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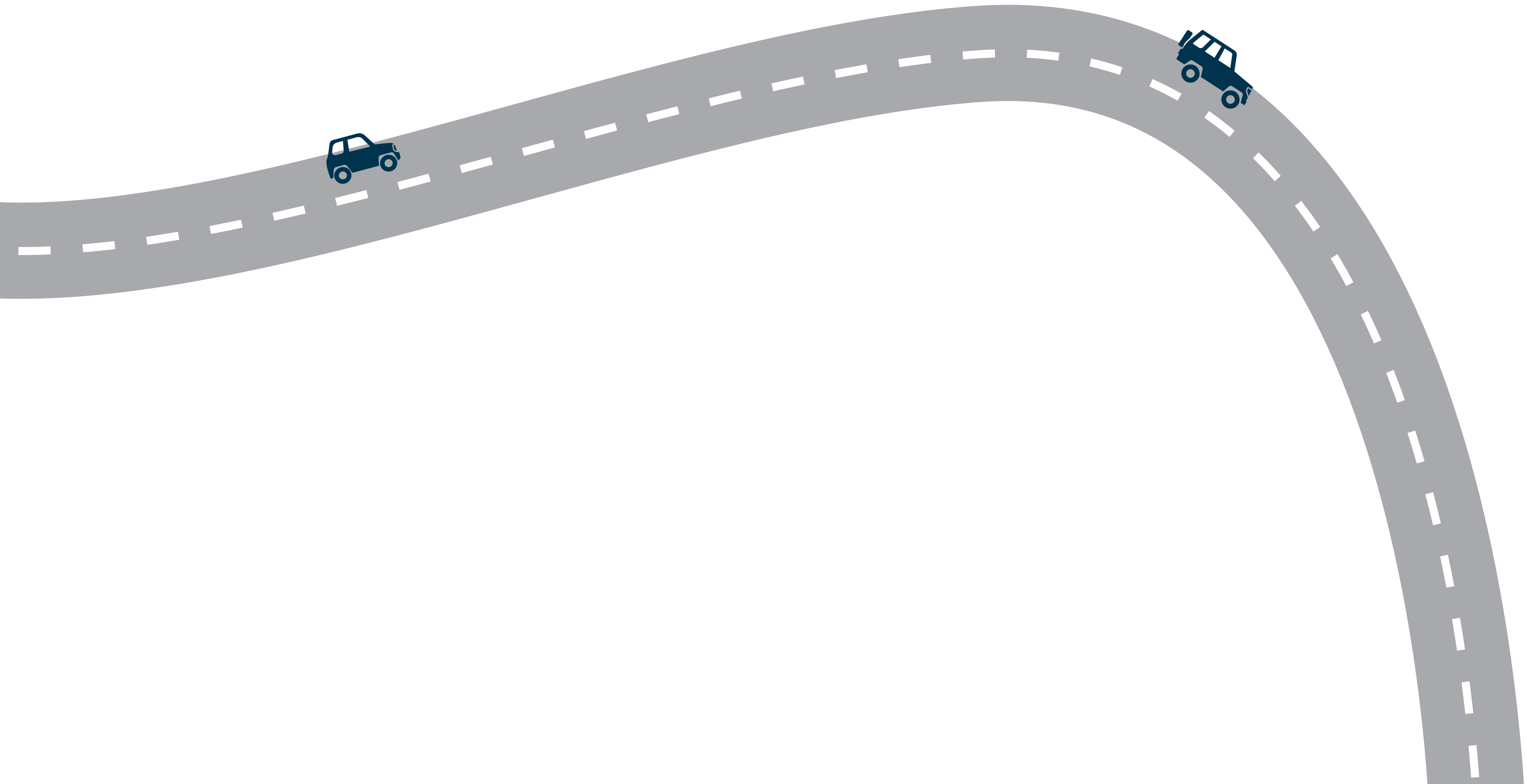
2025/2026

Annual Plan

Our Roadmap to Renewal

He Ngākau Aroha - Our City with Heart



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Te rārangi ūpoko

Mayor's comment

Ngā kōrero a te Koromatua

I am pleased to present our Annual Plan for the year ahead. We know many in the community are struggling with the cost of living. Changes to interest rates, inflation and insurance as well as other increased costs, some linked to regulatory change, have also been a significant issue for Council this year. As a Council we have been focused on maintaining the services the community relies on, while keeping the rates increases needed to fund services as low as possible.

We have made some changes to our delivery and funding of major projects and infrastructure, as well as made operational efficiencies. Together these mean that the average combined water and non-water rates increases for 2025/ 2026 will be 7.11%, considerably lower than the 8.5% we planned for this year in the Long-term plan and the 9.47% we consulted on.

As a Council we have decided to continue to deliver water, stormwater and sewerage services in house in an enhanced service and we will be transitioning to this new approach over the next financial year. The community can be confident that we will maintain the levels of service the city relies on and we are planning for the increased funding which is needed to deliver the service.

We are pleased to receive funding for delivery of Project 1225 from community funders and from Council's holding company which brings us closer to our funding target for this landmark project. Over the next year we will see the major works on the building close to completion and work started on internal fit out and experience development ahead of the musuem opening. This has been a major focus of my time as Mayor and I am proud to see this project close to the finish line.

Mayor Nobby Clark

Chief Executive's comment

Ngā kōrero a te tāhūhū rangapū

Change in the regulatory space for Local councils continues apace. This, combined with continued economic volatility will impact Council operations over the year ahead.

A key focus for myself and my leadership team will be on continuing to roll out new technology and ways of working building an efficient and effective organisation, supporting the Council's goal to keep rates increases as low as possible. Like the community, Council is facing increased costs across many of the products and services we need to purchase, notably insurance and technology costs. Balancing these essential investments with maintaining services will be our priority.

The transition to a new approach to delivering water services will take place across the next financial year. The community should see no impact from this in services received in the immediate term, however the way we administer and charge for water will be changing. Many of these changes are implemented in this Annual Plan, others are expected to flow through into the following year and overtime the funding needs of this service will be reflected in increases waters related rates increases.

I would like to take this opportunity to thank the whole Council team for their mahi and dedication to providing the Invercargill and Bluff community with all the services which the community needs and which help to create Our city with heart – He Ngākau Aroha.

Michael Day
Chief Executive

What has changed since the Long-term Plan?

He aha kā mea rerekē tae atu kie Te Take Mahere Tūroa?

The most significant change for 2025/2026 is preparation for the establishment of the water service delivery agency. Council has agreed to continue to operate an enhanced council operated service which will have a new governance structure in place.

Some of the changes for 2025/2026 include:

- Ringfencing our internal costs to deliver three waters and funding these through the water, stormwater and sewerage rates and relevant fees and charges. This transfer of $2.3 million administration costs will have the impact of increasing waters rates by 8.52% and reducing the non-water rates increase by 4.51%
- Paying three waters levies to Taumata Arowai and the Commerce Commission which will increase waters rates by 1.12%
- For 2025/2026 investment of approximately $200,000 in set up of the new approach, although the cost of this will be funded through loans instead of directly by rates.

We will make some savings through delaying some water renewals works, however investment will need to increase to bring delivery rates up in the future. Depreciation funding rates for water (100%), stormwater and sewerage (80%) are unchanged but It is anticipated that these rates will also need to increase in the future.

Together three waters changes will add 14.04% on three waters rates (equating to 4.86% of the 7.11% total average rates increase).

What is the Annual Plan?

The Annual Plan is our plan for 2025/2026, year 2 of the Long-term Plan, which set out Council's vision and priorities for 2024/2034. It shows what has changed for Year 2 of the plan since it was adopted and should be read alongside the Long-term Plan.

You can find the Long-term Plan online at icc.govt.nz/council/policies-plans-bylaws/plans/02-annual-plan

On this page you can also find the Fees and Charges Schedule for 2025/2026, as well as recent Annual Reports, which show how Council has progressed in achieving its planned projects, services and financial results.

Operational expenditure

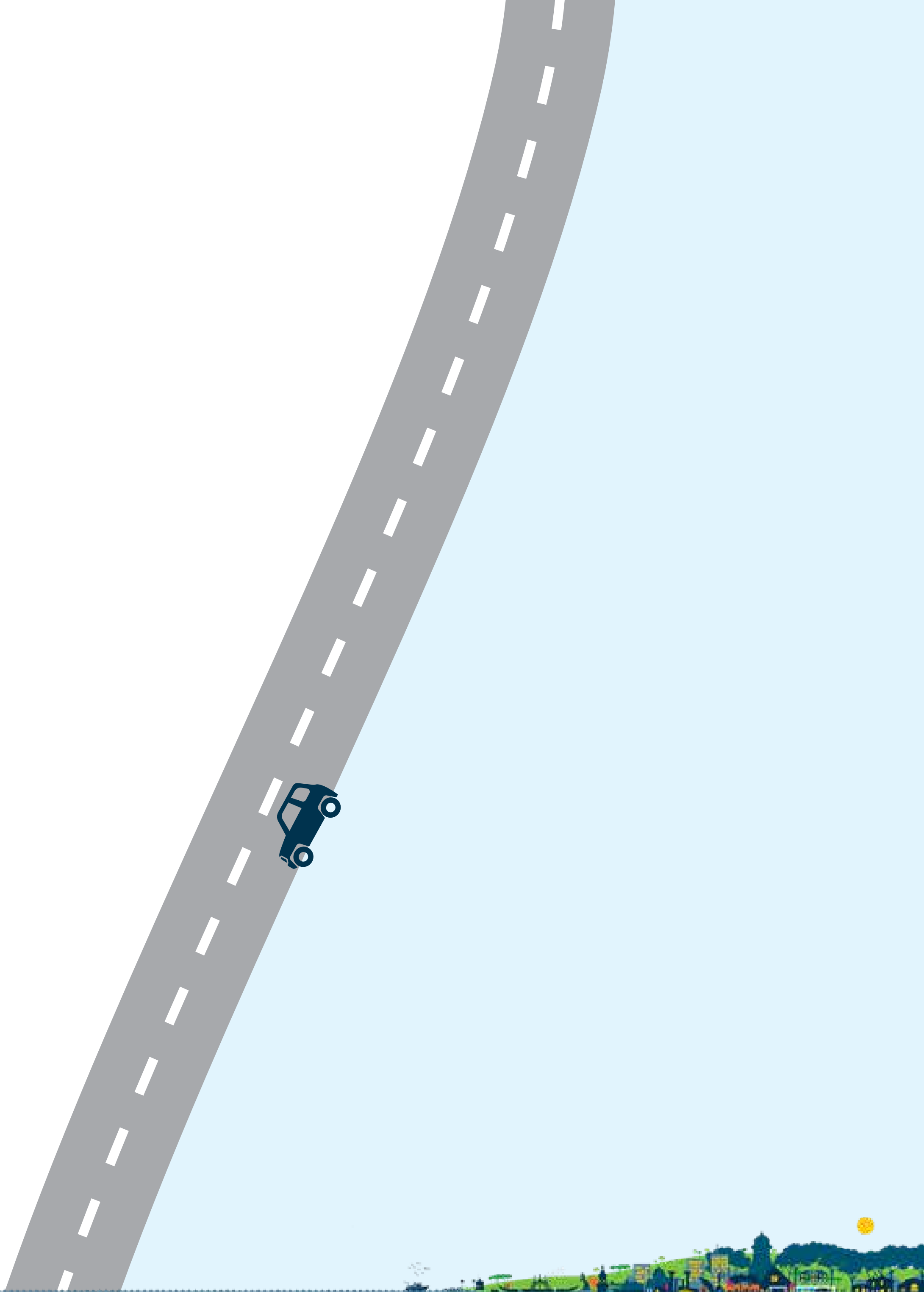
Outside the water reform, the biggest single change to our operational forecast for the year ahead is insurance. New Zealand is being rated as a higher insurance risk after recent events like Cyclone Gabriel and leaky building issues. This means our forecast costs for some types of insurance are going up by a factor of ten. This alone would require an additional 1.53% rates increase to fully cover. We are taking on more risk as a Council through self insurance for some of the amount, but all rates will still need to go up by an average 1.40% to cover insurance increases. Inflation is also still higher than was being forecast for Local Government when we adopted the Long-term Plan. Council uses a different inflation rate to the Consumer Price Index because we are primarily purchasing pipes, concrete and asphalt rather than bread, milk and veges. We need to increase all rates by an average 0.94% to cover the increased inflation forecast of 3.20% rather than 2.20%. We are making some adjustments to interest rates assumptions to reflect changes in the market although these are largely cost neutral.

We need to cover some other increases like the funding for Mayors and Councillors salaries which the Remuneration Authority sets, adding 0.34% on non-water rates. Together these changes will reduce the required rates increase by 2.16% for waters and 2.34% for non-waters. Finally we're making a range of other changes to reduce the required rates increase further. This includes closing the Wachner Place toilets, reducing Community Wellbeing funding, reducing Heritage Building funding, reducing funding for the sister city programme, reducing climate change activity, and introducing an organisational efficiency programme. Together these equate to a further 4.55% non-waters rates saving. The average non-waters rates increase will be 3.44%

Council planned an average 8.5% rates rise for 2025/2026 in the Long-term Plan. The combined water and non-water increases mean this will now be 7.11%.

Council's focus on achieving a lower than planned rates increase for 2025/2026 means that a number of trade-offs have been made which will require focus coming into the next Long-term plan.

Operational expenditure (excluding depreciation) was planned at $112.2 million for Year 2 of the Long-term plan. The Annual Plan now projects this to be $111.1 million. Operational efficiencies of approximately $6.5 million are included in order to achieve this position.



Capital expenditure

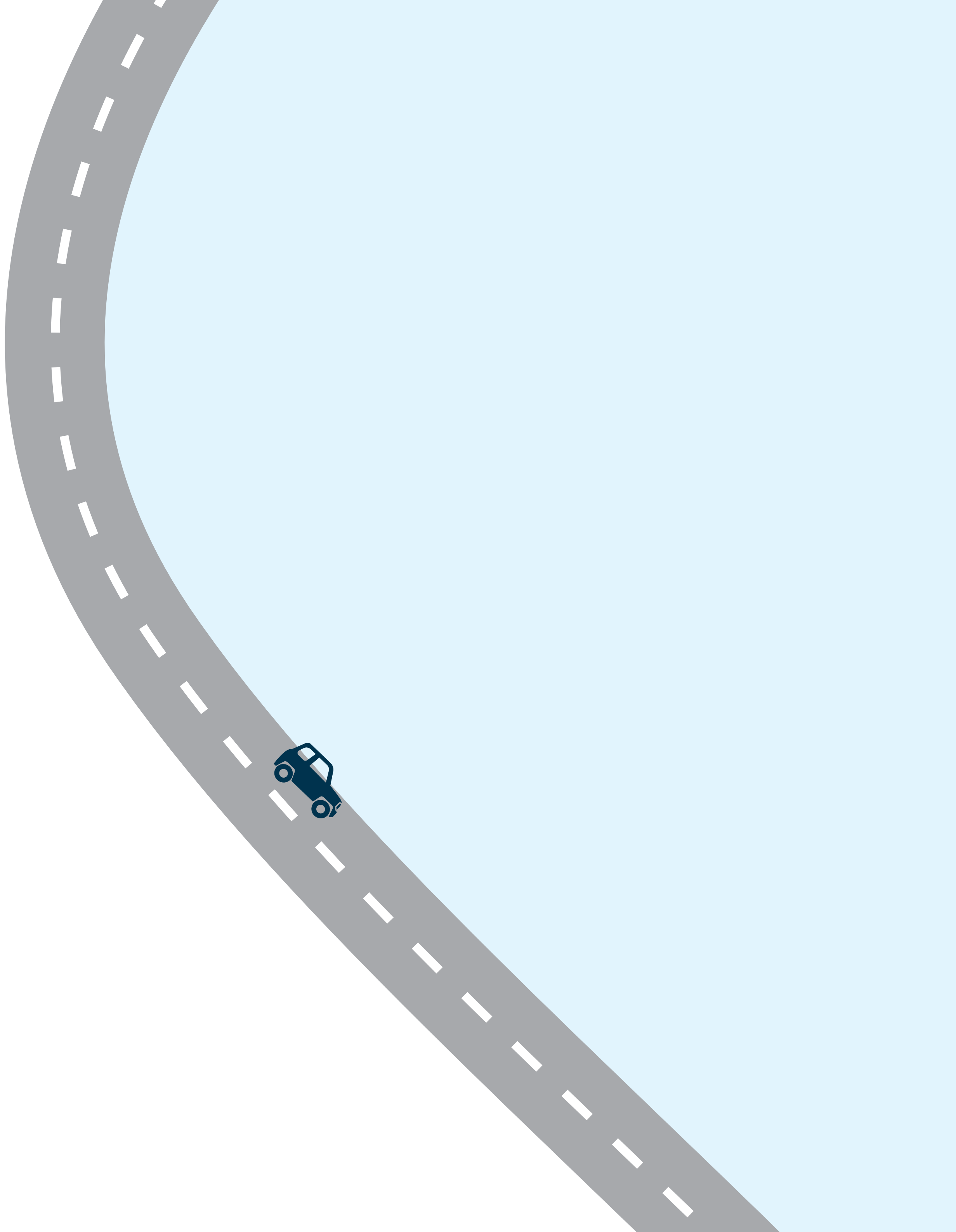
Capital expenditure for Year 2 of the Long-term Plan was planned at $75.9 million, the Annual Plan now projects this at $95.2 million. This includes matching the budget with the planned build phases of Te Unua accurately ($44.6 million for 2025/2026), rephasing of the next Elderly Housing build to now start in 2025/2026 ($2.7 million) and the earlier start on the Waste water Rising Main pipe duplication project on Mersey Street than planned ($7.5 million).

80% of the capital programme is forecast to be delivered in 2025/2026 unchanged from Year 2 of the Long-term plan.

We also need to make some changes to the way we deliver and fund infrastructure work. This reflects the challenges of delivering all the work needed in a short space of time. You will have seen all the road cones out on the road reflecting how busy the teams are. We need longer to ramp up to the full levels of delivery required for three waters. We are also proposing to delay the Bluff Service Centre toilet and some renewals, and the Splash Palace changing rooms by one year from 2024/2025 to 2025/2026. Other work which would be delayed includes the Bluff Senior Citizens Centre renewal, crematorium renewals, archives exterior painting, Leven St carpark renewals, and elderly persons housing and parks buildings renewals. We will also delay some road improvements and footpaths projects and reduce our depreciation funding for roading. The full details and changes to the capital programme are available on page 12.

Net debt for Year 2 of the Long-term Plan was planned to be $169 million. It is now expected to be $168 million. Despite no changes to the proposed depreciation funding for sewerage and stormwater assets, the position of the Essential Services Benchmark, which measures spending on network assets compared to depreciation has improved from 87.8% to 94.8% as a result of the increases to the capital programme.

Council intended to run an unbalanced budget for 2025/2026 and this remains the case at 93.5% (planned revenue less than planned operating expenses). Returning to a balanced budget will be an area of focus for the new Council.



Our Roadmap. Our People.

Te tatou mahere whenua, ō tatou tākata

The Roadmap to Renewal forms the core of our strategy over the next 10 years as we work to create a city with heart.

Our plan addresses six strategic challenges facing the city:

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

Community outcomes

Social Wellbeing (One Community) -

Our youth, older people, different neighbourhoods and communities' basic needs are met, and they feel valued and proud to live here.

Cultural Wellbeing

A vibrant, safe city centre which meets our people's diverse cultural needs.

Economic Wellbeing

A future focused economy delivered through innovation and partnership and supported by appropriate infrastructure.

Environmental Wellbeing

A healthy, resilient environment where the city is well positioned to navigate climate change.

Our city with heart He Ngākau Aroha

Council's vision is to create a city with heart, both in our city centre and through collaboration across the community. Supporting the creation of a vibrant city centre has been our primary focus, along with reinvigorating the arts and culture we can all enjoy. We now have a plan in place for the museum, which we believe provides a sustainable pathway forward for the future. We are investing in the future of our people and our city.

Waihōpai To leave in good order

Council's mission over the next ten years is to leave the city in good order for the next generation.

One of the translations of the Māori name for our City – Waihōpai – is to leave in good order.

See the Roadmap to Renewal Report on the next pages.

Delivery - Progress to date

...ary 29 | April 2029 | July 2029 | October 2029 | January 2030 | April 2030 | July 2030 | October 2030 | January 2031 | April 2031 | July 2031 | October 2031 | January 2032 | April 2032 | July 2032 | October 2032 | January 2033 | April 2033 | July 2033 | October 2033 | January 2034 | April 2034 | July 2034

Roadmap to Renewal in the 2024-2034 Long-term Plan.
gress in delivering these key projects in the infographic.

Jnua Museum of Southland's external build is on schedule for the ete the main base build by December 2025 with practical completion and the Museum becoming operational again in the latter months ncial year once the internal fit and all operational requirements are ed.

tand Renewal is nearing completion of the construction phase. lanned to be reopened to the public in late June 2025. Project is within the milestones and on budget.

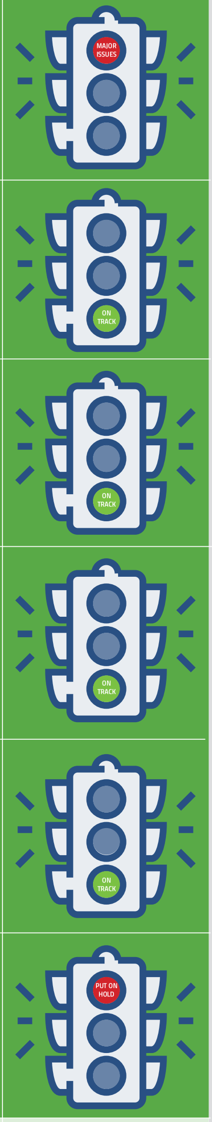
p pontoons are both installed. Further minor additional bracing and and subsequently designed by the structural engineers. Revised n in July 2025.

gramme has been achieved within the overall timeframe target and February 2025. Planning for Stage 2 is currently underway.

e is progressing, with construction works led by developer y 2025.

that the City Centre Masterplan Urban Play Space project is to be

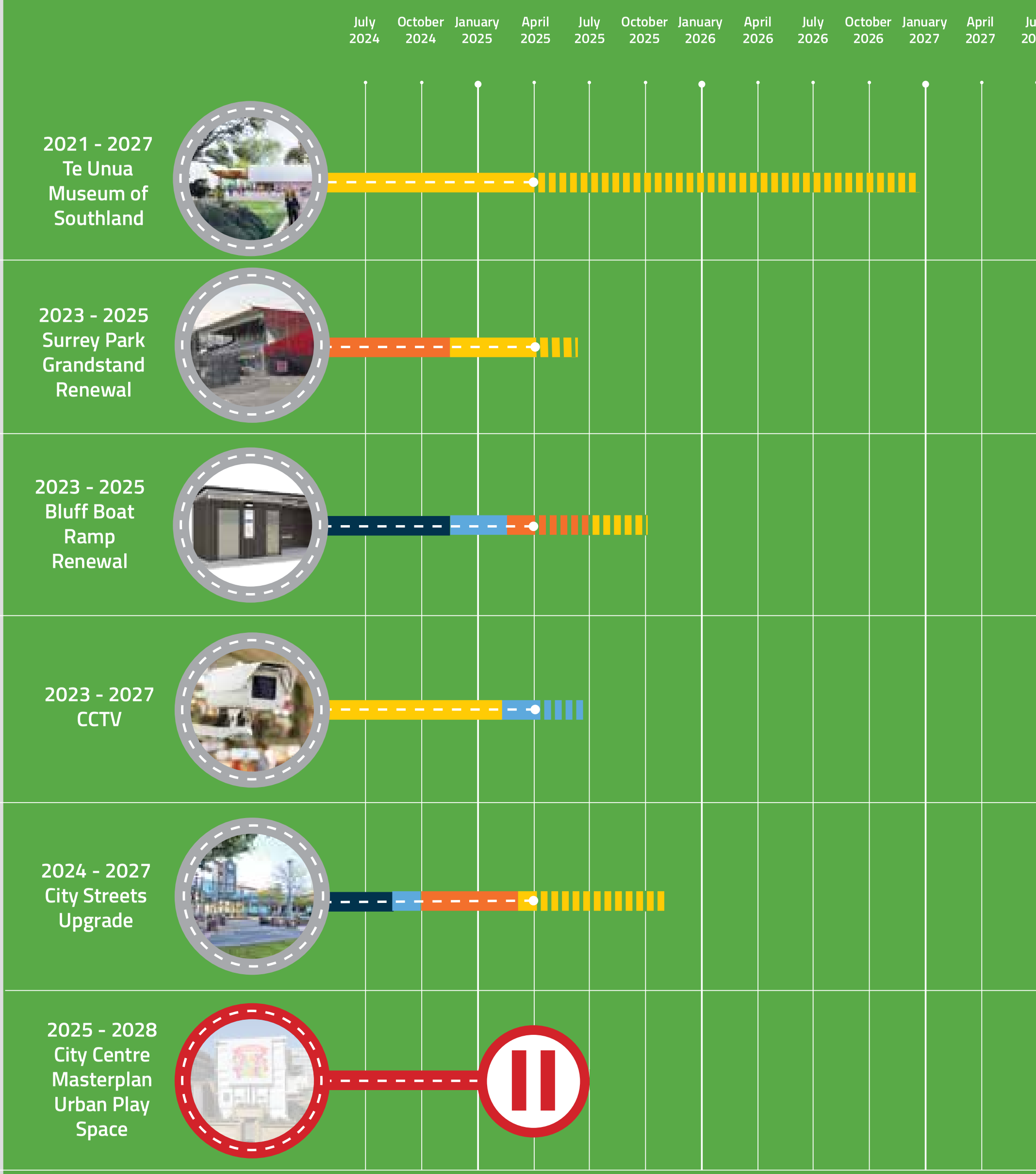
ects are not scheduled to commence until future years of the Plan.



2032-2033 Water Tower

2033 - 2034 Additional Pool at Splash Palace

Roadmap to Renewal



Council laid out our F
You can see our prog

- Construction of Te U
contractor to comple
in September 2026 a
of the 2026/27 finar
tested and complete
- Surrey Park Grandst
The grandstand is pl
scheduled to finish v
- The Bluff Boat Ramp
piling was required a
target for completion
- Stage 1 of CCTV prog
budget, going live in
- City Streets Upgrade
commencing in early
- Council determined t
paused indefinitely.
- The rest of the proje

PHASES

CONCEPT
PLAN
DESIGN
CONSTRUCTION

LINE OF PROGRESS

ESTIMATED COST

ROADMAP TO RENEWAL BUDGET

$140.3 MILLION

$111.00 MILLION

$29.3 MILLION SPEND-TO-DATE

BALANCE

Capital Programme

Hōtaka ngā haupū rawa

ACTIVITY	PROJECT	2025/2026 LONG-TERM PLAN $000	2025/2026 ANNUAL PLAN $000	COMMENTS
Water	Branxholme supply main renewal	-	776	Poor weather in 2024/2025 has delayed work which will now be completed in 2025/2026
Water	Treatment Facilities - General renewals	83	84	
Water	Pumping Stations - General renewals	84	85	
Water	Pumping Stations - Branxholme Duplication	1,158	1,172	
Water	Pipe Network - Reticulation general renewals	3,945	3,289	Pipe renewal programme partly deferred across next ten years due current resource commitments to other projects in the waters areas
Water	Backflow protection programme	105	107	
Water	Leakage detection programme	105	107	
Water	Universal water metering	211	-	Project deferred to start in 2026/2027
Water	New Tanker fill station at Doon St	-	326	Project carried across from 2024/2025
	TOTAL WATER	**5,691**	**5,946**	
Stormwater	Treatment Facilities - General renewals	309	312	
Stormwater	Pumping Stations - General renewals	19	20	
Stormwater	Pipe Network - General renewals	4,921	3,974	Pipe renewal programme partly deferred across next ten years due current resource commitments to other projects in the waters areas
	TOTAL STORMWATER	**5,249**	**4,306**	
Sewerage	Treatment Facilities - General renewals	214	216	
Sewerage	Treatment Facilities - Clifton consent renewals	105	-	Project deferred due to change in legislation
Sewerage	Treatment Facilities - Bluff consent renewals	368	157	Project deferred due to change in legislation
Sewerage	Pumping Stations - General renewals	114	115	
Sewerage	Pipe Network - General renewals	3,764	2,557	Pipe renewal programme partly deferred across next ten years due current resource commitments to other projects in the waters areas
Sewerage	Pipe Network - Mersey Street rising main duplication	105	7,486	Project brought forward from 2026-2028 and now to be completed by 2026/2027
Sewerage	Pipe Network - Otatara network Dunns Road improvements	211	211	
	TOTAL SEWERAGE	**4,881**	**10,742**	

ACTIVITY	PROJECT	2025/2026 LONG-TERM PLAN $000	2025/2026 ANNUAL PLAN $000	COMMENTS
Roading	CCTV - establishment (Roadmap)	705	-	Project completed in 2024/2025
Roading	City Streets - Esk Street West (Roadmap)	-	2,800	Project delivery now spread across 2 years instead of one
Roading	City Streets - Stage 2 (Roadmap)	5,313	2	Project start deferred to 2026/2027
Roading	Safety Improvements	2,885	668	Some of these changes reflect changes in Government policy, particularly in the areas of safety improvements
Roading	Unsealed Road Metalling renewals	188	244	
Roading	Chipseal Resurfacing renewals	3,337	720	
Roading	Asphalt Resurfacing renewals	2,878	4,457	
Roading	Surface water channel renewals	922	811	
Roading	Drainage renewals	116	102	
Roading	Sump renewals	45	39	
Roading	Culvert renewals	45	39	
Roading	Sealed road pavement rehabilitation	616	1,055	
Roading	Bridge renewals	510	194	
Roading	Traffic sign renewals	67	76	
Roading	Traffic signal renewals	72	81	
Roading	Street light pole renewals	63	71	
Roading	Road marking renewals	224	252	
Roading	General renewals	85	96	
Roading	Footpath renewals	1,477	730	
Roading	Cycle Path Renewals	-	32	
Roading	On-street parking meter renewals	20	-	
Roading	Adjustments for NZTA indicative allocations for continuous programmes 2025-2027	(2,959)	-	
	TOTAL ROADING	**16,609**	**12,469**	
Solid Waste Management	Invercargill Transfer Station - General renewals	89	18	Renewal of weighbridge undertaken in 2024/2025
	TOTAL SOLID WASTE MANAGEMENT	**89**	**18**	

ACTIVITY	PROJECT	2025/2026 LONG-TERM PLAN $000	2025/2026 ANNUAL PLAN $000	COMMENTS
Leisure, Recreation and Wellbeing Services				
Libraries	Library books / Digital collections	444	552	
Public Transport	General renewals	36	43	
Parks & Reserves	City Centre Masterplan Urban Play (Roadmap)	2,105	-	Project not to proceed at this time
Parks & Reserves	General renewals	358	362	
Parks & Reserves	Queens Park connection to Museum	526	550	
Parks & Reserves	Coronation Ave renewal (Queen Park)	358	36	Project start deferred with completion now 2026/2027
Parks & Reserves	Bluff Hill active recreation hub carpark redevelopement	566	572	
Parks & Reserves	Motor vehicle and plant renewals	820	829	
Parks & Reserves	Eastern Cemetery Drainage	-	850	New project
Elderly Persons Housing	Housing - replacement and new build programme	263	2,691	Project carried across from 2024/2025
Elderly Persons Housing	Housing - renewals	533	290	Renewal programme partly deferred across next ten years due current resource commitments to other projects
	TOTAL LEISURE, RECREATION AND WELLBEING SERVICES	**6,009**	**6,775**	
Corporate and Regulatory Services				
Investments	Awarua Historic Precinct building renewal	-	209	Project carried across from 2024/2025
Property	Te unua - Main building (Roadmap)	24,101	33,155	Project timings realigned with work programme
Property	Te unua - Experience building (Roadmap)	6,000	11,431	Project timings realigned with work programme
Property	Southland Aquatic Centre building - Changing rooms renewals	-	897	Project carried across from 2024/2025
Property	Southland Aquatic Centre building - Non slip flooring renewals	224	113	Project start deferred with completed now 2026/2027
Property	Bluff Service Centre building - Club Hotel wall renewals	-	335	Project carried across from 2024/2025
Property	Bluff Service Centre building - Refurbishment renewals	-	317	Project carried across from 2024/2025
Property	Civic Administration building - Redevelopment	224	-	Funds reallocated to relocation to temporary offices project
Property	Civic Administration building - Relocation to temporary offices		2,010	New project to relocate staff from 101 Esk street building
Property	Civic Administration building - General renewals	627	86	Funds reallocated to relocation to temporary offices project
Property	Civic Theatre building - Ceiling assessment	18	-	
Property	Dog Pound building - Fencing and gate system improvements	53	53	
Property	Car parking building - General renewals	-	20	
Property	Parks buildings - Shed renewals	54	54	
Property	Parks buildings - General renewals	125	113	
Property	Public Toilets - Bluff Service Centre	-	227	Project carried across from 2024/2025
Property	Public Toilets - Greenpoint	179	181	
Property	Public Toilets - General renewals	224	105	Renewal programme partly deferred across next ten years due current reasource commitments to other projects
Corporate Services	Roadmap Programme Contengency	1,053	1,053	
Corporate Services	IT - Hardware	328	331	
Corporate Services	Our Council (Business Enhancement) Programme	3,510	3,629	
Corporate Services	Motor vehicles and plant renewals	658	670	
	TOTAL CORPORATE AND REGULATORY SERVICES	**37,378**	**54,989**	

What will it cost?

He aha te utu?

In the Long-term Plan, the forecast expenditure for 2025/2026 was:

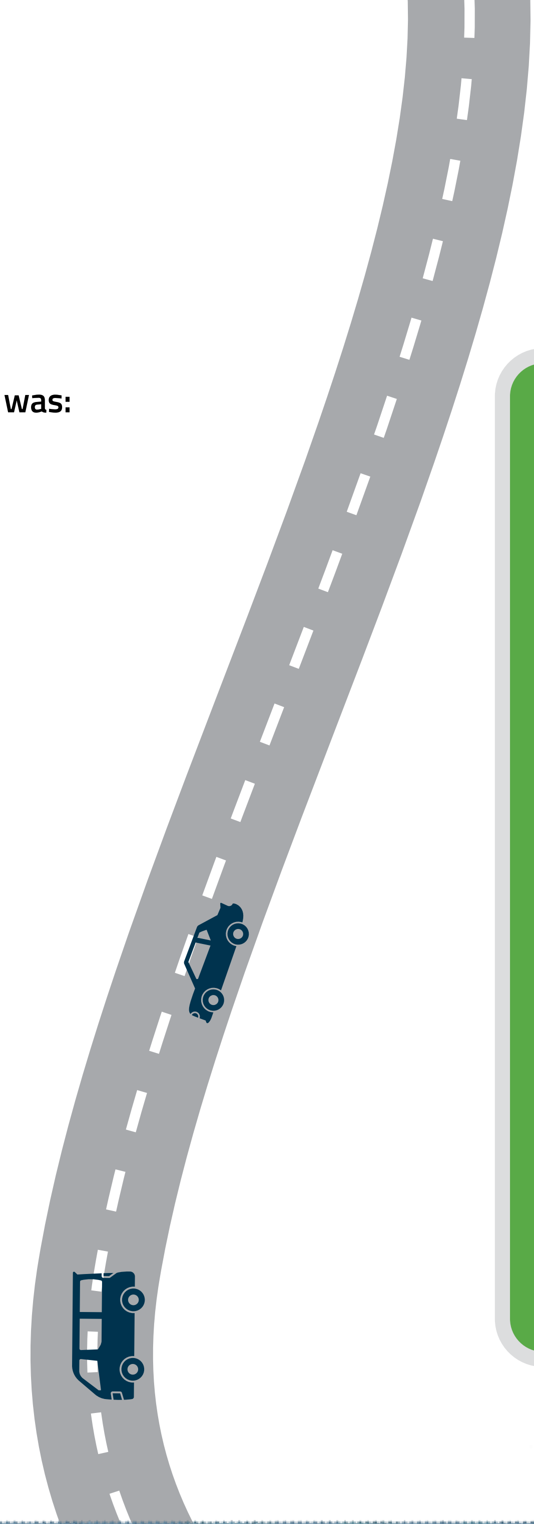
- **$76 million capital expenditure[1]**
  (the money we spend on assets such as roads, pipes, buildings and other infrastructure)
- **$112 million operational expenditure[2]**
  (The money we spend to operate all the facilities in the city and provide the services the community needs)

As a result of the changes described on p6-8, these forecasts are changing to:

- **$95 million capital expenditure**
  The primary projects driving this change are rephasing of work for Te Unua - Museum of Southland and Branxholme Water main upgrade and bring forward the Mersey Street Rising Main duplication.
- **$111 million operational expenditure**
  Operational expenditure is lower reflecting planned organisational efficiencies.

[1] Capital programme delivered

[2] Excluding depreciation



Fees and Charges

Kā Utu

One way that Council covers the costs of providing services is through fees and charges. These cover specific services that individuals use, such as dog registrations, building consents or crematorium fees.

We are forecasting an increase in revenue of $1.3 million from fees and charges to cover rising costs of providing services. This includes additional revenue from water services to cover unmet depreciation costs.

What does it mean for your rates?

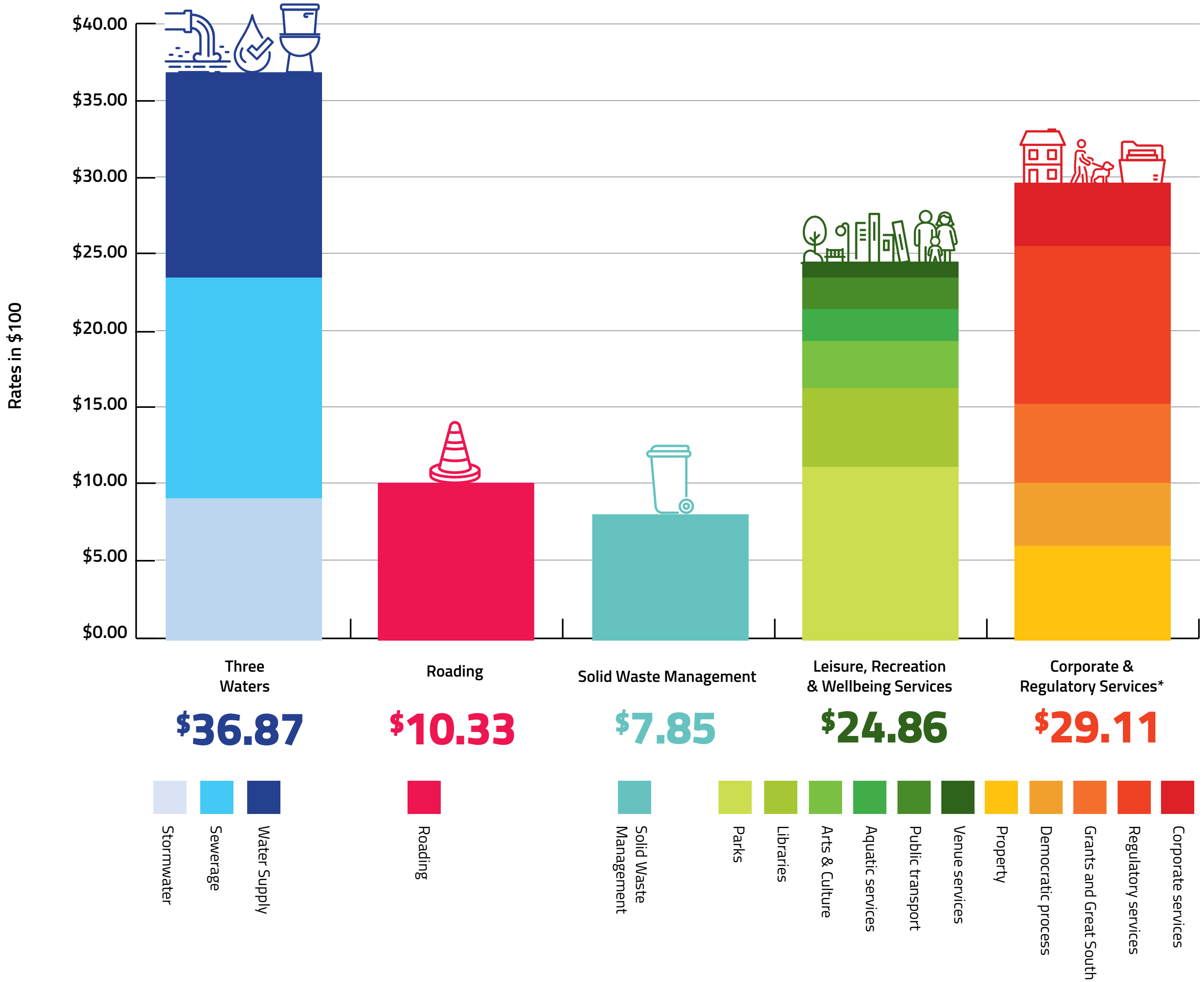
He aha te whakanekeneke mō kā take kaunihera?

In the Long-term we forecast a 8.5% rates increase for 2025/2026. As a result of the changes outlined on p 6-8, we are now planning for an average increase in waters rates of 14.04% and non-waters rate of 3.44%, a combined average 7.11%* rates increase.

*Excluding rating base growth and rates penalties.

Where will your rates go?

Where, on average every $100 of rates will be spent in the first year of the Plan.



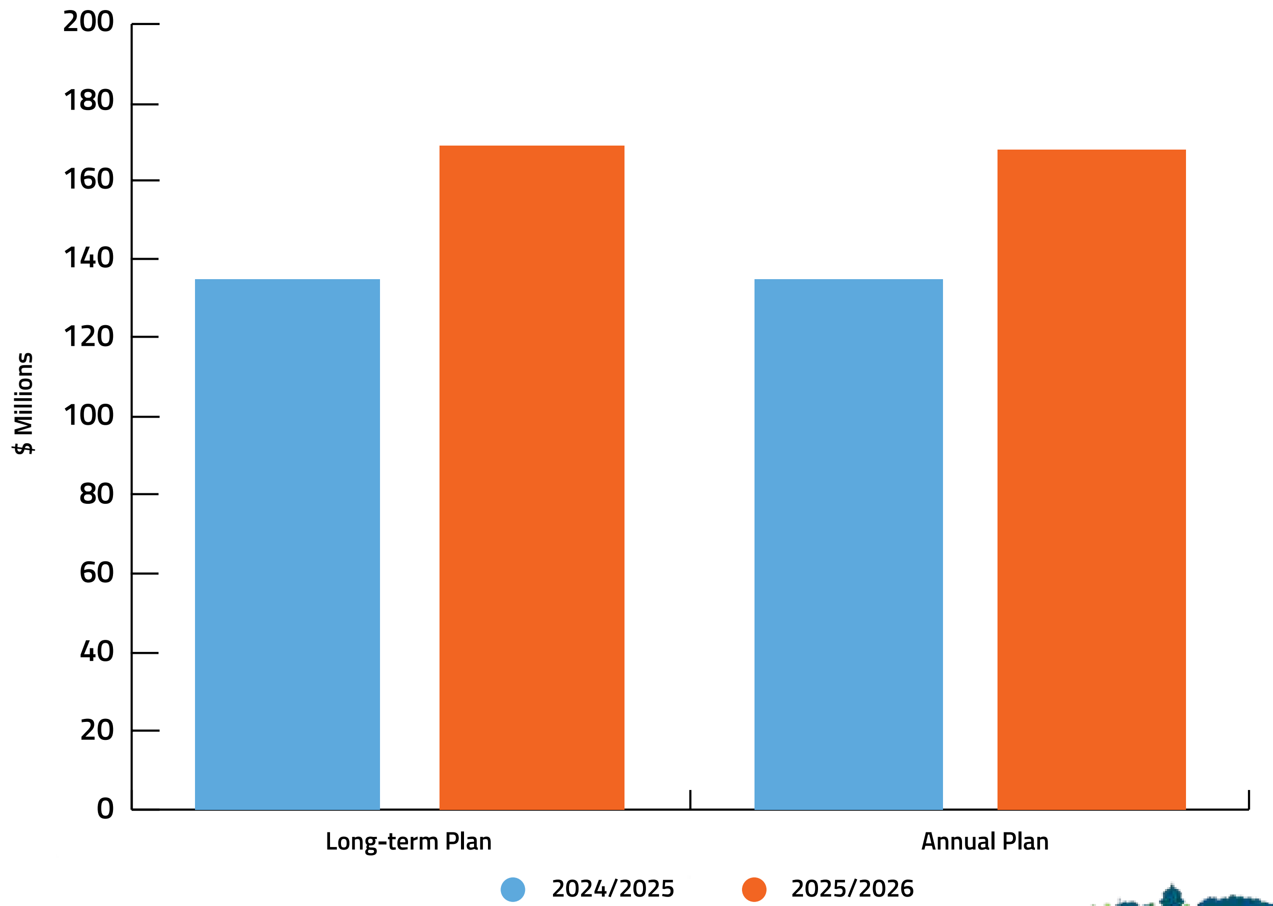
What does this mean for debt?

He aha te whakaaweawe mō te nama?

Council manages its debt through setting a net debt limit (Net debt is total borrowing less cash investments). Rates are used to pay the interest and principal on the debt Council holds.

In the Long-term plan, the net debt limit was set at no more that 180% of revenue for 2025/2026 ($253 million). Net debt will remain below 180% of revenue for the year at $168 million. Net debt levels will continue to rise over the coming years with the delivery of roadmap projects including Project 1225 museum development.

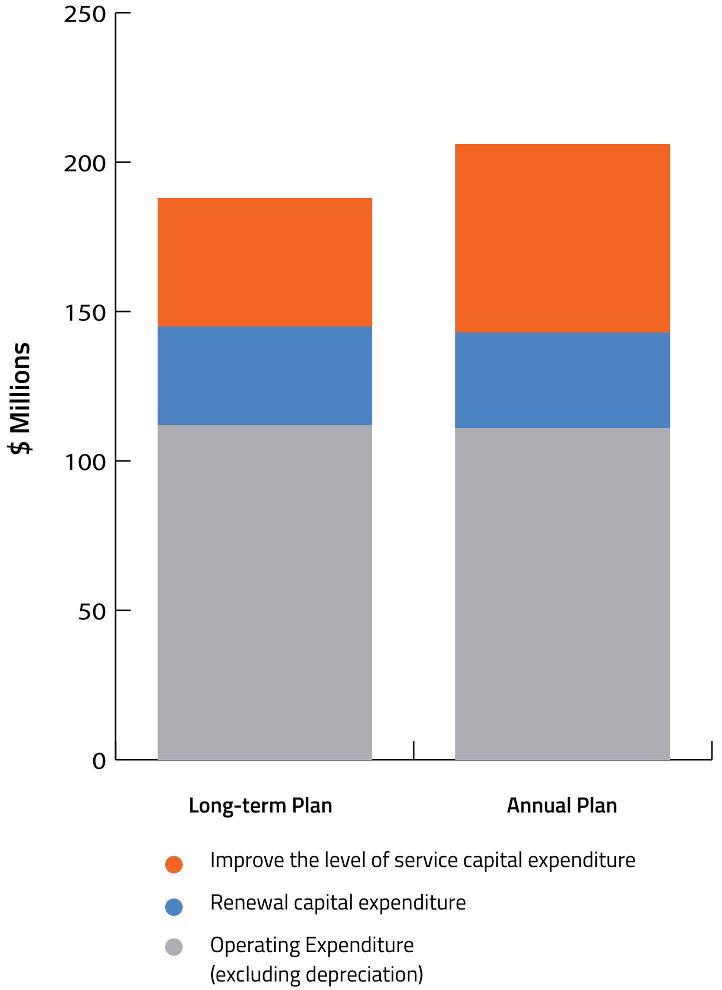
Very little change to forecast debt is seen from the Long-term Plan.



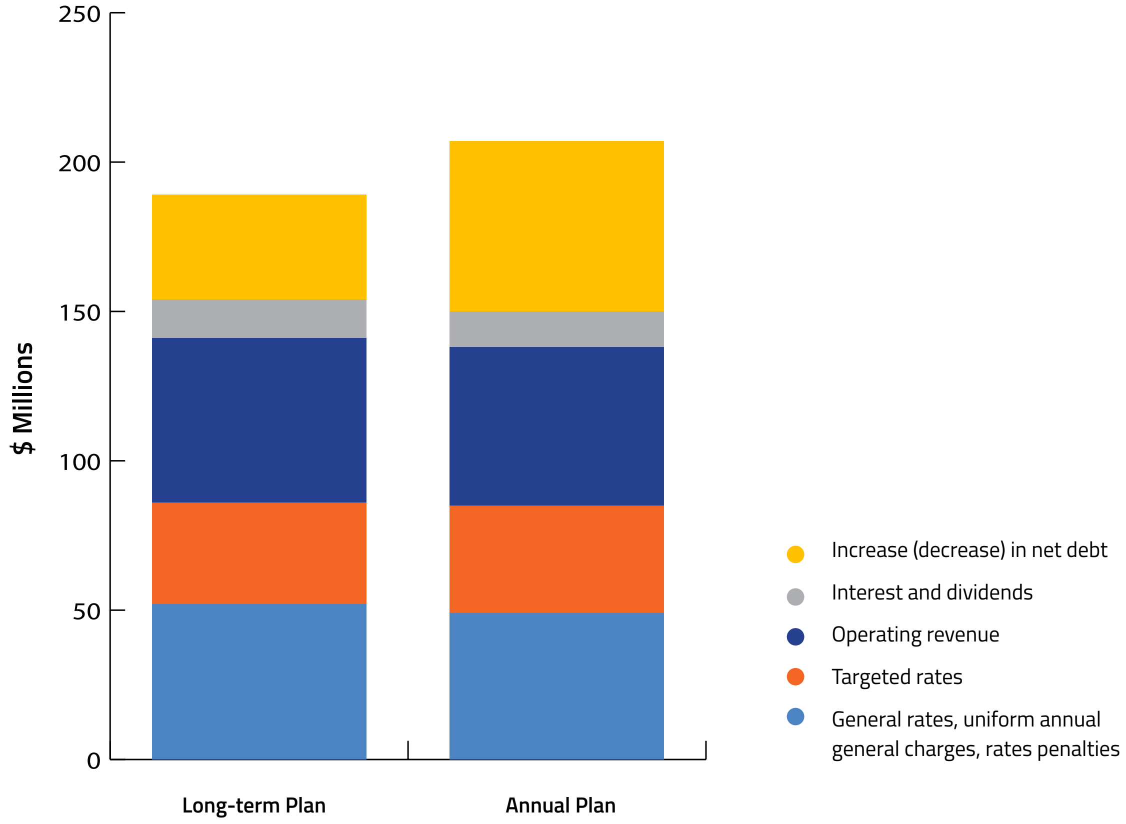
What does it mean for money?

Te take pūtea?

What will it cost?



How will we pay for it?



Financial overview

Te Arotake Pūtea

	2024/2025 LONG-TERM PLAN $000	2025/2026 LONG-TERM PLAN $000	2025/2026 ANNUAL PLAN $000
Rates revenue (GST inclusive)	90,690	98,884	97,772
Rates revenue change*	10.49%	9.04%	7.70%
Rates revenue (GST exclusive)	78,861	85,986	85,019
Total revenue	153,177	153,251	149,621
Operating expenditure	155,181	162,640	160,099
Operating surplus/(deficit)	(2,004)	(9,389)	(10,478)
Total comprehensive revenue & expense	60,781	(9,389)	24,621
Total assets	1,445,504	1,475,993	1,491,056
Total liabilities (excluding borrowings)	24,023	24,454	21,870
Borrowings	181,609	221,056	230,842
Total equity	1,239,872	1,230,483	1,238,344

* 2025/2026 Annual Plan rates revenue change percentage reflects the increase above the actual 2024/2025 rates revenue collected including growth and rates penalties

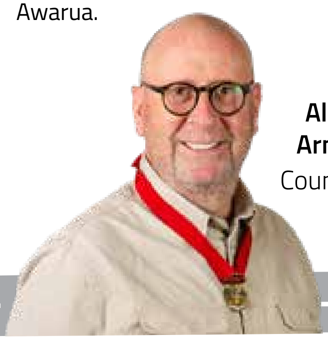
Who we are

Ko wai mātou

The Invercargill City Council is chosen by the Invercargill public in elections held every three years. During 2021, the Council made the decision to add Mana Whenua representatives from Te Rūnanga o te Awarua and Waihōpai Rūnaka. Reverend Evelyn Cook represents Waihōpai Rūnaka and Mrs Pania Coote represents Te Rūnanga o te Awarua.

Mayor Nobby Clark

Tom Campbell
Deputy Mayor



Allan Arnold
Councillor

Ria Bond
Councillor

Trish Boyle
Councillor

Steve Broad
Councillor

Alex Crackett
Councillor

Grant Dermody
Councillor

Peter Kett
Councillor

Darren Ludlow
Councillor

Ian Pottinger
Councillor

Lesley Soper
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 decisons on spending, priorities and policies.

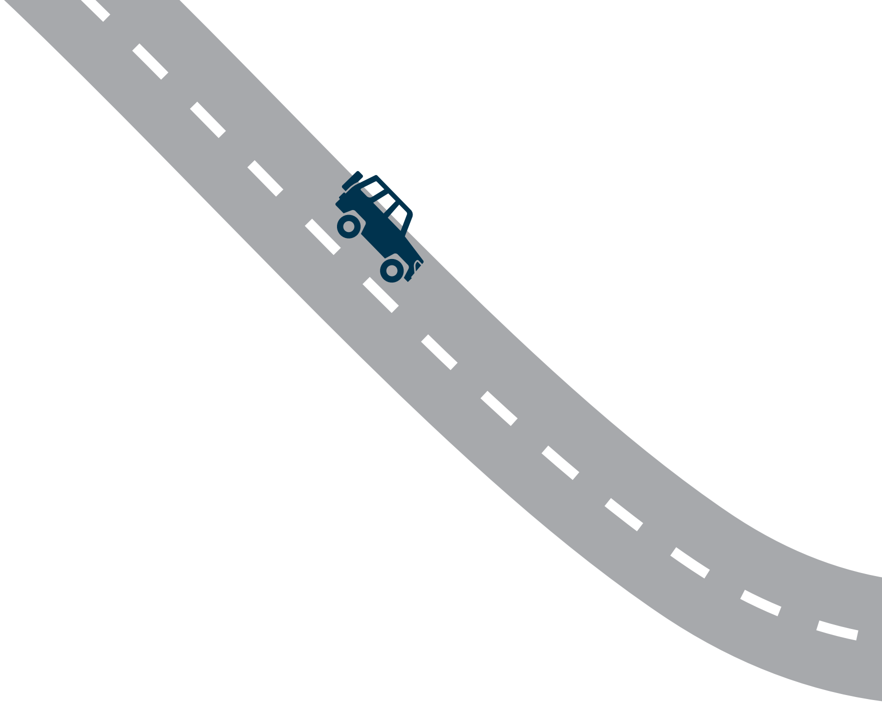
Barry Stewart
Councillor

Evelyn Cook
Waihōpai Rūnaka Representative

Pania Coote
Te Rūnanga o te Awarua Representative

Management Structure

Te hanganga whakahaere



COUNCIL
Mayor & Councillors, Mana Whenua representatives

CHIEF EXECUTIVE
Michael Day

Democratic Process

CAPITAL PORTFOLIO

- Change and Transformation

COMMUNITY ENGAGEMENT AND CORPORATE SERVICES

- Communications
- Customer Services
- Governance and Legal
- Health, Safety and Wellbeing
- Information Management
- Information Services
- People and Culture
- Strategy, Policy and Engagement

COMMUNITY SPACES AND PLACES

- Aquatic Services
- Invercargill Libraries
- Museum and Heritage Services
- Parks and Recreation
- Venues and Event Services

CONSENTING AND ENVIRONMENT

- Environmental Services
- Planning and Building Services

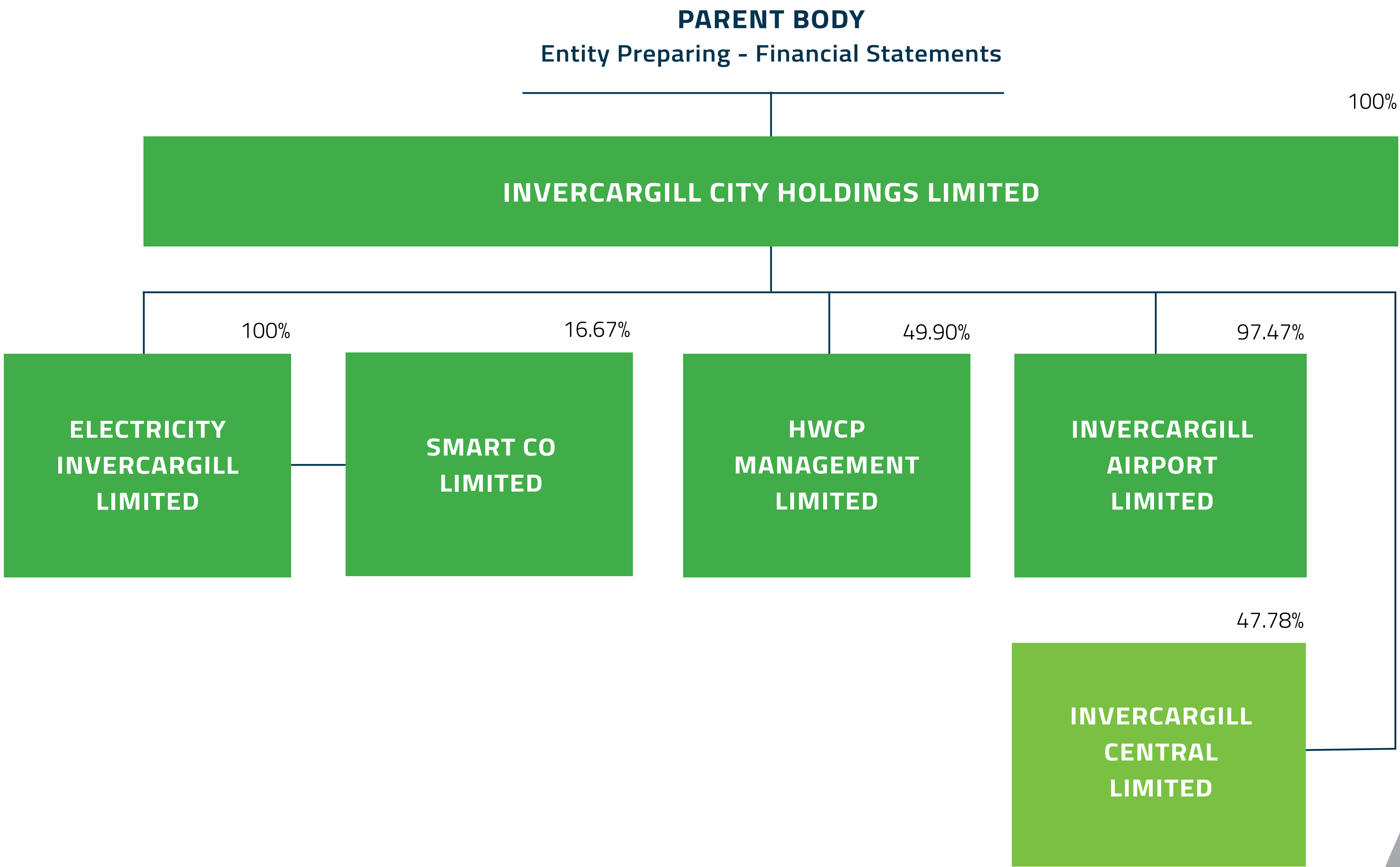
FINANCE AND ASSURANCE

- ICHL Group
- Financial Planning
- Financial Services
- Risk and Continuous Improvement
- Procurement

INFRASTRUCTURE

- Engineering Services
- Infrastructure Operations
- Project Management Office
- Strategic Asset Planning
- Three Waters Operations

ICHL Group Structure



Funding Impact Statement

Invercargill
CITY COUNCIL

Funding Impact Statement

The Funding Impact Statement is made up of three parts:

- Rating policy information for 2025/2026
- Total rates to be collected including rating examples of different property
- Funding Impact Statement - Invercargill City Council for 2025/2026

The Funding Impact Statement should be read in conjunction with the Revenue and Financing Policy.

Figures in this statement are GST inclusive unless stated.

Rating policy

Te Ture Whaka taurenga

Rates

Invercargill City Council sets rates using the following methods:

- a rate in the dollar on capital value
- a uniform annual general charge (UAGC) fixed charge per separately used or inhabited part of a rating unit (SUIP)
- a fixed charge per provision of service
- a fixed charge per rating unit
- a fixed charge per connection to a council service

Differentials

In addition to these charges some differentials are applied to recognise different levels of benefit received by some ratepayers and different levels of burden placed on Council's activities. Examples of differentials are shown below.

- Differential of 0
  The rate is not applied to the property
- Differential of 0.60
  60% of the rate is applied to the property
- Differential of 0.97
  97% of the rate is applied to the property
- Differential of 1
  The standard rate is applied to the property
- Differential of 2
  Double the rate is applied to the property

Separately Used or Inhabited Part of a Rating Unit (SUIP)

A separately used or inhabited part of a rating unit includes any portion inhabited or used by the owner or a person other than the owner, and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement.

Council charges a Uniform Annual General Charge (UAGC) per SUIP.

Examples of properties with multiple SUIPs include, but are not limited to, the following situations:

- Single dwelling with flat attached
- Two or more houses, flats or apartments on one record of title
- Business premise with flat above
- Separate business premise and dwelling on same record of title
- Commercial building leased, or sub-leased, to multiple tenants
- Farm or horticultural property with more than one dwelling
- Council property with more than one lessee
- Individually surveyed lots of vacant land on one record of title offered for sale separately or in groups
- Where part of a rating unit that has the right of exclusive occupation when more than one ratepayer/owner
- Retirement village with self-contained flats or dwellings

General Rates

The general rate is set as a rate in the dollar on capital value and a uniform annual general charge (UAGC) per separately used or inhabited part of a rating unit.

The following differentials apply:

LAND USE	BASIS FOR RATE	DIFFERENTIAL
Residential	Rate in dollar on capital value	1
Lifestyle	Rate in dollar on capital value	0.97
Commercial	Rate in dollar on capital value	1
Industrial	Rate in dollar on capital value	1
Farms	Rate in dollar on capital value	0.60
Utilities	Rate in dollar on capital value	1
1530 Tiwai Road	Rate in dollar on capital value	0.23

Community Board

Council sets a targeted rate to fund the costs of the Bluff Community Board and its projects. This is set as a rate in the dollar on capital value of properties identified in Map A, excluding Utility, with property type differentials applied.

City Centre coordinator

Council sets a targeted rate to fund the costs of City Centre Co-ordination. This is set as rate in the dollar on capital value of all commercial and industrial land identified in Map B.

Transportation

Council sets a targeted rate for provision of the direct access to the Transportation Service. This rate is set as a rate in the dollar on capital value of all identified properties in Map C (excluding Utilities) with property type differentials applied. The balance of this service is included in the general rates and distributed across the entire city.

ACTIVITY	TARGETED PORTION	GENERAL PORTION
Transportation	50%	50%

Stormwater Drainage

Council sets a targeted rate for provision of the direct access to the Stormwater Drainage Service. This rate is set as a rate in the dollar on capital value of all properties identified as having access to a stormwater drainage network with property type differentials applied. The balance of this service is included in the general rates and distributed across the entire city.

ACTIVITY	TARGETED PORTION	GENERAL PORTION
Drainage	75%	25%

Water

Council sets targeted rates to fund the provision of reticulated water supply. These are set as fixed charges per SUIP for residential properties and charges per rating unit with differentials based on capital value (CV) for other property (excluding Utilities) as shown in the table below. Vacant properties that are able to connect to Council water supply (serviceable) are charged a differential of 0.5 which is a half charge. The base rates are calculated to collect 84% of the total water rates from residential properties with 16% of the total water rates collected coming from non-residential land.

RATE TYPE	DIFFERENTIAL
Water - Residential	1

RATE TYPE	DIFFERENTIAL
Water – Non-Residential with CV <$50,001	0.8
Water – Non-Residential with CV $50,001-$100,000	1
Water – Non-Residential with CV $100,001-$200,000	1.2
Water – Non-Residential with CV $200,001-$400,000	1.4
Water – Non-Residential with CV $400,001-$1,000,000	2
Water – Non-Residential with CV $1,000,001-$3,000,000	3
Water – Non-Residential with CV $3,000,001-$5,000,000	4
Water – Non-Residential with CV >$5,000,000	5

Water (continued)

Council has determined that a vacant serviceable rating unit is a property where the closest property boundary is less than 100m from a water access point and it is not impracticable to access the service. A serviceable rating unit upon which a building is erected is a property where the building is less than 100m from water supply and it is not impracticable to connect to the service.

Council charges high usage non-residential properties for metered water supply on a per cubic metre basis. This is charged per cubic metre of water consumed over 249m^3 per annum. This is not a rate and the amount is set by Councill in its schedule of fees and charges.

RATE TYPE	RATE PER CUBIC METRE
Metered Water Supply	$2.35

Sewerage

Council sets targeted rates to fund the provision of reticulated sewerage services. These are set as fixed charges per SUIP for residential properties and fixed charges per rating unit with differentials based on capital value (CV) for other properties excluding Utilities as shown in the table below. Vacant properties that are able to connect to Council's sewerage network (serviceable) are charged a differential of 0.5 which is a half charge. The base rates are calculated to collect 75% of the total sewerage rates from residential properties with 25% of the total rates collected coming from non-residential land.

RATE TYPE	DIFFERENTIAL
Sewerage - Residential	1
RATE TYPE	**DIFFERENTIAL**
Sewerage – Non-Residential with CV <$50,001	0.8
Sewerage – Non-Residential with CV $50,001-$100,000	1
Sewerage – Non-Residential with CV $100,001-$200,000	1.2
Sewerage – Non-Residential with CV $200,001-$400,000	1.4
Sewerage – Non-Residential with CV $400,001-$1,000,000	2
Sewerage – Non-Residential with CV $1,000,001-$3,000,000	3
Sewerage – Non-Residential with CV $3,000,001-$5,000,000	4
Sewerage – Non-Residential with CV >$5,000,000	5

Council has determined that a vacant serviceable rating unit is a property where the closest property boundary is less than 60 metres from a sewerage access point and it is not impracticable to access the service. A serviceable rating unit upon which a building is erected is a property where the building is less than 60 metres from sewerage network and it is not impracticable to connect to the service.

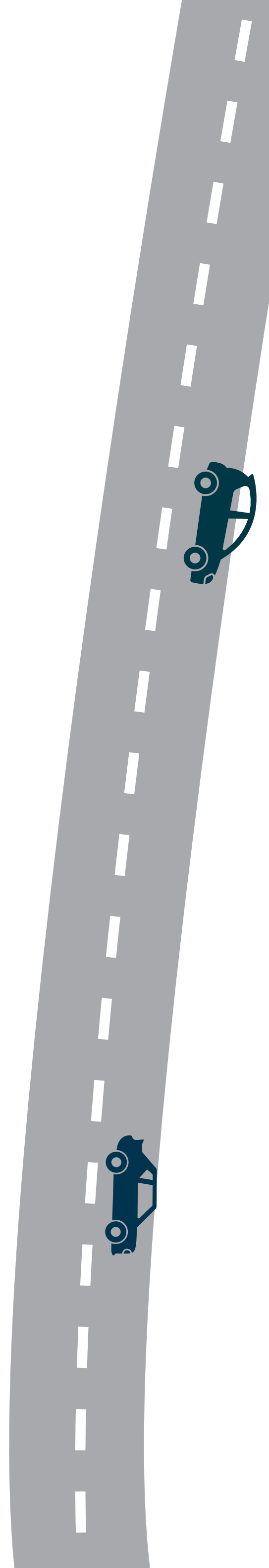
Solid Waste Kerbside Collection

Council sets a targeted rate to fund the provision of kerbside removal of refuse and recycling within the service area. This is set as a fixed charge per provision of the service for residential, commercial and industrial properties within the service area. An additional set of bins can be provided at full cost.

Rates to be Collected

RATE NAME		RATE	BASIS	DIFFERENTIAL	TOTAL
General Rate	Residential	$0.00339199	Per $ capital value	1	$33,364,484
General Rate	Lifestyle	$0.00329023	Per $ capital value	0.97	$5,456,530
General Rate	Commercial	$0.00339199	Per $ capital value	1	$4,700,875
General Rate	Industrial	$0.00339199	Per $ capital value	1	$3,220,695
General Rate	Farming	$0.00203520	Per $ capital value	0.60	$755,014
General Rate	1530 Tiwai Road	$0.00078016	Per $ capital value	0.23	$164,783
General Rate	Utilities	$0.00339199	Per $ capital value	1	$2,125,636
UAGC		$214.40	Per SUIP	1	$5,827,917
Water Supply	Residential	$523.32	Per connected residential SUIP	1	$10,940,498
Water Supply	Non-Residential	$598.80	Per connected rating unit	1	$2,069,920
Sewerage	Residential	$468.88	Per connected SUIP	1	$10,379,446
Sewerage	Non-Residential	$982.92	Per connected rating unit	1	$3,430,559
Refuse Collection	Kerbside Collection	$286.02	Per set of bins provided	1	$6,287,185
Bluff Community Board	Residential	$0.00023578	Per $ capital value	1	$77,071
Bluff Community Board	Lifestyle	$0.00022871	Per $ capital value	0.97	$9,243
Bluff Community Board	Commercial	$0.00023578	Per $ capital value	1	$2,590
Bluff Community Board	Industrial	$0.00023578	Per $ capital value	1	$17,651
Bluff Community Board	Farming	$0.00014147	Per $ capital value	0.60	$4,243

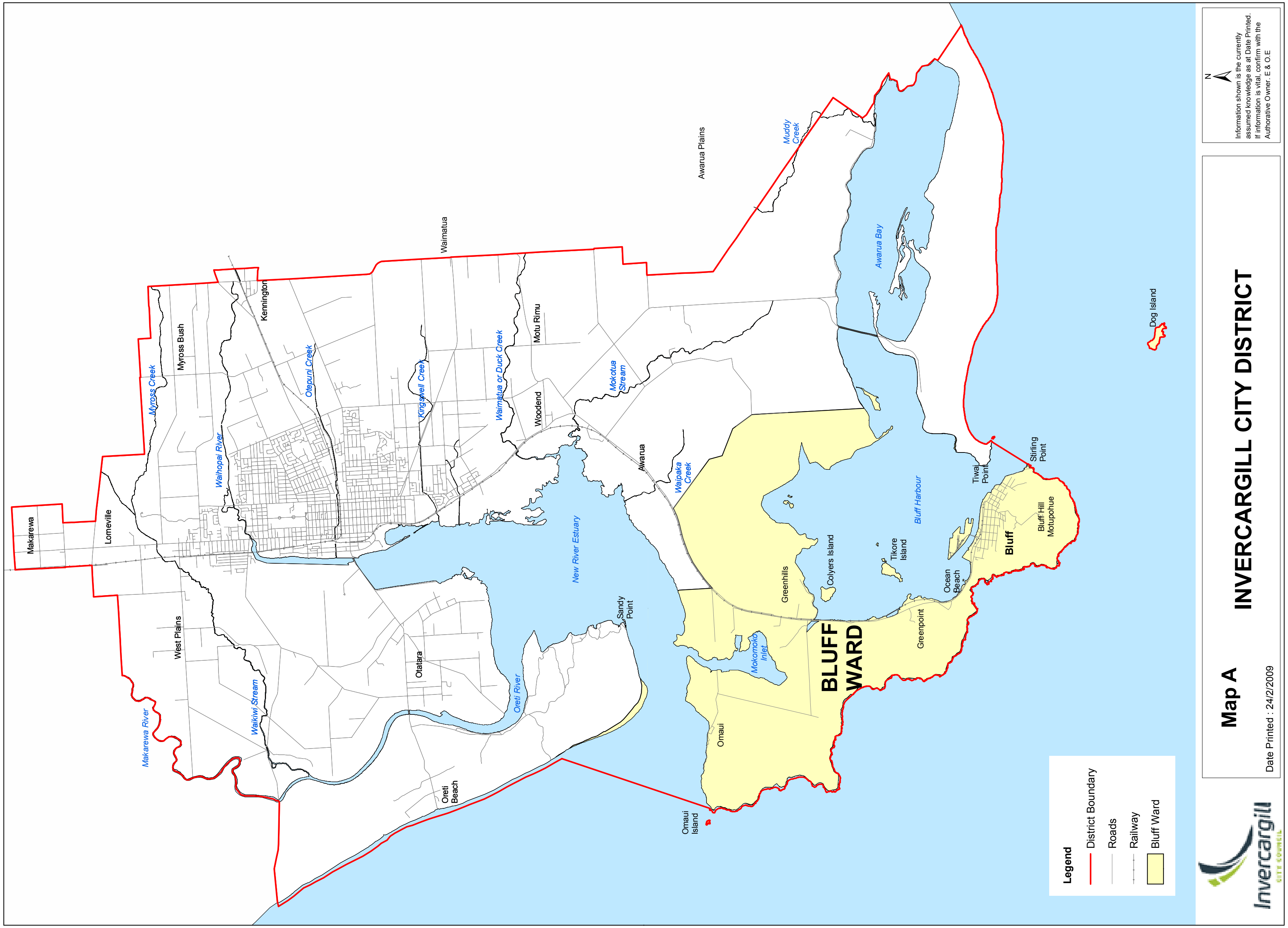
All rates contain GST @ 15%



RATE NAME		RATE	BASIS	DIFFERENTIAL	TOTAL
City Centre coordinator	Commercial	$0.00026461	Per $ capital value	1	$212,374
City Centre coordinator	Industrial	$0.00026461	Per $ capital value	1	$7,975
Transportation	Residential	$0.00008988	Per $ capital value	1	$760,341
Transportation	Lifestyle	$0.00008718	Per $ capital value	0.97	$3,868
Transportation	Commercial	$0.00008988	Per $ capital value	1	$113,602
Transportation	Industrial	$0.00008988	Per $ capital value	1	$57,106
Transportation	Farming	$0.00005392	Per $ capital value	0.60	$0
Stormwater	Residential	$0.00051960	Per $ capital value	1	$4,997,541
Stormwater	Lifestyle	$0.00050401	Per $ capital value	0.97	$213,249
Stormwater	Commercial	$0.00051960	Per $ capital value	1	$683,159
Stormwater	Industrial	$0.00051960	Per $ capital value	1	$361,419
Stormwater	Farming	$0.00031176	Per $ capital value	0.60	$1,407
Stormwater	Utilities	$0.00051960	Per $ capital value	1	$320,965
				Total	**$96,567,344**

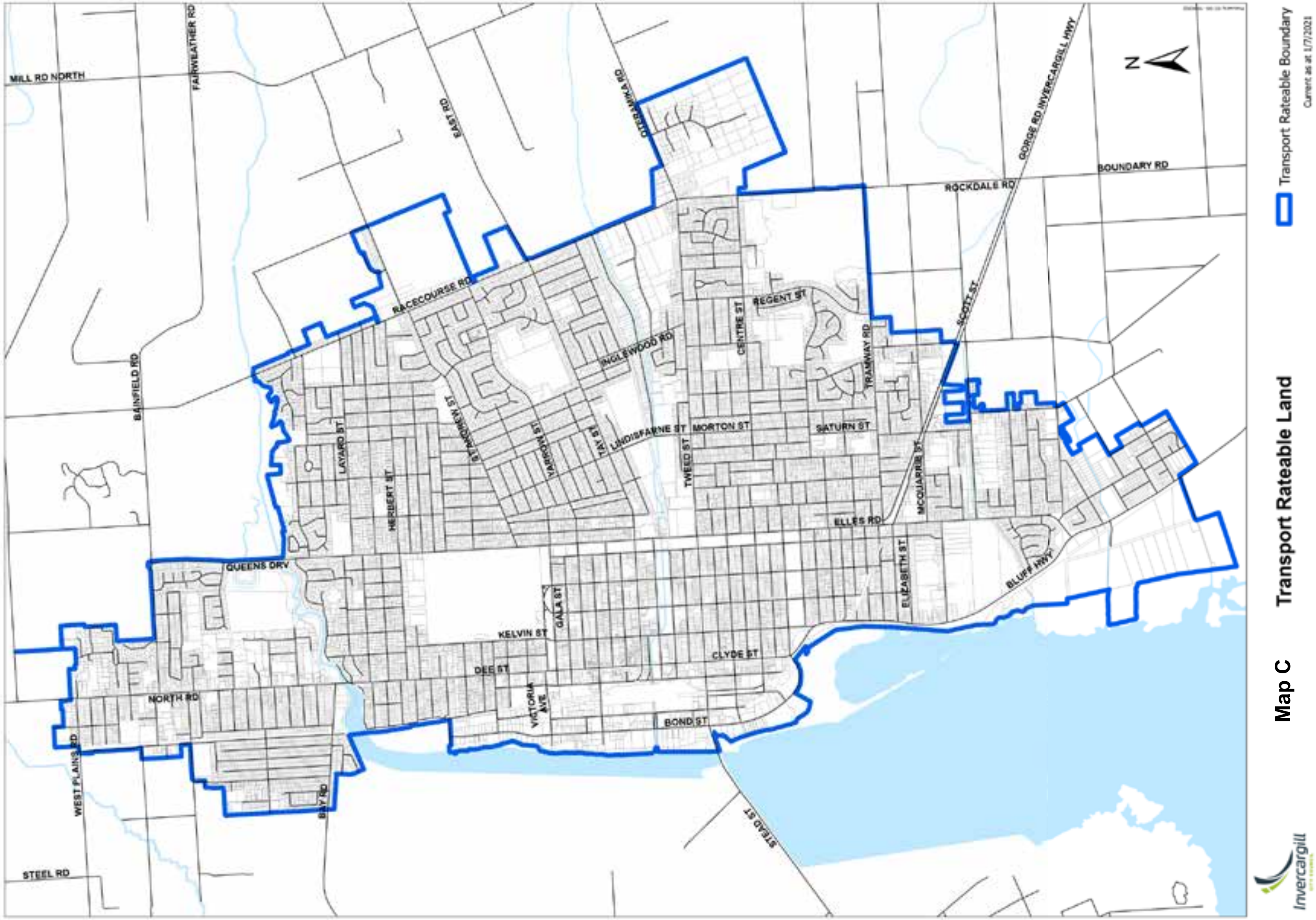
All rates contain GST @ 15%

Map A. Bluff Community Board Rating Boundary



Map B. City Centre Coordinator Rating Boundary

Map C. Transportation Boundary



Total Rates to be Collected

The table of Rating Change below shows some examples of different properties, their valuation change and the impact this has had on the rates payable by the ratepayer.

TABLE OF RATING CHANGES						
TYPE OF PROPERTY	RATEABLE VALUE $	RATES 2022/23	RATES 2023/24	$ CHANGE ANNUAL	$ CHANGE WEEKLY	% CHANGE RATES
Residential	350,000	2,665	2,893	228	4	8.56%
Residential	390,000	2,829	3,053	224	4	7.91%
Residential	540,000	3,405	3,653	248	5	7.29%
Residential	830,000	4,519	4,814	295	6	6.53%
Residential	965,000	5,037	5,354	317	6	6.29%
Lifestyle	780,000	2,705	2,781	76	1	2.79%
Lifestyle	1,050,000	4,239	4,433	194	4	4.57%
Lifestyle	1,500,000	5,673	5,906	233	4	4.11%
Commercial	365,000	4,152	4,561	409	8	9.85%
Commercial	2,100,000	13,181	14,133	951	18	7.22%
Commercial	16,400,000	70,371	74,033	3,662	70	5.20%
Industrial	280,000	3,226	3,552	327	6	10.13%
Industrial	3,770,000	20,992	22,485	1,493	29	7.11%
Industrial	6,750,000	33,480	35,562	2,082	40	6.22%
Farms	740,000	1,779	1,825	46	1	2.59%
Farms	3,260,000	7,125	7,310	185	4	2.60%
Farms	7,700,000	15,453	15,885	432	8	2.80%

Property Differentials

Council defines its rates differentials using the location and use to which the land is put. When determining the use to which the land is put, Council will consider information it holds concerning the actual use of the land, and the land use classification that Council has determined applies to the property under the Rating Valuation Rules.

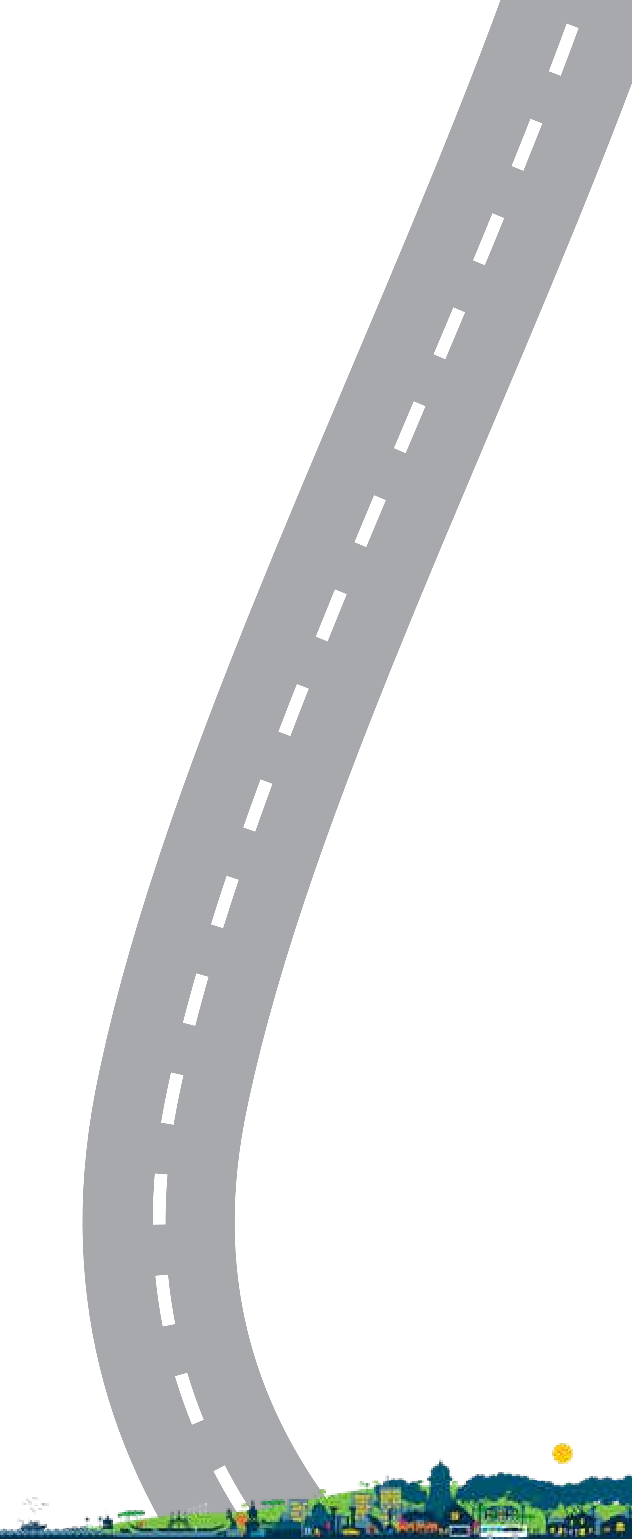
Where there is no actual use of the land (i.e. the land is vacant), Council considers the location of the land and the highest and best use of the land to determine the appropriate rates differential. Highest and best use is determined by the activities that are permitted, controlled, or discretionary for the area in which the land is situated, and the rules to which the land is subject under an operative district plan or regional plan under the Resource Management 1991.

The following differentials apply to General, Community Board, Transportation and Stormwater Drainage rates:

LAND USE	DEFINITION	BASIS FOR RATE	DIFFERENTIAL
Residential	All rating units which are used exclusively or principally for residential purposes but excluding properties categorised as Lifestyle or Farms.	Rate in dollar of capital value	1
Lifestyle	Rating units typically in a rural area where the predominant use is for residential purposes. The land can be of varying size but must be larger than an ordinary residential allotment. The principal use of the land is non-economic in the traditional farming sense and the value exceeds the value of comparable farmland.	Rate in dollar of capital value	0.97
Commercial	All rating units used exclusively or principally for commercial activities including retail, offices, rest homes, motels and hotels.	Rate in dollar of capital value	1
Industrial	All rating units used exclusively or principally for industrial activities including transport, utility services, storage.	Rate in dollar of capital value	1
Farms	All rating units used exclusively or principally for agricultural or horticultural purposes including, dairying, stock fattening, arable farming, sheep, market gardens, vineyards, orchards, specialist livestock or other similar uses.	Rate in dollar of capital value	0.60
Utilities	All rating units used exclusively or principally for network utility services including water supply, wastewater, stormwater, electricity, gas and telecommunications.	Rate in dollar of capital value	1
1530 Tiwai Road	All rating units situated at 1530 Tiwai Road.	Rate in dollar of capital value	0.23

Funding Impact Statement - Invercargill City Council
(GST exclusive)

FOR THE YEAR ENDED JUNE 30		LONG-TERM PLAN 2024/25 $'000	LONG-TERM PLAN 2025/26 $'000	ANNUAL PLAN 2025/26 $'000
SOURCES OF OPERATIONAL FUNDING				
General rates, uniform annual general charge, rates penalties	1	47,677	51,981	49,409
Targeted rates	2	31,184	34,005	35,610
Subsidies and grants for operating purposes		5,492	5,736	5,887
Fees and charges	3	31,409	32,795	31,338
Interest and dividends from investments	4	13,100	12,975	12,070
Local authorities fuel tax, fines, infringement fees, and other receipts	5	9,015	7,746	5,994
Total operating funding (A)		**137,877**	**145,238**	**140,308**
APPLICATIONS OF OPERATIONAL FUNDING				
Payments to staff and suppliers	6	101,926	105,093	104,207
Finance costs		6,268	7,197	7,021
Other operating funding applications		-	-	-
Total applications of operating funding (B)		**108,194**	**112,290**	**111,228**
Surplus (deficit) of operating funding (A – B)		**29,683**	**32,948**	**29,080**
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	7	14,238	6,858	7,862
Development and financial contributions		-	-	-
Increase (decrease) in debt	8	23,335	39,447	61,631
Gross proceeds from sale of assets		2,233	1,593	1,593
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		**39,806**	**47,898**	**71,086**
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service	9	44,389	42,686	63,021
- to replace existing assets	9	38,088	33,220	32,227
Increase (decrease) in reserves		-	-	29
Increase (decrease) of investments		(12,988)	4,940	4,889
Total applications of capital funding (D)		**69,489**	**80,846**	**100,166**
Surplus (deficit) of capital funding (C - D)		**(29,683)**	**(32,948)**	**(29,080)**
FUNDING BALANCE ((A – B) + (C – D))		**-**	**-**	**-**
Depreciation expense (not included in the above FIS)		47,038	50,429	48,951



Explanation of major variances between 2025/2026 Long-term Plan Year 2 and 2025/2026 Annual Plan

NOTES

1 General rates, uniform annual general charges, rates penalties are lower than anticipated in year 2 of the Long-term Plan due to the proposed lower increase in rates for non-water activities (average of 3.44%, - 4.56% lower than the 8.23% planned). This was partly offset by a larger number of rating units than the assumption used when setting the Long-term Plan.

2 Targeted rates are higher than anticipated in year 2 of the Long-term Plan due to the proposed higher increase in rates for Water, Sewerage & Stormwater activities (average of 14.04%, +5.04% higher than the 9.00% planned) and a larger number of rating units than the assumption used when setting the Long-term Plan.

3 Fees and charges are lower than in year 2 of the Long-term Plan due reduced revenue caused by changes to economic conditions and customer spending habits. In particular for building consents, aquatics, cemeteries, crematorium and sportsground revenue.

4 Interest and dividends from investments is expected to decrease due to A) a lower interest rate assumption of 4.00% compared to the LTP assumption of 5.00%; and B) a lower balance of funds loaned to Invercargill Central Limited which generates interest revenue.

5 Local authorities fuel tax, fines, infringement fees, and other receipts are lower than anticipated in year 2 of the Long-term Plan due to Council's withdrawal from the Southland Regional Heritage Committee in 2024/2025 and therefore ending the revenue received from Te Kupeka Tiaki Toaka Trust for collection management. This will be managed internally going forward with the Trust.

6 Payments to staff and suppliers are lower than anticipated in the Long-term Plan due to A) Council's withdrawal from the Southland Regional Heritage Committee in 2024/2025 and therefore ended the grant payments to the committee; B) Organisational efficiency to be achieved via a number of mechanisms including managing operational expenditure and increasing revenue; C) macro economic changes to salaries & wages, including minimum wage increase impact on Council's fair wage level and increase kiwisaver employer contributions; D) the creation and filling of technical skilled roles within Council to help with the higher level of capital delivery required. This will enable the Council to maintain current levels of service. Part of these increases will be offset by organisational efficiencies to be found.

7 Subsidies and grants for capital expenditure is higher than anticipated in the Long-term Plan due to funding for Project 1225 expected to be received in 2025/2026.

8 Increase (decrease) in debt are higher than anticipated in the Long-term Plan to fund the increased capital programme.

9 Capital Expenditure - to improve the level of service is higher than anticipated in the Long-term Plan due an increased capital programme which includes additional Te Unua building spend.

Financial Management

Financial Management

Te Whakahaere Pūtea

Under the Local Government Act, Council must 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:

- Prospective Statement of Comprehensive Revenue and Expense
- Prospective Statement of Cashflows
- Prospective Statement of Financial Position
- Prospective Statement of Changes in Equity
- Schedule of Reserve Funds
- Benchmarks
- Prospective Statement of Accounting Policies.

All figures are GST exclusive unless otherwise stated

Prospective Statement of Comprehensive Revenue & Expense

FINANCIAL YEAR ENDING 30 JUNE		LONG-TERM PLAN 2024/25 ($000)	LONG-TERM PLAN 2025/26 ($000)	ANNUAL PLAN 2025/26 ($000)
REVENUE				
Rates Revenue	**1**	78,861	85,986	85,019
Fines		1,519	1,553	1,571
Subsidies and grants	**2**	19,730	12,594	13,749
Direct charges revenue	**3**	35,206	35,184	31,998
Rental revenue		3,699	3,804	3,763
Finance revenue	**4**	3,643	3,398	2,493
Dividends		9,457	9,577	9,577
Total revenue (excluding gains)		152,115	152,096	148,170
EXPENSES				
Employee expenses	**5**	36,019	37,061	38,452
Depreciation and amortisation	**6**	47,038	50,429	48,951
General expenses	**7**	65,856	67,953	65,675
Finance expenses		6,268	7,197	7,021
Total expenses		155,181	162,640	160,099
OTHER GAINS/(LOSSES)				
Net gain/(loss) on sale of property, plant and equipment		150	475	447
Investment property revaluations - gain / (loss)		781	581	868
Forestry assets revaluations - gain / (loss)		131	99	136
Total other gains/(losses)		1,062	1,155	1,451
Surplus / (deficit) before tax		(2,004)	(9,389)	(10,478)
Income tax expense		-	-	-
Surplus / (deficit) after tax		**(2,004)**	**(9,389)**	**(10,478)**
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Property, plant and equipment revaluation gain / (loss)	**8**	62,785	-	35,099
Carbon credit revaluation gains/(losses)		-	-	-
Cashflow hedges Cashflow hedges Cashflow hedges		-	-	-
Total other comprehensive revenue & expense		62,785	-	35,099
Total comprehensive revenue & expense		**60,781**	**(9,389)**	**24,621**

Prospective Statement of Cashflows

FINANCIAL YEAR ENDING 30 JUNE		LONG-TERM PLAN 2024/25 ($000)	LONG-TERM PLAN 2025/26 ($000)	ANNUAL PLAN 2025/26 ($000)
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from rates revenue	**1**	78,861	85,986	85,019
Receipts from other revenue	**2,3**	59,619	53,135	51,081
Interest received	**4**	3,643	3,398	2,493
Dividend received		9,457	9,577	9,577
Payments to suppliers and employees	**5,7**	(101,926)	(105,093)	(104,237)
Interest paid		(6,268)	(7,197)	(7,021)
Net cash flows from operating activities		**43,386**	**39,806**	**36,912**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment		253	1,293	1,293
Proceeds from sale of investment property		1,980	300	300
Proceeds from sale of investments		18,000	-	-
Purchase of property, plant and equipment	**9**	(78,672)	(72,396)	(91,410)
Purchase of biological assets		-	-	-
Purchase of intangible assets		(3,599)	(3,510)	(3,629)
Purchase of investment property		(206)	-	(209)
Purchase of investments		(5,063)	(5,219)	(4,968)
Net cash flows from investing activities		**(67,307)**	**(79,532)**	**(98,623)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	**10**	26,153	42,882	64,522
Repayments of borrowings		(2,818)	(3,435)	(2,891)
Net cash flows from financing activities		**23,335**	**39,447**	**61,631**
Net (decrease) increase in cash and cash equivalents		**(586)**	**(279)**	**(80)**
Cash and cash equivalents at the beginning of the year	**11**	2,897	2,311	12,122
Cash and cash equivalents at end of the year		**2,311**	**2,032**	**12,042**

Prospective Financial Statements

Prospective Statement of Financial Position

AS AT 30 JUNE		LONG-TERM PLAN 2024/25 ($000)	LONG-TERM PLAN 2025/26 ($000)	ANNUAL PLAN 2025/26 ($000)
ASSETS				
Current assets				
Cash and cash equivalents	**11**	2,311	2,032	12,042
Receivables	**12**	17,025	17,491	14,002
Prepayments	**13**	1,372	1,402	1,776
Inventories	**14**	619	633	378
Other financial assets	**15**	24,676	29,896	30,050
Total current assets		**46,003**	**51,454**	**58,248**
NON-CURRENT ASSETS				
Property, plant and equipment	**16**	1,261,291	1,285,396	1,292,782
Intangible assets		9,932	10,614	11,504
Biological assets		4,502	4,601	4,147
Investment property		26,815	26,967	26,383
Investment in Subsidiaries		76,569	76,569	76,569
Derivative financial instruments	**17**	751	751	365
Other financial assets	**15**	19,641	19,641	21,058
Total non-current assets		**1,399,501**	**1,424,539**	**1,432,808**
TOTAL ASSETS		**1,445,504**	**1,475,993**	**1,491,056**

Prospective Statement of Financial Position continued

AS AT 30 JUNE		LONG-TERM PLAN 2024/25 ($000)	LONG-TERM PLAN 2025/26 ($000)	ANNUAL PLAN 2025/26 ($000)
LIABILITIES				
Current liabilities				
Trade and other payables	**18**	19,225	19,648	16,087
Provisions		79	81	92
Employee benefit liabilities	**19**	3,893	3,979	4,575
Borrowings		36,282	44,211	46,144
Derivative financial instruments		-	-	-
Total current liabilities		**59,479**	**67,919**	**66,898**
Non-current liabilities				
Provisions		798	717	1,116
Employee benefit liabilities	**19**	28	29	-
Borrowings		145,327	176,845	184,698
Derivative financial instruments		-	-	-
Total non-current liabilities		**146,153**	**177,591**	**185,814**
TOTAL LIABILITIES		**205,632**	**245,510**	**252,712**
EQUITY				
Retained earnings		361,211	347,593	344,982
Restricted reserves		42,717	46,946	46,146
Hedging reserves		751	751	365
Carbon credit revaluation reserves		1,126	1,126	1,408
Asset revaluation reserves		834,067	834,067	845,443
TOTAL EQUITY		**1,239,872**	**1,230,483**	**1,238,344**
TOTAL LIABILITIES AND EQUITY		**1,445,504**	**1,475,993**	**1,491,056**

Prospective Statement of Changes in Equity

	LONG-TERM PLAN 2024/25 ($000)	LONG-TERM PLAN 2025/26 ($000)	ANNUAL PLAN 2025/26 ($000)
Balance at 1 July	1,179,091	1,239,872	1,213,723
Total comprehensive revenue & expense for the year	60,781	(9,389)	24,621
Balance at 30 June	**1,239,872**	**1,230,483**	**1,238,344**
COMPONENTS OF EQUITY			
Retained earnings at 1 July	365,898	361,211	354,230
Net surplus/(deficit) for the year	60,781	(9,389)	24,621
Transfers (to)/from restricted reserves	(2,683)	(4,229)	1,230
Transfers (to) /from hedging reserves	-	-	-
Transfers (to) /from carbon credit revaluation reserves	-	-	-
Transfers (to)/from asset revaluation reserves	(62,785)	-	(35,099)
Retained earnings at 30 June	**361,211**	**347,593**	**344,982**
Restricted reserves at 1 July	40,034	42,717	47,376
Transfers to/(from) reserves	2,683	4,229	(1,230)
Restricted reserves at 30 June	**42,717**	**46,946**	**46,146**
Hedging reserves at 1 July	751	751	365
Transfers to/(from) reserves	-	-	-
Hedging reserves at 30 June	**751**	**751**	**365**
Carbon credit revaluation reserves at 1 July	1,126	1,126	1,408
Transfers to/(from) reserves	-	-	-
Carbon credit revaluation reserves at 30 June	**1,126**	**1,126**	**1,408**
Asset revaluation reserves at 1 July	771,282	834,067	810,344
Transfers to/(from) reserves	62,785	-	35,099
Asset revaluation reserves at 30 June	**834,067**	**834,067**	**845,443**

Explanation of major variances between 2025/2026 Long-term Plan Year 2 and 2025/2026 Annual Plan

KEY

(R&E) = Prospective Statement Of Comprehensive Revenue & Expense

(CF) = Prospective Statement Of Cashflows

(FPOS) = Prospective Statement Of Financial Position

NOTES

1 Rates revenue (R&E) and Receipts from rates revenue (CF) are higher than anticipated in year 2 of the Long-term Plan due to the proposed higher increase in rates for Water, Sewerage & Stormwater activities (average of 14.04%, +5.04% higher than the 9.00% planned) and the rating units base being larger than the assumption used when setting the Long-term Plan. This is partly offset by the proposed lower increase in rates for non-water activities (average of 3.44%, -4.56% lower than the 8.23% planned).

2 Subsidies and grants (R&E) are lower than anticipated in year 2 of the Long-term plan due to the reduced NZTA Waka Kotahi final funding allocation for the 2025/2026 capital programme.

3 Direct charges revenue (R&E) are lower than in year 2 of the Long-term Plan due to A) Council's withdrawal from the Southland Regional Heritage Committee in 2024/2025 and therefore ending the revenue received from Te Kupeka Tiaki Toaka Trust for collection management. This will be managed internally going forward with the Trust; B) reduced fees & charges revenue caused by changes to economic conditions and customer spending habits. In particular for building consents, aquatics, cemeteries, crematorium and sportsground revenue.

4 Finance revenue (R&E) and Interest received (CF) is lower than anticipated in year 2 of the Long-term Plan due to A) a lower interest rate assumption of 4.00% compared to the LTP assumption of 5.00%; and B) a lower balance of funds loaned to Invercargill Central Limited which generates interest revenue.

5 Employee expenses (R&E) and Payments to suppliers and employees (CF) are higher than anticipated in the Long-term Plan due to A) macro economic changes, including minimum wage increase impact on Council's fair wage level and increase kiwisaver employer contributions; B) the creation and filling of technical skilled roles within Council to help with the higher level of capital delivery required. This will enable the Council to maintain current levels of service. Part of these increases will be offset by organisational efficiencies found within General expenses.

6 Depreciation and amortisation costs are lower than anticipated in year 2 of the Long-term Plan due to lower capital delivered in 2024/2025 compared to the forecast assumption used in the Long-term Plan.

7 General expenses (R&E) and Payments to suppliers and employees (CF) are lower than in year 2 of the Long-term Plan due to A) Council's withdrawal from the Southland Regional Heritage Committee in 2024/2025 and therefore ended the grant payments to the committee; B) Organisational efficiency to be achieved via a number of mechanisms including managing operational expenditure and increasing revenue.

8 Property, plant and equipment revaluation gain / (loss) (R&E) includes a revision of timing of the asset revaluation of Roading assets.

9 Purchase of property, plant and equipment is higher than anticipated in the Long-term Plan due an increased 2025/2026 capital programme which includes brought forward spend on Te Unua and Mersey Street rising main duplication pipe projects

10 Proceeds from borrowings are higher than anticipated in the Long-term Plan to reflect additional debt required to fund the increased capital programme 2025/2026

11 Cash and cash equivalents are higher than anticipated in the Long-term Plan due to 2023/2024 actual closing balance being different to the balance assumption used in the Long-term Plan.

12 Receivables are lower than anticipated in the Long-term Plan due to 2023/2024 actual closing balance being different to the balance assumption used in the Long-term Plan.

13 Prepayments are higher than anticipated in the Long-term Plan due to 2023/2024 actual closing balance being different to the balance assumption used in the Long-term Plan.

14 Inventories are lower than anticipated in the Long-term Plan due to 2023/2024 actual closing balance being different to the balance assumption used in the Long-term Plan.

15 Other Financial Assets are higher than anticipated in the Long-term Plan due to the removal of the impairment of the loan advance to Invercargill Central Limited.

16 Property, plant and equipment are higher than anticipated in the Long-term Plan due to increased capital programme including bringing forward spend on Te Unua and Mersey Street rising main duplication pipe projects as well as lower depreciation expenses.

17 Derivative financial instruments are lower than anticipated in the Long-term Plan due to 2023/2024 actual closing balance being different to the balance assumption used in the Long-term Plan.

18 Trade and other payables are lower than anticipated in the Long-term Plan due to 2023/2024 actual closing balance being different to the balance assumption used in the Long-term Plan.

19 Employee benefit liabilities are higher than anticipated in the Long-term Plan due to 2023/2024 actual closing balance being different to the balance assumption used in the Long-term Plan.

Schedule of Reserves

Reserve funds

Reserves are held to ensure that funds received for a particular purpose and any surplus created is managed in accordance with the reason for which the reserve was established. Surpluses held in reserves are credited with interest. As at 30 June 2024, the Council holds $44.2 million reserves, with $27.2 million being restricted reserves. Restricted reserves are reserves that have rules set by legal obligation that restrict the use that the Council may put the funds towards. The remaining Council created reserves are discretionary reserves which the Council has established for the fair and transparent use of monies.

Below is a list of current reserves outlining the purpose for holding each reserve and the Council activity to which each reserve relates, together with summary financial information across the 10 years of the Long-term Plan.

	Opening Balance 2025/26 ($,000)	Transfers In 2025/26 ($,000)	Transfers Out 2025/26 ($,000)	Closing Balance 2025/26 ($,000)
RESTRICTED RESERVES The reserves can only be used for the purpose designated.				
Category A (Legal Restriction) The restriction is designated from a statute or legal document. These reserves restrictions include the capital and interest or income generated. This reserve is related to the Parks Activity and is to maintain the Feldwick gates at Queens Park.	435	9	-	444
Category B (Capital only restriction) These reserves are invested in property that provides a financial return to ratepayers (Investment Property, Library and Infrastructure activities)	13,304	272	-	13,576
Category C (Specific purpose) These reserves are to maintain and provide for improvements to separately identifable areas. (Parks Crematorium and Cemetery, Community Centres, Waste and Infrastructure activities)	13,473	275	-	13,748
NON RESTRICTED RESERVES				
Council Created Reserves To provide funding for the ongoing operations and replacement of assets in the future. (All Activities)	20,164	976	(2,762)	18,378
	47,376	1,532	(2,762)	46,146

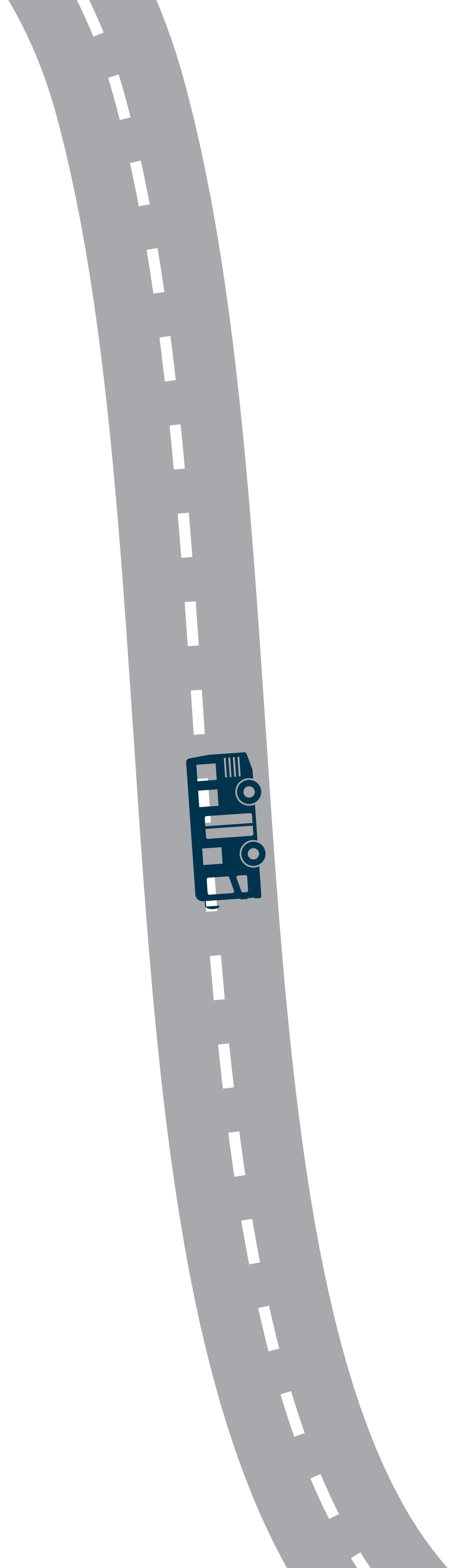
Benchmarks

What is the purpose of this statement?

The purpose of this statement is to disclose Council's planned financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its Annual Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

BENCHMARK	LIMITS	PLANNED	MET
Rates affordability benchmark: **Increases (LGCI + 8%)**	11.2%	7.7%	YES
Debt affordability benchmark:	20%	15.5%	YES
Balanced budget benchmark:	100%	93.5%	NO
Essential services benchmark:	100%	94.8%	NO
Debt servicing benchmark:	10%	4.7%	YES



NOTES

1 Rates affordability benchmark

(1) For this benchmark,—

its planned rates increases for the year equal or are less than each quantified limit on rates increases.

(2) The Council meets the rates affordability benchmark if —

its planned rates increases for the year equal or are less than each quantified limit on rates increases.

(3) the Council meets the rates affordability benchmark in 2025/2026.

2 Debt affordability benchmark

(1) For this benchmark, the Council's planned borrowing is compared with quantified limits on borrowing contained in the financial strategy included in the Council's Long-term plan.

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

3 Balanced budget benchmark

(1) For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

(2) The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

(3) Section 100(2) of Local Government Act 2002 (LGA) sets out the matters that Council must have regard to when determining that it is prudent to operate an unbalanced budget

These matters are:

(a) the estimated expenses of achieving and maintaining the predicted levels of service provision set out in the long-term plan, including estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and

(b) the projected revenue available to fund the estimated expense associated with maintaining the service capacity and integrity of assets throughout their useful life; and

(c) the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and

(d) the funding and financial policies adopted under Section 102.

The 2025/2026 Annual Plan projected operating revenues at a level that does not meet the projected operating costs. This reflects the challenge faced by Council of fully funding the depreciation on the infrastructure network assets which during the last three years have been subject to significant increases in asset value.

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

4 Essential services benchmark

(1) For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.

(2) The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

(3) Council does not meet the essential services benchmark in 2025/2026 due mainly to the timing of projects.

Over time Council's capital expenditure should equal its depreciation. This will mean 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.

5 Debt servicing benchmark

(1) For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

(2) Because Statistics New Zealand projects that the Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

Statement of Accounting Policies

Reporting Entity

Invercargill City Council ("Council") is a territorial local authority governed by the Local Government Act 2002.

Council has not presented group prospective financial statements because Council believes that the parent prospective financial statements are more relevant to the users.

The main purpose of the prospective financial statements in the Annual Plan is to provide users with future-orientated information about core services that Council intends to provide ratepayers, the expected cost of those services and, as a consequence, how much Council requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries, except to the extent that Council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements presented.

The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Council is classified as a Tier 1 Public Sector Public Benefit Entity ("PBE") for financial reporting purposes.

The information in these prospective financial statements may not be appropriate for purposes other than those described.

Basis of Preparation

The prospective financial statements have been prepared on a going concern basis. 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 a historical cost basis, modified by the revaluation of land and buildings, certain infrastructure assets, investment property, biological assets and financial instruments (including derivative instruments).

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Revenue and Expense.

Statement Of Compliance

The prospective financial statements have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards including compliance with PBE FRS 42.

There are no pending updates to standards, amendments or interpretations to be adopted by Invercargill City Council for the purposes of this Annual Plan. Invercargill City Council will adopt new standards, amendments or interpretations as they are finalised, through subsequent Long-term and Annual Plans.

These prospective financial statements comply with the requirements of the Local Government Act 2002, Part 6 Section 95 and Part 2 of Schedule 10 which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) with the exception of the Funding Impact Statements (FIS).

In preparing these prospective statements, estimates and assumptions have been made concerning the future.

The prospective financial statements were issued on 30 June 2025 by Invercargill City Council. Invercargill City Council is responsible for the prospective financial statements including the appropriateness of assumptions underlying the prospective financial statements and all other disclosures. The prospective financial statements are calculated using forecast results for the 2024/2025 financial year in the prospective statement of financial position, prospective statement of movements in equity and prospective statement of cash flows. There is no intention to update the prospective financial statement after the issue date.

Associates

Council accounts for investments in associates in the group financial statements use the cost method. An associate is an entity over which Council has significant influence and that is neither a subsidiary nor an interest in a joint venture generally accompanying a shareholding of between 20-50 per cent of voting rights.

The Council's share of associates profits or losses is recognised in surplus or deficit and reserves in reserves. The cumulative movements are adjusted against the carrying value of the investment.

When Council's share of losses in associates equals or exceeds its interest in the associate Council does not recognise any further losses.

Joint Ventures

Joint Operation

Joint operations are those operations that Council has joint control, established by contractual agreement. Council's share of the surplus or deficit of the joint operation is recognised in Council's Statement of Comprehensive Revenue and Expenses, from the date joint control commences until the date control ceases.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to Council and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

PBE IPSAS 23.106(a) requires, either in the statement of financial position or the notes, that entities disclose the amount of revenue from non-exchange transactions by major classes, showing separately; i) taxes, showing separately major classes of taxes; and ii) transfers, showing separately major classes of transfer revenue.

Due to the difficulty in classifying revenue as either an exchange or non-exchange transaction and the separate labelling of revenue as exchange or non-exchange generally does not provide any additional useful information (and is therefore unlikely to be material), we have decided to not label revenue as exchange or non- exchange in the Prospective Statement of Comprehensive Revenue and Expenses.

Revenue from non-exchange transactions:

General and targeted rates

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Government Grants and Funding

Council receives government grants from Waka Kotahi the New Zealand Transport Agency, which subsidises part of Council's costs in maintaining the local roading infrastructure.

Revenues from non-exchange transactions with the Government and government agencies are recognised when Council obtains control of the transferred asset (cash, goods, services, or property), and:

- It is probable that the economic benefits or service potential related to the asset will flow to Council and can be measured reliably; and
- The transfer is free from conditions that require the asset to be refunded or returned to the Government if the conditions are not fulfilled.

Revenue from government grants and funding is measured at the fair value of the assets (cash, goods, services, or property) transferred over to Council at the time of transfer.

To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only when Council has satisfied these conditions.

New Zealand Units (NZU's) allocated by the Crown represent non-monetary government grants and are initially recognised at nil value. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These are included in the surplus/ deficit in the Statement of Comprehensive Revenue and Expenses.

Fines

Traffic and parking infringements are recognised when tickets are issued.

Direct Charges - Subsidised

(i) Rendering of services

Rendering of services at a price that is not approximately equal to the value of the service provided by Council is considered a non-exchange transaction. This includes rendering of services where the price does not allow Council to fully recover the cost of providing the service (such as resource consents, building consents, water connections, dog licensing, etc.), and where the shortfall is subsidised by revenue from other activities, such as rates. Generally there are no conditions attached to such revenue.

Revenue from such subsidised services is recognised when Council issues the invoice or bill for the service. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that Council has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from Council for the service) if the service is not completed.

(ii) Sale of goods - subsidised

The sale of goods at a price that is not approximately equal to the value of the goods provided by Council is considered a non-exchange transaction. This includes the sale of goods where the price does not allow Council to fully recover the cost of producing the goods, and where the shortfall is subsidised by revenue from other activities such as rates.

Revenue from the sale of such subsidised goods is recognised when Council issues the invoice or bill for the goods. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the goods.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.

Revenue from exchange transactions:

Direct charges - full cost recovery

(i) Rendering of other services - full cost recovery Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

(ii) Sale of goods - full cost recovery

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have bene transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be reliably estimated and there is no continuing management involved with the goods.

Interest Revenue

Interest revenue is recognised using the effective interest method.

Dividends

Dividends are recognised when the right to receive payment has been established.

Rental Revenue

Rental revenue from investment property is recognised on a straight-line basis over the term.

Borrowing costs

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

Income tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prioryears. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

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 business 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 interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date. Current tax and deferred tax is 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.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset, or assets, or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

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.

Financial assets

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 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 andexpense. 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 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 expected credit losses (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.

Trade and other receivables

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 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 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.

Cash and cash equivalents

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.

Borrowings

Borrowings are initially recognised at their fair value, net of any transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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.

Trade and other payables

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.

Accounting for derivative financial instruments and hedging activities

Council uses derivative financial instruments to hedge exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at its fair value at subsequent reporting dates. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges

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 Council 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.

Borrower notes

Borrower notes are subordinated convertible debt instruments that Council subscribes for an amount equal to 2.5% of the total borrowing from LGFA. LGFA will redeem borrower notes when 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.

Property, plant and equipment

Property, plant and equipment consists of:

Operational assets - These include land, buildings, library books, plant and equipment, motor vehicles, furniture and fittings.

Restricted assets - Restricted assets are parks and reserves owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets - Infrastructure assets are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Proceeds earned while bringing an asset into use require the proceeds and relevant costs to be recognised in surplus or deficit

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

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

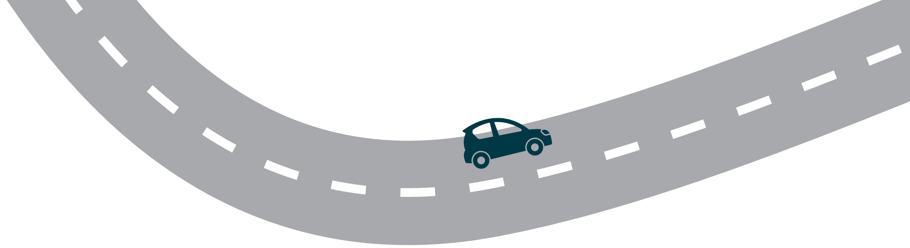
Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset.

Gains and losses on disposals are included in the surplus/ deficit in the Statement of Comprehensive Revenue and Expenses. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

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 Council and the cost of the item can be measured reliably.



Depreciation

Depreciation is provided on a straight-line and diminishing value basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

COUNCIL OPERATIONAL ASSETS	
BUILDINGS	**DEPRECIATION RATE**
▪ Structures	1%-5% SL
▪ Roof	1.67%-3.34% SL
▪ Electrical	2.14%-3.34% SL
▪ Plumbing	2.14% - 3.34% SL
▪ Internal Fitout	2.50% - 6.67% SL
▪ Plant	1.35% - 6.67% SL
LIBRARY BOOKS	**DEPRECIATION RATE**
▪ Library Books	6.85% - 10.59% SL
PLANT AND EQUIPMENT	**DEPRECIATION RATE**
▪ Plant	2% - 80% DV
MOTOR VEHICLES	**DEPRECIATION RATE**
▪ Motor Vehicles	21% - 31% DV
FURNITURE & FITTINGS	**DEPRECIATION RATE**
▪ Furniture & Fittings	15% - 33% DV

COUNCIL INFRASTRUCTURAL ASSETS	
ROADS AND BRIDGES	**DEPRECIATION RATE**
Total Pavement Layers	1.16%-1.23% SL
Total Roadway Assets	1.32%-5% SL
Traffic Signs	3.34%-4.1% SL
Street Lights	2%-4.94% SL
Other Asset	1%-15.35% SL
STORMWATER SYSTEMS	**DEPRECIATION RATE**
▪ Stormwater	1%-4% SL
WASTEWATER SYSTEMS	**DEPRECIATION RATE**
▪ Wastewater	1%-12.15% SL
WATER	**DEPRECIATION RATE**
▪ Water	1%-12.15% SL
COUNCIL RESTRICTED ASSETS	**DEPRECIATION RATE**
Buildings	1%-19.2% SL
Monuments and Statues	2% SL
Hard Surfaces and Appurtenance	1%-21.6% SL/DV/NOND

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Revaluation

Those asset classes that are revalued are valued on a valuation cycle as described below on the basis described below. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Valuation

All assets are valued at historic cost less accumulated depreciation and impairment costs, except the following:

- Operational land and buildings have been valued at fair value. Valuations are completed three yearly.
- Investment property is valued annually at fair value. Any adjustment to the values is accounted for as an increase (decrease) in the Statement of Comprehensive Revenue and Expense.
- 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.

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 and Bridges and footpaths are valued at optimized depreciated replacement cost, being replacement cost less accumulated depreciation to date, based on the Current Age Profile compared to Useful Life. Valuation has been completed by Council staff and reviewed by IAM Consulting. The current valuation is as at 30 June 2023. Valuations are completed three yearly.

Stormwater, Wastewater and Water Systems

Assets are valued at depreciated replacement cost, being gross replacement cost less accumulated depreciation to date, based on the Current Age Profile compared to Useful Life. Council's water, stormwater and waste water assets were valued by Beca Limited. The current valuation is as at 30 June 2024. Valuations are completed three yearly.

Vested assets

Certain infrastructure assets and land have been vested in the Council as part of the subdivisional consent process.

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.

Accounting for revaluations

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. 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.

Restricted assets

Land and buildings in the 'Restricted Asset' category are subject to restrictions on either their 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
through a bequest or donation that restricts the purpose for which the asset can be used).

Intangible assets

Intangible assets that are acquired by Council 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.

Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the acquisition over Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill on acquisition of subsidiaries is included in intangible assets by applying the purchase method. Goodwill on acquisition of associates is included in investments in associates by applying the equity method.

Carbon Credits Intangible Assets

Carbon credits intangible assets that are acquired by Council have been measured at fair value upon acquisition and subsequently revalued to fair value annually.

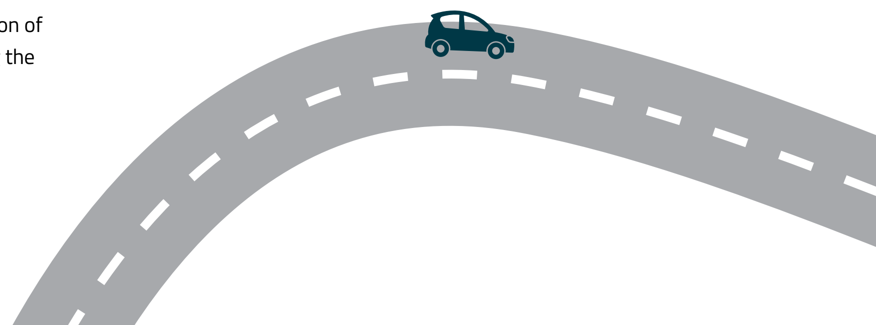
Any revaluation gains/losses are recognised in Other Comprehensive Revenue and Expenses.

Forestry assets

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. The forests are valued annually effective 30 June. The 2024 valuation was performed by Allan Bell & Associates. 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.



Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

Investment land and buildings have been valued at fair value by Registered Valuer, Robert Todd, an independant valuer from CBRE. This valuation was as at 30 June 2024 and will be carried out on an annual basis. Any adjustment to the values has been accounted for as an increase (decrease) in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses. Fair value measurement of self-constructed investment property can begin before the construction is completed.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

Impairment of non-financial assets

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.

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.

Provision for onerous contracts

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits or service potential expected to be received under it, which includes amounts recoverable. The cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both:

- The incremental costs of fulfilling that contract—for example, direct labour and materials; and
- And an allocation of other costs that relate directly to fulfilling the contract.

Employee benefits

Short-term benefits

Employee benefits 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

Council'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 Council'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.

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

· Retained earnings

· Council reserves (includes sinking funds, special reserves and endowment reserves)

· Fair value and hedging reserves

· Asset revaluation reserves

Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, 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 disclosed exclusive of GST.

Cost allocation

Council has derived the cost of service for each significant activity of 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.

Critical accounting estimates and assumptions

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, Council classifies nonfinancial assets as either cash generating or noncash- generating assets. Council 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.

Properties

Council owns a number of properties, which are maintained primarily to provide the elderly persons housing activity. 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 Council's social housing policy. These properties are accounted for as property, plant and equipment.

Infrastructural Assets

There are a number of assumptions and estimates used when performing ODRC valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that 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 deprecation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. 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 Council's asset management planning activities, which gives Council further assurance over its useful life estimates. Experienced independent valuers review Council's infrastructural asset revaluations.
- As a result of rounding there maybe slight discrepancies in subtotals and the financial statement in section 5 and funding impact statements.

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 deprecation 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.

Non-current asset held for sale

All non-current assets intended for sale are measured at the lower of carrying amount and fair value less costs to sell. Interest and other expenses relating to the liabilities of properties held for sale continue to be recognised. Non-current assets held for sale are classified as held for sale if they meet all of the following conditions:

- their carrying amount will be recovered principally through a sale transaction and not through continuing use; and
- the intention is to sell them within 12 months of the end of year; and
- they are being actively marketed or their sale is under negotiation.

Any ECL of non-current assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Other expenses

Expenses are recognised in the period to which they relate.

Prospective financial information

The financial information contained within this document is prospective financial information in terms of accounting standard FRS42 and complies with the standard. The purpose for which it has been prepared is to enable ratepayers, residents and any other interest parties to obtain information about the expected future financial performance, position and cash flow of the Council. The actual result achieved for any particular financial year is also likely to vary from the information presented and may vary materially depending on the circumstances that arise during the period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The prospective financial statements of Council are for the ten years ended 30 June 2024-2034. The prospective financial statements were authorised for issue by Council on 30 June 2024.

Council does not have the power to amend the prospective financial statements after issue. Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Changes in accounting policies

There have been no significant chcanges to accounting policies during the plan.

Funding Impact Statement (FIS)

The purpose of the funding impact statement is to provide information about the income and funding streams Council will use and an indication of the amount of funding Council will generate from each stream.

Council will use a mix of revenue sources to meet operating expenses, with major sources being general and targeted rates, NZTA/Waka Kotahi subsidies and fees and charges.

Capital expenditure for new works will be funded from loans, with capital renewals being funded from reserves (funded by rates). Council has resolved to partially rate fund depreciation for a number of years of the Long-term Plan. The rates funding of depreciation is used to fund asset renewals.

Where the revenue stream is rates an indicative level of rate, the mechanism used to assess the rate, and the activities that the rate funds, is described. These indicative figures support the calculations in the rate sample models and are included to provide you with an indication of the level of rates Council are likely to assess on your rating unit in the coming year. So long as we set the rates in accordance with the system described in this statement, the amounts may change. The Funding Impact Statement should be read in conjunction with the Revenue and Financing Policy.


Amalgamated Builders Limited

Invercargill

CITY COUNCIL