



NOTICE OF MEETING

**Notice is hereby given of the Extraordinary Meeting
of the Invercargill City Council to be held in the
Council Chamber, First Floor, Te Hīnaki Civic
Building, 101 Esk Street, Invercargill on
Tuesday 7 November 2023 at the conclusion of the
Infrastructure Committee Meeting**

Mayor W S Clark
Cr A J Arnold
Cr R I D Bond
Cr P M Boyle
Cr S J Broad
Cr T Campbell
Cr A H Crackett
Cr G M Dermody
Cr P W Kett
Cr D J Ludlow
Cr I R Pottinger
Cr L F Soper
Cr B R Stewart

MICHAEL DAY
CHIEF EXECUTIVE

Extraordinary Council - Public Agenda

07 November 2023 04:00 PM

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MINUTES OF HEARINGS FOR CITY BLOCK WEST, HELD IN THE COUNCIL CHAMBERS, FIRST FLOOR, TE HĪNAKI CIVIC BUILDING, 101 ESK STREET, INVERCARGILL ON TUESDAY 24 OCTOBER 2023 AT 1.30 PM

Present:

Mayor W S Clark
Cr A J Arnold
Cr R I D Bond
Cr P M Boyle
Cr S J Broad
Cr T Campbell
Cr A H Crackett
Cr G M Dermody
Cr P W Kett
Cr D J Ludlow
Cr I R Pottinger
Cr L F Soper
Cr B R Stewart

In Attendance:

Rev E Cook – Māngai – Waihōpai
Mrs P Coote – Kaikaunihera Māori – Awarua
Mr M Day – Chief Executive
Ms E Moogan – Group Manager – Infrastructure
Mrs P Christie – Group Manager – Finance and Assurance
Mr A Cameron – Chief Risk Officer
Mr M Morris – Manager – Governance and Legal
Ms R Suter – Manager – Strategy and Policy
Mrs H Kennedy – Policy Analyst
Ms A McDowell – Corporate Analyst
Ms C Manera – Engagement Coordinator
Mr D Titus – Policy Analyst
Mr R Pearson – Chief Engineer
Ms L Knight – Manager – Strategic Communications
Mr G Caron – Digital and Communications Advisor
Ms M Sievwright – Senior Executive Support

1. Submissions to be Heard

1.1. Submission 088 – David Swan

Mr Swan took the meeting through his submission. He said great public spaces did not have four buses through the centre and Wachner Place should be pedestrianised. This space needed to remain pedestrianised and option 2 should be the preferred option.

In response to a question regarding Wachner Place being a road, it was noted that there were a lot of technical roads around the country and whether a road was paper or formed, was irrelevant. If it was a technical matter he could not understand why this was a consideration.

He noted that option 2 with the right detailed architecture and design offered the potential for a world class venue.

In regard to a question regarding future use, it was a source of people coming into the city and the people deserved to be able to walk from the hotel to the shopping district.

Note: Cr Arnold arrived at the meeting at 1.39 pm.

The opportunity of not having bus access but removing the clock and forming a wind tunnel was down to design, however a lot of locals seemed to love the clock so it could be refurbished.

The Mayor thanked Mr Swan for submitting.

1.2. Submission 116 – Brian Dunkley

Mr Dunkley took the meeting through his submission. He noted there were not an option for none. There should not be tour buses going through Wachner Place. The bells in the clock could be modernised. The mall was corporate welfare. He was concerned about what would happen with the CCTV data.

It was noted that the policy around the CCTV footage was very detailed and was currently being consulted on.

In response to a question around the disappearance of mechanical clocks, Mr Dunkley said Invercargill was one of the only areas in the country with this technology.

He agreed to refreshing this space and including modern technology, which would give people a reason to go there.

In response to the CCTV issue, he was concerned people gaining the information without reason. It was a security issue.

The Mayor thanked Mr Dunkley for submitting.

1.3. Submission 157 – Bob Simpson

Mr Simpson took the meeting through his submission and tabled additional information.

He suggested that Don Street was a better venue than Wachner Place. He said the columns and restrooms needed to be retained.

In response to a question regarding the wind through Esk Street, it was noted that the wind went over the top of the glass wall. It was inherently a bad place for public events.

In response to a question regarding entrance and exit onto Dee Street, it was noted Mr Simpson was not designing it. His view was to make it a decent road and if it became a problem it could be blocked off later on. He questioned why you

would not want to exit onto North Road. It was not a high pedestrian area and could be a two way street.

In response to a question regarding the buses and cars and why people were not considered, it was noted that very few people used the place. He proposed increasing the outside space to give more space outside the eateries. It was a myth this would be popular.

In response to a question about retaining the space but not have traffic, retain the foot traffic, was it reasonable to assume trees would cut down the wind. It was noted that trees were a myth, they looked good on plans but were of no use.

The Mayor thanked Mr Simpson for submitting.

1.4. Submission 168 – Jenny Campbell

Ms Campbell took the meeting through her submission.

She recognised how significant Wachner Place was, particularly the restrooms, restaurants, meeting spaces, protests and events. She wanted the area to have one lane from Dee Street turning left, keep the columns and see people continue to use this area. Having flowers and appropriate trees to cut down carbon emissions and having shade was important. Beautify the area by using local artists.

In response to a question regarding what would need to change to get people to use Wachner Place, it was noted that interpretation panels could be included, having trees and beautifying could help. It was suggested that an i-SITE kiosk could be included in Wachner Place.

In response to a question regarding removing glass panels and clock, it was noted that it was quite breezy through there, having solid panels did not cut the wind down.

In response to a question regarding the safety issues with the introduction of vehicles, it was noted that the cars moved slowly down Don and Esk Street now, so did not see an issue and a pedestrian crossing would be extra safety.

The Mayor thanked Ms Campbell for submitting.

1.5. Submission 130 – Lindsay Frewen

Mr Frewen took the meeting through his submission. He said he watched a video of the opening of Wachner Place and noted that Mrs Wachner had given money or land for this development. He did not believe this should be turned into a bus lane. Respect should be shown to Mrs Wachner and Mayor Eve Poole and refurbish Wachner Place.

In response to a question, it was mentioned to think about an update and make it a place for people to meet. The clock should be kept.

It was noted that Mrs Wachner gifted two parcels of land to the City Council. It would be a sad day if buses were driven over parcels of gifted land.

The Mayor thanked Mr Frewen for submitting.

1.6. Submission 046 – Paul Hurley

Mr Hurley took the meeting through his submission. He said it seemed a waste to demolish things which could be refurbished. The columns were four pillars of wisdom and should be preserved. They were a perfect transition from the busy Esk Street to the tranquillity of Wachner Place. Wachner Place could still be used as everywhere else was windy, in Wachner Place it was calm. Wachner Place was not used as events were not planned, and staff needed to include Wachner Place as a venue.

In response to a question around events in Esk and Don Street, food caravans parked to block the wind, but Wachner Place did that already.

In response to a question regarding alcohol in Wachner Place, he was not an advocate of having alcohol at every event.

In response to a question regarding Wachner Place being child friendly, and whether there was a need to put barriers up as it was next to a state highway. It was noted that there would be no need for that.

In response to a question regarding crossing a state highway to get to Wachner Place, it was noted it could be an issue.

The Mayor thanked Mr Hurley for submitting.

1.7. Submission 132 – Laura Pope

Ms Pope took the meeting through her submission. She supported option 2 of the proposed changes which promoted safe travel around Wachner Place. She supported the implementation of a CCTV policy.

In response to a question regarding green spaces, it was noted that Otepunui was also important in contributing the green spaces in Invercargill.

In response to a question that Wachner Place be retained for pedestrians, but be improved, it was noted that there were more green spaces around Wachner Place.

In response to a question about events in Wachner Place, it was noted that it was what you create in the environment so creating events in Wachner Place would bring people together and create a positive space.

In response to a question around climate change, it was noted they promoted active and public transport.

The Mayor thanked Ms Pope for submitting.

1.8. Submission 141 – Louise O'Callaghan

Ms O'Callaghan took the meeting through her submission. She said it was not used as it was not connected. Green space and seating was required.

In response to a question regarding access points to the hotel but there was only one Wachner Place, it was noted that it was about the ease for the hotel guest, and not about anything else. There were three options which did not give away Wachner Place.

In response to the size of Wachner Place, it was noted that Wachner Place could have multiple uses with different sized groups.

The Mayor thanked Ms O'Callaghan for submitting.

Note: The meeting broke for afternoon tea at 3.13 pm

Note: Cr Crackett left the meeting at 3.13 pm

Note: The meeting resumed at 3.30 pm

1.9. Submission 107 – Tina Kelland

Ms Kelland took the meeting through her submission.

She wanted to see a roof erected over Wachner Place and made into a more family space for Friday and Saturday nights, and be used more often. There was nothing for younger kids to do or places to go. Kids needed a place to go so they did not turn to crime.

In response to a question regarding how the guests from the hotel would get into the city, it was noted that there were buses and taxis.

In response to a question regarding young people not using Wachner Place and why, it was noted that it was a pass-by which was open, wet and cold. If a roof was erected and the floor improved, it would be open and become inviting.

The Mayor thanked Ms Kelland for submitting.

1.10. Submission 172 – Richard McMillian

Mr McMillian took the meeting through his submission.

Mr McMillian disagreed with option 1 as buses would need two lanes to turn into Esk Street and would destroy Wachner Place. Option 2 showed buses could come down Leven Street and people could get off the bus on the shelter side. Option 2 allowed Wachner Place to still be used. He disagreed with moving the clock tower. The chimes could be disabled, it was the only clock still in the town. He suggested the clock could be removed to the front of the new museum if it was not kept in Wachner Place.

In response to a question regarding leaving the clock tower in Wachner Place and how this would look, it was noted that people did use Wachner Place.

The Mayor thanked Mr McMillian for submitting.

1.11. Submission 169 – John McCulloch

Mr McCulloch took the meeting through his submission.

It was noted that the columns, panels and glass wall were paid for by the Community Trust of Southland and not Council. He took the meeting through the history of how the pillars and panels came about. It was important to keep things with history like what was done with the Water Tower.

In response to a question regarding the preferred option, it was noted that having a bus coming in from the south would be preferable, so option 2. The clock tower could remain with a road on either side.

In response to a question regarding the original staff involved, and what consideration was given to the buildings to the west, it was noted that the Menzies Building and Southland Frozen Meats were consulted but not considered.

In response to a question regarding the history of the pillars, it was noted that people just accepted them as part of the urban landscape and the reason for erecting them was forgotten. There had been a lot of positive response in social media.

The Mayor thanked Mr McCulloch for submitting.

1.12. Submission 170 – June Trotter

Ms Trotter took the meeting through her submission.

In response to a question regarding Wachner Place, it was noted that Wachner Place was situated between four hotels and guests may wish to have a place to sit and enjoy after sitting on a bus. There was value in this space and it would be a shame to lose it. It should be enhanced and advertised.

In response to a question regarding how the buses got to the new hotel from the airport and Queenstown, it was noted this exercise was about prioritising what was important, buses or losing this important open space. Open space was getting harder to come by and if it was lost there would be nothing else. It would be wonderful to keep the clock.

The Mayor thanked Ms Trotter for submitting.

1.13. Submission 144 – Thelma Buck

Ms Buck attended via Zoom and took the meeting through her submission.

She said there were a lot of things which could be done to Wachner Place. It was noted Wachner Place could be an asset even though it was windy. She did not want to see Mrs Wachner's donation destroyed.

The Mayor thanked Ms Buck for submitting.

2. City Block West Hearings

A4880618

Moved Cr Pottinger, seconded Cr Stewart and **RESOLVED** that Council:

1. Receives the report "City Block West Hearings".
2. Receives the submissions, including the submissions to be heard.
3. Agrees to receive late submissions received after the closing of submissions:
 - a. 154 – Mahana Whittaker
 - b. 155 – Lee Hurley
 - c. 156 – Margaret Clyma
4. Notes the summary of submissions (A4957961).
5. Notes the hearing schedule:
 - a. 1330 – submission 088 – David Swan
 - b. 1340 – submission 116 – Brian Dunkley
 - c. 1350 – submission 157 – Bob Simpson
 - d. 1400 – submission 168 – Jenny Campbell
 - e. 1410 – submission 125 – Kieran Wall
 - f. 1420 – submission 071 – Rex Dunkley
 - g. 1430 – submission 130 – Lindsay Frewen
 - h. 1440 – submission 132 – Laura Pope
 - i. 1450 – submission 141 – Louise O'Callaghan
 - j. 1520 – submission 107 – Tina Kelland
 - k. 1530 – submission 050 – W B Coats
 - l. 1540 – submission 172 – Richard McMillian
 - m. 1550 – submission 046 – Paul Hurley
 - n. 1600 – submission 169 – John McCulloch
 - o. 1610 – submission 170 – June Trotter
 - p. 1620 – submission 017 – Hugh McGaveston
 - q. 1630 – submission 144 – Thelma Buck
6. Notes the social media report (A4952631)

There being no further business, the meeting finished at 4.37 pm.

CITY BLOCK WEST DELIBERATIONS AND DECISION

To: Council

Meeting Date: Tuesday 7 November 2023

From: Rhiannon Suter, Manager – Strategy, Policy and Engagement

Approved: Michael Day - Chief Executive

Approved Date: Thursday 2 November 2023

Open Agenda: Yes

Purpose and Summary

This report provides Council with the opportunity to deliberate and provide direction on the refinancing of City Block and direction for City Streets Stage 2 – Esk St West/ Wachner Place. It should be read in conjunction with the report for adoption for consultation on 12 September 2023 and the Hearings Report on 24 October 2023.

Recommendations

That Council:

1. Receive the report "City Block West Deliberations and Decision"
2. Note the feedback received via submissions and hearings provided to Council at the 24 October Council meeting
3. Note the updated financial information received from ICL and other shareholders.
4. Note the public support for the Council's preferred option for refinancing of ICL (74%)
5. Note that ICL has communicated their intention to issue a \$40 million share offering to the existing shareholders, with ICHL's share of that offer valued at \$18.32 million.
6. Note officers advice to purchase at least \$18.32 million and up to \$20 million shares in order to match the other primary investors shareholding and avoid dilution of Council's shareholding.
7. Request ICHL on behalf of Council to restructure the ICL shareholding on the following basis **(delete as appropriate):**
 - a. ICHL purchase up to \$10 million worth of shares in Invercargill Central Limited (Consultation Option 1)
 - b. That Invercargill City Holdings Limited purchase no more shares than O'Donnell CBD Limited purchase as part of the new share issue.
 - c. Agree to extend the debt facility to ICL by up to \$8.55 million.

OR

 - d. ICHL purchase up to \$20 million worth of shares in Invercargill Central Limited. (Consultation Option 2)
 - e. That Invercargill City Holdings Limited purchase no more shares than O'Donnell CBD Limited purchase as part of the new share issue.

- f. Agree to retain the debt facility to ICL at \$31.45 million, secured by the first mortgage. No increase in debt (Option 2).
8. Delegate to the Chief Executive to make minor adjustments to this arrangement as required as a result of further negotiations with update to be provided to Council
9. Note that for Wachner Place/ Esk Street West - Option 2: People first Esk Connection to City Centre with bus access from Leven St (59%+) has the most support through public submissions.
10. Note the developer of the Hotel has also requested approval to construct the Porte Cochere within the road reserve to serve as an entrance for the hotel which will require a licence to occupy.
11. Agree the following option for delivery, noting that Council has a preference for retaining the clock and Dee Street columns **(delete as required)**:
 - a. Option 1 – Through Wachner Place – One way for tour buses and allocate up to \$14.99 million capital noting that following detailed design this figure may be reduced.
 - b. Option 2 – People first Esk Connection to City Centre with bus access from Leven St - and allocate up to \$16.08 million capital noting that following detailed design this figure may be reduced.
 - c. Option 3 – Hybrid public realm, with Tour bus access to rear of Hotel and allocate up to \$15.14 million capital noting that following detailed design this figure may be reduced.
12. Request officers to approach detailed design for the preferred option with a view to maintaining a consistent design ethos to City Streets Stage 1 while identifying cost savings with final budget to be brought back for Council decision.

Background

Council has several decisions to make regarding the next stage of development of the city centre. In particular, Council is considering options in relation to the refinancing of city block, the future of Esk Street West / Wachner Place, and the draft CCTV Policy, which will be further considered by the Infrastructure Committee.

Council consulted on these options between 14 September and 14 October 2023.

There were 173 submissions received within the consultation period. Hearings took place on 24 October, with 13 people heard.

Council held a further workshop in public to review matters relating to implementation on 31 October 2023.

Issues and Options

Refinancing of City Block

Two options were presented for public consultation:

- Option 1 - \$10 million share purchase and \$8.55 million increase in loan (preferred option)
- Option 2 - \$20 million share purchase and no increase in loan

At the time of going to consultation Council indicated that Option One was its preferred option. Council reached this position on the basis that it was important that Invercargill Central

Limited (ICL) continue to focus on obtaining tenants and completion of its leasing programme. It also considered the difference between equity which has a long lead time for any return to the Council group and debt which has an immediate benefit to Council and ratepayers. In making this recommendation Council is taking into consideration the risks associated with leaving ICL capital constrained as evidenced by write down of the loan and investment in ICL. Although Council would be able to continue to provide further support to ICL this comes with both risks and costs across the group to manage this on an ongoing basis.

There were 111 responses which indicated a preference for an option, with 82 responses (74%) preferring Option One (Council's preferred option), 28 preferring Option Two, and one submission happy with either. Four submissions explicitly stated they were opposed to any further investment by Council.

Since the time of consultation, negotiations have been ongoing and further financial information has become available.

Share value for purchase

A revaluation of ICL shares has been completed. The new share issue will take place at 3 cents a share which is the value of the current shares. This will result in a dilution of the value of all shareholders current shareholding.

ICL has advised that it will ideally raise up to \$40 million dollars as part of this share issue. Shares will initially be offered to all shareholders in accordance with their current shareholding percentage. This would mean an initial offer of shares to ICHL of \$18,320,000 (45.8%). In the event that the offer of shares is not taken up by other shareholders and/or ICHL the remaining shares would be offered to the shareholders who did participate in the offer.

O'Donnell CBD Limited have indicated that it will participate in the new share offer.

Contribution from other shareholders / loan providers

Community Trust South (CTS) is not an existing shareholder and is unable to participate in the new share offer. ICL continues to work with CTS regarding changes to the terms of the existing loan facility.

Crown Regional Holdings Limited (CRHL) will be offered shares as an existing shareholder as part of the new share offer. At this stage it is now known whether CRHL will participate in this share offer. ICL is continuing to work with CRHL regarding changes to its existing loan facility. Discussions with CRHL have been complicated by the national election and the implementation of caretaker conventions.

Geoffrey Thomson, as an existing shareholder will be able to participate in the new share offer. ICL does not know whether he will take up his allocation.

Loan requirements

If ICL is able to issue shares, to whichever existing shareholders that enable it to raise \$40 million then it will be a position to reduce the existing loan from Council. The exact impact on the loan to ICL is dependent upon the amount of capital raised through the equity offering.

As a result of the new information above it is recommended that Council change its preferred option to Option 2, including;

Council agree that Invercargill City Holdings Limited purchase up to \$20 million worth of shares in Invercargill Central Limited. That Invercargill City Holdings Limited purchase no more shares than O'Donnell CBD Limited purchase as part of the new share issue.

City Streets upgrade – Esk St West/ Wachner Place

Three options were presented for public consultation:

- Option 1 – Through Wachner Place – one way for tour buses
- Option 2 – People First Esk connection to city centre with bus access from Leven Street
- Option 3 – Hybrid public realm, with tour bus access to rear of hotel

Every submission received by Council included feedback on the City Streets upgrade. The following submissions were received:

- Twenty three respondents (13%) preferred Option 1 (Council's preferred option).
- 102 respondents (59%) preferred Option 2 or Options 2 and 3.
- 16 respondents (9%) preferred Option 3.
- 31 responses (18%) all explicitly stated that they did not agree with any of Council's options.

The hearing was held on 24 October. Thirteen submitters chose to speak to Council in person and they reiterated the points raised in submissions. None of them favoured Option One, and many spoke of the importance of the clock and pillars in terms of cultural and historic value. The significance and history of Wachner Place and the Wachners' legacy to the city was presented, and several submitters suggested Wachner Place could become a better used public gathering space. Many noted that Wachner Place was the only public gathering space in the city. Many also raised the issue of the potential loss of wind protection.

Following hearings Council has held a workshop on the Esk Street West - Wachner Place area in order to discuss implementation approaches for all the options in light of public feedback and to seek further input from the City Centre Governance Group which has been advising Council on the city centre improvements.

Councillors discussed a wide range of issues including the clock and Dee Street columns and the how Wachner Place has not been utilised as a public space in the past.

The City Centre Governance Group Chair John Green discussed the Masterplan, the lived experience of using shared spaces well, the need for infrastructure upgrade, continuing the cultural narrative connections and the framework the Masterplan provides to assist with decision making. He reminded Council that the Plan seeks to support private investment in the City and that Council alone could not revitalise and change the City Centre without the private sector and supporting them was important for investment to occur.

He advised that the City Centre Governance Group which has been advising Council on the city centre improvements saw the project objectives as being:

- Supporting development & urban renewal to encourage private investment
- Continuing to re-focus and prioritise civic spending in places & spaces that deliver community centric outcomes & value
- Integrating infrastructure works with construction programmes
- Respecting Hotel development programme

- Applying discipline to build on the success of City Streets Stage One
- Keeping renewal in the City Centre cohesive in design

Factors for consideration in implementation of options

It was noted that the clock was seen by some as iconic but the structure and mechanism are both in relatively poor condition and do need an amount of refurbishment should it remain in the current location. The clock has a number of elements which do not work (e.g., chimes) and there are some structure areas which allow water in. Attached in Appendix 2 is a condition report on the structure. A structural report on the clock is attached in Appendix 3.

To have traffic travel around the Clock this would be either to the north side (which is about 5m wide) and conflicts directly with the northern footpath or south, which would impact any future outdoor area in front of the current food premises.

The four columns in Dee Street have also raised a range of discussions. These columns have had an initial assessment and have a NBS rating of < 34% (but this is dependent on the foundation which was constructed). This was not available to the structural engineer at that time and is being reviewed. The columns' locations do not have significant impacts on Option 1 designs. The columns are also within the road reserve and provide no function to the operation of the road and potentially have negative impacts including shielding vicinity of pedestrians (noting that it is a controlled signalised crossing where traffic will be stopped when the walk signals is displayed).

A number of submitters raised issues with the wind should the clock and walls be removed. Wind modelling has not been undertaken and is very complex. It will also be dependent on the nature of the buildings along the street, noting that the north side of Esk Street West is being reconstructed. Data is being investigated on the direction and frequency of the higher wind speeds in this area as wind from the east will have the greater impact.

Many presenters discussed the history and importance of Wachner Place and its historical uses. Many suggested that greater use was desirable and activation possible. It is noted that Esk and Don Streets have also now been developed as people spaces and serve very similar purposes and with the adjacent business that these areas have much greater use by the public. Future use of and subsequent investment necessary for Wachner Place to act as a city "place" would require a defined and confirmed purpose and use.

The developer of the Hotel has also requested approval to construct the Porte Cochere within the road reserve to serve as an entrance for the hotel.

It is noted that Distinction owns all the properties which front Esk Street West. The existing building which is being repurposed is constructed up to the boundary line on Esk Street and such a structure cannot be built within their property. Such a structure as is shown in Appendix 2 requires a Licence to Occupy approval. Council has a number of such licences where non utilities wish to erect something within a road, and legislation allows for such a licence where it is appropriate. With the construction (as per Option 1) of this along with movements from the northern new carpark, it will make the street area at the entrance a reasonably vehicle centric area.

Option 3 of the consultation still has a number of legal and technical difficulties which limit the likelihood that a solution could be found. The area where buses would need to travel is owned

by another party and access cannot be guaranteed. This area also has a number of important cabling connections and heavy traffic in this area is understood not to be desirable.

Significance

Both these issues are significant and have been consulted on as such in line with the Council's Significance and Engagement Policy.

Community Views

The community views on this issue are discussed in detail in the paper provided to Council for the hearings on this matter on 24 October 2023.

Implications and Risks

Strategic Consistency

Both options for refinancing of ICL align with the Council's strategic direction set out in the Long-term plan and with the original rationale for investment in the project as a long-term holding to promote social and economic wellbeing for the city.

All three options for Esk Street West/ Wachner Place align with the Council's strategic direction set out in the Long-term plan.

Option 2 does not align with the City Centre Masterplan as a result of moving the centre of the city further to the West than originally intended.

Option 1 proposed, removes the ability of Wachner Place to be used as a sub-node for urban play, although the consultants advise that its use under all options is limited due to its place next to the state highway.

In determining the option which will proceed, Council should consider the extent to which each gives effect to the Council's vision "Our City with Heart – He Ngākau Aroha" and to the Council's community outcome for the upcoming LTP "A vibrant, safe city centre which meets our people's diverse cultural needs".

Financial Implications

Refinancing City Block

Under the option recommended by officers on the basis of newly available information (Option 2), ICHL will increase its shareholding on behalf of Council by up to \$20 million.

Council will leave the loan facility available to a maximum of \$35.45 million. The loan facility provided by HWR Finance Limited would be fully repaid, and the first mortgage security would remain at \$45.5 million. Noting that depending on the amount of shares subscribed that a portion of Council's current loan may be able to be repaid.

\$27.04 million of the current loan facility has been drawn down at 31 October 2023.

There is no impact on rates.

Option 2 avoids the dilution of Council's current shareholding – retaining 45.8% of all shares.

If Council continues with Option 1 its shareholding would be diluted to an estimated 25% dependent on other shareholders decisions.

There is a small positive revenue impact to Council from interest repayments from the loan. There is a minimal and not significant impact on the debt headroom available to Council.

The risk of ICL defaulting and/or having increased funding requirements is increased under option 1.

Further information is available in the report for adoption for consultation of 12 September 2023 and the consultation document.

Esk Street West/ Wachner Place

It is important to note that all options were provided on the basis of initial cost estimates and more detailed costings will only be available following detailed design.

The developer is required to return Esk Street West to its pre-construction condition noting that this area had not been renewed since the 1980's.

The options for Esk Street West / Wachner Place will all require significant investment, through a reallocation of the City Streets Stage 2 budget. Note the potential implication that dependent on where Council views the heart of the city to be, further investment in to the East (Esk and Kelvin Street areas) may still be required. \$13.6 million was allocated to the original plan for City Streets Stage 2 and is available for reallocation.

The cost estimations have been assessed by an external quantity surveyor and based on the works undertaken in Stage 1. At this stage of the project design development, the level of finishes and extent of street furniture, paving types and extents etc. Has not been established in detail and lower service levels could be achieved dependent on the budget which is set and the final design direction.

Option 1 – Estimated \$14.99 million capital – equivalent to 1.23% on rates (being (\$3.0 million for Esk West and \$11.99 million for Wachner Place)

Option 2 – Estimated \$16.08 million capital, – equivalent to 1.32% on rates (being (\$4.09 million for Esk West and \$11.99 million for Wachner Place)

Option 3 – Option 3 is not being evaluated further.

Council has consulted on high level plans for this area. Councillors should take into considerations as part of their deliberations the cost implications of this decision. Councillors would be aware that as part of any development there is a requirement that the developer “make good” the damage, if any, to the surrounding infrastructure owned by Council as a result of their work. The proposed plans, and materials, if implemented would be more than making good, they would be an improvement. The developer is not required to, however may elect to, contribute to any changes in excess of making good. At this stage it is understood that the developer is prepared to contribute to the improvements around their development.

It is not understood that the developer will contribute to any changes and/or improvements outside of the area in which they are required to make good i.e. Wachner Place itself.

The developer has indicated that they would make good and improve Esk Street West (specifically for Option 1 from Leven Street to the clock) as they wish to construct the entrance and Porte Cohere. The developer has indicated, in contributing would do so subject to certain terms and conditions that would have to be acceptable to Council.

Council could limit its current investment extent by not committing to investing in Wachner Place until such time as a clear future focus is established and any other current projects which may deliver a Civic Precinct are more fully developed and considered by the Community. Works which would link the Development of the Hotel could be limited to a less level which support the objectives without the higher and significant investment. This would be seen as a transition and as a shorter term "fix".

The developer has also indicated that if Option 2 was approved that their impact on the area is less and would seek to discuss the betterment aspects in Esk Street West.

The key area of improvements in Wachner Place (under either option) are likely to have the biggest budget impact and those improvements would be expected for Council to fund. This is estimated at 70% of the budgeted cost.

Legal Implications

Refinancing City Block

All parties recognised the potential for cost overruns at the commencement of the project. It was a requirement of other shareholders and funders that ICHL and O'Donnell CBD Limited guarantee the funds to complete the project and during the first year of operation. At that stage it was agreed to limit that exposure to 10% of the project cost or \$16.5 million.

ICHL and O'Donnell CBD Limited are currently required under the Shareholders Agreement to provide those funds if requested. The Shareholders Agreement requires that ICHL fund its share by way of equity injection. Purchase of \$20 million of equity by ICHL and O'Donnell CBD Limited is \$3.5 million more than what is required under the shareholders agreement.

The Shareholders Agreement was silent on the issue price. Given the issue at \$0.03 it is proposed to invite all parties to participate in the offer at the outset. Both options for the financial restructure meet the legal requirements of the shareholder agreement.

If ICHL invests more than O'Donnell CBD Limited for example the second option, this would possibly result in ICL becoming a Council Controlled Trading Organisation (CCTO) under Part 5 of the Local Government Act 2002.

Esk Street West / Wachner Place

Delivery of the chosen Esk Street West / Wachner Place options will be best facilitated by agreement with the developer, with clearly agreed legal responsibilities in order to ensure successful delivery. The developer has a responsibility to return the street to its previous standard. All three options are set at a higher standard. Council should plan to fund this work

although the developer has indicated that there are aspects they see the benefit of which they may wish to support through additional funding.

Climate Change

Refinancing City Block

There are no climate change implications

Esk Street West / Wachner Place

The stormwater renewals which will be done at the time of the Esk Street West works will meet the standards set out in the Council's infrastructure strategy.

Risk

There is a current risk that if ICL was sold, shareholders would receive no return on their investment. Further equity investment in ICL comes with the same risk. Council from the commencement of the project has identified that this was an investment for the long term. The valuation received by Council has confirmed that this is a sound investment in the longer term.

The proposed additional investment reduces the risk in the short term that ICL would need to be sold with the subsequent loss to shareholders and it is expected to improve the long term performance and return to shareholders of ICL. Completion of the development has reduced the risk of further cost overruns. The risks with the investment are now the ordinary risks associated with a shopping centre, rental return (based on tenancies) and costs. There remains at this stage heightened risks around the finalisation of leasing in the centre.

Increasing the equity investment reduces the risk associated with the loan from Council by reducing the ratio of debt to equity. Council has managed this risk by having first mortgage security for a portion of the loan facility. It is anticipated that with the removal of HWR Finance Limited as a loan funder that the full Council loan facility will be secured by way of the first mortgage.

Council was required this year to impair the current loan at 30 June 2023, even though the interest payments required had been made by ICL. It is likely that the further equity investment will reduce the credit risk associated with the loan and may result in a reversal of that impairment when reassessed at 30 June 2024.

Council has been advised that ICL will be raising the \$40m by issue of shares to existing shareholders. This issue is to be at \$0.03c per share to reflect the valuation of the existing shares. This will mean that ICL will issue approximately 1.3B new shares. If ICHL (at Council's direction) does not participate in the new share issue, at a level consistent with its existing shareholding percentage, then it will have its shareholding diluted. Dilution of the existing shareholding will have the effect of crystallising the current loss. There is a risk that by not participating fully in the new offer any subsequent increase in the value of the investment, and possible recovery of the crystallised loss, will flow disproportionately to those who participate in this new offer.

Next Steps

Following decision on ICL refinancing, direction will be provided to the Chair of ICHL and the arrangements of the loan facility will be put in place and factored into the Council's available debt headroom for the LTP budget.

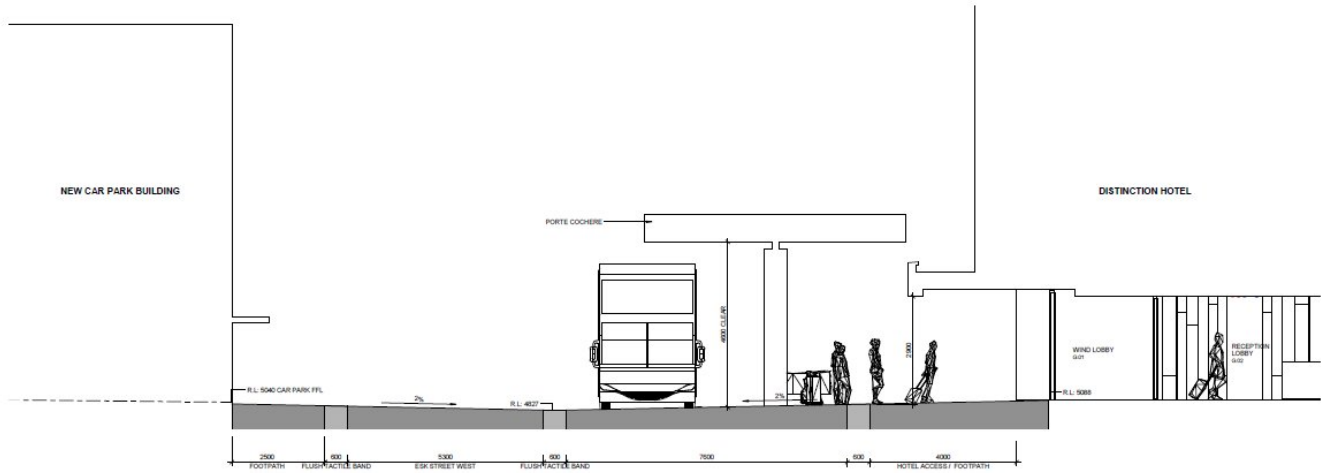
Following decision on Esk Street West / Wachner Place, detailed costings will be undertaken and a timeline for delivery agreed with the developer. Regular reports will be provided from the Project Management Office to the Finance and Projects Committee.

Attachments

1. Cross Section of Distinction Hotel Porte Cochere (A4989222)
2. Condition Assessment (A4989223)
3. Structural Assessment (A4989221)

A4989222

Appendix 1 Cross Section of Distinction Hotel Porte Cochere



DISTINCTION HOTEL INVERCARGILL / ESK STREET WEST CROSS-SECTION



DISTINCTION HOTEL INVERCARGILL / ESK STREET WEST SECTION

Invercargill City Council INVERCARGILL CITY COUNCIL ASSETS INVENTORY SUMMARY



Property - Parks / Wachner Place Clock & Amenities

Full building

ID	Code	Asset Type	Quantity	Condition
1494259		21 External Windows - Aluminium Windows single glazed	60 m ²	Moderate

Description

Glazed walls - 2 nos. Glass panes were cracked.



ID	Code	Asset Type	Quantity	Condition
1494260		01 Ceiling - Skylight	35 Nr	Poor

Description

Clean, check for leaks and seal as required. All metal frames are rusted. Check structural integrity / sectional loss prior to carrying out maintenance works.



ID	Code	Asset Type	Quantity	Condition
1494261		03 Floor - Concrete	12 m ²	Good

Description

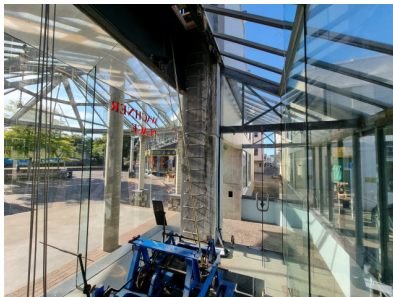
Concrete pit

ID	Code	Asset Type	Quantity	Condition
1494262		01 Ceiling - Roof - underside showing roof structure	8 m ²	Good

Description

Clock / Tower / section

ID	Code	Asset Type	Quantity	Condition
1494263		22 External Doors - Glass Door	1 Nr	Good



ID	Code	Asset Type	Quantity	Condition
1494264		23 External Walls - Concrete	120 m ²	Moderate

Description

Made up of concrete, metal & glass. Recommended to check structural connection details and some of the connections have corroded any need attention prior to carrying out routine maintenance works.





Wachner Place, 20 Dee Street, Invercargill

TARGETED DETAILED SEISMIC ASSESSMENT REPORT



Client Name: Invercargill City Council

BMC Reference: 2009-3072

Date Issued: 11/10/2023






Quality Statement and Document Control

This Targeted Detailed Seismic Assessment report has been prepared for [Invercargill City Council](#) by Batchelar McDougall Consulting Ltd. No liability is accepted by this company or any employee or sub-consultant of this company with respect to its use by any other parties.

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Issue Register:

Revision	Date	Description		
A	11/10/2023	Issue to client		
		Prepared by	Reviewed by	Approved by
	Name	Warren Holt	Graham McDougall	Graham McDougall
	Signature	 BEng (Hons), CMEngNZ, CPEng, IntPE(NZ), MStructE(UK), CEng(UK)	 BE, CMEngNZ, CPEng, IntPE(NZ)	 Director

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1 Executive Summary

This report covers a Targeted Detailed Seismic Assessment (DSA(T)) of the Wachner Place building at 20 Dee Street, Invercargill.

The building development consists of 4 main elements: the Clock Tower, a Restroom; the Canopy and the Totems. The clock tower comprises two circular 300mm dia. RC columns to the East and two 800x600 rectangular columns to the West linked together with 4 horizontal steel frames clad with PC panels to the rear columns and profiled metal tray cladding to the roof. The Restroom is a triangular shaped single storey building and comprises a metal clad roof on DHS cold formed steel purlins to steel roof beams which are bolted to Reinforced Concrete Masonry walls to the North and West elevations and into the PC columns of the canopy element to the South East. The canopy wraps around the West side of the Place with a number of lengths at 90 and 45 degrees. It comprises 800x600 RC columns to the West wall with PC wall panel infill. To the East open side are a series of 300mm dia. RC columns to form a colonnade and a central bandstand canopy with a half octagonal hipped end. The canopy is fully glazed with a steel RHS purlin and beam frame with localised SHS trussed frames for the larger spans. The 2No. Lighting Totems are stone clad with PC and in-situ RC elements. There are 2No. identical Lighting Totems to the Central Reserve of Dee Street in a rectangular arrangement with the two within Wachner place

Documentation available to BMC for the purposes of this assessment are summarised in Section [2.1](#). This assessment is based on these documents and site visit observations.

For the purposes of this evaluation, the above described building elements have been assessed as a mixture of isolated (Lighting Totems) and attached structures of Importance Level (IL2) with a 50mm seismic gap to the North adjacent building to the Restrooms and tight to the South West adjacent building to the canopy. The building and/or its elements do not comprise a shared structural form or have shared elements with adjacent titles.

The assessment has been carried out in accordance with the requirements for a Detailed Seismic Assessment as defined in "*The Seismic Assessment of Existing Buildings, Technical Guidelines for Engineering Assessments*" issued in July 2017 by MBIE et al. The earthquake rating assumes that Importance Level 2 ((IL2)), in accordance with the Joint Australian New Zealand Standard - Structural Design Actions Part 0, AS/NZS 1170:0 2002, is appropriate.

The targeted approach followed for this assessment has been focused on those elements of the primary structure and parts of the building deemed, through our professional experience, to constitute the limiting structural weaknesses that will have the greatest effect on the building's earthquake rating. The global assessment ratings in the two orthogonal directions from this process have been concluded to be as follows:-



Loading Direction	%NBS ((IL2))	Alpha Rating
Clock Tower		
N-S (Longitudinal)	100%	A
E-W (Transverse)	75%	B
Canopy		
N-S (Longitudinal)	100%	A
E-W (Transverse)	78%	B
Rest Rooms		
N-S (Longitudinal)	68%	B
E-W (Transverse)	100%	A
Totems		
N-S (Longitudinal)	32%	D
E-W (Transverse)	32%	D

Table 1: Seismic ratings for both loading directions

The results of the DSA(T) indicate the building's, Clock Tower, Canopy and Rest room elements earthquake rating to be 68-100%NBS ((IL2)). Therefore, this is a Seismic Grade B for the building following the NZSEE grading scheme. Grade B buildings represent a risk to occupant's equivalent to 2-5 times greater than that expected for a new building, indicating a low to medium life safety risk exposure.

The result of the Totem's assessment is dependent upon the size of the foundations for which there are no details available. With a plinth size of 1.5m x 1.5m it is likely that the foundation may be in the order of 2m x 2m and given all the other foundations are at least 600mm deep this gives a seismic rating of 32%NBS(IL2) based upon the supporting soils being classified as "Good Ground". The element, on this basis, is therefore classed as earthquake-prone in accordance with the provisions of the Earthquake Prone Building requirements of the Building Act 2004. If the foundations, when exposed, are found to be equal to or greater than 2.45m square, the assumed thickness is confirmed and geotechnical conditions as adequate then, the element would be classed as being above the earthquake risk (>67%NBS(IL2)) classification.

As an element adjacent to a main arterial route, it should be classed as a Priority Building in a Medium seismic risk then the timeframe for remediation, or demolition from the date of the EPB notice issue will be 12.5 years.

The assessment identified the following Structural Weaknesses (SWs) in the building (rating of less than 100%NBS):

<34%NBS:

- Totem Foundations if 2m x 2m x 0.6m deep or less



>34%NBS & <67%NBS:

- Not Applicable

>67%NBS:

- Clock Tower Transverse Foundations (E-W)
- Canopy Foundations Transverse to length (Varies)
- Rest Room Foundations Transverse to RCM walls (Varies).

The following secondary structural and non-structural aspects were considered in the assessment of the earthquake rating:

- Rear elevation (North and West) out of plane capacity assuming no abutting structure (Transverse).
- Potential for canopy glass to loose seating (to be further investigated).

BMC consider the Critical Structural Weakness (CSW) to be, the Foundation bearing capacity of the RC Totems.

BMC consider that the results of this Targeted DSA reflect the buildings expected behaviour as the most common structural weaknesses found in RC and RCM buildings and commercial buildings have been considered as the critical elements for assessment, however, also acknowledge that further investigation works are advised.

A concept strengthening design has not been carried out as part of this assessment, but this would likely consist of : -

for >34%NBS (IL2): -

- Investigate the current Totem foundations pad size.
- Install RC extensions, if required, to the foundations of the Totems to a minimum of 2.5m x 2.5m x 0.6m, if required.
- With respect to items also identified in Section 4, some investigations are required to determine connection details which as hidden and/or installing some missing connections.

and additionally for >67%NBS (IL2): -

- Not Applicable.

The full list of strengthening works is described in Section [6 Strengthening Strategy](#).



2 Scope of Our Engagement

BMC have been engaged by Invercargill City Council to undertake a comprehensive Targeted Detailed Seismic Assessment (DSA(T)) of the buildings and structures at Wachner Place at 20 Dee Street, Invercargill. The purpose of this report is to ascertain the anticipated seismic performance of the structures compared to current design standards and comment on a concept strengthening strategy.

The seismic assessment and reporting has been undertaken in accordance with the qualitative and quantitative procedures detailed in "*The Seismic Assessment of Existing Buildings, Technical Guidelines for Engineering Assessments*" (SAEB) issued in July 2017 by the Ministry of Business, Innovation and Employment (MBIE), the Earthquake Commission (EQC), the New Zealand Society for Earthquake Engineering (NZSEE), the Structural Engineering Society of New Zealand (SESOC) and the New Zealand Geotechnical Society (NZGS). This suite of documents, previously known as 'The Red Book' is henceforth referred to in this report as "*The MBIE Technical Guidelines*". This report meets the reporting requirements of a 'Detailed Seismic Assessment' as described in Sections A8 and C1-10 of these guidelines.

This structural assessment includes:-

- Review of existing building plans and reports;
- Undertaking interior and exterior visual inspections of exposed elements on-site (this included a Matterport photo scan of the property to obtain dimensional information of the current arrangement);
- Consideration of the geotechnical engineer's report or information that is readily available;
- Undertake preliminary calculations on primary seismic elements, and
- Comment on a likely general strengthening strategy to either >34% or >67%NBS (IL2), if required.

The assessment is made with regard to Clause B1 – Structure of the New Zealand Building Code only.

This assessment has been restricted to structural aspects only. Waterproofing elements, electrical and mechanical equipment, fire protection and safety systems, service connections, water supplies and sanitary fittings have not been reviewed, and secondary elements such as internal fit out have not been reviewed.

The scope of this evaluation is limited to the assessment of the potential performance of the building in an earthquake only. No assessment has been made of other load cases such as wind, snow and gravity. The assessment is being undertaken to determine if the building meets any of the criteria of an Earthquake Prone building as identified in the Earthquake Prone Building (EPB) provisions of the Building Act (2004), incorporating the Building (Earthquake Prone Building) Amendment Act 2016.

This structural assessment is based on information provided to us which includes documentation listed in Section [2.1](#) of this DSA(T). The assessment is also based on the visual evidence & indications present at the time of inspection along with limited invasive investigations described in Section 4 of this report. The findings of this report may therefore be subject to revision pending more detailed/invasive investigations or deterioration of elements from future earthquakes or ground settlement. This report does not address any hidden or latent defects that may have been incorporated in the original design and construction.

BMC have not made any Geotechnical assessment of the soils on the site. Refer to Section 3.5 of this report for recommendations and/or Geotechnical reports that we may have obtained.



With respect to any strengthening works commented on in this report this is a scoping document only and under no circumstances shall recommendations and/or sketches included in this report be used for construction. A Concept design would need to be carried out for “rough order” pricing purposes.

Our professional services are performed using a degree of care and skill normally exercised, under similar circumstances, by reputable consultants practicing in this field at this time. No other warranty, expressed or implied, is made as to the professional advice presented in this report.

This Targeted Detailed Seismic Assessment (DSA(T)) report has been prepared by Batchelar McDougall Consulting Ltd for the sole use of our client Invercargill City Council, for the particular brief and on the terms and conditions agreed with our client. It may not be used or relied on (in whole or part) by anyone else, or for any other purpose or in any other contexts.

This disclaimer of liability shall apply notwithstanding that this DSA(T) may be made available to other persons for an application for permission or approval to fulfil a legal requirement.

It may however be used by the Invercargill City Council in the course of defining the buildings classification in accordance with the Building Act 2004 incorporating the Building (Earthquake-prone Buildings) Amendment Act 2016.

2.1 Information Used for the Assessment

Documentation received and or issued by us that we consider relevant to this report includes: -

Description	Revision	Issue Date
Architectural Drawings of Wachner Place Development, Job Ref: A83, Sheets 1-10, dated Aug 1988 by: Gray Hesselin & Baxter Architects.		Aug 1988
Strucutral Drawings of Wachner Place Development, Job Ref:11160 Sheets 1-13 dated Aug 1988 By: Duffill Watts & King Ltd		
Architectural Drawings of Wachner Place Restrooms for Invercargill City Council, Job Ref:N/A, Sheets 1-4, dated May 1997 by: Mollison Architects.		May 1997
Structural Drawings of Wachner Place Restrooms, Dee Street, Invercargill, Job Ref: 97051 Sheets S01-04, dated Undated (May 1997) by: AS Major Consulting Engineer.		May 1997
There were no previous seismic assessment reports available for the building elements.		
Matterport Scan of some of the elements		9/09/2020

Table 2: Summary of documentation reviewed for this assessment



3 Building Description

3.1 General Overview

The generally 1 No. Storey and 4 storey to the Clock Tower Building elements at 20 Dee Street, Invercargill were constructed in 1988 (Wachner Place) & 1997 (Restrooms), they have their primary construction material as Reinforced Concrete Masonry and PC or Reinforced Concrete. As Invercargill is located in a Medium seismic risk area the MBIE Earthquake Prone Building Methodology guidance determines the building will not have a Category Class assigned by the TA as per the table below requiring an assessment of the building to be undertaken.

	High seismic risk areas and medium seismic risk areas	Low seismic risk areas
Category A	Unreinforced masonry buildings	Unreinforced masonry buildings
Category B	Pre-1976 buildings that are either three or more storeys or 12 metres or greater in height above the lowest ground level (other than unreinforced masonry buildings in Category A)	Pre-1976 buildings that are either three or more storeys or 12 metres or greater in height above the lowest ground level (other than unreinforced masonry buildings in Category A)
Category C	Pre-1935 buildings that are one or two storeys (other than unreinforced masonry buildings in Category A)	

Table 3: MBIE Earthquake prone Building Methodology Building Profile Category Table

The building development consists of 4 main elements: the Clock Tower, a Restroom; the Canopy and the Totems. The clock tower comprises two circular 300mm dia. RC columns to the East and two 800x600 rectangular columns to the West linked together with 4 horizontal steel frames clad with PC panels to the rear columns and profiled metal tray cladding to the roof. The Restroom is a triangular shaped single storey building and comprises a metal clad roof on DHS cold formed steel purlins to steel roof beams which are bolted to Reinforced Concrete Masonry walls to the North and West elevations and into the PC columns of the canopy element to the South East. The canopy wraps around the West side of the Place with a number of lengths at 90 and 45 degrees. It comprises 800x600 RC columns to the West wall with PC wall panel infill. To the East open side are a series of 300mm dia. RC columns to form a colonnade and a central bandstand canopy with a half octagonal hipped end. The canopy is fully glazed with a steel RHS purlin and beam frame with localised SHS trussed frames for the larger spans. The 2No. Lighting Totems are stone clad with PC and in-situ RC elements. There are 2No. identical Lighting Totems to the Central Reserve of Dee Street in a rectangular arrangement with the two within Wachner place. The building and/or its elements do not comprise a shared structural form or have shared elements with adjacent titles. There has been no apparent specific seismic strengthening undertaken in the building /elements previously.

A full description of the building's features relevant to this assessment is provided in Section 4 below,



Building Feature	Description
Building address:	20 Dee Street, Invercargill
Overall plan dimensions:	Canopy 3.5m wide x 79m long, Clock Tower 4.3m (N-S) x 3.3m (E-W), Restrooms 20m (N-S) x 20m (E-W) & Totems 1.2m (N-S) x 1.2m (E-W)
Number of storeys:	generally 1 No. Storey and 4 storey to the Clock Tower
Gross floor area:	Approximately 2200m ²
Building history:	The elements were constructed in 1988 (Wachner Place) & 1997 (Restrooms) with no known alterations since. The building/elements were likely designed to: NZS4203-1984
Occupancy:	<300 Public Facilities
Importance Classification:	(IL2) (AS/NZS 1170.0:2002: Table 3.2) (DESCRIPTION FORM NZS1170.0)
Heritage Issues/ Status	ICC District Plan APP-3 Listing Ref - None. Heritage New Zealand Pouhere Taonga – None

Table 4: Building Information



Figure 1: Aerial photograph of site (source: ICC Aerial Photo and Property Viewer showing building/elements bounded by red line)

BMC



Figure 2: Front view looking from the East

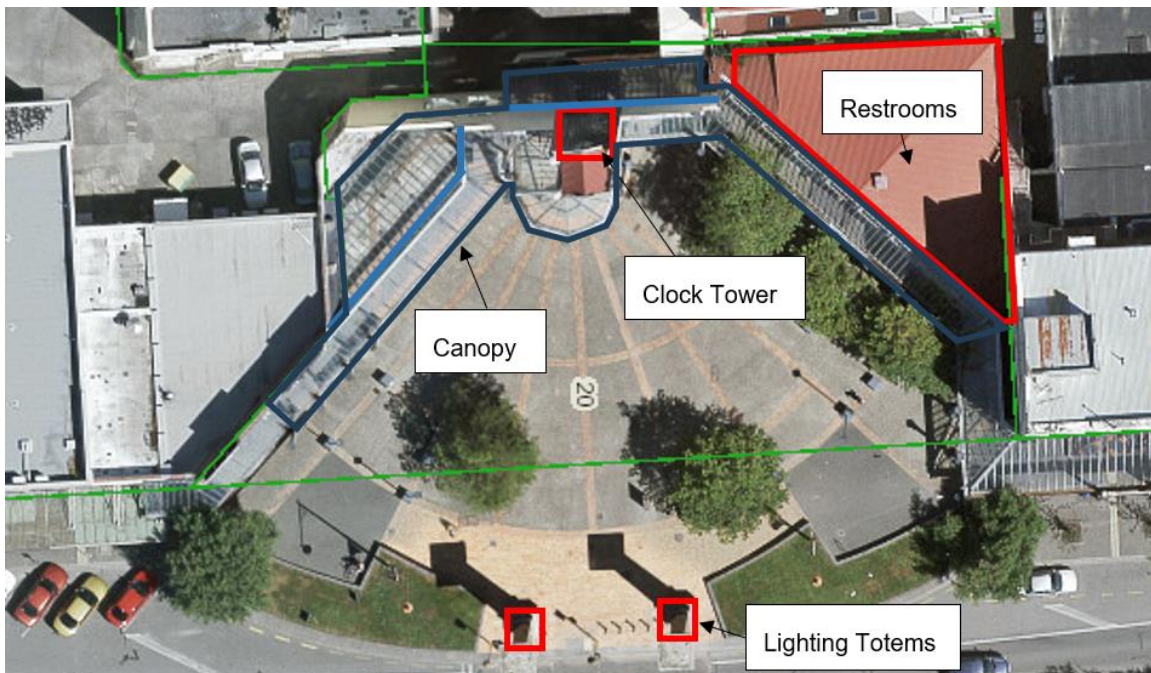


Figure 3: Element Distribution Plan



3.2 Gravity Load Resisting System

The Restroom element roof structure consists of metal cladding supported by DHS cold formed steel purlins fixed to steel beams which are supported by the RCM walls to the North and West elevation and to the Precast Concrete wall panels of the canopy structure to the South West which in turn are supported by the reinforced concrete cantilever columns of the canopy element. The foundations are Reinforced concrete thickening strip footings to the RC ground bearing floor slab (ref sect 3.4).

The Clocktower element comprises two 385mm dia. RC columns to the East face and two 800x600 RC cantilever columns to the West elevation which are an integral part of the canopy element rear (West) wall. Below the top of canopy line the void below the four columns is infilled with a concrete plinth and glazed walls housing a mechanical exhibit. Above the top of canopy level there are four horizontal steel PFC cross braced frames which support 3No access floor grills to the clock mechanism and the roof and support the cladding elements which are a combination of PC concrete square panels to the East elevation full height and glazing and GRP mesh screens to the North and South elevations and to the lower two levels with metal tray cladding to the top level and roof and full height GRP mesh panels to the West elevation.

The canopy element is multi-faceted following the alignment of the West site boundary and the South West face of the Restroom element. There is an elevated bandstand outrigger element below the clock tower which is duo-pitched and has a cantilevering half octagonal hipped end. The majority of the canopy is mono-pitched with RHS steel members between the higher 800x600 RC cantilever columns to the West boundary and the lower 300mm dia. RC cantilever columns to the East side. To the South of the bandstand area is a duo-pitched canopy element which has a long SHS lattice truss along the ridge line which is supported by a RC circular column to the North West end and runs into the boundary wall column to the South East end. The East pitch of this roof turns into the mono-pitch of the normal canopy form as it continues to the East boundary of the area. The West wall between the rectangular columns has a decorative PC wall panel to the East side of the column and a high-level solid element to the West face. Locally to the Duo-pitched area the West face forms a solid wall to the full height of the wall.

The Lighting Totems are polished stone clad throughout the upper elements with a PC concrete inner core element. The capital is large in proportion to the main column shaft and is likely to be a metal clad element. There is a four leg detailing to the bottom of the main shaft and these all sit upon a split face stone clad concrete plinth base.

No construction drawings are available for the Totem elements at the time of drafting of this report.

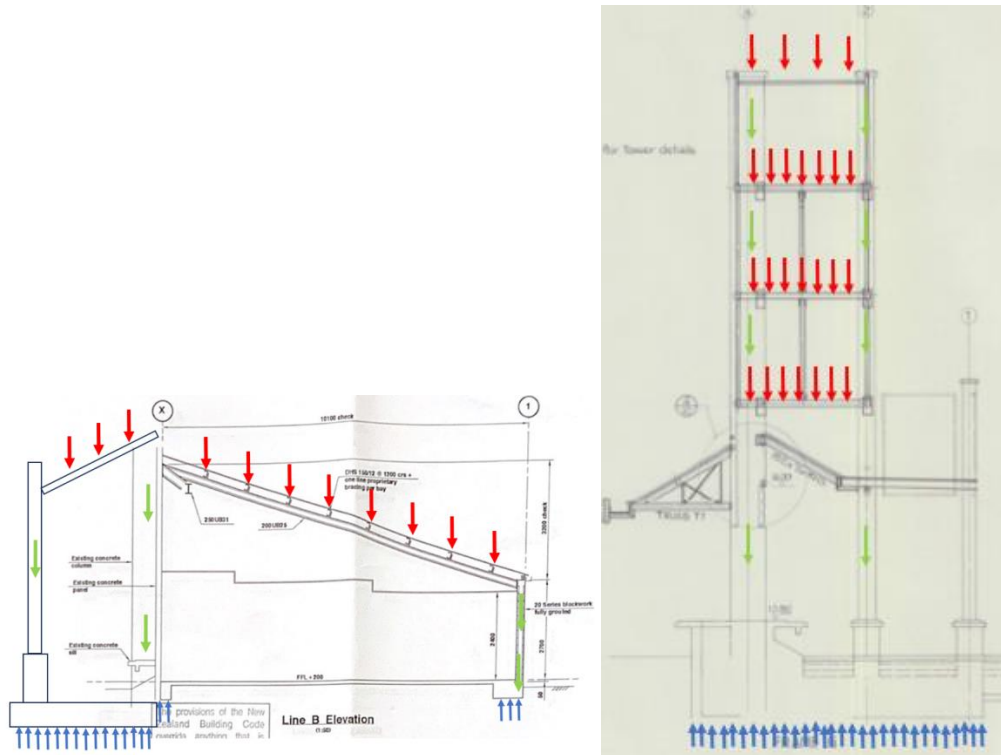


Figure 4: Typical Gravity Load Path Diagram to the Rest Room and Canopy (LHS) and Clock Tower (RHS)

3.3 Lateral Load Resisting Structural System

The lateral load resisting system of the Restroom element is based on the out of plane bending of the RCM walls to the North and West elevations and the Cantilever capacity of the 800x600 RC cantilever columns to the South West elevation in the Transverse direction and the in-plane shear capacity of the RCM walls to the North and West elevations and out of plane capacity of the contract columns to the South West elevation columns.

The Clock Tower element in the Transverse direction (N-S) uses combined tied cantilever action of the circular columns to the East elevation along with the ability of the horizontal steel cross bracing frames to distribute some load to the rear RC columns and the in-plane capacity of the RC wall and RC rectangular columns. In the Longitudinal (E-W) direction the majority of the load will be accommodated by the moment capacity of the rectangular columns and a lesser degree by the circular columns.

The canopy elements are stabilised in the relative transverse directions by the cantilever capacity of the rectangular RC columns and a lesser degree the circular columns cantilever capacity and in the longitudinal direction the weak axis bending capacity of the rectangular columns working with the RC infill panel walls in-plane shear capacity to the West elevations and the East elevations circular bending moment capacity acting as a row of cantilevers.

The Lighting Totems act as pure cantilevers in both directions with a small degree of frame action to the short columns at the base of the main shaft.



The building's lateral load-resisting capacities are, therefore not affected by any adjacent structures.

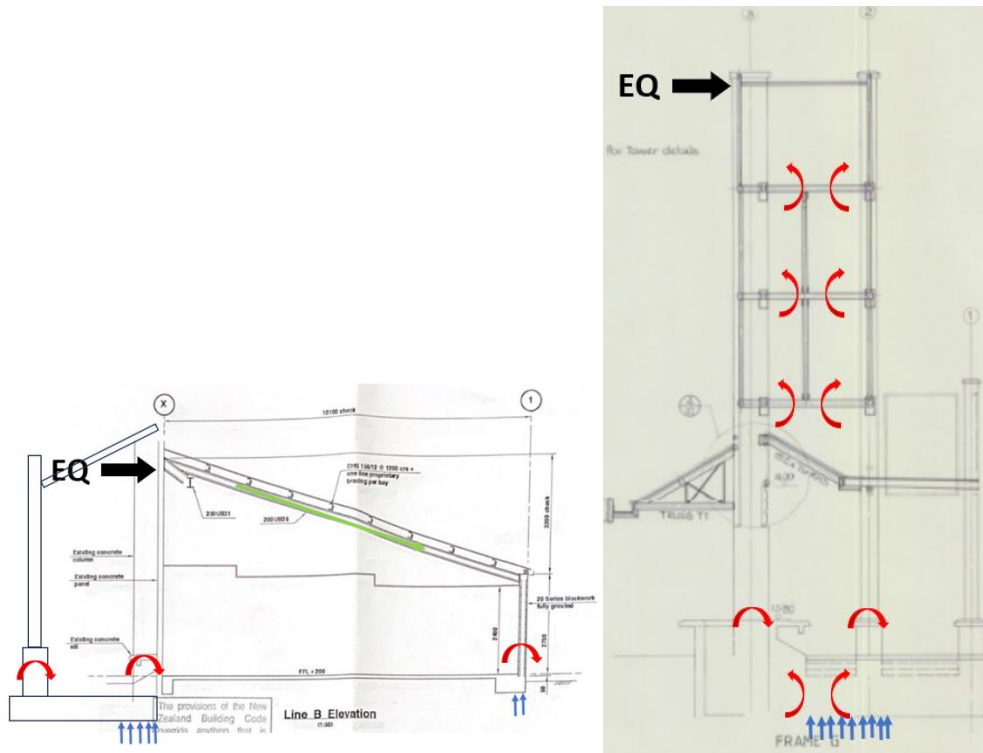


Figure 5: Typical Lateral Load Path Diagram in the N-S Direction in the Restroom and Canopy elements (LHS) and E-W to the Clock Tower (RHS).

3.4 Potential 'Severe Structural Weaknesses'

The MBIE Technical Guidelines clarifies many of the definitions used to identify structural components. These include:

Structural Weakness (SW)	An aspect of the building structure and/or the foundation soils that scores less than 100%NBS. An aspect of the building structure scoring less than 100%NBS but greater than or equal to 67%NBS is still considered to be a Structural Weakness even though it is considered to represent an acceptable risk.
Critical Structural Weakness (CSW)	The lowest scoring Structural Weakness determined from a DSA. For an ISA, all Structural Weaknesses are considered to be <i>potential</i> Critical Structural Weaknesses.
Severe Structural Weakness (SSW)	A defined Structural Weakness that is potentially associated with catastrophic collapse and for which the capacity may not be reliably assessed based on current knowledge. For an ISA, potential SSWs are expected to be noted when identified, and may extend to issues that require detailed seismic assessment before they can be removed from consideration.

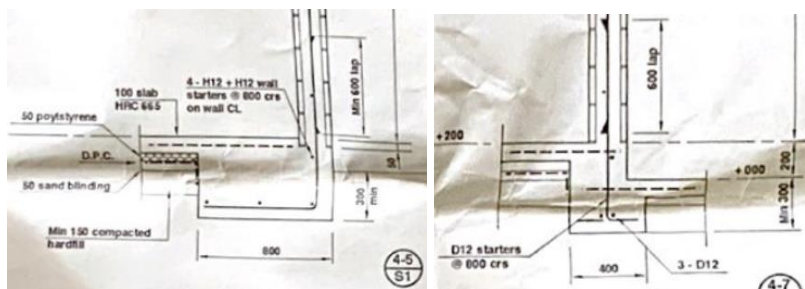
Table 5: MBIE et al structural weakness descriptions

From the Initial Assessment procedure, the following are identified as potential Severe Structural Weaknesses:

- From Detailed Assessment procedure, these are refined to include the following conditions:

- ### 3.5 Foundations & Geotechnical

The Restrooms have strip footing thickenings to the RCM walls and the walls are reinforced to act as cantilevers



300 HIGH 250 DEEP
300x300

1:50

PLAN

SECTION 35

DETAIL 31

Rev A. 11 October 2023

BMC

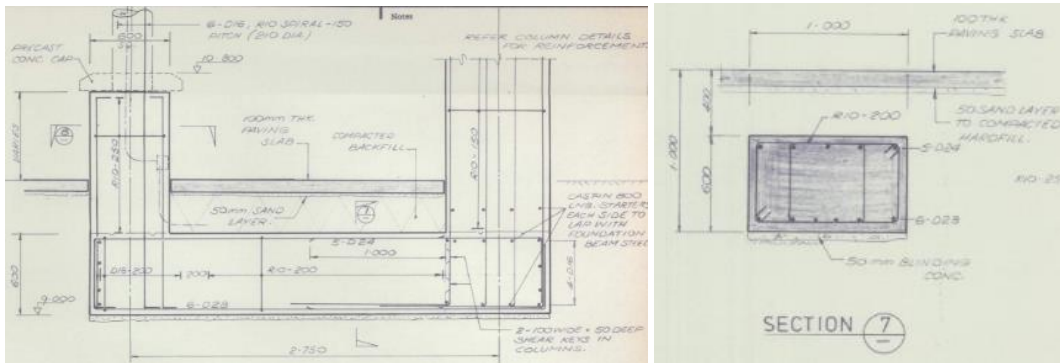


Figure 8: Typical foundation details to The Canopy.

The “Amplified ground shaking and liquefaction susceptibility, Invercargill City” GNS Science Report Ref 2012-014 dated January 2012 and “Liquefaction Vulnerability for Invercargill City” Report No. 1018612 dated November 2021 by Tonkin and Taylor Ltd. has been referred to for information regarding ground classes and liquefaction susceptibility.

From this information the Site is in Ground Class D - Deep or Soft Soil and has a GNZ - Negligible risk from liquefaction and T+T – liquefaction category undetermined/Liquefaction Damage is Possible / Liquefaction Damage is likely. Excerpts from the study are presented in Figure 9, 10 and 11 below.



Figure 9: An Excerpt from Figure 2 - Soil Classification from earthquake Ground Shaking Amplification, Invercargill City

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Figure 10: An excerpt from Figure 3 – Liquefaction susceptibility, from earthquake Ground Shaking Amplification, Invercargill City



Figure 11: An excerpt from Figure B.1 – Liquefaction Vulnerability Categories, Invercargill City Council

There were no obvious signs of differential settlement based non our visual inspections.





4 Building Inspection

The building was inspected by Warren Holt and Josh Briscoe of BMC on 9/09/2020. This was a visual inspection only (internal / external). The reinforced concrete elements were scanned to confirm reinforcement provisions were in accordance with available drawings or identify the number of bars in the elements where not documented.




There were some minor items of damage observed. The buildings have been exposed to previous serviceability level earthquakes which are the likely cause of some of this minor damage.

The following photo images and observations and specific comments relate to the inspection. A complete photo record of the inspection is available on request. A Matterport scan of the building is available for review by the reader in the following links: -




<https://my.matterport.com/show/?m=zwR8LJxRoix> password BMC20D.

No#	Photo	Comments
1		<p>Restroom Element North Elevation Wall</p> <p>The wall exhibits vertical hairline cracks to the full height of the wall in two locations to the storeroom.</p>
2		<p>Restroom Element North Elevation Wall</p> <p>Steel roof beams are fixed with only one fixing within the top half block the second fixing is missing.</p> <p>Remedial works required.</p>

BMC

No#	Photo	Comments
3		<p>Canopy Element North Wing</p> <p>The gutter is supported by cantilever brackets from the side of the circular columns with a continuous SHS member longitudinally into which the canopy raking member is bolted at its bottom end. The top fixing is fixed into the top surface of the rectangular column to the North West back wall.</p> <p>There is a lack of effective connection between the rectangular columns and the circular columns longitudinally so each line will have to accommodate a tributary width loading but would need to have deflection compatibility to ensure glazing elements do not lose supports. This will need to be addressed with the provision of at least one bay of cross bracing.</p>
4		<p>Canopy Element South Wing</p> <p>The duo-pitched roof element has a SHS lattice truss along its ridge line fixed into a wall to one end and a circular column to the West end. The bottom chord is laterally restrained only by the RHS gutter beam element in its weak axis and the gutter itself.</p>
5		<p>Canopy Element adjacent to Clock Tower West Wall</p> <p>Hairline diagonal crack from wall panel soffit up to joint line over column seating.</p> <p>Needs further investigation for any remedial works.</p>

BMC

No#	Photo	Comments
6		<p>Canopy Element Rear (West) Wall</p> <p>The rectangular columns are notched to accept the bearing and fixing of the decorative PC concrete panels to the Place face and a solid wall to the rear face of varying depths. The fixings are hidden but are unlikely to provide bending restraint to the columns if not installed to the full height from ground level.</p> <p>Further investigation required for any remedial works.</p>
7		<p>Clock Tower Front elevation and Rear elevations (N-S) In-plane capacity.</p> <p>The displacement capacity of the front circular columns will be limited in comparison to the rear rectangular frames which are aligned with solid wall panels. Horizontal steel cross braced frames are installed at four levels up the tower but their fixings will be critical to ensuring displacement compatibility between the two lines of structure.</p> <p>Further investigation required for any remedial works.</p>
8		<p>Lighting Totems Cantilever capacity with shaft base detailing.</p> <p>The PC reinforced concrete shaft is clad in stone panels but relies on the bending capacity of the four short columns at its base to transfer lateral loading to the solid base plinth.</p> <p>Any strengthening works will require further investigation.</p>



5 Quantitative Seismic Assessment

5.1 Seismic Design Loads.

The Targeted DSA assessment requires the undertaking of initial capacity assessments of the anticipated critical elements within the primary lateral load resisting system and critical 'Parts of the building' for the purpose of providing more resilient results than would be obtained from the ISA form of assessment.

The seismic rating of the building's has been assessed using Quantitative Supplementary calculations assuming the ductility's and structural performance factors as detailed in Table 7 of this report for the primary lateral load resisting system and critical parts of the building fabric.

These quantitative assessments are based upon the MIBE et al Guidance documents "The Seismic Assessment of Existing Buildings" July 2017 Section C5 – Concrete Buildings, C6 – Structural Steel Buildings, & C10-Secondary Structural and Non-structural Elements.

5.1.1 Importance Level

The buildings and structures are considered to be Importance Level 2 ((IL2)) in accordance with NZS1170.0:2002 Table 3.2. This is appropriate for the buildings use as Public Utility structures. Based on a design working life of 50 years, the annual probability of exceedance of an Ultimate Limit State (ULS) earthquake is 1/500 in accordance with Table 3.3 of NZS1170.0:2002.

5.1.2 Seismic Assessment Parameters

The seismic loads used in this assessment are based on the provisions of the current loadings standard NZS1170.5:2004. In light of the recent release of the 2022 National Seismic Hazard Model the use of this as the basis of all assessments remains the required method to determine the loadings for the assessment. Further guidance on how this may affect assessments in the future can be found in the following guidance: -

https://www.nzsee.org.nz/db/PUBS/Earthquake-Design-for-Uncertainty-Advisory_Rev1_August-2022-NZSEE-SESOC-NZGS.pdf

which should be read in conjunction with the further guidance "Seismic Risk Guidance for Buildings" (see link in Section 8 of this report).

The base shear coefficient is a function of the building period, the structure ductility and the site geology, including proximity to known fault lines. The assumed seismic parameters for the building are summarised in [Table 6](#) below:

Seismic Parameter	Values	Notes/Comments
Spectral Shape Factor $C_h(T)$	3.0	NZS1170.5:2004 Clause 3.1.2
Soil category:	D	NZS1170.5.2004 Clause 3.1.3, Ground Class D (DESCRIPTION FROM NZS1170.5:2004 cl 3.1.3))



Seismic Parameter	Values	Notes/Comments
Hazard factor Z:	0.17	NZS1170.5:2004 Clause 3.1.4
Return period factor R:	1	NZS1170.5:2004 Table 3.5
Near-fault factor N(T,D):	1	NZS1170.5:2004 Clause 3.1.6
Elastic site hazard spectrum C(T1):	0.51	NZS1170.5:2004 Equation 3.1 (1)

Table 6: Seismic parameters used in this assessment

Please note that BMC has only considered 'Ultimate Limit State' (ULS) performance of the structure (that is its capacity to resist a 'significant' seismic event without collapse). No assessment or consideration of Serviceability Limit State (SLS) performance has been made (that is the performance of the structure to resist 'small' more frequent earthquakes WITHOUT damage to the fittings / services etc).

5.1.3 Structural Ductility

Ductility is a measure of a building or its individual component's ability to undergo sustainable inelastic displacements whilst maintaining sufficient residual strength to carry gravity loads. The term "inelastic" refers to actions beyond the base yield strength of the building or component being considered. The more ductile a building, the more energy it can dissipate. Since ductility inherently requires building structural components to be stressed beyond yield, there will be some permanent damage associated with this form of energy dissipation.

By considering available building ductility, the magnitude of the seismic forces for which the building is being assessed can be reduced to capture the effect of the energy dissipation. The structural ductility factors adopted in this seismic assessment are summarised in [Table 7](#):

Element	Action	Ductility Factor μ	Structural Performance Factor S_p
Precast Concrete Panels	Flexure	2.0	For nominally ductile structures (i.e. $\mu = 1.25$ or less) $S_p = 0.9$. For structures with a ductility factor μ equal to 2, $S_p = 0.8$.
	Shear, Rocking	1.0	
	Out-of-Plane Actions	1.25	
Floor Diaphragm	All	1.0	
Steel Struts	Tension/Compression	1.0	
Parts and portions	All	1.25	

Table 7: Structural ductility factors



The reduced forces from use of higher ductility must be accompanied by the ability to take additional displacement (without collapse) after the structure has yielded. The structure must therefore be detailed for this additional displacement. Some of the elements have appropriate detailing a low ductility will be assumed as a first case condition.

5.2 Material Properties

Because the original specification was not available for this building, the material properties used as part of this quantitative assessment have been based on typical values for the period of construction. Where appropriate, probable values have been used for the assessment, in preference to characteristic values that would be used for the design of new structures, in accordance with *The MBIE Technical Guidelines*. Details are summarised in 8:

Material	Structural Element	Material Property	Characteristic Value	Probably Value	Notes/comments/assumptions
Reinforcing steel	All denoted by 'H'	Yield strength f_y	410	440 (Char x 1.08 post-1970)	SAEB Part C Section 5 C5.4.3.2 & Table C5C.2
	All denoted 'D or R'		275	297 (Char x 1.25 pre-1970)	SAEB Part C Section 5 C5.4.3.2 & Table C5C.2
Concrete	Columns	Compressive strength f_c	25	37.5 (Char x 1.5)	SAEB Part C Section 5 C5.4.2.2 Table C5.3
	Foundations		25	37.5 (Char x 1.5)	SAEB Part C Section 5 C5.4.2.2 Table C5.3
	Precast walls		30	45 (Char x 1.5)	SAEB Part C Section 5 C5.4.2.2 Table C5.3
Structural Steel	Portal frame members	Yield strength f_y	300	330 (Char x 1.1 pre-1960 or post 1960 300 and above)	SAEB Part C Section 6 C6.4.4, Table C6.2 & App C6B

Table 8: Material properties

5.3 Modelling Approach and Assumptions

BMC has reviewed the existing evidence of the building's lateral load resisting systems and its part's and concluded those most likely to be critical in affecting the seismic rating to be those specified elements for the buildings as per the following list, which will be individually assessed as part of this report: -

Building Overall

Clock Tower

- Concrete Columns In-plane (Transverse) with bandstand canopy loading

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- Concrete Columns out of plane (Longitudinal) including steel cross bracing frames and rear (West) wall In-plane capacity.

Canopy

- Concrete Columns In-plane (Transverse) tied by canopy rafters.

Restrooms

- Façade Columns (including circular canopy columns) In-plane capacity (Longitudinally).

Lighting Totems

- Concrete columns In-plane (Transverse and Longitudinal) to base of Totem shaft

Parts

Restrooms

- Rear elevation (North and West) out of plane capacity assuming no abutting structure (Transverse).

Elements of the primary structure not considered critical for the purposes of this Targeted DSA approach, but which may still affect the seismic capacity to a less critical degree, and will need to be assessed in a DSA or as part of a Detailed Strengthening Design, are as follows: -

Building Overall

Clock Tower

- Steel steel cross bracing frames capacity.

Canopy

- Concrete Circular Columns In-plane (Transverse) tied by canopy rafters.
- Concrete Columns Out of plane (Longitudinal) differential deflection between rectangular and circular columns.

Restrooms

- Rear walls In-plane capacity (Longitudinal /Transverse).
- Concrete Columns Out of plane capacity (Transverse) along the PC walls.

Parts

Lighting Totems

- Capital Fixing (Longitudinal / Transverse).

Moment and Shear demands on RC column elements have been determined in SAP2000 computer analysis package based on an approximate building weight and seismic loading all in accordance with Section C5 of the Technical Guideline documents. A Nominally ductility has initially been used to determine if a pushover model is required. Demands have been compared to the probable capacity of elements in order to compute approximate %NBS ratings for specific elements. Capacities of elements have been determined using 'in-house' Excel spreadsheets.

The standard loading based on AS/NZS1170 load combinations was considered including earthquake loading based on the seismic parameters outlined in [Table 6](#).



The models were developed using information from the original structural drawings of the building and the material properties outlined above. The following assumptions have been made in this assessment:

- All the foundations are founded on a strata of suitable strength to accommodate the imposed loadings without significant deformations. This has been taken as "Good Ground" to NZS3604 (300kPa).
- Totem base columns have 4HD12 main bars.
- Totem bases are 2.0m x 2.0m x 0.6m deep.

The building and/or its elements do not comprise a shared structural form or have shared elements with adjacent titles.

5.4 Quantitative Results Summary

A summary of the results from the quantitative assessment is provided in the table below. These values/ratings effectively represent an estimate of the original seismic load resistance of the building.

Summary calculations / assessment outputs are included in Appendix B.

The percentage of the current New Building Standard (NBS) with respect to seismic loads for the structures as examined is as follows:

Element	Location	Comments	Est %NBS ((IL2))
Clock Tower			
Rectangular RC Column (Longitudinal & Transverse)	Rear (West) Elevation	Longitudinal Bending	100%
		Transverse Bending	100%
		Shear	100%
Circular RC Column (Longitudinal & Transverse)	Front (East) Elevation	Longitudinal Bending	100%
		Transverse Bending	100%
		Shear	100%
RC Foundation (Longitudinal)	North Elevation	Bearing Pressure based on "Good Ground"	75%
Canopy			
Rectangular RC Column (Longitudinal)	Rear (West) Elevation	Longitudinal Bending	100%
		Transverse Bending	100%
		Shear	100%
Circular RC Column (Longitudinal)	Front (East) Elevation	Longitudinal Bending	100%
		Transverse Bending	100%
		Shear	100%
RC Foundation (Longitudinal)	E-W line (GL E)	Bearing Pressure based on "Good Ground"	77%
Rest Rooms			



Element	Location	Comments	Est %NBS ((IL2))
Rectangular RC Column (Longitudinal)	Front (Southeast) Elevation with full rest room roof and RCM Oop	Longitudinal Bending Transverse Bending Shear	100% 100% 100%
RC Foundation (Transverse)	Front (Southeast) Elevation	Bearing Pressure based on "Good Ground"	74%
Rear RCM wall	Rear (North) Elevation	OOP Transverse Bending	100%
RCM Foundation (Transverse)	Rear (North) Elevation	Bearing Pressure based on "Good Ground"	68%
Totems			
RC Posts (Longitudinal & Transverse)	Top of Plinth	Bending Capacity Shear Capacity	100% 100%
RC Foundation (Longitudinal & Transverse)	All	Bearing Pressure based on "Good Ground" and 2m x 2m x 0.6m deep base	32%
RC Foundation (Longitudinal & Transverse)	All	Bearing Pressure based on "Good Ground" and 2.4m x 2.4m x 0.6m deep base	69%

Table 9: Building Element %NBS Ratings

5.5 Global Assessment Conclusion

The results of the above quantitative assessments are such that BMC consider the global seismic capacity of the primary lateral load resisting system and or critical parts for the all building elements, with the exception of the Totem foundations in their existing state to be 68-100%NBS ((IL2)) which results in an overall Seismic Grade B for the building and structures. Given all super structure finding base on a Nominal ductility have been determined to be above 67%NBS(IL2) no rigorous SLAMA or pushover analysis is deemed necessary.

The seismic rating of the Totems are dependent upon the size of their foundations and could change from earthquake prone to being outside of the earthquake risk criteria (>67%(IL2)) dependent on the actual size for which there are no details available. With a plinth size of 1.5m x 1.5m it is likely that the foundation may be in the order of 2m x 2m and given all the other foundations are at least 600mm deep this gives a seismic rating of 32%NBS(IL2) based upon the supporting soils being classified as "Good Ground". The element, on this basis, is therefore classed as earthquake-prone in accordance with the provisions of the Earthquake Prone Building requirements of the Building Act 2004. If the foundations when exposed are found to be equal to or greater than 2.45m square, and the assumed thickness, the element would be classed as being above the earthquake risk (>67%NBS(IL2)) classification.

You will note from Table 9 above that the verification of the Totem foundations is required to confirm this rating and that the building elements are above the earthquake-prone status.



As the building elements of the Clock Tower, the Canopy and the rest rooms have no structural components with a seismic capacity of less than 33%NBS, BMC consider it does not meet the first criteria of the definition of an earthquake-prone building, as set out in Clause 133AB of the Building (Earthquake-prone Buildings) Amendment Act 2016.

As the building elements of the Totems have structural components (foundations) with a seismic capacity of less than 33%NBS (albeit with further investigation of actual foundation size), BMC consider it does meet the first criteria of the definition of an earthquake-prone building, as set out in Clause 133AB of the Building (Earthquake-prone Buildings) Amendment Act 2016.

This assessment can be used by the Territorial Authority, who will make the decision on whether the building is earthquake-prone or not in accordance with legislation.

BMC consider the Critical Structural Weakness (CSW) to be, the Foundation bearing capacity of the RC Totems..

BMC consider that the results of this Targeted DSA reflect the buildings expected behaviour as the most common structural weaknesses found in RC and RCM buildings and commercial buildings have been considered as the critical elements for assessment, however, also acknowledge that further investigation works are advised.

The elements of the building overall which place the building in the "Earthquake-prone" Building classification are: Soil bearing of the foundations. The mode of failure is Excessive deformation of the supporting soils resulting in potential collapse resulting in loss of property of a life safety hazard to the main road, vehicles or pedestrians.

The elements of the building parts which place the building in the Earthquake-prone building classification are: Not Applicable to this building. The mode of failure is: Not Applicable to this building.

Those structural elements which have not been analysed as part of this report, or defects and building vulnerabilities noted in the observations recorded in Section 4 and during our review of the buildings general arrangement will require consideration during any proposed Detailed Seismic Assessment and / or any Detailed Design of Seismic Strengthening works to ensure adequate performance of the building in a significant seismic event.

These include those items identified and not being assessed in section 5.3 above.



6 Strengthening Strategy Comment

BMC consider that the following recommendations are appropriate for the structural strengthening of the building. The aim of these works is to provide a robust performance of the building in a significant long duration seismic event.

BMC consider the Critical Structural Weakness (CSW) to be, the Foundation bearing capacity of the RC Totems.. A capacity of <34%NBS(IL2) has been determined based on the probable element capacities as determined by the loading and the assumed size of the footing.

To achieve a >34%NBS(IL2) seismic rating the following strengthening items would likely be required:

- Investigate the current Totem foundations pad size.
- Install RC extensions, if required, to the foundations of the Totems to a minimum of 2.5m x 2.5m x 0.6m, if required.
- With respect to items also identified in Section 4, some investigations are required to determine connection details which as hidden and/or installing some missing connections.

If this is to be pursued, then either a concept strengthening or a detailed design of the strengthening design will need to be undertaken to determine the true scope of the work for pricing and / or its construction.



7 Seismic Restraint of Non-Structural Items

During an earthquake, the safety of people can be put at risk due to non-structural items falling on them or effective the safety of using the defined egress routes. These items should be adequately seismically restrained, where possible, to the NZS 4219:2009 "The Seismic Performance of Engineering Systems in Buildings".

Consideration of the secondary structural elements classified as being "Parts" such as RCM walls out of plane and Precast concrete panels, under the SAEB guidance have already been considered within Section 5.

An assessment has not, however, been made of the bracing of the services, Curtain walling systems, Ceilings, Canopies, and other appendages or contents but there appears to be no significant elements in this category which would initially be classified as being "Heavy" (>25kg in weight) under the provisions of SAEB Section C10- Secondary Structural and Non-Structural Element or having the potential to be a significant hazard to life safety or safe egress from the building. Except for the potential for the glass canopy panels to potentially loose seating due to deflection of the supporting frame. These issues are outside the scope of this initial assessment but may need to be the subject of further investigation for a DSA or a Detailed Design of Seismic Strengthening, to confirm the above comments and/or if any work is required.

8 Continued Occupancy Recommendations

Based on our assessment of the building, BMC consider continued occupancy is appropriate *subject to the conditions of the Earthquake Prone Buildings Act*. That is, if the Territorial Authority has: issued an Earthquake Prone Notice for the Building then it is displayed in accordance with Section 133AP; not determined that any safety actions in accordance with Section 133AR are required; or, the building is located within an area that has been affected by an emergency under subpart 6B of Section 133.

MBIE have prepared a guidance document for building owners and key stakeholders that provides a framework for making decisions relating to continued occupancy of earthquake prone buildings. The document also provides further context to the %NBS ratings reported in seismic assessment reports. A link to the guidance document is found below:

<https://www.building.govt.nz/assets/Uploads/getting-started/seismic-risk-guidance-for-buildings.pdf>

To achieve a better than Seismic Grade B building some remedial works will need to be carried out which will require Detailed Design of Strengthening works and a Building Consent documentation package.



Appendix A - Technical Summary Sheet



1. Building Information	
Building Name/Description	Wachner Place
Street Address	20 Dee Street, Invercargill
Territorial Authority	Invercargill City Council
No. of Storeys	generally 1 No. Storey and 4 storey to the Clock Tower
Area of Typical Floor (approx.)	Approximately 2200m ²
Year of Design (approx.)	1988 (Wachner Place) & 1997 (Restrooms)
NZ Standards designed to	The building/elements were likely designed to: NZS4203-1984
Structural System including Foundations	<p>The building development consists of 4 main elements: the Clock Tower, a Restroom; the Canopy and the Totems. The clock tower comprises two circular 300mm dia. RC columns to the East and two 800x600 rectangular columns to the West linked together with 4 horizontal steel frames clad with PC panels to the rear columns and profiled metal tray cladding to the roof. The Restroom is a triangular shaped single storey building and comprises a metal clad roof on DHS cold formed steel purlins to steel roof beams which are bolted to Reinforced Concrete Masonry walls to the North and West elevations and into the PC columns of the canopy element to the South East. The canopy wraps around the West side of the Place with a number of lengths at 90 and 45 degrees. It comprises 800x600 RC columns to the West wall with PC wall panel infill. To the East open side are a series of 300mm dia. RC columns to form a colonnade and a central bandstand canopy with a half octagonal hipped end. The canopy is fully glazed with a steel RHS purlin and beam frame with localised SHS trussed frames for the larger spans. The 2No. Lighting Totems are stone clad with PC and in-situ RC elements. There are 2No. identical Lighting Totems to the Central Reserve of Dee Street in a rectangular arrangement with the two within Wachner place</p>
Does the building comprise a shared structural form or shares structural elements with any other adjacent titles?	The building and/or its elements do not comprise a shared structural form or have shared elements with adjacent titles.



Key features of ground profile and identified geohazards	<p>The “Amplified ground shaking and liquefaction susceptibility, Invercargill City” GNS Science Report Ref 2012-014 dated January 2012 and “Liquefaction Vulnerability for Invercargill City” Report No. 1018612 dated November 2021 by Tonkin and Taylor Ltd. has been referred to for information regarding ground classes and liquefaction susceptibility.</p> <p>The Site is in Ground Class D - Deep or Soft Soil and has a GNZ - Negligible risk from liquefaction and T+T – liquefaction category undetermined/Liquefaction Damage is Possible / Liquefaction Damage is likely.</p>
Previous strengthening and/ or significant alteration	There has been no apparent specific seismic strengthening undertaken in the building /elements previously.
Heritage Issues/ Status	<p>ICC District Plan APP-3 Listing Ref - None.</p> <p>Heritage New Zealand Pouhere Taonga – None</p>
Other Relevant Information	None



2. Assessment Information	
Consulting Practice	Batchelar McDougall Consulting Ltd
CPEng Responsible, including: <ul style="list-style-type: none"> • Name • CPEng number • A statement of suitable skills and experience in the seismic assessment of existing buildings¹ 	Warren Holt 1026871 - Practice Area description - Structural design, seismic assessment, and construction monitoring for low rise buildings. 10 years experience of seismic assessment in New Zealand NZSEE Conferences 2013, 2015, 2017, 2021 & 2023 NZSEE seminars on ISA's 2013, 2014 NZSEE Seismic assessment of URM seminar 2015 NZSEE – Seismic Assessment of Existing Building Seminar 2016 Concrete NZ – Displacement Based Seismic Design Assessment Seminar 2018 SESOC/NZSEE – Seismic Assessment of Existing Building Seminar 2019 MBIE – Earthquake Prone Building Methodology – 2020 ASEA SEC 5 Conference – URM Seismic Workshop - 2020
Documentation reviewed, including: <ul style="list-style-type: none"> • date/ version of drawings/ calculations² • previous seismic assessments 	Architectural Drawings of Wachner Place Development, Job Ref: A83, Sheets 1-10, dated Aug 1988 by: Gray Hesselin & Baxter Architects. Structural Drawings of Wachner Place Development, Job Ref:11160 Sheets 1-13 dated Aug 1988 By: Duffill Watts & King Ltd Architectural Drawings of Wachner Place Restrooms for Invercargill City Council, Job Ref:N/A, Sheets 1-4, dated May 1997 by: Mollison Architects. Structural Drawings of Wachner Place Restrooms, Dee Street, Invercargill, Job Ref: 97051 Sheets S01-04, dated Undated (May 1997) by: AS Major Consulting Engineer.
Geotechnical Report(s)	The “Amplified ground shaking and liquefaction susceptibility, Invercargill City” GNS Science Report Ref 2012-014 dated January 2012 and “Liquefaction Vulnerability for Invercargill City” Report No. 1018612 dated November 2021 by Tonkin and Taylor Ltd.

¹ This should include reference to the engineer's Practice Field being in Structural Engineering, and commentary on experience in seismic assessment and recent relevant training

² Or justification of assumptions if no drawings were able to be obtained



Date(s) Building Inspected and extent of inspection	9/09/2020
Description of any structural testing undertaken and results summary	The reinforced concrete elements were scanned to confirm reinforcement provisions were in accordance with available drawings or identify the number of bars in the elements where not documented.
Previous Assessment Reports	There were no previous seismic assessment reports available for the building elements.
Other Relevant Information	None



3. Summary of Engineering Assessment Methodology and Key Parameters Used	
Occupancy Type(s) and Importance Level	(IL2)
Site Subsoil Class	Ground Class D, Deep or Soft Soil
<p>Summary of how Part B was applied, including: Key parameters such as μ, S_p and F factors</p> <ul style="list-style-type: none"> Any supplementary specific calculations 	<p>The seismic rating of the building's has been assessed using Quantitative Supplementary calculations assuming the ductility's and structural performance factors as detailed in Table 7 of this report for the primary lateral load resisting system and critical parts of the building fabric.</p> <p>These quantitative assessments are based upon the MIBE et al Guidance documents "The Seismic Assessment of Existing Buildings" July 2017 Section C5 – Concrete Buildings, C6 – Structural Steel Buildings, & C10-Secondary Structural and Non-structural Elements.</p>
Other Relevant Information	None



4. Assessment Outcomes		
Assessment Status (Draft or Final)	Targeted DSA - Final	
Assessed %NBS Rating	68-100%NBS((IL2)) to the Clock Tower, Canopy and Rest rooms >34%NBS(IL2) to the Totems with a foundation of less than 2m square and 0.6m deep.	
Seismic Grade and Relative Risk (from Table A3.1)	Seismic Grade B to the Clock Tower, Canopy and Rest rooms Seismic Grade D to the Totems	
Describe the Potential Critical Structural Weaknesses	BMC consider the Critical Structural Weakness (CSW) to be, the Foundation bearing capacity of the RC Totems.	
Does the result reflect the building's expected behaviour, or is more information/ analysis required?	BMC consider that the results of this Targeted DSA reflect the buildings expected behaviour as the most common structural weaknesses found in RC and RCM buildings and commercial buildings have been considered as the critical elements for assessment, however, also acknowledge that further investigation works are advised.	
If the results of this DSA(T) are being used for earthquake prone decision purposes, and elements rating <34%NBS have been identified (including Parts) :	Engineering Statement of Structural Weaknesses and Location	Mode of Failure and Physical Consequences Statement(s)
	Building Overall	
	Soil bearing of the foundations	Excessive deformation of the supporting soils resulting in potential collapse resulting in loss of property of a life safety hazard to the main road, vehicles or pedestrians.
	Parts of Building	
	Not Applicable to this building.	Not Applicable to this building.
Recommendations (optional for EPB purposes)	<ul style="list-style-type: none"> - Investigate the current Totem foundations pad size. - Install RC extensions, if required, to the foundations of the Totems to a minimum of 2.5m x 2.5m x 0.6m, if required. - With respect to items also identified in Section 4, some investigations are required to determine connection details which as hidden and/or installing some missing connections. 	

3

³ Indicate what form should the DSA take/ what the specific areas to focus on are



Appendix B – Summary calculations / assessment outputs



Job Name: 190 Forth Street Invercargill
Subject: Assessment Calculations

Job No: 2305-3953

By: W Holt

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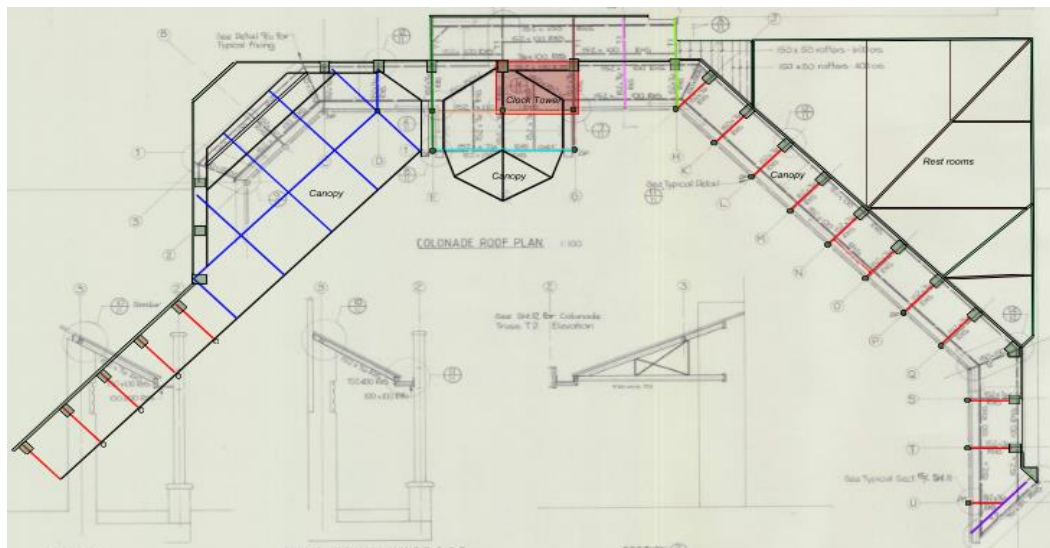
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Date: 1/08/2023

Brief

The structures in Wachner Place comprise the restroom building, the clock tower, the canopy, which also forms part of the proceeding two elements, and the totems. The clock tower and canopy were constructed first and then the rest rooms were an extension to the the Northwest wall of the canopy. There are no details for the towers or a construction date but their styling places them as being circa 1985.

General Arrangement



Plan of Building Complex

$$CdT1 = 0.51 \quad g \quad \mu = 1.0 \quad Sp = 1.0$$

NZS1170 Pt 5:2004		Equivalent Static Earthquake Coefficient	
Soil Type	D - Deep or Soft Soil	Refer to Cl 3.1.3	
Building Design Life	50 Years		
Importance Level	2	See Table 3.1 (NZS1170.0)	
Building Location	Invercargill		
ULS Return Period	1/500 Years		
SLS Return Period	1/25 Years		
Hazard Factor, Z	0.17		
R _u	1.0		
R _s	0.25		
Direction	Period, T ₁ (s)	Ductility μ _{ULS} μ _{SLS}	N(T,D) ULS N(T,D) _{SLS} C _u (T) C(T) _{ULS} C(T) _{SLS}
X	0.4	1.25 1	1.0 1.0 3 0.51 0.13
Y	0.4	1.25 1	1.0 1.0 3 0.51 0.13
Direction X			
S _w Factor from NZS1170	0.925		
S _w Factor Override	(leave blank to use 1170 default)		
Chosen S _w Factor	0.925		
k _u	1.1 <i>uls</i> 1.0 <i>sls</i>		
ULS Seismic Coefficient, C	0.41 g		
SLS Seismic Coefficient, C	0.09 g (S _p = 0.7)		
Direction Y			
S _w Factor from NZS1170	0.925		
S _w Factor Override	(leave blank to use 1170 default)		
Chosen S _w Factor	0.925		
k _u	1.1 <i>uls</i> 1.0 <i>sls</i>		
ULS Seismic Coefficient, C	0.41 g		
SLS Seismic Coefficient, C	0.09 g (S _p = 0.7)		

*Clock Tower
 Canopy
 Rest Rooms
 Totem*

$$CdT1 = 0.41 \quad g \quad \mu = 1.25 \quad Sp = 0.925$$

Date: 1/08/2023

See Bnt 13 for Tower details

21,150
2550
18,50
2500
10,80
10,00

400

152 x 76 RHS
100 RHS
152 x 100 RHS
100 x 100 RHS
152 x 100 KRS
100 x 100 KRS

TRUSS T1

102 x 76 RHS

10,80

10,00

PART FRAME 2

63



Job Name: 190 Forth Street Invercargill
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Design Earthquake Actions

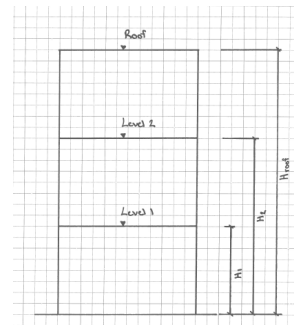
Ultimate Limit State $C_d(T) = 0.41$

Servicability Limit State $C_d(T) = 0.09$

Load Combination

Building Base Shear, $V = C_d(T) \times W_t$ Where $W_t = G_i + \sum \Psi E \times Q_i$

$V =$ kN ULS $\Psi E = 0$ for roof
 $V =$ kN SLS $\Psi E = 0.6$ storage applications
 $\Psi E = 0.3$ all other cases



Building Loads

Level	G	Q	Q _{stor}	W _i	Height	W _i H _i	F _i	0.3F
1	242.0	0	0	242.0	6	1452	69	20.6
2	72.0	0	0	72.0	8.5	612	29	8.7
3	74.8	0	0	74.8	11.15	833.7	39	11.8
Roof	36.4	0	0	36.4	13.53	492.8	37	11.2
W_t =				425.2	$\sum W_i H_i =$	3391		

O/A OT Momen Defl 2.5%

17.2	5.2	412.1 kNm	150
7.2	2.2	246.1 kNm	212.5
9.9	3.0	439.7 kNm	278.8
9.3	2.8	503.9 kNm	338.1
		1602 kNm	Leg Load
base 1	4 m	200.2 kN	
base 2	2.775 m	288.6 kN	

Column Capacity

F3, G3

Base

Properties			Comments	
Section Type	Concrete	Column		
Depth, D	800	mm		
Width, b	800	mm		
Height, H	3100	mm		
Concrete Strength, f _c	30	MPa		
Asial Force, N	413	kN		
Moment Reinforcement				
Steel Strength, f _s	237.5	MPa		
Cover at ends	45	mm		
NO. Spaces	5	No.		
Bar Spacing, s	142.0	mm		
No. Bars (End Groups)	4	No.		
Diameter	20	mm		
Area	1257	mm ²		
No. Bars (Internal Group)	4	No.		
Diameter	20	mm		
Area	2463	mm ²		
Minimum Steel Check				
As min	2085	mm ²		
As total	9901	mm ²	OK	
Section Moment Capacity				
M _u	776.0	kNm		
M _{u1}	196.2	kNm		
M _{u2}	98.3	kNm		
M _{u3}	1070.5	kNm		
φ	100			
*M _n	1070.5	kNm		
M*	582.0	kNm		
M _n > M OK			184 xNBS (IL3)	
Shear Reinforcement				
Steel Strength, f _s	237.5	MPa		
Stirrup Spacing, s	150	mm		
Legs in Shear Zone	4	No.		
Diameter	10	mm		
Area	314	mm ²		
Section Shear Capacity				
V _u	328.5	kN		
φ	100			
*V _n	328.5	kN		
V*	68.0	kN		
V _n > V OK			1385 xNBS (IL3)	



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Notch

Properties			Comments	
Section Type	Concrete	Column		
Depth, D	500	mm		
Width, b	600	mm		
Height, H	1000	mm		
Concrete Strength, f _c	30	MPa		
Axial Force, N*	385	kN		
Moment Reinforcement				
Steel Strength, f _s	297.5	MPa		
Cover at ends	45	mm		
NO. Spaces	3	No.		
Bar Spacing, s	136.7	mm		
No. Bars (End Groups)	4	No.		
Diameter	28	mm		
Area	2463	mm ²		
No. Bars (Internal Group)	2	No.		
Diameter	28	mm		
Area	1232	mm ²		
Minimum Steel Check				
As min	1257	mm ²		
As total	7389	mm ²	OK	
Section Moment Capacity				
M _u	418.3	kNm		
M _{u1}	56.9	kNm		
M _{u2}	62.7	kNm		
M _{u3}	538.5	kNm		
φ	100			
+M _n	538.5	kNm		
M*	337.0	kNm		
+M _n > M*	OK			
Shear Reinforcement				
Steel Strength, f _s	297.5	MPa		
Stirrup Spacing, s	150	mm	OK	
Legs in Shear Zone	4	No.		
Diameter	10	mm		
Area	314	mm ²		
Section Shear Capacity				
V _u	570.3	kN		
φ	100			
+V	570.3	kN		
V*	77.0	kN		
+V _s > V*	OK			
			136 %NBS (IL3)	

Properties			Comments	
Section Type	Concrete	Column		
Depth, D	600	mm		
Width, b	500	mm		
Height, H	1000	mm		
Concrete Strength, f _c	30	MPa		
Axial Force, N*	385	kN		
Moment Reinforcement				
Steel Strength, f _s	297.5	MPa		
Cover at ends	45	mm		
NO. Spaces	3	No.		
Bar Spacing, s	170.0	mm		
No. Bars (End Groups)	4	No.		
Diameter	28	mm		
Area	2463	mm ²		
No. Bars (Internal Group)	2	No.		
Diameter	28	mm		
Area	1232	mm ²		
Minimum Steel Check				
As min	1277	mm ²		
As total	7389	mm ²	OK	
Section Moment Capacity				
M _u	518.0	kNm		
M _{u1}	66.3	kNm		
M _{u2}	75.8	kNm		
M _{u3}	660.0	kNm		
φ	100			
+M _n	660.0	kNm		
M*	337.0	kNm		
+M _n > M*	OK			
Shear Reinforcement				
Steel Strength, f _s	297.5	MPa	OK	
Stirrup Spacing, s	150	mm		
Legs in Shear Zone	4	No.		
Diameter	10	mm		
Area	314	mm ²		
Section Shear Capacity				
V _u	637.4	kN		
φ	100			
+V	637.4	kN		
V*	77.0	kN		
+V _s > V*	OK			
			166 %NBS (IL3)	

Top

Properties			Comments	
Section Type	Concrete	Column		
Depth, D	650	mm		
Width, b	600	mm		
Height, H	1000	mm		
Concrete Strength, f _c	30	MPa		
Axial Force, N*	375	kN		
Moment Reinforcement				
Steel Strength, f _s	297.5	MPa		
Cover at ends	45	mm		
NO. Spaces	3	No.		
Bar Spacing, s	186.7	mm		
No. Bars (End Groups)	4	No.		
Diameter	20	mm		
Area	1257	mm ²		
No. Bars (Internal Group)	2	No.		
Diameter	20	mm		
Area	628	mm ²		
Minimum Steel Check				
As min	1671	mm ²		
As total	4398	mm ²	OK	
Section Moment Capacity				
M _u	364.1	kNm		
M _{u1}	44.0	kNm		
M _{u2}	93.1	kNm		
M _{u3}	501.2	kNm		
φ	100			
+M _n	501.2	kNm		
M*	328.0	kNm		
+M _n > M*	OK			
Shear Reinforcement				
Steel Strength, f _s	297.5	MPa	OK	
Stirrup Spacing, s	150	mm		
Legs in Shear Zone	4	No.		
Diameter	10	mm		
Area	314	mm ²		
Section Shear Capacity				
V _u	731.1	kN		
φ	100			
+V	731.1	kN		
V*	105.0	kN		
+V _s > V*	OK			
			154 %NBS (IL3)	

Properties			Comments	
Section Type	Concrete	Column		
Depth, D	600	mm		
Width, b	650	mm		
Height, H	1000	mm		
Concrete Strength, f _c	30	MPa		
Axial Force, N*	375	kN		
Moment Reinforcement				
Steel Strength, f _s	297.5	MPa		
Cover at ends	45	mm		
NO. Spaces	3	No.		
Bar Spacing, s	170.0	mm		
No. Bars (End Groups)	4	No.		
Diameter	20	mm		
Area	1257	mm ²		
No. Bars (Internal Group)	2	No.		
Diameter	20	mm		
Area	628	mm ²		
Minimum Steel Check				
As min	1660	mm ²		
As total	4398	mm ²	OK	
Section Moment Capacity				
M _u	315.8	kNm		
M _{u1}	42.7	kNm		
M _{u2}	95.3	kNm		
M _{u3}	443.8	kNm		
φ	100			
+M _n	443.8	kNm		
M*	240.0	kNm		
+M _n > M*	OK			
Shear Reinforcement				
Steel Strength, f _s	297.5	MPa	OK	
Stirrup Spacing, s	150	mm		
Legs in Shear Zone	4	No.		
Diameter	10	mm		
Area	314	mm ²		
Section Shear Capacity				
V _u	693.1	kN		
φ	100			
+V	693.1	kN		
V*	58.0	kN		
+V _s > V*	OK			
			185 %NBS (IL3)	

BMC

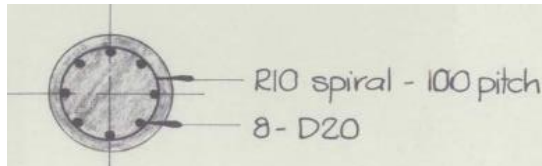
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F2, G2



Gen-Col
 Analysis of Reinforced Concrete Columns
 Licensed to: SESOC

Job number (or name): 2006-2958
 Column number: F2

Circular section.

Dimensions of the column section:

Diameter = 300.0 mm
 Clear Cover to ties = 50.0 mm

Reinforcement:

Bar no.	x, mm	y, mm	Bar dia, mm
1	79.0	0.0	20.0
2	55.9	55.9	20.0
3	0.0	79.0	20.0
4	-55.9	55.9	20.0
5	-79.0	0.0	20.0
6	-55.9	-55.9	20.0
7	0.0	-79.0	20.0
8	55.9	-55.9	20.0

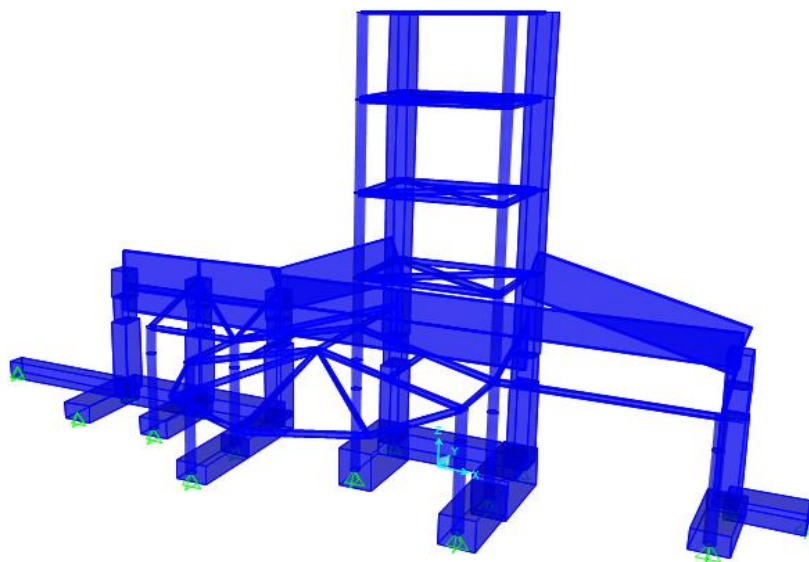
With bars supported by ties, an allowance for deformations of $db/10$ is made in placing the bars

Ties:

Ties diameter = 10 mm

Sectional area & reinforcement ratio:

Column sectional area = 70650 mm²
 Reinforcement area = 2513 mm²
 Reinforcement ratio = 0.03557

Analysis Model

Gen-Col
 Analysis of Reinforced Concrete Columns
 Licensed to: SESOC

Job number (or name): 2006-2958
 Column number: F2

User name : warrenh

Concrete properties:

Rectangular stress block as defined by NZS 3101:2006
 Concrete cylindrical compressive strength = 30.0 MPa
 Concrete compression stress coefficient, $\alpha_1 = 0.85$
 Compression zone depth coefficient, $\beta_1 = 0.85$
 Concrete maximum strain = 0.0030

Steel properties:

Steel modulus of elasticity = 200 000 MPa
 Steel yield strength = 297.5 MPa

Dimensions of the column section:

Circular section.
 Diameter = 300.0 mm
 Clear cover to ties = 50.0 mm

Results:

Load combination number 1 :
 Strength reduction factor, $\Phi = 0.85$
 Phi Axial load = 120.1 kN, $\Phi M_x = 61.0$ kNm, $\Phi M_y = 0.0$ kNm
 Required reinforcement ratio = 0.03556, Required reinforcement area = 2512.3 mm²
 Initial reinforcement ratio = 0.03556, Initial reinforcement area = 2512.3 mm²
 Initial reinforcement ratio scaled by = 1.0000
 Moment ratio = 0.00000, Target moment ratio = N/A
 Skew angle = 0.0 degrees, NA depth = 106.7 mm
 Force (unfactored) carried by concrete = 474.7 kN
 Force (unfactored) carried by reinforcement = -333.4 kN
 Axial load eccentricity: $e_x = 0.0$ mm, $e_y = 507.9$ mm

The analysis has been finished.



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Case	Axial comp	tens	Moment X	Y	Mx	My	Comb	Shear X	Y	Vx	Vy	Comb
Rectangular Base												
G+0.3Q+Ex+0.3Ey	413.0	0.0	288	111	1071	582	0.46	36	57.6	929	967.7	0.098
G+0.3Q+Ex-0.3Ey	378.0	0.0	230	114	1071	582	0.411	23	59	929	967.7	0.086
G+0.3Q-Ex+0.3Ey	323.0	0.0	275	128	1071	582	0.477	30	65.2	929	967.7	0.1
G+0.3Q-Ex-0.3Ey	361.0	0.0	162	130	1071	582	0.375	12.6	66.6	929	967.7	0.082
G+0.3Q+Ey+0.3Ex	415.0	0.0	596	32	1071	582	0.612	77	15.4	929	967.7	0.099
G+0.3Q+Ey-0.3Ex	407.0	0.0	527	79	1071	582	0.628	70	24.9	929	967.7	0.101
G+0.3Q-Ey-0.3Ex	283.0	0.0	582	39	1071	582	0.611	71	20	929	967.7	0.097
G+0.3Q-Ey+0.3Ex	296.0	0.0	542	43	1071	582	0.58	68	20.6	929	967.7	0.095
Rectangular Notch												
G+0.3Q+Ex+0.3Ey	372.0	0.0	194	89	538.5	660	0.495	36.4	46.4	570	637.4	0.137
G+0.3Q+Ex-0.3Ey	336.0	0.0	170	92	538.5	660	0.455	23	50	570	637.4	0.119
G+0.3Q-Ex+0.3Ey	293.0	0.0	196	99	538.5	660	0.514	30	43.5	570	637.4	0.121
G+0.3Q-Ex-0.3Ey	330.0	0.0	148	100	538.5	660	0.426	12.6	47	570	637.4	0.096
G+0.3Q+Ey+0.3Ex	385.0	0.0	394	21	538.5	660	0.763	77	16.2	570	637.4	0.16
G+0.3Q+Ey-0.3Ex	378.0	0.0	344	36	538.5	660	0.693	70	18.4	570	637.4	0.152
G+0.3Q-Ey-0.3Ex	253.0	0	397	29	538.5	660	0.781	71	9	570	637.4	0.139
G+0.3Q-Ey+0.3Ex	267.0	0.0	366	28	538.5	660	0.722	68	21.3	570	637.4	0.153
Rectangular First												
G+0.3Q+Ex+0.3Ey	368.0	0.0	165	232	501.2	442.8	0.853	37	52.8	732	699.1	0.126
G+0.3Q+Ex-0.3Ey	339.0	0.0	155	237	501.2	442.8	0.844	38	55.2	732	699.1	0.131
G+0.3Q-Ex+0.3Ey	310.0	0.0	173	236	501.2	442.8	0.878	57.4	54.9	732	699.1	0.157
G+0.3Q-Ex-0.3Ey	349.0	0.0	148	240	501.2	442.8	0.837	39	57.2	732	699.1	0.135
G+0.3Q+Ey+0.3Ex	375.0	0.0	326	69	501.2	442.8	0.806	96.2	17	732	699.1	0.156
G+0.3Q+Ey-0.3Ex	248.0	0.0	280	50	501.2	442.8	0.672	80.7	21.4	732	699.1	0.141
G+0.3Q-Ey-0.3Ex	247.0	0.0	333	66	501.2	442.8	0.813	105	13.7	732	699.1	0.163
G+0.3Q-Ey+0.3Ex	248.0	0.0	310	76	501.2	442.8	0.79	89.2	19.4	732	699.1	0.15
Circular												
G+0.3Q+Ex+0.3Ey	58	0.0	17.5	4.5	18	61	0.296	7.5	4.4	9		
G+0.3Q+Ex-0.3Ey	98	0	5	7.7	9	61	0.151	1	5.9	6		
G+0.3Q-Ex+0.3Ey	92	0	17	5	18	61	0.29	7	2.9	8		
G+0.3Q-Ex-0.3Ey	55	0	4	5.2	7	61	0.108	1.7	4.4	5		
G+0.3Q+Ey+0.3Ex	17	0	36	2.7	36	61	0.592	15.5	3.3	16		
G+0.3Q+Ey-0.3Ex	15	0	32	6	33	61	0.534	13.7	3.6	14		
G+0.3Q-Ey-0.3Ex	137	0	36	8	37	61	0.605	14.5	4.2	15		
G+0.3Q-Ey+0.3Ex	137	0	31	8	32	61	0.525	12.80	4.6	14		

By inspection the Clock Tower elements are all at 100%NBS(IL2) critical Case

Foundations

Take the critical moment case to the rectangular column and the foundation as 1m wide to the circular column extension add the concrete above the 0.8 depth and to the width outside of the 1m width onto the Axial load (100kN).

Pad Foundations				SLS LOADS			
width	b	1 m		width	b	1 m	
length	l	4.75 m		length	l	4.75 m	
height	h (or d in Fig 4)	0.8 m		height	h	0.8 m	
area	A=bl	4.75 m ²		area	A=bl	4.75 m ²	
modulus	Z=bl ² /26	3.760417 m ³		modulus	Z=bl ² /26	3.760417 m ³	
pad weight	w=blh*24	91.2 kN		Axial load	P		SLS
ULS LOADS				Shear	H		SLS
Axial load	P	386.25 kN	ULS	Moment	M		SLS
Shear	H	57.75 kN	ULS	pad weight	w=blh*24	91.2 kN	
Moment	M	44.7 kNm	ULS	reaction	R=P+w	91.2 kN	
reaction	R=P+w	477.45 kN		pressure max	p _{max} =(P+w)/A + (M+Hh)/Z	19.2 kPa	<? Allowable at SLS 100 kPa
pressure max	p _{max} =(P+w)/A + (M+Hh)/Z	231.6715 kPa	<? Allowable at ULS 300 kPa	eccentricity	e=(M+Hh)/(P+w)	0	<?I/6 0.791667
eccentricity	e=(M+Hh)/(P+w)	1.032988	<?I/6 0.791667	c=I/2-e		2.375	
c=I/2-e		1.342012		pressure max	p _{max} =2(P+w)/3b(I/2-e)	25.6	<? Allowable at SLS 100 kPa
pressure max	p _{max} =2(P+w)/3b(I/2-e)	237.8811 kPa	<? Allowable at ULS 240 kPa	Rating		75 %	

The Clock Tower foundation meets a minimum capacity of 75%NBS(IL2)



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Canopy

Loading Cases

N	Tributary Height	3.675 m					
	Width	Length	Height	Weight	Additional	Total Weight	
Rectangular Columns	0.600	0.750	2.675	24.0 kN/m3	kN	28.9	
Circular Columns	0.300		3.200	24.0	kN	5.4	
Floor Dead Load	10.000	1.500		0.4 kPa	kN	6.0	
Wall Cladding	3.000		3.675	0.2 kPa	kN	8.8	
PC Concrete Lintels	0.100	3.000	1.000	23.0 kN/m3	kN	6.9	
PC Concrete panels P11	0.150	3.000	3.400	24.0 kN/m3		36.7	
RCM wall	0.150	13.100	1.300	22.0 kN/m3		56.2	
Canopy	3.000	3.000		0.3 kPa		2.7	
						151.7	144.9

Seismic Load = **62.18** 6.8

D, K-M, O-Q	Tributary Height	3.675 m					
	Width	Length	Height	Weight	Additional	Total Weight	
Rectangular Columns	0.600	0.750	2.675	24.0 kN/m3	kN	28.9	
Circular Columns	0.300		3.200	24.0	kN	5.4	
Floor Dead Load				kPa	kN	0.0	
Wall Cladding				0.2 kPa	kN	0.0	
PC Concrete Lintels	0.100	3.000	1.000	23.0 kN/m3	kN	6.9	
PC Concrete panels P11	0.150	3.000	3.400	24.0 kN/m3		36.7	
RCM wall				22.0 kN/m3		0.0	
Canopy	3.000	3.000		0.3 kPa		2.7	
						80.6	73.86

Seismic Load = **33.062** 6.8

H	Tributary Height	2.675 m					
	Width	Length	Height	Weight	Additional	Total Weight	
Rectangular Columns	0.600	0.750	2.675	24.0 kN/m3	kN	28.9	
Circular Columns	0.300		3.200	24.0	kN	10.9	
Floor Dead Load				0.3 kPa	kN	0.0	
Wall Cladding				0.2 kPa	kN	0.0	
PC Concrete Lintels	0.100	3.000	1.000	23.0 kN/m3	kN	6.9	
PC Concrete panels P7	0.150	3.000	4.600	24.0 kN/m3		49.7	
PC Concrete panels P8	0.150	1.500	3.925	24.0 kN/m3	0.75	15.9	
Canopy	3.000	4.000		0.3 kPa		3.6	
						115.8	103.2

Seismic Load = **47.488** 12.7

E	Tributary Height	2.675 m					
	Width	Length	Height	Weight	Additional	Total Weight	
Rectangular Columns	0.600	0.750	2.675	24.0 kN/m3	kN	28.9	
Circular Columns	0.300		3.200	24.0	kN	10.9	
Floor Dead Load				0.3 kPa	kN	0.0	
Wall Cladding				0.2 kPa	kN	0.0	
PC Concrete Lintels	0.100	3.500	1.000	23.0 kN/m3	kN	8.1	
PC Concrete panels P6	0.150	2.150	5.800	24.0 kN/m3		44.9	
PC Concrete panels P5	0.150	1.500	4.600	24.0 kN/m3	0.75	18.6	
Canopy	3.000	3.500		0.3 kPa		3.2	
						114.5	102

Seismic Load = **46.932** 12.4

D	Tributary Height	2.675 m					
	Width	Length	Height	Weight	Additional	Total Weight	
Rectangular Columns	0.600	0.750	2.675	24.0 kN/m3	kN	28.9	
Circular Columns	0.300		3.200	24.0	kN	5.4	
Floor Dead Load				0.3 kPa	kN	0.0	
Wall Cladding				0.2 kPa	kN	0.0	
PC Concrete Lintels	0.100	3.500	1.000	23.0 kN/m3	kN	8.1	
PC Concrete panels P4	0.150	2.150	3.400	24.0 kN/m3	0.6	15.8	
PC Concrete panels P5	0.150	1.500	4.600	24.0 kN/m3	0.75	18.6	
Canopy	3.000	3.500		0.3 kPa		3.2	
						79.9	72.93

Seismic Load = **32.775** 7.0

Date: 1/08/2023

Canopy Foundations at GL E 77%NBS(IL2) as a cantilever

Date: 1/08/2023

4.063 kN Seismic Load = 5.501 kNm

4.506 kN Seismic Load = 6.699 kNm

Date: 1/08/2023

Plinth W = 1.5 m

67.5 247.8 kNm

Axial =	27.66 kN	C	T
Comp/Tension =	95.69 kN	123.4	-68.03
Shear =	22.68 kN		
Mmt =	4.9 kNm		

Properties			Comments
Section Type	Concrete	Column	
Depth, D	250	mm	
Width, b	250	mm	
Height, H	1000	mm	
Concrete Strength, f_c	30	MPa	
Axial Force, N	-68	kN	
Moment Reinforcement			
Steel Strength, f_s	297.5	MPa	
Cover at ends	45	mm	
NO. Spaces	1	No.	
Bar Spacing, s	160.0	mm	
No. Bars (End Groups)	2	No.	
Diameter	12	mm	
Area	226	mm ²	
No. Bars (Internal Group)	0	No.	
Diameter	0	mm	
Area	0	mm ²	
Minimum Steel Check			
As min	236	mm ²	
As total	452	mm ²	OK
Section Moment Capacity			
M _u	15.2	kNm	
M _{u1}	0.5	kNm	
M _{u2}	-7.7	kNm	
M _u	8.0	kNm	
ϕ	1.00		
*M _n	8.0	kNm	
M*	5.0	kNm	
M _n > M OK			
			160 %NBS (IL.3)

Shear Reinforcement		
Steel Strength, f_u	237.5	MPa
Stirrup Spacing, s	150	mm
Legs in Shear Zone	2	No.
Diameter	10	mm
Area	157	mm ²
Section Shear Capacity		
V_c	85.2	kN
ϕ	100	
V_s	85.2	kN
V^*	23.0	kN
$\phi V_s > V^* \text{ OK}$		
		370
		%NBS (IL3)

Concrete Column 100%NBS(IL2) if 250x250 and 4D12 bars



Job Name: 190 Forth Street Invercargill
Subject: Assessment Calculations

Job No: 2305-3953

By: W Holt

Checker:

Page: 11

of:

11

Date: 1/08/2023

Foundation Check

Case 1 Foundation is 2m x 2m x 0.6m deep

Case 2 67%NBS(IL2) case base size requirement

Pad Foundations		Grid Line	A	Key	
width	b		2 m		user input
length	l		2 m		result
height	h (or d in Fig 4)		0.6 m		
area	A=bl		4 m ²		
modulus	Z=bl ² /6		1.333333 m ³		
pad weight	W=blh*24		57.6 kN		
ULS LOADS					
Axial load	P		52.8 kN	ULS	165 kN
Shear	H		21.648 kN	ULS	67.65 kN
Moment	M		79.36 kNm	ULS	248 kNm
reaction	R=P+V		110.4 kN		Allowable at ULS
pressure max	p _{max} =(P+V)/A + (M+Hh)/Z		96.8616 kPa	< ?	300 kPa
					OK
eccentricity	e=(M+Hh)/(P+V)		0.836493	< ?/6	0.333333
	c=lf/2-e		0.163507		
pressure max	p _{max} =2(P+V)/3b(l/2-e)		225.0665 kPa	< ?	240 kPa
					OK
SLS LOADS					
width	b		2 m		
length	l		2 m		
height	h		0.6 m		
area	A=bl		4 m ²		
modulus	Z=bl ² /6		1.333333 m ³		
Axial load	P		165	SLS	
Shear	H		14.85	SLS	
Moment	M		54	SLS	
pad weight	W=blh*24		57.6 kN		
reaction	R=P+V		222.6 kN		Allowable at SLS
pressure max	p _{max} =(P+V)/A + (M+Hh)/Z		103.1618 kPa	< ?	100 kPa
					Not Good
eccentricity	e=(M+Hh)/(P+V)		0.284587	< ?/6	0.333333
	c=lf/2-e		0.715413		
pressure max	p _{max} =2(P+V)/3b(l/2-e)		103.7163 kPa	< ?	100 kPa
					Not Good
Rating			32 %		

Base 2m x 2m x 0.6m deep is 32%NBS(IL2)

Pad Foundations		Grid Line	A	Key	
width	b		2.45 m		user input
length	l		2.45 m		result
height	h (or d in Fig 4)		0.6 m		
area	A=bl		6.0025 m ²		
modulus	Z=bl ² /6		2.451021 m ³		
pad weight	W=blh*24		86.436 kN		
ULS LOADS					
Axial load	P		113.85 kN	ULS	165 kN
Shear	H		46.6785 kN	ULS	67.65 kN
Moment	M		171.12 kNm	ULS	248 kNm
reaction	R=P+V		200.286 kN		Allowable at ULS
pressure max	p _{max} =(P+V)/A + (M+Hh)/Z		114.6096 kPa	< ?	300 kPa
					OK
eccentricity	e=(M+Hh)/(P+V)		0.994214	< ?/6	0.408333
	c=lf/2-e		0.230786		
pressure max	p _{max} =2(P+V)/3b(l/2-e)		236.1475 kPa	< ?	240 kPa
					OK
SLS LOADS					
width	b		2.45 m		
length	l		2.45 m		
height	h		0.6 m		
area	A=bl		6.0025 m ²		
modulus	Z=bl ² /6		2.451021 m ³		
Axial load	P		165	SLS	
Shear	H		14.85	SLS	
Moment	M		54	SLS	
pad weight	W=blh*24		86.436 kN		Allowable at SLS
reaction	R=P+V		251.436 kN		100 kPa
pressure max	p _{max} =(P+V)/A + (M+Hh)/Z		87.73452 kPa	< ?	100 kPa
					OK
eccentricity	e=(M+Hh)/(P+V)		0.251949	< ?/6	0.408333
	c=lf/2-e		0.973051		
pressure max	p _{max} =2(P+V)/3b(l/2-e)		70.3128 kPa	< ?	100 kPa
					OK
Rating			69 %		

Base 2.45m x 2.45m x 0.6m deep is 67%NBS(IL2)

2024 – 2054 DRAFT INFRASTRUCTURE STRATEGY

To:	Council
Meeting Date:	Tuesday 31 October 2023
From:	Russell Pearson, Chief Engineer Rhiannon Suter, Strategy, Policy and Engagement Manager
Approved:	Michael Day - Chief Executive
Approved Date:	Thursday 2 November 2023
Open Agenda:	Yes

Purpose and Summary

This report provides the Committee with the opportunity to review the Draft Infrastructure Strategy ahead of confirmation by Council in November and adoption for consultation, following audit in February 2024.

Recommendations

That the Council:

1. Receive the report "2024 – 2054 Draft Infrastructure Strategy".
2. Confirm the Draft Infrastructure Strategy prior to audit, noting that budgets will be added following finalisation (A4593618).

Background

Council is required to prepare an Infrastructure Strategy which covers 30 years (2034 – 2054) as part of its long-term planning. The requirements for the strategy are laid out in Section 101B of the Local Government Act 2002.

The Infrastructure Strategy is required to show the major infrastructure issues which the Council expects to deal with over the life of the plan and the options and implications for dealing with those issues.

Guidance from the National Transition Unit is that if the Affordable Water Reform proceeds as planned the Infrastructure Strategy does not need to include three waters. Nevertheless Three Waters is included to provide a clear picture for the community of the issues ahead. The only other legally required areas which must be covered are roading and the areas of flood protection which Council will retain.

Issues and Options

Analysis

Council identified the following strategic priorities in developing this Long-term Plan:

- a. Meeting the changing needs of our rangatahi as part of our wider population, which is growing older and more diverse.
- b. Delivering city centre renewal.
- c. Enabling the housing, health, security and social infrastructure our city needs to grow.
- d. Navigating increasingly complex environmental challenges including climate change, land contamination and earthquake risks.
- e. Maintaining Community affordability in a time of economic volatility - Core infrastructure, major projects and levels of service will be delivered with financial prudence and efficiency.
- f. Ensuring Council leadership and delivery is credible and effective, building community trust and engagement.

The Infrastructure Strategy speaks to these priorities in a number of ways:

- Through the underlying assumptions which underpin the strategy
- Through inclusion of specific projects within the capital programme
- Through the approach to managing infrastructure to meet the needs of the community now and into the future.

Significance

The Infrastructure Strategy is significant and requires consultation as part of the Long-term Plan.

Issues

The issues are outlined within the Infrastructure Strategy.

Community Views

2021 – 2051 Infrastructure Strategy

The Infrastructure Strategy was consulted on as part of the last Long-term Plan. The analysis below is taken from the 18 May 2021 Deliberations report:

Council asked for feedback on its other plans and activities which form the Infrastructure Strategy.

It is important to note that in this analysis of the qualitative data, percentages are estimates and should be taken as such.

The most common feedback is positive (approximately 25%). These submitters are pleased to see investment in core infrastructure, which they believe is in the right places and at an appropriate level. Some raise the importance of a steady investment in maintaining assets.

This compares to approximately 1 in 10 who are concerned about cost. This is often discussed in relation to the issue of affordability, although some question whether Council knows what is needed.

The most commonly mentioned area of infrastructure is three waters. The importance of prioritizing an alternative water supply was most mentioned, followed by concerns about three water reform and the need for improved water quality.

Roading was frequently mentioned. Some have specific concerns about quality issues, others are concerned about the frequency of roadworks.

Climate change is mentioned by a significant minority. Support for walking and cycling is the most mentioned related issue, with other mitigation measures mentioned by a few.

Recycling and waste are activities where submitters would like to see innovation.

Some Bluff residents are concerned they are not receiving the same level of service as Invercargill.

Some Otatara, Kennington and residents in other rural areas have raised concerns about service provision, mostly in relation to the proposed rating changes.

2024 – 2054 Infrastructure Strategy

Consultation has been completed on one of the issues within the Infrastructure Strategy – the next stage of investment for the City Block streets with the Council to make a decision on this shortly.

Consultation on the Draft Infrastructure Strategy will take place as part of the LTP consultation in March/ April 2024.

Implications and Risks

Strategic Consistency

The draft Infrastructure Strategy align with the strategic direction set by Council in preparation for the 2024 – 2034 Long-term Plan.

Financial Implications

The Infrastructure Strategy is required to align with the Financial Strategy and provide guidance on how Council will fund its infrastructure commitments.

The Council will receive the Financial Strategy on 7 November 2023.

The key financial issues relevant for this LTP's Infrastructure Strategy are:

Three waters revenue and the impact on the debt ceiling

The Affordable Water Reform will potentially remove three waters from Council operations. Three Waters Revenue forms a significant revenue stream for Council. Removal of this stream will impact Council's balance sheet and available debt ceiling.

Revaluation

The revaluation of Council assets has significantly increased the value of Council's infrastructure, which is discussed in detail in the financial strategy.

Increase in the value of assets has a flow on impact on the cost of renew and replace those assets as they come to the end of their life.

Depreciation

At the time of the last LTP Council's Financial Strategy was to fund 100% of depreciation. This was amended at the time of the 2022/2023 Annual Plan to 93%. At the time of the 2023/2024 Annual Plan this was amended again to a set renewals budget for three waters and 93% depreciation for other capital assets.

This matter is discussed in detail in the Financial Strategy.

Inflation and escalation

Council will use the BERL Cost Index for setting inflation. Berl have produced two options – one for three waters included and one excluded. At present three waters in has been used.

Inflation is impacting on the cost to deliver the capital programme and projects will need to be escalated to reflect this. The figures provided in the Infrastructure Strategy are without inflation adjustment.

Legal Implications

The Infrastructure Strategy is required to be developed in line with Section 101B of the Local Government Act. It will be audited by Audit New Zealand as part of the LTP Audit.

Climate Change

Assumptions for climate change are provided in the Infrastructure Strategy. It is important to note that Council does not yet have all the information it needs to assess the risk to its infrastructure presented by climate change. Council has been working closely with Environment Southland in order to determine what information is required, what is needed to deliver it and when it can be made available. Further information will not be available for this planning cycle but is planned to be delivered in the next cycle.

Risk

All assumptions for the Long-term plan are attached as part of the Infrastructure Strategy.

Next Steps

Following confirmation by Council, the required financial information will be finalised as part of the Asset plan development process before being added to the Infrastructure Strategy. The Strategy along with the other required elements for the Long-term Plan will be audited in January ahead of adoption for consultation at the end of February.

Attachments

1. Infrastructure Strategy (A4593618)



Infrastructure Strategy



2024 – 2054

DRAFT

Infrastructure Strategy: 2024 – 2054

He ara whakaoho

Introduction

Infrastructure provides a foundation for building strong and resilient communities. This Strategy sets out how Invercargill City Council will manage the city's roading, water supply, sewerage and stormwater infrastructure, including planning for the transition of three waters to the new water entity in 2025. Council recognises that there may be a change in legislative direction but this plan has identified the necessary strategies and projects based on a new entity being formed.

The Infrastructure Strategy should be read alongside Council's Financial Strategy which provides more detail on how Council will fund and manage the expenditure of its infrastructure programme.

At the time of drafting this document, it is unclear whether the Affordable Water Reforms proposed by Central Government will still be proceeding, or what they might look like. In response to this uncertainty, Council has taken an approach of business as usual, until further notice, while also preparing as required for the transition. In practice, this means that Council will continue to deliver three waters services according to our plans, and if new centralised entities are formed in the future, then they will inherit assets and a revenue base that has been maintained. The focus of Council throughout has been on kaitiakitanga and the benefit and wellbeing of the community.

If the reforms go ahead unchanged, it is expected that the new entity will take over operation on 1 October 2025.

About our infrastructure

Invercargill city is a relatively small and compact city extending from Makarewa in the north to Bluff in the south, Kennington in the east and Ōreti Beach in the west. The Invercargill City District encompasses an area of 49,142 hectares, and generally we cover a land area 33.8 km by 20.1 km.

Landscape features of importance to the community include Bluff Hill (Motupōhue) and four major waterways which thread through the City (Waikiwi, Waihōpai, Ōtepuni, and Kingswell rivers). These, along with the Ōreti River all flow into the New River Estuary (the Waikiwi Stream flows to the Ōreti River).

The urban areas of Invercargill and Bluff contain extensive areas of open space as well as distinct heritage buildings. Invercargill has many extensive parks and recreational areas that are both close and accessible to residents. Queens Park is a centrally located, nationally recognised and award winning park offering wide and varied recreational use. Sandy Point area is a large environment and recreational area and is close to the city residents.

Road networks are generally formed on a grid layout and with relatively flat terrain, which makes mobility and accessibility easy for all modes of transport. The roading network has plenty of capacity and is well connected to the state highways (1 & 6) which are maintained by Waka Kotahi. This ensures travel reliability for all road users. The streets are suitable for active transport and many have marked cycleways.

The pipe networks provide potable water supply, wastewater (sewerage) reticulation and stormwater reticulation. The piped networks are compact and generally contained within road reserves, and usually (though not exclusively) not located in residents private property where access is more difficult. They are well structured and historically sized to provide for the city's requirements with reasonably short distances to and from treatment facilities. The majority of the system is serviced by gravity although a number of pumped mains transfer mostly sewerage towards the one waste water treatment plant (at Clifton) for the Invercargill urban area. Water is sourced and treated at Branxholme to the north of the city and piped 16.5km to reservoirs within the urban areas of Invercargill and Bluff. Invercargill has only one source of water supply. Areas of Ōtātara do not have a potable supply and water is piped to supply the Bluff township.

What we deliver

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

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

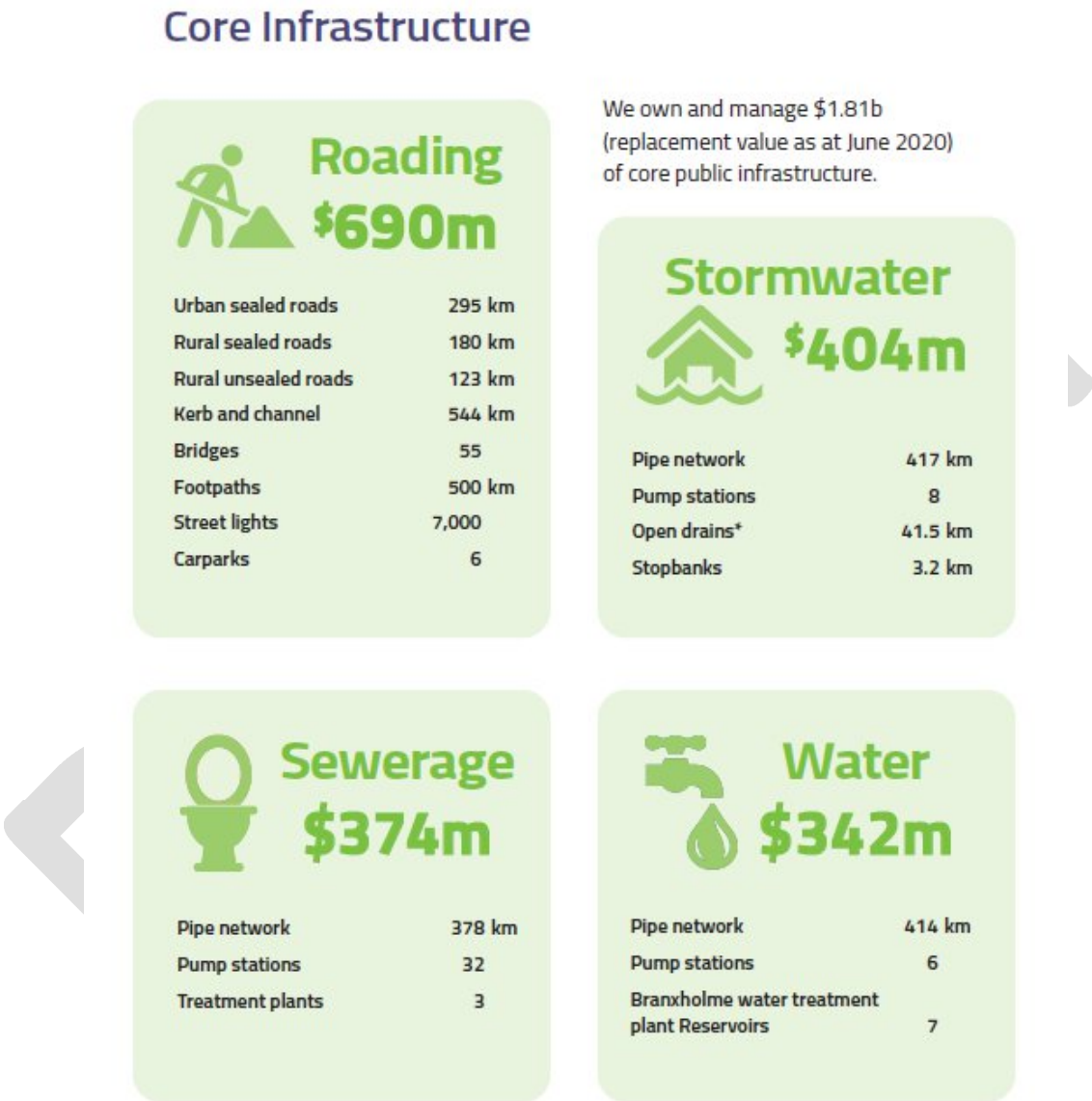
***Sewerage** – The Sewerage Activity owns and maintains assets which include pipes, pump stations and treatment plants for the removal of sewage from residential, industrial and commercial properties in urban areas of Invercargill, Bluff, parts of Ōtātara and Ōmaui. Treated effluent is discharged to Foveaux Strait at Bluff, to the New River Estuary at Invercargill, and to land at Ōmaui. Consents for the treatment plants at Bluff and Clifton expire in 2025 and 2029.

***Stormwater** – The Stormwater Activity owns and maintains assets which include pipes and pump stations to provide for the removal of stormwater from residential, industrial and commercial properties to reduce the risk of property damage by flooding. Stormwater is discharged to natural waterways including the Waikiwi Stream, Waihōpai River, Kingswell Creek, Clifton Channel, Ōtepunī Stream, the Ōreti River, the New River Estuary and Bluff Harbour. Council has a consent for discharge which expires in September 2032.

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

The majority of the city's three waters network, with the exception of the Water Tower, parts of the stormwater drainage network, and the tidal protection banks may be transferred to the new water entity as part of the Affordable Water reforms.

Our Core Infrastructure [graphic to be updated]



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

* Not including culverts and swales.



Council's Vision

Our City with Heart – Hē Ngākau Aroha

This infrastructure strategy supports the delivery of Council's vision by ensuring the city roading and water network appropriately serves the activities the community wants to undertake in the city centre and beyond.

It aligns with our mission – *Waihōpai – To leave in good order* – through supporting appropriate management of this infrastructure to ensure it meets the needs of the community now and into the future in a cost effective manner and meeting the future expectations of good guardianship. Council will work closely with Iwi, and recognises its responsibilities as these are strengthened as future maintenance and renewals are developed and delivered.

Looking Ahead – Our Strategic Priorities

- Meeting the changing needs of our rangatahi as part of our wider population, which is growing older and more diverse.
- Delivering City Centre vibrancy through appropriate renewals and improvements.
- Enabling the housing, health, security, and social infrastructure our city needs to grow.
- Navigating increasingly complex environmental challenges including climate change, land contamination, and earthquake risks.
- Ensuring Community affordability in a time of economic volatility - with financial prudence and efficiency.
- Ensuring Council leadership and delivery is credible and effective, building community trust and engagement.

In addition, there are a number of specific infrastructure priorities:

- Allowing infrastructure growth where future land uses change and support other priorities.
- Maintaining our core infrastructure.
- Delivering Strategic Projects.

Infrastructure Challenges

- Our city's networks have largely met the needs of the size of population over the last 30 years. As incremental growth and spatial changes occur, future expectations need to be deliverable which supports the wider community aspirations. In addition there are potential increases to industry which while the location and specific requirements are not known mean that a small increase in network growth is expected.
Spatial land use change is likely to occur and the core infrastructure must be aligned to support those changes in a timely and effective manner.
There will be both Central Government and community requirements for this core infrastructure, and as the legislation changes so must the response (e.g. Sewer discharge consents, Environment Southland Regional Land and Water Plans (Stormwater discharges), Drinking Water Standards etc.).

- Our city's infrastructure is ageing and there will be affordability challenges for the community. We are approaching the potential peak for pipe renewals of infrastructure. Much of the original pipework was installed towards 100 years ago and the peak is reached in the next 10 – 20 years. These will have affordability challenges and must focus on criticality and value decision making.
- Stage 1 of the re-invigoration of the city centre has been completed. The benefits of future stages have been highlighted but the cost of these work stages within constraining budget environments will be challenging. Completion and connection of the work to date is required and timed with other City development and with required underground infrastructure renewals.
- Ongoing improvements in asset management will be required to have stronger business cases for investing the significant financial requirements set out in this strategy. Council will need systems which have reliable data to support informed business cases and approaches to ongoing improvements in asset management and delivery.
- An increasing frequency of high intensity rainfall events is seen as more likely. Localised flood events may occur more frequently. This will test the current and future infrastructure and the community's response to these events.
We need better and deeper understanding about the impacts of sea level rise, and what this will mean for the city's infrastructure. Council is working with Environment Southland and Te Āo Marama on this issue.
New design standards are likely to require larger pipes for new work but network restriction may occur due to near-new pipes which are now too small in capacity.
- Key projects like the Stead Street Stopbank upgrade have been completed reflecting a strong commitment to meeting future challenges. Central Government funding assistance may be key to some projects.
- We must continue to meet our legislative requirements through discharge consent for treatment plants and stormwater discharge conditions which will require ongoing improvements, future thinking and investment.
- There are known areas where industrial and landfill contamination has occurred which is impacting waterways and networks. We are investing to understand more about these issues and develop appropriate responses.
- The need to reduce impacts on our community by making our roads safer will continue to be a focus. Council is supporting this with a range of additional investment in road safety infrastructure projects which will support the speed limit reduction changes already made.
- Contributing to longer-term climate sustainability and resilience will need more support for mode shift in transport use to occur, including vehicle use and types (including heavy industry). Greater Central Government direction will need to be included in future plans (e.g. vehicles, cycle paths, school travel plans etc.).
- Preparing for increasing community requirements as parts of the community become more urbanised and the community responds to climate issues such that travel mode shift occurs. Communities may seek to have services not previously delivered.
- Working closely with the construction industry and planning delivery in a manner which is sustainable and deliverable. The industry needs to have capability to meet the programmes with sufficient suitably skilled staff.

Key Assumptions

POPULATION ¹	Likelihood	Consequence	Council Response
Population growth As at 30 June 2023, the estimated population of Invercargill is approximately 57,100. The population is projected to increase over the next ten years but growth will depend significantly on whether the Tiwai Point smelter closes or remains open, and whether or not various industries are developed as envisaged in the Beyond 2025 Regional Long Term Plan.	Likely	Moderate	Although population growth in excess of the assumptions will have a moderate to significant impact on the Council finances this will have significant lead time. Council will be able to monitor the applications for resource consents and use this as guidance for the population growth into the future. A population decline would be a more significant impact but is not expected.
Population growth - Tiwai remains open If Tiwai Point remains open, it is projected that the population of Invercargill will increase by a little over 5,000 people over the course of the Long-term Plan.		Minor	Tiwai remaining open may result in further investment in power to support new industries. Council will continue to advocate for this to Central Government.
Population growth - Tiwai closes With the closure of Tiwai Point growth in population of just over 4,000 people is expected.		Moderate	Council has participated in the Just Transitions programme to support transition in the case of Tiwai closure and will continue to liaise with the Enduring Oversight Committee to support the community.

¹ Infometrics report “Southland Region forecasting scenarios for Beyond 2025 Southland”, June 2023

Diversity The population will continue to become more diverse. The Māori population will grow from 19% to 25%. The Asian population will grow from 8% to 13%.	Likely	Minor	Council will increase engagement opportunities for different parts of the community to help support all voices being heard. Changes to Council services are expected to be able to be accommodated from within existing operational budgets through adjustment of focus.
Ageing population Those aged 65 and older will form 24% of the population in 2034, which is higher than the current aged population in 2023 (estimated as 10,790 of 57,088 (19%)).	Likely/ Almost Certain	Moderate	Demographic changes are clear and while future migration patterns may offset aging to some extent this is not expected to be of a high enough level to counter the known level of aging. Council is considering how to respond to changing housing needs for older people through provision of elderly housing, adjustment to the District Plan and potential partnership projects. Impacts on other services including public transport, libraries and pools (e.g. hydrotherapy pool) are being planned for.
Households Households will increase from 23,256 in 2022 to 26,087 in 2034. The number of households stagnated over 2020-2021, but is projected to show positive growth over the course of this LTP, with growth peaking at 1.1% in 2032. The average size of households is expected to reduce from 2.39 to 2.34 by the end of this LTP.	Moderate/ Likely	Moderate/ Major	The number of households underpins the rating base and Council revenue for activities. A decline or slower growth in households would require Council to review services and/or financial strategy.

SOCIAL	Likelihood	Consequence	Council response
Socio-economic Inflation will continue to squeeze household budgets and impact abilities to pay rates. Inflation is expected to stay above 3% until 2025/2026. ^{2 3}	Moderate/ Likely	Major	Economic volatility remains high with economists urging caution on reliability of forecasting. Significant increases in inflation will impact not only Council's planned expenditure but the community's ability to pay. Higher than expected inflation may require review of services, capital investment and/or financial strategy. Lower inflation will improve Council's position and ability to deliver.
Community resilience Tiwai Point Aluminium Smelter is expected to continue operating for the time of the Long-term Plan. Should Tiwai close this is expected to have an impact on community resilience.		Moderate	Council has plans in place, including community support for the Just Transitions Connected Murihiku programme and support for Great South to deliver economic diversification options. Additional investment may be required on any announcement of closure.
Community resilience Although the Zero Fees scheme has been extended through 2024 for Southern Institute of Technology Te Pūkenga, it is unlikely to continue throughout the life of the Long-term Plan. This will have an uncertain level of negative impact on Invercargill's population and economy.	Likely	Minor	The Zero Fees Scheme has been an important tool in lifting the skill base of the local community as well as attracting new people live in the city. Loss of Zero Fees will remove a competitive edge for the city which has potential unknown longer term impacts.

² Infometrics report "Economic update for Long Term Planning for Invercargill City Council", April 2022, p11

³ RBNZ "Household inflation expectations (H1)", August 2023

Housing stock Urban Invercargill's housing supply rate will increase slightly from 0.5% a year to 0.7% a year based on Council's intended District Plan changes, known future developments and proposed partnership projects. ⁴	Possible/Moderate	Moderate	Housing has been identified as a potential constraint to growth. Failure of responses to increase the supply could limit future population growth. Council would need to consider alternative responses.
ECONOMIC	Likelihood	Consequence	Council Response
Economy Inflation will peak in June 2023 and stay above 3% until 2025/2026. ⁵ Employment is expected to weather any recessionary conditions fairly well but unemployment is expected to increase nationally. ⁶ A short term dip is forecast for the early years of the plan with stronger growth in professional and highly skilled occupations. ⁷	Moderate/Likely	Moderate	Inflation increases would have significant impact on budgets. Council would need to consider changes to services and/or the financial strategy.
Community funding Despite recent economic challenges, Community Trust South and the Invercargill Licensing Trust Group have managed to return their funding levels to pre Covid-19 levels. This is anticipated to take some pressure off Council's funding pool.	Likely	Minor	Council will continue to liaise with other funding partners, including to monitor forecast security of investment, to assist control of this risk.

⁴ Rationale report "Murihiku Southland Housing Needs Assessment", May 2023, p26

⁵ Infometrics report "Economic update for Long Term Planning for Invercargill City Council", April 2022, p11

⁶ Infometrics report "Southland Region forecasting scenarios for Beyond 2025 Southland", June 2023, p15

⁷ *Id.* p15-18

Economic diversification Volatility in the global economy may affect one or more of Invercargill's key export industries. This will drive diversification but will slow growth. Employment growth in new industries such as aquaculture and green hydrogen is not expected to offset any declines in agriculture. ⁸ There may be a delayed effect through the risk of impacted industries abandoning properties. Growth in the forestry industry as a result of carbon farming has the potential to negatively impact Invercargill's economy. ⁹	Possible	Moderate	Council will continue to work closely with the Regional Council, Great South, the Chamber of Commerce and other stakeholders to support economic diversification for the region. In the case of significant industry decline a targeted response may need to be developed.
Central Business District The City Block development has been successfully completed and has attracted new development, including two new hotels in the city centre. Council will continue to support initiatives to drive the success of a thriving CBD. GDP will increase by \$14m annually as a result of the investment until 2030. ¹⁰	Likely	Moderate	Council remains strongly committed to its vision "Our City with Heart – He Ngākau Aroha." Any divergence from this vision could impact the financial viability of ICL but is not expected. Further investment may be required either in the City Block or associated city streets improvements.
Tourism Tourism in the Visit Southland area is expected to increase to between 160% - 165% of pre-Covid levels by 2029. ¹¹ Invercargill is expected to proportionally benefit from this increase and demand for accommodation to increase and to be met from within existing stock.	Moderate/Likely	Minor	Tourism, while important, is not currently a major driver of the Invercargill economy, although it has great potential to grow. Council may need to invest in further infrastructure if tourism grows faster than expected and manage any flow on impact on

⁸ Beyond 2025 Southland Regional Long Term Plan, p20-21

⁹ *Id.*, p20

¹⁰ NZIER report "Invercargill CBD regeneration", May 2023, p17

¹¹ Beyond 2025 Southland Regional Long Term Plan, p56

			housing availability given housing constraints.
International education The numbers of international students studying at Southern Institute of Technology (SIT) Te Pūkenga are not expected to return to pre-Covid levels until 2028 at the earliest. ¹² The decline as a result of Covid would be compounded if there was a change in policy at Te Pūkenga with reduced focus on recruiting international students, and by reduced domestic competitiveness as a result of the likely end of the Zero Fees policy.	Moderate/Likely	Minor	International students and their families create significant demand for certain categories of housing, including city centre housing. Lower numbers of international students is likely be a factor in the trend of an increasingly aged population. Lower or higher than expected numbers of international students may require an adjustment in Council response to City centre strategy and/or other provisions/ partnerships impacting housing availability.
Climate change regulatory change Legislative change is expected to increase requirements, reflected in the Emissions Reduction Plan and the National Adaptation Plan, on businesses and Council with an impact on economic growth as yet unknown. ¹³	Likely	Moderate/ Major	Council is working with the regional Climate Change Working Group to set a strategy for the region and action plan for Council. Further investment will be required in activities to reduce emissions and to better understand climate change risk to Council assets.

¹² Infometrics report "Economic update for Long Term Planning for Invercargill City Council", April 2022, p18

¹³ Ministry for the Environment "Implementing Aotearoa New Zealand's first emissions reduction and national adaptation plans", 2023

ENVIRONMENTAL	Likelihood	Consequence	Council response
Mean annual and extreme temperature (days where temp. exceeds 25C) are expected to increase with time: By 2040: mean annual temperature increase of 0.5-1.0C with 0-10 more hot days per annum. By 2090: mean annual temperature increase of 0.7-3.0C, with 5-55 more hot days per annum.	Moderate	Minor	Temperature increase while important has an indirect impact on Council operations, which are expected to be accommodated within Council plans.
Annual rainfall is expected to increase By 2040: +0-10% By 2090: +5-20% Increased frequency of high rainfall days, i.e. increase in intensity of rainfall.	Moderate	Moderate/ Major	Increased intensity of rainfall is expected to result in increased flooding. Council has adjusted its stormwater asset profiles to plan for increased major flooding events but there remain significant areas of the network which have not yet been renewed. There are also impacts on efficiency of the Sewerage treatment system as a result of overflow from the stormwater system during high rainfall events. Dependent on the Affordable Water Reform and Council's ongoing areas of responsibility, adjustment may need to be made the renewal programme.
Mean sea level is expected to rise By 2040: 0.2-0.3m By 2090: 0.4-0.9m	Moderate/ Uncertain	Moderate/ Major	There remains significant modelling which must be completed at a regional level to attain an understanding of what sea level rise is likely and its potential impact. There are known risk areas including the Airport and Bluff which need further investigation. Council has invested in major infrastructure

			upgrades at Stead Street to increase protection for the city. Further work will be required on associated flood banks to maximise this investment. Environment Southland has responsibility for managing and maintaining the remainder of the city's floodbank network.
Natural disaster Extreme weather events are happening more frequently and this trend is likely to continue due to climate change. There is a 75% probability of the Alpine Fault rupturing within the next 50 years. ¹⁴	Possible	Major/ Catastrophic	A major disaster which impacted Council's ability to operate at the same time that the community's need for disaster relief was required to be supported would require a major shift in strategy and operations. Council supports Emergency Management Southland to coordinate the response in such a situation. Council would fund response to a natural disaster primarily via debt.
Environmental renewal Council will invest to understand more about the levels of environmental damage at Ocean Beach and New River Estuary. It is possible that further investment in renewal will be required within the life of the infrastructure Strategy.	Likely	Moderate	There is potential significant investment required for contamination management. The scale of this work is as yet unknown.

¹⁴ <https://af8.org.nz>

CULTURAL	Likelihood	Consequence	Council response
Māori culture Māori culture has become more visible in the city since the time of the last Long-term Plan and will continue to become more visible.	Likely/ Almost certain	Low	Council is working closely in partnership with Mana whenua and would seek to manage impacts through this relationship.
Project 1225 Te Unua Museum of Southland will be built by December 2025, and open to the public in the second half of 2026. ¹⁵	Almost certain	Moderate	The programme is on schedule and remains a primary focus of Council. The impact of delay on service delivery is low, however the reputational risk of late delivery is significant. Council continues to actively manage this project through the PMO.
Civic pride Resident pride in the city following the redevelopment has increased (in 2023 80% of people said they would speak more positively about the city) ¹⁶ and will continue to increase as new projects including Project 1225 are completed.	Likely/ Almost certain	Minor	Council sees both City Block and Project 1225 as major cornerstone projects to achieving of its vision – Our City with Heart – He Ngakau Aroha. The social and economic benefits are already being realised. Continued commitment to the strategy will be required for full delivery.
Cultural activation An increase in activities and events reflecting the diverse culture of Southland will take place following Council investment in activation and private uptake of new facilities available.	Likely	Minor/Moderate	Activation is essential to leverage Council's capital investment in the city centre. Council will continue to explore a range of mechanisms to support activation in the community.

¹⁵ www.project1225.co.nz

¹⁶ Southland CBD Rejuvenation Community and Business Survey Report, March 2023, p9

COUNCIL OPERATIONS	Likelihood	Consequence	Council response
<p>Water Reform¹⁷ As a result of the Central Government directed Affordable Waters Reform, it is assumed there will be a change in water reticulation and sewerage delivery services within the life of the plan and that the transfer will take place in 2025/2026.</p> <p>This will result in a structural change for Council in relation to the ownership of assets and associated debt capacity. Council will continue to operate in its current structure for three years following transition with the exception that water services will be delivered by the new entity.</p> <p>The services will continue to be delivered, but these will be provided by another party. This will include increased regulatory requirements as required by the new regulatory authority.</p> <p>There are a number of risks:</p> <ul style="list-style-type: none"> • some services which are a priority to the community (e.g. alternative water supply) may not be a priority to the new entity. • Some assets which have multiple purposes and value to the community may be better held by Council – e.g. Water Tower • Loss of key staff through the transition may result in loss of local knowledge and expertise 	Uncertain	Major	<p>The impact to Council operations is major but moderate for the city, as services will be maintained in any scenario. The Long-term Plan includes two years of three waters activity. Any policy change would require inclusion of the remainder of the programme and likely rescheduling and forecasting, with potential associated impact on consent renewals. Water items are included within the Infrastructure Strategy</p>

¹⁷ www.waterservicesreform.govt.nz/how-do-these-changes-affect-me/councils/ (retrieved 15/09/23)

<ul style="list-style-type: none"> Impact on Council budgets through loss of water revenue and transfer of debt which may not be appropriately met through the transfer. 			
Legislative changes There will be changes to legislation that have an impact on how Council will provide services. These changes may affect Council organisational structure but not change the level of service received by the customer/ratepayer in the first three years of the plan.	Likely	Minor/ Moderate	Management will continue to engage with Central Government to ensure levels of service are maintained or improved and plan for changes in services in response to policy and regulation changes as they arise.
Consents Council will continue to carry out legislation-directed ordinary functions while factoring in an increase to required quality for consent conditions.	Likely	Minor/ Moderate	Consent processes at Bluff and Clifton Water Treatment Plants have commenced, although under an increased level of uncertainty as a result of the reform programme. Any impact on the consent process as a result of this uncertainty would be significant.
The Funding Assistance Rate (as advised from Waka Kotahi) NZTA will continue at 51% funding assistance until 2026/27. It is assumed that it will then remain at 51% for the life of the plan.	Likely	Moderate	Significant changes would have an impact on Council's ability to maintain levels of service and may require changes to budgets. Council continues to work closely in partnership with Waka Kotahi to manage this risk.

Asset life Assets will remain useful until the end of their average useful life, noting this requires underlying assumptions regarding asset condition to be correct. Infrastructure installed in the 1920s is nearing end of life and require renewal within the term of the Infrastructure Strategy.	Moderate/Likely	Moderate	Assets may need to be renewed earlier if this underlying assumption is incorrect. This may also change the renewal profile or may allow delayed renewal in other cases. Council will review the remaining asset life at each of the triennial asset revaluations and undertaken regular asset condition assessments.
Infrastructure network development It is anticipated that a 1% extension of the network (roading, three waters) will be required to service forecast growth needs of business and/or residential property. Locations are not yet known so more accurate forecasts are not possible.	Uncertain	Moderate	Invercargill has not operated under a growth assumption in the immediate past as the network was constructed to support a higher level of population. However, new potential industries are expected, if they eventuate, they are likely to create significant new demands on the network. As a result Council is planning for this uncertainty by allowing for growth.
Capital programme delivery 100% of roadmap and strategic projects are expected to be delivered. 80% of the core capital programme will be delivered in Year 1 and 2 and 90% thereafter, following implementation of the Affordable Water Reforms.	Possible	Moderate	Council continues to invest in enhanced project management capacity and supporting construction sector capacity through new ways of working. The financials will be reforecast to reflect the delivery expectations each year.
Investment Property Investment Property Assets are valued on a yearly basis. They are expected to increase in value in line with inflation. This is reflected in our Financial Strategy, and Accounting policies.	Likely	Low	Variations in valuations have no cash flow implications for Council. Council will continue to value Investment Property and forestry assets on an annual basis.

FINANCIAL	Likelihood	Consequence	Council Response
Rating base growth Rating base growth in line with population growth, household size changes and industry growth of 0.9%	Likely	Moderate/Major	The Rating base forecast is fundamental to the forecast revenue Council expects. A lower than expected level of growth would require Council to adjust rates or expenditure through the Annual planning process.
Inflation Operational forecasts and capital work programmes will increase by the accumulated Local Government Cost Index inflation forecast by BERL.	Likely	Moderate	Cost change factors are based on information developed for councils by BERL. Significant variations to inflation would have an impact on Council's financial management. The significant changes in recent years in relation to inflation mean that level of uncertainty has increased as to whether increased fluctuations in the BERL cost estimates can be expected. Council will continue on the planned pathway for the Capital Works programme and review operational revenue and expenditure each year.
Asset revaluation Asset values will increase by the accumulated Local Government Cost Index inflation forecast by BERL on the last valuation value. Revaluation occurs in 2024/25 and every third year thereafter.	Likely	Moderate/ Major	Changes in valuation (cost price) or life of Council assets have a significant impact on Council's financial management and capital programme. Council will continue on the planned pathway for the Capital Works programme and monitor after each revaluation cycle.
Interest rates - Borrowing Expected interest rates on borrowing will be 4.0%	Moderate/Likely	Moderate	A significant change in interest rates and the cost of borrowing would have a

			significant impact on Council budgets. Changes to services or the Financial Strategy would need to be considered.
Interest rates - Cash and Deposits Return on cash and term deposits are forecasted to be 1.5% lower than borrowing rates.	Likely/ Almost Certain	Minor	Term deposit rates currently vary between providers but most providers have a discount on rates from their prime lending rates.
Dividends from ICHL Dividends will be minimum \$5.2 million.	Possible	Minor/ Moderate	There would be a negative impact on Council's overall revenue and cash position if the dividend level was not maintained, which would increase the burden on ratepayers. Council will consider strategic reliance on dividend noting increased levels of economic uncertainty and impact of Council future direction to ICHL regarding holding of non-financial strategic assets.
External Funding It is assumed Council will achieve the level of external funding as estimated.	Possible/ Moderate	Minor/Moderate	Council is expecting external funding from Central Government, community and private investment into a number of strategic projects. While not all funding may be achieved, the estimates are based on expert analysis and are expected to be at least partially fulfilled. Council expects to be in a position to meet any shortfall.

Our strategy to respond to infrastructure challenges

1. Maintain our current asset base

We will be responding to priorities and challenges in a strategic manner.

We will ensure growth is focused on social, financial and operational sustainability and aligns to Council's vision, particularly spatial changes. We will use a business case approach where appropriate to support decisions.

Our focus is on gaining an ongoing better understanding of network capability to ensure optimum network performance, improve levels of service to meet consent and legislative requirements, and utilise current network capacity to meet forecast growth needs.

It is important to better manage expansion in infrastructure so that it does not exceed that which is currently serviced (or outlined in the Asset Management Plans or District Plan). By managing future growth of services, long-term financial responsibility can be better managed. Invercargill has, through the district planning process, clearly set where planned growth is desirable. As spatial reviews occur to support the City growth so must the infrastructure respond. Where expansion of infrastructure is acceptable, the initial cost of this infrastructure is expected to be met by the development to standards set by Council. Managing infrastructure expansion to align with these processes is appropriate.

2. Renew assets at the rate of asset consumption

We will renew assets at the rate of asset consumption as set out in the Financial Strategy.

This ensures the long-term sustainability of our asset portfolio and planning long term renewal programmes to minimise the impacts of past investment cycles. Council has long term programmes to continue to renew the roading and piped network at a rate equivalent to the consumption (ie fund depreciation).

The financial strategy sets out the financial mechanisms which are applied to the core asset renewals. The current strategy is:

- depreciation is funded at a global level
- depreciation is not transferred into special reserves but for some targeted rates (including Water, Sewerage), any cash surplus after meeting all costs (excluding depreciation) and capital spending will be placed in a targeted reserve so rates for that purpose will only be used for that purpose.

The asset teams have developed detailed renewal plans based on the criticality, asset condition, age, demand and other planned renewal requirements. Renewals are undertaken at the end of a long life (ie 80 to 100 years) so there is some flexibility as to when the most appropriate time is.

Some renewals are brought forward to align with projects. For instance, if road surfacing is occurring then piped asset renewals may be brought forward to ensure they are completed in advance.

Renewal programmes have periods where peak renewals may be needed however the programme has been reviewed and some smoothing of financial demand applied in order to support deliverability of funding and contracting capability. Contractors need to have a reasonable timeframe to resource up or down so consistency in work load is sensible to avoid peak pricing.

3. Focus on asset criticality

Our focus is on replacing critical assets before failure.

Non-critical assets will be allowed to operate to their expected lives and / or beyond, recognising that some limited failures in these assets may occur before renewal.

Given that Affordable Water reforms are continuing to be discussed, and to reduce large and sudden increases in rates on the community, this strategy looks to balance the risks of failure of some elements of each system (e.g. water pipes). Pipes with a lower criticality rating may have their replacement delayed and be monitored. This strategy will enable a focused financial response in the short-term.

This approach has the potential to increase failure risks, but Council must have supporting financial mechanisms available should additional renewals be required to action these in a timely manner. These risks, both infrastructural and financial, require improvements to our asset management maturity to support their implementation.

Should unplanned failures occur, Council will use its financial "good health", accumulated reserves, and / or insurances (where appropriate) to manage these risks.

4. Plan and invest for resilience for critical assets

A high priority for Council is to protect the access for the city to quality drinking water in the event of extreme weather events (flooding and droughts), coastal inundation and natural disaster (e.g. earthquakes).

Council is working with the Regional Council and Te Āo Marama to develop a regional climate change strategy, including identifying the further data and modelling required to better understand and plan for climate adaptation. This work includes analysis of recently completed LIDAR data, river flood modelling, coastal inundation modelling, interaction of river and coastal models and asset condition data assessment. The Regional Council forecasts this work will take approximately 5-7 years based on current NIWA forecasts of national data availability.

The development of an alternative water supply and providing improved connectivity for redundancy for the current Branhholme water supply are two priority projects intended to reduce the risk to the community of an interruption in water supply.

Council must seek to renew its discharge consent and is planning for these renewals of the Wastewater discharge consents at Bluff and Clifton. Conditions of consent may require a change in the approach required, the technology used, and the methods of disposal. Significant additional investment is expected to be needed to meet community requirements.

5. Design pipe network renewals to accommodate understood impacts of climate change

Council's pipe network and tidal protection barriers are designed to meet the forecast impacts of climate change outlined in the 2018 NIWA study of climate change in Southland. Council is working with Environment Southland and Te Ao Mārama to better understand the impacts of climate change on our region to inform enhanced planning, and agreeing an appropriate level of protection for its future design.

New design standards can impact the cost of works and also the defectiveness of the network, as near new pipes laid in the last 10 to 20 years may be a limiting barrier for the network to carry the new stormwater loads.

6. Focus on sound evidence-based activity investment decisions

We will use risk analysis, business cases and other advanced modelling techniques to develop robust and tested cases for investment rather than just the management of assets (e.g. age and condition).

Council has identified that making better investment decisions is an important response for managing long-term assets. Using tools such as the better business case approach is another way of supporting good asset decisions. Council uses a strategic assessment approach to determine the extent to which investments align with and deliver community outcomes.

7. Better understand and meet our community's needs, through consultation and delivery of agreed levels of service

Council has recognised that a better understanding and improved communication with the community will enhance the way in which infrastructural assets are managed. It is vital to align the community's expectations and needs with the service delivered by the assets, given that they are long-life assets and a significant financial investment. The assumptions made in any planning process create tangible inputs to future design and decision making. Council is strengthening its engagement strategy to assist in developing a better understanding of community views. There will be a particular focus on targeted engagement approaches for communities where needs have changed over time and a corresponding change in infrastructure is likely to be required.

8. Ensure a viable competitive supplier market exists and is maintained in the region

Council is aware that the extent of work that is planned for asset renewal and new projects could place significant resource pressure on the construction industry, and impact its ability and / or its capacity to deliver projects within the time and cost budgets allocated.

Advance communication and regular dialogue with contractors will set the initial expectations such that long-term planning and a robust and successful delivery market can be sustained.

Council will contract in an appropriate manner such that the industry has confidence in us, and Council is seen as a partner of choice.

9. Strengthen asset management processes, tools, data and expertise

Council has recognised that strengthening its asset management processes will produce more robust long-term outcomes. Council has established a whole of organisation approach to asset management, and aligned desired outcomes with the Asset Management Policy and Strategy.

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

Having a strong platform for delivering asset management will allow robust plans to be developed and then delivered. Ongoing investment in and upskilling of asset managers and their support teams is needed with a goal to continually improve asset management knowledge within the organisation. The long-term understanding (in its widest context) of when the best outcome can be achieved by renewal of assets, is the key to ensuring assets are being managed at the right level in the most appropriate way.

The Asset Management Policy confirms for Council the asset management objectives and responsibilities, with the high level commitment of Councillors ensuring the appropriate stewardship decisions are developed and understood, and that through the business case process appropriate investment decisions are being made.

Council needs to ensure that its Asset Management Strategy and Policy defines how it wants to position its skills. Ongoing investment in the quality of our asset data and better understanding of how the assets need to be managed is required.

10. Deliverability

The programme planned by this strategy is recognised as a large deliverable package for Council and its resources. Detailed forward planning will be required to ensure that suitable and adequate resources are available. This is equally applicable to both internal and external services where the industry must also match ability to do work aligned to the programme. An undersupply in either market will have impacts on timing or on cost.

Council will look to have skills for various scaled projects either through its teams, its Project Management office and or through the use of experienced outside businesses. It will be crucial to establish suitable governance and approval processes to ensure that barriers are not created which would slow projects. The use of advanced procurement techniques can be developed to ensure that larger projects are successful and timely.

It is noted that we would assume that in the early years of the plan the deliverability assumption is 80% for the first two years, and 90% thereafter. This will provide a stronger signal to the industry that is able to gear up and then potentially recover any under-development. This strategy also recognises that many of the local authorities will have larger programmes and a regional approach to delivery, and some consolidation of deliverability principles may be required to ensure that these do not have negative impacts on the industry and cost of works.

The Financial Strategy looks at the deliverability issue with respect to funding and also highlights similar challenges. It will be important to develop a capital programme that is able to be delivered both by Council staff and by the contracting market, while remaining within the constraints of the Financial Strategy.

Our Significant Decisions over the next thirty years

The key decisions regarding provision of roading, three waters and tidal protection infrastructure over the next thirty years (noting that the Affordable Water Reforms may influence many of these) are summarised as follows.

The projects which will be included in the proposed Long-term Plan are noted whilst others will be for consideration in the following periods of 10 to 30 years. This Strategy is for 30 years and these are included to provide visibility of the more significant activities which have importance to the community but are currently not funded.

City Centre Streetscapes

Council will need to strengthen its City Centre Masterplan and use it to assist with future decision making. There will need to be a future strategic focus on where the City will develop and what, if any, further investment should be made in City streetscapes design in response to changing corporate investment (e.g. new hotels and office blocks) and changing community need.

Council has been consulting on Esk Street West and Wachner Place and the potential uses for this area. Following the investment already made in the city centre, including on Esk and Don Streets, additional investment in city centre cleaning and maintenance will maintain the developed level of service.

Future options for the City Centre could include:

- No further improvements. Renewal of existing core infrastructure only. Ongoing maintenance, cleaning and repairs to streetscape. Additional costs of \$100,000 operational expenditure per annum.
- Implement Stage 2 of the original City Streets plan, involving improvements to Esk Street from the corner of Kelvin to outside the new SIT campus and to Kelvin St from outside the Kelvin Hotel to the corner of Don Street.

It is anticipated that a decision on future options for the City Centre will be made within the first five years of this strategy.

Road Safety Improvements

Council continues to work on ways to improve road safety and reduce serious crashes and fatalities on the roads. In addition to education and enforcement approaches, which include support for Road Safety Southland and recent reductions in speed limits throughout the District, it will be necessary to make further investment in infrastructure.

Option 1

Focus only on initiatives which are included within the Long-term Plan:

- Additional investment in low risk low cost improvements to address areas such as intersection design, traffic lights, raised platforms – \$7.2 million 2024 - 2027
- Safety improvements to Local Area Traffic Management which include minor infrastructure changes to manage speed - \$2.5 million between 2025 - 2031
- Implementation of speed improvements in Council priority areas such as outside schools - \$1 million over the ten years of the Long-term Plan

Option 2

In addition to the items above, further future improvements to improve road safety could include provision of higher quality pavements in areas such as Bluff (up to \$100,000 capital per annum), and the addition of pavements, street lights and ditch improvements in Ōtātara (\$300,000 per annum over three years).

A decision on these items is expected by 2027/2028.

Stirling Point - Bluff

At the height of the tourism season, traffic congestion often occurs at Stirling Point with impacts on pedestrians, road safety and visitor experience. The topography is extremely challenging with no obvious solutions for changes in road layout or parking options. While there are risks to pedestrians as a result of congestion in the parking area, the risks presented are reduced as a result of the slow speeds in the area. Further investigation of options is required. These options are likely to include a park and ride scheme, purchase of private land, movement of the sign or other as yet unknown options.

Option 1

Scoping is required for a solution before a decision on the appropriate solution can be made - \$200,000 is estimated. A decision on this investment is expected in 2026/2027.

Option 2

If travel patterns do not resume to pre-Covid levels it may be decided that no further action is needed.

Infrastructure to support modal shift active transport

Council has made significant investment in its cycling network, including the completion of the Bluff-Invercargill Cycleway.

Future considerations will need to be made regarding what the community needs are to support and promote active transport. This would likely include an integrated cycle network, more formed and separated paths, and provision of supporting infrastructure (such as stands, shed, repair station etc.) which encourage and support those who choose to change their mode of travel.

Option 1

Greenway cycleway connecting the existing estuary and stopbanks with cycleways around the north and west of the city with a South/East city greenway connection- \$1.2 million capital investment.

Option 2

No additional investment in cycling tracks.

A decision is expected in 2027/2028.

Infrastructure for new subdivisions or industry

The Beyond 2025 Regional Long-term Plan has identified that under various high growth scenarios more housing may be needed for Invercargill. While the likelihood of the high growth scenarios is not high, Council may still need to consider the availability of core services to support any new development. The key issue is to understand the downstream impacts of any development through having a reliable, robust, and up to date data model. As Council looks to develop a future spatial plan, so will district planning need to change and support the direction agreed. This could include extension of some networks. Due to the unknown locations of proposed new industries and lack of specific requirements, a forecast for network growth of 1% has been included.

There is land identified for a planned subdivision of 600 houses in the South East of the city. A number of growth industries are identified within the Beyond 2025 Regional Long-term Plan, including green hydrogen, data centres and aquaculture. While none of these industries are expected to bring the same associated employment as Tiwai did, these new industries may require additional core infrastructure mostly within the Three Waters space.

Council would work with the new water entity or any changes which are required by legislative change to appropriately respond to and manage future growth. It would be expected that costs would be met by the new industries or developers.

The Awarua Industrial Park is a location where future industry growth will be expected. Services to this area will be required and if larger volumes of water are required for those industries then additional services will be required. Council is also planning for providing its Alternative Water Supply, and this supply connected to both storage in the Skye Street area and supply mains will have sufficient capability to provide improved levels of service.

Some industries will as part of the development provide their own water supplies, depending on their need, lead times, quality required and costs. Council would see cost recovery either via water billing or other commercial agreements. Providing disposal options for wastewater is a more complex issue and Council has some core services at Awarua. Additional support mains would be required.

Dependent on industry demand Council is considering additional water capacity to Bluff over the term of the infrastructure strategy. A number of options exist which include new pipelines and/or boosting supply pressures to the existing line. Council plans to respond to these developments when their requirements become known. Recovery of some of the cost is likely.

Option 1

Increasing water capacity to Bluff would cost an estimated \$25 million.

A decision on this is not expected before 2035.

Option 2

No extension of services if anticipated demand does not eventuate. No required investment.

Alternative discharge solutions for Bluff and Clifton Wastewater Treatment Plants.

The Bluff and Clifton Wastewater Treatment Plants consents are due for renewal in 2025 and 2029.

Council has been undertaking preparatory steps for these consent renewals and has started the detailed planning needed to understand the wide range of inputs necessary to support a decision. These consents represent a significant investment over the next 30 years.

In common with the majority of the country, as community expectations about water treatment and discharge change, it is likely that the way Invercargill District discharges are managed will also need to change.

Bluff Options

Options which will need to be worked with partners and stakeholders may include:

- Short outfall to Foveaux Strait
This is the current consented option.
- Long outfall to Foveaux Strait
This options would include a longer pipe outfall into the sea at a similar location to present and this has more significant construction challenges.
- Discharge to land
There is no specific land identified, although the size of land required is approximately twice the size of the Bluff township. Appropriate soil type and grade would need to be identified at some point around Greenhill's/Awarua area. Land can then only be used for baleage. Prime agricultural land would need to be purchased for this activity.
- Pipe back to Clifton for discharge
The effluent could be piped to the maturation ponds before discharge via the Clifton Consent. The additional pipes from Bluff would need to be within the State Highway corridor.

Clifton Options

Options which will need to be worked with partners and stakeholders may include:

- Effluent discharged to estuary
This is the current consented option.
- Long-sea outfall to sea
This option is to install new pipes to pump treated effluent from Clifton via Ōreti Beach into sea where the flow patterns are optimal.
- Alternative uses for effluent
There is an as yet unscoped potential future use for effluent to transfer it to third parties for use during industrial processes prior to discharge. Alternative uses could use up to two thirds of the volume currently produced at Clifton.
- Discharge to land
This is an unscoped option and would require land of appropriate soil type and grade to be identified in a region where a new pipeline could be established. It would be likely to require significant prime agricultural land for discharge. There are likely to be significant cultural issues to identify appropriate land.

Provision of \$89.2 million for Clifton and \$7.2 million for Bluff is allowed for within the Long-term Plan. Refined budgeting will take place following determination of the solution required by the consent.

A decision is expected in 2025 for the Bluff treatment plant and in 2029 for the Clifton plant.

Resilience and redundancy in the three water networks

Water Supply

Council considers having a robust and resilient water supply and distribution as a key utility.

We have invested over a number of years in improving the connection from the Branhholme Water Treatment Plant to the city, in order to ensure greater resilience in the case of an earthquake, flood or drought.

Further investment has been made in identifying an alternative water source to the current source from the Ōreti River.

Options for consideration during the lifetime of the Plan are:

Pipeline between Waikiwi and Gala Street

The only remaining part of the Branhholme water pipeline project which still needs to be designed to provide for additional resilience is providing connection between the two main pumping sites (Waikiwi and Gala). This project is considered a renewal in nature as this pipeline is nearing the end of its operational life. The main is located in Queens Drive, which is a main road, and construction of this larger diameter pipe will have both cost and construction disruption issues. No alternative options have been considered for alignment but the methodology of renewal would include:

- New pipe in same location via excavation or via pipe burst existing - \$10 million in 2031/ 2032.
- Rehabilitation of existing pipe (relining) – estimated \$8.5 million but technology has potential limitations.
- Resizing and slip replacement of pipe – estimated \$8.5 million but has limitations in size and capacity and is not the preferred option.

\$10 million planned in 2031/2032.

Alternative Water Supply

Council has been investigating a source at Awarua and has identified quality water. Further testing of volumes are still to be confirmed before commitment to development.

Additional storage capability (Skye Street), treatment options (dependent on the quality) and connecting back to the urban network (pipes) are all elements of the planned alternative water supply options. Options will be developed for consideration as each of these phases are worked through.

Option 1

\$53.3 million is budgeted for the alternative water supply project. The decision would be made in 2027.

Option 2

No alternative water supply and use restrictive measures to limit flows. An estimated \$40 million will be required for reservoirs to improve storage.

The decision is expected in 2027.

Stormwater and Foul Sewer

The City has a number of pumped sewer mains which are considered as critical components of the network, and the asset plans look to have a level of redundancy available for those pipes to ensure the continuity of service and to mitigate risk.

The Sewer Activity Management Plan looks to have developed options for both the Mersey and Lindisfarne mains as these transport approximately 43% of the city volumes. These will provide additional redundancy and would provide greater resilience in case of failures in the primary lines. These projects have been risk assessed against the corporate risk model and have a medium rating.

The options which will be considered are:

- Replace pipeline in current alignment (not practical due to pump cycle and as a result has not been costed).
- New pipeline in new alignment
 1. Mersey Street Wastewater main duplication - \$19.9 million (2025 – 2027)
 2. Lindisfarne Wastewater rising main duplication - \$5 million (2029/2030)
- Refurbish existing pipe – additional 25% expected cost.
 3. Mersey Street Wastewater main duplication - \$19.9 million (2025 – 2027)
 4. Lindisfarne Wastewater rising main duplication - \$5 million (2029/2030)

The decisions would be made in 2025 and 2027.

Suburb Improvements

There are three main suburban shopping areas within the District – Bluff, South City and Windsor. Over the life of the Infrastructure Strategy Council will need to determine the appropriate timing for renewals of these areas. The primary decision is whether to delay renewals, accepting levels of service may be impacted.

In addition Invercargill has a large semi-rural suburb which has been growing: Ōtātara. Council may consider over the life of the plan the development of service level improvements for footpaths (\$250,000 per annum), streetlighting (\$250,000 per annum) and ditch improvements (\$300,000 per annum) in the Ōtātara area. These have been highlighted as an opportunity to consider in more depth as to the benefits which investment will bring. These have been considered for the Long-term Plan but are not included in the first ten years. These improvements would support a stronger mode shift for more walking and cycling to occur.

Option 1

Suburban refresh for Bluff (estimated \$3 million), South City (estimated \$2.5 million), and Windsor (estimated \$2.5 million) shopping areas.

Decisions are expected between 2027-2032.

Option 2

Suburban refresh for Bluff, South City and additional Ōtātara improvements including:

- Construction of footpaths - \$250,000 per annum from 2024/2025 ongoing, amounting to \$2.5 million in years one to ten of this strategy, and \$7.5 million in years one to thirty.
- Streetlighting - \$250,000 per annum from 2024/2025 to 2029/2030, amounting to \$1.5 million.
- Ditch improvements - \$300,000 per annum from 2028/2029, for ten years. Of this \$1.8 million will be in years one to ten, and \$3 million in years one to thirty.

The decisions are expected to be made in 2026/2027.

Decommissioning of the Water Tower

Council has identified the Water Tower as an important icon and heritage asset for the city and that, as such, it prefers to retain control of this asset after any transfer as part of the Affordable Water reforms. At present the Water Tower remains a working part of the water network although it is not expected to be technically challenging to decommission it, and this will not affect the wider network. The outcome of this issue will depend on negotiations with the new water entity. The water tower will then need to be brought up to either 34% or 67% of the National Building Standard. The cost for this is estimated at \$4.4 million but no decision is expected before 2035.

Financials

(TO BE ADDED PRIOR TO CONSULTATION)

What can residents expect in 2054?

The Central Business District of Invercargill will be redeveloped and supported by the infrastructure needed to support strong business activity and be a vibrant space where people come to gather, rest and enjoy. Invercargill will have a City Centre which people are proud of and invite others to enjoy. It will have activities that support the use of public space and support the business hub of Southland.

Road infrastructure will be safer and provide good reliable access to all users and continue to meet the needs of the community. Residents will be changing their travel mode of choice, with cycling and passenger transport continuing to grow. Key infrastructure to support the wider use of low carbon travel modes will be in place and be accepted in the community. Industry will have addressed freight movement and adopted technology which is sustainable.

Three waters infrastructure will be more reliable, safe, appropriately supported, and be financially well delivered. This may be by a new entity or by Council(s).

Invercargill will have an alternative water supply interconnected to other supply and treatment options, be receiving and treating wastewater within approved discharge consents, have stormwater discharging to environments which has been through suitable treatment, and wider areas of Invercargill will have additional services available to support their future land uses.

2024 – 2034 LTP FINANCIAL STRATEGY

To:	Council
Meeting Date:	Tuesday 7 November 2023
From:	Patricia Christie, Group Manager – Finance and Assurance and Rhiannon Suter, Manager – Strategy, Policy and Engagement
Approved:	Michael Day - Chief Executive
Approved Date:	Thursday 2 November 2023
Open Agenda:	Yes

Purpose and Summary

This report provides Council with the draft Financial Strategy for the 2024 – 2034 Long-term Plan for confirmation ahead of audit and consultation.

Recommendations

That Council:

1. Receive the report “2024 – 2034 LTP Financial Strategy”.
2. Confirm the Draft 2024 – 2034 Financial Strategy prior to audit and consultation (A4915537).

Background

Council is required to have a financial strategy as part of its Long-term Plan in line with Section 101A of the Local Government Act 2002. This is required to be a separate document which is consulted on specifically as part of the Long-term Plan consultation process.

The purpose of the strategy is to:

- facilitate prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against; and
- provide a context for consultation on the local authority's proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority's services, rates, debt, and investments.

It must lay out the key assumptions about population and land use, capital network requirements and levels of service for the city and how Council intends to manage finances to respond effectively to these factors.

It must include quantified limits on rate increases and borrowing and assessment of ability to provide levels of service. It must also specify Council's approach to security for borrowing and financial investment strategy.

In addition to providing the whole strategy for consultation, the consultation document will summarise the key issues and particularly elements of change to the strategy.

The Strategy is provided in draft form noting that many of the assumptions and benchmarks cannot be finalised until the budgets are complete and as such is subject to change through the audit process.

Issues and Options

Analysis

The key issues for this Long-term Plan's financial strategy are:

Expenditure

The impact of inflation on maintaining levels of service

Inflation is significant for this LTP. Council will be required to budget significantly more simply to maintain current levels of service.

Revaluation of assets and commensurate impact on funding of depreciation

Council assets have been recently revalued and the significant increase in value means depreciation expense also increases at a significantly higher rate. This requires Council to make a much higher provision for depreciation for a balanced budget.

In the 2023/24 Annual Plan, Council decided to depart from its financial strategy in order to keep the rates increase lower by partially funding its depreciation expense. This means that Council is expecting to have operating expenses higher than revenue – an unbalanced budget.

Council needs a plan to return to a balanced budget and funding for depreciation will be an important part of this. The final strategy for depreciation will be updated following finalization of the budget, but it is likely to include a stepped plan to return to full funding for depreciation.

Key assumptions on population and industry change in the region

Over the course of the Long-term Plan we are expecting the rating base to grow slightly faster at 0.9% reflecting both the impact on residential rating units and the impact of new industries on the overall rating base.

Population growth is forecast to continue on a similar trajectory to the last Long-term Plan. The population continues to age which is assumed to result in a smaller forecast household size. Increasing diversity is increasing the complexity of services required to be provided by Council. The forecast for rating base growth is a function of population growth, household size and industry growth. This assumption will be refined further.

The Infrastructure Strategy includes plans to deal with the bow wave of renewals coming due as a result of ageing infrastructure as well as an assumption of a small network growth of 0.9% to reflect the potential for new industry which may require extension of the network.

Revenue

An important part of Council's financial strategy is to obtain other revenue sources. Fees and Charges for user pays activities and services and dividends from Invercargill City Holdings Limited are an important component.

The financial strategy has been prepared with the assumption that fees and charges revenue will increase by at least the rate of inflation annually. The review of such revenue in the budget process also considers the impact of growth on the revenue stream.

Dividends from ICHL are a key operating revenue source for Council which reduces the need for Council to rate for operating costs. The financial strategy has been prepared on the basis that the dividend will be no less than \$5.2 million in 2024/25 and will not be lower than that plus inflation over the period of the strategy.

Growth

As noted above, a small level of rating base growth is forecast both as a result of population growth and as a result of the potential new industries expected in the District.

Three waters and impact on revenue

The Infrastructure Strategy includes three waters in order to provide the community with a good picture of the three waters context as this will be important to them whether or not Council is providing this service.

The budget has been produced with three waters through the whole model and with three waters removed from Year 3. This provides us with sufficient flexibility to adapt as decisions are made around reform. The draft strategy has been written with three waters continuing. As more certainty is provided amendments will be made.

Interest rates, the debt ceiling and ability to fund debt repayment

Interest rates have risen and are forecast to remain higher for the length of the plan. The cost of borrowing is forecast to be higher than over the last few years in comparison to the interest rate for lending. This will have a marginal negative impact on Council's position.

Council currently holds a conservative position on its debt ceiling to reflect the need to meet the cost of uncalled capital held in ICHL if required. The current debt ceiling is \$150 million. It is proposed to increase this to between 180% and 200% of operating revenue in order to accommodate the forecast significant increase in the capital programme as the result of the

need to deliver the three waters programme and Te Unua Museum of Southland alongside the renewals programme.

The appropriate level for the debt ceiling will need to be finalised following revision of the budget to determine alignment with the debt affordability benchmark.

It is likely that further revisions to the capital programme will be required both to support debt affordability and to manage deliverability. The size of the capital programme has a potential impact on our credit rating and audit opinion in light of deliverability assessments.

Rates and the cost of living

Inflation is impacting the cost of living for the community which has a flow on impact for rates affordability.

There are two options for the maximum rates benchmark – to set a maximum level of increase or to tag this to the inflation index. Council will receive advice to support this decision in November, the current preferred method is to tie this to the Local Government Cost Index. Following completion of the budget the rates benchmarks and rates affordability benchmarks will be assessed and potential further revisions to the budget or limits may need to be made.

Financial management

The key vision for Council is “Waihōpai - to leave in good order”, and to deliver on this Council needs to take a prudent approach towards financial management.

Council is required to manage its financials in such a manner to ensure that it has sufficient capacity to borrow for unforeseen shocks such as recession or natural disaster. This means we need to maintain capacity to borrow if we absolutely need to.

While Council can increase its borrowing the affordability of the debt is a key point, with both debt servicing and repayment to be funded. The significant increase in interest rates will have an impact on affordability with interest rates currently as high as 6% for Council. The average cost of debt for Council is expected to be 4% over the life of the strategy. It is currently estimated that every 1% increase in the interest rate requires a 2.5% increase in rates to fund the interest based on current borrowing. The significant increase in borrowing proposed will only increase the rates requirement.

The strategy outlines the minimum cash and cash investments to be held by Council at \$20 million minimum. This together with the additional debt capacity ensure we maintain a prudent approach to financial management.

Borrowing

It is proposed that Council retain the Local Government Funding Agency (LGFA) as its principal lender. The LGFA is the main lender for the local government sector and provides funding that is cost effective.

Council's current AA+ credit rating is reflected in the interest rates offered by LGFA.

Investment returns

Council will continue to maximise the returns on its investment property portfolio and its equity investment in ICHL.

Asset sales

In developing the Long-term Plan Council has recognised that it owns a large amount of land and assets that it may not be getting the best return on (in terms of either service potential or financial).

Over the course of the Long-term Plan Council will look to sell assets (land and buildings) that are not required for operations or strategic reasons. Income from the sale of these assets will be used to reduce the operating costs or net debt balance of the relevant activity, effectively reducing the level of debt Council needs to borrow.

Financial Benchmarks

Council will receive the draft position for the financial benchmarks for the Long-term Plan in November. This will show the plan to return to a balanced budget over time.

Summary of proposed changes from the current Financial Strategy:

- A revision of the rating base growth forecast to reflect population growth and likely industry growth
- A change to the debt ceiling to reflect Council's increased need to borrow to deliver an enlarged capital programme
- A change to the strategy for funding depreciation
- A change to the rates limit benchmark.

Significance

This issue is significant and requires consultation in line with specific requirements for Long-term Plan consultation laid out in the Local Government Act.

Community Views

Cost of living, maintaining levels of service and delivery of key projects all came up through pre-engagement. Council will seek community feedback on the financial strategy through the Long-term Plan consultation process.

Implications and Risks

Strategic Consistency

The draft financial strategy is consistent with the draft assumptions prepared for the Long-term plan and with Council's vision, mission, strategic priorities and community outcomes.

Financial Implications

The Long-term Plan budgets will reflect the changes proposed in the draft Financial Strategy. Both the budgets and financial strategy will continue to be developed and refined over the next two months.

Legal Implications

Council is required to have an audited and consulted on Financial Strategy which meets the requirements of Section 101A of the Local Government Act.

This draft Financial Strategy meets those requirements ahead of audit and consultation.

Climate Change

The implications of climate change in line with the assumptions are provided for the in the Financial Strategy.

Risk

Strategic Financial risk identified:

Finance and funding	If ICC does not operate in a financially prudent manner (with performance reporting and assurance) or if it has insufficient financial resources available to deliver its plans or respond to unforeseen changes then Council may not make the best decisions or opportunities may be lost.
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The key risk to Council in the financial strategy arises from the uncertainty relating to the assumptions underpinning the modelling. The Risk and Assurance committee has recently considered a first draft of the underlying assumptions and the uncertainty associated with those assumptions. It is important that in forming its financial strategy Council understand the uncertainty and consequences if the assumptions prove to be incorrect on its overall financial position.

Next Steps

The draft Financial Strategy as confirmed by Council will be audited and brought back to Council in February for adoption for consultation.

Attachments

1. Draft 2024 – 2034 Financial Strategy prior to addition of budget-specific information including benchmarks, audit and consultation (A4915537)



Financial Strategy



2024 – 2034
DRAFT

Councils Vision

Our City with Heart – He Ngākau Aroha

This financial strategy supports the delivery of Council's vision by ensuring we have a sound financial position from which to continue to provide all the services and activities with which we are involved.

It aligns with our mission – *Waihōpai – To leave in good order* – through supporting prudent financial management, providing a guide against which Council can consider proposals for funding and expenditure, to ensure we have a sound financial position over the life of the Long-term Plan and into the future. All significant financial decisions made by Council while this strategy is in place will be made within the framework of and with reference to this Financial Strategy. It should be read in conjunction with Council's Infrastructure Strategy.

Critical in this strategy is ensuring that we as Council:

- Maintain our long-term financial resilience
- Ensure that we are in a position to meet the challenge of significant inflation to the value of our asset networks with flow through impact on depreciation requirements
- Provide cost effective infrastructure and services
- Ensure that our rates remain affordable and sustainable.

Council's financial direction over the next 10-30 years requires a balancing act between ensuring that we can continue to provide our infrastructure networks while also providing the district with the other services and activities needed to support community wellbeing.

A number of trade-offs have had to be made in this strategy to find the optimal way forward balancing the needs of the community now and into the future and to prioritise a number of initiatives.

Prudent Financial Management

Councils are required by law to exercise prudent financial management. Subpart 3 of the Local Government Act 2002 provides for a level of predictability for ratepayers, and highlights the need for decisions to be made in the interests of both current and future residents.

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

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

Looking Ahead – Our Strategic Priorities

- Meeting the changing needs of our rangatahi as part of our wider population, which is growing older and more diverse.
- Delivering City Centre vibrancy through appropriate renewals and improvements.
- Enabling the housing, health, security, and social infrastructure our city needs to grow.
- Navigating increasingly complex environmental challenges including climate change, land contamination, and earthquake risks.
- Ensuring Community affordability in a time of economic volatility - with financial prudence and efficiency.
- Ensuring Council leadership and delivery is credible and effective, building community trust and engagement.

In addition, there are a number of strategic priorities relating to infrastructure:

- Allowing infrastructure growth where future land uses change and support other priorities.
- Maintaining our core infrastructure.
- Delivering Strategic Projects.

Key Financial Challenges

Council faces a number of challenges going into the next Long-term Plan. These include:

- Continued uncertainty around Central Government's proposed Affordable Water reforms, including the potential creation of a Three Waters delivery entity for Otago Southland.
- Ageing buildings needing significant upgrade or replacement (including Rugby Park, and Te Hīnaki Civic Building among others), as well as renewal of in-ground infrastructure which is due for renewal.
- Funding for a significant capital expenditure programme – replacing existing ageing infrastructure and building the new Te Unua Museum of Southland.
- Significant levels of asset inflation which means it will now be much more expensive to replace assets, and determining how best to fund that.
- Increasing regulatory demands – especially in water quality, sewerage disposal, and Resource Management Act reforms with flow through impact to increased funding requirements for infrastructure upgrades.
- Continued impact of movement toward an ageing population, with reduced ability to pay for services.
- Impact of an inflationary environment affecting the ability of all the community to pay for services.

These are the main factors which together with balancing affordability are expected to impact on Council's ability to maintain existing levels of service and to meet additional demands for service.

Commentary on the first three items is included below.

In relation to the potential Affordable Water reforms, Council has taken an approach of business as usual, until further notice, while also preparing as required for the transition. In practice, this means that Council will continue to deliver three waters services according to our plans, and if new centralised entities are formed in the future, then they will inherit assets and a revenue base that has been maintained. The focus of Council throughout has been on kaitiakitanga and the benefit and wellbeing of the community.

Investment in the inner city and ageing buildings has been addressed through the capital work programme.

Current Position

[Graphs to be inserted that show the following for the period 2015 (2015-2025 LTP) – 2023 year end and forecast on 2023/24 annual Plan:

Capital expenditure

Rates revenue

Operating Expenditure]

As at 30 June 2023 Council met all but one of the six prudence benchmarks¹ and the 2023/24 Annual Plan is planning to meet all but two (being the Balanced Budget and Essential Services benchmarks).

Council is forecasting to begin the next Long-term Plan with \$150.5 million of debt. This is a relatively low level of debt compared to other New Zealand Councils, and a low level of debt compared to our rates revenue (being 2.1 times the rates revenue).

Council's asset position as at 30 June 2023 showed total assets of over \$1.2 billion including cash and equity investments of over \$136 million, with no significant liabilities outside of term debt (\$124.5 million at 30 June 2023). Council also has its credit rating from Fitch Rating currently at AA+ stable, which further supports Council's strong financial position. Any negative change in Council's rating would result in an increased cost of borrowing.

Continued Uncertainty

This Financial Strategy has been prepared on the basis that the Affordable Water Reforms does not go ahead / goes ahead with Council transitioning on 1 October 2025. *At the time of preparing the draft the new government has not been formed, and the future of the Three Waters Reforms remains extremely uncertain.*

The proposal as part of the Affordable Water reforms to combine Otago and Southland's Three Waters activities has a significant effect on Council's financial strategy. This Council has historically had:

- continuing investment in the network
- a network that was built for a City with a larger population than we currently have, so growth has been able to be managed within the system
- a relatively efficient and cost effective delivery of three waters services – i.e. our targeted rates are lower than others'.

The Council is entering a period where significant investment in renewals, new capacity and upgraded infrastructure to meet changing regulatory and consent requirements is required in our three waters infrastructure.

Increased regulatory requirements

In tandem with the potential Affordable Water reforms there has been significant pressure on Council in relation to increased regulatory requirements of Central Government. The most progressed of these is water.

This Long-term plan has seen Council having to significantly increase the level of operating and capital expenditure in the three waters areas to ensure we continue to comply with new increased drinking water standards, the expectations of the water regulator and anticipated requirements for future consent conditions by the Regional Council and Iwi.

¹ Local Government (Financial Reporting and Prudence) Regulations 2014, regulation 10.

The changing nature of the regulatory environment means that the expected cost to renew the resource consents for our wastewater plants has significantly increased. Both the Bluff and Clifton Water Treatment Plants' consents will need to be renewed during the first ten years of this strategy. This investment is currently estimated to be approximately \$96.4 million.

There is an expectation that the Resource Management Act reforms will have an impact on Council structure and costs. However, as at the date of drafting this Strategy, the full impact is as yet unquantified, and may change depending on the direction taken by the new government.

Significant Capital Expenditure

This strategy operates in line with the Infrastructure Strategy and observes that over the next ten years the cost to the Invercargill community to preserve, renew and maintain our infrastructure assets will be significantly higher than previous years. Because of this, future years' rates increases and the amount of debt held will be higher. When looking at this Strategy it is important to understand where Council is starting from and where it wants to get to in ten years. As at 30 June 2023 the financial situation of Council is one of good health, with reasonably strong capacity to invest for the future.

The ten years covered by the Long-term plan does present Council with challenges financially. This is in response to Council's increasing knowledge of its infrastructural assets and the increasing demand for improving infrastructure. This is of particular importance for Water Supply, Sewerage and Stormwater, as work is required to maintain and improve drinking water quality, to reduce contaminant entering our waterways via stormwater runoff and likely to our approach to managing discharge of wastewater.

Traditionally Invercargill City Council, like many other Councils, has a pattern of under-delivering on its capital spending plans. Plans put in place in the last Long-term Plan have seen capital delivery increase, with \$102.5 million in capital being completed in 2022 and 2023 combined. Council has a significant capital programme and historic peaks in its capital investment, which means renewals of assets may also have similar peaks. There are two potential methods to address this:

1. Continue the increased focus on programme development and delivery. Taking this path would require greater knowledge of the obstacles related to capital projects, and indicates a sense of certainty that does not exist in reality.
2. Recognise that there is a sense of guess work in the programme and recognise that it will not all be delivered within the arbitrary timeframes that are an integral constraint of financial planning. That constraint is the accounting concept of a financial year.

Council will continue to take a joint approach:

- Dedicated resource monitors capital project delivery. Alongside this, we develop a whole of Council capital programme that balances roadmap, strategic and renewals projects and applies the appropriate level of resource and focus depending on the nature and risk associated with each project
- Development of a capital programme that is able to be delivered both by Council staff and by the contracting market, while remaining within the constraints of the Financial Strategy.
- Recognition that a portion of the capital programme will not be able to be delivered in a financial year and adjusting the funding requirements accordingly. This is especially true in relation to the asset renewal programme.

Council continues to have an ambitious capital programme. In planning the capital delivery the asset owners and managers have worked to put together a programme that has approximately \$80 million of capital expenditure a year for the life of the Long-term Plan. These amounts have been set by reflecting on both the capability of Council and contracting partners to deliver, as well as maintaining financial prudence.

Given the age of the City's reticulation networks the infrastructure strategy indicates that continued significant investment will be required to ensure that resilience is improved and service delivery standards maintained. The investment also needs to recognise the risks associated as assets age, and improved asset condition data is available to support the needs for renewal of particular assets. Investment decisions will be made taking into account risk profile and asset criticality.

The level of funding provided for the renewals component of the capital programme will gradually rise from 80% to 95% of the programme over the first four years of the Long-term plan. This recognises that the assessment of work and timing is uncertain, there remain constraints in the contractor market, and that this is a programme which needs continued attention to ensure delivery percentages are maintained.

The renewal capital programme is based on average lives, supported by asset condition information and other evidence. Council's significant assets have long lives – 50 – 100 year lives are not unusual. However, due to many external factors assets may sometimes need to be replaced sooner or later than their estimated life.

Statistically almost all assets need to be replaced within three standard deviations of their average life. What this means is that if the variation is five years (which would be a reasonably conservative number), then it is almost certain that the asset will need to be replaced within the 15 years (three times five years) before or the 15 years after its average life.

In regards to renewal projects, a delivery target of 80% would effectively mean that the projects would be delivered 20% later than what is indicated in the Long-term plan. For example, a two year project will actually take 28-30 months to complete. This is a significant improvement compared to our historic delivery rates.

Over the period of the strategy the renewal delivery target is expected to range from 70-90% of the renewal programme. This will mean renewal focus will be on critical assets while, non-critical assets will be allowed to operate to or beyond the expected life. This approach is not without risk and it may be necessary to reprioritise renewals or provide additional funding in particular years.

Council is also focused on growing Invercargill's community assets and reinvigorating Invercargill's Central Business District, growing He Ngākau Aroha, Our City With Heart. A number of large community projects are planned throughout the ten years of the Long-term Plan, all part of making Invercargill a more desirable place to live and work. These initiatives are also designed to complement and support the Beyond 2025 Southland Regional Long Term Plan. The main Roadmap to Renewal projects that fall within this category include Te Unua Museum of Southland, a new urban play facility, and the scoping of new pool facilities, which are likely to include hydrotherapy and other facilities desired by an older population.

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

Financially this means that Council will continue to increase its debt over the life of the Long-term Plan in order to achieve what it has set out to do.

Funding asset renewals

Council re-values its operational buildings and infrastructure network assets at least every three years, to ensure that increases in the replacement costs of these assets are recognised. Depreciation of these assets changes after each revaluation to ensure that the annual depreciation charge is sufficient so the asset is fully depreciated by the end of its remaining useful life.

The goal of depreciation is to spread the cost of the asset or consumption of its service potential over its expected life.

At 30 June 2022 Council conducted a full revaluation of its operational buildings and infrastructure assets. This resulted in an increase in asset value of \$250 million and an annual increase in depreciation of \$11.8 million.

This significant increase in asset value reflected the increase in contracting costs post Covid-19, together with the significant inflation in labour and materials since the last revaluation in 2019.

Annual depreciation for 2023 reflects 31% of operating expenditure, which is a 4% increase from the prior revaluation.

In order to balance its budget, the last Long-term Plan (2021-2031) saw Council move to an approach to fully rates fund its annual depreciation charge. The current strategy is:

- depreciation is funded at a global level
- depreciation is not transferred into special reserves, but for some targeted rates (Water, Sewerage, City Centre and Bluff Community Board) any cash surplus after meeting all costs (excluding depreciation) and capital spending will be placed in a targeted reserve, so that rates for that purpose will only be used for that purpose.

Depreciation acts as an indicator of the true long-term cost of a service, as it reflects a level of asset consumption in a particular period. However it does not solve all issues regarding the long term sustainability of a given service.

Assets are purchased using a combination of debt and annual revenue.

The goal when funding Council activities and services is to achieve a level of equity or fairness between generations (Intergenerational Equity). In other words, each generation should pay a fair share and should pay for what they use. Often we can use depreciation as a substitute for this equity, but there are a number of circumstances where this does not work. In particular, new assets purchased with high debt will have to meet the costs of both debt and depreciation. Over time, inflation means that debt actually has a lower cost. So future generations face a lower cost for that debt compared to the earlier generations who are paying it off.

The current period of much higher than predicted inflation has resulted in a conflict between the key goals of the financial strategy, being:

- a prudent approach to debt and intergenerational equity via fully rates funding the depreciation charge;
- rates affordability; and
- a balanced budget.

The significant increase in depreciation following the last asset revaluation meant maintaining the above three goals was not possible in the 2023/24 Annual Plan. Council decided to partially fund asset renewals in order to maintain rates affordability. Looking ahead to the ten years covered by this Strategy, that conflict will remain and intensify.

This creates a significant challenge for Council. To fully fund depreciation on top of the investments needed to maintain the current level of service to the community would mean a potential rates increase in excess of x%² in year one – which is the polar opposite of our objective of keeping rates affordable.

Noting that it will not be possible to achieve a balanced budget right away, in light of the above considerations it is proposed that Council modify the current strategy, as follows:

- 100%³ rates fund depreciation on assets in all but the infrastructure network asset classes
- Set the initial rates funded depreciation in the infrastructure network asset classes at a level which:
 - At least covers the proposed renewal programme for that asset class in all years, and
 - Increases incrementally so that by year 10 of this Long-term Plan depreciation is fully funded.

The assumption on asset value increase will be set with reference to the BERL inflation index for capital expenditure for assets.

Taking this approach to the Financial Strategy continues to reflect:

- Depreciation is still considered to be the best proxy for the use of our assets, and by rating on use we better allocate the cost to those ratepayers that actually use the assets.
- Staging the recovery of the significant asset increase reflects Council's commitment to rates affordability.
- Ensuring we get to a position where we have a balanced budget reflects our core commitment to financial prudence.

Demographic changes

In recent years Invercargill has seen and continues to see and project population growth. Property values have lifted and we have seen a shortage of some types of housing.

Forecasts for population growth reflect the Beyond 2025 projections for new industries in the region, along with the long term retention of the Tiwai Aluminium smelter. A 1% network growth assumption is included to reflect the as yet unknown location and requirements of industries which is expected to require some form of network extension. 0.9%¹ rating base growth is forecast reflecting a combination of population change, household size change and industry growth.

In relation to growth, the district already has most of the infrastructure needed to service the population for most of the growth identified in the Long Term Plan. Council has already identified a need for an alternative water supply to mitigate the risks of a single source of water. That need will accelerate as the population rises, or as new industry demand requires. Certain water-intensive industries have been identified in the Beyond 2025 Regional Long Term Plan as having growth potential in the region. The costs of an alternate water supply are highlighted in the Water activity. Another effect of growth will be on the volume of sewage outfalls. An increased population may create additional pressure to improve the quality of the outlets for treated sewage, although it is expected that the standards for these will be lifted in any event when the current consents need to be renewed.

An increasing population will likely see the current increase in house prices continue, in addition to more houses being built to cope. Subdivision capacity for growth is not unlimited, but is able to respond to market demand. Developers of new subdivisions are responsible for providing all of the infrastructure for the new properties (including roads, footpaths, stormwater pipes and water and sewerage pipes) so the increase for

² Figures will be added following finalisation of the budget.

³ Figures will be finalised following finalisation of the budget

Council comes from the maintenance of those assets, which is funded from the increased rates. Costs only fall to Council if the major arterials and collector pipes need to be upgraded through growth. This is not envisaged to be a factor in the next 10 years. A decision is expected around any requirement for network extension in the middle years of the Infrastructure Strategy.

If the population reduces it can have different impacts:

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

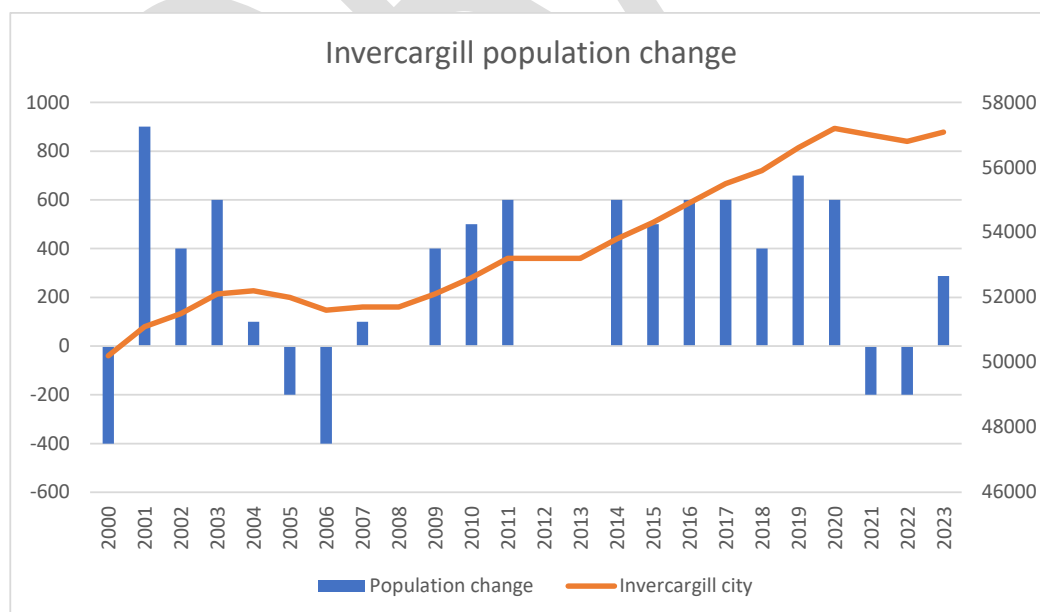
Changes in the composition of population by age group and ethnicity are also expected to continue.

Ageing population

Current projections suggest that our population is ageing, and the over 65s are expected to make up 24% of our population by 2034. This change is not expected to have a significant change in the services provided by Council, although Council will adapt to these changes as they emerge. Changes may occur in the nature and shape of Council's activity programmes for operating activities. These changes will not be significant and will occur within the current funding envelopes.

Diversifying population

Current projections also suggest the population will continue to become more diverse. By 2034 it is expected that our population will include 25% Māori and 13% Asian residents. These changes are not expected to have any significant impact on the services provided by Council, but Council will remain committed to our relationship with tākata whenua, and mindful of differing cultural needs. Any changes are not expected to be significant and will occur with current budgets.



Information prepared by Infometrics shows the population change for Invercargill between the years 2000-2023. The orange line shows the reasonably steady growth since 2000 which has put pressure on existing housing supply. That pressure has built-up and the latest Rating Values show very large rises in residential property values, averaging around 50% since 2017.

Council is committed to improving community wellbeing by focussing on social, cultural, economic and environmental wellbeing. Council seeks to do this through the development of growth projects and sustainability of existing services.

Council notes that the current infrastructure network is set to service the community, including projected growth, provided it is renewed when required. Council's infrastructure network has been built to service a population much larger than that which currently resides within the City.

The historic pattern of Invercargill growth and development means that a number of Council's assets were built at the same or a similar time, and therefore generally require renewal at a similar time. As a result there will be peaks in renewal costs which are evident within this Strategy as the expected life of a number of key assets is drawing to an end.

Growing pressure of climate change

Climate change has been noticeable in various forms for a number of years. There is no doubt that weather patterns have developed more extremities. The Southland Climate Change Report 2018 by NIWA forecasts more extreme weather events including both droughts and floods. These higher extremes place more pressure on Council infrastructure services. Higher frequency of storms leads to increased costs on roads to recover from storm damage. The frequency of flooding could lead to a need to upgrade the capacity of the stormwater network to mitigate flooding of buildings. Droughts create more frequency and longer duration of peak water use, and that puts stress on the current single source of water. Pipe renewals are being installed on the basis of the forecasts provided by NIWA in line with Council's climate change assumptions.

In addition to the weather pattern changes, rising sea levels are a future concern. Invercargill is a flat and low-lying city; parts of the city are likely to be impacted by rising sea levels. Council is working with the Regional Council to identify the further modelling and analysis required to identify areas of risk following the recent completion of LIDAR flights. There remains significant modelling needed at a regional level to understand likely sea level rise and its potential impact. There are known risk areas including the Airport and Bluff which need further investigation. Council has invested in major infrastructure upgrades at Stead Street to increase protection for the city. Further work will be required on associated flood banks to maximise this investment. Environment Southland has responsibility for managing and maintaining the remainder of the city's floodbank network.

It is expected that rising sea levels will have an impact on some Invercargill properties, especially those that are low lying and close to the sea. However, current assessments of the impact of the mid-range forecast of sea level rise for the Southland region shows that the number of areas impacted by a 1m rise in Invercargill are very minimal. The potential impact of more significant sea level rises will emerge over time and individual property owners will become aware of the impacts well in advance. Again, Council is aware of the need for further modelling and analysis on these issues.

Council will be aware of future developments and will be mindful of rising sea levels when considering Resource Consents for new properties, and the impact on future District Plans. Council will not impact individuals' property rights by taking pre-emptive action on existing properties while the current uncertainty remains. Such action could turn a future possible loss for a property owner into a certain current loss. At this

stage that would be unfair to both the property owner and the ratepayers who may then have to fund that loss.

Intergenerational Equity

The services that Council provides are costly due to the value and amount of assets that are used. Council's strategy is to ensure that both current and future ratepayers pay their fair share of the cost of providing services. Intergenerational equity is achieved through loan funding long-term assets and drawing rates to pay for the servicing and repayment of the loan over an extended period of time. Also, depreciation assists in intergenerational equity by ensuring that a cost is recognised for the consumption of the assets.

Where debt is low and future asset renewal is approaching, the generation that is consuming the asset should also be contributing to its replacement. For major renewal the level of service remains the same before and after replacement. This ensures that both current and future users pay for the assets. Examples of this can be found in the Invercargill City Council Infrastructure Strategy.

Debt Management

Net Debt

To aid understanding and predictability of funding requirements Council uses the concept of net debt.

Net Debt = total borrowings less cash and cash investments.

Council is able to borrow and invest money at relatively similar interest rates. Currently the interest rate paid on debt is about the same which can be earned on an investment. As Council is a conservative organisation it does not borrow for the sole purpose of investing. In some years there may be financial gain from that, but in other years it will have a cost. Borrowing for the sole purpose of investing is considered to be too close to speculation and it is not prudent to speculate with ratepayers' money. However, to gain future certainty of funding costs Council may decide to borrow in anticipation of capital spending. In such a case the funds will be invested for a short period.

Borrowings

Council's debt remains relatively low against Council's total assets base (9.65% as at 30 June 2023). However, Council recognises that it has \$100m of uncalled capital within ICHL. That capital can be called at the discretion of the directors of ICHL. Therefore when deciding the maximum level of debt which it would be prudent for Council to incur, we need to allow for the possibility of the capital being called.

In addition to the uncalled capital, Council needs to make provision for unforeseen shocks. It would not be prudent to be at the maximum debt level and then find a recession or a natural disaster impacts on our costs or revenue. This would have the potential to push us above our debt limits, and therefore not able to access the necessary cash.

As a borrower from the Local Government Funding Agency there is a maximum amount of debt that Council can borrow. As a credit rated Council that limit has been 300% of annual operating revenue. This will fall back to 280% by 2026.

Council has traditionally taken a prudent approach to its maximum debt level, setting a maximum of 150% of revenue. However, given the level of investment required within the period of this Financial Strategy it is considered necessary to review this level.

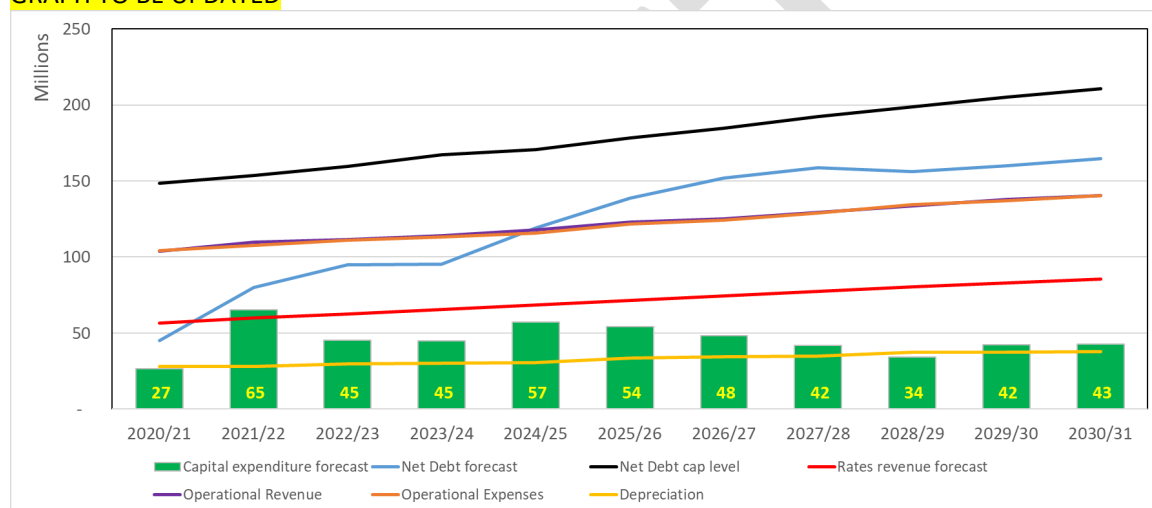
It is proposed that the maximum debt level be increased from 150% to **180-200%**⁴ of operating revenue.

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

While Council could technically take on an even higher level of debt (closer to 280% of operating revenue) the interest cost associated with such borrowing would put a significant cost on ratepayers.

Impact of interest cost – combination of increased borrowing and increased interest rates

GRAPH TO BE UPDATED



Debt servicing and repayment

A significant issue for this Long-term plan and this Financial Strategy is the increasing debt at a time when interest rates have increased considerably from the historic lows of recent years. This exposes the community to a significant risk of increased rates.

Debt levels are predicted to get **close to the debt limits in the first five years of the Long-term Plan**⁵. With new borrowing rates predicted to be as high as 6% rising from as low as 1%, there will be a significant impact on rates to service the debt. Every 1% increase in the interest rate will mean a rates rise above the forecast rates increase of about 2.5%. So a 2% interest rate rise would become a 5% rates increase. Part of this impact can be managed through prudent borrowing, but only for a period of time.

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

The funding strategy for rates will incorporate an amount of at least 1/30th of the outstanding debt to go to the repayment of the debt. This reflects the fact that funds are borrowed for assets and activities with a longer service life.

⁴ Figures will be finalised following finalisation of budgets

⁵ Figures will be finalised following finalisation of budgets

Security for Borrowings

Council borrows from the Local Government Funding Agency. As part of borrowing from that source, a standard security over rates is required. This is the most common security for Local Authority borrowing, and is well understood by the financial market lenders. What this means is that in the event of a debt default, a security agent is able to set a rate to meet the loan repayments.

Council currently maintains an AA+ credit rating.

Asset Sales

Council has recognised that it owns a large amount of land and assets that it may not be getting the best return on.

Over the course of the Long-term Plan Council will look to sell assets (land and buildings) that are not required for operations or strategic reasons. Income from the sale of these assets will be used to reduce the net debt balance of the relevant activity, effectively reducing the level of debt Council needs to borrow.

Cash and Cash investments

Council must ensure that each year's projected operating revenues are set high enough to meet that year's operating expenses, unless Council resolves that it is financially prudent not to do so.

As discussed above Council aims over the period of the Long-term Plan to return the balance between operating revenue and expenses (including depreciation). To maintain sound treasury practice Council holds a range of investments in cash deposits. These are in two groups: funds held for restricted and non-restricted reserves.

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

Holding a level of cash in investments provides a safety buffer for Council in times of uncertainty in the financial markets, as it gives us the option to use funds if the interest rates are considered to be artificially high. Having this flexibility is one factor contributing to Council's strong financial position and good credit rating. Council is targeting to maintain a cash investment portfolio of at least \$20m, and this will fluctuate according to financial need.

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

Rates

Every year Council reviews its operational expenditure to look for short and long-term cost savings. These savings are intended to improve efficiencies within activities and services, without impacting the current level of service being provided.

Rates are the "balancing factor" in the financial equations of Council. Revenue from all sources is also reviewed annually. Capital expenditure is evaluated for priority, need, and timing for maintaining levels of service. Capital expenditure is funded from rates and borrowing or use of investments. In the long term there is a limit on borrowing, and as a result either rates need to rise or the level of capital investment needs to reduce. This

process repeats, with the aim to achieve the levels of service desired by the community, at a cost that is both affordable and which does not hit the “willingness to pay” trigger.

Rates are a tax on property, and are set based on factors relating to a property. One of the main factors that impacts predictability of rates is the three yearly revaluation of every property in the district to establish the “Rateable Values”. When properties are revalued it creates a distortion in the rates increase which each ratepayer will have as compared to Council’s stated rates rise. Unfortunately, there is very little Council can do change this. However, Council is mindful that the rates increases should be predictable, not just in terms of total rates rise but also in terms of impact on an individual property.

Between Long-term Plans, Council sets a uniform increase in rates, meaning that each rate type rises by the same percentage. This means each ratepayer has the same increase, unless the owner has made changes to the property that trigger a need for a revaluation. Council will continue this practice for years that are not a rates revaluation year.

Council limit on rates rises

Council has considered the level of capital spending required and also the limit on Council borrowing. To be able to undertake the capital works in the Long-term Plan, the total rates take in any year will be no higher than the Local Government Cost Index (LGCI) – Council’s inflation rate plus a set percentage.

In this Strategy Council has focussed on the predictability of rates. Council also recognises that the Long-term Plan is a ten year plan, rather than being 10 one year plans. This means that the work programmes are established to maintain levels of service, and that if work is not completed in one year it still needs to be funded over the period of the plan.

Managing Financial Investments and Equity Securities

Council holds investments in companies, property and cash.

Investments in Companies/Trusts

Council is an equity holder in two company and has a controlling influence over three trusts. The principal reason for holding an equity interest in company investments is to provide a financial return on investment for ratepayers or for the delivery of services. The interests in the trusts are to enable more efficient and targeted community outcomes for the community. Trusts provide a good opportunity for community engagement with a particular outcome. Council does not seek financial return from the trusts.

Council’s significant interests in the companies and trusts are as follows:

Company	Shareholding /Interest	Principal Reason For Investment	Budgeted Return
Invercargill City Holdings Ltd	100%	To undertake commercial opportunities and provide dividend returns to the City.	No less than \$5.2 million for 2024/25
Bluff Maritime Museum Trust	Controlling interest	To provide specialised governance for the Museum.	Nil.
Invercargill City Charitable Trust	100%	To provide access to recreational and cultural events within the City, in line with community outcomes.	Nil.

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

Property Investments

Council maintains an Investment Property portfolio within the District. The properties are divided into two categories:

- Endowment Properties which have been either allocated or purchased from endowment funds.
- Trading Properties (fee simple, no classification on title, currently leased)⁶.

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

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

One significant property acquired for strategic purposes is the Don Street property developed by Council.

Cash Investments

Council holds cash for two main reasons:

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

Rates and Affordability

Council has come through a period of medium-level rates rises over the previous six years (2018/19: 4.91%, 2019/20: 3.50% and 2020/21: 2.00% 2021/22: X%, 2022/23: Y%, 2023/24: Z%). This was due to Council focusing on ensuring that rates were low and consistent from year to year.

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

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

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

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

⁶ Final categorisation to be updated following completion of the Activity Management Plan

Invercargill City Holdings Limited (ICHL)

Invercargill City Holdings Limited is a 100% owned subsidiary of Invercargill City Council. ICHL was formed to provide a clear differentiation between Council's core ratepayer orientated activities and its commercial trading enterprises and investments. It was established for the purpose of consolidation and management of existing Council companies, with the responsibility of control and oversight of the performance of the Council Owned Companies activities on behalf of the ultimate shareholder, Invercargill City Council.

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

ICHL has provided Council with a dividend since 1999. In order to provide predictability for rates Council has set an expectation that the dividend is set at a level that allows ICHL to be able to pay an annual dividend that will increase with inflation each year. The dividend is forecast to increase over the next ten years with a minimum of \$5.2 million for the 2024/25 year. Should this dividend fail to increase as predicted, Council would have less income received to minimise the impact on the general rates draw.

Council has noted that it cannot be financially reliant on an increasing dividend to match 7%⁷ of the general rates draw every year. Whilst ICHL strives to produce greater dividends year on year this is not necessarily going to be in line with the anticipated rates requirement increase.

Disclosure Statement

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

Rates Affordability Benchmark

Council meets the rates affordability benchmark if:

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

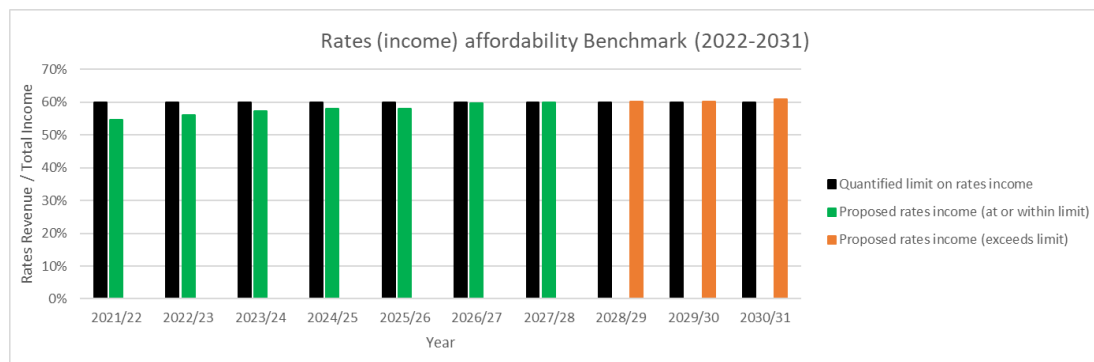
Rates (Income) Affordability

The following graph compares Council's planned rates with a quantified limit on rates. The quantified limit is rates revenue will not exceed 60% of total revenue.

The Local Government Rates Inquiry suggests that around 50% of a council's operating revenue should be taken from rates. Currently Council draws about 55-57% of its operational revenue from rates.

Council aims to maintain the rates collected to between the range of 50% and 60% of total Council revenue. Council intends to increase user-pays methods to enable the income required from rates to remain steady without significant rates increases. Council will also seek efficiencies in how services are delivered to assist with maintaining rates revenue at a steady level.

⁷ Figures will be finalised following finalisation of budgets

GRAPH TO BE UPDATED

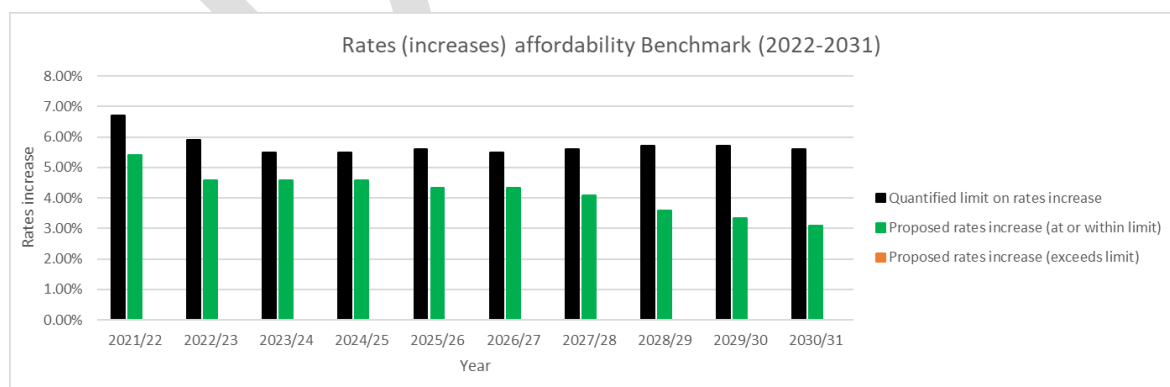
Rates are an important source of funding for Council, but they are not the only source available. You can see more about how Council funds its services in the Financial Management section of the Long-term Plan. Council's Revenue and Financing Policy sets out the funding of its operational and capital expenditure and the sources of those funds on an individual activity basis.

Throughout the Long-term Plan rates will fund between **55% and 61%**⁸ of Council's total revenue.

Rates (Increases) Affordability

The following graph compares Council's planned rates increases with a quantified limit on rates increases. The quantified limit is rates increases will not exceed the Local Government Cost Index (LGCI) **plus 6%**. The forecast LGCI increases for the next ten years are shown in the table below but, for example, if the LGCI change was 2.20%, Council's rates increase would be no more than 8.20%. Council recognises that this increase could potentially be higher than household income, so although a maximum limit has been set, Council will endeavour to achieve lower increases when planning projects and services that rely on rates revenue.

Council is also mindful of affordability issues amongst our ratepayers. Council continues to investigate cost-cutting methods to ensure that the revenue required to run Council is kept relatively steady. The rates increases reflect the money required each year⁹.

GRAPH TO BE UPDATED

⁸ Figures and additional commentary will be finalised following finalisation of budgets

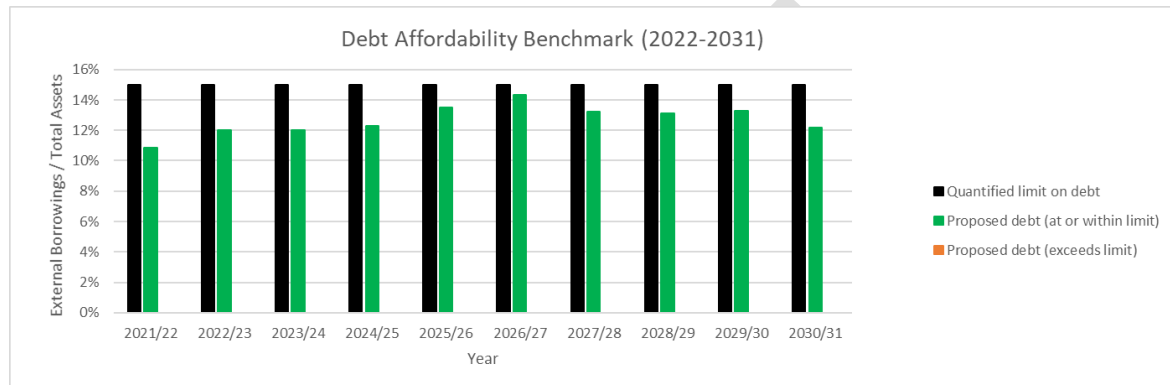
⁹ Additional commentary will be added at the time of adoption for consultation on comparison of LGCI to CPI

Debt Affordability Benchmark

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

The following graph compares Council's planned debt with a quantified limit on borrowing. The quantified limit is that debt will not exceed 15% of total assets¹⁰.

GRAPH TO BE UPDATED



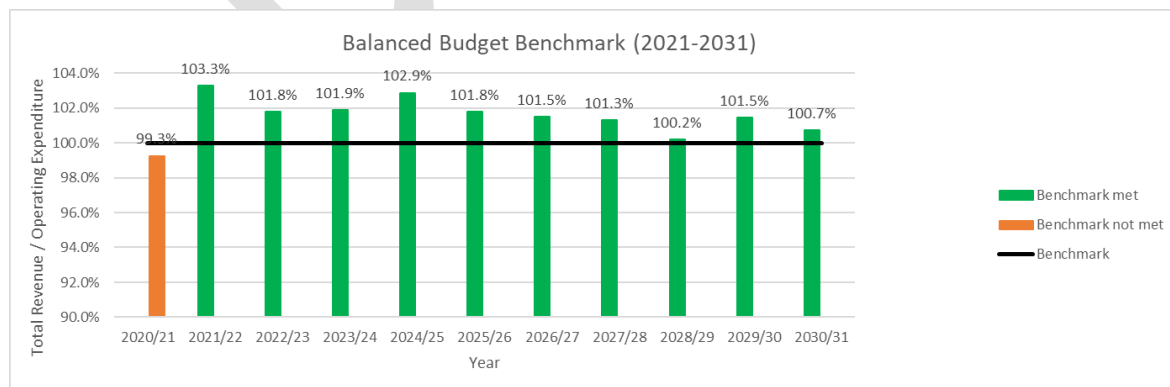
During the Long-term Plan period, the debt affordability percentage is expected to increase, peaking at 14.32%¹¹ in 2026/27 before decreasing again.

Council considers that setting a borrowing limit of 15%¹² of assets will assist in prudently managing Council's borrowing activities to ensure the ongoing funding of Council activities. Council will continue to consider and approve the borrowing requirement for each financial year in the Annual Plan or Long-term Plan, recognising that borrowing capacity does not have to be fully utilised.

Balanced Budget Benchmark

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

GRAPH TO BE UPDATED



¹⁰ Figures will be finalised following finalisation of budgets

¹¹ Figures will be finalised following finalisation of budgets

¹² Figures will be finalised following finalisation of budgets

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

Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses. Section 100(2) of the Local Government Act 2002 (LGA) sets out the matters that Council must have regard to when determining whether it is prudent to operate an unbalanced budget. These matters are:

- (a) the estimated expense of achieving and maintaining the predicted levels of service provision set out in the Long-term Plan, including estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
- (b) the projected revenue available to fund the estimated expense associated with maintaining the service capacity and integrity of assets throughout their useful life; and
- (c) the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and
- (d) the funding and financial policies adopted under section 102.

The proposed Long-term Plan has set projected operating revenues for years []¹³ at levels that do not meet the projected operating costs. This reflects the challenge faced by Council of fully funding the depreciation on the infrastructure network assets which during the last three years have been subject to significant increases in asset value.

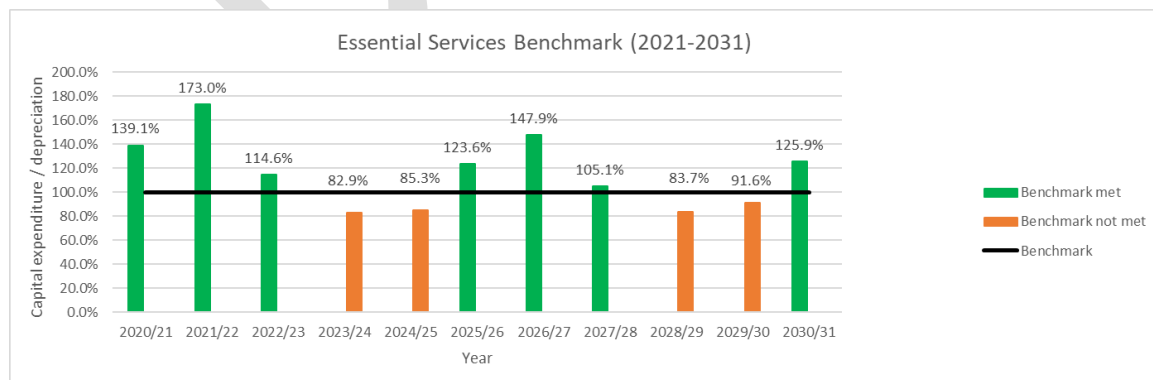
Over the period of the Long-term Plan the level of rates funding of depreciation has been increased to meet this challenge.

Essential Services Benchmark

The following graph displays Council's planned capital expenditure on network services as a proportion of expected depreciation on network services.

Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

GRAPH TO BE UPDATED



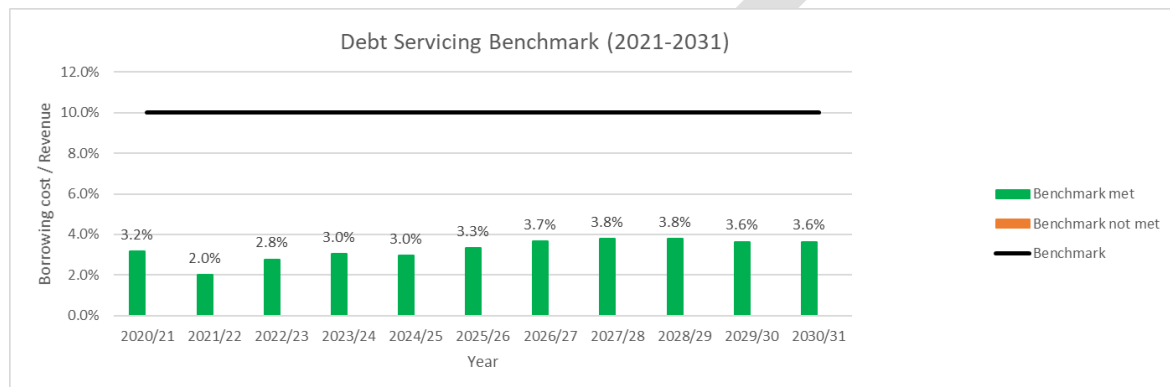
¹³ Figures will be finalised following finalisation of budgets

Debt Servicing Benchmark

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

Because Statistics New Zealand projects Council's population will grow as fast as the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

GRAPH TO BE UPDATED



LTP 2024 – 2034 LEVELS OF SERVICE, KPIS AND TARGETS

To: Council

Meeting Date: Tuesday 7 November 2023

From: Rhiannon Suter, Manager – Strategy, Policy and Engagement

Approved: Patricia Christie, Group Manager – Finance and Assurance

Approved Date: Thursday 2 November 2023

Open Agenda: Yes

Purpose and Summary

This report provides the draft levels of service, key performance indicators, and targets for the Long Term Plan 2024 – 2034, for confirmation prior to audit and consultation in 2024.

Recommendations

That the Council:

1. Receives the report "LTP 2024 – 2034 Levels of Service, KPIs and Targets".
2. Confirms the Long-Term Plan Draft Levels of Service, Key Performance Indicators and Targets ahead of audit and consultation in 2024, noting that they will remain draft until the Long-Term Plan is adopted in June 2024. (A4988013)

Background

Schedule 10, Clauses 2 and 4 of the Local Government Act 2002 set out the requirements for Councils to include groups of activities and statements of serviced provision for those groups of activities respectively.

Groups of Activities

It is proposed that the Long-Term Plan will include the following groups of activities:

1. Water Supply*^
2. Stormwater*^
3. Sewerage*^
4. Roading*
5. Solid Waste Management
6. Leisure, recreation and wellbeing services:

- a. Parks and reserves
- b. Libraries
- c. Aquatic services
- d. Arts, Culture and Heritage Services
- e. Venues and events services
- f. Public transport
- g. Elderly Persons Housing
- 7. Corporate and regulatory services
 - a. Democratic process
 - b. Regulatory services
 - c. Corporate services
 - d. Property services
 - e. Investments

*These activities have associated asset management plans and are core services included within the infrastructure strategy.

^These activities are planned for the first two years of the Long-Term Plan only, subject to Central Government's Affordable Water Reform. The asset plans which will be used and audited are the addenda to the National Transition Unit's plans. The longer term issues related to water are however included within the Infrastructure Strategy for context for the community. The KPIs are provided for the first two years and will be extended if required.

The main changes to the proposed groups and activities from the 2021 – 2031 Long-Term Plan are:

- Split of the general services group into Leisure, Recreation and Wellbeing Services and Corporate and Regulatory Services groups
- A Property activity has been introduced - The Public Toilets activity will now be incorporated in the Property activity (this replaces the previous standalone property asset management plan)
- A more fully scoped Corporate Services activity has been introduced

Rationales, levels of service, key performance indicators (KPIs) and targets for activities

Council is required to provide statements of Levels of Service, along with performance measures (referred to as KPIs) and targets for each group of activities. In order to be meaningful, where relevant, these are provided for each activity within the groups, rather than for the group as a whole.

The Levels of Service, KPIs and targets have been prepared in accordance with generally accepted accounting practice (GAAP).

The KPIs will be utilised by Council to measure performance on a regular basis through the year, noting that some measures are available only on an annual or more infrequent basis.

Service performance judgements and assumptions

Council's Levels of Service have been developed by officers taking into account Councillor feedback from Long-term Plan workshops to provide meaningful measureable statements which show how Council is delivering on its community outcomes.

The following judgments have been made in the selection of our levels of service and service performance:

- Each Level of Service links back to one or more community outcome which the Council is working to achieve.
- The Levels of Services reflect key areas such as quality standards, availability of services, level of use of services and responsiveness of Council to the community as well as more activity specific levels of service.
- We have ensured that the performance measures adequately inform Councillors and the community on progress towards delivering against their community outcomes. The detail of the connection between community outcomes, levels of service and key performance indicators can be seen in the reporting for each activity.
- Consideration has been given to the views expressed by our residents and ratepayers, including the Bluff Community Board.
- We have ensured that the performance measures adequately inform progress towards delivering the community outcomes.

Under the Local Government Act 2002 we are mandated to provide standard performance measures so that the public may compare the level of service provided in relation to the following group of activities: Water, Stormwater, Sewerage, Roading and Solid Waste Management. DIA guidance has been followed in measuring performance against all mandatory performance measures.

Further to the above judgements being made in the selection of performance measures, we also apply judgements in the measurement, aggregation, and presentation of service performance information.

As part of setting funding levels, Council has considered the impact on services and the related performance measures. Material judgements have been applied as follows.

Council's community outcomes are:

- One community – Our youth, older people, different neighbourhoods and communities' basic needs are met, and they feel valued and proud to live here (social wellbeing).
- A vibrant safe city centre which meets our people's diverse cultural needs (cultural wellbeing).
- A future focused economy delivered through innovation and partnership and supported by appropriate infrastructure (economic wellbeing).
- A healthy, resilient environment where the city is well positioned to navigate climate change (environmental wellbeing).

The community outcomes were developed by the Councillors. Appropriate Levels of Services have been developed through workshops utilising indication of community priorities gathered through the residents survey and community workshops.

Key Performance Indicators

The Key Performance Indicators were developed by managers and workshopped with Councillors. Selection of KPIs was made on the basis of supporting consistency across factors such as time, cost and quality indicators, while including all the required Department of Internal Affairs measures. Quality and timeliness of availability of data was also considered.

Aggregation of Key Performance Indicators against Levels of Service was undertaken on the basis of providing at least one meaningful measure per Level of Service, and more where needed and/ or required by the DIA. Meaningful measures were determined by managers considering the range of appropriate and available indicators and together with senior management selecting the most appropriate.

A range of Council data management systems are used for collection of the KPIs including asset management systems, technical and lab reports, reports from contractors, reports from Central Government Agencies, track counters, visitor records, service management records, customer relationship management systems, funding records as appropriate to the relevant activity, as well as the residents survey.

Proposed Levels of Service, measures and targets

The attachment (A4988013) sets out the proposed levels of service, measures, and targets for each of the activities identified above. The following major changes compared to the 2021 – 2031 Long-Term Plan are as follows:

- Rooding Services – a number of technical KPIs have now been removed and the remaining KPIs provide a simplified view of how the activity works to provide a road network that reduces aims to reduce risk of death and injury, support ease of use and monitor and respond to the needs of the community. All the DIA required KPIs are included.
- Solid Waste Management – To allow for more efficient monitoring and reporting, the activity measures and targets have been reviewed and regional targets are proposed, in line with those of Southland and Gore District Councils. These will be consistent with WasteNet targets and reporting.
- All Leisure, Recreation and Wellbeing Services with a user component will report usage trends across the activity as a total number, as well as per head of (Invercargill City) population. This will enable greater consistency and comparison.
- Parks and Reserves – The performance measures for this activity have shifted from asset provision performance to begin the process of aligning with the Recreation Aotearoa Standards. Therefore, the KPIs proposed are user / community-centric.
- Arts, Culture and Heritage - There will be a significant increase in the numbers of levels of service measures within this activity as Council progresses and eventually finalises the work on Tisbury Regional Storage Facility and Te Unua Museum of Southland within this LTP period. These measures are scheduled to be introduced as the new facilities open.

- Venues and Event Services – Significant work has been undertaken to maximise attendance while ensuring the various bookings and/or performances are hosted in the appropriate venues. Measures have been designed to reflect the varied facilities available. The Civic Theatre bookings are largely from international and national commercial producers, whereas Scottish Hall is mainly a community venue. Rugby Park continues to experience challenges relating to hire. It is therefore proposed that each venue's performance is measured separately, with a focus on types of bookings (not-for-profit local / national / international and commercial local / national / international), occupancy rates and individual satisfaction levels.
- Regulatory Services – to date, the measures and targets for this activity were centred mainly on legislative requirements. The additional KPIs highlight the need for regulatory processes to be effectively managed in order to remain responsive and support appropriate development for our community.
- Corporate Services KPIs have been added to provide greater transparency to services that enable and support Council to deliver on its public facing activities.
- Property Services – historically, a Property Asset Management Plan has been in place. Going forward, a property activity will be introduced. This will incorporate the previous Public Toilets activity, and its focus will be to ensure that Council facilities and venues are fit for purpose now and into the future.
- Investments – These are now clearly defined as investment property and other investments, each with separate KPIs.

Areas outside the Statement of Service Performance

Council is still in the maturation phase of measuring carbon impact of its activities. As such it is proposed to publicly report on our carbon mitigation activities outside the core statement of performance. This can then be reviewed at the time of the next Long-term plan.

Next Steps

Once confirmed by Council, the draft Levels of Service, Key Performance Indicators, and targets will be audited and then brought back to Council for adoption as part of asset and activity plans for consultation in 2024.

Next in the Long-Term Plan delivery timeline are the asset and activity plans, also for confirmation by Council ahead of audit and then adoption for consultation. All of these elements remain in draft form until adopted by Council following consultation.

Attachments

1. Draft levels of service, key performance indicators, and targets (A4988013)

WATER										
Levels of Service 1, 2 and 3										
	Level of Service		KPI	Measure	Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target
Community Outcome	Number	Description								
Social	1	Drinking water quality meets standards to support human health	1.1	The extent to which the Council's drinking water supply complies with part 4 of the drinking-water standards. (Bacteria compliance criteria)	100%	Not Applicable	100%	100%	Not Applicable	Not Applicable
Social	1	Drinking water quality meets standards to support human health	1.2	The extent to which the local authority's drinking water complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	Not Applicable	100%	100%	Not Applicable	Not Applicable
Environmental	2	Council monitors and effectively manages the water network to support environmental health and efficient use of resources	2.1	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)	18.50%	Not Applicable	Less than 30%	Less than 30%	Not Applicable	Not Applicable
Environmental	2	Council monitors and effectively manages the water network to support environmental and human health and efficient use of resources	2.2	The average consumption of drinking water per day per resident within the Invercargill City Council territorial district	231	Not Applicable	Less than 300 litres/day	Less than 300 litres/day	Not Applicable	Not Applicable
Social/ Economic	3	Council is responsive to the community in order to provide a safe, reliable supply of water, ensuring reticulated properties receive a continuous supply and providing sufficient water flow and pressure for fire fighting	3.1	The median response time for urgent callouts, (from the time the Council receives notification to the time that service personnel reach the site).	39 minutes	Not Applicable	4 hours	4 hours	Not Applicable	Not Applicable
Social/ Economic	3	Council is responsive to the community in order to provide a safe, reliable supply of water, ensuring reticulated properties receive a continuous supply and providing sufficient water flow and pressure for fire fighting	3.2	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).	2 hours 9 minutes	Not Applicable	24 hours	24 hours	Not Applicable	Not Applicable
Social/ Economic	3	Council is responsive to the community in order to provide a safe, reliable supply of water, ensuring reticulated properties receive a continuous supply and providing sufficient water flow and pressure for fire fighting	3.3	Attendance for non-urgent call-outs: from the time that council receives notification to the time that service personnel reach the site	5 days 18 hours and 8 minutes	Not Applicable	5 working days	5 working days	Not Applicable	Not Applicable
Social/ Economic	3	Council is responsive to the community in order to provide a safe, reliable supply of water, ensuring reticulated properties receive a continuous supply and providing sufficient water flow and pressure for fire fighting	3.4	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	6 days 2 hours and 33 minutes	Not Applicable	10 working days	10 working days	Not Applicable	Not Applicable
Social/ Economic	3	Council is responsive to the community in order to provide a safe, reliable supply of water, ensuring reticulated properties receive a continuous supply and providing sufficient water flow and pressure for fire fighting	3.5	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	1.82	Not Applicable	<10 in total	<10 in total	Not Applicable	Not Applicable

STORMWATER										
Level of Service 4 and 5										
Community Outcome	Level of Service		KPI	Measure	Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target
	Number	Description								
Environmental/ Social/ Economic	4	Council monitors and effectively manages the stormwater network to support community wellbeing and environmental health	4.1	DIA Performance measure 1 (system adequacy) (a) The number of flooding events that occur in the Invercargill City district	0	Not Applicable	0	0	Not Applicable	Not Applicable
Environmental/ Social/ Economic	4	Council monitors and effectively manages the stormwater network to support environmental health and efficient use of resources	4.2	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)	0	Not Applicable	0	0	Not Applicable	Not Applicable
Environmental	4	Council monitors and effectively manages the stormwater network to support environmental health and efficient use of resources	4.3	DIA Performance measure 2 (discharge compliance) Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of: - Abatement notices - Infringement notices - Enforcement orders - Successful prosecution	0	Not Applicable	0	0	Not Applicable	Not Applicable
Environmental/ Social/ Economic	5	Council is responsive to the community community in order to effectively manage the stormwater network to support environmental health and efficient use of resources	5.1	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	0 minutes	Not Applicable	<1 hour	<1 hour	Not Applicable	Not Applicable
Environmental/ Social/ Economic	5	Council is responsive to the community community in order to manage the stormwater network to support environmental health and efficient use of resources	5.2	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)	1.8	Not Applicable	<4	<4	Not Applicable	Not Applicable

SEWERAGE										
Level of Service 6 and 7										
Community Outcome	Level of Service		KPI	Measure	Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target
	Number	Description								
Environmental/ Social/ Economic	6	Council monitors and effectively manages the sewerage network to support community wellbeing and environmental health	6.1	Number of dry weather sewerage overflows per 1,000 properties - DIA Performance Measure 1 (system and adequacy)	0.66	Not Applicable	Max 4	Max 4	Not Applicable	Not Applicable
Environmental	6	Council monitors and effectively manages the stormwater network to support environmental health and efficient use of resources	6.2	Compliance with Council's resource consents for discharge from its sewerage system - DIA Performance measure 2 (discharge compliance)	0	Not Applicable	Max 0	Max 0	Not Applicable	Not Applicable
Environmental/ Social/ Economic	7	Council is responsive to the community in order to manage the stormwater network to support environmental health and efficient use of resources	7.1	DIA Performance Measure 3 (fault response times)	37 minutes	Not Applicable	<1 hour	<1 hour	Not Applicable	Not Applicable
				(a) The median response time from notification to arrival on-site to attend blockages or other faults in the sewerage system						
Environmental/ Social/ Economic	7	Council is responsive to the community in order to manage the stormwater network to support environmental health and efficient use of resources	7.2	(b) The median response time from notification to resolution of blockages or other faults in the sewerage system	1 hour 1 minute	Not Applicable	<6 hours	<6 hours	Not Applicable	Not Applicable
Environmental/ Social/ Economic	7	Council is responsive to the community in order to manage the stormwater network to support environmental health and efficient use of resources	7.3	DIA Performance Measure 4 (customer satisfaction) The number of complaints received about: 1. sewage odour 2. system faults 3. system blockages 4. Council's responsiveness (expressed per 1,000 properties connected to the Council's sewer system)	2.25	Not Applicable	Max 4	Max 4	Not Applicable	Not Applicable

ROADING SERVICES										
Levels of service 8, 9, and 10										
Community Outcome	Level of Service		KPI	Measure	Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target
	Number	Description								
Social/ Cultural	8	The road network is designed and managed to reduce risk of death and injury	8.1	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	17 crashes - 1 fatality, 17 people with serious injuries	Decreasing	Lower than baseline	Lower than the previous year	Lower than the previous year	Lower than the previous year
Social/Cultural	8	The road network is designed and managed to reduce risk of death and injury	8.2	The number of deaths or serious injury crashes involving intersections	New measure	Decreasing	Lower than baseline	Lower than the previous year	Lower than the previous year	Lower than the previous year
Social/ Economic	9	The road network is designed and managed to support ease of use	9.1	The average quality of ride, on a sealed local road network, measured by smooth travel exposure	Urban - 85% Rural - 98%	Not Applicable	Higher than the previous annual national average	Higher than the previous annual national average	Higher than the previous annual national average	Higher than the previous annual national average
Social	9	The road network is designed and managed to support ease of use	9.2	The percentage of the sealed local road network that is resurfaced	6.6%	Not Applicable	>5.55%	>5.55%	>5.55%	>5.55%
Social	9	The road network is designed and managed to support ease of use	9.3	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	1.8%	Not Applicable	< 8% in very poor condition	< 8% in very poor condition	< 8% in very poor condition	< 8% in very poor condition
Social	10	Council is responsive to the community and monitors and manages the network effectively to support safety and efficiency	10.1	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	83%	Not Applicable	75% of requests are responded to in five or less business days	75% of requests are responded to in five or less business days	75% of requests are responded to in five or less business days	75% of requests are responded to in five or less business days

SOLID WASTE MANAGEMENT										
Level of Service 11										
	Level of Service		KPI	Measure	Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target
Community Outcome	Number	Description								
Environmental	11	The effective use of resources is supported to reduce the impact of waste on the environment	11.1	Regional discarded materials rate per person per annum (kgs)	New measure	Decreasing	≤650 Kg	≤600 Kg	≤600 Kg	≤550 Kg
Environmental	11	The effective use of resources is supported to reduce the impact of waste on the environment	11.2	Recovery of recyclable materials (Actual Recycled - Invercargill City Council and Southland District Council)	New measure	Increasing	≥4650 tonnes	≥4800 tonnes	≥5000 tonnes	≥5200 tonnes
Environmental	11	The effective use of resources is supported to reduce the impact of waste on the environment	11.3	Invercargill City and Southland District Councils actual recycled rate per person per annum (Kg)	New measure	Increasing	≥54 Kg	≥56 Kg	≥58 Kg	≥60 Kg
Environmental	11	The effective use of resources is supported to reduce the impact of waste on the environment	11.4	Reduction in kerbside waste sent to landfill	New measure	Decreasing	≤17000 tonnes	≤17000 tonnes	≤16500 tonnes	≤16500 tonnes
Environmental	11	The effective use of resources is supported to reduce the impact of waste on the environment	11.5	Waste diversion from landfill	New measure	Increasing	30%	30%	30%	50% by 2030

LRW - PARKS AND RESERVES											
Levels of Service 12, 13 and 14											
	Level of Service		KPI	Measure		Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target
Community Outcome	Number	Description									
Social/ Cultural/ Environmental	12	Parks and reserves support community leisure, recreation and	12.1	Queens Park is accredited as a "Garden of National Significance"		Achieved	Maintained	Maintained	Maintained	Maintained	Maintained
Social	12	Parks and reserves support community leisure, recreation and wellbeing	12.2	Percentage of residents satisfied with parks and recreation spaces		80%	Maintained or Increasing	80%	80%	80%	80%
Social/ Cultural	13	Parks and reserves are well utilised to support wellbeing	13.1	Annual number for park usage	Percentage of users per head of (Invercargill city) population	New measure	Not Applicable	75%	75%	75%	75%
				Total number of park user counts		939,291	Maintained or Increasing	939,291	939,291	939,291	939,291
Social	14	Council is responsive to the community in order to effectively manage the parks and reserves	14.1	Percentage of urgent requests for Parks and Recreation services are completed within specified timeframes.		New Measure	Not Applicable	90%	90%	90%	90%
Social/ Cultural	14	Council is responsive to the community in order to effectively manage the parks and reserves	14.2	Number of Active Partnerships in place to support activation of Parks and Recreation Space		New Measure	Increasing	10	15	20	25

LRW - Libraries											
Levels of Service 15 and 16											
	Level of Service		KPI	Measure	Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target	
Community Outcome	Number	Description									
Social/ Cultural	15	Libraries collections support wellbeing through providing quality resources	15.1	Percentage of physical collections added in the past 5 years (excludes heritage collections)	63%	Maintained or increasing	≥60%	≥60%	≥60%	≥60%	
Social/ Cultural	15	Libraries collections support wellbeing through providing quality resources	15.2	Percentage of residents satisfied with the library service	84%	Maintained or increasing	≥ 85%	≥ 85%	≥ 85%	≥ 85%	
Social/ Cultural	16	Libraries are well utilised to support wellbeing	16.1	Annual number of library users	Physical visitors + website engagement = total number of Library users	485,535	Maintained	500,000	500,000	500,000	500,000
					Total number of users (physical visitors + website engagement) per head of (Invercargill city) population	New measure	Maintained	8.8	8.8	8.8	8.8

LRW - AQUATIC SERVICES											
Levels of Service 17, 18 and 19											
	Level of Service		KPI	Measure		Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target
Community Outcome	Number	Description									
Social/ Cultural	17	Pools are well utilised to support wellbeing	17.1	Annual number of Splash Palace users	Number of users per head of (Invercargill City) population	6.6	Increasing	6.8	7	7.2	7.3
					Total number of Splash Palace users	New Measure	Increasing	390,000	400,000	410,000	420,000
Social/ Cultural	17	Pools are well utilised to support wellbeing	17.2	Learn to swim participation		New Measure	Increasing	700	725	750	750
Social/ Cultural	18	Pools support wellbeing through providing safe, quality and appropriate premises and services	18.1	Time pools are kept within operating guidelines of the New Zealand Pool Water Standards NZS5826:2010 to ensure the health and safety of pool users.		100%	Maintained	100%	100%	100%	100%
Social/ Cultural	18	Pools support wellbeing through providing safe, quality and appropriate premises and services	18.2	Percentage of residents satisfied with the Splash Palace		67%	Increasing	75%	75%	80%	85%
Social/ Cultural	19	Pools service is reliable and available	19.1	Time when a minimum of four 25 metre public lanes are available for swimming		98%	Maintained	95%	95%	95%	95%
Social/ Cultural	19	Pools service is reliable and available	19.2	The number of unplanned pool closures		New Measure	Not applicable	Less than 15 pool closure/year	Less than 15 pool closure/year	Less than 15 pool closure/year	Less than 15 pool closure/year

LRW - ARTS, CULTURE AND HERITAGE											
Levels of Service 20 and 21											
	Level of Service		KPI	Measure	Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target	
Community Outcome	Number	Description									
He Waka Tuia											
Cultural	20	Arts, culture and heritage services are well utilised to support community wellbeing	20.1	Annual number of He Waka Tuia users	Number of users per head of (Invercargill City) population	New Measure	Increasing	0.33	0.37	0.4	N/A -He Waka Tuia will close after 2026/2027
					Total number of He Waka Tuia users	18,553	Increasing	19,000.0	21,000	23,000	N/A -He Waka Tuia will close after 2026/2027
Cultural	21	Arts, culture and heritage venues support wellbeing through providing high quality, frequently refreshed and culturally enriching experiences	21.1	Percentage of residents satisfied with He Waka Tuia Museum and Art Gallery		17%	Maintained	20%	20%	20%	N/A -He Waka Tuia will close after 2026/2027
Cultural	21	Arts, culture and heritage venues support wellbeing through providing high quality, frequently refreshed and culturally enriching experiences	21.2	Number of onsite and off-site exhibitions which celebrate our collections and “Story of Southland”		New Measure	Maintained	7 exhibitions per annum 3 off-site; 4 onsite	7 exhibitions per annum 3 off-site; 4 onsite	7 exhibitions per annum 3 off-site; 4 onsite	N/A -He Waka Tuia will close after 2026/2027
Tisbury Regional Storage Facility											
Cultural	20	Arts, culture and heritage services are well utilised to support community wellbeing	20.2	Annual number of visits to access the collection		New Measure	Increasing	300	750	750	750
Cultural	20	Arts, culture and heritage services are well utilised to support community wellbeing	20.3	Annual number of school visits		New Measure	Maintained	10	10	10	10
				Te Unua Museum of Southland							
Cultural / Economic	20	Arts, culture and heritage services are well utilised to support community wellbeing	20.4	Annual number of Te Unua - Museum of Southland users	Number of users per head of (Invercargill City) population	New Measure	Not Applicable	0	0	200,000	400,000
					Total number of Te Unua - Museum of Southland users	New Measure	Not Applicable	0	0	3.5	7

Extraordinary Council - Public Agenda - LTP 2024 – 2034 Levels of Service, KPIs and Targets (A4906654)

LRW - VENUES AND EVENTS SERVICES											
Levels of Service 22 and 23											
Community Outcome	Number	Level of Service Description	KPI	Measure		Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target
				Civic Theatre							
Cultural/ Social	22	Venues are well utilised to support community wellbeing	22.1	Civic Theatre Occupancy - Main auditorium		30% Occupancy Rate	Maintained or Increasing	35%	40%	40%	40%
Cultural/ Social	22	Venues are well utilised to support community wellbeing	22.2	Civic Theatre Occupancy - Auxiliary Rooms		62% Occupancy Rate	Maintained	40%	40%	40%	40%
Cultural/ Social	22	Venues are well utilised to support community wellbeing	22.3	Civic Theatre - Hirage	Not for Profit-Local	New Measure	Maintained or Increasing	≥35	≥35	≥35	≥35
					Not for Profit - National/ International	New Measure	Maintained or Increasing	≥20	≥20	≥20	≥20
					Commercial - Local	New Measure	Increasing	≥10	≥15	≥15	≥15
					Commercial - National/ International	New Measure	Increasing	≥30	≥35	≥35	≥35
Cultural/ Social	23	City venues support wellbeing through enabling culturally and socially enriching experiences	23.1	Percentage of residents satisfied with the Civic theatre		New measure	Maintained	80%	80%	80%	80%
				Scottish Hall							
Cultural/ Social	22	Venues are well utilised to support community wellbeing	22.4	Scottish Hall - Occupancy		33% Occupancy Rate	Increasing	30%	33%	33%	35%
Cultural/ Social	22	Venues are well utilised to support community wellbeing	22.5	Scottish Hall - Hirage	Not for Profit - Local	New Measure	Maintained or Increasing	≥55	≥55	≥55	≥55
					Not for Profit - National/ International	New Measure	Maintained or Increasing	≥5	≥5	≥5	≥5
					Commercial - Local	New Measure	Increasing	≥5	≥8	≥10	≥15
					Commercial - National/ International	New Measure	Maintained or Increasing	≥3	≥3	≥3	≥3
Cultural/ Social	23	City venues support wellbeing through enabling culturally and socially enriching experiences	23.2	Percentage of residents satisfied with the Scottish Hall		New measure	Maintained	60%	60%	60%	60%
Rugby Park											
Cultural/ Social	22	Venues are well utilised to support community wellbeing	22.6	Rugby Park - Occupancy		7% Occupancy rate	Increasing	7%	8%	10%	10%
Cultural/ Social	22	Venues are well utilised to support community wellbeing	22.7	Rugby Park - Hirage	Not for Profit - Local	New Measure	Increasing	≥10	≥12	≥15	≥15
					Not for Profit - National/ International	New Measure	Maintained or Increasing	≥2	≥2	≥2	≥2
					Commercial - Local	New Measure	Increasing	≥2	≥5	≥7	≥10
					Commercial - National/ International	New Measure	Maintained or Increasing	≥8	≥8	≥8	≥8
Cultural/ Social	23	City venues support wellbeing through enabling culturally and socially enriching experiences	23.3	Percentage of residents satisfied with Rugby Park		New Measure	Maintained	40%	40%	40%	40%
Increase public use of Venues											
Cultural/ Social	22	Venues are well utilised to support community wellbeing	22.8	Annual number of users across all venues	Number of users per head of (Invercargill City) population	1.5	Increasing	1.1	1.2	1.3	1.4
					Total number of venue users	80,648	Increasing	63,000	70,000	74,000	80,000

LRW - PUBLIC TRANSPORT											
Levels of Service 24 and 25											
	Level of Service		KPI	Measure		Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target
Community Outcome	Number	Description									
Social/ environmental/ economic	24	Public transport is well utilised to support community wellbeing	24.1	Annual number of public transport users	Number of users per head of (Invercargill City) population	New measure	Increasing	2.5	2.5	2.6	2.6
				Total number of public transport users		141,837	Increasing	143,000	145,000	147,000	150,000
Social	25	Public transport supports wellbeing through enabling people to move around the city	25.1	Percentage of residents satisfied with quality of bus service		40%	Increasing	43%	45%	47%	50%
Social	25	Public transport supports wellbeing through enabling people to move around the city	25.2	Percentage of residents satisfied with price of bus service		64%	Maintained	60%	60%	60%	60%

LRW - ELDERLY PERSONS HOUSING										
Levels of Service 26, 27 and 28										
	Level of Service		KPI	Measure	Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target
Community Outcome	Number	Description								
Social	26	Elderly persons housing is well utilised to support community wellbeing	26.1	Units are occupied 95% of the time	98%	Not Applicable	95%	95%	95%	95%
Social	27	Council is responsive to the community in order to effectively manage the elderly persons housing	27.1	Requests for service are responded to and remedial action in place: - Urgent	100% within 24 hours	Not Applicable	24 hours	24 hours	24 hours	24 hours
Social	27	Council is responsive to the community in order to effectively manage the elderly persons housing	27.1	Requests for service are responded to and remedial action in place: - Non-Urgent	99% within 5 working days	Not Applicable	5 working days	5 working days	5 working days	5 working days
Social	28	Council effectively manages the elderly persons housing to provide efficient and effective value	28.1	Regular inspections are undertaken	100%	Not Applicable	100%	100%	100%	100%

CR - DEMOCRATIC PROCESS										
Levels of Service 29 and 30										
	Level of Service		KPI	Measure	Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target
Community	Number	Description								
Social	29	The community is supported to understand and participate in the democratic process	29.1	Percentage of residents satisfied with the opportunities Council provides for community involvement in decision making	19%	Increasing	20%	25%	30%	35%
Social	29	The community is supported to understand and participate in the democratic process	29.2	Voter participation in elections	New measure	Increasing	N/A - No election	10% increase in voter turnout (approximately 2,000 more people to vote)	N/A - No election	10% increase in voter turnout (approximately 2,000 more people to vote)
Social/ Cultural/ Environmental/ Economic	30	The community is supported to deliver and participate in events and other activities which enhance wellbeing	30.1	Number of activities or events supported by the Community Wellbeing Fund	53	Maintained or Increasing	40	40	40	40

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CR - REGULATORY SERVICES										
Levels of Service 31, 32, 33, 34 and 35										
	Level of Service		KPI	Measure	Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target
Community Outcome	Number	Description								
Economic/ Social/ Environmental	31	Council is responsive to the community to ensure regulatory processes are effectively managed to support appropriate development and economic activity	31.1	Building consents are issued within 20 working days	98%	Not Applicable	100% of building consents are issued within statutory timeframe	100% of building consents are issued within statutory timeframe	100% of building consents are issued within statutory timeframe	100% of building consents are issued within statutory timeframe
Economic/ Social/ Environmental	31	Council is responsive to the community to ensure regulatory processes are effectively managed to support appropriate development and economic activity	31.2	Non-notified resource consents not requiring a hearing are issued within 20 working days	96%	Not Applicable	100% of non-notified resource consents issued within statutory timeframes	100% of non-notified resource consents issued within statutory timeframes	100% of non-notified resource consents issued within statutory timeframes	100% of non-notified resource consents issued within statutory timeframes
Economic/ Social/ Environmental	32	Council is responsive to the community to ensure regulatory processes are effectively managed to support appropriate development and economic activity	32.1	Food registrations are issued within 20 working days	100%	Not Applicable	100% of food registrations issued within the statutory timeframe	100% of food registrations issued within the statutory timeframe	100% of food registrations issued within the statutory timeframe	100% of food registrations issued within the statutory timeframe
Economic/ Social/ Environmental	33	Council is responsive to the community to ensure regulatory processes are effectively managed to support appropriate development and economic activity	33.1	Alcohol licences not requiring a hearing are issued within 30 days	100%	Not Applicable	100% alcohol applications not requiring a hearing are issued within 30 working days of receipt	100% alcohol applications not requiring a hearing are issued within 30 working days of receipt	100% alcohol applications not requiring a hearing are issued within 30 working days of receipt	100% alcohol applications not requiring a hearing are issued within 30 working days of receipt
Economic/ Social	33	Council is responsive to the community to ensure regulatory processes are effectively managed to support appropriate development and economic activity	33.2	Land Information Memorandum (LIM) Reports are issued within 10 working days	New Measure	Not Applicable	100%	100%	100%	100%
Economic/ Social	34	Regulatory processes are effectively managed to support appropriate development	34.1	Percentage of residents satisfied with service received from the Building, Planning and Property Records Department	New Measure	Maintained	50%	50%	50%	50%
Economic/ Social	34	Regulatory processes are effectively managed to support appropriate development	34.2	Percentage of residents satisfied with the building and/or resource consent process	New Measure	Maintained	50%	50%	50%	50%
Cultural/ Social	35	The District's heritage is valued and preserved	35.1	Amount of eligible applications received to support heritage buildings (earthquake strengthening and/or heritage improvements)	New Measure	Not Applicable	Council's Heritage Funds are at least 90% subscribed each financial year	Council's Heritage Funds are at least 90% subscribed each financial year	Council's Heritage Funds are at least 90% subscribed each financial year	Council's Heritage Funds are at least 90% subscribed each financial year

CR - CORPORATE SERVICES											
Levels of Service 36 and 37											
	Level of Service		KPI	Measure	Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target	
Community Outcome	Number	Description									
Social/ Cultural/ Environmental/ Economic	36	Council is responsive to the community in order to manage Council business effectively to support community wellbeing	36.1	Percentage of Requests for Service under investigation/ closed within 10 working days of being raised	New Measure	Increasing	80%	84%	88%	90%	
Social/ Economic	36	Council is responsive to the community in order to manage Council business effectively to support community wellbeing	36.2	Percentage of suppliers who are paid on time	New Measure	Increasing	85%	90%	93%	95%	
Social/ Cultural/ Environmental/ Economic	37	Corporate services are reliable and available	37.1	Accessible customer service	Customers are provided with a 24 hour 7 day a week call centre	New Measure	Not Applicable	99%	99%	99%	99%
					Invercargill customers are provided with face to face customer services	New Measure	Not Applicable	1880 hours per annum	1880 hours per annum	1880 hours per annum	1880 hours per annum
					Bluff customers are provided with face to face customer services	New Measure	Not Applicable	1880 hours per annum	1880 hours per annum	1880 hours per annum	1880 hours per annum

CR - PROPERTY										
Levels of Service 38, 39 and 40										
Community Outcome	Level of Service		KPI	Measure	Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target
	Number	Description								
Social	38	Council is responsive to the community to ensure effective management of property to support community wellbeing	38.1	Requests for service are responded to and remedial action in place: - Emergency - H&S related requests.	New Measure	Not Applicable	24 hours	24 hours	24 hours	24 hours
Social	38	Council is responsive to the community to ensure effective management of property to support community wellbeing	38.2	Requests for service are responded to and remedial action in place: - Non-Urgent routine requests.	New measure	Not Applicable	5 working days	5 working days	5 working days	5 working days
Social	39	Property is effectively managed to provide safe appropriate spaces for the community	39.1	All buildings have a current Building Warrant of Fitness	New Measure	Not Applicable	100%	100%	100%	100%
Social	39	Property is effectively managed to provide safe appropriate spaces for the community	39.2	Condition assessments of are not older than 5 years old (of agreed buildings)	New Measure	Not Applicable	80%	80%	80%	80%
Social/ Environmental	39	Property is effectively managed to provide safe appropriate spaces for the community	39.3	Asbestos Management Plans are reviewed and updated so they are not older than 5 years.	New Measure	Not Applicable	80%	80%	80%	80%
Social	39	Property is effectively managed to provide safe appropriate spaces for the community	39.4	Percentage of residents satisfied with public toilet facilities in Invercargill District	New Measure	Increasing	55%	60%	65%	70%
Social	40	Property is reliable and available to the community	40.1	Public toilets are operational 95% of open hours (which is 24 hours per day)	95%	Maintained or Increasing	95%	95%	95%	95%

CR - INVESTMENTS											
Levels of Service 41 and 42											
	Level of Service		KPI	Measure		Baseline (2022/2023)	Trend	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target
Community Outcome	Number	Description									
				Investment property							
Economic/ Social	41	Investment property is well utilised in order to deliver returns to the community	41.1	Occupancy levels are greater than 95%		New measure	Not Applicable	95%	95%	95%	95%
Economic	42	Investment property is effectively managed in order to deliver returns to the community	42.1	Total Gross Income over Total Asset Value	Total portfolio	New measure	Not Applicable	4%	4%	4%	4%
					Portfolio excluding Strategic, Development and Vacant land	New measure	Not Applicable	5%	5%	5%	5%
Economic	42	Investment property is effectively managed in order to deliver returns to the community	42.2	Net rate of return is greater than Council’s planned cash deposit rate for the portfolio excluding Strategic, Development and Vacant land		New measure	Not Applicable	> planned cash deposit rate 3.5%	> planned cash deposit rate 3.5%	> planned cash deposit rate 3.5%	> planned cash deposit rate 3.5%
Other investments											
Economic	42	Investments are effectively managed in order to deliver returns to	42.3	Net interest income is higher than budgeted		New measure	Not Applicable	> Budget	> Budget	> Budget	> Budget
Economic	42	Investments are effectively managed in order to deliver returns to	42.4	Dividend income is in line with budget		New measure	Not Applicable	= Budget	= Budget	= Budget	= Budget