



2023/2024

Annual Report

Our Roadmap to Renewal



He Ngākau Aroha - Our City with Heart



Front Cover: Te Moutere, Tuatara Island, Queens Park

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Invercargill introduced

Nau mai ki Waihōpai



Extending from Makarewa in the north to Bluff in the south, Kennington in the east and Ōreti Beach in the West, the Invercargill district encompasses an area of 49,142 hectares. Landscape features of importance to the community include Bluff Hill (Motupohue) and an extensive network of waterways which bisect the district. The urban areas of Invercargill and Bluff contain extensive areas of open space as well as distinct heritage buildings.

Statistics New Zealand estimated the population of Invercargill in 2023 at 57,900.

Recent forecasts show an expected population in 2031 of 60,500.

The district's coastal location provides a mild climate with long summer daylight hours and defined seasonal variations. The average annual temperature is 9.9°C with 1,614 sunshine hours. Rainfall averages 1,112mm/year and is spread evenly through the year.

All figures are GST exclusive unless otherwise stated

Introduction

Tīmatanga kōrero

Welcome to the Invercargill City Council's Annual Report 2024

The introduction to this report describes the city we live in and its vision for the future. It includes a message from Invercargill Mayor Nobby Clark and Council Chief Executive Michael Day, reflecting on the Council's achievements over the past year.

What is the Annual Report?

The Annual Report outlines how Council has performed in delivering its services to the community and in managing its finances to enable that delivery. The Annual Report includes a summary of performance showing how we have done in delivering the Council's levels of service laid out in the Long-term Plan. It also includes our statements of financial performance for the year, showing how Council and our Council controlled organisations, have managed income and expenditure for the period.

Mayor's comment

Ngā kōrero a te Koromatua



I have been proud of the progress Council has made in delivering our plans and providing services to the community in 2023/2024.

Development continues in the city. The Invercargill Central Limited development has won awards at the recent property industry awards and we look forward to the completion of the new Distinction Hotel and opening up of Wachner Place. Te Pātaka Taoka, Southern Regional Collections Facility for our arts and heritage sector has been completed at Tisbury, along with upgrades to entertainment spaces in the Civic Theatre, including the Wikitoria Room. Investment has also continued in Bluff with work on the Active Recreation Precinct and the boat ramp now both well underway. Numbers of visitors across our community spaces and places have recovered well and it's great to see people out and about enjoying all the city has to offer.

The essential upgrade to the Branxholme Pipeline continues at pace with 71% of the work completed. This work will result in 10 km of new pipe helping to secure safe healthy water supply for the city. Despite a flooding event in September, the three waters system has performed well over the year with most levels of service being met.

While we still have a way to go, we have continued to focus on road safety with upgrades completed at Lindisfarne and Yarrow Streets.

Housing is a priority for Council. Upgrades have been completed to all our elderly housing units to improve energy efficiency and four new homes have opened on Stirrat Street. I look forward to further initiatives to provide secure warm housing for our community.

Invercargill's Civic Awards have recommenced with four inspiring individuals recognised for their community work. We have also continued our productive relationship with Kumagaya in Japan, signing a new 30-year sister city agreement.

It is exciting to end the year celebrating the opening of the new tuatara facility in Queens Park and commencing work on Te Unua – Museum of Southland, bringing down the old building to make way for the new.

As we move into the next financial year, we have worked hard to keep the rates increase below 10% and will be working with the other Councils to explore opportunities to work together for the good of the region.

A handwritten signature in blue ink, appearing to be 'Nobby Clark', written in a cursive style.

Nobby Clark
Mayor of Invercargill

Chief Executive's comment

Ngā kōrero a te tāhuhu rangapū



My focus over the last year has been on creating the stable culture and foundations Council needs to thrive in an increasingly volatile environment.

Costs have increased significantly over the year, with inflation and interest rates both impacting the cost of doing business. Just as our community is experiencing a cost of living crisis, the investment which Council needs to make in order to replace aging infrastructure is increasing, along with the costs of insurance. My management team have been working together to make efficiencies, cancelling or delaying non-essential work where we can.

Despite these cost pressures we have been maintaining levels of service across Council's activities and working on a number of major new projects including Te Unua – Museum of Southland. Inside the organisation we are making essential upgrades to IT needed to be able to ensure security and continuity of service while improving the customer experience. I have also been focused on supporting the health, safety and wellbeing of the team and attracting the skilled workers we need to deliver what the community expects. It has been

pleasing to see the team coming nearer to full resource in order to deliver the many projects and improvements the Council has planned.

Change in Government policy and direction has required a flexible approach in a number of core areas for Council, including the way we plan to provide three waters. We have been able to respond smoothly to this change enabling delivery of our Long-term plan on schedule. We have started working with our regional partners to explore what delivery of these essential services could look like to meet the needs of the community into the future.

A handwritten signature in blue ink, appearing to read 'Michael Day'.

Michael Day
Chief Executive

Elected Members

Kōwhiri huānga

The Invercargill City Council is chosen by the Invercargill public in elections held every three years.*



Nobby Clark
Mayor



Allan Arnold
Councillor



Ria Bond
Councillor



Trish Boyle
Councillor



Tom Campbell
Councillor



Alex Crackett
Councillor



Grant Dermody
Councillor



Peter Kett
Councillor



Darren Ludlow
Councillor



Ian Pottinger
Councillor



Lesley Soper
Councillor



Barry Stewart
Councillor

What is Council and what does it do?

The Council consists of the Mayor and 12 Councillors and its role is to provide and maintain services and amenities for the public of Invercargill. The Council is chosen by electors (the Invercargill public) to govern the City's affairs, such as making decisions on spending, priorities and policies.



Steven Broad
Councillor



Evelyn Cook
Waihōpai Rūnaka
Representative



Pania Coote
Te Rūnanga o Awarua
Representative

*There was a by-election 4 August 2023 as a result of Nigel Skelt resigning on 4 May 2023 and Steven Broad was voted in as the new councillor.



Māori Capacity to Contribute to Decision Making

The role of Māori, and Kāi Tahu (Ngāi Tahu), as Takata Whenua, as represented by Waihōpai Rūnaka and Te Rūnanga o Awarua, as a partner of Council is recognised.

Council lays out its commitment to capacity building for Māori in decision making and engagement with Māori in its Significance and Engagement Policy.

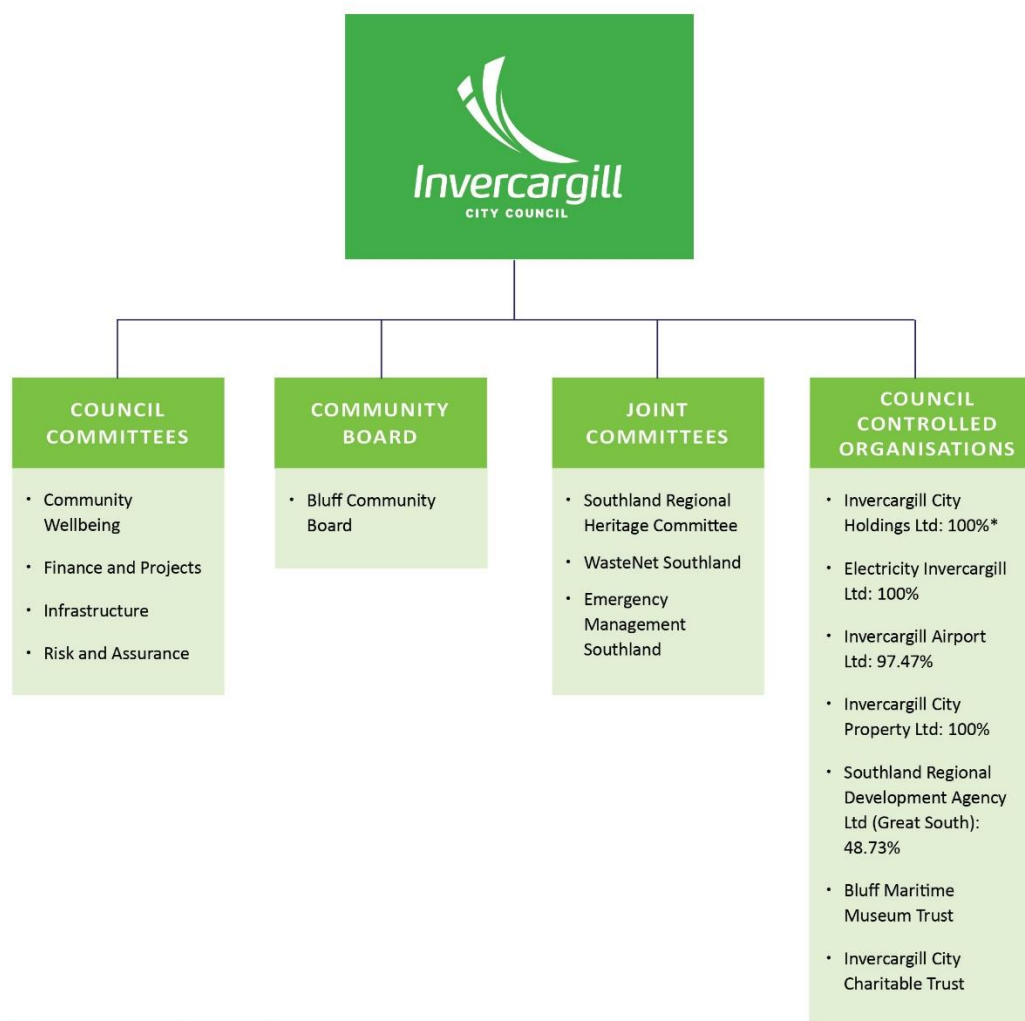
Mana Whenua representatives for both Waihōpai Rūnaka and Te Rūnanga o Awarua have places on its standing committees. This has enabled Mana Whenua to have a voice as part of decisions across the wide range of business which Council has undertaken over the year.

Council has worked in partnership with both Rūnaka on a range of projects including the opening of Te Pātaka Taoka, the new storage facility at Tisbury, the new Tuatara enclosure in Queens Park and the new Wikitoria room in the Civic Theatre, as well as mana whenua-maata waka engagement for the Long-term plan and a range of other initiatives.

Council has continued to work closely with Te Ao Mārama Inc to ensure that our responsibilities under the Local Government Act and the Resource Management Act are met and the needs and interests of Takata Whenua as kaitiaki of the takata, whenua, wai and taiao are understood and represented.

Council Structure (at 30 June 2024)

Te hanganga kaunihera



This structure is as at 30 June 2024.
 Since this time there have been some changes in Committee Structure.

Invercargill Venue and Events Management Limited is an exempt Council Controlled Organisation (CCO).
 This was removed from the New Zealand Company Register 21 May 2024.

Te Kupeka Tiaki Taoka - Southland Regional Collections Trust ceased to be a CCO in June 2024, following changes to its Trust deed.

*Refer to Group Structure on page 94.



Highlights

Ngā kaupapa nui

The Council provides the services needed to keep the city running, including supplying water, removing wastewater and collecting rubbish. In addition to leading many significant rebuild projects, it carries out large infrastructure, building and community projects as part of its long-term programme to improve the city. Outlined below are some of the highlights of the past year.

Our Achievements

Ngā ā mātou whakatutuki

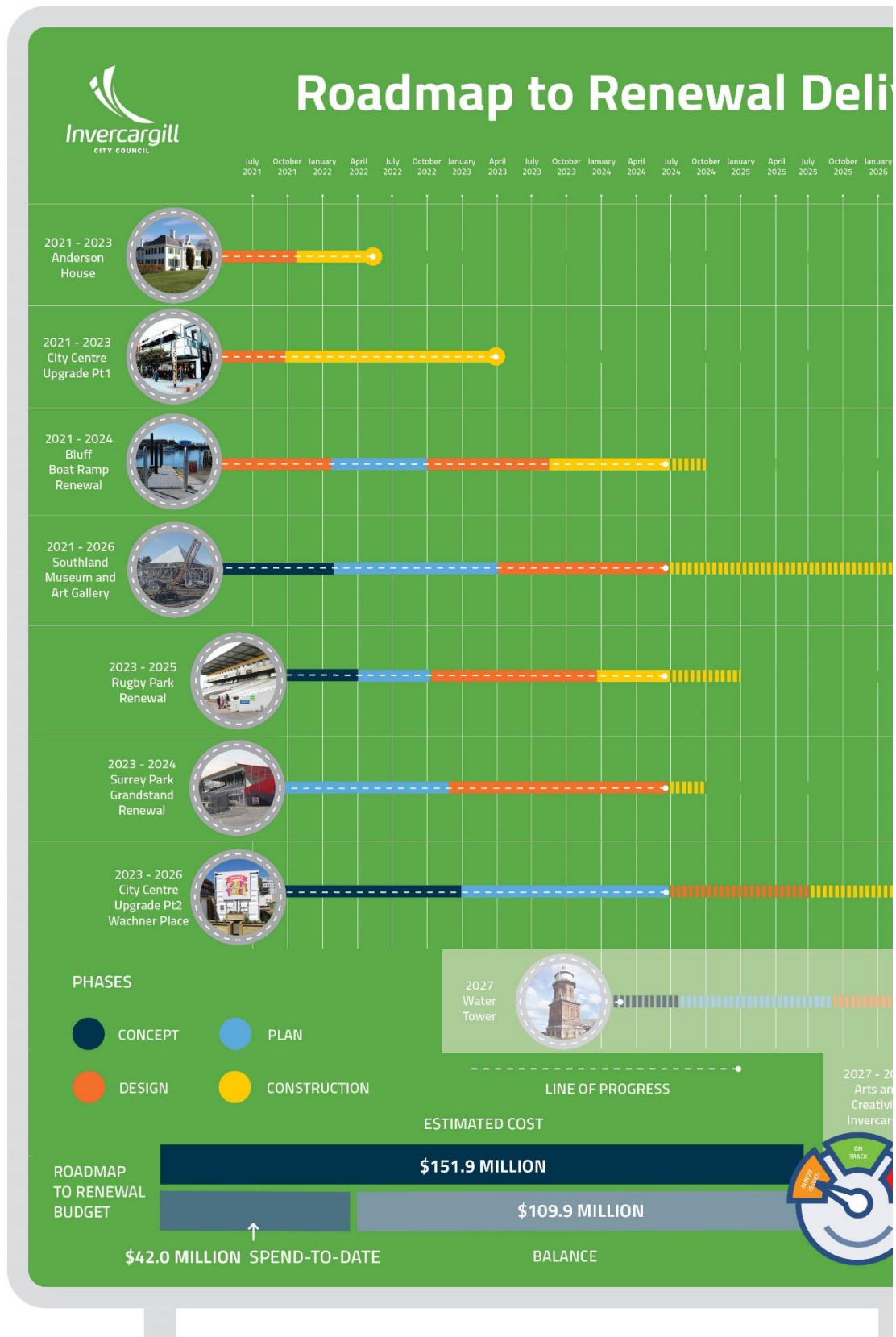


Our Achievements



- 1 July 2023 Concept design agreed for tuatara facility
- 2 August 2023 Concept design for Project 1225 released
- 3 September 2023 Award-Winning Sandy Point Domain Masterplan finalised
- 4 Oct/Nov 2023 Bluff Active Recreation Hub Track Network started
- 5 November 2023 Pop Up Pump Track Events activated
- 6 December 2023 Te Pātaka Taoka Southern Regional Collections Facility is completed
- 7 February 2024 First sea pontoon piles installed as part of the Bluff boat ramp upgrade
- 8 April 2024 Museum collection relocated to Te Pātaka Taoka Southern Regional Collections Facility
- 9 April 2024 Stirrat Street housing units completed
- 10 April 2024 Demolition of the Pyramid begins
- 11 April 2024 Stage 2 of Rugby Park begins
- 12 May 2024 Bluff Active Recreation Hub car park and supporting infrastructure completed
- 13 June 2024 Phase 3 of Branxholme pipeline upgrade is completed
- 14 June 2024 Te Moutere – Tuatara Island is officially opened
- 15 June 2024 Stage 2 of the housing innovation project started with demolition of Millar St units
- 16 June 2024 Double glazing programme at Council owned flats is completed
- 17 June 2024 Traffic lights installed at Yarrow Street and Lindisfarne Street intersection
- 18 June 2024 Daffodil Memory Lane created with the Invercargill Loss and Grief Centre





Overview - Progress to 30 June 2024

April 2026 July 2026 October 2026 January 2027 April 2027 July 2027 October 2027 January 2028 April 2028 July 2028 October 2028 January 2029 April 2029 July 2029 October 2029 January 2030 April 2030 July 2030 October 2030 January 2031 April 2031 June 2031

Bluff Boat Ramp – Progress has been steady on site with all piles installed, as well as the west floating section. The first sea pontoon originally planned for June, has been delayed until July, due to weather, resources and requiring a very low tide. The second sea pontoon has been painted and is being fitted out. It is expected that this will launch in August.

Rugby Park – The venue closed in April 2024 and Stage 2 of the works is now well underway. Majority of the work to date has gone as planned however, there are a number of tricky issues that will require completing after the season closes.

Museum – Demolition of the former Museum is progressing well and on track to be completed on time. The developed design pack is to be presented to Council in July. The construction contract is expected to be awarded in August.

Te Moutere - Tuatara Island – The facility opened as planned in June to very large crowd at a fantastic opening weekend. This is the second completed project of three projects that make up Project 1225.



2030
and
City
gill



2029 - 2031
Additional
Pool
at Splash
Palace



Financial Overview

Overall Result – Council

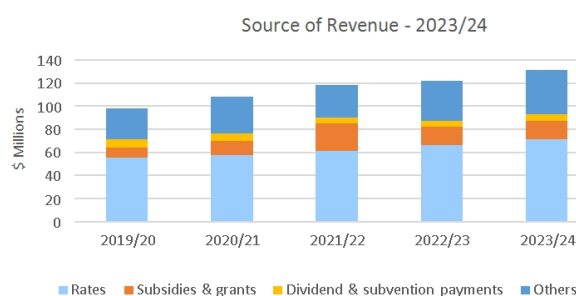
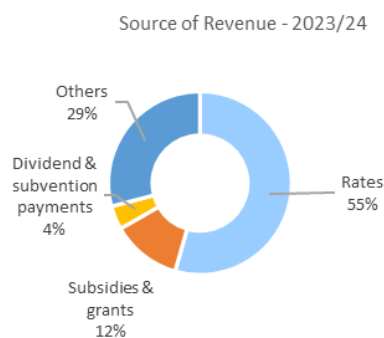
Council had an operational deficit after tax of \$9.5 million, which was \$2.6 million worse than the planned deficit of \$6.9 million and was \$1.2 million better than the 2023 deficit. Revaluation gains on three water assets and carbon credits, less the devaluation of derivatives contributed a further \$73.1 million to Council’s overall result.

The results for the year ended 30 June 2024 have been significantly impacted by higher than expected inflation, insurance and interest rates. The 2023/2024 Annual Plan expected decreasing inflation and interest rates however due to economic conditions in New Zealand these have remained higher for longer. Insurance premiums also increased in line with international trends in more expensive insurance premiums.

Council’s total assets have increased to \$1.4 billion while liabilities are \$173.6 million.

Overall Result – Group

The Group had an operational deficit before tax of \$14.4 million which is the same as the 2023 result. Group total assets have increased by \$104.2 million to \$1.6 billion while liabilities are \$312 million.



Total Revenue (excluding gains) of \$131 million was \$5 million higher than budget and \$9.3 million higher than 2022/2023.

The revenue increase for 2023/2024 reflects the impact of the growth in the number of rating units within the city as well as the higher rates charges. Direct charges revenue has increased due to inflation adjustments to fees and charges rates, in particular the solid waste activity. Finance revenue has also risen due to higher interest rates available on term deposits and movements in the Invercargill Central Limited advance investment balance.

The variance to budget was principally due to higher finance revenue and direct charges revenue.

Over the past five years

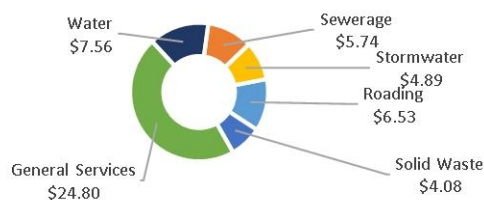
- Rates revenue has slowly increased, with increases in both the number of rating units and higher rates charges.
- Subsidies and grant revenue has held steady over the years except for in 2021/2022 when additional government funding was received for capital projects within the 3 waters activities.
- Other revenue has been gradually increasing over the years and reflects inflation adjustments to fees and charges rates.

Where do my rates go?

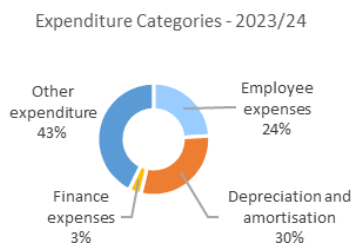
On average our activities cost \$53.60 per week

- \$18.19 goes to the three waters (water supply, stormwater and wastewater);
- \$24.80 goes to general services which includes our parks, libraries, aquatic and regulatory activities;
- \$6.53 goes to transport, and roading activities; and
- \$4.08 goes to solid waste.

Where do my rates go each week?



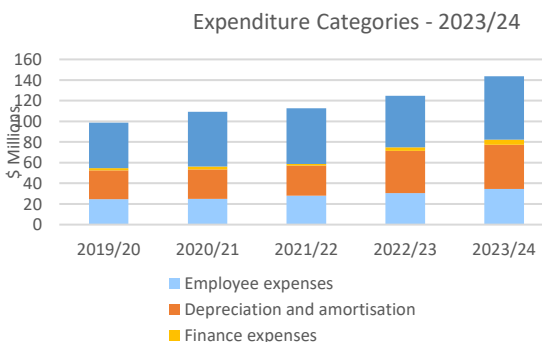
Total expenditure



Expenditure (excluding depreciation) of \$101 million, was \$8 million higher than budgeted and \$11 million higher than 2022/2023. This is principally the result of changes to staffing levels and increased use of recruitment agencies to fulfill specialist roles as well as additional other expenditure from high inflationary pressures and increased insurance premiums that align with international trends.

Employee expenses of \$35 million represents 24% of total expenditure which has increased compared to last year due to changes to staffing levels and increased use of recruitment agencies to fulfill specialist roles. Other expenditure includes \$42 million of direct operating expenses arising on other Council activities.

Finance costs of \$5 million on total borrowing of \$152 million reflect both increased interest rates and the amount borrowed.



Over the past five years

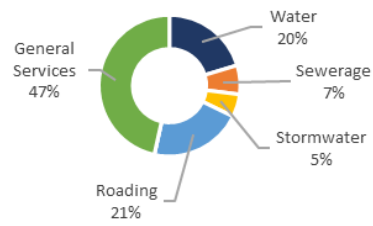
- Employee expenses have remained consistent for the five years being between 23-26% of total expenditure.
- Depreciation has increased markedly from \$28 million in 2019/2020 to \$43 million in 2023/2024 as a result of the revaluation of council assets.
- Other expenditure has been increasing over the past five years with higher external contractor costs for the delivery of services. 2023/2024 has also had high inflationary pressures and increased insurance premiums that align with international trends.

Capital expenditure

The Council has spent \$49 million on significant asset investment in the 2024 year including:

- Branxholme pipeline (Water)
- Te Pātaka Taoka Southern Regional Collections Facility (General Services)
- Te Moutere – Tuatara Island (General Services)
- Four new elderly housing units and double glazing to existing units (General Services)

Capital Expenditure - 2023/24



Over the past three years Council has delivered \$153.2 million of capital expenditure which is a significant increase on the \$89.7 million that was delivered from 2018-2021 (4 years previously).

Financial prudence benchmarks

Te Whakaaro Whakatūpato ā-pūtea

Council has financial ratios which form a key part of its financial risk management strategy.

Council is required under the Local Government (Financial Reporting and Prudence) Regulations 2014 to report on the affordability and benchmark ratios, in addition, we are required to comply with ratios contained in our funding agreement with the Local Government Funding Agency.

Council has met five out of the eight benchmarks in 2024. The ratios are as follows:

Rates (Income) affordability – met	Debt servicing benchmark – met
Rates increase affordability – met	Debt control benchmark – met
Debt affordability benchmark – met	Operations control benchmark – not met
Balanced budget benchmark – not met	
Essential services benchmark – not met	

These ratios and benchmarks enable the reader to determine that Council is prudently managing its revenues, expense, assets, liabilities and general financial dealings.

[Disclosure statement - Council](#)

Annual report disclosure statement for the year ending 30 June 2024.

What is the purpose of this statement?

The purpose of this statement is to disclose Council's financial performance in relation to required benchmarks in order to assess whether Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

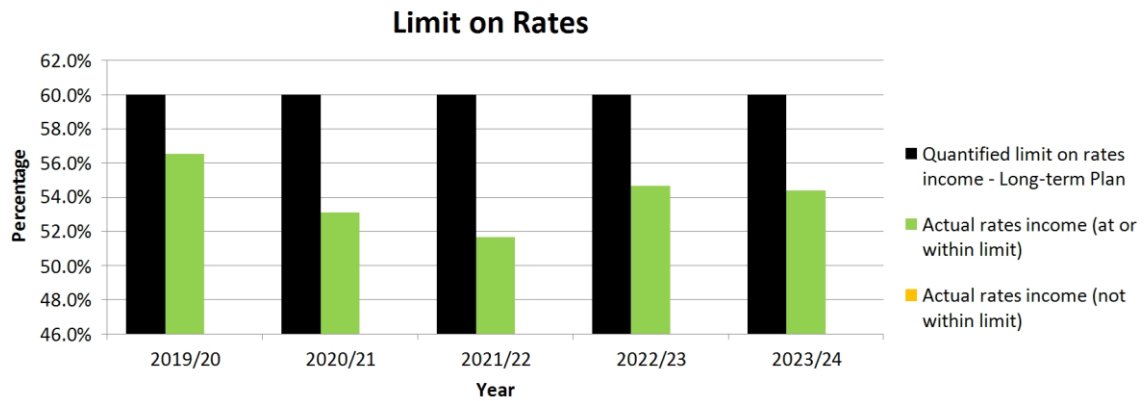
Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Should you require more information, including definitions of some of the terms used in this statement, please refer to the regulations.

Rates (Income) Affordability Benchmark

Council meets the rates affordability benchmark if –

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

The following graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in Council's Long-term Plan. The quantified limit is rates revenue will not exceed 60% of total revenue.



Council aims to maintain the rates collected at a maximum of 60% of the total Council revenue. Council has achieved this over the last five years.

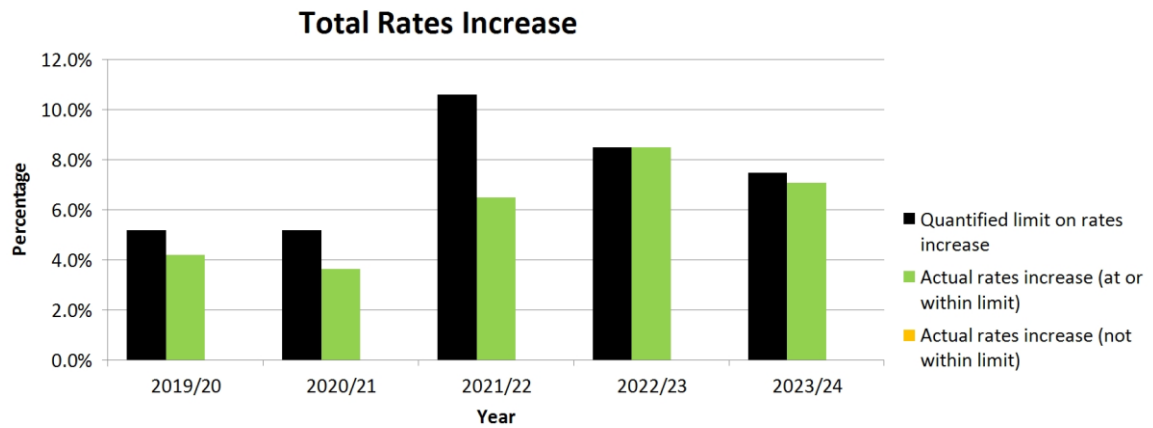
	2019/20	2020/21	2021/22	2022/23	Year of Annual Report 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Total rates revenue - Annual Report	55,550	57,573	61,313	66,548	71,292
Other income - Annual Report	42,729	50,835	57,349	55,203	59,798
Total income - Annual Report	98,279	108,408	118,662	121,751	131,090

Rates (Increases) Affordability

The Council meets the rates affordability benchmark if -

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

The following graph compares Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in Council's Long-term Plan. The quantified limit is that "Rates increases will not exceed the Local Government Cost Index (LGCI) plus 3%.



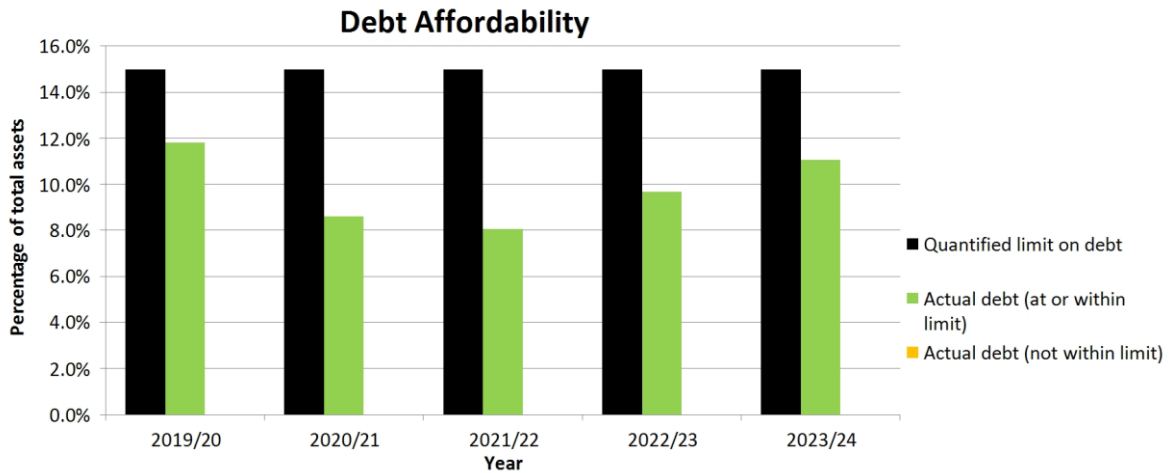
Council has met the limits over the last five financial years. For 2022/2023 the increase in the rates revenue was 8.5% equalling the limit. While there was a lower rate increase for existing ratepayers, rates revenue increased by 8.5% due to growth in the rating base.

	2019/20	2020/21	2021/22	2022/23	Year of Annual Report 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Total rates revenue - Annual Report	55,550	57,573	61,313	66,548	71,292
LGCI (Local Government Cost Index)	2.2%	2.2%	7.6%	5.5%	4.5%
Additional limit	3.0%	3.0%	3.0%	3.0%	3.0%

Debt Affordability Benchmark

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

The following graph compares Council's actual debt with a quantified limit on borrowing stated in the financial strategy included in the Council's Long-term Plan. The quantified limit is that "Debt will not exceed 15% of total assets".



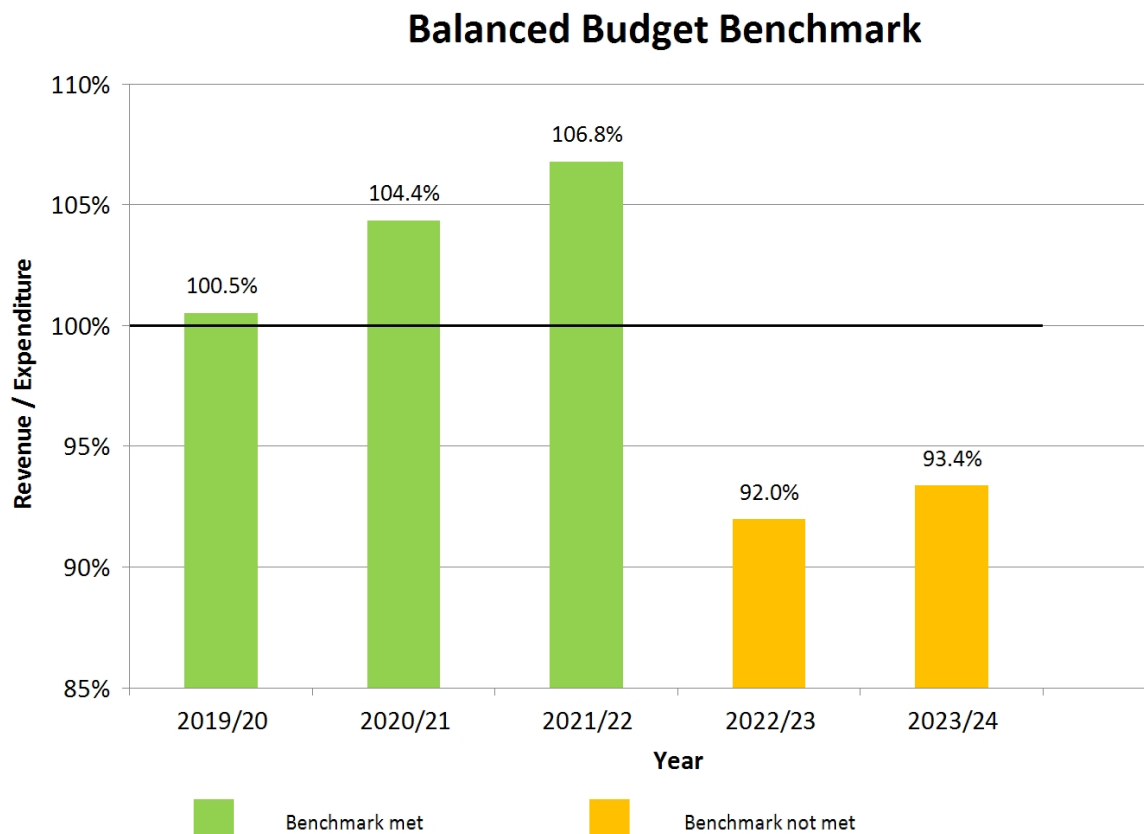
Council has a low percentage of debt in relation to total assets, and is mindful of keeping debt to a manageable level. Council considers that setting a borrowing limit of 15% of assets will assist in prudently managing Council's borrowing activities to ensure the ongoing funding of Council.

	2019/20	2020/21	2021/22	2022/23	2023/24
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Total assets - Annual Report	1,062,340	1,036,308	1,267,980	1,287,378	1,376,630
External borrowing	125,514	89,222	102,062	124,499	152,146

Balanced Budget Benchmark

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

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



* Council did not operate development contributions and financial contributions in 2022/23. Excludes vested assets, gains on derivative financial instruments and revaluation gains.

^ Excludes - Losses on derivative financial instruments and revaluations of property, plant and equipment.

Note: Only revaluations of property, plant and equipment are excluded. Forestry revaluations and gains/losses on investments are included.

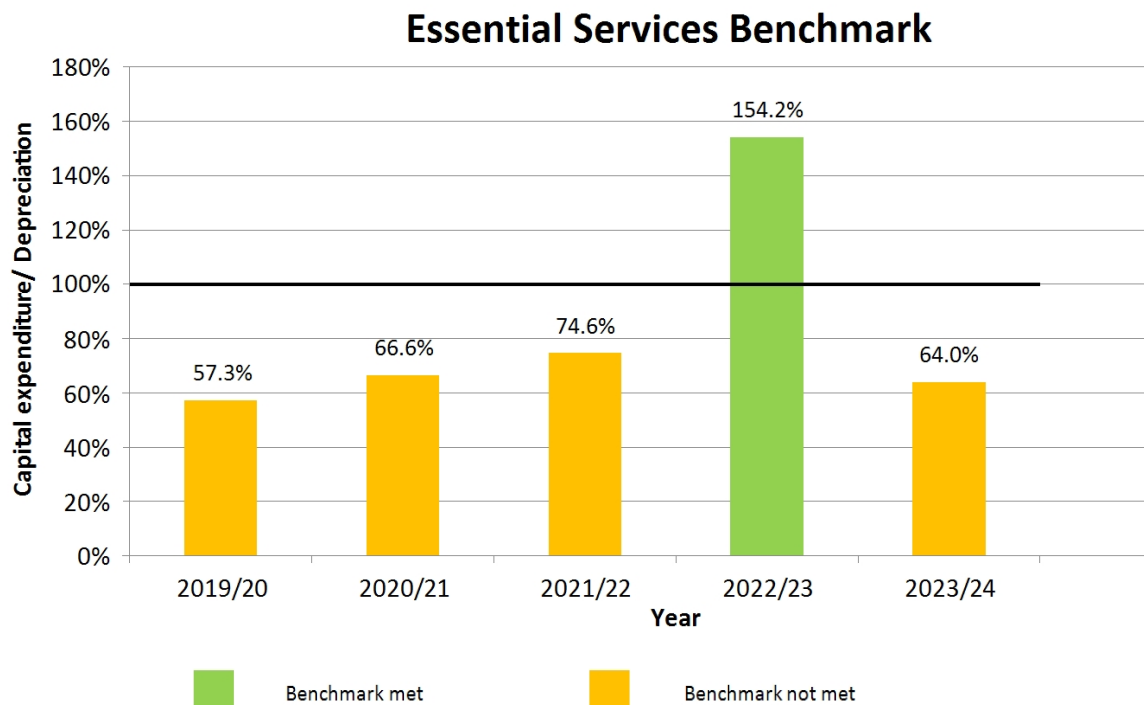
Council is aware of the issue of affordability and financial sustainability. Council revenue has been greater than its operating expenses for three of the past five years. Council continues to investigate efficiencies to reduce expenditure and increase other revenue, and by doing so reduce the revenue needed from rates.

The breaches in 2023/2024 and 2022/2023 are the result of the significant increase in depreciation as a result of the revaluation of property, plant and equipment at 30 June 2022.

	2019/20	2020/21	2021/22	2022/23	Year of Annual Report 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Total revenue (excluding *)	100,213	113,896	120,237	123,157	134,507
Total expenditure (excluding ^)	99,684	109,140	112,601	133,905	144,040

Essential Services Benchmark

The following graph displays Council's capital expenditure on network services as a proportion of depreciation on network services. Council meets this benchmark if its capital expenditure on network services equals or is greater than the depreciation on network services.



* Capital expenditure on network assets has been deemed to be additions to Infrastructural Assets as per Note 11.3: Property, plant and equipment.

^ Depreciation on network assets has been deemed to be depreciation of Infrastructural Assets as per Note 11: Property, plant and equipment.

Over time Council's capital expenditure should equal its depreciation, which will mean that Council is replacing its assets as they deteriorate. However, due to some projects being large, it is hard to assess this on a year-by-year basis. During 2019/2020 the Covid-19 lockdowns and procedures meant that some capital projects could not be worked on. During the 2020/2021 and 2021/2022 years Council spent less on capital expenditure than depreciation. This was largely due to some capital projects scheduled to be completed within the year being started but not completed until the following year. This has again been the case for the 2023/2024 year.

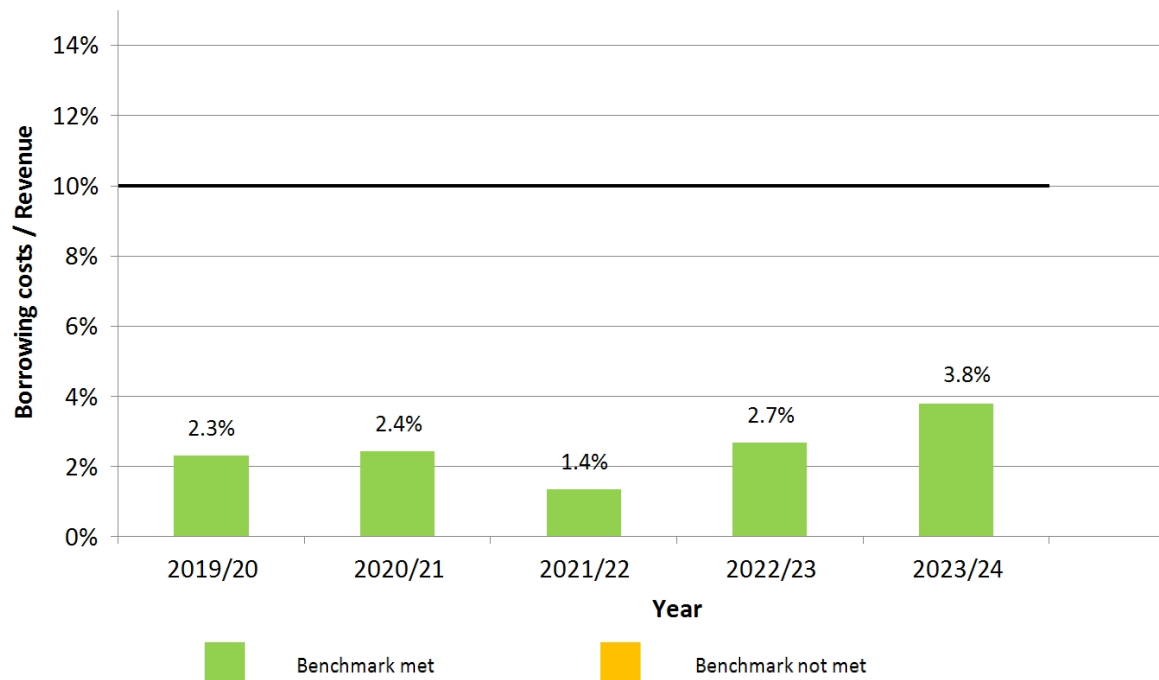
	2019/20	2020/21	2021/22	2022/23	2023/24
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Capital expenditure additions *	12,360	14,547	16,402	48,499	20,986
Depreciation ^	21,589	21,851	21,980	31,453	32,781

Debt Servicing Benchmark

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

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

Debt Servicing Benchmark



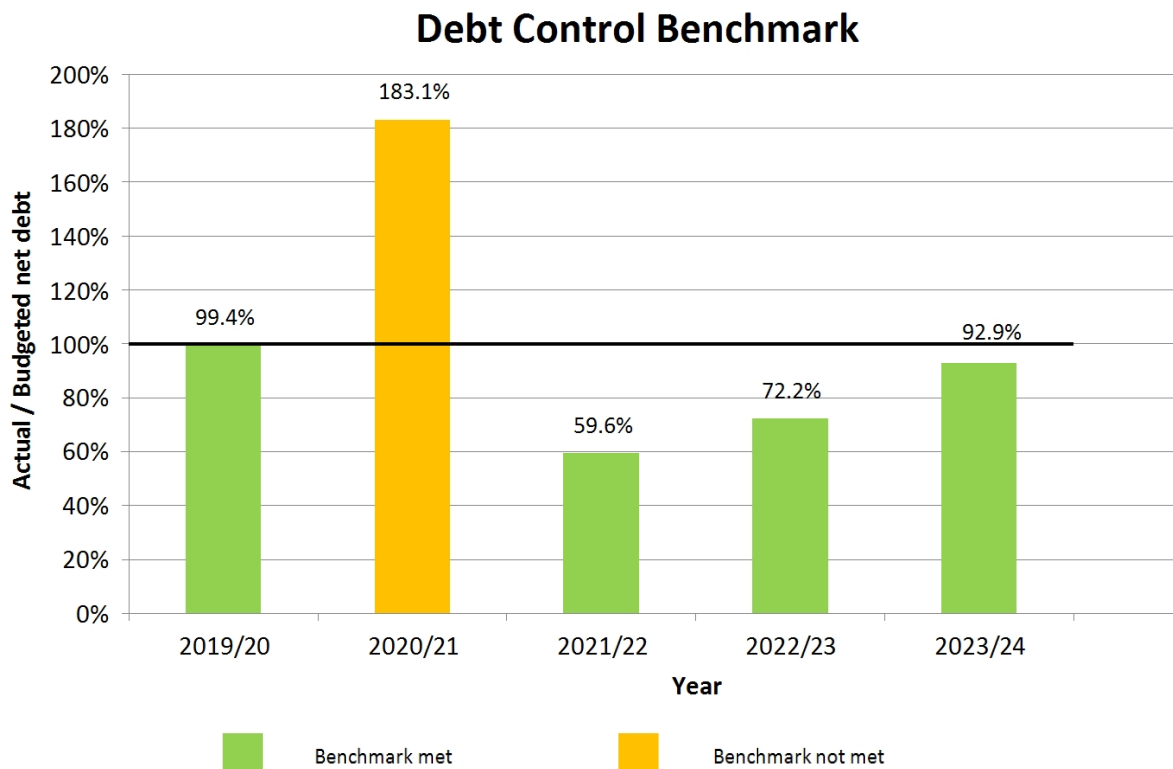
Council's cost of debt is well under the legislative threshold of 10% of revenue. Total borrowing has increased in four of the last five years as Council incurs higher capital expenditure related debt. This has been largely offset by Council's cost of borrowing remaining low as a result of low market interest rates.

	2019/20	2020/21	2021/22	2022/23	Year of Annual Report 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Borrowing costs *	2,263	2,767	1,627	3,266	5,077
Revenue (Balanced budget)	100,213	113,896	120,237	122,017	134,507

Debt Control Benchmark

The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables).

Council meets the debt control benchmark if its actual net debt equals or is less than its planned debt.



* Financial Assets (excluding trade and other receivables) - as per Annual Report or Annual Plan (LTP) - Statement of Financial Position.

^ Financial Liabilities - as per Annual Report or Annual Plan (LTP) - Statement of Financial Position.

Council’s actual net debt position has consistently been below its planned net debt position due to the deferral of debt funded capital and infrastructure projects. In 2020/2021 the benchmark was not met due to:

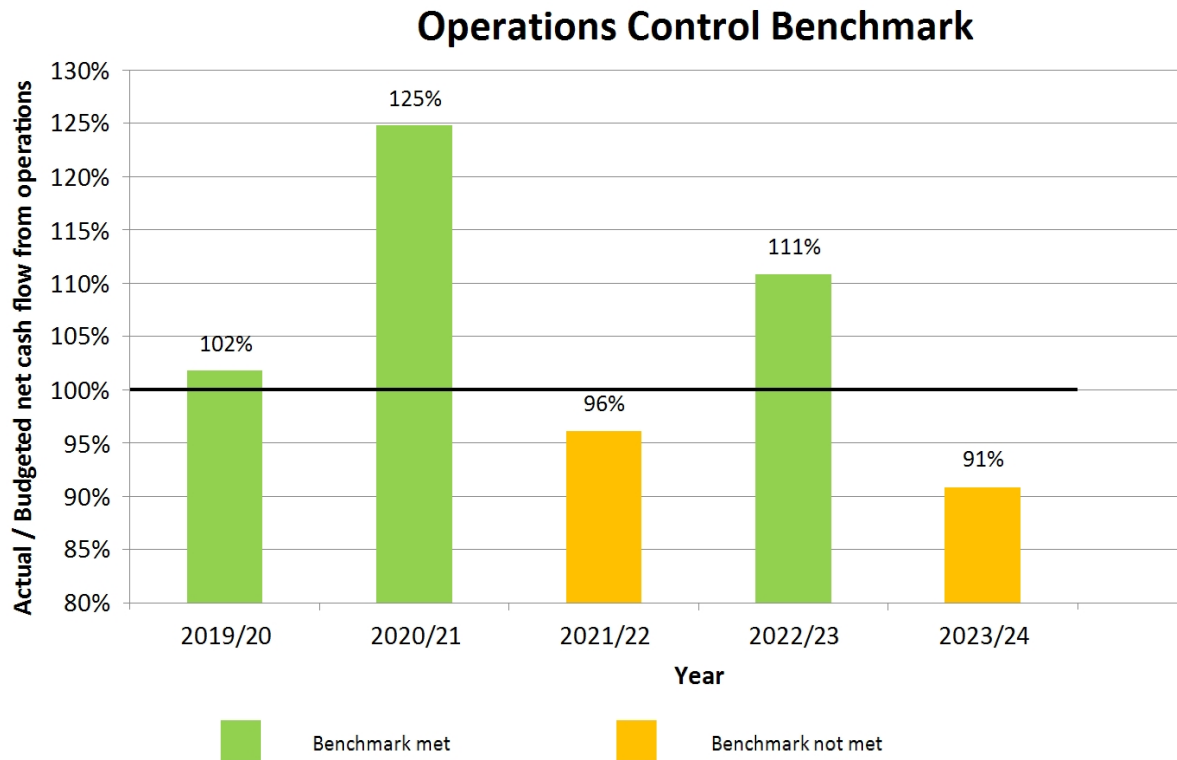
- a) higher than planned trade and other payables balance which includes subsidy funding revenue received in advance but not spent for shovel ready and 3 waters stimulus projects; and
- b) purchase of shares within Invercargill City Holdings Limited to fund the City Centre investment.

	2019/20	2020/21	2021/22	2022/23	Year of Annual Report 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Actual					
Financial assets - Annual Report *	94,920	54,418	59,314	60,318	72,740
Financial liabilities - Annual Report ^	143,779	111,151	117,371	143,182	167,732
Actual net debt	48,859	56,733	58,057	82,864	94,992
Planned					
Financial assets *	53,607	98,629	45,283	55,927	64,221
Financial liabilities ^	102,745	129,621	142,670	170,641	166,462
Budgeted net debt	49,138	30,992	97,387	114,714	102,241

Operations Control Benchmark

This graph displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Council has met the Operations Control benchmark, with actual net cash flows from operations higher than planned cashflows in all but 2021/2022. This was the result of lower revenue due to Covid restrictions and higher than planned expenditure including increased waste charges. For 2023/2024 general expenses were higher than budget due to higher Council payments for external services, insurance and utilities that have been impacted by inflation pressures within the economy.

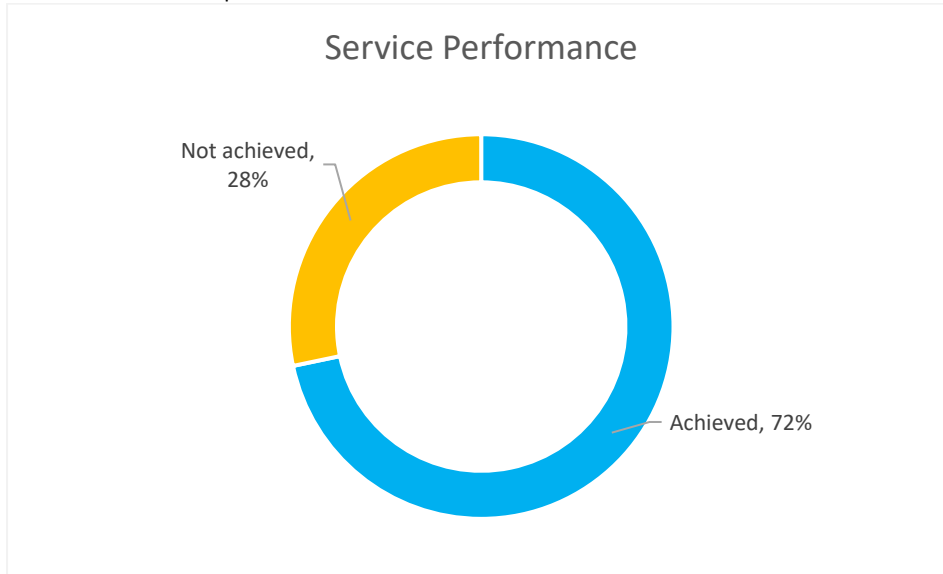
	2019/20	2020/21	2021/22	2022/23	Year of Annual Report 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Actual net cash flows from operations	28,316	32,971	29,026	32,290	30,363
Budgeted net cash flows from operations	27,823	26,414	30,192	29,128	33,437

Summary of Service

Whakarāpopototanga o ā mātou mahi

Summary of Activities and Level of Service

The 2021–2031 Long-term Plan identified 48 levels of service and 99 measures against which performance would be measured for its activities. The levels of service identify areas of performance Council wanted to provide to its community and the measures are performance indications as to whether the levels of service have been achieved.



In the graph above, 'Achieved' means that the 2023/24 performance measure was met or exceeded. 'Not achieved' means that the 2023/2024 performance measure was not provided to the target level. This compares to 72% achieved and 28% not achieved in 2022/2023.

This Annual Report details the performance measures and their achievement for the activities. Council's framework for success is the Long-term Plan, which is centred on the vision of, "Our city with heart - He Ngā kau Aroha" The performance measures positively contribute towards Council's three Community Outcomes: Enhance our City, Preserve its Character, and Embrace Innovation and Change by focusing on how services are delivered for the community.

Independent Auditor's Report

To the readers of Invercargill City Council's annual report for the year ended 30 June 2024

The Auditor-General is the auditor of Invercargill City Council (the City Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Chris Genet, using the staff and resources of Audit New Zealand, to report on the information in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council has complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the City Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 22 November 2024. This is the date on which we give our report.

Opinion on the audited information

Unmodified opinion on the audited information, excluding the statement of service performance.

In our opinion:

- the financial statements on pages 106 to 197:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2024; and
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;

- the funding impact statement on page 43, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council’s annual plan;
- the statement about capital expenditure for each group of activities on pages 46 to 65, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council’s long-term plan; and
- the funding impact statement for each group of activities on pages 47 to 65, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council’s long-term plan.

Qualified opinion on the statement of service performance

In our opinion, except for the possible effects of the matters described in the *Basis for our opinion on the audited information* section of our report, the statement of service performance on pages 37 to 86:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2024, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service;
- complies with generally accepted accounting practice in New Zealand.

Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 19 to 27, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council’s and Group’s audited information and, where applicable, the City Council’s long-term plan and annual plans.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Basis for our opinion on the audited information

Statement of service performance: Our work was limited in relation to the performance measure: The average quality of ride on the sealed local road network, measured by smooth travel exposure.

The City Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These mandatory performance measures include the average quality of ride on the sealed local road network measured by smooth travel exposure. This performance measure is important because road smoothness is indicative of the quality of service provided to the community.

We were unable to obtain assurance over the accuracy of traffic estimate data used to calculate the performance measure, because the data is not sufficiently up to date. As a result, the actual average quality of ride on the sealed local road network may differ materially from the result reported for the year ended 30 June 2024.

As a result, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the accuracy of reported performance for this measure.

In addition, our audit opinion for the year ended 30 June 2023 was qualified in respect of this measure as the City Council had not retained sufficient documentation of the results of its traffic counts, and therefore was unable to provide sufficient appropriate evidence to support its reported performance for the 2023 performance year, which is reported as comparative information.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the City Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's annual plan or long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure, and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 18, 28, 36, 87 to 105 and 198 to 203, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the City Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

For the year ended 30 June 2024 and subsequently, a Director of the Board of Directors of a Company within the Group is a member of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it should not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as a member of the Auditor-General's Audit and Risk Committee (when acting in this capacity) has no involvement in, or influence over, the audit of the City Council and Group.

In addition to our audit and our report on the disclosure requirements, we have carried out other audit and assurance engagements, and regulatory training and advisory services for the Group. These engagements, as described in note 6 on page 123 and note 6.1 on page 124, are compatible with those independence requirements.

Other than the audit, these engagements, and the relationship with the Auditor-General's Audit and Risk Committee, we have no relationship, with or interests, in the City Council or its subsidiaries and controlled entities.



Chris Genet
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Statement of Compliance

Tauākī o ngā tūtohu

Council and its officers are responsible for the preparation of this Annual Report for 2023/2024.

This report has been prepared in accordance with the provisions of the Local Government Act 2002, and the Reporting Standards of the External Reporting Board (XRB).

This report was approved and adopted by a meeting of the Invercargill City Council on 22 November 2024.

It correctly reflects Council's financial position and operation results for the year ended 30 June 2024.

Council adopted this Annual Report on 22 November 2024 and complies with all statutory requirements in relation to the Annual Report.



N Clark
MAYOR



M Day
CHIEF EXECUTIVE

Our Activities

Ngā ngohe

This section outlines all of the activities of Council and includes information so that the Community can see how we planned, managed, delivered and funded.

This section is divided into six groups of activities:

- Water
- Stormwater
- Sewerage
- Roothing
- Solid Waste Management
- General Services

The first five groups of activities encompass the infrastructural services role of Council. These are generally accepted as essential for a predominantly urban population. The cost of providing these five groups of activities accounts for over 50% of Council's rates charge.

Water

The Water activity is responsible for supplying potable water to residential, industrial and commercial properties to protect public health and support city growth.

Stormwater

The Stormwater activity manages the stormwater network of pipes, open drains and pumping stations for the collections and disposal of stormwater to protect property from flood damage. The activity also managed the tide protection banks around the Stead Street and Cobbe Road (rifle range) as part of the City's flood protection schemes.

Sewerage

The Sewerage activity provides a sewerage system to provide a sewage disposal service to each property in Invercargill, Bluff, Ōtātara and Omaui residential areas.

Roothing

The Roothing activity provides a safe, effective and efficient transport system and contributed to the social and economic wellbeing of the Invercargill District. This is achieved by providing a road network that enables safe travel within and through the district including the provision of cycleways and footpaths.

Solid Waste Management

The Solid Waste Management Activity manages the solid waste services including collection of kerbside recyclables, collection of kerbside landfill rubbish, the Solid Waste Transfer Station (resource recovery), landfill operations, public place and event waste management and minimisation, education, behaviour change and advocacy. The Council collaborates with Southland and Gore District Councils as a shared service called WasteNet Southland.

General Services

The General Services group of activities includes eleven sub-activities which are provided by council to support community wellbeing. These are:

- Democratic Process
- Regulatory Services
- Parks and Recreation
- Libraries
- Aquatic Services
- Arts, Culture and Heritage
- Venue and Event Services
- Public Transport
- Public Toilets
- Housing Care
- Investment

The General Services group of activities are funded from general rates.

Council activities

Statement of Service Performance 2023/24

This and the following pages of the Annual Report constitute part of the Statement of Service Performance (pages 28, 37-41, 44-46, 48-49, 51-53, 55-58, 60-61, 63-64, 66-86). Note 2.3 to the Financial Statements 118-119).

The Statement of Service Performance has been prepared in accordance with generally accepted accounting practice (GAAP).

Service performance judgements and assumptions

Council's Levels of Service were developed through the 2021-2031 Long-term Plan process to provide meaningful measurable statements. The Levels of Service show how Council is delivering on its community outcomes.

Council has made the following judgments in the selection of our Levels of Service and service performance measures found in the 'Our Activities' section:

- Each level of service links back to one or more community outcome which the Council is working to achieve.
- Council ensured that the performance measures adequately inform Elected Members and the community on progress towards delivering the community outcomes. The detail of the connection between community outcomes, levels of service and key performance indicators can be seen in the reporting for each activity.
- Consideration has been given to the views expressed by our residents and ratepayers, including Bluff Community Board. This includes feedback relevant to the Levels of Service and performance measures received throughout the 2021-2031 Long-term Plan consultation process.
- We have ensured that the performance measures adequately inform progress towards delivering the community outcomes.

Under the Local Government Act 2002, Council is mandated to provide standard performance measures to allow the public to compare the Level of Service provided in relation to the following group of activities: Water, Stormwater, Sewerage, Roading, Solid Waste Management and Corporate Services. Department of Internal Affairs (DIA) guidance has been followed in measuring performance against all mandatory performance measures.

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

As part of setting funding levels, Council has considered the impact on services and their related performance measures.

Material judgements have been applied as follows:

Community Outcomes

Council's community outcomes are to enhance our city, preserve its character and embrace innovation and change.

The community outcomes were developed by Elected Members and Mana Whenua Representatives, who determined the appropriate Levels of Services utilising guidance from officers and indication of community priorities gathered through a resident's survey and community workshops, both of which were delivered by a professional research agency and had a +/- 5% statistical confidence level.

Key Performance Indicators

The Key Performance Indicators were developed by Council managers and workshoped with Elected Members and Mana Whenua Representatives. Selection of Key Performance Indicators was made on the basis of supporting consistency across factors such as time, cost and quality indicators, while including all the required DIA measures. Quality and timeliness of data was also considered.

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

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

Residents Survey

To measure satisfaction with a range of Council facilities and services, Council contracted an external professional research agency to survey the community. A consistent methodology is used for delivering resident satisfaction measures. The community is surveyed through the year, with results reported quarterly.

- The survey is designed by external research experts, based on best practice in survey design. The survey structure allows Council to measure changes in satisfaction over time. For example, questions are written so they are clearly understood by participants and neutral in tone; and response options provided are balanced and do not lead participants to respond in a certain way; they also cover all possible responses a participant may wish to provide. Neutrality is important which is why the survey is independently run. The analysis from this survey is used to improve our processes and informs future service level improvements.
- Survey sampling (i.e. recruitment of participants) is conducted in a way that maximises the representativeness of respondents, and post-survey weighting is often used to further ensure results are representative of the population of interest.

Statistical significance testing is used where appropriate to assist in identifying meaningful results.

- Results are statistically accurate (+/- 5%) by the time of annual reporting. Where there is uncertainty in survey results due, for example to sampling error, this is often quantified and stated alongside the results. To minimise the risk of under representative sampling, best practice market research techniques are used across the spectrum of research including statistical weighting of the sampled population to ensure census level representation and surveys being designed to ensure minimal drop-out rates.

To determine the number of performance measures to monitor and report on, and the level of aggregation (for example, whether to report on customer satisfaction for each recreation facility or one combined result across all the recreation facilities), we have considered the information needs of our communities, the costs and benefits of these, practical feasibility, and the requirement to provide performance information across the full breadth of services that the council provides.

External implications for statements about performance

There are conditions that affect the service performance results and may result in a variation from the anticipated or forecasted results. These are ones which are outside the control of Council. Examples of this are, but not limited to changes in government policy in New Zealand, changes in international travel restriction, global and domestic economic conditions and international policy that may impact areas such as recruitment, availability of material and supplies (for example, materials required for critical infrastructure), volatility in international financial markets and other unforeseen considerations.

2023/2024 Performance

Council successfully delivered on 71 of the 99 (72%) performance measures for the 2023/2024 year, no change from 71 out of 99 (72%) in 2022/2023. These measures helped to deliver on community outcomes to enhance our city, preserve its character and embrace innovation and change.

The third year of the Long-term Plan (LTP) saw Council performance stabilising and in many areas, returning to pre-Covid levels.

Results for the urgent and non-urgent response times for water, stormwater and sewerage have been updated during the 2023/2024 financial year, following recalculation. More information on these can be found on pages 46 for Water (notes 1 and 2) and Sewerage on page 52 (note 1). The dry weather overflows have also been recalculated for the 2022/2023 financial year and results have been updated (page 52, note 1). For the Roding activity, the overall cost per km and vkt has been recalculated and the peer group average cost was added. The overall result has not changed, however the KPI was reported as Not Achieved in 2022/23 which was incorrect (page 58, note 5).

The Water, Stormwater and Sewerage activities have continued to perform well, however challenging weather conditions during Quarter One resulted in two customer satisfaction measures (stormwater and sewerage) not able to be achieved.

Ten of fourteen Roding KPIs have been achieved. Two Roding performance measures have not been recorded in 2023/2024. The percentage of sealed local network that is resurfaced missed the 5.5% target by 0.2% due to an increase in costs compared to previous years.

The Solid Waste Management Activity continued to build on the progress made in the previous two years, with four of the five performance measures achieving their targets. However, there has been a notable reduction in the volume of recyclable materials throughout the year, as well as overall waste volumes. The overall reduction in waste output, which includes recyclable materials, is largely attributed to economic conditions which have resulted in reduced consumer expenditure and consumption, and thus waste generation. Council continued to focus its efforts on education programmes and engagement with the community. Kerbside standardisation came into effect on 1 February 2024 and thus, WasteNet ensured initiatives have been in place since end of 2023, to educate the community about changes to recycling. The outcomes of these efforts are reflected in the kerbside recycling data statistics, which shows a year-end contamination rate of 17.97% in comparison to 19.71% in 2022/2023 and 18.66% in 2021/2022. With kerbside standardisation having been introduced in February 2024, the data set is relatively limited and as such WasteNet, on behalf of Council, will continue to monitor these trends and adjust their community and engagement strategy accordingly.

Visitor numbers across most Council facilities and services have continued to increase. In 2023/2024, our entertainment venues, parks and Splash Palace have not only exceeded their yearly targets, but they have also exceeded the previous two years' results. For the second year in a row, public transport boardings continued to increase, now exceeding 2019/2020 levels by approximately 8,700.

A return to full operating potential as well as a refresh of spaces and ensuring the right events are held in the appropriate spaces saw the majority of the Venues targets exceed. Overall usage for venues increased to 1.64 visits per head of population (from 1.5 in 2022/2023), equating to approximately 13,400 additional people. Both the Civic Theatre and the Scottish Hall have exceeded their events targets as well as 2022/2023 results. While the target for bookings for Victoria and Drawing Rooms was missed by only one booking at 70, there was a major lift in the overall number of bookings from the previous year, when the space was utilised for the Vaccination Clinic for two quarters (52 booking for 2022/2023).

However, the overall performance of the Libraries activity has been severely impacted by a reduction in its physical collections budget and staff vacancies. While the activity failed to meet its performance targets during 2023/2024, visitation numbers exceeding 460,000 and high satisfaction levels of 81% show there is strong demand from the community for library services.

Regulatory services have mandatory measures around building, resource consent, food and alcohol applications in accordance with statutory timelines, which require a target of 100% delivery. The Activity continues to maintain a high standard of delivery in the area of building consents and non-notified resource consents not requiring a hearing at 99% and 98%, respectively, missing the target only by a very small margin.

These results reflect the strong culture of continuous improvement in the Planning and Building teams. In 2023/2024, two food registrations (out of a total of 59) issued outside of the statutory timeframe, resulting in a 96% year end result. Alcohol applications are continuing to meet their timeframes 100% of the time.

This was the third year Council measured customer satisfaction across seven areas. The survey company utilises self-selecting respondents to complete online surveying. Satisfaction levels were similar to those observed in the previous years. Results showed continued high satisfaction with our parks and reserves at 75%, however this has decreased from 80% in 2022/2023. Feedback highlighted the Low Mow pilot and poor maintenance as factors likely to drive dissatisfaction.

While still below target, customer satisfaction with venues lifted to 51% in 2023/24, from 44% in 2022/2023 and 38% in 2021/2022. This may be attributed to a refresh of civic venues and improved service options being introduced. The overall feedback for our venues is positive with residents highlighting that they are well maintained, however feedback on specific venues varies. In all other areas, resident satisfaction remained below target.

Overall, Council continued to provide essential services to the community and we are pleased to see a return to pre-Covid levels in many of our Activities.

Summary of Income and Net Costs by Group of Activities

Group of Activity	Cost	Income	Net Cost	Net Cost	Net Cost
	Actual	Actual	Actual	Plan	Actual
	2024	2024	2024	2024	2023
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Water	6,222	2,460	3,762	2,697	3,125
Sewerage	3,807	1,406	2,401	3,025	2,212
Stormwater	2,699	6	2,693	2,414	2,278
Roading	8,700	7,352	1,348	3,349	2,228
Solid Waste Management	18,901	13,285	5,616	5,350	5,372
General Services	64,538	30,058	34,480	31,996	29,211
Total cost of service delivery	104,867	54,567	50,300	48,831	44,426

Note: Actual Costs are total applications of operating funding includes internal recoveries. Actual Income is total operating funding including internal charges less rates revenue.

Summary of capital expenditure charged to Activities

Group of Activity	Capital Expenditure		
	Actual	Plan	Actual
	2024	2024	2023
	(\$000)	(\$000)	(\$000)
Water	9,937	14,000	11,238
Sewerage	3,244	3,005	4,557
Stormwater	2,538	3,151	5,159
Roading	10,400	8,141	9,011
Solid Waste Management	-	82	11
General Services	22,735	23,779	21,769
Total cost of service delivery	48,854	52,158	51,745

Major capital expenditure variance explanations are provided for each activity in their individual “Explanation of significant variances” sections.

Summary of depreciation and amortisation expenses charged to Activities

Group of Activity	Depreciation and amortisation		
	Actual	Plan	Actual
	2024	2024	2023
	(\$000)	(\$000)	(\$000)
Water	6,860	6,782	6,809
Sewerage	7,883	7,852	7,867
Stormwater	4,609	4,685	4,493
Roading	13,586	12,332	12,380
Solid Waste Management	116	492	338
General Services	9,615	9,520	9,121
Total cost of service delivery	42,669	41,663	41,008

Invercargill City Council: Funding Impact Statement

For the year ended 30 June 2024 Whole of Council

	Annual Plan 2022/23 \$ 000	Actual 2022/23 \$ 000	Annual Plan 2023/24 \$ 000	Actual 2023/24 \$ 000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	40,108	40,686	43,605	43,655
Targeted rates	25,669	25,862	27,532	27,637
Subsidies and grants for operating purposes	4,426	6,392	5,675	7,200
Fees and charges	25,064	22,251	27,379	21,721
Interest and dividends from investments	5,781	8,090	8,345	9,774
Local authorities fuel tax, fines, infringements, fees and other receipts	3,261	10,337	2,526	12,156
Total operating funding (A)	104,309	113,618	115,062	122,143
Applications of operating funding				
Payment to staff and suppliers	81,979	87,953	88,387	96,073
Finance costs	2,325	3,266	4,368	5,077
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	84,304	91,219	92,755	101,150
Surplus (deficit) of operating funding (A - B)	20,005	22,399	22,307	20,993
Sources of capital funding				
Subsidies and grants for capital expenditure	9,123	9,259	10,946	8,949
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	54,764	22,437	23,644	27,647
Gross proceeds from sale of assets	-	759	-	514
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	63,887	32,455	34,590	37,110
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	43,063	25,349	26,079	21,209
- to replace existing assets	32,553	26,396	26,079	27,646
Increase (decrease) in reserves	-	(1,822)	4,106	4,320
Increase (decrease) in investments	8,276	4,931	633	4,928
Total applications of capital funding (D)	83,892	54,854	56,897	58,103
Surplus (deficit) of capital funding (C - D)	(20,005)	(22,399)	(22,307)	(20,993)
Funding balance ((A - B) + (C - D))	-	-	-	-

The above 2023 figures include the Invercargill City Council share of WasteNet Southland, Southland Regional Heritage Committee and Emergency Management Southland. For 2024 only a share of WasteNet is included.

A variance analysis of the Funding Impact Statements has not been undertaken at a whole Council level. Analysis has been undertaken at a Group of Activity level.

Water

Wai

The Water activity is responsible for supplying potable water to residential, industrial and commercial properties to protect public health and support city growth.

In our urban areas potable water is supplied by means of a piped water supply.

What we have done

As with prior years, Council continues to meet its water quality standards. The Activity met all its performance measures in 2023/2024.

During the year \$9.9 million was spent on capital projects, down \$1.3 million on last year. \$6.5 million was spent on the Branxholme water pipe project which will provide a new pipeline from Branxholme to the Doon Street Reservoir – this is still in construction and is expected in to be completed in 2025.

The net costs of the activity increased by an additional \$0.6 million compared to 2022/2023. Additional maintenance was required to repair three supply line breaches during the year as well as additional interest costs incurred from the borrowings required to fund the Branxholme water pipe project.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill's economy continues to grow and diversify.	The Water Activity provides a water network with sufficient capacity to meet demand and firefighting requirements.	There is sufficient flow and pressure for firefighting purposes.
Preserve its character	The building blocks, including water, sanitation and roading, for a safe, friendly city are provided for all members of the community.	The Water Activity provides a safe, reliable supply of water.	The water supply is safe to drink. Reticulated properties receive a continuous supply of water.

How did we measure up?

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
The extent to which the Council's drinking water supply complies with part 4 of the drinking-water standards. (Bacteria compliance criteria)*	100%	Achieved	100%	2022/23: Achieved 100% 2021/22: Achieved 100% 2020/21: Achieved 100% 2019/20: Achieved 100%
The extent to which the local authority's drinking water complies with part 5 of the drinking-water standards (protozoal compliance criteria)*	100%	Achieved	100%	2022/23: Achieved 100% 2021/22: Achieved 100% 2020/21: Achieved 100% 2019/20: Achieved 100%
The percentage of real water loss from the Council's networked reticulation system. (Calculated according to the methodology outlined in Water NZ Water Loss Guidelines publication Feb 2010)	Less than 30%	Achieved	17.9%	2022/23: Achieved 18.5% 2021/22: Achieved 9.7% 2020/21: Achieved 9.6% 2019/20: Achieved 9.6%
The median response time for urgent callouts, (from the time the Council receives notification to the time that service personnel reach the site).	4 Hours	Achieved	25 minutes	2022/23: Achieved 28 minutes ¹ 2021/22: Achieved 25 minutes 2020/21: Achieved 22 minutes

Our Activities - Water

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
				2019/20: Achieved – 16 minutes
The median time to resolve urgent callouts (from the time the Council receives notification to the time that service personnel confirm resolution of the fault or interruption).	24 Hours	Achieved	1 hour 45 minutes	2022/23: 1 hour 47 minutes ¹ 2021/22: Achieved 1 hour and 26 minutes 2020/21: Achieved 1 hour and 28 minutes 2020/19: Achieved - 1 hour and 17 minutes
Attendance for non-urgent call-outs (from the time that council receives notification to the time that service personnel reach the site)	5 working days	Achieved	3 days, 0 hours and 2 minutes	2022/23: Achieved – 4 days, 00 hours and 28 minutes ² 2021/22: Not achieved - 5 days, 22 hours and 51 minutes 2020/21: Achieved - 4 days, 22 hours and 31 minutes 2019/20: Not achieved - 5 days, 9 hours and 23 minutes
Resolution of non-urgent call-outs: from the time that the council receives notification to the time that service personnel confirm resolution of the fault or interruption	10 working days	Achieved	3 days, 22 hours 19 minutes	2022/23: Achieved – 5 days, 1 hour 44 minutes ² 2021/22: Achieved - 6 days, 4 hours and 14 minutes 2020/21: Achieved - 5 days, 1 hour and 8 minutes 2019/20: Achieved - 6 days, 4 hours and 26 minutes
The total number of complaints received by Council per 1,000 connections about any of the following: - Drinking water clarity - Drinking water taste - Drinking water odour - Drinking water pressure of flow - Continuity of supply - Council's response to any of these issues	<10 in total	Achieved	1.02	2022/23: 1.82 Achieved 2021/22: 2.11 Achieved 2020/21: 0.53 Achieved 2019/20: 0.63 Achieved
The average consumption of drinking water per day per resident within the Invercargill City Council territorial district	Less than 300	Achieved	234 litres/day	2022/23: Achieved – 231 litres/day 2021/22: Achieved – 271 litres/day 2020/21: Achieved - 389 litres/day (Target less than 700 litres/day) 2019/20: Achieved - 431 litres/day (Target less than 700 litres/day)

* “The Non-Financial Performance Measures Rules 2013 required local authorities to report their compliance with the bacterial and protozoal contamination criteria of the New Zealand Drinking Water Standards 2005. These standards have been superseded by the Water Services (Drinking Water Services for New Zealand) Regulations 2022 (the regulations) and therefore the council is reporting against these measures relying upon the relevant incorporation by reference provisions in New Zealand law.”

The details

1. **Attendance to and resolution of urgent callouts**

A review of KPI processes identified an error in the calculation of median response and resolution times, where public holidays and weekends were not accounted for. As a result, 2022/2023 figures have been recalculated and updated.

2. **Attendance to a resolution of non-urgent callouts**

A review of KPI processes identified an error in the calculation of median response and resolution times, where calendar days (instead of working days) were counted. As a result, 2022/2023 figures have been recalculated and updated. This has resulted in the 2022/2023 target for attendance to non-urgent callouts being met.

Significant Capital Works Projects

Note	Project	2023/24 Long-term Plan (\$000)	2023/24 Actual (\$000)
1	Pipe renewals	2,467	9,566

1. Pipe renewals - The Branxholme pipeline work was planned to be completed by 2022/2023. Due to contractor availability and weather conditions, the project remains ongoing at 30 June 2024 and is now due for completion in 2024/2025. Some additional general pipe renewals were completed compared to the Long-term Plan for 2023/2024.

Invercargill City Council: Funding impact statement for year ended 30 June 2024 for Water

	Long-term Plan 2021 - 2031 2022/23 \$ 000	Long-term Plan 2021 - 2031 2023/24 \$ 000	Actual 2023/24 \$ 000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	9,009	9,426	9,895
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,659	1,725	2,360
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	46
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	54
Total operating funding (A)	10,668	11,151	12,355
Applications of operational funding			
Payment to staff and suppliers	4,722	4,881	5,440
Finance costs	387	421	782
Internal charges and overheads applied	3	3	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	5,112	5,305	6,222
Surplus (deficit) of operating funding (A - B)	5,556	5,846	6,133
Sources of capital funding			
Subsidies and grants for capital expenditure	3,710	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,696	(3,212)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	5,406	(3,212)	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	6,794
- to replace existing assets	10,962	2,634	3,143
Increase (decrease) in reserves	-	-	(3,804)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	10,962	2,634	6,133
Surplus (deficit) of capital funding (C - D)	(5,556)	(5,846)	(6,133)
Funding balance ((A - B) + (C - D))	-	-	-

Stormwater

Wai tupuhi

The Stormwater activity managed the stormwater network of pipes, open drains and pumping stations for the collections and disposal of stormwater to protect property from flood damage. The Stormwater activity provided a stormwater service to properties in the Invercargill and Bluff urban areas and approximately 47 kilometres of open drains, mostly situated in the Ōtātara area. The activity also managed the tide protection banks around the Stead Street and Cobbe Road (rifle range) as part of the City's flood protection schemes.

What we have done

Stormwater activity performed well this financial year, complying with four of the five DIA performance measures. However, the number of complaints received about the performance of the stormwater network exceeded the target of 4 per 1000 connections. This is largely due to a significant number of complaints were received in Quarter One compared to other periods due to a high rainfall event in September.

During the year \$2.5 million was spent on capital projects including \$2.4 million pipe renewal works. This was down \$2.7 million on last year due to some resource constraints.

The net costs of the activity increased by \$0.4 million compared to 2022/2023. Spend included undertaking additional essential tree root removal from pipe network, drain cleaning and CCTV investigation work.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill's economy continues to grow and diversify.		Number of habitable floors affected by flooding.
Embrace innovation and change	The development of future industry is encouraged.	The Stormwater Activity prevents urban areas from flooding.	Complaints received by Council about the performance of its stormwater system.
Preserves its Character	The building blocks, including water, sanitation and roading, for a safe, friendly city are provided for all members of the community.	The Stormwater Activity protects properties from flooding damage and receiving waters are not adversely affected by contaminated discharge.	Response time to flood events. Compliance with consents for discharge.

How did we measure up?

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
DIA Performance measure 1 (system adequacy) (a) The number of flooding events that occur in the Invercargill City district	0	Achieved	0	2022/23: Achieved - 0 2021/22: Not Achieved - 2 2020/21: Not Achieved - 2 2019/20: Not Achieved - 1
DIA Performance measure 1 (system adequacy) (b) For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the Council's stormwater system)	0	Achieved	0	2022/23: Achieved - 0 2021/22: Achieved - 0 2020/21: Not Achieved - 2 properties flooded as a result of heavy rain 2019/20: Not achieved - 1 property flooded as a result of consistent heavy rain
DIA Performance measure 2 (discharge compliance) Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of:				2022/23: Achieved - 0 2021/22: Achieved - 0

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
- Abatement notices - Infringement notices - Enforcement orders - Successful prosecution	0 0 0 0	Achieved	0 0 0 0	2020/21: Achieved – 100% compliance 2019/20: Not achieved - 1 enforcement order and 1 conviction for a sewer overflow discharging into stormwater
DIA Performance measure 3 (response times) The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site	<1 hour	Achieved	0	2022/23: Achieved - 0 2021/22: Achieved – 21 minutes 2020/21: Achieved - 96% Median response 27 minutes (Target: 1 hour, 90% success) 2019/20: Achieved - 100% Median response 23 minutes (Target: 1 hour, 90% success)
DIA Performance Measure 4 (customer satisfaction) The number of complaints received about the performance of the stormwater system (expressed per 1,000 properties connected to the Council’s stormwater system)	<4	Not Achieved [†]	4.25 complaints per 1,000 connections	2022/23: Achieved – 1.8 2021/22: Not Achieved – 4.2 2020/21: Achieved - 2.47 2019/20: Achieved - 0.86

The details

1. Complaints about the performance of the stormwater system

A significant number of complaints were received in Quarter One of 2023/2024 compared to other periods due to a high rainfall event in September. In addition, more storm events occurred throughout 2023/2024 compared to the previous financial year, resulting in a missed target.

Significant Capital Works Projects

Note	Project	2023/24 Long-term Plan (\$000)	2023/24 Actual (\$000)
1	Pipe renewals	3,078	2,418

1. Pipe renewals - planned works completed.

Invercargill City Council: Funding impact statement for year ended 30 June 2024 for Stormwater

	Long-term Plan 2021 - 2031 2022/23 \$ 000	Long-term Plan 2021 - 2031 2023/24 \$ 000	Actual 2023/24 \$ 000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,349	1,411	1,599
Targeted rates	4,046	4,233	4,822
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3	3	6
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	6	6	-
Total operating funding (A)	5,404	5,653	6,427
Applications of operational funding			
Payment to staff and suppliers	1,339	1,374	2,672
Finance costs	52	34	27
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,391	1,408	2,699
Surplus (deficit) of operating funding (A - B)	4,013	4,245	3,728
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	(40)
Development and financial contributions	-	-	-
Increase (decrease) in debt	(705)	(835)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(705)	(835)	(40)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	232	237	-
- to replace existing assets	3,076	3,173	2,538
Increase (decrease) in reserves	-	-	1,150
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	3,308	3,410	3,688
Surplus (deficit) of capital funding (C - D)	(4,013)	(4,245)	(3,728)
Funding balance ((A - B) + (C - D))	-	-	-

Sewerage

Waikeri

The Sewerage activity provided a sewerage system to provide a sewage disposal service to each property in Invercargill, Bluff, Ōtātara and Omaui residential areas.

What we have done

While the number of complaints about the sewer network were on trend for most of the year, the significant rainfall event in Quarter One has resulted in a higher than usual number of complaints, and thus the target was exceeded. All other DIA sewerage measures were achieved.

During the year \$3.2 million was spent on capital projects including \$1.3 million Treatment plant renewals and \$1.2

million on pipe renewal works. This was down \$1.3 million on last year due to some resource constraints. The net costs of the activity increased by \$0.3 million compared to 2022/2023. Although spend was higher than last year, some of the planned maintenance works was scaled back to all allow resources to be directed to three burst water pipes in the Water activity.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill's economy continues to grow and diversify.	The Sewerage Activity receives and treats trade waste.	Applications for trade waste are processed efficiently
Embrace Innovation and Change	The development of future industry is encouraged.	The Sewerage Activity protects public health by the safe collection of sewage.	Low levels of interruption from the sewerage network
Preserve its character	The building blocks, including water, sanitation and roading, for a safe, friendly city are provided for all members of the community.		Receiving waters are not adversely affected by effluent discharges.

How did we measure up?

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
DIA Performance Measure 1 Number of dry weather sewerage overflows per 1,000 properties	Max 4	Achieved	0.88	2022/23: Achieved – 0.72 ¹ 2021/22: Achieved – 1.06 2020/21: Achieved – 1.12 2019/20: Achieved – 0.59
DIA Performance Measure 2 Compliance with Council's resource consents for discharge from its sewerage system				2022/23: Achieved - 100% compliance 2021/22: Achieved – 100% compliance 2020/21: Achieved – 100% compliance 2019/20: Achieved – 100% compliance
(a) Number of abatement notices	0	Achieved	0	
(b) Number of infringement notices	0		0	
(c) Number of enforcement orders	0		0	
(d) Number of convictions	0		0	
(e) Council target (all enforcement actions)	0		0	
DIA Performance Measure 3 (fault response times)				
(a) The median response time to attend blockages*	<1 hour	Achieved	26 minutes	2022/23: Achieved – 16 minutes ² 2021/22: Achieved – 16 minutes 2020/21: Achieved – 15 minutes

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
				2019/20: Achieved – 18 minutes
(b) The median response time to resolve blockages*	<6 hours	Achieved	45 minutes	2022/23: Achieved – 1 hour and 19 minute ² 2021/22: Achieved – 1 hour and 15 minutes 2020/21: Not achieved – 93% compliance, median response time 1 hour 2019/20: Not Achieved – 98% compliance, median response time 1 hour
DIA Performance Measure 4 (customer satisfaction) The number of complaints received about: 1. sewage odour 2. system faults 3. system blockages 4. Council’s responsiveness (expressed per 1,000 properties connected to the Council’s sewer system)	Max 4	Not Achieved ³	4.69 complaints per 1,000 connections	2022/23: Achieved – 2.25 complaints per 1,000 connections 2021/22: Achieved – 3.4 complaints per 1,000 connections ¹ 2020/21: Achieved - 2.47 complaints per 1,000 connections 2019/20: Achieved - 1.26 complaints per 1,000 connections

* These measures are referred to as emergency blockages in the Long-term Plan.

The details

1. Dry weather sewerage overflows

A review of internal processes identified an error in the calculation of dry weather sewerage overflows. This includes:

- instances where discharge to the stormwater network were counted. All discharge to environment occurrences should have been counted.
- total number of overflow events was recorded and added up incorrectly throughout the year, affecting the end of year calculation.
- Rainfall events of less than 1mm being classified as dry-weather (1mm and over are classified as ‘wet-weather’) as per DIA guidance.
- update the number of connections as at July 2022.

As a result, 2022/2023 figures have been recalculated with the new result being 0.72 (previously reported result was 1.37).

2. Response times

A review of KPI processes identified an error in the calculation of median response and resolution times, where public holidays and weekends were not accounted for. As a result, 2022/2023 figures have been recalculated and updated.

3. Complaints about the performance of the sewerage system

While the number of complaints relating to the sewer network remained on trend during Quarters Two to Four, due to the rainfall event in Quarter One causing a significant increase in number of complaints, the target has been missed.

Significant Capital Works Projects

Note	Project	2023/24 Long-term Plan (\$000)	2023/24 Actual (\$000)
1	Treatment plant renewals	388	1,310
2	Pumping stations renewals	273	137
3	Pipe renewals	2,355	1,244
4	Bluff discharge upgrades	-	557

1. Treatment plant renewals - Some of the work delayed from the prior year was able to be completed.
2. Pumping Station renewals - Planned works completed.
3. Pipe renewals - Fewer general pipe renewals were completed in 2023/2024 than was planned in the Long-term Plan to allow additional pipe renewals to take place within Water and Stormwater.
4. Bluff discharge upgrades - The work undertaken in 2023/2024 was to commence assessment of options for the Bluff Treatment Plant discharge method. It was not included in the Long-term Plan for this year.

Invercargill City Council: Funding impact statement for year ended 30 June 2024 for Sewerage

	Long-term Plan 2021 - 2031	Long-term Plan 2021 - 2031	Actual
	2022/23	2023/24	2023/24
	\$ 000	\$ 000	\$ 000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	6,924	7,244	7,619
Subsidies and grants for operating purposes	-	-	-
Fees and charges	988	1,024	1,365
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	41
Total operating funding (A)	7,912	8,268	9,025
Applications of operational funding			
Payment to staff and suppliers	3,120	3,180	3,791
Finance costs	32	-	16
Internal charges and overheads applied	25	25	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,177	3,205	3,807
Surplus (deficit) of operating funding (A - B)	4,735	5,063	5,218
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(2,197)	(2,047)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(2,197)	(2,047)	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	601
- to replace existing assets	2,538	3,016	2,643
Increase (decrease) in reserves	-	-	1,974
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	2,538	3,016	5,218
Surplus (deficit) of capital funding (C - D)	(4,735)	(5,063)	(5,218)
Funding balance ((A - B) + (C - D))	-	-	-

Roothing Services

Ratonga rori

The Roothing Section of Council provided a safe, effective and efficient transport system and contributed to the social and economic wellbeing of the Invercargill District. This was achieved by providing a road network that enables safe travel within and through the district including the provision of cycleways and footpaths.

What we have done

Ten of the fourteen measures were achieved this year. Two of the areas not achieved were related to personal risk on the roads and percentage of sealed local road network. Council continues to work in partnership through Road Safety Southland to help increase safety on the roads.

During the year \$10.4 million was spent on capital projects including \$6.5 million on resurfacing, rehabilitation and drainage renewals and \$0.8 million on upgrade to the Bluff Cycleway. This was up \$1.4 million on last year.

The net costs of the activity decreased by \$0.8 million compared to 2022/2023. Although spend on the costs of using contractor to perform services was higher this year, A large amount of state highway recovery revenue was received. Depreciation also increased by \$1.2 million as a result of the 2022/2023 asset revaluation.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	<p>Healthy and active residents utilise space, including green space, throughout the City.</p> <p>Invercargill's business areas are bustling with people, activities and culture.</p>	<p>Roothing (pavements) contributes to accessibility, via integrated networks of connected roads and footpaths. Safe roads allow freedom of movement for residents including appropriate lighting.</p> <p>Roothing provides the vital connections with state highways for the freight task distributing the goods needed for a city and throughout the city.</p> <p>Roothing provides roads to connect people, signs to direct, footpaths for pedestrians, street furniture for streetscape usage. CBD areas have high amenity.</p>	<p>The total number of fatal and serious injuries each year on the network.</p> <p>Footpaths. Streetlighting.</p> <p>Respond to vandalised signs.</p> <p>Traffic signals response.</p> <p>Unplanned road closures.</p> <p>Street lighting.</p> <p>Respond to vandalised signs.</p> <p>Traffic signals response.</p>
Preserve its Character	<p>The building blocks, including water, sanitation and roading, for a safe, friendly city are provided for all members of the community.</p>	<p>Safe roads allow residents to select a mode of transport they wish to use with confidence.</p> <p>Street lighting allows residents to feel safe at night.</p> <p>Wide streets and low traffic allow ease of movement, together with networks resilient and reliable for events.</p> <p>Good roading management delivers a core infrastructure in leading the City.</p>	<p>The total number of fatal and serious injuries each year on the network.</p> <p>Street lighting.</p> <p>Respond to vandalised signs.</p> <p>Traffic signals response.</p> <p>The overall cost per km and vkt of routine maintenance activities, and cost by work category on each road</p>

Community Outcome	Council’s Role	How the Activity Contributes	Customer Level of Service
Embrace Innovation and Change	The development of future industry is encouraged.	Street facilities such as visitor signs, streetscape, seating, and car charging offer high value people space and have flexibility to quickly adapt.	network for the financial year.
	Technology is used in both existing and new City services.		Footpaths.
	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.	Roading corridor management contributes to make events have safe road and pedestrian access to use.	Requests responded to in five or less business days.
	Invercargill has the ‘wow factor’ with the right facilities and events to enjoy.		

How did we measure up?

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
The number of and change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Decreasing annually	Achieved	Ten less crashes reported (7 crashes, including 7 people with serious injuries and no fatalities)	2022/23: Not Achieved – Two additional crashes (17 crashes, including 1 fatality and 17 people with serious injuries) 2021/22: Not Achieved – 15 crashes (4 fatalities, 18 people with serious injuries) 2020/21: Achieved – 13 crashes (1 fatalities, 14 people with serious injuries) 2019/20: Not achieved – 19 crashes (2 fatalities, 17 people with serious injuries)*
Collective risk (crash density) – fatal and serious injury rate per km of road	Decreasing annually	Achieved	0.0133%	2022/23: Not Achieved – 0.039% 2021/22: 0.039
Personal risk – average annual fatal and serious injury crashes per 100 million vehicle-kilometres	Decreasing annually	Not Achieved ¹	6.27	2022/23: Achieved 6.24 2021/22: 6.409
The average quality of ride, on a sealed local road network, measured by smooth travel exposure	Higher than national average: Urban – 84.5% Rural – 95.1%	Achieved	Urban – 85% Rural – 97%	2022/23: Achieved – urban 85%; rural 98% 2021/22: Achieved – urban 85%; rural 98% 2020/21: Achieved - urban 90%; rural 98% 2019/20: Achieved - urban 89%; rural 98%
The percentage of the sealed local road network that is resurfaced	> 5.5%	Not Achieved ²	5.3%	2022/23: Achieved – 6.6% 2021/22: Not Achieved – 3.97% 2020/21: Not Achieved - 5.3% (target >6.25%) 2019/20: Not Achieved - 6.10% (target >6.25%)
The percentage of footpaths within the district that fall within the level of service, or service standard for the	< 8% in very poor condition	Achieved	1.81% in very poor condition	2022/23: Achieved – 1.8% in very poor condition 2021/22: Achieved – 0.5% in a very poor condition

Our Activities – Roading Services

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
condition of footpaths as set out in the Asset Management Plan				2020/21: Achieved - 0.7% in a very poor condition 2019/20: Achieved - 0.8% in very poor condition
The percentage of customer service requests relating to roads and footpaths, to which the territorial authority responds within the time frame specified in the Long-term Plan	75% of requests are responded to in five or less business days	Achieved	91%	2022/23: Achieved - 83% 2021/22: Achieved – 78% 2020/21: Achieved - 81% 2019/20: Not Achieved - 79%
The number of unplanned road closures and the number of vehicles affected by closures annually	Number of closures <=8 Affected vehicles – to be established	Not achieved ³	Not measured, data not available	2022/23: Not Achieved – not measured, data not available 2021/22: Achieved – 6 2020/21: Not Achieved - this measure was not recorded 2019/20: Not Achieved - this measure was not recorded
Proportion of network not available to Class 1 heavy vehicles and 50MAX vehicles	Maintain / Increase proportion	Achieved	Maintained (0.01%)	2022/23: Achieved – maintained 2021/22: Achieved - maintained
Mean travel times for private motor vehicles on key routes	Maintain stable trend	Not achieved ⁴	Not measured, data not available	2022/23: Not Measured – data not available 2021/22: Not Measured 2020/21: N/A – New Measure
The overall cost per km and vkt of routine maintenance activities, and cost by work category on each road network for the financial year	<= Peer Group Average	Achieved	70% (\$83.09, peer group average \$167.68)	2022/23: Achieved - 57% (\$66.76 per VKT, peer group average \$84.47) ⁵ 2021/22: Achieved – 80% 2020/21: Achieved - 66% 2019/20: Not Achieved - 67%
An Invercargill street lighting fault is responded to promptly	> 75% of requests within 2 business days	Achieved	98%	2022/23: Achieved - 99% 2021/22: Not Achieved – 57% 2020/21: N/A – New Measure
Vandalised signs are promptly responded to and corrective actions commenced	> 85% of requests within 2 business days	Achieved	98%	2022/23: Achieved - 96% 2021/22: Achieved – 95% 2020/21: Not Achieved - 84% (2019/20: Not Achieved - 71%)
Damaged traffic signals are attended to promptly	> 85% of emergency requests are responded to by attending the site within one hour	Achieved	100%	2022/23: Achieved - 100% 2021/22: Achieved – 100% 2020/21: Achieved - 100% 2019/20: Achieved - 100%

The details

1. Personal Risk

The performance measure failed the target by a very small margin in 2023/2024. However, the long-term trend shows that personal risk had been decreasing, flattening in the last 12 months.

2. Percentage of the sealed local road network that is resurfaced

The sealed road resurfacing programme was physically completed 1st week in April. The KPI was recalculated at the end of the financial year to ensure that (where applicable) the different seal treatment types on a road were accounted for. While the programme was completed on time and budget, the overall cost of doing the work has gone up in 2023/2024 compared to previous years. The roading team has a higher budget allocated for the programme in 2024/2025.

3. Unplanned road closures

This data is not available, so there has been no measure for this.

4. Mean travel times

This data is not available, so there has been no measure for this.

5. Overall cost per km and vkt of routine maintenance

A recalculation of the measure has shown that the final result is less than the peer group average and therefore the KPI has been achieved in 2022/23.

Significant Capital Works Projects

Note	Project	2023/24 Long-term Plan (\$000)	2023/24 Actual (\$000)
1	Resurfacing , rehabilitation and drainage renewals	5,431	6,530
2	Footpath renewals	813	911
3	Low cost, low risk capital renewals	2,025	1,447
4	Bluff Cycleway Upgrade	-	775

1. Resurfacing, rehabilitation and drainage renewals – Some of the work within the NZTA funded triennium was delayed from prior years and completed in 2023/2024.
2. Footpath renewals - Planned works completed.
3. Low cost, low risk capital renewals - Planned works completed.
4. Bluff Cycleway Upgrade - Work undertaken on the state highway network on behalf of Waka Kotahi with costs fully recovered. This was not planned for within the Long-term Plan.

Invercargill City Council: Funding impact statement for year ended 30 June 2024 for Roading Services

	Long-term Plan 2021 - 2031 2022/23 \$ 000	Long-term Plan 2021 - 2031 2023/24 \$ 000	Actual 2023/24 \$ 000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	8,432	8,822	8,584
Targeted rates	-	-	-
Subsidies and grants for operating purposes	3,184	3,303	4,051
Fees and charges	1,461	1,509	1,188
Internal charges and overheads recovered	-	-	2
Interest and dividends from investments	-	-	11
Local authorities fuel tax, fines, infringements, fees and other receipts	364	373	2,100
Total operating funding (A)	13,441	14,007	15,936
Applications of operational funding			
Payment to staff and suppliers	7,372	7,720	8,537
Finance costs	-	-	132
Internal charges and overheads applied	1	1	31
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,373	7,721	8,700
Surplus (deficit) of operating funding (A - B)	6,068	6,286	7,236
Sources of capital funding			
Subsidies and grants for capital expenditure	4,887	5,037	4,131
Development and financial contributions	-	-	-
Increase (decrease) in debt	(1,559)	(1,432)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	3,328	3,605	4,131
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	891
- to replace existing assets	9,396	9,891	9,509
Increase (decrease) in reserves	-	-	967
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	9,396	9,891	11,367
Surplus (deficit) of capital funding (C - D)	(6,068)	(6,286)	(7,236)
Funding balance ((A - B) + (C - D))	-	-	-

Solid Waste Management

Para

The Solid Waste Management Activity manages the solid waste services including collection of kerbside recyclables, collection of kerbside landfill rubbish, the Solid Waste Transfer Station (resource recovery), landfill operations, public place and event waste management and minimisation, education, behaviour change and advocacy. The Council collaborated with Southland and Gore District Councils as a shared service called WasteNet Southland.

What we have done

The Activity continued to build on the progress made in the previous two years, with four of the five performance measures achieving their targets in 2023/2024. While kerbside rubbish generated spiked in 2021/2022, the following two years followed a downward trend, with the 2023/2024 tonnage reaching similar levels to those seen in 2020/2021. Concurrently, solid waste going to landfill followed a very similar trend, with a decrease of over 2000 tonnes seen in 2023/2024 figures compared to previous years.

However, there has been a notable reduction in the volume of recyclable materials throughout the year, as well as overall waste volumes. The overall reduction in waste output, which includes recyclable materials, is largely attributed to economic conditions which have resulted in

reduced consumer expenditure and consumption, and thus waste generation.

The net costs of the activity increased by \$0.2 million compared to 2022/2023. Revenue at the Invercargill transfer station and recycling contracts offset the increase costs of operating these services.

There was no significant capital expenditure within the Solid Waste Management activity for 2023/2024.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Preserve its character	The building blocks for a safe, friendly city are provided for all members of the community. Strong, collaborative leadership of the City is demonstrated.	The Solid Waste Activity provides solid waste facilities and services for the sorting, collection and disposal of waste. The Solid Waste Activity collaborates with other Local Territorial Authorities for the co-ordinated waste management and minimisation in Southland.	Ensure regular kerbside collection services. Appropriate facility opening hours. Encourage waste minimisation. Operation of WasteNet Southland as a shared service for the benefit of Southland.

How did we measure up?

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior years
Discarded materials rate per person per annum (kgs)	Maintain a regional material discarded rate of 650kg per person per annum.	Achieved	575.18 kg	2022/23: Achieved – 576.81 kg 2021/22: Achieved – 569.56kg 2020/21: Achieved – 613.22kg 2019/20: Not achieved - 678kg

Measure		Target 2023/2024	Achieved	Result 2023/2024	Prior years
Monitoring the trends in key material types to landfill (i.e. clean fill green waste, recyclables)	Trend in kerbside recycling	Increasing trend	Not Achieved ¹	3,026.04 tonnes	2022/23: Achieved – 3,167.66 tonnes 2021/22: Not Achieved – 3,126 tonnes 2020/21: Achieved - 3,300 tonnes 2019/20: Not achieved - 3,040 tonnes
	Trend in landfill rubbish	Decreasing trend	Achieved	10,618.89 tonnes	2022/23: Achieved – 10,811.43 tonnes 2021/22: Not Achieved – 11,143 tonnes 2020/21: Achieved - 10,850 tonnes 2019/20: Not achieved - 11,483 tonnes
	Trend in solid waste to landfill	Decreasing trend	Achieved	21,041.15 tonnes	2022/23: Achieved – 23,063.03 tonnes 2021/22: Not Achieved – 23,320 tonnes 2020/21: Not Achieved - 22,333 tonnes 2019/20: Not achieved - 21,329 tonnes
	Trend in diverted material	Increasing trend	Achieved	10,083.49 tonnes	2022/23: Not Achieved – 8,078.06 tonnes 2021/22: Achieved – 9,147 tonnes 2020/21: Achieved - 10,806 tonnes 2019/20: Not achieved - 8,931 tonnes

The details

1. Trend in kerbside recycling

At the end of 2023/2024 the total volume of materials collected via the kerbside recycling service was 141.62 tonnes less than that recorded in 2022/2023.

Akin to waste volumes, there has been a notable reduction in the volume of recyclable materials throughout the 2023/2024 year, however monthly trends have continued to generally follow historic seasonal patterns. The overall reduction in waste output, which includes recyclable materials, is largely attributed to economic conditions which

have resulted in reduced consumer expenditure and consumption, and thus waste generation.

Council continues to invest in marketing and education programmes in an effort to increase awareness and educate the public. This included a campaign to raise awareness around kerbside recycling standardisation which was implemented by Ministry for the Environment in February 2024.

Significant Capital Works Projects

There was no significant capital expenditure within the Solid Waste Management activity for 2023/2024.

Invercargill City Council: Funding impact statement for year ended 30 June 2024 for Solid Waste Management

	Long-term Plan 2021 - 2031 2022/23 \$ 000	Long-term Plan 2021 - 2031 2023/24 \$ 000	Actual 2023/24 \$ 000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	869	909	924
Targeted rates	4,181	4,374	4,459
Subsidies and grants for operating purposes	-	-	32
Fees and charges	5,753	6,542	5,135
Internal charges and overheads recovered	2,370	2,481	3,427
Interest and dividends from investments	-	-	65
Local authorities fuel tax, fines, infringements, fees and other receipts	-	-	4,626
Total operating funding (A)	13,173	14,306	18,668
Applications of operational funding			
Payment to staff and suppliers	10,618	11,092	15,372
Finance costs	28	26	136
Internal charges and overheads applied	2,357	2,465	3,393
Other operating funding applications	-	-	-
Total applications of operating funding (B)	13,003	13,583	18,901
Surplus (deficit) of operating funding (A - B)	170	723	(233)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(93)	(644)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(93)	(644)	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	77	79	-
Increase (decrease) in reserves	-	-	(233)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	77	79	(233)
Surplus (deficit) of capital funding (C - D)	(170)	(723)	233
Funding balance ((A - B) + (C - D))	-	-	-

General Services

Ngā ratonga

General Services includes 11 sub-activities which are provided by Council to support community well-being. These are:

- Democratic Process
- Regulatory Services
- Parks and Recreation
- Libraries
- Aquatic Services
- Arts, Culture and Heritage
- Venue and Event Services
- Public Transport
- Public Toilets
- Housing Care
- Investment

Details on all of these individual sub-activities is available in the following pages.

What we have done

There are 61 performance measures attributed to General Services, of which 40 were achieved.

There was a general trend in increase in visitor numbers and satisfaction across many public facing services bouncing back after Covid.

During the year \$22.7 million was spent on capital projects. This was up \$1.0 million on last year. Details of the capital programme spend can be found below.

Significant Capital Works Projects

Note	Project	Area	2023/24 Long-term Plan (\$000)	2023/24 Actual (\$000)
1	Property file digitalisation	Regulatory Services	633	1,234
2	Bluff Hill Active Recreation Hub carpark	Parks and Reserves	527	864
3	Surrey Park grandstand renewals	Property	1,500	-
4	Splash Palace building renewals	Property	296	157
5	Museum building redevelopment	Property	10,133	10,170
6	Rugby Park Renewals	Property	1,688	296
7	Civic building renewals	Property	4,562	220
8	Housing Care building improvements	Housing Care	881	3,655
9	City Centre Masterplan Streetscape	City Centre	1,582	96
10	City Centre Masterplan Urban Play Place	City Centre	527	54
11	Business Enhancement Programme (technology)	Corporate Services	-	2,758
12	Bluff Boat Ramp renewals	Parks and Reserves	-	1,418

Notes

- 1 Property file digitalisation – This project continues to be delivered by a third party in a condensed timeframe.
- 2 Bluff Hill Active Recreation Hub carpark - Project work commenced in 2022/2023 and continuing.
- 3 Surrey Park grandstand renewals - This project has been deferred to 2024/2025 due to a re-scoping of the project.
- 4 Splash Palace building renewals - Replacement of poolside non slip flooring was programmed but not undertaken this year. Carpark improvements completed in 2023/2024.
- 5 Museum building redevelopment – Demolition of the existing museum building commenced this year. Construction of the Te Pātaka Taoka Southern Regional Collections Facility and Te Moutere – Tuatara Island were completed during the year.
- 6 Rugby Park renewals -The project has been re-scoped with some design work undertaken in 2023/2024.
- 7 Civic building renewals - Project was placed on hold to allow a reassessment to take place.
- 8 Housing Care building improvements – Four new Elderly Housing units were brought forward and completed in 2023/2024. A Better off Funding project was undertaken to double glaze all units, with the majority completed in 2023/2024.
- 9 City Centre Masterplan Streetscape - Stage 2 deferred to future years.
- 10 City Centre Masterplan Urban Play Place - Some project initiation work has been completed in 2023/2024 with the majority of the project deferred to future years.
- 11 Business Enhancement Programme (technology)- These projects were not planned in the Long-term Plan.
- 12 Bluff Boat Ramp renewals - The main project delivery was deferred from 2021/2022 and commenced in 2023/2024 with completion now expected in 2024/2025.

Invercargill City Council: Funding impact statement for year ended 30 June 2024 for General Services

	Long-term Plan 2021 - 2031 2022/23 \$ 000	Long-term Plan 2021 - 2031 2023/24 \$ 000	Actual 2023/24 \$ 000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	27,079	28,301	32,548
Targeted rates	687	719	841
Subsidies and grants for operating purposes	1,469	1,475	3,117
Fees and charges	16,451	17,288	11,666
Internal charges and overheads recovered	114	117	288
Interest and dividends from investments	5,272	5,390	9,653
Local authorities fuel tax, fines, infringements, fees and other receipts	2,428	2,348	5,334
Total operating funding (A)	53,500	55,638	63,447
Applications of operational funding			
Payment to staff and suppliers	50,721	51,243	60,261
Finance costs	2,627	3,021	3,985
Internal charges and overheads applied	98	104	292
Other operating funding applications	-	-	-
Total applications of operating funding (B)	53,446	54,368	64,538
Surplus (deficit) of operating funding (A - B)	54	1,270	(1,091)
Sources of capital funding			
Subsidies and grants for capital expenditure	1,332	2,665	4,857
Development and financial contributions	-	-	-
Increase (decrease) in debt	17,891	8,680	27,647
Gross proceeds from sale of assets	-	13,500	514
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	19,223	24,845	33,018
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	12,605	17,369	12,923
- to replace existing assets	6,489	8,562	9,812
Increase (decrease) in reserves	-	-	4,264
Increase (decrease) in investments	183	184	4,928
Total applications of capital funding (D)	19,277	26,115	31,927
Surplus (deficit) of capital funding (C - D)	(54)	(1,270)	1,091
Funding balance ((A - B) + (C - D))	-	-	-

Democratic Process

Mana whakahaere

The Democratic Process activity ensured that the community had the opportunity to be involved in decision-making and understood how the process works. It also supported elected members and their processes to ensure that decision-making was open, transparent, effective and democratically accountable.

What we have done

The Community Wellbeing Fund has had another very successful year. Five of the six rounds were oversubscribed, and requests for funding far outweighed the average amount available to allocate. With 15 more projects supported compared to the previous year, the fund supported a wide range of applications in the community wellbeing sector.

As in previous years, community satisfaction with opportunities Council provides for community involvement in decision making was below target at 22% (up three points on 2022/2023 figures).

The net costs of the activity increased by \$0.8 million compared to 2022/2023. Unplanned costs of code of conduct investigations, holding a local body by-election and recruitment costs for leadership team members have contributed to the rise in net costs.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Preserve its character	Strong, collaborative leadership of the City is demonstrated.	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.	Council's decision-making processes meet community expectations for opportunities to participate.
Embrace innovation and change	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.	The Democratic Process Activity provides opportunities for the community to share its views with Council.	The community is well informed about and contributes to Council's plans and progress.

How did we measure up?

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
Percentage of residents’ survey respondents who provide a rating of satisfied or greater with the opportunities Council provides for community involvement in decision-making.	50%	Not achieved ¹	22%	2022/23: Not Achieved - 19% 2021/22: Not Achieved – 18% 2020/21: Achieved - 52% 2019/20: Not Available
Number of activities or events supported by the Community Wellbeing Fund	25	Achieved	68	2022/23: Achieved - 53 2021/22: Achieved - 55 2020/21: N/A – New Measure

The details

1. Satisfaction with opportunities Council provides for community involvement in decision-making

The methodology for surveying the public has changed in 2021/2022 which has impacted this result. This result is likely to have been influenced by Council media coverage in 2023/2024 and is in line with national

dissatisfaction trends for the democratic process at Councils. A Council workshop will be held in 2024/2025 on this topic.

Regulatory Services

Ratonga Ture

The Regulatory Services Group of Activities interpreted and implemented the legislative responsibilities of the Council. The Group provides the Resource Management, Building Services, Environmental Health, Compliance and Animal Services activities in a friendly professional and efficient manner.

The Group balances acceptable community behaviour with the community’s expectation for enforcement, for example, balancing the rights of dog ownership against barking dog nuisance.

What we have done

The Activity continues to maintain a high standard of delivery in the area of building consents and non-notified resource consents not requiring a hearing at 99% and 98%, respectively, missing the target only by a very small margin. These results reflect the strong culture of continuous improvement in the Planning and Building teams.

In 2023/2024, two food registrations (out of a total of 59) issued outside of the statutory timeframe, resulting in a 96% year end result. Alcohol applications are continuing to meet their timeframes 100% of the time.

As of 30 June 2024, 94% of dogs (or 8,565 from a total of 9,082) were registered. During the financial year, there were 220 infringements, with the vast majority in relation to failure to register or to keep dog controlled or confined. This

increased from 86 infringements in 2022/2023. Barking and lost/found dogs continue to be top complains however the numbers have decreased from 2022/2023.

The net costs of the activity increased by \$0.6 million compared to 2022/2023. The nationwide economic downturn has seen a reduction in building consent numbers received this year along with a higher cost of using external contractors. Although parking infringement revenue was higher this year, a court case decision against Council means a number of past parking tickets now need to be refunded. A provision for \$535,000 has been created to cover this.

What we agreed with the Community

Community Outcome	Council’s Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill’s business areas are bustling with people, activities and culture.	Development is promoted that provides for effective and sustained economic growth while meeting minimum environmental and health standards.	Development applications are assessed against our regulatory responsibilities.
Preserve its character	The building blocks for a safe, friendly city are provided for all members of the community.	The community’s compliance with legislation and Council policies and bylaws enables us to live closely together in a safe environment.	Significant heritage is protected within Invercargill.
	Invercargill is celebrated for preserving its heritage character.	Opportunities are provided for development across the District.	

How did we measure up?

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
We process building, resource consent, food and alcohol applications in accordance with the quality manual and statutory timeframes	100% Building consents are issued within 20 working days of receipt	Not achieved ¹	99% (2327 of 2369)	2022/23: Not Achieved - 98% 2021/22: Not Achieved – 99% 2020/21: Achieved – 100% 2019/20: Not achieved – 58%
	100% Non-notified resource consents not requiring a hearing are issued within 20 working days of receipt	Not achieved ²	98% (174 of 177)	2022/23: Not Achieved - 96% 2021/22: Not Achieved – 85% 2020/21: Achieved – 100% 2019/20: Not achieved – 94%
	100% food applications are issued within 20 working days of receipt	Not achieved ³	96% (57 of 59)	2022/23: Achieved – 100% 2021/22: Achieved – 100% 2020/21: Achieved – 100% 2019/20: Achieved – 100%
	100% alcohol applications not requiring a hearing are issued within 30 working days of receipt	Achieved	100% (338)	2022/23: Achieved – 100% 2021/22: Achieved – 100% 2020/21: Achieved – 100% 2019/20: Achieved – 100%
We identify potentially earthquake-prone buildings	Priority, potentially earthquake-prone buildings all identified by 1 July 2022	Achieved ⁴	100%	2022/23: Achieved – 100% 2021/22: Achieved – 100% 2020/21: Achieved 100% 2019/20: Achieved 100%
We promote incentives to owners of heritage buildings, especially when they undertake earthquake strengthening	Earthquake-prone buildings incentives are developed and implemented	Achieved	Achieved	2022/23: Achieved 2021/22: Achieved 2020/21: Achieved 2019/20: Achieved

The details

1. Building consents

This is a regulatory measure, which was not achieved after 42 of a totals of 2,369 consents went over time throughout the year due to system and human errors. There is a strong culture of continuous improvement to identify and address issues as they arise and processes continue to be communicated to all staff and contractors.

2. Non-notified resource consents

While Council has been unable to meet the target of 100%, significant improvements have been made in the last two financial years. Only three of 177 decisions were outside the statutory timeframe for the year, resulting in a 98% compliance, a slight increase on 2022/2023 results. Factors

such as contractor timelines and staff leave, which are outside staff control affected achievement of statutory timelines.

3. Food registrations

In Quarter Two of 2023/2024, processing error issues resulted two registrations technically issued outside of timeframes. This resulted in a number of data and/or process improvements required, with continuous improvement actions already in place to address this. 57 registrations in 2023/2024 were issued within the statutory timeframe.

4. Earthquake prone building

All of the priority buildings have now been identified. This KPI has been withdrawn from the 2024-2034 Long-term Plan.

Parks and Reserves

Ngā Papa Rēhia

The Parks and Reserves Activity provides settings and venues for recreation and leisure activities within the Invercargill area and also provided burial and cremation services. Trees and open space enhance the amenity of the City, making it a pleasant place to live and attractive to visitors.

What we have done

The Parks and Reserves Activity met 14 of its 16 performance measures in 2023/2024. Similar to previous years, deadlines for the investigation and mitigation of a number of health and safety complaints in quarters one, two and four were missed due to legislative requirements dictating the repair process and timing of the complaints being received. At the end of 2023/2024, there were four complaints still being investigated as they required more detail in order to be finalised.

Satisfaction with parks and open spaces decreased to 75% in 2023/2024, thus failing to meet its target. Residents’

feedback highlighted that overall they are pleased with the parks and open spaces Council provides for the community, maintenance, upgrades to playgrounds and the low mow trial are areas where they would like to see improvements.

The net costs of the activity increased by \$1.0 million compared to 2022/2023. The volume of harvesting of forestry was lower than last year due to market prices for timber sales being worse.

What we agreed with the Community

Community Outcome	Council’s Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Healthy and active residents utilise space, including green space, throughout the City.	Parks and Cemeteries encourage residents and visitors to our green spaces of the City.	Visitor numbers through target parks and reserve’s locations are monitored annually.
Preserve its character	Our natural and existing points of difference are celebrated.	Parks and Cemeteries are managed in such a way as to protect important natural habitats, scenic landscapes and other environmental features.	Improved production of eco-friendly pest control to achieve a high level of pest control.
Embrace innovation and change	Invercargill has the ‘wow factor’ with the right facilities and events to enjoy. Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.	Parks and Cemeteries enhance the aesthetic value of the City and usability of reserve land.	Queens Park is recognised nationally as a "Garden of National Significance". Parks and Cemeteries are safe.

How did we measure up?

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior years
Queens Park is accredited as a “Garden of National Significance”	Retain accreditation	Achieved	Achieved	2022/23: Achieved 2021/22: Achieved 2020/21: Achieved 2019/20: Achieved

Measure		Target 2023/2024	Achieved	Result 2023/2024	Prior years
Percentage of customers satisfied with parks identified through annual user surveys		Maintained or increasing	Not achieved ¹	75%	2022/23: Achieved – 80% 2021/22: Achieved – 80% 2020/21: N/A – New Measure
Maintain the area of actively maintained parks and recreational land at or above the national median	Area of actively maintained parkland (hectares per 1000 residents)	24.4ha	Achieved	24.4 ha	2022/23: Achieved – 24.4 ha 2021/22: Achieved – 24.4ha 2020/21: N/A – New Measure
	Including Premier Parks (i.e. Queens Park, Anderson House, Otepunu Gardens)	112ha	Achieved	112 ha	2022/23: Achieved – 112 ha 2021/22: Achieved – 112 ha 2020/21: N/A – New Measure
	Area of natural parkland (hectares per 1000 residents)	27.9ha	Achieved	27.9 ha	2022/23: Achieved – 27.9 ha 2021/22: Achieved – 27.9 ha 2020/21: N/A – New Measure
	Area of Sports Parks (hectares per 1000 residents)	2.5ha	Achieved	2.5 ha	2022/23: Achieved – 2.5 ha 2021/22: Achieved – 2.5 ha 2020/21: N/A – New Measure
	Grass fields (total)	105.6ha	Achieved	105.6 ha	2022/23: Achieved – 105.6 ha 2021/22: Achieved – 105.6 ha 2020/21: N/A – New Measure
	Non-grass sports surfaces (total)	2.1ha	Achieved	2.1 ha	2022/23: Achieved – 2.1 ha 2021/22: Achieved – 2.1 ha 2020/21: N/A – New Measure

Measure		Target 2023/2024	Achieved	Result 2023/2024	Prior years
	Number of Playgrounds (per 1000 children)	6.7	Achieved	7.3	2022/23: Achieved – 6.8 2021/22: Achieved – 7.2 2020/21: N/A – New Measure
	Number of street trees (approximate number per 1000 residents).	Maintain (2019/20 provision 97)	Achieved	108	2022/23: Achieved – 109 2021/22: Achieved - 109 2020/21: N/A – New Measure
	Gardens/Horticultural planted beds (m ² per 1000 residents)	4,701m ²	Achieved	4,701m ²	2022/23: Achieved – 4,701m ² 2021/22: Achieved – 4,701m ² 2020/21: N/A – New Measure
	Grass Mowing (hectares per 1000 residents)	8.0ha	Achieved	8.1 ha	2022/23: Achieved – 8.1 ha 2021/22: Achieved – 8.1 ha 2020/21: N/A – New Measure
	Trails (km per 1000 residents)	Maintain	Achieved	700.4 m	2021/22: Achieved – 700.4 m 2020/21: N/A – New Measure
	Percentage of health and safety complaints are investigated and mitigated where possible	100%	Not achieved ²	92%	2022/23: Not Achieved – 95% 2021/22: Achieved – 100% 2020/21: N/A – New Measure
	Community groups are working with Council to implement pest control	Maintained or increasing	Achieved	3	2022/23: Achieved – 3 2021/22: Achieved - 4 2020/21: N/A – New Measure
Number of visitors identified through annual user surveys	Visitor counters are at access points to monitor users of target reserves	Increasing use	Achieved	1,179,345	2022/23: Not Achieved – 939,291 2021/22: Not Achieved – 967,869 2020/21: Achieved (1.026m) 2019/20: Achieved

The details

1. Satisfaction with parks

Satisfaction with parks decreased in 2023/2024. Responses from the Residents Survey regarding poor maintenance have increased accompanied by responses relating to the 'low mow' area trial, identified by 6% of respondents. While Queens Park has been rated positively on a consistent basis, there have been comments regarding other parks in the district that are less positive. These factors are likely to be the drivers of the decline in satisfaction.

As part of the 2024-2034 Long- term Plan deliberations, Council agreed to end the Low Mow trial at 30 June 2024.

2. Health and Safety complaints

All health and safety complaints received have been completed. However, a number of complaints in Quarters One, Two and Four were completed outside of the reporting timeframes therefore resulting in a missed target. At the end of 2023/2024 financial, there were four health and safety requests for service under investigation as they required further detail in order to action and complete them.

Libraries

Ngā Whare Pukapuka

The Libraries Activity supports and encourages lifelong learning, digital literacy and reading across all ages and abilities. It does this by offering a welcoming and innovative library service, including spaces for community participation and social connections. The activity collects, preserves and guides access to quality information and also provided opportunities to participate in the online world.

What we have done

The Libraries activity failed to meet its performance targets during 2023/2024. A reduction in the physical collection budget, along with increased freight costs saw less items being purchased during the year, missing the 60% target by six points. Visitation numbers decreased, reaching similar levels to those seen in 2021/2022. There were a number of programming vacancies throughout the year which are likely to have impacted visitation. All programming vacancies have been filled during Quarter Four and a calendar of new events and programmes has been developed.

The net costs of the activity remained in line with 2022/2023. Although recovery of fees was lower this year than expected lower employee expenses due to timing of vacancies offset the variance.

What we agreed with the Community

Community Outcome	Council’s Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill’s business areas are bustling with people, activities and culture.	Providing freely accessible shared community spaces which encourage social interaction and community cohesion.	Libraries are accessible and available to the wider community.
Preserve its character	New residents feel welcomed and embraced by Invercargill culture.	Collecting, creating and conserving content relating to local community culture, identity and heritage.	Libraries collections, both digital and physical are of good quality, quantity and variety.
	Invercargill is celebrated for preserving its heritage character.		
	Strong, collaborative leadership of the City is demonstrated.	The Library service collaborates with and provides leadership for inner city initiatives.	Services offer a good experience for all users.
Embrace innovation and change	Technology is utilised in both existing and new City services.	Providing access to the online world and the world at large through internet computers and access to Wi-Fi. Enabling members of the community to develop the appropriate skills and knowledge to be technologically competent and effective digital citizens.	Libraries collections, both digital and physical are of good quality, quantity and variety.

How did we measure up?

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
Percentage of collection published in the past 5 years (excludes heritage collections)	>60%	Not achieved ¹	54%	2022/23: Achieved – 63% 2021/22: Achieved – 60.5% 2020/21: N/A New Measure
Percentage of library customers who rate the library collections as satisfactory or greater in annual residents’ survey	>85%	Not achieved ²	81%	2022/23: Not Achieved – 84% 2021/22: Achieved – 87% 2020/21: N/A New Measure
Number of visits per year	515,000	Not achieved ³	462,462	2022/23: Not Achieved – 485,535 2021/22: Not Achieved – 462,647 2020/21: Not achieved - 459,429 2019/20: Not achieved - 442,988

The details

1. Collection published in the past five years

During 2023/2024, there has been a reduction in the physical collection budget, therefore impacting on the number of new physical items added to the collection. This, along with cost of freight means less items were purchased and therefore the KPI was not met.

Similar to other libraries, there has been a decline in the overall number of items being borrowed (652,243 in 2021/2021, 602,436 in 2022/2023 and 580,560 in 2023/2024). However, when considering digital items alone, there has been a vast increase in 2023/2024 (69,346 items, up from 47,005 in 2022/2023 – this includes e audio, e books and e magazine checkouts).

2. Customer satisfaction with the library

While slightly below target, satisfaction with library services and collections remains high at 81%. Residents’ feedback is generally positive, citing helpful staff, good range and

resources (including digital resources and services), and good programmes and activities. The negative feedback focuses on the limited range, the layout (i.e. open plan, noisy), parking, opening hours and communication about activities. New programming roles have been filled and we expect to increase satisfaction through new events and improved communication of activities.

3. Library visitor numbers

At the end of 2023/2024 the overall visitor numbers were approximately 10% less than the previous year. Whilst the team continues to deliver a range of quality programmes and speakers, there have been a number of staff vacancies throughout the year which unfortunately have impacted on the events and public programmes calendar, and in return impacted on visitor numbers – particularly in the latter part of 2023 (quarter Two) and early 2024 (quarter three). During the 2023/2024 FY, the programme attendance by adults, teens and children was 30,754.

Aquatic Services

Ngā puna kaukau

The Aquatic Services activity provides facilities for the health, wellbeing and enjoyment of the community and provided a place where people can learn to swim and learn water safety. The facilities also enabled a range of water sports to be practiced and enjoyed and attracted events to the city.

What we have done

Aquatic Services activity continues to deliver a strong performance, meeting three of its four performance measures.

being offset by increased cost of inventory purchases and cleaning.

The net costs of the activity remained consistent with 2022/2023 with increase revenue from the retail and café

What we agreed with the Community

Community Outcome	Council’s Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Healthy and active residents utilise space, including green space, throughout the city.	The Pools Activity provides a safe, fun environment where people can enjoy a diverse range of sport, recreation and leisure opportunities.	Splash Palace is affordable and well utilised.
Preserve its character	The building blocks for a safe, friendly city is provided for all members of the community.	The Pools Activity provides a range of learn-to-swim, fitness and other water-based learning and recreation activities that cater for all members of the community.	
	Strong, collaborative leadership of the City is demonstrated.	The Pools Activity works together with the Invercargill Licensing Trust and the ILT Foundation in providing free Learn to Swim programmes.	Splash Palace provides accessible, quality learning opportunities.
Embrace innovation and change	Visitors to Invercargill give positive feedback and have great experiences.	The Pools Activity provides the only 50 metre swimming pool and hydro slide in the Southland region.	Splash Palace is affordable and well utilised.

How did we measure up?

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
Number of visits per head of (Invercargill City) population	>6.5	Achieved	6.7 visits	2022/23: Achieved – 6.6 visits 2021/22: Not Achieved – 4.57 visits 2020/21: Achieved - 6.7 visits 2019/20: Achieved - 6.7 visits
User Satisfaction Survey shows 85% or more rate the overall quality as satisfactory or above	85%	Not achieved ¹	56%	2022/23: Not Achieved – 67% 2021/22: Not Achieved – 74% 2020/21: N/A New Measure
Time when a minimum of four 25 metre public lanes are available for swimming	95%	Achieved	98%	2022/23: Achieved – 98% 2021/22: Not Achieved – 88% 2020/21: Achieved - 99% 2019/20: Achieved - 94%
Time pools are kept within operating guidelines of the New Zealand Pool Water Standards NZS5826:2010	100%	Achieved	100%	2022/23: Achieved – 100% 2021/22: Achieved – 100% 2020/21: N/A – New Measure

The details

1. User satisfaction with the pool

Satisfaction decreased through 2023/2024 from 66% in quarter one to 56% in quarter two through quarter four. Significant factors contributing to this were increased concerns raised around the use of changing rooms, not providing enough family change rooms or separate toilets for families to use and that the pools were often overcrowded, the latter supported by the 4% (13,563) increase in admissions from the 2022/2023 year. Additionally, 7% of respondents also commented that it was good for kids/families down from 11% in 2022/2023.

Although the satisfaction decreased and was not achieved, we saw a higher percentage of residents (48%) rating the facility as good compared to 45% in the previous year. There was also a significant reduction in respondents (5%) rating Splash Palace as expensive compared to 36% in the previous year and there was also a reduction in respondents commenting that the facility was poorly maintained (6%) from 17% in 2022/2023. These results suggest that concerns raised in the 2023/2024 year were more significant than the concerns raised in the previous year (which have been addressed through various incentives like introduction of community service card discounts and maintenance upgrades to the family change rooms).

Arts, Culture and Heritage

Ngā Toi, te Ahurea, me ngā Taonga

The Arts, Culture and Heritage Activity supports the access to, and preservation of, our cultural assets for our community now and into the future. This is primarily focused on Invercargill City, yet also extended in to the Southland region, encompassing funding, governance representation, management and support of entities providing arts, culture and heritage activities and the direct delivery of services through He Waka Tuia.

What we have done

For the second year in a row, He Waka Tuia’s visitor numbers exceeded their target by over 4,000 visits, likely due to the wide range of exhibitions and programmes offered to visitors of all ages.

Similar to last year, resident satisfaction levels have not reached the intended target. Residents’ feedback continues to highlight the transitional nature of the facility and public expectations of the facility.

The net costs of the activity increased by \$0.8 million compared to 2022/2023. Operations was transferred from the museum site at Queen’s Park to the Tisbury Facility during the year with additional cost incurred during the move.

What we agreed with the Community

Community Outcome	Council’s Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill’s business areas are bustling with people, activities and culture.	The Arts, Culture and Heritage Activity actively engages with communities, promoting a range of opportunities that enable people to access, learn from, and embrace the city’s heritage and culture.	Number of visitors per year. Customer satisfaction rating is satisfactory or above.
Preserve its character	Invercargill is celebrated for preserving its heritage character.		

How did we measure up?

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
He Waka Tuia - Number of visits	14,000	Achieved	18,473	2022/23: Achieved – 18,553 2021/22: Not Achieved – 7,875 2020/21: N/A New Measure
He Waka Tuia – Customer satisfaction rating is satisfactory or above	7-8 ¹	Not Achieved ¹	23%	2022/23: Not Achieved – 17% 2021/22: Not Achieved – 19% 2020/21: N/A New Measure

The details

1. He Waka Tuia satisfaction rating from residents’ survey. Satisfaction has been measured in percentage rather than out of 10. The target equals to 70-80%. He Waka Tuia continues to work to increase the range and type of exhibitions to attract a range of people to the facility. The low satisfaction rating appears to be

primarily due to the natural limitations of a small temporary facility and related programming constraints. Ten exhibitions were held at He Waka Tuia during 2023/2024, and an additional six were held offsite.

Venue and Event Services

Ngā wāhi ratonga

The Venue and Event Services Activity provides quality venues, events services, and visitor experiences for the well-being and enjoyment of the community. The venues are places where people can enjoy cultural, social, sporting and recreational activities. The venues portfolio includes The Civic Theatre, The Scottish Hall and Rugby Park as well the operating the Invercargill Ticketek ticketing service.

What we have done

The Venues Activity exceeded the targets set for 11 of its 17 performance measures. While the target for bookings for Victoria and Drawing Rooms was missed by only one booking, there was a significant lift in the overall number of bookings from the previous year, when the space was utilised for the Vaccination Clinic for two quarters.

The ongoing limitations with hiring out Rugby Park as well as its closure in early April for remedial works resulted in its performance measures not being achieved.

While still below target, customer satisfaction lifted to 51% in 2023/2024, up seven points on 2022/2023. This may be attributed to a refresh of civic venues and improved service options being introduced. The overall feedback for our venues is positive with residents highlighting that they are well maintained, however feedback on specific venues varies.

The net costs of the activity remained consistent with last year with additional revenue generated from bookings being offset by the costs to hosting the event in the venues.

What we agreed with the Community

Community Outcome	Council’s Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill’s business areas are bustling with people, activities and culture.	The Venues and Event Services Activity operates and markets quality event venues, ensuring promotion of the most appropriate venues for events, attracting touring shows and events and enabling local productions and events to be undertaken.	Increase public use of venue services through the attraction and support for a range of community events through to touring shows and performances. Number of visitors per years. Customer satisfaction rating is satisfactory or above.

How did we measure up?

Measure		Target 2023/2024	Achieved	Result 2023/2024	Prior Years
Increase public use of venue services through the attraction and support for a range of community events through to touring shows and performances	Auditorium	> 55 bookings	Achieved	69	2022/23: Achieved – 60 bookings 2021/22: Achieved – 71 bookings 2020/21 – 50 bookings 2019/20 – 40 bookings
		> 28% occupancy rate	Achieved	32.5%	2022/23: Achieved – 30% 2021/22: Not Achieved – 21% 2020/21 – 26% 2019/20 – 25%
	Victoria and Drawing Rooms	> 70 bookings	Not Achieved ¹	70	2022/23: Not Achieved – 52 bookings 2021/22: Not Achieved – 1 booking 2020/21 – 69 bookings

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
				2019/20 – 56 bookings
	>11% occupancy rate	Achieved	26%	2022/23: Achieved – 62% 2021/22: Achieved – 100% 2020/21 – 45% 2019/20 – 10%
Increasing public awareness and use of the Civic Theatre complex and its range of facilities	> 10 regional events	Achieved	37	2022/23: Achieved – 36 2021/22: Achieved - 36 2020/21: N/A New Measure
	>6 special interest events	Achieved	28	2022/23: Achieved – 13 2021/22: Achieved - 17 2020/21: N/A – New Measure
	>35 community events	Achieved	60	2022/23: Not Achieved – 28 2021/22: Achieved - 40 2020/21: N/A – New Measure
Expanding the use and awareness of the Scottish Hall as a venue for meetings and a range of social and cultural experiences	>40 bookings	Achieved	160	2022/23: Achieved – 115 bookings 2021/22: Achieved – 58 booking 2020/21 – 39 bookings 2019/20 – 38 bookings
	>18% occupancy rate	Achieved	45%	2022/23: Achieved – 33% 2021/22: Achieved – 19% 2020/21 – 17% 2019/20 – 21%
	>10 special interest events	Achieved	75	2022/23: Achieved – 46 2021/22: Achieved - 26 2020/21: N/A – New Measure
	>30 community events	Achieved	88	2022/23: Achieved – 52 2021/22: Achieved - 35 2020/21: N/A – New Measure
Expanding the use and awareness of the Rugby Park as a venue for meetings and a range of social, cultural and sporting experiences	>25 bookings	Not Achieved ²	13	2022/23: Not Achieved – 17 bookings 2021/22: Not Achieved – 23 bookings 2020/21 – 13 bookings 2019/20 – 15 bookings
	>8% occupancy rate	Not Achieved ²	4%	2022/23: Not Achieved – 7% 2021/22: Not Achieved – 7% 2020/21 – 4% 2019/20 – 5%
	>13 regional events	Not Achieved ²	8	2022/23: Not Achieved – 9 2021/22: Achieved - 7 2020/21: N/A – New Measure
	>12 community events	Not Achieved ²	5	2022/23: Not Achieved – 5 2021/22: Not Achieved - 9 2020/21: N/A – New Measure
Number of visits per head of Invercargill City population	0.4	Achieved	1.64 Vph 165% (94,082 Visits)	2022/23: Achieved – 1.5 vph 149% (80,648 visits) 2021/22: Achieved – 1.6 vph 158% (89,970 visits) 2020/21: N/A New Measure

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
Percentage of Venues and Events Services customers (hirers and patrons) who rate the experience or the venue as good or very good	>80%	Not Achieved ³	51%	2022/23: Not Achieved – 44% 2021/22: Not Achieved – 38% 2020/21: N/A New Measure

The details

1. Victoria and Drawing Rooms

While the target for bookings for Victoria and Drawing Rooms was missed by only one booking, there was a major lift in the overall number of bookings from the previous year, when the space was utilised for the Vaccination Clinic for two quarters.

2. Rugby Park

The ongoing limitations with hiring out Rugby Park as well as the closure in early April for remedial works resulted in its performance measures not being achieved.

3. Satisfaction rating from residents’ survey

While still below target, satisfaction lifted again to 51% in 2023/2024, from 44% in 2022/2023 and 38% in 2021/2022. This may be attributed to a refresh of civic venues and improved service options being introduced. The result does not include those hiring facilities.

Public Transport

Ngā waka

The Public Transport Activity manages regional public transport for Southland under its delegation from Environment Southland. The Public Transport Activity includes the bus service and the discounted travel taxi or private hire voucher system provided under the Total Mobility Scheme. By providing public transport, Council ensures that people have a choice for how they access work, education, social and health facilities.

What we have done

For the second year in a row, public transport boardings continued to increase, now exceeding 2019/2020 levels by approximately 8,700.

While still below target, there was a slight increase in satisfaction with quality of the bus service to 46% compared to 40% in 2022/2023. Satisfaction with cost of the bus service has decreased to 48%.

The Total Mobility Scheme continues to be operated, with usage increasing among the more vulnerable members of the community.

The net costs of the activity increased by \$0.3 million compared to 2022/2023. The cost to run the Total Mobility scheme was higher this year but was partly offset by subsidy revenue agreed by Waka Kotahi.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill's economy continues to grow and diversify.	Public Transport Activity ensures that a quality public transport service is available and affordable for people to travel to work and education centres.	Bus routes are convenient.
	Healthy and active residents utilise space, including green space, throughout the City.	Public Transport Activity ensures that a quality public transport service is available and affordable for people to travel to recreational facilities.	The bus service is well utilised.
	Invercargill's areas are bustling with people, activities and culture.	Public Transport Activity provides the Total Mobility service that is subsidised transport for people who are unable to use the bus service due to physical or mental impairment or condition.	Public Transport services are provided for all members of the community.

How did we measure up?

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
Total public transport boardings	Year on Year increase	Achieved	157,141	2022/23: Achieved – 141,837 2021/22: Not Achieved – 109,471 2020/21: Not Achieved - 145,586 2019/20: Not Achieved - 148,349

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
Customer satisfaction rating for quality is satisfactory or above	70%	Not Achieved ¹	46%	2022/23: Not Achieved – 40% 2021/22: Not Achieved – 55% 2020/21: N/A New Measure
Customer satisfaction with price is satisfactory or above	80%	Not Achieved ¹	48%	2022/23: Not Achieved – 64% 2021/22: Not Achieved – 23% 2020/21: Not Achieved - 80% (target 82%) 2019/20: Achieved - 88%
Council administers and supports the Total Mobility scheme.	Total Mobility Scheme is administered	Achieved	Achieved	2022/23: Achieved 2021/22: Achieved 2020/21: Achieved 2019/20: Achieved

The details

1. Satisfaction with quality and price of bus service.

In 2021/2022, a single question relating to bus services (cost and quality) was asked. In 2022/2023 and 2023/2024, separate questions were asked on cost and quality, respectively.

While still below target, there was a slight increase in satisfaction with quality of the bus service to 46% compared to 40% in 2022/2023.

Satisfaction with the cost of the bus service declined in 2023/2024. Half price fares have dominated the fare structure and this is still seen by some as too high.

In 2022/2023 Council sought specific input regarding public transport and as a result we have had a higher proportion of residents responding to the public transport satisfaction questions compared to 2023/2024.

Public Toilets

Wharepaku Tūmatanui

The Public Toilets Activity provides and manages facilities so that the public has access to clean, safe and accessible toilets. It did this by providing public toilet facilities in the City Centre, suburbs and Bluff.

What we have done

The public toilets in the community have continued to meet their target, and remained operational 97 percent of the time.

The net costs of the activity increased by \$0.2 million compared to 2022/2023. Increase operational costs, a higher volume of vandalism repair and insurance excess payments required have also contributed to additional costs this year.

What we agreed with the Community

Community Outcome	Council’s Role	How the Activity Contributes	Customer Level of Service
Preserve its character	The building blocks, including water, sanitation and roading, for a safe, friendly city is provided for all members of the community.	The facilities are safe to use, accessible for those with disabilities and well maintained.	The facilities meet demand.

How did we measure up?

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior years
Public toilets are operational 95% of open hours (which is 24 hours per day)	95%	Achieved	97% (8,497 open hours of total of 8760 hours)	2022/23: Achieved – 95% 2021/22: Achieved – 95% 2020/21: Achieved – 95% 2019/20: Not Achieved - 94%

Housing Care

Ngā whare

The Housing Care activity of the Council provides adequate affordable housing for the elderly, disabled and those on low fixed incomes that meet Council’s entry criteria. Council achieved this through the ownership of 21 complexes providing 215 units in Invercargill and Bluff.

What we have done

For the third year in a row, Council’s housing units continue to be occupied in excess of the 95% target.

were required this year to refurbish some units between tenancies

In 2023/2024, 267 non-urgent requests for service were received and only one of those requests were responded to outside of the five working day timeframe, resulting in a missed target. No urgent requests for service were received during 2023/2024.

During the year, the construction of four new units at the Stirrat Street complex was completed along with installation of double glazing on a number of units.

The net revenue of the activity decreased by \$0.4 million compared to 2022/2023. Additional repairs and maintenance

What we agreed with the Community

Community Outcome	Council’s Role	How the Activity Contributes	Customer Level of Service
Preserve its character	The building blocks for a safe, friendly city is provided for all members of the community.	Housing Care services provides low cost, quality accommodation to the elderly, disabled and those on fixed incomes.	Affordable accommodation is provided.

How did we measure up?

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior years
Units are occupied 95% of the time	95%	Achieved	96%	2022/23: Achieved – 98% 2021/22: Achieved – 98% 2020/21: N/A – New Measure
Requests for service are responded to and remedial action in place: - Urgent	24 hours	Achieved	100% completed within 24 hours	2022/23: Achieved – 100% completed within 24 hours 2021/22: Not Achieved – 80% completed within 24 hours 2020/21: N/A – New Measure
Requests for service are responded to and remedial action in place: - Non-urgent	5 working days	Not Achieved [†]	99.8% completed within 5 days (266 of 267)	2022/23: Not Achieved – 99% completed within 5 days 2021/22: Not Achieved – 99% completed within 5 days 2020/21: N/A – New Measure

The details

1. Non-urgent requests for service

267 non-urgent requests for service were received in 2023/2024. During quarter two, one request has been

responded to outside of the timeframe as it required further investigation by staff to determine the issues prior to issuing multiple work orders and closing it.

Investment

Ngā mahi haumi

The Investment activity includes all of the investing activities of Council. These include the management of investment property, monitoring and reviewing returns on its subsidiaries such as ICHL and financial investments in term deposits.

What we have done

Percentage of properties leased and net rate of return both exceeded their targets in 2023/2024.

However, for the third year in a row, lease rates were below the market rate target as a result of five leases at community rates being provided from within the investment portfolio, one lease under negotiation and one property being vacant. Investment revenue and finance expense variances were driven by the timing of when borrowings and investments

movements are made, combined with increasing interest rates.

The net revenue of the activity increased by \$0.9 million compared to 2022/2023. Higher interest rates and investment values in term deposits and advance investments have generated extra interest revenue than last year.

What we agreed with the Community

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service
Enhance our City	Invercargill's economy continues to grow and diversify. Attract a diverse range of business and industry to Invercargill, targeting business that offers high skills job opportunities.	Investment Property supports appropriate commercial and economic development in the District environs through the acquisition, disposal and / or lease of land and buildings.	A commercial return is received on Endowment and Trading properties (excluding land purchased for strategic purposes and land acquired through rating sales).

How did we measure up?

Measure	Target 2023/2024	Achieved	Result 2023/2024	Prior Years
All properties, excluding those prepared, are leased	95%	Achieved	97%	2022/23: Achieved – 95% 2021/22: Not Achieved – 90% 2020/21: N/A New Measure
Lease agreements are current at market rental levels	100%	Not Achieved ¹	96%	2022/23: Not Achieved – 93% 2021/22: Not Achieved – 89% 2020/21: N/A New Measure
Net rate of return	> Market interest rate (historic and current)	Achieved	6.01%	2022/23: Not Achieved – 5.37% 2021/22: Achieved – 5.85% 2020/21: Achieved - 6.04% 2019/20: Achieved

The details

1. Number of properties leased and at current market levels

In 2023/2024, lease rates were once again below the market rate target as a result of five leases at Community rate, one lease under negotiation and one vacant.

Support for External Organisations

In addition to the work which Council delivers directly, Council provides support to a range of external organisations to deliver activities with an impact on community wellbeing. Those organisations are detailed below:

Note	Support for External Organisations	Long-term Plan Community outcome	Contribution towards outcomes	Allocated level of financial support 2023/2024 \$000	Actual level of financial support 2023/2024 \$000
1	Bluff Indoor Pool Trust	Enhance our City	The Trust actively promotes the use of the Bluff Community Pool for recreation, fitness and to maintaining a healthy lifestyle. The pool is used by two local primary schools to undertake their swimming curriculum.	120 + CPI	125
2	Bluff Maritime Museum Trust (Council Controlled Organisation)	Enhance our City Preserve its character	Bluff Maritime Museum Trust operates the Bluff Maritime Museum. The museum is preeminent institution in Murihiku Southland, promoting the area's maritime history as well as the social history of the wider Bluff community. In addition through the collection policy of the Bluff Maritime Museum, the facility is also the local social history repository, working in conjunction with the Southland Museum and Art Gallery.	20	20
3	Emergency Management Southland	Enhance our City Preserve its character Embrace innovation and change	Emergency Management Southland delivers civil defence and emergency management activities and training to reduce the risk to people and property as well as reduce the cost of recovering from a disaster.	417	440
4	Great South (Council Controlled Organisation)	Enhance our City Preserve its character Embrace innovation and change	Committed to driving economic, social, and cultural growth, Great South has a clear mandate to leverage opportunities for Southland in the areas of economic development, business development services, tourism and events. Great South provides a unified voice for the region, establishes a strong platform for regional success and is taking strides towards the region's economic recovery and its vision of even better lives through sustainable development.	1,678	1,857
5	He Waka Tuia (Awhi Rito)	Enhance our City Preserve its character	Following the finalisation of the 2021-2031 Long-term Plan, this funding is now managed through the Arts, Culture and Heritage activity.	380	See page 78
6	Invercargill Public Art Gallery (IPAG) Trust	Enhance our City Preserve its character	IPAG operate and care for the fine art collection, as well as implement a full calendar of exhibitions and accompanying public programming at He Waka Tuia.	323	314
7	Southland Indoor Leisure Centre Charitable Trust (SILCCT)	Enhance our City Preserve its character	SILCCT is responsible for the maintenance of ILT Stadium Southland. The ILT Stadium Southland is an energetic hub within the Invercargill community which attracts thousands of sports and community users every week for various activities including cycling, netball, tennis, volleyball, basketball and Clip n Climb. The stadium provides a warm, safe environment for many sporting codes, a home to many regional sports bodies, allowing collaboration that may not be possible otherwise and access to a multitude of cultural, arts and sporting events that could not be hosted anywhere else in Southland	700	700
8	Southland Regional Heritage Committee	Enhance our City Preserve its character Embrace Innovation and Change	SRHC administers grant money to appropriate organisations within the Southland Province, who meet the requirements of promoting and enhancing the heritage of the Southland Community.	1,047	1,047
9	Southland Youth One Stop Shop Trust	Enhance our City	Southland Youth One Stop Shop support rangatahi in Murihiku Southland by providing community-based health and wellbeing services	27 + CPI	32

Our Activities – Support for External Organisations

Note	Support for External Organisations	Long-term Plan Community outcome	Contribution towards outcomes	Allocated level of financial support 2023/2024 \$000	Actual level of financial support 2023/2024 \$000
			that are easily accessible, provide holistic, integrated care and are experts in youth development.		
10	Te Ao Mārama Inc.	Enhance our City Preserve its character Embrace innovation and change	Provision of Mana Whenua RMA & LGA Services.	152	108
11	Te Kupeka Tiaki Taoka Trust	Enhance our City Preserve its character	The Trusts role includes support and grow our relationships with Mana Whenua; Advocate for the collections and the organisations that exhibit them; Ensure a balanced approach between preservation/ conservation and accessibility to the collection, Enhance the collection through strategic acquisition; rationalisation and repatriation in order to ensure an authentic, relevant and comprehensive reflection of Southland, its people and its stories; Promote the collection and work cooperatively with the sector to encourage public display and access.	20	20
12	Active Southland	Enhance our City Preserve its character Embrace innovation and change	Active Southland’s role is to support and encourage all Southlanders to lead active lives. The Spaces and Places strategy builds a framework for Southland facilities and spaces for play, recreational and sporting needs, now and in the future. The intention of the framework is to assist decision making for Southlanders to have equitable access, quality experiences, and be more active for greater wellbeing.	40	40
13	Saving Grace (IC2 Trust)	Enhance our City Preserve its character Embrace innovation and change	The building at 139 Grace Street, South Invercargill is to be renovated and become a community venue for everyone. The venue will provide a range of courses, activities, events and services, that help and assist people of all ethnicities, ages, abilities and genders to grow, feel at home and be their best mentally, physically, socially and with purpose for their lives.	100	100

Notes

1 Bluff Indoor Pool Trust

Funding was utilised to enable the Bluff pool to operate. In 2023/2024, the pool's heating and ventilation systems were upgraded. The work was successful however there were some delays which resulted in the Bluff Pool opening for the season in November 2023 (instead of October), and closing in May instead of April 2024. The pool continues to be well supported by the people of Bluff, with an increase of over 1000 in the key access system on 2022/2023 figures. The local Bluff schools continue to use the pool for learn to swim programmes, resulting in approximately 2,800 student entries each term.

2 Bluff Maritime Museum Trust

Council contributed \$20,000 towards the operating costs of the Bluff Maritime Museum. 4,134 people visited the Museum during 2023/2024.

Page 96 provides further information on the Bluff Maritime Museum Trust.

3 Emergency Management Southland

Council contributes 28.27% of the total funding for Emergency Management Southland (EMS). All Southlanders benefit from the work of EMS. During 2023/24, EMS continued to emergency preparedness through public meetings, advertising, development of community hubs (in Bluff, College of Education Invercargill Campus, Glengarry, Lindisfarne Methodist and Ōtātara), talking to community groups, advertising, and producing collateral. However, the two response events over the last financial year (September 2023 floods and Blue Cliffs in March/April 2024) state of emergencies, coupled with lack of staff resourcing, have impacted on its business as usual and progress against the business plan.

During 2023/2024, EMS held 36 emergency coordination centre courses.

The AF8 programme continued to operate and was overseen by EMS for the six South Island emergency management groups. Highlights include the development of The Alpine Fault and Our Active Faults NCEA Level 1 Geography resource, which is aligned to the new New Zealand curriculum and designed to teach ākonga all about the Alpine Fault and our active faults, while also learning geospatial information system skills in ArcGIS Online.

Other activities EMS have engaged in during 2023/2024 include school visits with the earthquake preparedness trailer, recovery meetings, and participation in Rū Whenua, a national-led exercise. The EMS team involved a small number of staff from the Councils for day one and other Southland representatives attended the exercise sessions in Wellington.

4 Great South

Page 98 provides further information.

5 He Waka Tuia

Funding was allocated through activity budget.

6 Invercargill Public Art Gallery

In the 2023/2024 financial year, 31,031 people visited exhibitions and events held both onsite at He Waka Tuia and offsite.

Sixteen exhibitions were organised during the year at He Waka Tuia and offsite at Invercargill Central, South Alive/The Pantry, and Waihopai School.

The total funding of \$314,000 was spent on salaries, administration, public programming, a social history curator and the Heritage Studios Digitisation Project. However, only part of the budgeted amount for the digitisation project was used, with the remainder expected to be spent in 2024/2025.

7 Southland Indoor Leisure Centre Trust

Approximately \$210,000 was utilised to fund maintenance of Stadium Southland. The remainder of the \$700,000 allocated was utilised for supporting the operation of the Stadium.

Around 300,000 people visit the Stadium over the year. 90 events were held at the facility including Junior Rock 'n' Roll Nationals, National Leisure Marching, Southland Multicultural Food Festival, Southland Relay for Life, and many more.

8 Southland Regional Heritage Committee

The funding allocated is based on the number of rateable properties and can vary to plan as a result of changes to the rating base and the impact of inflation. The Committee allocated grants in 2023/2024 of \$1,817,520, including \$1,291,654 towards Te Kupeka Tiaki Taoka – Southern Regional Collections Trust and cataloguing. \$206,516 for cataloguing the Gore District Council collection and \$169,350 discretionary grants to support Te Hikoī, Bluff Maritime Museum, Rakiura Museum, Heritage South Heritage Month and other community related heritage projects.

9 Southland One Stop Shop Trust

The funding was utilised to pay for the rent of their premises under an agreement which continues to 2027/2028.

1,104 rangatahi attended appointments and utilised services and support at Number10 over the year. 827 individual clients attended 3282 clinical appointments, 175 individual clients attended 2155 mentoring/advocacy appointments, 81 individual clients attended 3 youth development groups and 21 rangatahi attended 156 counselling appointments.

10 Te Ao Mārama Inc.

Te Ao Mārama have supported a range of mahi within the Invercargill District. This included support and input into a range of Parks and Recreation projects and activities such as the Sandy Point and Donovan Park Masterplans, land review for disposals, Motupōhue Adventure Park and Bluff Boat Ramp renewal, as well as Bluff and Clifton wastewater consents, alternative water supply and Sub-Division Code of Practice.

11 Te Kupeka Tiaki Taoka Trust

This funding was utilised for the administration of the Collections.

12 Active Southland

Active Southland coordinates the Spaces and Places Strategy for the region. The funding was used to support two full-time equivalent roles, a Spaces and Places Lead and a Data Coordinator. During the year, they have worked on completing and implementing the Southland Sports Fields Strategy. Another key achievement has been the establishment of two sport and recreation hubs in the region - one in Invercargill (Waverley) and one in Winton. Active Southland has played a key role in supporting the establishment of both hubs, facilitating and assisting the clubs to navigate collective solutions to their common problems, considering the current environmental, political, funding, and infrastructure situations in the region. The Spaces and Places Advisory Group identified major gaps in data and significant work has been undertaken in this area, including the licensing of ActiveXchange’s SportsEye tool which has been a major step forward by having a national infrastructure database with overlays of New Zealand census data and other socio-economic data.

Expenditure was approximately \$20,000 above budget and this was largely associated to the Waverley Hub Implementation work and the annual licence for ActiveXchange.

13 Saving Grace (IC2 Trust)

\$100,000 funding allocation has been lifted in 2023/24. The funding is to be used for the design and construction of a community hub at 139 Grace Street, Invercargill. The Saving Grace project is currently in the design phase, and the costs are being revised by the quantity surveyor firm. Once the costs have been finalised, detailed working drawings will be developed. In the last financial year, \$110,279 has been spent on architectural, engineering and construction management fees.

Community funds

Fund	Amount available 2023/2024 \$000	Amount allocated 2023/2024 \$000
Community Wellbeing Fund	565	563
Heritage Building Strategy Fund	120	279*
Facilities Maintenance Fund	100	0

*Heritage Building Strategy allows up to \$300,000 to be allocated per year

The Community Wellbeing Fund

The Committee supported 63 projects which included five multiyear projects in 2023/24, allocating \$568,600. This total included one grant allocation that was partially returned during the year, totalling \$3,600.

As with previous years, most projects that were supported had an element of social and/or cultural wellbeing, with a lower number focussed on economic and/or environmental wellbeing. This financial year, more projects funded scored highly on city centre vibrancy. 53% of funding was allocated to projects which promoted some element of social wellbeing or liveability, 42% of funding was allocated to projects which had an element within the city centre and 41% of funding went to projects which promoted economic wellbeing.

The breakdown below gives a high-level overview of the types of projects funded (some projects have several aspects).

- Thirty-one funded projects were events with a range of different focusses from cultural activities to active recreation and arts, and heritage events.
- Thirty-five projects had some sort of social focus.
- Fourteen projects supported rangatahi/ young people in Invercargill and Bluff.
- Fourteen projects were arts related and an additional seven had a focus on heritage.
- Five environmental projects were funded and four supported community education.
- Seventeen projects were supported that included engagement with Bluff residents.
- Nine projects had an aspect of an active/sports focus.

* Please note that projects could cover more than one sector, therefore the numbers above reflect the totals across all sectors, not the number of applications.

Heritage Building Strategy Fund

Council has two funds that support heritage buildings: Built Heritage Fund and Seismic Strengthening Fund.

The City Centre Heritage Subcommittee supported 18 built heritage projects in 2023/2024, allocating the full \$250,000 available. Projects included works such as façade repainting, reroofing, veranda repairs and restoration of original heritage features. Only part of this funding (\$137,000) has been paid out; this is due to change in building ownership, contractor shortages, and natural disaster.

The Subcommittee supported 5 seismic strengthening projects in 2023/2024. Four recipients received funding towards detail seismic design and one recipient received funding towards seismic strengthening works to their heritage building.

Council Controlled Organisations

Ngā rōpū a te kaunihera

Council Controlled Organisations and Council Organisations provide opportunities for councils to provide services and activities. A Council Controlled Organisation is a company or organisation in which a council, or councils, hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers.

A Council Controlled Trading Organisation is similar, but its main focus is making a profit.

A Council Organisation is the same as a Council Controlled Organisation but does not require 50% or more control.

Each Council Controlled Organisation prepared a Statement of Intent which sets out, for the benefit of its shareholders, its mission and objectives for each financial year.

The following Council Controlled Organisations are included in this section:

- Invercargill City Holdings Limited
- Bluff Maritime Museum Trust
- Invercargill City Charitable Trust
- Southland Regional Development Agency Limited – trading as Great South

Invercargill Venue and Events Management Ltd is no longer a CCO, with operation of theatre services brought in house.

Te Kupeka Tiaki Taoka – Southland Regional Collection Trust ceased to be a Council Controlled Organisation in June 2024 following changes to its Trust deed.

Invercargill City Holdings Ltd

www.ichl.co.nz

How did we measure up

Invercargill City Holdings Limited (ICHL) is wholly owned by the Invercargill City Council. There was no proposal to change the ownership or control of ICHL in 2023/2024.

ICHL has the following investments:

Companies	Description
Electricity Invercargill Limited (100%)	Electricity Invercargill Limited, an electricity network asset company invests in electricity generation, distribution and maintenance in and outside Invercargill District.
Invercargill Airport Limited (97.47%)	Invercargill Airport Limited operates the Invercargill Airport facility, servicing the Southland and Fiordland regions.
Invercargill Central Limited (47.78%)	Invercargill Central Limited owns the Invercargill Central shopping centre.
Invercargill City Property Limited (100%)	The core business of Invercargill City Property Limited is the consolidation of landholdings within the inner city of Invercargill to facilitate their redevelopment. To achieve this aim the company has invested in, and lent money to, HWCP Management Limited.

During the financial year, ICHL provided a dividend of \$5.206 million to Council.

At the request of Council, ICHL hold the equity investment in ICL.

The ICHL group Annual Report is available on its website.

The 2023/24 Statement of Intent had the following key performance measure.

Financial Performance Targets – Rate of return on equity funds	2023/2024 Target	2023/2024 Result
Invercargill City Holdings Limited - % After Tax	3.73%	2023/24: 11.56% 2022/23: 3.6% 2021/22: -27.57% 2020/21: 2.65%

ICHL has a range of other performance measures which can be seen in full in the ICHL Annual Report on page 55.

Highlights include:

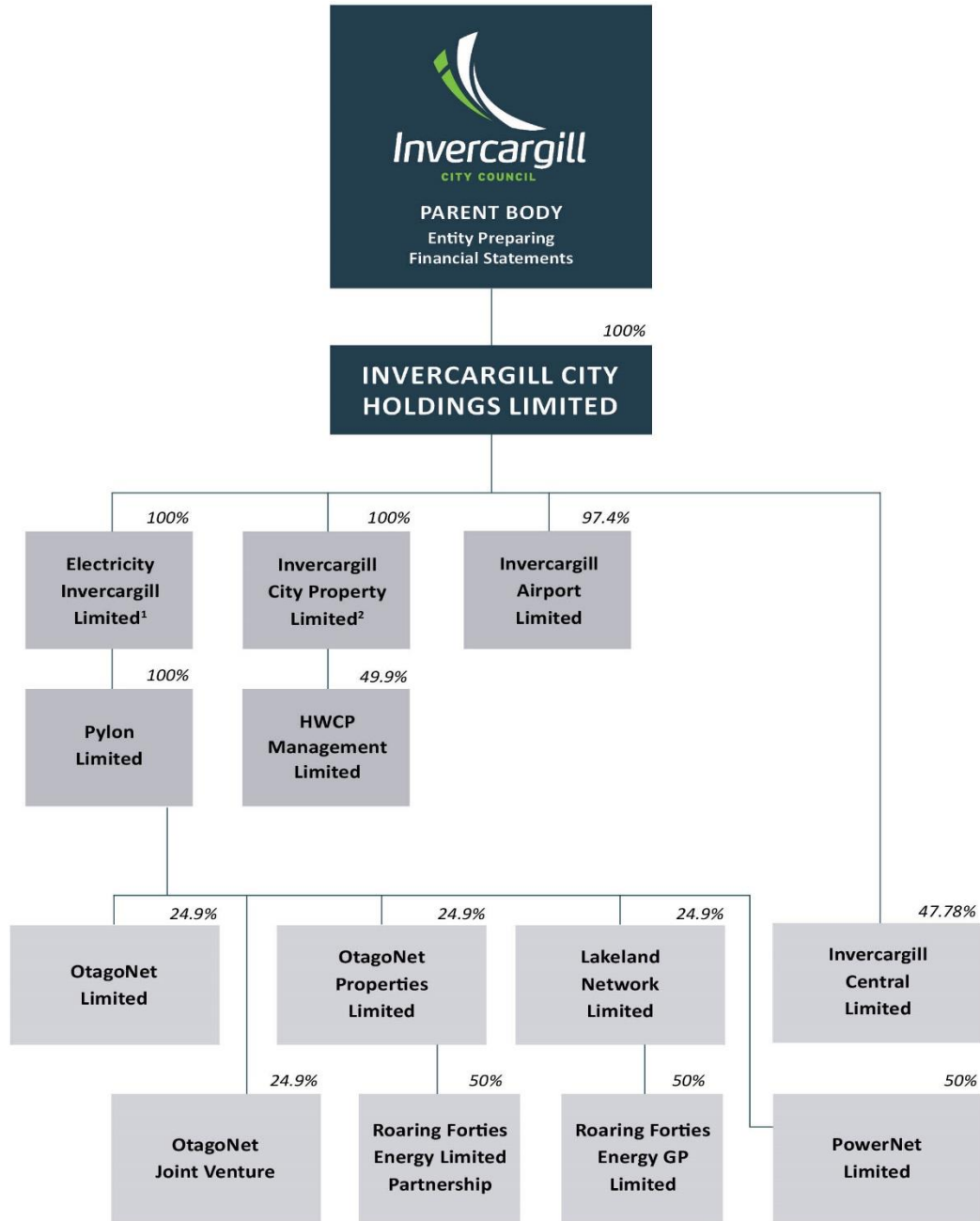
	Group 2024 Target \$000	Group 2024 Actual \$000	Group 2023 Actual \$000
Gross Revenue	43,926	47,054	34,870
Expenditure	36,702	34,799	27,977
Net Profit (Loss)	7,224	12,255	6898
Tax	(1,310)	(4,221)	(2,220)
Group net profit (Loss) after tax	5,914	8,034	4,673
Dividend to Invercargill City Council	5,096	5,206	5,089
Shareholder Funds to total assets	52.75%	49.03%	54.11%

Health and Safety

	Group 2024 Target	Group 2024 Achievement	Group 2023 Achievement
Total recordable injury rate	3.1	1.0%	1.1

Group Structure

for Invercargill City Holdings Ltd



1. As described in Note 29, Invercargill City Council approved the sale of Pylon Ltd.

2. Invercargill Property Limited amalgamated with Invercargill City Holdings on 03 July 2024.



Te Kupeka Tiaki Taoka – Southland Regional Collections Trust

Te Kupeka Tiaki Taoka – Southern Regional Collections Trust is a Council Controlled Organisation for the 2022/2023 year. The Trust and its stakeholders agreed to undertake a restructure of the Trusts' governance structure and trust deed. During this time, an interim board was appointed to manage the transition to the new structure. This change was completed in the 2022/2023 with a new board appointed to commence from the 22 August 2023.

The Trust continues to function as the guardians / owners of the collection. Invercargill City Council manage the museum operations, including museum redevelopment (Project 1225).

The Trust's Annual Report for the 2022/2023 year is available on the Invercargill City Council's website.

Te Kupeka Tiaki Taoka – Southern Regional Collections Trust ceased to be a Council Controlled Organisation in June 2024 following changes to its Trust deed.

Bluff Maritime Museum Trust

The Bluff Maritime Museum Trust’s vision is to make the Bluff Maritime Museum a must-see attraction for residents and visitors. The Bluff Maritime Museum Trust receives funding from the Southland Regional Heritage Committee, Environments Southland, the Invercargill City Council, and the Bluff Community Board. The museum continues to offer engaging displays and interesting collections that have further contributed to their success.

There was no proposal to change the ownership or control of the Bluff Maritime Museum Trust in 2023/2024.

Measure of Service	2023/24 Target	2023/24 Result
<p>To recognise the museum as a place where our maritime heritage is valued and promoted.</p>	<p>To recognise the museum as a place where our maritime heritage is valued and promoted.</p>	<p>The Bluff Maritime Museum has an ongoing engagement with South Port and Bluff fishing industry through their ongoing support of exhibitions as well as the Museum. The Museum works closely with the Southland Museum and Art Gallery and as the regional Maritime Museum, Bluff is able to consistently access collection items for exhibition.</p> <p>In 2023/24, Bluff Maritime Museum was able to acquire a range of valuable information and images of Bluff Oysters and oyster fishing dating back to 1860 from a Bluff local.</p> <p>In December 2023, an event was held at the Museum to commemorate 82 years since the sinking of HMS Neptune. Rear Admiral David Proctor, Chief of Royal New Zealand Navy, led the commemorative service.</p> <p>The Oyster boat Monica remains one of the main attractions for the Museum and the Trust is planning to replace the oyster benches and paint part of it.</p> <p>4,134 people visited the Museum in 2023/24, up from 3,884 in 2022/23 and 2,799 in 2021/22.</p>

Invercargill City Charitable Trust

The Trust comprises a Board of five Trustees who oversee the governance of the Trust. The Trustee positions are held by the Mayor, Deputy Mayor and Council Chief Executive and 2 Councillors of the Invercargill City Council. Day-to-day operations of the Trust and reporting to the Board is administered by staff provided by Invercargill City Council.

The Invercargill City Charitable Trust was established to promote charitable purposes. The main outputs of the Trust are costs relating to the ownership and maintenance of Rugby Park stadium.

The operation of Rugby Park Stadium was contracted to Invercargill City Council.

Community Outcome	Intermediate Outcomes	2023/2024 Target	2023/2024 Result
Embrace Innovation and Change	Invercargill has the 'wow factor' with the right facilities and events to enjoy.	Clear strategy with regard to sale/ transfer of Rugby Park	In progress. The sale of Rugby Park is underway.
Enhance our City	Invercargill's business areas are bustling with people, activities and culture	Apply for funding for new events	Not achieved.

Southland Regional Development Agency Limited Trading as Great South



www.greatsouth.nz

Great South was established as Southland’s Regional Development Agency in March 2019.

They have strong backing from local authorities and representatives from the private and public sectors as their nine shareholders and member organisation. There are two categories of shareholders: the Class A funding shareholders including the Invercargill City Council, Southland District Council, Gore District Council and Environment Southland. The Class B shareholders include the Invercargill Licensing Trust (ILT), Maitauro Licensing Trust (MLT), Southland Business Chamber and the Southern Institute of Technology /Te Pūkenga. Great South also has a member organisation, Community Trust South that support them with funding for impetus and investigations that will benefit the region.

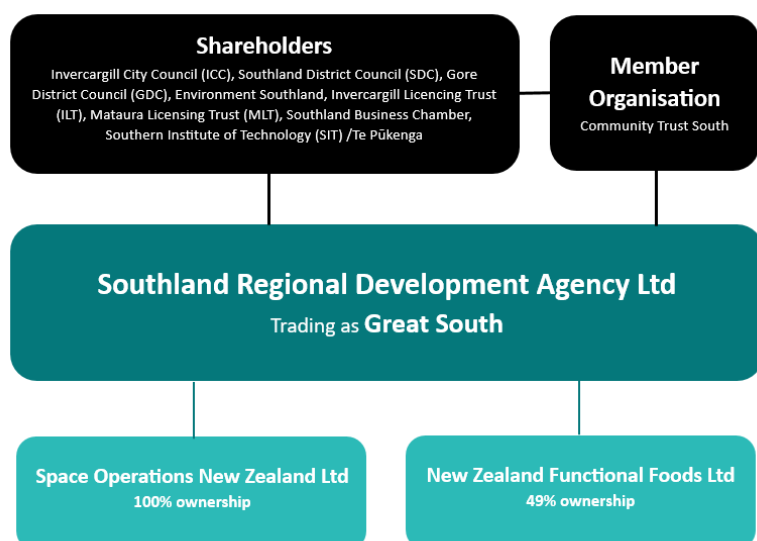
Committed to driving economic, social, and cultural growth, Great South has a clear mandate to leverage opportunities for Southland in the areas of economic development, business development services, tourism and events.

To stimulate this growth, and address challenges within the regional development space, Great South incorporates the Southland Regional Tourism Organisation, central government’s Regional Business Partner (RBP) Network and coordinates a number of government-funded contracts that play a pivotal role in helping to grow the Southland population – the major goal identified in the 2015 Southland Regional Development Strategy.

Together, with the range of innovative initiatives delivered, Great South provides a unified voice for the region, establishes a strong platform for regional success and is taking strides towards the region’s economic recovery and its vision of even better lives through sustainable development.

Great South has one subsidiary company and one joint venture – Space Operations NZ Limited and NZ Functional Foods Limited.

The activities delivered by Great South directly contribute towards the ICC community outcomes. Great South works with a range of stakeholders to drive growth in the region. The core funding was spent on operational costs, and contract funding was spent on delivering regional business and tourism development, as well as regional events and event marketing. The cost to deliver services for the ICC priorities exceeded the level of funding allocated by \$117,719.



Level of service	Long-term plan Community Outcomes	Target 2023/2024	Achieved	Result 2023/2024	Prior years
Regional economic development – grow the population and diversify the economy	<p>Enhance our City</p> <p>Preserve its character</p> <p>Embrace innovation and change</p>	Support the development of one new industry in Invercargill	Achieved	<p>Great South supported several industries in the 2023/24 financial year including:</p> <ul style="list-style-type: none"> - Aquaculture - Advancement of several opportunities for onshore and offshore aquaculture covering finfish, seaweed and shellfish. Also completed water assessments for wastewater and water infrastructure needs for two of the mentioned opportunities. - Hydrogen - Completed two technical papers for Southern Green Hydrogen project and supported industry collaboration. We also undertook liquefaction, geotechnical and sea level rise impacts on various sites and key transport routes in Awarua area. - Tourism - Completed two Cruise Famils that enabled 17 cruise ships to call into Bluff harbour during summer 2023 and a number of onshore activities in Invercargill and beyond were enabled as a result. Estimates show that nearly 4,000 passengers were on the 17 ships, with around 40% of them coming onshore for activities. The estimated spend from cruise on retail and hospitality over the season is approximately \$600,000. - Submissions: Although not a KPI for the 2023/2024 FY, Great South made a number of submissions on behalf of our region including; to MfE for the Emissions Trading Scheme, The Regional Emissions Report, Sandy Point Domain, Climate Change Response Act submission on Section 5 ZW, Submission on the National Transport Draft Policy Statement, Otago Southland Regional Transport Plan, Invercargill i-Site Options Report, Bluff Exports Assessment, Bluff Highway Sea Level Rise Impacts. - Opportunities Papers - On behalf of the region, Great South developed seven opportunities papers for the region to support discussions by regional leaders with central government. The opportunities include: Aquaculture, Tourism, Agriculture, Housing, Energy, Water, Roading & Transport 	<p>2022/23: Achieved - Great South continues its support to develop the aquaculture industry in Southland including support provided to Sanford for their trade waste pipe from Makarewa to Clifton wastewater treatment plant. Great South also provided support to a potential new investor in onshore salmon farming, to present to Environment Southland and the Invercargill City Council for guidance on consenting requirements and community engagements.</p> <p>2021/22: Achieved - Great South assisted Data Grid with site selection for its planned \$700m project at Makarewa.</p> <p>Assessments have been undertaken to facilitate the establishment of a hydrogen production plant in Southland.</p> <p>Revenue for ground station services increased by 115%.</p>
Regional business development – grow innovative businesses and build a skilled workforce.	<p>Enhance our City</p> <p>Preserve its character</p> <p>Embrace innovation and change</p>	165 business Engagements (not unique)	Not Achieved	<p>149 business engagements within the Invercargill City area.</p> <p><i>Note: There was a general slowdown of uptake of products last year. Business confidence has dropped and many are seeing an increase in their operational costs and the feedback has been that personal and professional development has reduced in priority as businesses find ways to reduce costs.</i></p> <p><i>Other achievements: Great South also developed and launched the "Get A Life / Get Southland" toolkit. This toolkit holds collateral including videos and imagery for Southland businesses to use to market Southland when recruiting for new staff. It</i></p>	<p>2022/23: Not Achieved - 139 Business engagements.</p> <p><i>Note: There was a general slowdown of uptake of products last year, following the aftermath of Covid, where businesses had to pick up the pieces following numerous lockdowns, including facing staff shortages, becoming time poor and facing burnout. Inflation has seen an increase in the cost of doing business and the feedback seems to be that personal and professional development for businesses were not a priority during the last financial year. As a result, in most areas, the business support initiatives fell short of their targets.</i></p>

Level of service	Long-term plan Community Outcomes	Target 2023/2024	Achieved	Result 2023/2024	Prior years
				<i>enables our business to have a unified story on the benefits of living and working in Murihiku Southland.</i>	<i>MBIE are re-purposing business engagements to be lower volume but higher value outcomes for businesses. This will need to be reflected in our KPI's from 2024/25 onwards</i> 2021/22: Achieved - 493 business engagements undertaken. These include 329 engagements with businesses Southland wide.
		Host four workshops on relevant topics	Achieved	Great South hosted five workshops. The topics covered included: exporting, lean manufacturing, industry 4.0 showcase, business mentors and technology development.	2022/23: Achieved - Great South hosted seven workshops with 135 attendees. The topics covered included immigration, LEAN, technology, Virtual reality, supply chain processes and Pacific business events. 2021/22: Achieved - Great South hosted 5 workshops.
		Connect six businesses with Callaghan R& D funding	Not Achieved	Four business connected to Callaghan R&D funding. <i>Note: Callaghan Innovation have revised their product funding model and many of the previous grants have been replaced with a general R&D tax incentive credit (RDTI). This is managed via the Inland Revenue Department and the data remains confidential in regard to how many Invercargill businesses have accessed this tax credit.</i>	2022/23: Not Achieved - Four businesses connected to Callaghan R&D funding. <i>Note: Callaghan are restructuring and repurposing their products and what is currently on offer is not enticing Southland businesses. Callaghan R&D are also going through some changes to reflect a post-Covid environment.</i> 2021/22: Achieved - Eight businesses received funding. Callaghan Innovation suspended Project Grants and Getting Started Grants across NZ due to lack of budget.
		Connect 12 businesses with Business Mentors NZ	Not Achieved	This contract finished in June 2022. Business Mentors NZ complete the business mentor matching at a national level. This means that local businesses have access to a wider range of mentors and expertise.	2022/23: Not Achieved - This contract finished in June 2022, therefore there was no activity in this space for the 2022/23 financial year. Business Mentors NZ deal with businesses directly now. 2021/22: Achieved - Connected 15 Southland businesses with Business mentors NZ.
		Issue 130 co-funded vouchers for capability management and training	Not Achieved	The 130 target was set for all of Southland, out of which 89 vouchers were issued. The main industries represented were: agriculture, retail trade, health care and social assistance, construction, manufacturing and professional and technical services. Invercargill businesses received 46 co-funded capability management training vouchers in the last financial year. <i>Note: With businesses reporting increases in their operational costs many have implemented a reduction in spending on professional development as they find ways to reduce costs. The training service providers in Southland have all noted a reduction in registrations for many of their courses.</i>	2022/23: Not Achieved - The 130 target was set for all Southland, out of which 120 vouchers were issued covering retail trade, construction, accommodation and food services, manufacturing, arts and recreation, professional services, wholesale trade and healthcare. Invercargill businesses received 67 co-funded capability management training vouchers in the last financial year. 2021/22: Achieved - 147 capability management vouchers were issued to Southland businesses.

Level of service	Long-term plan Community Outcomes	Target 2023/2024	Achieved	Result 2023/2024	Prior years
Regional tourism development – diversify the economy.	Enhance our City Preserve its character Embrace innovation and change	Process five projects identified in the Southland Murihiku Destination Strategy	Achieved	<p>The revised Murihiku Southland Destination Strategy 2023 – 2029 was launched in September 2023, written by Great South, based on research and input from a wide range of stakeholders. This year as well, Great South funded the Bluff Motupohue Tourism Master Plan Coordinator and oversaw management of this role.</p> <p>Five Projects progressed including:</p> <ul style="list-style-type: none"> - Cycle Tourism: The Murihiku Southland Cycle Tourism Opportunities Assessment was completed and shared with ICC staff before a wider stakeholder presentation was also held in Invercargill. A key outcome from the assessment was the investigation of a regional entity for cycle tourism development. This investigation is now underway and the consultant supporting this work, Rob MacIntyre, visited the region to meet with Councils and key stakeholders. Following these meetings, the draft Murihiku Southland Regional Trails Entity Assessment was completed and presented to Council towards the end of June. This will be shared with all councils in the region before a joint forum to discuss possible pathways will be facilitated. - Motupohue visitor experience Te Taurapa o Te Waka: Final hui between Great South, Awarua Rūnaka and experience designers Locales was held. Following this hui, the full project cost estimates were completed by Frame Group. A public meeting was held at Te Rau Aroha Marae to share the concept with the community and a further presentation to Council was held. After a request from Council, a submission on this project was made as part of the ICC LTP process. The project was received very positively - Food Tourism: Implementation of the Southland Murihiku Food Tourism Strategy continues. The Murihiku Eats food guide to Southland was released featuring several Invercargill and Bluff based hospitality providers. We also supported the Murihiku Kai Collective and the Good food Road Map - Feeding Murihiku launch. While this programme is predominantly about food resilience, this ties in with our ability to feed and look after our visitors, in the event of a major disruption. - Sustainable Tourism: An online platform for Tourism Sustainability has been created and is available on Southlandnz.com. A Sustainable Tourism Webinar Series was launched with experts discussing key topics in relation to 	<p>2022/23: Achieved – Bluff Motupohue Tourism Master Plan - Provided funding for the Bluff Motupohue Tourism Master Plan Coordinator and undertook management of this role. Worked alongside ICC on the development of a successful Tourism Infrastructure Fund application for the Bluff Motupohue Active Recreation Precinct to develop new mountain bike trails, car parking and toilets. Supported Awarua Rūnaka to create their vision for a visitor experience at the top of Motupohue Bluff Hill, utilised additional STAPP funding to deliver this and coordinated the project.</p> <p>Sustainable Tourism - Developed the Murihiku Sustainable Tourism Programme and held the first intake in the second half of 2022, in Invercargill. This will be an ongoing programme offered around the region. Developed an online platform for sustainable travel in the region, highlighting how visitors can plan a low emission visit to our region, the work happening within Southland in this space, and operators actively working to reduce their impact on the environment.</p> <p>Food Tourism - Working on implementation of the Southland Murihiku Food Tourism Strategy – which seeks to establish Southland as a significant food tourism destination. Held a food storytelling workshop with the hospitality sector in Invercargill, where Eat NZ also presented. Developed a regional food guide, showcasing our hero food stories and hospitality providers showcasing these and sharing our stories – to be released in August. Supported the delivery of Feast Matariki at Te Rau Aroha Marae, to develop and build our cultural food story.</p> <p>Cycle Tourism - Created new photo and video content to promote Southland as a cycling destination – this included Te Ara Taurapa, the Invercargill to Bluff cycle trail, Bluff Hill Mountain biking trails, Invercargill flood banks and Sandy Point Mountain biking trails. Began development of a regional cycle tourism strategy to highlight pathways to further develop Southland as a key cycle tourism destination – release September/ October 2023.</p>

Level of service	Long-term plan Community Outcomes	Target 2023/2024	Achieved	Result 2023/2024	Prior years
				<p>sustainability to operators. The first was ‘Electric Vehicles in Your Business’ with Jordan Wyatt of EV City and Nigel Humphries of Envy Experiences. The second webinar was held focused on Renewable Energy Certificates. This was presented by Delphine David of BraveTrace</p> <p>- Touring Route Networks: We hosted the Southern Way Project Manager to familiarize her with the tourism proposition in Invercargill and further develop future opportunities. The Southern Way Project Manager attended the Covi Motorhome Caravan & Outdoor Show promoting Southern Way to show attendees. New slow travel itineraries created. A joint promotion with Air NZ is currently being planned. This campaign will focus on open jaw travel between the three airports within Southern Way – Invercargill, Dunedin, and Queenstown.</p>	<p>Southern Way - Worked in partnership with the 8 Regional Tourism Organisations in Otago and Southland to develop and launch a new touring route network – Southern Way. This showcases Invercargill as one of the three main centres within the Southern Way, and Invercargill Airport as a gateway to the rest of the region and the lower south. The network is being promoted domestically and through international trade channels and has had video and photo content developed as well as a brand identity, website and suggested itineraries.</p> <p>2021/22: Achieved - Bluff - Bluff Motupōhue Tourism Master Plan completed. Great South funded a contract role to guide its implementation. Funded and coordinated interpretation panels for the Invercargill to Bluff cycleway Te Ara Taurapa.</p> <p>Food tourism – along with Eat NZ, developed a food tourism strategy for Southland, launched in December and presented at workshops in Invercargill and Bluff. Supported Feast Matariki at Te Rau Aroha Marae.</p> <p>Cycling – trail analysis and itinerary development completed undertaken in conjunction with Southland Mountain Club. Now available on southlandnz.com</p> <p>Low Emission Tourism – a pilot programme for tourism operators has been developed by Great South (begins July 2022).</p>
		45 media results featuring the region	Achieved	655 media results region wide, 157 of those featured Invercargill.	<p>2022/23: Achieved - 576 Publications and media results (Domestic and International). 65 results are stand-alone (not campaign-related) publications such as advertising & editorials.</p> <p>2021/22: Achieved - 340 media results recorded in 77 different publications.</p>

Level of service	Long-term plan Community Outcomes	Target 2023/2024	Achieved	Result 2023/2024	Prior years
Regional events – diversify the economy	<p>Enhance our City</p> <p>Preserve its character</p> <p>Embrace innovation and change</p>	Support 15 events, both existing and new, which drive overnight visitation in the region	Achieved	<p>Overall in 2023/2024 we delivered and supported delivery of 32 events and 7 cluster events campaigns, bringing the total to 39 events or group of events.</p> <p>We had 16 events that drove overnight visitation and these include:</p> <ul style="list-style-type: none"> - ILT Kidzone Festival each year (July - we own this event) - Miharō Murihiku Polyfest (August) - Davis Cup (September) - NZ Road Transport Hall of Fame Awards (September) - ILT Southland Darts Masters (October) - 3x3 Cup (October) - SBS Bank Tour of Southland (October) - Ascot Park Christmas at the Races (December) - Burt Munro Challenge (February) - Hop N Vine replacement event (March) - Taste Southland (April) - Rock 'n' Roll Junior Nationals - SPW Fight for Gold - Southland Softball Association - Southern Lights Rally - Bluff Oyster and Food Festival <p>The following events were supported during the 2023/24 FY, enabling use to secure these events for 2024/25 FY, all of which will drive overnight visitation.</p> <ul style="list-style-type: none"> - 2025 BMX Nationals - FMG Young Farmers 2025 - South Island U15 Softball Open - National U19 Girls Softball Championships - NZ Evergreen Softball Tournament - Vantage Elite and U19 Track National Championships - NZ Marching Championships - Clubs NZ National Indoor Bowls <p>The following events were also supported, but targeted local consumers:</p> <ul style="list-style-type: none"> - Upstage: Invercargill Festival of Cabaret (August) - Southland Heritage Month (March) - Arahi Māori Womens Welfare League (June) - Matariki Celebrations (June), - Invercargill Filipino Dance and Talents Group event (June) - The Y – community open day (June) - Mash Catering Events - Night of the Arts 	<p>2022/23: Not Achieved - Unmissable events located in Invercargill include: ILT Kidzone Festival (July), Miharō Murihiku Polyfest (August), NZ Road Transport hall of Fame Awards (September), Southland's ILT Darts Master (October), 3x3 Cup (October), SBS Tour of Southland (October/November), Ascot Park Christmas at the Races (December), Burt Munro Challenge (February), Southland A & P Show (March), George Begg Festival (March), Southland Beer Wine and Wild Food Festival (April).</p> <p>Working alongside event organisers to support the development of new and emerging events.</p> <p>In development: Armageddon, Oceania Arm Wrestling, Cabaret Festival, Southland Cheese Roll competition</p> <p>First year of delivery: Rangatahi Zone, Anderson Park food activations with mash Events, ILT Darts Masters</p> <p>Second year of delivery: George Begg Festival, Not Bluff Oyster Festival Mystery Bus Tour including the brand marketing of Taste Southland</p> <p>More than three years of delivery: Savour the South, Heritage Month, (cluster calendar), Matariki (cluster calendar)</p> <p>Overall in 2022/23 we delivered 13 unmissable events and worked on 4 new events which brings the total to 17 events in total.</p> <p>2021/22: Achieved - Great South continues to work with representatives of 36 key Southland destination events, as identified in the Southland Murihiku Events Strategy, particularly on out-of-region marketing. 11 of these are in Invercargill or Bluff, including the Bluff Oyster and Seafood festival and the Burt Munro Challenge. These events are featured in a digital seasonal events calendar Events In Southland Southland, New Zealand (southlandnz.com)</p> <p>Significant focus has been put on attracting business events to Invercargill and will be enhanced in the future work of the business Events team.</p>

Level of service	Long-term plan Community Outcomes	Target 2023/2024	Achieved	Result 2023/2024	Prior years
				<p>Additional cluster marketing campaigns were created to support the following:</p> <ul style="list-style-type: none"> - Matariki events - Spring events (July to September) - The Southland Arts Trail - The Southland events calendar - Summer Staycation campaign – informing residents and visitors of events occurring in the new summer (Dec-Jan) - Summer Wheels Guide – campaign promoting wheel-based activity during the summer (Dec – March) - Autumn events campaign (Feb - March) <p>Additionally, Great South has been successful in confirming hosting rights for 24 Business Event for the next several years.</p>	<p>Great South continues to lead, organise and innovate ILT Kidzone, a nationally-recognised community event, in the city each year.</p>

Financial Management

Te Whakahaere Pūtea

Council must, under the Local Government Act, manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently, and in a manner that sustainably promotes the current and future interests of the Community.

This section includes:

- Statement of comprehensive revenue and expense / Tauākī o te Whiwhinga Matawhānui me te Utu
- Statement of changes in equity / Tauākī o ngā Rerekētanga o te Tika
- Statement of financial position / Tauākī o te Tūranga Pūtea
- Statement of Cash flows/ Tauākī rere Moni
- Notes to the financial statements / He Panui ki nga Tauākī Pūtea

All figures are GST exclusive unless otherwise stated.

Statement of comprehensive revenue and expense

Tauākī o ngā Moni Whiwhi me ngā Whakapaunga Whānui

For the year ended 30 June 2024

		Council Actual 2024 (\$000)	Council Budget 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
	Note					
Revenue						
Rates revenue	2.1	71,292	71,137	66,548	71,292	66,548
Fines		648	475	812	648	812
Subsidies and grants	2.4	16,148	16,621	15,651	16,173	15,671
Direct charges revenue		29,869	25,777	27,438	53,974	52,557
Rental revenue		3,327	3,653	3,152	5,694	5,474
Finance revenue	5	4,275	3,042	2,768	5,422	3,741
Dividend income		5,478	5,303	5,089	-	-
Subvention payments received		21	-	205	-	-
Vested assets	11.4	32	-	-	32	-
Other revenue		-	-	88	799	88
Total revenue (excluding gains)		131,090	126,008	121,751	154,034	144,891
Expenditure						
Employee expenses	3	34,522	33,005	30,453	36,464	32,076
Depreciation and amortisation	4	42,669	41,663	41,008	50,210	48,213
General expenses	6	61,431	55,383	56,649	76,051	71,597
Finance expenses	5	5,077	4,368	3,266	9,344	6,631
Total expenditure		143,699	134,419	131,376	172,069	158,517
Other gains/(losses)	2.2	3,108	1,463	(1,123)	3,588	(798)
Operating surplus (deficit) before tax		(9,501)	(6,948)	(10,748)	(14,447)	(14,424)
Share of associates' and joint ventures' surplus (deficit)	17	-	-	-	4,582	7,365
Adjustment for share of net losses not recognised/ Impairment*	17.2	-	-	-	(6,483)	(41,885)
Surplus (deficit) before tax		(9,501)	(6,948)	(10,748)	(16,348)	(48,944)
Income tax expense	7.1	2	-	-	4,102	2,241
Surplus (deficit) after tax from continuing operations		(9,503)	(6,948)	(10,748)	(20,450)	(48,935)
Surplus (deficit) after tax from discontinued operations	33	-	-	-	12,702	(2,250)
Surplus (deficit) after tax		(9,503)	(6,948)	(10,748)	(7,748)	(51,185)
Attributable to:						
Invercargill City Council		(9,503)	(6,948)	(10,748)	(7,760)	(51,221)
Minority interest		-	-	-	12	36
		(9,503)	(6,948)	(10,748)	(7,748)	(51,185)
Other comprehensive revenue and expense						
Property, plant and equipment revaluation gains/(losses)		73,183	-	5,065	74,030	18,480
Carbon credit revaluation gains/(losses)	2.2	282	-	(1,103)	282	(1,103)
Cash flow hedges		(386)	-	270	(856)	918
Total other comprehensive revenue and expense		73,079	-	4,232	73,456	18,295
Total comprehensive revenue and expense		63,576	(6,948)	(6,516)	65,708	(32,890)
Total comprehensive revenue and expense attributable to:						
Equity holders of the Council		63,576	(6,948)	(6,516)	65,696	(32,926)
Minority interest		-	-	-	12	36
		63,576	(6,948)	(6,516)	65,708	(32,890)

The accompanying notes form part of and are to be read in conjunction with these financial statements.

*Adjustment for share of net losses not recognised relates to the current year balance and impairment relates to the prior year balance.

For further details refer to Note 17.2.

Statement of changes in equity

Tauākī o ngā panoni tūnga pūtea

For the year ended 30 June 2024

Note	Council Actual 2024 (\$000)	Council Budget 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Balance at 1 July	1,139,458	1,135,362	1,145,974	1,228,253	1,261,143
Total comprehensive revenue and expense for the year	63,576	(6,948)	(6,516)	65,708	(32,890)
Balance at 30 June	1,203,034	1,128,414	1,139,458	1,293,961	1,228,253
Attributable to:					
Invercargill City Council	1,203,034	1,128,414	1,139,458	1,292,140	1,226,419
Minority interest	-	-	-	1,821	1,834
Balance at 30 June	1,203,034	1,128,414	1,139,458	1,293,961	1,228,253

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of financial position

Tauākī o te Tūnga Pūtea

As at 30 June 2024

	Note	Council Actual 2024 (\$000)	Council Budget 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Assets						
Current assets						
Cash and cash equivalents	8	12,373	11,096	15,443	14,054	19,245
Receivables	9.1	13,428	13,901	16,428	16,817	19,311
Prepayments		1,721	1,333	1,333	1,721	1,333
Tax receivables	7.2	-	-	-	-	2
Inventories		366	500	602	368	608
Derivative financial instruments	19.1	-	-	-	33	133
Other financial assets	18.1	19,757	18,717	18,673	20,507	19,423
Total current assets		47,645	45,547	52,479	53,500	60,055
Non-current assets						
Work in progress	11.2,12.1,16	44,473	-	33,740	54,825	36,487
Property, plant and equipment	11.1	1,133,573	1,101,781	1,064,838	1,284,095	1,215,236
Intangible assets	12.1	2,380	7,421	2,391	2,380	2,391
Biological assets	13	3,894	4,271	4,203	3,894	4,203
Investment property	16	27,486	29,699	26,956	35,261	32,786
Investment in associates and joint ventures	17.1	-	-	-	131,857	108,785
Advances to associates and joint ventures		-	-	-	14,492	12,998
Investment in CCOs and other similar entities	17.1, 18.1	76,569	76,569	76,569	1,632	-
Other financial assets	18.1	40,245	33,927	25,451	22,947	26,774
Derivative financial instruments	19.1	365	481	751	1,163	2,100
Deferred tax assets	7.3	-	-	-	-	25
Total non-current assets		1,328,985	1,254,149	1,234,899	1,552,546	1,441,785
Total assets		1,376,630	1,299,696	1,287,378	1,606,046	1,501,840
Liabilities						
Current liabilities						
Trade and other payables	10	15,586	15,943	18,683	19,980	22,421
Provisions	20	613	112	112	4,498	112
Employee benefit liabilities	21	4,433	3,866	3,783	4,603	3,952
Borrowings and other financial liabilities	19.2	63,290	32,012	70,799	142,055	113,818
Tax payable	7.2	2	-	-	3,897	913
Total current liabilities		83,924	51,933	93,377	175,033	141,216
Non-current liabilities						
Provisions	20	816	816	816	816	816
Employee benefit liabilities	21	-	26	27	-	27
Borrowings and other financial liabilities	19.2	88,856	118,507	53,700	107,056	101,900
Deferred tax liabilities	7.3	-	-	-	29,180	29,628
Total non-current liabilities		89,672	119,349	54,543	137,052	132,371
Total liabilities		173,596	171,282	147,920	312,085	273,587
Equity						
Retained earnings	22	363,502	353,047	378,519	403,510	416,681
Other reserves	22	839,532	775,367	760,939	890,451	811,572
Total equity		1,203,034	1,128,414	1,139,458	1,293,961	1,228,253
Total liabilities and equity		1,376,630	1,299,696	1,287,378	1,606,046	1,501,840
Total equity attributable to the Council		1,203,034	1,128,414	1,139,458	1,292,140	1,226,419
Total equity attributable to the minority interests		-	-	-	1,821	1,834
Total equity		1,203,034	1,128,414	1,139,458	1,293,961	1,228,253

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of Cash flows

Tauākī o ngā rerenga moni

For the year ended 30 June 2024

	Council Actual 2024 (\$000)	Council Budget 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Cash flows from operating activities					
Receipts from rates revenue	71,292	71,137	66,548	71,292	66,548
Receipts from other revenue	53,500	46,526	41,458	80,634	69,040
Interest received	3,936	3,042	2,678	5,083	3,445
Dividends received	5,478	5,303	5,089	-	-
Subvention payments received	21	-	205	4	-
Payments to suppliers and employees	(98,251)	(88,203)	(81,420)	(114,965)	(97,649)
Interest paid	(5,280)	(4,368)	(2,699)	(9,745)	(5,862)
Income tax (paid) refund	-	-	-	(1,446)	(2,753)
Goods and services tax (net)	(333)	-	431	(454)	427
Net cash flows from operating activities	30,363	33,437	32,290	30,403	33,196
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	213	-	1,249	240	1,296
Proceeds from sale of investment property	420	-	200	420	200
Proceeds from sale of investments	18,040	-	4,192	18,790	6,684
Advances repaid by subsidiaries and associates	12,090	-	-	12,090	-
Purchase of property, plant and equipment	(46,196)	(49,901)	(49,936)	(54,638)	(59,684)
Purchase of investments	(19,757)	(4,923)	-	(39,057)	(250)
Purchase of investment property	-	-	-	(2,908)	-
Purchase of intangible assets	(2,673)	(2,257)	(2,500)	(2,673)	(2,500)
Advances made to associates and joint ventures	(23,420)	-	(10,518)	(6,826)	(12,749)
Dividends received from associates and joint ventures	-	-	-	5,539	6,564
Investments in associates and joint ventures	-	-	-	(150)	-
Net cash flows from investing activities	(61,283)	(57,081)	(57,313)	(69,173)	(60,439)
Cash flows from financing activities					
Proceeds from borrowings	127,533	23,644	41,870	133,280	46,720
Repayment of borrowings	(99,683)	-	(20,000)	(99,683)	(24,577)
Dividends paid	-	-	-	(18)	(7)
Net cash flows from financing activities	27,850	23,644	21,870	33,579	22,136
Net (decrease) increase in cash, cash equivalents and bank overdrafts	(3,070)	-	(3,153)	(5,191)	(5,107)
Cash, cash equivalents and bank overdrafts at the beginning of the year	15,443	11,096	18,596	19,245	24,352
Cash, cash equivalents and bank overdrafts at the end of the year	12,373	11,096	15,443	14,054	19,245

The accompanying notes form part of and are to be read in conjunction with these financial statements.

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1 Statement of Accounting Policies Tauāki o ngā kaupapa here kaute

Reporting entity

Council is the Invercargill City Council and consolidated subsidiaries are together the Group.

Council is a territorial authority governed by the Local Government Act 2002. The consolidated entity consists of Invercargill City Council and its subsidiaries, Invercargill City Holdings Limited (100% owned), Invercargill City Charitable Trust (100% owned). Invercargill Venue and Events Management Limited (100% owned) was wound up during the year. The Council has one joint venture, a joint operation being WasteNet (56% share). Council has three associates being Southland Regional Heritage Committee (64% share of voting rights), Emergency Management Southland (28% share of voting rights) and Southland Regional Development Agency (48.73% share of voting rights).

The Invercargill City Holdings Limited (ICHL) Group consists of:

- Electricity Invercargill Limited (100% owned) and its wholly owned subsidiary Pylon Limited. (Refer to page 86 for additional structure information). Electricity Invercargill Limited has a balance date of 31 March.
- Invercargill Airport Limited (97% owned).
- HWCP Management Limited (49.9% owned). Invercargill City Property Limited (100% owned) was amalgamated with ICHL at 03 July 2024. (Refer to page 94 for additional structure information)
- Invercargill Central Limited is an associate of Invercargill City Holdings Limited (47.78% owned).

All Invercargill City Council subsidiaries and associates are incorporated in New Zealand.

The primary objective of Council is to provide goods or services for the community or for social benefit rather than to make a financial return. Accordingly, Council has designated itself a public benefit entity (PBE) for financial reporting purposes. Council is therefore subject to policies and exemptions that may not apply to other entities in the Group. Where PBE treatment of specific issues differs from the usual treatment, this fact is noted in each policy.

The financial statements of Council are for the year ended 30 June 2024. The financial statements were approved by Council on 22 November 2024.

Basis of preparation - Measurement base

The financial statements of Council and the Group have been prepared in accordance with the Tier 1 PBE accounting standards. These financial statements comply with the PBE standards. The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements have been prepared on the going concern basis. The financial statements have been prepared in accordance with GAAP. The purpose of complying with GAAP is because Council is a public benefit entity.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Council and Group is New Zealand dollars.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. The accrual basis of accounting has been used unless otherwise stated. All amounts are "Actual" results with the exception of "Plan" amounts.

Except where specified, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction.

Foreign currency monetary assets and liabilities at balance date are translated to NZ dollars at the rate ruling at that date. Foreign exchange differences arising on translation are recognised in the surplus or deficit, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to NZ dollars at rates ruling at the dates the fair value was determined.

Translation differences on equities held at fair value through surplus or deficit are reported as part of the fair value gain or loss. Translation differences on equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

Goods and Services Tax (GST)

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

The net GST paid to, or received from the Inland Revenue Department, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are shown exclusive of GST.

Cost allocations

Council has derived the cost of service for each significant activity of the Council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Council operates an internal treasury function that funds the net debt balance of each activity. Finance costs are allocated based on the net debt balance. The funding impact statements for each activity show the finance cost and debt movement for the year.

Plan values disclosed

The budget figures are those approved by Council at the beginning of the year in the Long-term Plan or Annual Plan. The budget figures have been prepared in accordance with Tier 1 PBE accounting standards, using accounting policies that are consistent with those adopted by Council for the preparation of the financial statements.

Net Assets / Equity

Net Assets or equity is the community's and ratepayers' interest in Council. It is measured as the difference between total assets and total liabilities. The asset revaluation reserve is recorded at fair value through other comprehensive revenue and expense reserve. The hedging revaluation reserve is recorded at fair value through other comprehensive revenue and expense reserve.

Implementation of new accounting standards

2022 Omnibus Amendments to PBE Standards, issued June 2022

The 2022 Omnibus Amendments include several general updates and amendments to several Tier 1 and Tier 2 PBE accounting standards.

- PBE IPSAS 16 Investment Property: The amendments clarify that fair value measurement of self-constructed investment property could begin before the construction is completed.
- PBE IPSAS 17 Property, Plant and Equipment: The amendments change the accounting for any net proceeds earned while bringing an asset into use by requiring the proceeds and relevant costs to be recognised in surplus or deficit rather than being deducted from the asset cost recognised.
- PBE IPSAS 30 Financial Instruments: Disclosures: The amendment specifically refers to disclosing the circumstances that result in fair value of financial guarantee contracts not being determinable.
- PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets: The amendments clarify the costs of fulfilling a contract that an entity includes when assessing whether a contract will be loss-making or onerous (and therefore whether a provision needs to be recognised).

The revised PBE standards are effective from the year ending 30 June 2024. They have not had any significant impact on the council and group financial statements.

Standard issued but not yet effective

The group will adopt the following accounting standard in the reporting period after the effective date.

PBE IFRS 17 Insurance Contracts

PBE IFRS 17 Insurance Contracts for public sectors was issued in June 2023. This standard establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. It is effective for reporting periods beginning on or after 1 January 2026 with early adoption permitted. The group does not expect any impact from the new standard.

PBE IPSAS 1 Disclosure of Fees for Audit Firms' Services

PBE IPSAS 1 Disclosure of Fees for Audit Firms' Services was issued on 18 May 2023. This standard sets out amendments to PBE IPSAS 1 Presentation Financial Reports. The amendments require an entity to describe the services provided by its audit or review firm and to disclose the fees incurred by the entity for those services. It is effective for reporting periods beginning on or after 1 January 2024. The group already meets the requirements of this standard.

Principles of consolidation

Subsidiaries

Council consolidates its subsidiaries in the group financial statements all entities where Council has the capacity to control their financing and operating policies as to obtain benefits from the activities of the entity. This power exists where Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Council measures the cost of a PBE combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or presumed, in exchange for control of the subsidiary plus any costs directly attributable to acquisition.

Any excess of the cost of the PBE combination over Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

Basis of Consolidation

The method used to prepare the consolidated financial statements involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

Council's investment in its subsidiaries is carried at deemed cost in Council's own "parent entity" financial statements. Deemed cost is based on the net asset value of the subsidiary on conversion to NZ IFRS.

2 Revenue

Accounting Policy / Kaupapahere Kaute

Revenue comprises rates, revenue from operating activities, investment revenue, gains and finance revenue and is measured at the fair value of consideration received or receivable. Revenue may be derived from either exchange or non-exchange transactions.

Revenue from exchange transactions arises where the Group provides goods or services to another entity and directly receives approximately equal value (primarily in the form of cash) in exchange.

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. These are transactions where the Group receives value from another party without giving approximately equal value directly in exchange for the value received.

Approximately equal value is considered to reflect a fair or market value, which is normally akin with an arm's length commercial transaction between a willing buyer and willing seller. Some services which the Council provides for a fee are charged below market value as they are subsidised by rates. Other services operate on a cost recovery or breakeven basis which may not be considered to reflect a market return. A significant portion of the Council's revenue will be categorised non-exchange.

As the Group satisfies an obligation which has been recognised as a liability, it reduces the carrying amount of the liability and recognises an amount of revenue equal to the reduction.

Sale of goods and services- Revenue is recognised in surplus or deficit when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods.

Rental revenue- Rental revenue from investment and other property is recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue. Rental revenue is classified as exchange revenue where it is considered to reflect a market/arm's length rental.

Dividend revenue- Dividend revenue is classified as exchange revenue and is recognised when the shareholder's right to receive payment is established.

Finance revenue- Finance lease revenue is classified as exchange revenue and is allocated over the lease term on a systematic basis. This revenue allocation is based on a pattern reflecting a constant periodic return on the Council's net investment in the finance lease.

Agencies- The Council collects monies for many organisations. Where collections are processed through Council's books, any monies held are shown as accounts payable in the statement of financial position. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

Waka Kotahi (NZ Transport Agency) roading subsidies The Council receives funding assistance from Waka Kotahi, which subsidise part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Grant revenue (including Waka Kotahi (NZ Transport Agency)) Grants revenue is recognised on receipt, except to the extent that a liability is also recognised in respect of the same inflow. A liability is recognised when the resources received are subject to a condition such as an obligation to return those resources received in the event that the conditions attached are breached. As the conditions are satisfied, the carrying amount of the liability is reduced and an equal amount is recognised as revenue. Grant revenue is categorised as non-exchange revenue

2.1 Rates revenue

Accounting Policy / Kaupapahere Kaute

Rates- Rates are set annually by a resolution from the Council and revenue is recognised in surplus or deficit at the time of invoicing.

The following policies for rates have been applied:

General rates, targeted rates (excluding water-by-meter), are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivable and subsequent recognition of interest revenue.

Rates penalties arising from late payment penalties are recognised as revenue when rates become overdue.

Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its Rates Remission Policy.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)
General rates	42,952	40,037
Rates penalties	774	716
	43,726	40,753
Targeted rates attributable to activities		
Water	9,949	9,301
Sewerage and drainage	7,619	7,162
Refuse and recycling	4,459	4,190
Other activities	5,610	5,209
Total revenue from rates	71,363	66,615

As required by the Local Government (Rating) Act 2002, details of rates remitted during the year are as follows:

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)
Halls, museums and other similar groups	2	2
Organisations whose object is the health and well-being of the community	32	33
Organisations whose principal object is the promotion of the arts or recreation	28	25
Organisations using premises for branches of the arts	7	6
Organisations using premises for historic conservation purposes	2	1
Total remissions	71	67
Rates revenue net of remissions	71,292	66,548

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under Council's rates remission policy.

Commentary / Whakaaro

The increase in annual rates collected by Council reflects the 9.88% rise as part of the 2023-24 Annual Plan and growth in rating units.

The annual rates revenue of the Council for the year ended 30 June 2024 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is the "Rates revenue net of remissions" shown above.

Rates revenue is shown net of rates remissions. The purpose of granting rates remission to an organisation is to:

- assist the organisation's survival, and
- make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, those with disabilities and economically disadvantaged people.

As required by the Local Government (Rating) Act 2002, details of rates remitted during the year are shown above.

The total amount of rates charged on Council owned properties that have not been eliminated from revenue and expenditure is \$2.13 million (2023: \$2.23 million). For the Group, rates of \$2.20 million (2023: \$2.23 million) have not been eliminated.

2.1(a) Rating base information

Rating units within the district or region of the local authority at the end of the preceding financial year. The following disclosures are made in accordance with the Local Government Act 2002, Clause 30A of Schedule 10.

	Council Actual 2024	Council Actual 2023
	(\$000)	(\$000)
Number of rating units within the Invercargill City Council	27,206	27,056
Total rateable land value within the Invercargill City Council	4,518,437	4,503,091
Total rateable capital value within the Invercargill City Council	13,063,983	12,860,843

Commentary / Whakaaro

The rating database as at 30 June 2023 is used to determine the rates revenue for the 2023/24 year. This information is verified with Quotable Value Limited.

2.2 Other gains and losses

Accounting Policy / Kaupapahere Kaute

Realised gains and losses in surplus / deficit

Realised gains and losses arising from the sale of property, plant and equipment and investments and changes arising from the ineffectiveness of derivative financial instruments and movements in impairments of other financial assets are recognised through surplus / deficit.

During the year ended 30 June 2023 an impairment expense of \$2.492 million was recognised with regard to a related party loan. This impairment has been reversed in the year ended 30 June 2024.

Further details of this transaction are described in Note 19.5.

As disclosed in Note 17, a loss of \$ 6.483 million has been recorded in relation to the adjustment for share of net losses not recognised in regards to the group's interest in the following investments in associates:

Investment in Associate	Share of net losses not recognised for 30 June 2024
Invercargill Central Limited	\$6,333,467
HWCP Management Limited	\$150,000
Total	\$6,483,647

Unrealised gains and losses in other comprehensive revenue and expense - Unrealised gains and losses arising from the revaluation of investments and changes arising from mark to market valuation of derivative financial instruments are recognised in other comprehensive revenue and expense.

Other losses - include revaluation decrements relating to investment properties, losses on the sale of property, plant and equipment and investments and losses arising from derivative financial instruments.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
<i>Recognised in Retained Earnings</i>				
Change in fair value and harvesting of biological assets (refer Note 13)	(223)	575	(223)	575
Change in fair value of investment property (refer Note 16)	950	395	1,430	720
Change in fair value of investments	-	(37)	-	(37)
Impairment of other financial assets	2,492	(2,492)	2,492	(2,492)
Net gain/(loss) on sale of property, plant and equipment	7	436	7	436
Impairment on property, plant and equipment	(118)	-	(118)	-
	3,108	(1,123)	3,588	(798)
<i>Recognised in Other comprehensive revenue and expense</i>				
Change in fair value of carbon credits	282	(1,103)	282	(1,103)
Change in fair value of cash flow hedges	(386)	-	(856)	-
Total other gains and losses	3,004	(2,226)	3,014	(1,901)

2.3 Reconciliations of Funding Impact Statements to Statement of Comprehensive Revenue & Expense

Rates revenue reconciliation from Funding Impact Statements to Statement of Comprehensive Revenue and Expense

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)
General rates, uniform annual general charges, rates penalties	43,655	40,686
Targeted rates	27,637	25,862
Total rates revenue as per Funding Impact Statement	71,292	66,548
Rates excluding targeted water supply rates	61,397	57,247
Rates - Targeted water supply rates	9,895	9,301
Total rates revenue as per Statement of Comprehensive Revenue and Expense	71,292	66,548

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)
Total operating funding as per Funding Impact Statement	122,143	113,618
Plus: Capital funding - Subsidies and grants for capital expenditure		
- Roading activity	4,131	4,364
- Stormwater activity	(40)	1,044
- Water activity	-	710
- Sewerage activity	-	29
- General services activities	4,857	3,112
Less: Share of joint ventures' revenue	-	(1,126)
Plus: Non cash revaluations		
- Investment property revaluation gain/(loss)	950	395
- Biological assets revaluation gain/(loss)	(223)	575
- Investments revaluation gain/(loss)	-	(37)
- Impairment of other financial assets	2,492	(2,492)
- Carbon credits revaluation gain/(loss)	282	(1,103)
- Cash flow hedges revaluation gain/(loss)	(386)	270
- De-recognition of property, plant and equipment gain/(loss)	6	436
- Impairment on property, plant and equipment	(118)	-
Total revenue funding as per Statement of Comprehensive Revenue and Expense	134,094	119,795

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)
Per Statement of Comprehensive Revenue and Expense		
Rates excluding targeted water supply rates	61,397	57,247
Targeted rates for water supply	9,895	9,301
Finance revenue	4,275	2,768
Subsidies and grants	16,148	15,651
Other revenue	39,376	36,784
Total revenue (excluding gains)	131,091	121,751
Change in fair value and harvesting of biological assets	(223)	575
Change in fair value of investment property	950	395
Change in fair value of investments	-	(37)
Impairment of other financial assets	2,492	(2,492)
Change in fair value of carbon credits	282	(1,103)
Change in fair value of cash flow hedges	(386)	270
Gain/(Loss) on sale of assets	6	436
Impairment on property, plant and equipment	(118)	-
Total revenue as per Statement of Comprehensive Revenue and Expense	134,094	119,795

Operating expenditure reconciliation from Funding Impact Statement to Statement of Comprehensive Revenue and Expense

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)
Total applications of operating funding as per Funding Impact Statement	101,150	91,219
Less: Share of joint ventures' expenses	-	(851)
	101,150	90,368
Per Statement of Comprehensive Revenue and Expense		
Employee benefit expenses	34,522	30,453
Other expenses	61,431	56,649
Finance expenses	5,077	3,266
	101,030	90,368
Plus: depreciation expense (not in Funding Impact Statement)	42,669	41,008
Total operating expenditure including finance costs as per Statement of Comprehensive Revenue and Expense	143,699	131,376

2.4 Subsidies and grants

Accounting Policy / Kaupapahere Kaute

Waka Kotahi (NZ Transport Agency) roading subsidies - The Council receives funding assistance from Waka Kotahi, which subsidise part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Grant revenue (including Waka Kotahi (NZ Transport Agency)) - Grants revenue is recognised on receipt, except to the extent that a liability is also recognised in respect of the same inflow. A liability is recognised when the resources received are subject to a condition such as an obligation to return those resources received in the event that the conditions attached are breached. As the conditions are satisfied, the carrying amount of the liability is reduced and an equal amount is recognised as revenue. Grant revenue is categorised as non-exchange revenue.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Waka Kotahi (NZ Transport Agency)				
- Operating	6,264	5,312	6,264	5,313
- Capital	4,131	4,364	4,131	4,364
Other grants and subsidies				
- Operating	936	1,080	961	1,100
- Capital	4,817	4,895	4,817	4,894
Total subsidies and grants	16,148	15,651	16,173	15,671

Commentary / Whakaaro

Subsidies and grants are a mix of capital and operating grants from the Crown and other organisations. The Council received material Crown funding from Waka Kotahi, Tourism Infrastructure & Three Waters Better off Funding.

Waka Kotahi funding of \$10.4 million (2023: \$10.4 million) which funded road and footpath operating activities and capital projects.

Three Waters Better off Funding of \$2.11 million (2023: \$2.95 million), consists of \$0.99 million Te Pataka Taoka (Tisbury Museum Storage), \$1.12 million Elderly Housing Double Glazing.

Invercargill Licensing Trust Foundation funding of \$1.0 million (2023: Nil) for Te Unua (New Museum).

Tourism Infrastructure Fund funding of \$0.65 million (2023: Nil) for Bluff Recreation.

3 Employee expenses

Accounting Policy / Kaupapahere Kaute

Salaries and wages are recognised as an expense as employees provide services. Superannuation schemes. Defined contribution schemes. Employer contributions to KiwiSaver, the Government Superannuation Fund, and the State Sector Retirement Savings Scheme 28 are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Wages and salaries	31,522	27,860	33,414	29,439
Contributions to defined contribution plans	829	733	879	771
Increase/(Decrease) in employee benefits	195	(54)	195	(54)
Other employment related expenses	1,976	1,914	1,976	1,920
Total	34,522	30,453	36,464	32,076

Commentary / Whakaaro

Council made two (2023: two) severance payments during the year ended 30 June 2024 totalling \$27,700 (\$8,000, \$19,700) (2023: \$18,000, \$11,403).

4 Depreciation and amortisation expense by group of activity

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)
Roading	13,586	12,380
Sewerage	7,883	7,867
Solid waste management	116	338
Stormwater	4,609	4,493
Water supply	6,860	6,809
General Services	9,615	9,121
Total depreciation and amortisation expense by group of activity	42,669	41,008

5 Net Finance costs

Accounting Policy / Kaupapahere Kaute

Finance expense - Borrowing costs are recognised as an expense in the period in which they occurred using the effective interest method.

Finance revenue - Finance revenue comprises interest receivable on funds invested and on loans advanced. Finance revenue, is recognised in surplus or deficit as it accrues, using the effective interest rate method.

Finance revenue from related party investments relates to a loan to Invercargill Central Limited, an associate of Invercargill City Holdings Limited.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Finance expenses				
- Borrowings	5,066	3,260	9,333	6,625
- Other	11	6	11	6
Total Financial expenses	5,077	3,266	9,344	6,631
Finance revenue				
- Cash and cash equivalents	(645)	(559)	(663)	(585)
- Other Financial Assets	(1,130)	(722)	(2,259)	(1,669)
- Related Party Investments	(2,500)	(1,487)	(2,500)	(1,487)
Total Financial revenue	(4,275)	(2,768)	(5,422)	(3,741)
Net Finance Cost	802	498	3,922	2,890

Commentary / Whakaaro

Council has entered into interest rate swap agreements to fix the cost of current and future borrowing. Market interest rates have increased in 2023/2024, however with the majority of the Councils debt set on fixed rates the financing costs have been relatively stable.

Invercargill Central Limited (ICL) owed Council \$19.1 million (2023: \$25.8 million) in loan funding for its city centre development. Interest is charged at market rates on the loan.

6 General expenses

Accounting Policy / Kaupapahere Kaute

Non-discretionary grants- are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants- are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant and any grant criteria are met. Rates remissions are treated as a discretionary grant to the recipient of the remission in accordance with the Council's rates remission policy.

Operating leases- payments made under operating leases are recognised in surplus or deficit proportionally over the term of the lease. Lease incentives received are recognised in surplus or deficit as an integral part of the total lease expense.

Minimum lease payments- payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Unrecoverable rates- Where in the opinion of the Chief Executive rates cannot reasonably be recovered under sections 90A and 90B of the local Government Rating Act 2002, they are recorded as bad debts and written off. The Council has the ability to recover rates on the sale of a property and until this occurs rates arrears are treated as doubtful debts and provision is made for the amount of rates outstanding.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Audit fees (Note 6.1)	514	371	825	689
Bad and doubtful debts	(199)	173	(199)	173
Directors' fees	-	-	584	581
Elected members' remuneration	816	795	816	794
Operating lease expenses	329	269	329	269
Donations and Grants expenses	6,309	5,632	6,309	5,632
Direct operating expenses (including repairs and maintenance) arising on investment properties	563	642	563	642
Direct operating expenses (including repairs and maintenance) arising on other Council activities	41,729	37,849	41,729	37,849
Biological assets cost of goods sold	86	220	86	220
PWC Consulting Fees*	-	-	14	24
Other expenses	11,284	10,698	24,995	24,724
Total General Expenses	61,431	56,649	76,051	71,597

* Consulting fees include Regulatory Forecasting and Price Setting Compliance Statement.

6.1 Remuneration of auditors

Accounting Policy / Kaupapahere Kaute

All auditors are appointed by the Auditor-General pursuant to the Public Audit Act. The auditor of the Council and the Group entities, is Audit New Zealand unless specifically identified.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Auditor's remuneration to Audit New Zealand comprises:				
- Audit of financial statements	346	262	505	407
- Cost recovery from audit of last year's financial statements	20	95	20	117
- Other audit-related services	148	8	148	8
Auditor's remuneration to other auditors comprises:				
- Audit of financial statements	-	-	57	66
- Audit of default price path	-	-	38	36
- Audit of regulatory disclosures	-	-	57	49
- Other audit-related services	-	6	-	6
Total	514	371	825	689

Commentary / Whakaaro

The Audit New Zealand other audit-related services are for the audit or review of the Debenture Trust Deed and the 2024-2034 Long-Term Plan.

The Group other audit-related services are incurred by Electricity Invercargill Limited in relation to the audit of Default Price Path and audit of Regulatory Disclosures.

7 Income taxes

Accounting Policy / Kaupapahere Kaute

Income tax on the surplus or deficit for the year includes current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes at the reporting date.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a PBE combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the company can control the reversal of the temporary difference and it is probably that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax are charged or credited to the surplus/deficit in the Statement of Comprehensive Revenue and Expenses, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

7.1 Components of tax expense

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Current tax expense				
Current tax	2	-	4,481	1975
Adjustment to current tax for prior years	-	-	-	(1)
Total current tax expense	2	-	4,481	1,974
Deferred tax expense				
Origination and reversal of temporary differences	-	-	(30)	264
Adjustment for prior periods	-	-	(5)	3
Reversal of deferred tax on Southern Generation	-	-	(2,296)	-
Effect of change in tax legislation	-	-	2,074	-
Total deferred tax expense	-	-	(257)	267
Total income tax expense	2	-	4,224	2,241
Reconciliation of effective tax rate				
Surplus (deficit) before tax from continuing operations	(9,501)	(10,748)	(16,348)	(46,694)
Surplus (deficit) before tax from discontinued operations	-	-	12,824	(2,250)
Surplus (deficit) for the period	(9,501)	(10,748)	(3,524)	(48,944)
Tax at 28%	(2,660)	(3,009)	(987)	(13,704)
Permanent differences	-	-	136	12,913
Non-deductible expenses	-	-	62	(5)
Tax exempt revenue	2,662	3,009	4,420	3,002
Subvention payments (made) received	21	205	-	-
Change in recognised temporary differences	-	-	(3,894)	(143)
Under/(Over) provided in prior periods	(21)	(205)	(5)	178
Tax liability on sale of investments	-	-	2,418	-
Effect of change in tax legislation	-	-	2,074	-
Total income tax expense	2	-	4,224	2,241
Tax expense relating to continuing operations	2	-	4,102	2,001
Tax expense relating to discontinued operations	-	-	122	240
	2	-	4,224	2,241

7.2 Current tax assets and liabilities

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Current tax assets				
Current tax/Tax refund receivable	-	-	-	2
Total current tax assets	-	-	-	2
Current tax payable				
Income tax payable	2	-	3,897	913
Total current tax liabilities	2	-	3,897	913

7.3 Deferred tax balance

Group

Movements in temporary differences during the year

	Balance 1 July 2022	Recognised in surplus or deficit	Recognised in equity	Balance 30 June 2023	Recognised in surplus or deficit	Recognised in equity	Recognised upon sale of Financial	Balance 30 June 2024
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Property, plant and equipment	23,198	219	4,585	28,002	(241)	-	-	27,761
Investment property	389	7	-	396	(28)	-	-	368
Derivatives	163	-	251	414	-	(182)	-	232
Provisions	5	(18)	-	(13)	(3)	-	-	(16)
Other items	770	59	-	829	7	-	-	836
Tax losses	(323)	298	-	(25)	25	-	-	-
Total movements	24,202	565	4,836	29,603	(240)	(182)	-	29,181

7.4 Unrecognised tax losses

Commentary / Whakaaro

Council has not recognised a deferred tax asset in relation to tax losses of \$Nil (2023: \$77,685). However the asset has been recognised at a Group level.

8 Cash and cash equivalents

Accounting Policy / Kaupapahere Kaute

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of Council's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and in current liabilities on the statement of financial position.

Cash and short-term deposits are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Bank balances	12,358	15,435	14,039	19,237
Cash on hand	15	8	15	8
Cash and cash equivalents in the Statement of Cash Flows	12,373	15,443	14,054	19,245

Commentary / Whakaaro

The carrying value of short-term deposits with maturity of three months or less approximates their fair value.

Within the balances above, Council holds:

- \$770,000 (2023: \$700,000) of funds designated for construction of a boat ramp at Bluff, these funds are restricted for this purpose.
- \$1,028,437 (2023: \$1,988,803) of funds relating to the WasteNet Southland joint arrangement. The other partners' share of this balance is included within Trade and other payables.
- \$26,296 (2023: \$27,850) of funds relating to the Kiwibank Lotto operation. The other partners' share of this balance is included within Trade and other payables.

9 Receivables and prepayments

Accounting Policy / Kaupapahere Kaute

Trade and other receivables are classified as financial assets at amortised cost and are initially measured at fair value and subsequently measured at amortised cost less the recognition of any expected credit losses (ECL) over the life of the asset.

Loans, including loans to community organisations made at nil, or below – market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows is recognised in the Statement of Comprehensive Revenue and Expenses as a grant.

For the purpose of aging analysis, trade receivables include rates receivables, non-exchange receivables from user charges, other trade receivables and related party receivables.

As debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, the carrying value of debtors and other receivables approximates their fair value.

An expected credit loss allowance (ECL) has been made for each class of debtor and the estimate is based on the measurement of expected credit losses on historical, current and projected information. The balance of the movement was recognised in net surplus and deficit for the current financial year.

9.1 Receivables

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Rates and water receivables	3,977	3,034	3,975	3,034
Related party receivables	701	637	940	495
Sundry debtors	3,838	4,653	6,350	7,145
Accrued Revenue	4,250	7,981	4,688	8,480
Goods and services tax	1,067	734	1,269	866
	13,833	17,039	17,222	20,020
Less provision for impairment of receivables	(405)	(611)	(405)	(709)
Total	13,428	16,428	16,817	19,311
Total receivables comprises:				
Receivables from non-exchange transactions	8,252	11,286	8,257	11,286
Receivables from exchange transactions	5,176	5,142	8,560	8,025
Total	13,428	16,428	16,817	19,311

Commentary / Whakaaro

Receivables from non-exchange transactions includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates.

Receivables from exchange transactions includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates.

The carrying value of trade and other receivables approximates their fair value.

Council does not provide for any impairment on rates receivables as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances.

The powers under the Local Government (Rating) Act 2002 allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The Chief Executive approved the write-off of rates receivables during the year under the Local Government (Rating) Act 2002 as follows: Section 90A: \$93.40 (2023: Nil) and Section 90B: Nil (2023: Nil).

9.2 Movement in provision for impairment of receivables:

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
At 1 July	(611)	(473)	(709)	(573)
Additional provisions made during the year	(42)	(57)	(42)	(57)
Receivables written off during the period	8	35	8	35
Provision for bad and doubtful debts	248	(116)	248	(114)
At 30 June	(397)	(611)	(495)	(709)

Commentary / Whakaaro

As of 30 June 2024 and 2023, all overdue receivables, except for rates receivables, have been assessed for impairment and appropriate provisions applied. The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for the Council's pool of debtors. Expected losses have been determined based on an analysis of the Council's losses in previous periods, and review of specific debtors.

9.3 Credit risks aging of trade receivables

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Current (less than 3 months)	12,619	15,775	15,069	18,555
3 to 6 months	655	507	686	512
6 to 9 months	675	-	675	-
9 to 12 months	-	-	-	6
> 12 months	818	146	824	238
Carrying amount	14,767	16,428	17,254	19,311

Commentary / Whakaaro

There is no concentration of credit risk with respect to receivables outside the Group, as the Group has a large number of customers.

10 Payables

Accounting Policy / Kaupapahere Kaute

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Short-term payables are recorded at the amount payable.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Trade payables	4,528	6,069	4,599	6,276
Accrued expenses	8,581	9,170	9,926	10,464
Amounts due from related parties	-	-	2,608	2,069
Revenue in advance	2,477	3,444	2,847	3,612
Total	15,586	18,683	19,980	22,421
Total payables comprises:				
Payables from non-exchange transactions	2,477	3,444	2,477	3,444
Payables from exchange transactions	13,109	15,239	17,503	18,977
Total trade and other payables	15,586	18,683	19,980	22,421

Commentary / Whakaaro

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximate their fair value.

11 Property, plant & equipment

Accounting Policy / Kaupapahere Kaute

Property, plant and equipment - Consists of: Operational assets (including land, buildings, library books, plant and equipment, motor vehicles and furniture and fittings); Restricted assets (parks and reserves owned by the Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions) and Infrastructure assets (the fixed utility systems, each asset class includes all items that are required for the network to function)

Property, plant and equipment is recorded at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation (if applicable) or at historical cost less depreciation (if applicable).

Property, plant and equipment held at fair value includes Operational Land and Buildings, Library Books and Infrastructure assets (excluding land under roads). All other property, plant and equipment including land under roads is stated at historical cost less depreciation.

Individual assets, or group of assets, are capitalised if their costs is greater than \$1,000.

Revaluation - Valuations are performed with sufficient regularity to ensure revalued assets are carried at a value that is not materially different from fair value.

Where the Council has elected to account for revaluations of property, plant and equipment on a class of asset basis, increases in the carrying amounts arising on revaluation of a class of assets are credited directly to equity under the heading revaluation reserve. However, the net revaluation increase shall be recognised in surplus or deficit to the extent it reverses a net revaluation decrease of the same class of assets previously recognised in surplus or deficit.

For assets being revalued, the total accumulated depreciation prior to the date of valuation is transferred to the gross carrying amount of the asset. The new carrying value amount is then restated to the new revalued amount of the asset.

Cost - Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to surplus or deficit during the financial period in which they are incurred.

Capital expenditure - Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the Group.

Additions - The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Subsequent Costs - Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Disposals - Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation - Depreciation on other assets (except land) is calculated using the straight line or diminishing value methods (land is not depreciated) to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

Net asset value - An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount in accordance with the requirements of PBE IPSAS 21 – Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 - Impairment of Cash-Generating Assets. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date in accordance with the requirements of PBE IPSAS 17 – Property, Plant and Equipment.

Impairment - For the purpose of assessing impairment indicators and impairment testing of non-financial assets, the Council classifies non-financial assets as either cash-generating or non-cash-generating assets. The Council classifies a non-financial asset as a cash-generating asset if its primary objective is to generate a commercial return. All other assets are classified as non-cash-generating assets. Impairment losses are recognised through surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

Property, plant and equipment measured at fair value however is reviewed and tested for impairment. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

The carrying amounts of the Council's other assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount.

Restrictions - Land and buildings in the "Restricted Asset" category are subject to restrictions on either use or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the assets can be used).

Leasing – The net carrying amount of plant and equipment held under finance leases is \$97,842 (2023: Nil). Note 19.2 provides further information about finance leases.

Unrecognised heritage assets

Council has a small art collection that could be considered a heritage asset. Due to uncertainty, there are no recent estimates available for these assets.

The following table highlights the useful life of property plant and equipment, confirmed through the valuation process, which drives the depreciation charge for each asset category and asset class.

Council Operation Assets	Depreciation Rates	Council Infrastructural Assets	Depreciation Rates
Building - Structure	1%-5% SL	Total Pavement Layers	1.16%-1.23% SL
Building - Roof	1.67% - 3.34% SL	Total Roadway Assets	1.32% - 5% SL
Building - Electrical	2.14% - 3.34% SL	Traffic Signs	3.34% - 4.1% SL
Building - Plumbing	2.14% - 3.34% SL	Street Lights	2.% - 4.94% SL
Building - Internal Fit Out	2.50% - 6.67% SL	Other Asset	1% - 15.35% SL
Building - Plant	1.35% - 6.67% SL	Formation	0%
Library Books	6.85% - 10.59% SL	Stormwater	1%-4% SL
Plant and Equipment	2% - 80% DV	Wastewater	1% - 12.15% SL
Motor Vehicles	21% - 31% DV	Water	1% - 12.15% SL
Monuments and Statues	2% SL		
Hard Surfaces and Appurtenance	1% - 21.6% SL/DV/NOND		
Furniture and Fittings	15% - 33% DV		
Subsidiaries			
Buildings	1%-19.2% SL	Airport Facilities	
Furniture and Fittings	9.6% - 30% DV & 6% - 67% SL	Carpark and Fencing	17% - 21% SL
Plant	8% - 50% DV & 5% - 67% SL	Runway, Apron & Taxiway (Base-course & sub-base)	3% SL
Motor Vehicle	10% - 15.6% DV & 7%-25% SL	Top Surface (Runway)	8.3% SL
Network Assets	1% - 50% SL	Top Surface (Apron and Taxiway)	6.7% SL
		Roads, carparks and stopbanks	1% - 30% SL

Notes to the Financial Statements

11.1 Property, plant and equipment

2024	Council						Subsidiaries						Total			
	Cost/ Revaluation		Accumulated depreciation and impairment charges	Carrying amount	Additions and transfers	Disposals / De-recognition	Current year disposals accumulated depreciation	Cost/ Depreciation		Impairment charges	Depreciation	Revaluation adjustment - Cost	Revaluation adjustment - Accumulated depreciation	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	1-Jul-23	1-Jul-23	1-Jul-23											30-Jun-24	30-Jun-24	30-Jun-24
Council operational assets																
Land	25,415	-	25,415	-	-	-	-	-	-	-	-	-	-	25,415	-	25,415
Buildings	297,741	(191,100)	106,641	13,567	(8,719)	7,084	(778)	778	1,525	(6,783)	(36)	-	301,775	(188,496)	113,279	
Library books	4,379	(198)	4,181	372	-	-	(372)	372	-	(572)	-	-	4,379	(398)	3,981	
Plant and equipment	16,851	(13,092)	3,759	1,037	(809)	770	(5)	5	-	(1,126)	-	-	17,074	(13,443)	3,631	
Motor vehicles	5,262	(3,799)	1,463	1,135	(518)	469	-	-	-	(601)	-	-	5,879	(3,931)	1,948	
Furniture and fittings	1,769	(1,088)	681	50	-	-	-	-	-	(152)	-	-	1,819	(1,240)	579	
Total Council operational assets	351,417	(209,277)	142,140	16,161	(10,046)	8,323	(1,155)	1,155	1,525	(9,234)	(36)	-	356,341	(207,508)	148,833	
Council infrastructural assets																
Roads, bridges and footpaths	733,887	(431,720)	302,167	10,502	-	-	(10,340)	10,340	-	(13,471)	-	-	734,049	(434,851)	299,198	
Stormwater systems	434,751	(229,658)	205,093	4,795	-	-	(4,795)	4,795	-	(4,609)	18,311	(12,107)	453,062	(241,579)	211,483	
Wastewater systems - Treatment plants facilities	64,058	(33,767)	30,291	942	-	-	(942)	942	-	(2,854)	12,826	(9,953)	76,884	(45,632)	31,252	
Wastewater systems - Other assets	401,209	(262,360)	138,849	3,096	-	-	(3,073)	3,073	-	(5,021)	45,637	(26,994)	446,869	(291,302)	155,567	
Water systems - Treatment plants facilities	31,902	(9,208)	22,694	43	-	-	(43)	43	-	(641)	81	(12,384)	31,983	(22,190)	9,793	
Water systems - Other assets	402,982	(243,719)	159,263	1,608	-	-	(1,569)	1,569	-	(6,185)	43,496	14,307	446,517	(234,028)	212,489	
Land under roads	45,046	-	45,046	-	-	-	-	-	-	-	-	-	45,046	-	45,046	
Total Council infrastructural assets	2,113,835	(1,210,432)	903,403	20,986	-	-	(20,762)	20,762	-	(32,781)	120,351	(47,131)	2,234,410	(1,269,582)	964,828	
Council restricted assets																
Land	8,917	-	8,917	237	-	-	-	-	-	-	-	-	9,154	-	9,154	
Land - Forestry	1,670	-	1,670	-	-	-	-	-	-	-	-	-	1,670	-	1,670	
Monuments and statues	1,258	(72)	1,186	9	-	-	(9)	9	-	(25)	-	-	1,258	(88)	1,170	
Hard surfaces and appurtenance	9,226	(1,703)	7,523	632	(9)	1	(44)	44	-	(227)	-	-	9,805	(1,885)	7,920	
Total Council restricted assets	21,071	(1,775)	19,296	878	(9)	1	(53)	53	-	(252)	-	-	21,887	(1,973)	19,914	
Total Council property, plant and equipment	2,486,322	(1,421,485)	1,064,838	38,025	(10,055)	8,324	(21,970)	21,970	1,525	(42,267)	120,315	(47,131)	2,612,638	(1,479,063)	1,133,573	
Subsidiaries property, plant and equipment																
Land	2,409	-	2,409	159	-	-	-	-	-	-	200	-	2,768	-	2,768	
Terminals	7,344	(1,727)	5,617	27	-	-	-	-	-	(220)	-	-	7,371	(1,947)	5,424	
Gravel and fencing	4,498	(1,838)	2,660	28	-	-	-	-	-	(173)	-	-	4,526	(2,011)	2,515	
Buildings and yards	15,407	(3,206)	12,201	17	-	-	-	-	-	(938)	648	-	16,072	(4,144)	11,928	
Network assets	154,090	(36,079)	118,011	6,197	(200)	97	-	-	-	(4,842)	-	-	160,087	(40,824)	119,263	
Plant and equipment	2,891	(2,424)	467	120	(1)	1	-	-	-	(104)	-	-	3,010	(2,527)	483	
Motor vehicles	3,909	(2,589)	1,320	2	(34)	33	-	-	-	(117)	-	-	3,877	(2,673)	1,204	
Furniture and fittings	5,752	(3,436)	2,316	36	-	-	-	-	-	(359)	-	-	5,788	(3,795)	1,993	
Runways and taxi ways	17,055	(11,658)	5,397	336	-	-	-	-	-	(790)	-	-	17,391	(12,448)	4,943	
Total subsidiaries property, plant and equipment	213,355	(62,957)	150,398	6,922	(235)	131	-	-	-	(7,543)	848	-	220,890	(70,369)	150,521	
Total Group property, plant and equipment	2,699,677	(1,484,442)	1,215,236	44,947	(10,290)	8,455	(21,970)	21,970	1,525	(49,810)	121,163	(47,131)	2,833,528	(1,549,432)	1,284,095	

Note: For Council, the carrying amount of the asset is adjusted to the revalued amount by increasing the gross carrying amount and eliminating the accumulated depreciation. For subsidiaries, the carrying amount of the asset is adjusted to the revalued amount by increasing the proportionate change in the carrying amount.

Notes to the Financial Statements

2023	Accumulated depreciation and					Current year disposals accumulated depreciation \$000	Cost transfers \$000	Depreciation transfers \$000	Impairment charges \$000	Depreciation \$000	Revaluation adjustment - Cost \$000	Revaluation adjustment - Accumulated depreciation \$000	Accumulated depreciation		Carrying amount \$000
	Cost / Revaluation \$000	impairment charges \$000	Carrying amount \$000	Additions and transfers \$000	Disposals / De-recognition \$000								Cost / Revaluation \$000	and impairment charges \$000	
	1-Jul-22	1-Jul-22	1-Jul-22										30-Jun-23	30-Jun-23	
Council operational assets															
Land	25,415	-	25,415	-	-	-	-	-	-	-	-	25,415	-	25,415	
Buildings	297,393	(186,114)	111,279	2,031	-	(1,679)	1,679	-	(6,665)	-	-	297,745	(191,100)	106,645	
Library books	4,379	-	4,379	374	-	(374)	374	-	(572)	-	-	4,379	(198)	4,181	
Plant and equipment	16,189	(12,165)	4,024	752	(84)	(5)	5	-	(1,000)	-	-	16,852	(13,093)	3,759	
Motor vehicles	5,086	(3,972)	1,114	904	(729)	-	-	-	(449)	-	-	5,261	(3,798)	1,463	
Furniture and fittings	1,648	(926)	722	120	-	-	-	-	(162)	-	-	1,768	(1,088)	680	
Total Council operational assets	350,110	(203,177)	146,933	4,181	(813)	690	(2,058)	2,058	(8,848)	-	-	351,420	(209,277)	142,143	
Council infrastructural assets															
Roads, bridges and footpaths	694,141	(411,873)	282,268	27,146	-	(23,405)	23,405	-	(12,312)	36,004	(30,940)	733,886	(431,720)	302,166	
Stormwater systems	426,270	(231,867)	194,403	15,183	-	(6,703)	6,703	-	(4,493)	-	-	434,750	(229,657)	205,093	
Wastewater systems - Treatment plants facilities	64,058	(31,393)	32,665	480	-	(480)	480	-	(2,854)	-	-	64,058	(33,767)	30,291	
Wastewater systems - Other assets	399,616	(258,386)	141,230	2,621	-	(1,028)	1,028	-	(5,003)	-	-	401,209	(262,361)	138,848	
Water systems - Treatment plants facilities	31,902	(8,778)	23,124	211	-	(211)	211	-	(641)	-	-	31,902	(9,208)	22,694	
Water systems - Other assets	400,203	(237,649)	162,554	2,858	-	(79)	79	-	(6,150)	-	-	402,982	(243,720)	159,262	
Land under roads	45,046	-	45,046	-	-	-	-	-	-	-	-	45,046	-	45,046	
Total Council infrastructural assets	2,061,236	(1,179,946)	881,290	48,499	-	(31,906)	31,906	-	(31,453)	36,004	(30,940)	2,113,833	(1,210,433)	903,400	
Council restricted assets															
Land	8,917	-	8,917	-	-	-	-	-	-	-	-	8,917	-	8,917	
Land - Forestry	1,670	-	1,670	-	-	-	-	-	-	-	-	1,670	-	1,670	
Monuments and statues	634	(63)	571	624	-	-	-	-	(10)	-	-	1,258	(73)	1,185	
Hard surfaces and appurtenance	9,034	(1,313)	7,721	209	-	(17)	17	-	(407)	-	-	9,226	(1,703)	7,523	
Total Council restricted assets	20,255	(1,376)	18,879	833	-	(17)	17	-	(417)	-	-	21,071	(1,776)	19,295	
Total Council property, plant and equipment	2,431,601	(1,384,499)	1,047,098	53,513	(813)	690	(33,981)	33,981	(40,718)	36,004	(30,940)	2,486,324	(1,421,486)	1,064,838	
Subsidiaries property, plant and equipment															
Land	2,409	-	2,409	-	-	-	-	-	-	-	-	2,409	-	2,409	
Terminals	7,256	(1,509)	5,747	88	-	-	-	-	(218)	-	-	7,344	(1,727)	5,617	
Gravel and fencing	4,337	(1,668)	2,669	161	-	-	-	-	(170)	-	-	4,498	(1,838)	2,660	
Buildings and yards	14,411	(2,271)	12,140	300	-	-	-	-	(936)	696	-	15,407	(3,206)	12,201	
Network assets	137,231	(31,630)	105,601	5,149	(105)	35	-	-	(4,484)	11,814	-	154,090	(36,079)	118,011	
Plant and equipment	2,870	(2,336)	434	130	(9)	9	-	-	(97)	-	-	2,891	(2,424)	467	
Motor vehicles	2,679	(2,544)	135	1,230	-	-	-	-	(45)	-	-	3,909	(2,589)	1,320	
Furniture and fittings	5,732	(3,037)	2,695	27	(7)	3	-	-	(402)	-	-	5,752	(3,436)	2,316	
Runways and taxi ways	14,974	(10,806)	4,168	2,081	-	-	-	-	(852)	-	-	17,055	(11,658)	5,397	
Total subsidiaries property, plant and equipment	191,899	(55,801)	135,998	9,166	(121)	47	-	-	(7,204)	12,510	-	213,355	(62,957)	150,398	
Total Group property, plant and equipment	2,623,500	(1,440,300)	1,183,097	62,679	(934)	737	(33,981)	33,981	(47,922)	48,514	(30,940)	2,699,679	(1,484,443)	1,215,236	

11.2 Work in progress

Accounting Policy / Kaupapahere Kaute

Work in progress includes the cost of materials and direct labour used in putting replacement and new systems and plant in their present location and condition. It includes accruals for the proportion of work completed at the end the period. Capital work in progress is not depreciated.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Land	12	-	31	-
Buildings	10,080	9,113	14,443	9,558
Network assets	-	-	3,371	2,236
Plant and equipment	142	167	321	214
Motor vehicles	191	245	212	245
Roads, bridges and footpaths	2,218	778	2,218	778
Stormwater systems	448	2,703	448	2,703
Wastewater systems	2,283	3,078	2,283	3,078
Water systems	23,147	14,825	23,147	14,825
Hard surfaces and appurtenance	682	124	682	127
Runaways and taxi ways	-	-	533	16
Investment property	-	-	1,866	-
Total work in progress	39,203	31,033	49,555	33,780

Commentary / Whakaaro

Council has commenced a number of significant capital projects during 2023/2024 of which many were still in progress as at 30 June 2024. These include the Branxholme pipeline project (Water) and the Te Unua Museum of Southland. Projects completed this year include the Tisbury Storage Facility, Stirrat Street Housing Units and Te Moutere (Tuatara Island).

11.3 Core infrastructure asset disclosures

	Closing book value (\$000)	Additions: constructed by Council (\$000)	Additions: transferred to Council (\$000)	Most recent replacement cost estimate for revalued assets (\$000)
2024				
Roads, bridges and footpaths	299,136	12,720	-	733,886
Stormwater systems	211,112	5,243	-	453,062
Wastewater systems - Treatment plants and facilities	30,676	942	-	76,884
Wastewater systems - Other assets	156,892	5,379	-	446,869
Water systems - Treatment plants and facilities	9,683	43	-	31,983
Water systems - Other assets	234,452	24,755	32	446,517
Land under roads	45,046	-	-	159,972
	986,997	49,082	32	2,349,173
2023				
Roads, bridges and footpaths	302,944	27,924	-	733,886
Stormwater systems	207,796	17,886	-	425,879
Wastewater systems - Treatment plants and facilities	30,291	480	-	64,457
Wastewater systems - Other assets	141,926	5,699	-	388,330
Water systems - Treatment plants and facilities	22,694	211	-	31,903
Water systems - Other assets	174,087	17,683	-	390,663
Land under roads	45,046	-	-	159,972
	924,784	69,883	-	2,195,090

Commentary / Whakaaro

The replacement cost is based on the replacement cost estimate at the last valuation of the asset class, water systems (2024), wastewater systems (2024), stormwater systems (2024) roads, bridges and footpaths (2023) and land under roads (2005).

11.4 Revaluations

Accounting Policy / Kaupapahere Kaute

The carrying values of revalued classes are reviewed annually to ensure that these values are not materially different to fair value.

Infrastructural assets:

Land under Roads

Land under roads has been valued at deemed cost at transition to NZIFRS. Deemed cost is the fair value being the current valuation at 30 June 2005.

Roads, Bridges and Footpaths

Roads bridges and footpaths are valued at optimised depreciated replacement cost (ODRC). Valuations are completed at least every three years.

Stormwater, Wastewater and Water Systems

Assets are valued at optimised depreciated replacement cost (ODRC). Valuations are completed at least every three years.

Vested assets

Certain infrastructure assets and land have been vested in the Council as part of the subdivision consent process. The vested reserve land has been valued at deemed cost. Deemed cost is the fair value being the current valuation at 30 June 2005. This fair value is the 2005 Beca Rating Valuation.

Vested infrastructural assets have been valued based on the actual quantities of infrastructural components vested and current "in the ground" cost of providing identical services. Unless there is a use or return condition attached to the asset.

Review of Asset Estimated Useful Life

During 2023, PowerNet Engineers reviewed and updated the estimated useful life of the Electricity Invercargill Ltd network assets. There was no review conducted for the 2024 financial year. The 2023 review applied consistency across all of the Group network assets and aligned with Regulatory Asset reporting. The review of asset estimated useful life led to a change in the network asset depreciation rates applied within each asset category. This resulted in the range of depreciation rates applied across the network asset categories changing to 1.4%- 50% (2022: 2.0%-6.7%) The underground cable installed post 1985 and cables classified as PILC was most impacted by the change, with the estimated useful life increased from 45 years to 55 and 70 years, respectively. The new rates applied from 1 April 2022 across the network assets resulted to a decrease in the 2023 depreciation cost by \$225,000, with the average annual depreciation rate decreasing to 3.68% (2022: 3.91%).

Impairment and Fair Value Assessment

No events or circumstances identified that indicate the electricity network assets may be impaired as at 31 March 2024. Presently the listed assets of the electricity distribution network and other property, plant and equipment are generating business cash flow, the value of the assets are not deemed to require an impairment adjustment.

There have been no significant changes or events that result in a material increase in the value of the network assets that requires an update to valuation to be performed 31 March 2024.

Accounting for revaluations

The Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses will be recognised first in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

The replacement costs where appropriate, reflect optimisation due to design or surplus capacity. The Council has estimated that the necessary infrastructural asset network capacity to service the Invercargill City area is 100% of the existing capacity, i.e. no surplus capacity. The valuation of these assets therefore assumes that the existing assets will be replaced with assets of similar capacity.

Fair Value Assessment undertaken in 2024

Management has undertaken a fair value assessment of asset values at 30 June 2024. Management considered that the current book value of all assets was reflective of the fair value, with the exception of 3 waters assets. An independent valuation of 3 waters assets has been completed at 30 June 2024.

Operational land and buildings

Operational land and buildings were valued by Quotable Value Limited (independent valuers) as at 30 June, 2022. Residential and commercial properties have been valued at fair market value in relation to market-based evidence. Specialised buildings have been valued at fair value using optimised depreciated replacement cost because no reliable market data is available for such buildings. Replacement cost rates have been estimated from construction contracts of like assets, reference to publications such as QV Cost Builder, recent costings obtained from construction details and Property Institute of New Zealand's cost information. The effective age of the structures has been sourced from the records held by Quotable Value Ltd where available, otherwise based on visual inspection. This resulted in a revaluation reserve increase movement of \$46.23 million in 2022.

The Invercargill City Charitable Trust Board property, plant and equipment was valued by Quotable Value Ltd at 30 June 2024 as \$14,011,500, with fair value being determined on the basis of depreciated replacement cost.

Council infrastructural assets

Council's water, stormwater and waste water assets were valued by Beca Limited (independent valuers) as at 30 June 2024. All assets were valued using optimised depreciated replacement cost (ORDC). Where the relevant market price data is not available (ie.no recent construction contracts) then indexing has been used as part of the method to determine the fair value of assets. The indices used for this exercise were the CGPI at 30 June 2024. These indices were selected as they were considered to reflect the increases for these asset types.

Revaluation resulted in the following increases in 2024:

	\$000
Water Supply	\$45,500
Stormwater	\$6,204
Wastewater	\$21,516

Council's roads, bridges and footpaths were valued by Council staff and then peer reviewed by IAM Consulting Limited (independent valuer) as at 30 June, 2022. Assets were valued using optimised depreciated replacement cost (ODRC). Where the relevant market price data is not available (i.e. no recent construction contract) then indexing has been used as part of the method to determine fair value of assets. This resulted in an increase of \$50.1 million in 2022. For June 2023 roading assets were revalued at management performed the revaluation using indexation, resulting in an increase of \$5.07 million. The indices used for this exercise were the most recent NZTA price indices at 30 June 2023. These indices were selected as they were considered to best reflect the increases for these asset types. The index revaluation was peer reviewed by IAM Consulting Limited (independent valuer).

Optimised Depreciated Replacement Cost (ODRC)

ODRC requires the determination of quantities of assets optimised to relate to those required for current service delivery and foreseeable demand, unit rates that reflect replacement with modern engineering equivalent assets, effective lives that take into account local influences and depreciation that defines current value given a definable remaining life.

Library books

Council's library collections were valued by Council staff as at 30 June 2022. All assets were valued using depreciated replacement cost (DRC), being gross replacement cost less accumulated depreciation to date, based on the current age profile compared to useful life. This resulted in an increase in value of \$1.25 million in 2022.

Network assets**Valuation**

The network assets of Electricity Invercargill Ltd were revalued to fair value using discounted cash flow methodology on 31 March 2023 by Ernst & Young, who is an independent valuer. No valuation was conducted for the year ended 30 June 2024. This resulted in a favourable revaluation movement of \$11,814,000 for the year ended 31 March 2023. The valuation is based on seven years forecast free cash flows and a calculated terminal value beyond the discrete cash flow period. The following valuation assumptions were adopted:

- The free cash flows were based on the Company's three-year business plan and asset management plan adjusted for transactions that arise from expansionary growth in the network after the date of the valuation.
- Annual inflation based on forecast from the New Zealand Treasury
- The corporate tax rate used was 28%.
- The weighted average cost of capital (WACC) used was 6.1%.
- RAB multiple range of 1.05 times for the terminal value

11.5 Insurance of assets (Council)

The following disclosures are made in accordance with the Local Government Act 2002, Clause 31A of Schedule 10.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)
Total value of all assets covered by insurance contracts	2,017,870	1,920,049
Maximum amount to which these assets are insured	2,138,087	1,946,201

Commentary / Whakaaro

Although Council does not have a specific self-insurance fund, Council has a number of reserves available that could be used for this purpose.

In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, drainage, and sewerage assets, and provide a subsidy towards the restoration of roads.

12 Intangible assets

Accounting Policy / Kaupapahere Kaute

Amortisation of intangible assets is recognised within depreciation and amortisation in the Statement of Comprehensive Revenue and Expense.

Intangible assets that are acquired by the Group, which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the surplus/deficit in the Statement of Comprehensive Revenue and Expenses on a straight-line basis over the estimated useful economic lives of the intangible assets. The amortisation rates for the current period are as follows: Software 12.5 – 48% Straight Line/Diminishing Value.

Carbon Credits Intangible Asset

Carbon credits intangible assets that are acquired by Council have been measured at fair value upon acquisition and subsequently revalued to fair value annually. Any revaluation gains/losses are recognised in Other Comprehensive Revenue and Expenses.

12.1 Intangible assets

	Council and Group		
	Computer software (\$000)	Carbon credits (\$000)	Total (\$000)
Cost			
Balance at 1 July 2022	2,817	2,448	5,265
Additions	605	-	605
Change in fair value	-	(1,103)	(1,103)
Balance at 30 June 2023	3,422	1,345	4,767
Additions	110	-	110
Disposals	(276)	-	(276)
Change in fair value	-	282	282
Balance at 30 June 2024	3,256	1,627	4,883
Amortisation and impairment charges			
Balance at 1 July 2022	2,086	-	2,086
Amortisation for the year	290	-	290
Balance at 30 June 2023	2,376	-	2,376
Amortisation for the year	402	-	402
Amortisation transfer	(275)	-	(275)
Balance at 30 June 2024	2,503	-	2,503
Net book value			
Balance at 30 June 2024	753	1,627	2,380
Balance at 30 June 2023	1,046	1,345	2,391
Work in progress			
Balance at 30 June 2024	5,270	-	5,270
Balance at 30 June 2023	2,707	-	2,707

Restrictions

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Carbon credits

The Council considers that there is no impairment of carbon credits held, as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations.

Carbon units have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit for as long as the Emissions Trading Scheme is in place.

13 Biological assets

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

The costs to maintain the forestry assets are included in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

	Council Forestry (\$000)
Balance at 1 July 2022	3,848
Forest assets logged at cost	(220)
Change in fair value less estimated point-of-sale costs	575
Balance at 30 June 2023	<u>4,203</u>
Balance at 1 July 2023	4,203
Forest assets logged at cost	(86)
Change in fair value less estimated point-of-sale costs	(223)
Balance at 30 June 2024	<u>3,894</u>

At 30 June 2024 standing timber comprised approximately 643.2 hectares (2023: 638.3 hectares) of plantations at one location, which range from newly established plantations to plantations that are 50 years old.

The forests are valued annually effective 30 June. The 2024 valuation was performed by Allan Bell & Associates. The following significant assumptions have been adopted in determining the fair value of forestry assets:

- The valuation excludes funding and taxation as costs.
- The valuation method used was the compounded costs and discounted future revenues methods depending on the age of the trees.
- The discount rate is based on the implied pre-tax discount rate from actual transactions (2023: same method). The pre-tax discount rate chosen for the 2024 valuation of the Invercargill City Council's forests is 8% (2023: 8 %) and the compound rate is 3% (2023: 3%).
- The valuation excludes any increases in value due to biological transformation.
- The valuation excludes any costs associated with future activities of the Council such as those related to enhancing future biological transformation.
- The valuation excludes land as the forests are situated on reserve land.

Biological assets are categorised as Level 3 in the fair value hierarchy.

The Council and Group are exposed to a number of risks related to forestry assets. Refer to the end of this note for further details.

Emissions Trading Scheme

Pre 1990 Forests:

Pre 1990 forests are forests that were established before 1 January 1990. NZUs cannot be earned for an increase in the carbon stock through forest growth in a pre-1990 forest, but NZUs are allocated based on the size of the forested area in three tranches. Provided that pre 1990 forests are re-established after harvesting (by replanting or regeneration) there are no liabilities or obligations under the ETS. Landowners of pre 1990 forests must surrender NZUs equivalent to the carbon emissions from any deforestation.

Post 1989 Forests:

Post 1989 forests are exotic or indigenous forests established after 31 December 1989 on land that was not forest land on 31 December 1989. These forests earn credits under the Kyoto Protocol rules. Therefore they are also known as "Kyoto Protocol compliant" forests. Participating in the ETS is voluntary for post 1989 forest owners. If they are part of the ETS they earn NZUs for the carbon sequestered in the forest from 1 January 2008 but will need to surrender NZUs to the Crown when the carbon held in their trees decreases, either through harvest or natural causes (such as by fire or storm). Any liability for post 1989 participants is capped at the amount of NZUs previously claimed for that area of forest land.

Deforestation Liability

Council has harvested a total of 261 (2023: 261.0) hectares of pre 1990 forest. Of this harvested land, 38.57 (2023: 38.57) hectares has not yet been replanted at 30 June 2024 and carries a potential deforestation liability of \$592,820 (2023: \$726,116) if the land is not replanted. It is Council's intention that these harvested areas will be re-established to ensure that there will be no obligation to surrender units.

Supply and demand risk

Council and the Group exposed to risks arising from fluctuations in the price and sales volume of pine. Where possible these are managed by aligning its harvest volume to market supply and demand.

Council is exposed to movements in the price of NZUs to the extent that the Council has insufficient NZUs to offset a deforestation liability and has to purchase NZUs from the market.

Management performs regular industry trend analysis to ensure that the Council's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and other risks

The Council's pine plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces.

The Council has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

The Council also insures itself against natural disasters such as floods, fire, lightning and snow damage.

14 Capital commitments and operating leases

Accounting Policy / Kaupapahere Kaute

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

14.1 Commitments

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Capital expenditure - Infrastructure	12,063	1,246	12,063	1,246
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	8,690	11,323	11,897	12,956
Total commitments	20,753	12,569	23,960	14,202

Commentary / Whakaaro

ICC

Council has a number of contracts making up the year-end balance including the Branxholme pipeline and Project 1225: museum building design.

Associates and Joint Venture commitments ICHL Group

As at 30 June 2024 there were no capital commitments for Invercargill Central Limited. As at 30 June 2023, Invercargill Central Limited had entered into contractual commitments for the development of property, plant and equipment and investment property, and tenancy contributions amounting to \$180.5 million, of which \$173.2 million had been spent at balance date.

30 June 2024 Lakeland Network Ltd has capital commitment of \$3,872,898 (2023: \$568,000).

PowerNet Limited has capital commitments as at 30 June 2024 of \$1,293,719 (2023: \$1,364,000).

OtagoNet has capital commitments as at 30 June 2024 of \$6,773,100 (2023: \$2,589,000).

Roaring Forties Limited Partnership has capital commitments as at 30 June 2024 totalling Nil (2023: Nil).

HWCP management Limited has capital commitments as at 30 June 2024 totalling Nil (2023: Nil).

Other commitments ICHL Group

The Group has a conditional commitment as at 31 March 2024 of \$415,000 (2023: \$415,000). This relates to an agreement with Smart Co, for the Group to provide a subordinated loan to Smart Co once a number of terms have been met.

Commitments ICCT

ICCT has an obligation to meet Rugby Southland's lease costs until 2033. No formal lease has been signed in this regard and the value of the lease obligation is not yet known. This obligation will be transferred, with the ownership of Rugby Park stadium, once the asset has been sold or transferred to Invercargill City Council. At year end, ICCT have settled all temporary lease obligations for the alternative premises leased until 30 June 2024 (2023: \$35,700). premises lease (2023: \$35,700) for rental of alternate offices at 120A Leet Street.

14.2(a) Operating leases as lessor – investment property

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Non-cancellable operating leases as lessor - investment property				
Not later than one year	1,554	1,190	2,228	1,803
Later than one year and not later than five years	2,808	1,869	3,976	3,173
Later than five years	256	516	637	693
Total non-cancellable operating leases as lessor - investment property	4,618	3,575	6,841	5,669

Commentary / Whakaaro

The Council leases its investment property under 38 operating leases. There are 10 leases that have a non-cancellable term of 21 years or more, 16 leases that range between 6 and 20 years, 7 leases that range from more than 1 year to 5 years, and 5 annual leases.

The Group leases its investment property under operating leases. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are outlined above.

No contingent rents have been recognised during the period.

Leases can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition.

There are no restrictions placed on the Council by any of the leasing arrangements.

14.2(b) Operating leases as lessor – other

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Non-cancellable operating leases as lessor - other				
Not later than one year	39	34	39	34
Later than one year and not later than five years	157	135	157	135
Later than five years	353	337	353	337
Total non-cancellable operating leases as lessor - other	549	506	549	506

Commentary / Whakaaro

The Council leases its other property under operating leases. There are two properties, of which one lease is from 5 to 20 years and the other is longer than 20 years.

The Group leases its property under operating leases. The majority of these leases are casual short-term leases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as detailed above.

No contingent rents have been recognised during the period.

Leases can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition.

There is no restriction placed on the Council by any of the leasing arrangements.

14.3 Operating leases as lessee

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Non-cancellable operating leases as lessee				
Not later than one year	221	120	221	120
Later than one year and not later than five years	149	50	149	50
Later than five years	-	117	-	117
Total non-cancellable operating leases as lessee	370	287	370	287

Commentary / Whakaaro

The Council has leased 5 properties under operating leases in the normal course of its business. There are 2 annual leases, which are less than 5 years.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are detailed above. No contingent rents have been recognised during the period.

Leases can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does not have the option to purchase the asset at the end of the lease term.

There is no restriction placed on the Council by any of the leasing arrangements.

15 Non-current assets held for resale

Accounting Policy / Kaupapahere Kaute

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position.

16 Investment property

Accounting Policy / Kaupapahere Kaute

Investment properties are properties which are held either to earn rental revenue or for capital appreciation or for both. Investment properties generate cash flow largely independent of other assets held by the entity.

Properties leased to third parties under operating leases are generally classified as investment property unless the occupants provide services that are integral to the operation of the Council's business and/or these services could not be provided efficiently and effectively by the lessee in another location, the property is being held for future delivery of services, the lessee uses services of the Council and those services are integral to the reasons for the lessee's occupancy of the property.

Properties that are held for a currently undetermined future use, or that are vacant but held to be leased out under one or more operating leases, are classified as investment properties.

Investment properties are stated at fair value. An external, independent valuer, values the portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Any gain or loss arising from a change in fair value is recognised through surplus or deficit.

Rental revenue from investment property is accounted for as described in the Revenue Policy.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Balance at 1 July	26,956	26,761	32,786	32,266
Acquisitions	-	-	1,465	-
Disposals	(420)	(200)	(420)	(200)
Change in fair value	950	395	1,430	720
Balance at 30 June	27,486	26,956	35,261	32,786

Commentary / Whakaaro

Disposals are for the sale of 14 Mersey Street and 91 Earn Street (2023: 90 Mersey Street).

Investment property comprises a number of commercial properties that are leased to third parties.

Vacant land that has been acquired via purchase, abandonment or rating sale is included as Investment Property. This land is classed as Investment Property due to the intention for the land to be sold for a profit. The preparation for the sale is undertaken by the Property department and the funds are returned to Investment Property activity to assist in offsetting the rates burden.

The Council's investment properties are valued annually at fair value effective 30 June.

The Group's investment properties are valued annually at fair value effective 30 June. Group Investment properties are held by Council and Invercargill Airport Limited. For 2024 and 2023, all investment properties were valued based on the income approach and comparable sales approach except for one property being less than 5% of the portfolio value. (2023:

This property is planned to be demolished within the next year but no decision has been made on its replacement), hence the open market evidence valuation has been adjusted by management to be valued on a discounted cash flow basis of their remaining expected earnings. The 2024 and 2023 valuations were performed by Robert Todd, an independent valuer from CBRE. The valuer is an experienced valuer who holds a recognised and relevant professional qualification and has extensive market knowledge in the types of investment properties owned the Group.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties, or for repairs, maintenance and enhancements.

Investment property is categorised as Level 3 in the fair value hierarchy.

Reconciliation of net surplus on investment properties	Council	Council	Group	Group
	Actual	Actual	Actual	Actual
	2024	2023	2024	2023
	(\$000)	(\$000)	(\$000)	(\$000)
Rental revenue derived from investment properties	1,394	1,233	2,415	1,233
Direct operating expenses (including repairs and maintenance) generating rental revenue	(495)	(580)	(495)	(580)
Direct operating expenses (including repairs and maintenance) that did not generate rental revenue	(68)	(62)	(68)	(62)
Surplus/(Deficit) arising from investment properties carried at fair value	831	591	1,852	591

17 Investments in associates and joint arrangements

Accounting Policy / Kaupapahere Kaute

Associates are entities over which the Council has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights.

Investments in associates are accounted for in the Council's financial statements using the cost method and in the consolidated financial statements using the equity method, after initially being recognised at cost. The Council's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Council's share of its associates' post acquisition profits or losses is recognised in the surplus or deficit, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the Council's surplus or deficit, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Council's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Council does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of the deficits not recognised.

Unrealised gains on transactions between the Council and its associates are eliminated to the extent of the Council's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Council.

Joint ventures are those over whose activities the Group has joint control and established by contractual agreement. The Group's share of the assets, liabilities, revenues and expenses of any joint venture is incorporated into the Group's financial statements using the equity method. The investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the surplus or deficit after the date of acquisition. The Group's share of the surplus or deficit is recognised in the Statement of Comprehensive Income while distributions reduce the carrying amount.

A joint operation (WasteNet Southland) is an operation that Council has joint control. The consolidated financial statements of the Council recognises in the Statement of Financial Position the Council's share of assets and liabilities. Council recognises in the Statement of Comprehensive Revenue and Expenses its share of revenue and expenses that it earns from the sale or provision of goods or services by the joint operation.

17.1 Investment in Associates

	Percentage held by Group		Balance date
	2024	2023	
Associate entities			
Emergency Management Southland	28.30%	28.30%	30-Jun
Southland Regional Heritage Committee	63.00%	63.00%	30-Jun
Lakeland Network Limited (former Electricity Southland Limited)	24.90%	24.90%	31-Mar
HWCP Management Limited	49.90%	49.90%	30-Jun
Southland Regional Development Agency Limited trading as Great South	48.70%	48.70%	30-Jun

Movement in carrying value of associates	Group	Group
	Actual	Actual
	2024	2023
	(\$000)	(\$000)
Balance at 1 July	8,467	5,193
Share of profit/(loss)	257	2,346
Revaluation gain on network assets	-	928
Balance at 30 June	8,724	8,467

Note: The investment in Southland Regional Development Agency Limited trading as Great South is included in Investment in CCOs and other similar entities on the Statement of Financial Position.

The information below reflects the amounts presented in the financial statements of each entity and not the Group's share.

	Cash and cash equivalents (\$000)	Current assets (\$000)	Non-current assets (\$000)	Total assets (\$000)	Current liabilities (\$000)	Non-current liabilities (\$000)	Total liabilities (\$000)	Net assets (\$000)
2024								
Emergency Management Southland	-	960	-	960	-	-	-	960
Southland Regional Heritage Committee	801	496	3	1,300	316	131	447	853
Lakeland Network Limited (former Electricity Southland Limited)	323	637	57,610	58,570	1,879	31,460	33,339	25,231
HWCP Management Limited	3	14	2,065	2,082	418	4,169	4,587	(2,505)
Southland Regional Development Agency Limited trading as Great South	2,424	1,021	4,054	7,499	2,723	1,426	4,149	3,350
	3,551	3,128	63,732	70,411	5,336	37,186	42,522	27,889
2023								
Emergency Management Southland	-	882	-	882	-	-	-	882
Southland Regional Heritage Committee	687	411	4	1,102	288	-	288	814
Lakeland Network Limited (former Electricity Southland Limited)	205	630	52,238	53,073	1,917	26,197	28,114	24,959
HWCP Management Limited	25	16	1,975	2,016	160	4,060	4,220	(2,204)
Southland Regional Development Agency Limited trading as Great South	2,145	2,126	2,358	6,629	3,571	-	3,571	3,058
	3,062	4,065	56,575	63,702	5,936	30,257	36,193	27,509

	Operating revenue (\$000)	Interest revenue (\$000)	Interest expense (\$000)	Depreciation (\$000)	Profit before tax from continuing activities (\$000)	Income tax expense (\$000)	Profit after tax (\$000)
2024							
Emergency Management Southland	1,874	-	-	36	78	-	78
Southland Regional Heritage Committee	2,184	63	-	1	39	-	39
Lakeland Network Limited (former Electricity Southland Limited)	6,169	-	2,151	1,204	855	(583)	272
HWCP Management Limited	90	-	247	-	(602)	-	(602)
Southland Regional Development Agency Limited trading as Great South	8,578	52	87	276	421	(128)	293
	<u>18,895</u>	<u>115</u>	<u>2,485</u>	<u>1,517</u>	<u>791</u>	<u>(711)</u>	<u>80</u>
2023							
Emergency Management Southland	1,867	-	-	23	315	-	315
Southland Regional Heritage Committee	2,106	44	-	2	296	-	296
Lakeland Network Limited (former Electricity Southland Limited)	4,955	-	1,326	962	655	(277)	378
HWCP Management Limited	-	-	274	1	(322)	-	(322)
Southland Regional Development Agency Limited trading as Great South	9,383	76	6	108	558	(158)	400
	<u>18,311</u>	<u>120</u>	<u>1,606</u>	<u>1,096</u>	<u>1,502</u>	<u>(435)</u>	<u>1,067</u>

Commentary / Whakaaro

The initial investment in HWCP Management Limited of \$200,000 has been reduced to nil after the share of losses have been recognised. Further losses of \$601,631 (2023: \$1,101,986) have not been recognised as the Group's share of the losses exceeds its interest in the associate.

The HWCP Management Limited associate has contingent liabilities as at 30 June 2024 of \$nil (2023: nil).

17.2 Investment in joint ventures

	Percentage held by Group		Balance date
	2024	2023	
Joint ventures			
PowerNet Limited Group	50.00%	50.00%	31-Mar
OtagoNet Joint Venture	24.90%	24.90%	31-Mar
OtagoNet Properties Limited	25.00%	25.00%	31-Mar
Roaring Forties Energy Limited Partnership	50.00%	50.00%	31-Mar
Invercargill Central Limited	47.78%	45.80%	30-Jun

The information below reflects the amounts presented in the financial statements of each entity and not the Group's share.

The Group holds a 25% interest in OtagoNet Property Limited which is a shell company and has no asset, liabilities, contingent asset, contingent liabilities or commitments.

2024	Cash and cash equivalents		Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets
	(\$000)	assets (\$000)						
PowerNet Limited Group	430	21,942	44,251	66,623	12,135	50,460	62,595	4,028
OtagoNet Joint Venture	13	3,783	244,702	248,498	6,410	-	6,410	242,088
Roaring Forties Energy Limited Partnership	47	79,105	-	79,152	14	-	14	79,138
Invercargill Central Limited	1,197	562	73,015	74,774	3,324	49,140	52,464	22,310
	1,687	105,392	361,968	469,047	21,883	99,600	121,483	347,564
2023								
PowerNet Limited Group	463	23,024	44,701	68,188	13,014	49,546	62,560	5,628
OtagoNet Joint Venture	82	3,129	240,565	243,776	5,414	-	5,414	238,362
Roaring Forties Energy Limited Partnership	45	33	80,197	80,275	55	-	55	80,220
Invercargill Cental Limited	435	1,351	70,385	72,171	4,705	80,600	85,305	(13,134)
	1,025	27,537	435,848	464,410	23,188	130,146	153,334	311,076

	Operating revenue (\$000)	Interest revenue (\$000)	Interest expense (\$000)	Depreciation / Amortisation (\$000)	Profit before tax from continuing activities (\$000)	Income tax expense (\$000)	Profit after tax (\$000)
2024							
PowerNet Limited Group	107,814	22	3,899	4,153	2,686	(1,127)	1,559
OtagoNet Joint Venture	29,389	4	86	9,314	3,726	-	3,726
Roaring Forties Energy Limited Partnership	8,750	-	-	-	8,458	-	8,458
Invercargill Central Limited	6,972	35	5,450	2,396	(4,556)	-	(4,556)
	<u>152,925</u>	<u>61</u>	<u>9,435</u>	<u>15,863</u>	<u>10,314</u>	<u>(1,127)</u>	<u>9,187</u>
2023							
PowerNet Limited Group	92,499	-	3,595	4,056	1,300	13	1,313
OtagoNet Joint Venture	29,004	1	24	9,093	6,178	-	6,178
Roaring Forties Energy Limited Partnership	6,788	-	-	-	6,470	-	6,470
Invercargill Central Limited	4,848	7	2,349	947	(104,580)	-	(104,580)
	<u>133,139</u>	<u>8</u>	<u>5,968</u>	<u>14,096</u>	<u>(90,632)</u>	<u>13</u>	<u>(90,619)</u>

Note: PowerNet Limited Group depreciation for 2023 has been corrected to include amortisation costs .

Adjustment for share of net losses not recognised

A loss of \$ 6.483 million has been recorded in relation to the adjustment for share of net losses not recognised in regards to the group's interest in the following investments in associates:

Investment in Associate	Share of net losses not recognised for 30 June 2024
Invercargill Central Limited	\$6,333,467
HWCP Management Limited	\$150,000
Total	\$6,483,647

The group discontinued the equity method to account for its share of net losses from ICL in the year ending 30 June 2023. This was because the group's share of net losses exceeded the carrying amount of the group's interest in the joint venture.

On 20 May 2024 the Group provided equity funding of \$19.170 million to ICL. At this point the carrying amount of the group's interest in the joint venture again exceeded the group's share of accumulated net losses (including net losses which had not been recognised when the equity method was discontinued).

The carrying amount of the group's interest in ICL includes an adjustment of \$6.483 million. This reflects the group's share of net losses which were not recognised in the period the equity method was discontinued. The adjustment is required so that the carrying value of the group's interest in ICL reflects its share of the net assets presented in ICL's financial statements for the year ended 30 June 2024.

Sale of the Group's interest in Southern Generation Limited partnership.

On 26 June 2024, Roaring Forties Energy Limited Partnership sold its interest in Southern Generation Limited Partnership. As a result of this transaction, the Group has recognised its share of the gain on sale of \$13.364 million within the consolidated statement of comprehensive income for the year ended 30 June 2024.

Movement in carrying value of joint ventures	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Balance at 1 July	100,318	139,187
Investments in joint ventures	19,320	-
Share of profit from joint ventures recognised in surplus or deficit in the statement of comprehensive income	4,325	7,029
Profit / (loss) from discontinued operations	12,824	(2,010)
Revaluation gain on network assets	-	4,562
Impairment of investment in joint venture	-	(41,885)
Adjustment for share of net losses not recognised	(6,483)	-
Distributions	(5,538)	(6,565)
Balance at 30 June	<u>124,766</u>	<u>100,318</u>

17.3 Joint Operation

The Council has a joint arrangement with Southland District Council and Gore District Council for the collection and management of waste in the three local authority areas. The arrangement operates as a partnership with each of the local authorities utilising the centralised contracts and contributing based on the services received.

The Council's interest in WasteNet is as follows:

	Actual 2024 (\$000)	Actual 2023 (\$000)
Current assets	2,189	2,325
Current liabilities	927	1,277
Reserves	1,048	745
Profit	214	304

18 Other financial assets

Accounting Policy / Kaupapahere Kaute

Financial assets (other than shares in subsidiaries) are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the assets (other than financial assets at fair value through surplus or deficit). Transaction costs directly attributable to the acquisition of financial assets at fair value through surplus or deficit are recognised immediately in surplus or deficit.

The Council and Group classifies its investments in the following categories determined by the business model for managing the financial asset and the contractual cash flow characteristics of the financial assets:

Financial assets measured at amortised cost

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortised cost.

These are non-derivative financial assets which are not quoted in an active market.

Fair value through other comprehensive revenue or expense (FVTOCRE)

Financial assets held for collection of contractual cash flows and for selling where the cash flows are solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value through other comprehensive revenue or expense (FVTOCRE).

Changes in the carrying amount subsequent to initial recognition as a result of impairment gains or losses, foreign exchange gains and losses and interest revenue calculated using the effective interest method are recognised in surplus or deficit. The amounts that are recognised in surplus or deficit are the same as the amounts that would have been recognised in surplus or deficit if these financial assets had been measured at amortised cost. All other changes in the carrying amount of these financial assets are recognised in other comprehensive revenue and expenses. When these financial assets are derecognised, the cumulative gains or losses previously recognised in other comprehensive revenue and expense are reclassified to surplus or deficit.

On initial recognition the Council may make the irrevocable election to designate investments in equity investments as at FVTOCRE. Designation at FVTOCRE is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a PBE combination to which PBE IPSAS 40 applies. Subsequent to initial recognition equity investments at FVTOCRE are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive revenue and expense. The cumulative gain or loss will not be reclassified to surplus or deficit on disposal of the equity investments, instead, they will be transferred to accumulated surplus.

Fair value through surplus or deficit

By default, all other financial assets not measured at amortised cost or FVTOCRE are measured at fair value through surplus or deficit.

Financial assets at fair value through surplus or deficit are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in surplus or deficit to the extent they are not part of a designated hedging relationship.

The net gain or loss recognised in surplus or deficit includes any dividend or interest earned on the financial asset.

Shares in subsidiaries (at cost)

The investment in subsidiaries is carried at cost in the Council's parent entity financial statements.

Impairment of financial assets

At each balance sheet date the Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

The Council recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost or at FVTOCRE. No impairment loss is recognised for investments in equity instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

18.1 Other financial assets

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Current financial assets				
LGFA Borrower notes	240	285	990	1,035
Short term deposits	19,517	18,388	19,517	18,388
Total current financial assets	19,757	18,673	20,507	19,423
Non-current financial assets				
Loans to related parties	37,140	23,318	19,140	23,318
LGFA Borrower notes	2,039	1,023	2,494	2,228
Other investments	24	49	271	167
Equity share investments	1,042	1,061	1,042	1,061
Total non-current financial assets	40,245	25,451	22,947	26,774
Total other financial assets	60,002	44,124	43,454	46,197
Investment in CCOs and other similar entities	76,569	76,569	1,632	-
	76,569	76,569	1,632	-

Commentary / Whakaaro

Short term deposits reflect the carrying amount and fair value of term deposits.

During the 2024 financial year Council advanced Invercargill Central Limited (ICL) \$5.4 million (2023: \$13 million) in loan funding for its city centre development. ICL repaid \$12.09 million in June, taking the total owing to \$19.1 million (2023: \$25.8 million). Interest is charged at market rates on the loan. The loan to ICL has a 27 June 2027 maturity date. During the year Council and ICL have been negotiating the extension of the loan agreement. At balance date a final decision had not been reached.

As described in Note 19.5, an impairment expense of 2.492 million was recorded in the statement of comprehensive revenue and expense for the year end 30 June 2023. The expected credit loss (ECL) was recalculated at 30 June 2024. It was determined that following the equity restructure of ICL, the ECL is now Nil and the impairment expense recognised in the 2023 year has been reversed in the current year.

During the 2024 financial year Council advanced Invercargill City Holdings Limited (ICHL) \$18 million (2023: Nil) in loan funding to enable ICHL the liquidity necessary to execute the purchase of shares in ICL and the completion of sales within the ICHL group investments. The loan to ICHL has a 31 July 2025 maturity date. During July 2024 the loan was repaid in full.

19 Derivatives and Borrowing

19.1. Derivatives

Accounting Policy / Kaupapahere Kaute

The Council and Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from operational, financing and investment activities. In accordance with the treasury policies of the respective Group entities, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially and subsequently at fair value. Changes in fair value are recognised immediately in surplus or deficit. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The Council uses derivatives to hedge its exposure to interest rate risks. The derivatives are designated as either cash flow hedges (hedging highly probable future transactions (borrowing)) or fair value hedges (hedging the fair value of recognised assets or liabilities).

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive revenue and expense, limited to the cumulative change in the fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in surplus or deficit. When the hedging relationship ceases to meet the criteria for hedge accounting any gain or loss recognised in other comprehensive revenue and expense and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in surplus or deficit. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in surplus or deficit.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps.

Changes in the fair value of derivatives that are designated as fair value hedges are recorded in surplus or deficit, together with changes in the fair value of the hedged asset or liability. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in surplus or deficit. When the hedging relationship ceases to meet the criteria for hedge accounting the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to surplus or deficit from that date.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Current derivative financial instruments				
Interest rate swaps (cash flow hedges) - assets	-	-	33	133
	-	-	33	133
Non-current derivative financial instruments				
Interest rate swaps (cash flow hedges) - assets	365	751	1,163	2,100
	365	751	1,163	2,100
Total derivative financial instruments	365	751	1,196	2,233

19.2 Borrowings and other financial liabilities

*Accounting Policy / Kaupapahere Kaute***Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in surplus or deficit over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability at least 12 months after the balance date.

Borrower notes

Borrower notes are subordinated convertible debt instruments that the Council subscribes for an amount equal to 2.5% of the total borrowing from LGFA. LGFA will redeem borrower notes when the Council's related borrowings are repaid or no longer owed to LGFA.

The fair value of borrower notes is calculated using the discounted cash flow method. The significant input used in the fair value measurement of borrower notes is the forward interest rate yield curve.

Financial guarantee contracts

A financial guarantee contract requires the Council or Group to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred, discounted to present value. If the fair value of a guarantee cannot be reliably determined at initial recognition, a liability is recognised at the amount of the loss allowance determined in accordance with expected credit loss (ECL) model over the lifetime of the guarantee.

Financial guarantees are subsequently measured at the higher of:

- the amount determined in accordance with the ECL model; and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Current				
Secured loans	200	-	200	-
LGFA Debt	63,066	70,799	141,831	113,818
Finance lease liabilities	24	-	24	-
Total Current	63,290	70,799	142,055	113,818
Non-current				
LGFA Debt	88,757	53,500	106,957	101,700
Other secured loans	-	200	-	200
Finance lease liabilities	99	-	99	-
Total Non-Current	88,856	53,700	107,056	101,900
Total Borrowings	152,146	124,499	249,111	215,718

Maturity analysis and effective interest rate (excluding finance leases)*Commentary / Whakaaro*

Secured loans of the Council are secured by a special rate over the rateable land value of the Invercargill City area provided by the LGFA.

Council also has a \$10 million multi-option facility which expires on 12 November 2025. The undrawn amount of this facility is \$10 million.

The Council's secured loans are a mixture of fixed and floating rates of interest. For the \$40 million of secured debt held at floating rate, the interest rate is reset quarterly based on the 90-day bank bill rate.

Council has issued \$150.9 million of bonds and notes (2023: \$123.2 million) with security being a charge over the rates revenue of the issuer. Terms of the bonds are between one and eight years.

The debentures are at fixed and floating interest rates. The floating interest rate is reset quarterly based on the NZD-BBR- FRA rate (from BKBM page) plus a margin for credit risk.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Less than one year	63,290	70,799	142,055	113,818
Later than one year but no more than five years	88,856	53,700	107,056	101,900
Later than five years	-	-	-	-
	152,146	124,499	249,111	215,718

Interest rates on the Council secured loans have an effective interest rate of 3.70% (2023: 2.33%) with hedging refer to Note 19.3. Other Group loans have an effective interest rate of 4.48% (2023: 3.96 %) with hedging refer Note 19.3.

Due to interest rates on debt resetting to the market rate every three months the carrying amounts of secured loans approximate their fair values.

Finance lease liabilities*Accounting Policy / Kaupapahere Kaute***As Lessee**

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the statement of financial position at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Not later than one year	33	-	33	-
Later than one year but no more than five years	113	-	113	-
Later than five years	-	-	-	-
Minimum lease payments				
Less: future finance charges	(23)	-	(23)	-
Present value of minimum lease payments	123	-	123	-
Minimum future lease payments				
Not later than one year	24	-	24	-
Later than one year but no more than five years	99	-	99	-
Later than five years	-	-	-	-
Total present value of minimum lease payments	123	-	123	-
Represented by:				
Current portion	24	-	24	-
non-current portion	99	-	99	-
Total finance leases	123	-	123	-

Commentary / Whakaaro

The Parent leases 30 photocopiers situated in its variance locations from Canon New Zealand Limited. The lease commenced in December 2023 and is for a term of 5 years. The annual lease payment is \$33,173 plus GST.

19.3 Hedging activities and derivatives

Council 2024	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total	(\$000)
			< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)		
Financial assets							
Derivative financial instruments	365	272	218	71	(17)		272
Total financial assets	365	272	218	71	(17)		272

Council 2023	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total	(\$000)
			< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)		
Financial assets							
Derivative financial instruments	751	711	486	247	(22)		711
Total financial assets	751	711	486	247	(22)		711

Group 2024	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total	(\$000)
			< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)		
Financial assets							
Derivative financial instruments	1,196	879	782	277	(180)		879
Total financial assets	1,196	879	782	277	(180)		879

Group 2023	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total	(\$000)
			< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)		
Financial assets							
Derivative financial instruments	2,233	1,854	1,171	797	(114)		1,854
Total financial assets	2,233	1,854	1,171	797	(114)		1,854

The notional values of interest rate swaps are summarised below:

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
	Liability	Liability	Liability	Liability
Maturity < 1 year	10,000	5,000	20,000	22,500
Maturity 1-2 years	5,000	10,000	19,000	20,000
Maturity 2-3 years	4,000	5,000	12,000	19,000
Maturity 3-4 years	-	4,000	8,000	12,000
Maturity 4-5 years	10,000	-	19,000	8,000
Maturity 5-6 years	12,000	-	12,000	-
Maturity 6-7 years	7,500	-	7,500	-
	48,500	24,000	97,500	81,500

Derivative financial instruments are carried at fair value based on the prevailing market rates as at valuation date. Any changes in the value of derivative instruments from inception date are included in either the surplus or deficit (for the ineffective portion of cash flow hedges, fair value hedges and any derivative instruments not designated in a hedging relationship) or in net asset / equity (for effective portion of cash flow hedges).

Derivative contracts are primarily entered into to hedge against any exposure to underlying risks associated with the hedged item. The risk management strategy of the Council and Group are discussed in note 19.5 of the financial statements.

Council and Group derivative financial instruments include the following:

Interest rate swaps

Council and Group enter into interest rate swap contracts to hedge their interest rate exposure on outstanding borrowings. The interest rate fluctuation impacts the fair value (for fixed-rated) and cash flow settlement (for floating) relating to the underlying hedged item.

Interest rate swaps contracts are carried at their fair value based on prevailing market interest rates at valuation date.

At 30 June 2024, the Council had interest rate swaps in place with a notional amount of \$48.5 million (2023: \$24 million) where the Council pays an average fixed interest rate of 3.64% (2023: 3.12%). This interest rate is used to determine the fair value (mark to market) of the swaps at balance date.

The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swaps are identical to the hedged risk components.

There are two types of hedge economic relationships:

- For interest rate swap contracts with the expected highly probable forecast transactions. To test the hedge effectiveness, the Group uses the forecast loan transactions that are highly probable and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks, or
- For interest rate swap contracts with variable rate loans. To test the hedge effectiveness, the Group uses a hypothetical derivative that is a proposed swap and compares the changes in the fair value of the hedging instrument against the changes in the fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument.
- Differences in the timing of the cash flows of the hedged items and the hedging instruments.
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The ineffectiveness is recognised in surplus or deficit.

19.4 Classification and fair value of financial instruments

Accounting Policy / Kaupapahere Kaute

Categories of financial assets and liabilities

Financial instruments are classified into one of the following categories:

- Financial assets and liabilities carried at amortised cost,
- Financial assets and liabilities measured at fair value through surplus and deficit,
- Financial assets measured at fair value through other comprehensive revenue and expense.

The classification into each category depends on the nature and management's intention over the financial instruments.

Fair value of financial instruments

Financial instruments carried at fair value in the financial statements are categorised within the fair value hierarchy described below:

- Level 1: the fair value is calculated using quoted prices in active markets.
- Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The following methods and assumptions were used to estimate fair value for each class of financial instrument for which it is practicable to estimate such value:

Interest bearing financial assets and liabilities - Fixed rated instruments with quoted market prices are based on the quoted market price as of valuation date (Level 1) and for non-quoted securities, fair values were determined using discounted cash flow based on market observable rates (Level 2). Instruments with floating interest rates approximate fair value because of recent and regular repricing based on market conditions (Level 2).

The fair values of non-interest bearing debt securities and loans are determined using discounted cash flow based on Council's effective cost of borrowing for the year (calculated based on applicable market rate plus Council's credit spread) (Level 2). Foreign-currency denominated debt instruments are valued based on discounted future cash flows using the prevailing foreign exchange rate at valuation date (Level 2).

Derivative financial instruments - The fair values were computed as the present value of estimated future cash flows using market interest rates as at valuation date. The valuation techniques consider various inputs including the credit quality of counterparties (Level 2). The fair value forward exchange rate contracts are determined based on the discounted future cash flow using the market currency exchange and interest rates between the New Zealand dollar and relevant foreign currency at valuation date.

For those financial instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. The quoted market price used for financial assets held by the group and the council is the bid price at balance date.

Level 2 – Inputs other than quoted prices included within Level 1 using observable market inputs for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the assets or liability that are not based on observable market data

Refer to Note 19.4 for the valuation techniques used to value derivative financial instruments and other financial assets, respectively.

For the purpose of measurement, the groups and council's financial assets and liabilities are classified into categories according to the purpose for which the financial assets and liabilities are held. Management determines the classification of financial assets and liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

Categories	Subsequent measurement	Treatment of gains and loss
Fair value through surplus or deficit	Fair value	Surplus or deficit
Fair value through other comprehensive revenue and expenditure	Fair value	Other comprehensive revenue and expenditure
Financial assets at amortised cost	Amortised cost less provision for impairment	Surplus or deficit
Financial liabilities at amortised cost	Amortised cost	Surplus or deficit

Derivatives are, by their nature, categorised as fair value through surplus or deficit unless they are designated into a hedge relationship for which hedge accounting is applied.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when offset is legally enforceable and there is an intention to settle on a net basis. Revenue and expenses arising as a result of financial instrument earnings or fair value adjustments are recognised on a net-basis for like items.

The fair value hierarchy for the council and group are as follows:

		Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
	Level				
Financial assets at fair value through surplus or deficit					
LGFA Borrower notes	2	2,279	1,308	3,484	3,263
Loans to related parties	2	37,140	23,318	19,140	23,318
Other investments	3	24	49	271	167
Equity share investments	3	1,042	1,061	1,042	1,061
		40,485	25,736	23,937	27,809
Financial assets at fair value through other comprehensive revenue and expenditure					
Derivative assets	2	365	751	1,196	2,233
Total financial assets		40,850	26,487	25,133	30,042

		Council 2024	Council 2023	
	Carrying Amount (\$000)	Fair value (\$000)	Carrying Amount (\$000)	Fair value (\$000)
Assets				
Financial assets at fair value through surplus or deficit				
LGFA Borrower notes	2,279	2,279	1,308	1,308
Other investments	24	24	49	49
Equity share investments	1,042	1,042	1,061	1,061
	3,345	3,345	2,418	2,418
Financial assets at fair value through other comprehensive revenue and expenditure				
Derivative assets	365	365	751	751
Financial assets at amortised cost				
Cash & cash equivalents	12,373	12,373	15,443	15,443
Receivables (excluding GST receivables & rates debtors)	8,384	8,384	12,660	12,660
Short term deposits	19,517	19,517	18,388	18,388
Loans to related parties	37,140	37,140	23,318	23,318
	77,414	77,414	69,809	69,809
Total assets	81,124	81,124	72,978	72,978
Liabilities				
Financial liabilities at amortised cost				
Borrowings	152,146	152,146	124,499	124,499
Payables & accruals (excluding income received in advance)	13,109	13,109	15,239	15,239
Total Liabilities	165,255	165,255	139,738	139,738

	Group 2024		Group 2023	
	Carrying Amount (\$000)	Fair value (\$000)	Carrying Amount (\$000)	Fair value (\$000)
Assets				
Financial assets at fair value through surplus or deficit				
LGFA Borrower notes	3,484	3,484	3,263	3,263
Other investments	271	271	167	167
Equity share investments	1,042	1,042	1,061	1,061
	4,797	4,797	4,491	4,491
Financial assets at fair value through other comprehensive revenue and expenditure				
Derivative assets	1,196	1,196	2,233	2,233
Financial assets at amortised cost				
Cash & cash equivalents	14,054	14,054	19,245	19,245
Receivables (excluding GST receivables & rates debtors)	11,573	11,573	15,411	15,411
Short term deposits	19,517	19,517	18,388	18,388
Loans to related parties	19,140	19,140	23,318	23,318
	64,284	64,284	76,362	76,362
Total assets	70,277	70,277	83,086	83,086
Liabilities				
Financial liabilities at fair value through surplus or deficit				
Derivative	-	-	61	-
Financial liabilities at amortised cost				
Borrowings	249,111	249,111	215,718	215,718
Payables & accruals (excluding income received in advance)	17,133	17,133	18,809	18,809
	266,244	266,244	234,527	234,527
Total Liabilities	266,244	266,244	234,588	234,527

Commentary / Whakaaro

Due to the short-term nature of the transactions, the fair value of cash and cash equivalents, short-term investments, trade and other receivables, accounts payable, accrued expenses and other current liabilities and dividends payable approximate their carrying values as at the end of the reporting period.

19.5 Financial risk management

Risk Management Policy / Kaupapahere Whakahaere Risk

Financial risk management objectives

The Council and Group have a series of policies to manage the risk associated with financial instruments.

The Council and Group do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies to the financial statements.

Financial risks

The risks associated with the financial assets and liabilities of the Council and Group include market risk, liquidity risk and credit risk.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing the Council to incur a loss. The Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash, short term investments, trade and receivables, foreign exchange transactions and other financial instruments.

The Council only invests funds in deposits with registered banks and local authority stock, and its investment policy limits the amount of credit exposure to any one institution or organisation.

The Council and group are exposed to credit risk through loan investments. Should there be events which lead to a change in the credit quality of the loans including but not limited to increases in interest rates it will be necessary to consider whether the loans are impaired or not.

The Group manages its exposure to credit risk from trade receivables by performing credit evaluations on all customers requiring credit whenever possible, and continuously monitoring the outstanding credit exposure to individual customers. The Group does not generally require or hold collateral against credit risk.

The Electricity Invercargill Limited group is exposed to a concentration of credit risk with regards to the amounts owing by energy retailers for line charges. However, these entities are considered to be high credit quality entities.

For counterparties with credit ratings, the cash at bank and deposits are held in banks with credit ratings from BBB+ to AA-. Derivative financial instrument assets are held with banks with credit ratings of AA-. For counterparties without credit ratings, the community (non-subsidiary) and related party loans are with parties that have had no defaults in the past.

The carrying amount of financial assets represents the maximum credit exposure.

As at 30 June 2024 a reversal of a prior period impairment loss was recognised in relation to a related party receivable loan. The carrying value of loan is now considered to be fully recoverable.

Impairment gain (loss) on financial assets recognised in surplus or deficit were as follows:

	2024	2023
	(\$,000)	(\$,000)
Impairment Gain / (loss) on related party loan receivable	2,492	(2,492)

Impairment Gain as at 30 June 2024

As at 30 June 2023 an impairment loss was recognised on the Invercargill Central Limited (ICL) Loan. Full details of this finding are detailed under the heading "Impairment loss as at 30 June 2023".

Subsequent to the 2023 balance date a refinancing proposal was put together to recapitalise ICL and restructure the ICC/HWRF loan facility. In May 2024, ICL issued \$40 million new share capital to existing shareholders. ICL then used these funds to repay the HWR loan facility in full and partially repaid ICC \$12 million. The full \$31.45 million facility provided by ICC remains in place, however this is now fully secured by a registered 1st mortgage.

The ICL land and buildings were valued by CBRE at 30 June 2024 at \$78.5 million. ICC is the sole 1st mortgage holder. At 30 June 2024 the amount drawn down on the facility was \$19.14 million. Given that only 61% of the mortgage security is currently used, and the full facility is covered more than twice the current valuation, the probability of a credit loss is now considered unlikely.

In accordance with paragraph 80 of PBE IPSAS 41 Financial Instruments, as the expected credit loss is now nil, the expected credit loss recognised at 30 June 2023 of \$2.492m has been reversed in the 2024 Annual Report and recognised as an impairment gain.

Impairment Loss as at 30 June 2023

During 2022 the Council entered into a loan facility with Invercargill Central Limited (ICL). The loan facility was provided by ICC and HWR Finance Limited (HWRF). The total amount of the facility was \$60m with both Council and HWRF funding 50:50 for the first \$45.5m and 60:40 for the final \$14.5m. As a result, the total of the facility provided by ICC was \$31.45m. As at 30 June 2023, ICL had drawn down the facility \$ 25.810m.

Interest on both loan facilities is charged at the 90-day BKMB rate plus a margin of 2.80% which is reset every 90 days. At 30 June 2023 no principal payments had been made on either loan facilities (2022: Nil). Both facilities are due to be settled in full on 31 December 2024. ICL's pre-tax cost of debt is consistent with yields observed for BB credit ratings.

Security on the loan is provided by a \$45.5 million first mortgage to ICC and HWRF over ICL's land and development in shopping centre and car park.

Loan default is viewed as the inability for the borrower to satisfy their obligations when they become due. The external factors that signal increased risk of loan default is deemed to be value of the loan collateral and fluctuations of interest rates.

Value of collateral

As described in Note 17, independent valuation experts CBRE completed market value-based valuation of ICL investment property. The value of the investment property was determined to be

- Valuation of investment property as complete fewer remaining costs to complete: \$69.8m
- Valuation of investment property as complete: \$78.5m

At this level there is insufficient collateral to support the full ICC/HWRF facility which at 30 June 2023 has \$50.6 million (\$25.8 million ICC and \$24.78 million HWRF) drawn down. Under the loan agreements the first \$45.5 million of the facility has the first mortgage security. At 30 June 2023 \$3.06 million is secured by the third mortgage and for the purposes of the expected credit loss calculation has a much more significant expected loss.

As further highlighted in note 17, the positive commercial yields of ICL investment property, quality of the build and prospect of strong future revenue growth are consistent with the Council's long term investment objectives.

Interest rates

During the year ended June 2023, there was a significant increase in interest rates which had not been forecast at the time of entering into the ANZ loan facility and in financial modelling of the development. The BKBM moved from 1.58% in March 2022 to 4.71% at the start of January 2023 and 5.7% at 1 July 2023. The increased interest rates meant that ICL would not be able to access the full \$45.5 million of the ANZ facility in December 2023 as it could not meet the loan covenants required.

Expected credit loss

An expected credit loss for the loan has been calculated on the remaining life of the loan given the deterioration of credit risk as a result of the decrease in value of the security and that the total facility has now exceeded the first mortgage security. The likelihood of default is deemed to be 70%, resulting in an impairment expense of \$2.492m recognised in the Statement of Financial Performance for the year ended 30 June 2023. The below table summarises the loan impairment as a result of increasing probability of default.

Probability of default	\$(000)
50%	1,792
60%	2,142
70%	2,492
80%	2,843
90%	3,193
100%	3,543

A refinancing proposal has been presented for public consultation with regards to restructuring the ICC/HWRF loan facility.

Liquidity Risk

Liquidity risk represents Council's and the Group's ability to meet their contractual obligations. Council and Group evaluate their liquidity requirements on an ongoing basis. In general, Council and the Group generate sufficient cash flows from their operating activities to meet their contractual obligations arising from their financial liabilities and have credit lines in place to cover potential shortfalls and meet capital expenditure requirements. Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months.

The Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of the Council's Long-term Plan.

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 19.5(b).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a fixed debt instrument or future cash flow of a floating debt instrument will fluctuate due to changes in the underlying market interest rate.

The Council and the Group are exposed to interest rate risk as they borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts.

In addition, investments at fixed interest rates expose the Council and Group to fair value interest rate risk

The interest rates on Council's borrowings are disclosed in note 19.2.

Currency risk

Currency risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Council is not exposed to foreign currency risk and under normal circumstances has no exposure to hedge.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of the Council's investment portfolio in accordance with the limits set out in the Council's Investment policy.

Commodity price and demand risk

Within the Group some operations can be significantly impacted by fluctuations in commodity prices and international demand for certain products. Any residual risk is not considered material to the Group.

19.5(a) Interest rate risk management

The following tables summarise the Council's and Group's interest rate re-pricing analysis with respect to its financial assets and liabilities subject to interest rate risk:

The financial assets and liabilities are exposed to interest rate risk as follows:

Financial assets

Cash and cash equivalents	Variable interest rates
Trade and other receivables	Non-interest bearing
Dividends receivable	Non-interest bearing
Derivative financial instruments (interest rate swaps)	Variable interest rates
Short term investments	Variable interest rates

Financial liabilities

Trade and other payables	Non-interest bearing
Dividends payable	Non-interest bearing
Borrowings - secured loans	Fixed and variable interest rates
Derivative financial instruments (interest rate swaps)	Variable interest rates

Commentary / Whakaaro

Council and Group have entered into interest rate swap contracts to hedge against the risk due to interest rate fluctuations. The notional amount and maturities of interest rate swap contracts are presented in note 19.3 of the financial statements.

Effectiveness of cash flow hedges

The matched items method is used in applying hedges. In all cases the terms of both the hedge instrument (interest rate swap derivative) and the underlying transaction are matched.

	Council 2024 %	Council 2023 %	Group 2024 %	Group 2023 %
Effectiveness	100	100	100	100

Sensitivity analysis on financial instruments**Investments:**

If interest rates on investments at 30 June 2024 had fluctuated by plus or minus 1%, (2023: 1%) the effect would have been to decrease/increase the surplus after tax by \$552,020 (2023: \$424,888).

Borrowings:

If interest rates on borrowings at 30 June 2024 had fluctuated by plus or minus 1%, (2023: 1%) the effect would have been to decrease/increase the surplus after tax. This is as a result of higher/lower interest expense on floating rate borrowings for Council by \$193,699 (2023: \$92,548) and for Invercargill City Holdings Limited \$270,332 (2023: \$107,062).

Cash and cash equivalents:

Cash and cash equivalents included deposits at call which are at floating interest rates. Sensitivity to a 1% (2023: 1%) movement in rates is immaterial as these cash deposits are very short term.

Derivative asset: Cash flow hedge

The derivatives are hedge accounted and managed by the company to be 100% effective and thus there is no sensitivity to the profit and loss to change in the interest rates.

Sensitivity to a 1% (2023: 1%) movement in rates is as follows and affects the equity balance of the Group Interest rate sensitivity analysis

Interest rate swaps	Carrying amount	Equity change	
	Year 2024	1%	-1%
	(\$000)	(\$000)	(\$000)
Council	(365)	1,024	(1,095)
Invercargill City Holdings Limited	830	764	(793)
	<u>465</u>	<u>1,788</u>	<u>(1,888)</u>

Interest rate swaps	Carrying amount	Equity change	
	Year 2023	1%	-1%
	(\$000)	(\$000)	(\$000)
Council	(751)	337	(345)
Invercargill City Holdings Limited	(1,482)	846	(875)
	<u>(2,233)</u>	<u>1,183</u>	<u>(1,220)</u>

19.5(b) Liquidity risk management

Liquidity risk is the risk that the Council and Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In meeting its liquidity requirements, the Council and Group manages its investments and borrowings in accordance with its written investment policies. In general, the Council and Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding arrangements in place to cover potential shortfalls.

The Council and Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Commentary / Whakaaro

The Council is exposed to liquidity risk as a guarantor of all of LGFA borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. The exposure relating to the guarantee is classified as a contingent liability by the Council and is explained further in note 23.

The table below summarises the maturity profile of the Group's financial assets and liabilities based on contractual undiscounted payments.

Council 2024	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)	
Financial assets						
Cash, cash equivalents and bank overdrafts	12,373	12,373	12,373	-	-	12,373
Receivables	13,428	13,428	13,428	-	-	13,428
Equity share investments	1,042	1,042	-	-	1,042	1,042
Short term investments	19,517	19,517	19,517	-	-	19,517
Other investments	39,443	45,738	3,092	20,664	21,982	45,738
Total financial assets	85,803	92,098	48,410	20,664	23,024	92,098
Financial liabilities						
Trade and other payables	15,586	15,586	15,586	-	-	15,586
Borrowings - secured loans	152,146	164,478	68,397	72,522	23,559	164,478
Total financial liabilities	167,732	180,064	83,983	72,522	23,559	180,064
Council 2023						
	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)	
Financial assets						
Cash, cash equivalents and bank overdrafts	15,443	15,443	15,443	-	-	15,443
Receivables	16,428	16,428	16,428	-	-	16,428
Equity share investments	1,061	1,061	-	-	1,061	1,061
Short term investments	18,388	18,388	18,388	-	-	18,388
Other investments	24,675	28,293	27,214	647	432	28,293
Total financial assets	75,995	79,613	77,473	647	1,493	79,613
Financial liabilities						
Trade and other payables	18,683	18,683	18,683	-	-	18,683
Borrowings - secured loans	124,499	129,853	73,402	35,273	21,178	129,853
Total financial liabilities	143,182	148,536	92,085	35,273	21,178	148,536
Group 2024						
	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)	
Financial assets						
Cash, cash equivalents and bank overdrafts	14,054	14,054	14,054	-	-	14,054
Receivables	16,817	16,817	16,817	-	-	16,817
Equity share investments	1,042	1,042	-	-	1,042	1,042
Short term investments	19,517	19,517	19,517	-	-	19,517
Other investments	22,895	28,543	3,016	2,592	22,935	28,543
Total financial assets	74,325	79,973	53,404	2,592	23,977	79,973
Financial liabilities						
Trade and other payables	19,980	19,980	19,980	-	-	19,980
Borrowings - secured loans	249,111	284,214	150,520	101,540	32,154	284,214
Total financial liabilities	269,091	304,194	170,500	101,540	32,154	304,194

Group 2023	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total	(\$000)
			< 1 Year (\$000)	1 - 3 Years (\$000)	> 3 Years (\$000)		
Financial assets							
Cash, cash equivalents and bank overdrafts	19,245	19,245	19,245	-	-	19,245	
Receivables	19,311	19,311	19,311	-	-	19,311	
Equity share investments	1,061	1,061	-	-	1,061	1,061	
Short term investments	18,388	18,388	18,388	-	-	18,388	
Other investments	26,748	30,408	28,019	1,726	663	30,408	
Total financial assets	84,753	88,413	84,963	1,726	1,724	88,413	
Financial liabilities							
Trade and other payables	22,421	22,421	22,421	-	-	22,421	
Advances	3,938	3,938	-	-	3,938	3,938	
Borrowings - secured loans	215,718	226,973	118,349	78,141	30,483	226,973	
Total financial liabilities	242,077	253,332	140,770	78,141	34,421	253,332	

20 Provisions

*Accounting Policy / Kaupapahere Kaute***Provisions**

The Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Landfill Post Closure Costs

The Council has a legal obligation under the Resource Consent to provide ongoing maintenance and monitoring services at the landfill site after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure. The discount rate applied is 7% which represents the risk-free discount rate.

Parking Refund Provision

Council needs to be careful and precise in its bylaw and revenue raising policies. It is the approval process and clarity of the parking bylaw content that enables the collection of the parking fines and charges. The Court hearing on 21 February 2024 determined that the current Council Parking Bylaw did not empower the issue of \$40 infringements that required the activation of the parking meter by registering a number plate.

A provision for parking refunds is recognised as a liability for the revenue collected from the date the new parking meters were installed on 1 July 2022 to the date the \$40 fines were no longer issued on 29 February 2024. The provision is measured based on the cost of all fines issued and paid between those dates, including the \$30 court administration cost if incurred."

Lessee Improvements Settlement Provision

A provision of \$3.895 million has been recognised for the estimated cost of settlement for improvements made to Invercargill Airport land by a former lessee. Under the terms of the leases and in accordance with the Public Bodies Leases Act the Company is required to provide compensation for improvements made during the tenure of the leases.

The lessee has been provided with the valuation and has 2 months to agree to the amount or require the valuation be determined by arbitration in accordance with the Act. The provision has been disclosed as a current liability as settlement is expected to occur within the next financial year. If arbitration is required the timeframe for settlement may be extended and the final costs may differ subject to the arbitration process.

The provision is calculated based on an independent valuation performed by CBRE of the lessee improvements. The valuation methodology applied is based on a market approach using comparative sale.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Landfill aftercare provision				
Balance 1 July	928	928	928	928
Balance at 30 June	928	928	928	928
Parking ticket refund provision				
Balance 1 July	-	-	-	-
Creation of provision	535	-	535	-
Amounts refunded	(34)	-	(34)	-
Balance at 30 June	501	-	501	-
Lessee improvements settlement provision				
Balance 1 July	-	-	-	-
Creation of provision	-	-	3,885	-
Balance at 30 June	-	-	3,885	-
	1,429	928	5,314	928
Current	613	112	4,498	112
Non-current	816	816	816	816
Total Provisions	1,429	928	5,314	928

*Commentary / Whakaaro***Landfill Provision**

The Council's current resource consent for the operation of its landfill expired in 2006. The Council has responsibility under the resource consent to provide maintenance and monitoring of the landfill after the site is closed. There are closure and post-closure responsibilities including the following:

Closure responsibilities

- Site
- Planting and maintenance of vegetation; and
- Development of roading and walking tracks.

Post-closure responsibilities

- Ongoing maintenance of roading and walking tracks
- Treatment and monitoring of leachate; and
- Maintenance of vegetation.

The management of the closed landfill has been in line with the resource consent conditions established at the time of closure.

The conditions were established based on good practice guidelines known at the time. Recent regulatory changes aimed at improving the conditions of waterways and estuaries across the country have heightened awareness regarding the closed landfill.

Maintaining the provision at current levels is appropriate given the uncertainty around future consent requirements.

Parking Refund Provision

The parking refund provision is the total of all fines issued and paid from 1 July 2022 to 29 February 2024, including the \$30 court administration cost, that are eligible to be refunded. The provision is affected by the number of people who decide to contact the Council and claim the refund. Most of the liability is expected to be incurred over the first year.

21 Employee benefit liabilities

*Accounting Policy / Kaupapahere Kaute***Short-term benefits**

Employee benefits that the Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Long-term benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses in the period in which they arise.

Superannuation schemes

Defined contribution schemes:

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Revenue and Expenses as incurred.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Accrued pay	1,528	1,099	1,528	1,099
Annual leave	2,124	1,808	2,294	1,977
Long service leave	252	261	252	261
Retirement gratuities	529	642	529	642
	4,433	3,810	4,603	3,979
Current	4,433	3,783	4,603	3,952
Non-current	-	27	-	27
Total employee benefit liabilities	4,433	3,810	4,603	3,979

*Commentary / Whakaaro***Employee Entitlements**

Annual leave, long service and some retirement gratuities are classified as current liability. Non-vested retirement and long service leave expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

Non-Current Entitlements

The provision for retirement gratuities is an assessment of entitlements that may become due to employees in the future. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken. Most of the liability is expected to be incurred over the next ten years.

22 Equity

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Retained earnings				
As at 1 July	378,519	398,173	416,681	476,764
Transfers to:				
Restricted and non-restricted reserves	(6,598)	(20,270)	(6,598)	(20,270)
Transfers from:				
Restricted and non-restricted reserves	1,083	11,364	1,083	11,364
Transfer of revaluation reserve to retained earnings	-	-	91	8
Surplus/(Deficit) for the year	(9,503)	(10,748)	(7,748)	(51,185)
As at 30 June	363,502	378,519	403,510	416,681
Restricted and non-restricted reserves				
As at 1 July	38,684	29,778	38,684	29,778
Transfers to retained earnings	(1,083)	(11,364)	(1,083)	(11,364)
Transfers from retained earnings	6,598	20,270	6,598	20,270
As at 30 June	44,199	38,684	44,199	38,684
Hedging reserve				
As at 1 July	751	481	1,818	900
Other comprehensive revenue and expenses:				
Effective portion of changes in fair value of cash flow hedges	(386)	270	(856)	918
As at 30 June	365	751	962	1,818
Carbon credit revaluation reserve				
As at 1 July	1,126	2,229	1,126	2,229
Other comprehensive revenue and expenses:				
Change in fair value of carbon credits	282	(1,103)	282	(1,103)
As at 30 June	1,408	1,126	1,408	1,126
Asset revaluation reserve				
As at 1 July	720,378	715,313	769,944	751,472
Other comprehensive revenue and expenses:				
Revaluation gains/(losses)	73,183	5,065	74,030	18,480
Transfer of revaluation reserve to retained earnings due to asset disposal	-	-	(91)	(8)
As at 30 June	793,561	720,378	843,882	769,944
Asset revaluation reserves consist of:				
Land and buildings	109,343	109,378	111,448	114,985
Library books	9,624	9,624	9,624	9,624
Infrastructural assets	674,594	601,376	722,810	645,335
Total asset revaluation reserve	793,561	720,378	843,882	769,944
Total other reserves	839,532	760,939	890,451	811,572

	Council Actual 2024			Closing Balance (\$000)
	Opening Balance (\$000)	Transfers In (\$000)	Transfers Out (\$000)	
Restricted reserves				
The reserves can only be used for designated purposes.				
<u>Category A (Legal restriction)</u>	422	13	-	435
The restriction is designated from a statute or legal document. These reserves restrictions include the capital and interest or This reserve is related to the Parks activity and is to maintain the				
<u>Category B (Capital-only restriction)</u>	12,580	724	-	13,304
These reserves are invested in property that provides a return to (Investment property, library and infrastructure activities)				
<u>Category C (Specific purpose)</u>	13,075	416	(18)	13,473
These reserves are to maintain and provide for improvements to (Parks, crematorium and cemetery, community centres, waste				
Non-restricted reserves				
The reserves can be used for purposes other than the purpose				
Council created reserves To provide funding for the ongoing operations and replacement (All activities)	12,607	5,445	(1,065)	16,987
	38,684	6,598	(1,083)	44,199

	Council Actual 2023			Closing Balance (\$000)
	Opening Balance (\$000)	Transfers In (\$000)	Transfers Out (\$000)	
Restricted reserves				
The reserves can only be used for designated purposes.				
<u>Category A (Legal restriction)</u>	98	324	-	422
The restriction is designated from a statute or legal document. These reserves restrictions include the capital and interest or This reserve is related to the Parks activity and is to maintain the				
<u>Category B (Capital-only restriction)</u>	12,383	197	-	12,580
These reserves are invested in property that provides a return to (Investment property, library and infrastructure activities)				
<u>Category C (Specific purpose)</u>	12,521	763	(209)	13,075
These reserves are to maintain and provide for improvements to (Parks, crematorium and cemetery, community centres, waste				
Non-restricted reserves				
The reserves can be used for purposes other than the purpose				
Council created reserves To provide funding for the ongoing operations and replacement (All activities)	4,776	18,986	(11,155)	12,607
	29,778	20,270	(11,364)	38,684

23 Contingent liabilities and assets

23.1 Contingent liabilities

New Zealand Local Government Funding Agency

Council is a borrower and guarantor (not shareholder) of the New Zealand Local Government Funding Agency Limited (LGFA). LGFA was incorporated in December 2011 for the purpose of providing debt funding to local authorities in New Zealand, LGFA has a current credit rating from Standard and Poor's of AAA as at 30 June 2024.

Council is one of 72 (2023: 70) local authority guarantors of the LGFA. The New Zealand Government has a 20% shareholding in the LGFA. When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Invercargill City Council is a guarantor of all LGFA's borrowings. The LGFA's loans to local authorities are \$23.03 billion (2023: \$17.7 billion), of which Council has borrowed \$151,823 million (2023: \$123,170 million). As a result, Council and Group's cross guarantee to other local authorities is \$22.88 billion (2023: \$17.56 billion).

PBE Accounting Standards require Council and Group to initially recognise the guarantee liability by applying the 12-month expected credit loss model (as fair value could not be reliably measured) and subsequently at the higher of the provision for impairment at balance date determined by the expected credit loss model and the amount initially recognised. At the end of the financial year, the Council and Group have assessed the 12 month expected credit losses of the guarantee liability, based on market information of the underlying assets held by the LGFA. The estimated 12 month expected credit losses are immaterial due to the extremely low probability of default by the LGFA in the next 12 months, and therefore, the Council and group have not recognised a liability.

The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand: and
- local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required

Ongoing obligation relating to New Zealand Mutual Liability Riskpool Scheme

Invercargill City Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down; however, the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call, in respect of the Supreme Court decision on 1 August 2023 *Napier City Council v Local Government Mutual Funds trustee limited*, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects).

Since then, Riskpool has been able to quantify its liability in relation to that claim and has a better understanding of its potential liability in relation to other similar mixed defect claims. Riskpool has carried out a review of its current and future liabilities, which has involved considering the deficits for previous Fund years. By way of background, cover under the Riskpool Scheme was arranged on a Fund Year basis from 1 July to 30 June. Members made an initial contribution to cover estimated claims and expenses arising from the Fund Year, with any deficits to be funded by further calls upon Members in proportion to their initial contribution. Any surplus can either be returned to Members or rolled into a future Fund Year. In aggregate, over all Fund years, Riskpool has incurred more in claims and expenses (before allowing for claims provisions) than has been received as contributions and calls from Members. This has been funded by a loan from Civic Financial Services. In addition, there is more to be paid in respect of currently open claims (including the Napier Waterfront Apartments claim) spread across a few different Fund Years. The Board has resolved to make a call on Members to pay a contribution to fund the deficits for Fund years 7, 10, 11 and 12, being:-

- Fund Year 7 - \$6.166 million
- Fund Year 10 - \$3.051 million
- Fund Year 11 - \$1.126 million
- Fund Year 12 - \$2.541 million

The amount of the call for Invercargill City Council was \$123,323.00 (excl GST) and this has been paid in the current year. Once Riskpool has met the short-term needs noted above there will be a process of finalising each Fund Year. This will entail:

- Continuing to operate Riskpool until all claims are settled.
- Issuing further calls upon members for Fund Years still in deficit. The quantum of future calls will depend on the outcome of the late notification issues in respect of outstanding mixed defect claims and reinsurers' position.

- For Fund Years in surplus either:
 - Returning funds to members, or
 - Offsetting against later Fund Years in deficit.

20 Spey Street property

A contamination issue has been identified at the Spey Street site. In-depth investigations and analysis by an environmental consultant have confirmed that the problem is below ground and contained within a small portion of the site. As a consequence, no immediate remedial action is deemed necessary, but restrictions should be applied to any future site development. Due to a lack of certainty as to what the long-term remedial action will be, it is not possible to quantify the likely expenditure (2001 issue unchanged).

Forestry

Council has harvested a total of 262.0 hectares (2023: 261.0 hectares) of pre 1990 forest. Of this harvested land, 38.57 (2023: 22.67) hectares has not yet been replanted at 30 June 2024 and carries a potential deforestation liability of \$592,820 (2023: \$726,116) if the land is not replanted. It is Council's intention that these harvested areas will be re-established to ensure that there will be no obligation to surrender units.

Asbestos

Council has identified areas where asbestos is present and is working through a planned approach for remediation of specific areas. This process involves an independent survey of the contaminated area to determine both the extent of the asbestos contamination and the approach used to remedy any potential risk, ranging from encapsulating the asbestos to contain it to removing it completely from various sites.

Ongoing dispute resolution with suppliers

Council is involved in contractual disputes with two suppliers for failure to deliver in line with the contract. Mediation had not occurred at balance date with the quantum of claims unknown. Subsequent to balance date one dispute has been settled.

Property disputes

Council is the landlord and tenant of a number of properties and from time-to-time disputes arise in relation to these leases. At balance date there is a dispute in relation to such property where both the claim and amount is in dispute.

Group contingent liabilities

Invercargill Airport Limited

During 2020 Invercargill Airport Limited received a \$500,000 grant from the Provincial Growth Fund. The grant was in recognition that Air New Zealand was to commence a 12-month pilot of scheduled jet services from Auckland to Invercargill on 25 August 2019 and Invercargill Airport Limited needed to rapidly deliver urgent airside and non-airside upgrades to handle the scheduled jet services. A contingency for repayment exists for a 10-year term from 31 October 2019 if the Company either:

- Sells, disposes or transfers the asset, without the Ministry's prior written consent;
- or the asset will no longer be used for the purpose intended.

There are no other contingent liabilities or assets at 30 June 2024 (2023: Nil).

Invercargill Central Limited

The Invercargill Central Limited Shareholders Agreement provides that if acting reasonably the Company determines that it requires further funding it may call on O'Donnell CBD Limited and Invercargill City Holdings Limited to fund a further \$16.5m.

The Invercargill City Holdings Limited subscription agreement with Invercargill Central Limited provides that, on similar terms to the Shareholders Agreement, Invercargill Central Limited may call on Invercargill City Holdings Limited to purchase a further \$4m in shares from Invercargill Central Limited.

Rugby Park Stadium

The Invercargill City Charitable Trust Board which owns Rugby Park Stadium has an in principal agreement to transfer the asset to the Council. Council through the Invercargill City Charitable Trust Board has received a report identifying the west-end stand as being unsafe and seismic strengthening work is required, also identified is 75% of the seats in this section of the stadium have suffered UV light deterioration and require immediate replacement. The Council in the Long-term Plan has agreed to provide \$4,900,000 to make Rugby Park a structurally sound and flexible use facility. Council and the Invercargill City Charitable Trust Board are negotiating terms of settlement.

HWCP Management Limited

The HWCP Management Limited associate has no contingent liabilities as at 30 June 2024 (2023: nil).

Lakeland Network Limited

Lakeland Network Limited has no contingent liabilities as at 31 March 2024 (2023: nil).

23.2 Contingent assets

There were no contingent assets as at 30 June 2024 (2023: Nil).

24. Cash flow reconciliations

24.1. Reconciliation of surplus for the period to net cash flows from operating activities

	Council Actual 2024 (\$000)	Council Actual 2023 (\$000)	Group Actual 2024 (\$000)	Group Actual 2023 (\$000)
Net surplus/(deficit) after taxation	(9,503)	(10,748)	(7,748)	(51,185)
Add non-cash items:				
Depreciation and amortisation of intangibles	42,669	41,008	50,210	48,212
(Gain)/Loss on sale of assets	(7)	(436)	74	(409)
Tax arising on sale of investments	-	-	2,418	-
Change in fair value of biological assets	223	(575)	223	(575)
Change in fair value of investment property	(950)	(395)	(1,430)	(720)
Change in fair value of investments	-	37	-	37
Changes in advances to associates and joint ventures	-	-	17	169
Impairment of investment in joint venture	-	-	-	41,885
Adjustment for share of net losses not recognised	-	-	6,483	-
Impairment of other financial assets	(2,492)	2,492	(2,492)	2,492
Increase/(Decrease) in deferred taxation	-	-	(244)	502
Biological assets - Cost of goods sold	86	220	86	220
Associate and Joint Venture post-acquisition profits	-	-	(4,582)	(9,375)
(Profit) / loss from discontinued operations	-	-	(12,824)	2,010
	30,026	31,603	30,191	33,263
Add/(Less) movements in other working capital items:				
(Increase)/Decrease in stock, receivables and WIP	2,842	(3,784)	2,353	(4,396)
Increase/(Decrease) in sundry creditors	(2,174)	4,040	(2,308)	4,875
(Increase)/Decrease in GST and taxation	(331)	431	167	(546)
	337	687	212	(67)
Net cash from operating activities	30,363	32,290	30,403	33,196

24.2 Reconciliation of movement in financial liabilities to net cash flows from financing activities

	Council			Group		
	Borrowings from external parties (\$000)	Finance lease liabilities (\$000)	Derivative Instruments - liability (\$000)	Borrowings from external parties (\$000)	Finance lease liabilities (\$000)	Derivative Instruments - liability (\$000)
Balance as at 1 July 2022	102,062	-	(481)	193,008	-	(1,063)
Add/(less) cash items liabilities arising from financing activities:						
Proceeds	41,870	-	-	46,720	-	-
Repayments	(20,000)	-	-	(24,577)	-	-
Add/(less) non-cash items:						
Movement in year end accrued interest	567	-	-	567	-	-
Cash Flow hedges	-	-	(270)	-	-	(1,169)
Balance as at 30 June 2023	124,499	-	(751)	215,718	-	(2,232)
Add/(less) cash items liabilities arising from financing activities:						
Proceeds	127,397	136	-	133,144	136	-
Repayments	(99,670)	(13)	-	(99,670)	(13)	-
Add/(less) non-cash items:						
Movement in year end accrued interest	(203)	-	-	(203)	-	-
Cash Flow hedges	-	-	386	-	-	1,036
Balance as at 30 June 2024	152,023	123	(365)	248,988	123	(1,196)

25 Related parties

Accounting Policy / Kaupapahere Kaute

Council is the ultimate parent of the Group. Details of subsidiaries, and associates over which Council has significant influence, are set out on in the Group structure on page 87. Joint ventures are set out in the Council Structure on page 9.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

The Council provides grants and operational funding to a number of group entities and entities or organisations where the Mayor, Councillors or Executive Leadership Team are members of the organisations or their governing bodies. Such funding is agreed by Council on the same basis as other organisations with no such direct links.

Related Party Transactions required to be disclosed include provision of services, grants, non-standard commercial contracts and intercompany taxation activity.

25.1 Related party transactions

Council provided accounting, administrative, financial and IT services and wage subsidies to the related entities listed below. Council does not provide such services to non-related entities. Council provides related party loans to Invercargill Central Limited. This is disclosed under Note 18.1 Other financial assets.

	2024		2023	
	Related Party Transactions (\$000)	30 June Balance (\$000)	Related Party Transactions (\$000)	30 June Balance (\$000)
Invercargill City Holdings Limited	772	18,154	757	3
Invercargill Airport Limited	138	-	103	-
Invercargill City Charitable Trust	22	22	20	146
Souhland Museum and Art Gallery	1,239	5	1,245	20
Invercargill Central Limited	8,996	19,678	27,297	26,318
Invercargill Public Art Gallery Inc	111	-	-	-
Southland Regional Development Agency Limited trading as Great South	5	-	2	-
Invercargill Venue & Events Management	272	-	-	-
Southland Regional Heritage Committee	265	72	1	-

Council also provides accounting and administrative services for its joint operation, WasteNet Southland. The cost of the services provided for the year were \$313,037 (2023: \$139,991).

25.2 Grants

Council has provided a number of grants to related parties, and some of these are considered non-arm's length transactions. These grants are outlined in the table below:

	Actual 2024 (\$000)	Actual 2023 (\$000)	Reason for non-arm's length
Bluff Maritime Museum	20	20	Non-contestable funding
Emergency Management Southland	440	444	Non-contestable funding
Southland Indoor Leisure Centre Charitable Trust	700	700	Non-contestable funding
Southland Museum and Art Gallery Trust	20	20	Non-contestable funding
Southland Regional Heritage Committee	1,048	1,003	Non-contestable funding
Southland Regional Development Agency Limited trading as Great South	1,857	1,824	Non-contestable funding
Invercargill Public Art Gallery	314	314	Non-contestable funding
Invercargill City Charitable Trust	-	300	Non-contestable funding

25.3 Other commercial contracts

Council has a contract with the WasteNet Joint Committee for waste collection and management. In 2023/24 Council paid \$8.3 million (2023: \$8.3 million) to WasteNet and at year end \$0.7 million (2023: \$0.9 million) was outstanding.

Council has provided Invercargill Central Limited \$19.14 million of funding as at 30 June 2024 (2023: \$25.8 million) at commercial rate of interest.

25.4 Subventions

In the 2024 financial year, Council transferred losses of \$74,779 as a result of the final Council tax position for the 2023 tax year (2023: \$0.732 million). This comprised a loss offset of \$53,841 and a subvention payment of \$20,938 to other group companies.

25.5 Key management personnel

Details of transactions between Council and key management personnel are disclosed as part of Note 27 Remuneration.

26 Major budget variations (Council only)

Statement of Comprehensive Revenue and Expense - Council				Variance to	Variance to	
	Actual	Budget	Actual	Budget	Actual	
	2024	2024	2023	2024	2023	
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	
Revenue						
Rates revenue	1	71,292	71,137	66,548	155	4,744
Fines	2	648	475	812	173	(164)
Subsidies and grants	3	16,148	16,621	15,651	(473)	497
Direct charges revenue	4	29,869	25,777	27,438	4,092	2,431
Rental revenue		3,327	3,653	3,152	(326)	175
Finance revenue	5	4,275	3,042	2,768	1,233	1,507
Dividend income		5,478	5,303	5,089	175	389
Subvention payments received		21	-	205	21	(184)
Other revenue		-	-	88	-	(88)
Vested assets		32	-	-	32	32
Expenditure						
Employee expenses	6	34,522	33,005	30,453	1,517	4,069
Depreciation and amortisation	7	42,669	41,663	41,008	1,006	1,661
General expenses	8	61,431	55,383	56,649	6,048	4,782
Finance expenses	9	5,077	4,368	3,266	709	1,811
Other gains/(losses)	10	3,108	1,463	(1,123)	1,645	4,231
Income tax expense		2	-	-	2	2
Other comprehensive revenue						
Property, plant and equipment revaluation gains/(losses)	11	73,183	-	5,065	73,183	68,118
Carbon credit revaluation gains/(losses)		282	-	(1,103)	282	1,385
Cash flow hedges		(386)	-	270	(386)	(656)
Total Comprehensive Revenue and Expense		63,576	(6,948)	(6,516)	70,524	70,092

2024 Variance analysis against 2024 Budget

- Rates revenue is higher than budget due to a greater than expected growth above the projected rating base.
- Fines revenue is higher than budget due to a larger number of high value infringement notices having been issued this year (i.e. vehicle registration infringements).
- Subsidies and grant revenue is lower than budget due to timing variances for funding from the government to subsidise capital projects, including the Tisbury Storage Facility, new Housing Care unit builds, Bluff Boat Ramp renewals, Te Unua Museum of Southland and Bluff Hill recreation development.
- Direct charges revenue is higher than budget due to higher share of WasteNet joint operations revenue, higher user fees income from the transfer station and increased recovery contributions from external parties for roading construction.
- Finance revenue is higher than budget due to the interest rates on term deposits and ICL advance being higher than the budget assumption.
- Employee expenses are higher than budget due to timing differences between projected staffing levels, movements and actuals as well as increased recruitment costs used for a number of vacancies to secure specialist skilled candidates. It is noted that the recovery of employee expenses to projects is included within General expenses.
- Depreciation expenses are higher than budget due to the Roothing asset revaluation carried out in 2023 being significantly higher than anticipated within the budget assumptions.
- General expenses are higher than budget due to higher Council payments for external services, insurance and utilities which have been higher due to inflation pressures within the economy. The amount of ICC's share of WasteNet joint operations expenses is also higher.
- Finance expenses are higher than budget due to a higher average level of Council borrowing and interest rates on borrowings compared to budget assumptions.

- 10 Other gains/(losses) are higher than budget due to the reversal of the 2023 impairment of the Invercargill Central Limited advance investment.
- 11 There was no Property, plant and equipment revaluation planned in 2024 for the 3 water activities at the time of setting the budget.

2024 Variance analysis against 2023 Actuals

- 1 Rates revenue is higher than 2023 due to overall rates increase of 5.67% on existing ratepayers plus a greater than expected growth above the projected rating base.
- 2 Fines revenue is lower than 2023 due to a larger number of high value infringement notices having been issued in 2024 (i.e. vehicle registration infringements). This is partly offset by the creation of a parking infringement refund provision for all parking tickets between 1 July 2022 and 29 February 2024 that were incorrectly issued under the current Parking Control Bylaw.
- 3 Subsidies and grant revenue is higher than 2023 due to timing variances for funding from the government to subsidise capital projects. 2023 included funding for projects like Tisbury Storage Facility and new Housing Care unit's builds, whereas 2024 included Tisbury Storage Facility, new Housing Care unit's builds, Bluff Boat Ramp renewals, Te Unua Museum of Southland and Bluff Hill recreation development.
- 4 Direct charges revenue is higher than 2023 due to higher share of WasteNet joint operations revenue, higher user fees income from the transfer station and increase recovery contributions from external parties for roading construction.
- 5 Finance revenue is higher than 2023 due to the average level of Council investment and interest rates in 2024 was higher than in 2023. This includes funds advanced to Invercargill Central Limited and Invercargill City Holdings Limited.
- 6 Employee expenses are higher than 2023 due to timing differences between projected staffing levels, movements and actuals as well as increased recruitment costs used for a number of vacancies to secure specialist skilled candidates.
- 7 Depreciation expenses are higher than 2023 due to the Roding asset revaluation carried out in 2023 being higher than anticipated within the budget assumptions.
- 8 General expenses are higher than 2023 due to higher Council payments for external services, insurance and utilities have been higher due to inflation pressures within the economy. The amount of ICC's share of WasteNet joint operations expenses is also higher.
- 9 Finance expenses are higher than 2023 due to the average level of Council borrowing and interest rates in 2024 was higher than in 2023.
- 10 Other gains/ (losses) are higher than 2023 due to the reversal of the 2023 impairment of the Invercargill Central Limited advance investment.
- 11 In 2024, property, plant and equipment revaluation were undertaken in the 3 water activities compared to in 2023 where Roding assets were revalued.

Statement of Financial Position - Council				Variance to	Variance to
		Actual	Budget	Budget	Actual
		2024	2024	2024	2023
		(\$000)	(\$000)	(\$000)	(\$000)
Current assets					
Cash and cash equivalents	1	12,373	11,096	15,443	1,277 (3,070)
Receivables		13,428	13,901	16,428	(473) (3,000)
Prepayments		1,721	1,333	1,333	388 388
Inventories		366	500	602	(134) (236)
Other financial assets	2	19,757	18,717	18,673	1,040 1,084
Non-current assets					
Work in progress	3	44,474	-	33,740	44,474 10,734
Property, plant and equipment	4	1,133,573	1,101,781	1,064,839	31,792 68,734
Intangible assets	5	2,380	7,421	2,391	(5,041) (11)
Biological assets	6	3,894	4,271	4,203	(377) (309)
Investment property	7	27,486	29,699	26,956	(2,213) 530
Investment in Subsidiaries		-	76,569	76,569	(76,569) (76,569)
Other financial assets	2	40,245	33,927	25,451	6,318 14,794
Derivative financial instruments	8	365	481	751	(116) (386)
Current liabilities					
Trade and other payables	9	15,586	15,943	18,683	(357) (3,097)
Provisions	10	613	112	112	501 501
Employee benefit liabilities		4,434	3,866	3,784	568 650
Borrowings and other financial liabilities	11	63,290	32,012	70,799	31,278 (7,509)
Non-current liabilities					
Provisions		816	816	816	- -
Employee benefit liabilities		-	26	27	(26) (27)
Borrowings and other financial liabilities	11	88,856	118,507	53,700	(29,651) 35,156
Equity					
Retained earnings	12	363,502	353,047	378,520	10,455 (15,018)
Other reserves	12	839,532	775,367	760,938	64,165 78,594
Total equity		1,203,034	1,128,414	1,139,458	74,620 63,576

2024 Variance against 2024 Budget

- Cash and cash equivalents are higher than budget due to differences in cashflow movements of Council for the year.
- Other financial assets are higher than budget due to Council lending of a short-term loan to Invercargill City Holdings Limited of \$18 million offset by a part repayment of the loan advance to Invercargill Central Limited of \$12 million.
- Work in progress budget is included within the Property, plant and equipment.
- Property, plant and equipment are higher than budget due to there was no Property, plant and equipment revaluation planned in 2024 for the 3 water assets at the time of setting the budget.
- Intangible assets are lower than budget due to some computer software projects remaining within the Work in progress balance as they were not completed at balance date.
- Biological assets are higher than budget due to the 2022 annual revaluation being greater than anticipated. These valuations were provided by independent valuers, Margules Groome Consulting Ltd. – Still to be confirmed
- Investment property is lower than budget due to property values being revalued lower than expected.
- Derivative financial instruments are lower than budget due to changes to the value of the contractual undiscounted cash flows of the financial instruments.
- Trade and other payables are lower than budget due to timing differences of larger contractor payments which have been accrued in June 2023 & 2024.
- Provisions are higher than budget due to an additional provision created for the refunding of parking infringements for all parking tickets between 1 July 2022 and 29 February 2024 that were incorrectly issued under the current Parking Control Bylaw.

- 11 Total borrowings are higher than budget due additional funding requirements for the Invercargill City Holdings Limited advance loan. This was partly offset with the Council deferred and reapportioned parts of the capital programme to a later year. This includes Project 1225 and the Branxholme pipeline work.
- 12 Retained earnings are higher than budget due to transfers to reserves being less than expected. Other reserves are higher than budget due to revaluation of the 3 waters assets that was not planned at the time of setting the budget.

2024 Variance against 2023 Actuals

- 1 Cash and cash equivalents are lower than 2023 due to differences in cashflow movements of Council for the year.
- 2 Other financial assets are higher than 2023 due to a short-term loan advance to Invercargill City Holdings Limited.
- 3 Work in Progress is higher than 2023 due to projects in progress, namely Branxholme pipeline, not completed at balance date.
- 4 Property, plant and equipment are higher than 2023 because Council's spending on capital works was more than the depreciation for the year, together with the revaluation of 3 waters assets.
- 7 Investment Property are higher than 2023 due to property values being revalued higher than 2023.
- 8 Derivative financial instruments are lower than 2023 due to changes to the value of the contractual undiscounted cash flows of the financial instruments.
- 9 Trade and other payables are lower than 2023 due to a decrease in revenue in advance held in respect of subsidy revenue received for Bluff boat ramp and Te Unua Museum of Southland projects being realised.
- 10 Provisions are higher than 2023 due to an additional provision created for the refunding of parking infringements for all parking tickets between 1 July 2022 and 29 February 2024 that were incorrectly issued under the current Parking Control Bylaw.
- 11 Total borrowings are higher than 2023 due to additional funding requirements for the Invercargill City Holdings Limited advance loan in 2024.
- 12 Retained earnings are higher than 2023 due to transfers to reserves being less than last year. Other reserves are higher than 2023 due to revaluation of the 3 waters assets.

The above comments have only focused on major variances.

27 Remuneration

Accounting Policy / Kaupapahere Kaute

Section 32 of Schedule 10 of the Local Government Act 2002 requires the disclosure of the remuneration of the mayor, chairpersons, members and chief executive of local authorities. The Chief Executive Officer of the Council is appointed in accordance with section 42 of the Local Government Act 2002.

27.1 Key management personnel

Accounting Policy / Kaupapahere Kaute

Key management personnel of the Council include, the Chief Executive, Elected members and Executive Leadership Team.

	Council Actual 2024 \$	Council Actual 2023 \$
Short-term employee benefits	2,516,328	2,594,223
Vehicle (market value plus FBT)	34,857	32,966
Retirement benefits	49,838	53,950
Directors' fees	-	-
	<u>2,601,023</u>	<u>2,681,139</u>
	Council Actual 2024	Council Actual 2023
Number of persons recognised as key management personnel		
Elected members or directors	20	19
Executive Leadership Team (including the Chief Executive)	7	7
Total key management personnel	<u>27</u>	<u>26</u>

Commentary / Whakaaro

Key management personnel of the Council include: The Chief Executive, Councillors and Executive Leadership Team.

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2023: \$Nil).

The Council did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2023: \$Nil).

The Council did not provide any loans to key management personnel or their close family members (2023: \$Nil).

27.2 Chief Executive

Accounting Policy / Kaupapahere Kaute

The Chief Executive Officer of the Council is appointed in accordance with section 42 of the Local Government Act 2002.

The total cost to the Council of the remuneration package paid or payable to the Chief Executive, as per the above, for the year to 30 June 2024 was:

	Council Actual 2024 \$	Council Actual 2023 \$
M Day - Chief Executive (appointed 19 March 2023)		
Short-term employee benefits	337,457	115,610
Vehicle (market value plus FBT)	9,329	5,139
Retirement benefits	10,096	3,087
	<u>356,882</u>	<u>123,836</u>
C V Hadley - Chief Executive (contract ended 18 March 2023)		
Short-term employee benefits	-	300,117
Vehicle (market value plus FBT)	-	18,254
Retirement benefits	-	9,004
	<u>-</u>	<u>327,375</u>

27.3 Executive Leadership Team

	Council Actual 2024 \$	Council Actual 2023 \$
Short-term employee benefits	1,357,502	1,389,570
Vehicle (market value plus FBT)	13,997	3,016
Retirement benefits	39,742	41,859
	<u>1,411,241</u>	<u>1,434,445</u>

27.4 Elected members and Mana Whenua representatives – Council

Accounting Policy / Kaupapahere Kaute

The Remuneration Authority determines the remuneration, allowances and expenses payable to mayors, deputy mayors, members of local authorities plus chairpersons and members of community boards. Refer Schedule 7 of the Local Government Act 2002. The remuneration of Mana Whenua representatives is determined by Council.

	Council Actual 2024 \$	Council Actual 2023 \$
W S Clark (Mayor) (elected 16 October 2022)		
Short-term employee benefits	145,006	103,617
Vehicle (market value plus FBT)	11,531	4,477
	156,537	108,094
Sir T R Shadbolt (Mayor) (ceased 15 October 2022)		
Short-term employee benefits	-	39,616
Vehicle (market value plus FBT)	-	2,080
	-	41,696

Commentary / Whakaaro

Mayor Clark has utilised existing pool vehicles as his mayoral vehicle. As at 30 June 2024, the vehicle value for the purpose of determining Mayor Clark's remuneration totals \$60,165 (2023: \$39,428).

The Mayors have had during the year full private use of the vehicles.

	Council Actual 2024 \$	Council Actual 2023 \$
Councillors and Mana Whenua representatives		
W S Clark (Deputy Mayor)	-	16,721
R L Abbott (ceased 15 October 2022)	-	11,641
R R Amundsen (ceased 15 October 2022)	-	12,840
A J Arnold	42,534	41,368
R I D Bond (appointed 16 October 2022)	42,643	29,726
P M Boyle (appointed 16 October 2022)	42,643	29,727
T Campbell (Deputy Mayor) (appointed 16 October 2022)	63,701	43,592
E A Cook	37,295	36,505
P T Coote	37,295	36,505
A H Crackett	42,528	42,566
G M Dermody (appointed 16 October 2022)	59,564	38,046
P W Kett	42,534	41,368
G D Lewis (ceased 15 October 2022)	-	11,641
D J Ludlow	59,051	52,540
M Lush (ceased 15 October 2022)	-	11,641
I R Pottinger	55,162	52,568
N D Skelt	392	39,598
L F Soper	42,534	41,368
B R Stewart (appointed 16 October 2022)	42,643	29,727
S Broad (appointed 4 August 2023)	38,149	-
	648,668	619,688

	Council Actual 2024 \$	Council Actual 2023 \$
Bluff Community Board		
R J C Fife	9,219	8,318
S S Graham	4,622	3,126
G V Henderson (ceased 15 October 2022)	-	1,296
G A Laidlaw (ceased 15 October 2022)	-	1,296
N J Petersen (ceased 15 October 2022)	-	1,296
T M Stockwell (appointed 16 October 2022)	4,622	3,126
J M Sutherland (appointed 16 October 2022)	4,622	3,126
T M Topi	4,610	4,421
	<u>27,695</u>	<u>26,005</u>
Total elected representatives' remuneration	<u>832,900</u>	<u>795,483</u>

Commentary / Whakaaro

See Note 25 Related Parties for detail on transactions between Council and elected members and key management personnel that were not at arm's length.

27.5 Council employees

Total Remuneration by band for employees at 30 June:

	<u>Actual 2024</u>
< \$60,000	219
\$60,000 - \$79,999	137
\$80,000 - \$99,999	58
\$100,000 - \$119,999	27
\$120,000 - \$139,999	25
\$140,000 - \$159,999	11
\$160,000 - \$199,999	9
\$200,000 - \$379,999	6
	<u>492</u>
	<u>Actual 2023</u>
< \$60,000	230
\$60,000 - \$79,999	115
\$80,000 - \$99,999	42
\$100,000 - \$119,999	20
\$120,000 - \$139,999	18
\$140,000 - \$159,999	7
\$160,000 - \$239,999	6
\$240,000 - \$399,999	3
	<u>441</u>

Commentary / Whakaaro

At balance date, the Council employed 333 (2023: 300) full time employees with the balance of employees representing 46 (2023: 61) full-time equivalent employees. An employee is a full-time employee if they normally work 40 hours or more per working week.

Total remuneration includes non-financial benefits to employees.

28 Capital management

The Council's capital (equity or ratepayer's funds), comprises retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

Intergenerational equity

The Council's objective is to manage the balance between rating (for funds) and borrowing to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for the renewal and maintenance programmes of major classes of assets to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its LTP and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and level of funding are set out in the funding and financial policies of the Long-term Plan.

29 Subsequent events

Sale of Pylon Limited

On 24 September 2024, Invercargill City Council approved the sale of Pylon Limited. The sale price for the Group's interest in Pylon Ltd is \$89.601 million. This transaction is expected to settle during the 2025 financial year.

Amalgamation of ICPL Limited with ICHL Limited

Invercargill City Property Limited (ICLP) was amalgamated into Invercargill City Holdings Limited (ICHL), and removed from the Companies Register effective 3 July 2024. While the business of ICPL will continue as part of ICHL, ICPL will no longer exist as a separate legal entity.

Loan from ICC to ICHL Limited

ICHL repaid the \$18 million advance owing to ICC in July 2024.

New Council office accommodation

In August Council have agreed to lease office accommodation in both Invercargill Central Limited and in the HWR Tower. The fit out and relocation of staff will commence in the 2024/2025 financial year.

Distributions arising from sale of Southern Generation Energy Limited Partnership

On 8 July 2024, Roaring Forties Energy Limited Partnership remitted the Group's share of the proceeds of the sale of Southern Generation Limited Partnership by issuing a dividend of \$52.9 million to Pylon Limited on 8 July 2024.

Invercargill City Holdings Limited have received a total of \$50.75 million from Electricity Invercargill Limited in multiple instalments between 30 June 2024 and the date the annual report is approved. These payments are comprised of:

- Dividend paid to Invercargill City Holdings Limited of \$6.5 million; and
- Repayment of \$44.25 million towards the loan payable between Electricity Invercargill Limited to Invercargill City Holdings Limited.

Between 30 June 2024 and the date the annual report has been approved, Invercargill City Holdings Limited has made a total of \$30 million debt repayments to Local Government Funding Agency regarding amounts outstanding from Invercargill City Holdings Limited.

30 Critical judgements, estimates and assumptions in applying Council's accounting policies

*Accounting Policy / Kaupapahere Kaute***Council**

Preparing financial statements to conform to PBE IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or in future periods if it also affects future periods.

In the process of applying these accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognised in these financial statements:

Classification of non-financial assets as cash-generating assets or non-cash-generating assets

For the purpose of assessing impairment indicators and impairment testing, the Group classifies nonfinancial assets as either cash-generating or non-cash-generating assets. The Group classifies a nonfinancial asset if the primary objective of the asset is to generate a commercial return. All other assets are classified as non-cash generating assets.

All property, plant and equipment and intangible assets (excluding goodwill) held by Council are classified as non-cash-generating assets, except for rental properties that are earning a market rental. This includes assets that generate fee revenue or other cash flows for Council as these cash flows are generally not sufficient to represent commercial return on the assets.

All property, plant and equipment held by Invercargill City Holdings Limited are classified as cash-generating assets as it is a for-profit entity and the primary objective of its assets is to generate commercial return.

Properties

Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of Invercargill City Council's social housing policy. These properties are accounted for as property, plant and equipment.

Landfill Aftercare Provision

Council's current resource consent for the operation of its landfill expired in 2006. The Council has responsibility under the resource consent to provide maintenance and monitoring of the landfill after the site is closed and a provision has been established for this purpose. Maintaining the provision at current levels is appropriate given the uncertainty around future consent requirements.

Infrastructural Assets

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Income. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates. Experienced independent valuers review the Council's infrastructural asset revaluations.

Land and Buildings

There are a number of assumptions and estimates used when valuing the assets on a fair value basis in accordance with PBE IPSAS 17. Where relevant fair value was determined under a highest and best use scenario.

Three approaches were used to provide fair value parameters; direct sales comparison approach, income approach or in the situation where the asset is specialised and no market evidence exists the optimised depreciated replacement cost (ODRC) approach.

- The Direct Sales Comparison approach is an estimate of value based on a comparison of the asset to similar assets that have recently sold. Adjustments are made to allow for factors such as; age of sale, size, location, quality, condition, marketability, shape of site, access, contour, aspect and tenure.
- The Income approach is a market value-based valuation approach. It reflects what a prudent investor would pay for an asset, given an expected return with consideration of the risks involved in the investment.
- The ODRC approach is only used when the fair value of an asset cannot be determined by reference to the price in an active market for the same asset or a similar asset. Under these circumstances, depreciated replacement cost is considered to be the most appropriate basis for determination of the fair value.

ODRC begins with assessing the replacement cost of the assets as at the date of valuation less an allowance for any physical and economic obsolescence to date and for any over-design. The balance of the replacement cost less all forms of obsolescence and over design represents the fair value of the asset. The replacement cost rates are derived from recent costings obtained from construction details and other published cost information. Where possible, buildings have received an internal inspection.

Estimating retirement and long service leave obligations

These included retiring gratuities and long-service leave liabilities are assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on (i) likely future entitlements accruing to employees, based on years of service, years to entitlement, (ii) the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and (iii) the present value of the estimated future cash flows

Other

Management is required to exercise judgement in calculating provisions, assessing the level of unrecoverable work in progress, assessing expected credit loss and calculating provisions for employee benefits.

The determination of whether entities which the Council has an interest in are controlled for accounting purposes requires management to exercise judgement to determine whether the nature of the interest and the benefits, rights and obligations which accrue are sufficient for Council to control the entity.

Subsidiary critical accounting estimates and assumptions

Invercargill Airport Limited - determination of the recoverable amount of assets

For 2024, due to the impact of high inflation and a rising interest rate environment in New Zealand and globally, an impairment assessment was carried out.

The following major inputs and assumptions were adopted:

- The forecast free cash flows reflect the charges determined following the 2025 Aeronautical Charges Review.
- Expected revenues reflect expected passenger numbers and other contractual revenues.
- The weighted average cost of capital (WACC) used ranges from 7.12% to 8.64% (2023: 7.04% to 8.48%) depending on the asset class.

The assessment indicated that the value of property, plant and equipment was not impaired. The assessment is sensitive to the WACC applied. An impairment arises if the WACC for all asset classes is increased by any amount more than 2.10% (resulting in an average WACC of 9.75%).

HWCP Management Limited Loan held at Fair Value through Profit and Loss

Loan - HWCP Management Limited for \$728 (2023: \$646) The fair value of the loan to HWCP Management Limited was determined using discounted cashflow methodology. This resulted in loss of \$26,555 on financial assets at fair value through profit or loss. The valuation is based on forecast free cashflows to 2029. The following assumptions were adopted:

- A discount rate of 15.27% (2023: 15.22%) was used to reflect the unsecured loan including the credit margin of 2.6%.
- The forecast cashflows reflect a realisation of the remaining assets in 2030; and
- The value of the assets sold in 2030 are deemed to reflect the market value as at 30 June 2024.
- No adjustment has been made with regards the increase or decrease in market value
- of these assets to the point of forecasted realisation in 2030.

Changes in the discount rate and the final cashflow have an impact on the fair value of the loan.

Related party loans

Certain judgements have been applied within the expected credit loss provision for related party loans. An impairment expense of 2.492 million that was recognised in 2023 has been reversed in the statement of Financial Performance for the year ended 2024 refer Note 19.5 regarding the critical estimates and judgements apply.

Other

Management of subsidiary companies determine useful lives for particular assets. In making this assessment, they make judgements about the expected length of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances and the likelihood of the company ceasing to use the asset in its business operations.

Management of the subsidiary companies assess whether individual assets or groupings of related assets (which generate cash flows co-dependently) are impaired by estimating the future cash flows that those assets are expected to generate. Assumptions such as rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting future cash flows are required.

Management of most of the subsidiary companies use independent valuers to determine the fair value of certain assets. The valuation process requires the use of assumptions and estimates which are based on market conditions at the time. Any changes in market conditions subsequent to balance date will impact future valuations. A movement in fair value of an asset is subsequently recorded within the Statement of Comprehensive Revenue and Expense or other comprehensive revenue and expense depending on asset classification.

Leasehold improvements

There are estimates and judgements made to determine the lessee improvements settlement provision, these are disclosed in Note 20.

Discontinued operations

As disclosed at note 33, the Group's investment in Roaring Forties Energy Limited Partnership is reported as a discontinued operation as at 30 June 2024. The critical assumption resulting in this treatment is because the Group's interest in Roaring Forties Energy Limited Partnership represents a separate major line of business within the Group.

Sale of Pylon Ltd

As described in note 29, the sale of Pylon Ltd was approved on 26 September 2024 by Invercargill City Council. As at 30 June 2024 it was deemed probable that this transaction would be approved by Council subsequent to the year then ended however not highly probable given Council could vote against the sales agreement to be entered into. As such the sale of Pylon was not reclassified as "held for sale" as at 30 June 2024.

31 Water services reform programme

The Local Government (Water Services Preliminary Arrangements) Act 2024 establishes the Local Water Done Well framework and the preliminary arrangements for the new water services system.

The legislation was enacted on 2 September 2024. The water services legislation (namely the Water Services Entities Act 2022, the Water Services Legislation Act 2023 and the Water Services Economic Efficiency and Consumer Protection Act 2023), was repealed on 17 February 2024. As a result, the water services reform assets and operations as disclosed in the 30 June 2023 financial statements will no longer be transferred to a publicly owned water services entity.

The new Act requires territorial local authorities (councils) to submit water services delivery plans (WSDP) to the Secretary of Local Government, by 3 September 2025 (see subpart 1 of Part 2 of the Act for more information). In broad terms, a WSDP must identify the current state of the council's water services, and show how the council will deliver those services in a way that:

- meets relevant regulatory quality standards for stormwater, wastewater and water supply networks;
- is financially sustainable;
- ensures compliance with drinking water quality standards; and
- supports the council's housing growth and urban development objectives.

WSDPs are required to identify the anticipated or proposed model or arrangement for delivering water services (including whether the council is likely to enter into a joint arrangement with other councils or will continue to deliver water services in its district alone). Councils must formally consult their community on the anticipated or proposed model or arrangement for delivering water services (see Part 3 of the Act for more information).

The reforms to date have had no effect on the 2024 financial statements or performance information.

32 Legislative Breach

The 2023/24 Annual Report of Invercargill City Council and Group was not completed by 31 October 2024, as required by section 98(7)(b) of the Local Government Act 2002. It was mutually agreed by Audit NZ and Council that the completion date would be extended due to a number of factors outside the control of both parties.

33 Discontinued operations

The sale of Southern Generation Limited Partnership and Southern Generation General Partner Limited

On 26 June 2024, Roaring Forties Energy Limited Partnership sold its interest in Southern Generation Limited Partnership and Southern Generation GP Ltd (“collectively Southern Generation”). As a result of this transaction, Roaring Forties Energy Limited recorded cash proceeds of \$105.8 million in the summarised statement of financial position and a gain on sale of \$26.728 million within the summarised statement of comprehensive income. Given the Group holds a 50% interest in Roaring Forties Energy Limited Partnership, the Group has recognised its share of the gain on sale of \$13.364 million within the consolidated statement of comprehensive income for the year ended 30 June 2024.

As at 30 June 2024, Roaring Forties Energy Limited Partnership has divested in its sole income generating asset, being its interest in Southern Generation. Accordingly, for the financial year ending 30 June 2024, the investment in Roaring Forties Energy Limited Partnership is reported as a discontinued operation. The comparative Statement of Comprehensive Income and respective notes have been re-presented to show the discontinued operations.

Profit/(loss) after tax from discontinued operations

	Group 2024 \$000	Group 2023 \$000
Revenue	8,750	6,788
Expense	291	318
Net profit before income tax	8,459	6,470
Income tax expense*	-	-
Net profit after income tax	8,459	6,470
Share of Roaring Forties Surplus/ (Deficit) (at 50% interest)	4,229	3,235
Dividend received from Roaring Forties	4,770	5,245
Share of Roaring Forties Surplus/ (Deficit) to be accounted through equity accounting in the Statement of Comprehensive Income	(541)	(2,010)
Change in tax temporary differences	-	(240)
Share of gain on disposal before income tax	13,365	-
Income tax liability on the sale of SGLP	(2,418)	-
Reversal of deferred tax on the sale of SGLP	2,296	-
Share of gain on disposal after income tax	13,243	-
Profit/(loss) after tax from discontinued operations	12,702	(2,250)
Tax expenses relating to discontinued operation	(122)	(240)

*Roaring Forties Energy is a limited partnership, and income and expenses flowing through the partnership is not taxed at the partnership level.

Cashflows from Roaring Forties Energy Limited Partnership

The below table illustrates cash received by the Group from Roaring Forties Energy Limited Partnership

	Group 2024 \$000	Group 2023 \$000
Dividend received from Roaring Forties Energy Limited Partnership	4,770	5,245

Accounting policy for discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

Other information

Te tāpiri pārongo

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Collaboration across councils and mana whenua

Council participates in relevant shared service arrangements via the Southland Triennial Agreement and a Memorandum of Understanding with the other local authorities locally and nationally. There are a variety of other collaborative arrangements in place with local councils and mana whenua.

The following are examples of some of those collaborations.

Building Control

Eleven building control authorities (BCAs) – Southland District Council, Invercargill City Council, Gore District Council, Clutha District Council, Dunedin City Council, Central Otago District Council, Mackenzie District Council, Queenstown Lakes District Council, Timaru District Council, Waimate District Council and Waitaki District Council – continue to work closely together on building control matters under the Southern Cluster Building Group, sharing information and exchanging staff to support each other at busy times.

These BCAs meet regularly both as a BCA managers' group and a quality assurance leaders' group under the Southern Building Controls Group. They have developed a collaborative environment for consistency in processes as well as shared regulation forms and continuous improvement ideas.

The networking and engagement of these collaboration groups helps to standardise the consent processing methodology and quality assurance processes, improving the communities' experiences when working with a variety of councils in the South Island.

Emergency Management

Emergency Management Southland (EMS) is a shared service between Invercargill City Council, Southland District Council, Environment Southland and Gore District Council. It focuses on ensuring resilience in communities by preparing for emergencies and ensuring communities are able to respond to and recover from these when they do happen. Specific actions include public education and ensuring a pool of trained personnel.

During the 2023/2024 year EMS team members were activated in response to September flooding and the Bluecliffs states of emergency. Emergency Management Southland duty officers have been contacted after hours for several other minor events throughout the year including earthquakes and several severe weather warnings and events.

Emergency Management Southland and Ngāi Tahu have worked in partnership to create a pilot role for a Mana Whenua Emergency Facilitator for the Murihiku region with the role reporting to Te Ao Mārama Incorporated. This position will be focussed on the development of strong resilient Ngāi Tahu communities based around the Papatipu Rūnanga, Marae, and whānau living within the Rūnanga takiwā. The role will support papatipu

rūnanga tino rangatiratanga in emergency readiness, reduction, response, and recovery. It will support mana whenua input into emergency planning to ensure mana whenua values and needs are factored into regional planning, preparedness, and response for emergencies. Activities associated with this work will include supporting Papatipu Rūnanga to develop marae-based response plans, including Ahi Kaa and marae community planning and preparedness. The Mana Whenua Emergency Facilitator will work closely with the EMS team, engage in all CDEM training and be available to respond as a liaison during an emergency event.

Emergency Management Southland has continued to provide increased training for the four Council's staff that would be called into the Emergency Coordination Centre to assist when in a declared state emergency. This has comprised induction, foundation, and CIMs courses, and the new function specific training. 303 staff have attended these training sessions. Towards the end of the year EMS also contributed to and participated in the National Exercise Rū Whenua.

The AF8 Programme is a combined South Island emergency management and national science initiative that is run and administered by EMS. During the 2023/2024 year, the programme partnered with Te Rūnanga o Ngāi Tahu to co-produce a digital campaign to raise awareness of the Alpine Fault. The campaign reached a total of 268,294 people across all social media platforms (equivalent to approximately 25% of the South Island's total population). This project reinforced the benefits and impact of collaborative projects, where the AF8 Programme partners with others to help raise awareness and prompt action.

At the start of 2024 the programme launched an NCEA Level 1 Geography resource, co-designed with teachers, to teach students about active faults (including the Alpine Fault), while also learning transferable geospatial information system skills in ArcGIS Online. The resource is designed to make the AF8 knowledgebase more accessible in schools by aligning it to specific curriculum assessments, support inter-generational understanding of the Alpine Fault hazard risk, and build collective resilience to future events.

Additionally, the programme has supported scenario development for this year's National Exercise Rū Whenua. The AF8 Programme's ability to support Rū Whenua is testament to the strong partnership between science and emergency management, which underpins

the programme and has been strengthened over the past 8 years by the collective activities of our partners.

The AF8 Roadshow will run in early 2025, building on the previous 3 tours, visiting new communities and marae, and revisiting other communities to share updates and continue to build trust between emergency management and the communities they serve.

Emergency Management Southland was successful in securing \$200,000 funding per year across 2023-26 from the NEMA resilience fund for the continued running of the AF8 Programme and this will assist the future development of the programme.

Regional Climate Change Working Group

Following a Regional Climate Change Hui 4 July 2022; Environment Southland, Te Ao Mārama, Gore District Council, Invercargill City Council and Southland District Council have established a regional climate change inter-agency working group (RCCWG). This governance-level group has been meeting regularly since February 2023. The purpose of this working group is to effectively and collaboratively progress and communicate a joined-up approach to developing and executing a regional climate change strategy and framework for action for Murihiku Southland. This is as a key step towards Murihiku Southland mitigating and adapting to the regional impacts of climate change.

The development of the Regional Climate Change Strategy by the RCCWG is nearing completion and steps have been taken towards developing a framework for execution of the strategy.

While this working group is not a formal joint committee and does not have formal delegations; it is expected that as the work progresses, it is intended to feed into the regionally coordinated approach to spatial planning for the region.

Information Technology

The IT Shared Services Operations Sub-Committee has undertaken activity during the past 12 months to align the operations of member councils and provide a more collaborative platform moving forward.

Collaboration and communication between all participating councils remain strong, with each member freely sharing their council's technology journey, upcoming projects, and opportunities to align services. The councils continue to support each other with information on emerging trends, risks, and resolutions to new issues.

Shared Services initiatives during the past year included:

- Significant progress was made on the Provincial Growth Fund Regional LiDAR Project. As of 30 June 2024, this project is complete, and the dataset is publicly available. Council has developed publicly available tools to utilise these datasets, e.g., 3D elevation

models and contour mapping. These are now available on all Southland Council websites.

- Along with the LiDAR project, we have reflowed the region for imagery. This project was completed within the timeframes and budget. The imagery has been made publicly available via LINZ and council websites.

Te Rōpu Taiao

The Southland councils have a long-standing and highly valued relationship with Ngāi Tahu ki Murihiku through the four Southland papatipu rūnanga, Te Ao Mārama Inc (the entity representing Southland rūnanga for resource management and local government matters) and Te Rūnanga o Ngāi Tahu (the iwi authority).

The Councils continued to fund and support Te Ao Mārama Inc during the 2023/24 year. The four papatipu rūnanga and the participant councils also continued to meet through Te Rōpu Taiao hui, which allow for exchange of information and identification of opportunities to work together.

SouthLib Library Consortium

In 2009, all eight councils in Otago and Southland (Central Otago District Council, Clutha District Council, Dunedin City Council, Gore District Council, Invercargill City Council, Southland District Council, Queenstown Lakes District Council and Waitaki District Council) signed a historic memorandum of understanding to collaborate in the delivery of public library services across the two regions.

The SouthLib consortium provides free reciprocal membership of any public library in the Otago and Southland regions to permanent residents living anywhere in the regions. This means that the more than 356,000 people living in Otago and Southland have free access to 42 public library branches, mobile services and a collection of more than 1.5 million items.

All libraries in the consortium are mostly fine-free largely due to a Public Libraries of New Zealand (PLNZ) campaign in 2022 to help all public libraries remove late fees. Fine Free Aotearoa is a step-by-step guide to help library managers, council members, and communities build a better and brighter future through engagement with their local library. Public libraries are a valuable part of our social infrastructure, a place to be connected, to learn, to access trusted information, and a platform to ensure our communities get the best out of life. Going fine-free opens doors for everyone, not just those who can afford it.

Library users in the consortium issued a total of 2,506,607 items during the year.

A range of opportunities and collaborations between the districts regularly take place, including integrated holiday and reading programmes, while requests and

holds are able to be placed across boundaries. Authors' visits are co-ordinated to minimise costs, travel and accommodation. More than 110,000 people have attended library programmes and events throughout the Southland and Otago region.

E-resource collections across the consortium are growing steadily, with 895,393 e-items issued to users across the region.

The National Library, Aotearoa Public Network Kaharoa (APNK) in collaboration with New Zealand continues to provide free and facilitated access to the internet and computer technology with 69,649 free internet connections accessed by Southland users during the year.

Councils continue to subscribe to the shared library management and resources discovery service of the Kōtui consortium. As part of the Kōtui consortium, library managers and staff benefit from access to reliable future-proofed systems, and the ability to easily build resource-sharing networks with other Kōtui public libraries for their physical resources. Other benefits of Kōtui membership include training opportunities, seven-day service desk support from a specialist team, and an active and supportive membership community.

Communities that have access to Kōtui libraries benefit from resource discovery tools at their fingertips, making it easy to find what they want in their library's physical and electronic collections. Library users can search these resources in the library, at home or on their smartphone devices, making the service convenient and adaptable to the wide variety of needs of the community.

Regional Development

At the end of June 2023, Great South (the Southland Regional Development Agency) launched the Beyond 2025 Southland Regional Long-term Plan which outlines a regional vision for Southland creating a shared future vision and pathway for the region. In October 2023, the Plan was recognised at the Economic Development New Zealand Best Practice Awards being awarded Best Practice for Integrated Strategy.

During 2023/2024, with support from MBIE, Great South facilitated the first year of implementation of the Plan. One of the five key enablers identified was housing and Great South has developed the Murihiku Southland Housing Action Plan which will be considered by each Council in 2024/2025.

Regional Planning

The Southland councils have established the Second Tier Environmental Group and Regional Planning and Strategy Managers Group (comprising staff from Environment Southland, Invercargill City Council, Southland District Council, Gore District Council, Te Ao Mārama Inc. and Great South) to identify, collaborate

and coordinate on planning risks and opportunities that are likely to impact on the region. The work has primarily focused on responding to successive legislative reforms and aligning RMA planning processes.

A coordinated approach to regional spatial planning in the region was explored in 2023/24 year. A report was commissioned to identify the current state of existing spatial information and to identify information gaps. The report identified that Southland is in a good position to undertake a regional spatial planning process. Work is underway towards establishing a work programme to fill any information or resource gaps.

Future challenges

- Council accommodation options and potential shared services
- Legislative reform on (Resource Management, Local Water Done Well, Fast Track Approvals etc)
- Natural hazard risks, climate change adaptation and ensuring a resilient community
- Community aspirations for freshwater and estuary health
- Urban growth and expansion

Glossary

BCA	Building Consent Authority
CCOs	Council Controlled Organisations
CCTOs	Council Controlled Trading Organisations
CGU	Cash Generating Unit
Council	Invercargill City Council
COVID-19	2019 Novel Coronavirus Global pandemic
Cr	Councillor
DIA	Department of Internal Affairs
DRC	Depreciated replacement cost
ECL	Expected credit loss
EIL	Electricity Invercargill Limited
EOC	Emergency operations centre
EMS	Emergency Management Southland
ERL	
ETS	Emissions trading scheme
Exchange revenue	Revenue from providing goods and services to another entity and directly receiving approximately equal value in exchange
FAP	Financial assistance package
FDA	Financial delegation authority
FRS	Financial reporting standard
FVOCRE	Fair value through other comprehensive revenue or expenses
Group	As outlined in Group Structure section of the Annual Report
GST	Goods and services tax
IANZ	International Accreditation New Zealand
IAL	Invercargill Airport Limited
ICC	Invercargill City Council
ICL	Invercargill Central Limited
ICHL	Invercargill City Holdings Limited
ICPL	Invercargill City Property Limited
IPSAS	International Public Sector Accounting Standards
ISP	Internal service providers
ILT	Invercargill Licencing Trust
LGFA	New Zealand Local Government Funding Agency Limited
LIMs	Land Information Memorandums
LOS	Level of service
LTP	Long Term Plan
KPI	Key Performance Indicators
MBIE	Ministry of Business, Innovation and Employment
MLT	Mataura Licencing Trust
MOU	Memorandum of Understanding
NABERSNZ	National Australian Built Environment Rating System New Zealand
NBS	New building standard
Non exchange revenue	Revenue from transactions that are not exchange transactions
NPS	National policy statement
NZ GAAP	General accepted accounting practice in New Zealand
NZ IAS	New Zealand equivalent to International Accounting Standard
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
NZLGIC	New Zealand Local Government Insurance Corporation
NZTA	New Zealand Transport Agency
NZTE	New Zealand Trade and Enterprise
NZU	New Zealand Emissions Units
NZX	New Zealand Stock Exchange
ORDC	Optimised depreciated replacement cost

PBE	Public benefit entity
PIM	Project Information Memorandum
RFID	Radio frequency identification
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SOI	Statement of Intent
SoRDS	Southland Regional Development Strategy
Vested assets	Assets received by Council for no consideration
WIP	Work in progress
WINZ	Water Information New Zealand
XRB	External Reporting Board

