inappropriate in a Council context.*
- Disposal of surplus assets (at a discounted or below market rate) may now be made to staff / elected members if there is no other option than physical disposal (i.e., landfill). It is also now recognised that there will be cases where obtaining a market valuation will be uneconomical.
- Private use of Council assets has been expanded to reflect Council's practice of allowing the personal use of printers, as such use is recorded and can be charged back to the individual.*
- Loyalty Reward Scheme benefits are no longer treated as Council property, given the impracticality and inefficiency of administering this.
- The use of discounts from Council suppliers is clarified as acceptable where the offer is made to all Council staff.
- Sponsorship is clarified to include contra deals.
- Previous sections on donations, koha, and gifts have been removed. Instead there is a new detailed section on koha (section 2), and gifts are all dealt with under section 3.

Section 2 – Koha

The koha section has been suggested as it provides a detailed explanation of the cultural significance and purpose of koha for those who are unfamiliar with it. Examples are provided to aid understanding, but the guiding principle is that it is important to consult with Mana Whenua to assist in decision making in this area.

This section has been reviewed by the Mana Whenua representatives.

Section 3 – Gifts and Benefits

This policy was previously applied to employees only, but as mentioned above the duties and guidelines in it have always been reflected in the Council Code of Conduct for elected members. It is expected that expressly applying this part of the new policy to elected members will serve to reassure the public and raise the profile of Council's financial management.

Minor amendments have been made as follows:

- To confirm that tickets to events are acceptable to receive provided they are declared appropriately.
- To clarify that gifts from prospective suppliers must not be accepted where you are part of the procurement process.
- To confirm that prizes won from free competition entries obtained on Council business are to be treated as gifts.
- All gifts in the manner of recognition for significant events are to be dealt with under the Staff Recognition Guidelines, or at the discretion of the Chief Executive where not otherwise covered.
- A new section has been included to specifically address the giving of tickets, vouchers, gift cards, or discounts to Council run facilities, venues, or events, from managers to staff.
- A reminder that gifts should be refused where they may be seen as inappropriate.
- Council's "bottom line expectations" have been amended to remove the prohibition on accepting gifts, benefits, or hospitality "that may give the impression that favour will be given to a particular person or organisation when making decisions". The rationale for this is that any situation could "give the impression" of bias or favour since this could interpreted so widely that it could catch behaviour that is perfectly appropriate.*

Section 4 – Credit Cards

There are very few changes to this section. It is clarified to apply to elected members, if they are issued credit cards. Current procedures are reflected, and appropriate roles updated. The current rules around minor expenditure and GST receipts are included. Approvals are made in accordance with the over-arching approval framework.

A specific section has been included to address the situation if a card were to be used.

Section 5 – Fraud

Few substantive changes have been made to the fraud section, except that it has been reorganised and edited for ease of use and clarity. The overview section, which includes examples of behaviour which may amount to fraud, has been updated to include reference to online banking.

Section 6 – Debtors' Management

This section of the policy is largely unchanged, except that it is suggested that various procedural matters be removed and put into new documents. This is a pragmatic approach which will avoid the need to update the policy when there are changes to procedure, which in any event do not properly amount to policy matters.

The delegated authority section has been updated in line with Council's Delegations Register.

Significance

This policy is extremely important as tool for risk management, and in maintaining public trust in Council. However, it does not reach the level of significance for the purposes of Council's Significance and Engagement Policy.

Community Views

It is not recommended that there is any need for community engagement in this instance. This is mostly because there are no significant amendments to existing policy, and also because the policy reflects what is widely considered to be good practice.

Implications and Risks

Strategic Consistency

This policy aligns with Council's risk management framework.

Financial Implications

There are no new financial implications as a result of the changes to this policy.

Legal Implications

There are no particular legal implications arising from this policy.

Climate Change

This policy has few implications for climate change, though there are some updates which seek to reduce waste and carbon emissions, albeit in a relatively minor way.

Risk

The nature of this policy is the management of financial risks faced by Council. It is proposed that this approach is the most appropriate means of doing so.

As noted above, the draft policy was provided to the Risk and Assurance Committee on 18 July 2023. That committee made no suggestions for changes to the draft, and no further significant amendments have been made to the document since then outside of those highlighted in this report.

Next Steps

If the draft policy is adopted, this will be a good opportunity to remind staff and elected members of their obligations with regards to financial risks. The following steps are proposed:

1. The new policy can be circulated at managers' meetings, since it is managers who ultimately have the responsibility to ensure that their team members know what is expected of them with regards to this policy. Training on the key provisions will be offered as appropriate.
2. An internal communications strategy will be developed to ensure that everyone at Council is aware of the policy and where to find it.
3. Going forward, the new policy can be incorporated into on-boarding materials for newcomers to Council.
4. The new policy will be published online so that it is easily accessible by the public.

Attachments

1. Draft Financial Risk Management Policy (A4222312)



Financial Risk Management Policy

July 2023



Financial Risk Management Policy

XX 2023

Introduction

This policy provides direction to Invercargill City Council (Council) Elected Members (as defined in the Invercargill City Council Code of Conduct) and staff on financial management and processes related to:

- Sensitive Expenditure
- Koha
- Gifts and benefits
- Credit Card management
- Fraud
- Debtors' management

The policy may be expanded in the future to include a wider number of relevant policies as such policies are reviewed and updated in due course.

Scope

For the avoidance of doubt, all aspects of this policy apply in full to both Elected Members and staff, unless otherwise stated.

As defined in the Invercargill City Council Code of Conduct, Elected Members includes those individuals declared to be elected to the Invercargill City Council as a Councillor, or Mayor, and also appointed members to Council's Committees (for example, Mana Whenua Representatives, appointed members to the Risk and Assurance Committee, and appointments to any other Council Committees or sub-committees). Elected Members must at all times act in accordance with the Invercargill City Council Code of Conduct.

Staff includes all employees of Invercargill City Council and, unless expressly agreed otherwise in writing, this policy also applies to volunteers and contractors engaged in Council business. Staff must at all times act in accordance with the staff Standards of Conduct.

The phrase "Council Representative" is used in this policy to refer collectively to the above groups of people.

Purpose

This policy has been developed to consolidate and update the existing suite of policies relating to financial risk management, to ensure they reflect current good practice, to introduce new policy where appropriate, and in particular to address the following areas of financial activity:

1. Sensitive expenditure: to manage all instances of sensitive expenditure by Council in order to reduce risk and align with recommended standards.
2. Koha: to provide a guide for the giving of koha in a manner which is culturally appropriate, and to promote transparency.
3. Gifts and benefits: to provide guidance around the giving and receiving of gifts, benefits, and hospitality in connection with Council business.
4. Credit card management: to ensure consistency and good governance in the use of credit cards by authorised users.
5. Fraud: to provide a process for the appropriately handling of cases of suspected fraud or corruption.
6. Debtors' management: to maximise cashflow and the collection of debt while managing debtors fairly and equitably.

It is at all times the intention of Council to operate in a manner which is fair, reasonable, and transparent, and mindful of our obligations towards ratepayers and the public.

Common Definitions

The following terms have these meanings throughout this policy:

Benefit	Non-tangible item of value offered over and above employment or contractual entitlements. It may include items such as sponsored travel, hospitality, loyalty bonus points, discounts, preferential treatment, invitations to events, cash, gift cards, and items that may be readily converted to cash.
Conflict of Interest	Any situation in which private interest, or personal considerations, may affect an individual's judgement/ability to act prudently, impartially, ethically, or in direct relation to Council's corporate business.
Corruption	Corruption is the lack of integrity or honesty (especially susceptibility to bribery) or the use of a position of trust for dishonest gain. See further section 5.
Council	Means Invercargill City Council.
Council Representative	A Council Representative includes: <ul style="list-style-type: none"> • Employees. • Elected Members (as defined in the Invercargill City Council Code of Conduct). • Any contractor or consultant who agrees to be covered by this Policy under the terms of their engagement. • Temporary staff supplied through an agency. • Seconded personnel. • Volunteers.

ELT	Means the Executive Leadership Team
Fraud	An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage. See further section 5.
Gift	Tangible item of value offered over and above an employee's normal salary or employment entitlements. It may include items such as alcohol, food, flowers, electronic devices, kitchen equipment, books, and hampers. See further section 3.
Hospitality	The provision of meals, refreshments, and entertainment. Hospitality is a gift/benefit. It includes modest meals such as sandwiches, restaurant meals, coffee and tickets to events and functions, such as the movies, sporting events, awards nights, and the theatre. See further section 3.
Justifiable Business Purpose	<p>A justifiable business purpose is one that furthers the council's business, relationships and interests. Employees must be able to identify and, if necessary, explain the purpose.</p> <p>Examples of where gifts or hospitality may have a justifiable business purpose are:</p> <ul style="list-style-type: none"> • Being invited to a business networking event • Being hosted, and the host offers an employee a small token of appreciation. <p>If it may be unclear on whether there is a justifiable business purpose or not, an employee must:</p> <ul style="list-style-type: none"> • Err on the side of caution • Contact either People and Capabilities or their Manager <p>When an employee has clarified whether there is a justifiable business purpose, accept or refuse as appropriate, and declare the gift or hospitality. See further section 3.</p>
Koha	<p>Unconditional gifts, given and received within a Te Ao Māori context, which do not have taxation implications. Payments are not koha if they have taxation implications, such as:</p> <ul style="list-style-type: none"> ▪ A payment for personal services- this creates an employer/employee relationship and as a result PAYE must be deducted; ▪ A payment for the provision of services or a fee for services- this is a business transaction, and the payment is treated by the Inland Revenue Department as taxable income to the beneficiary (e.g. guest speaker at a hui, volunteer or student helper, etc.); ▪ Any payment that is not an unconditional gift- all such payments are assessable for tax in one form or another (e.g. payment to a marae for venue hire and catering supplied). <p>See further section 2.</p>
Misuse of Resources	<p>This term is used to describe behaviour beyond what we would consider as fair and reasonable, and this behaviour, if proven, could reasonably be seen as serious misconduct:</p> <ul style="list-style-type: none"> • Claiming reimbursement for privately incurred expenses or

	<p>doubtful business related expenses.</p> <ul style="list-style-type: none">• Committing Council to pay for purchases which could be seen as borderline or as doubtful business expenses. <p>See further section 5.</p>
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Approvals

Where approval is required for any expenditure, the following hierarchy of authority applies:

- For Council Group Managers: the Chief Executive
- For all other Council staff, including volunteers and contractors: the relevant Group Manager
- For the Chief Executive: the Mayor
- For all Elected Members: the Chief Executive
- For the Mayor: the Chair of the Risk and Assurance Committee.

Overview

For ease of use, this policy is divided into six numbered sections. The scope of each section is clearly noted. This policy is supported by a number of procedures which may be updated from time to time. These are held by the relevant managers.

This policy will be published on icc.govt.nz and copies will be available on request from Te Hīnaki Civic Building.

Monitoring and Auditing

This policy will be monitored by the Group Manager Finance and Assurance, reporting to the Finance and Projects Committee where necessary. This policy is to be reviewed every three (3) years. The Group Manager Finance and Assurance has the delegated authority to update this policy from time to time to reflect changes in procedure.

Associated Documents

The policy should be read in conjunction with Council's:

- Code of Conduct (A4062310)
- Conflicts of Interest Policy (A3908351)
- Motor Vehicles Policy (A3810961)
- Staff Recognition Guidelines (A170634)
- Standards of Conduct (see Employee Handbook)

SECTION 1. SENSITIVE EXPENDITURE

1.1. Meaning

Sensitive expenditure is any spending by Council that could be seen to be giving some private benefit to Council Representatives, or which could be considered unusual for Council. Such expenditure will normally have one or more of the following attributes:

- Results in an actual or perceived private benefit;
- May be an unusual expenditure item for Council;
- Does not directly/clearly align with Council's core business purposes;
- Is likely to be difficult to justify to the public.
- May involve, or generate, an ethical or legal conflict of interest;
- May be considered an extravagant or immoderate expenditure.

Examples of sensitive expenditure include but are not limited to:

- Accommodation
- Travel expenses including parking
- Meals
- Hospitality

1.2. Principles

In authorising, incurring, or reimbursing sensitive expenditure, Council Representatives are required to strictly comply with the following core principles:

- To act with integrity and give regard to maintaining public confidence in Council, at all times.
- All decisions on sensitive expenditure must be:
 - Justifiable (directly and clearly aligned with, or linked to, Council's corporate objectives and business purpose);
 - Impartial (based on objective criteria);
 - Transparent (openly disclosing the expenditure, willing to explain any spending decision and have such decision reviewed);
 - Principled (exercising power in a manner true to the values, purpose, and duties for which that power is held);
 - Moderate/conservative (reasonable cost options are preferred over more expensive ones);
 - Properly authorised.
- Except in relation to the exemption list held by the Finance Team (Axxx), pre-approval in the form of a Purchase Order is required for all sensitive expenditure.
- All sensitive expenditures must be documented in accordance with the procedures outlined in the present policy.

1.3. Responsibilities

Compliance and familiarity with the provisions and principles outlined in the present policy is an organisation-wide responsibility. The Mayor, Chief Executive, and Executive Leadership Team shall ensure that:

- the core principles are systematically incorporated into Council's organisational culture,
- regular training on relevant processes and norms is provided to all parties subject to the policy,

- new joiners are given the information as part of their general on-boarding,
- the policy is prominently available to Council Representatives.

1.4. Transparency Measures

Regular reporting on sensitive expenditure is to be made to the Finance and Projects Committee.

Valid, original GST-compliant invoices/receipts and other supporting documentation must be maintained/submitted for all sensitive expenditure. Credit card statements do not constitute adequate documentation for reimbursement. Expenditure under \$200 requires supporting documentation (usually a receipt) but this needn't be a full GST receipt.

Where it is not clear from the documentation, all claims must clearly state:

- the business purpose of the expenditure
- who incurred the cost and
- a list of who the expenditure was for

Items of expenditure that may not be justified under the principles of this policy should not be included as part of an employee's remuneration for the purposes of avoiding scrutiny against sensitive expenditure principles.

1.5. Reimbursement outside of pre-approval

Where approval for giving koha is required, refer to section 2 of this policy for further details.

If obtaining pre-approval is not practical, a detailed explanation of the circumstances must be attached to the invoice when submitted for payment. Council may not reimburse a claim if it does not comply with the principles of sensitive expenditure. Council Representatives should bear in mind that reimbursement is not guaranteed without pre-approval.

Any claims for reimbursement must be submitted promptly.

1.6. Travel and Accommodation

1.6.1. Virtual Attendance

If virtual attendance at a meeting or conference is an option then this should be considered. However Council acknowledges that this will not be appropriate or desirable in every case.

1.6.2. Air Travel

Air travel is to be booked at the earliest convenience to ensure the lowest cost, where applicable. Pre-approval is to be sought. Air travel is permitted to destinations within New Zealand and Australia. International travel to destinations beyond Australia requires the approval of Council.

In undertaking any air travel, economy class must be the first choice. In general, air travel with either business class or first class is prohibited, except in rare and exceptional

circumstances where a clear, urgent, and direct link to Council's business purpose exists. In such cases prior permission from the relevant authority is required.

1.6.3. Airline Loyalty Reward

Provided the use of carriers supplying air points does not result in Council incurring additional costs, air point rewards accruing to Council Representatives carrying out their official duties may be kept by them.

1.6.4. Accommodation

The maximum amount permissible for the purpose of accommodation booking is \$300 per night (including GST), where practicable. In choosing accommodation, the most cost-effective option is to be sought, given the circumstances. Where a preferred providers list exists, this must be used first. Where the cap is to be exceeded, an explanation must be submitted to the authorising party for pre-approval.

Additional entertainment or other sundry expenses will not be reimbursed. The cost of alcoholic beverages, including minibar expenses, will not be reimbursed. Such costs must also not be charged to the room. Cost of services essential to conducting Council business, such as Wi-Fi service, will be reimbursed.

Where an individual chooses to stay in private accommodation while on Council business, a reimbursement/gift to the host, up to the value of \$60 per night, may be given if pre-approval has been obtained.

1.6.5. Meals and Beverages

Meal and beverage costs will be met on a fixed *per diem* basis of up to \$85 per day.

1.6.6. Rental Vehicles

Rental vehicles are only to be used if it is impractical and/or inefficient to use a Council vehicle. In choosing a rental vehicle, the most economical and appropriate type and size of vehicle consistent with the requirements of the travel must be selected.

Where practicable, public modes of transport (e.g. buses, shuttles, etc.) are to be used. Individuals on Council business may use taxis, or rideshare alternatives, where it is cost-effective to do so. Receipts must be kept for all taxi or rideshare journeys. All use of taxi cards/chits are to be transparent with the purpose of each trip recorded on the account.

For provisions on use of Council vehicles, fuel cards, or personal vehicles while on Council business, refer to Council's Motor Vehicle Policy.

1.6.7. Tipping

Tipping within New Zealand will not be reimbursed. Appropriate and moderate tipping during international travel will be reimbursed only where tipping is an established local practice (e.g. in the United States).

1.6.8. Private Arrangements and Stopovers

Council Representatives may undertake private travel before, during, or at the end of Council business travel if proper authorisation is obtained, and if there is no additional cost to Council.

All additional costs that such private arrangements may incur must be covered by the individual.

Travel costs for accompanying spouses, partners, or other members of the family will not be reimbursed, unless in rare and exceptional circumstances where such attendance would directly relate to Council's business purpose. In such instances, pre-approval must first be obtained from the relevant authorising party. Council may seek reimbursement for any additional costs which arise as a result.

1.6.9. Entertainment and Hospitality Expenditure

Hospitality practices are to serve a clear business purpose, and may be used for:

- Relationship building
- Representing Council
- Recognising significant business achievement
- Reciprocity of hospitality, if direct and clear business purpose exists.

In incurring and approving hospitality expenditures, special attention is to be paid to the principles of justifiability, moderation, and financial conservatism. All such expenditure must be appropriately pre-approved, where possible, and clearly and appropriately documented the information below:

- Date
- Venue
- Costs
- Recipients
- Benefits derived
- Reason for the event

1.7. Goods and Services Expenditure

1.7.1. Disposal of Surplus Assets

The disposal of assets must be conducted in a manner that maximises return/benefit to Council. Any asset to be disposed of is to be valued on the open market. It is however recognised that there will be situations in which the time and cost involved in obtaining a valuation will outweigh the value of the asset, in which case this may be dispensed with.

The disposal of assets to Council Representatives must be approved by the Chief Executive. Approval may be given provided that assets are not sold at a discounted rate if a greater value could be realised by an alternative method of disposal.

Where Council is unable to sell or find alternative use for its assets, it is recognised that the more sustainable solution is to offer such assets to community groups or Council Representatives as opposed to physical disposal (e.g. via landfill). The Chief Executive's approval is required for such disposal.

1.7.2. Private Use of Council Assets

Generally speaking, Council owned assets are not to be used for personal or private use. The only exceptions to this are:

- Where otherwise agreed by contract (including in employment agreements)
- With the prior approval of the Chief Executive or a member of ELT

- To a reasonable extent with regards to communications technology, where this doesn't negatively impact the business of Council
- With regards to printers, which may be used for private purposes provided this is recorded. Reimbursement for such use may be sought.

1.7.3. Council Use of Private Assets

Any reimbursement of Council usage of private assets must be pre-approved according to the hierarchy outlined under "Approvals" above. In assessing the request, the authorising party is to pay particular attention to the principles of justifiability, integrity, and impartiality.

Individuals must not approve or administer payments to themselves for Council's use of their private assets.

1.7.4. Private Use of Council Suppliers

Council generally does not support staff obtaining goods or services from a supplier through Council's discounted prices, or through Council's procurement process.

An exception to the rule is where discounted offers are available to all Council staff.

1.8. Other Types of Sensitive Expenditure

1.8.1. Clothing

Other than official uniforms and health and safety-related clothing, staff will not be clothed at Council's expense when they are engaged in a normal business activity.

1.8.2. Financial Social Club Activities

The Council may make a prudent and conservative financial contribution to Council Staff Social Club. The contribution may be in the form of an all-purpose grant towards the club's annual budget, or it may be a grant or subsidy for a specific event.

1.8.3. Sponsorship of Staff or Others

Approval for sponsorship (including contra deals) is at the sole discretion of the Chief Executive or relevant Group Manager, for the purpose of achieving publicity for Council or its objectives, or for the purpose of organisational development. The decision must be fully compliant with the principles of this policy.

1.8.4. Farewell and Retirement

For provisions on farewell and retirements of employees, see Staff Recognition Guidelines (A1170634).

1.8.5. Failure to Comply

Failure to comply with the provisions of the policy may result in disciplinary action, proceedings under the Code of Conduct, and or may constitute an instance of fraud.

SECTION 2. KOHA

2.1. Principles

Council recognises that it is necessary and appropriate to give koha from time to time. Council Representatives are to apply the following principles to all koha given:

- Koha will only be given as an unconditional gift, given and received within a Te Ao Māori cultural context;
- Koha can be used for any reasons that align with the purpose and definition of this policy; and
- The amount and type of koha will be appropriate to the occasion and relationship (see guidelines below)

2.2. What is koha?

Koha is a Māori customary practice, concept and process and is an extremely important part of Māori culture. Koha is considered a treasure by Māori and may be either tangible or intangible. It can be a physical thing such as food, money, reciprocal activity, certain rights and privileges to resources, land, heirlooms, treasured items, or an intangible thing like a vision, thought, feeling, emotion, supernatural manifestation, concept, or idea.

Because koha is imbued with spirituality and cultural beliefs and practices, there is no clear-cut English translation and it has often wrongly been interpreted as a gift. The giving of koha acts to seal a relationship and is part of the protocol of reciprocation. To minimise any likelihood of causing offence through misunderstanding, it is incumbent upon those involved in giving koha to develop an in-depth understanding and empathy of the concept.

Koha is a 'Tikanga Māori' which means, according to the Resource Management Act 1991, a customary value and practice. In Section 39 part (2)(b) it states Tikanga Māori should be recognised where appropriate. Koha is also a Taonga which, according to the Resource Management Act 1991, means something that is highly prized. Article 2 of the Treaty of Waitangi acknowledges the term 'Taonga'. This acknowledgement confirms and guarantees the full, exclusive and undisturbed possession of taonga to Iwi and Hapu. Therefore in certain situations it is up to Iwi and Hapu to declare when koha might be considered as Taonga.

Non-monetary examples of koha might include taonga, e.g. greenstone, carvings, kai (food), or resources readily available to Council (e.g., Staff time and expertise, use of vehicles, facilities or equipment).

2.3. Exclusions

Koha is not a payment for services that an individual or group has provided to or on behalf of Council, where terms or scope of activities are agreed in advance of the services being delivered.

Payments which are not considered koha will be managed in accordance with the sensitive expenditure policy above.

2.4. Deciding if koha is appropriate

In all instances, and especially if there is any doubt, it is good practice to consult directly with a Mana Whenua representative regarding the giving of koha.

Koha is very dependent on the circumstances, including the occasion, the recipient and the location. The following examples can be used as a rough guide.

It is usually appropriate to give koha when:

- Council Representatives attend a gathering representing the Council, on a marae that involves a powhiri or welcome.
- Council Representatives attend a gathering representing the Council at a building that accommodates a Runaka or Iwi Authority and involves a powhiri or welcome.
- Attendance by Council Representatives representing Council at a tangihanga held on a marae or in a private home.
- To any Kaumatua and Kuia or group supporting Council at any function involving a Whakatau or Powhiri.

It is unlikely to be appropriate for Council to give koha when a Council Representative is:

- Attending any hui as an individual not representing Council
- Attending a regular meeting held at a marae
- Attending informal or ongoing discussions between staff and iwi representatives about a Council matter.

If you are not representing Council you may still choose to personally contribute koha.

2.5. How to give koha

Again it is good practice to consult with a Mana Whenua representative to ensure that it is given in a way that is appropriate for the occasion.

2.6. Request for koha

Requests for koha are to be made in writing to Council Finance team and are approved by the Group Manager of the requesting activity/department. Requests should include an explanation of the circumstances and an acknowledgment of receipt where relevant.

Details of all koha provided will be recorded in the Koha Register [add A number when known] maintained by the Council Finance team. In accordance with guidelines from the Office of Auditor General, it will specifically note the following details:

- Description of the occasion;
- That koha is approved in advance, at an appropriate level of authority; and
- That koha is clearly documented with the date, amount, description, and purpose clarified.

Preferred method of payment for koha will be via direct credit payment (remittance advice will be provided) or cash if more appropriate.

A retrospective reimbursement for koha already paid needs to be pre-approved by the Chief Executive as it was given in cash.

Any upcoming hui should be planned in advance where possible, and koha requested as per normal process set out above.

If payment is to be made in kind by providing a voucher or gift, this will be considered sensitive expenditure to be managed in accordance with the section of the policy above.

2.7. Receipt of koha

Koha offered to any Council Representative should be recorded in the Koha Register. Generally speaking, koha in the form of cash cannot be accepted, but other koha may be if it is of inexpensive monetary value. Larger or more significant koha may be accepted but this requires the approval of the Chief Executive or Council.

2.8. Guidelines for koha

These examples are provided as broad guidance only. They are not prescriptive. Many things affect what is the appropriate amount of koha, including financial prudence, the cultural imperative of generosity, and the status and mana of those involved. Please refer to Mana Whenua representatives for further guidance.

Example 1 A Council department is invited for a noho marae (overnight stay). The marae does not ask for a fee. This is clearly a case where koha should be given. Estimate the cost of meals and accommodation per person, and add a 'top up' in acknowledgement of hospitality.

Example 2 Two councillors and four staff hold a hui on the marae with local people about the preparation of a plan. The hui lasts four hours and lunch is served. Council gives a koha of \$200, plus any additional costs associated with lunch.

Example 3 A respected kaumatua, dies. A group of councillors and staff pay respects on behalf of the Council at his tangi. Council gives a koha of \$300.

Example 4 Council decides it would like to hold a Treaty of Waitangi training workshop on a marae. The marae charges a fee for hire of the venue. Council pays the fee, and also gives a koha of \$150 in appreciation of the hospitality shown.

Example 5 Council is holding a citizenship ceremony and has invited a school group to perform waiata during the ceremony. Council gives a Koha of \$300.

SECTION 3. GIFTS AND BENEFITS

3.1. Exclusions

This policy does not apply to gifts given between Council Representatives, genuine personal gifts, or benefits from friends and family which have no connection to the recipient acting within the scope of their employment or contractual relationship with Council.

3.2. General Principles

Council Representatives must:

- Declare all gifts, benefits or hospitality (whether accepted or not) to their Manager or the Chief Executive (as appropriate) and ensure that every item is recorded on the gift register or the publicly available Register of Interests (as applicable).
- Not accept any gift where there is a conflict of interest (perceived or actual).
- Protect Council's reputation and consider how the acceptance or giving of a gift would look to a third party.
- Never accept or give gifts of cash, or cash like gifts or benefits (except in accordance with section 2 of this policy).
- Only accept or give gifts, benefits or hospitality when there is a justifiable business purpose for Council.
- Be prudent when spending money on gifts.
- Where possible, only consider accepting gifts up to the value of \$50 (per individual recipient), and hospitality of a value estimated around \$85 (per individual recipient), providing all criteria of this policy have been met.

3.3. Ethics and Overarching Framework

Council is obliged to safeguard and use its resources in a responsible manner. Furthermore, Council Representatives must guard against actual or perceived conflicts of interest in regard to the use of those resources.

Council expects all Council Representatives involved in making or approving expenditure on, or receiving on behalf of Council, gift or benefits:

- To do so only for Council purposes.
- To exercise professionalism.
- Not to derive personal financial gain.
- To act impartially.
- To ensure that expenditure is moderate and conservative in the context of the given situation.
- To have read and adhered to this and other relevant Council policies.

3.4. Receiving Gifts, Benefits, and Hospitality

Any gift, benefit, or hospitality offered to Council Representatives must be declared through the relevant reporting process. If Council Representatives are unsure about the application of this policy, they should seek advice from their Manager or the Chief Executive, as

appropriate, in the first instance. Examples of acceptable gifts, benefits, or hospitality to receive (if declared) are:

- Gifts openly distributed by suppliers and clients (e.g., pens, badges, and calendars).
- Gifts of a perishable nature (e.g., bouquets, baked goods less than \$50).
- Gifts of nominal value (i.e., less than \$50).
- Hospitality of a value estimated around \$85.
- Tickets to sporting or cultural events.

The following must not be accepted and should be declined where possible:

- Cash or cash-like gifts or benefits (except in accordance with section 2 of this policy).
- Hospitality where there is a reasonable expectation that it will have value considerably greater than \$85.
- Any gifts from a prospective supplier where you are part of the procurement process.

If a prohibited gift cannot be declined without giving offence to the donor, or is not offered in person (e.g., sent via mail), this should be declared through the reporting process and provided to the relevant Group Manager and is the property of Council, unless and until the ELT decide how the gift will be treated (e.g., donated, shared among employees or retained by the employee).

Any prizes received from a free competition entry obtained while undertaking Council business are to be declared and, if they are less than \$50 in value, may be kept by the individual, otherwise they are the property of Council unless and until the ELT decide how the gift will be treated. Where receiving a prize could be perceived as inappropriate, even if Council rather than the individual would benefit from it, the prize should be declined.

Under no circumstances can gifts be exchanged for cash nor can goods, works and/or services be received, or seen to be received, by employees, their partners or family for private use.

3.5. Giving Gifts or Benefits

Authority is to be sought from the relevant person (refer to the Approval section above) prior to the purchase of gifts or benefits. Approval should only be given when the approver is satisfied that all the criteria of this policy are met and the expenditure is within pre-approved budgets. The giving of koha is to be managed in accordance with section 2 of this policy.

Refer to Invercargill City Council Staff Recognition Guidelines for details relating to long service, leaving Council and special occasion/sympathy gifts including births, engagements, weddings, etc.

If a Manager is in doubt as to whether the proposed gift or benefit is appropriate in a Council context, and is not covered by this policy or the aforementioned guideline, they should consult the Chief Executive.

Council Representatives who consider there are grounds for enquiry in to inappropriate expenditure may advise their Manager or the Chief Executive immediately. Alternatively, disclosure may be made under the Protected Disclosures (Protection of Whistleblowers) Act 2022.

Specific guidance will be provided to employees in higher risk roles relating to discretionary decision making and procurement.

3.6. Wellbeing and rewards

From time to time Managers may wish to provide gifts to staff as a wellbeing initiative or as a reward for exceptional work. In such instances, the gift may be in the form of a ticket, voucher, gift card, or discount for any Council run facility, venue, or event. Authority for this is to be sought from the relevant Group Manager, and the gift must be recorded on the gifts register.

3.7. What you need to know

How do I declare a gift, benefit or hospitality?	All gifts, benefits and/or hospitality must be declared through the gift declaration process and entered onto the gift register. The gift register is available to the public via LGOIMA (Local Government Official Information and Meetings Act 1987).
Do I need to declare if a supplier buys me a coffee?	Coffee and other tokens - low value business courtesy items such as convention pens and water bottles are generally fine to accept. Whilst you do not need to declare these nominal valued items, you need to consider that even accepting an inexpensive gift can call your integrity into question if it is offered or accepted in secret, or occurs on a regular basis. If in doubt, declare it.
Do I need to declare if a supplier offers me a benefit, like a discount?	You should never accept any benefit offered to you, other than those benefits and discounts which are common to all Council employees (these can be found on Kermit).
Do I need to declare if I have been offered tickets to an event?	You need to declare all free tickets, whether you choose to accept them or not.
What should I do when a person or organisation awaiting a decision, or who I am likely to be in a decision-making role with, gives me a gift?	Politely decline the gift. Explain that Council Representatives do not accept gifts or hospitality that may give the impression that favour will be shown to the giver in decision-making. If you are uncomfortable with any offer made to you, it is a requirement to pass this on to your Manager/Group Manager/Chief Executive, as appropriate.
A customer gives me a thank you gift - should I accept it?	You can accept a thank you gift like a box of chocolates or other small gift. Remember to declare the gift on the gift register.

3.8. Council Bottom Line Expectations

Council Representatives must not:

- Accept a gift of cash of any amount or cash equivalents, such as gift vouchers or money cards, at any time, except in accordance with section 2 of this policy.
- Accept a gift or hospitality where there is no justifiable business purpose.
- Accept a gift, benefit, or hospitality which may be seen as inappropriate.

Breaches of this policy and above expectations will be viewed very seriously and treated as misconduct under Council's Code of Conduct, staff Standards of Conduct and the Discipline and Procedural Fairness Policy.

SECTION 4. CREDIT CARD MANAGEMENT

4.1. Eligibility for and Issue of the Council Credit Cards

Council may issue credit cards to staff to enable them to undertake the payment of services required as part of their Council activities. In exceptional circumstances, Elected Members may be issued credit cards in relation to their official duties, for instance as part of international travel on Council business.

The Chief Executive is responsible for authorising the issue of credit cards. Group Managers recommend to the Chief Executive where the issue of a credit card is appropriate.

The Council Finance team shall issue credit cards and shall keep a list of cards issued, their maximum credit level, and cards' expiry dates.

Council credit cards are to be returned to Council Finance team upon termination of employment, or at the conclusion of the purpose for which they were issued. In relation to staff, any personal transactions, or transactions which have a personal content, are to be identified and payment made prior to employment ceasing.

Where a credit card has been lost or stolen the card holder must inform the bank immediately, and inform Council's Finance team as soon as practicable. The Council Finance team will process all credit card cancellations.

The Chief Executive shall set the credit card limits for all card holders and authorise credit extensions where there are exceptional circumstances (e.g. overseas travel).

4.2. Use of Council Credit Cards

All purchases on Council credit cards shall be within the approved budget for that card holder's area of responsibility, except under direction of the Chief Executive.

The Council's credit cards are not to be used to obtain cash advances, except in an employment-related emergency. The card holder shall furnish detailed receipts for all payments made with the cash as well as any residual cash when the credit card statement is received.

Council credit cards may be used to remotely purchase goods and services for the organisation. Card holders are to keep a copy of any online order forms completed when purchasing. Purchases will only be from reputable companies known to Council.

Council credit cards must not be used for private expenditure or credit. There may, however, be occasions where a transaction contains some personal expenditure (e.g. partner's accommodation and meals - refer to section 1 above). In such a circumstance, the personal expenditure is to be clearly identified on the statement and the amount repaid. If a private transaction is inadvertently placed on a Council credit card, reimbursement to Council is to be made within 20 working days upon receipt of the monthly statement.

For transactions to be accepted they must be accompanied by a full GST receipt. The exception is minor expenditure (under \$200) where a GST receipt is not available. For these transactions, a receipt is still required but it needn't be a GST receipt. Any transactions on the credit card that do not have supporting documentation may be charged to the card holder's debtor's account.

Upon receipt of the monthly statement, the card holder shall attach details of all transactions. Where transactions are wholly Council-related, they are to be coded to the appropriate expense code. Where transactions have a personal content, the Council-related portion is to be coded to the appropriate expense code and personal portion identified. A debtor's invoice will then be raised for the personal expenditure and this is to be paid in full in accordance with section 6 below.

Transactions will be overseen and authorised in accordance with the Approvals hierarchy above.

4.3. Failure to Comply

Where a Council credit card has been used inappropriately, the Chief Executive shall be informed and the card holder may be reminded of the provisions of this policy and given a warning, depending on the severity of the breach. They may also be subject to further investigation or disciplinary procedures. Where the inappropriate use is on-going the card holder will be required to return the card for cancellation and destruction (to be authorised by the Chief Executive), and further investigation or disciplinary procedures may be initiated.

SECTION 5. FRAUD

5.1. Overview

Fraud is the deliberate practice of deception in order to receive unfair, unjustified or unlawful gain and, for the purposes of this policy, includes forms of dishonesty. Within this definition, examples of fraud may include, but are not limited to:

- Unauthorised possession (theft) or use, or misappropriation of funds or other assets.
- Impropriety in handling or reporting of money or financial transactions.
- Forgery or alteration of any document or computer file/record belonging to the Council.
- Forgery or alteration of a bank draft or any other financial instrument, including those used for the purposes of online transactions.
- Bribery, corruption or coercion.
- Destruction, removal or inappropriate use/disclosure of records, data, materials, intellectual property or assets for gain.
- The offering, giving or acceptance of an inducement or reward, which may influence the actions taken by Council, Officers or Elected Members.
- The failure to declare a conflict of interest in making decisions that have a financial or beneficial impact upon the Council Officer, Elected Member or their close associates.
- Dishonest use of a Council supplied credit card, taxi card, fuel card or purchasing card.
- Submitting false personal expense claims or false travel advance requests.
- Falsification of time records.
- Improper use of commercially sensitive client information or our own intellectual property for either your own or another person's pecuniary gain.
- Any similar or related inappropriate conduct.

5.2. Policy Statements

Council is committed to preventing, detecting, and responding to fraud and corruption threats. Council adopts a zero tolerance policy to identified behaviour or incidents involving fraud and corruption.

It is important that Council provides confidence to the community and officers regarding the administration of ratepayer's funds. This policy expressly states Council's view that corrupt and fraudulent behaviour is unacceptable, and clearly sets out how corruption and fraud will be dealt with.

All Council Representatives must have, and be seen to have, the highest standards of honesty, propriety and integrity in discharging their obligations to the community. All employees and representatives of Council are expected to take responsibility to ensure the public accountability of the organisation at all times.

All suspected instances of fraud or corruption by Council employees, representatives or external parties will be investigated and reported to appropriate authorities and, where appropriate, referred to the New Zealand Police with a view to prosecution. Recovery of lost money or other property will be pursued wherever possible and practicable.

5.3. Protecting our systems and assets

All employees acting in the role of authorising, certifying, signing, and approving officers for financial transactions have a duty to properly carry out authorisation and approval

procedures they are responsible for and to comply with any relevant delegations they operate under.

Suspected internal fraud and suspected misuse of resources fall within the definition of serious wrongdoing contained under the Protected Disclosures (Protection of Whistleblowers) Act 2022.

All employees have a duty to disclose suspicious acts that may represent a suspected internal fraud or a suspected misuse of resources. While we would prefer that the employee making the disclosure identify themselves, Council will accept anonymous disclosures. Further information on initial disclosure steps if an employee suspects fraud or misuse of resources is outlined in a guidance statement set out below and within Council's Protected Disclosures Policy.

Council will seek full recovery of amounts misappropriated by internal fraud from implicated employee(s) or persons.

Fraud risk will be assessed as part of Council's risk management framework. This process will involve ongoing internal fraud risk assessment and the monitoring of the adequacy of relevant internal controls and alignment of related Council policies to this Financial Risk Management Policy.

Council will provide regular advice and training to all Council Representatives on this policy.

5.4. Responding to incidents

ELT will consider all allegations (anonymous or otherwise) in relation to suspected internal fraud or misuse of resources.

Following receipt of a fraud allegation or upon suspicion that an internal fraud or misuse of resources may be occurring, or has taken place, ELT will make initial discreet enquiries to ascertain the substance of the allegation or suspicion. These enquiries should seek to minimise approaches for information being made to any employee.

If the discreet enquiries reveal that misuse of resources is suspected then the relevant provisions of the Code of Conduct or staff Standards of Conduct shall apply.

If the discreet enquiries indicate that an internal fraud is suspected to have occurred, or is still occurring the Chief Executive will develop an appropriate response based on the known circumstances.

After the completion of discreet enquiries where an internal fraud is suspected the Chief Executive will then consider the completion of an internally controlled investigation of the suspected internal fraud.

In the event it is alleged or suspected that the Chief Executive is involved in internal fraud, the Chair of Risk and Assurance will be responsible for the internal investigation process.

If during the completion of the internal investigation or upon completion of any internally controlled fraud investigation, Council believes there is sufficient prima facie evidence that an individual is suspected of being implicated in an internal fraud, a complaint against that individual suspect will be laid with either the New Zealand Police or Serious Fraud Office.

5.5. Reporting

Any person reporting any suspected fraudulent act (the Informant) must do so to their immediate Manager who will inform the Chief Executive. Alternatively they may use the relevant procedures in Council's Protected Disclosures Policy.

The Chief Executive will request a written summary of the event, detailing the nature of the fraud, the person(s) involved and the amount of money, property or service fraudulently misused.

If the Informant has reason to believe their Manager is implicated in the suspected fraud, the matter must be reported to the Chief Executive.

If the department Group Manager is suspected of fraud then it needs to be reported to the Chief Executive.

If the Chief Executive's involvement is suspected, the matter must be reported to the Chair of Risk and Assurance.

If Elected Member involvement is suspected, the matter must be reported to the Chief Executive and the Chair of Risk and Assurance.

Persons reporting the activity/behaviour may remain anonymous if the allegation amounts to a protected disclosure under the Protected Disclosures (Protection of Whistleblowers) Act 2022.

5.6. Investigation

The Chief Executive will decide within 48 hours of receiving the written summary whether to further investigate, and how any investigation will be undertaken. This may include seeking independent expert advice.

If the Chief Executive is involved in suspected fraud, the Informant will report to the Chair of Risk and Assurance who will make the decision on any further investigation.

The Council will maintain a Fraud Register to record all suspected fraud notifications and the resultant outcome for each of these notifications.

5.7. Consequences of an Investigation

If there are reasonable grounds for suspecting that a fraud has taken place, the Chief Executive may contact the New Zealand Police and co-ordinate the investigation with them. Where necessary, appropriate action will be taken to secure and limit access to records.

The Chief Executive will report any actual or suspected fraud to the Mayor, Deputy Mayor and Council's external auditor.

If the investigation substantiates the allegation of fraud in relation to staff, the Manager People and Capability will advise on the appropriate disciplinary action, up to and including

dismissal, and the procedure to be followed. The person(s) involved may be suspended from employment with pay while the matter is being investigated.

Where Elected Member involvement is found, the provisions of the Code of Conduct apply.

At the conclusion of the investigation the events will be documented in a confidential report which will be provided to Council, Risk and Assurance Committee and external auditor as appropriate.

Recommendations may be made to enhance internal control procedures. Where instances of fraud or corruption are substantiated, any decisions to take no action, or to take action that is seen as inappropriate by either the Chief Executive or Manager People and Capability, will be referred to the relevant Group Manager for authorisation.

Where the instance of fraud or corruption amounts to an illegal activity, it will be referred to the New Zealand Police.

A fraud questionnaire is completed every year as part of auditing requirements.

5.8. Confidentiality

Council takes the significance of reporting fraud very seriously. All participants in a fraud or corruption investigation will be required to keep all the details and results of an investigation confidential. Maintaining confidentiality in relation to protected disclosure matters is critical to ensuring reprisals are not made against a disclosure.

Any member of staff or Council contacted by the media in regards to the investigation shall refer the media to the Chief Executive or Manager Strategic Communications for comment.

5.9. Fraud Register

The Chief Executive will compile and maintain the Council's Fraud Register (the Register).

The Register shall contain information on all suspected fraud notifications and how the Council handled these. It will record how the notification was resolved, the outcome by way of financial loss and details of amounts recovered and if any changes are required to existing management policies, procedures or systems.

The Register will not contain any employee information of a private nature. Rather the Register's content will be at a high level focusing on how management dealt with this issue and what changes, if any, were required.

Access to the Register will be restricted to the Chief Executive, Group Manager Finance and Assurance and the Audit Director appointed by Audit New Zealand.

All information in the Register will be purged after a period of two years unless management action in respect of a recorded item remains incomplete.

SECTION 6. DEBTORS' MANAGEMENT

6.1. Exclusions

The present policy excludes rates-related debts and their collection.

6.2. Principles

Council must raise sufficient levels of revenue for the purpose of governance, administration, and the provision of services and facilities to the community.

To ensure the effective and efficient delivery of Council services to the community, good financial management requires the regular receipt and collection of funds from all individuals, organisations, businesses, and other parties who are indebted to Council.

6.3. Credit Terms

Credit Terms are standardised [refer to A number] and reviewed regularly. All Council statements will be subject to these terms unless otherwise specified.

6.4. Debt Management

Council's Group Manager Finance and Assurance (or delegate as recorded in the delegations register) is responsible for debt management practices. This includes the issuing of monthly debtor statements, reviewing aged debtor reports, liaising with the Council division which issued the invoice, regular contact with the debtor as appropriate, and liaising with collection agencies.

6.5. Overdue Accounts

If an invoice is not paid in full as per the agreed terms and conditions, interest may be charged on the balance in accordance with those terms. Interest will not be charged where an agreed repayment plan is in place and being fully met. Debts unpaid after three months are reviewed by the Group Manager Finance and Assurance (or delegate) and a decision made on recovery options.

6.6. Bad Debts

Debts will be written off when all reasonable attempts at recovery have been taken. The following criteria will be considered in coming to that decision:

- The debtor is bankrupt.
- The debtor (company) is in liquidation and there is insufficient funds to meet our debt.
- The debtor is deceased and has no remaining assets.
- There is little or no likelihood of the debt being recovered.
- The costs associated with collecting the debt would be prohibitive.

All costs of collection and any recoveries beyond the initial invoice are retained by the Council Finance team.

6.7. Delegated Authority

Where the Chief Executive or the Group Managers are satisfied that no prospect of collection exists, or it is uneconomic to pursue the matter further, debts may be written off in accordance with Section 6.4.2 of Invercargill City Council Delegations Register.

A register of write-offs will be maintained and be available for inspection at any time. A summary of this register is reported on regularly to the Finance and Projects Committee.

In regard to debt recovery, staff should seek the prior approval of the General Manager – Finance and Assurance for negotiating limits whenever practicable. In circumstances where such prior approval is not practical, staff are to agree to the recovery of lesser costs or amounts when the cost of recovery is likely to outweigh the amount recovered.

Debtors will be expected to pay the costs of debt collection.

In instances where bad debts have been written off, the Group Manager Finance and Assurance will decide whether or not Council will continue to grant credit to the debtor.

Reference Number:	A4222312
Effective Date:	xxxx 2023
Review Period:	This Policy will be reviewed every five (5) years, unless earlier review is required due to legislative changes, or is warranted by another reason requested by Council.
Supersedes:	Sensitive Expenditure Policy (A773994), Gifts and Benefits Policy (A2232419), Credit Card Policy (A2395575 / A1185032), Fraud Policy (A1302278), Debtors Policy (A1185055)
New Review Date:	xxxx 2028
Associated Documents/References:	Code of Conduct (A4062310), Conflicts of Interest Policy (A3908351), Motor Vehicles Policy (A3810961), Staff Recognition Guidelines (A170634), Standards of Conduct/Employee Handbook
Policy Owner:	General Manager - Finance and Assurance

FINANCIAL UPDATE – AUGUST 2023

To:	Finance and Projects
Meeting Date:	Tuesday 15 August 2023
From:	Patricia Christie – Acting Group Manager Finance and Assurance
Approved:	Michael Day - Chief Executive
Approved Date:	Wednesday 9 August 2023
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:

- Rates online update
- Net debt and Treasury update to 30 June 2023
- Expense Analysis to 30 June 2023
- Level of debt owed to Council from rates and operations to June 2023

Recommendations

That the Finance and Project Committee:

1. Receives the report "Financial Update – August 2023".
2. Note the current state of Council finances.

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).

Issues

Rates online update

The rates online project is now live and currently 16.05% of properties were registered to receive their next rates assessment and first instalment rates invoice by email in late July.

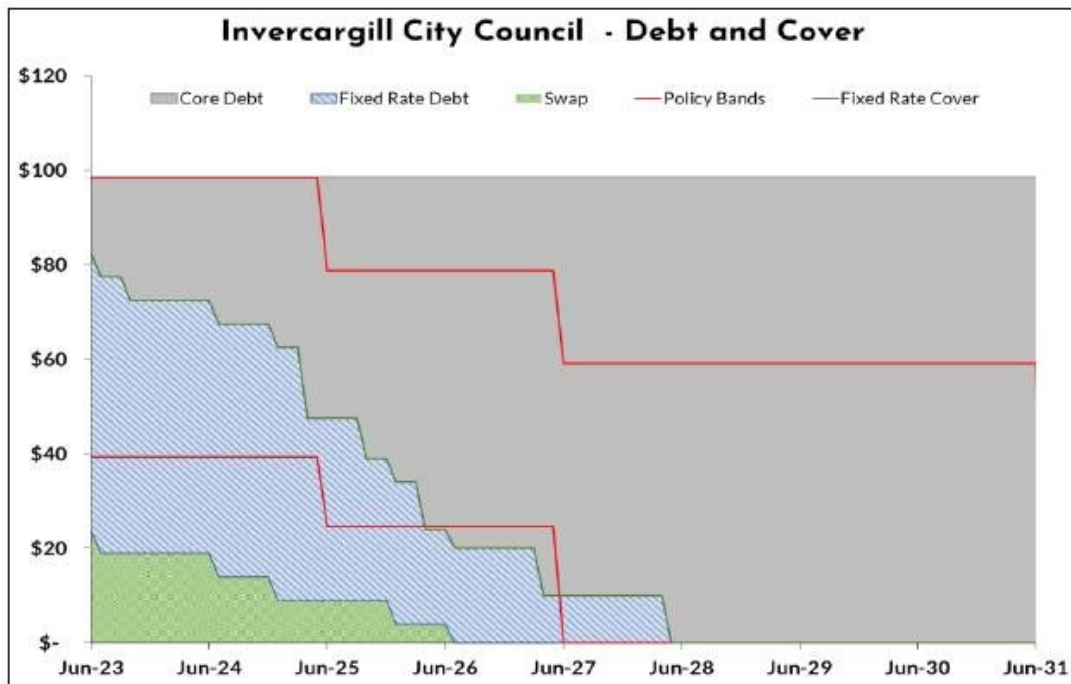
Net debt and Treasury update

At 30 June 2023 the Council had borrowings and other debt of \$123 million and cash and cash investments of \$58 million. These generated a net debt balance of \$65 million.

The Council's weighted average cost of debt as at 30 June 2023 was 2.88%. This rate is slightly higher than last quarter (2.85%) due to movements in the floating interest rates.

The Council had \$30 million of commercial paper matured in July 2023. This was refinanced with \$10 million placed onto floating rate loan maturing in April 2026 and \$20 million retained in commercial paper maturing in October 2023.

The Council currently has a breach in debt cover policy bands in the 2-4 year range. Due to the continuation of changing interest rates and uncertainty in the market, we have been closely monitoring the breach and have been investigating entering into future dated interest rate swaps.



The highlights of Council's net debt position as at 30 June 2023 are provided below.

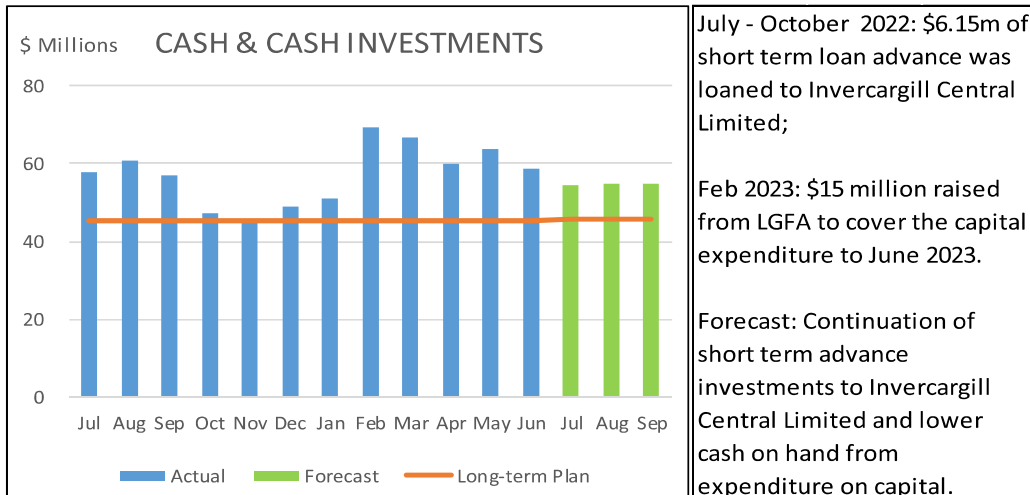
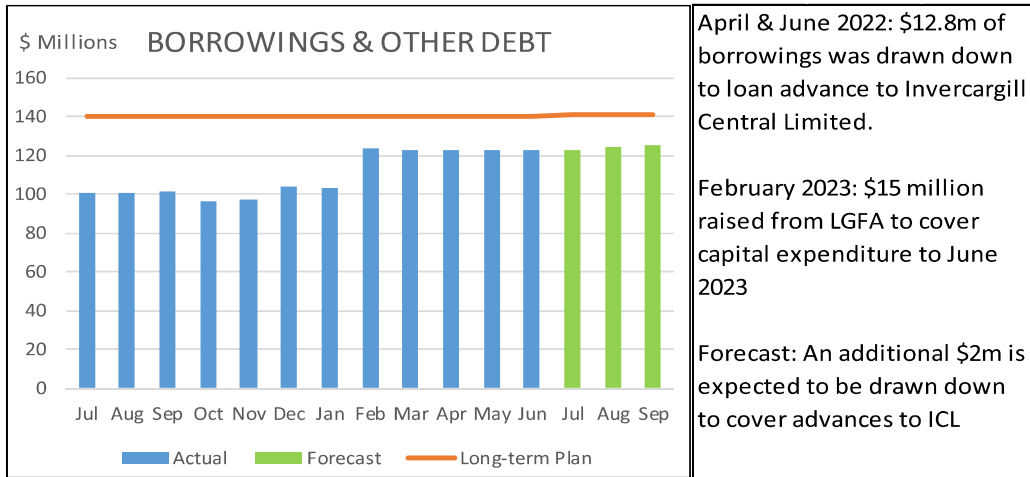
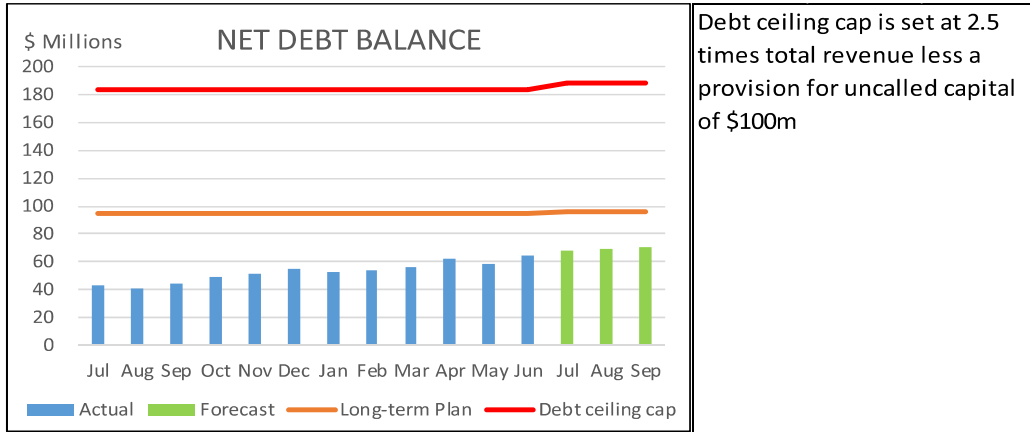
Invercargill Central Limited Loan

At 30 June the current balance of the loan is \$25.8 million. The maximum facility is \$31.45 million.

ICC TREASURY REPORT

As at 30 June 2023

Credit Rating	Net Debt Balance	Borrowings & other debt
AA+	\$65m	\$123m
		LESS: Cash & Cash Investments
		\$59m



Net Debt Breakdown

Borrowings & other debt				Note
Borrowings				
<u>Party</u>	<u>Maturity date</u>	<u>Interest rate</u>		
LGFA	Jul-23	5.69% Fixed	\$30,000,000	D
LGFA	Oct-23	0.44% Fixed	\$5,000,000	
LGFA	Feb-24	5.65% Fixed	\$24,670,000	A
LGFA	Apr-24	6.05% Fixed	\$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% Floating	\$10,000,000	
LGFA	Apr-27	2.62% Fixed	\$10,000,000	
LGFA	May-28	4.06% Fixed	\$10,000,000	
Accrued interest payable			\$1,128,766	
			<i>Total</i>	\$124,298,766
Other debt				
LGFA Borrower Notes			(\$1,307,500)	
Environment Southland -Clean Air Scheme			\$200,000	
			<i>Total</i>	(\$1,107,500)
TOTAL BORROWINGS & OTHER DEBT				<u>\$123,191,266</u>
LESS: Cash & Cash Investments				
Cash and cash equivalents				\$13,297,254
Term Deposits				
<u>Party</u>	<u>Maturity date</u>	<u>Interest rate</u>		
SBS	Jul-23	3.86%	\$4,183,598	C
WP	Oct-23	5.20%	\$5,258,081	
SBS	Jan-24	6.00%	\$124,980	
SBS	Jan-24	6.00%	\$4,208,877	
BNZ	Apr-24	6.15%	\$4,292,172	
Accrued interest receivable			\$320,684	
			<i>Total</i>	\$18,388,392
Other Investments				
Share investments			\$1,061,176	
Loan advances issued - Invercargill Central Limited			\$25,810,000	B
Loan advances issued - Other			\$49,180	
			<i>Total</i>	\$26,920,355
TOTAL CASH & CASH INVESTMENTS				<u>\$58,606,001</u>
NET DEBT BALANCE				\$64,585,265

A The loan of \$24.67 million has been used to fund the ICL advance investment.

B As of 30th of June, the outstanding loan balance advanced to ICC amounted to \$25.81 million. The current lending limit that ICC can extend to ICL is \$31.45 million.

C The term deposit from SBS, amounting to \$4.18 million and due in July, has been reinvested for a duration of 12 months at a rate of 6.5%.

D A loan worth \$30 million due in July 23 was reallocated. \$10 million was put on a floating rate with the LGFA, due in April 26, while \$20 million was transferred into a Commercial paper due in October 23, carrying an interest rate of 5.82%.

Expense Analysis

The Performance Report for the year to June 2023 has provided some financial commentary with the Financial Update providing more detailed analysis of certain expense categories.

It is noted that these numbers are still management numbers and we do expect some changes as amounts are finalised ahead of the annual report.

Variance to Annual Plan

	YTD Actual Jun-23 (\$000)	Annual Plan 2022/2023 (\$000)	Variance YTD Actual vs Annual Plan (\$000)
REVENUE			
Rates and penalties	66,548	65,777	+ 771
Fines	812	605	+ 207
Subsidies and grants	16,616	13,549	+ 3,067
Direct charges revenue	24,350	24,350	-
Rental revenue	3,164	3,370	- 206
Finance revenue	2,752	692	+ 2,060
Dividends & subvention revenue	5,294	5,089	+ 205
Total revenue	119,536	113,432	+ 6,104
EXPENSES			
Employee expenses	31,182	30,602	- 580
Depreciation and amortisation	41,007	32,023	- 8,984
Other expenses	52,876	51,377	- 1,499
Finance expenses	3,257	2,325	- 932
Total expenses	128,322	116,327	- 11,995
Net operating surplus (deficit)	(8,786)	(2,895)	- 5,891

Notes

Rates and penalties:	Rates revenue is higher than plan due to a greater than expected growth above the projected rating base. Rates penalties is also higher than plan for the year.
Subsidies and grants:	Subsidies and grants are higher than plan due to additional government funding received for the Tisbury Storage Facility and new Housing Care unit's builds.
Direct charges revenue:	Direct charges revenue is in line with plan. There was a slower return of users to Council facilities during the first half of year which generated lower income. This was partly offset by higher timber harvesting sales.
Finance revenue:	Finance revenue is better than plan due to higher interest rates on investments above plan assumptions.
Dividends and subvention revenue:	Subvention revenue of \$205,000 was received for the year.

Employee expenses:	Employee expenses are higher than plan due to timing differences between projected staffing levels, movements and actuals. It is noted that the recovery of employee expenses to projects is included within Other Expenses.
Depreciation and amortisation:	Depreciation is higher than plan due to the 3 yearly asset revaluation in 2021/2022 being significantly higher than anticipated within the plan assumptions.
Other expenses:	Other expenses are higher than plan due to increased repairs and maintenance on three waters assets partly offset by lower use of consultants during the year.
Finance expenses:	Finance expenses are higher than plan due to higher interest rates on borrowings compared to plan assumptions.

Employee Expenses and Other Expenses Breakdown

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

Employee expenses

	YTD Actual Jun-23 (\$000)	Annual Plan 2022/2023 (\$000)
Employee expenses (per Q4 Performance report)	31,182	30,602
Salaries & wages	28,526	28,360
Honoraria paid	787	708
Misc Staff expenses	1,869	1,534
Total	31,182	30,602

Notes

Salaries and Wages	Higher than plan due to differences between projected staffing levels, movements and actuals.
Honoraria paid:	Includes payments to Mayor, Councillors, Mana whenua reps and Bluff Community Board. Higher than plan as remuneration levels were not confirmed until after the Annual Plan was approved.
Misc Staff expenses:	Includes training, travel and accommodation, recruitment and ACC levies. This is higher than plan principally as a result of higher recruitment costs. The driver of increased recruitment costs was the number of vacancies and use of specialist recruitment firms to secure candidates.

Other Expenses

	YTD Actual Jun-23 (\$000)	Annual Plan 2022/2023 (\$000)
Other expenses (per Q4 Performance report)	52,876	51,377
Administration expenses	6,072	6,101
Consultancy expenses	2,556	3,870
Operational expenses	29,507	28,211
Repairs & maintenance	6,279	5,599
Grants & subsidies expenses	5,665	6,247
Utilities expenses	5,045	4,291
Internal job cost allocation	(2,248)	(2,942)
Total	52,876	51,377

Notes

Administration expenses:	Includes property rates, software licenses, postage and printing expenses. An assessment of prepayment of software licenses has not yet been completed for 2022/2023 which could alter this number.
Consultancy expenses:	Reduced requirement to use consultancy services.
Operational expenses:	Includes operational contracts, Contractors, cleaning, fuel.
Repairs & maintenance:	Additional maintenance on three waters assets above plan was carried out during the year.
Grants and subsidies expenses:	Funds granted to external organisations have been allocated for the year. Remaining funds that have not been allocated include: Facilities maintenance fund (\$100,000); Rugby Park maintenance fund (\$160,000); and Saving Grace (\$100,000).
Utilities expenses:	Insurance and electricity expenses. Electricity has increased with higher charges from contract renewals. Insurance premiums were higher than planned.
Internal job cost allocation:	Recovery of internal staffing costs allocated to capital projects.

Debt Management

Sundry (Non-rates) Debt

At 30 June 2023 the non-rates debtors outstanding was under \$0.8 million (2.8% of the \$28.3 million of revenue (excluding rates, subsidies, grants, interest and dividends) for the year), a decrease of \$0.1 million from April 2023.

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

	As at 30 June 2023					As at 30 April 2023				
	1 Month	2 Months	3 Months	4+ Months	Total	1 Month	2 Months	3 Months	4+ Months	Total
Grand Total	257,761	72,216	27,363	435,995	793,336	241,079	137,868	30,526	453,092	862,565

Of the above balance \$0.2 million (\$0.2 million at 30 June 2023) 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.

Debt Write Off

For the 2 months to 30 June, we have written off \$276.04 in total, \$21.24 is related to Water Billing on 13 properties and \$254.80 is from 400 properties with very small Rates balances outstanding. Debts are only written off following 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 summaries the current rates arrears balance. With the new rating year beginning on 1 July any unpaid rates for the 2022-23 are now shown as arrears.

Rates arrears per rating year	Rating Year						
	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017 & older	Total
As at Aug 2023	2,398,968	400,790	95,263	23,882	13,825	24,225	2,956,953
As at April 2023	0	507,049	105,570	26,219	14,424	24,747	678,009
As at March 2023	0	603,591	120,899	34,960	15,361	26,046	800,857
As at January 2023	0	832,952	145,938	46,012	23,919	34,820	1,083,641
As at November 2022	0	1,055,366	161,968	49,391	24,387	35,232	1,326,343
As at August 2022	0	1,738,026	205,383	59,252	29,208	37,872	2,069,742
As at May 2022	0	0	361,845	79,793	37,308	39,606	518,552

87% (April 92%, March 93%, January 73.0%, November 22 92.4%, August 95.7%, May 96%) of Council's rates arrears by value are owed on 897 (April 222, January 453, November 451, August 1,099, May 202) properties with amounts greater than \$1,000 outstanding.

Council offers ratepayers who get behind in their rates the opportunity to enter into a payment plan arrangement. Those ratepayers who are in arrears with a payment plan are not charged rates penalties.

In those situations where there is no payment plan arranged (and followed), Council has a number of debt recovery methods available to it under the Rating Act. These include collection from the mortgage holder (where there is a mortgage) and court judgement. The final recovery method is a rating sale where Council obtains a court judgement to sell the property to recover the rates owed and the costs incurred.

At present overdue rates debt totalling \$472,356 (April \$58,860) are with PR Law for debt recovery. The increase includes \$320,894 of arrears where payment is being sought from the mortgage holder.

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 July 2023 \$67,165, (May \$9,080.68, January \$17,032, October \$63,285, August \$48,676, May \$21,828, February \$26,867, November \$30,403) relating to 111 (May 57, January 78, August 137, May 83, February 89, November 101) customers. The vast majority of these are for amounts under \$1,000, (\$16,047) 5.4% of the outstanding amount relates to 6 customers.

Dog Registrations

The total value of dog registrations unpaid at August 2023 is \$163,910 (June \$170,674, January \$192,461, October \$197,205, August \$256,002, May \$106,683, February \$111,223, November \$117,507) relating to 663 animals (April 767, March 1,009, January 1,525, August 2,216, May 1,105, February 1,149, November 1,860).

\$62,019 (April \$68,783, January \$80,658, August \$80,708, May \$85,350, February \$90,100) of this debt relates to the 2022 dog registration period while \$101,891 of this debt relates to the current 2023 dog registration period.

We do note that the current legislation prevents us from offering instalment payments for dog registrations.

Next Steps

Collection activities will continue on outstanding debtors and rates arrears.

Attachments

Not applicable.

PERFORMANCE REPORT FOR THE YEAR ENDED 30 JUNE 2023

To:	Finance and Projects
Meeting Date:	Tuesday 15 August 2023
From:	Rhiannon Suter, Manager – Strategy, Policy and Engagement
Approved:	Patricia Christie - Acting Group Manager - Finance and Assurance
Approved Date:	Wednesday 9 August 2023
Open Agenda:	Yes

Purpose and Summary

This report provides Council an overview of service performance against the Long-term Plan and financial performance against the forecast for 2022/2023 ahead of completion of the 2022/2023 Annual Report. An overview of financial performance against the Annual Plan for 2022/2023 will be provided in the Finance Update report.

Recommendations

That the Finance and Projects Committee:

1. Receive the report "Performance Report for the year ended 30 June 2023".
2. Note 70 of 99 measures (71%) of the level of service performance were achieved for the year ended 30 June 2023, compared to 66/99 (67%) in 2021/2022.
3. Note the draft net operating deficit for the year ended 30 June 2023 is \$8.7 million.
4. Note the capital programme to 30 June 2023 has delivered \$51.1 million. This represents 96% of forecast and 64% of the planned programme in the Annual plan.
5. Note the performance report contains provisional results for the year and is not the draft annual report. Year-end review and adjustments including selected asset revaluations and Council's share of Wastenet are still to be reflected.

Background

The Performance report is a quarterly update on activity and level of service structures developed and agreed in the 2021-2031 Long-term Plan.

Performance against Level of Service targets is provided based on assessment of performance at 30 June 2023, noting there remain a few areas where data is not yet complete which will be finalised in the Annual Report.

The financial performance results provided in this report are the current numbers at the time of reporting. A number of processes necessary to complete the Annual Report financials have not yet been completed, most notably the inclusion of Council's share of Wastenet and the revaluations of Investment Property and Forestry assets. Roading assets may also require to be revalued this year due to significant movements to values within this category of asset.

Issues

Levels of Service

The second year of the Long-term Plan (LTP) saw Council conducting its business in a more stable environment, with minimal COVID restrictions.

In total, 70 of the 99 performance measure have been met, compared to 63 out of 99 for the 2021/2022 financial year.

The Water, Stormwater and Sewerage activities have performed well. The only measure missed continues to be contractor response times to non-urgent enquiries, which has fluctuated slightly over the year. This is an area of focus for the contract manager.

Eight of fourteen Roading KPIs have been achieved, with one of the remaining requiring further national data before it can be reported. Three of the missed measures relate to fatal and serious injury crashes. Council will continue to work with Waka Kotahi's Road to Zero programme, including through its funding of Road Safety Southland.

Solid waste has shown improvement in the 2022/2023 year with four of the five KPIs being achieved. While changes from 2021/2022 are small, it is nonetheless an important step towards improving the District's solid waste outcomes.

Visitor numbers across most Council services have performed well. Splash Palace and He Waka Tuia have not only exceeded the 2021/2022 levels, but they have significantly exceeded their targets. While not achieving this year's targets, the Library exceeded the 2021/2022 levels and visitors to parks were only slightly below target. Patronage levels on buses have also significantly increased from 2021/2022 levels.

Results from the residents' survey showed continued high satisfaction with our parks and reserves and library satisfaction was only one percent off its target. Customer satisfaction across remaining areas has remained low. Target levels will be reviewed as part of the 2024-2034 LTP process.

Regulatory Services is legislatively required to maintain 100% targets for processing, which they have met in regards to the food and alcohol applications. Building and resource consents have remained steady or trending upwards during the year but are under target. This is being addressed internally, however, it is notable that the resource consent result of 96% is a significant improvement on last year's result.

Financials – Operational

For the year to 30 June 2023, the Council had a net operating surplus excluding depreciation of \$32.2 million, higher than forecast the forecast of \$29.2 million by \$3.0 million. Including depreciation, Council had a deficit for the year of \$8.8 million, this is better than the \$11.6 million deficit forecast by \$2.8 million.

Subsidies and grant revenue has a \$0.5 million surplus which has been generated from extra subsidy revenue for capital projects. This funding includes government funding for the Tisbury Storage Facility project and Housing Care units build. This subsidy revenue will be reviewed as part of the annual report process to determine the amount Council can recognise as the conditions of the subsidy have been met.

Income from activities for the year was higher than forecast by \$1.4 million. Revenue that exceeded forecast came from increased bulk water sales due to drier summer, extra volumes of sewerage trade waste received, higher forestry harvested and funds received for insurance claims in the roading activity. These were partly offset by lower consents revenue, bus fare income and admissions fees to some council activities. Council's share of transactions from Wastenet has not been included in the actual figures at the time of publication.

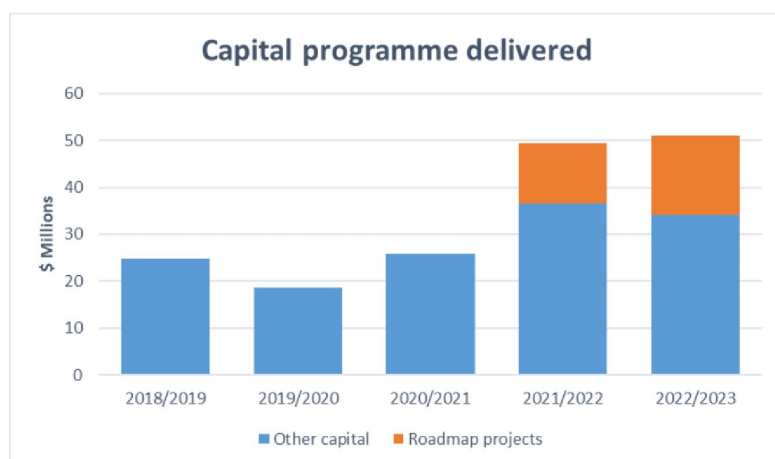
Employee expenses have currently ended the year \$0.8 million lower than forecast. The current employment market continues to be challenging with low unemployment and a short supply of skilled people available to fulfil vacancies.

Increasing interest rates have made Finance expenses exceed forecast. Interest rates have been rising throughout the year and with the requirement for new borrowing to fund capital projects and existing lower interest borrowings maturing onto higher rates, additional costs have been incurred. Council still maintains one of the lowest average borrowing interest rate in the country at 2.88%. Investment interest rates have also been rising this year, producing better returns than previously forecast on any reinvested term deposit funds.

From an activity view, three of the 19 activities' net operating financial performance were lower than forecast. These include:

- Regulatory Services – Planning and Building services have had higher use of contractors to deliver their services
- Aquatic Services – Whilst participation improved for the 2022/2023 financial year, the levels are not back to pre-Covid numbers. This slower rate of recovery has resulted in lower revenue received this year against the forecast returns.
- Arts, Culture and Heritage – Advance costs have been incurred to purchase minor equipment for the packing process of the collection ready for transportation.

Financials – Capital



Council has accomplished another large capital delivery year, with \$51.1 million spent this year, \$2.1 million below forecast and higher than last year's amount of \$49.5 million by \$1.6 million. 64% of the planned capital, included in the Annual plan for 2022/2023, was able to be delivered this year.

This year celebrated the completion of a number of key projects including Anderson House, City Centre Streetscapes Stage One and the Stead Street Stop Bank, all closely aligned to their forecasts. Other key projects took large steps forward in progression like the Tisbury Storage facility, Branholme Supply line and property file digitalisation. These projects form over half of this year's capital spend. The three waters pipe capital renewal programmes were each underspent compared to forecast for the year due to contractor availability and other third party involvement delays. These will be managed within the future continuous programme.

The balance of \$28.7 million that was outlined in the Annual Plan and was not delivered this year has been reappportioned later in the life of the project or the project has been deferred to a later year. Key movements include:

- Project 1225 (\$5.2 million) reappportioned later in the life of the project.
- Branholme Supply line renewal (\$8.4 million) reappportioned later in the life of the project.
- City Streets (\$2.9 million) reappportioned later in the life of the project.
- Bluff boat ramp (\$0.2 million) reappportioned later in the life of the project.
- Roading programme with Waka Kotahi (\$4.2 million) reappportioned later in the renewal programme.
- Rugby Park (\$1.2 million) deferred to 2024/2025.
- Housing innovation (\$1.1 million), Bluff Hill -Active Recreation Hub Carpark redevelopment (\$1.6 million) and various Council buildings renewals (\$1.9 million) deferred to 2023/2024.

Financials – Net Debt

At 30 June 2023, the net debt balance is \$64.6 million, better than forecast by \$3.8 million.

During the last quarter, Council has continued to advance an investment loan to Invercargill Central Limited for the city centre development. This has increased by \$1.1 million for the quarter taking the total advanced to \$25.8 million. Council makes a small commercial net interest surplus from this investment after deducting the costs on borrowing to fund the investment. Other movements included increasing borrowings by \$15 million to fund roadmap and strategic capital projects currently underway.

The Net Debt balance is made up of borrowings less cash and cash equivalents and other financial assets – other investments.

Next Steps

The draft Annual Report for the 2022/2023 year will be presented to the Risk and Assurance Committee on 19 September 2023.

The next Performance Report will be for the first three months of 2023/2024 to 30 September 2023 and will be brought to the Finance and Projects Committee in December.

Attachments

Performance Report for the year ended 30 June 2023 (A4749213)



PERFORMANCE REPORT

As at 30 June 2023

He Ngākau Aroha - Our City with Heart





PERFORMANCE REPORT

As at 30 June 2023

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Solid Waste Management	<i>Para</i>
General Services	<i>Ngā ratonga</i>

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Aquatic Services

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PERFORMANCE REPORT

As at 30 June 2023



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		

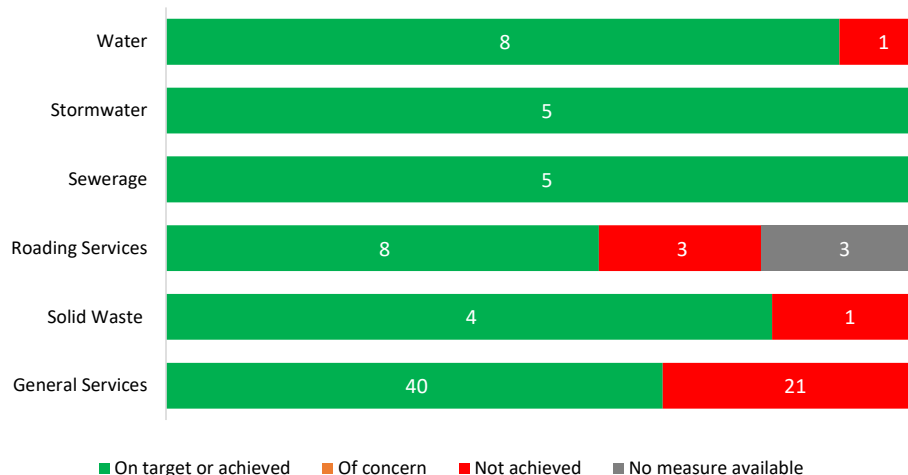
Note: If no forecast amount, the traffic light is green

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 June 2023

Level of service performance



Commentary - Level of service performance

The second year of the Long Term Plan (LTP) saw Council conducting its business in a more stable environment, with minimal COVID restrictions.

In total, 70 of the 99 performance measure have been met, compared to 63 out of 99 for the 2021/2022 financial year.

The Water, Stormwater and Sewerage activities have performed well. The only measure missed continues to be contractor response times to non-urgent enquiries, which has fluctuated slightly over the year. This is an area of focus for the contract manager.

Eight of fourteen Rooding KPIs have been achieved, with one of the remaining requiring further national data before it can be reported. Three of the missed measures relate to fatal and serious injury crashes. Council will continue to work with Waka Kotahi’s Road to Zero programme, including through its funding of Road Safety Southland.

Solid waste has shown improvement in the 2022/2023 year with four of the five KPIs being achieved. While changes from 2021/2022 are small, it is nonetheless an important step towards improving the District’s solid waste outcomes.

Visitor numbers across most Council services have performed well. Splash Palace and He Waka Tuia have not only exceeded the 2021/2022 levels, but they have significantly exceeded their targets. While not achieving this year’s targets, the Library exceeded the 2021/2022 levels and visitors to parks were only slightly below target. Patronage levels on buses have also significantly increased from 2021/2022 levels.

Performance Summary

AS AT 30 June 2023

Commentary - Level of service performance

Results from the residents' survey showed continued high satisfaction with our parks and reserves and library satisfaction was only one percent off its target. Customer satisfaction across remaining areas has remained low. Target levels will be reviewed as part of the 2024-2034 LTP process.

Regulatory Services is legislatively required to maintain 100% targets for processing, which they have met in regards to the food and alcohol applications. Building and resource consents have remained steady or trending upwards during the year but are under target. This is being addressed internally, however, it is notable that the resource consent result of 96% is a significant improvement on last year's result.



Performance Summary

AS AT 30 June 2023

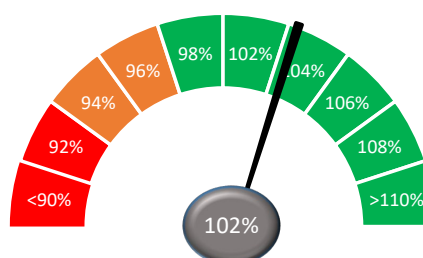
Financial performance YTD (\$000)

Net operating surplus / (Deficit)

Actual: **(\$8,786)** Forecast: (\$11,637)
 Variance: \$2,851 favourable

Revenue

Actual: **\$119,536**
 Forecast: \$117,308
 Variance: \$2,228 favourable



Expenditure

Actual: **\$128,322**
 Forecast: \$128,945
 Variance: \$623 underspent



	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	66,548	66,481	+ 67		66,481	65,777
Subsidies and grants	16,616	16,148	+ 468		16,148	13,549
Income from activities	28,326	26,906	+ 1,420		26,906	28,325
Investment revenue	8,046	7,773	+ 273		7,773	5,781
Total revenue	119,536	117,308	+ 2,228		117,308	113,432
Employee expenses	31,182	31,979	+ 797		31,979	30,602
Other expenses	52,876	53,114	+ 238		53,114	51,377
Finance expenses	3,257	2,989	- 268		2,989	2,325
Depreciation	41,007	40,863	- 144		40,863	32,023
Total expenses	128,322	128,945	+ 623		128,945	116,327
Net operating surplus / (deficit)	(8,786)	(11,637)	+ 2,851		(11,637)	(2,895)

Performance Summary

AS AT 30 June 2023

Net operating surplus by activity group

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Water	124	(119)	+ 243		(119)	1,756
Stormwater	575	189	+ 386		189	805
Sewerage	(2,868)	(3,332)	+ 464		(3,332)	368
Roading Services	(1,706)	(1,756)	+ 50		(1,756)	2,640
Solid Waste	(436)	(552)	+ 116		(552)	(953)
General Services	(4,477)	(6,068)	+ 1,591		(6,068)	(7,511)
Council	(8,788)	(11,638)	+ 2,850		(11,638)	(2,895)

Commentary

For the year to 30 June 2023, the Council had a net operating surplus excluding depreciation of \$32.2 million, higher than forecast the forecast of \$29.2 million by \$3.0 million. Including depreciation, Council had a deficit for the year of \$8.8 million, this is better than the \$11.6 million deficit forecast by \$2.8 million.

Subsidies and grant revenue has a \$0.5 million surplus which has been generated from extra subsidy revenue for capital projects. This funding includes government funding for the Tisbury Storage Facility project and Housing Care units build. This subsidy revenue will be reviewed as part of the annual report process to determine the amount Council can recognise as the conditions of the subsidy have been met.


Income from activities for the year was higher than forecast by \$1.4 million. Revenue that exceeded forecast came from increased bulk water sales due to drier summer, extra volumes of sewerage trade waste received, higher forestry harvested and funds received for insurance claims in the roading activity. These were partly offset by lower consents revenue, bus fare income and admissions fees to some council activities. Council's share of transactions from Wastenet has not been included in the actual figures at the time of publication.

Employee expenses have currently ended the year \$0.8 million lower than forecast. The current employment market continues to be challenging with low unemployment and a short supply of skilled people available to fulfil vacancies.

Performance Summary

AS AT 30 June 2023

Commentary



Increasing interest rates have made Finance expenses exceed forecast. Interest rates have been rising throughout the year and with the requirement for new borrowing to fund capital projects and existing lower interest borrowings maturing onto higher rates, additional costs have been incurred. Council still maintains one of the lowest average borrowing interest rate in the country at 2.88%. Investment interest rates have also been rising this year, producing better returns than previously forecast on any reinvested term deposit funds.

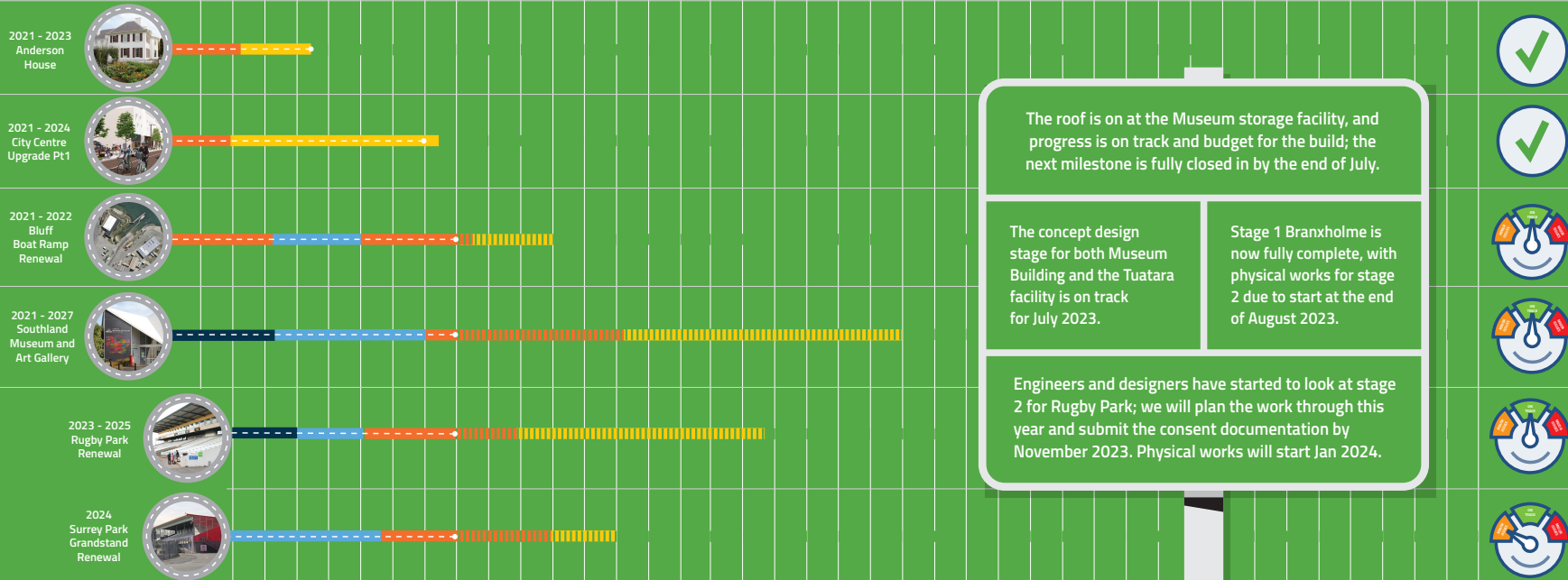
From an activity view, three of the 19 activities' net operating financial performance were lower than forecast. These include:

- Regulatory Services – Planning and Building services have had higher use of contractors to deliver their services
- Aquatic Services – Whilst participation improved for the 2022/2023 financial year, the levels are not back to pre-Covid numbers. This slower rate of recovery has resulted in lower revenue received this year against the forecast returns.
- Arts, Culture and Heritage – Advance costs have been incurred to purchase minor equipment for the packing process of the collection ready for transportation.



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



PHASES

- CONCEPT
- PLAN
- DESIGN
- CONSTRUCTION

LINE OF PROGRESS

ESTIMATED COST

ROADMAP TO RENEWAL BUDGET

\$145.9 MILLION

\$115.1 MILLION

\$30.8 MILLION SPEND-TO-DATE

BALANCE



Capital Expenditure Summary

AS AT 30 June 2023

Commentary

Council has accomplished another large capital delivery year, with \$51.1 million spent this year, \$2.1 million below forecast and higher than last year's amount of \$49.5 million by \$1.6 million. 64% of the planned capital, included in the Annual plan for 2022/2023, was able to be delivered this year.

This year celebrated the completion of a number of key projects including Anderson House, City Centre Streetscapes Stage One and the Stead Street Stop Bank, all closely aligned to their forecasts. Other key projects took large steps forward in progression like the Tisbury Storage facility, Branxholme Supply line and property file digitalisation. These projects form over half of this year's capital spend. The three waters pipe capital renewal programmes were each underspent compared to forecast for the year due to contractor availability and other third party involvement delays. These will be managed within the future continuous programme.

The balance of \$28.7 million that was outlined in the Annual Plan and was not delivered this year has been reapportioned later in the life of the project or the project has been deferred to a later year. Key movements include:

- Project 1225 (\$5.2 million) reapportioned later in the life of the project.
- Branxholme Supply line renewal (\$8.4 million) reapportioned later in the life of the project.
- City Streets (\$2.9 million) reapportioned later in the life of the project.
- Bluff boat ramp (\$0.2 million) reapportioned later in the life of the project.
- Roading programme with Waka Kotahi (\$4.2 million) reapportioned later in the renewal programme.
- Rugby Park (\$1.2 million) deferred to 2024/2025.
- Housing innovation (\$1.1 million), Bluff Hill -Active Recreation Hub Carpark redevelopment (\$1.6 million) and various Council buildings renewals (\$1.9 million) deferred to 2023/2024.

Capital Expenditure by activity group

	Actual YTD	Forecast YTD	Variance	% of Full year forecast	Full year forecast	A/Plan Planned capital
	(\$000)	(\$000)	(\$000)		(\$000)	(\$000)
Water	10,930	10,987	- 57	99%	10,987	18,973
Stormwater	4,825	4,542	+ 283	106%	4,542	5,692
Sewerage	4,190	4,555	- 365	92%	4,555	4,463
Roading Services	8,957	8,947	+ 10	100%	8,947	13,191
Solid Waste	15	100	- 85	15%	100	100
General Services	22,194	24,052	- 1,858	92%	24,052	37,368
Council	51,109	53,183	- 2,074	96%	53,183	79,787

Capital Expenditure Summary

AS AT 30 June 2023

Road map to renewals projects

See Roadmap to renewals table for progress details on projects

Project		Actual	Forecast	% of	LTP Planned
		(\$000)	(\$000)	forecast spent %	capital (\$000)
Anderson House	2022/23	141	143	99%	204
	LTP	1,407	1,400	101%	1,400
City Centre - Stage 1	2022/23	9,752	9,238	106%	5,925
	LTP	21,315	20,800	102%	20,800
City Centre - Stage 2	2022/23	5	-	100%	2,300
	LTP	113	13,600	1%	13,600
Museum redevelopment (Project 12 25)	2022/23	6,758	4,922	137%	10,090
	LTP	7,457	65,460	11%	65,460
Bluff Boat Ramp renewal	2022/23	182	346	53%	1,000
	LTP	481	1,800	27%	1,800
Rugby Park renewal	2022/23	63	491	13%	1,676
	LTP	63	4,900	1%	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	0	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	16,902	15,190	111%	21,195
	LTP	30,840	145,860	21%	145,860



Water

Wai

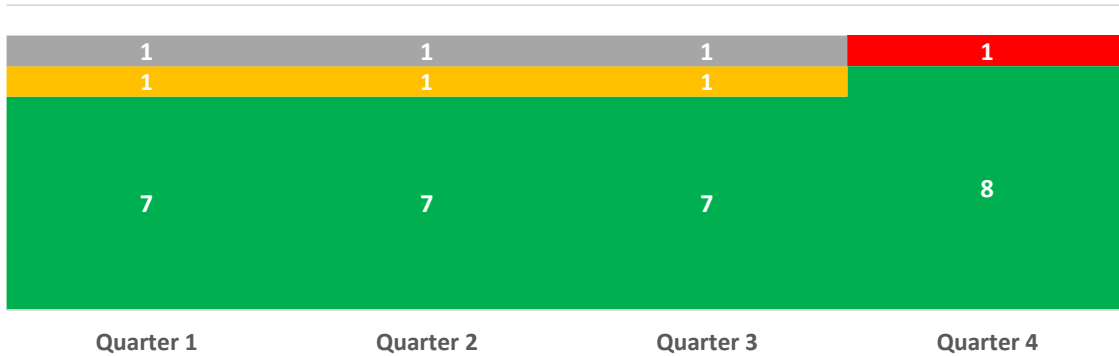
Commentary

The Water Activity has continued to ensure the delivery of a safe supply of water to Invercargill and Bluff properties in 22/23. The activity met most of its performance measure with the exception of response time to non-urgent call-outs. This is a significant area for improvement and Council continues to work closely with the contractor to improve communication, to ensure they are meeting the targeted timeframe

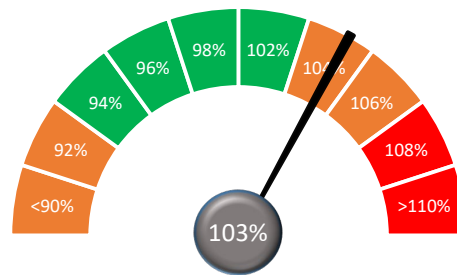
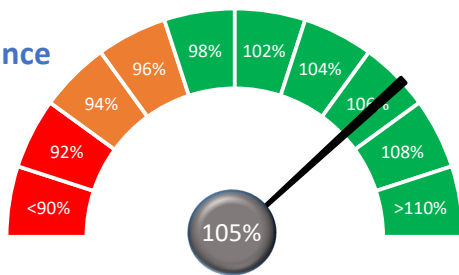
With the dry weather over summer month, there was additional requests for bulk water. This has generated additional water sales revenue above forecast.

Level of Service

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



Finance



Revenue YTD

Expenditure YTD

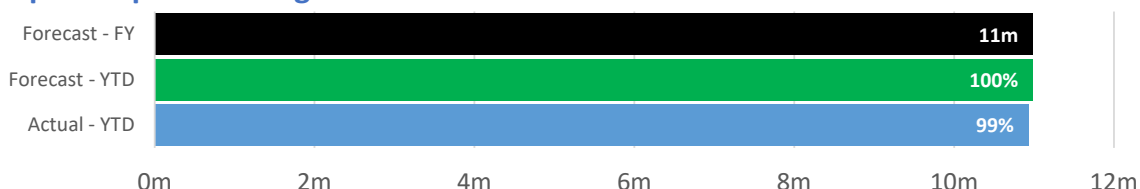
	Operating Revenue	Operating Expenditure	Net Operating surplus
Actual YTD:	\$ 12,295,000	\$ 12,171,000	\$ 124,000
Forecast YTD:	\$ 11,680,000	\$ 11,799,000	(\$ 119,000)
Variance:	+ \$ 615,000 Favourable	- \$ 372,000 Overspent	+ \$ 243,000 Favourable



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%	Green	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%	Green	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%	19%	Green	10%
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	39m	Green	0h 25m
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 09m	Green	1h 26m



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 18h 08m		5d 22h 51m
In the last 6 months, the contractor lost two of their most experienced staff and had to recruit and train new team members, in addition to experiencing a large amount of urgent and emergency work. Council will work with the contractor's administration staff on the planning of work for the next quarter.					
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	6d 2h 33m		6d 4h 14m
The average consumption of drinking water per day per resident within the Invercargill City Council territorial district		Less than 300 litres/day	231		271
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	8.32		1.38



Water

Wai

Financials

	Actual YTD	Forecast YTD	Variance		Full year forecast	Annual Plan
Rates and penalties	9,301	9,301	-		9,301	9,236
Subsidies and grants	700	700	-		700	-
Income from activity	2,271	1,659	+ 612		1,659	1,659
Investment revenue	23	20	+ 3		20	-
Total revenue	12,295	11,680	+ 615		11,680	10,895
Employee expenses	3	-	- 3		-	-
Other expenses	4,968	4,700	- 268		4,700	4,440
Finance expenses	391	317	- 74		317	182
Depreciation	6,809	6,782	- 27		6,782	4,517
Total expenses	12,171	11,799	- 372		11,799	9,139
Net operating	124	(119)	+ 243		(119)	1,756

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	218	240	- 22	91%	240	660
	Replacement of UV tubes occurred in late quarter 2					
Pumping stations renewals	30	1	+ 29	2999%	1	1,154
Pipe renewals	2,735	3,145	- 410	87%	3,145	1,300
Branxholme pipeline	7,734	7,473	+ 261	103%	7,473	15,859
	Branxholme pipeline stage one is completed.					



Sewerage

Waikeri

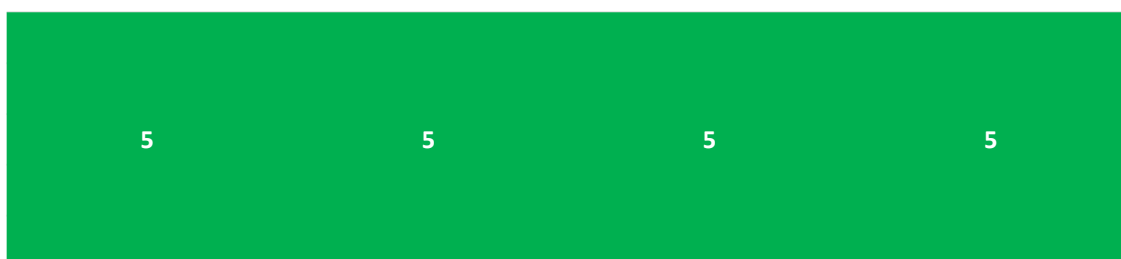
Commentary

The 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 for the year with no areas of concern.

Income from activities is higher than forecast with extra volume of trade waste was received. Other expenses are underspent due to the sludge removal delays.

Level of Service

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



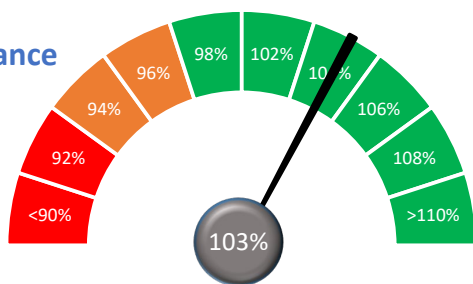
Quarter 1

Quarter 2

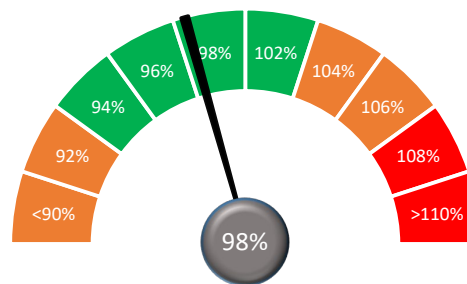
Quarter 3

Quarter 4

Finance



Revenue YTD



Expenditure YTD

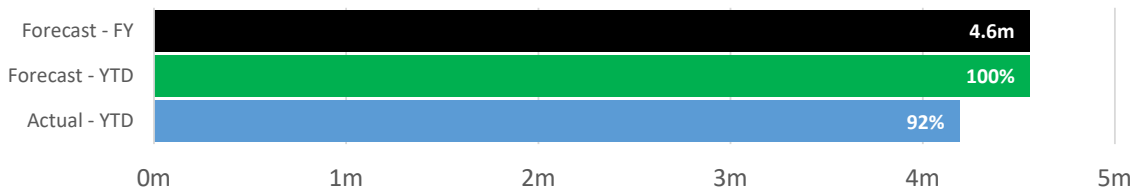
	Operating Revenue	Operating Expenditure	Net Operating surplus
Actual YTD:	\$ 8,497,000	\$ 11,365,000	(\$ 2,868,000)
Forecast YTD:	\$ 8,242,000	\$ 11,574,000	(\$ 3,332,000)
Variance:	+ \$ 255,000 Favourable	+ \$ 209,000 Underspent	+ \$ 464,000 Favourable



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	0.66	Green	2.29
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	37m	Green	0h 16m
(b) The median response time to resolve emergency blockages	DIA	<6 hours	1h1m	Green	1h 15m
DIA Performance Measure 4 (customer satisfaction) The number of complaints received about:		Max 4	0.93	Green	1.90



Sewerage

Waikeri

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	7,162	7,162	-		7,162	7,147
Subsidies and grants	89	89	-		89	-
Income from activity	1,242	988	+ 254		988	988
Investment revenue	4	3	+ 1		3	-
Total revenue	8,497	8,242	+ 255		8,242	8,135
Employee expenses	18	13	- 5		13	13
Other expenses	3,480	3,709	+ 229		3,709	3,268
Finance expenses	-	-	-		-	-
Depreciation	7,867	7,852	- 15		7,852	4,486
Total expenses	11,365	11,574	+ 209		11,574	7,767
Net operating	(2,868)	(3,332)	+ 464		(3,332)	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	602	886	- 284	68%	886	1,480
	Programme slowed to allow funds to be reallocated to pipe renewal.					
Pipe renewals	2,987	3,427	- 440	87%	3,427	2,740
	Kennington pipe line renewal has been delayed due Kiwi Rail application process time frames. Expecting completion early 2023/2024.					



Stormwater

Wai tupuhi

Commentary

Stormwater Activity covers the network to manage stormwater within the city. The performance measures are set by the DIA, and have all been met for this year with no areas of concern.

Other expenses remained under forecast due to limited contractor availability at stages of the year.

Level of Service

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



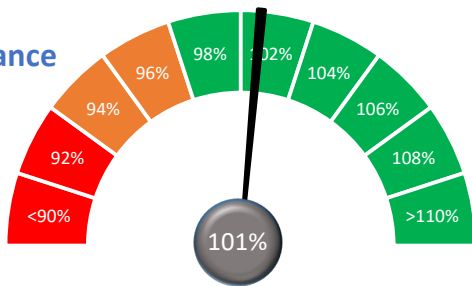
Quarter 1

Quarter 2

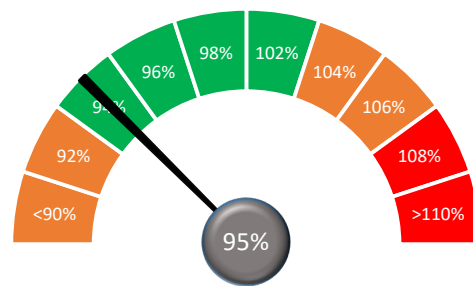
Quarter 3

Quarter 4

Finance



Revenue YTD



Expenditure YTD

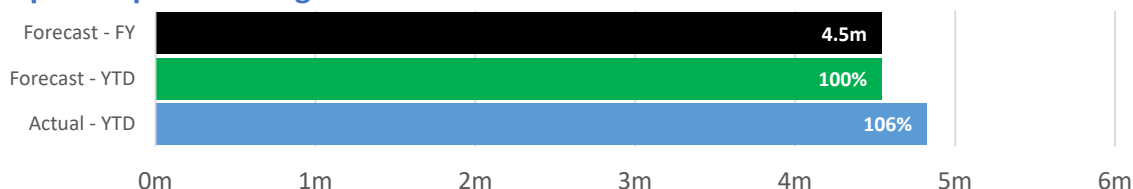
	Operating Revenue	Operating Expenditure	Net Operating surplus
Actual YTD:	\$ 7,081,000	\$ 6,506,000	\$ 575,000
Forecast YTD:	\$ 7,045,000	\$ 6,856,000	\$ 189,000
Variance:	+ \$ 36,000 Favourable	+ \$ 350,000 Underspent	+ \$ 386,000 Favourable



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	19m	Green	21m
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	1	Green	4



Stormwater

Wai tupuhi

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	5,972	5,972	-		5,972	5,884
Subsidies and grants	1,044	1,044	-		1,044	1,647
Income from activity	41	9	+ 32		9	9
Investment revenue	24	20	+ 4		20	-
Total revenue	7,081	7,045	+ 36		7,045	7,540
Employee expenses	-	-	-		-	-
Other expenses	2,013	2,371	+ 358		2,371	2,360
Finance expenses	-	-	-		-	-
Depreciation	4,493	4,485	- 8		4,485	4,375
Total expenses	6,506	6,856	+ 350		6,856	6,735
Net operating	575	189	+ 386		189	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	2,739	3,289	- 550	83%	3,289	3,290
Designs all completed, all programmed works underway. Deveron St has been delayed due to Covid related issues and contractor availability. Dee St delayed due to archaeological discovery.						
Stead Street stop bank	2,081	1,249	+ 832	167%	1,249	2,097
Project completed						



Roving Services

Ratonga rori

Commentary

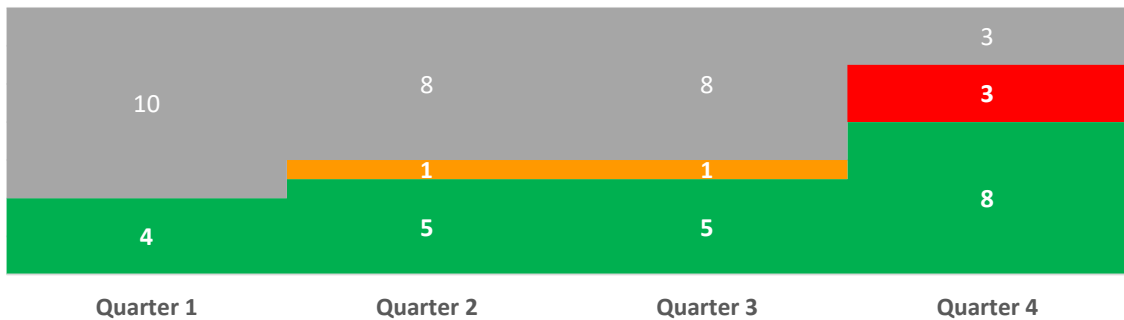
Many of the Roving performance measurements are set by the DIA. Eight of them have been achieved this financial year, and data for another measure will likely be available at the end of 2023 calendar year.

The number of fatalities and serious injury crashes continues to be of concern and Council staff are working alongside Waka Kotahi Road to Zero based on Vision Zero, a world-leading approach to a societal commitment to work towards zero harm on the road. All crash data continues to be monitored and feeds into decision-making around roving infrastructure. Safety on the Invercargill transport network is a key focus of the Roving 2024 Activity Management Plan.

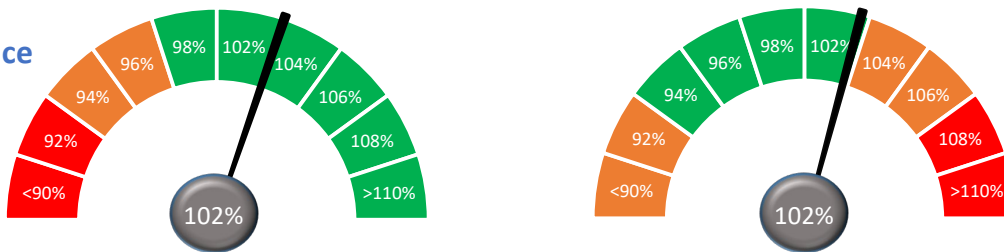
Operating expenses ended the year above forecast with conditions allowing additional maintenance on seal and cycleways to be carried out. Additional revenue has also been received from insurance claims for damaged property.

Level of Service

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



Finance



Revenue YTD

Expenditure YTD

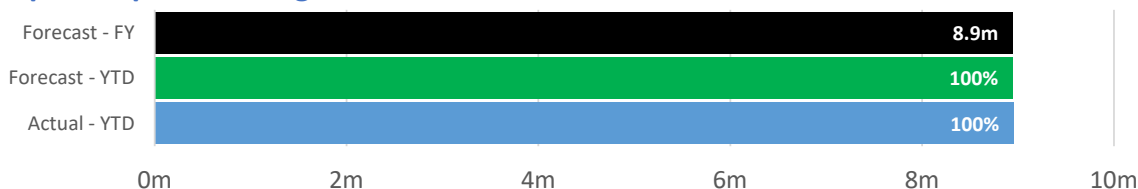
	Operating Revenue	Operating Expenditure	Net Operating surplus
Actual YTD:	\$ 18,628,000	\$ 20,334,000	(\$ 1,706,000)
Forecast YTD:	\$ 18,250,000	\$ 20,006,000	(\$ 1,756,000)
Variance:	+ \$ 378,000 Favourable	- \$ 328,000 Overspent	+ \$ 50,000 Favourable



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	17 total number of crashes (1 Fatality, 17 Serious Injuries)		15
	Council staff are working alongside Waka Kotahi Road to Zero based on Vision Zero, a world-leading approach that refers to a societal commitment to work towards zero harm on the road. All crash data continues to be monitored and feeds into decision-making around roading infrastructure. Safety on the Invercargill transport network is a key focus of the Roding 2024 Activity Management Plan.				
Collective risk (crash density) – fatal and serious injury rate per km of road	ONRC	Decreasing annually	0.04		Data unavailble
	Measure stayed the same as last year, as above.				
Personal risk – average annual fatal and serious injury crashes per 100 million vehicle-kilometres	ONRC	Decreasing annually	6.42		Data unavailable
	This is a provisional measure and will be confirmed towards the end of the calendar year.				
The average quality of ride, on a sealed local road network, measured by smooth travel exposure	DIA & ONRC	Higher than national average	Urban - 85% Rural - 98%		Urban - 85% Rural - 98%



Roading Services

Ratonga rori

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
The percentage of the sealed local road network that is resurfaced	DIA	> 5.5%	7%		> 5.5% (2021); > 3.4% (2022)
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 Asset Management Plan	DIA	< 8% in very poor condition	2%		0.5%
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%	83%		78%
Achieved					
The number of unplanned road closures and the number of vehicles affected by closures annually	ONRC	< 8	-		6
Not measured.					
Proportion of network not available to Class 1 heavy vehicles and 50MAX vehicles	ONRC	Maintain / Increase proportion	No decrease in % of network		Maintained
On target					
Mean travel times for private motor vehicles on key routes	ONRC	Maintain stable trend	-		Data unavailable
Not measured.					
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	-		Data unavailable
This measure is provided by others and will not be available until towards the end of the calendar year.					



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%	99%		57%
	Achieved				
Vandalised signs are promptly responded to and corrective actions commenced	ICC	> 85%	96%		95%
	Achieved				
Damaged traffic signals are attended to promptly	ICC	> 85%	100%		100%
	Achieved				

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	8,637	8,637	-		8,637	8,637
Subsidies and grants	8,449	8,484	- 35		8,484	9,871
Income from activity	1,393	1,002	+ 391		1,002	1,996
Investment revenue	149	127	+ 22		127	-
Total revenue	18,628	18,250	+ 378		18,250	20,504
Employee expenses	4	-	- 4		-	-
Other expenses	7,951	7,674	- 277		7,674	7,063
Finance expenses	-	-	-		-	-
Depreciation	12,379	12,332	- 47		12,332	10,801
Total expenses	20,334	20,006	- 328		20,006	17,864
Net operating	(1,706)	(1,756)	+ 50		(1,756)	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	4,001	5,060	- 1,059	79%	5,060	7,775
	Undertook the works that have been prepared in the program.					
Footpath renewals	909	950	- 41	96%	950	858
Low cost, low risk capital renewals	3,659	4,200	- 541	87%	4,200	4,129
	Remaining work will be undertaken by speed management program.					



Solid Waste Management

Para

Commentary

Solid Waste has increased its efforts focusing on education programmes and engagement with the community, as well as investigating opportunities to separate glass and organics from other recyclables and identify opportunities to divert commercial waste.

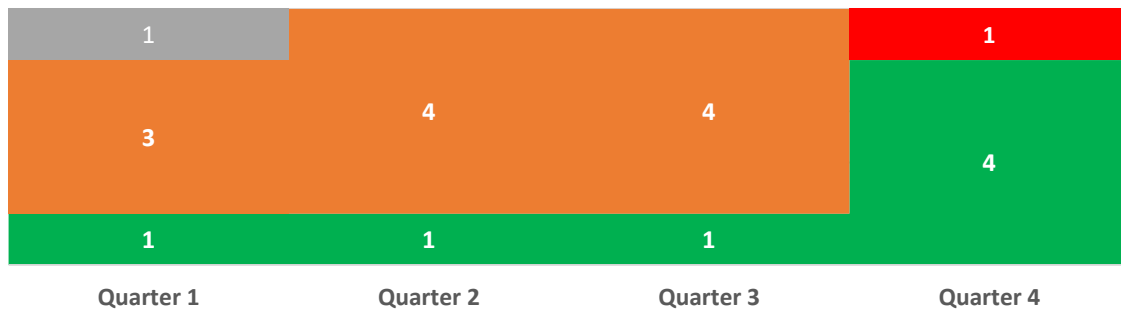
Four of the five performance measures have been met this financial year. For three, the change from 2021/2022 is minimal. However, the discarded materials rate per person, per annum is significantly below target. While there is an improvement for 2022/2023, it is important to highlight that performance is still below 2020/2021 levels.

While improving each quarter, the diverted material rate remained below trend.

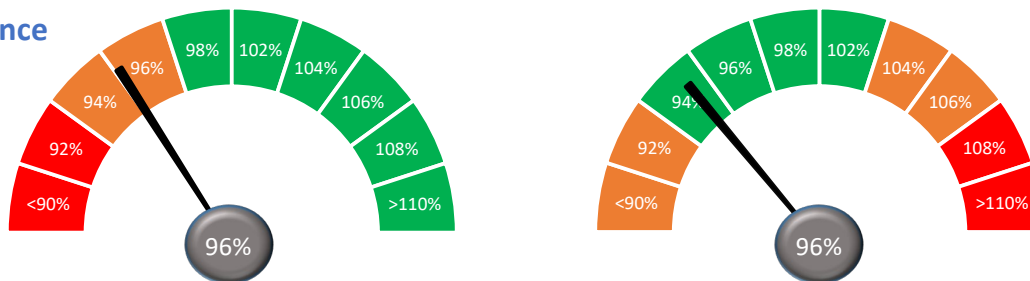
Additional revenue has been received due to increase in recycling reimbursement from MFE as well as from SDC for recovering their share of variable recycling costs. Also transfer station revenue is above forecast because of higher volumes than budgeted. Expenses are tracking higher than forecast due increasing CPI contract cost adjustments and higher than budget landfill volumes. Recycling costs have increased due to increased contamination volume.

Level of Service

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



Finance



Revenue YTD

Expenditure YTD

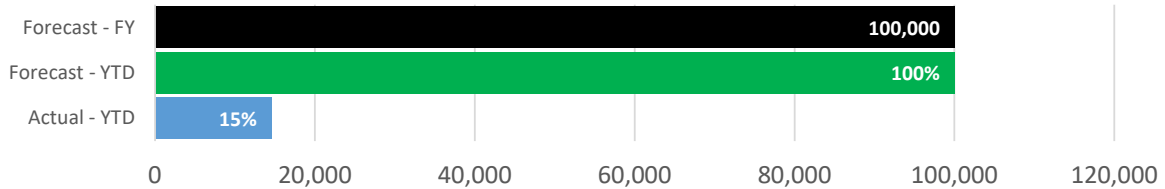
	Operating Revenue	Operating Expenditure	Net Operating surplus
Actual YTD:	\$ 10,855,000	\$ 11,291,000	(\$ 436,000)
Forecast YTD:	\$ 11,270,000	\$ 11,822,000	(\$ 552,000)
Variance:	- \$ 415,000 Unfavourable	+ \$ 531,000 Underspent	+ \$ 116,000 Favourable



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.	425		726
<p>At the end of Q4 2023 we are 224.51 Kg per capita less district wise and 73.19 kg per capita less regional wise. COVID-19 has rapidly changed the consumer environment in New Zealand, resulting in changing consumer concerns, behaviours and experiences.</p> <p>There has been a minimal increase in the overall waste generation this financial year when compared to the last year. This, however, is a positive indication that despite the population growth, sustained employment growth and increased consumer spending in Southland post-COVID, the waste generation has remained relatively low.</p> <p>Distortions caused by the COVID-19 pandemic over the last few years highlighted that caution may be required with the numbers. Business growth was inhibited during that time, meaning we are in a catch-up mode as we stabilise.</p>					



Solid Waste Management

Para

Level of Service

Measure		Baseline	Target	Actual YTD	Status	Last yr YTD
Monitoring the trends in key material types to landfill (i.e. cleanfill green waste, recyclables)	Trend in kerbside recycling	ICC	Increasing trend	3,168		3,126
		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	10,811		11,143
		Continue to engage and communicate with the community.				
Monitoring the trends in key material types to landfill (i.e. cleanfill green waste, recyclables)	Trend in solid waste to landfill	ICC	Decreasing trend	23,063		23,320
		Analysing the contribution of commercial waste to landfill to determine opportunities to divert commercial waste.				
	Trend in diverted material	ICC	Increasing trend	8,078		9,147
		SOL-1, 2 & 3 will support this				

Financials

	Actual YTD	Forecast YTD	Variance		Full year forecast	Annual Plan
	(\$000)	(\$000)	(\$000)		(\$000)	(\$000)
Rates and penalties	5,337	5,337	-		5,337	5,015
Subsidies and grants	-	-	-		-	-
Income from activity	5,503	5,903	- 400		5,903	5,903
Investment revenue	15	30	- 15		30	-
Total revenue	10,855	11,270	- 415		11,270	10,918
Employee expenses	-	-	-		-	1
Other expenses	10,875	11,268	+ 393		11,268	11,267
Finance expenses	78	62	- 16		62	52
Depreciation	338	492	+ 154		492	551
Total expenses	11,291	11,822	+ 531		11,822	11,871
Net operating	(436)	(552)	+ 116		(552)	(953)



General Services

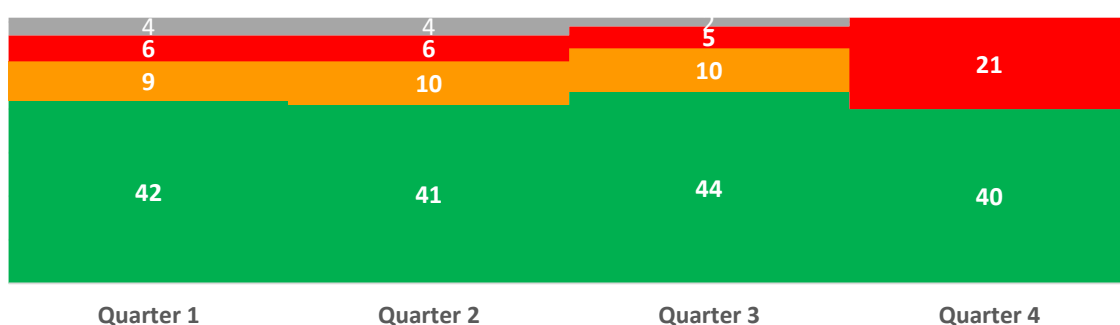
Ngā ratonga

Commentary

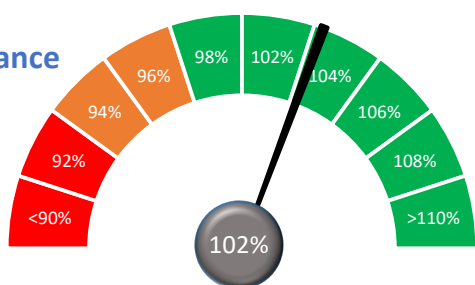
The General Services activity covers a range of activities of Council. Performance in each of these areas is reported individually.

Level of Service

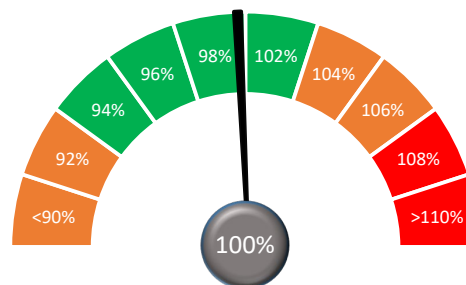
■ On target or achieved ■ Of concern
■ Not achieved ■ No measure available



Finance



Revenue YTD



Expenditure YTD

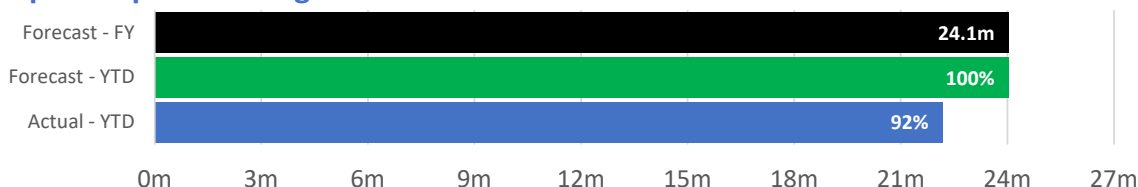
	Operating Revenue	Operating Expenditure	Net Operating surplus
Actual YTD:	\$ 62,179,000	\$ 66,656,000	(\$ 4,477,000)
Forecast YTD:	\$ 60,820,000	\$ 66,888,000	(\$ 6,068,000)
Variance:	+ \$ 1,359,000 Favourable	+ \$ 232,000 Underspent	+ \$ 1,591,000 Favourable



General Services

Ngā ratonga

Capital expenditure against forecast



Financials - General Services Group

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	30,138	30,071	+ 67		30,071	29,858
Subsidies and grants	6,334	5,831	+ 503		5,831	2,031
Income from activity	17,876	17,345	+ 531		17,345	17,770
Investment revenue	7,831	7,573	+ 258		7,573	5,781
Total revenue	62,179	60,820	+ 1,359		60,820	55,440
Employee expenses	31,157	31,966	+ 809		31,966	30,588
Other expenses	23,590	23,392	- 198		23,392	22,979
Finance expenses	2,788	2,610	- 178		2,610	2,091
Depreciation	9,121	8,920	- 201		8,920	7,293
Total expenses	66,656	66,888	+ 232		66,888	62,951
Net operating	(4,477)	(6,068)	+ 1,591		(6,068)	(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	167	(295)	+ 462		(295)	(230)
Regulatory Services	(890)	(179)	- 711		(179)	-
Parks and Reserves	445	268	+ 177		268	-
Libraries	173	113	+ 60		113	-
Aquatic Services	(1,650)	(1,047)	- 603		(1,047)	-
Arts, Culture and Heritage	(13)	92	- 105		92	-
Venue and Events Services	(136)	(200)	+ 64		(200)	-
Public Transport	78	(409)	+ 487		(409)	(361)
Public Toilets	78	15	+ 63		15	-
Housing Care	(1,080)	(1,755)	+ 675		(1,755)	(914)
Investments	6,301	6,129	+ 172		6,129	4,512
Corporate Services	(10,950)	(10,971)	+ 21		(10,971)	(10,518)
Property	2,824	2,125	+ 699		2,125	-
City Centre	177	47	+ 130		47	-
Net operating	(4,476)	(6,067)	+ 1,591		(6,067)	(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 redevelopment (Project 12 25)	6,758	4,922	+ 1,836	137%	4,922	10,090
	Storage facility underway and tracking to forecast. Base build team are evaluating contract ROI and the preferred supplier for Tutatara project selected. Museum Experience team are finalising contracts.					
City Centre - Stage 1	9,752	9,238	+ 514	106%	9,238	5,925
	Project completed.					
City Centre - Stage 2	5	-	+ 5	100%	-	2,300
	Project paused at present pending review.					
Housing Care building improvements	437	931	- 494	47%	931	2,847
	Lead designer appointment was delayed by 2 months. Resource and Building consents have been issued. Blessing for Stirrat Street site has been undertaken. Expecting to be back on track from August 2023.					
Property file digitalisation	1,589	1,650	- 61	96%	1,650	1,733
	Progressing as forecasted.					
Business Enhancement Programme (technology)	892	1,500	- 608	59%	1,500	1,500
Rugby Park renewals	63	491	- 428	13%	491	1,676
	Media Tower work completed. Stage 2 investigation completed with work to commence 2023/2024.					
Bluff Boat Ramp renewal	182	346	- 164	53%	346	1,000
	Design work completed and test pile has been installed, with work now expected to commence in December 2023. Consent has been submitted and contract work in market for tendering.					
Public Toilets renewals	83	100	- 17	83%	100	416
	Waikiwi Toilets completed.					
Animal Care facility renewals	14	125	- 111	11%	125	326
	Work still ongoing on internal exercise yard and installation of laundry facility.					
Anderson House strengthening	141	143	- 2	99%	143	204
	Project completed.					
Library building renewals	220	-	+ 220	100%	-	335
	This work has been deferred to 2023/2024.					
Splash Palace building renewals	306	311	- 5	99%	311	561
	Project completed and includes renewal of bulk head, flooring & painting.					
Civic building renewals	407	416	- 9	98%	416	555
	Report due to Council in April 2023.					



General Services

Democratic Process

Commentary

The Community Wellbeing Fund has had another successful year. From the 3rd round onwards, the fund was oversubscribed, providing strong support across many diverse community projects. The total number of activities and events supported includes 12 multiyear grants uplifted across the year.

Community satisfaction with opportunities for involvement in decision making was well below target at 18%. Further questions will be asked in Q1 of the 2023/2024 financial year to understand what is driving people's dissatisfaction.

Additional income has been received this year from recovering costs of mayoral forum shared services from the other councils in Southland.

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%	19%		18%
	Satisfaction levels through the survey remain consistently low. Further questions will be asked in the next financial year to find out more about what is driving people's dissatisfaction.				
Number of activities or events supported by the Community Wellbeing Fund		25	34		55
	The Community Wellbeing Fund has had a successful year. The year started off quiet but from the 3rd round onwards was oversubscribed, providing strong support across many diverse community projects across the 4 wellbeings. The EOY total is well on track for the target, and almost meets the baseline. It did not meet the baseline due to fewer allocations, however these were of greater value, bringing the allocations to within \$1,000 of the total funds available (\$565,000). The total in Q4 includes 12 multiyear grants uplifted across the year. No projects were cancelled in the 2022/2023 year.				



General Services

Democratic Process

Financials

	Actual YTD	Forecast	Variance		Full year	Annual Plan
	(\$000)	YTD	(\$000)		forecast	(\$000)
	(\$000)	(\$000)	(\$000)		(\$000)	(\$000)
Rates and penalties	7,592	7,592	-		7,592	7,357
Subsidies and grants	128	74	+ 54		74	74
Income from activity	328	141	+ 187		141	161
Investment revenue	7	6	+ 1		6	-
Total revenue	8,055	7,813	+ 242		7,813	7,592
Employee expenses	3,952	4,011	+ 59		4,011	3,554
Other expenses	3,916	4,076	+ 160		4,076	4,256
Finance expenses	-	-	-		-	-
Depreciation	20	21	+ 1		21	12
Total expenses	7,888	8,108	+ 220		8,108	7,822
Net operating surplus / (deficit)	167	(295)	+ 462		(295)	(230)



General Services

Regulatory Services

Commentary

The Regulatory Services Activity is responsible for implementing national legislation in the Invercargill context, while focusing on community outcomes. There are 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. While the legislative target of 100% has not been met, the trend has been upwards over the course of the year which is a marked improvement from the previous year and is well ahead of the national average. The team are confident they can maintain this upward trend with some refined improvement to achieve compliance with statutory timeframes.

The food and alcohol applications are continuing to meet their timeframes 100% of the time. The Regulatory Services Activity also worked to identify earthquake prone buildings. This work was completed by the legislative deadline.

Within the Planning and Building services, a net overspend of \$264,000 was driven by higher contracting costs but partially offset by savings from vacant staff positions and unused consulting forecast. An economic downturn has also led to a 14% or \$554,000 decline in revenue. Environment services were able to make a surplus to offset part of these losses with greater parking revenue generated.

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%
This work was completed by the legislative deadline and the KPI is to					
We promote incentives to owners of heritage buildings, especially when they undertake earthquake strengthening		Earthquake-prone buildings incentives are developed and implemented	Achieved		Achieved



General Services

Regulatory Services

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%		99%
	<p>Whilst noting that this KPI has not been achieved, taken as a whole over the course of the year the level of compliance is substantial and still exceeds the national average. The 2% of applications that are not processed within the statutory timeframe are attributable to human error in regard to stopping and starting the statutory clock rather than any systemic issue the BCA has with meeting timeframes.</p>				
		100% of non-notified	96%		85%
	<p>Acknowledging that Planning have fallen short of the legislative KPI of 100%, the trend has been upwards over the course of the year which is a marked improvement from the previous year and is well ahead of the national average. The team are confident they can maintain this upward trend with some refined improvement to achieve compliance with statutory timeframes.</p>				



General Services

Regulatory Services

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	1,032	1,032	-		1,032	1,032
Subsidies and grants	-	-	-		-	-
Income from activity	5,364	5,381	- 17		5,381	5,519
Investment revenue	10	8	+ 2		8	-
Total revenue	6,406	6,421	- 15		6,421	6,551
Employee expenses	3,460	3,645	+ 185		3,645	3,508
Other expenses	3,770	2,908	- 862		2,908	3,021
Finance expenses	36	29	- 7		29	-
Depreciation	30	18	- 12		18	22
Total expenses	7,296	6,600	- 696		6,600	6,551
Net operating surplus / (deficit)	(890)	(179)	- 711		(179)	-



General Services

Parks and Reserves

Commentary

The Parks and Recreation Activity has been performing well this financial year, delivering across almost all of their performance measures. Satisfaction has been maintained at 80%, and Queens Park has retained its accreditation as a “Garden of National Significance”.

A higher number of health and safety complaints being completed outside of the Q1 reporting timeframe, coupled with a last minute complaint in Q4 saw the activity miss its target this year.

This is only the second year visitor numbers to target reserves and parks have been recorded. While slightly below the 2021/2022 figures, we continue to see strong use of these spaces.

4 blocks at the Sandy point forestry has been harvested this year with a combination of good timber prices, more hectares harvested and higher tonnage generating \$1.6 million of sales. This is partly offset by harvesting costs of \$1.1 million. The harvesting hectares were above the annual plan for harvesting, this will be detrimental to future income generated from harvesting. Subsidy revenue was lower than forecast due to delays in the Bluff boat ramp project.

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	80%		80%
		Satisfaction lifted back up to 80% in the third quarter and as a result this measure is now on target.				
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		24.4ha
	Including Premier Parks (i.e. Queens Park, Anderson House, Otepunu)		112ha	112ha		112ha
	Area of natural parkland (hectares per 1000 residents)		27.9ha	27.9ha		27.9ha
	Area of Sports Parks (hectares per 1000 residents)		2.5ha	2.5ha		2.5ha
	Grass fields (total)		105.6ha	105.6ha		105.6ha
	Non-grass sports surfaces (total)		2.1ha	2.1ha		2.1ha



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		7.2
	Number of street trees (approximate number per 1000)		Maintain	109		109
	Gardens/ Horticultural planted beds (m ² per 1000)		4,701m ²	4,701m ²		4,701m ²
	Grass Mowing (hectares per 1000 residents)		8.1ha	8.1ha		8.1ha
	Trails (km per 1000 residents) note: assessed numbers		700.4m	700.4m		700.4m
	Percentage of health and safety complaints are investigated and mitigated where possible		100%	95%		100%
	All health and safety complaints have been completed. However, a number of complaints in quarters 1 and 4 were completed outside of the timeframe for reporting, therefore resulting in a missed target.					
Community groups are working with Council to implement pest control		Maintained or increasing	3		4	
Omai Landcare Group, BHMET, Otatara Landcare Group						
Number of visitors per head of Invercargill population identified through annual user surveys		Increasing use	939,291		Increasing use	
Although slightly lower than 2021/22 levels, visitation to parks and reserves remains strong. This was the second year visitation was measured and the team continues to work to improve data collection and accuracy.						



General Services

Parks and Reserves

Financials

	Actual YTD	Forecast YTD	Variance		Full year forecast	Annual Plan
	(\$000)	(\$000)	(\$000)		(\$000)	(\$000)
Rates and penalties	6,991	6,980	+ 11		6,980	6,980
Subsidies and grants	272	656	- 384		656	656
Income from activity	3,277	2,861	+ 416		2,861	2,711
Investment revenue	114	97	+ 17		97	-
Total revenue	10,654	10,594	+ 60		10,594	10,347
Employee expenses	4,990	4,938	- 52		4,938	5,067
Other expenses	4,545	4,759	+ 214		4,759	4,635
Finance expenses	5	4	- 1		4	-
Depreciation	669	625	- 44		625	645
Total expenses	10,209	10,326	+ 117		10,326	10,347
Net operating surplus / (deficit)	445	268	+ 177		268	-



General Services

Libraries

Commentary

The Library Activity is maintaining a current collection. While the target of 515,000 visitors to the libraries was not reached, Council saw a 4.9% increase on the previous year. This has been a nationwide trend reflecting a slow return to pre-Covid numbers. Factors include reduced use of library internet/ Wi-Fi and some people still having a fear of visiting crowded public spaces. Customer satisfaction remains strong, however this financial year it was 1% off target.

Income remains lower than forecast which reflects the lower recovery fees gathered. Other expenses have been minimalised during the year where possible including lower postage costs. Employee expenses variance will reduce as the year end salary leave adjustments are yet to be added.

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%	63%		61%
	Delays in freight deliveries now resolved.				
Percentage of library customers who rate the library collections as satisfactory or greater in annual residents' survey		>85%	84%		87%
	Satisfaction has increased slightly and is now only 1% off target.				
Number of visits per year		515,000	485,535		462,647
	Visitor numbers remain static with a 4.9% increase on the previous year. Target of 515,000 was not reached. This has been a nationwide trend reflecting a slow return to pre-Covid numbers. Factors include reduced use of library internet/ Wi-Fi and some people still having a fear of visiting crowded public spaces.				



General Services

Libraries

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	2,999	2,999	-		2,999	2,999
Subsidies and grants	-	5	- 5		5	5
Income from activity	65	116	- 51		116	116
Investment revenue	7	6	+ 1		6	-
Total revenue	3,071	3,126	- 55		3,126	3,120
Employee expenses	1,838	1,886	+ 48		1,886	1,874
Other expenses	413	494	+ 81		494	483
Finance expenses	26	21	- 5		21	-
Depreciation	621	612	- 9		612	763
Total expenses	2,898	3,013	+ 115		3,013	3,120
Net operating surplus / (deficit)	173	113	+ 60		113	-



General Services

Aquatic Services

Commentary

This financial year, Aquatic Services activity delivered a strong performance, meeting three of its four KPIs. Fewer interruptions to services saw the number of visitors exceeded last year and are on their way to reaching pre-COVID levels. The user satisfaction level was not achieved. Further questions will be asked in Q2 of 2023/24 to understand what is driving people's dissatisfaction.

Income from activity remains behind forecast but is significantly improved on previous years and is expected to continue to improve as participation grows since Covid days. Other expenses remain above forecast with the main driver being inventory purchases due to the retail and cafe improved operations which has been generating more revenue. Additional revenue is still to be added as some May and June billing is still to be processed.

<p>Number of visits per head of (Invercargill City) population</p>		<p>>6.5</p>	<p>6.60</p>		<p>4.57</p>
<p>Participation improved for the 22/23 financial year due to fewer interruptions to services as a result of Covid and a planned maintenance closure in June 22. Although levels are not back to pre-covid numbers we are on our way to achieving this. Increases to our marketing and providing more recreational spaces at weekends have contributed to the overall performance of the facility as well as more confidence in the community in participating in our spaces.</p>					
<p>User Satisfaction Survey shows 85% or more rate the overall quality as satisfactory or above</p>		<p>85%</p>	<p>67%</p>		<p>74%</p>
<p>Satisfaction levels are below target. While the users believe Splash Palace is a good asset to our community, admission cost was an issue. This is not surprising as the cost of living is high across all household groups. The need for more maintenance and upgrades was also highlighted in the feedback. Further questions will be asked in Q2 of 2023/24 to find out more about what is driving people's dissatisfaction.</p>					



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%	98%		88%
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	21	21	-		21	21
Subsidies and grants	180	173	+ 7		173	173
Income from activity	1,994	2,266	- 272		2,266	2,603
Investment revenue	5	8	- 3		8	-
Total revenue	2,200	2,468	- 268		2,468	2,797
Employee expenses	1,999	1,956	- 43		1,956	1,587
Other expenses	1,577	1,335	- 242		1,335	1,191
Finance expenses	251	202	- 49		202	-
Depreciation	23	22	- 1		22	19
Total expenses	3,850	3,515	- 335		3,515	2,797
Net operating surplus / (deficit)	(1,650)	(1,047)	- 603		(1,047)	-



General Services

Arts, Culture and Heritage

Commentary

2022/2023 has been a successful year for He Waka Tuia, with visitor numbers exceeding the target by 4,553. This is due to lifting COVID restrictions, as well as an increase in event and exhibitions. Similar to last year, satisfaction levels did not meet the target. A survey for visitors to He Waka Tuia will be developed in the future.

Subsidy revenue includes the return of unused museum development grant funds from the Southland Museum & Art Gallery Trust Board (\$52,000) and a donation towards the museum collection relocation. Additional other expenses was required for consultancy and the need for minor equipment purchases for the packing process of the collection ready for transportation.

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
He Waka Tuia - Number of visits		14,000	18,553		7,875
	The increase in numbers reflects lack of Covid (there were significant restrictions in 21/22). Exhibitions have also been a mixture to test the wider audience which has been relatively successful.				
Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
He Waka Tuia - Customer satisfaction rating is satisfactory or above		7-8 (70%-80%)	17%		19%

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	1,909	1,909	-		1,909	1,940
Subsidies and grants	98	-	+ 98		-	-
Income from activity	1,198	1,291	- 93		1,291	1,291
Investment revenue	3	2	+ 1		2	-
Total revenue	3,208	3,202	+ 6		3,202	3,231
Employee expenses	605	703	+ 98		703	795
Other expenses	2,442	2,251	- 191		2,251	2,285
Finance expenses	10	8	- 2		8	-
Depreciation	164	148	- 16		148	151
Total expenses	3,221	3,110	- 111		3,110	3,231
Net operating surplus / (deficit)	(13)	92	- 105		92	-



General Services

Venue and Events Services

Commentary

The Council venues delivered across most of their performance measures. The vaccination clinic booking for Victoria and Drawing Rooms concluded in Q2 and while Q3 and Q4 saw a significant increase in number of events, the target was not met for this financial year.

The lingering effects of COVID-19 has affected the Council venues the most. The community hesitation to stage events in the first two quarters and a reduced available footprint for community hires due to the vaccination clinic taking up the first floor of the Civic Theatre meant the community events target was not achieved.

The ongoing limitations with hiring out Rugby Park as well as its current state resulted in its KPIs not being achieved. While six points above last year's result. Customer satisfaction with venues and events services was well below target.

Other expenses is above forecast with Venues covering the costs of an unbudgeted event at Anderson Parks.

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	60	Green	71
		>28% occupancy rate	211 1/2 Days 30%	Green	21% (72 days occupied)
	Victoria and Drawing Rooms	>70 bookings	52	Red	1
		>11% occupancy rate	434 1/2 Days 62%	Green	100%
	Increasing public awareness and use of the Civic Theatre complex and its range of facilities	>10 regional events	36	Green	36
		>6 special interest events	13	Green	17
		>35 community events	28	Red	40



General Services

Venue and Events Services

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		>40 bookings	115	Green	58	
	Expanding the use and awareness of the Scottish Hall as a venue for meetings and a range of social and cultural experiences		>18% occupancy rate	233 1/2 Days 33%	Green	19% (66 days occupied)
			>10 special interest events	46	Green	26
			>30 community events	52	Green	35
			>25 bookings	17	Red	23
	Expanding the use and awareness of the Rugby Park as a venue for meetings and a range of social, cultural and sporting experiences	Ongoing limitations due to condition and 'saleability' of hiring Rugby Park continue to constrain activity.				
			>8% occupancy	49 1/2 Days 7%	Red	7%
		Ongoing limitations due to condition and 'saleability' of hiring Rugby Park continue to constrain activity.				
			>13 regional events	9	Red	23
		While this KPI was not met, it's positive to see more regional events were hosted this year compared to last. Please note that 23 regional events were reported in 21/22, however this is incorrect, and the figure has been updated.				
		>12 community	5	Red	3	
Number of visits per head of Invercargill City population		40%	1.5 Vph 149% (80,648)	Green	1.6 Vph 158% (89,970)	
	The vaccination clinic ran for 12months the year before peaking at circa 500 per day. Last year only 6 months of vax clinic and at the tail end they were only attracting around 20 visits per day.					
Percentage of Venues and Events Services customers (hirers and patrons) who rate the experience or the venue as good or very good		>80%	44%	Red	38%	



General Services

Venue and Events Services

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	345	345	-		345	345
Subsidies and grants	-	-	-		-	-
Income from activity	526	438	+ 88		438	431
Investment revenue	-	-	-		-	-
Total revenue	871	783	+ 88		783	776
Employee expenses	589	640	+ 51		640	451
Other expenses	402	330	- 72		330	322
Finance expenses	-	-	-		-	-
Depreciation	16	13	- 3		13	3
Total expenses	1,007	983	- 24		983	776
Net operating surplus / (deficit)	(136)	(200)	+ 64		(200)	-



General Services

Public Transport

Commentary

While passenger numbers on buses are yet to reach pre-Covid levels, it is encouraging to see an increase of 32,000 this financial year.
 Satisfaction on price is at 64% which is considerably higher than satisfaction on quality which is only 40%. Both are below target.
 However, the Total Mobility Scheme continues to be operated, with usage increasing among the more vulnerable members of the community.

Revenue from the Governments public transport fares subsidy is been received during the quarter. Lower repairs and maintenance of bus shelters has been required during the year.

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
Total public transport boardings		Year on Year increase	141,837		109,471
	Passenger numbers have increased since last year but are down on pre-coivd numbers. Patrongae levels on buses remain a concern.				
Customer satisfaction rating for quality is satisfactory or above		70%	40%		55%
	* Note – In 2021-2022, a single question relating to bus services included cost and quality. The on-board survey taken in December 2022, 71.3% responded that a score of 7 (of 10) for overall satisfaction (Q14)..				
Customer satisfaction with price is satisfactory or above		80%	64%		23%
	* Note – In 2021-2022, a single question relating to bus services included cost and quality. The on-board survey taken in December 2022, 59.4% responded that a score of 7 (of 10) for overall satisfaction (Q3). Also, half price fares has been in place for the majority of the period..				
Council administers and supports the Total Mobility scheme.		Total Mobility Scheme is administered	Achieved		Achieved



General Services

Public Transport

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	963	963	-		963	954
Subsidies and grants	1,954	1,664	+ 290		1,664	1,123
Income from activity	149	295	- 146		295	425
Investment revenue	10	8	+ 2		8	-
Total revenue	3,076	2,930	+ 146		2,930	2,502
Employee expenses	-	-	-		-	-
Other expenses	2,904	3,245	+ 341		3,245	2,705
Finance expenses	-	-	-		-	-
Depreciation	94	94	-		94	158
Total expenses	2,998	3,339	+ 341		3,339	2,863
Net operating surplus / (deficit)	78	(409)	+ 487		(409)	(361)



General Services

Public Toilets

Commentary

The public toilets in the community have met their target of remaining operational 95 percent of the time. There have been no unplanned repairs required during the year.

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%	95%		95%
Q2 - One of the exeloo toilets required repairs to the door with extensive delays on receiving parts.					

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	753	753	-		753	753
Subsidies and grants	-	-	-		-	-
Income from activity	-	-	-		-	-
Investment revenue	-	-	-		-	-
Total revenue	753	753	-		753	753
Employee expenses	-	-	-		-	-
Other expenses	537	590	+ 53		590	616
Finance expenses	-	-	-		-	-
Depreciation	138	148	+ 10		148	137
Total expenses	675	738	+ 63		738	753
Net operating surplus / (deficit)	78	15	+ 63		15	-



General Services

Housing Care

Commentary

Council's housing units continue to be occupied in excess of the 95% target, and to date there has been one urgent requests for service which was actioned within the 24 hour period. Of the non-urgent requests for service, 99% of Council remedial actions were in place within five days.

Government funding has been received during this quarter as part of the subsidy revenue package for building new housing units. Other expenses are below forecast for the year due to the lower repairs & maintenance required.

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
Units are occupied 95% of the time		95%	98%		98%
Requests for service are responded to and remedial action in place: - Urgent		24 hours	100% within 24 hours		24
	1 received and actioned within 24 hours				
Requests for service are responded to and remedial action in place: - Non-Urgent		5 working days	99% within 5 working days		5
	To date this year, there have been 253 requests which were responded to within 1 day, 9 within 2-5 days, and 5 which were greater than 5 days. Staff on leave delayed response to non urgent information requests and contractor engagement delayed response on 1 service request.				

Financials

	Actual YTD	Forecast	Variance		Full year	Annual Plan
	(\$000)	YTD (\$000)	(\$000)		forecast (\$000)	(\$000)
Rates and penalties	-	-	-		-	-
Subsidies and grants	386	-	+ 386		-	-
Income from activity	1,617	1,598	+ 19		1,598	1,558
Investment revenue	11	9	+ 2		9	-
Total revenue	2,014	1,607	+ 407		1,607	1,558
Employee expenses	1	-	- 1		-	-
Other expenses	970	1,243	+ 273		1,243	1,457
Finance expenses	-	-	-		-	-
Depreciation	2,123	2,119	- 4		2,119	1,015
Total expenses	3,094	3,362	+ 268		3,362	2,472
Net operating surplus / (deficit)	(1,080)	(1,755)	+ 675		(1,755)	(914)



General Services

Investments

Commentary

Lease rates are below the market rate target as a result of community rates being provided from within the Investment portfolio. Investment revenue and finance expense variances are driven by a combination of the timing of when borrowings and investments movements are made, increasing interest rates and subvention revenue received.

Level of Service

Measure	Baseline	Target	Actual YTD	Status	Last yr YTD
All properties, excluding those prepared, are leased		95%	95%		90%
43 total leases from 27 Properties with 2 vacancies.					
Lease agreements are current at market rental levels		100%	93%		89%
As per Council resolution, we have reconfigured the Investment Property portfolio removing 3-waters land and reducing the number of properties with leases available. 43 total leases with 3 leases at Community rate.					
Net rate of return		> Market interest rate (historic and current)	5%		6%
90 day bank bill rate at 30 June 2023 = 5.71%					

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	1,932	1,760	+ 172		1,760	1,760
Investment revenue	7,145	7,143	+ 2		7,143	5,745
Total revenue	9,077	8,903	+ 174		8,903	7,505
Employee expenses	6	-	- 6		-	-
Other expenses	915	902	- 13		902	896
Finance expenses	1,851	1,868	+ 17		1,868	2,091
Depreciation	4	4	-		4	6
Total expenses	2,776	2,774	- 2		2,774	2,993
Net operating surplus / (deficit)	6,301	6,129	+ 172		6,129	4,512



General Services

Corporate Services

Commentary

Corporate services includes a range of support functions including finance, customer services, quality assurance and IT. Rate penalties have exceeded forecast by \$77,000 for the year which is in align with signs of spending tightening in the community. Salaries and Wages remains below forecast with vacancies across the activity taking longer to fill than expected due to reduced skilled market pool. This variance will reduce as the year end salary leave adjustments are yet to be added.

It should be noted that the Other expenses is negative as it includes the recovery of employee expenses to capital projects.

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	695	639	+ 56		639	639
Subsidies and grants	557	444	+ 113		444	-
Income from activity	1,360	1,188	+ 172		1,188	1,185
Investment revenue	520	286	+ 234		286	36
Total revenue	3,132	2,557	+ 575		2,557	1,860
Employee expenses	13,714	14,183	+ 469		14,183	13,749
Other expenses	(733)	(1,560)	- 827		(1,560)	(1,965)
Finance expenses	376	292	- 84		292	-
Depreciation	725	613	- 112		613	594
Total expenses	14,082	13,528	- 554		13,528	12,378
Net operating surplus / (deficit)	(10,950)	(10,971)	+ 21		(10,971)	(10,518)



General Services

Property

Commentary

Repairs and maintenance remained lower than forecast for the year due to minimal unplanned maintenance required on buildings.

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	6,472	6,472	-		6,472	6,472
Subsidies and grants	2,759	2,815	- 56		2,815	-
Income from activity	66	10	+ 56		10	10
Investment revenue	-	-	-		-	-
Total revenue	9,297	9,297	-		9,297	6,482
Employee expenses	2	3	+ 1		3	3
Other expenses	1,978	2,686	+ 708		2,686	2,944
Finance expenses	-	-	-		-	-
Depreciation	4,493	4,483	- 10		4,483	3,535
Total expenses	6,473	7,172	+ 699		7,172	6,482
Net operating surplus / (deficit)	2,824	2,125	+ 699		2,125	-



General Services

City Centre

Commentary

This activity's other expenses are for additional city centre activation, which was not required this year.

Financials

	Actual YTD (\$000)	Forecast YTD (\$000)	Variance (\$000)		Full year forecast (\$000)	Annual Plan (\$000)
Rates and penalties	366	366	-		366	366
Subsidies and grants	-	-	-		-	-
Income from activity	-	-	-		-	-
Investment revenue	-	-	-		-	-
Total revenue	366	366	-		366	366
Employee expenses	-	-	-		-	-
Other expenses	(44)	133	+ 177		133	133
Finance expenses	233	186	- 47		186	-
Depreciation	-	-	-		-	233
Total expenses	189	319	+ 130		319	366
Net operating surplus / (deficit)	177	47	+ 130		47	-

Support for external organisations

AS AT 30 June 2023

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	444	444	-	417
Great South (Council controlled organisation)	1,649	1,800	151	1,800
Invercargill Public Art Gallery	318	314	(4)	323
Saving Grace (IC2 Trust)	-	100	100	100
Southland Indoor Leisure Centre Trust	700	700	-	700
Southland Regional Heritage Committee	1,003	1,003	-	1,038
Southland One Stop Shop Trust	30	31	1	27
Te Ao Marama Inc.	108	152	44	152
	4,392	4,684	292	4,697
<u>Other grants funds:</u>				
Community Wellbeing fund	566	565	(1)	565
Rugby Park Maintenance	190	350	160	350
Heritage Building Strategy fund	140	120	(20)	120
Facilities Maintenance fund	-	100	100	100
	896	1,135	239	1,135

Schedule of Forecast Changes

AS AT 30 June 2023

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		(603)		704
Fines	Various Activities	Re-forecast to reflect current trends in revenue received		(42)			(42)
Subsidies and grants	Various Activities	Revised to align with timing of subsidies recognition based on when expenditure is forecasted		(1,376)	3,975		2,599
Direct charges revenue	Various Activities	Re-forecast to reflect current trends in revenue received		(987)	(416)		(1,403)
Rental revenue	Various Activities	Re-forecast to reflect current trends in revenue received		26			26
Finance revenue	Investments	Revised to reflect increasing interest rates in term deposits and ICL advance		1,781	6		1,787
Finance revenue	Investments	Re-forecast to reflect subvention revenue for the year			205		205
Total Forecast Adjustments to Revenue			1,307	(598)	3,167	-	3,876
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	774	(233)		8,840
Finance expenses	Investments	Re-forecast of borrowings interest expenses based on borrowing levels and increasing interest rates		900	(236)		664
Employee expenses	Various Activities	Re-forecast to align with current staffing structure			1,377		1,377
Other expenses	Various Activities	Re-forecast of insurance expenses to align with projections from renewals			37		37
Other expenses	Roading and Passenger Transport	Realignment with Waka Kotahi operating programme			600		600
Other expenses	Various Activities	Re-forecast of Electricity expenses to align with projections from contract renewals			300		300
Other expenses	Corporate services	Re-forecast of software licensing to align with projections from annual renewals			300		300
Other expenses	Sewerage	Re-forecast to align with increased operational costs including sludge removal			300		300
Other expenses	Water	Re-forecast to align with increased operational costs			200		200
Total Forecast Adjustments to Expenses			8,299	1,674	2,645	-	12,618
Total other comprehensive revenue and expense			-	-	-	-	-
Adjustments to Surplus / (Deficit) After Tax			(6,992)	(2,272)	522	-	(8,742)

Schedule of Forecast Changes

AS AT 30 June 2023

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
Cash and cash equivalents	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	5,933				5,933
Cash and cash equivalents	Investments	Funds from sale of investment property in 2021/22 used to repay borrowings	(10,000)				(10,000)
Cash and cash equivalents	Investments	Re-forecast cash position to reflect revised operating forecast		(407)	1,604		1,197
Trade and other receivables	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	1,777	188	(273)		1,692
Prepayments	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	216		(26)		190
Inventories	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	(252)	(1)	(18)		(271)
Property, plant and equipment	Various Activities	To reflect higher depreciation expenses forecast cause by higher asset revaluation in 2021/22	(8,299)	(774)	233		(8,840)
Property, plant and equipment	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	52,847				52,847
Property, plant and equipment	Various Activities	Re-forecast capital expenditure profiles to reflect revised programme		(15,289)	(10,523)		(25,812)
Intangible assets	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	424		2,743		3,167
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
Investment property	Investments	Re-forecast Investment property to include valuation increase			637		637
Investment in CCOs and similar entities	Investments	Redistribution of funds to be used for ICL shares towards an advance to ICL			(7,500)		(7,500)
Other financial assets other investments	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	(2,251)		(792)		(3,043)
Other financial assets other investments	Investments	Redistribution of funds to be used for ICL shares towards an advance to ICL			7,500		7,500
Derivative financial instruments	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	481				481
Total Forecast Adjustments to Assets			42,121	(16,283)	(6,415)	-	19,423
Liabilities							
Trade and other payables	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	(4,955)	1,095	(2,324)		(6,184)
Provisions	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	-				-
Employee benefit liabilities	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	254		(82)		172
Borrowings	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	8,348				8,348
Borrowings	Investments	Funds from sale of investment property in 2021/22 used to repay borrowings	(10,000)				(10,000)
Borrowings	Various Activities	Re-forecast borrowings profiles to reflect revised capital programme		(15,289)	(4,296)		(19,585)
Derivative financial instruments	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	(1,904)				(1,904)
Total Forecast Adjustments to Liabilities			(8,257)	(14,194)	(6,702)	-	(29,153)
Equity							
Retained earnings	Various Activities	Movements in operating surplus (deficit) and other reserves	(6,992)	(2,272)	522		(8,742)
Retained earnings	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	7,290	183	(47)		7,426
Other reserves	Various Activities	Re-alignment of opening balances with the Annual report 2021/22	50,080		(188)		49,892
Total Forecast Adjustments to Equity			50,378	(2,089)	287	-	48,576

Statement of Comprehensive Revenue and Expense

As at 30 June 2023

	YTD Actual Jun 2023 (\$000)	YTD Forecast Jun 2023 (\$000)	Full Year Forecast 2023 (\$000)	Annual Plan 2023 (\$000)
REVENUE				
Rates and penalties	66,548	66,481	66,481	65,777
Fines	812	563	563	605
Subsidies and grants	16,616	16,148	16,148	13,549
Direct charges revenue	24,350	22,947	22,947	24,350
Rental revenue	3,164	3,396	3,396	3,370
Finance revenue	2,752	2,479	2,479	692
Dividends & subvention revenue	5,294	5,294	5,294	5,089
Total revenue	119,536	117,308	117,308	113,432
EXPENSES				
Employee expenses	31,182	31,979	31,979	30,602
Depreciation and amortisation	41,007	40,863	40,863	32,023
Other expenses	52,876	53,114	53,114	51,377
Finance expenses	3,257	2,989	2,989	2,325
Total expenses	128,322	128,945	128,945	116,327
Net operating surplus (deficit)	(8,786)	(11,637)	(11,637)	(2,895)
Other gains/(losses)	399	742	742	742
Surplus / (deficit) before tax	(8,387)	(10,895)	(10,895)	(2,153)
Income tax expense	0	0	0	0
Surplus (deficit) after tax	(8,387)	(10,895)	(10,895)	(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	(8,387)	(10,895)	(10,895)	(2,153)

Statement of Financial Position

AS AT 30 June 2023

	YTD Actual Jun 2023 (\$000)	Full Year Forecast 2023 (\$000)	Annual Report 2022 (\$000)
ASSETS			
Cash and cash equivalents	13,338	11,100	18,596
Trade and other receivables	14,594	13,341	13,341
Prepayments	2,151	1,279	1,279
Inventories	602	480	480
Non-current assets held for resale	0	0	0
Property, plant and equipment	1,093,489	1,092,786	1,083,209
Intangible assets	2,889	5,922	3,179
Biological assets	3,848	3,953	3,848
Investment property	26,561	27,398	26,761
Investment in CCOs and similar entities	76,569	76,569	76,569
Other financial assets - other investments	46,616	47,721	40,237
Derivative financial instruments	481	481	481
TOTAL ASSETS	1,281,138	1,281,030	1,267,980
LIABILITIES			
Trade and other payables	14,308	14,076	15,309
Provisions	928	928	928
Employee benefit liabilities	3,811	3,707	3,707
Borrowings	124,499	127,240	102,062
Derivative financial instruments	0	0	0
Total liabilities	143,546	145,951	122,006
TOTAL EQUITY			
Retained earnings	360,731	384,486	398,173
Other reserves	776,861	750,593	747,801
Total equity	1,137,592	1,135,079	1,145,974
TOTAL LIABILITIES AND EQUITY	1,281,138	1,281,030	1,267,980