


Democratic Process



Activity Management Plan
2024-2034



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

Introduction / Summary

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

- **Governance and democracy:** The Local Government Act 2002 states that the purpose of local government is to enable democratic local decision-making and action by, and on behalf of, communities.
- **Democracy** is integral as it provides a platform that allows the opportunity for citizens and communities to engage with their local authority. Each triennium provides for the opportunity to hold local body elections to elect the Mayor, Councillors and Community Board Members. Operationally, the democratic process is observed by activities such as Local Body Elections, Consultation, Scheduled Public Meetings, Official Information and Public Forum allowing for the community to be involved in the decision making process.
- **Governance:** Accountability in action. There is a breadth and depth to Governance that can be defined as a kaitiaki – guardianship to ensure for robust alignment within a legal framework of activities that can be observed as:
 - **Councillors** - accountability to the Community - Councillors are accountable for the decisions they make. Therefore, they require relevant, accurate and up to date information to make good decisions.
 - **Staff** – Transparency and Accountability to all stakeholders. Meeting legislative requirements for the production of:
 - meeting agendas
 - meeting minutes
 - meeting schedules
 - advertising of Council and Community Board meetings
 - notifying the public of public excluded items with legal reasoning
 - Local Government Official Information and Meetings Act 1987 (LGOIMA) requests
- **Strategy and policy:** This area includes the range of processes through which Council sets its strategic direction, determines Council policy and sets by-laws and reports on performance.
- **Engagement:** Engagement with the community through a range of mechanisms is a critical part of setting strategy and policy.
- **Collaboration to support the four wellbeings:** This activity supports a range of collaborations with the community, including through the grants framework and through support for services delivered via other organisations.

1. What we deliver

What the activity is

The Democratic Process Activity ensures that the community has the opportunity to be involved in decision-making and understands how the process works. The Activity also supports elected members and their processes to ensure that decision-making is open, transparent, effective and democratically accountable.

We undertake Representation Reviews, run Local Government Elections and ensure that the meetings of Council meet the requirements of the Local Government Official Information and Meetings Act 1987. We assist the elected representatives in their development of Council's Long-term Plan, Annual Plan and Annual Report. We provide the community with a range of mechanisms to engage with Council, including through formal consultation on plans, policies and by-laws. We assist with the development of community partnerships and collaborations to leverage greater impact for Council's policy and investment in the community.

This Activity underpins the legislative compliance aspects of Council decision-making.

No significant negative effects of providing the Democratic Process Activity have been identified.

Activity Overview

The overarching goal of the Democratic Process Activity is to support the implementation of the Local Government Act 2002 within the Invercargill district.

The purpose of the Local Government Act is to provide for democratic and effective local government that recognises the diversity of New Zealand communities. The Act:

- Outlines the purpose of Local Government as to enable democratic local decision-making and action by, and on behalf of, communities; and to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future; and
- Provides a framework and powers for local authorities to decide which activities they undertake and the manner in which they will undertake them; and
- Promotes the accountability of local authorities to their communities; and
- Provides for local authorities to play a broad role in promoting the social, economic, environmental, and cultural wellbeing of their communities, taking a sustainable development approach.

The activity includes the following services:

- Holding of elections of Elected Members to the Council (including the Mayor) and Community Board, polls, by-elections and representation reviews.
- Providing information, advice and support to the Chief Executive and Mayor's Office.
- Ensuring Council feels supported in its decision-making process.
- Ensuring that the Invercargill City Council has quality plans and plan monitoring in place (LTP, Annual Plans, Activity Plans and Annual Report).
- Implementing and evolving the Invercargill City Council's performance framework.
- Conducting research on residents' perceptions, analysing and providing results to Council and staff.
- Facilitating group and unit planning and budgeting.

- Preparation and implementation of engagement and consultation plans and materials for significant or high-interest projects and decisions made across Council.
- Engaging with the local community and interest groups to support their engagement with local decision making.
- Operating regular engagement to support participation of young people, older people, people with disabilities, people of different ethnicities, new migrants and other groups, including through operation of the Youth Council and connection to community groups.
- Providing advice, leadership and support for engagement and consultation planning processes.
- Making Official Information available to the public - proactively and when requested.
- consulting and engaging with interested parties to enable Council to consider the community's views when making decisions.
- Proactively anticipating issues of interest across the four wellbeings and advocating on behalf of the Invercargill community.
- Working with other Councils and a range of organisations on shared services and collaborations, with a focus on promoting the four wellbeings.

Why we are involved in this activity

The core purpose of local government is “to enable democratic local decision-making and action by, and on behalf of, communities.” To achieve this purpose, the Council needs to be involved in fostering public participation in local government processes. The Democratic Process Activity involves ensuring that the community has the opportunity to be involved in decision-making and understands how this process works. The Activity also supports the elected members and their processes to ensure that decision-making is open, transparent, effective and democratically accountable.

The principal objectives of the Democratic Process Activity are:

- Ensuring all citizens are informed about Council activities and their rights to contribute to the decision-making process.
- Engaging with community via a variety of mechanisms to provide quality information to Council to support its decision making.
- Fully complying with all legislation relating to local government.
- Taking a role in Shared Services with other councils.
- Speaking out on issues affecting the wellbeing of our residents and ratepayers on their behalf.
- Promoting Invercargill as a great place to work, live and bring up a family.

Our vision

The people at the heart of Council

**“E hara taku toa I te toa takitahi, engari he toa takatini”
 “Our strengths are not from us alone, but from the gifts, talents and strengths of many”**

Strategic priorities

The following table demonstrates how the Democratic Process Activity contributes to Council's Community Outcomes:

Community outcomes

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Table 1

Community Outcomes

Community Outcomes	How the Activity Contributes
One Community – our youth, older people, different neighbourhoods and communities' basic needs are met and they feel valued and proud to live here	The Democratic Process Activity supports elected representatives with training and information. This enables representatives to make robust decisions to implement the Local Government Act incorporating the widespread views of the community.
One Community – Our youth, older people, different neighbourhoods and communities' basic needs are met and they feel valued and proud to live here	The Democratic Process Activity provides opportunities for the community to share its views with Council. Elections and Representation Reviews also provide the community with the opportunity to contribute towards democracy.
A healthy, resilient environment where the city is well positioned to navigate climate change	The Democratic Process activity coordinates the Council's climate change activity, including coordinating regional strategic development.
A future focused economy delivered through innovation and partnership and supported by appropriate infrastructure	The Democratic Process activity supports delivery of economic outcomes through managing the relationship with the Southland Regional Development Agency

All the community outcomes are supported through the Community Wellbeing Fund Sub-Committee which makes community grant funding decisions and is supported through the Democratic Process Activity.

2. How we determine what we do

Our Strategic Framework

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

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



Activity Management Plan Strategic Framework



Our Customers

The primary customer group of the democratic process is the public of the Invercargill District, including ratepayers, non-ratepayers, and in the area of promotion of the City as a great place to live and work - visitors and potential residents.

Council recognises the place of mana whenua as partners of Council.

In addition Council has identified the following stakeholders within the larger Community:

Table 2

Democratic Process External Stakeholders

External Stakeholders	Area of Interest	Engagement goal	Stakeholder Expectations
<p>Māori Mana whenua are recognised as partners of Council.</p> <ul style="list-style-type: none"> - Te Ao Mārama Inc - Te Roopu Taiao - Waihōpai Rūnaka - Awarua Rūnanga <p>Maata Waka Council engages with a range of Maata Waka organisations including but not limited to:</p> <ul style="list-style-type: none"> - Nga Hau e Wha - Te Tomairangi 	<p>To enable the Council and Tangata Whenua relationship to develop in a way that assists both parties, Te Ao Mārama Incorporated was developed. This organisation represents the four Rūnanga within Southland on matters relating to the Resource Management and the Local Government Acts.</p>	<p>Invercargill City Council has an excellent open relationship with Tangata Whenua and iwi with issues discussed openly, honestly and with respect.</p>	<p>Open and honest communication on areas of shared interest. Positive working relationships and collaboration on projects for the benefit of the Community.</p>
<p>The Private Sector</p> <ul style="list-style-type: none"> - Ratepayers - Professional Service Providers - Special Interest Groups - Dignitaries 	<p>The development of the City and service provision of Council, including the financial impact on ratepayers.</p>	<p>Consult when developing plans, policies and strategies in line with the Significance and Engagement Policy. Enable groups to effectively communicate with the Council prior to decisions being made.</p>	<p>Transparent decision-making processes and the ability to engage in the decision-making process.</p>
<p>Community organisations</p> <ul style="list-style-type: none"> - Community not-for-profit groups and organisations 	<p>Engagement with Council as part of decision making. Support through the grants framework where appropriate Collaboration on key projects where appropriate.</p>	<p>Consult when developing plans, policies and strategies. Enable groups to effectively communicate with the Council prior to decisions being made. Support groups to apply for Council grants.</p>	<p>Transparent decision-making processes and the ability to engage in the decision-making process. Understanding Council process for applying for grants and forming collaborations.</p>

External Stakeholders	Area of Interest	Engagement goal	Stakeholder Expectations
Regional and Territorial Authorities <ul style="list-style-type: none"> - Southland Mayoral Forum - Environment Southland - Southland District Council - Gore District Council 	The elected members and staff have formed a very good working relationship with their counterparts of the three other local authorities in Southland and have over 40 joint initiatives operational.	Southland local authorities have a philosophy of working together wherever possible to improve the efficiency and effectiveness of local government in the region.	Open and honest communication on areas of shared interest. Cooperation through shared services.
Central Government <ul style="list-style-type: none"> - Ministers and local MPs - Key Government agencies including MBIE, MSD and MFE, Te Whatu Ora. 	Changing Government legislative and policy requirements, as well as funding opportunities, is identified as one of the major drivers of work in for the democratic process activity.	Regular engagement in order to plan for required policy changes and in order to advocate for Invercargill interests.	Open and honest communication on areas of shared interest. Positive working relationships and collaboration on projects for the benefit of the Community.
Funding Organisations <ul style="list-style-type: none"> - Community Trust of Southland - Invercargill Licensing Trust 	Partnerships are generally formed to fund the capital requirements of major facilities.	Liaise when considering community projects. Enable strategic alignment to support the community where appropriate	Positive working relationships and collaboration on projects for the benefit of the Community.
Regulatory overview bodies <ul style="list-style-type: none"> - Office of the Auditor General - Audit NewZealand - Department of Internal Affairs - Local Government Commisison 	Oversight of the governance and operations of Council to ensure legal and regulatory compliance	Liaise across all governance and required policy and planning documents.	Open and honest communication.

Table 3

Democratic Process Internal Stakeholders

Internal Stakeholders	Area of Interest	Engagement goal	Stakeholder Expectations
Mayor and CE's Office	Understand expectations.	Liaise often as required to act on any planning required timely.	Open communications. Action and plan the expectations through good open discussion.
Councillors and Bluff Community Board members	Support Councillors and Bluff Community Board to engage with the community,	Understand needs and work together to develop workable plans.	Personal relationships. Open honest conversations.

Internal Stakeholders	Area of Interest	Engagement goal	Stakeholder Expectations
	<p>develop plans and make good decisions</p> <p>Professional Development Training Plan.</p> <p>Bluff Community Board – strengthen relationships and Communications.</p>	<p>Pull all previous training information and budgets together. Planning out the first three years of the LTP. Consider and be guided by information from the skills matrix.</p> <p>Regular engagement will help to enhance relationships this will help to connect BCB with Council staff more broadly.</p>	Open Communications
Executive Leadership team	<p>Strategy and delivery of key activities</p> <p>Development of Group Level KPIs</p>	Right information at the right time to support good decision making. Honest feedback to enable problem solving	Transparency Living the four values of Council
Activity managers	Strategic and corporate inputs to support their planning; two way communication to support good governance decision making effecting operations	Right information at the right time to support good decision making. Honest feedback to enable problem solving	Transparency Living the four values of Council
Staff	Informed of key strategic direction of Council and reasons for key decisions. Understanding how their roles fit within the wider corporate structure	Right information at the right time	Transparent appropriate communication

Our levels of service

The Democratic Process Activity supports the development of one community – where our youth, older people, different neighbourhoods and communities basic needs are met and they feel value and proud to live here through ensuring that Council's decision-making processes meet community expectations for opportunities to participate. It also supports a future focused economy delivered through innovation and partnership and supported by appropriate infrastructure, through supporting the relationship with the Southland Regional Development Agency, Great South. It supports all community outcomes through

encouraging involvement in activities and events supported by the Community Wellbeing Fund.

Table 5

Democratic Process Measures for Levels of Service

MEASURE 2024-2034	TARGET
Percentage of residents satisfied with the opportunities Council provides for community involvement in decision making	20%
Number of activities or events supported by the Community Wellbeing Fund	40
Voter participation in elections	10% increase of voter turn out approximately 2,000 more people to vote in 2025/2026

Table 6

Democratic Process Baseline Measures and Targets

Measure	Baseline (2022/23)	2024/25 Target	2025/26 Target	2026/27 Target	2027-2034 Target
Percentage of residents satisfied with the opportunities Council provides for community involvement in decision making	19%	20%	25%	30%	35%
Number of activities or events supported by the Community Wellbeing Fund	53	40	40	40	40
Voter participation in elections	New measure	N/A – No election	10% increase in voter turnout (approximately 2000 more people to vote)	N/A – No Election	10% increase in voter turnout (approximately 2000 more people to vote)

Assessing demand - current and future

Demand Forecast

Factors Influencing Demand

The demand for this activity is relatively stable no matter the changes that occur in the Invercargill City District's environment, although increasing complexity means maintaining a level of service becomes more resource intensive and requires changing skillsets.

The increasingly passionate and polarised political environment means that more staff are required in order to manage health and safety. Increasing diversity means that a broader range of engagement approaches are needed.

Advances in technology, and the corresponding changes in how the Council and community choose to engage with each other, is likely to have a significant effect on how some elements of the Activity are delivered and will impact on the resources required for delivery.

Changes to legislation and an increasing devolution of responsibilities from Central Government to Local Authorities will also have an impact on resources required for the Activity.

Both changes to legislation and technology are likely to change how Elections are delivered, with much recent discussion around low national voter turnout, and a possible move to online voting- with the risks that this can also bring.

Projected Growth or Decline in Demand for the Service

The population of the Invercargill City District is approximately 57,900 as at 30 June 2023. It is projected to increase over the next ten years, but the rate of growth will depend on a number of factors, including whether Tiwai Point Smelter remains open, and whether various industries are developed. If Tiwai Point remains open, the population is forecast to grow by 5000 people over the next ten years.

The population will continue to become more diverse, with the Māori population growing from 19% to 25%, and the Asian population growing from 8% to 13%. The population is also ageing, with those aged over 65 expected to form 24% of the population in ten years' time, up from an estimated 19% in 2023.

This increase in the population will result in the Democratic Process Activity servicing a greater number of people. With the changing demographic and an ageing population, the Activity will need to balance the use of new ways of engaging and technologies with ensuring that all members of the community have access to Elected Representatives and have the opportunity to participate in the decision-making processes of Council.

Changing expectations of Elected Representatives and the Community has meant that staff within the Democratic Process Activity need a diverse range of skills including development of best practice governance, diverse community engagement and stakeholder relationship management skills, the use of business case modelling when developing policies and projects for public consultation, as well as the development of funding and delivery partnerships for strategic projects.

The third area of significant service demand change is the increase in volume and range of Central Government regulatory and policy changes to which Council needs to respond. Chief amongst these is the Future for Local Government Report, which makes recommendations about every part of Council and its operations. Others include a diverse range of policy areas including climate change, three waters and freshwater policy and support for migrant communities, amongst many others.

Changes in Service Expectations

Over the next ten year period the following changes in service expectations are anticipated:

- Increased volume and complexity of work required.

- Increasing engagement with the Community, including more in-depth collaboration style engagement in some areas of the business/ for some projects.
- Increasing requirements for training and support for elected members as they deal with increasing complexity
- Implementation of new technology.
- Business-case approach to Council decision-making.

Expected Implications for the Activity

It is anticipated that the current resourcing of the Democratic Process Activity will need to increase to meet the changes in demand over the next 10 years. Continued changes to Council's requirements under legislation, adapting to the changes to technology and meeting the demands of the community for differing methods of engagement and to manage health and safety will result in a need for further staffing resources.

Future Demand Issues and Challenges

While participation by our community in Council elections remains one of the highest in the country, it is important that members of our communities trust the Council, are engaged, and get involved in its decision-making. Awareness of methods to participate and an increased understanding of Council's decision-making processes are necessary to ensure democratic accountability. As the demography of the population changes we anticipate that an increasingly diverse range of mechanisms for engagement – both digital and non-digital – will be required.

The complexity of the issues facing the city is increasing and this is expected to continue. Requirements for changing support and collaboration are expected to accelerate post-covid. This requires different skills from staff members.

Possible Demand-Related Responses

Satisfaction with opportunities to engage in the democratic process remain low.

Following community research, the following methods are recommended for improving satisfaction with the opportunities to participate in Council's decision-making processes.

Broaden the scope of ways to participate

Residents indicated that they are interested in participating online, particularly in a forum based setting where they can communicate with both Council and other residents about issues and solutions. Council has developed "Imagine Invercargill" website forum where these discussions can take place and is exploring alternative technology platforms to enable this to continue. The management of elections is controlled by Central Government and while Councils are keen to trial online voting, there is a reluctance by Central Government to proceed- this is largely driven by security fears.

Increase awareness of face to face engagement opportunities

Further advertising of opportunities for face to face engagement should be undertaken. This needs to be targeted at those members of the community who are 65+ years. This sector of the community has indicated that it is not as interested in online participation and would prefer to be engaged through a face to face or one on one delivery method.

Continued support for youth civic education through the Youth Council

The views of young people are increasingly important to the Council in their decision making. The Council has an active engaged Youth Council which operates in line with Ministry of Youth Development principles. The Youth Council is both a mechanism for civics engagement and a channel for youth engagement.

Exploration on new ways of engaging

Council has traditionally engaged primarily at the Inform-Consult end of the engagement spectrum. On relevant projects and issues a range of strategies are being pursued to improve the quality of engagement.

Where possible we have a strong focus on early engagement with relevant interest groups, stakeholders and interested citizens. This approach is designed to improve Council decision making by collaborating with the community on the options presented to Council rather than focusing only on seeking feedback on officer/councillor prepared options.

Collaborative models of working are being increasingly considered for specific projects. There is interest in exploring new models such as citizen panels.

Increased budget for engagement

New methods are needed to raise awareness that Council is working on a specific issue and to engage the public. Increased budget is needed both for advertising and for event and activity costs in order that more people know about options to participate and that participation is more accessible and attractive.

Managing Expectations

Many of those who have been previously surveyed and gave dissatisfied results mentioned that this stemmed from unhappiness with previous Council decisions. Some dissatisfied residents mentioned that there is no point in participating as Council does not take into account residents' feedback. Raising awareness of reasons to participate as well as supplying more information around the democratic process and the impact participating will have, could reduce the levels of dissatisfaction.

Good governance is a critical success factor of the Democratic Process Activity and a core element of the activity is to support Council to make good decisions. Using a business case approach to Council's decision-making processes will reduce the risk of making decisions that do not deliver value and will provide Council and the Community with confidence in Council decisions.

3. What we're planning

Key issues and challenges

As it works towards achieving Council's vision, the Democratic Process Activity faces a number of issues and challenges.

Table 7

Democratic Process Key Issues

Key Issue	Discussion
Increased volume and complexity of work required by legislation.	The majority of the services and activities that are delivered as a part of this Activity relate to legislative compliance. There has been a notable increase in both the volume and complexity of work required, in particular in relation to the processes for planning, reporting, the financial and infrastructure strategies, as well as additional decision-making and engagement support to Council and Managers.
Increased political polarisation and difficult behaviour	Polarisation and stress levels within the community have increased. Problematic behaviours are increasing amongst the community. As a response different types of engagement supported by increased numbers of staff are required. Longer is needed on some issues to reach a way forward. Dissatisfaction in response to some decisions is increasing.
Increased complexity of issues facing the community	There are a number of significant issues which are facing the community and which impact on a range of areas of the business. These include the strategic issues of inner city revitalisation, climate change and water reform, as well as aging buildings. The needs of the community may also change post Covid in ways which are not yet understood. These issues are complex for Councillors, officers and the public to engage with.
Methods for increasing engagement with the Community.	Community research has identified that residents are interested in participating in Council's decision-making processes via online methods as well as in more interactive, conversational style formats. Covid-19 caused a delay in implementation of face to face conversations but online options have been trialled. New event and online formats have been and will be trialled.
Implementation of new technology.	Technology is advancing at a rapid rate. Individual members of the community can adapt and utilise this technology at a faster rate than the Council can corporately. This can lead to the community wishing to engage with Council in a way that Council is not yet able to provide.
Business-case approach to Council decision-making.	Many Central Government departments already require a business-case approach to decision-making. It is important that Council staff are equipped to develop Better Business Case approaches to future projects and services. Using a Better Business Case approach will reduce the risk of making decisions that do not deliver value and will provide Council and the Community with confidence in Council decisions.

Alternative Investment Approaches

Council could determine to further increase the staff resource in the Democratic Process Activity. Monitoring the impact of the new staff members and determining future staffing requirements following their employment would be a more cost-effective method of addressing staffing issues. Opportunities for collaboration and partnership in the area of

engagement and project development may be explored to enable potential for shared resource.

Key operational issues

Operation Strategy

The Activity continues to provide support services to the Elected Representatives through both the Chief Executive, the Governance and Legal team and the Strategy, Policy and Engagement team. Support is provided to the Chief Executive and Mayor through their Executive Assistants and the wider Executive Support team, part of the Governance and Legal team.

The Electoral Officer / Deputy Electoral Officer are statutory offices that must be filled at all times. In the 2019 Local Elections, for the first time, the role of Electoral Officer was filled by a Contractor – the Deputy Electoral Officer remained in-house. This was considered successful and has been continued for the subsequent By-elections and 2022 Elections. The Electoral officers' focus is to ensure all elections are held in accordance with the law and that as many people as possible are given the chance to take part.

The Governance and Legal team administer the Council's meeting administration, ensuring all the requirements of LGOIMA are met, along with meetings running smoothly and the Mayor, Councillors, Board Members, Representatives and people of the community feel supported. The team also ensures Official Information is released in accordance with LGOIMA and the directions of the Ombudsman, as well as proactively releasing information that no longer needs to be in public domain.

The Strategy, Policy and Engagement team continue to provide good practice processes and advice for the statutory requirements of Council, particularly in regard to decision-making. The organisation is maturing in the area of performance management. It is anticipated that a new internal range of KPIs will be introduced in the first three years of the plan. The complexity of the external audit process is increasing. An internal audit process of LTP KPIs has commenced and it is intended for this to increase the quality of available data.

In addition, support for the community through grants, collaboration and partnerships is increasing.

Recommended activity programme

What's changing and why?

Representation Review and Local Elections

We undertake a number of significant functions detailed in legislation, including the Representation Review next due in 2027- having completed a thorough review in 2021. Work continues to ensure more members of our community can engage in the election process, and this includes working with our new migrant communities.

Enhanced training and support for Councillors

Work continues to ensure the Councillors have appropriate training and adequate support for their challenging roles. The work will evolve with the Councillors and will ensure it remains relevant to their needs as each Councillor has their own bespoke needs.

Engagement Strategy

Council is currently developing an Engagement Strategy that will shape how Council, both Elected Representatives and staff, will engage with our community in future. A stakeholder engagement system is being introduced and opportunities for partnership and collaboration identified. A focus on enhanced community engagement replaces some previous community development projects which had reached the end of their life. A particular focus will be placed on building and strengthening relationships with Iwi and inclusion of Te Reo and Tikanga Māori within Council practices.

Community collaboration and partnerships

A new approach to providing grants to the community has been launched in response to community need post-Covid. This simplified process replaces four previous separate funds.

In addition, there are expected to be increasing requirements for collaboration and partnership to deliver key projects.

Health and safety

Polarisation and stress levels within the community have increased over Covid. Problematic behaviours are increasing amongst the community. As a response, different types of engagement supported by increased numbers of staff are required.

The assumptions we've made

There are several areas where the assumptions we've made for the Long-term Plan particularly effect the democratic process area:

- Increased diversity – Changing demographics mean that the requirements for the community to engage are becoming more diverse. This puts increased pressure on the team to deliver multiple engagement channels.
- Changing community need – Cost of living pressures and increased need for social support in some areas of the community as a result of impact of Covid are expected to continue in the immediate term. This is coming at the same time that the community is asking for tight control of rates increases. Expectations will need to be managed and Councillors supported to make difficult decisions.
- Regulatory reform – Together the Affordable Water Reform, Resource Management and Local Government Reform have the potential to significantly impact the business of Council. This is a major function of Council which may be removed from Council operations with significant impact on planning.
- Resilience – Climate change and emergency events will increase with diverse and fluctuating impact on the community and on Council business.

The full list of assumptions can be found on the next pages.

ASSUMPTIONS FOR INVERCARGILL CITY COUNCIL LONG-TERM PLAN 2024-2034

POPULATION ¹	Likelihood	Certainty	Consequence	Council Response
<p>Population growth As at 30 June 2023, the estimated population of Invercargill is approximately 57,900². The population is projected to increase over the next ten years but growth will depend significantly whether or not various industries are developed as envisaged in the Beyond 2025 Regional Long-term Plan. By 2034 between 61,900 and 62,900 people will live here.</p>	Likely	Medium	Moderate	<p>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.</p> <p>A population decline would be a more significant impact but is not expected.</p>
<p>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%.</p>	Likely	High	Minor	<p>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.</p>

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

² Stats NZ Tauranga Aotearoa Infoshare data, retrieved 24 January 2024 (<https://infoshare.stats.govt.nz/Default.aspx>)

<p>Aging 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, 900 (19%)).</p>	Likely/ Almost Certain	High	Moderate	Demographic changes are clear and while future migration patterns may offset ageing to some extent, this is not expected to be of a high enough level to counter the known level of ageing. 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.
<p>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.</p>	Moderate/ Likely	Medium	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	Certainty	Consequence	Council response

<p>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.^{3 4}</p>	Moderate/ Likely	Medium	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.
<p>Community resilience Tiwai Point Aluminium Smelter is expected to continue operating for the time of the Long-term Plan.</p>	Likely	High	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 future announcement of closure.
<p>Community resilience Although the Zero Fees scheme has been extended through 2024 for Southern Institute of Technology Te Pūkenga, it is uncertain 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.</p>	Possible	Moderate	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.

³ Infometrics report “Economic update for Long Term Planning for Invercargill City Council”, April 2022, p11

⁴ RBNZ “Household inflation expectations (H1)”, August 2023

<p>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.⁵</p>	Possible/ Moderate	Medium	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	Certainty	Consequence	Council Response
<p>Economy CPI Inflation will peak in June 2023 and stay above 3% until 2025/2026.⁶ Employment is expected to weather any recessionary conditions fairly well but unemployment is expected to increase nationally.⁷ A short term dip is forecast for the early years of the plan with stronger growth in professional and highly skilled occupations.⁸</p>	Moderate/Likely	Medium	Moderate	<p>Inflation increases would have significant impact on budgets. Council would need to consider changes to services and/or the financial strategy.</p> <p>If LGCI inflation was 0.5% higher than forecast this would increase Council operational costs by \$0.5 – \$1.6 million per annum for the first 3 years of the plan.</p> <p>Council capital costs would increase by \$0.4 - \$1.3 million per annum for the first 3 years of the plan.</p>

⁵ Rationale report "Murihiku Southland Housing Needs Assessment", May 2023, p26

⁶ Infometrics report "Economic update for Long Term Planning for Invercargill City Council", April 2022, p11

⁷ Infometrics report "Southland Region forecasting scenarios for Beyond 2025 Southland", June 2023, p15

⁸ Id. p15-18

				Increases in operational costs would impact the expected rates increase in those future years.
<p>Community funding</p> <p>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.</p>	Likely	High	Minor	Council will continue to liaise with other funding partners, including to monitor forecast security of investment, to assist control of this risk.
<p>Economic diversification</p> <p>Volatility in the global economy may affect one or more of Invercargill's key export industries.</p> <p>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.⁹ 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.¹⁰</p>	Possible	Low	Moderate	<p>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.</p> <p>The financial impact of this assumption is on the city's rating base, infrastructure network needs and the community's rates affordability. Changes in this assumption are not expected to be sharp shocks and as a result we</p>

⁹ Beyond 2025 Southland Regional Long Term Plan, p20-21

¹⁰ Id. p20

				<p>will be able to flex annual plans and future LTPs to take account of these changes.</p> <p>At this point in time we do not expect this to have a significant effect on financial modelling for Years 1-3 of this Long-term Plan.</p>
<p>Central Business District</p> <p>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 \$14 million annually as a result of the investment until 2030.¹¹</p>	Likely	High	Moderate	<p>Council remains strongly committed to its vision “Our City with Heart – Hē 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.</p>
<p>Tourism</p> <p>Tourism in the Visit Southland area is expected to increase to between 160% - 165% of pre-Covid levels by 2029.¹² Invercargill is expected to proportionally benefit from this increase and demand</p>	Moderate/Likely	Medium	Minor	<p>Tourism, while important, is not currently a major driver of the Invercargill economy, although it has great potential to grow.</p> <p>Council may need to invest in further infrastructure if tourism grows faster</p>

¹¹ NZIER report “Invercargill CBD regeneration”, May 2023, p17

¹² Beyond 2025 Southland Regional Long Term Plan, p56

for accommodation to increase and to be met from within existing stock.				than expected and manage any flow on impact on 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. ¹³ 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	Medium	Minor	International students and their families create significant demand for certain categories of housing, including city centre housing. Lower numbers of international students will 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. ¹⁴	Likely	Medium	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.

¹³ Infometrics report “Economic update for Long Term Planning for Invercargill City Council”, April 2022, p18

¹⁴ Ministry for the Environment “Implementing Aotearoa New Zealand’s first emissions reduction and national adaptation plans”, 2023

ENVIRONMENTAL	Likelihood	Certainty	Consequence	Council response
<p>Mean annual and extreme temperature (days where temp. exceeds 25°C) are expected to increase with time:</p> <p>By 2040: mean annual temperature increase of 0.5-1.0°C with 0-10 more hot days per annum.</p> <p>By 2090: mean annual temperature increase of 0.7-3.0°C, with 5-55 more hot days per annum.</p>	Moderate	Low	Minor	<p>Temperature increase while important has an indirect impact on Council operations, which are expected to be accommodated within Council plans. It is not possible to forecast the impact of climate change in more detail on the capital programme until more accurate data and modelling is complete.</p>
<p>Annual rainfall is expected to increase</p> <p>By 2040: +0-10%</p> <p>By 2090: +5-20%</p> <p>Increased frequency of high rainfall days, i.e. increase in intensity of rainfall.</p>	Moderate	Low	Moderate/ Major	<p>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. The Branholme Water Treatment Plant is designed to cope with rainfall events to the level forecast in the 2018 NIWA study and outlined in our assumptions.</p>

				<p>There will be no impact on quality but there will be a reduction in flow. Supply will be maintained but with possible water restrictions.</p> <p>Dependent on the Affordable Water Reform and Council's ongoing areas of responsibility, adjustment may need to be made the renewal programme.</p> <p>It is not possible to forecast the impact of climate change in more detail on the capital programme until more accurate data and modelling is complete.</p>
<p>Mean sea level is expected to rise</p> <p>By 2040: 0.2-0.3m</p> <p>By 2090: 0.4-0.9m</p>	Uncertain	Low	Major	<p>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.</p> <p>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.</p> <p>Environment Southland has responsibility for managing and</p>

				<p>maintaining the remainder of the city's floodbank network.</p> <p>It is not possible to forecast the impact of climate change in more detail on the capital programme until more accurate data and modelling is complete.</p>
<p>Natural disaster</p> <p>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.¹⁵</p>	Possible	Medium	Major/ Catastrophic	<p>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.</p>
<p>Environmental renewal</p> <p>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.</p>	Likely	High	Moderate	<p>There is potential significant investment required for contamination management. The scale of this work is as yet unknown.</p>

¹⁵ <https://af8.org.nz>

CULTURAL	Likelihood	Certainty	Consequence	Council response
<p>Māori culture</p> <p>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.</p>	Likely/ Almost certain	High	Low	Council is working closely in partnership with Mana whenua and would seek to manage impacts through this relationship.
<p>Project 1225</p> <p>Te Unua Museum of Southland will be built by December 2025, and open to the public in the second half of 2026.¹⁶</p>	Almost certain	High	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 its Project Management Office.
<p>Civic pride</p> <p>Resident pride in the city following the redevelopment has increased (in 2023 80% of people said they would speak more positively about the city)¹⁷ and will continue to increase as new projects including Project 1225 are completed.</p>	Likely/ Almost certain	High	Minor	Council sees both City Block and Project 1225 as major cornerstone projects to achieving of its vision – Our City with Heart – He Ngākau Aroha. The social and economic benefits are already being realised. Continued commitment to the strategy will be required for full delivery.

¹⁶ www.project1225.co.nz

¹⁷ Southland CBD Rejuvenation Community and Business Survey Report, March 2023, p9

<p>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.</p>	Likely	High	Minor/Moderate	<p>Activation is essential to leverage Council's capital investment in the city centre.</p> <p>Council will continue to explore a range of mechanisms to support activation in the community.</p>
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COUNCIL OPERATIONS	Likelihood	Certainty	Consequence	Council response
<p>Water Reform¹⁸ At present it is assumed that Council will retain three waters for the short term but that in the medium term a new structure such as a CCO is likely.</p> <p>This will result in a structural change for Council in relation to the ownership of assets and associated debt capacity.</p> <p>The services will continue to be delivered, but these will be provided by another party.</p> <p>This will include increased regulatory requirements as required by the new regulatory authority.</p> <p>There are a number of risks which may remain:</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 	Likely	Medium	Major	Depending on the future structure the impact to Council operations is major but moderate for the city, as services will be maintained in any scenario. Water items are included within the Infrastructure Strategy.

¹⁸ www.waterservicesreform.govt.nz/how-do-these-changes-affect-me/councils/ (retrieved 15/09/23)

<p>Council – e.g. Water Tower.</p> <ul style="list-style-type: none"> • Loss of key staff through the transition may result in loss of local knowledge and expertise. • Impact on Council budgets through loss of water revenue and transfer of debt which may not be appropriately met through the transfer. 				
<p>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.</p>	Likely	Medium	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.
<p>Consents Council will continue to carry out legislation-directed ordinary functions while factoring in an increase to required quality for consent conditions.</p>	Likely	High	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.
<p>The Funding Assistance Rate (as advised from Waka Kotahi) NZTA will continue at 51% funding assistance until 2026/2027. It is assumed that it will then remain at 51% for the life of the Plan.</p>	Likely	Low	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

				<p>partnership with Waka Kotahi to manage this risk.</p> <p>If the FAR (Funding Assistance Rate) rate decreased by 1%, there would be reduction of subsidy revenue of \$0.2 - \$0.3 million per annum.</p> <p>If the funding was replaced with rates revenue, an additional 0.30% rates increase would be required each year.</p> <p>If the funding was replaced with borrowings, an additional 0.02% rates increase would be required each year to pay for interest and repayments and borrowings would increase by \$0.2 - \$0.3 million per annum.</p> <p>Capital and operational programmes would need to be reviewed if funding was not available.</p>
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<p>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.</p> <p>Infrastructure installed in the 1920s is nearing end of life and require renewal within the term of the Infrastructure Strategy.</p>	Moderate/Likely	High	Moderate	<p>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.</p>
<p>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.</p>	Uncertain	Low	Moderate	<p>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.</p> <p>The additional cost would be met via contractual financial contributions, reprioritisation of the capital programme and if necessary an increase in the budget provided for the capital programme. At present our capital programme is on average \$84 million per annum. We expect that this may increase the capital</p>

				programme by approximately 5% per annum.
<p>Capital programme delivery</p> <p>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, 85% in Year 3, and 90% thereafter, following implementation of the Local Water Done Well Reforms. Pipe renewals are expected to be delivered at 70%.</p>	Possible	Low	Moderate	<p>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.</p> <p>The financial impact this assumption not being met is the deferral of capital expenditure until later years, higher risk of asset failure meaning assets will be sweated longer and repairs and maintenance will increase and emergency rather than planned replacement may become more frequent.</p>
<p>Investment Property & Biological Assets</p> <p>Investment Property & Biological 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.</p>	Likely	High	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	Certainty	Consequence	Council Response
<p>Inflation</p> <p>Operational forecasts and capital work programmes will increase by the accumulated Local Government Cost Index inflation forecast by BERL, being 2.9% for operational and 3.0% for capital in 2024/2025. Staff cost inflation will be 3.5%. Insurance cost inflation will be 12%.</p>	Likely	Medium	Moderate	<p>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.</p> <p>If inflation was 0.5% higher than forecast this would increase Council operational costs by \$0.5 – \$1.6 million per annum for the first 3 years of the plan. Council capital costs would increase by \$0.4 - \$1.3 million per annum for the first 3 years of the Plan.</p> <p>Increases in operational costs would impact the expected rates increase in those future years.</p>

<p>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 2024/2025 and every third year thereafter.</p>	Likely	Medium	Moderate/ Major	<p>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.</p> <p>If revaluation values were 0.5% higher than forecast this would increase Council Property, plant and equipment revaluation gain / (loss) by \$0.3 million in 2024/2025.</p>
<p>Interest rates - Borrowing Expected interest rates on borrowing will be 4.25% in 2024/2025 and 4.5% thereafter</p>	Moderate/Likely	Medium	Moderate	<p>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.</p> <p>If interest rates was 0.5% higher than forecast this would increase Council finance expenses by \$0.8 – 1.1 million per annum for the first 3 years of the Plan.</p>
<p>Interest rates – Cash and Deposits Return on cash and term deposits are forecasted to be 5.5% in 2024/2025, 5% in 2025/2026, 4.5% in 2026/2027, and 4% thereafter.</p>	Likely/ Almost Certain	Medium	Minor	<p>Term deposit rates currently vary between providers but most providers have a discount on rates from their prime lending rates.</p>

				If interest rates were 0.5% higher than forecast this would increase Council finance revenue by \$0.3 million per annum for each of the first 3 years of the Plan.
<p>Dividends from ICHL</p> <p>Dividends will be minimum \$5.5 million, plus an additional \$4 million special dividend for the ten years of the Long-term Plan, resulting in a combined dividend rate of \$9.5 million.</p>	Likely	Medium	Minor/ Moderate	<p>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.</p> <p>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.</p>
<p>External Funding</p> <p>It is assumed Council will achieve the level of external funding as estimated.</p>	Possible/ Moderate	Medium	Minor/Moderate	<p>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.</p>

The four wellbeings

The Local Government Act 2002 requires Council to take into account the social, cultural, economic and environmental interests of people and communities, and the reasonably foreseeable needs of future generations by taking a sustainable development approach. Sustainability can be defined as:

Development which meets the needs of the present generation without compromising the future generation from meeting their own needs (Brundtland Report, 1987).

The Council recognises that sustainability is a journey, not a destination. It is not a point that is reached, but a process of continual improvement, where society adapts and responds to changes over time, in a way that recognises the fundamental relationships of the three elements detailed below.

Social and Cultural

The Democratic Process Activity assists with social and cultural sustainability by holding a long-term view, being proactive in addressing issues and considering the needs of future generations. Central to any sustainable approach is the need to engage the community throughout the process. Council holds vigorous debate on issues and its Code of Conduct ensures that the debate does not become personal.

Having a stable political and senior management environment assists in reducing the likelihood of negative effects because there is considerable corporate knowledge that can be drawn on.

Working in partnership with Māori, Council is working to increase the visibility of Māori culture and contribution within the city.

Streamlining the grants process has enabled increased flexibility and responsiveness to community need in a time of increased uncertainty. In addition a range of collaborations and shared services are supported with community organisations and regional partners.

Environmental

The Democratic Process Activity assists with environmental sustainability by addressing key issues of climate change, water quality outcomes and waste minimisation within the LTP process.

Economic and Financial

The Democratic Process Activity assists with economic and financial sustainability by facilitating a high-level overview of the issues, options and implications, particularly in regard to expenditure when setting Council's Strategic Plans.

Support for the following key goals are provided through the managing of the relationship with Southland's Regional Development Agency "Great South":

- Regional Development Leadership
- Regional Promotion
- Business Support and Diversification
- Net Zero Southland

These goals have been set to provide a pathway to achieving Great South's vision and to ultimately contribute to the overall success of the Southland region. By investing in these four goals, better lives through sustainable development will be achieved and more social and economic growth encouraged.

Risk

Council is committed to acting in a manner that enables it to reliably achieve objectives, address uncertainty, and act with integrity.

To support these outcomes Council is developing an approach which provides integrated governance management and assurance of performance, risk and compliance.

The approach taken by Council is set out in the Risk Management Framework – Policy and Process.

Council manages the strategic risks associated with the assumptions identified in the preparation of the Long-term Plan.

Council also manages a range of other risks, including Health and Safety. These risks are managed through its risk management register as contained in Process Manager.

Summary of Key Risk Issues

A secondary risk is increasing and diversifying workload on a limited number of staff. The risk identified in the activity plan for the last LTP of loss of institutional knowledge has eventuated and is being managed. Additional staff have been added to the team with a range of new skills. However expectations amongst the community continue to rise at a time when Council is dealing with increasingly requirements as a result of regulatory changes and impact on business operations caused by natural disasters. There remains a health and safety risk to councillors and staff working under sustained stress and pressure.

Possible Approaches to Risk Mitigation

By reviewing its current resourcing arrangements for the Democratic Process Activity, Council will be able to map its current democratic process activities, set desired levels of service and staff these appropriately.

A risk management approach alone is not sufficient and needs to be complemented by a resilience approach to events that fall outside of the realms of predictability and where failure may be inevitable.

Resilience

The working definition of resilience to Invercargill City Council is the ability of the organisation to survive a crisis and thrive in a world of uncertainty. Resilience includes both planned risk management (Section 6.2) and adaptive capacity. In this context resilience refers to our capacity to adapt, rather than preparedness or recovery, which is the capacity of people, the community and systems to adapt in the face of unpredictable change the 'unknown unknowns'.

*100 Resilient Cities*¹⁹ has four dimensions and three drivers within each:

- **Health and Well-being**
 - Meet basic needs
 - Support livelihoods and employment
 - Ensure public health services

- **Economy and Society**
 - Foster economic prosperity
 - Ensures social stability, security and justice
 - Promote cohesive and engaged communities

- **Infrastructure and Environment**
 - Provide reliable communication and mobility
 - Ensure continuity of critical services
 - Provide and enhance natural and man-made assets

- **Leadership and Strategy**
 - Promote leadership and effective management
 - Empower a broad range of stakeholders
 - Foster long-term and integrated planning

The democratic activity can support resilience by building the skills of councillors, building stronger relationships with the community and supporting good decision making to enable effective prioritisation.

Business Continuity and Emergency Response Arrangements

The Invercargill City Council is part of shared services for Civil Defence and Emergency Management, which is delivered through Emergency Management Southland (EMS). The priority hazard events that EMS plans and responds to are earthquakes, flooding, biosecurity incursion and tsunami. EMS produces an Annual Business Plan that outlines its proposed activity for each year. Through EMS, the Council promotes the need for individual and communities to prepare for emergencies and assists in building capacity to effectively respond to and recover from emergency events. Council also has in place systems and processes to help coordinate and respond to emergency events.

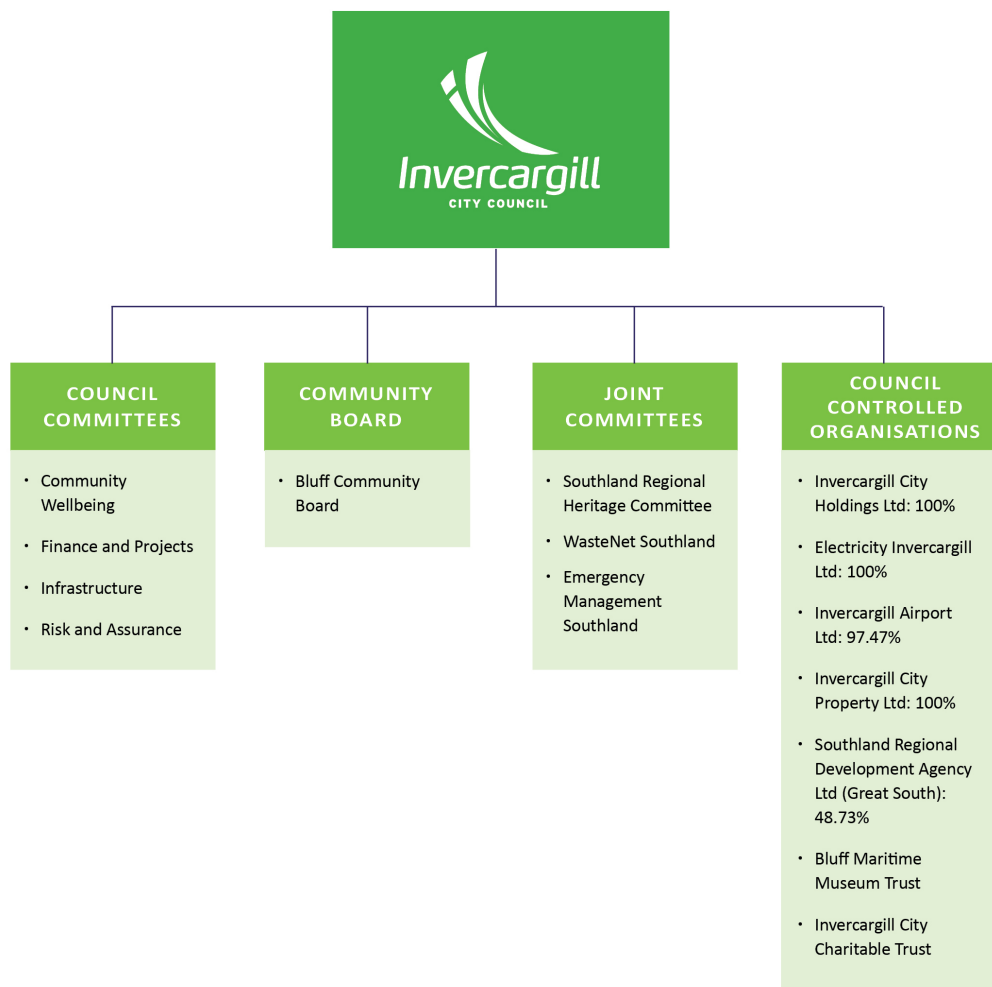
The Democratic Process Activity is not an asset based activity and as such can continue to function following a significant emergency event. Nevertheless the impact of Covid-19 in 2020 revealed the challenges of continuing engagement and planning under an extended and evolving emergency management situation.

¹⁹ <http://www.100resilientcities.org/resilience>

4. How we'll manage what we do

Council Structure

Te hanganga kaunihera



Responsibility and resourcing

As an in-house activity, governance is provided by the Council. Policies, bylaws and strategic plans are approved for adoption by the appropriate Committee of Council. The Risk and Assurance Committee provides oversight for key planning processes, notably the Long-term Plan.

Democratic Process functions are generally unsuitable for amalgamation across different organisations. Politically sensitive and locally tailored, policy and strategic planning are not repetitive, standardised or transaction-based.

Nevertheless shared services are considered and undertaken within this Activity. This includes the delivery of economic development activities, including city centre coordination by Great South, regional climate change strategy and coordination through the work of the Mayoral Forum Policy Advisor.

The administration of the Local Elections were contracted out for the first time in 2019, and this was continued in 2022 and for the By-election held. Staff, including the Deputy Electoral Officer were able to focus on support for Candidates and running the election “on the ground” to make it as easy as possible for people to vote. In 2022 for the very first time all four Councils in Southland worked together to maximise vote-coordination, use the same branding and provide a vote hub in Central Invercargill for people from all three districts to be able to vote in the one place.

Managing the condition and performance of our assets

The Democratic Process Activity is a non-asset based activity.

5. How we'll fund it

Activity	Source of Funding				
	User Charges / Fees	Subsidy	General Rate	Targeted Rate	Loans
Operational	✓	✓	✓	✓	
Capital			✓	✓	✓

Overview

The Local Government Act 2002 requires Council to manage its finances prudently and in a manner which promotes the current and future needs of the community. Council must ensure that each year's projected operating revenues are set at a level sufficient to meet the years projected operating expenses.

The Revenue and Financing Policy establishes Council's policy on the funding of its operating and capital expenditure and the sources of those funds.

Council activities are supported by the Finance and Assurance Group of Council who undertake all accounting practices. This is consistent with good accounting practice.

The financial section of the Long-term Plan will be prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice. The financial statements will be prepared under Tier 1 PBE International Public Sector Accounting Standards.

How We Pay for the Activity

The Council's Funding Policy for the Democratic Process Activity is that the majority for services are of benefit to the public in general and these costs are recovered from the General Rate. The exception to this is the city centre coordinator function which is paid for by a targeted rate paid by businesses within the city centre. The Bluff Community Board is paid for by the Bluff Community Board only. This means that any increase in resourcing required by the Activity will be met by ratepayers. There is no off-setting revenue for an increase in services required from the Activity.

A significant part of the Democratic Process Activity involves consultation and it is neither practical nor desirable to charge for this. An exception to the above is the discretion to make reasonable charges for information supplied under the Local Government Official Information and Meetings Act 1987. This provision is rarely used and income derived from this source is insignificant.

The cost centres comprising the Democratic Process Activity are:

- Mayor
- Councillors
- Chief Executive's office

- Bluff Community Board
- Local Body Elections
- Governance and Legal
- Strategy, policy and engagement
- Economic development office
- City centre coordinator

Confidence Levels in Programmes

The vast majority of the programmes and services delivered by the Democratic Process Activity are mandated by legislation. There is a steady increase in the services or programmes needing to be provided by the Democratic Process Activity. Provided that there is no significant change in legislative requirements, the programmes planned over the next ten years will be adequate.

Reliability of Financial Forecasts

Staff related costs comprise the majority of operational expenditure within the Democratic Process Activity and as a result the reliability of the forecast is high.

Summary of Programme Assumptions

This Plan is based on the following assumptions:

- Due to the changing nature of Local Government legislation there will be a slow but steady increase in the services and programmes to be provided by the Democratic Process Activity.
- The additional resources provided for engagement as part of the organisational realignment in 2020 will be adequate to enable continuity of the programme.

Table 9

Democratic Process Total Expenditure OPEX and CAPEX 10 years

	2023/24 Annual Plan (\$000)	2023/24 Forecast (\$000)	2024/25 LTP (\$000)	2025/26 LTP (\$000)	2026/27 LTP (\$000)	2027/28 LTP (\$000)	2028/29 LTP (\$000)	2029/30 LTP (\$000)	2030/31 LTP (\$000)	2031/32 LTP (\$000)	2032/33 LTP (\$000)	2033/34 LTP (\$000)
OPERATING												
Rates revenue	7,033	7,188	8,232	8,611	8,718	8,779	9,206	9,493	9,552	10,004	10,323	10,655
Subsidies and grants (Capital)	-	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants (Operational)	77	77	79	81	83	85	87	89	90	92	94	96
Direct charges revenue	-	-	-	-	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-	-	-	-
Finance revenue	5	6	8	9	10	14	17	20	25	29	34	40
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	3	3	3	148	3	3	159	4	4	169	4	4
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	7,118	7,274	8,322	8,849	8,814	8,881	9,469	9,606	9,671	10,294	10,455	10,795
Employee expenses	3,312	4,356	4,213	4,358	4,480	4,613	4,758	4,890	5,035	5,192	5,336	5,494
Administration expenses	285	285	199	493	334	230	538	362	244	572	408	478
Grants & subsidies expenses	3,366	3,094	3,440	3,552	3,470	3,571	3,681	3,791	3,876	3,986	4,096	4,207
Operational expenses	232	124	390	349	412	376	384	440	404	417	472	481
Utilities expenses	38	88	28	29	31	32	33	34	35	36	37	38
Repairs & maintenance expenses	9	9	10	10	10	10	11	11	11	11	12	12
Depreciation and amortisation	21	28	20	14	10	7	5	4	3	2	1	1
Finance expenses	-	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	7,263	7,984	8,300	8,805	8,747	8,839	9,410	9,532	9,608	10,216	10,362	10,711
OPERATING SURPLUS / (DEFICIT)	(145)	(710)	22	44	67	42	59	74	63	78	93	84
CAPITAL EXPENDITURE - Funded												
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	-	-	-	-	-	-	-	-	-	-	-	-
• to replace existing assets	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE	-	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-

Table 10*Democratic Process Total Expenditure OPEX and CAPEX 30 years*

	2025 - 2029	2030 - 2034	2035 - 2039	2040 - 2044	2045 - 2049	2050 - 2054
	LTP	LTP	LTP	LTP	LTP	LTP
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
OPERATING						
Rates revenue	43,546	50,027	59,137	70,236	83,418	99,075
Subsidies and grants (Capital)	-	-	-	-	-	-
Subsidies and grants (Operational)	415	461	510	561	619	683
Direct charges revenue	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-
Finance revenue	58	148	220	251	286	330
Dividends	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Other revenue	316	185	381	428	246	512
Internal charges and overheads recovered	-	-	-	-	-	-
Total revenue	44,335	50,821	60,248	71,476	84,569	100,600
Employee expenses	22,422	25,947	30,020	34,729	40,169	46,490
Administration expenses	1,794	2,064	3,186	3,606	3,493	4,289
Grants & subsidies expenses	17,714	19,956	22,695	25,474	28,274	31,096
Operational expenses	1,911	2,214	2,551	2,817	3,111	3,434
Utilities expenses	153	180	206	237	271	312
Repairs & maintenance expenses	51	57	63	69	77	85
Depreciation and amortisation	56	11	2	-	-	-
Finance expenses	-	-	-	-	-	-
Internal charges and overheads applied	-	-	-	-	-	-
Total expenses	44,101	50,429	58,723	66,932	75,395	85,706
OPERATING SURPLUS / (DEFICIT)	234	392	1,525	4,544	9,174	14,894
CAPITAL EXPENDITURE - Funded						
• to meet additional demand	-	-	-	-	-	-
• to improve the level of service	-	-	-	-	-	-
• to replace existing assets	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-

Figure 1

Democratic Process Operating Revenue – 10 Years

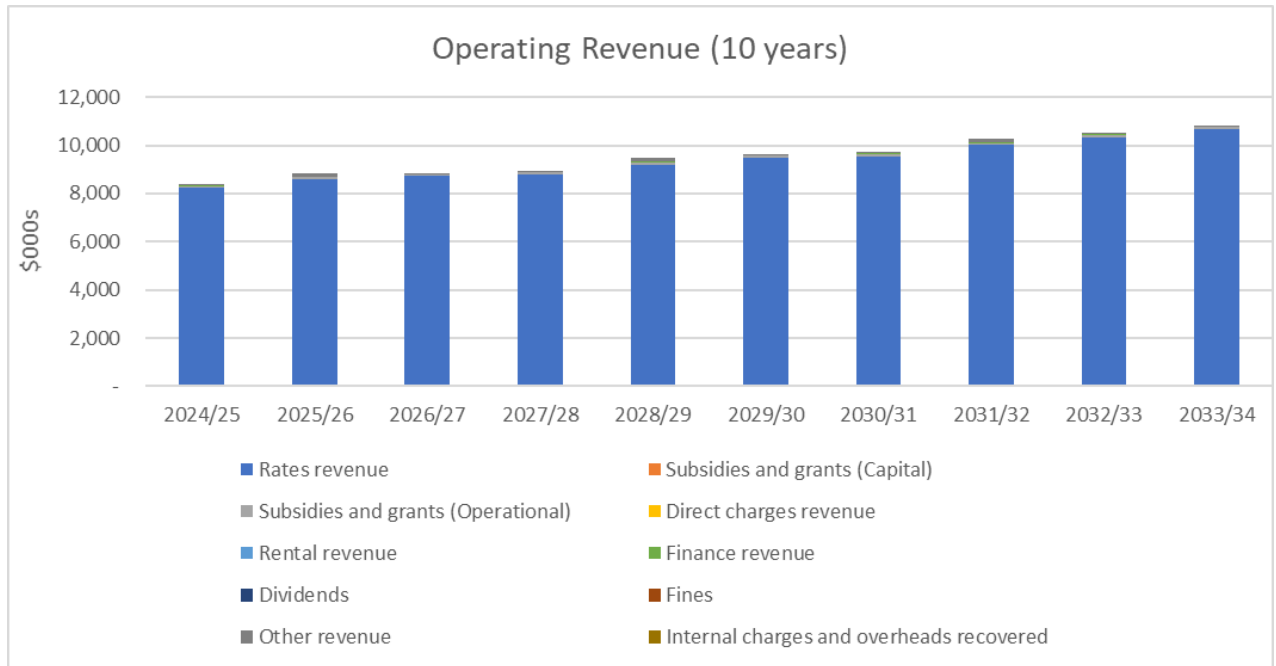


Figure 2

Democratic Process Operating Revenue – 30 Years

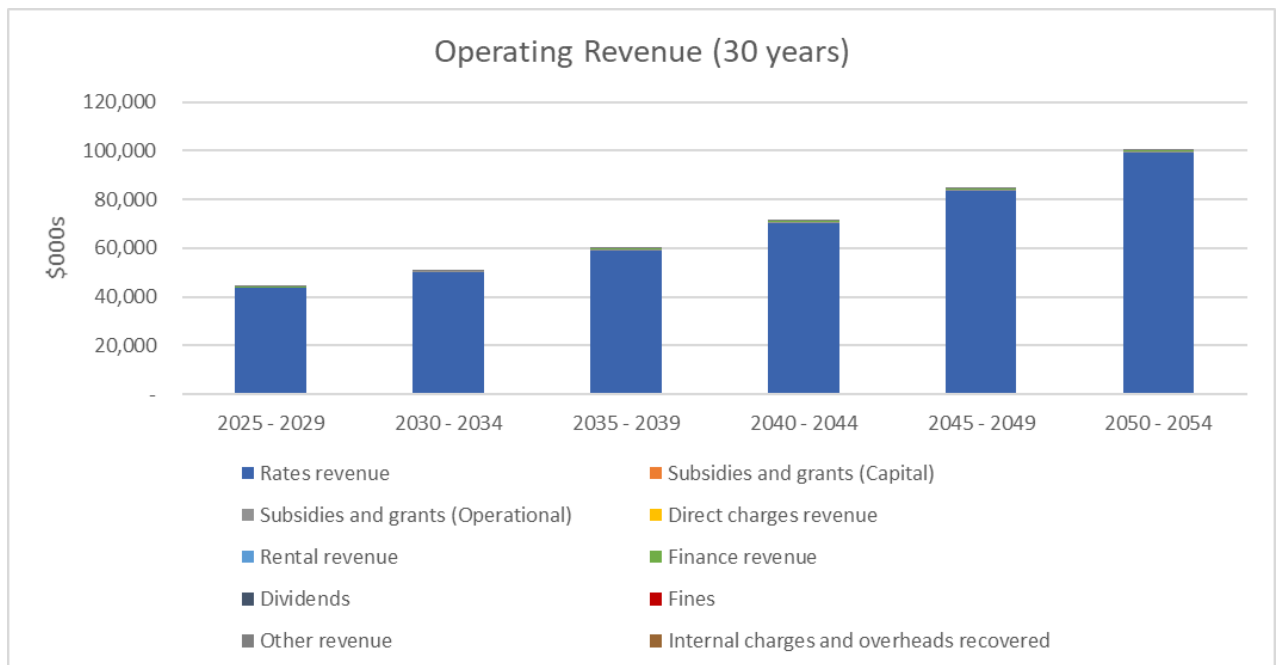


Figure 3

Democratic Process Operating Expenditure – 10 Years

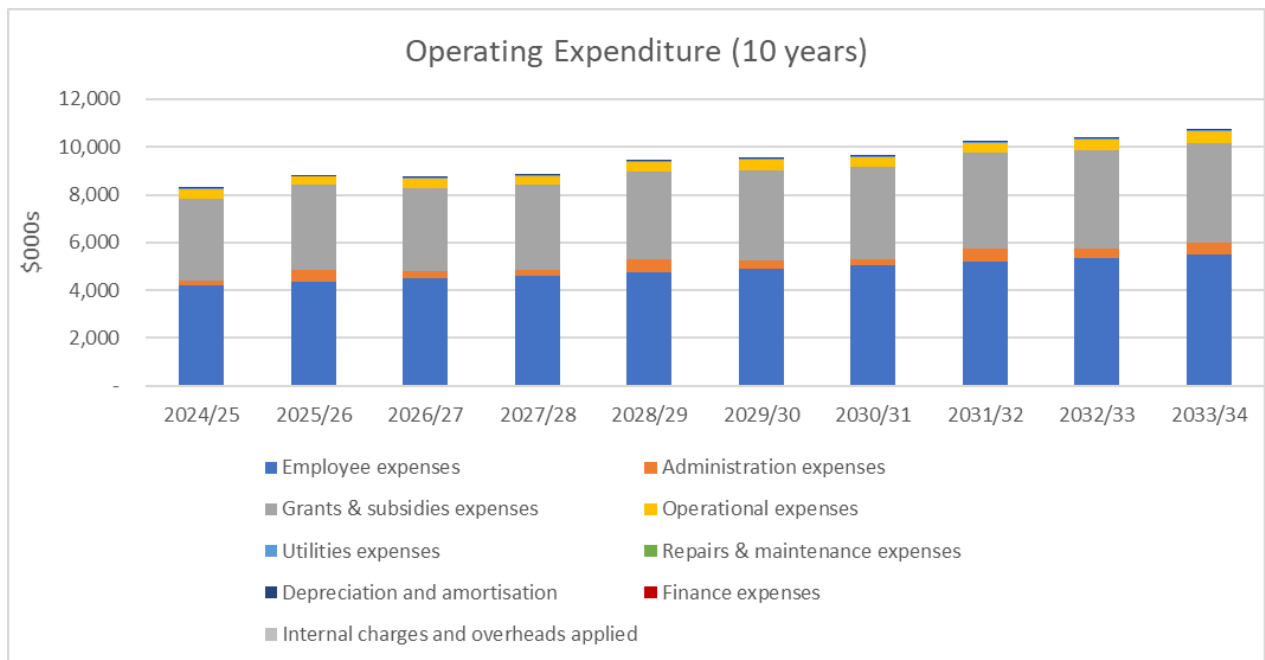
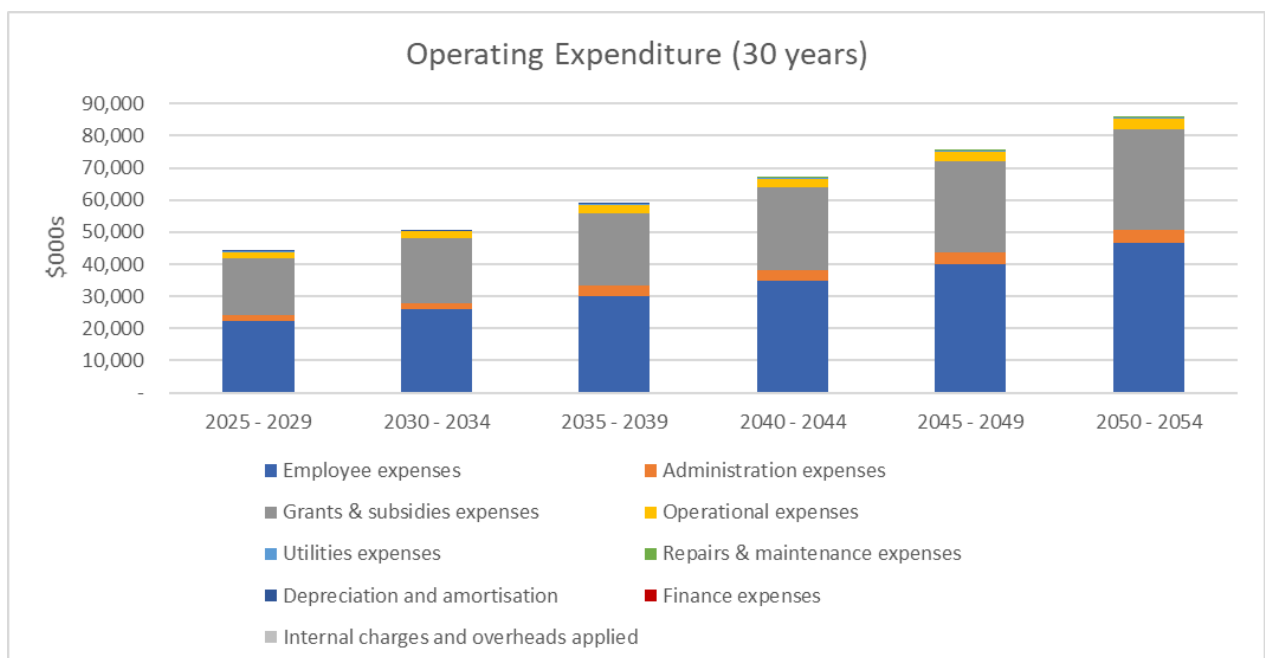


Figure 4

Democratic Process Operating Expenditure – 30 Years



6. How we'll know we're delivering

How we'll manage improvements

Council operates on a four-weekly cycle with meetings being on a Tuesday of each week, Week One – Infrastructure Committee, Week Two - Community Wellbeing Committee, Week Three Finance and Projects Committee with the Risk and Assurance Committee held every quarter and Week Four being Council. The Committees and Council monitor and consider reports on levels of services for activities and assets alongside monthly financial accounts for each department. Members question these reports with Managers present to answer any questions that arise from the reports.

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

Frequency of Review

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

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