

Elderly Persons Housing



Activity Management Plan

2024-2034





Elderly Persons Housing Activity Plan

Asset			
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Council Adoption			

Changes to be incorporated in the Next Review

Number	Date of Change	Reason for Change

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Elderly Persons Housing Activity Plan

Providing quality affordable housing for our elderly

Preface

The Elderly Persons Housing Activity Management Plan (AMP) covers one of the seven Leisure, Recreation and Wellbeing Services addressed in the Invercargill City Council Long-term Plan (LTP). This AMP is, therefore, strongly linked to the overall strategic direction for the District. The LTP is the document and process that alerts the Community to the key issues and strategies contained in this document.

The purpose of this AMP is to outline and to summarise in one place, the Council's strategic approach for the delivery of the Elderly Persons Housing Activity.

The AMP demonstrates responsible management of the function on behalf of ratepayers and stakeholders and assists with the achievement of community outcomes and statutory compliance. It is based on existing levels of service, currently available information, and the existing knowledge / judgement of the Council staff.

The AMP is prepared to ensure that the level of service, both required by law and expected by the community, is provided in a sustainable manner, combining management, financial, and technical practices.

Introduction

Analysis of population statistics identifies that Invercargill's population is growing. Anecdotal information from the housing market and the latest Rating Values indicates robust growth in house prices. Waiting lists for Elderly Persons Housing and advocacy from social housing groups support the conclusion that Invercargill is growing, and the resulting pressure is impacting on those with lower incomes.

There is a strong case and a strong community acceptance that Council provides the Elderly Persons Housing Activity. That support has a caveat that the Activity does not have a cost to rates.

Using the same mechanisms identified in the Financial Strategy, for a debt maximum for each activity, Council has begun a strategy to increase Elderly Persons Housing Units and ensure the Activity is sustainable in perpetuity. The first phase of the strategy is to increase the number of units. At a minimum level of maintaining the current number of units in perpetuity, six replacement units need to be built each year.

1. What we deliver

What the Activity is

The Elderly Persons Housing Service Activity provides affordable housing for the elderly, in particular those on low fixed incomes that meet the Council's entry criteria. The Council owns 21 complexes providing 216 units in Invercargill and Bluff.

Activity overview

Invercargill City Council provides housing for older people because it was a subsidised initiative lead by Central Government from the mid-1950s through to 1992. The form of the assistance was in subsidies and the provision of low-interest loans (3%). The basis of the government support was in a period of significant inward migration, and provision of smaller housing units for pensioners freed up larger family homes to ease housing shortages.

The Elderly Persons Housing Activity aims to sustainably provide affordable housing to those with limited financial resources.

Table 1

Invercargill City Council Elderly Persons Housing Assets

Portfolio Reference	Complex	Address	Number of Units	Decade of Construction
3.01	Aiden Place	132 Princes Street	8	1980
3.02	Anzac Court	9 Tone Street	5	1990
3.04	Aurora Place	15-29 Janet Street	8	1950
3.05	Cairnsmore Flats	160 Leet Street	12	1980
3.06	Clarendon Court	60 Stirrat Street	14	1980
		New	4	2024
3.07	Elston Lea Village	50 Murphy Street	41	1950
3.08	Jim Brass Place	154 Elles Road	4	1990
3.09	Kelly Court	210 Crinan Street	7	1970
3.10	Kinross Flats	30 Henderson Street	6	1980
3.11	Korimako Court	12 Waverley Street	10	1970
3.12	Laurel Court	2 Maltby Street	8	1970
3.13	Miller Street	13-29 Miller Street (4 units to be demolished)	0	1950
3.03	Nevill Place	26 Selwyn Street	16	1970
3.14	Niven Place	104 Earn Street	7	1970
3.15	Otarewa Village	90 Conon Street	22	1990
3.16	Pateke Place	429 Yarrow Street	8	1970

Portfolio Reference	Complex	Address	Number of Units	Decade of Construction
3.17	Powell Court	295 Pomona Street	6	1980
3.18	Stirling Flats	25 Gregory Street	6	1980
3.19	Strathpine Flats	246 Ettrick Street	7	1970
3.20	Thorndale	3 Lithgow Street	6	1980
3.21	Willow Park	64 Adamson Crescent	10	1980

Why we are involved in this Activity

The principal objective of the Elderly Persons Housing Activity is to sustainably provide affordable housing to those older people with limited financial resources.

Sustainability means that the number of units and the condition of units will be maintained at an appropriate standard for the tenants. As the units have a finite life, sustainability implies the following:

- Units will be improved to meet increasing standards for healthy homes.
- Units will be replaced when they reach the end of a viable useful economic life.
- The number of units will vary to meet underlying community need.

Our vision

Providing quality affordable housing for our elderly.

Community outcomes

The community outcomes set out what Council wants to achieve for the community over the next ten years as we continue to work together to create, He Ngākau Aroha - Our City with Heart.

The following figure and table highlight the outcome statements for each of the four community outcomes and wellbeings – Economic, Social, Cultural and Environmental - and how the activity contributes to these.

Figure 1
Community Outcomes and the Four Wellbeings.



Table 2
Council's community Outcomes and how the Elderly Persons Housing Activity contributes to them.

Community Outcomes	How the Activity Contributes
<p>Social wellbeing</p> <p>One Community – Our youth, older people, different neighbourhoods and communities' basic needs are met, and they feel valued, safe and proud to live here.</p>	<p>Council endorses social outcomes that provide emphasis around the safety and care of all elderly residents, where residents feel safe within their own homes</p>
<p>Economic wellbeing</p> <p>A future focused economy delivered through innovation and partnership and supported by appropriate infrastructure.</p>	<p>Council places an emphasis on providing financially economical elderly housing, to reduce financial burden to residents, by double glazing most units, which contributes towards financial savings</p>
<p>Environmental wellbeing</p> <p>A healthy, resilient environment where the city is well positioned to navigate climate change.</p>	<p>The healthy homes upgrade of all 216 Elderly housing units has now been undertaken, which promotes sustainable heating benefits to residents</p>

2. How we determine what we do

Our Strategic Framework

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

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



Activity Management Plan Strategic Framework



Our customers

The principal objective of the Elderly Persons Housing Activity is to sustainably provide affordable housing to those older people with limited financial resources.

In addition, Council has identified the following external stakeholders:

Table 3

Elderly Persons Housing Activity Stakeholders

External Stakeholders	Area of Interest	Engagement	Customer Needs and Expectation
Central Government Departments and Organisations/Agencies			
Ministry of Social Development	Welfare of tenants	Liaise by phone or email	Frequent informal contact.
Kainga Ora	Market influencer	None	Infrequent informal contact.
Regional Organisations			
Southland Hospital – Rehabilitation and Occupational Therapy Services	Welfare of tenants	Liaise by phone or email	Individual case by case basis.
Age Concern	Welfare of tenants	Liaise by phone or email	Individual case by case basis.
PACT Mental Health Services	Welfare of tenants	Liaise by phone or email	Individual case by case basis.
Local Government Organisations			
Southland District Council	Market influencer	If and when required	Individual case by case basis.
Māori			
Māori Health Social Services	Welfare of tenants	Liaise by phone or email	Individual case by case basis.
Non-Government Organisations			
Salvation Army	Welfare of tenants	Liaise by phone or email	Individual case by case basis.
Presbyterian Support Services	Welfare of tenants	Liaise by phone or email	Individual case by case basis.
Pacific Island Cultural Advisory Board	Welfare of tenants	Liaise by phone or email	Individual case by case basis.

Our Levels of Service

The Invercargill City Council is a significant housing provider in Invercargill and Bluff. The target market for the units is older people with limited financial resources and for whom the general housing market presents problems in terms of affordability and manageability.

Elderly Persons Housing supports Council's community outcomes, particularly social wellbeing and economic wellbeing, through providing affordable good quality accommodation on a sustainable basis to our older members of the community who are on lower incomes.

The following tables outline how the Levels of Service align with the contribution of the activity to achieving the outcomes as described above.

Table 4
Elderly Persons Housing Measures for Levels of Service.

MEASURE 2024-2034	TARGET
Available units are occupied	95% occupancy
Requests for service are responded to and a remedial action plan is in place - Urgent	24 hours
Requests for service are responded to and a remedial action plan is in place – Non-Urgent	Five working days
Six monthly tenancy maintenance inspections are undertaken	100% inspections completed six monthly

Table 5
Elderly Persons Housing Baseline Measures and Targets

Measure	Baseline (2022/23)	2024/2025 Target	2025/2026 Target	2026/2027 Target	2027-2034 Target
Units are occupied 95% of the time	98%	95%	95%	95%	95%
Six-monthly tenancy maintenance inspections undertaken	100%	100%	100%	100%	100%
Requests for service are responded to and remedial action in place: - Urgent	100% within 24 hours	24 hours	24 hours	24 hours	24 hours
Requests for service are responded to and remedial action in place: - Non-Urgent	99% within 5 working days	Five working days	Five working days	Five working days	Five working days

Assessing demand – current and future

Housing shortages are becoming evident in many communities, and in particular there is a severe lack of housing aimed at older people, including rest homes and higher level care. The population of Invercargill, like the rest of New Zealand, is also ageing. With rising house prices and increased costs for rentals, all of these factors together mean that waiting lists for Council owned properties has risen significantly.

A principal barrier in social housing is the excessive focus on low cost. A higher focus on quality accommodation that is sustainable as an activity, but that has affordability as the major driver will lead to potentially more robustness in the assessment of the size and financial constraints on the service.

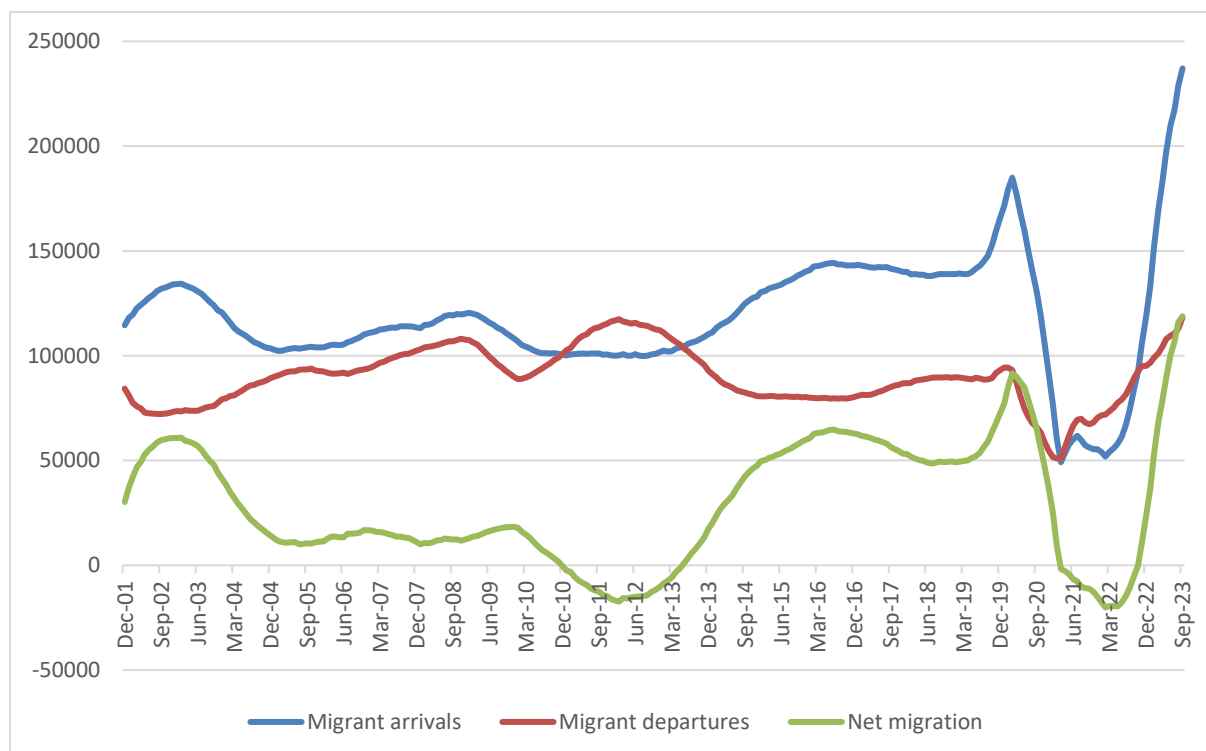
The current financial statements for the Activity show that the Activity has a current Operational surplus of \$394,000 forecast for 2025 year. This does not reflect depreciation which is required to fund renewals and service level improvements. Projected depreciation forecast for 2025 is \$2,120,000.

Projected growth or decline in demand for the service

The graph below shows the net inward migration information for New Zealand from December 2001 to September 2023:

Figure 2.

New Zealand Net Migration 2001-2023.



There has been strong inward migration. This has impacted on housing needs throughout the country.

As at 30 June 2023, the estimated population of Invercargill is approximately 57,900. 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.

Invercargill growth has been quite strong, and anecdotal information indicates that the Invercargill property market has seen:

- An increase in property prices.
- Shorter length of time to sell properties
- An increase in rental prices.
- An apparent shortage of rental properties.

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%)).

Changes in service expectations

There is an expectation that units will:

- Have parking.
- Have fixed heating.
- Be more modern.
- Have higher levels of comfort.

Past surveys have shown that ratepayers would like to see the service expanded to meet the likely demand.

Future demand issues and challenges

Population change and understanding it is a key part in determining future demand for social housing and housing for the elderly is a subset of social housing. The following indicators suggest an increased portfolio of elderly housing would be beneficial to the community:

1. The population has seen a sustained increase for the last six years.
2. The population has risen for 9 of the past 11 years and did not drop in any of those years.
3. Waiting lists for pensioner units are full and growing.
4. Rental prices for properties are rising.
5. There is an apparent shortage of rental properties.
6. There is community-based pressure for more social housing.
7. Increased interest rates post Covid have made home ownership more difficult putting expanded pressure on rental properties.
8. Ageing population.

3. What we're planning

Key issues and challenges

The key strategic issues and challenges facing the Invercargill City Council are:

- Meeting the changing needs of our rangatahi as part of our wider population, which is growing older and more diverse.
- Delivering city centre renewal.
- 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.
- 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.
- Ensuring Council leadership and delivery is credible and effective, building community trust and engagement.

The Elderly Persons Housing Activity has identified the following factors directly impacting on its future:

- The major issue for Elderly Persons Housing provision is the question of sustainability.
- The current portfolio is getting old, requiring significant refurbishment or replacement.
- Despite the level of expectation of living standards changing and changes brought about by legislation, our units are primarily maintained as they were originally designed.
- As the units continue to age the costs of maintenance and refurbishment will rise.

Fit for purpose Units

One of the significant issues for the Elderly Persons Housing Activity is the age of the units. We recognise that Invercargill has a wide age range for housing stock in private ownership, but need to challenge whether units built to fit needs and expectations more than 40 years ago are still fit for purpose - and if they are, at what stage they will cease to be fit for purpose and require replacement.

Legislative requirements

The housing units meet all current legislative requirements including Healthy Homes and any new or refurbished units which require a Building Consent will comply with the Building Act requirements when completed.

Balanced budget

Section 100 of the Local Government Act requires Council to set its revenues to meet all the expenses of the organisation. While Elderly Persons Housing is operating at no net rates requirement in the short term and operating revenue is meeting operating expenditure, allowance for depreciation means it is running at an annual accounting loss. This means that to meet the balanced budget test, rates would need to be included for depreciation to allow for funding of a renewal programme. Expanding the number of units or increasing spending on the units would increase the deficit and further exacerbate the problem. This comes back to an excessive focus on "low cost."

Low cost

A difficulty with the term “low cost” is to understand what it means. We have already covered the fact that the flats are operating at a loss. This loss is being met by future ratepayers or by future tenants as the units are not able to be sustainably maintained and replaced. Therefore, the costs of the units are significantly higher than the rents being charged. If low cost means low rent, then it is implicit that an increased burden will either fall to the ratepayers to support low rents, or the quality of the portfolio will be allowed to deteriorate. It appears that the Council has not explicitly made a decision either way.

The units are not providing funds for their replacement and to be fair to future generations they should. The service is under-funded, but the extent of the under-funding is not as large as the operating deficit. Rents need to rise for the Activity to remain sustainable.

Key operational issues

An issue in relation to replacement of units is what useful life Council is planning for. The oldest units in the portfolio are three complexes built in the 1950s. These units are now nearly 70 years old.

The following table shows how many units would be replaced at different asset lives:

Table 6
Asset Life and Replacement Estimates

Life of asset	Units to replace/year
40 years	5.4
50 years	4.3
60 years	3.6

To replace units Council would either need to displace current tenants for the construction period, which would be unacceptable, or to increase the number of units to allow for an orderly transition.

In allowing for an orderly transition the modelling allows for an increase in the number of units until a threshold of units is available for existing tenants to be able to be moved.

Because of a lack of current suitable land owned by Council, the best scenario is to demolish old units and rebuild on existing complexes.

The portfolio development would go through 3 phases:

1. Expansion – increasing the number of units to allow the portfolio to be better shaped for sustainability.
2. Shaping – getting the portfolio into a balance so that on-going replacement can be maintained without impacting service.
3. Maintaining – maintaining the portfolio for on-going level of service.

The expansion phase would be throughout a 20 year period and will involve building more units. Given that more units are needed regardless of the best economic life of the buildings establishing that life is not critical to the plan.

To reduce the timeframe for the expansion plan and increase the number of units available for build, Council is looking to form partnerships which would involve provision of funding enabling purchase of land and increased build intensity.

The Plan is consistent with the Financial Strategy for Council. It balances the capital work that is required to deliver a set of services and applies the principles to this Activity individually.

This emphasises the quality of the units rather than low cost and also that the portfolio needs to be managed to be at a sustained level of service.

Operation / Maintenance standards and specifications

The Residential Tenancies (Healthy Homes Standards) Regulations 2019 came into force on 1 July 2019. All of Council's Elderly Persons Housing units now meet that standard.

Current trends and issues

As the Elderly Persons Housing complexes age, the maintenance and refurbishing costs increase. Tenants' expectations are also increasing.

Council requires this Activity to be self-funding. The expectations of Council and the tenants are in conflict with one another and options have been explored to assist in selecting, with the community, a way forward. Demand on the number of units is projected to increase. The welfare expectation of Central Government is for Council to provide a complete wrap-around service.

Rental income is currently meeting all administration and maintenance costs.

Operation strategy

Our Housing Officer (HO) maintains Invercargill City Council's tenant base and activates the fortnightly rental deductions through Pathway's software.

Tenant applications are received, vetted and placed onto the wait list for consideration when vacancies occur. In some cases, applicants do specify complexes and this may change their priority weighting, and increase waiting times. Our HO also coordinates requests for service from tenants and carries out unit inspections six monthly and when required.

The Housing Officer is a liaison point between tenants / social agencies and next of kin should any interventions be necessary.

Recommended activity programme

In considering the sustainability of the service, a high level model has been developed.

Rental level: The rental level had a significant increase of 35% in the previous Long Term Plan which was required to assist with compliance with Healthy Homes legislation. Further increases would be required to renew the units and to moderately expand the portfolio by 2 units per annum unless alternative funding is achieved.

Renewal of units: A proposal will allow for a replacement cycle over 63 years which is a limit for maintenance of the services in perpetuity. A proposal to provide two new units will allow for the population and demographic changes indicated in the council Financial Strategy and the population statistics shown above.

The proposed replacements and increases are as per Table 7a and Table 7b below.

Table 7a: Replacement and New builds (2023-2040)

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Replace	-	4		8		10		10		10		12		7		7	
New Build	4	2		4		2		2		2		2		1		-	
New Builds & Replace. Total	4	6	-	12	-	12	-	12	-	12	-	14	-	8	-	7	-

Table 7b: Replacement and New builds (2040-2055)

	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50	2050/51	2051/52	2052/53	2053/54	2054/55
Replace	7		8		8		10		16		12		6		6
New Build	1		-		1		1		-		-		-		0
New Builds & Replace. Total	8	-	8	-	9	-	11	-	16	-	12	-	6	-	6

On-going maintenance: scheduled to rise due to the age of the units. This is likely to rise before it will reduce when there are more new units. This AMP modelled new units to have half of the maintenance needed for the older units.

The cost price of new units: this is based on \$390,000 for a 50m² unit building (excluding cost of purchase of land). This estimated price has been calculated on recent builds completed by Council. Smaller units would cost less, and there is likely to be a range of unit configurations, but the higher price has been used to be conservative.

The major sensitivity in the model is to the rental charge; which has most community and political sensitivity, and so has been kept artificially low, over many years.

The rent levels to qualify for accommodation supplement through the Ministry of Social Development (MSD) calculate to 25% of the Single or Married Superannuation. When the rent gets above this level, there is the ability to claim the accommodation supplement. The entry criteria for housing units means that most occupants would be eligible for the supplement if the rent they are charged is greater than the minimum. Council practice for rental rates has been to keep them no higher than 40% of Superannuation. The current level is a maximum of \$35% gross Superannuation.

What's changing and why?

This Plan proposes a strategy to build sufficient new units to allow the portfolio to increase and then to continue building two new units per annum while replacing the older ones. The first phase of the strategy is to increase the number of units to provide for relocation of some tenants so that the oldest flats can be demolished and replaced with the first new units.

This will provide a robust strategy for Elderly Persons Housing with clear objectives. The three fundamental principles of the strategy are:

1. Council will be involved as a social housing provider for elderly and disabled low-income persons.
2. Council involvement in the service will not be at any cost to ratepayers measured by:
 - a. No subsidy of costs.
 - b. Rents will be set to ensure all cash costs are met while retaining balance sheet capacity for more units and replacement of current units.
3. Rents will be established based on a sustainable balance sheet capacity for the service established by:
 - a. An activity debt capacity of 1.5 times revenue.
 - b. All costs for the service except depreciation being fully covered.
 - c. Depreciation will be included in the costs but may be funded at a lower level if 3(a) is true for a 15-year projection of funding needs.

The above principles would allow for the ongoing sustainability and some expansion of the service.

Work done for the previous LTP in relation to compliance with the Healthy Home Standard led to an increase of 35% in rental rates. The analysis in this report shows that an increase at that level would also allow for growth in the number of units over time.

The assumptions we've made

There are several areas where the assumptions made for the Long-term Plan particularly effect the Elderly Persons Housing Services Activity:

- Those aged 65 and older will form 24% of the population in 2034, which is higher than the current aged population in 2023. The pattern of aging in the population is a long-term trend which is not expected to be disrupted. The needs of older people are different from those of working age.
- Changing community need – Inflation will continue to squeeze household budgets and impact abilities to pay rates. Inflation is expected to stay above 3% until 2025/2026.
- Resilience – Climate change and emergency events will increase with diverse and fluctuating impact on the community and on Council business. 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.

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 Tatauranga 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</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.

expected to stay above 3% until 2025/2026. ^{3 4}				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.
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	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
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	Moderate/Likely	Medium	Moderate	Inflation increases would have significant impact on budgets. Council would need to consider changes to services and/or the financial strategy. 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.

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

⁴ RBNZ "Household inflation expectations (H1)", August 2023

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

<p>growth in professional and highly skilled occupations.⁸</p>				<p>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>Tourism Tourism in the Visit Southland area is expected to increase to between 160% - 165% of pre-Covid levels by 2029.⁹ Invercargill is expected to proportionally benefit from this increase and demand for accommodation to increase and to be met from within existing stock.</p>	<p>Moderate/Likely</p>	<p>Medium</p>	<p>Minor</p>	<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 than expected and manage any flow on impact on housing availability given housing constraints.</p>

⁸ Id. p15-18

⁹ Beyond 2025 Southland Regional Long Term Plan, p56

<p>International Education</p> <p>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.¹⁰ 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.</p>	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.
<p>Climate change regulatory change</p> <p>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.¹¹</p>	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.
<p>ENVIRONMENTAL</p>	Likelihood	Certainty	Consequence	Council response
<p>Mean annual and extreme temperature</p> <p>(days where temp. exceeds 25°C) are expected to increase with time:</p>	Moderate	Low	Minor	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

¹⁰ Infometrics report “Economic update for Long Term Planning for Invercargill City Council”, April 2022, p18

¹¹ Ministry for the Environment “Implementing Aotearoa New Zealand’s first emissions reduction and national adaptation plans”, 2023

<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>				<p>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>	<p>Moderate</p>	<p>Low</p>	<p>Moderate/ Major</p>	<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 Branxholme Water Treatment Plant is designed to cope with rainfall events to the level forecast in the 2018 NIWA study and outlined in our assumptions. 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. 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.</p> <p>It is not possible to forecast the impact of climate change in more</p>

				detail on the capital programme until more accurate data and modelling is complete.
<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.¹²</p>	Possible	Medium	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.
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>Cultural activation</p> <p>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>
COUNCIL OPERATIONS	Likelihood	Certainty	Consequence	Council response

¹² <https://af8.org.nz>

<p>Legislative changes</p> <p>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</p> <p>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>Asset life</p> <p>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	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>Infrastructure network development</p> <p>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</p>	Uncertain	Low	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

<p>so more accurate forecasts are not possible.</p>				<p>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 programme by approximately 5% per annum.</p>
<p>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, 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</p>

				sweated longer and repairs and maintenance will increase and emergency rather than planned replacement may become more frequent.
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</p>

				<p>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</p> <p>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</p> <p>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> <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>
<p>Dividends from ICHL 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 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>

Sustainability

The Local Government Act requires Council to take into account the social, economic and cultural interests of people and communities, the need to maintain and enhance the quality of the environment 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.

In relation to the Elderly Persons Housing activity, sustainability has been described as the on-going ability to deliver the service. The barrier to sustainability is the level of rent the tenants must pay. A further allows the Activity to become sustainable by enabling the renewal of units over time. An increase also provides greater borrowing capacity for the service. The plan also allows for improved environmental standards through the building of more insulated units for energy efficiency.

Social and cultural

The Elderly Persons Housing activity has positive effects on the community because it provides affordable, warm and comfortable accommodation to those in the community who are unable to provide their own. Housing units are located in various suburbs in Invercargill and Bluff to enable residents to remain active members of the community.

Elderly Persons Housing properties need to be better maintained. Day to day maintenance of issues and repairs is well done. Regulations have been provided to ensure that warm and dry living conditions are provided and this is addressed through the upgrade program within this plan.

The Activity includes the employment of a support officer whose role is to develop a working relationship with residents. This commences when potential future residents are assessed for eligibility for this service. The Housing Support Officer also visits residents in their units from time to time to assess their well-being, and advise residents of other agencies which may be able to provide support based on their needs.

Environmental

The Elderly Persons Housing Service manages 216 housing units. The service has a contract with a garden service to undertake lawn and landscape maintenance as well as garden rubbish refuse at all complexes.

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.

Critical assets decision-making

Critical assets are “those which have a high consequence of failure, but not necessarily a high probability of failure”. This is important as it draws attention to those assets which are the most important, irrespective of the likelihood of failure of the asset. Critical assets typically require more proactive management to minimise or eliminate this risk.

The likelihood of failure of an asset is often difficult to assess, however condition and age are parameters that provide an indication. The worse the condition of the asset, the more likely it is to fail.

Assets which are both extremely critical and more likely to fail should have higher priority and be replaced or rehabilitated earlier in their lifecycle than others, and at lower levels “run to failure” may be perfectly acceptable.

Housing assets are generally considered to be [non-critical].

Smoking in units

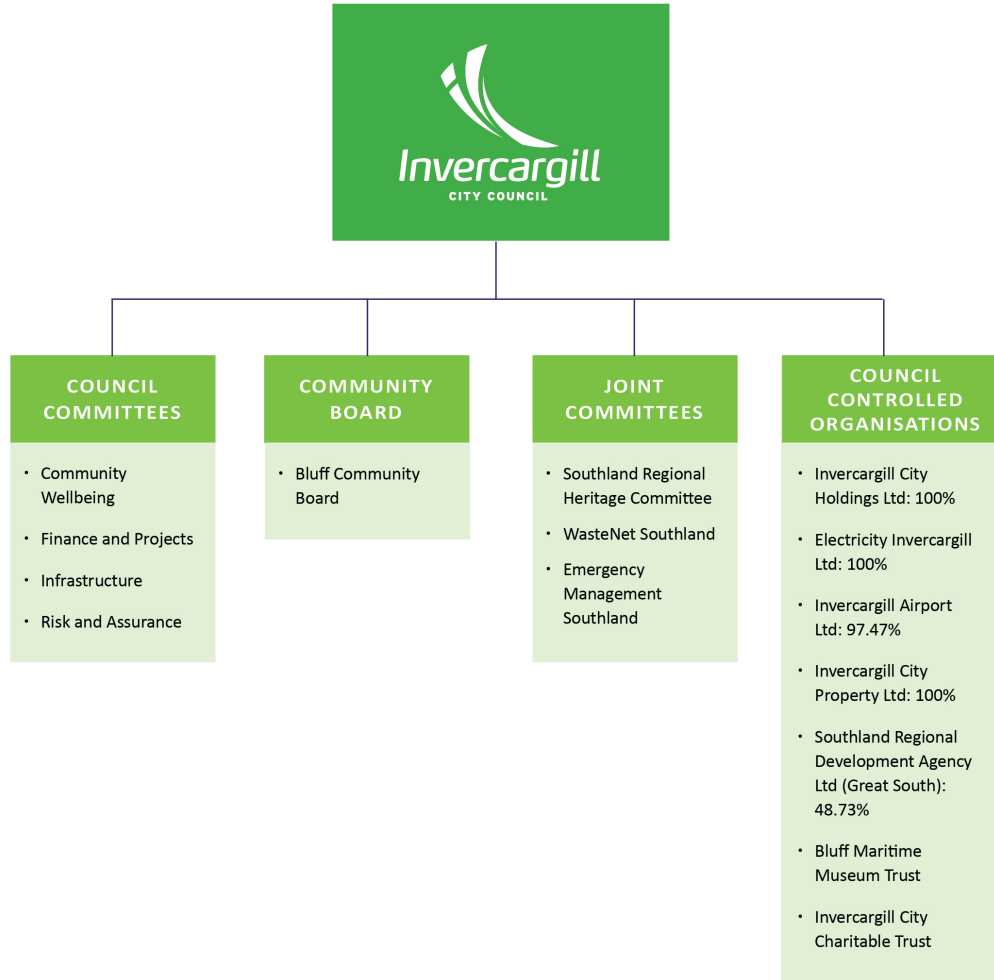
The most rapid deterioration of the interior decoration of units is caused by tenants who smoke. Smoking inside leads to an increase cost for refurbishment when a smoker vacates.

Council encourages a healthy community and clean air environment with a view to improving the health and wellbeing of its tenants. The Elderly Persons Housing Policy notes that smoking and vaping is not allowed inside any housing unit by any person. All new tenancy agreements from the effective date of the Policy will include a clause stating that smoking and vaping is prohibited. No changes will be made to existing tenancy agreements regarding smoking as a result of the Policy, but tenants are kindly reminded that they are requested not to smoke indoors.

4. How we'll manage what we do

Council Structure

Te hanganga kaunihera



Responsibility and resourcing

The Activity is run in house by the Infrastructure Operations Property Team which includes the Housing Officer as the main tenant liaison. The Team are responsible for processing applications, receiving rents, coordinating inspections and requests for service together with general maintenance of the units. The Operations Property Team is supported by the Strategic Asset Team who provide strategic asset management of the units.

Asset Overview and Description

For a full asset overview and description, please refer to the Invercargill City Council Property Asset Management Plan.

5. How we'll fund it

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

Financial analysis of the current state

Revenue

Revenue is stable and there is a programme for rentals to rise on an annual basis. This is important as the costs of the units is rising.

The following table shows rental income on an annual basis for the past five years.

Table 9

Annual Elderly Persons Housing Activity rental income (2019 – 2023).

Year	2018/19	2019/20	2020/21	2021/22	2022/23
Revenue	1,142,200	1,199,600	1,192,800	1,377,000	1,613,400
Increase		5%	-0.1%	15%	17%

Expenditure

In the past, Central Government has promoted the provision of housing for people with limited means by providing financial incentives to councils. Government subsidies and low-interest loans ceased in 1992. It is worth noting that current Council interest rates are significantly lower than the low-interest loans provided by Central Government.

The past goal of Elderly Persons Housing has been for it to run at no net cost to rates. While the Activity has established a moderate level of investment from cash, it has been subsidised by rates. This subsidy has been implicit rather than an explicit decision and has taken the following forms:

1. The properties were not subject to the full rating that would apply to properties of this type, that amounts to under-rating of \$130,000 per annum).
2. The depreciation, which is included within the Activity, has not been included in the revenue calculations to establish a sustainable funding platform. This creates some conflict with a balanced budget requirement.
3. The units have not been modernised to an appropriate level and a backlog of old units is now required to be remedied to get the properties to a standard required for rented properties and to be accessible for people with disabilities.

Expenses for the past five years are shown in the table below:

Table 10

Annual Elderly Persons Housing Activity Expenses (2019 – 2023)

Item	2018/19	2019/20	2020/21	2021/22	2022/23
Depreciation	1,133,400	922,500	910,700	912,100	2,309,700
Operations costs	24,900	53,900	22,000	40,200	5,500
Insurance	82,800	92,000	60,200	69,000	86,200
Rates	136,900	124,300	151,800	358,200	298,500
Maintenance – General	358,600	377,300	482,500	456,700	454,372
Internal - Services Charge	70,600	52,700	57,900	-	189,000

The expenses show a reasonable pattern of spread and increase over time.

- Depreciation – this is the major reason why the Activity makes a loss. The depreciation charge has remained static since 2020 however the impact of the revaluation of units resulted in the large increase in depreciation in 2022/23. The depreciation amount is important because it impacts on Council's balanced budget requirement.
- General maintenance – costs have increased during the 2021 years as a reflection of the aging units and post Covid inflation rates.

Overall financial results

The understanding for Housing Care is that it will operate at no cost to rates.

The Activity is operating at a loss when taking depreciation into account. However, it is also operating with no cash requirement from rates which means the asset is being consumed and the Activity is not generating enough cash for the replacement of the units.

The reducing trend in funds available for Capital is very concerning given the age of the housing stock and the increasing need for more capital spend and more maintenance to keep the current units.

Councils have a requirement to balance the budget, and the deficit for Housing Care means an increase in rates to cover the deficit created by the loss in this Activity.

It is proposed in the Long-term Plan that some funding from general rates is provided to help replace the aging houses faster. It is proposed that rates would fund \$7.7 million of capital expenditure over years 1-7. This will allow the programme above to proceed. If this option is not the final preferred option the focus will be on maintenance and a slower renewal programme.

Table 11

Elderly Persons Housing 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	-	-	61	127	194	264	336	410	487	491	495	500
Subsidies and grants (Capital)	-	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants (Operational)	-	-	-	-	-	-	-	-	-	-	-	-
Direct charges revenue	-	-	-	-	-	-	-	-	-	-	-	-
Rental revenue	1,770	1,770	1,853	1,918	1,994	2,074	2,154	2,234	2,279	2,324	2,369	2,414
Finance revenue	2	16	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	1,772	1,786	1,914	2,045	2,188	2,338	2,490	2,644	2,766	2,815	2,864	2,914
Employee expenses	-	-	-	-	-	-	-	-	-	-	-	-
Administration expenses	316	-	-	-	-	-	-	-	-	-	-	-
Grants & subsidies expenses	-	-	-	-	-	-	-	-	-	-	-	-
Operational expenses	255	353	296	305	314	323	332	342	351	361	371	381
Utilities expenses	73	390	531	566	604	638	670	698	723	745	768	792
Repairs & maintenance expenses	689	689	734	769	813	859	905	952	971	990	1,009	1,028
Depreciation and amortisation	2,119	2,124	2,124	2,429	2,457	1,379	1,314	1,313	793	728	694	682
Finance expenses	-	-	82	158	184	253	307	364	421	479	495	508
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	3,452	3,556	3,767	4,227	4,372	3,452	3,528	3,669	3,259	3,303	3,337	3,391
OPERATING SURPLUS / (DEFICIT)	(1,680)	(1,770)	(1,853)	(2,182)	(2,184)	(1,114)	(1,038)	(1,025)	(493)	(488)	(473)	(477)
CAPITAL EXPENDITURE - Funded												
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	1,678	1,439	2,114	263	1,330	1,103	1,127	1,151	1,175	-	-	-
• to replace existing assets	87	1,838	528	533	539	453	483	464	474	484	493	557
TOTAL CAPITAL EXPENDITURE	1,765	3,277	2,642	796	1,869	1,556	1,610	1,615	1,649	484	493	557
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-

Figure 3

Elderly Persons Housing Operating Revenue – 10 Years.

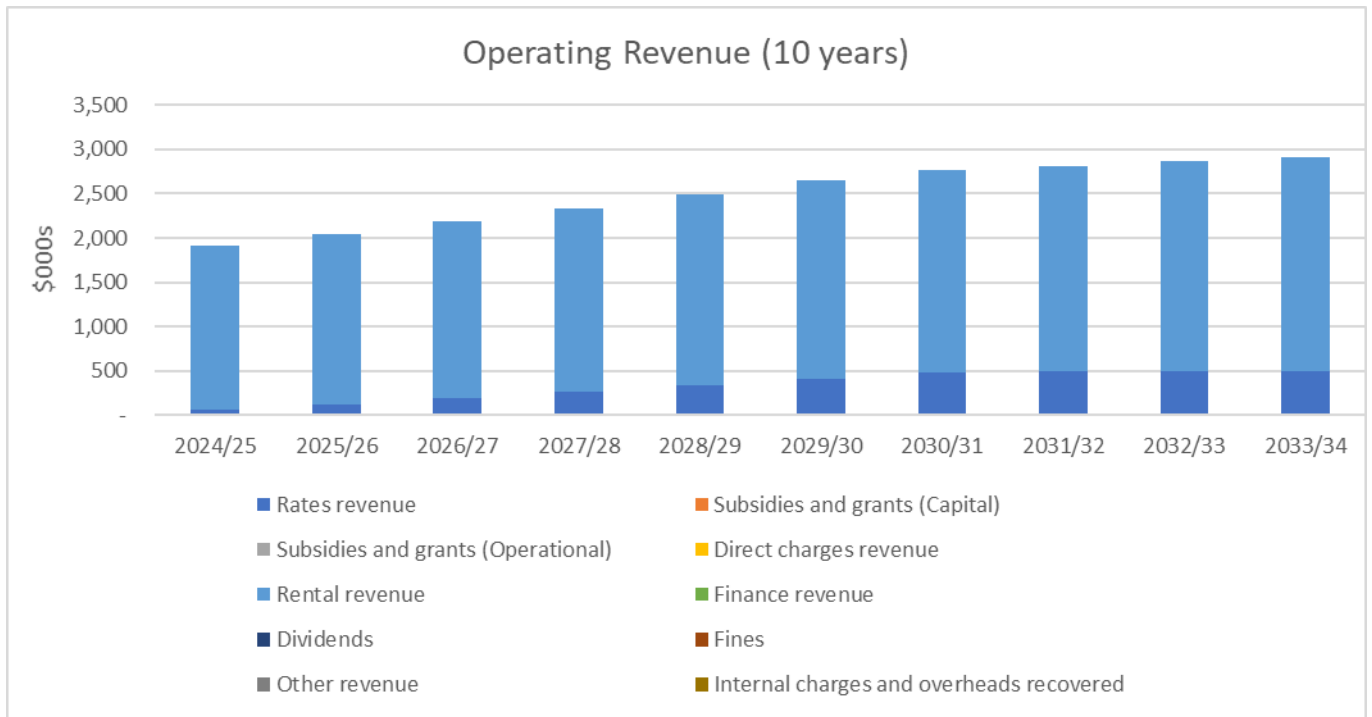


Figure 4

Elderly Persons Housing Operating Expenditure – 10 Years.

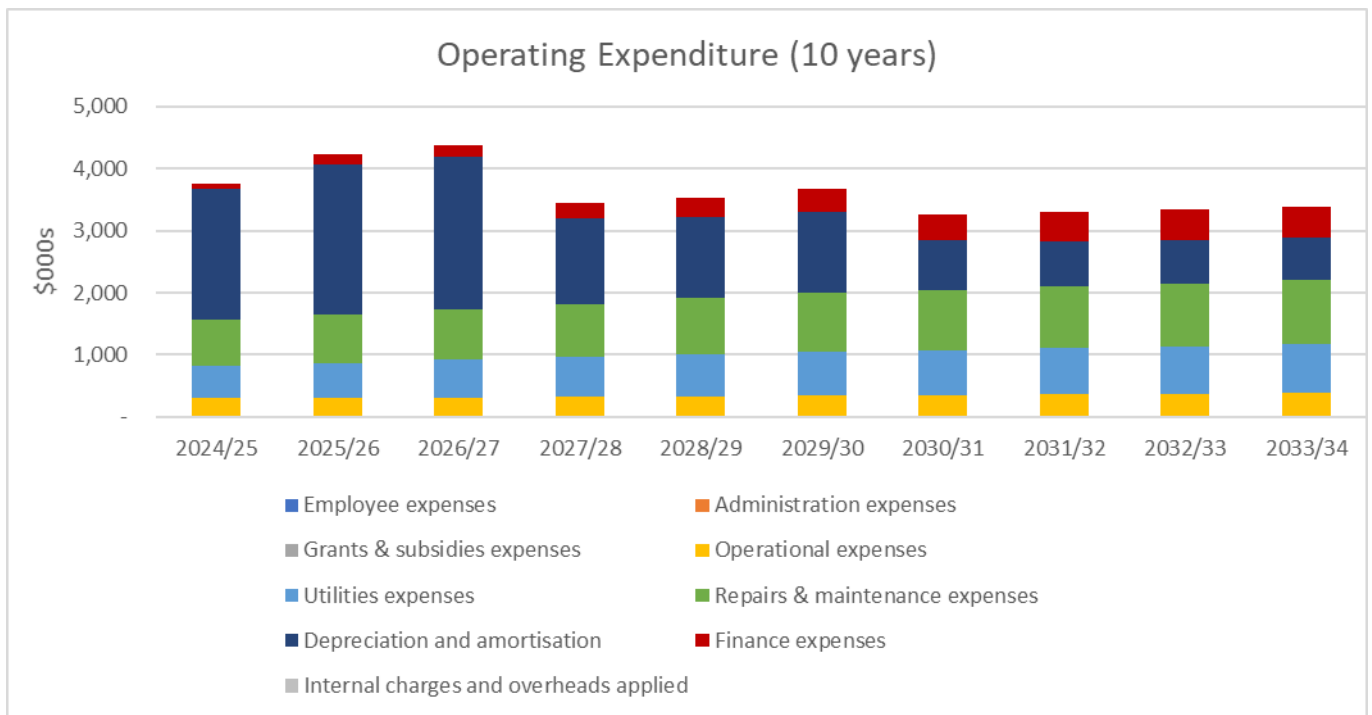


Figure 5

Elderly Persons Housing Capital Expenditure – 10 Years.

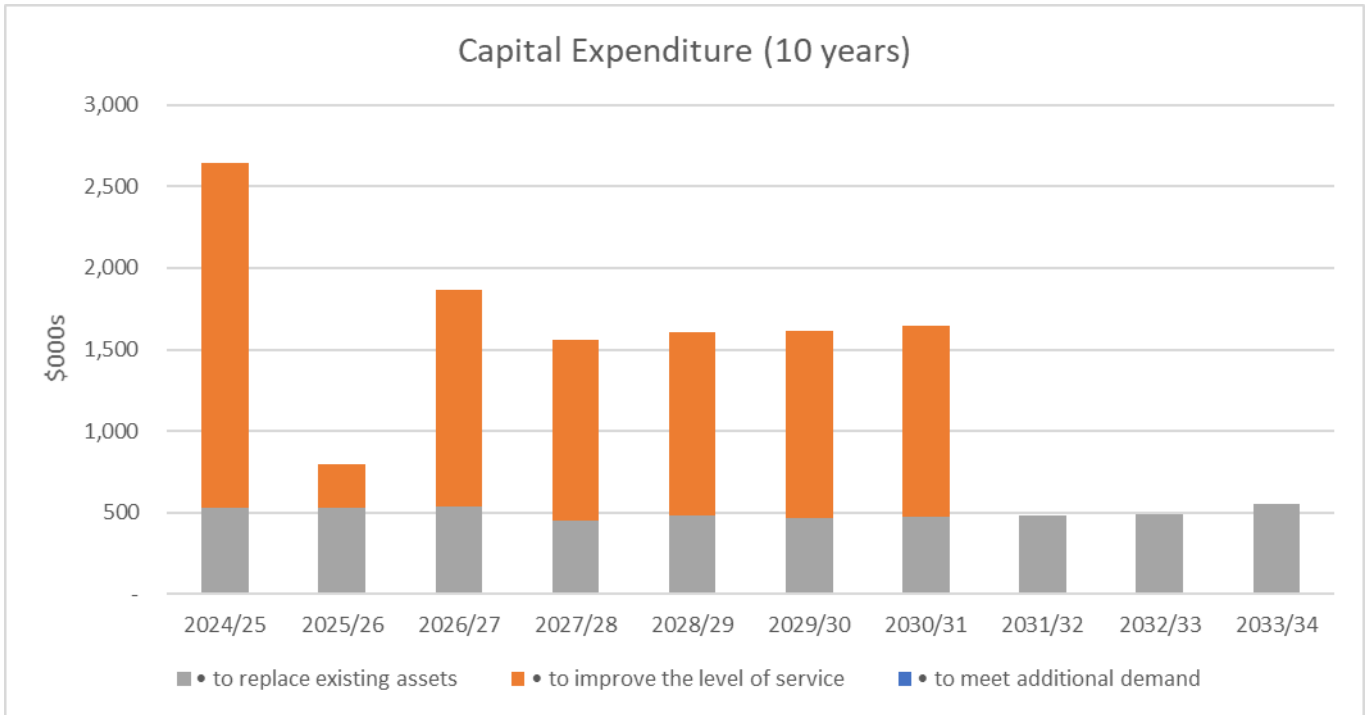


Table 12*Elderly Persons Housing Total Expenditure OPEX and CAPEX 30 years.*

	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	982	2,383	2,775	3,296	3,915	4,649
Subsidies and grants (Capital)	-	-	-	-	-	-
Subsidies and grants (Operational)	-	-	-	-	-	-
Direct charges revenue	-	-	-	-	-	-
Rental revenue	9,993	11,620	12,811	14,144	15,617	17,241
Finance revenue	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-
Total revenue	10,975	14,003	15,586	17,440	19,532	21,890
Employee expenses	-	-	-	-	-	-
Administration expenses	-	-	-	-	-	-
Grants & subsidies expenses	-	-	-	-	-	-
Operational expenses	1,570	1,806	2,153	2,613	3,142	3,753
Utilities expenses	3,009	3,726	4,348	5,078	5,936	6,944
Repairs & maintenance expenses	4,080	4,950	5,459	6,027	6,654	7,347
Depreciation and amortisation	9,703	4,210	3,402	3,661	3,587	3,520
Finance expenses	984	2,267	3,070	3,070	3,070	3,070
Internal charges and overheads applied	-	-	-	-	-	-
Total expenses	19,346	16,959	18,432	20,449	22,389	24,634
OPERATING SURPLUS / (DEFICIT)	(8,371)	(2,956)	(2,846)	(3,009)	(2,857)	(2,744)
CAPITAL EXPENDITURE - Funded						
• to meet additional demand	-	-	-	-	-	-
• to improve the level of service	5,937	2,326	-	-	-	-
• to replace existing assets	2,536	2,472	2,796	3,259	3,660	3,258
TOTAL CAPITAL EXPENDITURE	8,473	4,798	2,796	3,259	3,660	3,258
Gross proceeds from sale of assets	-	-	-	-	-	-

Figure 6

Elderly Persons Housing Operating Revenue – 30 Years.

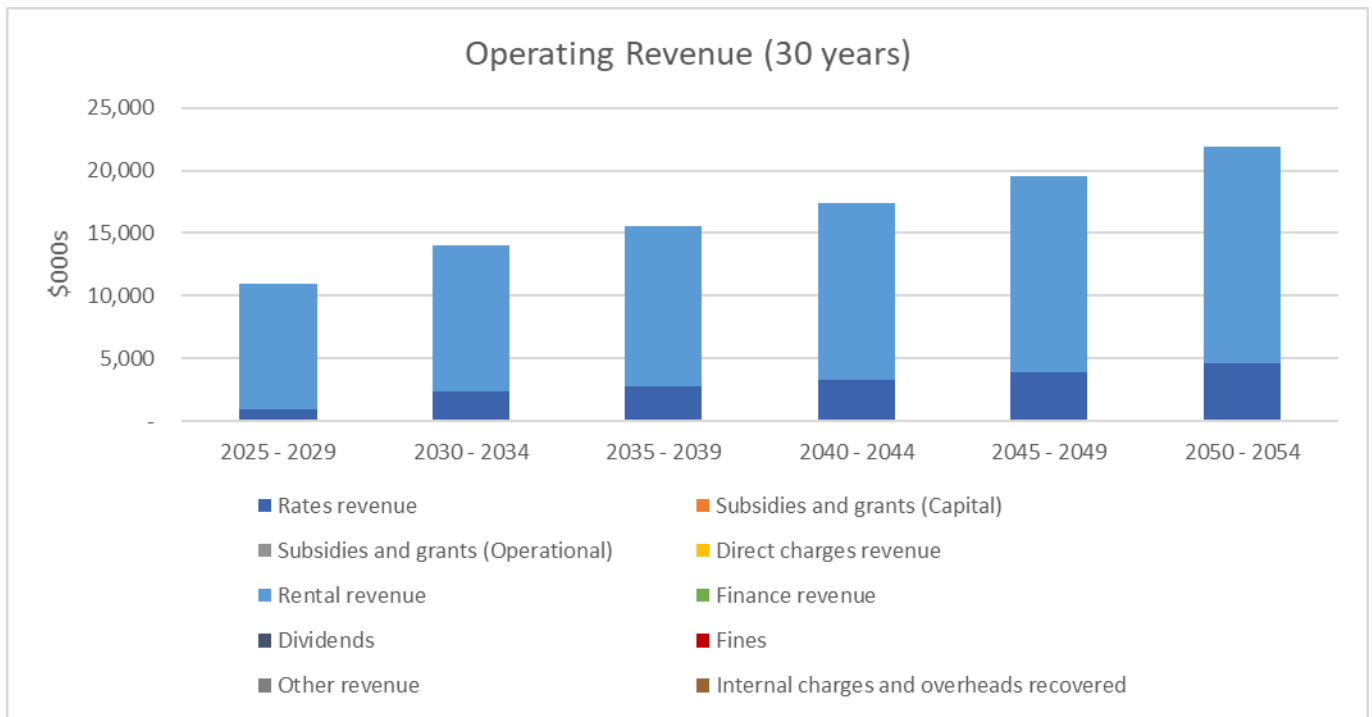


Figure 7

Elderly Persons Housing Operating Expenditure – 30 Years.

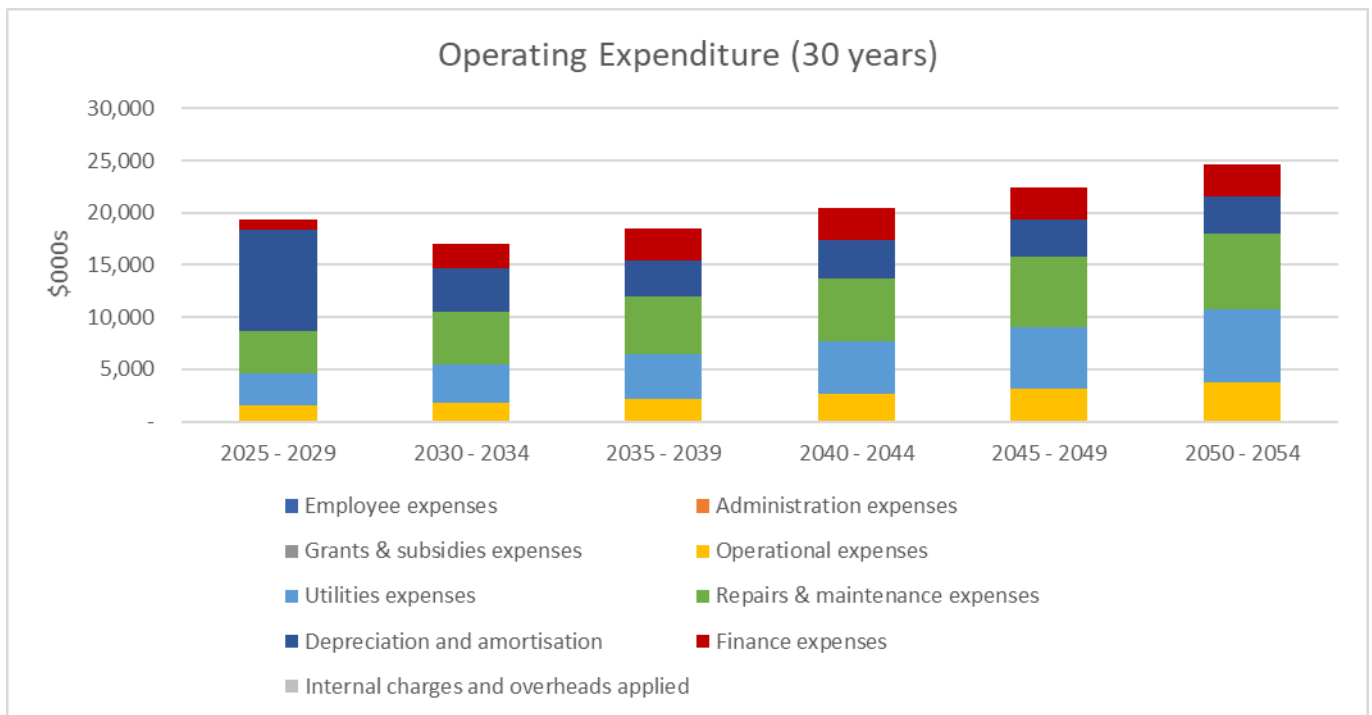


Figure 8

Elderly Persons Housing Capital Expenditure – 30 Years.

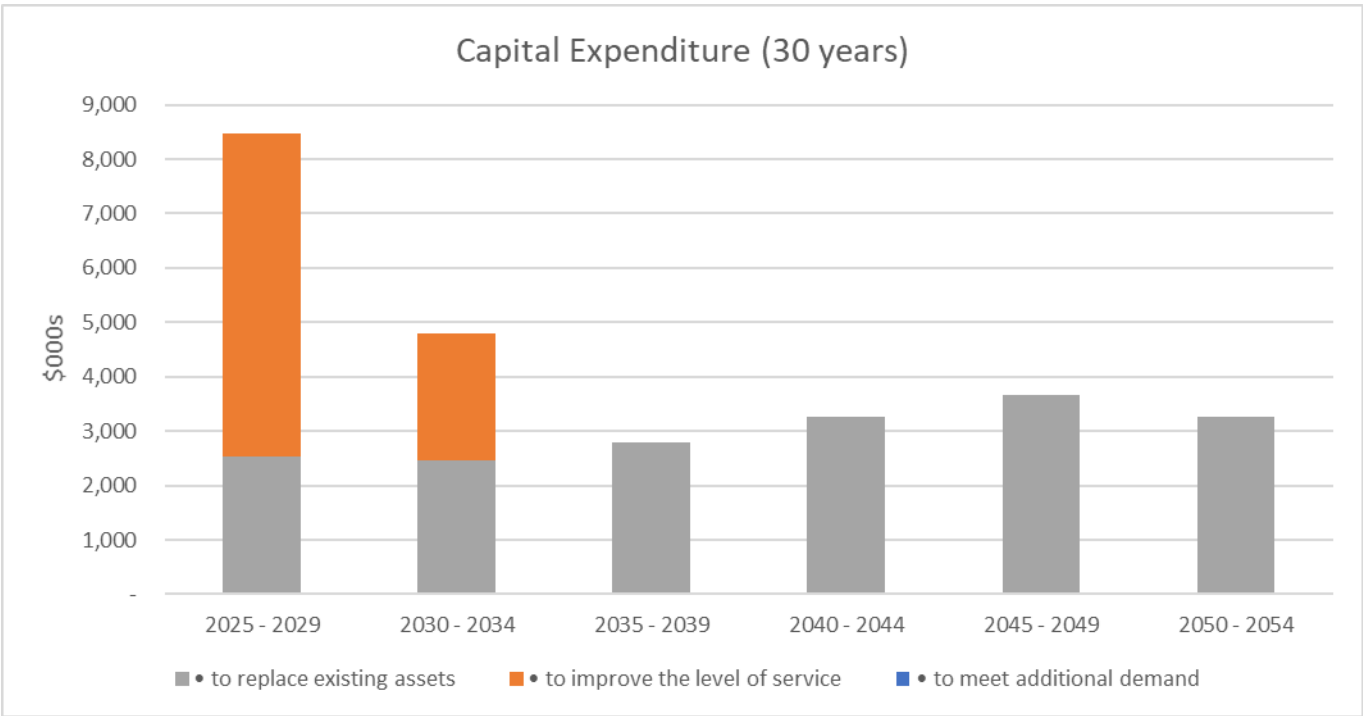


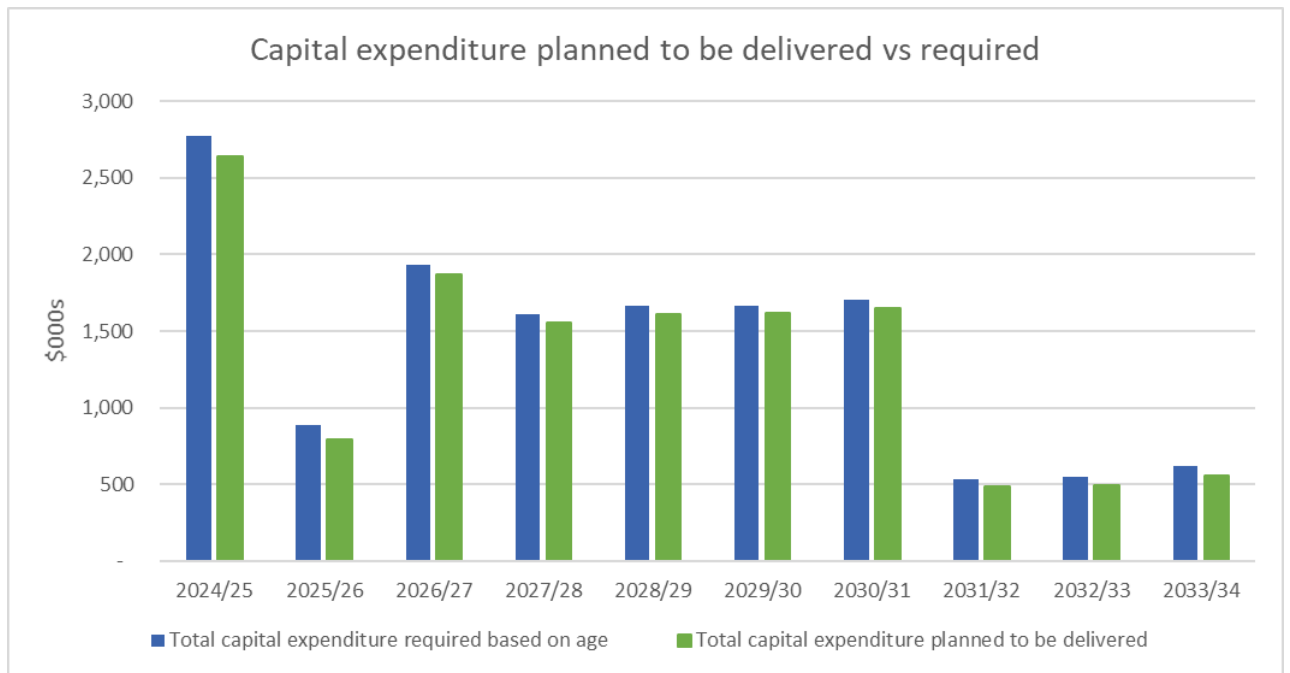
Table 13

Elderly Persons Housing Capital Expenditure Planned Delivery vs Required.

	2023/24	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	Annual Plan	Forecast	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Capital expenditure required based on age												
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	1,678	1,439	2,114	263	1,330	1,103	1,127	1,151	1,175	-	-	-
• to replace existing assets	115	1,897	660	627	599	503	536	516	527	537	548	618
Total capital expenditure required based on age	1,793	3,336	2,774	890	1,929	1,606	1,663	1,667	1,702	537	548	618
Capital expenditure planned to be delivered												
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	1,678	1,439	2,114	263	1,330	1,103	1,127	1,151	1,175	-	-	-
• to replace existing assets	87	1,838	528	533	539	453	483	464	474	484	493	557
Total capital expenditure planned to be delivered	1,765	3,277	2,642	796	1,869	1,556	1,610	1,615	1,649	484	493	557

Figure 9

Elderly Persons Housing Capital Expenditure Planned Delivery vs Required.



This graph shows that the capex funding requested for renewal of existing assets will be fully funded in the Long Term Plan

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.