2016-2017 annual plan

Invercargill
CITY COUNCIL

Contents

Introduction page 1

Council Activities and Projects page 17

Financial Management page 75

Introduction

In 2013 the Invercargill District had a total population of 51,696. This is a 2.7% increase on the 2006 population. According to Statistics New Zealand a District population of 54,800 (medium projection) is estimated by 2043.

The District's median age is 38 years – the New Zealand median age is 37 years.

Most residents (91%) were born in New Zealand.

Home ownership or homes held in a family trust in Invercargill is 70.4%, slightly higher than the New Zealand average.

The unemployment rate in Invercargill City is 5.2% for people aged 15 years and over, compared with 5.1% for all of New Zealand.

Invercargill's median income is $27,400 slightly below the New Zealand average of $28,500. However, major living costs are substantially lower. Invercargill has the lowest average house price ($217,665), and mean weekly rent ($204) in the country.

Couples with children make up 38.7% of all families in Invercargill City, while the New Zealand average is 42.0%.

According to BERL (Business and Economic Research Limited) Invercargill City forms a manufacturing and services hub for the region. In total, 18.2% of the City's employment is in manufacturing, the highest proportion of any New Zealand city. Two particular industries – meat processing and basic non-ferrous metal manufacturing (which includes aluminium smelting) – account for over half the City's manufacturing employment.

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

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

Invercargill
CITY COUNCIL

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Mayor's Comment

Once again I would like to thank all the residents and ratepayers who made submissions to our Annual Plan. It certainly shows a wide cross section of the community are genuinely interested in our City's future. Robust questioning by Councillors stimulated media interest concerning the issues under discussion. The Southland Times editorial of May 26 joined in the debate regarding the need for a CBD Development Officer and the proposal to move the Anderson Park Art Collection into the inner City. It is hoped such initiatives will help overcome the disturbing sight of the empty shops in the CBD. This problem is not unique to Invercargill. Provincial cities throughout New Zealand have suffered from the 'Big Box retailers' such as The Warehouse and internet shopping. Our invigorating weather doesn't help, we don't have a mall and it's often difficult to find a park. Others argue that our streets are too wide, the CBD is too big and we need more inner city apartments. The cause of empty shops is probably a combination of all these factors and neither a CBD Development Officer or a new Art Gallery will make a profound difference. We are however making a start and I'm sure the Southland Regional Development Strategy will be a catalyst for many new initiatives. As with any democratic process there will of course be disappointments. The Southern Regional Heritage Trust funding is only being increased by $5 rather than $15. I'm sure the Board of the Southland Museum and Art Gallery will feel most frustrated by this decision. Unfortunately, when Councillors try to achieve a balance between progress and fiscal responsibility there will be casualties. It's not that we don't appreciate the efforts made by staff, Councillors and volunteers to improve our City. It's more that we simply cannot fulfil the hopes or expectations of our entire community. Over the last 3 years this Council has achieved an average rating increase of 2.28%, the lowest of any city in New Zealand. This is an excellent result when compared to the Local Government Cost Index increase of 1.96% over that same period. I hope this Annual Plan will gain widespread acceptance.

Tim Shadbolt
MAYOR OF INVERCARGILL

Chief Executive's Comment

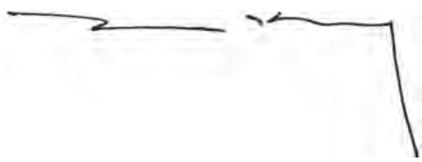
The 2016/17 Annual Plan is a continuation of the Long-Term Plan (LTP) adopted by Council in 2015. This Plan presents to the community the areas where Council has changed course from the LTP and any delays in major projects or new projects that have come up over the year.

Most of Council's activities are continuing as scheduled in the LTP. Some of the key areas of change in this year's Annual Plan involve an increase in rating for projects that were not earmarked in the LTP and a change in how we charge for some of our regulatory services, for example Alcohol Licencing.

Alongside the changes being proposed by Council, we have also received requests for assistance and projects from other parties. One such request was to increase the grant to Anderson Park Art Gallery Trust to help them make the art accessible to the public again by re-establishing in a new space within in the CBD. This has been an issue since their current location was earmarked as a potential earthquake hazard and deemed no longer fit for public use. The Southland Museum and Art Gallery Trust Board also asked Council for an increase to the Southland Regional Heritage Rate to help with the hiring of more staff to undertake much needed cataloguing.

When the Council considers any request for funding they must ensure the best value for money and the best value for residents. Council considers its vision of creating an exciting, innovative, safe, caring and friendly City offering lifestyles based on a healthy environment and diverse growing economy when making these decisions.

A great deal of work goes in to ensuring we deliver good quality infrastructure and public services in the most cost effective way for the ratepayer. This year the Annual Plan is being presented with a rate change of 2.32%.



Richard King
CHIEF EXECUTIVE OFFICER

Readers' Guide

The 2016/17 Annual Plan is the first Annual Plan that Council has had to prepare under amended legislation. The purpose of the Plan is to contain the budget for the 2016/17 year and to identify any differences between what was proposed in the Long-Term Plan and what is now planned for the 2016/17 year.

The changes to the legislation mean that this Annual Plan is much more concise than previous plans. It also means that you will have to refer to Council's 2015-25 Long-Term Plan for information about our Community Outcomes, intended levels of service and also how Council anticipates carrying out its responsibilities and duties. The Long-Term Plan is available on Council's website www.icc.govt.nz or for reference at the Invercargill Public Library or Bluff Service Centre and Library.

This Annual Plan will only present information where there is a difference from what was included in the Long-Term Plan.

GUIDE ON HOW TO READ THE PLAN

The Annual Plan is divided into the following three sections.

Section 1 – Introduction Section

This section includes comments from the Mayor and the Chief Executive, a guide on how to read the Plan, information about how the Plan has been developed and an overview of the Financial forecast.

Section 2 – Council Activities / Projects

This section includes an explanation of any major or significant changes in how Council is to provide or fund activities or projects. It also includes the Funding Impact Statements for each of Council's activities and projects. To get further information about Council's activities or projects you will need to refer to Sections 5 and 6 of the 2015-25 Long-Term Plan.

Section 3 – Financial Management

This section includes the Council's proposed Financial Statements for the 2016/17 year. It includes Council's:

- Funding Impact Statement
- Statement of Financial Position
- Statement of Comprehensive Revenue and Expense
- Statement of Changes in Equity
- Statement of Cashflows
- Notes to the Financial Statements
- Statement of Accounting Policies
- Rating Policy

Development of the Plan

VARIATIONS FROM 2015 – 2025 LONG-TERM PLAN

The Long-Term Plan identified a rates increase of 2.33% in the 2016/17 year. Council has reviewed the projects proposed, their costs and whether it is essential they are undertaken in 2016/17 or where further savings could be made. Council has also identified new projects and areas of expenditure that were not anticipated in the 2015-2025 Long-Term Plan. Council rates increase for the 2016/17 year is 2.32%.

Below are the significant variations from the Long-Term Plan:

Activity	Proposed change	Level of Service impact	Financial Impact against Long-Term Plan
Alcohol Licencing	Reduce the level of income from Alcohol licencing.	No change.	Nil - loss of fee income to be met by the creation of a reserve fund. The fund to be reviewed at the end of two years to assess if it is self-sustaining.
Building Consents	Reduction in Building Consent fees income, offset in part by reduced expenditure.	No change.	Increase of $200,000 in 2016/17 rates.
Parks Assets	Increase resource for Ranger at Sandy Point and Oreti Beach.	Increase in level of service.	Increase of $80,000 in 2016/17 rates.
Solid Waste	Reduction in Refuse Charges income as a result of the decreasing tonnage being processed via the transfer station.	No change.	Increase of $270,000 in 2016/17 rates.
Water Supply	Increase contribution to reserve funds, to assist with the funding of the asbestos/cement pipe replacement plan in the 17/18 year.	No change.	Increase of $200,000 in 2016/17 rates. This will offset part of the 2017/18 rates increase outlined in the Long-Term Plan, therefore reducing the rates increase percentage in the 2017/18 year.
Pool	Removal of Dry Gym/ changing room upgrade project.	Decrease in anticipated level of service.	Saving of $150,000 in 2016/17 rates. This is due to the Dry Gym not being built.

Activity	Proposed change	Level of Service impact	Financial Impact against Long-Term Plan
Investment Property	Delay in the completion of an Investment property project.	No change.	Increase of $480,000 in 2016/17 rates.
Earthquake Buildings	Delay in legislation.	Decrease in anticipated levels of service.	Saving of $50,000 in 2016/17 rates.
Roading	Reduction in the NZTA subsidised roading programme.	Decrease in levels of service with less of the programme being completed.	Saving of $100,000 in 2016/17 rates.
CBD	Reintroduce Central Business District Co-ordinator rate.	Increase in level of service.	Increase of $80,000 in 2016/17 rates (targeted rate to central business owners only).
Grants - Southland Regional Heritage Committee	Increase funding to the Southland Museum and Art Gallery Trust Board to go towards cataloguing and preserving the Museum's extensive collection.	Increase in level of service.	Increase of $81,000 in 2016/17 rates.
Grants - Anderson Park	Increase funding to the Anderson Park Art Gallery Society to go towards moving to a new facility and hire additional staff.	No change.	Increase of $120,000 in 2016/17 rates.
Invercargill City Holdings Limited	Increase dividend.	No change.	Saving of $400,000 in 2016/17 rates.

Activity	Proposed change	Level of Service impact	Financial Impact against Long-Term Plan
Invercargill City Holdings Limited	Invercargill City Council to loan Invercargill City Holdings Limited funds in exchange for interest revenue.	No change.	Saving of $150,000 in 2016/17 rates.
Parks Assets	Establish a Chinese Garden in Queens Park as a friendship garden and represent our sister city relationship with Suqian in China.	Increase in level of service.	The gardens are to be funded from existing funds for Queens Park specialist displays set aside in the Long-Term Plan and from existing reserves.
Councillor and Mayor's Remuneration	Increase in remuneration as per the Remuneration Authority recommendation.	No change.	Increase of $20,000 in 2016/17 rates.
Various	Reduce the interest rate assumption from 6.25% used in the Long-Term Plan to 5.50%. This reflects recent change in the OCR rate.	No change.	Saving of $360,000 in 2016/17 rates.
Various	Revised Local Government Cost Index % Adjustment forecast sourced from BERL Forecasts of Price Level Change Adjustors - 2015 update (September 2015). The forecast for 2016/17 has changed from 2.45% to 1.9%. Other various minor cost savings / revenue growth.	No change	Saving of $355,000 in 2016/17 rates.

DEVELOPMENT OF THE PLAN

The 2016/17 Annual Plan Consultation Document was adopted by Council on 23 February 2016 and invited submissions until 8 April 2016. During the submission period, Council informed the public about the ability to make a submission through newspaper articles, radio announcements, social media and Council's Consultation Caravan. 100 submissions were received and a hearing was held on 4 May 2016.

Nine key issues were identified and the following decisions made:

Rates:
Council went out for public consultation with a proposed rates increase of 2.80% in the 2016/17 year. Following the consultation process and decisions on submissions, the rates increase for the 2016/17 year will be 2.32%.

Alcohol Licensing:
Most submitters, 61%, supported Council's proposal of creating a reserve fund for the alcohol licencing fees and re-evaluate in two years to assess whether or not the new fee structure will pay for itself without a rates subsidy.

Anderson Park:
The support for an increase in grant funding was almost evenly divided. Anderson Park Art Gallery Trust requested a further grant of $120,000 to help move the art collection to a temporary space within the CBD.

Council decided to grant an increase to the funding by $120,000 for the 2016/17 financial year to enable a move to the CBD and pay for staffing relating to the move. The Council will put the money into a reserve fund until further work is completed on the final location of the Gallery. Council will require the move to be a long term solution that provides for the best use of rate payer funds.

Building Services:
The majority of submitters were in support of Council increasing its expenditure for building services with a rates increase.

Council decided to increase its rates expenditure by 0.42% per year to cover the cost of the shortfall in income in the Building Services department. Council also requires the building services to undergo a review during the coming years to evaluate any areas where efficiencies can be made to lower the cost of this activity.

Parks:
Most submitters 64% were in favour of employing a new park ranger to help patrol the 3000 hectares of parks and reserves in Invercargill. Many submitters were grateful that the new ranger would have an emphasis on patrolling the Beach and Sandy Point as these are areas that are very heavily used by residents.

Council decided to increases rates by 0.17% to cover the cost of increasing staff levels, allowing for increased ranger patrolling hours and raising the level of service provided.

Solid Waste:
Most submitters supported Council's proposal to increase fees at the transfer station for all non-council users and increase rates by 0.55%. This option means the increase in user fees to the transfer station is shared amongst all non-council users. The raising of the fees will offset the required rates increase and the cost of funding non-council solid waste disposal will be shared by all non-council users.

Council decided to increase rates by 0.55% and raise fees for all cash customers and account holders including trailers, green waste, and solid waste at the transfer station.

Southland Regional Heritage Rate:

The Southland Museum and Art Gallery Trust requested an increase in funding from Council to go to the Southland Regional Heritage Rate which provides the Museum with grant funding. The Museum wanted to use the increase to hire more staff and start the much needed cataloguing of their collection. Council proposed four different options, three that included funding and one that did not. 72% of submitters picked options that included funding. Council want to be sure that additional funding provided to the Museum is done in line with any necessary development and after having heard submissions has changed its preferred option.

Council decided to increase the Southland Regional Heritage Rate by $5.00 in line with Southland District Council.

Water Infrastructure:
Most submitters were in support of the Council increasing rates in 2016/17 to reduce the rate increase for the asbestos/cement (AC) pipe replacement plan included in the LTP the following year. This means ratepayers will have less of an increase in 2017/18.

Council decided that it would increase the contribution to the water infrastructure reserve by $200,000 and withdraw this funding the following year to reduce the rates increase impact in the 2017/18 year.

City Centre Co-ordinator:
Council indicated that it would like to reintroduce a targeted rate to the City Centre. This rate would re-instate the one that was previously collected under the Vibrant Rate. The collection of this rate will allow Council to employ someone to work as a facilitator and engagement specialist with City Centre businesses and the Council.

Council decided to reintroduce a targeted rate to the Central Business District that will pay for the employment of a City Centre Co-ordinator.

Submitter	Decision
Otatara Landcare Group at Bushy Point	$2,500 grant for operating cost.
Otatara Pestbusters, Bush Haven Bird Rehabilitation Centre and Southland Community Nursery and Education Centre.	$1,000 grant for each group toward operating costs.
Safe in the South	$10,000 funding for Safe in the South for 3 years at $10,000 per year.
Southland Youth One stop Shop Trust	Increase in grant of $2,000 to cover rent on building at 10 Devron Street. Total grant now $27,000.
Bluff Community Board	$2,200 for improved access to Argyle Beach, Bluff.
Bluff Community Board and Bluff Yacht Club	Renew the Bluff Foreshore Boat Ramp- Expected to be approximately $500,000. No rates increase in 2016/17 as capital expenditure will be loan funded.

Statement of Compliance

Invercargill
CITY COUNCIL

The Invercargill City Council and its officers confirm that all the relevant statutory requirements of Part 6 of the Local Government Act 2002 have been complied with.

The Council and its officers accept responsibility for the preparation of the Annual Plan and the prospective financial statements.

In the opinion of the Council and its officers, the Annual Plan for the year commencing 1 July 2016 provides a reasonable basis for integrated decision making and for participation in decision making by the public and subsequent accountability to the community about the activities of the Invercargill City Council.

T R Shadbolt
MAYOR

R W King
CHIEF EXECUTIVE OFFICER

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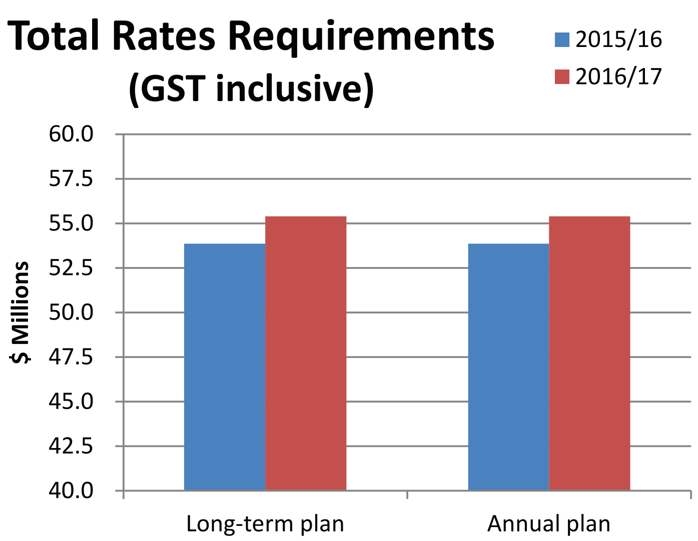
Financial Overview

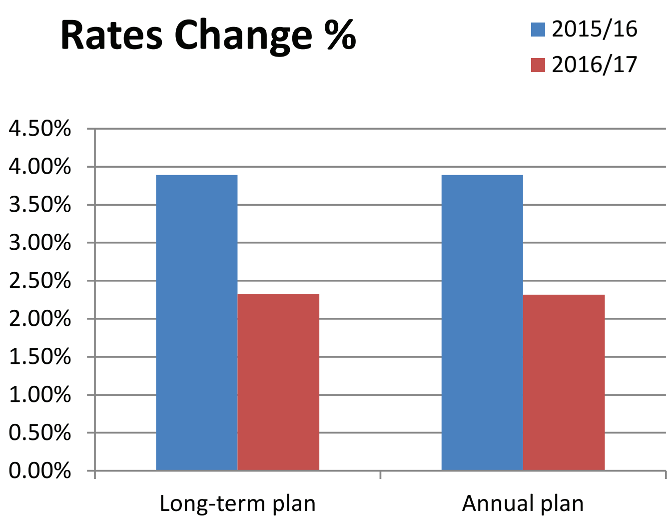
2016/17 FINANCIAL SUMMARY

The Annual Plan 2016/17 incorporates a rates increase of 2.32%. This is a total rates draw of $55.4 million. The Council's Long-Term Plan anticipated an increase of 2.33%. This was a total rates draw of $55.4 million. Total revenue will increase from $82.5 million in 2015/16 to $85.4 million in 2016/17, a 3.52% increase.

Total operating expenditure will increase from $84.6 million in 2015/16 to $89.8 million in 2016/17, a 6.15% increase.

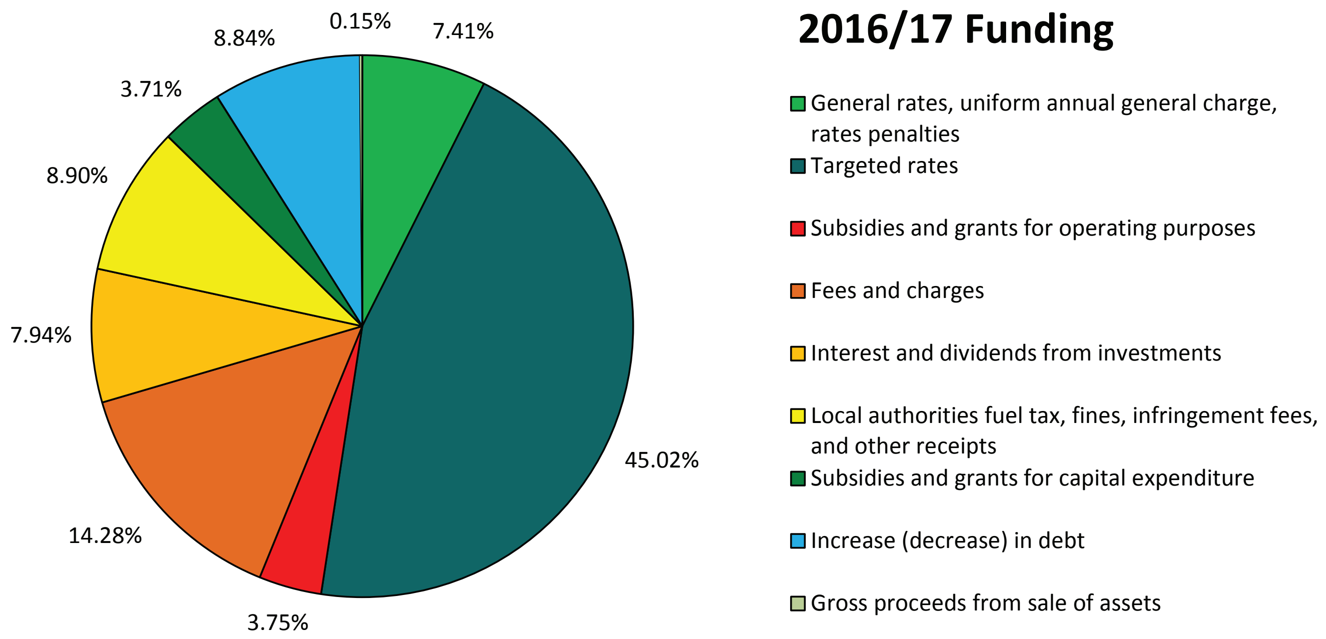
Financial Summary	2015/16 Long-Term Plan $000	2016/17 Long-Term Plan $000	2016/17 Annual Plan $000
Rates Revenue (GST inclusive)	54,136	55,397	55,391
Rates Change	3.89%	2.33%	2.32%
Rates Revenue (GST exclusive)	47,075	48,171	48,166
Total Revenue	82,540	85,296	85,374
Operating Expenditure	84,578	88,415	89,755
Operating Surplus/(Deficit)	(2,038)	(3,119)	(4,381)
Total Assets	757,569	810,569	857,455
Total Liabilities (excluding External Debt)	13,647	13,858	14,876
External Debt	47,909	53,599	102,672
Total Equity	696,013	743,112	739,907





2016/17 FUNDING

Council funding comes from a number of sources including 52% from rates and 14% from fees and charges. Other funding is received from grants and subsidies, interest, dividends, loan and reserves. This is based on the 2016/17 year and is shown in the pie graph below.

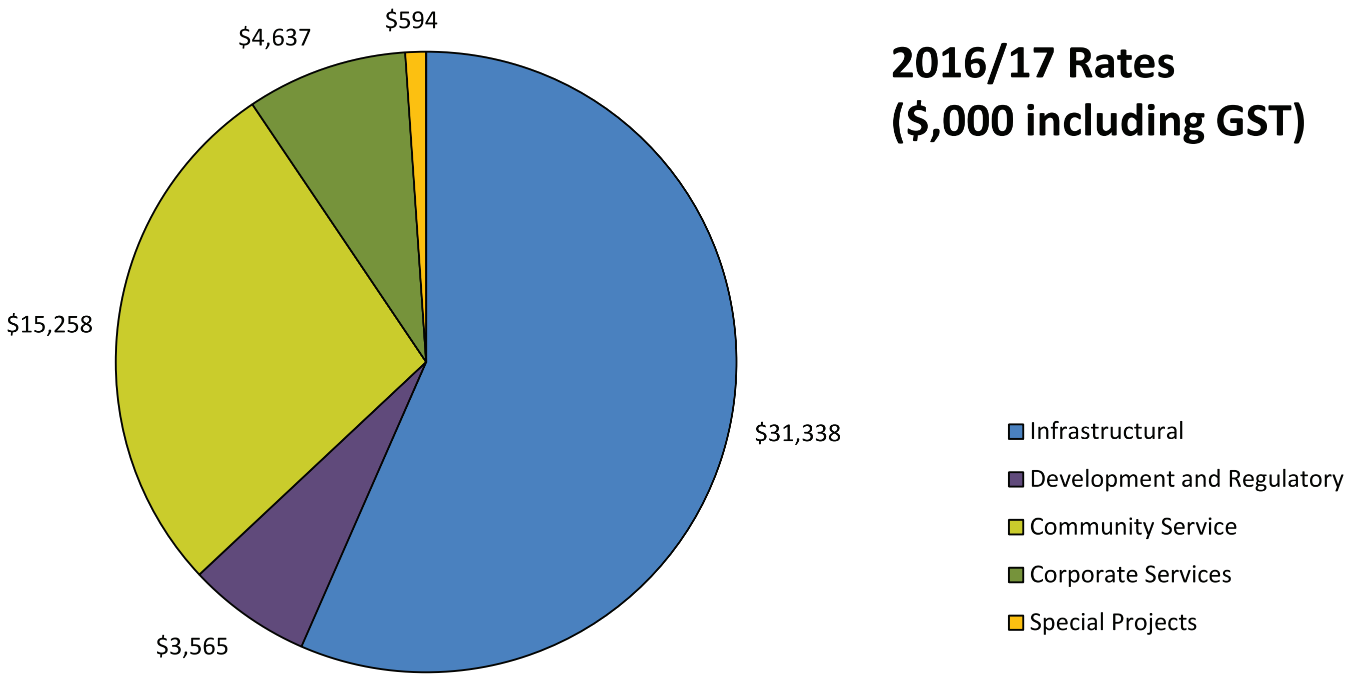


2016/17 RATES SUPPORT FOR ACTIVITIES

Most 2016/17 expenditure occurs within the Infrastructural Services group of activities (Roading, Sewerage, Solid Waste Management, Stormwater and Water Supply).

Financial forecasts reflect the cost associated with Council undertaking its activities. Changing the overall cost of Council activities can only be undertaken by reducing levels of service or reducing the maintenance on assets (which increases the risk of failure).

Rates support for activities may be reduced by increasing fees and charges for that activity. Council's financial strategy (Pages 33 - 54 of the LTP) will assist Council in refining the projects that the community considers to be essential and those which it would like to have but cannot afford.



The following table sets out proposed and current rating examples by property type. These examples are indicative only.

Type of property	Rateable Value	Rates 2015/16	Rates 2016/17	Rates Change Annual	Rates Change Weekly
Residential	$ 600,000	$ 3,695.21	$ 3,768.10	+ $ 72.89	+ $ 1.40
Residential	$ 485,000	$ 3,209.88	$ 3,273.40	+ $ 63.52	+ $ 1.22
Residential	$ 215,000	$ 2,070.43	$ 2,112.00	+ $ 41.57	+ $ 0.80
Residential	$ 111,000	$ 1,631.52	$ 1,664.60	+ $ 33.08	+ $ 0.64
Commercial	$ 720,000	$ 5,800.15	$ 5,760.70	- $ 39.45	- $ 0.76
Commercial	$ 2,450,000	$ 13,661.78	$ 13,477.30	- $ 184.48	- $ 3.55
Farms	$ 1,960,000	$ 3,496.61	$ 3,406.70	- $ 89.91	- $ 1.73
Farms	$ 4,820,000	$ 8,142.30	$ 7,903.80	- $ 238.50	- $ 4.59
Lifestyle	$ 610,000	$ 2,515.72	$ 2,570.90	+ $ 55.18	+ $ 1.06
Lifestyle	$ 310,000	$ 1,975.18	$ 2,035.40	+ $ 60.22	+ $ 1.16

Type of property	2015/16	2016/17
Projected number of rating units	25,210	25,403
Projected total capital value of rating units	7,446,131,959	8,060,765,361
Projected total land value of rating units	2,604,661,250	2,713,794,350

Council Activities & Projects

This section contains each of Council's Activities and Projects of Significant Community Interest that were included in the Long-Term Plan.

It includes the Funding Impact Statement for each activity or project and also includes information for those activities or projects that have changed as the result of adjustments made in the development of the 2016/17 Annual Plan.

Unless noted in the Annual Plan, the information contained in the Long-Term Plan is the correct information. You can see how Council intends to plan, manage, deliver and fund its activities on pages 99 – 278 of the 2015-25 Long-Term Plan. Council has identified two projects of significant community interest, the City Centre Revitalisation and the Urban Rejuvenation projects, and more information on these can be found on pages 279 – 288 of the 2015-25 Long-Term Plan.

The Long-Term Plan is available for inspection at the Helpdesk of the Invercargill City Council, 101 Esk Street, Invercargill, at the Bluff Service Centre, and at the Invercargill Public Library. It may also be found on the Invercargill City Council website www.icc.govt.nz.

The next three pages show the Funding Impact Statements for the Development and Regulatory, Community Services and Corporate Services Groups of Activities. The groups of activities are discussed on pages 154 - 155, 194 - 195 and 250 - 251 of the Long-Term Plan. Infrastructure Activities are considered at an individual level and have no corresponding group level Funding Impact Statement. Individual activity discussion and Funding Impact Statements follow.

FUNDING IMPACT STATEMENT - DEVELOPMENT AND REGULATORY SERVICES

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	1,848	1,863	1,877
Targeted rates	1,239	1,167	1,185
Subsidies and grants for operating purposes	0	0	0
Fees and charges	3,530	3,626	3,210
Internal charges and overheads recovered	223	233	214
Local authorities fuel tax, fines, infringement fees, and other receipts	1,178	1,211	1,208
Total operating funding (A)	**8,018**	**8,100**	**7,694**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	7,608	7,687	7,355
Finance costs	10	9	8
Internal charges and overheads applied	223	233	214
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**7,841**	**7,929**	**7,577**
Surplus (deficit) of operating funding (A – B)	**177**	**171**	**117**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(5)	(5)	(6)
Gross proceeds from sale of assets	77	29	29
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**72**	**24**	**23**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	305	109	108
Increase (decrease) in reserves	(56)	86	32
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**249**	**195**	**140**
Surplus (deficit) of capital funding (C - D)	**(177)**	**(171)**	**(117)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	137	138	120

FUNDING IMPACT STATEMENT - COMMUNITY SERVICES

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	3,876	4,078	4,204
Targeted rates	13,005	13,682	13,913
Subsidies and grants for operating purposes	1,260	1,304	1,377
Fees and charges	5,373	5,945	5,557
Internal charges and overheads recovered	11,987	12,604	12,429
Local authorities fuel tax, fines, infringement fees, and other receipts	2,035	2,135	2,137
Total operating funding (A)	**37,536**	**39,748**	**39,617**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	22,376	22,783	23,484
Finance costs	568	660	560
Internal charges and overheads applied	11,987	12,604	12,429
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**34,931**	**36,047**	**36,473**
Surplus (deficit) of operating funding (A – B)	**2,605**	**3,701**	**3,144**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,612	105	(53)
Gross proceeds from sale of assets	50	51	51
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**1,662**	**156**	**(2)**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	600
- to improve the level of service	2,248	248	169
- to replace existing assets	2,738	3,329	2,593
Increase (decrease) in reserves	(719)	280	(220)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**4,267**	**3,857**	**3,142**
Surplus (deficit) of capital funding (C - D)	**(2,605)**	**(3,701)**	**(3,144)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	3,121	3,387	3,339

FUNDING IMPACT STATEMENT - CORPORATE SERVICES

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	4,359	4,074	4,548
Targeted rates	73	74	72
Subsidies and grants for operating purposes	0	0	0
Fees and charges	528	1,203	434
Internal charges and overheads recovered	375	384	584
Local authorities fuel tax, fines, infringement fees, and other receipts	2,215	2,263	1,929
Total operating funding (A)	**7,550**	**7,998**	**7,567**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	7,106	7,334	7,157
Finance costs	0	118	509
Internal charges and overheads applied	375	384	584
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**7,481**	**7,836**	**8,250**
Surplus (deficit) of operating funding (A – B)	**69**	**162**	**(683)**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	2,395	3,486	6,574
Gross proceeds from sale of assets	40	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**2,435**	**3,486**	**6,574**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	7,784
- to improve the level of service	0	0	0
- to replace existing assets	4,850	3,684	151
Increase (decrease) in reserves	(2,346)	(36)	(2,044)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**2,504**	**3,648**	**5,891**
Surplus (deficit) of capital funding (C - D)	**(69)**	**(162)**	**683**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	72	74	110

Roading

Refer Long-Term Plan page 101.

One target within the performance measure framework has been amended. The wording used in the Long-Term Plan was inaccurate and the measure in the Annual Plan addresses this.

Measure	LTP Target 2016/17	Target 2016/17
Footpaths The percentage of footpaths within Council's district that fall within the level of service or service standard for the condition of footpaths as set out in the Asset Management Plan.	92% of sealed footpaths have a condition of good or better.	Less than 8% of sealed footpaths have a condition of very poor.

There are also three changes in the Planned Works Projects table.

Project	LTP 2016/17 Proposed Expenditure ($000)	Annual Plan 2016/17 Proposed Expenditure ($000)
Road surface renewals and rehabilitation	3,744	3,540
Kerb and channel and culvert replacement	747	703
Street lighting	743	733

The changes in the Road surface and Kerb and channel projects are due to the New Zealand Transport Association allocation process in 2015-18. This was not known in the Long-Term Plan and is now reflected in the Roading budgets.

FUNDING IMPACT STATEMENT - ROADING

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	372	387	386
Targeted rates	7,794	7,874	7,729
Subsidies and grants for operating purposes	2,051	2,072	2,108
Fees and charges	260	295	295
Internal charges and overheads recovered	258	278	258
Local authorities fuel tax, fines, infringement fees, and other receipts	897	918	903
Total operating funding (A)	**11,632**	**11,824**	**11,679**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	6,375	6,501	6,607
Finance costs	283	256	229
Internal charges and overheads applied	258	278	258
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**6,916**	**7,035**	**7,094**
Surplus (deficit) of operating funding (A – B)	**4,716**	**4,789**	**4,585**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	3,651	3,601	3,449
Development and financial contributions	0	0	0
Increase (decrease) in debt	(337)	(708)	(181)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**3,314**	**2,893**	**3,268**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	156	41	41
- to improve the level of service	890	932	918
- to replace existing assets	6,931	6,674	6,902
Increase (decrease) in reserves	53	35	(8)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**8,030**	**7,682**	**7,853**
Surplus (deficit) of capital funding (C - D)	**(4,716)**	**(4,789)**	**(4,585)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	10,161	11,231	11,246

The Roading activity rates draw is lower than anticipated in the Long Term Plan. The variations with the Long Term Plan includes lower NZTA funding towards capital expenditure projects which has meant a reduction in capital expenditure. Operational expenditure has increased with the requirement of additional contractors to complete current roading projects.

Sewerage

Refer Long-Term Plan page 117.
There have been no changes to the non-financial information contained in the Long-Term Plan.

There is one minor change in the Planned Works Projects table.

Project	LTP 2016/17 Proposed Expenditure ($000)	Annual Plan 2016/17 Proposed Expenditure ($000)
Pipe Asset Renewals	1,233	1,238

FUNDING IMPACT STATEMENT - SEWERAGE

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	5,039	5,173	4,836
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	970	615	615
Total operating funding (A)	**6,009**	**5,788**	**5,451**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	2,978	3,051	2,757
Finance costs	363	456	408
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**3,341**	**3,507**	**3,165**
Surplus (deficit) of operating funding (A – B)	**2,668**	**2,281**	**2,286**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,688	(732)	(736)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**1,688**	**(732)**	**(736)**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	1,000	0	0
- to improve the level of service	594	0	0
- to replace existing assets	2,762	1,549	1,550
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**4,356**	**1,549**	**1,550**
Surplus (deficit) of capital funding (C-D)	**(2,668)**	**(2,281)**	**(2,286)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	2,305	2,432	2,432

The Sewerage activity rates draw is lower than anticipated in the Long Term Plan. The variations with the Long Term Plan includes the reallocation of staff resourcing within Sewerage, Stormwater & Water activities, along with general savings in operational and maintenance expenditure.

Solid Waste Management

Refer Long-Term Plan page 128.

There have been no changes to the non-financial information contained in the Long-Term Plan.

Change from LTP

The Solid Waste disposal at the transfer station has been declining for a number of years. The fees charged for disposal are not considered competitive enough for some commercial companies to dispose of waste at our transfer station and they have been taking their waste to other sites. Council's main aim is to provide rubbish and recycling services for its residents. Council wants to ensure that the Solid Waste Activity is properly funded and sees the important value this service provides to residents and the health of our environment. By increasing the fees for all cash customers and account holders including trailers, green waste, and solid waste all users share the cost of this activity. The waste service needs more funding to remain operational.

Council has decided to adopt a rate increase of 0.55% and raise fees for all cash customers and account holders including trailers, green waste, and solid waste at the transfer station. This will increase rates to the average property by about $10.23 per year and the price of a standard trailer of waste will increase by approximately $1.00 per load.

FUNDING IMPACT STATEMENT - SOLID WASTE MANAGEMENT

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	3,839	3,933	4,162
Subsidies and grants for operating purposes	0	0	0
Fees and charges	2,630	2,694	2,380
Internal charges and overheads recovered	1,518	1,555	1,587
Local authorities fuel tax, fines, infringement fees, and other receipts	80	82	75
Total operating funding (A)	**8,067**	**8,264**	**8,204**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	6,449	6,607	6,517
Finance costs	0	0	0
Internal charges and overheads applied	1,518	1,555	1,587
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**7,967**	**8,162**	**8,104**
Surplus (deficit) of operating funding (A – B)	**100**	**102**	**100**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**0**	**0**	**0**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	100	102	100
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**100**	**102**	**100**
Surplus (deficit) of capital funding (C-D)	**(100)**	**(102)**	**(100)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	328	337	337

The Solid Waste Management activity rates draw is higher than anticipated in the Long Term Plan. The variations with the Long Term Plan includes a reduction in the volume of refuse collection from commercial users which lowers the fees and charges income received.

Stormwater

Refer Long-Term Plan page 134.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - STORMWATER

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	3,101	3,140	3,384
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	**3,101**	**3,140**	**3,384**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	1,217	1,247	1,452
Finance costs	31	29	53
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**1,248**	**1,276**	**1,505**
Surplus (deficit) of operating funding (A–B)	**1,853**	**1,864**	**1,879**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(15)	(16)	(31)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**(15)**	**(16)**	**(31)**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	118	130	130
- to replace existing assets	1,720	1,718	1,718
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**1,838**	**1,848**	**1,848**
Surplus (deficit) of capital funding (C-D)	**(1,853)**	**(1,864)**	**(1,879)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	2,183	2,283	2,283

The Stormwater activity rates draw is higher than anticipated in the Long Term Plan. The variations with the Long Term Plan includes the reallocation of staff resourcing within Sewerage, Stormwater & Water activities.

Water Supply

Refer Long-Term Plan page 143.

One target within the performance measure framework has been amended. The target was inaccurately entered in the Long-Term Plan and the target in the Annual Plan addresses this.

Measure	LTP Target 2016/17	Target 2016/17
Customer satisfaction The total number of complaints received by Council about drinking water taste. Expressed per 1,000 connections to the Council's network reticulation system.	No more than 0.43 per month.	No more than 0.45 per month.

Change from LTP

The asbestos/cement (AC) pipe replacement plan included in the LTP showed a large step up in rates for the 2017/18 year to cover the cost of AC pipe renewal. Failures in some areas of the pipe network have meant that Council has committed to the programme for replacement of AC pipes as it now recognises that the expected life of the pipes will not be as long as previously anticipated.

Council has decided to increase the contribution to reserve by $200,000 and withdraw this funding the following year to reduce the rates increase impact in 2017/18. This will mean that the rates increase for water infrastructure will be lower for the 2017/18 year than projected in the LTP.

FUNDING IMPACT STATEMENT - WATER SUPPLY

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	6,461	6,732	6,374
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,147	1,246	1,246
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	**7,608**	**7,978**	**7,620**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	4,089	4,282	4,160
Finance costs	622	908	763
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**4,711**	**5,190**	**4,923**
Surplus (deficit) of operational funding (A-B)	**2,897**	**2,788**	**2,697**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	4,816	(613)	(522)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**4,816**	**(613)**	**(522)**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	5,263	0	0
- to replace existing assets	2,235	1,975	1,975
Increase (decrease) in reserves	215	200	200
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**7,713**	**2,175**	**2,175**
Surplus (deficit) of capital funding (C-D)	**(2,897)**	**(2,788)**	**(2,697)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	3,333	3,430	3,430

The Water Supply activity rates draw is lower than anticipated in the Long Term Plan. The variations with the Long Term Plan includes the change of some existing debt funding from internally sourced to externally; a decrease in finance costs due to the reduction of the market interest rates for debt; the reallocation of staff resourcing within Sewerage, Stormwater & Water activities; and a $200,000 contribution to reserve for the Asbestos Cement Watermain renewal project which will be withdrawn in 2017/18 to smooth the rates draw increase.

Animal Services

Refer Long-Term Plan page 159.

The measures within the performance measure framework have been amended. The two existing measures contained in the Long-Term Plan have been replaced with three new measures outlined below.

Measure	LTP Target 2016/17	Target 2016/17
An increase in new dog registrations.		5% increase in new dog registrations from the 2015/16 registration period.
Complaints relating to barking dogs are investigated within five days.		80% of barking dog complaints are investigated within five days.
Notification of a dog attack is attended to immediately.		All notifications of a dog attack are responded to within thirty minutes.

The Animal Services activity considers that these measures are more meaningful than those included in the Long-Term Plan. Although there is no change in the level of service offered by the activity, the measures will assist in better showing where the activity is making a difference. They will ensure Council offers a quality system and that the public know what they can expect. They will assist in assuring the public that when a complaint is made, it is responded to or investigated in a timely manner.

FUNDING IMPACT STATEMENT - ANIMAL SERVICES

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	248	246	268
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	651	667	667
Internal charges and overheads recovered	58	64	114
Local authorities fuel tax, fines, infringement fees, and other receipts	147	150	120
Total operating funding (A)	**1,104**	**1,127**	**1,169**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	953	976	973
Finance costs	10	9	8
Internal charges and overheads applied	58	64	114
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**1,021**	**1,049**	**1,095**
Surplus (deficit) of operational funding (A-B)	**83**	**77**	**74**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(5)	(5)	(6)
Gross proceeds from sale of assets	18	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**13**	**(5)**	**(6)**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	87	12	12
Increase (decrease) in reserves	9	60	56
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**96**	**72**	**68**
Surplus (deficit) of capital funding (C-D)	**(83)**	**(77)**	**(74)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	43	44	40

The Animal Services activity rates draw is higher than anticipated in the Long Term Plan. This is due to better public compliance which has lowered the volume of infringement fees issued.

Building Control

Refer Long-Term Plan page 164.
There have been no changes to the non-financial information contained in the Long-Term Plan.

Change from LTP

The Building Services Activity is an unpredictable one, and often times sees peaks and valleys in the number of consent applications received. The unpredictability of this activity can make it difficult to budget for.

The Building Services Activity budget and work plan were set with post Christchurch Earthquake work included. Christchurch City Council is now able to process all its building consent applications in house. The income provided in the Long-Term Plan budget included work for Christchurch and is therefore overestimated.

Rates are used for some activities to promote the public good and this is one activity where that is true. In order to maintain the current level of service Council has decided to increase rates by 0.42%, that is approximately $7.87 per year to help cover the cost of this activity.

FUNDING IMPACT STATEMENT - BUILDING CONTROL

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	619	615	755
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	2,300	2,356	1,976
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	110	113	100
Total operating funding (A)	**3,029**	**3,084**	**2,831**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	2,986	3,040	2,792
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**2,986**	**3,040**	**2,792**
Surplus (deficit) of operational funding (A-B)	**43**	**44**	**39**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	30	20	20
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**30**	**20**	**20**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	81	52	51
Increase (decrease) in reserves	(8)	12	8
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**73**	**64**	**59**
Surplus (deficit) of capital funding (C-D)	**(43)**	**(44)**	**(39)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	43	44	38

The Building Control activity rates draw is higher than anticipated in the Long Term Plan. This is due to the post Christchurch earthquakes related work no longer coming through and has dropped the level of fees & charges.

Civil Defence Emergency Management

Refer Long-Term Plan page 170.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - CIVIL DEFENCE EMERGENCY MANAGEMENT

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	257	263	263
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	147	150	150
Total operating funding (A)	**404**	**413**	**413**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	404	413	413
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**404**	**413**	**413**
Surplus (deficit) of operational funding (A-B)	**0**	**0**	**0**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**0**	**0**	**0**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**0**	**0**	**0**
Surplus (deficit) of capital funding (C-D)	**0**	**0**	**0**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	0	0	0

The Civil Defence and Emergency Management activity rates draw are within 10% of what was anticipated in the Long Term Plan and has no significant or material variations.

Compliance including parking services

Refer Long-Term Plan page 176.

The measures within the performance measure framework have been amended. An existing measure contained in the Long-Term Plan has been replaced with two new measures and the parking patrol measure has had its target updated. These changes are outlined below.

Measure	LTP Target 2016/17	Target 2016/17
Parking patrols of Council managed parking spaces.	Average 80 hours patrolling per week.	Average 100 hours patrolling per week.
Reduction in the number of infringements being sent to the Courts for collection. (***Number of tickets paid as a percentage of the total issued).***		75% of all tickets issued are paid without the need to refer to the courts for collection.
Reduction in number of ticket exemptions. (***Ratio of waivers to tickets issued).***		Reducing trend in the number of waivers granted.

The changes to the measures are to ensure that the public can be assured that a quality service is being provided. The measures help to show how Council is progressing toward the goal that every ticket written out is not only valid, but also enforceable. The community will see a service level increase through efficiencies being found within the activity.

FUNDING IMPACT STATEMENT - COMPLIANCE

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	(118)	(120)	(128)
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	85	87	105
Internal charges and overheads recovered	53	54	0
Local authorities fuel tax, fines, infringement fees, and other receipts	715	733	773
Total operating funding (A)	**735**	**754**	**750**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	668	686	738
Finance costs	0	0	0
Internal charges and overheads applied	53	54	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**721**	**740**	**738**
Surplus (deficit) of operational funding (A-B)	**14**	**14**	**12**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	11	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**11**	**0**	**0**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	52	2	2
Increase (decrease) in reserves	(27)	12	10
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**25**	**14**	**12**
Surplus (deficit) of capital funding (C-D)	**(14)**	**(14)**	**(12)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	14	14	12

The Compliance (Parking) activity contribution to rates is higher than anticipated in the Long Term Plan. This is due to the higher volume of fine revenue expected, offset by an increase in operational expenditure from the reallocated of staff resourcing within Development and Regulatory Services.

Environmental Health

Refer Long-Term Plan page 183.

The measures within the performance measure framework have been amended. The three existing measures contained in the Long-Term Plan have been replaced with three new measures outlined below.

Measure	LTP Target 2016/17	Target 2016/17
Excessive noise complaints are investigated and responded to within one hour.		95% of all noise complaints are responded to within one hour from the time of receipt.
Overgrown sections are monitored in Invercargill and Bluff areas from 1 September - 31 March each year.		100% of all empty sections are audited and action taken where necessary, with a reducing trend in the number of sections having to be cleared by the Council.
Food businesses operating under a Food Control Plan are verified or audited annually.		An increasing trend in number of Food Premises operating with a Food Control Plan and 70% of businesses under this category are audited annually.

The Environmental Health Activity considers that these measures are more meaningful than those included in the Long-Term Plan. Although there is no change in the level of service offered by the Activity, the measures will assist in better showing where the Activity is making a difference. The changes also reflect the new legislation around food which requires food businesses to move from an inspection regime (tick box) to operating as per a Food Control Plan. Under a Food Control Plan a business will be audited to verify that they are operating and providing safe food as per their Plan.

FUNDING IMPACT STATEMENT - ENVIRONMENTAL HEALTH

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	842	859	719
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	303	311	271
Internal charges and overheads recovered	88	90	75
Local authorities fuel tax, fines, infringement fees, and other receipts	40	46	46
Total operating funding (A)	**1,273**	**1,306**	**1,111**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	1,155	1,185	1,049
Finance costs	0	0	0
Internal charges and overheads applied	88	90	75
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**1,243**	**1,275**	**1,124**
Surplus (deficit) of operational funding (A-B)	**30**	**31**	**(13)**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	18	9	9
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**18**	**9**	**9**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	83	41	41
Increase (decrease) in reserves	(35)	(1)	(45)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**48**	**40**	**(4)**
Surplus (deficit) of capital funding (C-D)	**(30)**	**(31)**	**13**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	30	31	25

The Environmental Health activity rates draw is lower than anticipated in the Long Term Plan due to the reallocation of staff resourcing within Development and Regulatory Services. Council's decision to reduce the Alcohol Licensing risk rating levels have lowered fees and charges.

Resource Management

Refer Long-Term Plan page 211.
There have been no changes to the non-financial information contained in the Long-Term Plan.

Alcohol Licensing update

Change from LTP

New alcohol licensing legislation has meant that licensed venues are now charged fees on a risk rating system. These fees are significantly higher than previous fees. Council's Revenue and Financing Policy states that the alcohol licensing activity is not to be rate funded. Council recently lowered the risk rating level for all establishments by one level. Council, having lowered fees to help businesses adjust to the new fee regime, may not be able to cover the entire cost of alcohol licensing from fees.

Council has decided to create a reserve fund to offset the additional cost that the new legislation has created. This should mean that the funds are covered by fees only. The fees need to be reviewed in the next two years to assess whether this is feasible. If not there is a possibility that some rate funding will be needed to cover the shortfall.

FUNDING IMPACT STATEMENT - RESOURCE MANAGEMENT

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	1,239	1,167	1,185
Subsidies and grants for operating purposes	0	0	0
Fees and charges	191	205	191
Internal charges and overheads recovered	24	25	25
Local authorities fuel tax, fines, infringement fees, and other receipts	19	19	19
Total operating funding (A)	**1,473**	**1,416**	**1,420**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	1,442	1,386	1,390
Finance costs	0	0	0
Internal charges and overheads applied	24	25	25
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**1,466**	**1,411**	**1,415**
Surplus (deficit) of operational funding (A-B)	**7**	**5**	**5**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**0**	**0**	**0**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	2	2	2
Increase (decrease) in reserves	5	3	3
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**7**	**5**	**5**
Surplus (deficit) of capital funding (C-D)	**(7)**	**(5)**	**(5)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	7	5	5

The Resource Management activity rates draw are within 10% of what was anticipated in the Long Term Plan and has no significant or material variations.

Provision of Specialised Community Services

Refer Long-Term Plan page 198.

The name of the entity and the level of financial support proposed from Council in the 2016/17 year are listed in the table below.

Entity	Contribution towards the service provided	Level of Financial Support $ 2016/17
Service Contracts		
Anderson Park Art Gallery Trust Board	Operation and promotion of the Anderson Park Art Gallery and care of the extensive collection.	300,803
Invercargill Venue and Events Management Limited	Managing operation of the Civic Theatre and Outdoor Stadium.	112,750
Southland Indoor Leisure Centre Charitable Trust	Operation and maintenance of Stadium Southland.	400,000
Southland Museum and Art Gallery Trust Board.	Operation of the Southland Museum and Art Gallery.	634,407
Southland Regional Heritage Committee	Preserving the Regional Heritage of Southland.	838,051
Grants		
Bluff Hill Motupohue Environment Trust	Supporting the Pest Control Programme.	10,000
Bluff Maritime Museum Trust Board	Operation of the Bluff Maritime Museum.	20,000
Bluff Pool Trust	Operation of the Bluff Community Pool.	130,000
Child, Youth and Family Friendly Sub-Committee	Enhancing the ‘Friendly’ brand within Invercargill.	10,000
Citizens Advice Bureau	Operation of the Citizens Advice Bureau.	24,000
Community Ratepayers Group	Contribution towards administration costs for ratepayers groups.	10,000
Environment Southland	Contribution towards the completion of the Invercargill – Bluff Walkway / Cycleway.	50,000

Entity	Contribution towards the service provided	Level of Financial Support $ 2016/17
Grants		
Events Fund	Contribution towards event creation / promotion.	100,000
Facilities Maintenance Fund	Contribution to the ongoing maintenance of Council owned regional facilities utilised by Community Groups and Sports Clubs.	250,000
Football for all weathers	Loan interest and principle repayments.	11,728
Iconic Events Fund	Contribution towards the holding of iconic events or performances in Invercargill.	100,000
Safe in the South	To fund a local co-ordinator	10,000
Santa Parade Charitable Trust	Storage of floats for parade.	10,000
Southland Indoor Leisure Centre Charitable Trust	Loan interest for the 2016/17 year resulting from the contribution to Stadium Southland rebuild.	89,286
Southland Multicultural Council	Operation of the Southland Multicultural Council.	5,000
Southland Warm Homes Trust	Providing subsidies on Healthy Homes initiatives for citizens.	50,000
Southland Youth One Stop Shop Trust	Contribution towards building rental.	27,000
SPCA	Operation of the Southland SPCA	11,000
Sport Southland	Contribution towards a South City Kiwisport programme and contribution toward Sport Southland.	20,000
Winter and Christmas Lights	Maintenance and upgrade of lights.	20,000

FUNDING IMPACT STATEMENT - OTHER GRANTS

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	2,119	2,279	2,406
Targeted rates	250	256	330
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	149	149
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	**2,369**	**2,684**	**2,885**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	2,241	2,262	2,531
Finance costs	115	108	96
Internal charges and overheads applied	0	149	149
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**2,356**	**2,519**	**2,776**
Surplus (deficit) of operational funding (A-B)	**13**	**165**	**109**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(62)	(66)	232
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**(62)**	**(66)**	**232**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	300
Increase (decrease) in reserves	(49)	99	41
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**(49)**	**99**	**341**
Surplus (deficit) of capital funding (C-D)	**(13)**	**(165)**	**(109)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	9	9	9

The Provision of Specialised Community Services activity rates draw are within 10% of what was anticipated in the Long Term Plan. The variation with the Long Term Plan includes additional capital expenditure for the Scottish Hall to help maintain a sustainable standard to be rentable and increase funding to the Anderson Park Art Gallery Society to go towards moving to a new facility and hire additional staff .

FUNDING IMPACT STATEMENT - SOUTHLAND REGIONAL HERITAGE COMMITTEE

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	721	739	838
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	321	326	326
Total operating funding (A)	**1,042**	**1,065**	**1,164**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	1,042	1,065	1,164
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**1,042**	**1,065**	**1,164**
Surplus (deficit) of operational funding (A-B)	**0**	**0**	**0**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**0**	**0**	**0**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**0**	**0**	**0**
Surplus (deficit) of capital funding (C-D)	**0**	**0**	**0**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	0	0	0

The Southland Regional Heritage Committee activity rates draw is higher than anticipated in the Long Term Plan. This is due to the Southland Museum and Art Gallery Trust Board requiring funds to go towards cataloguing and preserving the Museum's extensive collection.

Community Development

Refer Long-Term Plan page 205.

The performance measure framework has been amended. The Long-Term Plan had "Increasing number" as the target for the measures. The Annual Plan now includes actual targets.

Measure	LTP Target 2016/17	Target 2016/17
Number of events, agencies and businesses achieving the use of the 'friendly' brand.	Increasing number.	12
Number of young people taking part in initiatives.	Increasing number.	200
Number of residents participating in programmes funded by the two funding programmes.	Increasing number.	2,000

FUNDING IMPACT STATEMENT - COMMUNITY DEVELOPMENT

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	292	300	298
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	2	2	2
Total operating funding (A)	**294**	**302**	**300**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	284	293	290
Finance costs	7	6	6
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**291**	**299**	**296**
Surplus (deficit) of operational funding (A-B)	**3**	**3**	**4**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(3)	(3)	(4)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**(3)**	**(3)**	**(4)**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**0**	**0**	**0**
Surplus (deficit) of capital funding (C-D)	**(3)**	**(3)**	**(4)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	0	0	0

The Community Development activity rates draw are within 10% of what was anticipated in the Long Term Plan and has no significant or material variations.

Housing Care Services

Refer Long-Term Plan page 211.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - HOUSING CARE SERVICES

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,000	1,025	1,022
Internal charges and overheads recovered	775	794	775
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	**1,775**	**1,819**	**1,797**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	659	675	795
Finance costs	23	32	2
Internal charges and overheads applied	775	794	775
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**1,457**	**1,501**	**1,572**
Surplus (deficit) of operational funding (A-B)	**318**	**318**	**225**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	194	191	(1)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**194**	**191**	**(1)**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	28	19	19
- to replace existing assets	458	342	0
Increase (decrease) in reserves	26	148	205
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**512**	**509**	**224**
Surplus (deficit) of capital funding (C-D)	**(318)**	**(318)**	**(225)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	292	299	299

The Housing Care Services activity rates draw are within 10% of what was anticipated in the Long Term Plan. The variation with the Long Term Plan includes the removal of some capital expenditure work and increasing maintenance repairs on Housing Care properties.

Libraries & Archives

Refer Long-Term Plan page 217.

Two targets within the performance measure framework have been amended. The changes from the Long-Term Plan target for the measures are shown below.

Measure	LTP Target 2016/17	Target 2016/17
Number of issues per year.	665,000	615,000
Number of visits per year.	530,000	525,000

The changes in the targets reflect the changing use of Invercargill City Libraries and Archives. Although lower than the Long-Term Plan target, the target number of issues is still an increase on the 2014/15 actual result reported in the Council's 2014/15 Annual Report.

Number of visits has also been revised to a lower target. This reflects the increasing use of online resources and reference enquiries, rather than physical visits to the library.

There are also changes in the Planned Works Projects table.

Project	LTP 2016/17 Proposed Expenditure ($000)	Annual Plan 2016/17 Proposed Expenditure ($000)
Lift and Escalators	379	374
Book Security Refit	137	0

The Book Security Refit is budgeted in the Radio Frequency Identification project currently being undertaken and no longer requires a separate project budget.

FUNDING IMPACT STATEMENT - LIBRARIES AND ARCHIVES

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	3,913	3,995	3,999
Subsidies and grants for operating purposes	5	5	5
Fees and charges	148	151	154
Internal charges and overheads recovered	711	733	735
Local authorities fuel tax, fines, infringement fees, and other receipts	29	29	33
Total operating funding (A)	**4,806**	**4,913**	**4,926**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	3,287	3,348	3,399
Finance costs	171	159	100
Internal charges and overheads applied	711	733	735
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**4,169**	**4,240**	**4,234**
Surplus (deficit) of operational funding (A-B)	**636**	**673**	**692**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(122)	620	277
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**(122)**	**620**	**277**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	50	17	0
- to replace existing assets	562	1,207	817
Increase (decrease) in reserves	(98)	69	152
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**514**	**1,293**	**969**
Surplus (deficit) of capital funding (C-D)	**(636)**	**(673)**	**(692)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	1,162	1,305	1,334

The Libraries and Archives activity rates draw are within 10% of what was anticipated in the Long Term Plan. The variation with the Long Term Plan includes a decrease in capital expenditure to what was anticipated on the RFID project.

Parks & Reserves

including cemeteries & crematorium

Refer Long-Term Plan page 222.

There have been no changes to the non-financial information contained in the Long-Term Plan.

There have been a number of minor changes in the Planned Works Projects table.

Project	LTP 2016/17 Proposed Expenditure ($000)	Annual Plan 2016/17 Proposed Expenditure ($000)
Winter Gardens	70	72
New Play Equipment	140	143
Plant and Equipment	101	103
Surrey Park Grandstand	250	256
Queens Park Specialist Displays	90	600*

* Funding for development of Chinese Garden. See more below.

Change from LTP

Council is providing a further $80,000 in the Parks budget to provide more resources to patrol Sandy Point, Oreti Beach and the other reserves within the Invercargill area. The extra resource has meant an increase in rates and provides a higher level of service, with a focus on the beach.

Council will build a Chinese Garden in Queens Park that will be established as a friendship garden and represent our sister city relationship with Suqian in China. This garden will be developed as a symbol of the bond we have with Suqian and strengthen the relationship between the two cities. The new garden will be funded through funds set aside in the Long-Term Plan for Queens Park Specialist Displays and from Parks Special Funds Reserves Development and surpluses in the Parks Business unit. The funding from the Special Funds Area Reserves Development is a change from what was agreed in the Long-Term Plan and the total cost of the new garden will be approximately $600,000.

FUNDING IMPACT STATEMENT - PARKS AND RESERVES

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	5,575	6,025	6,098
Subsidies and grants for operating purposes	10	9	9
Fees and charges	1,008	1,058	1,058
Internal charges and overheads recovered	7,630	7,817	7,811
Local authorities fuel tax, fines, infringement fees, and other receipts	829	904	904
Total operating funding (A)	**15,052**	**15,813**	**15,880**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	6,639	6,814	6,890
Finance costs	41	35	32
Internal charges and overheads applied	7,630	7,817	7,811
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**14,310**	**14,666**	**14,733**
Surplus (deficit) of operational funding (A-B)	**742**	**1,147**	**1,147**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(74)	(79)	(79)
Gross proceeds from sale of assets	50	51	51
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**(24)**	**(28)**	**(28)**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	600
- to improve the level of service	0	0	0
- to replace existing assets	1,447	1,307	1,215
Increase (decrease) in reserves	(729)	(188)	(696)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**718**	**1,119**	**1,119**
Surplus (deficit) of capital funding (C-D)	**(742)**	**(1,147)**	**(1,147)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	735	757	757

The Parks and Reserves activity rates draw are within 10% of what was anticipated in the Long Term Plan. The variation with the Long Term Plan includes additional resources for ranger at Sandy point/Oreti Beach area and to establish a Chinese Garden in Queens Park using existing reserves.

Passenger Transport

Refer Long-Term Plan page 230.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - PASSENGER TRANSPORT

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	186	190	210
Targeted rates	572	576	551
Subsidies and grants for operating purposes	1,079	1,120	1,194
Fees and charges	308	315	308
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	48	49	48
Total operating funding (A)	**2,193**	**2,250**	**2,311**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	2,169	2,013	2,076
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**2,169**	**2,013**	**2,076**
Surplus (deficit) of operational funding (A-B)	**24**	**237**	**235**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**0**	**0**	**0**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	212	150
- to replace existing assets	24	25	85
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**24**	**237**	**235**
Surplus (deficit) of capital funding (C-D)	**(24)**	**(237)**	**(235)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	33	34	34

The Passenger Transport activity rates draw are within 10% of what was anticipated in the Long Term Plan . The variations with the Long Term Plan includes revised funding from New Zealand Transport Agency.

Pools

Refer Long-Term Plan page 236.
There have been no changes to the non-financial information contained in the Long-Term Plan.

Dry Gym

Council has determined not to go forward with the Dry Gym at Splash Palace. This has meant a savings on rates of 0.32% in the 2016/17 year.

FUNDING IMPACT STATEMENT - POOLS

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	1,974	2,091	2,097
Subsidies and grants for operating purposes	126	129	129
Fees and charges	789	1,224	798
Internal charges and overheads recovered	1,636	1,799	1,679
Local authorities fuel tax, fines, infringement fees, and other receipts	784	803	803
Total operating funding (A)	**5,309**	**6,046**	**5,506**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	3,262	3,495	3,475
Finance costs	187	298	105
Internal charges and overheads applied	1,636	1,799	1,679
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**5,085**	**5,592**	**5,259**
Surplus (deficit) of operational funding (A-B)	**224**	**454**	**247**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,843	(188)	(105)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**1,843**	**(188)**	**(105)**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	2,140	0	0
- to replace existing assets	20	264	20
Increase (decrease) in reserves	(93)	2	122
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**2,067**	**266**	**142**
Surplus (deficit) of capital funding (C-D)	**(224)**	**(454)**	**(247)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	482	565	492

The Pools activity rates draw are within 10% of what was anticipated in the Long Term Plan. In May 2016, council made the decision to cancel the Splash Palace Dry Gym / Changing Rooms project.

Public Toilets

Refer Long-Term Plan page 242.
There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - PUBLIC TOILETS

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	355	362	344
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	**355**	**362**	**344**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	286	294	279
Finance costs	24	22	19
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**310**	**316**	**298**
Surplus (deficit) of operational funding (A-B)	**45**	**46**	**46**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(19)	(20)	(20)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**(19)**	**(20)**	**(20)**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	55	55
Increase (decrease) in reserves	26	(29)	(29)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**26**	**26**	**26**
Surplus (deficit) of capital funding (C-D)	**(45)**	**(46)**	**(46)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	28	29	23

The Public Toilets activity rates draw are within 10% of what was anticipated in the Long Term Plan and has no significant or material variations.

Theatre Services

Refer Long-Term Plan page 247.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - THEATRE SERVICES

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	924	947	946
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	880	948	900
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	**1,804**	**1,895**	**1,846**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	329	292	340
Finance costs	0	0	200
Internal charges and overheads applied	880	948	900
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**1,209**	**1,240**	**1,440**
Surplus (deficit) of operational funding (A-B)	**595**	**655**	**406**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(145)	(350)	(353)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**(145)**	**(350)**	**(353)**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	30	0	0
- to replace existing assets	170	20	47
Increase (decrease) in reserves	250	285	6
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**450**	**305**	**53**
Surplus (deficit) of capital funding (C-D)	**(595)**	**(655)**	**(406)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	372	381	381

The Theatre Services activity rates draw are within 10% of what was anticipated in the Long Term Plan. The variations with the Long Term Plan includes the change of current debt funding from internal to externally sourced.

Democratic Process

Refer Long-Term Plan page 254.
There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - DEMOCRATIC PROCESS

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	2,903	2,950	2,989
Targeted rates	73	74	72
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	365	374	559
Local authorities fuel tax, fines, infringement fees, and other receipts	5	5	8
Total operating funding (A)	**3,346**	**3,403**	**3,628**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	2,978	3,026	3,028
Finance costs	0	0	0
Internal charges and overheads applied	365	374	559
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**3,343**	**3,400**	**3,587**
Surplus (deficit) of operational funding (A-B)	**3**	**3**	**41**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	40	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**40**	**0**	**0**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	155	46	50
Increase (decrease) in reserves	(112)	(43)	(9)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**43**	**3**	**41**
Surplus (deficit) of capital funding (C-D)	**(3)**	**(3)**	**(41)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	48	49	86

The Democratic Process activity rates draw are within 10% of what was anticipated in the Long Term Plan and has no significant or material variations.

Destinational Marketing & Enterprise

Refer Long-Term Plan page 260.

There have been no changes to the non-financial information contained in the Long-Term Plan.

FUNDING IMPACT STATEMENT - ENTERPRISE

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	1,670	1,770	1,770
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,327	1,323	1,323
Total operating funding (A)	**2,997**	**3,093**	**3,093**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	2,997	3,093	3,093
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**2,997**	**3,093**	**3,093**
Surplus (deficit) of operational funding (A-B)	**0**	**0**	**0**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**0**	**0**	**0**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**0**	**0**	**0**
Surplus (deficit) of capital funding (C-D)	**0**	**0**	**0**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	0	0	0

The Enterprise activity rates draw are within 10% of what was anticipated in the Long Term Plan and has no significant or material variations.

Investment Property

Refer Long-Term Plan page 268.
There have been no changes to the non-financial information contained in the Long-Term Plan.

Project update

The Long-Term Plan anticipated that the Don Street Development would be completed at an earlier date than what is now scheduled. Some of the income expectation for Investment Property budgeted in the Long-Term Plan is now a year out due to the delay. The project is moving forward, however the income expected from it is now delayed by one year which has contributed a decrease of $380,000 to the Investment Property Activity's profits.

FUNDING IMPACT STATEMENT - INVESTMENT PROPERTY

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	(214)	(646)	(211)
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	528	1,203	434
Internal charges and overheads recovered	10	10	25
Local authorities fuel tax, fines, infringement fees, and other receipts	883	935	598
Total operating funding (A)	**1,207**	**1,502**	**846**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	1,132	1,215	1,036
Finance costs	0	118	509
Internal charges and overheads applied	10	10	25
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**1,142**	**1,343**	**1,570**
Surplus (deficit) of operational funding (A-B)	**65**	**159**	**(724)**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	2,395	3,486	6,574
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**2,395**	**3,486**	**6,574**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	7,784
- to improve the level of service	0	0	0
- to replace existing assets	4,695	3,638	101
Increase (decrease) in reserves	(2,235)	7	(2,035)
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**2,460**	**3,645**	**5,850**
Surplus (deficit) of capital funding (C-D)	**(65)**	**(159)**	**724**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	24	25	24

The Investment Property activity contribution to rates is lower than anticipated in the Long Term Plan due to delay in the commencement of construction of the Don Street investment property development

City Centre Revitalisation

Refer Long-Term Plan page 281.

There have been no changes to the non-financial information contained in the Long-Term Plan.

City Centre Co-ordinator

Council has reintroduced the City Centre Rejuvenation Rate to assist City Centre business liaison with Council and co-ordination of events and opportunities in the City Centre area. This is a targeted rate on those properties within the City Centre area. The City Centre area is defined by Map H on page 125.

FUNDING IMPACT STATEMENT - CITY CENTRE REVITALISATION

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	136	192	183
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	**136**	**192**	**183**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	12	14	13
Finance costs	87	122	112
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**99**	**136**	**125**
Surplus (deficit) of operational funding (A-B)	**37**	**56**	**58**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	617	2,305	2,303
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**617**	**2,305**	**2,303**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	1,649	2,361	2,361
Increase (decrease) in reserves	(995)	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**654**	**2,361**	**2,361**
Surplus (deficit) of capital funding (C-D)	**(37)**	**(56)**	**(58)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	0	0	0

The CBD Redevelopment activity rates draw are within 10% of what was anticipated in the Long Term Plan and has no significant or material variations.

Urban Rejuvenation

Refer Long-Term Plan page 284.
There have been no changes to the non-financial information contained in the Long-Term Plan.

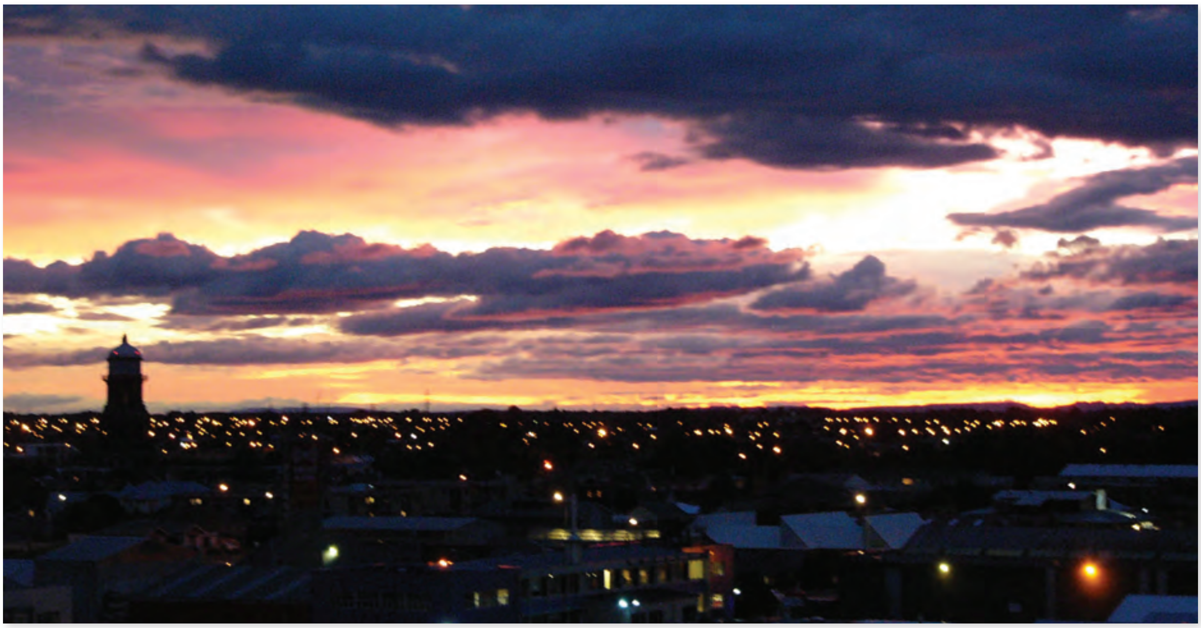
FUNDING IMPACT STATEMENT - URBAN REJUVENATION

For the year ended June 30, 2017

	2015/16 Annual Plan $'000	2016/17 Long-Term Plan $'000	2016/17 Annual Plan $'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	266	271	284
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	**266**	**271**	**284**
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	212	217	222
Finance costs	24	22	25
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operational funding (B)	**236**	**239**	**247**
Surplus (deficit) of operational funding (A-B)	**30**	**32**	**40**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(30)	(32)	(40)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**(30)**	**(32)**	**(40)**
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total application of capital funding (D)	**0**	**0**	**0**
Surplus (deficit) of capital funding (C-D)	**(30)**	**(32)**	**(40)**
FUNDING BALANCE ((A – B) + (C – D))	**0**	**0**	**0**
Depreciation expense (not included in the above FIS)	0	0	0

The Urban Rejuvenation activity rates draw are within 10% of what was anticipated in the Long Term Plan and has no significant or material variations.

Financial Management



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

This section includes:

- Statement of Financial Position
- Statement of Comprehensive Revenue and Expense
- Statement of Changes in Equity
- Statement of Cashflows
- Notes to the Financial Statements
- Statement of Accounting Policies.

Invercargill CITY COUNCIL

Prospective Financial Statements

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

		Annual Plan 2015/16 ($,000)	Long-Term Plan 2016/17 ($,000)	Annual Plan 2016/17 ($,000)
ASSETS				
Cash and cash equivalents	1	6,416	6,364	4,368
Trade and other receivables		10,010	10,256	11,488
Inventories		670	686	669
Other financial assets - current		0	0	0
Current assets		17,096	17,306	16,525
Property, plant and equipment assets	2	672,361	723,087	715,473
Intangible assets		307	307	339
Forestry assets		2,135	2,135	2,481
Investment property	3	28,184	28,880	35,089
Other financial assets - Investments in CCO's		36,069	36,069	36,069
Other financial assets - Other	4	1,417	2,785	51,479
Non-current assets		740,473	793,263	840,930
TOTAL ASSETS		**757,569**	**810,569**	**857,455**
LIABILITIES				
Trade and other payables		9,501	9,693	10,291
Provisions - current portion		51	84	84
Employee benefit liabilities - current portion		2,028	2,078	2,296
Borrowings - current portion	5	3,303	3,498	3,649
Derivative Financial Instruments - current portion		7	7	6
Current liabilities		14,890	15,360	16,326
Employment benefit liabilities - non current portion		812	832	809
Borrowings - non current portion	5	44,606	50,101	99,023
Provisions - non current portion		874	790	743
Derivative Financial Instruments - non current portion		374	374	647
Non-current liabilities		46,666	52,097	101,222
TOTAL LIABILITIES		**61,556**	**67,457**	**117,548**
EQUITY				
Retained earnings		408,869	405,369	397,502
Restricted reserves		15,016	15,397	20,484
Hedging Reserve		(143)	(143)	(568)
Asset revaluation reserves		272,271	322,489	322,489
TOTAL EQUITY		696,013	743,112	739,907
TOTAL LIABILITIES AND EQUITY		**757,569**	**810,569**	**857,455**

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

		Annual Plan 2015/16 ($,000)	Long-Term Plan 2016/17 ($,000)	Annual Plan 2016/17 ($,000)
Revenue				
Rates revenue excluding targeted water supply rates		40,614	41,439	41,792
Rates revenue - targeted water supply rates		6,461	6,732	6,374
Other revenue	**1**	34,640	36,358	34,422
Gain on sale of assets		0	0	0
Investment Property Revaluations - Gain/(loss)		610	696	696
Finance revenue	**2**	215	71	2,090
		82,540	85,296	85,374
Expenditure				
Employee benefit expenses		22,674	23,336	23,202
Depreciation and amortisation		22,228	24,018	23,897
Other expenses	**3**	37,495	38,071	38,814
Finance expenses	**4**	2,181	2,990	3,842
		84,578	88,415	89,755
Operating surplus/(deficit)		**(2,038)**	**(3,119)**	**(4,381)**
Other Comprehensive Revenue				
Property Plant and Equipment Revaluations - Gain/(loss)		0	50,218	50,218
Less Taxation Expense		0	0	0
Total Comprehensive Revenue & Expense after Taxation		**(2,038)**	**47,099**	**45,837**

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

	Annual Plan 2015/16 ($,000)	Long-Term Plan 2016/17 ($,000)	Annual Plan 2016/17 ($,000)
Equity Balance at 1 July	698,051	696,013	694,070
Total Comprehensive Revenue and Expense after Taxation	(2,038)	47,099	45,837
Total Recognised Revenues and Expenses for year	(2,038)	47,099	45,837
Equity Balance at 30 June	696,013	743,112	739,907
COMPONENTS OF EQUITY			
Retained earnings at 1 July	406,757	408,869	400,324
Net surplus/(Deficit) for the Year	(2,038)	47,099	45,837
Transfers (to)/from Restricted Reserves	4,150	(381)	1,559
Transfers (to)/from Revaluation Reserves	0	(50,218)	(50,218)
Retained earnings at 30 June	408,869	405,369	397,502
Restricted reserves at 1 July	19,166	15,016	22,043
Transfers to/(from) reserves	(4,150)	381	(1,559)
Restricted reserves at 30 June	15,016	15,397	20,484
Hedging reserves at 1 July	(143)	(143)	(568)
Transfers to/(from) reserves	0	0	0
Hedging reserves at 30 June	(143)	(143)	(568)
Revaluation reserves at 1 July	272,271	272,271	272,271
Transfers to/(from) reserves	0	50,218	50,218
Revaluation reserves at 30 June	272,271	322,489	322,489

PROSPECTIVE STATEMENT OF CASHFLOWS

	Annual Plan 2015/16 ($,000)	Long-Term Plan 2016/17 ($,000)	Annual Plan 2016/17 ($,000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from			
Rate revenue	47,075	48,171	48,166
Investment revenue	215	71	2,090
Dividend revenue	4,700	4,900	5,300
Other Operating revenue	28,145	29,658	27,323
	80,135	82,800	82,879
Cash was applied to			
Operating Expenditure	58,424	59,659	60,268
Interest Expenditure	2,181	2,990	3,842
	60,605	62,649	64,110
Net cash Inflow/(Outflow) from Operating Activities	**19,530**	**20,151**	**18,769**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from			
Redemption of Investments	8,040	3,498	5,094
Sale of Fixed Assets	202	144	139
	8,242	3,642	5,233
Cash was applied to			
Purchase of Fixed Assets	37,789	24,670	27,752
Investments Made	4,890	4,866	4,521
	42,679	29,536	32,273
Net cash Inflow/(Outflow) from Investing Activities	**(34,437)**	**(25,894)**	**(27,040)**
Cash Flows from Financing Activities			
Cash was provided from			
Loans Raised	17,783	9,055	11,189
	17,783	9,055	11,189
Cash was applied to			
Loan Principal Repaid	2,926	3,364	2,969
	2,926	3,364	2,969
Net cash Inflow/(Outflow) from Financing Activities	**14,857**	**5,691**	**8,220**
Net (decrease) increase in cash and cash equivalents	**(50)**	**(52)**	**(51)**
Cash and cash equivalents at the beginning of the year	6,466	6,416	4,419
Cash and cash equivalents at the end of the year	**6,416**	**6,364**	**4,368**

Financial Statement Reconciliations

RATES REVENUE RECONCILIATION FROM FUNDING IMPACT STATEMENTS TO STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended June 30, 2017

	Annual Plan 2015/16 ($,000)	Long-Term Plan 2016/17 ($,000)	Annual Plan 2016/17 ($,000)
Roading	8,166	8,261	8,115
Sewerage	5,039	5,173	4,836
Solid Waste Management	3,839	3,933	4,162
Stormwater	3,101	3,140	3,384
Water Supply	6,461	6,732	6,374
Infrastructural Services	26,606	27,239	26,871
Animal Services	248	246	268
Building Services	619	615	755
Civil Defence Emergency Management	257	263	263
Compliance (Parking)	(118)	(120)	(128)
Environmental Health	842	859	719
Resource Management	1,239	1,167	1,185
Development and Regulatory Services	3,087	3,030	3,062
Community Development	292	300	298
Housing Care Service	0	0	0
Libraries and Archives	3,913	3,995	3,999
Parks and Reserves	5,575	6,025	6,098
Passenger Transport	758	766	761
Pools	1,974	2,091	2,097
Public Toilets	355	362	344
Theatre Services	924	947	946
Southland Museum & Art Gallery	0	0	0
Southland Regional Heritage Committee	721	739	838
Provision of Specialised Community Services	2,369	2,535	2,736
Community Services	16,881	17,760	18,117

RATES REVENUE RECONCILIATION FROM FUNDING IMPACT STATEMENTS TO STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE - CONTINUED

For the year ended June 30, 2017

	Annual Plan 2015/16 ($,000)	Long-Term Plan 2016/17 ($,000)	Annual Plan 2016/17 ($,000)
Democratic Process	2,976	3,024	3,061
Enterprise (including Destinational Marketing)	1,670	1,770	1,770
Investment Property	(214)	(646)	(211)
Corporate Services	4,432	4,148	4,620
CBD Redevelopment	136	192	183
Urban Rejuvenation	266	271	284
Earthquake Buildings	50	102	50
Special Projects	452	565	517
Non significant activities	(3,823)	(3,997)	(4,406)
Total General rates, uniform annual general charges, targeted rates, and rates penalties - per FIS	47,635	48,745	48,781
Less Rates Penalties (Disclosed in Other Revenue in Statement of Comprehensive Revenue and Expense)	(560)	(574)	(615)
Total Rates (excluding rates penalties) - per FIS	**47,075**	**48,171**	**48,166**
Per Statement of Comprehensive Revenue and Expenses:			
Rates revenue excluding targeted water supply rates	40,614	41,439	41,792
Rates revenue - targeted water supply rates	6,461	6,732	6,374
"Rates Revenue" (SOCRAE "Rates" excludes Rates Penalities)	**47,075**	**48,171**	**48,166**

OPERATING REVENUE RECONCILIATION FROM FUNDING IMPACT STATEMENTS TO STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended June 30, 2017

	Annual Plan 2015/16 ($,000)	Long-Term Plan 2016/17 ($,000)	Annual Plan 2016/17 ($,000)
Total Operating Funding (including internal charges) - per FIS			
Roading	11,632	11,824	11,679
Sewerage	6,009	5,788	5,451
Solid Waste Management	8,067	8,264	8,204
Stormwater	3,101	3,140	3,384
Water Supply	7,608	7,978	7,620
Infrastructural Services	36,417	36,994	36,338
Animal Services	1,104	1,127	1,169
Building Services	3,029	3,084	2,831
Civil Defence Emergency Management	404	413	413
Compliance (Parking)	735	754	750
Environmental Health	1,273	1,306	1,111
Resource Management	1,473	1,416	1,420
Development and Regulatory Services	8,018	8,100	7,694
Community Development	294	302	300
Housing Care Service	1,775	1,819	1,797
Libraries and Archives	4,806	4,913	4,926
Parks and Reserves	15,052	15,813	15,880
Passenger Transport	2,193	2,250	2,311
Pools	5,309	6,046	5,506
Public Toilets	355	362	344
Theatre Services	1,804	1,895	1,846
Southland Museum & Art Gallery	2,537	2,599	2,658
Southland Regional Heritage Committee	1,042	1,065	1,164
Provision of Specialised Community Services	2,369	2,684	2,885
Community Services	37,536	39,748	39,617

OPERATING REVENUE RECONCILIATION FROM FUNDING IMPACT STATEMENTS TO STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE - CONTINUED

For the year ended June 30, 2017

	Annual Plan 2015/16 ($,000)	Long-Term Plan 2016/17 ($,000)	Annual Plan 2016/17 ($,000)
Democratic Process	3,346	3,403	3,628
Enterprise (including Destinational Marketing)	2,997	3,093	3,093
Investment Property	1,207	1,502	846
Corporate Services	7,550	7,998	7,567
CBD Redevelopment	136	192	183
Urban Rejuvenation	266	271	287
Earthquake Buildings	150	204	150
Special Projects	552	667	620
Non significant activities	14,937	15,841	17,948
Total Operating Funding - Per Activity FIS's	105,010	109,348	109,784
LESS: Internal charges and overheads recovered - Per FIS	(26,731)	(28,349)	(28,555)
Total Operating Funding - Per Council FIS	78,279	80,999	81,229
PLUS: Capital Funding - "subsidies and grants for capital expenditure"			
- Roading activity	3,651	3,601	3,449
PLUS: Investment Property Revaluation Gain/(Loss)	610	696	696
Total Revenue Funding - per Statement of Comprehensive Revenue and Expense	**82,540**	**85,296**	**85,374**
Per Statement of Comprehensive Revenue and Expenses:			
Rates revenue (excluding targeted water supply rates)	40,614	41,439	41,792
Targeted water supply rates revenue	6,461	6,732	6,374
Other revenue	34,640	36,358	34,422
Gain on sale of assets	0	0	0
Investment Property Revaluation Gain/(Loss)	610	696	696
Finance Revenue	215	71	2,090
Total Revenue	**82,540**	**85,296**	**85,374**

OPERATING EXPENDITURE RECONCILIATION FROM FUNDING IMPACT STATEMENTS TO STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended June 30, 2017

	Annual Plan 2015/16 ($,000)	Long-Term Plan 2016/17 ($,000)	Annual Plan 2016/17 ($,000)
Total Applications of Operating Funding - per FIS			
Roading	6,916	7,035	7,094
Sewerage	3,341	3,507	3,165
Solid Waste Management	7,967	8,162	8,104
Stormwater	1,248	1,276	1,505
Water Supply	4,711	5,190	4,923
Infrastructural Services	24,183	25,170	24,791
Animal Services	1,021	1,049	1,095
Building Services	2,986	3,040	2,792
Civil Defence Emergency Management	404	413	413
Compliance (Parking)	721	740	738
Environmental Health	1,243	1,275	1,124
Resource Management	1,466	1,411	1,415
Development and Regulatory Services	7,841	7,928	7,577
Community Development	291	299	296
Housing Care Service	1,457	1,501	1,572
Libraries and Archives	4,169	4,240	4,234
Parks and Reserves	14,310	14,666	14,733
Passenger Transport	2,169	2,013	2,076
Pools	5,085	5,592	5,259
Public Toilets	310	316	298
Theatre Services	1,209	1,240	1,440
Southland Museum & Art Gallery	2,532	2,595	2,625
Southland Regional Heritage Committee	1,042	1,065	1,164
Provision of Specialised Community Services	2,356	2,519	2,776
Community Services	34,930	36,046	36,473

OPERATING EXPENDITURE RECONCILIATION FROM FUNDING IMPACT STATEMENTS TO STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE - CONTINUED

For the year ended June 30, 2017

	Annual Plan 2015/16 ($,000)	Long-Term Plan 2016/17 ($,000)	Annual Plan 2016/17 ($,000)
Democratic Process	3,343	3,400	3,587
Enterprise (including Destinational Marketing)	2,997	3,093	3,093
Investment Property	1,142	1,343	1,570
Corporate Services	7,482	7,836	8,250
CBD Redevelopment	99	136	125
Urban Rejuvenation	236	239	247
Earthquake Buildings	150	204	150
Special Projects	485	579	522
Non significant activities	14,160	15,187	16,800
Total Applications of Operating Funding - Per Activity FIS's	89,081	92,746	94,413
LESS: Internal charges and overheads recovered - Per FIS's	(26,731)	(28,349)	(28,555)
Total Applications of Operating Funding - Per Council FIS	**62,350**	**64,397**	**65,858**
Per Statement of Comprehensive Revenue and Expense:			
Employee benefit expenses	22,674	23,336	23,202
Other expenses	37,495	38,071	38,814
Finance expenses	2,181	2,990	3,842
	62,350	**64,397**	**65,858**
Plus Depreciation expenses (not in FIS)	22,228	24,018	23,897
Total Operating Expenditure - per Statement of Comprehensive Revenue and Expense	**84,578**	**88,415**	**89,755**

Funding Impact Statement

		Annual Plan 2015/16 ($,000)	Long-Term Plan 2016/17 ($,000)	Annual Plan 2016/17 ($,000)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties		6,898	6,676	6,893
Targeted rates		40,737	42,069	41,888
Subsidies and grants for operating purposes		3,311	3,376	3,488
Fees, charges	**1**	13,661	15,181	13,290
Interest and dividends from investments	**2**	4,915	4,971	7,390
Local authorities fuel tax, fines, infringement fees, and other receipts		8,757	8,726	8,280
Total operating funding (A)		**78,279**	**80,999**	**81,229**
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	**3**	60,168	61,407	62,016
Finance costs	**4**	2,182	2,990	3,842
Other operating funding applications		0	0	0
Total applications of operating funding (B)		**62,350**	**64,397**	**65,858**
Surplus (deficit) of operating funding (A – B)		**15,929**	**16,602**	**15,371**
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		3,651	3,601	3,449
Development and financial contributions		0	0	0
Increase (decrease) in debt	**5**	14,854	5,691	8,220
Gross proceeds from sale of assets		202	143	139
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total sources of capital funding (C)		**18,707**	**9,435**	**11,808**
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	**6**	1,156	41	8,425
- to improve the level of service	**6**	9,303	1,704	1,217
- to replace existing assets	**6**	27,330	22,922	18,110
Increase (decrease) in reserves	**7**	(4,153)	383	(1,559)
Increase (decrease) in investments		1,000	987	986
Total applications of capital funding (D)		**34,636**	**26,037**	**27,179**
Surplus (deficit) of capital funding (C - D)		**(15,929)**	**(16,602)**	**(15,371)**
FUNDING BALANCE ((A – B) + (C – D))		**0**	**0**	**0**
Depreciation expense (not included in the above FIS)		22,229	24,019	23,897

EXPLANATION OF MAJOR VARIANCES BETWEEN 2016/17 LONG-TERM PLAN AND 2016/17 ANNUAL PLAN

STATEMENT OF FINANCIAL POSITION (page 76)

1 Cash and cash equivalents are lower than anticipated in the Long-Term Plan due to 2014/15 actual closing balance being different to the balance assumption used in the Long-Term Plan.

2 Property, plant and equipment assets are lower than anticipated in the Long-Term Plan due to A) creation of the Chinese Garden in Queens Park; B) the deferral of a number of capital projects.

3 Investment property is higher than anticipated in the Long-Term Plan due to the larger Don Street investment property development plans compared to early initial details used in the Long-Term Plan.

4 Other financial assets - Other are higher than anticipated in the Long-Term Plan due to A) the repayment of internally funded loans in the 2015/16 year; B) the investment advance of $30m in the 2015/16 year to Invercargill City Holdings Limited for capital investment.

5 Borrowings are higher than anticipated in the Long-Term Plan due to A) the issue of $30m debt bonds in the 2016/17 year to fund the investment loan into Invercargill City Holdings Limited; B) the issue of $20m debt bonds in the 2015/16 year to fund the repayment of internally funded loans and repay some existing bank loan debt.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE (page 77)

1 Other revenue is lower than anticipated in the Long-Term Plan due to A) lower refuse fees received prompted by the reduction of solid waste volumes collected from commercial users; B) lower building service fees received caused by lower post Christchurch earthquakes building services related work being received; C) lower rental income received following the delay in the commencement of construction of the Don Street investment property development; D) Removal of gym membership fees received following the decision made in May 2016 to cancel the Splash Palace Dry Gym / Changing Rooms project; E) lower milk solids payments reflecting the current market expectations. This has partly been offset by an increase in the dividend received from Invercargill City Holdings Limited.

2 Finance revenue is higher than anticipated in the Long-Term Plan due to A) increased interest income earnt from having higher reserve investment balances from the repayment of internally funded loans in 2015/16; B) additional income earnt from the $30m advance loan issued to Invercargill City Holdings Limited in 2015/16.

3 Other expenses are higher than anticipated in the Long-Term Plan due to A) additional contractors and maintenance required to complete current planned projects; B) increase grant amounts requested by Southland Museum & Art Gallery Trust Board (for the Southland Regional Heritage rate) and Anderson Park Art Gallery.

4 Finance expenses is higher than anticipated in the Long-Term Plan due to increased interest expenses from A) the issue of $30m debt bonds in the 2015/16 year to fund the investment loan into Invercargill City Holdings Limited; B) the issue of $20m debt bonds in the 2015/16 year to fund the repayment of internally funded loans and repay some existing bank loan debt.

EXPLANATION OF MAJOR VARIANCES BETWEEN 2016/17 LONG-TERM PLAN AND 2016/17 ANNUAL PLAN

FUNDING IMPACT STATEMENT (page 86)

1 Fees and charges are lower than anticipated in the Long-Term Plan due to A) lower refuse fees received prompted by the reduction of solid waste volumes collected from commercial users; B) lower building service fees received caused by lower post Christchurch earthquakes building services related work being received; C) lower rental income received following the delay in the commencement of construction of the Don Street investment property development (scope of this development has changed after initial investigation); D) Removal of gym membership fees received following the decision made in May 2016 to cancel the Splash Palace Dry Gym / Changing Rooms project.

2 Interest and dividends from investments are higher than anticipated in the Long-Term Plan due to A) increased interest income earnt from having higher reserve investment balances from the repayment of internally funded loans in 2015/16; B) additional income earnt from the $30m advance loan issued to Invercargill City Holdings Limited in 2015/16; C) increase dividend received from Invercargill City Holdings Limited.

3 Payments to staff and suppliers are higher than anticipated in the Long-Term Plan due to A) additional contractors and maintenance required to complete current planned projects; B) additional resources required for Ranger at Oreti Beach & Sandy Point; C) increase grant amounts requested by Southland Museum & Art Gallery Trust Board (for the Southland Regional Heritage rate) and Anderson Park Art Gallery; D) reintroduction of the Central Business District Co-ordinator.

4 Finance expenses is higher than anticipated in the Long-Term Plan due to increased interest expenses from A) the issue of $30m debt bonds in the 2015/16 year to fund the investment loan into Invercargill City Holdings Limited; B) the issue of $20m debt bonds in the 2015/16 year to fund the repayment of internally funded loans and repay some existing bank loan debt.

5 Increase (decrease) in debt is higher than anticipated in the Long-Term Plan due to additional funds required for the larger Don Street investment property development plans compared to early initial details used in the Long-Term Plan. This has been partly offset by a number of loan funded projects being deferred.

6 Capital expenditure is higher than anticipated in the Long-Term Plan due A) larger Don Street investment property development plans compared to early initial details used in the Long-Term Plan; B) creation of the Chinese garden in Queens Park. C) Renewal of Bluff Boat Ramp. These are partly offset by the deferral of a number of capital projects.

7 Increase/(decrease) in reserves is lower than anticipated in the Long-Term Plan due to lower forecast fund contributions to reserves and higher withdrawals.This includes funds withdrawn from reserve for the creation of the Chinese Garden in Queens Park and funds contributed to reserve for water supply’s asbestos/cement pipe replacement plan in the 2017/18 year.

Schedule of Reserve Funds

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 2015, the Council holds $26,193,000 reserves, with $14,410,000 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 year of the Annual Plan.

RESTRICTED RESERVES
The reserves can only be used for the purpose designated.

	Opening Balance 2016/17 ($,000)	Transfers In 2016/17 ($,000)	Transfers Out 2016/17 ($,000)	Closing Balance 2016/17 ($,000)
Category A (Legal Restriction) The restriction is designated from a statute or legal document. These reserves restrictions include the capital and interest or revenue generated. This reserve is related to the Parks activity and is to maintain the Feldwick gates at Queens Park.	118	0	0	118
Category B (Capital only restriction) These reserves are invested in property that provides a financial return to ratepayers (Investment Property, Library and Infrastructure activities).	2,762	10	(1,255)	1,517
Category C (specific purpose) These reserves are to maintain and provide for improvements to separately identifiable areas. (Parks Crematorium and Cemetery, Community Centres, Waste and Infrastructure activities).	8,961	126	(387)	8,700

RESTRICTED RESERVES The reserves can only be used for the purpose designated.	Opening Balance 2016/17 ($,000)	Transfers In 2016/17 ($,000)	Transfers Out 2016/17 ($,000)	Closing Balance 2016/17 ($,000)
Loss of Service Potential To set aside funds for the replacement of assets in the future. (All activities)	6,485	3,067	(2,087)	7,465
Development To maintain and provide assets in identifiable areas. (Parks, Roading, and Water activities)	2,722	0	0	2,722
Property To provide for the purchase of properties. (Investment Property, and Infrastructure activities)	1,016	0	0	1,016
Amenities To provide funding for the ongoing operations of amenity areas. (Library, Museum, Pools, and Parks activities)	614	0	0	614
Financial To provide ongoing funding in a consistent manner for Council operations. (All activities)	7,287	318	(696)	6,909
Community Board To provide funding for Community Board areas for their activities and development of assets. (Democratic Process activity)	109	0	0	109
Economic Development To develop economic growth in the city which will be funded by future activity. (Investment Property activity)	(8,031)	0	(655)	(8,686)
	22,043	3,521	(5,080)	20,484

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		Planned	Met
Rates affordability benchmark:			
Income	60%	57.8%	YES
Increases (LGCI + 3%)	4.9%	2.3%	YES
Debt affordability benchmark:	15%	12.0%	YES
Balanced budget benchmark:	100%	96.9%	NO
Essential services benchmark:	100%	88.2%	NO
Debt servicing benchmark:	10%	4.6%	YES

NOTES

1 Rates affordability benchmark

(1) For this benchmark,—

(a) the council's planned rates income for the year is compared with quantified limits on rates contained in the financial strategy included in the council's long-term plan; and

(b) the council's planned rates increases for the year are compared with quantified limits on rates increases for the year contained in the financial strategy included in the council's long-term plan.

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

(a) its planned rates income for the year equals or is less than each quantified limit on rates; and

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

NOTES - CONTINUED

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) The Council's 2015-2025 Long-Term Plan anticipated that our limit on borrowings would remain at or below 7% (being debt over assets), with an overall upper limit of 15%. In the 2016/17 Annual Plan we are now forecasting an 12% debt over asset ratio. This is mainly because of a $30 million transaction with Invercargill City Holdings Limited (ICHL).
In October 2015, Council approved a major transaction for ICHL, enabling Electricity Invercargill Limited to add further capital to the Southern Generation Partnership for the purchase of the Aniwhenua Power Station.
The raising of $30 million of debt was also approved for this transaction.

In January 2016 Council approved that Council borrow $30 million in its own name and on lend this to ICHL at a market interest rate ICHL would be able to obtain in its own right, thus making an interest margin to Council. This interest margin has been calculated in the 2016/17 Annual Plan to be $150,000 which has been used to offset rates.

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) The council does not meet the balanced budget benchmark (is running a deficit) in 2016/17. This is due to Council underfunding depreciation for the Roading Activity (in particular footpaths).

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) Although Council does not meet the essential services benchmark in 2016/17, over time Council's capital expenditure should equal its depreciation on network services. Council replaces its assets as they deteriorate therefore due to some projects being large, the benchmark will fluctuate above and below each year.

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

The Council has not presented group prospective financial statements because the Council believes that the parent prospective financial statements are more relevant to the users. The main purpose of prospective financial statements in the Annual Plan is to provide users with information about core services that the Council intends to provide ratepayers, the expected cost of those services and, as a consequence, how much the Invercargill City 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 Invercargill City 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, the Council is classified as a Tier 1 Public Sector Public Benefit Entity ("PBE").

BASIS OF PREPARATION

The financial statements of the Council have been prepared in accordance 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).

These financial statements have been prepared in accordance with NZ GAAP. These prospective financial statements prepared under Tier 1 PBE International Public Sector Accounting Standards (IPSAS).

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 infrastructural 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). The functional currency of the 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.

The Council adopted the prospective financial statements on 14 June 2016.

The Council and Management of the Invercargill City Council accept responsibility for the preparation of their prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

No actual financial results have been incorporated within the prospective financial statements.

SUBSIDIARIES

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

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

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

BASIS OF CONSOLIDATION

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

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

ASSOCIATES

The Council accounts for investments in associates in the group financial statements using the equity method. An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investments in associates is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council's share of the surplus or deficit of the associates after the date of acquisition. The Council's share of the surplus or deficit of the associates is recognised in the Council's Statement of Comprehensive Revenue and Expense at the group level. Distributions received from associates reduce the carrying amount of the investment.

The Council's share in the associate's surplus or deficit resulting from unrealised gains on transactions between the Council and its associates is eliminated.

The Council investments in associates are carried at cost in the Council's own financial statements.

JOINT VENTURES

Joint ventures are those entities over which the Council has joint control, established by contractual agreement. The consolidated financial statements include the Council's proportionate share of the joint venture entities' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis, from the date joint control commences until the date joint control ceases.

REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the 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 Expense.

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

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

Revenues from non-exchange transactions with the Government and government agencies is recognised when the 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 the 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 the 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 the 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 Expense.

Fines

Traffic and parking infringements are recognised when tickets are issued.

Direct charges - subsidised

(i) Rendering of services - subsidised

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council is considered a non-exchange transaction. This includes rendering of services where the price does not allow the 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 the 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 the 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 the Council for the service) if the service is not completed.

Contributions from customers in relation to the construction of new lines for the network are accounted for as revenue in the year which they have been received.

(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 the Council is considered a non-exchange transaction. This includes the sale of goods where the price does not allow the 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 the 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 the 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 been 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 involvement 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.

CONSTRUCTION CONTRACTS

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the Statement of Comprehensive Revenue and Expense.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

GRANT EXPENDITURE

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

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 prior years. 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 statement of comprehensive revenue and expense, 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, the 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 the 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.

INVENTORIES

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The write down from cost to current replacement cost or net realisable value is recognised in the Statement of Comprehensive Revenue and Expense.

FINANCIAL ASSETS

The Council classifies its financial assets into the following four categories: available for sale investments, loans and receivables, held-to-maturity investments and financial assets at fair value through surplus or deficit. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, net asset backing, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

- **Loans and receivables**

  These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Revenue and Expense. Loans and receivables are classified as "other financial assets" in the Statement of Financial Position. Investments in this category include fixed term deposits and loans to associates.

- **Hold-to-maturity investments**

  Hold-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

- **Financial assets at fair value through surplus or deficit**

  This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

  After initial recognition they are measured at their fair values. Gains or losses on remeasurement are recognised in the Statement of Comprehensive Revenue and Expense.

- **Available for sale investments**

  Available for sale investments are those that are designated as being held to maturity or are not classified in any of the other categories above. This category encompasses investments that the Council intends to hold long-term but which may be realised before maturity. After initial recognition these investments are measured at their fair value. Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the Statement of Comprehensive Revenue and Expense. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in Statement of Comprehensive Revenue and Expense even though the asset has not been derecognised. Investments in this category include shares in Local Government Insurance Corporation.

Shareholdings that Invercargill City Council holds for strategic purposes

Invercargill City Council's investments in its subsidiaries and associate companies are not included in this category as they are held at cost (as allowed by PBE IPSAS 6 Consolidated and Separate Financial Statements and PBE IPSAS 7 Investments in Associates) whereas this category is to be measured at fair value.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

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. Any impairment losses are recognised in the Statement of Comprehensive Revenue and Expense.

FINANCIAL INSTRUMENTS

- **Trade and other receivables**

  Trade and other receivables are initially measured at fair value and subsequently measured at method, less any provision for impairment.

Loans, including loans to community organisations made by the Council 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 expected future cash flows of the loan is recognised in the Statement of Comprehensive Revenue and Expense as a grant.

A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

- **Cash and cash equivalents**

  Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

  Bank overdrafts are shown separately in current liabilities in the Statement of Financial Position.

- **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.

Accounting for derivative financial instruments and hedging activities

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date. However, where derivatives qualify for hedge accounting, recognition for any resultant gain or loss depends on the nature of the hedging relationship.

- **Cash flow hedge**

  Changes in the fair value of the derivatives hedging instruments designated as a cashflow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in surplus or deficit.

  If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity will be reclassified into surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects surplus or deficit.

  However, if Invercargill City Council expects that all or a portion of a loss recognised directly in equity will not be recovered in one or more future periods, it will reclassify into surplus or deficit the amount that is not expected to be recovered.

  When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the associated gains and losses that were recognised directly in equity will be included in the initial cost or carrying amount of the asset or liability.

For cash flow hedges other than those covered above, amounts that had been recognised directly in equity will be recognised in surplus or deficit in the same period or periods during which the hedged forecast transaction affects surplus or deficit (for example, when a forecast sale occurs).

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. The amount recognised in equity is transferred to surplus or deficit in the same period that the hedged item affects the surplus or deficit.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of:

- Operational assets - These include land, buildings, library books, plant and equipment, and motor vehicles.
- Restricted assets - Restricted assets are parks and reserves owned by the Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- Infrastructure assets - Infrastructure assets are the fixed utility systems owned by the 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 is shown at cost or valuation, less accumulated depreciation and impairment losses.

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 the 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.

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 Statement of Comprehensive Revenue and Expense. 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 the Council and the cost of the item can be measured reliably.

DEPRECIATION

Depreciation is provided on a straight-line 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:

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

Buildings	Buildings
▪ Structures	2% - 3% SL
▪ Roof	2% - 3% SL
▪ Electrical	2% - 3% SL
▪ Plumbing	2% - 3% SL
▪ Internal Fitout	2% - 3% SL
▪ Plant	2% - 3% SL
Furniture and Fittings	
▪ Furniture and Fittings	6.7% - 50% DV
Office Equipment	
▪ Office Equipment	14.4% - 60% SL/DV
Infrastructural Assets	
Drainage	2.96% - 7.14% SL
Bridges	1.3% SL
Traffic Services	4.98% - 22.22% SL
Footpaths and Crossings	8.96% - 13.95% SL
Features and Structures	5.75% - 6.28% SL
Roads	
▪ Formation	0%
▪ Shoulder and Pavements	3.17% - 6.74% SL
▪ Top Surface	11.54% SL
Drainage and Stormwater	
▪ System	1.7% - 2.65% SL
▪ Plant	5.15% - 5.83% SL
▪ Buildings	2.65% - 5.83% SL
Water	
▪ System	1% - 11.34% SL
▪ Plant and Buildings	4.21 - 5.63% SL

Plant	
Plant	5% - 50% SL/DV
Tools	
Tools	10% SL where applicable
Motor Vehicles	
Motor Vehicles	12.0% - 33.0% SL/DV
Library Collections	
Library Collections	14.28% - 30.68% SL
The non fiction collection is not depreciated.	

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 land and buildings have been valued annually at net realisable value. Any adjustment to the values has been accounted for as an increase (decrease) in the Statement of Comprehensive Revenue and Expense.
- Restricted land (excluding forestry land) and buildings have been valued at net current value by Quotable Value New Zealand (Registered Valuers) as at 30 June 1992.
- Library collections are valued at depreciated replacement cost. Valuations are completed three yearly.
- **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 and Bridges
  Roads and Bridges 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. 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. Valuations are completed three yearly.
- **Forestry Land**
  Forestry Land is revalued with sufficient regularity to ensure carrying value does not differ materially

from that which would be determined as fair value. It is anticipated that the Forestry Land revaluation will occur with the revaluation of other Property Plant and Equipment assets that are revalued every three years, unless circumstances require otherwise. Land has been revalued based on its best use. In determining the highest and best use consideration is given as to whether the land has been registered under the New Zealand Emissions Trading Scheme and hence whether there are restrictions on the land use. New Zealand units received from the government are recognised at cost in the financial statements, which is nil value.

Accounting for revaluations

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

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

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expense will be recognised first in the Statement of Comprehensive Revenue and Expense up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

INTANGIBLE ASSETS

Software

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

Amortisation is charged to the Statement of Comprehensive Revenue and Expense 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	20-48%	Straight Line/Diminishing Value

FORESTRY ASSETS

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

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

The costs to maintain the forestry assets are included in the Statement of Comprehensive Revenue and Expense.

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.

After initial recognition, the Council measures all investment property at fair value as determined annually by an independent valuer.

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Statement of Comprehensive Revenue and Expense.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in Statement of Comprehensive Revenue and Expense, a reversal of the impairment loss is also recognised in the Statement of Comprehensive Revenue and Expense.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

EMPLOYEE BENEFITS

SHORT-TERM BENEFITS

Employee benefits that the Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

LONG-TERM BENEFITS

Long service leave and retirement leave

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss 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 Expense as incurred.

Defined benefit schemes:

- The Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

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.

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.

EQUITY

Equity is the community's interest in the 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

COST ALLOCATION

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

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

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements Invercargill City Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Properties

Invercargill City Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of Invercargill City Council's social housing policy. These properties are accounted for as property, plant and equipment.

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 Invercargill City 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, Invercargill City 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 Invercargill City Council's asset management planning activities, which gives Invercargill City Council further assurance over its useful life estimates.

Experienced independent valuers review the Council's infrastructural asset revaluations.

Classification of non-financial assets as cash-generating assets or non-cash-generating assets
For the purpose of assessing impairment indicators and impairment testing, the Council classifies non-financial assets as either cash-generating or non-cash-generating assets. The Council classifies a non-financial 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 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.

PROSPECTIVE FINANCIAL INFORMATION

The financial information contained within this document is prospective financial information in terms of accounting standard FRS42 and complies with this standard. The purpose for which it has been prepared is to enable ratepayers, residents and any other interested parties to obtain information about the expected future financial performance, position and cash flow of the Invercargill City Council. The actual results achieved for any particular financial year are 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.

CHANGES IN ACCOUNTING POLICIES

There have been no significant changes to accounting policies.

Rating Policy

This Rating Policy should be read in conjunction with the Revenue and Financing Policy and the funding principles included in the Long-Term Plan. Figures in this Policy are GST inclusive.

The following rates will be set by Council for the financial year commencing 1 July 2016 and ending 30 June 2017.

The following are the details for each of the rates to be set for each financial year. All rates set by way of a rate in the dollar are based on capital value. All rates are charged on the basis of Rating Unit, except for the Residential Multi Unit category where it is stated in the policy following as charged on the basis of separately used or inhabited part of the rating unit (SUIP).

SUIP is defined as any part of a rating unit separately occupied by the owner or any other person who has the right to occupy that part by virtue of a tenancy, lease, licence or other agreement.

DIFFERENTIALS APPLIED IN SETTING GENERAL AND TARGETED RATES

In order to maintain an equitable rating impact and preserve the relationship which exists between residential, rural, commercial, utilities and large industrial rating units, differentials have been applied

Differentials applied in setting Rates		%
Residential	Base Rate	100.00
Residential - Multi Units		
• For the first unit	Base Rate	100.00
• For each additional unit	Base Rate	- 25.00
Commercial	Base Rate	100.00
Industrial	Base Rate	100.00
Rural-Farming	Base Rate	- 30.00

GENERAL RATE

The general rate is to fund the activities of Environmental Health, Building Control, Emergency Services, Grants, Total Mobility, Civic Theatre, Democratic Process, Destinational Marketing, Enterprise and 15% of both street lighting and footpaths. It is based on the capital value of that rating unit. This is the base rate.

Differentials will be applied to the general rate as outlined above. No uniform annual general charge is applied.

	2015/16 $	2016/17 $
General Base Rate	0.00112760	0.00110183

UNIFORM ANNUAL CHARGE AND TARGETED RATE

A uniform annual charge on all ratepayers will be levied for both the Parks and Reserves Activity and the Pools Activity. The remaining revenue required from rates will be gathered from a targeted rate on residential and lifestyle properties only.

- ***Parks and Reserves Rate*** is to fund provision of Parks and Reserves in the District.
- ***Pools Rate*** is to fund provision of Aquatic Facilities in the District.

	2015/16 $	2016/17 $
Parks and Reserves Uniform Annual Charge	57.50	57.50
Parks and Reserves Base Rate	0.00095479	0.00107317
Pools Uniform Annual Charge	28.75	28.75
Pools Base Rate	0.00031713	0.00034411

TARGETED RATES

- **Targeted Rates Payable on All Rating Units**

  The following rates are payable on all rateable land by applying a rate in the dollar based on the capital value of the rating unit and are subject to the differentials as outlined.

- ***Resource Management Rate*** is to fund the function of Resource Management.
- ***Roading Rate*** is to fund the provision of Roading Services.
- ***Cemeteries Rate*** is to fund the operation of Council's Cemeteries.

	2015/16 $	2016/17 $
Resource Management Base Rate	0.00022036	0.00020797
Roading Base Rate	0.00091470	0.00088111
Cemeteries Base Rate	0.00004282	0.00004031

The following rates are set on all rating units by applying a fixed charge with differentials applied as outlined.

- ***Residential*** - Multi units are charged on the basis of SUIP.
- ***Libraries Rate*** is to fund provision of Library Services in the District.
- ***Regional Heritage Rate*** is to fund Council's contribution to the operation of Southland museums and heritage.
- ***Regional Facitlities Rate*** is to fund Council's contribution to the operation of Southland regional facilities.

	2015/16 $	2016/17 $
Libraries Base Rate	182.44	186.58
Regional Heritage Base Rate	33.62	39.10
Regional Facilities Base Rate	0	0

The following rate applies to those rating units which have a land use as shown in the Rating Information Database of commercial only. This differential has the objective of applying a nil rate to all other categories of land use.

The rate is detailed below:

- ***Business Development Rate*** is to fund all costs associated with the redevelopment of commercial areas.

	2015/16 $	2016/17 $
Business Development Base Rate	0.00066026	0.00064869

The following rate applies to those rating units which have a land use as shown in the Rating Information Database of commercial or industrial only. This differential has the objective of applying a nil rate to all other categories of land use.

The rate is detailed below:

- ***Economic Development Rate*** is to fund economic, sporting and cultural development initiatives.
- ***City Centre Co-ordinator Rate*** (Map H).

	2015/16 $	2016/17 $
Economic Development Base Rate	0.00019747	0.00019070
City Centre Co-ordinator Base Rate	0	0.00020873

- **Targeted Rates Payable by Groups of Ratepayers**

  Payable by Ratepayers Within a Specified Location

  The following rates are payable on all rateable land within a specified location. A general description of the area is given in each case. Maps defining the areas are attached as Maps A - G and I.

1. ***Rateable Land Within the Invercargill City and Bluff Urban Areas*** (Map A). These targeted rates will be set for each rating unit by applying a rate in the dollar based on the capital value of the rating unit. Differentials will be applied to these targeted rates as outlined earlier. 85% of the rates for footpaths and street lighting will be targeted and 15% general rate.
   - ***Footpaths Rate*** to fund provision of footpaths in the Invercargill City and Bluff areas.
   - ***Street Lighting Rate*** to fund provision of street lighting in Invercargill City and Bluff.

	2015/16 $	2016/17 $
Footpaths Base Rate	0.00038518	0.00039872
Street Lighting Base Rate	0.00011856	0.00012209

2. ***Rateable Land within the Invercargill City Area Only*** (Map B). This targeted rate will be set for each rating unit by applying a rate in the dollar based on the capital value of the rating unit. Differentials will be applied to these targeted rates as outlined.
   - ***Transport Rate*** to fund the cost of subsidised passenger transport in the Invercargill City area.

	2015/16 $	2016/17 $
Transport Base Rate	0.00013903	0.00013261

3. ***Rateable Land Within the Makarewa Drainage Area*** (Map C). The Makarewa targeted drainage rate will be set for each rating unit on a fixed charge per rating unit basis.
   - ***Drainage - Makarewa Rate*** to fund costs in the Makarewa Drainage area.

	2015/16 $	2016/17 $
Drainage Makarewa Base Rate	83.58	82.58

4. ***Rateable Land Within the Myross Bush Drainage Area*** (Map D). The Myross Bush targeted drainage rate will be set for each rating unit on a fixed charge per rating unit basis.

- ***Drainage – Myross Bush Rate*** to fund costs in the Myross Bush Drainage area.

	2015/16 $	2016/17 $
Drainage Myross Bush Base Rate	79.81	80.73

5. ***Rateable Land Within the Specified Locations for Community Centres*** (Map E). These targeted rates will be set for each rating unit on a fixed charge per rating unit basis to fund the cost of operating a Community Centre in each location.

- ***Community Centre - Myross Bush Rate***
- ***Community Centre - Awarua Rate***
- ***Community Centre - Otatara Rate***
- ***Town Hall - Bluff Rate***

	2015/16 $	2016/17 $
Community Centre - Myross Bush Rate	30.00	30.00
Community Centre - Awarua Rate	30.00	30.00
Community Centre - Otatara Rate	15.00	15.00
Town Hall - Bluff Rate	15.00	15.00

6. ***Rateable Land Within the Bluff Ward*** (Map F). This targeted rate will be set for all rateable land by applying a rate in the dollar based on the capital value of the rating unit. Differentials will be applied to this rate as outlined.

- ***Community Board – Bluff Rate*** to fund costs within the Bluff Community Board.

	2015/16 $	2016/17 $
Bluff Community Board Base Rate	0.00036414	0.00036286

7. ***Land Within the Redmayne Road Drainage District*** (Map G).

- ***Drainage Rate - Redmayne Road*** to fund drainage operational costs.

	2015/16 $	2016/17 $
Drainage Redmayne Road Board Base Rate	80.15	80.15

8. **Land Within the Inverurie Rating Area** (Map I).

- ***Inverurie Maintenance Rate***. Requested by developer of Inverurie Subdivision.

	2015/16 $	2016/17 $
Inverurie Maintenance Rate	0	0

- **Targeted Rates Payable Where a Service is Provided or Available for Provision by Council**

The following rates are payable on all rateable land where the service is provided or available to be provided. In the provision of water, sewerage and refuse disposal services these rates also apply to those non-rateable rating units as specified in Section 9 and Parts 1 and 2 of Schedule 1, Local Government (Rating) Act 2002. There are two categories for each rate – Residential and Non-Residential.

Non-residential means rateable land included in the Rating Information Database as rating units being used for Commercial, Industrial or Other purposes. Rest Homes, Hospitals, Schools, Kindergartens and Playcentres, Halls, Services and Sports facilities are included in the Non-residential category. Residential Multi Units are charged on the basis of SUIP.

	2015/16 $	2016/17 $
Water Base Rate	317.80	313.19
Sewerage Base Rate	209.92	200.82
Drainage Base Rate	130.09	141.91

The following differentials will be applied to these targeted rates:

- ***Water*** – those rating units designated residential will meet 84% of the total water rate. Non-residential rating units will meet 16%.
- ***Sewerage*** – those rating units designated residential will meet 75% of the total sewerage rate. Non-residential rating units will meet 25%.
- ***Drainage*** – those rating units designated residential will meet 75% of the total drainage rate. Non-residential rating units will meet 25%.
- ***All rateable land designated residential*** will be set a fixed charge for each of the water, sewerage and drainage rates.
- ***Vacant rating units*** which are able to be connected to a water, sewerage or drainage system but have not been connected will be charged half the amount of the above charge.
- ***All rateable land designated as non-residential*** will be set a fixed charge for each of the water, sewerage and drainage rates based on a range of capital values as follows:

		%
Less Than $50,000	= Base Fixed Charge	-20
From $50,001 - $100,000	= Base Fixed Charge	100
$100,001 - $200,000	= Base Fixed Charge	+ 20
$200,001 - $400,000	= Base Fixed Charge	+ 40
$400,001 - $1,000,000	= Base Fixed Charge	+ 100
$1,000,001 - $3,000,000	= Base Fixed Charge	+ 200
$3,000,001 - $5,000,000	= Base Fixed Charge	+ 300
$5,000,001 +	= Base Fixed Charge	+ 400

Refuse Collection Rate is to fund the provision of refuse removal and kerbside recycling services in the serviced area. This targeted rate will be set by applying a fixed change for each rate on all rateable land within the serviced area which receives or is able to receive the service.

The ***General Waste Management Rate*** is 17% of the total solid waste service cost and is the education and administration service provided to all ratepayers. This rate is borne by all ratepayers. Differentials will be applied to these targeted rates as outlined on page 109. Each additional wheelie bin provided for refuse or recycling costs $186.17 per annum.

	2015/16 $	2016/17 $
Refuse Collection Base Rate	171.79	186.17
Additional Wheelie Bin	150.00	186.17
General Waste Management Rate	31.19	33.87

ADDITIONAL RATING POLICIES

In addition to the Policy and method of collecting rates as outlined above the following additional policies will also be applied.

Rating of Utilities

Utilities as specified in the Rating Information Database will be charged only the following rates:

- *General Rate*
- *Resource Management Rate*
- *Roading Rate*
- *Parks and Reserves Rate*
- *Cemeteries Rate*
- *Libraries Rate*
- *Pools Rate*
- *Regional Heritage Rate*

All utilities are rated as industrial properties at their full capital value.

Rating of Non-Rateable Land

Rating units which are deemed to be non-rateable under the Local Government (Rating) Act 2002 will be rateable for water, sewerage and refuse collection where these services are provided (Section 9 of that Act).

These rating units will be assessed in the same manner as other ratepayers and according to their residential or non-residential status. Churches, community groups, residential homes and pensioner housing will be classified as residential for this purpose. All other non-rateable rating units will be classified as non-residential.

Water Charge

Water user charges based on metered consumption may also be made for water consumed by rating units, other than private residential rating units. This targeted rate will be charged by invoice, on a three monthly basis.

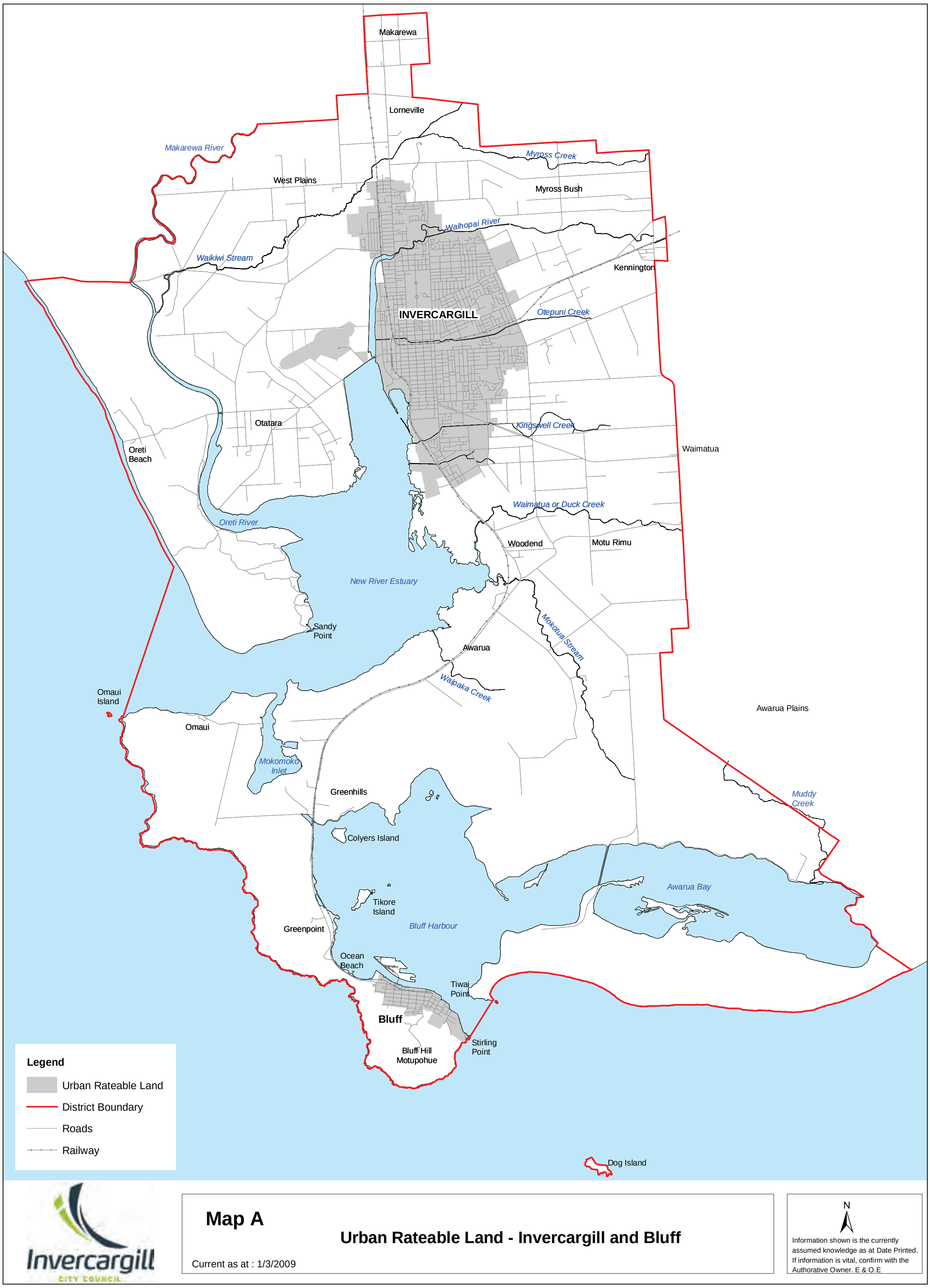
Industrial

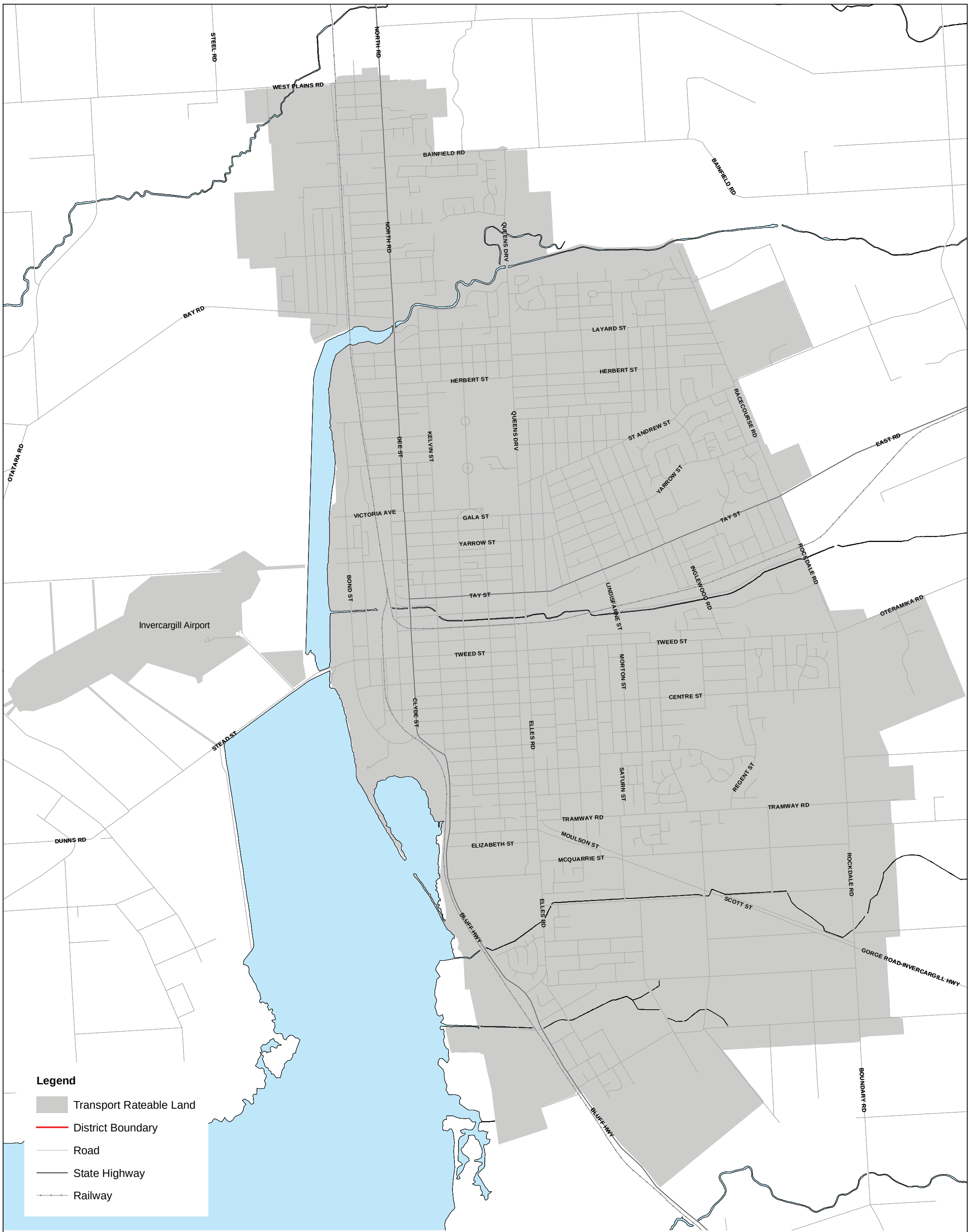
The maxiumum value on which an industrial property is rated is $21,000,000.

TOTAL RATES TO BE COLLECTED

The table below shows the total rates to be collected for Council's activities for 2016/17 compared to 2015/16

Total increase in rates	2015/16 ($ GST inclusive)	2016/17 ($ GST inclusive)
General Rate	7,289,497	7,219,759
Resource Management	1,424,528	1,362,703
Roading	5,913,199	5,773,479
Parks and Reserves	6,133,980	6,748,676
Cemeteries	276,795	264,149
Libraries	4,500,027	4,599,233
Pools	2,269,695	2,411,778
Regional Heritage	829,271	1,235,634
Footpaths	1,845,483	1,928,341
Street Lighting	565,136	587,461
Transport	657,435	633,046
Sewerage	5,794,519	5,561,231
Drainage	3,539,844	3,865,543
Drainage - Makarewa	13,373	13,213
Drainage - Myross Bush	9,897	10,011
Drainage - Redmayne Road	2,645	2,645
Refuse Collection	3,664,189	3,972,675
General Waste Management	750,497	813,680
Water	7,430,109	7,330,212
Economic Development	230,000	230,000
Business Development	854,847	866,862
City Centre Co-ordinator	0	92,000
Community Centres		
• Awarua	3,541	3,541
• Myross Bush	15,780	15,780
• Otatara	19,171	19,221
Bluff Town Hall	19,350	19,410
Bluff Community Board	83,488	82,890
Net Rates	**54,136,295**	**55,391,298**


Makarewa
Lorneville
Makarewa River
Myross Creek
West Plains
Myross Bush
Waihopai River
Waikiwi Stream
Kennington
INVERCARGILL
Otepuni Creek
Otatara
Oreti Beach
Kingswell Creek
Waimatua
Oreti River
Waimatua or Duck Creek
Woodend
Motu Rimu
New River Estuary
Mokotua Stream
Sandy Point
Awarua
Waipaka Creek
Omaui Island
Omaui
Awarua Plains
Mokomoko Inlet
Greenhills
Muddy Creek
Colyers Island
Awarua Bay
Tikore Island
Greenpoint
Bluff Harbour
Ocean Beach
Tiwai Point
Bluff
Stirling Point
Bluff Hill Motupohue
Legend
Urban Rateable Land
District Boundary
Roads
Railway
Dog Island
Invercargill City Council
Map A
Urban Rateable Land - Invercargill and Bluff
Current as at : 1/3/2009
N
Information shown is the currently assumed knowledge as at Date Printed. If information is vital, confirm with the Authorative Owner. E & O.E



Invercargill CITY COUNCIL

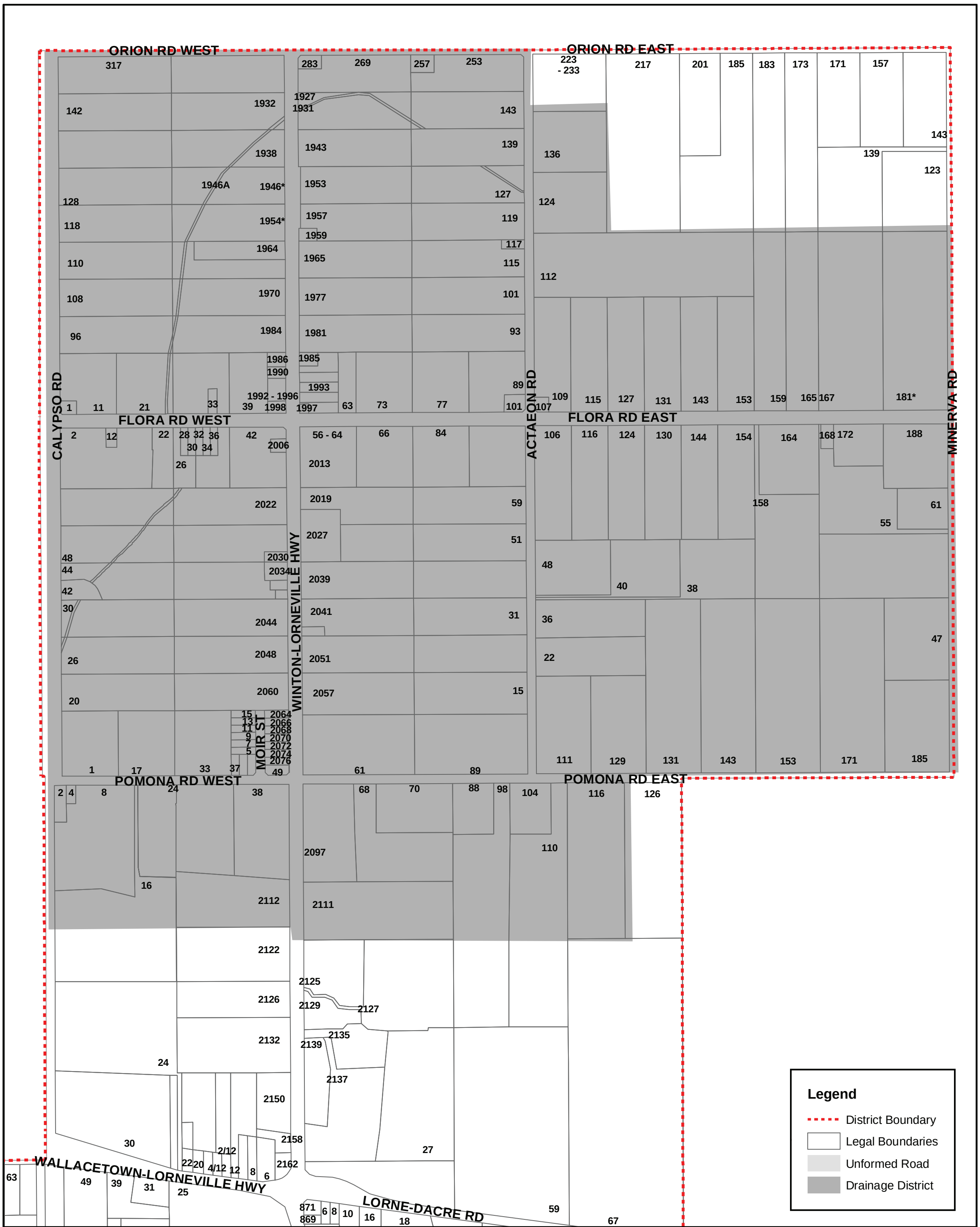
Map B

Transport Rateable Land

Current as at : 1/3/2009

N

Information shown is the currently assumed knowledge as at Date Printed. If information is vital, confirm with the Authorative Owner. E & O.E



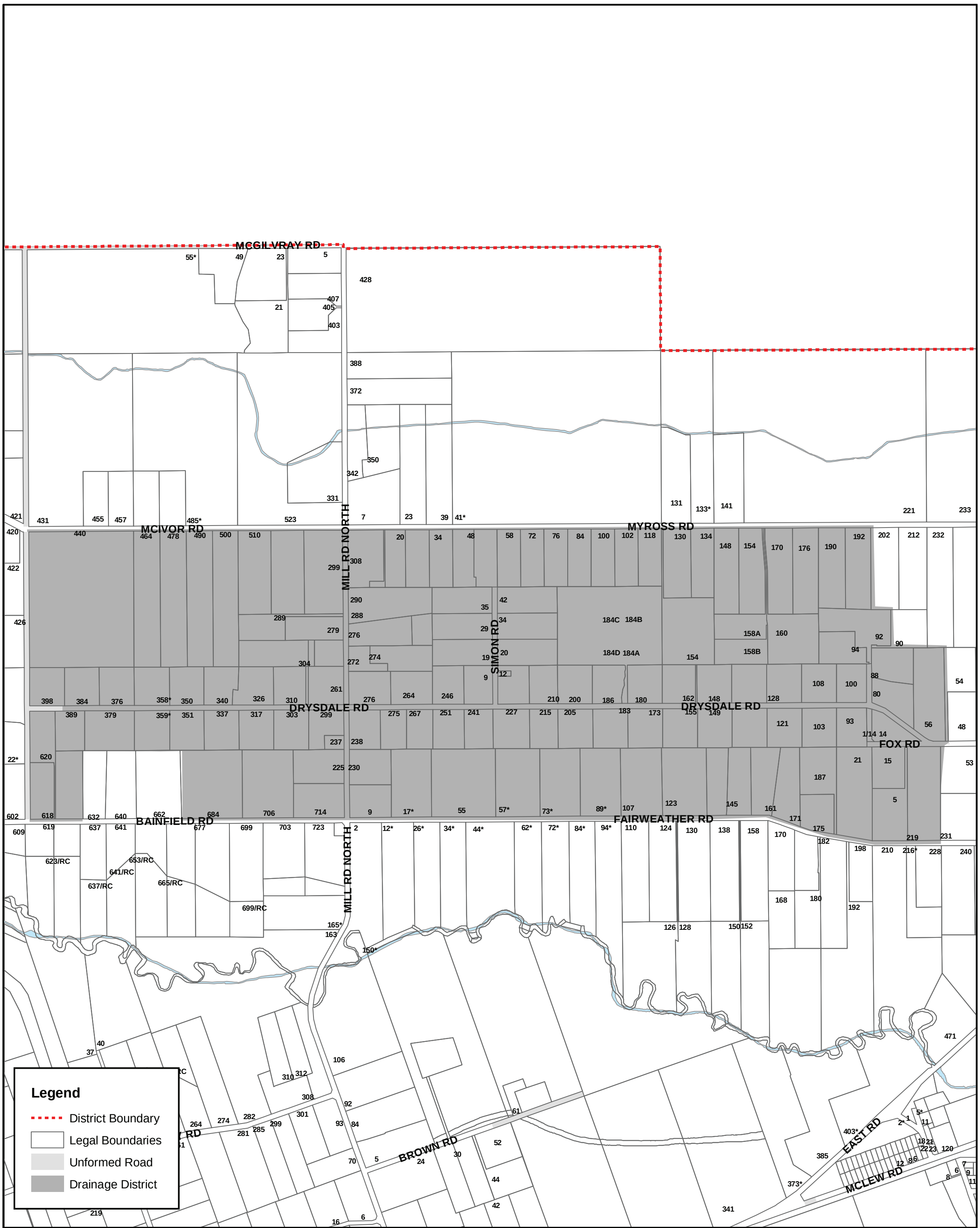
Map C

Rateable Land Within the Makarewa Drainage Area

Current as at : 1/3/2009

N

Information shown is the currently assumed knowledge as at Date Printed. If information is vital, confirm with the Authorative Owner. E & O.E



Map D

Rateable Land Within the Myross Bush Drainage Area

Current as at : 1/3/2009

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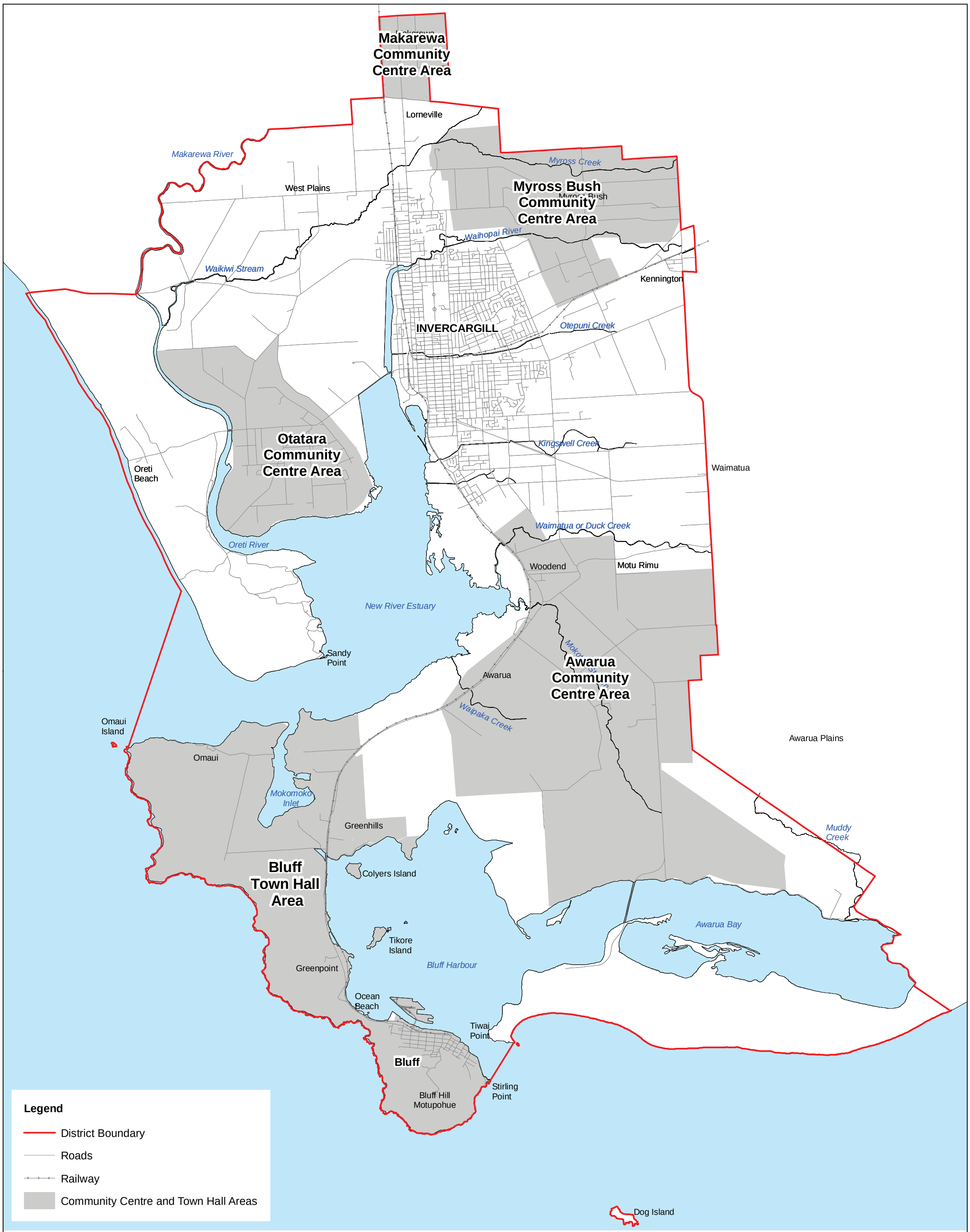
N

Information shown is the currently assumed knowledge as at Date Printed. If information is vital, confirm with the Authorative Owner. E & O.E



Invercargill CITY COUNCIL

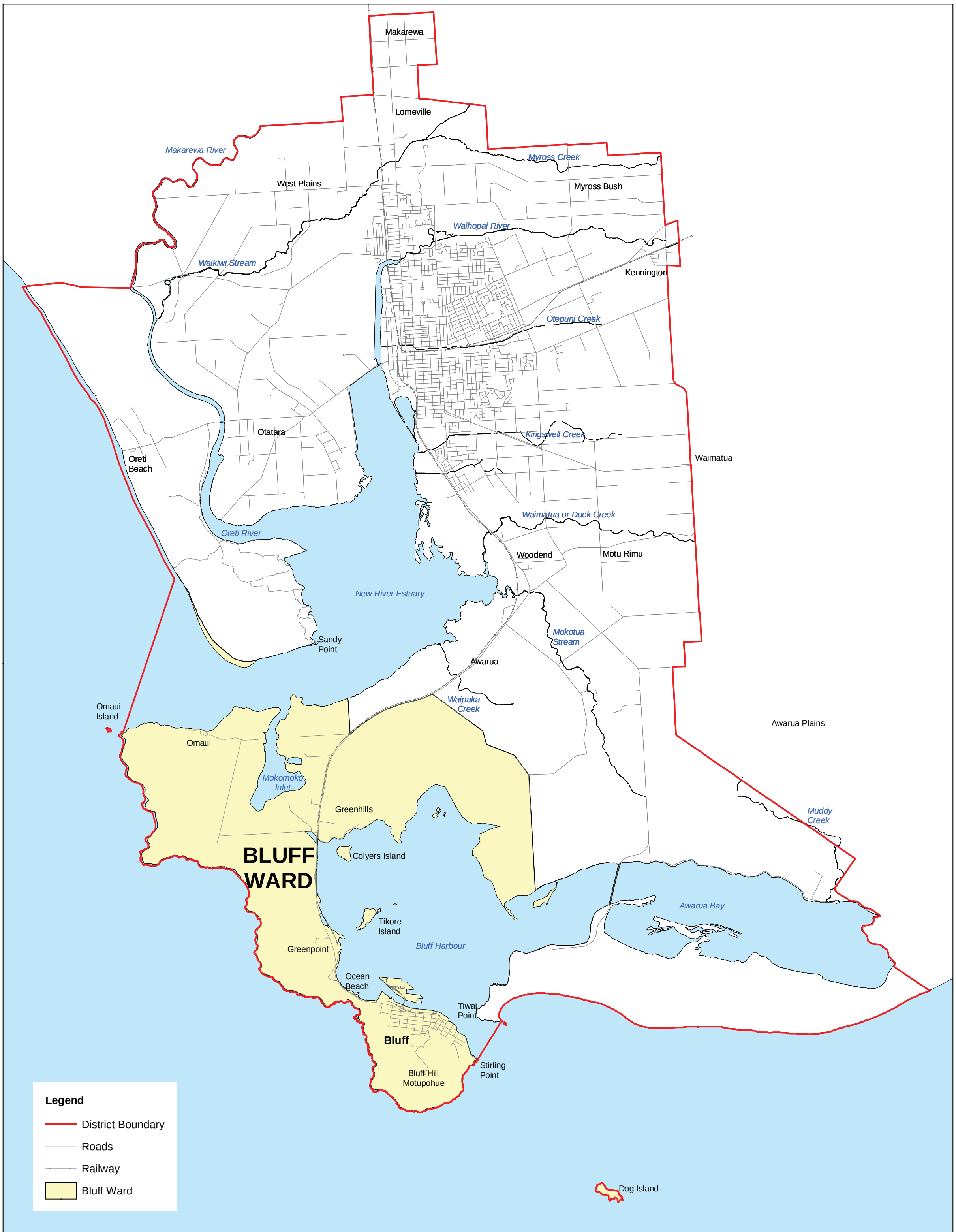
Map E

Rateable Land Within the Specified Locations For Community Centres and Bluff Town Hall

Current as at : 1/3/2011

N

Information shown is the currently assumed knowledge as at Date Printed. If information is vital, confirm with the Authorative Owner. E & O.E



Invercargill CITY COUNCIL

Map F

INVERCARGILL CITY DISTRICT

Date Printed : 24/2/2009

N

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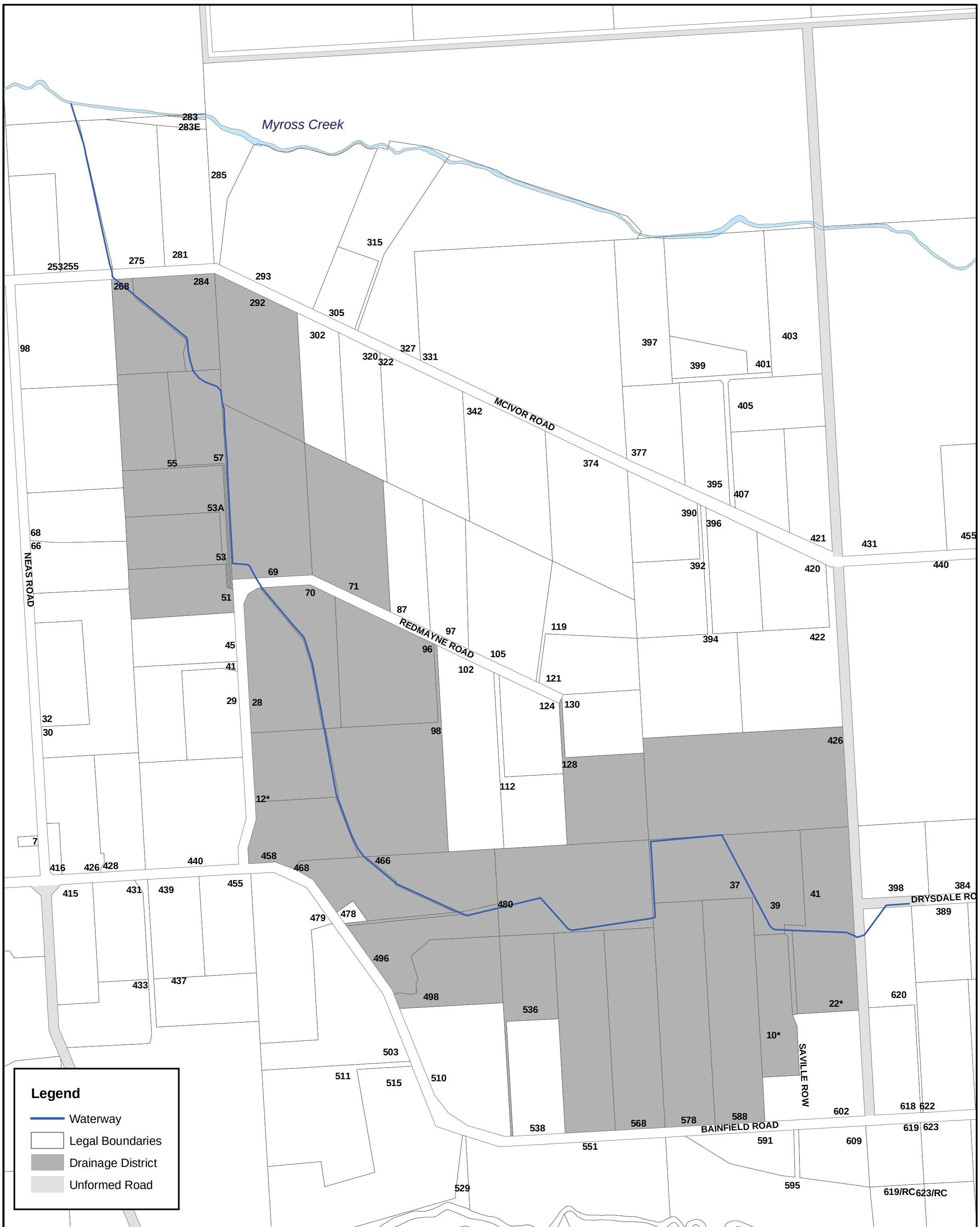

Map G

Rateable Land Within the Redmayne Road Drainage Area

Current as at : 1/3/2009

N

Information shown is the currently assumed knowledge as at Date Printed. If information is vital, confirm with the Authorative Owner. E & O.E

Invercargill CITY COUNCIL

Map H

City Centre Rateable Land

Current as at : 1/3/2009

N

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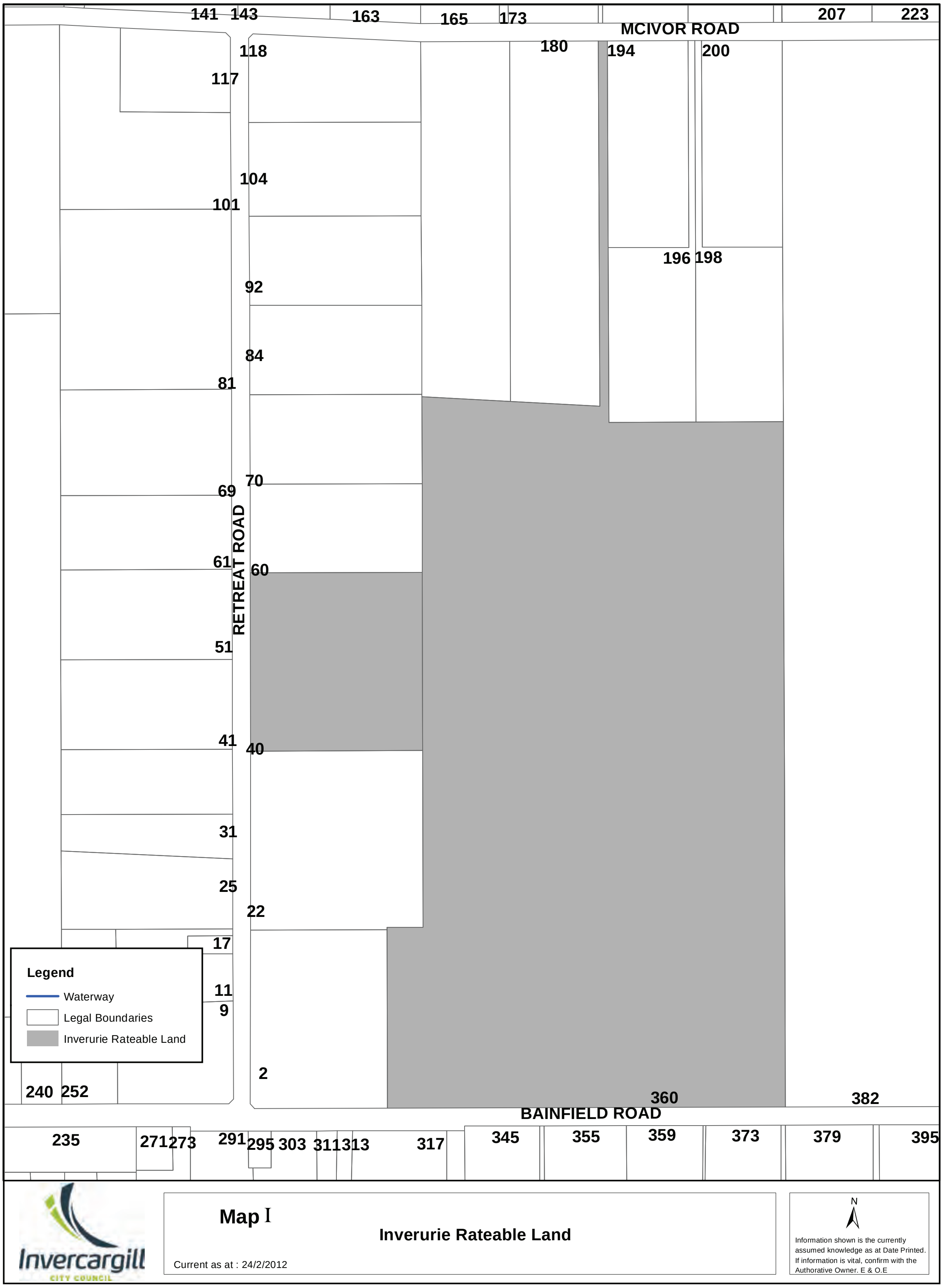
MCIVOR ROAD
RETREAT ROAD
BAINFIELD ROAD
141 143 163 165 173 207 223
118 117 104 101 92 84 81 70 69 61 60 51 41 40 31 25 22 17 11 9 2
180 194 200 196 198
240 252 360 382
235 271 273 291 295 303 311 313 317 345 355 359 373 379 395
Legend
Waterway
Legal Boundaries
Inverurie Rateable Land
Invercargill
CITY COUNCIL
Map I
Inverurie Rateable Land
Current as at : 24/2/2012
N
Information shown is the currently assumed knowledge as at Date Printed. If information is vital, confirm with the Authorative Owner. E & O.E

Invercargill
CITY COUNCIL

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